

Report from the City Auditor

City of Palo Alto
Service Efforts and
Accomplishments
Report FY 2007-08
Annual Report on City
Government Performance



January 2009

City of Palo Alto

Office of the City Auditor

Service Efforts and Accomplishments Report Fiscal Year 2007-08 Annual Report on City Government Performance

This is a summary of the City Auditor's seventh annual Service Efforts and Accomplishments (SEA) Report for the City of Palo Alto. The SEA Report is intended to be informational. It provides data about the costs, quality, quantity, and timeliness of City services. It includes a variety of comparisons to other cities, and the results of a citizen survey. Our goal is to provide the City Council, staff, and the public with an independent, impartial assessment of past performance to strengthen public accountability, improve government efficiency and effectiveness, and support future decision making.

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OVERALL SATISFACTION

The sixth annual Citizen Survey, administered in conjunction with this report, reveals high ratings for City services. 85% rated the overall quality of City services good or excellent. Each year of the survey, 85% to 90% of respondents have rated the overall quality of City services as good or excellent.

When asked to rate the value of services for taxes paid to the City of Palo Alto, rated the value of services as good or excellent. This placed Palo Alto in the 65th percentile compared to other surveyed jurisdictions. This year, 63% reported they were pleased with the overall direction of the City (compared to 57% last year). 54% of respondents reported having contact with a City employee in the last 12 months, and 73% rated that contact good or excellent (compared to 79% last year).

In comparison to survey responses from other jurisdictions, Palo Alto ranks in the 97th percentile for educational opportunities, 96th percentile for employment opportunities, in the 95th percentile as a place to live and 92nd percentile for overall quality of life, but only in the 7th percentile for availability of affordable quality housing. This year, Palo Alto ranked #3 for opportunities to volunteer, availability of preventive health services, and for the number of residents reporting they visited the City of Palo Alto website.

This year's survey also included a new "Key Driver Analysis" to identify service areas that appear to influence overall ratings of satisfaction. Based on this analysis, "Street repair" and "Land use, planning and zoning" were the two areas most strongly correlated with ratings of overall service quality. 47% of residents rated street repair as good or excellent. 46% of surveyed residents rated Palo Alto's land use, planning and zoning as good or excellent.

LEGISLATIVE AND SUPPORT SERVICES

This category includes the Administrative Services and Human Resources departments, and the offices of the City Manager, City Attorney, City Clerk, City Auditor, and the City Council, and includes performance information related to these departments.

FURTHER INFORMATION

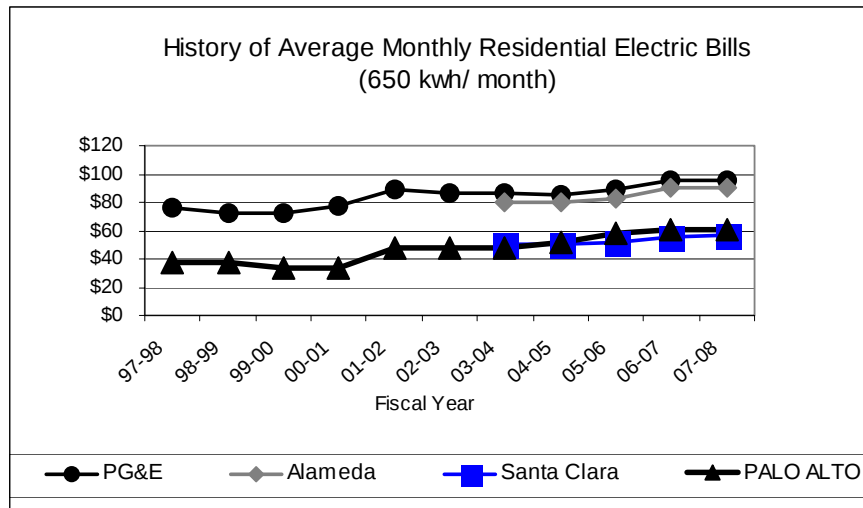
By reviewing the entire report, readers will gain a better understanding of the mission and work of each of the City's departments. The background section includes a community profile, discussion of service efforts and accomplishments reporting, and information about the preparation of this report. Chapter 1 provides a summary of overall City spending and staffing, and an overview of the City Council's priorities. Chapters 2 through 9 present the mission statements, description of services, background information, workload, performance measures, and survey results for the various City services.

