

# City of Palo Alto

*Office of the City Auditor*

Honorable City Council  
Palo Alto, California

December 14, 2009

## **City of Palo Alto Service Efforts and Accomplishments Report FY 2009**

This is the City Auditor's eighth annual Service Efforts and Accomplishments Report for the City of Palo Alto covering the fiscal year ending June 30, 2009 (FY 2009). The 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.

OVERALL SATISFACTION (pages 2-3 and pages 18-19)

The seventh annual Citizen Survey, administered in conjunction with this report, reveals high ratings for City services. 80% rated the overall quality of City services good or excellent. During the last 5 years of the survey, 80 to 88% of respondents have rated the overall quality of City services good or excellent.

When asked to rate the value of services for taxes paid to the City of Palo Alto, 58% rated the value of services as good or excellent, a rating similar to other surveyed jurisdictions. This year, 53% of respondents reported they were pleased with the overall direction of the City (compared to 63% last year). Over the last five years of the survey, ratings of satisfaction with the overall direction of the City alternate with higher and lower ratings. 58% of respondents reported having contact with a City employee in the last 12 months, and 79% rated that contact good or excellent (compared to 73% last year).

In comparison to responses from other jurisdictions, Palo Alto ranks in the 98<sup>th</sup> percentile for educational opportunities, 98<sup>th</sup> percentile as a place to work, 93<sup>rd</sup> percentile as a place to live, in the 89<sup>th</sup> percentile as a place to raise children and 92<sup>nd</sup> percentile in overall quality of life. On the other hand, Palo Alto ranked in the 11<sup>th</sup> percentile for availability of affordable quality housing, 19<sup>th</sup> percentile for the variety of housing options, and 23<sup>rd</sup> percentile for availability of quality child care. This year, Palo Alto ranked in the top 5 for overall image or reputation, educational opportunities, place to work, and for the number of residents reporting that they recycled in their home, and the number of residents reporting they visited the City of Palo Alto website.

This year's survey included a "Key Driver Analysis" to identify service areas that appear to influence overall ratings of satisfaction. Based on this analysis, "Public Information" and "Street Tree Maintenance" were the two areas most strongly correlated with ratings of overall service quality. It should be noted that the survey results partly overlapped with the September 2009 California Avenue street tree cutting of 63 trees, resulting in public concern over the City's street tree cutting processes. 72% of Palo Alto residents rated street

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tree maintenance as good or excellent (an increase from 68% the prior year). Overall satisfaction with the City's public information services declined 8 percentage points, from 76% rating satisfaction as good or excellent last year, to 68% this year. The City Manager indicates that this decline might also be a reaction to the lack of public outreach around the California Avenue street tree incident and is indicative of a larger issue relating to resources necessary to effectively engage and communicate with the community.

### OVERALL SPENDING, STAFFING, AND ACCOMPLISHMENT OF COUNCIL PRIORITIES (pages 9-20)

General Fund spending increased from \$118 to \$140.8 million (or 19%) over the last 5 years; Palo Alto's estimated population increased 5.0% and inflation was about 12% over the same period. In FY 2009, total Citywide authorized staffing, including temporary and hourly positions, was 1,150 full-time equivalent employees (FTE), a 3% decrease from five years ago.

On a per capita basis, FY 2009 net General Fund costs of \$1,597 included:

- \$367 for police services
- \$218 for community services
- \$212 for fire and emergency medical services
- \$155 for public works
- \$128 for administrative and strategic support services
- \$92 for library services
- \$74 for planning, building, code enforcement
- \$245 in operating transfers out (including \$186 in transfers for capital projects)
- \$106 for non-departmental expenses

The General Fund has invested \$89.5 million in capital projects for the last 5 years. As a result, the Infrastructure Reserve decreased from \$25.2 million in FY 2005 to \$7.0 million in FY 2009. Capital spending last year totaled \$52.0 million, including \$15.8 million in the general governmental funds and \$36.2 million in the enterprise funds.

The City Council established three top priority areas for calendar year 2009: Environmental Protection, Civic Engagement for the Common Good, and Economic Health of the City.

### COMMUNITY SERVICES (pages 21-30)

Spending on community services increased 11% over the last five years to \$21.1 million while staffing decreased 7%. In FY 2009, volunteers donated more than 16,000 hours for open space restorative/resource management projects. Enrollment in classes was down 16% from 20,903 in FY 2005 to 17,608 in FY 2009. Online class registrations continue to increase, with 45% of registrations online last year compared to 40% five years ago. Attendance at Children's Theater performances decreased from 19,811 to 14,786, however in 2009 the Department reformatted its programming and methods for calculating participants. In FY 2009, parks maintenance spending totaled about \$4.4 million or approximately \$16,940 per acre maintained. About 24% of maintenance spending was contracted out. Golf Course expenses exceeded revenue by about \$326,000 in FY 2009.

Residents give favorable ratings for Palo Alto's recreation, parks, and natural environment. 87% of residents rate Palo Alto's preservation of wildlife and native plants as good or excellent; 82% rate the preservation of natural areas such as open space as good or excellent. 80% of residents rate the quality of recreation centers/facilities as good or excellent; 85% rate the quality of recreation programs/classes as good or excellent; 85% rate the range/variety of classes good or excellent; 87% rate their neighborhood park good or excellent; and 92% rate the quality of city parks good or excellent. In comparison to other jurisdictions, Palo Alto's survey responses ranked in the 90<sup>th</sup> percentile for recreation programs and classes, 94<sup>th</sup> percentile for quality of parks, 95<sup>th</sup> percentile for services to seniors, and 94<sup>th</sup> percentile for preservation of natural areas.

#### FIRE (pages 31-36)

The Fire Department provides Palo Alto and Stanford residents and businesses with emergency response, environmental and safety services. Fire Department expenditures of \$23.4 million were 23% more than five years ago. In FY 2009, 49% of costs were covered by revenue. In FY 2009, the Department responded to an average of 21 calls per day. The average response time for fire calls was 5:37 minutes, and the average response time for medical/rescue calls was 5:37 minutes. In FY 2009, there were more than 4,500 medical/rescue incidents, and only 239 fire incidents (including 20 residential structure fires). In FY 2009, the Department performed 31% fewer fire inspections and 19% more hazardous materials inspections (including 56% of annual inspections of the 509 facilities permitted for hazardous materials) than it did five years ago. Palo Alto is the only city in Santa Clara County that provides primary ambulance services. The Department has 113 line personnel certified as emergency medical technicians (EMTs) and 36 of these are also certified paramedics. In FY 2009, the Department provided 3,331 ambulance transports, an increase of 21% from five years ago.

Residents give high marks to the quality of Fire Department service: 95% of residents rated fire services good or excellent, and 91% rated ambulance/emergency medical services good or excellent. In FY 2009, the Department provided 329 fire safety, bike safety, and disaster preparedness presentations to more than 3,400 residents. 62% of survey respondents rated Palo Alto's emergency preparedness as good or excellent and 81% felt very or somewhat safe from environmental hazards.

#### LIBRARY (pages 37-41)

In November 2008, voters approved a \$76 million bond measure (Measure N) to fund improvements for the Mitchell Park, Downtown, and Main libraries and the Mitchell Park Community Center. In addition, the City allocated \$4 million in infrastructure funds to renovate the College Terrace Library. As a result, four library buildings are in the initial stages of major facility improvement.

Operating expenditures for Palo Alto's five library facilities rose 22% over the last five years to \$6.2 million. Total circulation increased 27% to over 1.6 million in FY 2009. More than 90% of first time checkouts were completed on the Library's self-check machines, compared to 67% four years ago, when the measure was first tracked. Over the last 5 years, the number of reference questions declined 43%, while the number of internet sessions increased 27% and the number of online database sessions increased 183%; the total number of cardholders increased 6% to 54,878. Volunteers donated more than 5,900 hours of service to the libraries in FY 2009 –a 21% decrease from five years ago.

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34% of survey respondents reported they used the library or its services more than 12 times last year, 79% rated the quality of library services good or excellent, 75% rated the quality of neighborhood branch libraries good or excellent, and 73% rated the variety of library materials as good or excellent.

### PLANNING AND COMMUNITY ENVIRONMENT (pages 43-48)

Planning and Community Environment expenditures totaled \$9.9 million in FY 2009. This was offset by revenue of \$5.0 million. A total of 189 planning applications were completed in FY 2009 – 42% fewer than five years ago. The average time to complete planning applications was 10.7 weeks. 55% of surveyed residents rated the overall quality of new development in Palo Alto as good or excellent; 54% rated economic development good or excellent, and 50% rated code enforcement services good or excellent. Over the last 5 years, the number of new code enforcement cases increased 15% from 473 to 545. In FY 2009, 94% of cases were resolved within 120 days.

The Department issued a total of 2,543 building permits in FY 2009, 17% less than 5 years ago. 75% 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 31 days (compared to 23 days last year), and the average to issue a building permit was 63 days (compared to 80 days last year). According to the Department, 98% of building permit inspection requests were responded to within one working day. During the last 12 months, 7% of survey respondents applied for a permit at the City's Development Center. Of these respondents, 59% rated the ease of the planning approval process as poor, 50% rated the time required to review and issue permits as poor, 49% rated the ease of overall application process as poor. Results for inspection timeliness were better with 52% rating this area as good or excellent. The Department reports it is reviewing its process to identify improvements.

City Shuttle boardings decreased 19% since five years, from about 169,000 in FY 2005 to about 136,500 in FY 2009. 41% of survey respondents said they use alternative commute modes to commute, 55% consider the amount of public parking good or excellent.

### POLICE (pages 49-56)

Police Department spending of \$28.3 million was 25% more than five years ago. The Department handled more than 53,000 calls for service in FY 2009, or about 146 calls per day. Over the last 5 years, the average response times for emergency calls improved from 5:01 minutes to 4:43 minutes. During this time, the number of juvenile arrests decreased 10% from 256 to 230, and the number of total arrests increased 22% from 2,134 to 2,612. The total number of traffic collisions declined by 27% over the five year period, however the number of bicycle/pedestrian collisions increased by 11%. There were 37 alcohol related collisions, and 192 DUI arrests in FY 2009. Police Department statistics show 64 reported crimes per 1,000 residents, with 44 reported crimes per officer last year. FBI statistics show that Palo Alto has fewer violent crimes per thousand residents than many local jurisdictions.

95% of surveyed residents felt very or somewhat safe in their neighborhood during the day and 91% in Palo Alto's downtown during the day. Feelings of safety decreased at night with 78% feeling very or somewhat safe in their neighborhood after dark and

65% feeling very or somewhat safe in downtown after dark. 84% of surveyed residents rated police services good or excellent. The Police Department reports it received 124 commendations and 14 complaints last year (three complaints were sustained).

#### PUBLIC WORKS (pages 57-66)

The Public Works Department provides services through the General Fund for streets, trees, structures and facilities, and engineering services. Operating expenditures in these areas totaled \$12.9 million in FY 2009. Capital spending for these activities included \$4.3 million for streets (up from \$3.3 million in FY 2005), and \$1.6 million for sidewalks. In FY 2009, the Department replaced or permanently repaired nearly 57,000 square feet of sidewalks, and completed 21 ADA ramps. In this year's survey, 42% rated street repair as good or excellent, and 53% rated sidewalk maintenance as good or excellent.

The Department is also responsible for refuse collection and disposal (\$33.5 million in FY 2009 operating expense), storm drainage (\$1.6 million in FY 2009), wastewater treatment (\$16.4 million, of which 63% is reimbursed by other jurisdictions), and maintenance and replacement for the city fleet (\$4.1 million). These services are provided through enterprise and internal service funds. Over the last five years tons of waste landfilled increased 12%; tons of materials recycled decreased 1%, and tons of household hazardous materials collected decreased 25%. This year, 89% of surveyed residents rated the quality of garbage collection as good or excellent (placing Palo Alto in the 83<sup>rd</sup> percentile), 90% rated recycling services good or excellent, and 86% rated the City's composting process and pickup services good or excellent. 73% of residents rated storm drainage good or excellent.

#### UTILITIES (pages 67-75)

In FY 2009, operating expense for the electric utility totaled \$112.4 million, including \$82.3 million in electricity purchase costs (101% more than five years ago). The average monthly residential bill has increased 33% over the five year period. Average residential electric usage per capita decreased 5% from five years ago. By the end of FY 2009, nearly 20% of Palo Alto customers had enrolled in the voluntary Palo Alto Green energy program – supporting 100% renewable energy. 83% of surveyed residents rated electric utility services good or excellent.

Operating expense for the gas utility totaled \$33.4 million, including \$25.1 million in gas purchases (34% more than five years ago). The average monthly residential bill has increased 87% over the five year period. Average residential natural gas usage per capita declined 14% from five years ago. The number of service disruptions increased from 31 to 46 over the five year period. 81% of surveyed residents rated gas utility services good or excellent.

Operating expense for the water utility totaled \$19.4 million, including \$8.4 million in water purchases (26% more than five years ago). The average residential water bill has increased 27% over the five year period. Average residential water usage per capita is down 9% from five years ago. 81% of surveyed residents rate water quality as good or excellent.

Operating expense for wastewater collection totaled \$11 million in FY 2009. The average residential sewer bill has increased 22% over the last five years. 81% of residents rated sewer services good or excellent. There were 210 sewage overflows in 2009.

In 1996, the City launched the fiber optic utility and built a 40.6 mile dark fiber backbone throughout the City with the goal of delivering broadband services to all premises, with customers connected via fiber optic “service connections.” New customers pay the construction fees required to connect to the fiber optic backbone. Fiber optic operating revenue totaled \$3.3 million in FY 2009 and had 47 customer accounts 178 service connections.

**STRATEGIC AND SUPPORT SERVICES (pages 77-81)**

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.

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 over the last five years. Chapters 2 through 9 present the mission statements, description of services, background information, workload, performance measures, and survey results for the various City services. The full results of the National Citizen Survey™ are also attached.

Additional copies of this report are available from the Auditor's Office and are posted on the web at [http://www.cityofpaloalto.org/depts/aud/service\\_efforts\\_and\\_accomplishments.asp](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.

Respectfully submitted,



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City Auditor

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# BACKGROUND

## INTRODUCTION

This is the eighth annual report on the City of Palo Alto's Service Efforts and Accomplishments (SEA). The purpose of the report is to

- Provide consistent, reliable information on the performance of City services,
- Broadly assess trends in government efficiency and effectiveness, and
- Improve City accountability to the public.

The report contains summary information on spending and staffing, workload, and performance results for the fiscal year ended June 30, 2009 (FY 2009). It also includes the results of a resident survey rating the quality of City services. The report provides two types of comparisons:

- Five-year historical trends for fiscal years 2005 through 2009
- Selected comparisons to other cities.

There are many ways to look at services and performance. This report looks at services on a department-by-department basis. All City departments are included in our review.

Chapter 1 provides a summary of overall spending and staffing over the last five years, as well as an overall description of the City's accomplishments in meeting the City Council's annual priorities. Chapters 2 through 9 present the mission statements, description of services, background information, workload, performance measures, and survey results for:

- Community Services
- Fire
- Library
- Planning and Community Environment
- Police

- Public Works
- Utilities
- Legislative and Support Services

## COMMUNITY PROFILE

Incorporated in 1894, Palo Alto is a largely built-out community of over 64,000 residents. The city covers about 26 square miles, stretching from the edges of San Francisco Bay to the ridges of the San Francisco peninsula. Located mid-way between San Francisco and San Jose, Palo Alto is in the heart of the Silicon Valley. Stanford University, adjacent to Palo Alto and one of the top-rated institutions of higher education in the nation, has produced much of the talent that founded successful high-tech companies in Palo Alto and Silicon Valley.

## DEMOGRAPHICS

Palo Alto is a highly educated community. According to the U.S. Census Bureau 2006-2008 American Community Survey, of residents aged 25 years and over:

- 78% had a bachelor's degree or higher
- 48% had a graduate or professional degree.

In 2009, *Forbes* named Palo Alto third in the top ten list of "America's Most Educated Small Towns," and first in California.

65% of Palo Alto's population is in the labor force and the average travel time to work is estimated at 21 minutes. In 2008, the median household income was \$126,740, while the average was \$168,800. The breakdown of estimated household income consisted of:

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2008 Household Income	Percent
\$49,999 or less	21%
\$50,000 to \$149,999	37%
\$150,000 or more	42%
Total	100%

Source: U.S. Census Bureau 2006-2008 American Community Survey

According to census statistics, 68% of Palo Alto residents were white, and 25% were of Asian descent:

Race-ethnicity	Population	Percent
One race	61,555	97%
White	43,230	68%
Asian	15,765	25%
Black or African American	1,108	2%
American Indian and Alaska Native	104	0%
Other	1,348	2%
Two or more races	1,815	3%
Hispanic or Latino (of any race)	3,758	6%

Source: U.S. Census Bureau 2006-2008 American Community Survey

Over the last three years, from 2006-2008, the median age of Palo Alto residents was 42 years. The following table shows population by age:

Age	Population	Percent
Under 5 years	3,828	6%
18 years and over	48,517	77%
65 years and over	10,300	16%

Source: U.S. Census Bureau 2006-2008 American Community Survey

The majority of residents own their homes, but a large number of dwellings are renter occupied:

Housing occupancy	Number	Percent
Owner occupied	15,485	58%
Renter occupied	10,043	37%
Vacant	1,432	5%
Total	26,960	100%

Source: U.S. Census Bureau 2006-2008 American Community Survey

OVERALL COMMUNITY QUALITY

Residents give high ratings to Palo Alto's quality of life. When asked to rate the overall quality of life in Palo Alto, 42% of residents said "excellent", 50% said "good", 7% said "fair", and 0% said "poor."

In comparison to other jurisdictions<sup>1</sup>, Palo Alto ranked in the 98<sup>th</sup> percentile as a place to work, 92<sup>nd</sup> percentile for overall quality of life, and in the 93<sup>rd</sup> percentile as a place to live. These high ratings are consistent with prior surveys.

Community quality ratings	Percent rating Palo Alto good or excellent	National ranking
Palo Alto as a place to work	87%	98 <sup>th</sup> ile
Palo Alto as a place to live	90%	93 <sup>th</sup> ile
Overall quality of life	93%	92 <sup>th</sup> ile
Palo Alto as a place to raise children	91%	89 <sup>th</sup> ile
Neighborhood as a place to live	90%	93 <sup>th</sup> ile
Palo Alto as a place to retire	64%	62 <sup>th</sup> ile
Services to seniors	82%	95 <sup>th</sup> ile
Services to youth	75%	89 <sup>th</sup> ile
Services to low-income	59%	97 <sup>th</sup> ile

Source: National Citizen Survey<sup>TM</sup> 2009 (Palo Alto)

Palo Alto ranked in the 91<sup>st</sup> percentile as a place to raise children, 95<sup>th</sup> percentile for services to seniors, and 89<sup>th</sup> percentile for services to youth. Ratings for services to low-income increased from 46% to 59%, placing Palo Alto in the 97<sup>th</sup> percentile among other surveyed jurisdictions. Palo Alto "as a place to retire" ranked lower, in the 62<sup>nd</sup> percentile, although still above the benchmark comparisons.

87% of residents plan to remain in Palo Alto for the next five years and 90% of residents would likely recommend living in Palo Alto to someone who asks. According to the National Research Center, intentions to stay and willingness to make recommendations, provide evidence that the City of Palo Alto provides services and amenities that work.

<sup>1</sup> Based on survey results from over 500 jurisdictions collected by the National Research Center, Inc. (see Attachment 1)

SENSE OF COMMUNITY

Residents continue to give very favorable ratings to Palo Alto’s community and reputation. 92% of residents rated Palo Alto’s overall image/reputation as good or excellent, placing Palo Alto in the 99<sup>th</sup> percentile compared to other jurisdictions asking a similar question. Most residents (71%) rated Palo Alto’s “sense of community” as good or excellent. Most residents (78%) also felt that the Palo Alto community was open and accepting towards people of diverse backgrounds. These results placed Palo Alto in the 79<sup>th</sup> and 94<sup>th</sup> percentiles, respectively, compared to other surveyed jurisdictions.

Community characteristics	Percent rating Palo Alto good or excellent	National ranking
Overall image/reputation of Palo Alto	92%	99 <sup>%ile</sup>
Openness and acceptance of the community toward people of diverse backgrounds	78%	94 <sup>%ile</sup>
Sense of community	71%	79 <sup>%ile</sup>

Source: National Citizen Survey™ 2009 (Palo Alto)

The survey also asked residents to assess their involvement and interactions with neighbors. 93% of residents reported helping a friend or neighbor within the last 12 months, and 72% of residents talked or visited with their neighbors at least once a month.

Community characteristics	Percent participation	Benchmark Comparison
Provided help to a friend or neighbor within last 12 months	93%	Similar
Talk or visit with your immediate neighbors at least once a month	72%	Similar

Source: National Citizen Survey™ 2009 (Palo Alto)

COMMUNITY AMENITIES

In comparisons to other jurisdictions, Palo Alto residents give high ratings to educational opportunities, ranking in the 98<sup>th</sup> percentile compared to other jurisdictions. Although 51% of residents rated Palo Alto’s employment opportunities as good or excellent, a decrease from

61% the prior year, this places Palo Alto in the 91<sup>st</sup> percentile compared to other surveyed jurisdictions. On the other hand, Palo Alto ranks in the 11<sup>th</sup> percentile when rating availability of affordable quality housing and the 23<sup>rd</sup> percentile in availability of affordable quality child care.

Community amenities	Percent rating Palo Alto good or excellent	National ranking
Educational opportunities	91%	98 <sup>%ile</sup>
Employment opportunities	51%	91 <sup>%ile</sup>
Overall quality of business and service establishments	73%	84 <sup>%ile</sup>
Traffic flow on major streets	46%	64 <sup>%ile</sup>
Availability of preventive health services	67%	86 <sup>%ile</sup>
Availability of affordable quality health care	63%	85 <sup>%ile</sup>
Availability of affordable quality child care	32%	23 <sup>%ile</sup>
Variety of housing options	39%	19 <sup>%ile</sup>
Availability of affordable quality housing	17%	11 <sup>%ile</sup>

Source: National Citizen Survey™ 2009 (Palo Alto)

In 2009, the rate of population growth in Palo Alto was viewed as “too fast” by 54% of survey respondents. 43% said population growth was the “right amount”.

KEY DRIVER ANALYSIS

The National Research Center analyzed responses from Palo Alto’s annual National Citizen Survey™ to provide an analysis of “Key Drivers”, or areas that tend to influence how residents rate overall services. According to the report, local government core services – like fire protection- land at the top of the list when residents are asked about the most important local government services. However, Key Driver Analysis reveals service areas that influence residents’ overall ratings for quality of government services. Examining services that have the greatest likelihood of influencing residents’ opinions about overall service quality, may help government better focus its efforts.

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Based on this year's Palo Alto's survey results, "Public Information" and "Street Tree Maintenance" were the two areas most strongly correlated with ratings of overall service quality.

It should be noted that the survey results partly overlapped with the September 2009 California Avenue street tree cutting of 63 trees, resulting in a surge of public response and concern over the City's street tree cutting processes. Although the National Research Center did not have benchmark data available for street tree maintenance overall ratings in this area appear to be favorable among most respondents. 72% of Palo Alto residents rated street tree maintenance as good or excellent (an increase from 68% the prior year), 21% as fair, and 7% as poor.

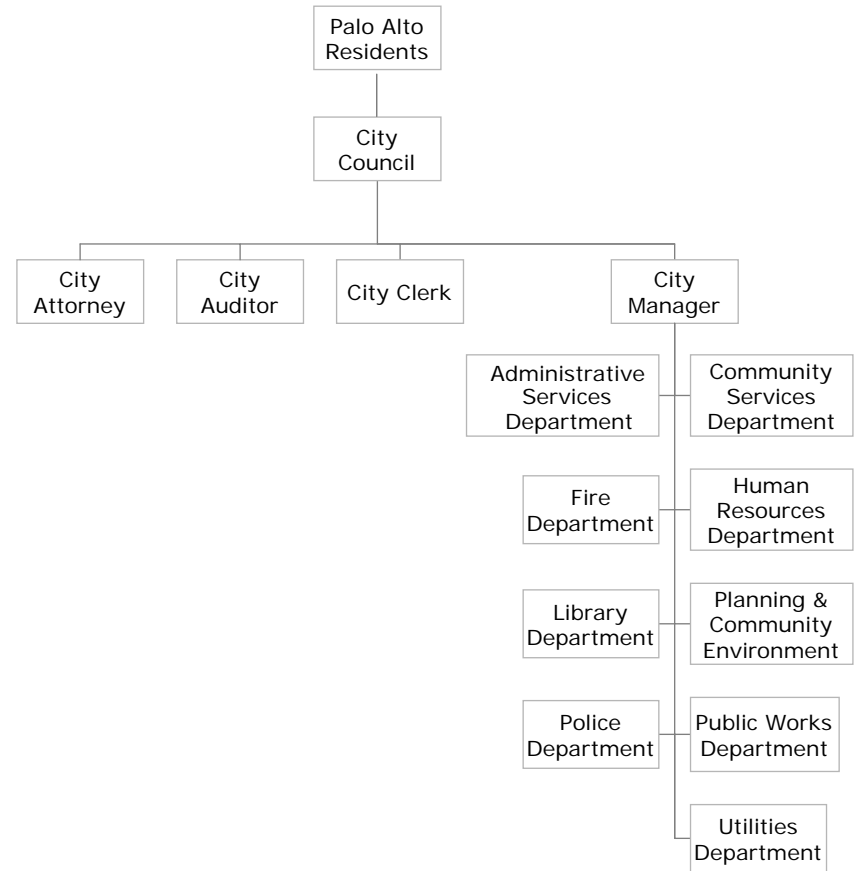
Overall satisfaction with the City's public information services declined 8 percentage points, from 76% rating satisfaction as good or excellent last year, to 68% this year. The City Manager indicates that this decline might also be a reaction to the lack of public outreach around the California Avenue street tree incident and is indicative of a larger issue relating to resources necessary to effectively engage and communicate with the community. According to the City Manager, over the past five years, staffing for public communications functions has decreased from 2 full time positions in the City Manager's Office and 1 full time position in the Utilities Department, to 1 full time position that is now shared between the City Manager's Office and the Utilities Department. This decrease has caused the remaining staff person to be spread thinly, thereby increasing the time necessary to advance more strategic communications initiatives like the City's social networking strategy and consistent citywide branding and messaging.

**PALO ALTO CITY GOVERNMENT**

Palo Alto residents elect 9 members to the City Council. Council Members serve staggered 4-year terms. The Council also appoints a number of boards and commissions. Each January, the City Council appoints a new mayor and vice-mayor and then adopts priorities for the calendar year. The City Council's top 3 priorities for 2009 included:

- Environmental Protection
- Civic Engagement for the Common Good
- Economic Health

Palo Alto is a charter city, operating under a council/manager form of government. The City Council appoints the City Manager, City Attorney, City Auditor, and City Clerk. Following is the City of Palo Alto organizational chart.



**SCOPE AND METHODOLOGY**

The City Auditor's Office prepared this report in accordance with the City Auditor's FY 2010 Work Plan. The scope of our review covered information and results for the City's departments for the fiscal year beginning July 1, 2008 and ending June 30, 2009 (FY 2009).

We conducted this work in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The City Auditor's Office compiled, examined, and reviewed sources of departmental data in order to provide reasonable assurance that the data we compiled is accurate, however we did not conduct detailed testing of that data. Our staff reviewed the data for reasonableness, accuracy, and consistency, based on our knowledge and information from comparable sources and prior years' reports. Our reviews are not intended to provide absolute assurance that all data elements provided by management are free from error. Rather, we intend to provide reasonable assurance that the data present a picture of the efforts and accomplishments of the City departments and programs.

When possible, we have included in the report a brief explanation of internal or external factors that may have affected the performance results. However, while the report may offer insights on service results, this insight is for informational purposes and does not thoroughly analyze the causes of negative or positive performance. Some results or performance changes can be explained simply. For others, more detailed analysis by City departments or performance audits may be necessary to provide reliable explanation for results. This report can help focus research on the most significant areas of interest or concern.

## SERVICE EFFORTS AND ACCOMPLISHMENTS REPORTING

In 1994, the Governmental Accounting Standards Board (GASB) issued *Concepts Statement No. 2, Service Efforts and Accomplishments Reporting*. The statement broadly described "*why external reporting of SEA measures is essential to assist users both in assessing accountability and in making informed decisions to improve the efficiency and effectiveness of governmental operations.*" According to the statement, the objective of SEA reporting is to provide more complete information about a governmental entity's performance than can be provided by the traditional financial statements and schedules, and to assist users in assessing the economy, efficiency, and effectiveness of services provided.

In 2003, GASB issued a special report on *Reporting Performance Information: Suggested Criteria for Effective Communication* that describes sixteen criteria state and local governments can use when preparing external reports on performance information.<sup>2</sup> Using the GASB criteria, the Association of Government Accountants (AGA) initiated a Certificate of Excellence in Service Efforts and Accomplishments Reporting project in 2003, in which Palo Alto was a charter participant. Our last report received the Association's distinguished Gold Award and in 2009, the Association named Palo Alto as the first city to receive the Circle of Excellence Award for producing high quality Service Efforts and Accomplishments reports.

In 2008, GASB issued Concept Statement No. 5, which amended Concept Statement No. 2 to reflect changes since the original statement was issued in 1994. During 2009, GASB has been developing "Suggested Guidelines for Voluntary Reporting of SEA Performance Information."<sup>3</sup> The guidelines are intended to provide a common framework for the effective external communication of SEA performance information to assist users and governments.

Other organizations including the Government Finance Officers Association (GFOA) and International City/County Management Association (ICMA) have long been advocates of performance measurement in the public sector. For example, the ICMA Performance Measurement Program provides local government benchmarking information for a variety of public services.

The City of Palo Alto has reported various performance indicators for a number of years. In particular, the City's budget document includes "benchmark" measures.<sup>4</sup> Benchmarks include input, output, efficiency, and effectiveness measures. This report builds on existing systems and measurement efforts. The City's operating budget document incorporates benchmarking measures included in this Service Efforts and Accomplishments report. Similarly, where we included budget benchmarking measures in this document, they are noted with the symbol "⊙". This year, we also added a symbol to indicate areas in the

<sup>2</sup> A summary of the GASB special report on reporting performance information is online at [http://www.seagov.org/sea\\_gasb\\_project/criteria\\_summary.pdf](http://www.seagov.org/sea_gasb_project/criteria_summary.pdf)

<sup>3</sup> The proposed guidelines have not been finalized as of the writing of this report. Additional information is on-line [http://www.gasb.org/project\\_pages/sea.html](http://www.gasb.org/project_pages/sea.html)

<sup>4</sup> In FY 2005, new "benchmarking" measures replaced the "impact" measures that were formerly in the budget document. The benchmarks were developed by staff and reviewed by the City Council as part of the annual budget process.

report that are related to the City Council's Top 3 Priorities for 2009. They are noted with the symbol "⊙".

## SELECTION OF INDICATORS

We limited the number and scope of workload and performance measures in this report to items where information was available, meaningful in the context of the City's performance, and items we thought would be of general interest to the public. This report is not intended to be a complete set of performance measures for all users.

From the outset of this project, we decided to use existing data sources to the extent possible. We reviewed existing benchmarking measures from the City's adopted budget documents<sup>5</sup>, performance measures from other jurisdictions, and benchmarking information from the ICMA<sup>6</sup> and other professional organizations. We used audited information from the City's Comprehensive Annual Financial Reports (CAFRs).<sup>7</sup> We cited departmental mission statements and performance targets<sup>8</sup> that are taken from the City's annual operating budget where they are subject to public scrutiny and City Council approval as part of the annual budget process. We held numerous discussions with City staff to determine what information was available and reliable, and best summarized the services they provide.

Wherever possible we have included five years of data. Generally speaking, it takes at least three data points to show a trend. Although Palo Alto's size precludes us from significantly disaggregating data (such as into districts), where program data was available, we disaggregated the information. For example, we have disaggregated performance information about some services based on age of participant, location of service, or other relevant factors.

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<sup>5</sup> The budget is on-line at [www.cityofpaloalto.org/depts/asd/budget.asp](http://www.cityofpaloalto.org/depts/asd/budget.asp). The operating budget includes additional performance information.

<sup>6</sup> International City/County Management Association (ICMA), *Comparative Performance Measurement FY 2005 Data Report*. This report summarizes data from 87 jurisdictions, including several from California.

<sup>7</sup> The CAFR is on-line at [http://www.cityofpaloalto.org/depts/asd/financial\\_reporting.asp](http://www.cityofpaloalto.org/depts/asd/financial_reporting.asp).

<sup>8</sup> The operating budget may include additional performance targets for the budget benchmarking measures that are noted in this document with the symbol "⊙".

Indicators that are in alignment with the City's Climate Protection Plan<sup>9</sup>, Zero Waste Plan<sup>10</sup> and/or sustainability goals are noted in the tables with an "S".

Consistency of information is important to us. However, we occasionally add or delete some information that was included in a previous report. Performance measures and survey information that have changed since the last report are noted in the tables as <NEW> or <REVISED>.

We will continue to use City Council, public, and staff feedback to ensure that the information items we include in this report are meaningful and useful. We welcome your input. Please contact us with suggestions at [city.auditor@cityofpaloalto.org](mailto:city.auditor@cityofpaloalto.org).

## THE NATIONAL CITIZEN SURVEY™

The National Citizen Survey™ is a collaborative effort between the National Research Center, Inc. (NRC), and the International City/County Management Association (ICMA).<sup>11</sup> Respondents in each jurisdiction are selected at random. Participation is encouraged with multiple mailings and self-addressed, postage-paid envelopes. Results are statistically re-weighted, if necessary, to reflect the proper demographic composition of the entire community.

Surveys were mailed to a total of 1,200 Palo Alto households in August and September 2009. Completed surveys were received from 424 residents, for a response rate of 37%. Typical response rates obtained on citizen surveys range from 25% to 40%.

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<sup>9</sup> More information about the City's plan to protect the environment and other sustainability efforts is online at [www.cityofpaloalto.org/environment](http://www.cityofpaloalto.org/environment).

<sup>10</sup> More information about the City's Zero Waste Plan is online at [www.cityofpaloalto.org/depts/pwd/recycle/zero\\_waste\\_program.asp](http://www.cityofpaloalto.org/depts/pwd/recycle/zero_waste_program.asp).

<sup>11</sup> The full report of Palo Alto's survey results can be found in Attachments 1-2. The full text of previous survey results can be found in the appendices of our previous reports online at [www.cityofpaloalto.org/depts/aud/service\\_efforts\\_and\\_accomplishments.asp](http://www.cityofpaloalto.org/depts/aud/service_efforts_and_accomplishments.asp).

It is customary to describe the precision of estimates made from surveys by a “level of confidence” (or margin of error). The 95% confidence level for this survey of 1,200 residents is generally no greater than plus or minus 5 percentage points around any given percent reported for the entire sample.

The scale on which respondents are asked to record their opinions about service and community quality is “excellent”, “good”, “fair”, and “poor”. Unless stated otherwise, the survey data included in this report displays the responses only from respondents who had an opinion about a specific item – “don’t know” answers have been removed. This report contains comparisons of survey data from prior years. Differences from the prior year can be considered “statistically significant” if they are greater than six percentage points.

The NRC has collected citizen survey data from more than 500 jurisdictions in the United States. Inter-jurisdictional comparisons are available when similar questions are asked in at least five other jurisdictions. When comparisons are available, results are noted as being “above” the benchmark, “below” the benchmark, or “similar to” the benchmark. NRC provided our office with additional data on the percentile ranking for comparable questions.

In 2006, the ICMA and NRC announced “Voice of the People” awards for surveys conducted in the prior year. To win, a jurisdiction’s National Citizen Survey rating for service quality must be one of the top three among all eligible jurisdictions and in the top 10% of over 500 jurisdictions in the NRC database of citizen surveys. Since the beginning of the award program, Palo Alto has won:

2005 – 5 categories:

Emergency medical, Fire, Garbage collection, Park, and Police services

2006 – 4 categories:

Emergency medical, Fire, Garbage collection, and Recreation services

2007 – 5 categories:

Emergency medical, Fire, Garbage collection, Park, and Recreation services

2008 – 1 category:

Garbage collection.

## POPULATION

Where applicable, we have used the most recent estimates of Palo Alto resident population from the California Department of Finance, as shown in the following table.<sup>12</sup>

Year	Population
FY 2005	61,464
FY 2006	62,108
FY 2007	62,267
FY 2008	63,098
FY 2009	64,484
<b>Percent change over last 5 years:</b>	<b>+5.0%</b>

We used population figures from sources other than the Department of Finance for some comparisons to other jurisdictions, but only in cases where comparative data was available only on that basis.

Some departments<sup>13</sup> serve expanded service areas. For example, the Fire Department serves Palo Alto, Stanford, and Los Altos Hills (seasonally). The Regional Water Quality Control Plant serves Palo Alto, Mountain View, Los Altos, Los Altos Hills, Stanford, and East Palo Alto.

## INFLATION

Financial data has not been adjusted for inflation. In order to account for inflation, readers should keep in mind that the San Francisco Area Consumer Price Index for All Urban Consumers has increased by 13% over the 5 years of financial data that is included in this report. The index increased as follows:

<sup>12</sup> The Department of Finance periodically revises prior year estimates. Where applicable we used their revised population estimates to recalculate certain indicators in this report.

<sup>13</sup> Additional information about the City’s departments can be found at <http://www.cityofpaloalto.org/depts/default.asp>.

Service Efforts and Accomplishments FY 2009

Date	Index
June 2005	201.2
June 2006	209.1
June 2007	216.1
June 2008	225.2
June 2009	225.7
<b>Percent change over last 5 years:</b>	<b>+12%</b>

ROUNDING

For readability, most numbers in this report are rounded. In some cases, tables or graphs may not add to 100% or to the exact total because of rounding. In most cases the calculated “percent change over the last 5 years” is based on the percentage change in the underlying numbers, not the rounded numbers. However, where the data is expressed in percentages, the change over 5 years is the difference between the first and last year.

COMPARISONS TO OTHER CITIES

Where possible we included comparisons to nearby California cities. The choice of the cities that we use for our comparisons may vary depending on whether data is easily available. Regardless of which cities are included, comparisons to other cities should be used carefully. We tried to include “apples to apples” comparisons, but differences in costing methodologies and program design may account for unexplained variances between cities. For example, the California State Controller’s Office gathers and publishes comparative financial information from all California cities.<sup>14</sup> We used this information where possible, but noted that cities provide different levels of service and categorize expenditures in different ways.

ACKNOWLEDGEMENTS

This report could not have been prepared without the cooperation and assistance of City management and staff from every City department. Our thanks to all of them for their help. We also want to thank the City Council and community members who reviewed last year’s report and provided thoughtful comments.

We would also like to acknowledge our debt to the City of Portland Auditor’s Office that pioneered local government accountability for performance through its “City of Portland Service Efforts and Accomplishments” report – now in its 19<sup>th</sup> year of publication.

<sup>14</sup> California State Controller, *Cities Annual Report Fiscal Year 2006-07* ([http://www.sco.ca.gov/Files-ARD-Local/LocRep/cities\\_reports\\_0607cities.pdf](http://www.sco.ca.gov/Files-ARD-Local/LocRep/cities_reports_0607cities.pdf)).



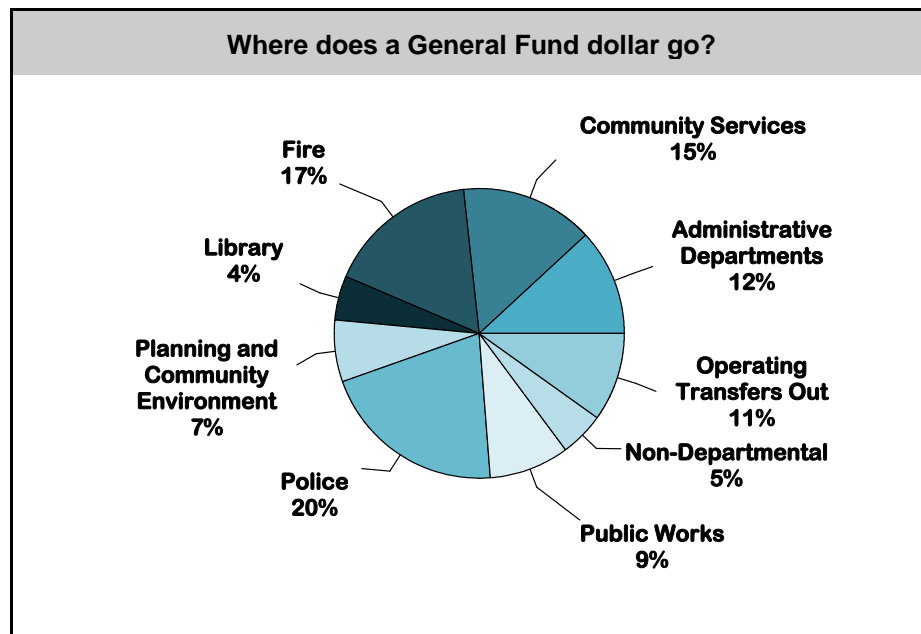
# CHAPTER 1 – OVERALL SPENDING, STAFFING & ACCOMPLISHMENT OF COUNCIL PRIORITIES

## OVERALL SPENDING

Palo Alto, like other cities, uses various funds to track specific activities. The General Fund tracks all general revenues and governmental functions including parks, fire, police, libraries, planning, public works, and support services. These services are supported by general City revenues and program fees. Enterprise Funds are used to account for the City's utilities (including water, electricity, gas, wastewater collection and treatment, refuse, and storm drains) and are generally supported by charges paid by users based on the amount of service they use.

The pie chart to the right shows where a General Fund dollar goes. The table below shows more detail. In FY 2009, the City's General Fund expenditures and other uses of funds totaled nearly \$141 million. This included \$15.8 million in transfers to other funds (including \$13.6 million for capital projects and \$1.1 million for debt service).

Total General Fund uses declined from \$142.4 million last year to \$140.8 million in FY 2009. Over the last five years, General Fund uses of funds increased 19% (some expenses were transferred to other funds), higher than inflation (12% over the same five-year period).



Source: FY 2009 expenditure data

General Fund operating expenditures and other uses of funds (in millions)

	Administrative Departments <sup>1</sup>	Community Services	Fire	Library	Planning and Community Environment	Police	Public Works	Non-Departmental <sup>2</sup>	Operating Transfers Out <sup>3</sup>	TOTAL <sup>5</sup>	Enterprise Fund operating expenses
FY 2005	\$15.2	\$19.1	\$19.1	\$5.1	\$9.1	\$22.5	\$11.0	\$8.6	\$8.2	\$118.0 <sup>4</sup>	\$162.6
FY 2006	\$15.3	\$19.5	\$20.2	\$5.7	\$9.2	\$24.4	\$11.3	\$13.6	\$8.0	\$127.1	\$183.7
FY 2007	\$15.9	\$20.1	\$21.6	\$5.9	\$9.4	\$25.9	\$12.4	\$8.5	\$12.7	\$132.4	\$190.3
FY 2008	\$17.4	\$21.2	\$24.0	\$6.8	\$9.7	\$29.4	\$12.9	\$7.4	\$13.6	\$142.4	\$215.8
<b>FY 2009</b>	<b>\$16.4</b>	<b>\$21.1</b>	<b>\$23.4</b>	<b>\$6.2</b>	<b>\$9.9</b>	<b>\$28.3</b>	<b>\$12.9</b>	<b>\$6.8</b>	<b>\$15.8</b>	<b>\$140.8</b>	<b>\$229.0</b>
Change over last 5 years:	+8%	+11%	+23%	+22%	+9%	+26%	+17%	-20%	+92%	+19%	+41%

<sup>1</sup> Includes the City Manager, City Attorney, City Clerk, City Council, City Auditor, Administrative Services Department, and Human Resources Department.