Copies of the full report and results of the National Citizen SurveyTM are available in our office, or on the web at: http://www.cityofpaloalto.org/depts/aud/service_efforts_and_accomplishments.asp. We thank the many departments and staff that contributed to this report. This report would not be possible without their support.

For further information contact:

Lynda Flores Brouchoud, City Auditor
250 Hamilton Avenue, 7th Floor
Palo Alto, CA 94301
(650) 329-2667

Operating expense for the water utility totaled \$18.3 million, including \$8.4 million in water purchases. The average residential water bill increased 31% over the five year period. Average residential water usage per capita is down 12% from five years ago. 87% of surveyed residents rated water utility services good or excellent.



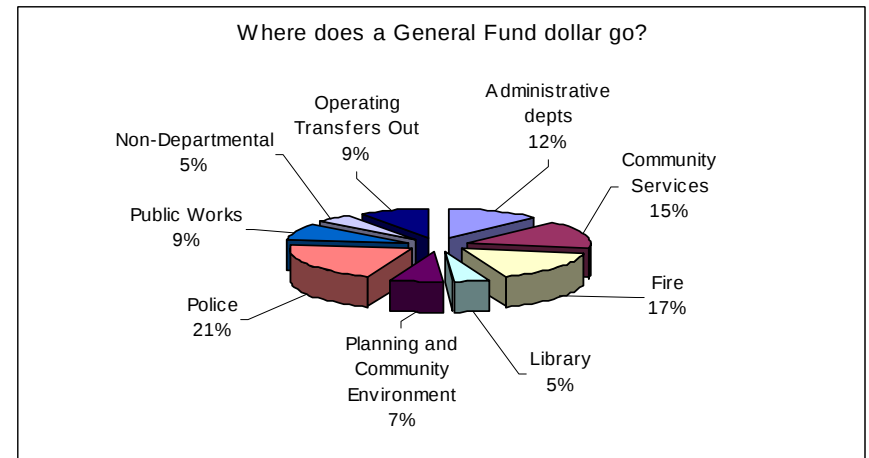
Source: Utilities Department data

Operating expense for wastewater collection totaled \$11.7 million in FY 2007-08. The average residential sewer bill increased 22% over the last five years. 81% of residents rated sewer services good or excellent. There were 174 sewage overflows in 2007.

Operating expense for the fiber optic utility totaled \$0.4 million in FY 2007-08, while operating revenue totaled \$3.1 million. Over the past five years, the number of service connections grew by 75%, and operating revenue increased by 173%, while operating expense declined 51%. In FY 2007-08, the system served 45 business customers and several City departments. The fiber optic system is comprised of 40.6 miles of backbone fiber and 59 miles of service connection fiber.

OVERALL SPENDING AND STAFFING

General Fund spending increased from \$114.4 to \$141.7 million (or 23%) over the last 5 years; Palo Alto's estimated population increased 5.0% and inflation was about 13% over the same period. In FY 2007-08, total citywide authorized staffing, including temporary and hourly positions, was 1,168 full-time equivalent employees (FTE), with no notable change from five years ago.



Source: FY 2007-08 expenditure data

The General Fund invested \$96 million in capital projects over the last 5 years. As a result, the Infrastructure Reserve decreased from \$35.9 million in FY 2003-04 to \$17.9 million in FY 2007-08. Capital spending last year totaled \$57.7 million, including \$21.6 million in the general governmental funds and \$36.1 million in the enterprise funds.

Net General Fund Cost Per Resident

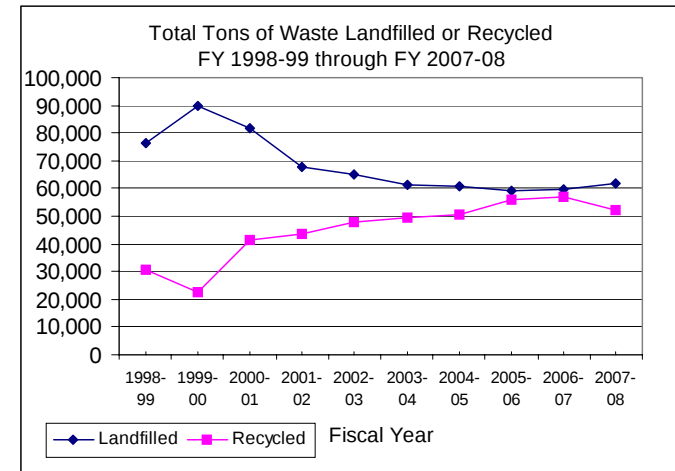
On a per capita basis, FY 2007-08 Net General Fund costs of \$1,616 included:

- \$385 for police services
- \$218 for community services
- \$225 for fire and emergency medical services
- \$162 for public works
- \$143 for administrative, legislative, and support services
- \$103 for library services
- \$61 for planning, building, code enforcement
- \$203 in operating transfers out (including \$186 in transfers for capital projects)
- \$117 for non-departmental expenses (including \$102 paid to the school district)

This year's report includes information about resident perceptions and City progress in areas related to the City Council's 2008 top priorities areas:

- o **Library Building/Public Safety Building:** Ratings for the quality of neighborhood branch libraries have declined over the last four years. Subsequent to FY 2007-08, in November 2008, Palo Alto voters approved Measure N to fund the construction of a new Mitchell Park Library/Community Center and to renovate the Downtown and Main libraries.

collected increased 12%. In FY 2007-08, 92% of residents rated the quality of garbage collection as good or excellent (placing Palo Alto in the 90th percentile), and 90% rated recycling services good or excellent (97th percentile compared to other jurisdictions). 71% of residents rated storm drainage good or excellent.

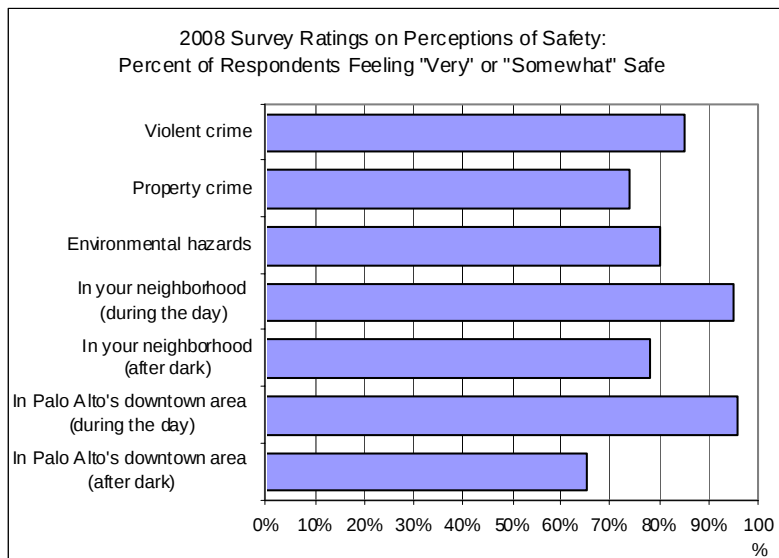


Source: Public Works Department

UTILITIES

In FY 2007-08, operating expense for the electric utility totaled \$99 million, including \$71.1 million in electricity purchase costs (72% more than five years ago). The average monthly residential bill has increased 27% over the five year period. Average residential electric usage per capita decreased 2% from five years ago. As of June 30, 2008, more than 19% of Palo Alto customers had enrolled in the voluntary PaloAltoGreen energy program – supporting 100% renewable energy. 85% of residents rated electric utility services good or excellent.

Operating expense for the gas utility totaled \$36.6 million, including \$27.2 million in gas purchases. The average monthly residential bill has increased 125% over the five year period. Average residential natural gas usage per capita declined 2% from five years ago. The number of service disruptions has decreased 51% over the five year period. 84% of surveyed residents rated gas utility services good or excellent.