<sup>2</sup> Includes payments to the Palo Alto Unified School District as part of the Cubberley lease and covenant not to develop (\$6.55 million in FY 2009).

<sup>3</sup> Includes transfers from the General Fund to the Capital Projects Fund, to the Retiree Health Fund, and debt service funds.

<sup>4</sup> Does not include FY 2005 transfer of the Infrastructure Reserve (\$35.9 million) from the General Fund to the Capital Fund.

<sup>5</sup> Expenditures shown in the Comprehensive Annual Financial Reports include appropriations, encumbrances, and other adjustments to the budgetary basis.

## PER CAPITA SPENDING

There are at least two ways to look at per capita spending: annual spending (shown below) and net cost (shown on the right).

As shown below, in FY 2009, General Fund operating expenditures and other uses of funds totaled \$2,184 per Palo Alto resident, including operating transfers to fund the City's Capital Improvement Program (CIP).

However, as shown on the right, General Fund departments generate revenues or are reimbursed for some of their activities by other jurisdictions and/or the enterprise funds. As a result, we estimate the net General Fund cost per resident in FY 2009 was about \$1,597.

Enterprise Fund operating expenses totaled \$3,552 per capita. Palo Alto's enterprise funds include Electric, Gas, Water, Wastewater Collection, Wastewater Treatment, Refuse, Storm Drainage, Fiber Optic, and External Services. Enterprise funds generally work like a business and charge fees to cover the cost of services.

**Net General Fund Cost Per Resident:<sup>2</sup>**  
**FY 2009**

**On a per capita basis, FY 2009 net General Fund costs<sup>1</sup> of \$1,597 included:**

- \$367 for police services
- \$218 for community services
- \$212 for fire and emergency medical services<sup>1</sup>
- \$155 for public works
- \$128 for administrative and strategic support services
- \$92 for library services
- \$74 for planning, building, code enforcement
- \$245 in operating transfers out (including \$186 in transfers for capital projects)
- \$106 for non-departmental expenses<sup>4</sup>

	Estimated per capita General Fund spending and other uses of funds <sup>2</sup>										Per capita <sup>2</sup>		
	Admin. Depts.	Community Services	Fire <sup>3</sup>	Library	Planning and Community Environment	Police	Public Works	Non-Departmental	Operating Transfers Out	TOTAL	Capital outlay	Enterprise Fund Operating Expenditures	NET PER CAPITA SPENDING
FY 2005	\$247	\$311	\$310	\$83	\$148	\$366	\$179	\$140	\$134	\$1,917	\$346	\$2,637	\$1,390
FY 2006	\$245	\$313	\$324	\$91	\$147	\$392	\$182	\$219	\$128	\$2,040	\$212	\$2,943	\$1,371
FY 2007	\$255	\$322	\$345	\$94	\$150	\$414	\$199	\$136	\$203	\$2,118	\$279	\$3,039	\$1,518
FY 2008	\$274	\$335	\$378	\$108	\$153	\$464	\$204	\$117	\$204	\$2,237	\$341	\$3,405	\$1,616
<b>FY 2009</b>	<b>\$254</b>	<b>\$328</b>	<b>\$363</b>	<b>\$97</b>	<b>\$153</b>	<b>\$438</b>	<b>\$200</b>	<b>\$106</b>	<b>\$245</b>	<b>\$2,184</b>	<b>\$245</b>	<b>\$3,552</b>	<b>\$1,597</b>
Change over last 5 years:	+3%	+5%	+17%	+16%	+4%	+20%	+12%	-24%	+83%	+14%	-29%	+34%	+15%

<sup>1</sup> Net cost is defined as total program cost less the revenues/reimbursements generated by the specific activities.

<sup>2</sup> Where applicable, prior year per capita costs have been recalculated based on revised population estimates from the California Department of Finance.

<sup>3</sup> Not adjusted for Fire department's expanded service area.

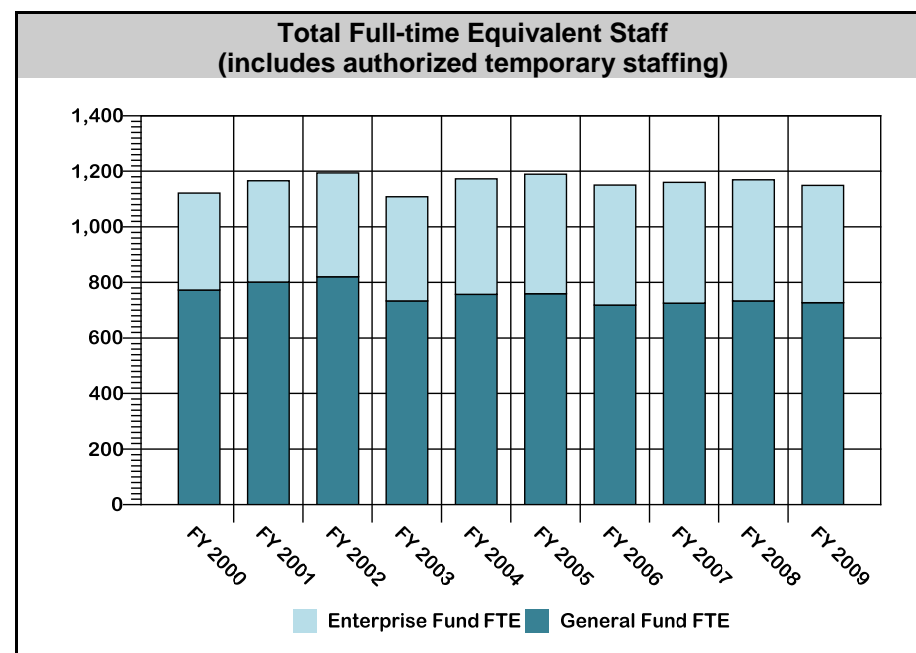
<sup>4</sup> Includes \$6.5 million paid to the Palo Alto Unified School District

## AUTHORIZED STAFFING

City staffing is measured in full-time equivalent staff, or FTE. In FY 2009, there were a total of 1,150 authorized FTE citywide – including 727 authorized FTE in General Fund departments, and 423 authorized FTE in other funds.<sup>1</sup> 115 authorized positions were vacant as of June 30, 2009.

Over the last five years, total FTE (including authorized temporary and hourly positions) has decreased.

- General Fund FTE decreased by 4%, including 36 regular FTE eliminated<sup>3</sup> and 15 regular FTE moved to other funds.<sup>3</sup>
- Authorized staffing in other funds decreased by 2%, including the 15 regular FTE moved from the General Fund.<sup>4</sup>



Source: City operating budgets

	Total General Fund authorized staffing (FTE <sup>1</sup> )								Total other authorized staffing (FTE <sup>1</sup> )					TOTAL (FTE <sup>1</sup> )	
	Admin. Depts.	Community Services	Fire	Library	Planning and Community Environment	Police	Public Works	Subtotal	Refuse Fund	Storm Drainage Fund	Wastewater Treatment Fund	Electric, Gas, Water, and Wastewater	Other <sup>2</sup>		Subtotal
FY 2005	108	158	129	56	61	173	75	759	35	10	69	241	75	430	1,189
FY 2006	98	146	126	57	53	169	69	718	35	10	69	241	78	432	1,150
FY 2007	100	148	128	57	55	168	68	725	35	10	69	243	78	435	1,160
FY 2008	108	147	128	56	54	169	71	733	35	10	69	244	78	436	1,168
<b>FY 2009</b>	<b>102</b>	<b>146</b>	<b>128</b>	<b>57</b>	<b>54</b>	<b>170</b>	<b>71</b>	<b>727</b>	<b>35</b>	<b>10</b>	<b>70</b>	<b>235</b>	<b>74</b>	<b>423</b>	<b>1,150</b>

Change over

last 5 years: -6%   -8%   -1%   +3%   -11%   -2%   -6%   -4%   +1%   +4%   -1%   -3%   -2%   -2%   -3%

<sup>1</sup> Includes authorized temporary and hourly positions and allocated departmental administration.

<sup>2</sup> Includes the Technology Fund, Capital Fund, Special Revenue, and Internal Service Funds.

<sup>3</sup> Net General Fund regular position changes since June 30, 2005 included 1 FTE eliminated in FY 2005, 16 FTE eliminated in FY 2006, 3 FTE added in FY 2007, 2 FTE eliminated in FY 2008, and 20 FTE eliminated in FY 2009.

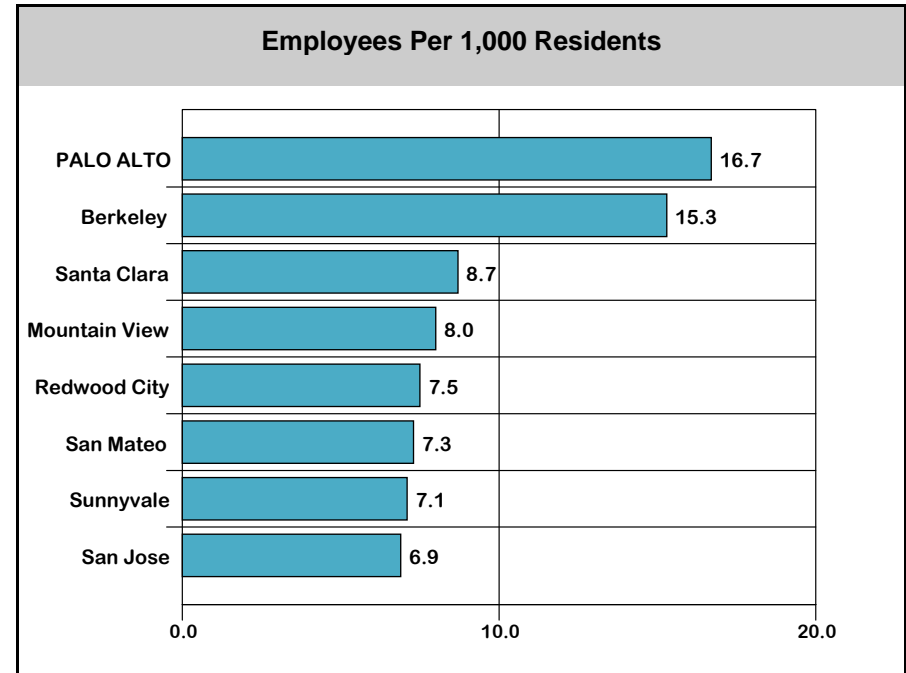
<sup>4</sup> Regular positions moved *from* the General Fund to other funds included 3 FTE moved to other funds in FY 2005, and 6 FTE moved to other funds in FY 2006, none in FY 2007, 2 in FY 2008, and 9 in FY 2009.

## AUTHORIZED STAFFING (cont.)

As shown in the graph to the right, Palo Alto had more employees per 1,000 residents than several other local jurisdictions. However staffing comparisons between cities are problematic – no other city in California offers a full complement of utility services like Palo Alto, and Palo Alto employees provide some services to other jurisdictions that are reimbursed by those jurisdictions (e.g. fire, dispatch, water treatment, and animal control).

Citywide regular authorized staffing decreased 2% over the past five years from 1,094 to 1,076 FTE. Authorized temporary and hourly staffing decreased from 96 FTE to 74 FTE citywide. Of total staffing, about 7% is temporary or hourly.

While general fund salaries and wages increased from \$57.3 million last year to \$59.6 million in FY 2009, general fund overtime expenditures and employee benefits declined from this same period. Over the last five years, General Fund salaries and wages (not including overtime) increased 14%. Over the same period, employee benefit expenses increased 19% – from \$23.7 million (45% of salaries and wages) to \$28.3 million (48% of salaries and wages).<sup>3</sup>



Source: Cities' Comprehensive Annual Financial Reports and Operating Budgets

	Regular authorized staffing citywide (FTE)	Authorized temporary staffing citywide (FTE)	Total authorized staffing citywide (FTE)	Total authorized staffing per 1,000 residents	General fund salaries and wages (in millions)	General fund overtime	General fund employee benefits	Employee benefits rate	Employee costs as a percent of total general fund expenditures
FY 2005	1,094	96	1,189	19.3	\$52.3	\$ 3.6	\$ 23.7	45%	68%
FY 2006	1,074	76	1,150	18.4	\$53.2	\$ 3.4	\$ 26.4	49%	64%
FY 2007	1,080	80	1,160	18.5	\$53.9	\$ 4.0	\$ 26.1	48%	65%
FY 2008	1,077	91	1,168	18.4	\$57.3	\$ 4.2	\$ 29.8	52%	64%
<b>FY 2009</b>	<b>1,076</b>	<b>74</b>	<b>1,150</b>	<b>19.4</b>	<b>\$59.6</b>	<b>\$ 3.7</b>	<b>\$ 28.3</b>	<b>48%</b>	<b>65%</b>
<i>Change over last 5 years:</i>	-2%	-23%	-3%	+1%	+14%	+2%	+19%	+3%	-3%

<sup>1</sup> Does not include overtime

<sup>2</sup> "Employee benefits rate" is General Fund benefit costs as a percentage of General Fund salaries and wages, not including overtime.

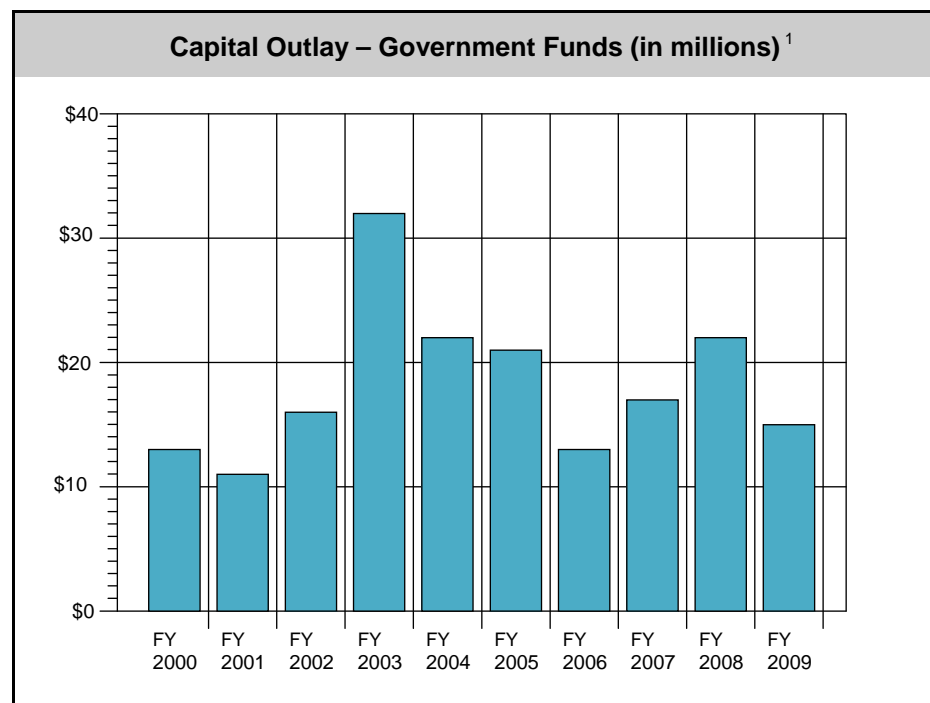
<sup>3</sup> For more information on projected salary and benefits costs see the City of Palo Alto Long Range Financial Forecast at [http://www.cityofpaloalto.org/depts/asd/financial\\_reporting.asp](http://www.cityofpaloalto.org/depts/asd/financial_reporting.asp)

## CAPITAL SPENDING

The City's Infrastructure Reserve (IR) was created as a mechanism to accumulate funding for an Infrastructure Rehabilitation Program to repair and renovate existing City infrastructure. The City's current infrastructure backlog totaled \$153 million in FY 2009. Total identified infrastructure needs through 2028 are estimated at \$302 million. The IR is partially funded by annual commitments from the City's General and Enterprise Funds.

With the implementation of GASB Statement 34 in FY 2002, the City records all capital assets in the citywide financial statements.<sup>2</sup> Capital assets are valued at historical cost, net of accumulated depreciation. This includes buildings and structures, vehicles and equipment, roadways, and utility distribution systems. As of June 30, 2009, net general capital assets totaled \$364.3 million (14% more than 5 years ago).

As shown in the graph on the right, capital outlay by governmental funds<sup>1</sup> has increased over ten years ago. The General Fund invested \$89.5 million in capital projects over the last 5 years, spending down reserves set aside to fund infrastructure rehabilitation. The Infrastructure Reserve fell to \$7.0 million (compared to \$25.2 million 5 years ago). The enterprise funds invested \$36.2 million in capital projects in FY 2009, for a total of \$144.3 million over the last 5 years. As of June 30, 2009, net Enterprise Fund capital assets totaled \$426.1 million.



Source: Comprehensive Annual Financial Reports


	Infrastructure Reserve (in thousands)	General governmental funds (in millions)			Enterprise funds (in millions)		
		Net general capital assets	Capital outlay (governmental funds)	Depreciation	Net Enterprise Fund capital assets	Capital expense	Depreciation
FY 2005	\$25.2	\$318.5	\$21.3	\$9.5	\$346.9	\$22.8	\$11.7
FY 2006	\$20.7	\$324.8	\$13.2	\$12.3	\$360.9	\$20.3	\$11.8
FY 2007	\$15.8	\$335.7	\$17.5	\$11.0	\$383.8	\$28.9	\$12.7
FY 2008	\$17.9	\$351.9	\$21.6	\$11.2	\$416.6	\$36.1	\$12.7
<b>FY 2009</b>	<b>\$7.0</b>	<b>\$364.3</b>	<b>\$15.8</b>	<b>\$9.6</b>	<b>\$426.1</b>	<b>\$36.2</b>	<b>\$13.6</b>
<i>Change over last 5 years:</i>	-72%	14%	-26%	+1%	+23%	+59%	+17%

<sup>1</sup> Includes capital expenditures in the General Fund, Capital Projects and Special Revenue funds. Does not include capital expense associated with Utility or other enterprise funds.

<sup>2</sup> The City's financial statements are on-line at [http://www.cityofpaloalto.org/depts/asd/financial\\_reporting.asp](http://www.cityofpaloalto.org/depts/asd/financial_reporting.asp).

## RESIDENT PERCEPTIONS & KEY ACCOMPLISHMENTS OF COUNCIL PRIORITIES

Each January, the City Council holds a retreat and identifies top priorities for the calendar year. The City Council established three top priority areas for 2009:

-  1) Environmental Protection  
2) Civic Engagement for the Common Good  
3) Economic Health of the City

### CITY REPORTS IN AREAS OF 2009 COUNCIL PRIORITIES

The City has developed two primary reporting methods for City Council priorities:

#### Operating and Capital Budgets<sup>1</sup>

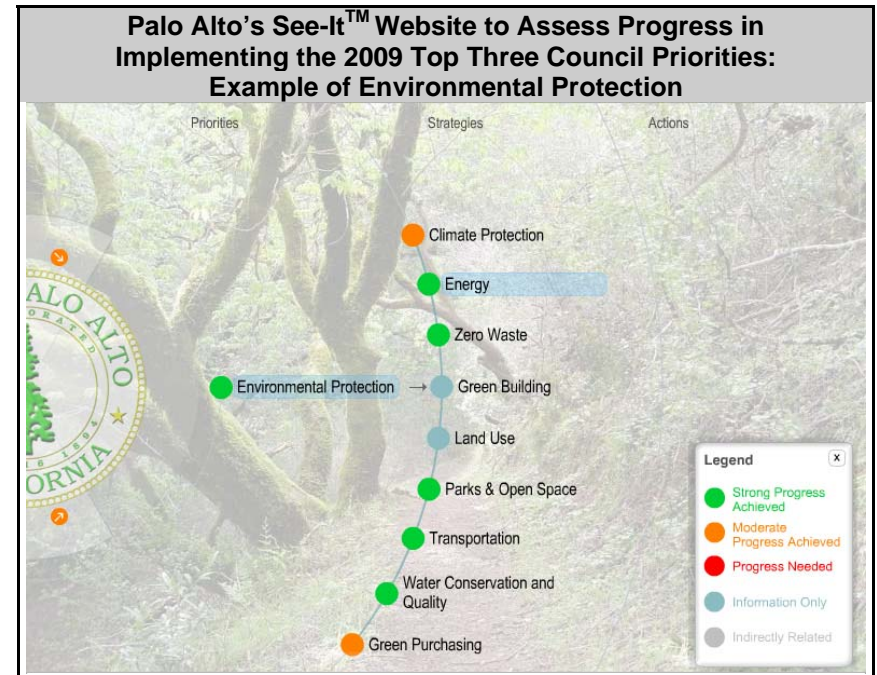
After Council establishes its priorities, departments identify specific activities for implementation within the Operating and Capital Budgets. It is important to note the timing difference between the establishment of the priorities each January, and the budget cycle that occurs on a fiscal-year basis. However, the 2009 priorities contained similarities from the prior year, and allowed for some continuity in reporting and implementation plans.<sup>2</sup>

#### Continuous reporting of key implementation strategies through a new Palo Alto See-It website

In July 2009, the City Council approved a new website called “Palo Alto See-It” to provide a framework for tracking continuous progress on the 2009 Council priorities. Creation of the Palo Alto See-It website provides an accessible and visual tool for the Council, community, and staff to identify, assess, and communicate performance in the priority areas.

The website visually depicts each of the three priority areas, along with 18 key strategies and 83 actions to achieve progress in each area. The website utilizes a color-coded indicator to assess performance on each of the actions contributing to the key strategies. An example of the website showing the area of Environmental Protection is shown in the exhibit to the right.

The website indicates the City met its target in 12 of the 18 identified key strategies, 3 areas are tracked for informational purposes and do not have a target. The remaining 3 key strategies - Climate Protection, Green Purchasing, and Enhancing Government through Volunteerism - showed moderate progress.



Source: Palo Alto See-It Website (<http://paloalto.visiblestrategies.com>)

<sup>1</sup> Adopted Operating Budget: <http://www.cityofpaloalto.org/civica/filebank/blobdload.asp?BlobID=16681>

<sup>2</sup> 2008 Council Priorities were: Library Building/Public Safety Building, Environmental Protection, Civic Engagement, and Economic Health

 Related to 2009 Top 3 City Council Priorities

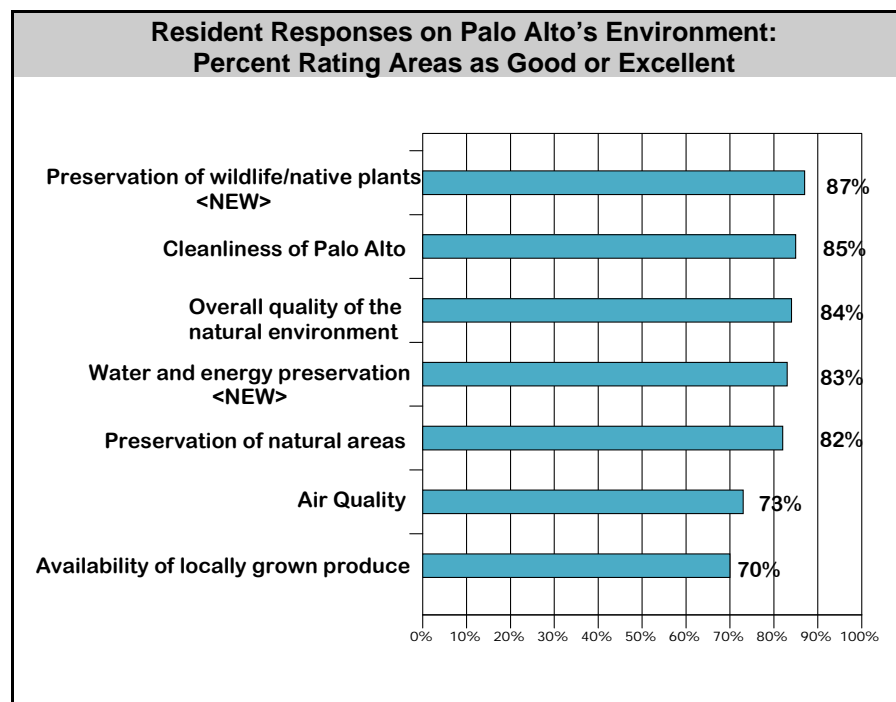
(cont.)

The 2009 National Citizen Survey™ results and City progress in these areas indicate the following:

### ENVIRONMENTAL PROTECTION

In 2009, the Mayor’s State of the City address included a vision to have “Regional Cooperation for Local Self-Reliance.” The Mayor’s vision focused on a regional approach for utilizing community resources, beginning with making locally grown produce widely available, and then converting waste into renewable energy products. According to this year’s survey results, 70% of respondents rated the availability of locally grown produce as good or excellent. 99% of residents reported that they recycled paper, cans or bottles from their home, placing Palo Alto in the 99<sup>th</sup> percentile for the frequency of residents recycling in their homes.

Palo Alto residents rated overall environmental sustainability efforts favorably in comparison to other surveyed jurisdictions. 84% of surveyed residents rated the overall quality of Palo Alto’s natural environment as excellent or good. 82% rated the preservation of natural areas as excellent or good, placing Palo Alto in the 94<sup>th</sup> percentile among jurisdictions with similar survey questions. Ratings for overall air quality were lower, but still above the benchmark comparison.



Source: National Citizen Survey™ 2009 (Palo Alto)

Citizen Survey						
	Percent recycled paper, cans or bottles at least once in past 12 months	Percent rating ease of bus travel as good or excellent	Percent rating ease of rail travel as good or excellent	Percent rating ease of car travel as good or excellent	Percent rating ease of walking as good or excellent	Percent rating ease of bicycling as good or excellent
FY 2005	82%	44%	69%	61%	86%	79%
FY 2006	84%	44%	60%	60%	87%	78%
FY 2007	87%	37%	55%	65%	88%	84%
FY 2008	99%	34%	52%	60%	86%	78%
<b>FY 2009</b>	<b>99%</b>	<b>36%</b>	<b>63%</b>	<b>65%</b>	<b>82%</b>	<b>78%</b>
Change over last 5 years:	+17%	-8%	-6%	+3%	-4%	-1%

## ENVIRONMENTAL PROTECTION (cont.)

The City of Palo Alto has developed a variety of programs and plans designed to protect the environment. Three of the primary program focuses are as follows:

- Climate Protection Plan
- Ten Year Energy Efficiency Plan
- Zero Waste Operational Plan (ZWOP) to reduce waste through programs, policies, and changes in the new waste hauling contract

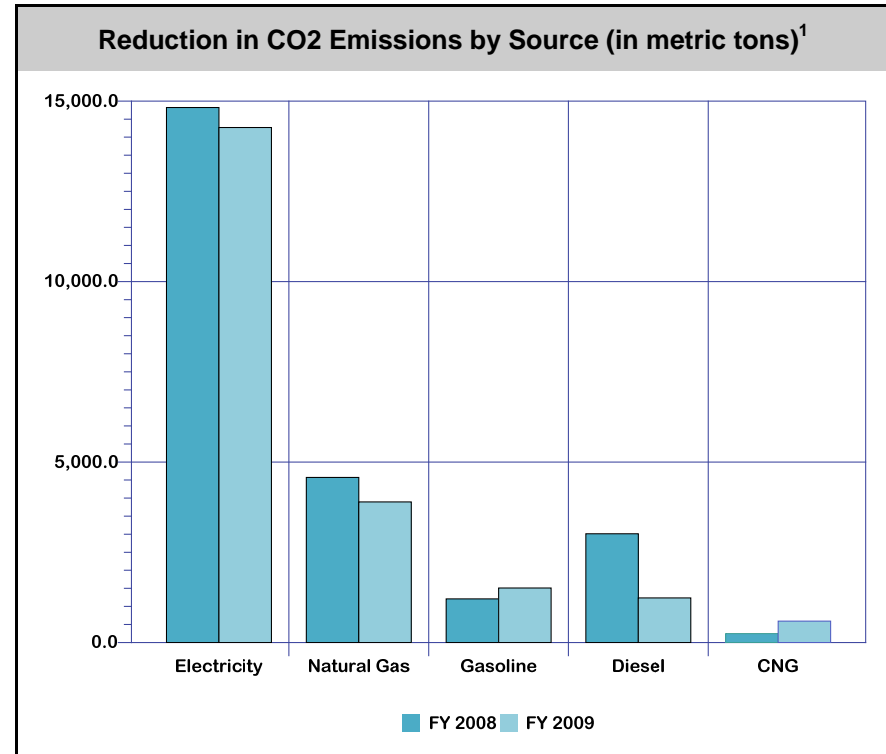
### Climate Protection Plan

In December 2007, the City Council approved the Climate Protection Plan, and established emission reduction goals (from 2005 baseline levels) of:

- 5% of municipal emissions, by December 2009
- 5% of municipal and community emissions, by 2012
- 15% of municipal and community emissions by 2020.

In order to develop a strategy to achieve the 5% reduction in municipal emissions by December 2009, staff formed a Climate Protection Team with representatives from each department. The team developed departmental and Citywide actions to reduce greenhouse gas emissions. In April 2009, staff reported their progress to the City Council, which requested that staff continue to monitor greenhouse gas emissions on a departmental basis and enhance the transparency of the City's greenhouse gas emissions monitoring program by posting the results online.

According to City staff, greenhouse gas emissions from City operations are expected to decline from the 2005 baseline by approximately 11% in 2009.<sup>1</sup>



Source: Utility Department and City Sustainability Data

<sup>1</sup> Performance data was not yet available to assess reductions against 2005 baseline emissions data.

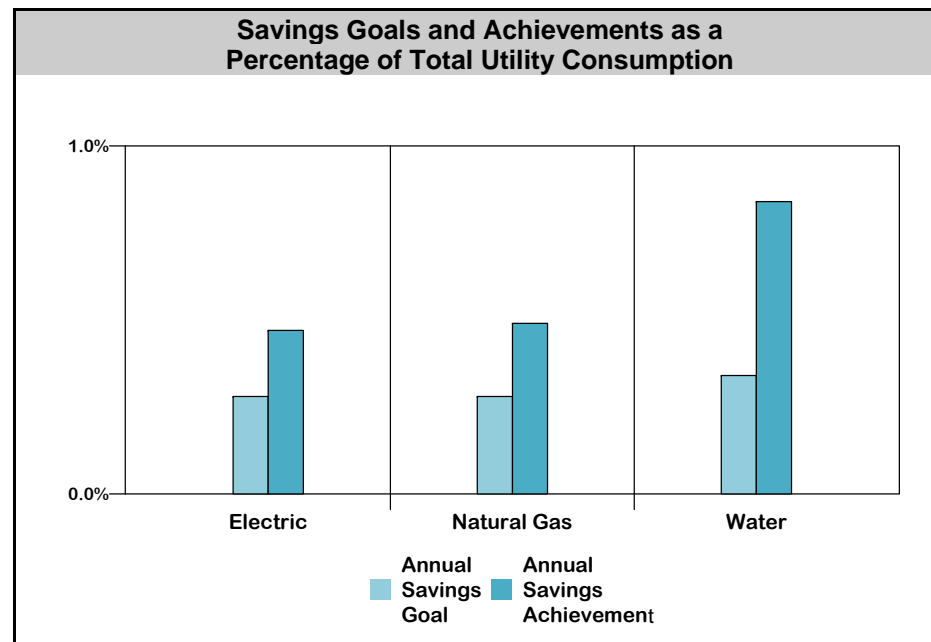


## ENVIRONMENTAL PROTECTION (cont.)

### Ten Year Energy Efficiency Plan

The City Council approved a Ten Year Energy Efficiency (EE) Plan on April 2007. This plan was developed to meet the City’s Climate Protection policy as well as to support the Long Term Energy Acquisition Plan and the Gas Utility Long Term Plan. The Ten Year EE Plan also complied with state legislation mandating that energy efficiency be the first priority in seeking utility supply and that utilities develop/update a 10-year energy efficiency plan on a three-year cycle. According to the Ten Year EE Plan, annual electric and gas savings targets are established for fiscal years 2008 through 2017.

According to the Utilities Department, the City exceeded savings goals for electric, gas, and water consumption. The Utilities Department attributed some of the reductions to the new solar water heating program and an enhanced emphasis on business natural gas and process energy usage at larger facilities. The Utilities Department has also offered its customers PaloAltoGreen, a renewable energy program. Since launching the program five years ago, the Department reports that annual sales of renewable energy have consistently increased, with a customer participation rate of over 20%, the highest rate in the nation.



Source: Utilities Department

### Zero Waste Operational Plan

In 2005, the City adopted a Zero Waste Strategic Plan with a goal to reach zero waste to landfills by 2021 through the development of policies and incentives. In FY 2009, the City Council approved the Plastic Bag Ordinance to eliminate single use plastic checkout bags at large grocery stores. Palo Alto was the first city in Santa Clara County to adopt such an ordinance and the Santa Clara County Recycling and Waste Reduction Commission has adopted a model for cities to consider similar ordinances. The Plastic Bag Ordinance is designed to reduce the use of plastic bags which lead to litter and wildlife impacts in natural ecosystems, including creeks, San Francisco Bay, and the ocean. The ultimate goal is for shoppers to convert to reusable bags.

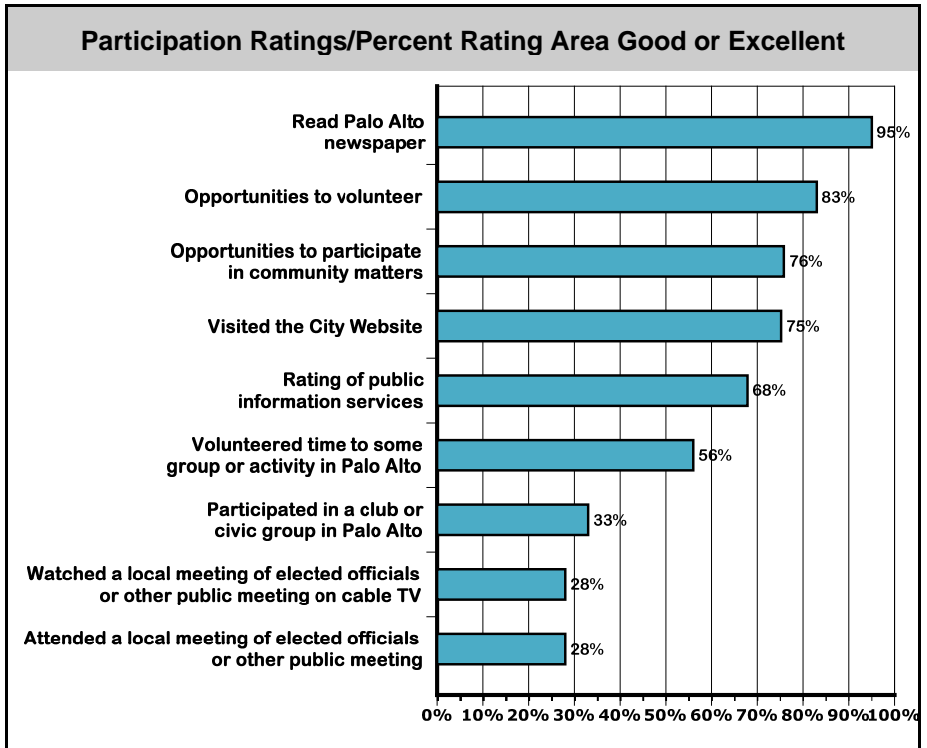
According to City staff, reusable bag use increased from 9% in the first quarter of 2008 to 18% in the first quarter of 2009.

## CIVIC ENGAGEMENT FOR THE COMMON GOOD

Civic engagement can mean different things to different people. According to the National Research Center, “The extent to which local government provides opportunities to become informed and engaged and the extent to which residents take these opportunities is an indicator of the connection between government and the populace.” Civic Engagement for the Common Good connects civic engagement with the concept of shared social, economic, and physical assets to benefit the community.

As shown in the exhibit to the right, Palo Alto residents rated a variety of civic engagement activities and opportunities. Residents rated opportunities to volunteer and participate in social events and community matters more favorably, in comparison to other surveyed jurisdictions. 83% of residents reported opportunities to volunteer as good or excellent, 79% reported opportunities to participate in social events and activities as good or excellent, and 76% reported opportunities to participate in community matters as good or excellent. Residents continued to visit the City’s website, increasing from 52% in 2005 to 75% in 2009.

Ratings for the quality of State and County government services declined significantly, although ratings for the Federal government increased. These ratings may be related to the economic recession that began in December 2007 and has contributed to significant budget deficits at the State and local government levels. In 2009, the Federal Government passed an economic stimulus package called the American Recovery and Reinvestment Act.



Source: 2009 National Citizen Survey™ (Palo Alto)

### Citizen Survey

#### Overall quality and value of services

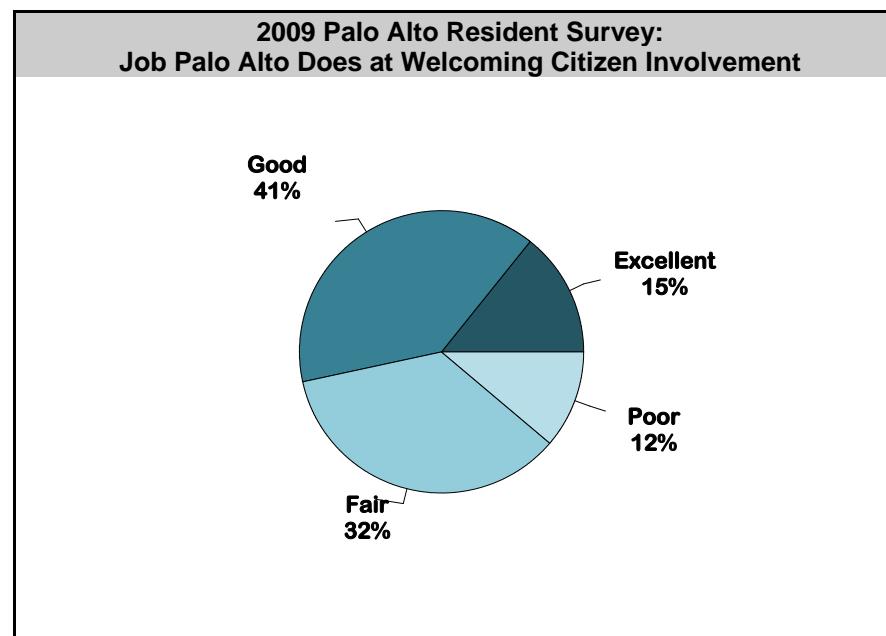
	Percent rating overall image or reputation of Palo Alto good or excellent	Percent rating value of services for the City taxes they pay as good or excellent	Percent rating City services good or excellent	Percent rating State Government services good or excellent	Percent rating County Government services good or excellent	Percent rating Federal Government services good or excellent
FY 2005	-	70%	88%	32%	-	32%
FY 2006	91%	74%	87%	38%	-	32%
FY 2007	93%	67%	86%	44%	-	33%
FY 2008	92%	64%	85%	34%	54%	33%
<b>FY 2009</b>	<b>92%</b>	<b>58%</b>	<b>80%</b>	<b>23%</b>	<b>42%</b>	<b>41%</b>
<i>Change over last 5 years:</i>	-	-12%	-8%	-9%	-	+9%

### CIVIC ENGAGEMENT FOR THE COMMON GOOD (cont.)

Although Palo Alto residents rated several of the civic engagement areas favorably, the responses also show opportunities for improvement in areas of public trust. When asked to rate the job Palo Alto government does at welcoming citizen involvement, 56% of residents rated this as good or excellent. Ratings for the overall direction that Palo Alto is taking declined significantly from 63% to 53%. This is consistent with the pattern of alternating hi and low ratings over the last several years.

In FY 2009, to promote civic engagement, the City Council approved Palo Alto's Open City Hall, a website forum for residents to vote and comment on upcoming City Council agenda items. In addition, the City also formed a variety of committees with resident involvement such as the Website Committee and the Compost Blue Ribbon Taskforce.

Resident ratings in the areas of City employees' knowledge, responsiveness, courtesy, and overall impression recovered from last year's decrease. Last year's report noted three unique occurrences during FY 2008 that may have contributed to the decrease in these areas - the recovery in the ratings for FY 2009 confirms the declines were temporary.



Source: 2009 National Citizen Survey™ (Palo Alto)

#### Citizen Survey

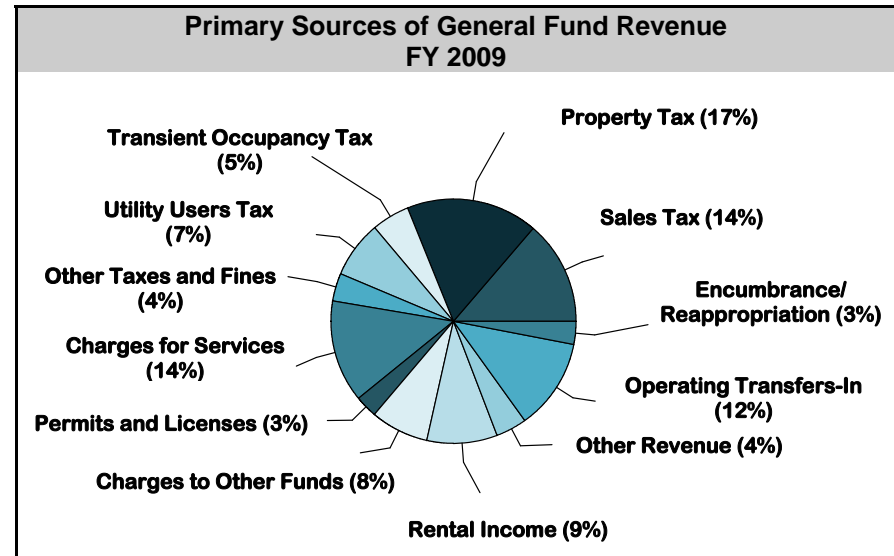
	Public trust			Public involvement		Impression of contact with Palo Alto employees				
	Percent rating overall direction of the City as good or excellent	Percent rating the City's job at welcoming citizen involvement as good or excellent	Percent rating the City's job at listening to citizens as good or excellent	Percent who watched a meeting of local elected officials or other local public meeting on TV	Percent who volunteered time to some group or activity in Palo Alto	Percent having contact with a City employee in the last 12 months	Good or excellent impression of knowledge	Good or excellent impression of responsiveness	Good or excellent impression of courtesy	Overall impression good or excellent
FY 2005	54%	59%	50%	29%	52%	56%	84%	77%	83%	80%
FY 2006	62%	73%	59%	31%	53%	54%	83%	78%	83%	80%
FY 2007	57%	68%	52%	26%	52%	57%	85%	80%	84%	79%
FY 2008	63%	57%	53%	26%	51%	54%	75%	73%	78%	73%
<b>FY 2009</b>	<b>53%</b>	<b>56%</b>	<b>51%</b>	<b>28%</b>	<b>56%</b>	<b>58%</b>	<b>84%</b>	<b>78%</b>	<b>84%</b>	<b>79%</b>
<i>Change over last 5 years:</i>	-1%	-3%	+1%	-1%	+4%	+2%	0%	+1%	+1%	-1%

## ECONOMIC HEALTH OF THE CITY

In the midst of a prolonged national economic recession that began in December 2007, the City's economic health is a critical concern. Overall General Fund revenues decreased from \$149.1 million in FY 2008 to \$146.1 million in FY 2009. Revenues from sales tax, transient occupancy tax, and other taxes and fines declined. Although property tax revenue and other charges for services increased, these increases were not enough to offset the decline in other revenue sources.

Resident ratings appear to reflect the economic concerns. The percent of residents rating retail growth as "too slow" increased from 28% in 2008 to 34% in 2009, a rating similar to other surveyed jurisdictions. The percent of residents rating job growth as "too slow" also increased from 48% in 2008 to 65% in 2009. However, as shown on page 3 of this report, 51% of surveyed residents rated Palo Alto's employment opportunities as good or excellent, a rating well above other surveyed jurisdictions. 46% of surveyed residents rated the City's promotion of business growth and economic development as good or excellent, and 17% rated it as poor. Despite the recession, most surveyed residents (64%) feel the City's fiscal condition will continue to provide valuable services.

About 35% of survey respondents were paying housing costs of 30% or more of their monthly household income, defined as "housing cost stress." This is an increase from 31% last year, but is still similar to other surveyed jurisdictions. If residents are experiencing housing cost stress, they have less disposable income to spend in other areas.



Source: FY 2009 Revenue Data

### Citizen Survey

#### Economic Indicators

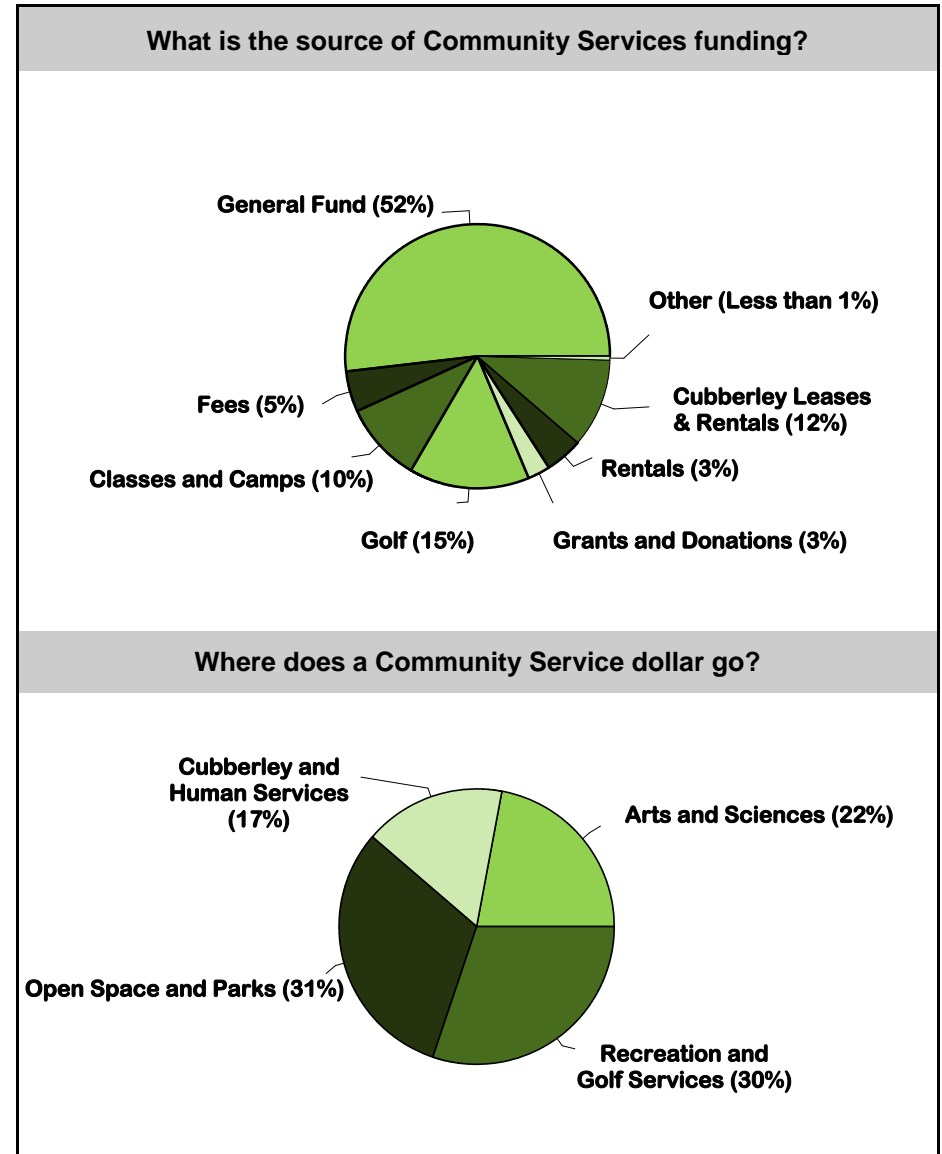
	Percent rating downtown shopping, dining and entertainment experience good or excellent <NEW>	Percent rating overall shopping opportunities good or excellent	Percent rating overall quality of business establishments good or excellent	Percent rating economic development good or excellent	Percent rating promotion of business growth & economic development good or excellent <NEW>	Percent rating infrastructure investment good or excellent <NEW>	Percent respondents experiencing Housing Cost Stress	Percent rating job growth as too slow	Percent rating retail growth as too slow
FY 2005	-	75%	-	55%	-	-	-	63%	25%
FY 2006	-	80%	-	61%	-	-	-	49%	26%
FY 2007	-	79%	-	62%	-	-	-	38%	29%
FY 2008	-	71%	77%	63%	-	-	31%	48%	28%
<b>FY 2009</b>	<b>74%</b>	<b>70%</b>	<b>73%</b>	<b>54%</b>	<b>46%</b>	<b>56%</b>	<b>35%</b>	<b>65%</b>	<b>34%</b>
Change over last 5 years:	-	-5%	-	-1%	-	-	-	2%	9%

# CHAPTER 2 - COMMUNITY SERVICES

The mission of the Community Services Department (CSD) is to engage individuals and families in creating a strong and healthy community through parks, recreation, social services, arts and sciences.

The Department operates under four divisions:

- Arts and Sciences provides visual and performing arts, music and dance, and science programs to adults and youth while responding to increased demand for family programs such as the Junior Museum and Zoo, the Children's Theatre, and interpretive programs.
- Open Space and Parks is responsible for the conservation and maintenance of more than 4,000 acres of urban and open space parkland and provides ecology and natural history interpretive programs for youth and adults through campfires, special interest nature programs, and guided walks.
- Recreation and Golf Services provides a diverse range of programs and activities for the community, and focuses on creating a culture of fitness and healthy living by encouraging individuals and families to participate in creative and fun activities.
- Cubberley Community Center and Human Services hosts community artists, dance groups, children centers, Palo Alto Unified School District (PAUSD) Adult Education, Foothill College, and many non-profit groups. On its 35-acre campus, the center provides a full array of facilities including fields, tennis courts, a track, gymnasiums, an auditorium, a theatre, and classrooms which are available for public rental. The Human Services function provides assistance to people in need, including grants to non-profit organizations and entry level work experience for the homeless.



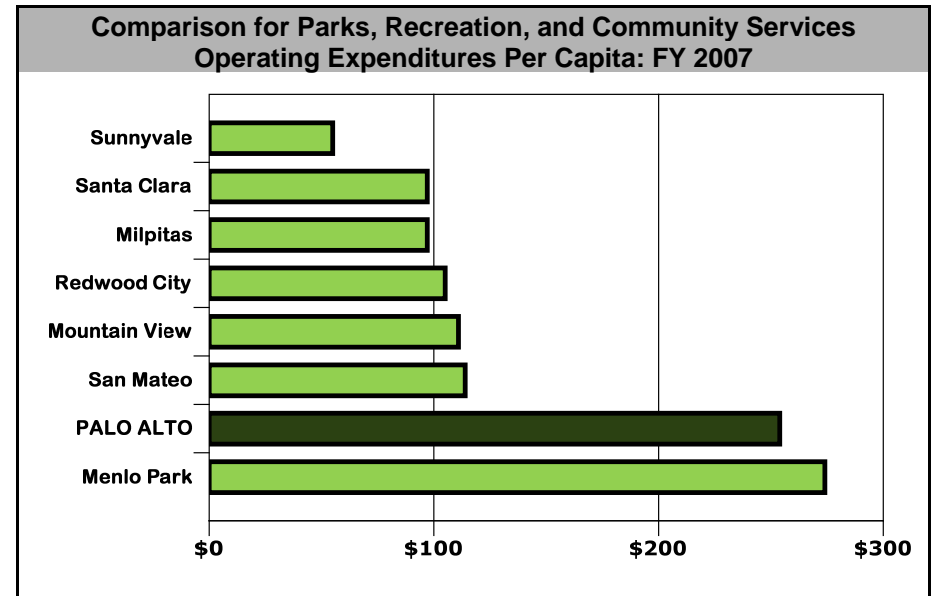
Source: FY 2009 revenue and expenditure data

## SPENDING

Total Community Services spending increased by approximately 11% in the last five years. The Department's prior year reorganization resulted in an increase of 47% in Arts and Sciences expenditures for FY 2009 due to the transfer of the Science and Interpretive program expenditures into the Arts and Sciences Division.

Community Services staffing decreased by 7% over the last five years from 158 to 147 full-time equivalents (FTEs). In FY 2009, temporary or hourly staffing accounted for about 34% of the Department's total staffing. Total authorized staffing decreased 12% over the previous five years from 2.6 to 2.3 FTE per thousand residents.

Palo Alto's expenditures per capita for parks, recreation, and community centers are the second highest compared with seven other nearby cities. It should be noted that each jurisdiction offers different levels of service and budgets for those services accordingly. Palo Alto data includes expenditures related to nearly 4,000 acres of open space, municipal golf course, human services programs, Cubberley Community Center, and unique services such as the Art Center, the Children's Theatre, and the Junior Museum and Zoo.



Source: California State Controller, *Cities Annual Report Fiscal Year 06-07*

	Operating expenditures (in millions)				Total Operating Expense	Operating Expenditures Per Capita	Total Revenues (in millions) <sup>2</sup>	Total FTEs	Temporary	Percent of Total Who Are Temporary	Authorized staffing per 1,000 population
	Arts and Sciences <sup>1</sup>	Open Space and Parks	Recreation and Golf Services	Cubberley Community Center & Human Services							
FY 2005	\$3.2	\$6.8	\$6.1	\$3.0	\$19.1	\$312	\$8.6	158	49	31%	2.6
FY 2006	\$3.2	\$6.1	\$6.7	\$3.5	\$19.5	\$312	\$9.0	146	48	33%	2.3
FY 2007	\$3.1	\$6.3	\$7.0	\$3.4	\$19.8	\$317	\$9.3	148	49	33%	2.4
FY 2008	\$4.4	\$6.8	\$6.4	\$3.7	\$21.2	\$335	\$9.8	147	49	34%	2.3
<b>FY 2009</b>	<b>\$4.7</b>	<b>\$6.6</b>	<b>\$6.4</b>	<b>\$3.5</b>	<b>\$21.1</b>	<b>\$328</b>	<b>\$10.5</b>	<b>147</b>	<b>49</b>	<b>34%</b>	<b>2.3</b>
Change over last 5 years:	+47%	-3%	+4%	+16%	+11%	+5%	+23%	-7%	0%	+3	-12%

<sup>1</sup> Operating costs were combined to match the Department's reorganization in FY 2008. Youth Sciences expense data could not be segregated from Recreation expenses and are excluded from Arts and Sciences costs for FY 2005 through FY 2007.

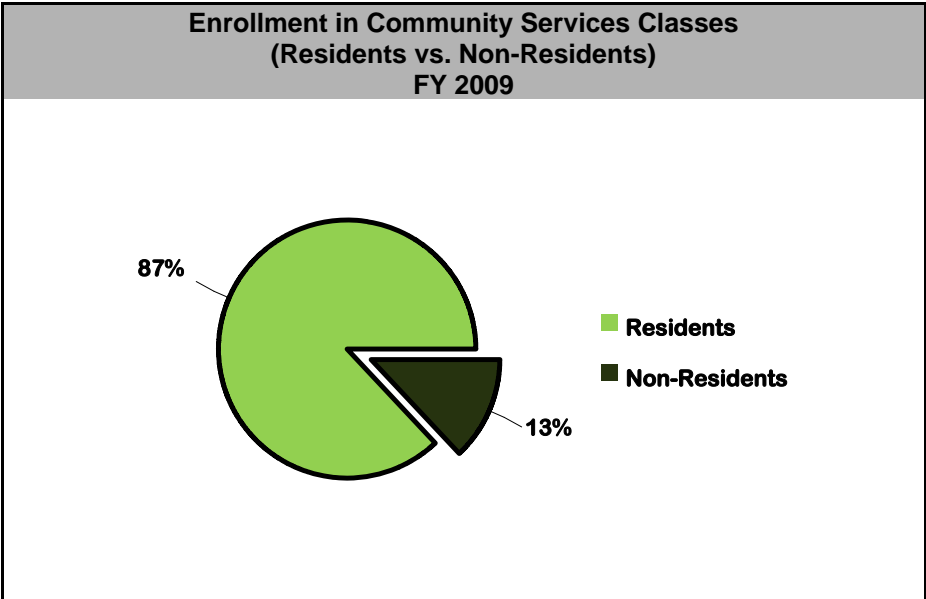
<sup>2</sup> Revenues include rental revenue generated at the Cubberley Community Center that is passed through to the Palo Alto Unified School District per the City's agreement with the school district.

**DEPARTMENT-WIDE CLASSES**

Through its divisions, Community Services offers classes to the public on a variety of topics including recreation and sports, arts and culture, nature and the outdoors. Classes for children include aquatics, sports, digital art, animation, music, and dance. Other classes are targeted specifically for adults, senior citizens and pre-schoolers. In FY 2009, 160 camp sessions were offered for kids.

Over the last five years, the number of camps offered increased by 3% and total enrollment in camps decreased by 9%. The number of kids' classes (excluding camps) offered increased by 14%, but enrollment in kid's classes decreased by 12%. Enrollment in adult classes decreased by 25%; the number of classes offered for adults decreased by 4%. In FY 2009, class registrations online, increased 5% compared to five years earlier.

In FY 2009, 85% of residents rated the range and variety of classes good or excellent. Palo Alto ranked in the 90<sup>th</sup> percentile compared to other surveyed jurisdictions.



Source: Community Services Department

	Total number of classes/camps offered <sup>1</sup>					Total enrollment <sup>1</sup>					Citizen Survey		
	Camp sessions	Kids (excluding camps)	Adults	Pre-school	Total	Camps	Kids (excluding camps)	Adults	Pre-school	Total <sup>Ⓞ</sup>	Percent of class registrations online	Percent of class registrants who are non-residents	Percent rating the range/variety of classes good or excellent <sup>Ⓞ</sup>
FY 2005	156	276	362	171	965	6,601	4,862	5,676	3,764	20,903	40%	16%	84%
FY 2006	153	235	294	160	842	5,906	4,604	5,485	3,628	19,623	41%	15%	86%
FY 2007	145	206	318	137	806	5,843	4,376	4,936	3,278	18,433	42%	13%	82%
FY 2008	151	253	327	143	874	5883	4,824	4,974	3,337	19,018	43%	15%	87%
<b>FY 2009</b>	<b>160</b>	<b>315</b>	<b>349</b>	<b>161</b>	<b>985</b>	<b>6,010</b>	<b>4,272</b>	<b>4,288</b>	<b>3,038</b>	<b>17,608</b>	<b>45%</b>	<b>13%</b>	<b>85%</b>
Change over last 5 years:	+3%	+14%	-4%	-6%	+2%	-9%	-12%	-25%	-19%	-16%	+5%	-3%	+1%

<sup>1</sup> Data shown is in format available from Community Services registration system. Types of classes offered include arts, sports, nature and outdoors, and recreation.  
<sup>Ⓞ</sup> Budget benchmarking measure

## ARTS AND SCIENCES DIVISION

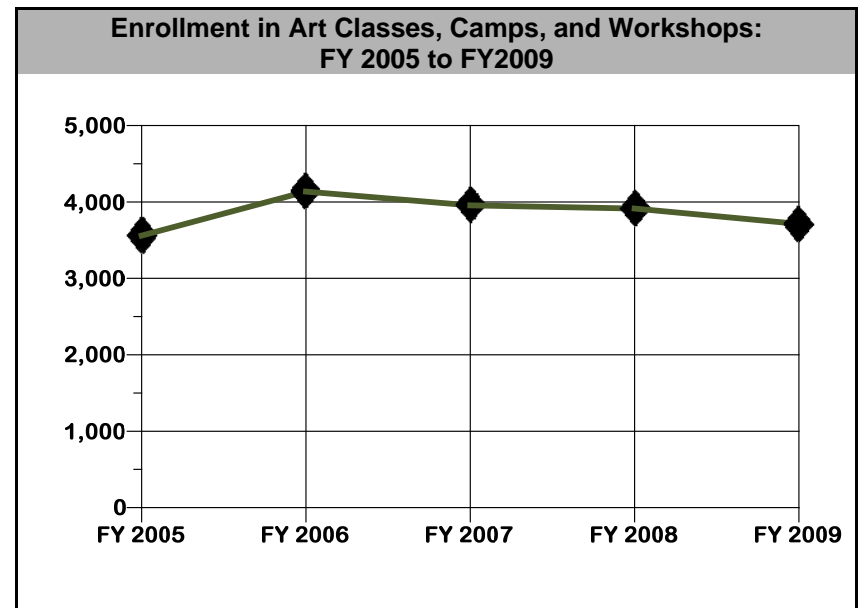
### ARTS

The Arts section provides a broad range of arts-related enrichment programs including the Palo Alto Art Center, Children's Theatre, Lucie Stern Community Theatre, Art in Public Places, music and dance programs, and concerts.

Community Theatre attendance at performances increased from last year, but was 7% lower than five years ago. There were 159 performances at the Community Theatre in FY 2009, 8% less than in FY 2005. The number of participants in Children's Theater has decreased by 66% over the last five years. In 2009 the Children's Theater reformatted its programming and methods for calculating participants, which the Department partly attributes to the decline.

The Art Center had about 15,800 exhibition visitors and presented 41 concerts in FY 2009. Total attendance decreased 24% from about 76,000 in FY 2005 to about 58,000 in FY 2009. According to the Department the decline in visitors may be attributed to decreases in publicity and ability to consistently track attendance. The Department also noted the variety of exhibits appeals to different audiences and can affect attendance. Outside funding for visual arts programs was 4% less than it was in FY 2005.

In FY 2009, 79% of residents rated art programs and theater as good or excellent.



Source: Community Services Department

	Community Theater			Children's Theater <sup>4</sup>			Art Center					
	Number of performances	Attendance at performances	Music & Dance Class Enrollees	Attendance at performances	Participants in performances and programs	Theater class, camp and workshop registrants	Exhibition visitors	Concerts <sup>1</sup>	Total attendance (users) <sup>2</sup>	Enrollment in art classes, camps, and workshops (adults and children) <sup>2</sup>	Outside funding for visual arts programs	Attendance at Project LOOK! tours and family days <sup>3</sup>
FY 2005	172	50,111	1424	22,734	1,592	581	19,307	53	76,264	3,559	\$275,909	6,722
FY 2006	183	55,204	1416	22,788	1,670	597	19,448	59	73,305	4,137	\$284,838	6,191
FY 2007	171	45,571	1195	23,117	1,845	472	16,191	43	70,387	3,956	\$345,822	6,855
FY 2008	166	45,676	982	19,811	1,107	407	17,198	42	69,255	3,913	\$398,052	6,900
<b>FY 2009</b>	<b>159</b>	<b>46,609</b>	<b>964</b>	<b>14,786</b>	<b>534</b>	<b>334</b>	<b>15,830</b>	<b>41</b>	<b>58,194</b>	<b>3,712</b>	<b>\$264,580</b>	<b>8,353</b>
Change over last 5 years:	-8%	-7%	-32%	-35%	-66%	-43%	-18%	-23%	-24%	+4%	-4%	+24%

<sup>1</sup> All of the concerts are part of the Community Theatre program though some are performed at the Art Center.

<sup>2</sup> Enrollment shown here is also reflected in totals on "Classes" page.

<sup>3</sup> Project LOOK! Offers docent-led tours of exhibitions at the Palo Alto Art Center to K-12<sup>th</sup> grade school groups. Tours are followed by a hands-on activity at the Project LOOK! Studio, including art tours to East Palo Alto and Palo Alto.

<sup>4</sup> Volunteer hours in FY 2009 totaled 4,352 hours.



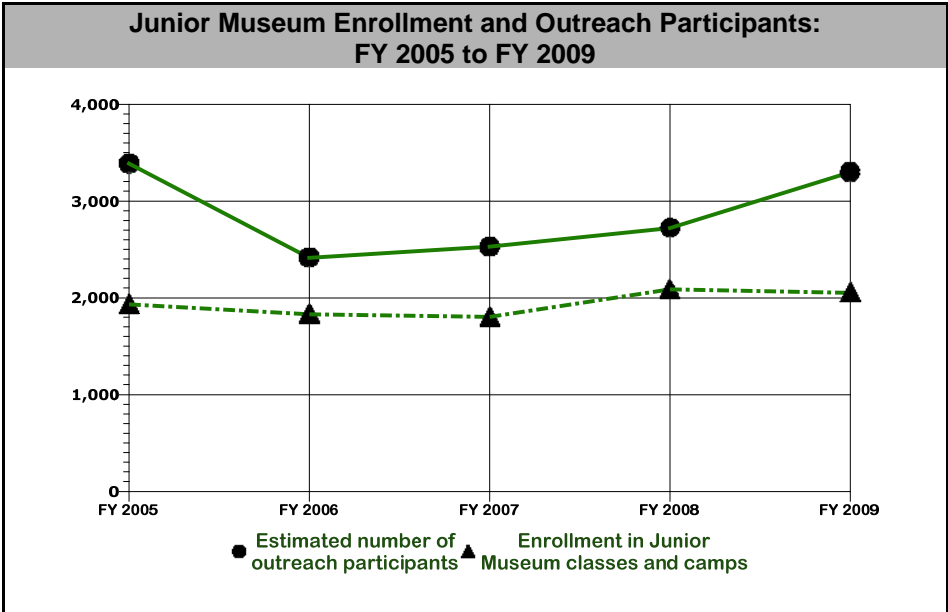
**ARTS AND SCIENCES DIVISION (cont.)**

**YOUTH SCIENCES**

The Arts and Sciences Division provides science programs to adults and youth while responding to increased demand for family programs. Through public and non-profit partnerships, the division will continue to work with the community to develop support and advocacy for its programs and facilities.

Arts and Sciences will continue to administer and manage the Junior Museum and Zoo. Founded in 1934, the Junior Museum was the first children’s museum west of the Mississippi, and continues to be a local leader in children’s science education since its inception. Palo Alto was in the 98<sup>th</sup> percentile for educational opportunities and ranked 5<sup>th</sup> compared to other surveyed jurisdictions. The Zoo opened in 1969. The Junior Museum and Zoo provides summer camps, outreach programs, and exhibits for area children.

79% of the residents rated youth services as good or excellent, placing Palo Alto in the 89<sup>th</sup> percentile compared to other surveyed jurisdictions.



Source: Community Services Department

	Junior Museum and Zoo		Interpretive Sciences		Citizen Survey	
	Enrollment in Junior Museum classes and camps <sup>1,2</sup>	Estimated number of outreach participants <sup>3</sup>	Number of Arastradero, Baylands, & Foothill outreach programs for school-age children	Enrollment in open space interpretive classes <sup>4</sup>	Percent rating services to youth good or excellent <sup>Ⓞ</sup>	Percent rating educational opportunities <sup>Ⓞ</sup>
FY 2005	1,934	3,388	48	1,188	68%	-
FY 2006	1,832	2,414	48	1,280	70%	93%
FY 2007	1,805	2,532	63	1,226	73%	94%
FY 2008	2,089 <sup>4</sup>	2,722 <sup>4</sup>	85 <sup>5</sup>	2,689 <sup>4</sup>	73%	93%
<b>FY 2009</b>	<b>2,054</b>	<b>3,300</b>	<b>178<sup>5</sup></b>	<b>2,615</b>	<b>75%</b>	<b>91%</b>
Change over last 5 years:	+6%	-3%	+ 271%	+120%	+7%	-

<sup>1</sup> Enrollment shown here is also reflected in totals on “Classes” page.

<sup>2</sup> Classes and camps are paid for by parents who selectively enroll their children.

<sup>3</sup> Outreach includes interpretive programs. These are programs paid for by the schools, whether they are taught at the schools or at the Junior Museum and Zoo. The number of outreach participants decreased in FY 2006 because the City lost its grant funding for outreach to East Palo Alto schools.

<sup>4</sup> FY 2008 increase includes 651 visitors at special request programs.

<sup>5</sup> FY 2008 increase includes Foothills Ohlone programs and FY 2009 increase staff attributes to a contract entered into with two more schools (Hoover and Duveneck) for outreach science classes.

Ⓞ Budget benchmarking measure

## OPEN SPACE AND PARKS DIVISION

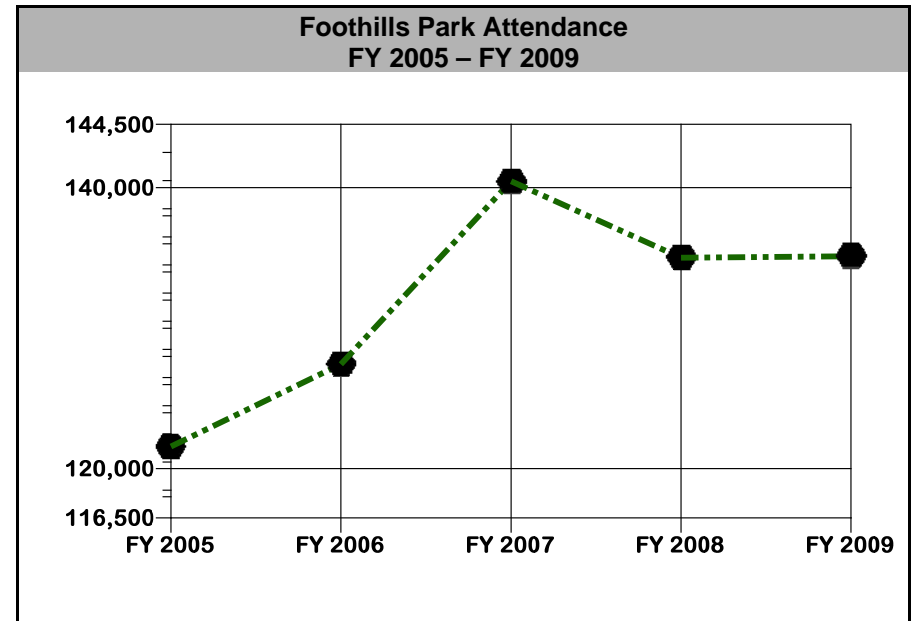
### OPEN SPACE

The City has 3,744 acres<sup>1</sup> of open space that it maintains, consisting of Foothills Park, Baylands Nature Preserve (including Byxbee Park), Pearson-Arastradero Preserve, and Esther Clark Nature Preserve. In FY 2009 this amounted to about 60 acres per 1,000 residents.

Palo Alto was in the 94<sup>th</sup> percentile for open space preservation and ranked 7<sup>th</sup> compared to other surveyed jurisdictions. Open space acreage per 1,000 residents decreased during the last five years from 62.0 to 60.02 acres per 1,000 residents because of an increase in population. Similarly, total urban parks and open space acreage declined from 64.1 to 62.3 acres per 1,000 residents. This was true even though the City added 13 acres to the Pearson-Arastradero Preserve with the acquisition of the Bressler property. Average open space is 535 acres per park ranger.

Palo Alto ranked in the 85<sup>th</sup> percentile for the quality of the overall natural environment and in the 94<sup>th</sup> percentile for preservation of natural areas compared to other surveyed jurisdictions.

This year, the survey included a new question to assess preservation of wildlife and plants. 87% of residents rated preservation of wildlife and native plants good or excellent.



Source: Community Services Department

	Citizen Survey							
	Visitors at Foothills Park	Volunteer hours for restorative/resource management projects <sup>2</sup>	Number of native plants in restoration projects	Number of Rangers	Percent rating preservation of wildlife and native plants good or excellent <sup>⊙</sup> <NEW>	Percent rating quality of overall natural environment good or excellent ⊙	Percent rating preservation of natural areas such as open space good or excellent <sup>⊙</sup>	Percent rating availability of paths or walking trails good or excellent <sup>⊙</sup>
FY 2005	121,574	15,847	12,418		-	-	-	-
FY 2006	127,457	10,738	15,516	7	-	-	-	-
FY 2007	140,437	11,380	14,023	7	-	-	-	-
FY 2008	135,001	13,572	13,893	7	-	85%	78%	74%
<b>FY 2009</b>	<b>135,110</b>	<b>16,169</b>	<b>11,934</b>	<b>7</b>	<b>87%</b>	<b>84%</b>	<b>82%</b>	<b>75%</b>
Change over last 5 years:	+11 %	+2%	-4%	-	-	-	-	-

<sup>1</sup> Does not include the 268 acres of developed parks and land maintained by the Parks section or the Recreation and Golf Division . Neither does this include 2,200 acres of Montebello Open Space Preserve and 200 acres of Los Trancos Open Space Preserve that are operated by the Mid-Peninsula Open Space District.

<sup>2</sup> Includes collaborative partnerships with non-profit groups. Staff attributes the increase in volunteer hours primarily to the Baylands Nature Preserve through Save the Bay (non-profit partner) activities and the use of court-referred (community service hours) volunteers.

⊙ Budget benchmarking measure

**OPEN SPACE AND PARKS DIVISION (cont.)**

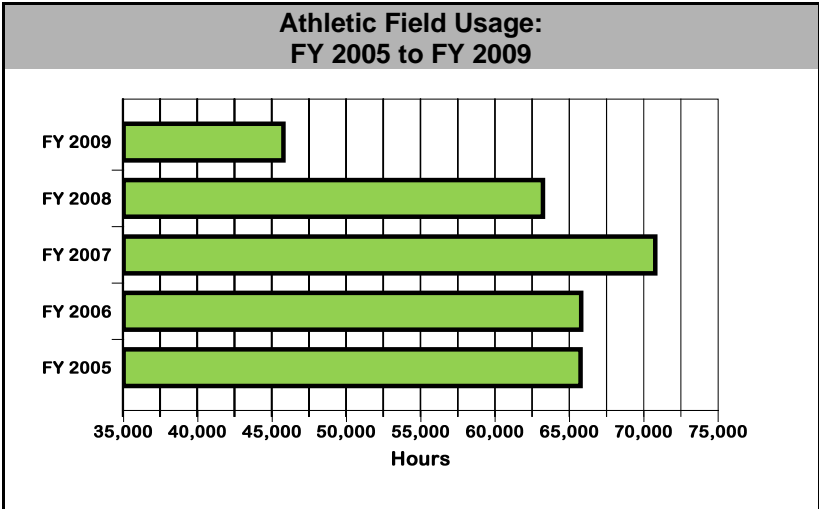
**PARKS AND LANDSCAPE MAINTENANCE**

Parks section maintains approximately 269 acres of land including:

- Urban/neighborhood parks (157 acres or 59% of total)<sup>1</sup>
- City facilities (26 acres or 10%)
- School athletic fields (43 acres or 16%)
- Utility sites (11 acres or 4%)
- Median strips (27 acres or 10%)
- Business Districts and parking lots (5 acres or 2%).

In FY 2009, maintenance spending on the above acres totaled about \$4.4 million, or approximately \$16,940 per acre. The City also added the Sterling Canal and Homer tunnel area to the maintenance program. These new landscaped areas increased the percentage of contracted maintenance from 22% in FY 2008 to 24% in FY 2009. The Department attributes the decline in athletic field usage primarily to closures for field maintenance and a fee structure change during FY 2009 from a flat rate to an hourly usage rate. Volunteer hours increased over the last 5 years through the Adopt-a-Park programs.

92% of residents responding to the survey rate city parks good or excellent, and 87% rate their neighborhood park good or excellent. 94% report they visited a neighborhood or City park in the last 12 months. Palo Alto parks rank in the 94<sup>th</sup> percentile compared to other surveyed jurisdictions.



Source: Community Services Department

	Maintenance Expenditures (in millions) <sup>2</sup>					Citizen Survey				
	Parks and landscape maintenance (in millions)	Athletic fields in City parks <sup>4</sup> (in millions)	Athletic fields on school district sites <sup>3,4</sup> (in millions)	Total maintenance cost per acre	Total hours of athletic field usage <sup>4</sup>	Number of permits issued for special events	Volunteer hours for neighborhood parks	Number of participants in community gardening program <sup>5</sup>	Percent rating City parks as good or excellent <sup>6</sup>	Percent rating their neighborhood park good or excellent <sup>6</sup>
FY 2005	\$2.7	\$0.6	\$0.5	\$14,572	65,748	14	60	244	91%	89%
FY 2006	\$2.5	\$0.6	\$0.6	\$14,302	65,791	16	150	223	88%	87%
FY 2007	\$2.7	\$0.6	\$0.7	\$15,042	70,769	22	150	231	91%	89%
FY 2008	\$2.9	\$0.6	\$0.7	\$15,931	63,212	22	180	233	89%	86%
<b>FY 2009</b>	<b>\$3.0</b>	<b>\$0.7</b>	<b>\$0.7</b>	<b>\$16,940</b>	<b>45,762</b>	<b>35</b>	<b>212</b>	<b>238</b>	<b>92%</b>	<b>87%</b>
Change over last 5 years:	+11%	+16%	+40%	+16%	-30%	+150%	+253%	-2%	+1%	-2%

<sup>1</sup> Does not include 3,744 acres of open space discussed on the previous page.

<sup>2</sup> Includes budgeted operating expenditures. Does not include cost plan charges or capital costs.

<sup>3</sup> PAUSD reimburses the City for 50 percent of maintenance costs on these school district sites.

<sup>4</sup> Special use permits are issued for special events in parks, fun runs, tournaments, festivals, etc.

<sup>5</sup> Community Services coordinates 3 community gardens. Decrease in number of participants resulted from closure of a 4<sup>th</sup> community garden.

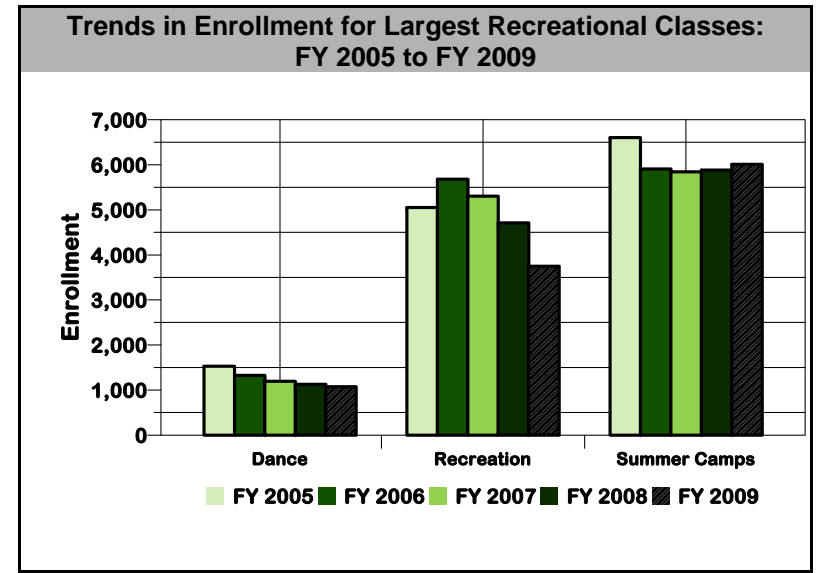
## RECREATION AND GOLF SERVICES DIVISION

### RECREATION

Recreation services produce a large number of the classes offered by the Department. Besides summer camps, Recreation services include aquatics programs, facility rentals (through which members of the community may rent meeting room and event space, the swimming pool or gym space for parties and events, field and picnic sites) and a variety of youth and teen programs. In addition to class offerings for adults, Recreation services coordinates seasonal adult sports leagues and sponsors special events each year such as the May Fete Parade and the Chili Cook-Off. Recreation services works collaboratively with the Palo Alto Unified School District (PAUSD) to provide middle school athletics in conjunction with the PAUSD's summer school program.

Enrollment in dance, recreation and therapeutic classes decreased from five years ago. The lower ranking may have resulted from public review of plans for a potential new Mitchell Park Community Center building. The bond measure campaign (Measure N) heightened awareness of the constraints and inadequacies of the current facility. Lack of classroom space and dance studios were cited as particular customer needs in the campaign surveys. However, aquatics increased 19%, summer camps decreased 9%, middle school sports classes increased 12%, and private tennis lessons increased 71% over the same period.

Compared to other jurisdictions, Palo Alto ranked in the 90<sup>th</sup> percentile nationally for its recreational programs and classes, but only in the 75<sup>th</sup> percentile for recreation centers and facilities compared to other jurisdictions.



Source: Community Services Department

	Enrollment in Recreation Classes <sup>1</sup>							Citizen Survey	
	Dance	Recreation	Aquatics	Middle school sports	Therapeutic	Private tennis lessons	Summer Camps	Percent rating recreation centers/facilities good or excellent <sup>Ⓞ</sup>	Percent rating recreation programs/classes good or excellent <sup>Ⓞ</sup>
FY 2005	1,531	5,055	223	1,242	216	259	6,601	78%	87%
FY 2006	1,326	5,681	199	1,247	175	234	5,906	80%	85%
FY 2007	1,195	5,304	225	1,391	228	274	5,843	82%	90%
FY 2008	1,129	4,712	182	1,396	203	346	5,883	77%	87%
<b>FY 2009</b>	<b>1,075</b>	<b>3,750</b>	<b>266</b>	<b>1,393</b>	<b>153</b>	<b>444</b>	<b>6,010</b>	<b>80%</b>	<b>85%</b>
Change over last 5 years:	-30%	-26%	+19%	+12%	-29%	+71%	-9%	+2%	-2%

<sup>1</sup> Enrollment shown here is also reflected in totals on "Classes" page. Classes and camps are paid for by parents who selectively enroll their children.

Ⓞ Budget benchmarking measure

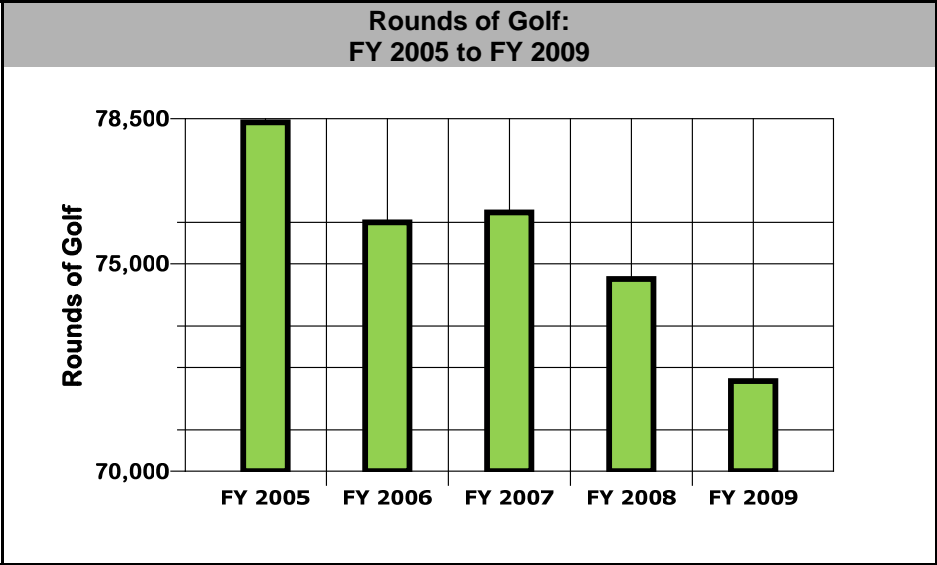
**RECREATION AND GOLF SERVICES DIVISION  
(cont.)**

**GOLF COURSE**

The City owns and maintains the municipal golf course, and coordinates the golf shop, driving range, and restaurant operations with separate tenants.

According to the Department, the number of rounds of golf has decreased 8% to 72,170 from 78,410 five years ago.

The golf course reported profits in two of the last five years and losses in three of the previous years. The loss in FY 2005 was \$72,031; profit in FY 2006 was \$148,154; profit in FY 2007 was \$43,015; loss in FY 2008 was \$23,487; loss in FY 2009 was \$326,010.



Source: Community Services Department

	Number of rounds of golf	Golf course revenue (in millions)	Golf course operating expenditures <sup>1</sup> (in millions)	Golf course debt service (in millions)	Net revenue/ (cost) (in millions)
FY 2005	78,410	\$2.9	\$2.4	\$0.6	(\$0.1)
FY 2006	76,000	\$3.0	\$2.3	\$0.6	\$0.1
FY 2007	76,241	\$3.1	\$2.5	\$0.6	\$0.0
FY 2008	74,630	\$3.2	\$2.2	\$0.7	\$0.0
<b>FY 2009</b>	<b>72,170</b>	<b>\$3.0</b>	<b>\$2.4</b>	<b>\$0.5</b>	<b>(\$0.3)</b>
Change over last 5 years: <sup>1</sup>	-8%	+4%	0%	-17%	-200%

<sup>1</sup> Includes allocated charges and overhead.