PUBLIC WORKS

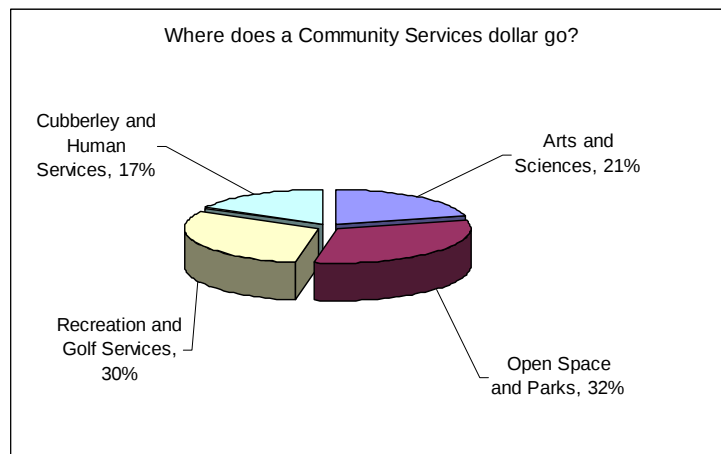
Public Works provides services through the General Fund for streets, sidewalks, trees, city facilities/engineering, and private development reviews. Over the last five years, Public Works street operating expenditures increased from \$1.9 million to \$2.5 million, and capital expenditures fluctuated, but returned to the \$3.8 million funding level. In FY 2007-08, the department repaired nearly 2,000 potholes, resurfaced 27 lane miles of streets, completed 27 ADA ramps, planted 188 trees, and maintained over 1.6 million square feet of facilities. In FY 2007-08, 53% of surveyed residents rated sidewalk maintenance good or excellent, and 68% rated street tree maintenance as good or excellent.

The department is also responsible for refuse collection and disposal (\$28.6 million in FY 2007-08), storm drainage (\$2.5 million in FY 2007-08), wastewater treatment (\$18.1 million), and city fleet and equipment replacement and maintenance (\$3.7 million in FY 2007-08). These services are provided through the Enterprise and Internal Service Funds. Over the last five years, tons of materials recycled increased 6%; tons of waste landfilled increased 1%; and tons of household hazardous materials

- o **Environmental Protection:** Residents rated Palo Alto's overall environment more favorably, in comparison to other surveyed jurisdictions, and Palo Alto ranked #1 for the number of survey respondents reporting that they recycled used paper, cans or bottles from their home.
- o **Civic Engagement:** Residents rated opportunities to volunteer more favorably than other surveyed jurisdictions. Resident responses also showed an increase in visits to the City's website. While ratings for Palo Alto's overall image and reputation have remained consistently high (92% of respondents rated it as good or excellent), ratings for the job Palo Alto does at welcoming citizen involvement have declined (from 68% rating is as good or excellent in 2007, to 57% in 2008).
- o **Economic Health:** In 2008, resident responses revealed strong indications of the economy's impact on household income – only 4% of respondents expected the coming 6 months would have a "somewhat" or "very" positive impact on their household income, compared with 20% to 27% in prior years. Affordable housing was a concern - 31% of survey respondents were paying household costs of 30% or more of their monthly household income.

COMMUNITY SERVICES

Spending on community services increased 11% over the last five years to \$21.2 million, while staffing decreased from 152 to 147 full-time equivalents. In FY 2007-08, volunteers donated more than 13,500 hours for open space restorative/resource management projects. Class enrollment was higher in FY 2007-08, but decreased 16% overall in the last 5 years. Attendance at Community Theatre and Children's Theatre performances decreased 15% and 13% respectively, over the last 5 years. In FY 2007-08, parks maintenance spending totaled about \$4.2 million or approximately \$15,900 per acre maintained. The Golf Course continues to break even.



Source: FY 2007-08 revenue and expenditure data

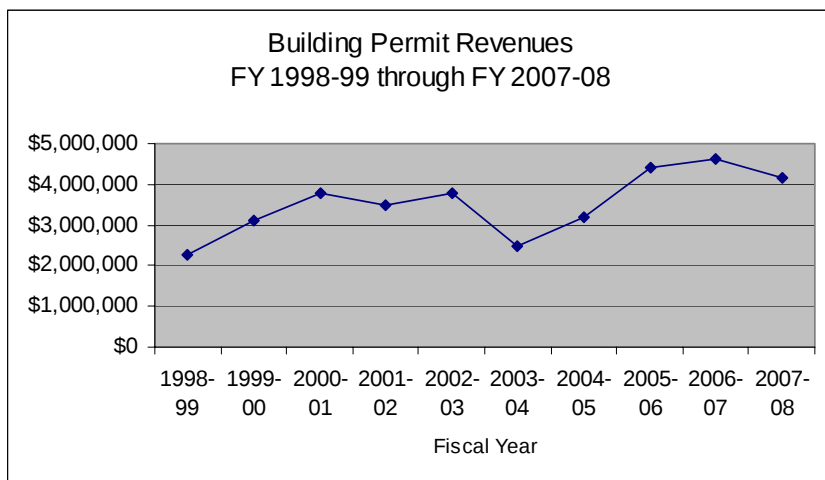
77% of surveyed residents rated the quality of recreation centers/facilities as good or excellent; 87% rated the quality of recreation programs/classes as good or excellent; 87% rated the range/variety of classes good or excellent; and 78% rated the preservation of natural areas, such as open space, as good or excellent. In comparison to other jurisdictions, Palo Alto's survey responses ranked in the 93rd percentile for recreation programs and classes, 91st in quality of parks, 93rd in opportunities to attend cultural events, and 84th percentile in recreational opportunities.

POLICE

Police Department spending increased 30% over the last 5 years, to \$28.5 million. The department handled more than 58,700 calls for service in FY 2007-08, or about 161 calls per day. Since last year, the average response time for emergency calls improved from 5:08 minutes to 4:32 minutes. Over the last 5 years, the total number of traffic collisions decreased 21% and the number of bicycle/pedestrian collisions decreased 8%. However, over the last 5 years, alcohol related collisions increased 24% and the number of DUI arrests increased from 172 to 343 (a 99% increase). Police Department statistics show 127 reported crimes per 1,000 residents, with 87 reported crimes per officer last year. FBI statistics show that Palo Alto has fewer violent crimes per thousand residents than many local jurisdictions.

Although the number of Part 1 crimes (crimes including assault, burglary, theft, rape and homicide) decreased 22% over the last 5 years and remained relatively stable from the prior year, resident perceptions of safety declined this year. This decline may reflect the increase in highly publicized street robberies and a homicide in the downtown area in 2008. While 96% of residents felt "very" or "somewhat" safe in Palo Alto's downtown during the day, only 65% felt the same after dark (compared to 74% last year).

34% of survey respondents reported having contact with the Police Department, and 73% of these respondents rated the quality of their contact good or excellent. The Police Department reports it received 141 commendations and 20 complaints last year (1 complaint was sustained). The Police Department also provides animal control services to Palo Alto, Los Altos, Los Altos Hills and Mountain View. 78% of survey respondents rated animal control services good or excellent, placing Palo Alto in the 97th percentile compared to other surveyed jurisdictions.



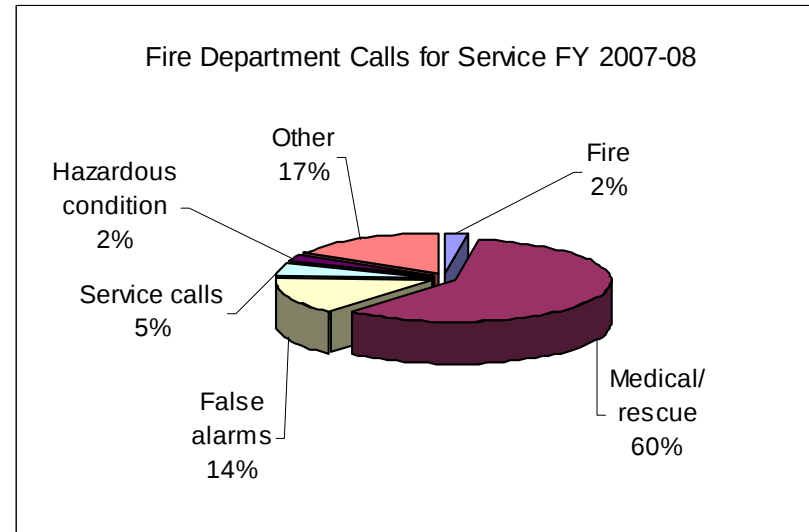
Source: Planning and Community Environment Department

63% of surveyed residents rated economic development as good or excellent; 57% rated the overall quality of new development in Palo Alto as good or excellent; 59% rated code enforcement services as good or excellent. 24% of residents consider run down buildings, weed lots, or junk vehicles a major or moderate problem.

City Shuttle boardings increased 5% over the last 5 years, from about 171,000 in FY 2003-04 to about 178,500 in FY 2007-08. Caltrain weekly boardings also increased 62% over the last 5 years, from 2,825 to 4,589. In response to the survey, 38% of residents rated the traffic flow on major streets as good or excellent; 40% of residents reported using alternative commute modes; 86% rated the ease of walking good or excellent; and 79% rated the ease of bicycle travel good or excellent.