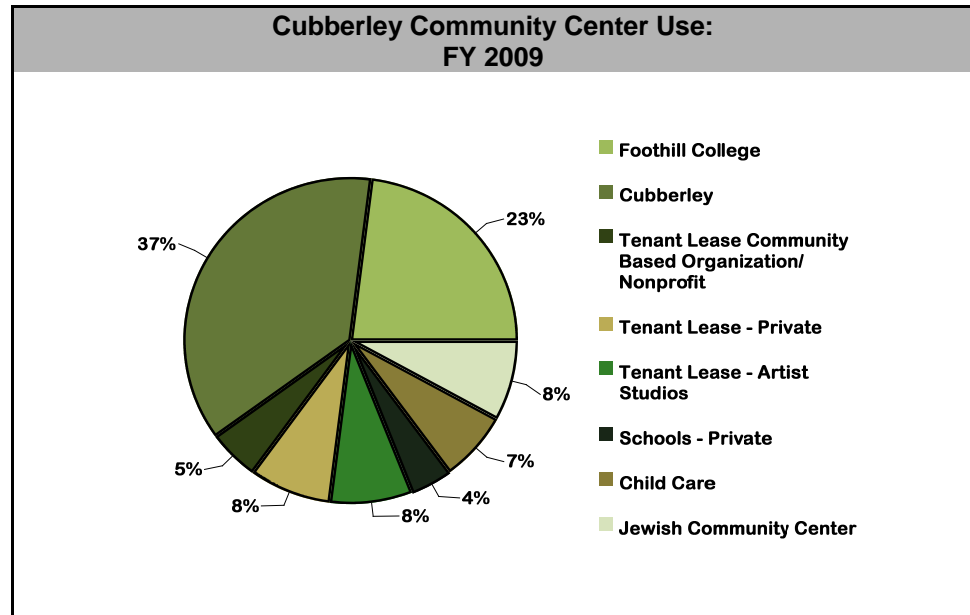
## CUBBERLEY COMMUNITY CENTER AND HUMAN SERVICES DIVISION

Cubberley Community Center rents space for community meetings, seminars, social events, dances, theater performances, and athletic events. In FY 2009, rental revenue increased 17% to about \$959,000 although total hours rented increased slightly from the previous year, it declined 10% to 34,874 hours from FY 2005.

The Cubberley Community Center also leases former classroom space to artists and Foothill College on a long-term basis. In FY 2009, there were 37 leaseholders and lease revenue increased 9% to about \$1.4 million.

The Human Services section provides connections to resources for families and grants to local non-profits. Human Services grants to local non-profits totaled almost \$1.1 million in FY 2009, about 16% less than in FY 2005.

Compared to other surveyed jurisdictions, Palo Alto ranked in the 95<sup>th</sup> percentile for services to seniors. Residents give high ratings to senior services (82% rate services good or excellent). Residents give lower marks when rating access to affordable quality child care (only 32% good or excellent).



Source: Community Services Department

	Cubberley Community Center				Human Services	Citizen Survey	
	Hours rented ©	Hourly rental revenue (in millions)©	Number of leaseholders	Lease revenue (in millions)	Human Services' grants to local non-profits (in millions)	Percent rating access to affordable quality child care good or excellent	Percent rating senior services good or excellent©
FY 2005	38,624	\$0.8	35	\$1.3	\$1.3	25%	78%
FY 2006	38,407	\$0.9	38	\$1.3	\$1.3	34%	84%
FY 2007	36,489	\$0.8	39	\$1.4	\$1.2	26%	80%
FY 2008	32,288	\$0.9	39	\$1.5	\$1.2	28%	81%
<b>FY 2009</b>	<b>34,874</b>	<b>\$0.9</b>	<b>37</b>	<b>\$1.4</b>	<b>\$1.1</b>	<b>32%</b>	<b>82%</b>
Change over last 5 years:	-10%	+17%	+6%	+9%	-16%	+7%	+4%

© Budget benchmarking measure

# CHAPTER 3 – FIRE

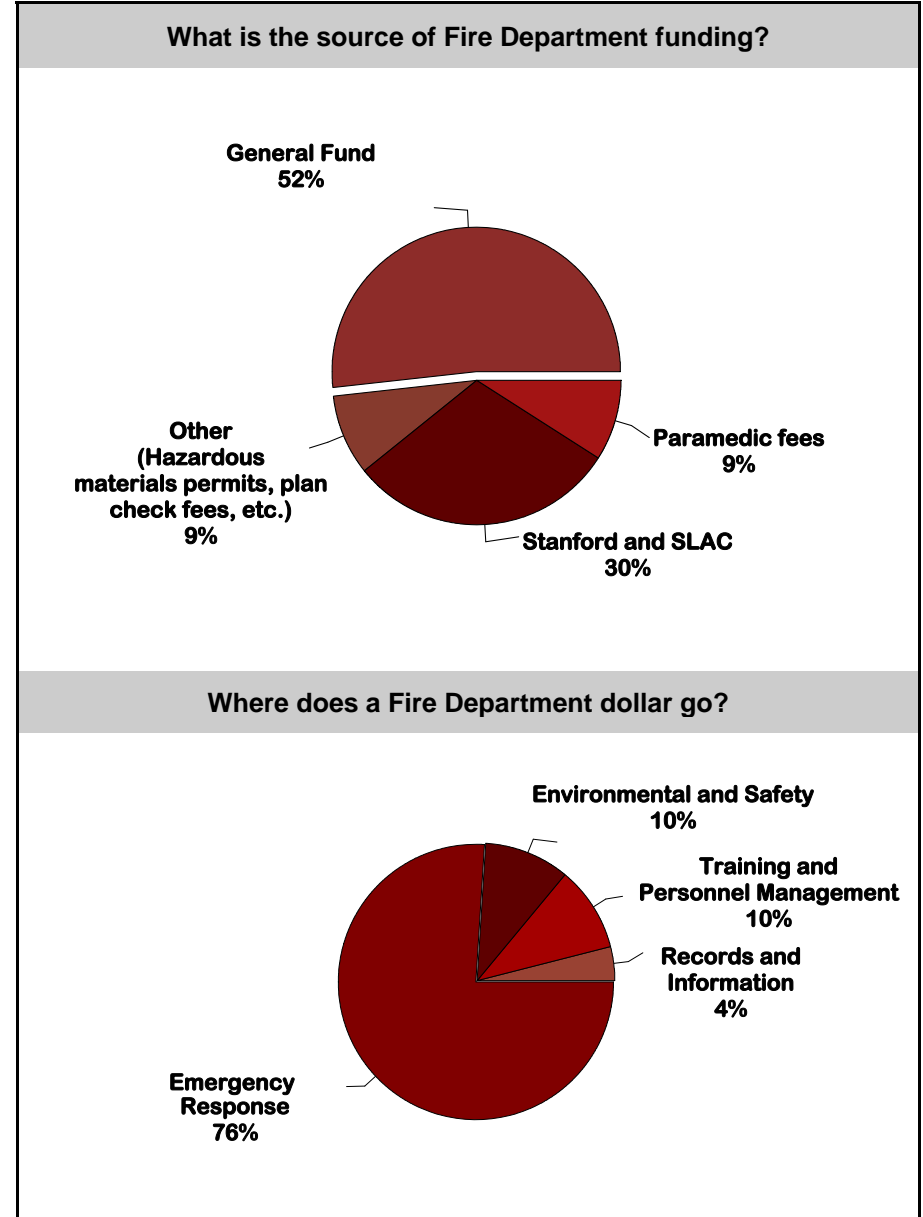
The mission of the Fire Department is to protect life, property and the environment from the perils of fire, hazardous materials, and other disasters through rapid emergency response, proactive code enforcement, modern fire prevention methods, and progressive public safety education for the community.

The Department has four major functional areas:

- Emergency response – emergency readiness and medical, fire suppression, and hazardous materials response
- Environmental and safety management – fire and hazardous materials code research, development and enforcement; fire cause investigations; public education; and disaster preparedness
- Training and personnel management
- Records and information management

The Department serves the resident population of Palo Alto and Stanford with a combined population of 77,799.

Fire Department revenue in FY 2009 totaled \$11.4 million (or 49% of costs), including about \$7.1 million for services to Stanford and the Stanford Linear Accelerator (SLAC), \$2.1 million for paramedic services, \$0.6 million in plan check fees, \$0.3 million in hazardous materials permits, and \$1.2 million in other revenues and reimbursements.



Source: FY 2009 revenue and expenditure data

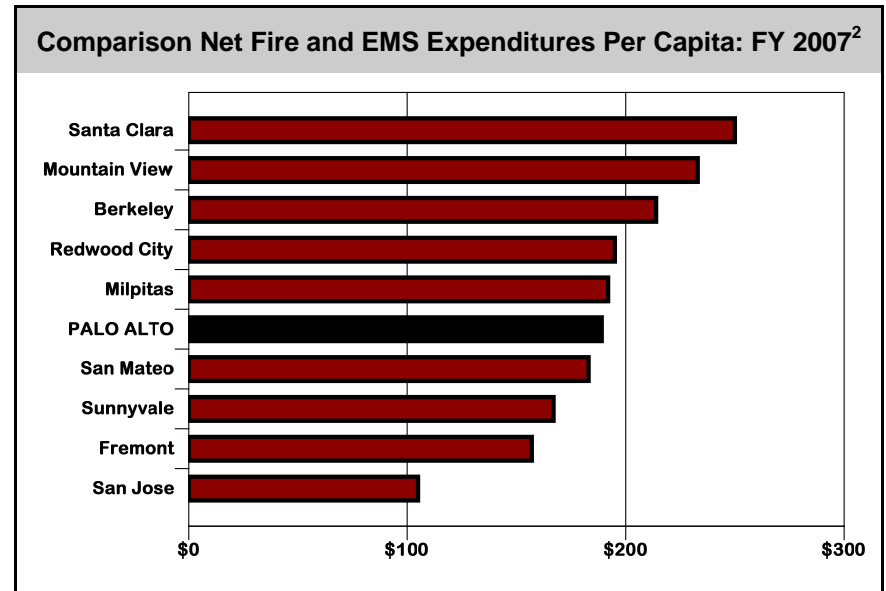
## FIRE SPENDING

Over the last five years:

- Total Fire Department spending increased from \$19.1 million to \$23.4 million, or 23% in the last five years.
- Total expenditures per resident served increased from \$254 to \$301.
- Revenue and reimbursements increased 28% (from \$8.9 million to \$11.4 million). In FY 2009, 49% of costs were covered by revenues.

The chart on the right shows that Palo Alto's net Fire and Emergency Medical Services (EMS) expenditures per capita are in the mid range compared to several other local jurisdictions. However, the California State Controller does not include calculations for Stanford.

The Department won the national Voice of the People Awards for the high ratings residents gave to fire and emergency medical services in 2005, 2006, and 2007. In the most recent citizen survey, 95% of residents rated fire services as good or excellent, and 80% rated fire prevention and education as good or excellent.



Source: California State Controller, *Cities Annual Report Fiscal Year 06 -07*

	Operating expenditures (in millions)					Resident population of area served <sup>1</sup>	Expenditures per resident served <sup>1</sup>	Revenue (in millions)	Citizen Survey	
	Emergency response	Environmental and fire safety	Training and personnel management	Records and information	TOTAL				Percent rating fire services good or excellent ⊕	Percent rating fire prevention and education good or excellent ⊙
FY 2005	\$14.5	\$1.9	\$1.8	\$0.9	\$19.1	74,869	\$254	\$8.9	94%	82%
FY 2006	\$15.0	\$2.1	\$2.1	\$0.9	\$20.2	75,604	\$267	\$9.4	95%	84%
FY 2007	\$16.2	\$2.2	\$2.2	\$1.0	\$21.6	75,835	\$284	\$9.9	98%	86%
FY 2008	\$17.8	\$2.6	\$2.5	\$1.1	\$24.0	76,682	\$313	\$9.7	96%	87%
<b>FY 2009</b>	<b>\$17.7</b>	<b>\$2.3</b>	<b>\$2.4</b>	<b>\$1.0</b>	<b>\$23.4</b>	<b>77,799</b>	<b>\$301</b>	<b>\$11.4</b>	<b>95%</b>	<b>80%</b>
Change over last 5 years:	+22%	+23%	+31%	+15%	+23%	+4%	+18%	+28%	+1	-2%

<sup>1</sup> Based on number of residents in the Fire Department's expanded service area (Palo Alto and Stanford). Prior year population revised per California Department of Finance estimates.

<sup>2</sup> Figures are net of functional revenues and may not reconcile to total spending due to differences in the way the information was compiled.

Note that cities categorize their expenditures in different ways.

⊙ Budget benchmarking measure



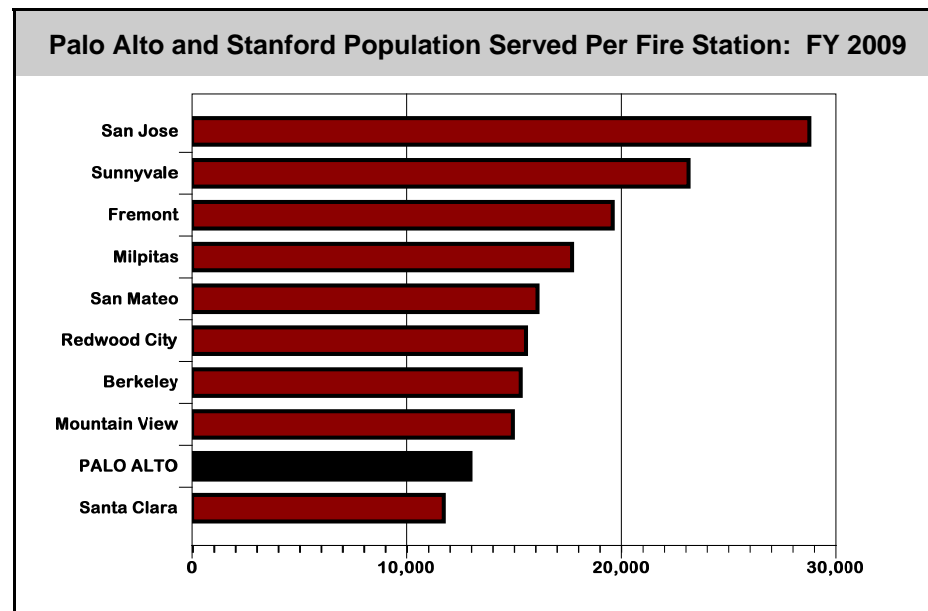
## FIRE STAFFING AND CALLS FOR SERVICE

During FY 2009, the Fire Department handled 7,549 calls for service (an average of 21 calls per day) including:

- 239 fire calls
- 4,509 medical/rescue calls
- 1,065 false alarms
- 328 service calls
- 165 hazardous condition calls

The Palo Alto Fire Department has a total of 8 fire stations including Stanford. Average on duty staffing is 31 during the day, and 29 at night. The Department has 113 line personnel certified as emergency medical technicians (EMTs) and 36 of these are also certified paramedics.

Palo Alto has more fire stations per capital than most other local jurisdictions. As shown in the chart on the right, the number of residents served per fire station is lower than many other local jurisdictions.



Source: Cities, California Department of Finance, U.S. Census Bureau  
Palo Alto calculation excludes Station 7 (dedicated to SLAC) and Station 8 (seasonal).

	Calls for service							Staffing					Resident population served per fire station <sup>1,2</sup>	
	Fire	Medical/ rescue	False alarms	Service calls	Hazardous condition	Other	TOTAL	Average number of calls per day	Total authorized staffing (FTE)	Staffing per 1,000 residents served <sup>1</sup>	Average on-duty staffing	Annual training hours per firefighter		Overtime as a percent of regular salaries
FY 2005	224	3,633	1,300	358	211	688	6,414	18	129	1.72	31 day/29 night	312	23%	12,478
FY 2006	211	3,780	1,184	399	203	1,120	6,897	19	127	1.67	31 day/29 night	288	18%	12,601
FY 2007	221	3,951	1,276	362	199	1,227	7,236	20	128	1.68	31 day/29 night	235	21%	12,639
FY 2008	192	4,552	1,119	401	169	1,290	7,723	21	128	1.67	31 day/29 night	246	18%	12,780
<b>FY 2009</b>	<b>239</b>	<b>4,509</b>	<b>1,065</b>	<b>328</b>	<b>165</b>	<b>1,243</b>	<b>7,549</b>	<b>21</b>	<b>127</b>	<b>1.65</b>	<b>31 day/29 night</b>	<b>223</b>	<b>16%</b>	<b>12,967</b>
Change over last 5 years:	+7%	+24%	-18%	-8%	-22%	+81%	+18%	+18%	-1%	-4%	-	-29%	+7%	+4%

⊙ Budget benchmarking measure

<sup>1</sup> Based on number of residents in the Fire Department's expanded service area (Palo Alto and Stanford).

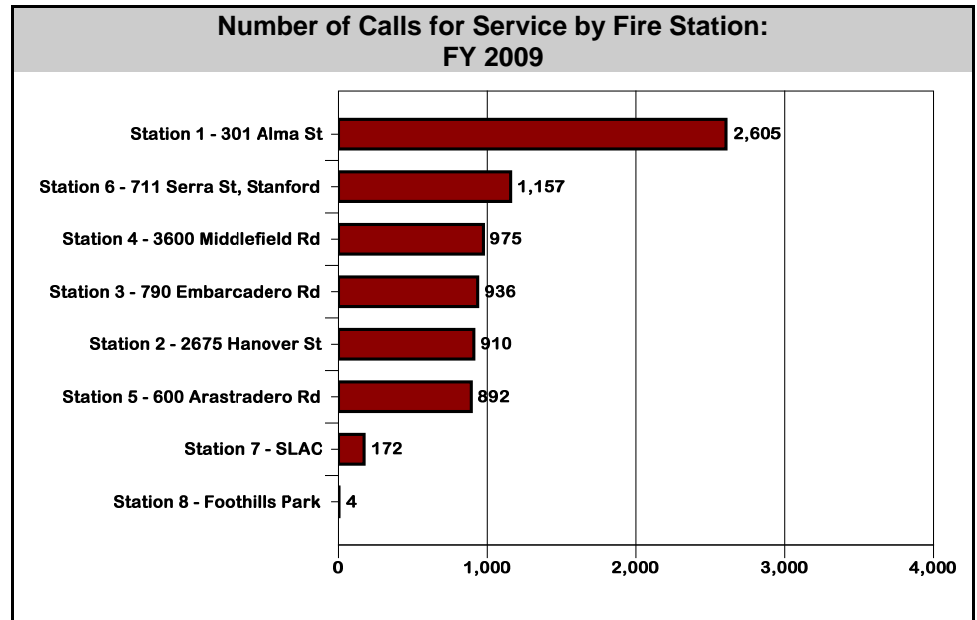
<sup>2</sup> Calculation is based on 6 fire stations, and does not include Station 7 (dedicated to the SLAC complex) or Station 8 (Foothills Park, open seasonally).

## FIRE SUPPRESSION

There were 239 fire incidents and no fire deaths in FY 2009. This included 20 residential structure fires, a decrease of 66% from five years earlier and a decrease of 53% from FY 2008. Over the last five years, the number of fire incidents has increased by 7%.

Average response times vary from year to year. In FY 2009, the Fire Department responded to 91% of fire emergencies within 8 minutes (the goal is 90%). The average response time for fire calls was 5:37 minutes. The response time increased by 9% from five years earlier, but decreased by 17% from FY 2008. The standard Fire Department response to a working structure fire is 18 personnel.

According to the Fire Department, 63% of fires were confined to the room or area of origin. This is less than the Department's goal of 90% and a decrease from the prior year.



Source: Palo Alto Fire Department data

	Number of fire incidents	Average response time for fire calls ☉	Percent responses to fire emergencies within 8 minutes <sup>1</sup>	Percent of fires confined to the room or area of origin <sup>2</sup>	Number of residential structure fires	Number of fire deaths	Fire response vehicles <sup>3</sup>
FY 2005	224	5:09 minutes	91%	73%	58	0	25
FY 2006	211	5:28 minutes	91%	63%	62	1	25
FY 2007	221	5:48 minutes	87%	70%	68	2	25
FY 2008	192	6:48 minutes	79%	79%	43	0	25
<b>FY 2009</b>	<b>239</b>	<b>5:37 minutes</b>	<b>91%</b>	<b>63%</b>	<b>20</b>	<b>0</b>	<b>25</b>
Change over last 5 years:	+7%	+9%	+1%	-10%	-66%	-	-

<sup>1</sup> Response time is from receipt of 911-call to arrival on scene; does not include cancelled in route, not completed incidents, or mutual aid calls.

<sup>2</sup> The Fire Department defines containment of structure fires as those incidents in which fire is suppressed and does not spread beyond the involved area upon firefighter arrival.

<sup>3</sup> Includes ambulances, fire apparatus, hazard materials, and mutual aid vehicles.

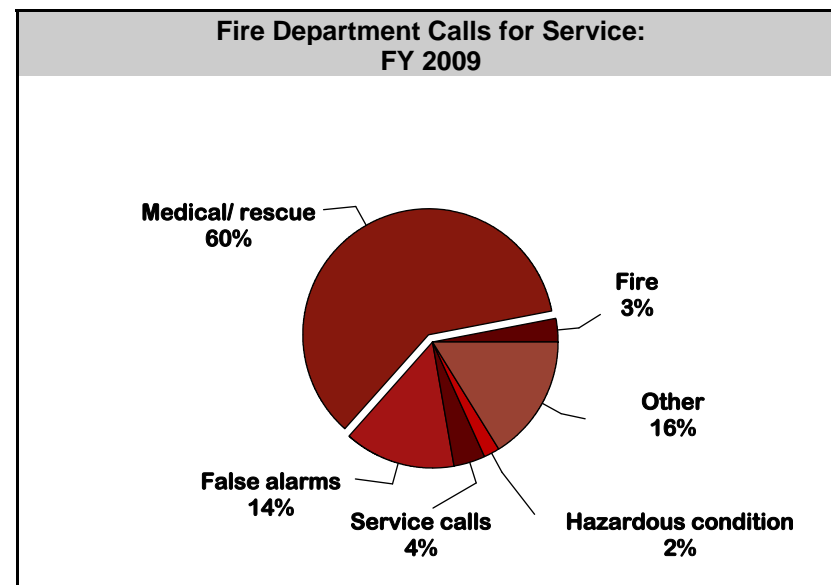
## EMERGENCY MEDICAL SERVICES

The Department responded to 4,509 medical/rescue incidents in FY 2009. As shown in the chart on the right, medical/rescue calls represented 60% of the Fire Department calls for service in FY 2009. The average response time for medical/rescue calls was 5:37 minutes in FY 2009. The Department responded to:

- 91% of emergency medical requests for service within 8 minutes (the Department's goal is 90%)
- 99% of paramedic calls for service within 12 minutes (the Department's goal is 90%)

Palo Alto is the only city in Santa Clara County that provides primary ambulance transport services. The Fire Department operates two ambulances and seven engine companies that provide Advance Life Support (ALS) capability. In FY 2009, average on-duty paramedic staffing increased to 10 during the day and 8 at night. In FY 2006, the Department implemented a Basic Life Support (BLS) transport program. Of the 3,331 EMS transports in FY 2009, 2,939 were ALS and 392 were BLS transports. 91% of survey respondents rated ambulance/emergency medical service as good or excellent.

In FY 2009, the City Auditor's Office issued an Audit of Ambulance Billing and Revenue Collections containing 17 recommendations. City staff implemented 11 of the 17 recommendations, resulting in improved contractor oversight and performance. Although FY 2009 revenue increased \$100,000, the Department estimates that case receipts for ambulance billing increased \$550,000, reflecting improved collections of prior years accounts.



Source: Palo Alto Fire Department

	Medical/rescue incidents	Average response time for medical/rescue calls <sup>1</sup> Ⓞ	First response to emergency medical requests for service within 8 minutes <sup>1</sup> Ⓞ	Ambulance response to paramedic calls for service within 12 minutes <sup>1,2</sup>	Average on-duty paramedic staffing	Number of Ambulance transports	Ambulance Revenue (in millions)	Citizen Survey Percent rating ambulance/emergency medical services good or excellent <sup>3</sup>
FY 2005	3,633	5:28 minutes	95%	98%	8 day/6 night	2,744	\$1.5	95%
FY 2006	3,780	5:13 minutes	94%	99%	8 day/6 night	2,296	\$1.7	94%
FY 2007	3,951	5:17 minutes	92%	97%	8 day/6 night	2,527	\$1.9	94%
FY 2008	4,552	5:24 minutes	93%	99%	10 day/6 night	3,236	\$2.0	95%
<b>FY 2009</b>	<b>4,509</b>	<b>5:37 minutes</b>	<b>91%</b>	<b>99%</b>	<b>10 day/8 night</b>	<b>3,331</b>	<b>\$2.1</b>	<b>91%</b>
Change over last 5 years:	+24%	+3%	-4%	+1%	-	+21%	+46%	-4%

<sup>1</sup> Response time is from receipt of 911-call to arrival on scene; does not include cancelled in route, not completed incidents, or mutual aid calls.

<sup>2</sup> Includes non-City ambulance responses.

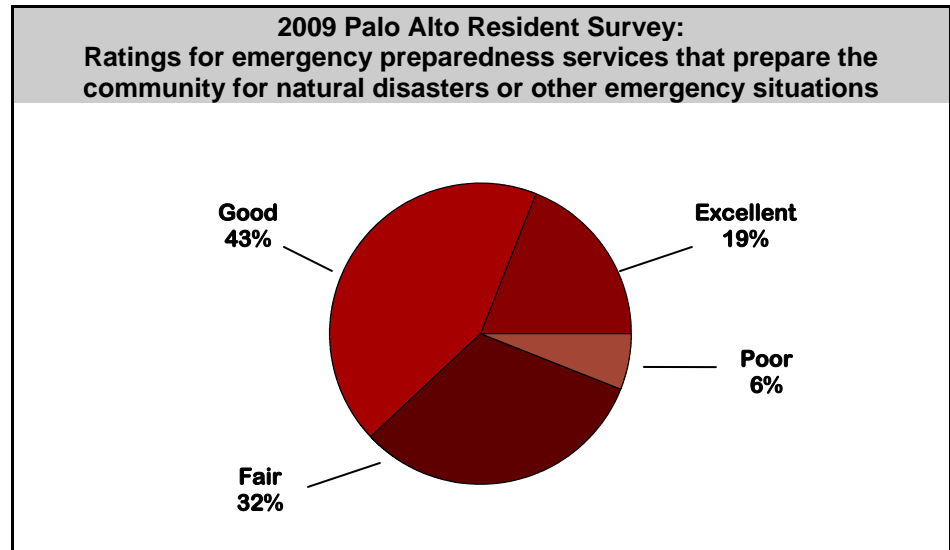
<sup>3</sup> Based on revised National Citizen Survey data.

## HAZARDOUS MATERIALS AND FIRE SAFETY

In FY 2009, the Hazardous Materials Response Team (Rescue 2) responded to 17 hazardous materials incidents. Over the past five years, the number of facilities permitted for hazardous materials increased from 503 to 509 facilities. In FY 2009, the Department performed 19% more hazardous materials inspections (including 56% of annual inspections of the 509 facilities permitted for hazardous materials) and 31% less fire inspections than 5 years ago. According to the Fire Department, the hiring of additional contract fire inspectors in FY 2008 has freed hazardous materials inspectors to conduct hazardous materials inspections.

According to the Department, 329 fire safety, bike safety, and disaster preparedness presentations reached a total of 3433 residents during FY 2009.

The 2009 National Citizen Survey included questions related to environmental hazards and emergency preparedness. 81% of the residents responding to the survey reported they felt very or somewhat safe from environmental hazards. 62% rated emergency preparedness services as good or excellent.



Source: National Citizen Survey™ 2009 (Palo Alto)

	Hazardous Materials				Number of fire inspections	Number of plan reviews <sup>1</sup> ⊙	Fire safety, bike safety, and disaster preparedness presentations⊙	Citizen Survey	
	Number of hazardous materials incidents <sup>2</sup>	Number of facilities permitted for hazardous materials	Number of hazardous materials inspections⊙	Percent of annual hazardous materials and underground storage inspections performed ⊙				Percent of residents feeling very or somewhat safe from environmental hazards	Percent rating emergency preparedness good or excellent
FY 2005	19	503	241	48%	1,488	982	219	-	-
FY 2006	20	497	243	49%	899	983	281	-	-
FY 2007	9	501	268	53%	1,021	928	240	-	-
FY 2008	18	503	406	81%	1,277	906	242	80%	71%
<b>FY 2009</b>	<b>17</b>	<b>509</b>	<b>286</b>	<b>56%</b>	<b>1,028</b>	<b>841</b>	<b>329</b>	<b>81%</b>	<b>62%</b>
Change over last 5 years:	-11%	+1%	+19%	+8%	-31%	-14%	+50	-	-

<sup>1</sup> Does not include over-the-counter building permit reviews.

<sup>2</sup> Hazardous materials incidents include flammable gas or liquid, chemical release, chemical release reaction or toxic condition, or chemical spill or release.

⊙ Budget benchmarking measure

# CHAPTER 4 – LIBRARY

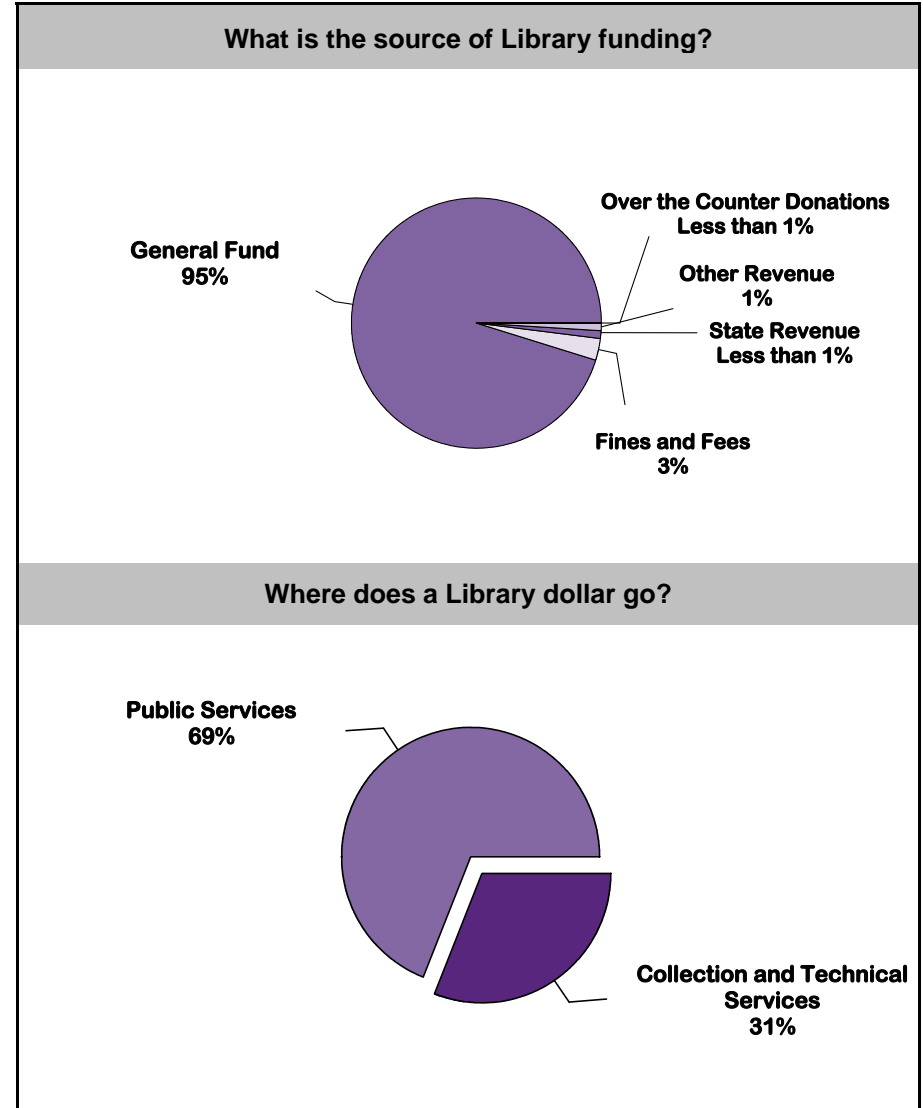
The mission of the Library is to enable people to explore library resources to enrich their lives with knowledge, information and enjoyment.

The Department has two major activities:

- Collection and Technical Services – to acquire and develop quality collections, manage databases, and provide technology that enhances the community’s access to library resources
- Public Services – to provide access to library materials, information and learning opportunities through services and programs

In November 2008, voters approved a \$76 million bond measure (Measure N) to fund improvements for the Mitchell Park, Downtown, and Main libraries and the Mitchell Park Community Center. In addition, the City allocated \$4 million in infrastructure funds to renovate the College Terrace Library. As a result, four library buildings are in the initial stages of major facility improvement. By the end of FY 2009, the College Terrace Library was preparing to close for a year-long renovation. Designs were also underway for the renovation of the Downtown Library and the new 52,000 square foot Mitchell Park Library and Community Center.

In FY 2008, the Office of the City Auditor issued an audit report on the Library’s operations in advance of the November 2008 bond measure for facilities improvements. The audit included 32 recommendations for improving the efficiency and effectiveness of Library operations. By the end of FY 2009, the Library had implemented 28 recommendations with 4 in process.



Source: FY 2009 revenue and expenditure data

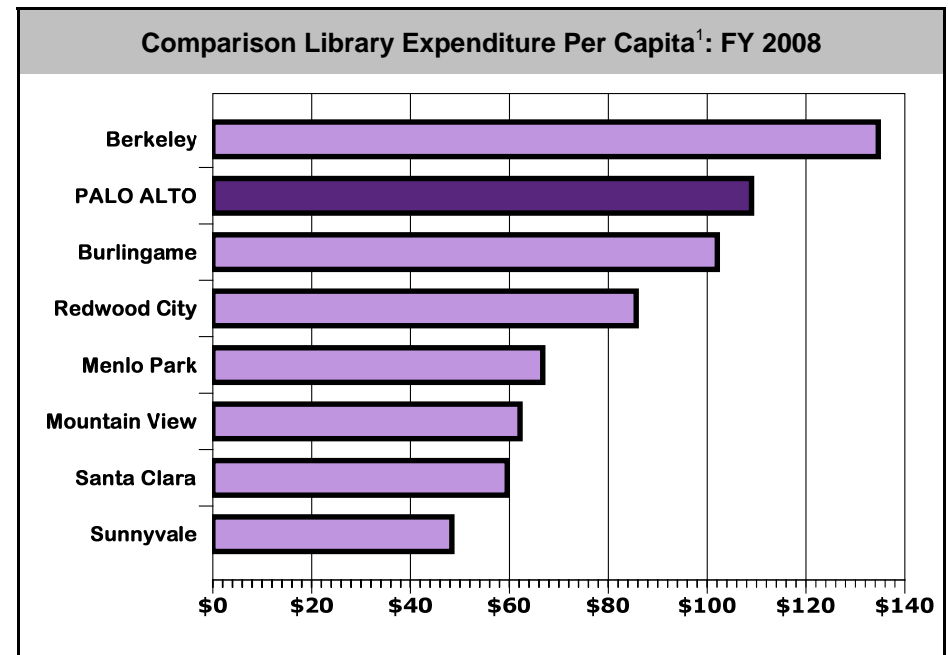
## LIBRARY SPENDING

In FY 2009, Palo Alto had five libraries:

- Main (open 62 hours per week)
- Mitchell Park (open 58 hours per week)
- Children's (open 48 hours per week)
- Downtown (open 35 hours per week)
- College Terrace (open 35 hours per week)

Palo Alto has more libraries than surrounding communities and more than other communities of its size. In comparison, Redwood City has 4 libraries, Mountain View has 1, Menlo Park has 2, and Sunnyvale has 1. Palo Alto library expenditures per capita were less than those of Berkeley FY 2009, but more than those of other area cities.

In FY 2009, Library spending totaled \$6.2 million, a decrease of 9% since last year, and an increase of 22% over the last five years.<sup>2</sup> 79% of residents rate library services good or excellent; this places Palo Alto in the 43<sup>rd</sup> percentile compared to other surveyed jurisdictions. 75% rate the quality of neighborhood branch libraries good or excellent. The rating changes may be related to the library bond campaign and resulting public awareness of library shortcomings.



Source: California Library Statistics 2009, (Fiscal Year 07-08)

	Operating Expenditures (in millions)			Library expenditures per capita	Citizen Survey	
	Public Services	Collections and Technical Services	TOTAL		Percent rating quality of public library services good or excellent <sup>Ⓞ</sup>	Percent rating quality of neighborhood branch libraries good or excellent
FY 2005	\$2.9	\$2.2	\$5.1	\$83	80%	78%
FY 2006	\$4.0	\$1.6	\$5.7	\$91	78%	73%
FY 2007	\$4.2	\$1.6	\$5.8	\$92	81%	75%
FY 2008	\$4.9	\$1.9	\$6.8 <sup>2</sup>	\$108	76%	71%
<b>FY 2009</b>	<b>\$4.3</b>	<b>\$1.9</b>	<b>\$6.2</b>	<b>\$97</b>	<b>79%</b>	<b>75%</b>
Change over last 5 years:	+48%	-13%	+22%	+16%	-1%	-3%

<sup>1</sup> Jurisdictions offer differing levels of service and budget for those services differently.

<sup>2</sup> The Department advises that a large portion of the budget increase from FY 2007 to FY 2008 was due in part to a public-private partnership to increase the collection and the completion of prior year deferred purchases.

Ⓞ Budget benchmarking measure

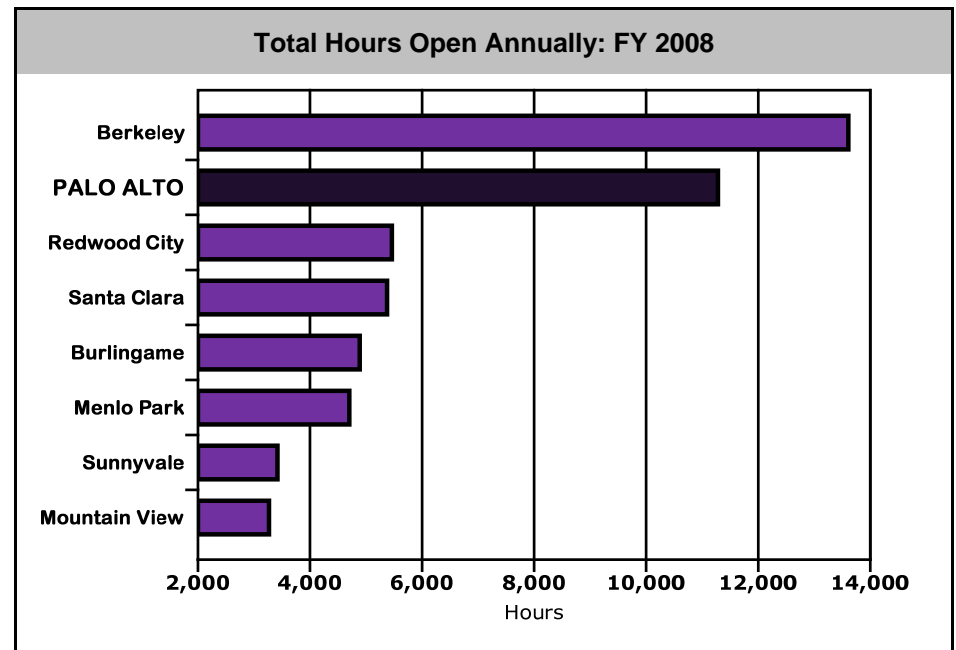
## LIBRARY STAFFING

Total authorized Library staffing in FY 2009 was 57 FTE, an increase of 3% from FY 2005 levels. Temporary and hourly staff accounts for approximately 24% of the Library's total staff. In FY 2009, 13 of 57 FTE staff were temporary or hourly.

Volunteers donated approximately 5,953 hours to the libraries in FY 2009. This was a 21% decrease over the last five years and was a slight decrease from FY 2009.

Palo Alto libraries were open a total of 11,822 hours in FY 2009. This was a 5% increase from FY 2008 and a 5% increase from five years earlier. The standard schedule was a combined 238 hours of service per week.

As shown in the graph on the right, Palo Alto libraries were open more hours than most other local jurisdictions in FY 2008. This is because the City has multiple branches.



Source: California Library Statistics 2009, (Fiscal Year 07-08)

	Authorized Staffing (FTE)			Number of residents per library staff FTE	Volunteer hours	Total hours open annually <sup>Ⓞ1</sup>	FTE per 1,000 hours open <sup>2</sup>
	Regular	Temporary/ hourly	TOTAL				
FY 2005	44	12	56	1,097	7,537	11,268	4.94
FY 2006	44	13	57	1,095	5,838	10,488	5.41
FY 2007	44	13	57	1,099	5,865	9,386	6.06
FY 2008	44	13	57	1,112	5,988	11,281	5.00
<b>FY 2009</b>	<b>44</b>	<b>13</b>	<b>57</b>	<b>1,127</b>	<b>5,953</b>	<b>11,822</b>	<b>4.84</b>
Change over last 5 years:	-1%	+15%	+3%	+3%	-21%	+5%	-2%

<sup>1</sup> Decrease in hours in FY 2006 and FY 2007 due to closure of Children's Library from December 2005 to September 2007 for renovations.

<sup>2</sup> The increase in FTE per 1,000 hours in FY 2006 and FY 2007 was primarily due to the closure of Children's Library from December 2005 to September 2007.

Ⓞ Budget benchmarking measure

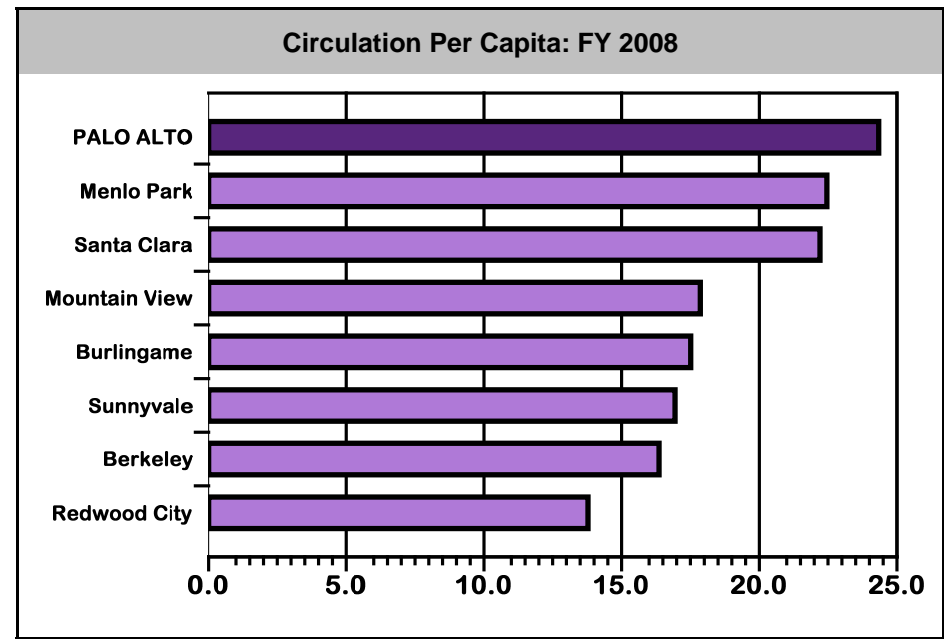
## LIBRARY COLLECTION AND CIRCULATION

The total number of items in the Library's collection has increased by 17,549 or approximately 7% over the last five years. The number of titles in the collection has increased by about 6%; the number of book volumes has increased by about 4%.

Circulation increased 27% over the last five years. In FY 2009, non-resident circulation accounted for approximately 19% of the Library's total circulation. This is 1% lower than it was five years ago. 90% of first time checkouts are completed on self check machines.

73% of survey respondents rate the variety of library materials as good or excellent.

Of all the libraries, Mitchell Park had the highest circulation in FY 2009, with 622,334 items circulating. Main had the second highest circulation at 505,757. Children's Library, which reopened in September 2007 after an extensive renovation, had a circulation of 321,950 in FY 2009. Circulation for College Terrace was 99,974 and Downtown was 76,104. An additional 7,836 check outs were made from the Library's digital book service.



Source: California Library Statistics 2009, (Fiscal Year 07-08)

	Total number of titles in collection	Total number of items in collection	Number of book volumes	Number of media items	Items held per capita <REVISED>	Total circulation © <sup>1</sup>	Percent non-resident circulation	Circulation per capita©	Number of items placed on hold <sup>2</sup>	Number of first time checkouts completed on self-check machines	Average number of checkouts per item	Citizen Survey	
												Percent of first time checkouts completed on self check machines© <NEW>	Percent rating variety of library materials good or excellent©
FY 2005	164,280	264,511	236,575	27,928	4.30	1,282,888	20%	20.84	125,883	306,519	4.85	-	75%
FY 2006	163,045	260,468	232,602	27,866	4.18	1,280,547	20%	20.56	181,765	456,364	4.92	67%	71%
FY 2007	167,008	270,755	240,098	30,657	4.33	1,414,509	21%	22.62	208,719	902,303	5.22	88%	75%
FY 2008	169,690	274,410	241,323	33,087	4.33	1,542,116	20%	24.34	200,470	1,003,516	5.62	89%	67%
<b>FY 2009</b>	<b>174,043</b>	<b>282,060</b>	<b>246,554</b>	<b>35,506</b>	<b>4.37</b>	<b>1,633,955</b>	<b>19%</b>	<b>25.34</b>	<b>218,073</b>	<b>1,078,637</b>	<b>5.79</b>	<b>90%</b>	<b>73%</b>
Change over last 5 years:	+6%	+7%	+4%	+27%	+14%	+27%	-1%	+22%	+73%	+252%	+19%	-	-2%

<sup>1</sup> In FY 2006 the loan period on all items except DVDs was increased from three to four weeks.

<sup>2</sup> Starting on July 1, 2007, the Library began charging a fee for expired holds, items placed on hold which are not picked up. According to Library staff, this caused the reduction in the number of items placed on hold.

© Budget benchmarking measure



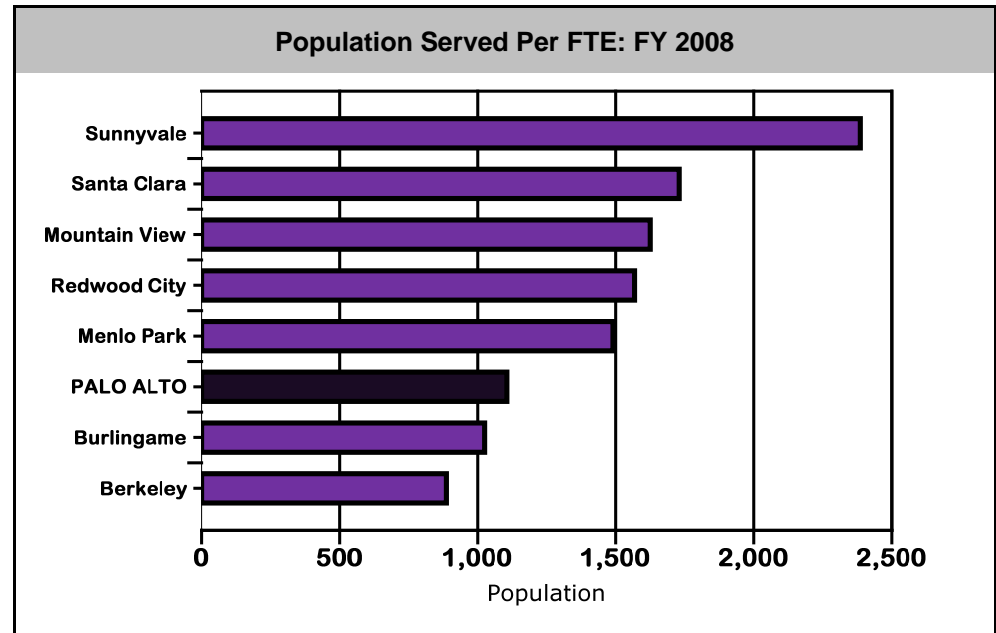
## LIBRARY SERVICES

The total number of library cardholders increased 6% from 52,001 to 54,878 over the last five years, and the percent of Palo Alto residents who are cardholders increased from 59% to 62%. Total library visits increased over the same time frame. 34% of survey respondents reported they used libraries or their services more than 12 times during the last year; this places Palo Alto in the 88<sup>th</sup> percentile compared to other surveyed jurisdictions.

The total number of items delivered to homebound decreased by 10%, and the total number of reference questions received by librarians decreased to 46,419, or 43% over the five-year period. However, online database sessions and internet sessions have increased by 183% and 27%, respectively, over the last five years. This reflects an ongoing shift in how the public retrieves information from libraries. Also, in May 2008, the Library implemented a power search feature on its database webpage. The new feature resulted in a significant increase in database usage in FY 2009.

The number of programs offered increased from 519 to 558, or 8%; the total attendance at such programs increased by about 17%.

Programs include planned events for the public that promote reading, support school readiness and education, and encourage life long learning. Many programs are sponsored by the Friends of the Palo Alto Library.



Source: California Library Statistics 2009, (Fiscal Year 07-08)

	Total number of cardholders	Percent of Palo Alto residents who are cardholders <sup>Ⓞ</sup>	Library visits	Total items delivered to homebound borrowers	Total number of reference questions	Total number of online database sessions	Number of Internet sessions	Number of laptop checkouts	Number of programs <sup>Ⓢ1</sup>	Total program attendance <sup>Ⓢ1</sup>	Citizen Survey Percent who used libraries or their services more than 12 times during the last year <sup>Ⓞ</sup>
FY 2005	52,001	59%	873,594	2,217	80,842	39,357	113,980	1,748	519	31,141	25%
FY 2006	55,909	61%	885,565	1,627	69,880	42,094	155,558	9,693	564	30,739	32%
FY 2007	53,099	57%	862,081	1,582	57,255	52,020	149,280	11,725	580	30,221	33%
FY 2008	53,740	62%	881,520	2,705	48,339	49,148	137,261	12,017	669	37,955	31%
<b>FY 2009</b>	<b>54,878</b>	<b>62%</b>	<b>875,847</b>	<b>2,005</b>	<b>46,419</b>	<b>111,228</b>	<b>145,143</b>	<b>12,290</b>	<b>558</b>	<b>36,582</b>	<b>34%</b>
Change over last 5 years	+6%	+3%	0%-	-10%	-43%	+183%	+27%	+603%	+8%	+17%	+9%

<sup>1</sup> School programs were reduced due to staffing cutbacks in January 2009.

<sup>Ⓞ</sup> Budget benchmarking measure

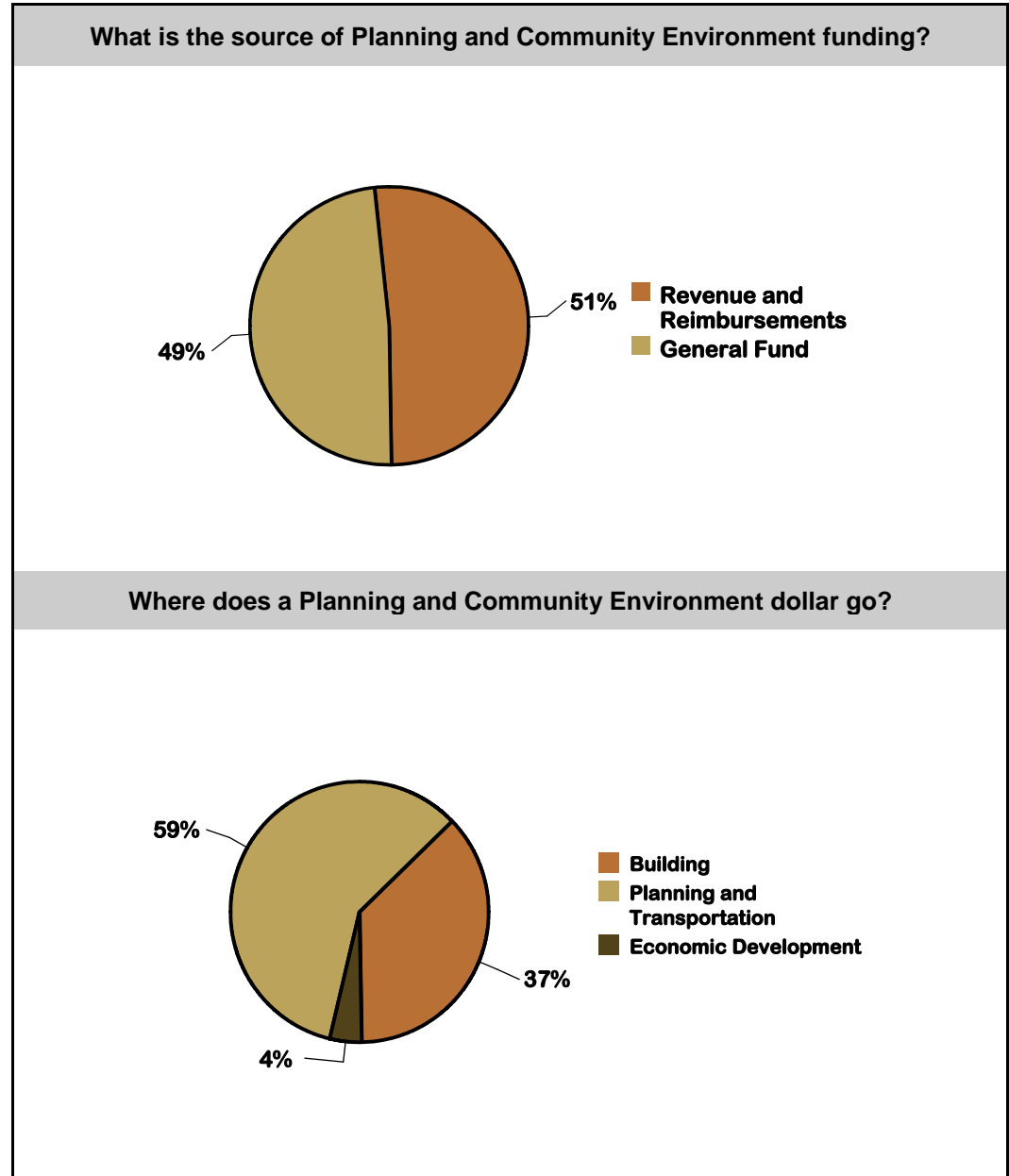
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# CHAPTER 5 – PLANNING AND COMMUNITY ENVIRONMENT

The mission of the Planning and Community Environment Department is to provide the City Council and community with creative guidance on, and effective implementation of, land use development, planning, transportation, housing and environmental policies, plans and programs that maintain and enhance the City as a safe, vital and attractive community.

The Department has three major divisions:

- **Planning and Transportation** – To provide professional leadership in planning for Palo Alto's future by recommending and effectively implementing land use, transportation, environmental, housing and community design policies and programs that preserve and improve Palo Alto as a vital and highly desirable place to live, work and visit.
- **Building** – To review construction projects and improvements for compliance with all applicable codes and ordinances in a professional and efficient manner; and to ensure that all developments subject to the development review process achieve the specified quality and design. The Division also coordinates code enforcement and American with Disabilities Act (ADA) compliance activities.
- **Economic Development** – To provide information and data on the local economy and business community that will assist the City Council in decision-making; identify initiatives that will increase City revenues and economic health; and facilitate communication and working relationships within the business community.



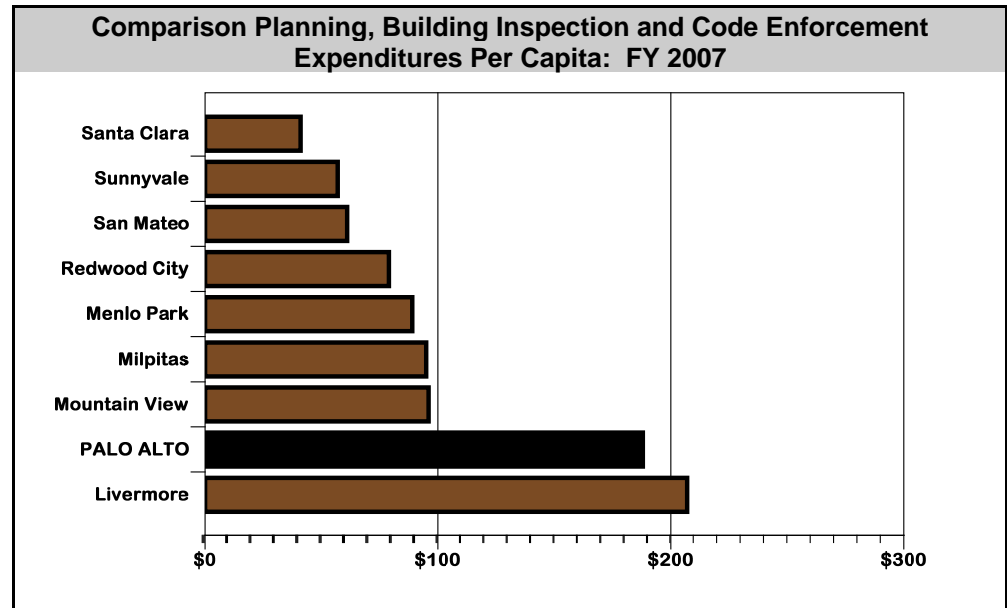
Source: FY 2009 revenue and expenditure data

## SPENDING

Spending increased from about \$9.1 million to \$9.9 million over the last 5 years, or approximately 8.7%. The Department's revenue varied year to year, but overall increased from \$4.2 to \$5 million, or 20%, over the same period. In addition, the revenue decreased from \$5.8 million in FY 2008 to \$5 million in FY 2009, or 14%.

Authorized staffing for the Department decreased from 61 to 54 FTE, or 11% over the last five years. According to the Department, this was the result of a decrease in hourly staffing and one full-time position.

The graph on the right uses California State Controller's data to show Palo Alto's per capita spending for Planning, Building Inspection, and Code Enforcement as compared to other jurisdictions. Data in the graph on the right and table below differ because the City of Palo Alto and the Controller's Office compile data differently. Palo Alto's expenditures per capita appear higher than those of surrounding jurisdictions, but it should be noted that different cities budget expenditures in different ways. For example, Palo Alto includes a transportation division, shuttle services and rent for the Development Center in its costs.



Source: California State Controller, *Cities Annual Report Fiscal Year 2006- 07*

### Operating Expenditures (in millions)

	Planning and Transportation <sup>1</sup>	Building	Economic Development <sup>2</sup>	TOTAL	Expenditures per capita	Revenue (in millions)	Authorized staffing (FTE)
FY 2005	\$6.0	\$3.1	-	\$9.1	\$148	\$4.2	61
FY 2006	\$5.9	\$3.3	\$0.2	\$9.4	\$151	\$5.6	53 <sup>3</sup>
FY 2007	\$5.6	\$3.7	\$0.1	\$9.4	\$150	\$6.6	55
FY 2008	\$5.5	\$3.9	\$0.2	\$9.6	\$152	\$5.8	54
<b>FY 2009</b>	<b>\$5.9</b>	<b>\$3.6</b>	<b>\$0.4</b>	<b>\$9.9</b>	<b>\$153</b>	<b>\$5.0</b>	<b>54</b>
Change over last 5 years:	-2.6%	-17%	-	8.7%	3%	20%	-11%

<sup>1</sup> The Planning and Transportation Divisions merged in Spring 2006.

<sup>2</sup> Economic Development moved from the City Manager's Office to the Planning and Community Environment Department in FY 2007.

<sup>3</sup> The Department reduced temporary staffing; the City also adopted a new method for calculating temporary staffing.

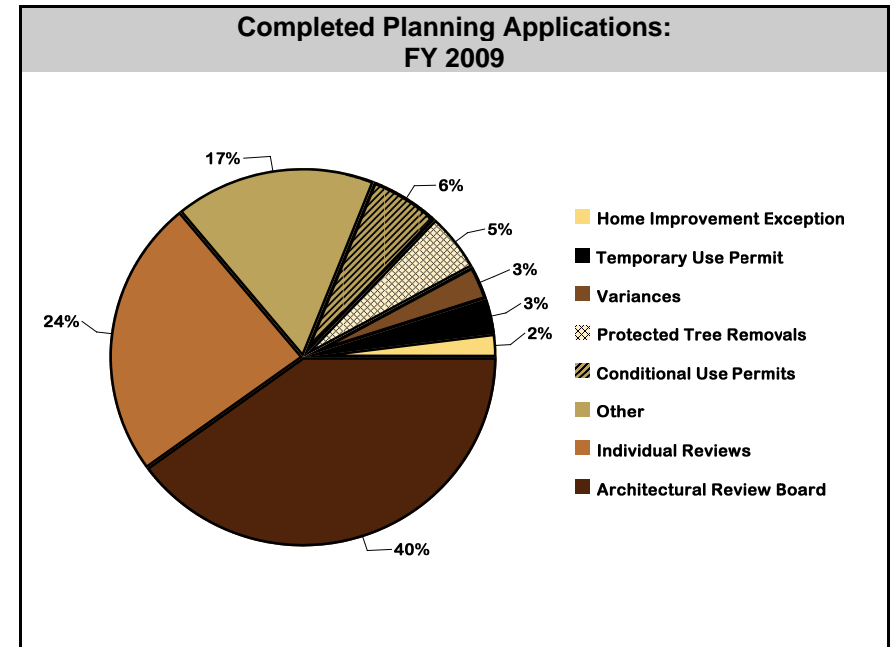
<sup>4</sup> The Department also has one position in Refuse Fund and one position in the Community Development Block Grant (CDBG) Fund.

## CURRENT PLANNING AND CODE ENFORCEMENT

A total of 189 planning applications were completed in FY 2009, 42% fewer than in FY 2005. The average time in weeks to complete applications decreased from 11.1 weeks in FY 2005 to 10.7 weeks in FY 2009 (a 4% decrease). The target is 10.6 weeks. The Department completed 130 Architectural Review applications, an increase of 20% from five years earlier.

The Department notes that the method for counting code enforcement cases changed in FY 2008 and therefore, the number of new cases and re-inspections increased. 50% of residents surveyed rated code enforcement services good or excellent. This places Palo Alto in the 67<sup>th</sup> percentile compared to other jurisdictions. 25% consider run-down buildings, weed lots, or junk vehicles to be a major or moderate problem, a small increase from the 21% who thought so five years ago.

**Top 3** In FY 2009, the Department implemented the City's new Green Building Ordinance. The goal was to build a new generation of efficient buildings in Palo Alto that are environmentally responsible and healthy. The Department processed 264 permits under the new ordinance, with 27% of those having mandatory requirements and 63% voluntary. Ordinance implementation influenced \$8.3M and 98,275 square feet of "green" construction. The Department reports that at least 54 LEED registered projects are in process to be certified of which 15 projects are being verified by the city. The numbers have tripled since the program's inception.



Source: Planning and Community Environment Department

### Code Enforcement

	Planning applications completed <sup>⊙</sup>	Architectural Review Board applications completed	Average weeks to complete staff-level applications <sup>⊙</sup>	Citizen Survey Percent rating quality of code enforcement good or	Citizen Survey Percent who consider run down buildings, weed lots, or junk vehicles a major or moderate problem	Number new cases	Number of re-inspections	Percent of cases resolved within 120 days of date received <sup>⊙</sup>
FY 2005	327	108	11.1 weeks	56%	21%	473	796	91%
FY 2006	390	115	13.6 weeks	61%	16%	421	667	94%
FY 2007	299	100	13.4 weeks	59%	17%	369	639	76%
FY 2008	257	107	12.7 weeks	59%	23%	684 <sup>1</sup>	981 <sup>1</sup>	93%
<b>FY 2009</b>	<b>189</b>	<b>130</b>	<b>10.7 weeks</b>	<b>50%</b>	<b>25%</b>	<b>545</b>	<b>1,065</b>	<b>94%</b>
Change over last 5 years:	-42%	+20%	-4%	-6%	+4%	+15%	+34%	+3%

<sup>1</sup> The Department advises that the method for counting new code enforcement cases and re-inspections changed in FY 2008. Inspections or cases with multiple components that in the past were counted as a single inspection or case are now counted as multiples. This is the reason for the increase in the numbers compared to FY 2007. For this reason, FY 2009 data is not on a comparable basis to prior years' data

⊙ Budget benchmarking measure, **Top 3** Related to City Council's Top 3 Priorities for 2009

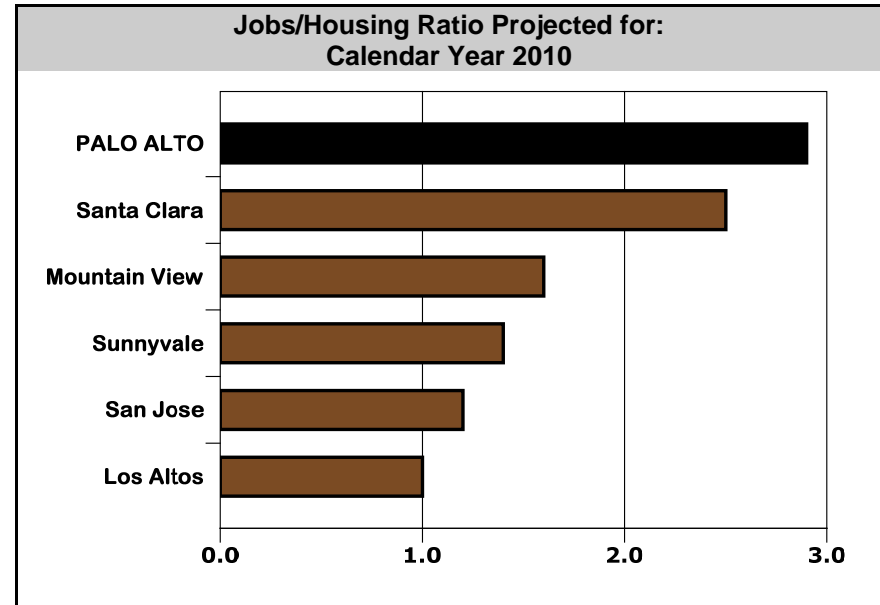
## ADVANCE PLANNING AND ECONOMIC DEVELOPMENT

Based on data from the Association of Bay Area Governments, Palo Alto's jobs/housing ratio is projected to be 2.9 in 2010, higher than five nearby jurisdictions. However, this is lower than previous figures in 2008 (3.8 ratio) and 2005 (3.2 ratio). The number of residential units increased from 27,522 to 28,291 or 3% over the last five years.

The average home price in 2008 was more than \$1.7 million – up 31% over 2005. Only 17% of survey respondents rated the availability of affordable quality housing as good or excellent, placing Palo Alto in the 11% percentile compared to other jurisdictions.

The number of business outreach contacts has dropped by 46% in the last five years.<sup>2</sup>

47% of residents responding to the survey rated the quality of land use, planning and zoning as good or excellent. 55% rated the overall quality of new development in Palo Alto as good or excellent. 54% rated economic development services good or excellent.



Source: Association of Bay Area Governments (ABAG), Projections 2009

	Advance Planning					Economic Development			
	Number of residential units	Average price – single family home in Palo Alto <sup>1</sup>	Estimated new jobs resulting from projects approved during year	Number of new housing units approved	Cumulative number of below market rate (BMR) units	Number of business outreach contacts	Citizen Survey Percent rating economic development good or excellent	Citizen Survey Percent rating quality of land use, planning, and zoning in Palo Alto as good or excellent	Citizen Survey Percent rating overall quality of new development in Palo Alto as good or excellent
FY 2005	27,522	\$1,339,274	-197	81	322	48	55%	46%	56%
FY 2006	27,767	\$1,538,318	-345	371	322	36 <sup>2</sup>	61%	50%	62%
FY 2007	27,763	\$1,516,037	0	517	381	24	62%	49%	57%
FY 2008	27,938	\$1,872,855	+193	103	395	42	63%	47%	57%
<b>FY 2009</b>	<b>28,291</b>	<b>\$1,759,870</b>	<b>-58</b>	<b>36</b>	<b>395</b>	<b>26</b>	<b>54%</b>	<b>47%</b>	<b>55%</b>
Change over last 5 years:	+3%	+31%	+71%	-56%	+23%	-46%	-1%	1%	-1%

<sup>1</sup> Average home price is on a calendar year basis (e.g. FY 2009 data is for calendar year 2008). Source is <http://rereport.com/index.html>.

<sup>2</sup> In FY 2006, staffing for business outreach was reduced from 2 to 1 FTE. In previous years, the number of outreach contacts was higher because Executive Staff and City Council members were also involved in business outreach.

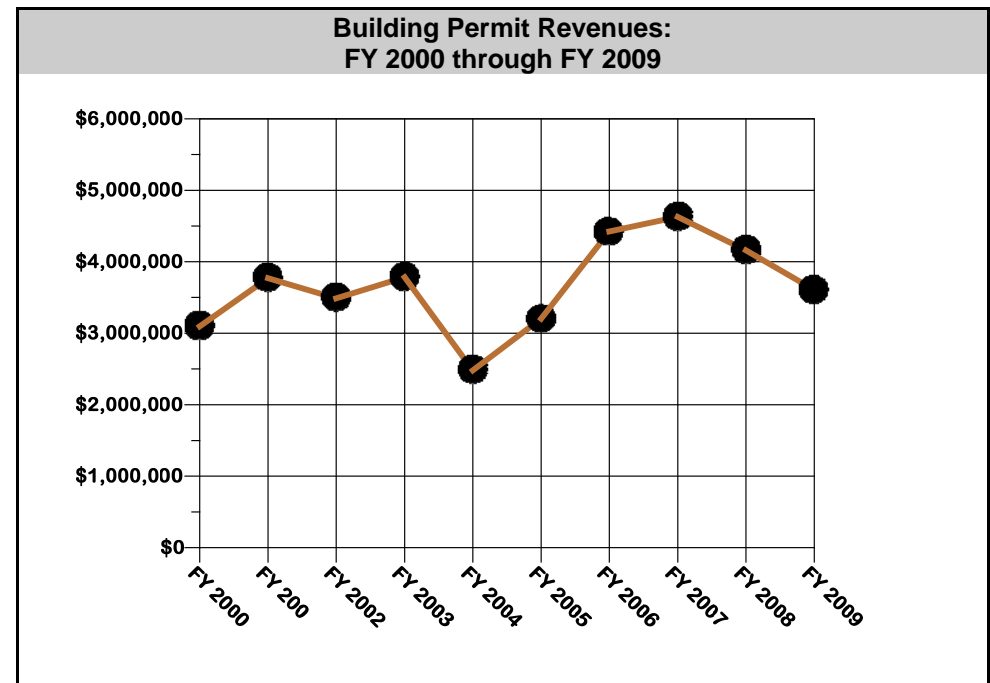
⊙ Budget benchmarking measure

## BUILDING PERMITS AND INSPECTIONS

Compared to five years ago, the number of building applications increased 9% to 3,496 applications in FY 2009. Building permits issued in FY 2009 were 17% lower at 2,543. During that same period, the valuation of construction for issued permits decreased from about \$215 million to about \$172 million, or 20%. Building permit revenue increased from \$3.2 to \$3.6 million, or 13%.

Staff completed 17,945 inspections in FY 2009, an increase of 47% from FY 2005. According to the Department, 98% of inspection requests were responded to within one working day or within the timeframe of the customer's request. The average number of days for first response to plan checks increased to 31 days compared to 24 days in FY 2005. Compared to 5 years ago, the average number of days to issue a building permit has decreased from 94 to 63 days, excluding permits issued over the counter.

This year's survey included questions to ascertain resident satisfaction with the permit process. During the past 12 months, 7% of respondents applied for a permit from the City's Development Center. Of these respondents, 59% rated the ease of the planning approval process as poor, 50% rated the time required to review and issue permits as poor, and 49% rated the ease of the overall application process as poor. 22% rated the overall customer service as poor and 50% rated it as fair. Results for inspection timeliness were better with 52% rating this area as good or excellent. The Department is reviewing its processes to identify service delivery improvements.



Source: Planning and Community Environment Department

	Building permit applications	City's average Cost per permit application	Building permits issued	Percent of building permits issued over the counter	Valuation of construction for issued permits (in millions)	Building permit revenue (in millions)	Average number of days for first response to plan checks <sup>1</sup>	Average number of days to issue building permits <sup>1</sup>	Number of inspections completed	City's average cost per inspection	Percent of inspection requests for permitted work responded to within one working day <sup>2</sup>
FY 2005	3,219	-	3,081	69%	\$214.9	\$3.2	24 days	94 days	12,186	-	91%
FY 2006	3,296	\$662	3,081	78%	\$276.9	\$4.4	28 days	98 days	11,585	\$139	94%
FY 2007	3,236	\$736	3,136	76%	\$298.7	\$4.6	27 days	102 days	14,822	\$127	99%
FY 2008	3,253	\$784	3,046	53%	\$358.9	\$4.2	23 days	80 days	22,820 <sup>3</sup>	\$94 <sup>4</sup>	98%
<b>FY 2009</b>	<b>3,496</b>	<b>\$584</b>	<b>2,543</b>	<b>75%</b>	<b>\$172.1</b>	<b>\$3.6</b>	<b>31 days</b>	<b>63 days</b>	<b>17,945</b>	<b>\$105</b>	<b>98%</b>
Change over last 5 years:	+9%	-	-17%	+6%	-20%	+13%	+29%	-33%	+47%	-	+7%

<sup>1</sup> Average number of days does not include over the counter plan checks or building permits.

<sup>2</sup> In some cases, a customer requests a specific day or time as opposed to within one working day; this percentage indicates how often the Department met the one working day deadline or, when applicable, the customer's specific request. The Department's target was 90%.

<sup>3</sup> According to the Department, the increase in the number of inspections in FY 2008 is due to a change in the method for counting inspections. Under the new method, each type of inspection included in a residential inspection is now counted as an individual inspection whereas in the past the residential inspection would have counted as one.

<sup>4</sup> The Department advises that the decrease in the City's average cost per inspection in FY 2008 is due to the new method for counting inspections, which resulted in a higher number of inspections and therefore, a lower cost per inspection.

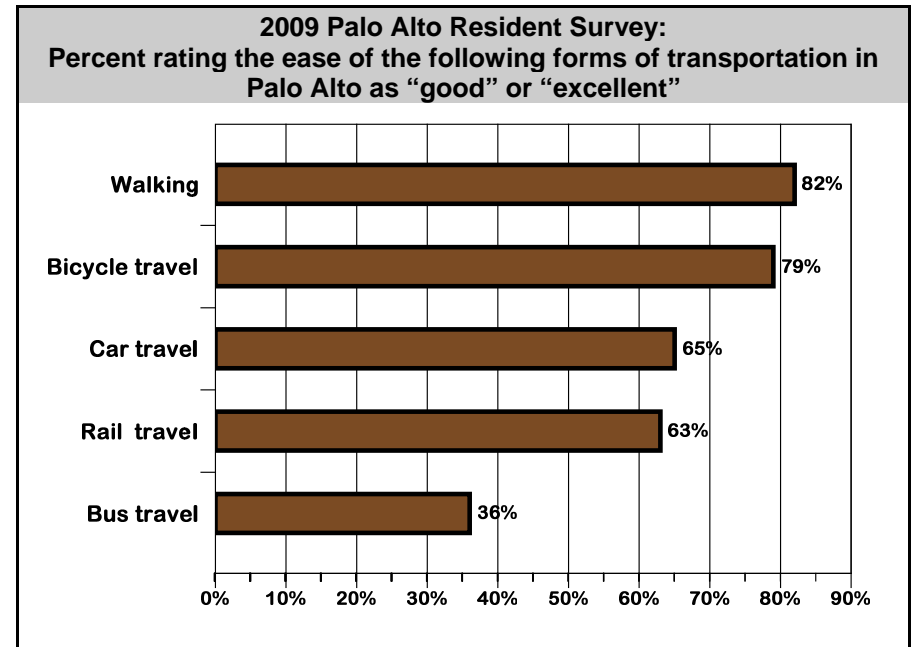
## TRANSPORTATION PLANNING

82% of residents responding to this year's survey rated the ease of walking as good or excellent, and 79% rated the ease of bicycle travel as good or excellent. 46% of respondents rated traffic flow on major streets as good or excellent. The City has 97 intersections with signals; 35 of the intersections have signals coordinated during commute time.

The City operates a free shuttle. In FY 2009, the Department reports there were 136,511 shuttle boardings.

The City and the school district encourage alternatives to driving to school by teaching age-appropriate road safety skills to students in kindergarten through 6th grade. In FY 2009, staff provided scheduling, administrative support, training and follow-up parent education materials for:

- 71 pedestrian safety presentations to 2,599 students in kindergarten through 2<sup>nd</sup> grade
- A three lesson bicycle/traffic safety curriculum for all 793 3<sup>rd</sup> graders
- A refresher bicycle/traffic safety lesson for all 880 5<sup>th</sup> graders
- 9 assemblies for 798 6<sup>th</sup> graders in three middle schools



Source: National Citizen Survey™ 2009 (Palo Alto)

	Number of monitored intersections with an unacceptable level of service during evening peak	Number of intersections with 10 or more accidents <sup>1</sup>	City Shuttle boardings <sup>Ⓞ</sup>	City's cost per shuttle boarding	Caltrain average weekday boardings	Average number of employees participating in the City commute program <sup>Ⓞ</sup>	Citizen Survey		
							Percent who rate traffic flow on major streets good or excellent <sup>2</sup>	Percent of days per week commuters used alternative commute modes <sup>3</sup>	Percent who consider the amount of public parking good or excellent
FY 2005	2 of 21	11	169,048	\$1.92	3,264	117	-	-	56%
FY 2006	2 of 21	7	175,471	\$1.91	3,882	104	-	-	58%
FY 2007	2 of 21	13	168,710	\$2.00	4,132	105	-	-	65%
FY 2008	3 of 21	1	178,505	\$1.97	4,589	114	38%	40%	52%
<b>FY 2009</b>	<b>2 of 21</b>	<b>0</b>	<b>136,511</b>	<b>\$2.61</b>	<b>4,863</b>	<b>124</b>	<b>46%</b>	<b>41%</b>	<b>55%</b>
Change over last 5 years:	-	-11	-19%	+36%	+49%	+6%	-	-	-1%

<sup>1</sup> Accidents within 200 feet of intersection.

<sup>2</sup> This question replaced "Percent who consider traffic congestion to be a major or moderate problem in Palo Alto." Responses to that question were 58% (FY 2005), 60% (FY 2006), and 55% (FY 2007).

<sup>3</sup> Alternative commute modes include carpooling, public transportation, walking, bicycling, and working at home.

<sup>Ⓞ</sup> Budget benchmarking measure

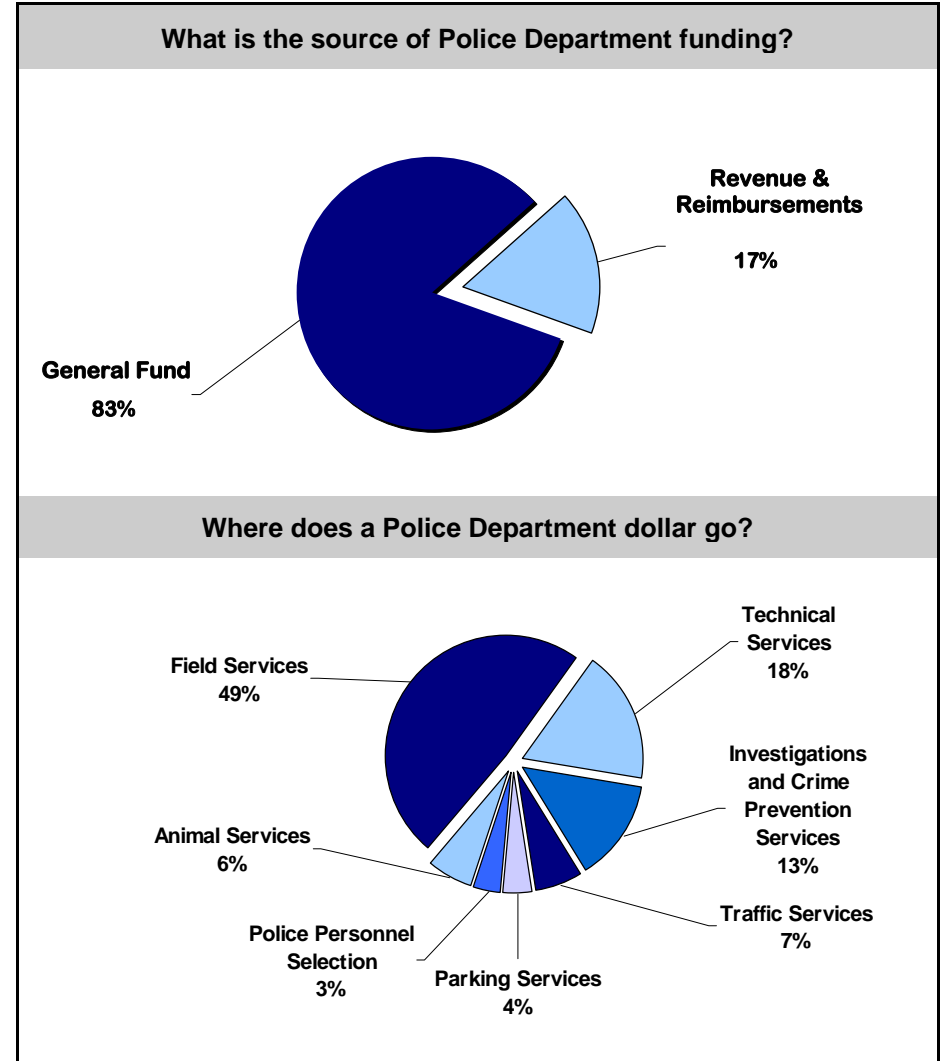


# CHAPTER 6 – POLICE

The mission of the Police Department is to proudly serve and protect the public with respect and integrity.

The Department has seven major service areas:

- Field services – police response, critical incident resolution, regional assistance response, and police services for special events
- Technical services – 911 dispatch services for police, fire, utilities public works and Stanford, and police information management
- Investigations and crime prevention services – police investigations, property evidence, youth services, and community policing
- Traffic Services – traffic enforcement, complaint resolution, and school safety
- Parking services – parking enforcement, parking citations and adjudication, and abandoned vehicle abatement
- Police personnel services – police hiring retention, personnel records, training, and volunteer programs
- Animal services – animal control, pet recovery/adoption services, animal care, animal health and welfare, and regional animal service



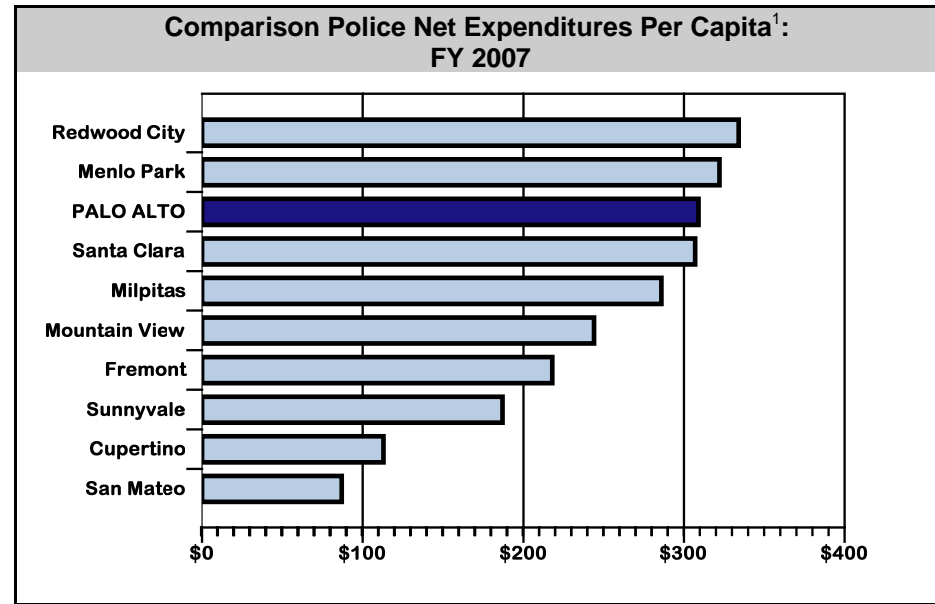
Source: FY 2009 revenue and expenditure data

## POLICE SPENDING

Total Police Department spending increased from \$22.5 to \$28.3 million, or 25%, in the last 5 years. This includes animal services and 911-dispatch services provided to other jurisdictions. Over the same five year period, total revenue and reimbursements increased from \$4.5 to \$4.8 million or 5%.

A comparison of police expenditures during FY 2007 (the most recent data available from State Controller) shows Palo Alto spends more per capita than most other local jurisdictions. It should be noted that every jurisdiction has different levels of service and categorizes expenditures in different ways. For example, Cupertino contracts with the Santa Clara County Sheriff's Office for police services, and Sunnyvale's Department of Public Safety provides both police and fire services.

Similar to last year, 84% of residents rated police services good or excellent – placing Palo Alto in the 71<sup>st</sup> percentile compared with other surveyed jurisdictions.