FIRE

Fire Department expenditures of \$24 million were 28% more than five years ago. In FY 2007-08, 41% of costs were covered by revenue. In FY 2007-08, the department responded to an average of 21 calls per day. The average response time for fire calls was 6:48 minutes, and the average response time for medical/rescue calls was 5:24 minutes. In FY 2007-08, there were more than 4,500 medical/rescue incidents, and only 192 fire incidents (including 43 residential structure fires). In FY 2007-08, the department performed 1,277 fire inspections and 406 hazardous materials inspections, an increase of 61% and 57% respectively, from 5 years ago. Palo Alto is the only city in Santa Clara County that provides primary ambulance transport services. 36.5% of line personnel are certified paramedics (an increase from 30% the prior year); the other 63.5% of line personnel are certified emergency medical technicians (EMTs). In FY 2007-08, the department provided 3,236 ambulance transports, an increase of 51% from 5 years ago.



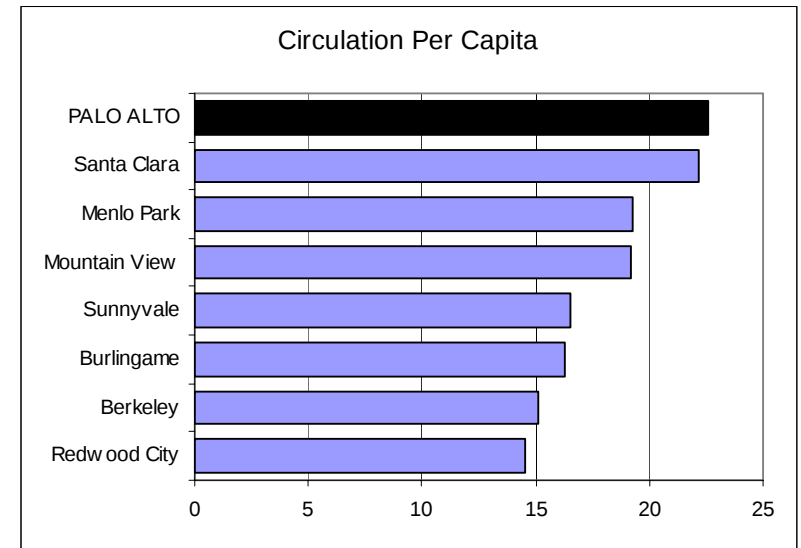
Source: Fire Department

Residents give high marks to the quality of Fire Department service: 96% of residents rated fire services good or excellent, and 95% rated ambulance/emergency medical services good or excellent. In FY 2007-08, the department provided 242 fire safety, bike safety, and disaster preparedness presentations to more than 22,000 residents. In response to a survey question about emergency preparedness, 60% of residents said they were prepared to sustain themselves for 72 hours with sufficient food and water in the event of a major disaster such as an earthquake or flood.

LIBRARY

Operating expenditures for Palo Alto's five library facilities rose 28% over the last five years to \$6.8 million. Total circulation topped 1.5 million in FY 2007-08. More than 1 million first time checkouts were completed on the Library's self-check machines, compared to about 171,500 five years ago. Over the last 5 years, the number of reference questions declined 44%, while the number of internet sessions increased 42% and the number of online database searches increased 115%. Volunteers donated nearly 6,000 hours of service to the libraries in FY 2007-08. 31% of survey respondents reported they used the library or its services more than 12 times last year.

76% of Palo Alto residents rated the quality of library services good or excellent (30th percentile in comparison to other jurisdictions asking this survey question), 71% rated the quality of neighborhood branch libraries good or excellent, and 67% rated the variety of library materials as good or excellent.



Source: *California Library Statistics 2008* (Fiscal Year 2006-07 data)

PLANNING AND COMMUNITY ENVIRONMENT

Planning and Community Environment expenditures totaled \$9.6 million in FY 2007-08. This was offset by revenue of \$5.8 million. A total of 257 planning applications were completed in FY 2007-08, 37% fewer than five years ago. The average time to complete planning applications was 12.7 weeks.

The department issued a total of 3,046 building permits in FY 2007-08, about 6% fewer than 5 years ago. 53% of building permits were issued over the counter. For those permits that were not issued over the counter, the average for first response to plan checks was 23 days (compared to 27 days last year), and the average to issue a building permit was 80 days (compared to 102 days last year). According to the department, 98% of building permit inspection requests were responded to within one working day.