Source: California State Controller, *Cities Annual Report Fiscal Year 06 -07*

	Operating Expenditures (in millions)								Total spending per resident	Total revenue	Citizen Survey Percent rating OVERALL police services good or excellent <sup>Ⓞ</sup>
	Field services	Technical services	Investigations and crime prevention	Traffic services	Parking services	Police personnel services	Animal services	TOTAL			
FY 2005	\$9.8	\$4.8	\$3.2	\$1.5	\$1.1	\$0.8	\$1.4	\$22.5	\$366	\$4.5	87%
FY 2006	\$10.9	\$5.4	\$3.1	\$1.5	\$1.1	\$0.9	\$1.5	\$24.4	\$393	\$4.8	87%
FY 2007	\$11.4	\$6.2	\$3.2	\$1.7	\$1.0	\$1.0	\$1.5	\$25.9	\$414	\$5.0	91%
FY 2008	\$13.9	\$6.7	\$3.4	\$1.7	\$0.9	\$1.1	\$1.7	\$29.4	\$464	\$5.7	84%
<b>FY 2009</b>	<b>\$13.8</b>	<b>\$5.0</b>	<b>\$3.7</b>	<b>\$1.9</b>	<b>\$1.1</b>	<b>\$1.0</b>	<b>\$1.7</b>	<b>\$28.3</b>	<b>\$438</b>	<b>\$4.8</b>	<b>84%</b>
Change over last 5 years:	+42%	+6%	+17%	+20%	+4%	+29%	+20%	+25%	+20%	+5%	-3%

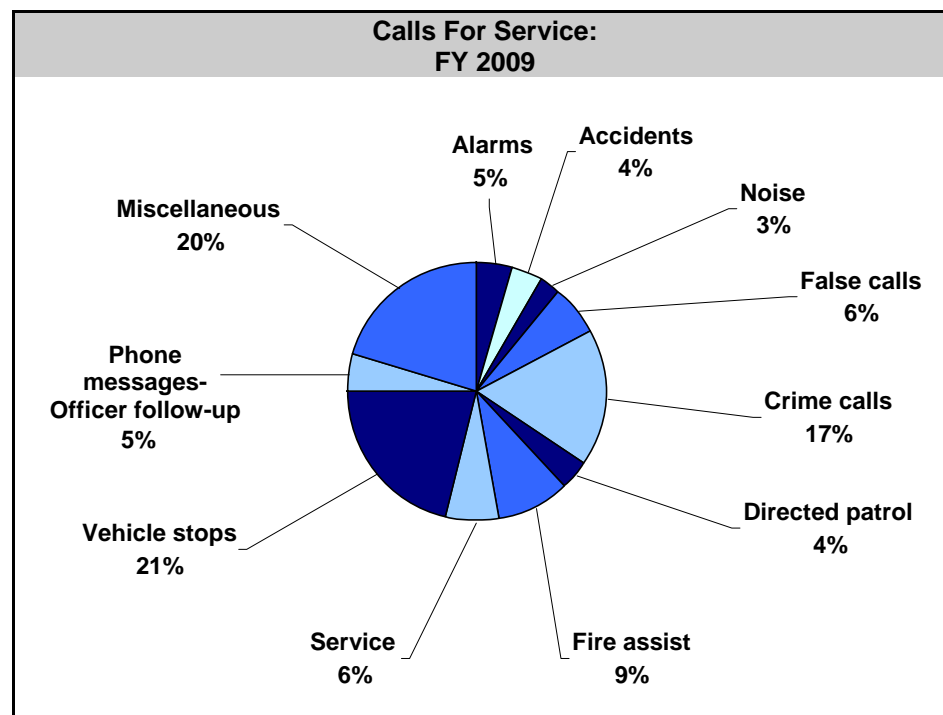
<sup>1</sup> Operating expenditures comparisons do not include animal control. Palo Alto figures include dispatch and some animal services expenditures.

<sup>Ⓞ</sup> Budget benchmarking measure

## CALLS FOR SERVICE

The Police Department handled over 53,000 calls for service during FY 2009, or about 146 calls per day. 35% of the Citizen Survey respondents reported contact with the Police Department. 72% rated the quality of their contact as good or excellent. Over the last five years:

- The percent of emergency calls dispatched with 60 seconds remained the same at 94%. Emergency calls are generally “life threatening” or high danger crimes in progress.
- The average response time for emergency calls improved by 18 seconds – from 5:01 minutes to 4:43 minutes (the target is 6:00 minutes). The percent of responses within 6 minutes improved from 71% to 81%. Response time is measured from receipt of the 911 call to arrival on-scene.
- The average response time for urgent calls improved by 45 seconds – from 7:50 minutes to 7:05 minutes (the target is 10:00 minutes) – with 89% of responses within 10 minutes. Urgent calls are generally non-life threatening, or less dangerous property crimes that are in progress or just occurred.
- The average response time for non-emergency calls was 24:07 minutes – 98% of responses within 45 minutes (the target is 45:00 minutes<sup>2</sup>). Non-emergency calls are generally routine or report-type calls that can be handled as time permits.



Source: Police Department

	Total Police Department calls for service <sup>⊙</sup>	False alarms	Percent emergency calls dispatched within 60 seconds of receipt of call	Average emergency response (minutes) <sup>⊙</sup>	Average urgent response (minutes) <sup>⊙</sup>	Average non-emergency response (minutes) <sup>⊙</sup>	Percent emergency calls response within 6 minutes	Percent urgent calls response within 10 minutes	Percent non-emergency calls response within 45 minutes <sup>2</sup>	Citizen Survey	
										Percent reported having contact with the Police Dept <sup>1</sup>	Percent rating quality of their contact good or excellent
FY 2005	52,233	2,385	94%	5:01	7:50	18:15	71%	78%	96%	36%	78%
FY 2006	57,017	2,419	88%	4:41	7:39	20:36	78%	78%	95%	-	-
FY 2007	60,079	2,610	96%	5:08	7:24	19:26	73%	79%	98%	33%	81%
FY 2008	58,742	2,539	96%	4:32	7:02	24:06	81%	88%	98%	34%	73%
<b>FY 2009</b>	<b>53,275</b>	<b>2,501</b>	<b>94%</b>	<b>4:43</b>	<b>7:05</b>	<b>24:07</b>	<b>81%</b>	<b>89%</b>	<b>98%</b>	<b>35%</b>	<b>72%</b>
Change over last 5 years:	+2%	+5%	0%	-6%	-10%	+32%	+10%	+11%	+3%	-1%	-6%

<sup>⊙</sup> Budget benchmarking measure

<sup>1</sup> Survey question not conducted in FY 2006.

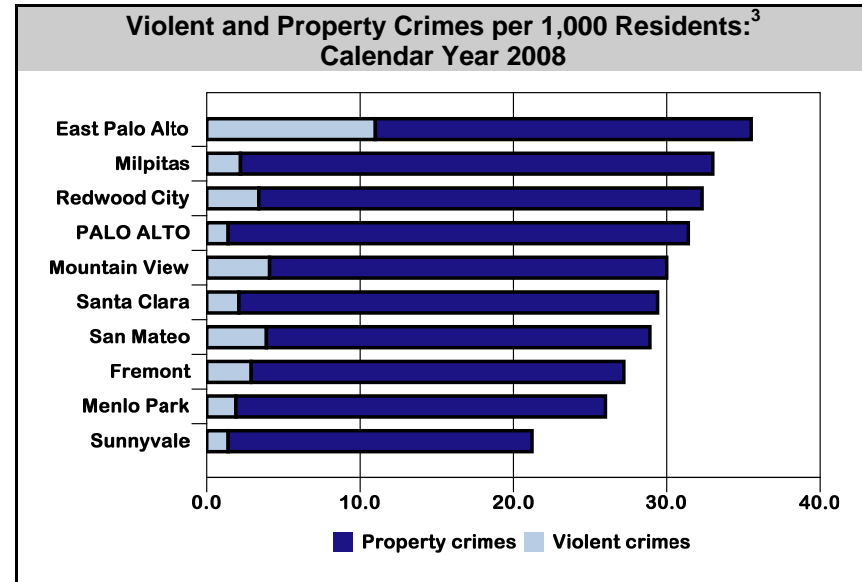
<sup>2</sup> In FY 2007 the Department changed the target from 60 minutes to 45 minutes. Numbers for FY 2005 and FY 2006 reflect the target of 60 minutes.

## CRIME

The Police Department categorizes crime as Part 1 and Part 2. Compared to FY 2005 the number of reported Part 1 crimes dropped by 24% and the number of Part 2 crimes increased by 1% in FY 2009. Although Palo Alto is a relatively quiet, affluent community of about 64,000, it has a daytime population estimated at over 125,000, a regional shopping center, and a downtown with an active nightlife.

Police Department statistics show 64 reported crimes per 1,000 residents, with 44 reported crimes per officer last year. FBI statistics show that Palo Alto has more property crimes per 1,000 residents, but fewer violent crimes per thousand, than most other local jurisdictions.

In the most recent Citizen Survey, 11% of households reported being the victim of a crime in the last 12 months (38<sup>th</sup> percentile compared to other surveyed jurisdictions). Of those households, 80% said they reported the crime. Palo Alto ranked in the 63<sup>rd</sup> percentile, above the benchmark, compared to other surveyed jurisdictions for reporting crimes.



Source: FBI Uniform Crime Reporting Program ([www.fbi.gov/ucr.htm](http://www.fbi.gov/ucr.htm))

	Reported crimes				Citizen Survey		Arrests		Clearance rates for part 1 crimes <sup>1</sup>			
	Part 1 <sup>1</sup> crimes reported	Part 2 <sup>2</sup> crimes reported <sup>6</sup>	Reported crimes per 1,000 residents <sup>6</sup>	Reported crimes per officer <sup>5,6</sup>	Percent households reported being victim of crime in last 12 months	Percent households that were victim of a crime who reported the crime	Juvenile arrests	Total arrests <sup>4</sup>	Homicide cases cleared/ closed	Rape cases cleared/ closed	Robbery cases cleared/ closed	Theft cases cleared/ closed
FY 2005	2,466	2,214	76	50	10%	64%	256	2,134	100%	78%	46%	14%
FY 2006	2,520	2,643	83	56	12%	59%	241	2,530	None reported	67%	68%	14%
FY 2007	1,855	2,815	75	50	9%	61%	244	3,059	None reported	100%	42%	18%
FY 2008	1,843	2,750	72	49	10%	73%	257	3,253	100%	100%	104% <sup>7</sup>	21%
<b>FY 2009</b>	<b>1,880</b>	<b>2,235</b>	<b>64</b>	<b>44</b>	<b>11%</b>	<b>80%</b>	<b>230</b>	<b>2,612</b>	<b>100%</b>	<b>60%</b>	<b>38%</b>	<b>20%</b>
Change over last 5 years:	-24%	+1%	-16%	+12%	+1	+16%	-10%	+22%	0%	-18%	-8%	+6%

<sup>1</sup> Part 1 crimes include assault, burglary, homicide, rape, robbery, larceny/theft, vehicle theft, and arson.

<sup>2</sup> Part 2 crimes include assaults or attempted assaults where a weapon is not used or where serious injuries did not occur; forgery and counterfeiting; fraud; embezzlement; buying, receiving, and possessing stolen property; vandalism; weapons offenses; prostitution and other vice crimes; sex offenses other than rape; drug offenses; gambling; offenses against family and children; drunk driving; liquor laws; drunk in public; disorderly conduct; and vagrancy.

<sup>3</sup> Does not include arson or larceny/theft under \$400.

<sup>4</sup> Total arrests does not include drunk in public where suspects are taken to the sobering station, or traffic warrant arrests.

<sup>5</sup> Based on authorized sworn staffing.

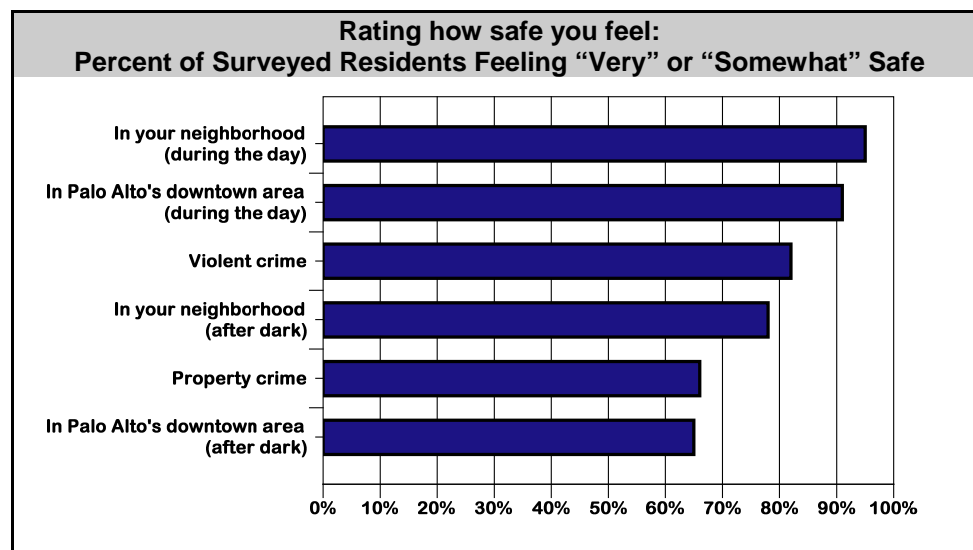
<sup>6</sup> Police Department revised its calculations for Part 2 crimes and revised prior years accordingly for consistency.

<sup>7</sup> Some robberies from the previous year were cleared in this fiscal year.

## PERCEPTIONS OF SAFETY

When evaluating safety in the community:

- 82% of residents felt “very” or “somewhat safe” from violent crimes in Palo Alto, and 66% felt safe from property crime. This placed Palo Alto in the 64<sup>th</sup> percentile for violent crimes and in the 62<sup>nd</sup> percentile for property crimes compared to other surveyed jurisdictions.
- In their neighborhood during the day, 95% of residents felt “very” or “somewhat safe”. After dark, 78% of residents felt “very” or “somewhat safe” in their neighborhoods. In comparison to other surveyed jurisdictions, Palo Alto ranked in the 78<sup>th</sup> percentile among other surveyed jurisdictions for ratings of neighborhood safety during the day, and in the 60<sup>th</sup> percentile among other surveyed jurisdictions for neighborhood safety after dark.
- 91% of residents felt “very” or “somewhat safe” in Palo Alto’s downtown during the day, and 65% felt safe after dark. The Palo Alto ratings were respectively in the 66<sup>th</sup> percentile and 56<sup>th</sup> percentile for safety downtown compared to other surveyed jurisdictions.



Source: National Citizen Survey™ 2009 (Palo Alto)

	Citizen Survey: Percent of surveyed residents feeling very or somewhat safe				Citizen Survey		
	From violent crime	From property crime	In your neighborhood during the day	In your neighborhood after dark	In Palo Alto's downtown area during the day	In Palo Alto's downtown area after dark	Percent rating crime prevention good or excellent©
FY 2005	87%	76%	98%	84%	96%	69%	85%
FY 2006	75%	62%	94%	79%	91%	69%	77%
FY 2007	86%	75%	98%	85%	94%	74%	83%
FY 2008	85%	74%	95%	78%	96%	65%	74%
<b>FY 2009</b>	<b>82%</b>	<b>66%<sup>1</sup></b>	<b>95%</b>	<b>78%</b>	<b>91%</b>	<b>65%</b>	<b>73%</b>
Change over last 5 years:	-5%	-10%	-3%	-6%	-5%	-4%	-12%

<sup>1</sup> According to the Police Department, the decrease in the perception of safety for property crime may be attributed to outreach efforts regarding property crimes.

© Budget benchmarking measure

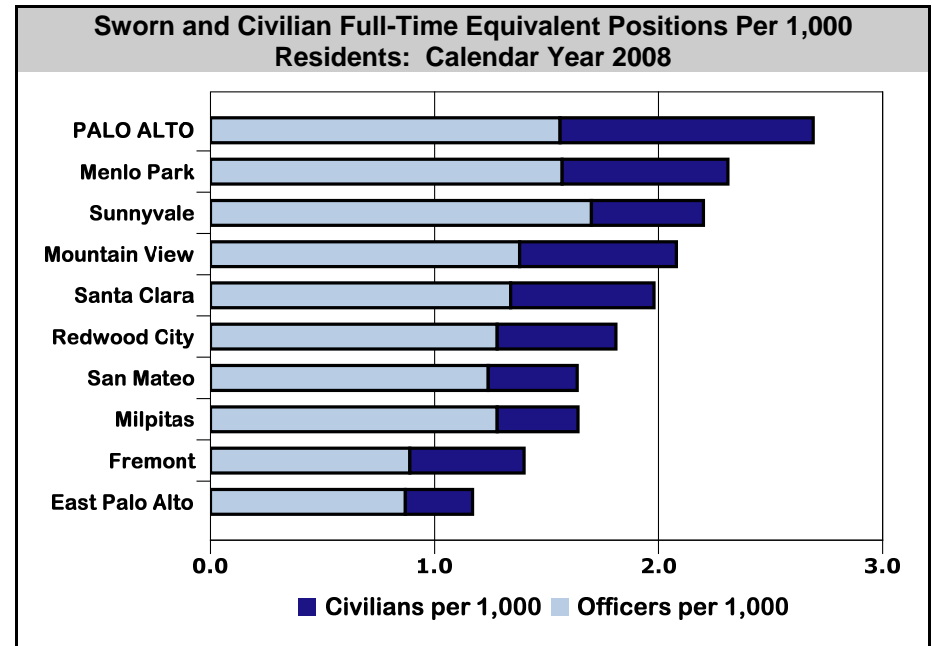
## POLICE STAFFING, EQUIPMENT, AND TRAINING

Authorized departmental staffing decreased from 173 to 170 full time equivalents (FTE) over the last five years, or 2%. The number of police officers has remained unchanged at 93. An average of 8 officers is on patrol at all times.

With 2.63 sworn and civilian FTE per 1,000 residents, Palo Alto's total staffing is higher than other local jurisdictions, but it includes full dispatch services and animal services provided to other jurisdictions. The ratio of police officers declined 4% over the last 5 years to 1.44 officers per 1,000 residents. According to the Department, training hours per officer increased 3% over the last 5 years.

The Department reports it received 124 commendations and 14 complaints during FY 2009; 3 of the complaints were sustained.

The City's Wellness Program for sworn personnel has shown a dramatic shift in the general health of the participating officers. Over the course of the four-year program, participants have seen a 46% reduction in high cancer risk, a 75% reduction in high blood pressure, a 30% reduction in high stress, and an 80% reduction in smoking.



Source: FBI Uniform Crime Reporting Program ([www.fbi.gov/ucr/ucr.htm](http://www.fbi.gov/ucr/ucr.htm))

	Authorized staffing (FTE)	Authorized staffing per 1,000 residents	Number of police officers	Police officers per 1,000 residents	Average number of officers on patrol <sup>1</sup>	Number of patrol vehicles	Number of motorcycles	Training hours per officer <sup>2</sup>	Overtime as a percent of regular salaries	Number of citizen commendations received	Number of citizen complaints filed
FY 2005	173	2.82	93	1.51	8	30	10	137	12%	-	-
FY 2006	169	2.72	93	1.49	8	30	9	153	13%	144	7 (0 sustained)
FY 2007	168	2.68	93	1.49	8	30	9	142	16%	121	11 (1 sustained)
FY 2008	169	2.66	93	1.47	8	30	9	135	17%	141	20 (1 sustained)
<b>FY 2009</b>	<b>170</b>	<b>2.63</b>	<b>93</b>	<b>1.44</b>	<b>8</b>	<b>30</b>	<b>9</b>	<b>141</b>	<b>14%</b>	<b>124</b>	<b>14 (3 sustained)</b>
Change over last 5 years:	-2%	-7%	0%	-4%	0%	0%	-10%	+3%	+2	-	-

<sup>1</sup> Does not include traffic motor officers

<sup>2</sup> Does not include academy

## TRAFFIC AND PARKING CONTROL

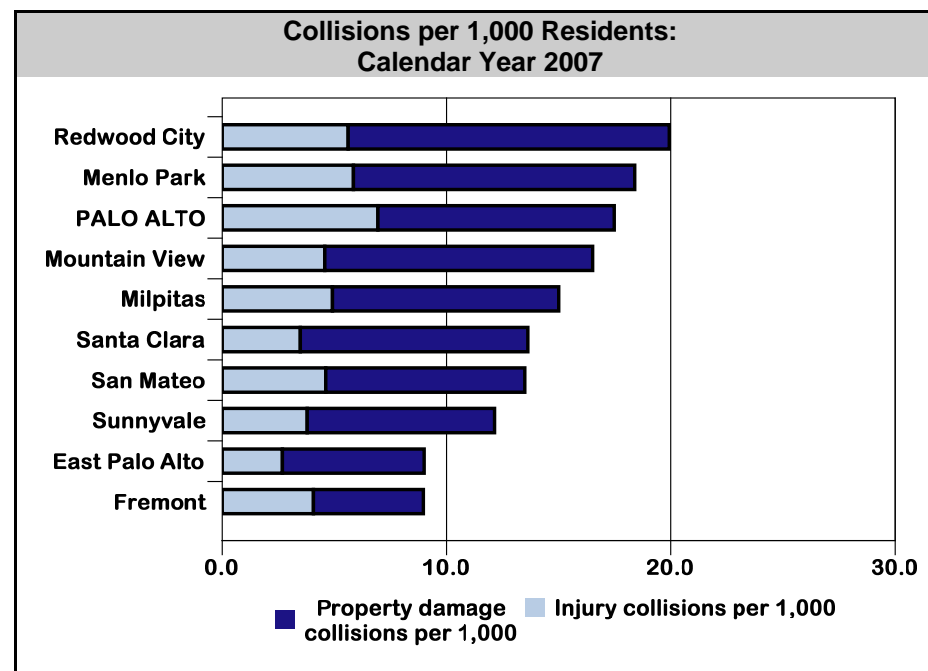
Over the past five years, the total number of:

- Traffic collisions decreased by 27% and the total number of bicycle/pedestrian collisions increased by 11%;
- Alcohol related collisions increased by 16% and the number of DUI (driving under the influence) arrests increased by 73%.

In FY 2009, police personnel made more than 14,100 traffic stops, and issued more than 5,700 traffic citations and nearly 50,000 parking citations. The percent of surveyed residents rating traffic enforcement as good or excellent decreased from 63% to 61% over the last five years. The rating places Palo Alto in the 45<sup>th</sup> percentile among other surveyed jurisdictions.

The number of traffic collisions per 1,000 residents decreased 30% over the past 5 years (from 23 to 16 per 1,000 residents), and the percent of traffic collisions with injury increased 7% (from 29% to 36%) over the 5 year period. Also, in May 2009, the Department participated in Santa Clara County's Click It or Ticket Campaign to ensure vehicle occupant safety through the use of safety belts. The Department reported that officers issued 272 seat belt violations during the campaign and achieved 86% compliance.

Comparison data for calendar year 2007 shows that Palo Alto had more collisions per 1,000 residents than most other local jurisdictions. Palo Alto has a large non-resident daytime population. In addition, Palo Alto documents minor damage collisions to a much larger extent than other jurisdictions.



Source: California Highway Patrol 2007 Annual Report of Fatal and Injury Motor Vehicles Traffic Collision, and California Department of Finance

	Traffic collisions	Bicycle/pedestrian collisions	Alcohol related collisions	Total injury collisions	Traffic collisions per 1000 residents	Percent of traffic collisions with injury	Number of DUI arrests	Number of traffic stops	Traffic citations issued	Parking citations	Citizen Survey Percent rating traffic enforcement good or excellent <sup>Ⓞ</sup>
FY 2005	1,419	97	32	407	23	29%	111	8,822	5,671	52,235	63%
FY 2006	1,287	113	43	396	21	31%	247	11,827	7,687	56,502	63%
FY 2007	1,257	103	31	291 <sup>1</sup>	20	23%	257	15,563	6,232	57,222	71%
FY 2008	1,122	84	42	324	18	29%	343	19,177	6,326	50,706	64%
<b>FY 2009</b>	<b>1,040</b>	<b>108</b>	<b>37</b>	<b>371</b>	<b>16</b>	<b>36%</b>	<b>192</b>	<b>14,152</b>	<b>5,766</b>	<b>49,996</b>	<b>61%</b>
Change over last 5 years:	-27%	+11%	+16%	-9%	-30%	+7%	+73%	+60%	+2%	-4%	-2%

<sup>1</sup> The Police Department revised previously reported number.

<sup>Ⓞ</sup> Budget benchmarking measure

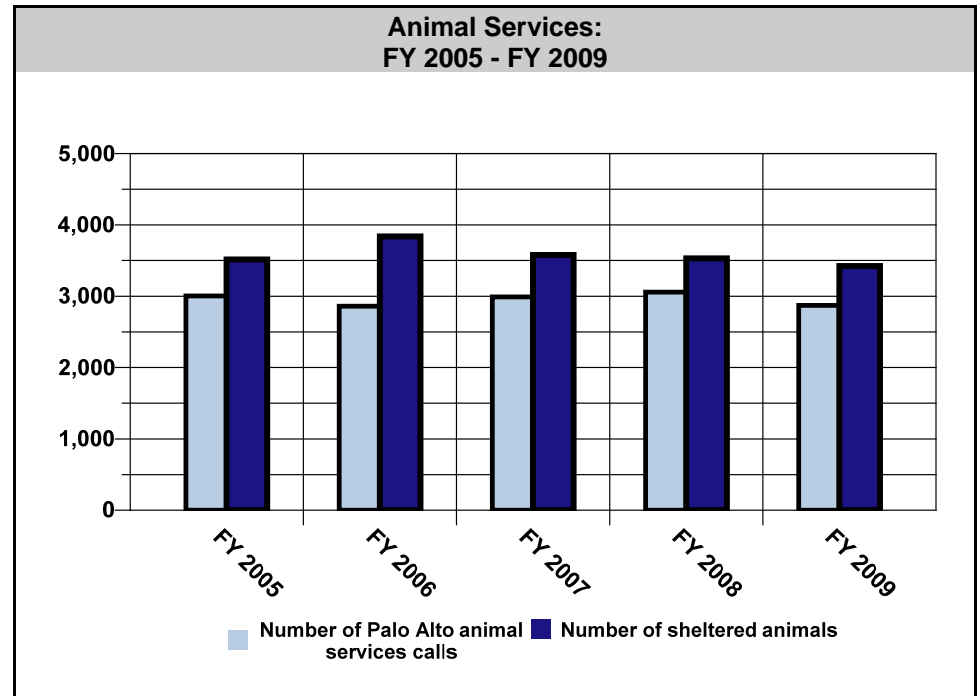
## ANIMAL SERVICES

Palo Alto provides regional animal control services to the cities of Palo Alto, Los Altos, Los Altos Hills, and Mountain View. The Palo Alto Police Department reports it is the only agency in Santa Clara County with an animal shelter and spay and neuter clinic.

Animal Services provides pet recovery and adoption services, animal care, animal health and welfare (including spay and neuter clinics and vaccinations), and other services at the Animal Shelter on East Bayshore Road.

In FY 2009, Animal Services responded to 90% of Palo Alto live animal calls within 45 minutes. The Department successfully returned to their owners 70% of dogs and 11% of cats received by the shelter during FY 2009. Also, as the primary animal resource for the community, Animal Services developed an emergency response plan to provide shelter for the animals in the event of a disaster.

78% of survey respondents rated animal control services as good or excellent, placing Palo Alto in the 97<sup>th</sup> percentile compared to other surveyed jurisdictions.



Source: Police Department

	(in millions)								Citizen Survey
	Animal Services expenditures	Animal Services revenue	Number of Palo Alto animal services calls	Number of regional animal services calls	Percent Palo Alto live animal calls for service response within 45 minutes	Number of sheltered animals	Percent dogs received by shelter returned to owner	Percent cats received by shelter returned to owner	Percent rating animal control services good or excellent <sup>Ⓞ</sup>
FY 2005	\$1.4	\$0.9	3,006 <sup>1</sup>	1,604	91%	3,514	77%	12%	79%
FY 2006	\$1.5	\$0.9	2,861	1,944	89%	3,839	78%	9%	78%
FY 2007	\$1.5	\$1.0	2,990	1,773	88%	3,578	82%	18%	78%
FY 2008	\$1.7	\$1.2	3,059	1,666	91%	3,532	75%	17%	78%
<b>FY 2009</b>	<b>\$1.7</b>	<b>\$1.0</b>	<b>2,873</b>	<b>1,690</b>	<b>90%</b>	<b>3,422</b>	<b>70%</b>	<b>11%</b>	<b>78%</b>
Change over last 5 years:	+20%	+7%	-4%	+5%	-1%	-3%	-7%	-1%	-1%

<sup>1</sup> The Police Department revised previously reported number.

Ⓞ Budget benchmarking measure



# CHAPTER 7 – PUBLIC WORKS

The mission of the Department of Public Works is to provide efficient, cost effective and environmentally sensitive construction, maintenance, and management of Palo Alto streets, sidewalks, parking lots, buildings and other public facilities; to provide appropriate maintenance, replacement and utility line clearing of City trees; to ensure timely support to other City departments in the area of engineering services and to provide review and inspection services to the development community in the City right of way.

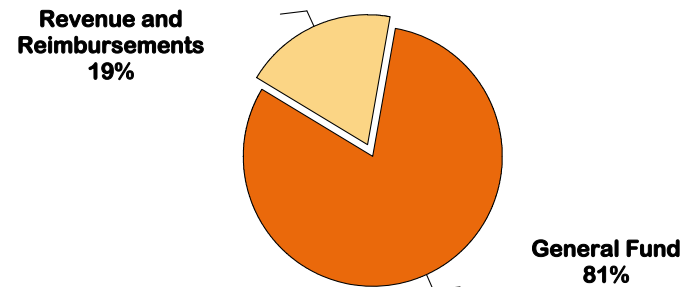
The Department is responsible for the following services that are provided through the General Fund:

- Streets – to develop and maintain the structural integrity and ride quality of streets to maximize the effective life of the pavement and traffic control clarity of streets and to facilitate the safe and orderly flow of vehicles, bicycles, and pedestrians
- Trees – to manage a sustainable urban forest by selecting appropriate species and providing timely maintenance and replacement of City trees as well as providing utility line clearing for front and rear easements
- Structures and Grounds – to build, maintain, renovate, and operate City-owned and leased structures, parking lots, grounds, parks and open space to achieve maximum life expectancy of the facilities
- Engineering – to construct, renovate, and maintain City-owned infrastructure through the City's Capital Improvement Program; to ensure safety, comfort, and maximum life expectancy and value of City structures, facilities, and streets; to provide engineering support to City Departments and private development through the expeditious review and inspection of projects to ensure compliance with applicable regulations and conformance with approved plans and specifications

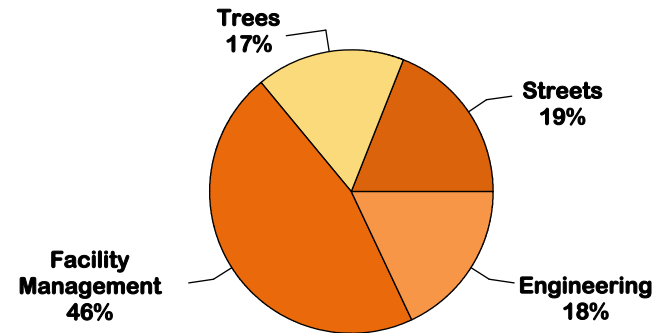
The Department is responsible for the following services that are provided through enterprise and internal service funds (non-General Fund):

- Refuse collection and disposal
- Storm drainage
- Wastewater treatment including the Regional Water Quality Control Plant
- Vehicle replacement and maintenance (includes equipment)

## What is the source of Public Works funding?



## Where does a Public Works General Fund operating dollar go?



Source: FY 2009 revenue and expenditure data

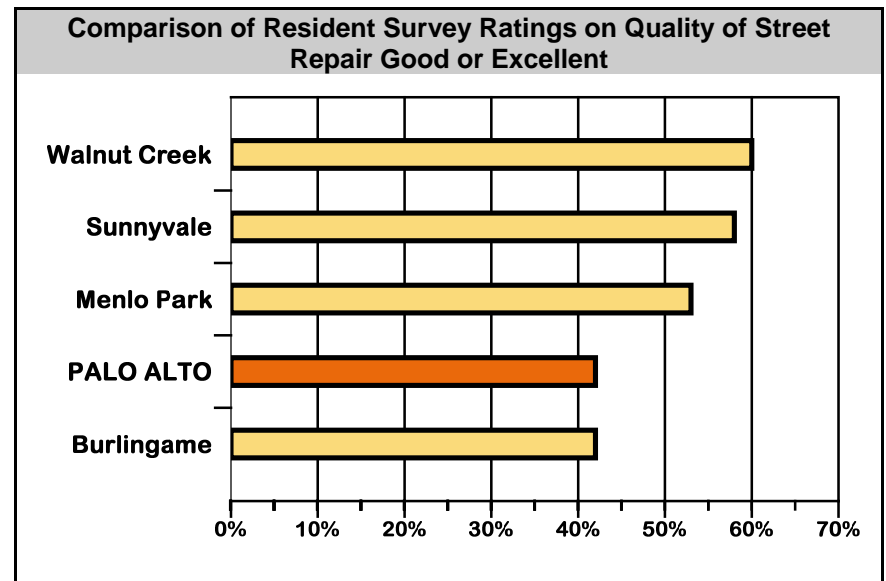
## STREETS

The City is responsible for maintaining 463 lane miles of streets. In addition, Santa Clara County is responsible for 26 lane miles, and the State of California is responsible for maintaining 24 lane miles within Palo Alto's borders.

42% of survey respondents rate street repair good or excellent. This places Palo Alto in the 45<sup>th</sup> percentile and gives it a ranking similar to other surveyed jurisdictions. In FY 2009, 3,727 potholes were repaired, with 80% of those repairs within 15 days of notification.

Costs for the annual street maintenance project fluctuate based upon the type of process used. Public Works uses three techniques (crack seal, slurry seal, and cape seal) to maintain streets. Crack, slurry, and cape seal use asphalt or other materials to fill cracks and seal street surfaces to prevent further deterioration. Public Works uses three techniques for resurfacing streets (asphalt overlay, repair and replace concrete, and reconstruction of concrete streets). Total reconstruction of concrete streets is the most costly technique and crack sealing is the least costly.

The base budget for street maintenance was approximately \$2.2 million in both FY 2008 and FY 2009. The Department reports that staff has actively sought and succeeded in obtaining grant funding which increased the capital project budget by approximately \$1.9 million in FY 2008 and \$1.0 million in FY 2009.



Source: Jurisdictions with available National Citizen Survey™ results 2007 to 2009

	Authorized Staffing (FTE)				Total lane miles		Percent of lane miles resurfaced	Number of potholes repaired <sup>Ⓞ</sup>	Percent of potholes repaired within 15 days of notification <sup>Ⓞ</sup>	Number of signs repaired or replaced <sup>Ⓞ</sup>	Citizen Survey
	Operating expenditures (in millions)	Capital projects spending (in millions)	General fund	Capital projects fund	Lane miles maintained	Lane miles resurfaced					Percent rating street repair good or excellent
FY 2005	\$2.2	\$3.3	15	2	463	20	4%	3,221	76%	1,620 <sup>1</sup>	48%
FY 2006	\$2.1	\$2.4	13	2	463	20	4%	2,311	95%	1,754	47%
FY 2007	\$2.0	\$5.2	13	2	463	32	7%	1,188	82%	1,475	47%
FY 2008	\$2.5	\$3.8	13	2	463	27	6%	1,977	78%	1,289	47%
<b>FY 2009</b>	<b>\$2.4</b>	<b>\$4.3</b>	<b>13</b>	<b>2</b>	<b>463</b>	<b>23</b>	<b>5%</b>	<b>3,727</b>	<b>80%</b>	<b>1,292</b>	<b>42%</b>
Change over last 5 years:	+13%	+28%	-11%	-6%	0%	+15%	+1%	+16%	+4%	-20%	-6%

<sup>1</sup> Estimated.

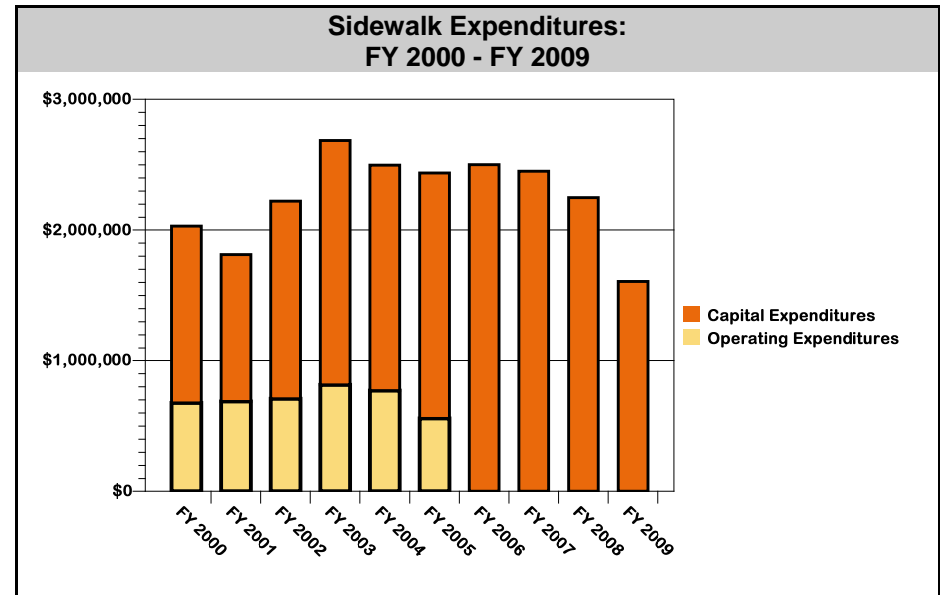
Ⓞ Budget benchmarking measure data shown here may differ from budget document due to timing differences.

## SIDEWALKS

In FY 2009, about 57,000 square feet of sidewalks were replaced or permanently repaired and 21 new ADA<sup>1</sup> ramps were completed. In the past five years, this totaled more than 550,000 square feet of sidewalk replaced or permanently repaired and 230 ADA ramps completed.

The Department reports that 86% of temporary repairs were completed within 15 days of initial inspection. 53% of survey respondents rate sidewalk maintenance good or excellent. This places Palo Alto in the 51<sup>st</sup> percentile and gives it a ranking similar to other surveyed jurisdictions.

Historically, the City has covered all costs related to sidewalk replacement, regardless of the cause. The City's 2007-2009 Adopted Capital Budget revised the policy. Property owners will be responsible for the cost of sidewalk replacement if the damage to the sidewalk was not caused by tree roots.



Source: Public Works Department

	Operating expenditures (in millions) <sup>2,3</sup>	Capital projects spending (in millions)	Authorized Staffing (FTE)		Number of square feet of sidewalks	Square feet of sidewalk replaced or permanently repaired <sup>4</sup>	Number ADA ramps completed <sup>1</sup>	Percent of temporary repairs completed within 15 days of initial inspection	Citizen Survey	
			General Fund <sup>3</sup>	Capital projects fund					Percent rating sidewalk maintenance good or excellent	
FY 2005	\$0.6	\$1.9	4	2	6,679,200	132,430	46	76%	51%	
FY 2006	-	\$2.5	0	8	6,679,200	126,574	66	87%	52%	
FY 2007	-	\$2.5	0	7	6,679,200	94,620	70	98%	56%	
FY 2008	-	\$2.2	0	7	6,679,200	83,827	27	88%	53%	
<b>FY 2009</b>	-	<b>\$1.6</b>	<b>0</b>	<b>7</b>	<b>6,679,200</b>	<b>56,909</b>	<b>21</b>	<b>86%</b>	<b>53%</b>	
Change over last 5 years:	-	-15%	0%	+255%	0%	-57%	-54%	+10%	+2%	

<sup>1</sup> ADA (Americans with Disabilities Act) requires that accessibility to buildings and facilities be provided to individuals with disabilities.

<sup>2</sup> Excludes costs in Engineering Division.

<sup>3</sup> In FY 2006, operating expenditures for sidewalks and associated staff were transferred to the Capital Projects Fund.

<sup>4</sup> Includes both in-house and contracted work.

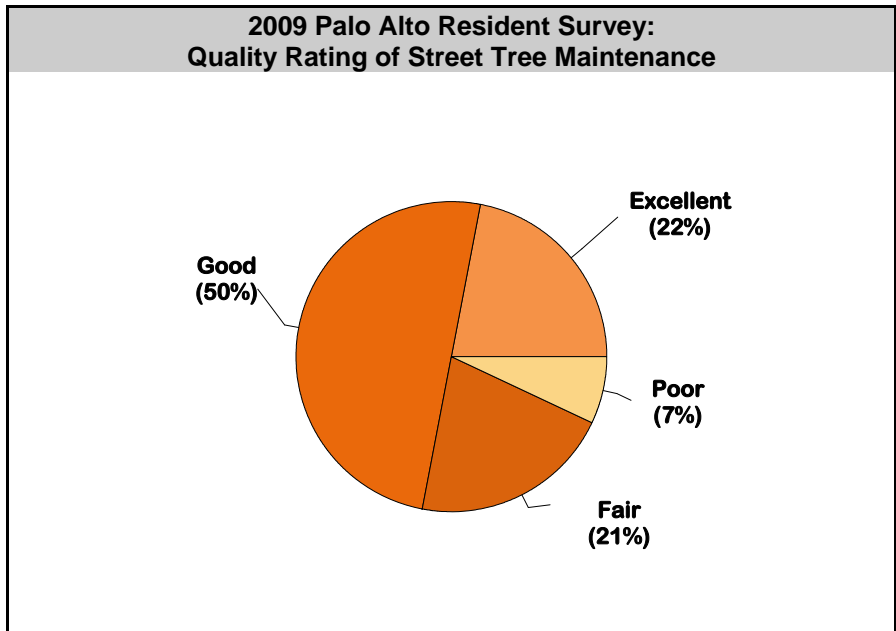
## TREES

Public Works maintains all City-owned trees, including street trees, all trees in the parks, and trees in City facilities. This includes planting new trees, trimming/ pruning existing trees, removing dead/diseased trees, fertilizing and pest control, line clearing around electrical wires, 24/7 emergency response, and providing Certified Arborist advice to residents regarding care of City trees. Managers in the tree group also oversee several tree-related contracts including stump removal, electrical line clearing, and annual tree maintenance contracts.

In FY 2009, City-maintained trees totaled 35,255. In FY 2009 a total of 250 trees were planted by the City and Canopy (a non-profit organization).

The number of services provided (excluding trees trimmed for utility line clearing) or removed in FY 2009 was 6,618, or 39% higher than it was in FY 2005.

72% of survey respondents rated street tree maintenance good or excellent, down 10% from 82% in FY 2005, but up 4% from the prior year.



Source: National Citizen Survey™ 2009 (Palo Alto)

### Citizen Survey

	Operating expenditures (in millions)	Authorized staffing (FTE) (general fund)	Total number of City-maintained trees <sup>1</sup>	Number of trees planted <sup>1</sup>	Number of tree related services provided <sup>2</sup> ⊙ <REVISED>	Percent of urban forest pruned ⊙	Percent of total tree lines cleared ⊙	Number of tree-related electrical service disruptions ⊙	Percent rating street tree maintenance good or excellent
FY 2005	\$1.9	14	35,096	164	4,775	14%	26%	5	82%
FY 2006	\$2.2	14	34,841	263	3,422 <sup>3</sup>	10%	21%	13	72%
FY 2007	\$2.3	14	34,556	164	3,409	10%	30%	15	67%
FY 2008	\$2.5	14	35,322	188	6,579	18%	27%	9	68%
<b>FY 2009</b>	<b>\$2.2</b>	<b>14</b>	<b>35,255</b>	<b>250</b>	<b>6,618</b>	<b>18%</b>	<b>33%</b>	<b>5</b>	<b>72%</b>
Change over last 5 years:	+17%	0%	0%	+52%	+39%	+4%	+7%	0%	-10%

<sup>1</sup> Includes trees planted by Canopy; data source is Department of Public Works workload statistics.

<sup>2</sup> Excludes trees trimmed to clear power lines.

<sup>3</sup> Estimated.

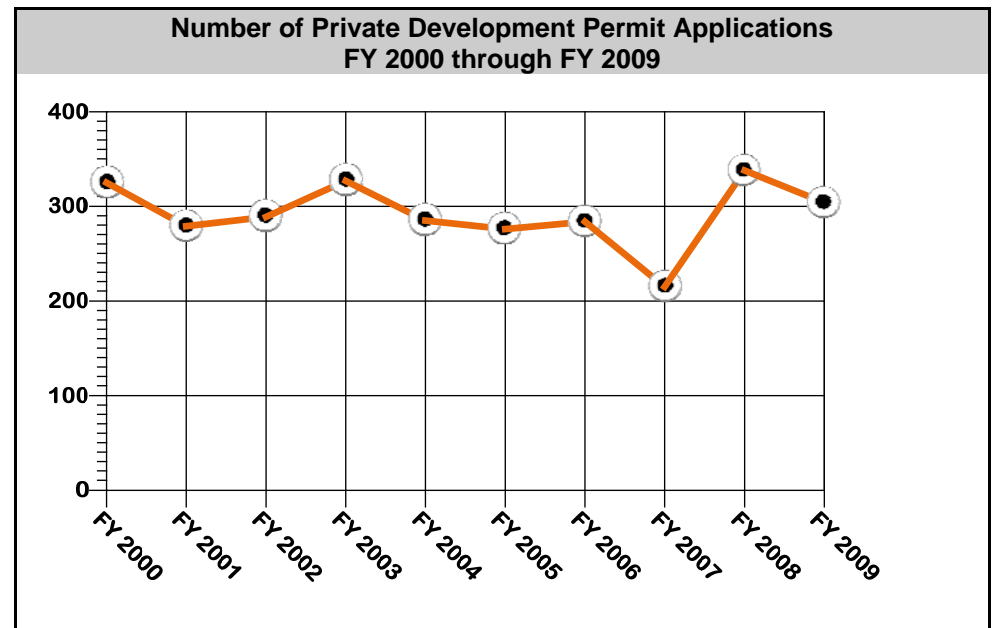
⊙ Budget benchmarking measure data shown here may differ from budget document due to timing differences.

## CITY FACILITIES, ENGINEERING AND PRIVATE DEVELOPMENT

Public Works builds, renovates and maintains City-owned and leased structures, parking lots, grounds, parks and open space. The Department also provides citywide capital improvement program (CIP) support including design, engineering, contract management, and project management.

The Facilities Management Division staff handled an estimated 2,547 service calls in FY 2009 related to building mechanics, carpentry, electrical, locks and painting. This figure does not include preventive maintenance or custodial service calls.

Maintaining and improving infrastructure continues to be a City priority. In response to the City Auditor's infrastructure report issued in March 2008, the City is developing a comprehensive plan for addressing the general fund infrastructure backlog estimated at \$302 million in the FY 2010 and 2011 Adopted Capital Budget.



Source: Public Works Department

	City Facilities				Engineering			Private Development			
	City facilities operating expenditures (in millions)	City facilities authorized staffing (FTE)	City facilities capital expenditures (in millions)	Capital projects authorized staffing (FTE)	Total square feet of facilities maintained <sup>1</sup> ©	Maintenance cost per square foot ©	Custodial cost per square foot	Engineering operating expenditures (in millions)	Engineering authorized staffing (FTE)	Number of private development permits issued <sup>2</sup> ©	Number of permits per FTE ©
FY 2005	\$4.5	24	\$7.0	8	1,402,225	\$1.38	\$1.12	\$1.9	14	276	92
FY 2006	\$4.9	23	\$6.1	8	1,402,225	\$1.52	\$1.18	\$2.1	15	284	95
FY 2007	\$5.3	23	\$7.2	8	1,613,392	\$1.38	\$1.04	\$2.3	14	215	72
FY 2008	\$5.5	23	\$7.4	8	1,616,171	\$1.52	\$1.12	\$2.5	15	338	112 <sup>3</sup>
<b>FY 2009</b>	<b>\$5.9</b>	<b>25</b>	<b>\$10.5</b>	<b>9</b>	<b>1,616,171</b>	<b>\$1.62</b>	<b>\$1.19</b>	<b>\$2.3</b>	<b>15</b>	<b>304</b>	<b>101<sup>3</sup></b>
Change over last 5 years:	+32%	+2%	+51%	+14%	+15%	+17%	+6%	+21%	+10%	+10%	+10%

<sup>1</sup> The increase in square footage was due to the addition of the following sites during FY 2007. Arastradero Gateway Facility, Stanford Playing Fields, Hoover Park Restroom, Homer Tunnel, and Log J (Cowper/Webster Garage). The increase in FY 2008 was primarily due to an addition at the Children's Library.

<sup>2</sup> Includes permits for: street work, encroachment, and certificate of compliance.

<sup>3</sup> The Department advises that prior year numbers were estimates. FY 2008 and 2009 numbers are actuals.

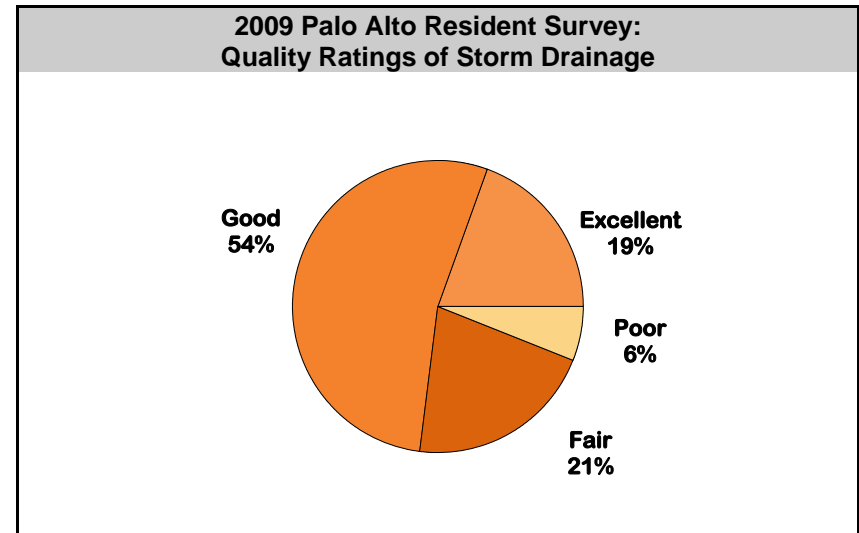
© Budget benchmarking measure data shown here may differ from budget document due to timing differences.

## STORM DRAINS

The purpose of the City's storm drain system is to provide adequate drainage, reduce the risk of flooding, and enhance water quality. Storm drain expenses are paid from the Storm Drain Enterprise Fund. The average monthly residential bill is \$10.95 to operate and maintain the storm drainage system.

Capital expenditures have increased over the last two years primarily due to the \$7 million San Francisquito Creek storm water pump station project. The project is expected to improve drainage in the northeast section of Palo Alto. Industrial site compliance with storm water regulations has decreased as the Department conducts more inspections at restaurants, which the Department reports have lower compliance rates. The Department states inspectors are finding, addressing, and correcting situations which, if left uncorrected, could lead to storm water contamination.

In FY 2009, the Department reported it cleaned and inspected 100% of catch basins and cleaned 107,233 feet of storm drain pipelines. In FY 2009, 73% of residents surveyed rated storm drainage good or excellent. Palo Alto is in the 89<sup>th</sup> percentile among other surveyed jurisdictions.



Source: National Citizen Survey™ 2009 (Palo Alto)

	Revenues, expenses, transfers and reserves (in millions)						Citizen Survey				
	Total operating revenue	Total operating expense	Capital expense <sup>1</sup>	Transfer from General Fund to Storm Drain Fund	Reserve balance	Average monthly residential bill	Authorized staffing (FTE)	Feet of storm drain pipelines cleaned ©	Calls for assistance with storm drains <sup>2</sup> ©	Percent of industrial sites in compliance with storm water regulations <sup>3</sup> ©	Percent rating the quality of storm drainage good or excellent
FY 2005	\$2.5	\$2.5	\$0.1	\$0.5	\$0.6	\$4.25	10	316,024	50	89%	60%
FY 2006	\$5.2	\$2.1	\$0.3	\$0.5	\$3.1	\$10.00	10	128,643	24	83% <sup>3</sup>	60%
FY 2007	\$5.2	\$2.0	\$1.5	\$0.0	\$4.5	\$10.20	10	287,957	4	71%	60%
FY 2008	\$5.5	\$2.5	\$3.6	\$0.0	\$3.3	\$10.55	10	157,337	80	65%	71%
<b>FY 2009</b>	<b>\$5.5</b>	<b>\$1.6</b>	<b>\$5.3</b>	<b>\$0.0</b>	<b>\$1.2</b>	<b>\$10.95</b>	<b>10</b>	<b>107,223</b>	<b>44</b>	<b>66%</b>	<b>73%</b>
Change over last 5 years:	+122%	-37%	+3,8423%	-100%	+111%	+158%	-4%	-66%	-12%	-23%	+13%

<sup>1</sup> Includes direct labor, materials, supplies, and contractual services. Does not include overhead.

<sup>2</sup> Estimated

<sup>3</sup> Environmental Compliance staff advises that the decrease since FY 2006 was due to a revised State definition of "compliance." Staff also advises that food service facilities account for a larger share of the total inspections than in the past and they tend to have lower compliance rates.

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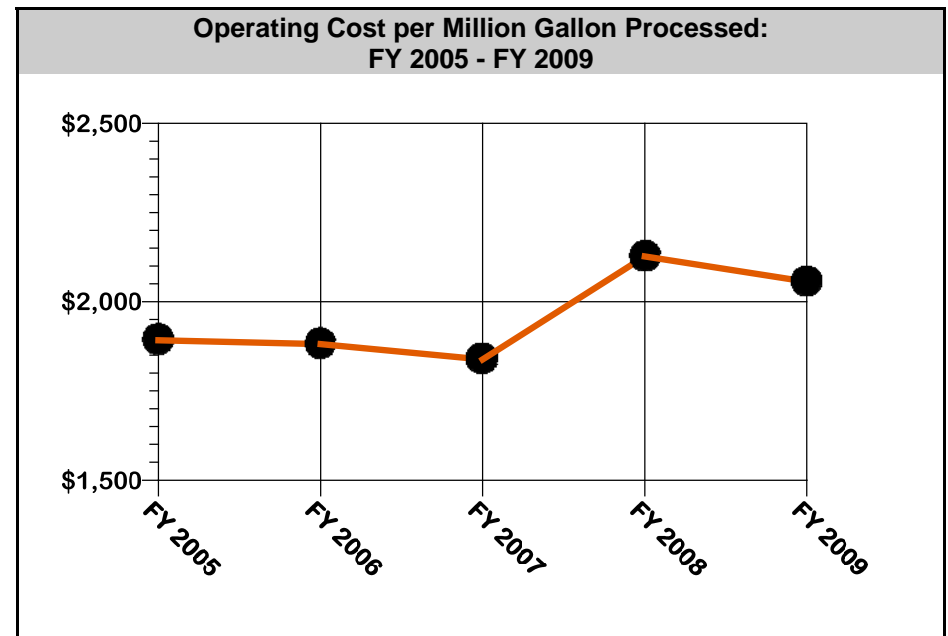
<sup>5</sup> Sustainability indicator

## WASTEWATER TREATMENT AND WASTEWATER ENVIRONMENTAL COMPLIANCE

The Wastewater Treatment Fund is an enterprise fund operated by the Public Works Department. Its purpose is two-fold: to maintain and monitor the Regional Water Quality Control Plant (RWQCP) and to ensure compliance with regulations protecting the San Francisco Bay and environment. Also, 63% of operating expenses are reimbursed by other jurisdictions.

In addition to treating Palo Alto's wastewater, the RWQCP treats wastewater from five other areas: Mountain View, Los Altos, Los Altos Hills, Stanford and East Palo Alto.

Capital expenditures have increased over the last two years as Public Works constructed the \$16 million recycled water pipeline project. The pipeline was completed in June 2009 and delivers recycled water to the nearby jurisdiction of Mountain View.



Source: Public Works Department

	Wastewater Treatment Fund					Regional Water Quality Control Plant				Wastewater Environmental Compliance			
	Total operating revenue (in millions)	Total operating expense (in millions)	Percent of operating expenses reimbursed by other jurisdictions	Capital expense (in millions) <sup>1</sup>	Reserve balance (in millions)	Authorized Staffing (FTE)	Millions of gallons processed <sup>2</sup>	Operating cost per million gallons processed <sup>3</sup>	Fish toxicity test (percent survival) <sup>5</sup>	Millions of gallons of recycled water delivered <NEW>	Authorized staffing FTE	Number of inspections performed	Percent of industrial discharge tests in compliance <sup>5</sup>
FY 2005	\$15.9	\$16.1	63%	\$1.5	\$12.6	54	8,497	\$1,892	100%	82	14	191	99%
FY 2006	\$18.8	\$16.9	63%	\$2.2	\$13.6	55	8,972	\$1,881	100%	103	14	192	99%
FY 2007	\$17.0	\$16.3	64%	\$1.8	\$13.8	55	8,853	\$1,838	100%	130	14	114	99%
FY 2008	\$22.9	\$18.1	64%	\$10.9	\$11.1	55	8,510	\$2,127	100%	138	14	111	99%
<b>FY 2009</b>	<b>\$28.4</b>	<b>\$16.4</b>	<b>63%</b>	<b>\$9.2</b>	<b>\$12.9</b>	<b>54</b>	<b>7,958</b>	<b>\$2,056</b>	<b>100%</b>	<b>97</b>	<b>14</b>	<b>103</b>	<b>99%</b>
Change over last 5 years:	+78%	+2%	0%	+503%	+2%	0%	-6%	+9%	0%	+18%	-4%	-46%	0%

<sup>1</sup> Includes direct labor, materials, supplies, and contractual services. Does not include overhead.

<sup>2</sup> Includes gallons processed for all cities served by Palo Alto's Wastewater Treatment Plant.

<sup>3</sup> Prior year numbers have been revised due to differences in the way the information was compiled.

⊙ Budget benchmarking measure data shown here may differ from budget document due to timing differences.

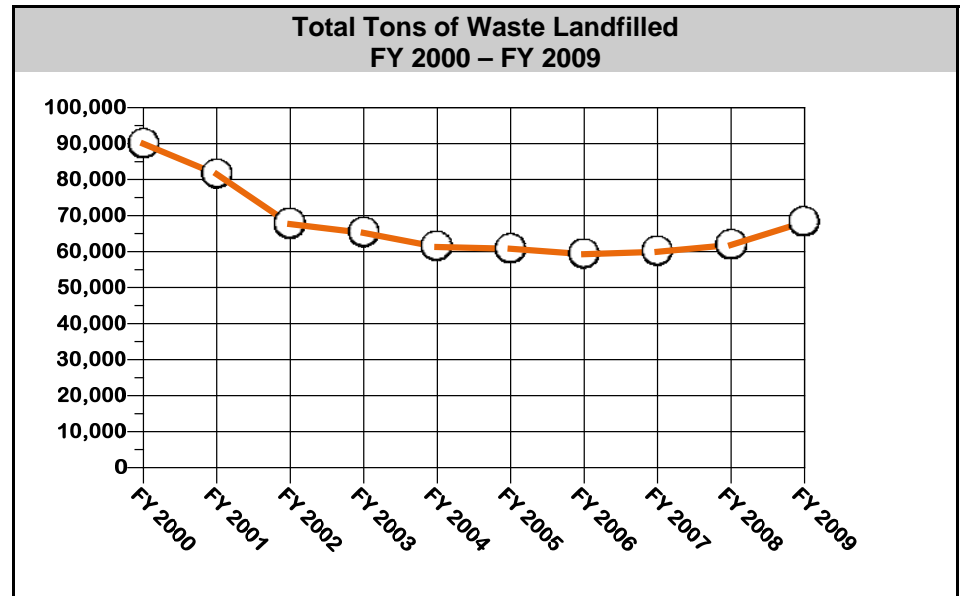
<sup>5</sup> Sustainability indicator



The City coordinates refuse services for Palo Alto residents and businesses. This includes the collection, hauling, processing, recycling and disposal of waste materials. The City funds these activities through the Refuse Enterprise Fund. Effective July 1, 2009 the City has a new garbage and recycling contractor, GreenWaste of Palo Alto.

Operating expenses for refuse services have increased from \$23.4 to \$29.1 million, or approximately 24% over the last five years. According to the Department, expenses have increased primarily due to garbage hauler contractual costs. As a result, reserve balances have declined over the last 5 years.

Compared to FY 2005, the total tons of waste landfilled in FY 2009 was higher, although it did decrease in the intervening years. The landfill is expected to reach capacity in 2011 and close around 2012. Accounting rules require the recordings of liability for estimated landfill closure and post-closure care costs. The Refuse reserve balance decreased in FY 2009 to fund this liability and is expected to have a negative ending balance in FY 2010. The Department anticipates the rate stabilization reserve will return to a positive balance as the liability is reduced over time.



Source: Public Works Department

	Refuse Fund (in millions)				Authorized staffing (FTE)	Total tons of waste landfilled <sup>3, S</sup>	Average monthly residential bill	Percent of all sweeping routes completed (residential and commercial) <sup>2</sup> <NEW>	Citizen Survey	
	Operating revenue	Operating expense	Capital expense <sup>1</sup>	Reserve balance					Percent rating garbage collection good or excellent <sup>⊙</sup>	Percent rating City's composting process and pickup services good or excellent <NEW>
FY 2005	\$23.4	\$24.5	\$0.3	\$7.2	35	60,777	\$19.80	-	92%	-
FY 2006	\$24.8	\$26.4	\$0.1	\$4.7	35	59,276	\$21.38	88%	92%	-
FY 2007	\$25.6	\$25.1	\$0.0	\$5.9	35	59,938	\$21.38	93%	91%	-
FY 2008	\$28.8	\$28.6	\$0.0	\$6.3	35	61,866	\$24.16	90%	92%	-
<b>FY 2009</b>	<b>\$29.1</b>	<b>\$33.5</b>	<b>\$0.7</b>	<b>\$0.8</b>	<b>35</b>	<b>68,228</b>	<b>\$31.00</b>	<b>92%</b>	<b>89%</b>	<b>86%</b>
Change over last 5 years:	+24%	+37%	+142%	-89%	+1%	+12%	+57%	-	-3%	-

<sup>1</sup> Includes direct labor, materials, supplies, and contractual services. Does not include overhead.

<sup>2</sup> Most streets are swept weekly; business districts are swept three times a week.

<sup>3</sup> Does not include materials disposed of by self-haul customers, going to other landfills.

⊙ Budget benchmarking measure data shown here may differ from budget document due to timing differences.

<sup>S</sup> Sustainability indicator, Related to 2009 Top 3 City Council Priorities



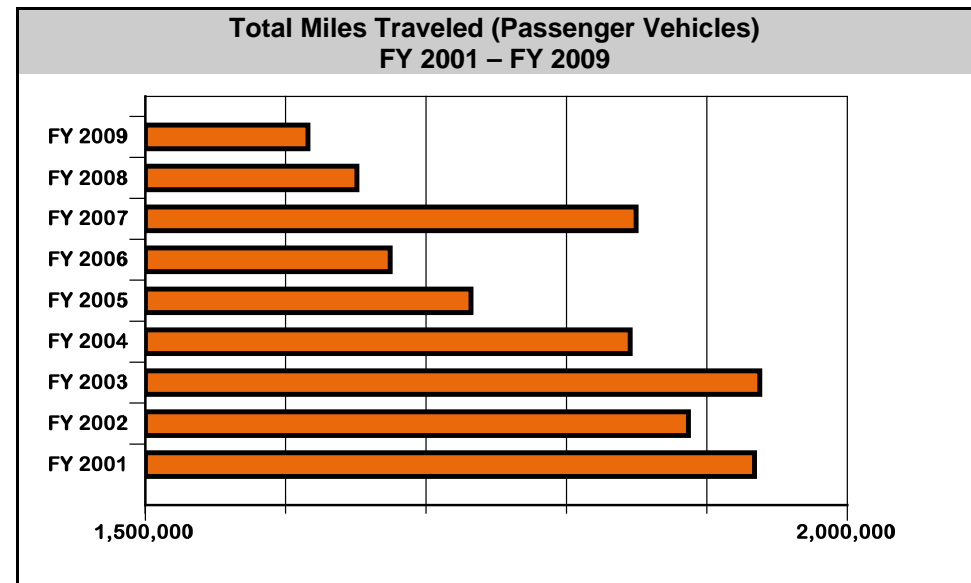
## CITY FLEET AND EQUIPMENT

The City accounts for its fleet and equipment in the Vehicle Replacement and Maintenance Fund. The Fund provides for the maintenance and replacement of vehicles and equipment.

The Department reports that the City's fleet includes 308 passenger and emergency response vehicles, 132 heavy equipment items (construction equipment such as loaders, backhoes, and motor graders), and 255 additional pieces of other equipment (turf equipment, trailers, asphalt rollers, etc.).

Vehicle operations and maintenance costs totaled about \$4.0 million in FY 2009. The median age of passenger vehicles has increased to 8 years. The maintenance cost per passenger vehicle increased to \$2,123.

The City Auditor's Office plans to issue a report on the results of its audit of City fleet in FY 2010.



Source: Public Works Department

	Operating and maintenance expenditures (vehicles and equipment)	Authorized staffing (FTE)	Current value of fleet and equipment (in millions)	Number of alternative fuel vehicles	Percent of fleet fuel consumption that is alternative fuels	Total miles traveled (passenger vehicles)	Median mileage of passenger vehicles	Median age of passenger vehicles	Maintenance cost per passenger vehicle	Percent of scheduled preventive maintenance performed within five business days of original schedule
FY 2005	\$3.0	16	\$10.9	73	16%	1,731,910	38,897	6.5	\$1,790	96%
FY 2006	\$3.2	16	\$11.9	74	19%	1,674,427	41,153	6.8	\$1,781	95%
FY 2007	\$3.3	16	\$11.9	79	20%	1,849,600	41,920	6.8	\$1,886	86%
FY 2008	\$3.7	16	\$10.8	80	25%	1,650,743	42,573	7.4	\$1,620	74%
<b>FY 2009</b>	<b>\$4.1</b>	<b>16</b>	<b>\$10.0</b>	<b>75</b>	<b>25%</b>	<b>1,615,771</b>	<b>44,784</b>	<b>8.0</b>	<b>\$2,123</b>	<b>94%</b>
Change over last 5 years:	+36%	+2%	-8%	+3%	+9%	-7%	+15%	+23%	+19%	-2%

<sup>1</sup> The Public Works Department defines "passenger vehicles" as automobiles and light trucks (less than 10,000 pounds gross vehicle weight).

<sup>2</sup> Includes all maintenance costs except for fuel and accident repairs. Includes 30 police patrol cars.

<sup>3</sup> Sustainability indicator

**ZERO WASTE**  <NEW>

In 2005, the City adopted a Zero Waste Strategic Plan with a goal to reach zero waste to landfills by 2021 through the development of policies and incentives. In 2007, the City developed a Zero Waste Operational Plan to incorporate and promote practices that involve conserving resources, minimizing material consumption, reusing material through reassigning their function, maximizing recycling, and focusing on construction and demolition debris (C&D) recycling.

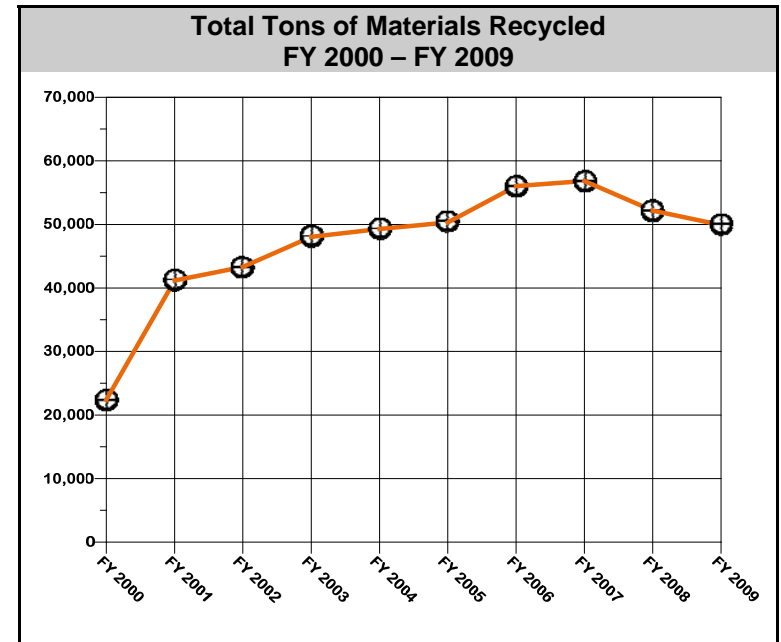
In 2007, the State (Senate Bill 1016) changed the way communities track the success of recycling programs from diversion rates to reducing disposal rates. The City's target is to stay below 8.0 pounds per person per day – the City's per capita disposal rate was 5.9 pounds per day in FY 2009. During FY 2009, the City increased the amount of C&D diverted from landfills by nearly 60%. Over the last 5 years, the amount of recycled materials decreased 1% and household hazardous materials collected reduced by 25%.

During FY 2009, the City Council adopted ordinances to reduce the use of two products:

- Single use plastic bags at large grocery stores (effective September 2009)
- Expanded polystyrene take-out containers from restaurants (to become effective April 2010)

Prior to implementation, the City conducted a comprehensive outreach campaign to encourage the use of reusable bags. The Department reported an increase in the use of reusable bags at grocery stores from 9% to 19%.

Palo Alto ranked in the 99<sup>th</sup> percentile among surveyed jurisdictions for recycling used paper, cans, or bottles from the home. Palo Alto ranked in the 83<sup>rd</sup> percentile for garbage collection among other surveyed jurisdictions.



Source: Public Works Department


	Citizen Survey						
	Tons of materials recycled <sup>1 S</sup>	Tons of household hazardous materials collected <sup>S</sup>	Tons of C & D diverted <sup>S</sup> <NEW>	Percent of customers using reusable bags at grocery stores <sup>S</sup> <NEW>	Per capita disposal rate <sup>S</sup> (Target is 8.0 pounds per day) <NEW>	Percent rating recycling services good or excellent	Percent of residents who recycled more than 12 times during the year
FY 2005	50,311	324	-	-	-	92%	92%
FY 2006	56,013	309	-	-	-	91%	90%
FY 2007	56,837	320	-	-	-	93%	92%
FY 2008	52,196	315	6,656	9%	6.0	90%	94%
<b>FY 2009</b>	<b>49,911</b>	<b>243</b>	<b>10,508</b>	<b>19%</b>	<b>5.9</b>	<b>90%</b>	<b>92%</b>

Change over

last 5 years:

-1%      -25%      -      -      -      -2%      0%

<sup>1</sup> Does not include materials disposed of by self-haul customers, going to other landfills.

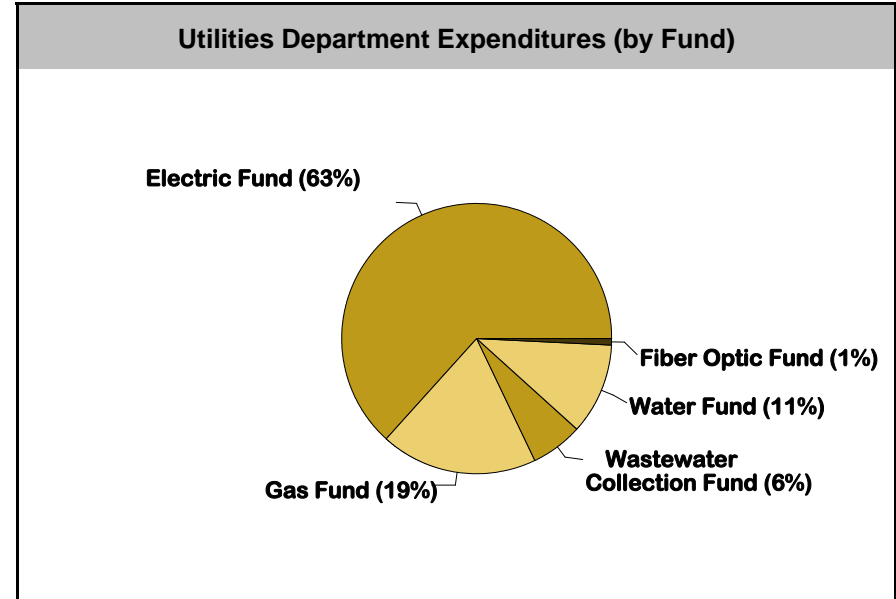
<sup>S</sup> Sustainability indicator,  Related to 2009 Top 3 City Council Priorities

# CHAPTER 8 – UTILITIES

The mission of the Utilities Department is to provide valued utility services to customers and dependable returns to the City.

The Department is responsible for the following utility services:<sup>1</sup>

- Electric – Founded in 1900, the electric utility purchases and delivers over 975,000 megawatt hours per year to more than 29,000 customers.
- Gas – Founded in 1917, the gas utility purchases and delivers over 32 million therms to over 23,000 customers.
- Water – Founded in 1896, the water system purchases and distributes more than 5 million cubic feet per year to over 19,900 customers.
- Wastewater collection – Founded in 1898, the wastewater collection utility maintains more than 200 miles of sanitary sewer lines, annually transporting over 8 billion gallons of sewage and wastewater to the Regional Water Quality Control Plant.
- Fiber optic services – Launched in 1996, the fiber utility offers “dark” fiber optic network service to Palo Alto businesses and institutions through 40.6 miles of “dark” fiber.



Source: 2009 Comprehensive Annual Financial Report

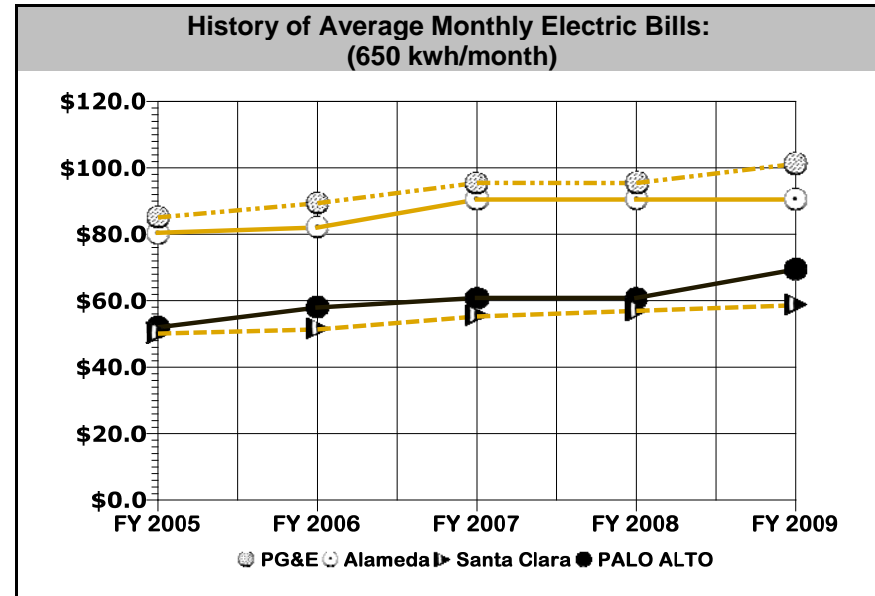
<sup>1</sup>The Public Works Department (see Chapter 7) is responsible for refuse, storm drainage, and waste water treatment.

## ELECTRICITY

Electric utility operating expense totaled \$112.4 million in FY 2009, or 65% more than 5 years ago, including electricity purchases of \$82.3 million, or 101% more than 5 years ago.

Although Palo Alto's average residential electric bill has increased by 33% over five years (from \$51.98 to \$69.38 per month), it is far lower than comparable Pacific Gas & Electric (PG&E) rates as shown in the graph on the right.

In 2009, 83% of respondents to the Citizen Survey rated electric utility services good or excellent.



Source: Utilities Department

	Revenues, expenses, and unrestricted reserves(in millions)					Citizen Survey						
	Operating revenue	Operating expense	Capital expense <sup>1</sup>	Equity transfers	Electric Fund reserves	Electricity purchases (in millions)	Average purchase cost per MWH ⊙	Energy conservation/ efficiency program expense (in millions)	Average monthly residential bill (650 KWH/month)	Authorized staffing (FTE)	Percent rating electric utility good or excellent ⊙	Percent rating street lighting good or excellent
FY 2005	\$88.7	\$68.1	\$7.3	\$8.2	\$148.0	\$41.0	\$41.25	\$1.5	\$51.98	117	68% <sup>2,3</sup>	63%
FY 2006	\$119.4	\$83.1	\$7.2	\$8.5	\$161.3	\$55.6	\$48.62	\$1.2	\$57.93	119	88%	66%
FY 2007	\$102.5	\$89.6	\$10.5	\$8.7	\$156.4	\$62.5	\$64.97	\$1.3	\$57.93	114	86%	61%
FY 2008	\$103.8	\$99.0	\$10.2	\$9.0	\$145.3	\$71.1	\$76.84	\$1.3	\$60.83	111	85%	64%
<b>FY 2009</b>	<b>\$119.3</b>	<b>\$112.4</b>	<b>\$5.2</b>	<b>\$9.3</b>	<b>\$129.4</b>	<b>\$82.3</b>	<b>\$83.34</b>	<b>\$1.7</b>	<b>\$69.38</b>	<b>107</b>	<b>83%</b>	<b>64%</b>
Change over last 5 years:	+34%	+65%	-28%	+13%	-13%	+101%	+102%	+13%	+33%	-9%	+15%	+1%

<sup>1</sup> Includes direct labor, materials, supplies, and contractual services; does not include overhead.

<sup>2</sup> Prior to FY 2006, ratings were based on electric and gas services together.

<sup>3</sup> In FY 2005, satisfaction with electric and gas services dropped dramatically. In our opinion, three major events may have contributed to the 20-point decline in ratings: (1) gas rates increased 15 percent and electric rates increased 11.5 percent, (2) it was revealed that several employees in the Utilities Department were disciplined due to irregularities, and (3) the City agreed to a settlement with Enron Corporation. Satisfaction rates recovered in FY 2006.

MWH megawatt hours

KWH kilowatt hours

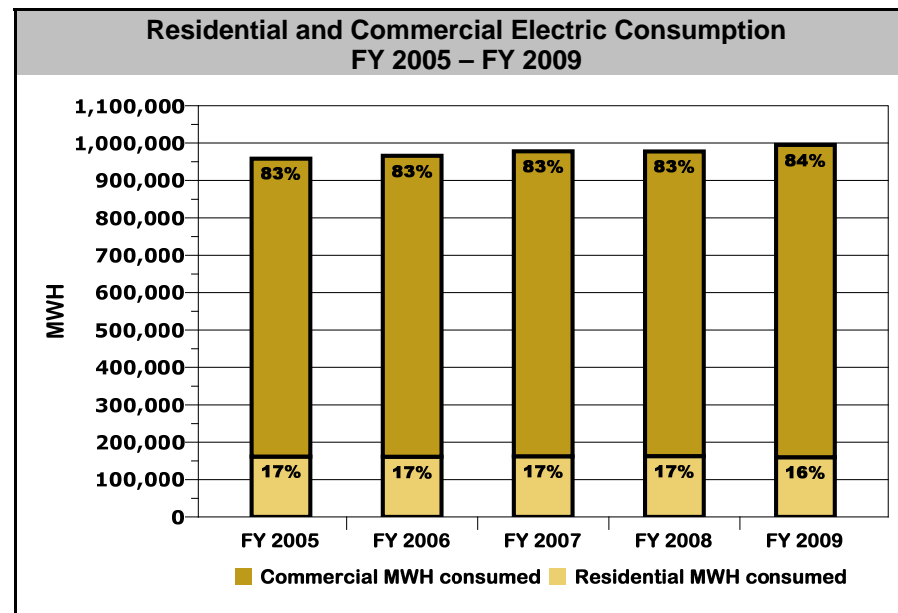
⊙ Budget benchmarking measure

## ELECTRICITY (cont.)

Residential electricity consumption decreased by 1% over the last 5 years (adjusted for population growth, per capita residential electricity usage decreased by 5%), while commercial consumption increased by 5% over the same period. In fiscal year 2009, Palo Alto obtained power from several renewable resources, including 47% in the large hydro category, 19% in the qualifying renewable category, and 6.4% through voluntary subscriptions to the Palo Alto Green program.

By the end of FY 2009, 19.7% of customers were enrolled in the Palo Alto Green program. Palo Alto Green is a voluntary program available to resident and business customers that offers the option of supporting 100% renewable energy from the wind at some of the lowest rates in the nation.

The number of electric service interruptions and the average minutes per customer affected are highly variable from year to year. Including storm related outages, electric service interruptions over 1 minute in duration remained the same from 5 years ago, and the average minutes per customer affected decreased 3% from 5 years ago.



Source: California Public Utilities Commission and Utilities Department Data

	Number of accounts	Residential MWH consumed <sup>S</sup>	Commercial MWH consumed <sup>S</sup>	Average residential electric usage per capita (MWH/person) <sup>S</sup>	Percent power content <sup>1</sup>			Percent customers enrolled in Palo Alto Green <sup>S⊙</sup>	Electric service interruptions over 1 minute in duration	Average minutes per customer affected <sup>⊙</sup>	Circuit miles under-grounded during the year
					Renewable large hydro facilities <sup>S</sup>	Qualifying renewables <sup>S,2</sup>	Voluntary Palo Alto Green program <sup>S⊙</sup>				
FY 2005	28,556	161,440	797,132	2.62	58%	5%	2.1%	12.6%	28	65 minutes	2.0
FY 2006	28,653	161,202	804,908	2.58	61%	8%	3.2%	14.6%	39	63 minutes	1.0
FY 2007	28,684	162,405	815,721	2.59	84%	10%	4.0%	18.5%	48	48 minutes	1.0
FY 2008	29,024	162,680	814,695	2.57	53%	14%	5.0%	19.7%	41	53 minutes	1.2
<b>FY 2009</b>	<b>28,527</b>	<b>159,899</b>	<b>835,784</b>	<b>2.48</b>	<b>47%</b>	<b>19%</b>	<b>6.4%</b>	<b>19.7%</b>	<b>28</b>	<b>63 minutes</b>	<b>0</b>

Change over last 5 years:	0%	-1%	+5%	-5%	-11%	+14%	+4%	+7%	0%	-3%	-100%
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<sup>1</sup> Combined CPAU and Palo Alto Green mix for the calendar year. Calendar year data is reported in the subsequent fiscal year (e.g. calendar year 2005 data is shown in FY 2006).

<sup>2</sup> Qualifying renewable electricity include bio mass, biogas, geothermal, small hydro facilities (not large hydro), solar, and wind. In the 2009 Adopted Budget, the City Council established targets of 10% by 2010 and 20% renewable power by 2015.

⊙ Budget benchmarking measure

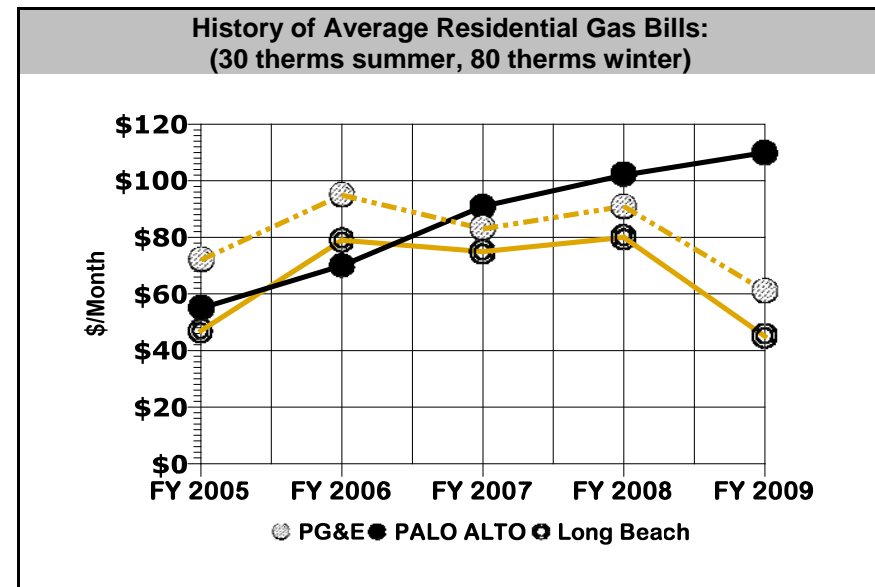
<sup>S</sup> Sustainability indicator

## GAS

Gas enterprise operating expense totaled \$33.4 million in FY 2009, including \$25.1 million in gas purchases (compared to \$18.8 million in gas purchases 5 years ago). Capital spending of \$4.5 million in FY 2009 was 14% less than five years ago.

The average monthly residential gas bill increased to \$110.71 last year. This was 87% more than five years ago, and is more than a comparable PG&E bill as shown on the graph on the right.

In 2009, 81% of respondents to the Citizen Survey rated gas utility services good or excellent



Source: Utilities Department data (weighted average of rate changes during year)

### Revenues, expenses, and unrestricted reserves (in millions)

	Operating revenue	Operating expense	Capital expense <sup>1</sup>	Equity transfers	Gas Fund reserves	Gas purchases (in millions)	Average purchase cost (per therm) <sup>⊙</sup>	Average monthly residential bill (30/100 therms per month)	Authorized staffing (FTE)	Citizen Survey Percent rating gas utility good or excellent <sup>⊙</sup>
FY 2005	\$31.2	\$26.7	\$5.3	\$2.8	\$12.8	\$18.8	\$0.58	\$59.24	47	68% <sup>2,3</sup>
FY 2006	\$37.0	\$28.3	\$3.3	\$2.9	\$13.2	\$21.4	\$0.65	\$69.76	47	88%
FY 2007	\$42.2	\$30.1	\$3.6	\$3.0	\$16.9	\$22.3	\$0.69	\$90.97	48	85%
FY 2008	\$49.0	\$36.6	\$4.4	\$3.0	\$21.8	\$27.2	\$0.82	\$102.03	46	84%
<b>FY 2009</b>	<b>\$47.8</b>	<b>\$33.4</b>	<b>\$4.5</b>	<b>\$3.1</b>	<b>\$26.4</b>	<b>\$25.1</b>	<b>\$0.78</b>	<b>\$110.71</b>	<b>48</b>	<b>81%</b>
Change over last 5 years:	+53%	+25%	-14%	+13%	+105%	+34%	+38%	+87%	+2%	+13

<sup>1</sup> Includes direct labor, materials, supplies, and contractual services; does not include overhead.

<sup>2</sup> Prior to FY 2006, ratings were based on electric and gas services together.

<sup>3</sup> In FY 2005, satisfaction with gas and electric services dropped dramatically. In our opinion, three major events may have contributed to the 20-point decline in ratings: (1) gas rates increased 15 percent and electric rates increased 11.5 percent, (2) it was revealed that several employees in the Utilities Department were disciplined due to irregularities, and (3) the City agreed to a settlement with Enron Corporation.

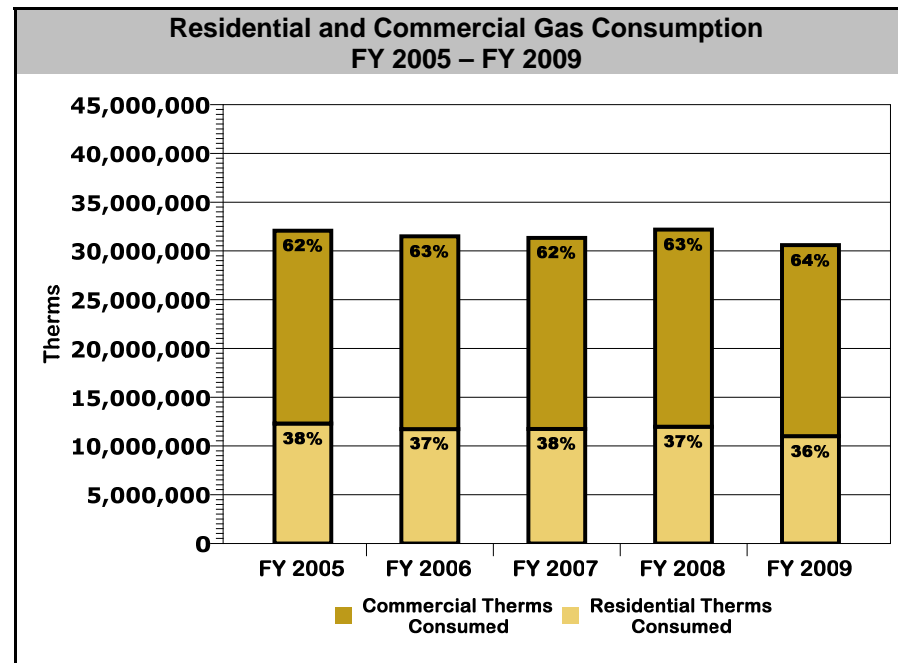
⊙ Budget benchmarking measure

## GAS (cont.)

Residents consumed 11% less natural gas in FY 2009 than 5 years ago, and businesses consumed 1% less. According to staff, gas usage is seasonal and weather dependent.

During FY 2009, 207 miles of pipeline were surveyed for leaks, and 6.7 miles of gas mains were replaced.

The number of service disruptions and customers affected has increased since FY 2005. In FY 2009, there were 46 service disruptions affecting 766 customers. In FY 2009, the Department responded to 95% of gas leaks within 30 minutes, and completed 95% of mainline repairs within 4 hours.



Source: Utilities Department

	Customer accounts	Residential therms consumed <sup>s</sup>	Commercial/therms consumed <sup>s</sup>	Average residential natural gas usage per capita (therms/person) <sup>s</sup>	Number of service disruptions	Total customers affected	Percent gas mainline repairs within 4 hours <sup>1</sup>	Percent response to gas leaks within 30 minutes	Miles of gas main	Miles of pipeline surveyed for leaks	Miles of gas main replaced during year <sup>Ⓞ</sup>
FY 2005	23,301	12,299,158	19,765,077	200	31	639	97%	98%	207	207	2.8
FY 2006	23,353	11,745,883	19,766,876	188	19	211	100%	90%	207	207	2.8
FY 2007	23,357	11,759,842	19,581,761	188	18	307	90%	95%	207	207	2.3
FY 2008	23,502	11,969,151	20,216,975	189	18	105	95%	95%	207	207	5.7
<b>FY 2009</b>	<b>23,090</b>	<b>11,003,088</b>	<b>19,579,877</b>	<b>171</b>	<b>46</b>	<b>766</b>	<b>95%</b>	<b>95%</b>	<b>207</b>	<b>207</b>	<b>6.7</b>
Change over last 5 years:	-1%	-11%	-1%	-14%	+48%	+20%	-2%	-3%	0%	0%	+138%

<sup>1</sup> Utilities Strategic Plan performance objective

<sup>s</sup> Sustainability indicator

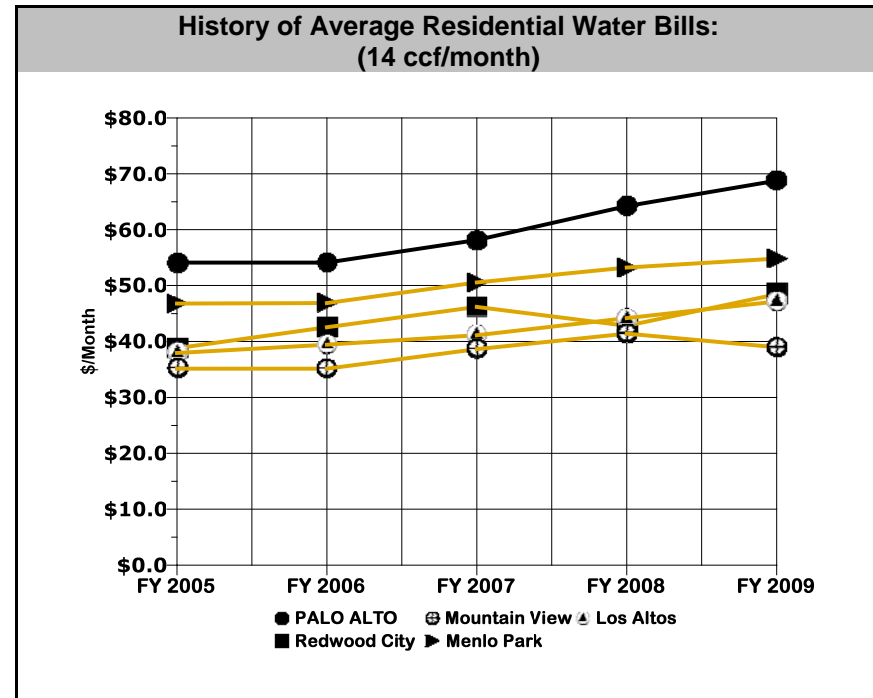
<sup>Ⓞ</sup> Budget benchmarking measure

## WATER

The City of Palo Alto Utilities Department constructs, maintains, and operates the water delivery system<sup>2</sup>. About 85% of the water Palo Alto purchases from the San Francisco Public Utilities Commission (SFPUC) originates from high Sierra snowmelt. This water, stored in Hetch Hetchy Reservoir in Yosemite National Park, is of such high quality that it is exempt from federal and state filtration requirements. The other 15% of SFPUC water comes from rainfall and runoff stored in the Calaveras and San Antonio Reservoirs located in Alameda and Santa Clara counties, and supplemented by groundwater in Sunol. The SFPUC treats and filters these local water sources prior to delivery to its consumers.

Over the last 5 years,

- Operating expense increased 29%, including a 26% increase in the cost of water purchases.
- Capital spending increased from \$4.6 million to \$4.9 million.
- The average residential water bill increased 27% to \$68.79 per month.
- As shown in the graph on the right, Palo Alto's average residential water bill has moved higher than the other jurisdictions surveyed.



Source: Utilities Department

Note: Cities may allocate costs differently and may have different levels of capital investment

### Revenues, expenses, and unrestricted reserves (in millions)

	Operating revenue	Operating expense	Capital expense <sup>1</sup>	Equity transfers	Water Fund reserves	Water purchases (millions)	Average purchase cost (per CCF) <sup>⊙</sup>	Average residential water bill	Authorized staffing (FTE)	Total Water in CCF sold (millions)
FY 2005	\$21.0	\$15.0	\$4.6	\$2.4	\$22.2	\$6.7	\$1.17	\$54.12	41	5.3
FY 2006	\$20.8	\$15.3	\$4.7	\$2.4	\$19.2	\$6.5	\$1.13	\$54.12	41	5.3
FY 2007	\$23.5	\$16.3	\$3.9	\$2.5	\$21.3	\$7.8	\$1.32	\$58.17	45	5.5
FY 2008	\$26.5	\$18.3	\$3.4	\$2.6	\$26.4	\$8.4	\$1.41	\$64.21	46	5.5
<b>FY 2009</b>	<b>\$27.1</b>	<b>\$19.4</b>	<b>\$4.9</b>	<b>\$2.7</b>	<b>\$26.6</b>	<b>\$8.4</b>	<b>\$1.46</b>	<b>\$68.79</b>	<b>48</b>	<b>5.4</b>
Change over last 5 years:	+29%	+29%	+6%	+13%	+20%	+26%	+24%	+27%	+17%	+1%

<sup>1</sup> Includes direct labor, materials, supplies, and contractual services. Does not include overhead.

<sup>2</sup> Effective July 1, 2009, the Department executed a new 25-year Water Supply Agreement with San Francisco.

CCF - hundred cubic feet

⊙ Budget benchmarking measure

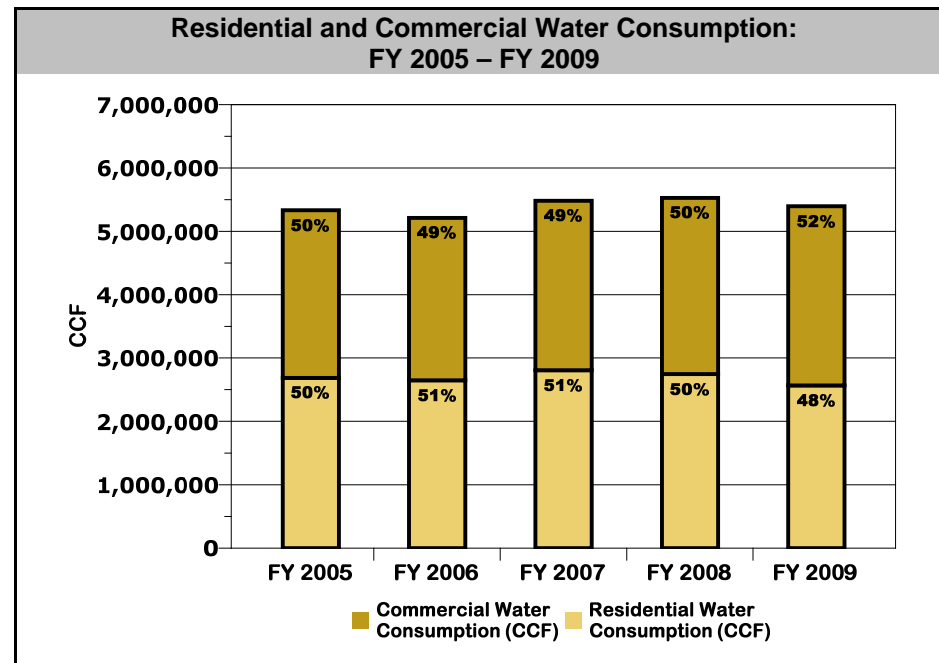


## WATER (cont.)

Residential water consumption is down 4% from five years ago. On a per capita basis, residents are using 9% less water than five years ago. Commercial water consumption increased 7% from five years ago. Water consumption, like that of natural gas, is highly weather dependent. Palo Alto's Water Utility revenues are based entirely on consumption rates plus a fixed monthly customer charge.

The number of service disruptions varies from year to year. Due to a problem with the outage notification system, the total number of service disruptions was not tracked. Since July 2008, a different tracking system has been implemented.

In the 2009 Citizen Survey, 81% of respondents rated water quality as good or excellent. Palo Alto was in the 93<sup>rd</sup> percentile compared to other surveyed jurisdictions. According to the Department, water quality improved due to more frequent water main flushing.



Source: Utilities Department

	Water consumption					Citizen Survey						
	Customer accounts	Residential water consumption (CCF) <sup>S</sup>	Commercial water consumption (CCF) <sup>2,S</sup>	Average residential water usage per capita (CCF) <sup>S</sup>	Number of service disruptions	Total customers affected	Percent water main repairs responded to within 1 hours <sup>⊙</sup> <REVISED>	Miles of water mains	Estimated miles of water mains replaced	Water quality compliance with all required Calif. Department of Health and EPA testing <sup>S</sup>	Percent rating water good or excellent <sup>⊙</sup>	
FY 2005	19,605	2,686,507	2,644,817	44	10	193	100% <sup>1</sup>	226	3	100%	80%	
FY 2006	19,645	2,647,758	2,561,145	42	11	160	100% <sup>1</sup>	219	0	100%	80%	
FY 2007	19,726	2,807,477	2,673,126	45	27	783	97% <sup>1</sup>	219	3	100%	79%	
FY 2008	19,942	2,746,980	2,779,664	43	17	374	97%	219	3	100%	87%	
<b>FY 2009</b>	<b>19,422</b>	<b>2,566,962</b>	<b>2,828,163</b>	<b>40</b>	<b>19</b>	<b>230</b>	<b>95%</b>	<b>219</b>	<b>3</b>	<b>100%</b>	<b>81%</b>	
Change over last 5 years:	-1%	-4%	+7%	-9%	+90%	+19%	-5%	-3%	0%	0%	+1%	

<sup>1</sup> The 4 hour performance measure for responding to water main breaks was changed in FY 2008 to response within 1 hour will be 95% or greater.

<sup>2</sup> Includes commercial, public, and City facilities.

<sup>3</sup> Water monitoring system not operational during FY 2008.

<sup>⊙</sup> Budget benchmarking measure

<sup>S</sup> Sustainability indicator

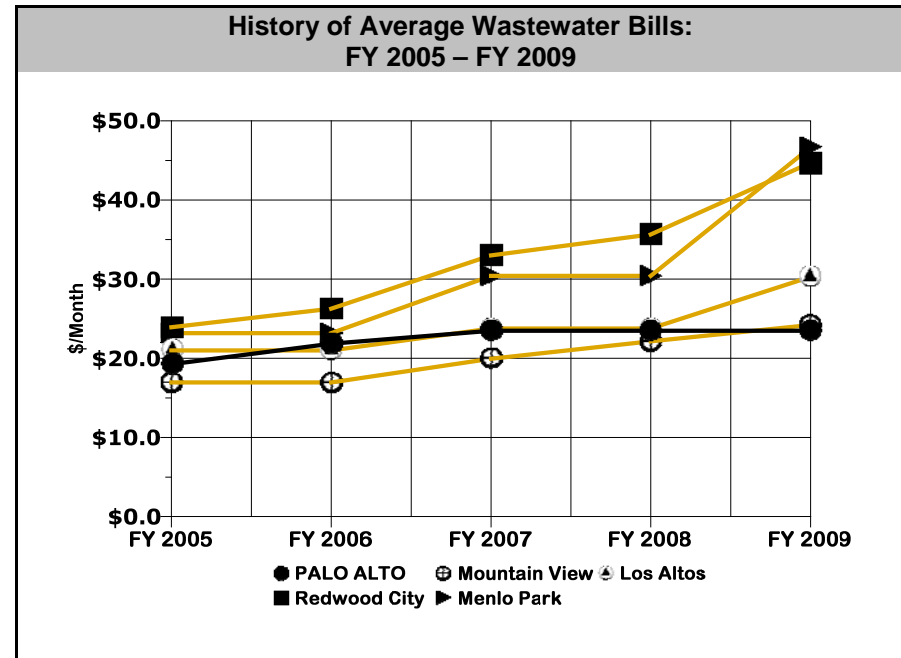
## WASTEWATER COLLECTION

The Department cleaned or treated 91 miles of the city's 202 miles of sewer lines in FY 2009. There were 210 sewage overflows in calendar year 2009. The Department responded to 100% of sewage spills and line blockages within 2 hours.

In the 2009 Citizen Survey, 81% of respondents rated sewer services good or excellent. This placed Palo Alto in the 89<sup>th</sup> percentile compared to other jurisdictions.

Over the past 5 years,

- Operating expense increased 24%.
- Capital spending decreased to \$2.9 million in FY 2009.
- The average residential bill increased from \$19.25 to \$23.48, or 22%. As shown on the right, Palo Alto's residential bill is mid-range of other cities.



Source: Utilities Department

Note: Cities may allocate costs differently and may have different levels of capital investment

Revenues, expenses, and unrestricted reserves (in millions)

	Revenues, expenses, and unrestricted reserves (in millions)				Average residential sewage bill	Authorized staffing (FTE)	Customer accounts	Miles of sewer lines	Miles of mains cleaned/ treated	Estimated miles of sewer lines replaced	Number of sewage overflows (calendar year) <sup>2</sup>	Percent sewage spills and line blockage responses within 2 hours	Citizen Survey
	Operating revenue	Operating expense	Capital expense <sup>1</sup>	Wastewater Collection Fund reserves									Percent rating quality of sewer services good or excellent
FY 2005	\$12.0	\$8.9	\$3.8	\$13.5	\$19.25	24	21,763	202	115	5	-	99%	82%
FY 2006	\$13.8	\$10.8	\$2.4	\$14.5	\$21.85	23	21,784	202	89	0	310	99%	83%
FY 2007	\$14.8	\$10.0	\$7.7	\$12.4	\$23.48	25	21,789	202	140	7	152	99%	82%
FY 2008	\$15.1	\$11.7	\$3.6	\$13.8	\$23.48	28	21,970	202	80	2	174	99%	81%
<b>FY 2009</b>	<b>\$14.5</b>	<b>\$11.0</b>	<b>\$2.9</b>	<b>\$14.1</b>	<b>\$23.48</b>	<b>25</b>	<b>22,210</b>	<b>207</b>	<b>91</b>	<b>2</b>	<b>210</b>	<b>100%</b>	<b>81%</b>
Change over last 5 years:	+20%	+24%	-25%	+5%	+22%	+4%	+2%	+2%	-21%	-60%	-	+1%	-1%

<sup>1</sup> Includes direct labor, materials, supplies, and contractual services. Does not include overhead.

<sup>2</sup> In 2007, the State Water Resources Control Board changed the tracking and reporting requirements for sewer overflows. Under the new requirements, the Department must report all sewage overflows.

⊙ Budget benchmarking measure

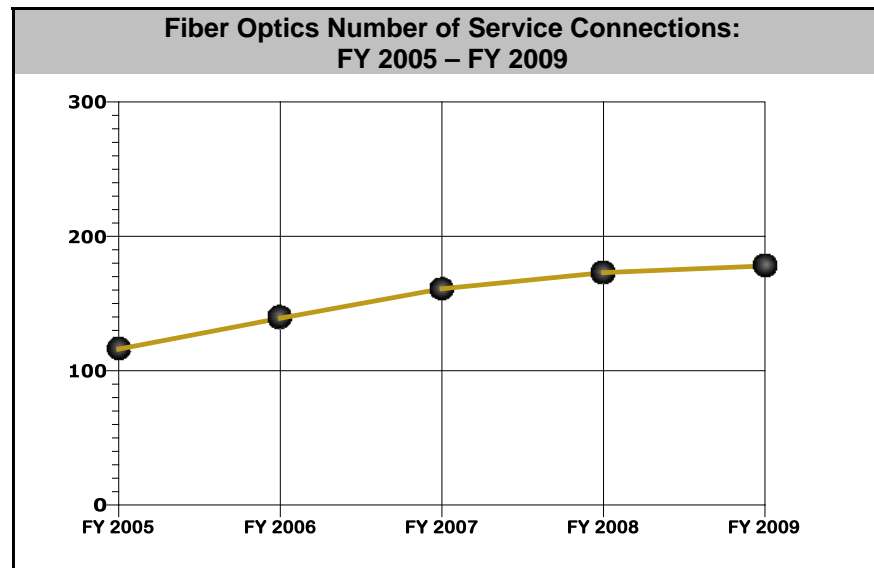
## FIBER OPTIC UTILITIY

In 1996, a 40.6 mile dark<sup>1</sup> fiber backbone was built throughout the City with the goal of delivering broadband services to all premises, with customers connected via fiber optic “service connections.” New customers pay the construction fees required to connect to the fiber optic backbone.

Staff issued a Request For Proposals in 2006 to identify firms willing to build out the system while leveraging existing City assets. After 3 years of negotiations with a consortium of firms, the City terminated this process due to the lack of necessary funding. With the 2009 American Recovery and Reinvestment Act, federal stimulus funding is being sought to achieve the City’s goal. Should the City receive no funding, an alternative plan is being developed to build out a fiber network using existing City resources. A wireless component is being considered as the City extends the fiber network.

Over the past 5 years,

- Operating revenue increased by 142%, and operating expense increased by 41%.
- The number of service connections grew 53%.



Source: Utilities Department

	Revenues, expenses, and unrestricted fund balance (in millions)				Number of customer accounts	Number of service connections	Backbone fiber miles	Authorized staffing (FTE)
	Operating revenue	Operating expense <sup>2</sup>	Capital expense <sup>2</sup>	Fund balance <sup>2</sup>				
FY 2005	\$1.4	\$1.0	\$0.3	-	39	116	-	5
FY 2006	\$1.6	\$0.8	\$0.2	\$1.0	42	139	-	5
FY 2007	\$2.2	\$0.7	\$0.1	\$2.7	49	161	40.6	3
FY 2008	\$3.1	\$0.4	\$0.1	\$5.0	41	173	40.6	0.7
<b>FY 2009</b>	<b>\$3.3</b>	<b>\$1.4</b>	<b>\$0.3</b>	<b>\$6.4</b>	<b>47</b>	<b>178</b>	<b>40.6</b>	<b>6</b>
Change over last 5 years:	+142%	+41%	-26%	-	+21%	+53%	-	+11%

<sup>1</sup> Dark fiber is optical data cabling connecting facilities or accessing service providers. Customers using dark fiber provide their own electronic equipment to “light” the fiber.

<sup>2</sup> Includes direct labor, materials, supplies, contract services, and allocated charges; does not include overhead.

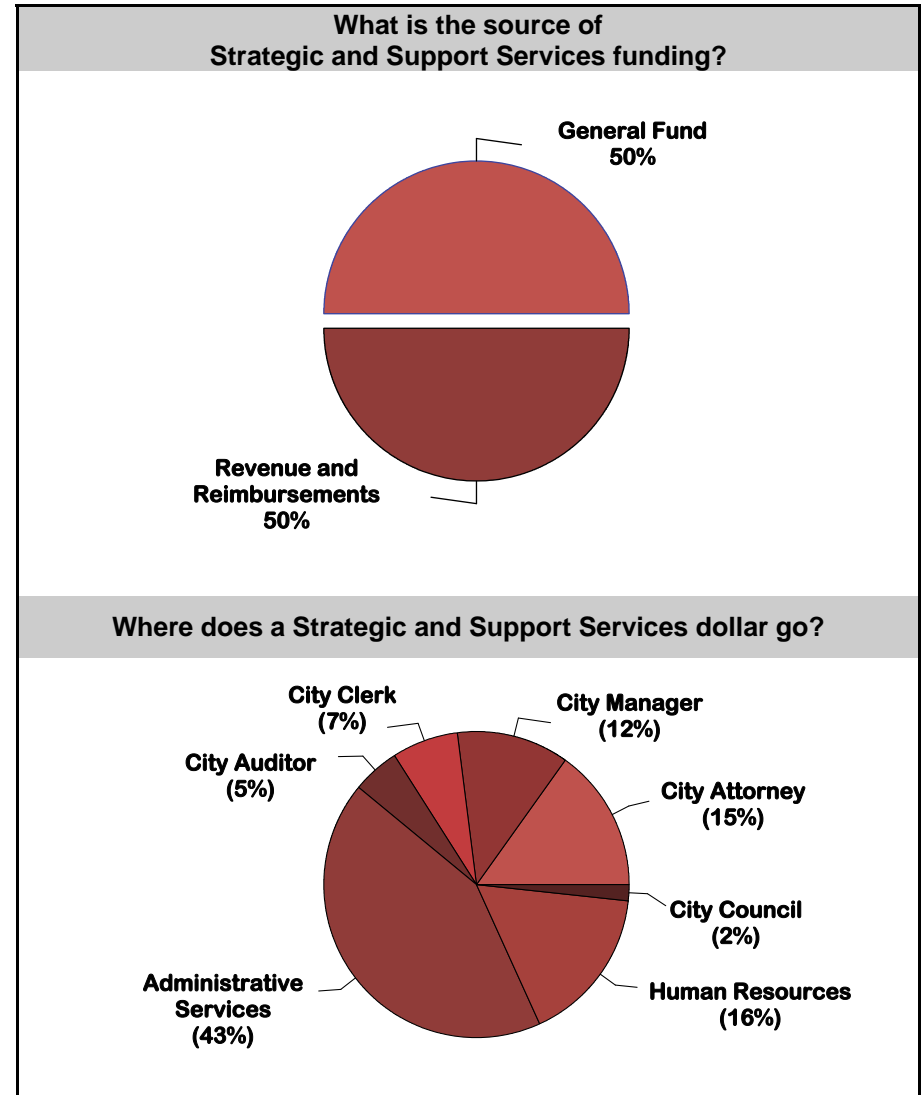
<sup>3</sup> The Fiber Utility was a sub-fund within the Electric Fund. The original fiber backbone was funded with a \$2 million loan from the Electric Fund; the loan balance was reimbursed in full in FY2009.

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# CHAPTER 9 – STRATEGIC AND SUPPORT SERVICES

Strategic and support services include:

- Administrative Services Department – provides financial support services, property management, money management, financial analysis and reporting, purchasing, and information technology services.
- Human Resources – provides staff support services, including recruitment, employee and labor relations, employee development, and risk management; administers employee compensation and benefits.
- City Manager – provides leadership to the organization in the implementation of City Council policies and the provision of quality services to the community. The Office also coordinates City Council relations, community and intergovernmental relations, and the City's Sustainability initiatives.
- City Attorney – provides legal representation, consultation and advice, and litigation and dispute resolution services.
- City Clerk – provides public information, Council support, administers elections, preserves the legislative history of the City, and provides oversight of administrative citation hearings.
- City Auditor – coordinates performance audits and reviews of City departments, programs, and services; revenue audits; and the annual external financial audit.
- City Council - The City Council is the legislative and governing body of the City of Palo Alto. The City Council is composed of the Mayor and eight other Council members.

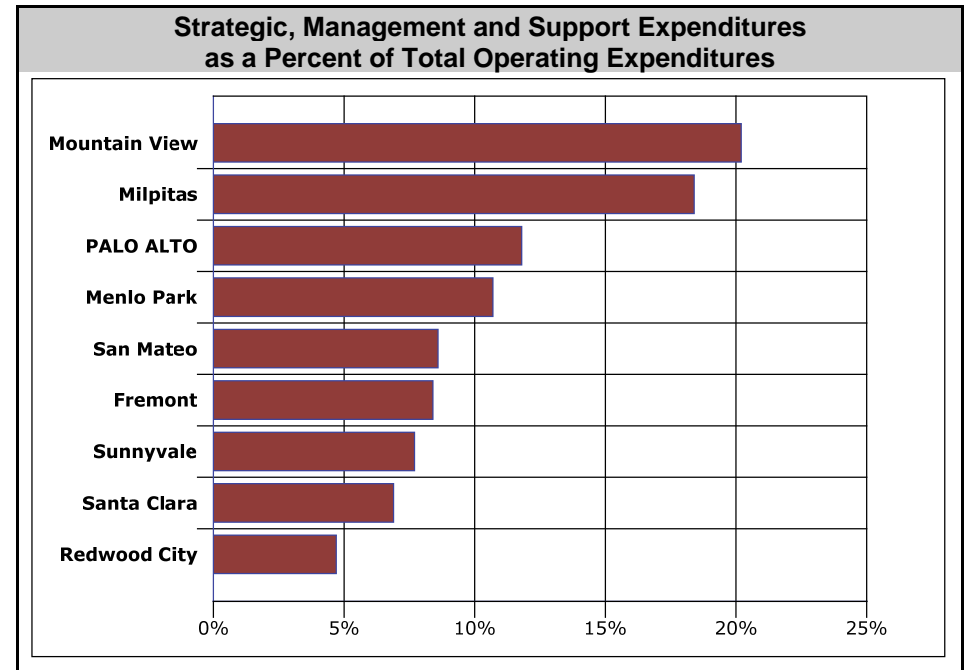


Source: FY 2009 revenue and expenditure data

## SPENDING AND STAFFING

Palo Alto's strategic, management and support expenditures (about 12%) were 3rd highest of 9 local jurisdictions. It should be noted that jurisdictions offer different levels of service and classify expenditures in different ways.

- Administrative Services Department expenditures were about \$7.0 million in FY 2009. The Department had a total of 94 FTE.
- Human Resources Department expenditures were approximately \$2.7 million in FY 2009. The Department had a total of 16 FTE.
- City Manager's Office expenditures were about \$2.0 million in FY 2009. The Office had a total of 12 FTE.
- City Attorney's Office expenditures, including outside legal fees, were about \$2.5 million in FY 2009. The Attorney's Office had 12 FTE.
- City Clerk's Office expenditures were about \$1.1 million in FY 2009. The Clerk's Office had 7 FTE.
- City Auditor's Office expenditures were about \$0.8 million in FY 2009. The Auditor's Office had 4 FTE.



Source: State of California Cities Report Cities Annual Report FY 2006-07

	Operating Expenditures (in millions)							Authorized staffing (FTE)					
	Administrative Services	Human Resources	City Manager	City Attorney	City Clerk <sup>1</sup>	City Auditor	City Council	Administrative Services <sup>2</sup>	Human Resources	City Manager	City Attorney	City Clerk	City Auditor
FY 2005	\$6.7	\$2.5	\$1.7	\$2.6	\$0.8	\$0.8	\$0.1	103	15	11	14	6	4
FY 2006	\$6.6	\$2.5	\$1.6	\$2.6	\$1.0	\$0.9	\$0.1	98	15	9	12	6	4
FY 2007	\$7.0	\$2.6	\$1.9	\$2.5	\$0.9	\$0.9	\$0.2	99	16	9	12	7	4
FY 2008	\$7.3	\$2.7	\$2.3	\$2.7	\$1.3	\$0.9	\$0.2	101	16	12	12	7	4
<b>FY 2009</b>	<b>\$7.0</b>	<b>\$2.7</b>	<b>\$2.0</b>	<b>\$2.5</b>	<b>\$1.1</b>	<b>\$0.8</b>	<b>\$0.3</b>	<b>94</b>	<b>16</b>	<b>12</b>	<b>12</b>	<b>7</b>	<b>4</b>
Change over last 5 years:	+4%	+10%	+13%	-5%	+45%	+4%	+113%	-8%	+6%	+6%	-18%	+19%	-1%

<sup>1</sup> In FY 2007, the City Clerk's Office absorbed the Administrative Citation Hearings function from the Police Department. According to the Department, FY 2008 operating expenditures increased due to increases in public hearing advertising, board and commission recruitment, election costs, and ethics training.

<sup>2</sup> Includes Administrative Services Department staff charged to other funds.

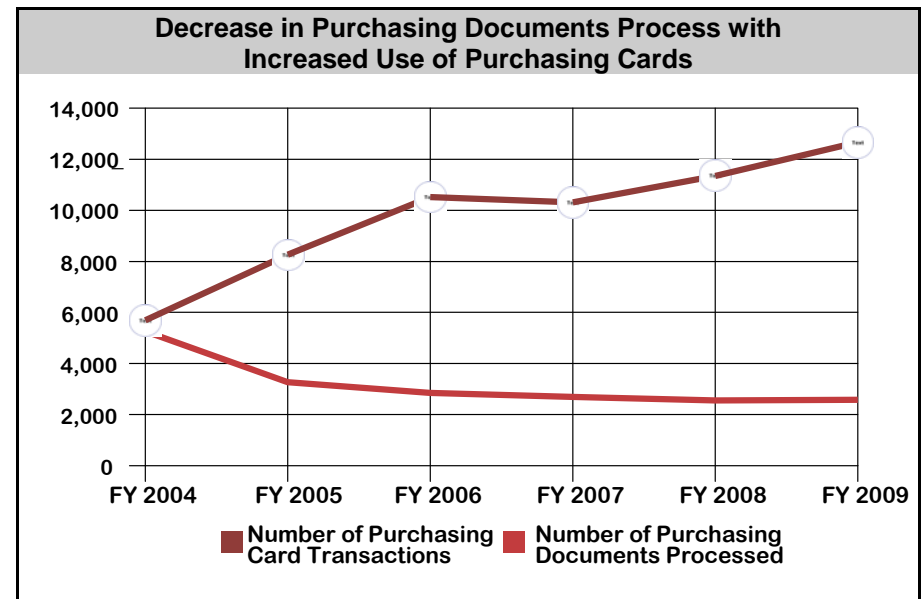
## ADMINISTRATIVE SERVICES

The mission of the Administrative Services Department (ASD) is to provide proactive administrative and technical support to City departments and decision makers, and to safeguard and facilitate the optimal use of City resources. ASD encompasses a variety of services that might well be separate departments in a larger city.

The Department monitors the City's cash and investments. According to the Department, the City's rate of return was 4.42% in FY 2009. The City's General Fund maintained its AAA rating, the highest credit rating possible, from Standard & Poor's. In addition, Standard & Poor's upgraded the City's 2002 Utility Revenue bonds from AA- to AAA and granted the City's 2009 Water Revenue Bonds a AAA rating.

As shown in the chart on the right, the number of purchasing documents processed (through purchase orders and contracts) over the last 5 years is declining with the increased use of purchasing cards for smaller transaction amounts. According to staff, the increase in purchasing card transactions for lower-priced goods helps staff to focus more time on purchase orders and contracts involving higher dollar values and services.

Information Technology operating and maintenance expenditures as a percent of total operating expenditures increased to 5.56% in FY 2009. According to the Department, they are in the process of updating the Information Technology Strategic Plan and are developing a Request for Proposals to solicit consulting services for this project.



Source: Administrative Services Department Purchasing Information

	Cash and investments (in millions) ⊙	Rate of return on investments ⊙	General Fund reserves <sup>1</sup> (in millions)	Number of accounts payable checks issued ⊙	Percent invoices paid within 30 days ⊙	Number of purchasing documents processed ⊙	Dollar value goods and services purchased (in millions)	Number computer work-stations	Requests for computer help desk services resolved within 5 days	IT operating and maintenance expenditures as a percent of General Fund operating expenditures <sup>2</sup>	Citizen Survey Percent who visited the City's website <sup>3</sup>
FY 2005	\$367.3	4.24%	\$24.5	16,813	80%	3,268	\$70.2	1000	89%	4.0%	
FY 2006	\$376.2	4.21%	\$26.3	15,069	80%	2,847	\$61.3	1000	87%	3.9%	
FY 2007	\$402.6	4.35%	\$31.0	14,802	80%	2,692	\$107.5	1000	87%	3.3%	
FY 2008	\$375.7	4.45%	\$31.3	14,480	83%	2,549	\$117.2	1000	88%	4.9%	78%
<b>FY 2009</b>	<b>\$353.4</b>	<b>4.42%</b>	<b>\$33.1</b>	<b>14,436</b>	<b>83%</b>	<b>2,577</b>	<b>\$132.0</b>	<b>1005</b>	<b>87%</b>	<b>5.8%</b>	<b>75%</b>
Change over last 5 years:	-4%	+4%	+35%	-14%	+3%	-21%	+88%	+1%	-2%	+2%	-

<sup>1</sup> Total unreserved/designated fund balances  
<sup>2</sup> Adjusted to exclude IT services provided to the Utilities Department  
<sup>3</sup> New survey question in FY 2008  
 ⊙ Budget benchmarking measure

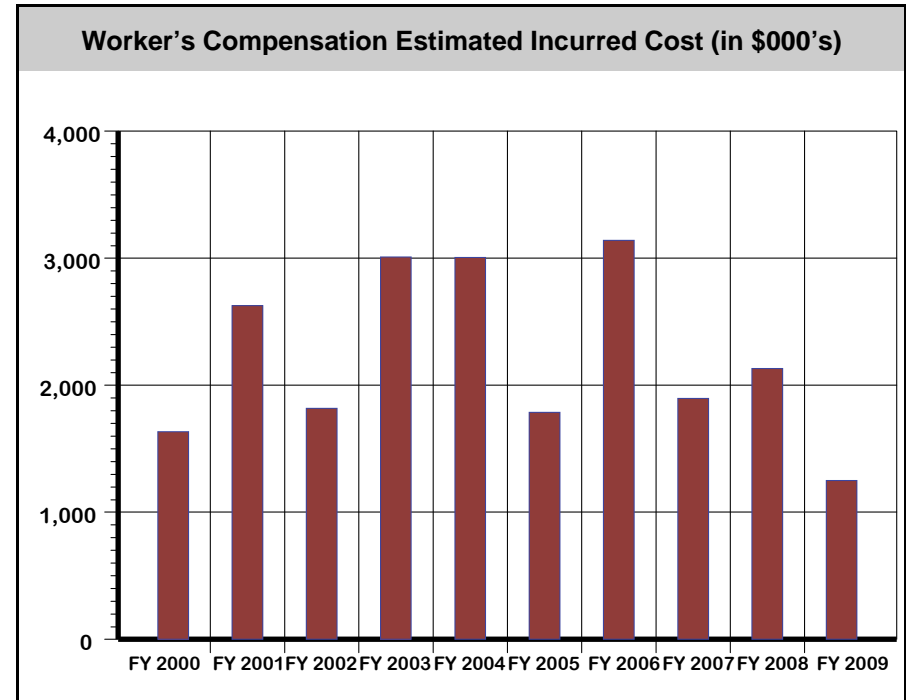
## HUMAN RESOURCES

The mission of the Human Resources (HR) department is to recruit, develop and retain a diverse, well-qualified, and professional workforce that reflects the high standards of the community we serve and to provide a high level of support to City departments.<sup>1</sup>

The ratio of HR staff to total City staff is 1 to 67. The department coordinated more than 8,700 hours of employee training in FY 2009.

The estimated incurred cost for workers' compensation claims declined last year; however, it should be noted that early estimates of current claim costs often continue to grow as claims develop. In FY 2009, 1,795 calendar days were lost to work-related illness or injury.

According to the department, the number of workers' compensation claims and the number of calendar days lost to work-related illness or injury have decreased because of aggressive implementation of the City's safety programs; coordinated management of the claims process between the City and its third party administrator; and an effective modified duty program.



Source: Human Resources Department

	Ratio HR staff to total authorized staffing (FTE)	Number of new hires processed <sup>3</sup> ⊕	Percent of first year turnover <sup>4</sup> ⊕	Percent of grievances settled before arbitration	Citywide training hours provided ⊕	Worker's Compensation Estimated Incurred Cost <sup>2</sup> (in millions)	Days lost to work-related illness or injury <sup>5</sup>
FY 2005	1 to 79	128	0%	67%	9,537	\$1.8	2,836
FY 2006	1 to 75	125	3%	100%	8,052	\$3.1	2,592
FY 2007	1 to 74	138	7%	100%	7,121	\$1.9	1,676
FY 2008	1 to 73	157	9%	100%	9,054	\$2.1	1,458
<b>FY 2009</b>	<b>1 to 67</b>	<b>130</b>	<b>8%</b>	<b>100%</b>	<b>8,710</b>	<b>\$1.3</b>	<b>1,795</b>
Change over last 5 years:	-15%	2%	8%	33%	-9%	-30%	-37%

<sup>1</sup> Information about Citywide staffing levels is shown on page 11 of this report.

<sup>2</sup> Early estimates of current claim costs grow as claims develop. Prior year estimates are revised to reflect current estimated costs for claims incurred during that fiscal year.

<sup>3</sup> Includes transfers and internal promotions (excludes seasonal and hourly staff).

<sup>4</sup> Numbers for budget benchmarking measure reported in the City's FY 2010 and 2011 Adopted Operating Budget reflect estimates for FY 2009.

<sup>5</sup> Due to a change in federal reporting requirements, the number of days lost to work-related illness or injury is now based on calendar days, not work days.

⊕ Budget benchmarking measure



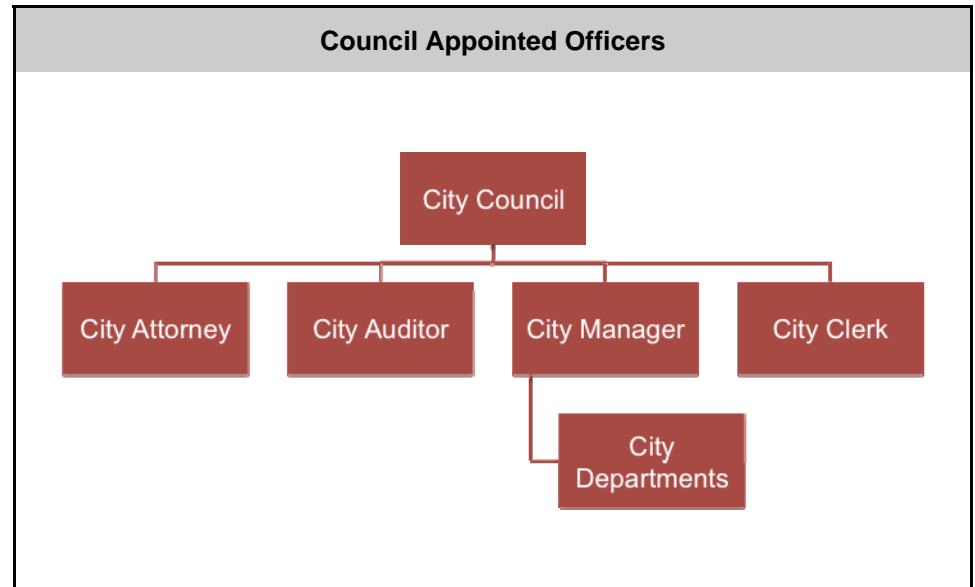
## CITY MANAGER, CITY ATTORNEY, CITY CLERK, CITY AUDITOR

The mission of the City Manager's Office is to provide leadership to the organization in the implementation of City Council policies and the provision of quality services to the community. The City Manager's Office coordinated preparation of 373 staff reports during FY 2009. The City Manager's Office also coordinates public information services.

The mission of the City Attorney's Office is to serve Palo Alto and its policy makers by providing legal representation of the highest quality. The current ratio of staff attorneys to regular full-time equivalent employees is 1 to 179.

The mission of the City Clerk's Office is to foster community awareness and civic involvement by providing timely and accurate records of the activities of City Policy makers. In FY 2009, the average time to finalize City Council minutes decreased from 6 to 4 weeks.

The mission of the City Auditor's Office is to promote honest, efficient, effective, and fully accountable City Government. The Office conducts performance audits, revenue audits and monitoring, and coordinates the annual external audit of the City's financial statements. In addition to \$84,762 in revenue audit recoveries, the Office identified other savings resulting in a total economic benefit of over \$766,000 in FY 2009.



Source: Operating budget

	City Manager			City Attorney			City Clerk	City Auditor	
	Number of staff reports issued	Citizen Survey Percent rating public information services good or excellent ⊙	Citizen Survey Percent rating opportunities to learn about City services through social networking sites good or excellent <NEW>	Number of claims handled ⊙	Number of work requests processed ⊙	Ratio staff attorneys to total employees (FTE)	Average time to finalize City Council minutes ⊙	Audit recommendations implemented ⊙ <NEW>	Revenue audit recoveries ⊙
FY 2005	369	74%		144	1,635	1 to 170	4 weeks	28%	\$232,895
FY 2006	336	72%		107	2,123	1 to 172	4 weeks	54%	\$917,597
FY 2007	341	73%		149	2,511	1 to 193	4 weeks	5%	\$78,770
FY 2008	372	76%		160	2,957	1 to 195	6 weeks <sup>1</sup>	55%	\$149,810
<b>FY 2009</b>	<b>373</b>	<b>68%</b>	<b>60%</b>	<b>126</b>	<b>3,230</b>	<b>1 to 179</b>	<b>4 weeks</b>	<b>45%</b>	<b>\$84,762</b>
Change over last 5 years:	+1%	-6%	-	-13%	+98%	+5%	-	+17%	-64%

⊙ Budget benchmarking measure

<sup>1</sup> According to the Department, staffing changes contributed to the increase in average time to finalize City Council minutes in FY 2008.

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