



CITY OF PALO ALTO OFFICE OF THE CITY AUDITOR

February 4, 2013

The Honorable City Council
Palo Alto, California

Citizen Centric Report for Fiscal Year 2012

This is Palo Alto's fourth Citizen Centric Report (CCR). The CCR is a concise four-page summary of Performance Report (Service Efforts and Accomplishments) highlights, financial data, and an overview of our City's economic outlook. The CCR follows the Association of Government Accountants' recommended report format, designed to be visually appealing and to provide understandable information to the public about the financial condition and performance of our local government.

Respectfully submitted,

Jim Pelletier
City Auditor

ATTACHMENTS:

- Attachment A: Citizen Centric Report FY2012 (PDF)

Department Head: Jim Pelletier, City Auditor

The City of Palo Alto, California

A Report to Our Citizens



Table of Contents

- Page 1** City Organization and Information
- Page 2** Progress in Fiscal Year 2012
- Page 3** Fiscal Year 2012 Revenues and Expenditures
- Page 4** What's Next? City's Economic Outlook and Moving Forward

The City of Palo Alto's Values

Quality

Superior delivery of services

Courtesy

Providing service with respect and concern

Efficiency

Productive, effective use of resources

Integrity

Straight-forward, honest, and fair relations

Innovation

Excellence in creative thought and implementation

City Organization and Information

Incorporated in 1894, the City of Palo Alto covers 26 square miles and is located in the heart of Silicon Valley. Palo Alto has over 65,000 residents and the daytime population is estimated at about 123,000. 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.

The City of Palo Alto provides a full range of municipal services, in addition to owning and operating its own utility system, including electricity, gas, water, wastewater treatment, refuse, storm drain, and fiber optics. The City also offers expanded service delivery including fire protection service for Palo Alto and Stanford. The Regional Water Quality Control Plant serves the cities of Palo Alto, Mountain View, Los Altos, Los Altos Hills, Stanford, and East Palo Alto.

City residents elect nine members to the City Council to serve staggered four-year terms. Each January, Council members elect a Mayor and Vice-Mayor. Since 1950, the City has operated under a Council-manager form of government.

Demographics Information	FY 2010	FY 2011	FY 2012
Population	64,352	64,853	65,544
Average travel time to work*	21 minutes	22 minutes	22 minutes
Median household income*	\$126,740	\$117,127	\$117,680
Average price of single family home	\$1,514,900	\$1,553,240	\$1,719,960
Number of authorized City staff	1,151	1,114	1,114

* Figures reflect American Community Survey data



How We Have Progressed

Progress in Fiscal Year 2012



City Council Top Priority Areas for 2012

- ▶ City Finances
- ▶ Land Use and Transportation
- ▶ Emergency Preparedness
- ▶ Environmental Sustainability
- ▶ Community Collaboration for Youth Well-Being

What would you like to see reported on this page? Please let us know by contacting the Office of the City Auditor at City.Auditor@Cityofpaloalto.org or 650-329-2667.

Key Measures

Community Indicators	2010	2011	2012	Ranking compared to other surveyed jurisdictions
Public Safety				
Average response to fire calls within 8 minutes (Target = 90%)	90%	83%	81%	
Residents feeling "very" or "somewhat" safe from violent crime	85%	85%	87%	Much above
Police response to emergency calls within 6 minutes (Target = 90%)	78%	78%	78%	
Quality of Life				
Residents rating Palo Alto's overall quality of life as "good" or "excellent"	94%	92%	94%	Much above
Residents rating Palo Alto as a place to raise children as "good" or "excellent"	93%	93%	92%	Much above

Top Priority Areas

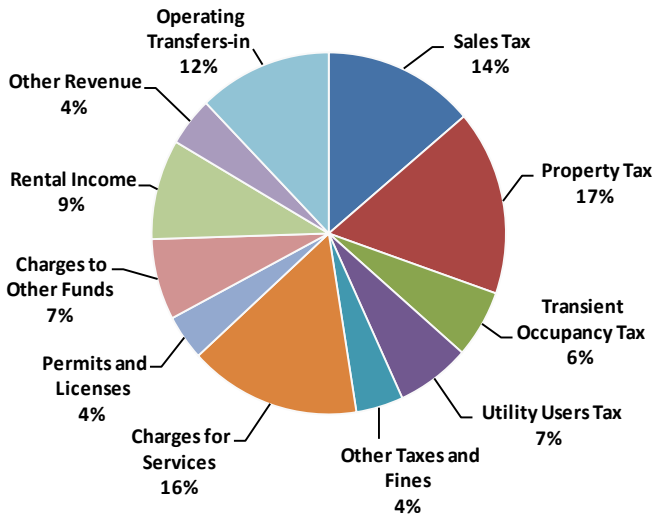
City Finances				
Estimated general fund cost per resident	\$2,206	\$2,138	\$2,395	
General Fund reserve as a percentage of FY 13 budgeted operating expenditures (Target = 18.5%)	19.7%	21.4%	18.4%	
Percent rating economic development services "good" or "excellent"	49%	52%	67%	Much above
Land Use and Transportation				
Percent rating overall quality of new development in Palo Alto "good" or "excellent"	53%	57%	56%	Similar
Percent rating overall appearance of Palo Alto "good" or "excellent"	83%	89%	89%	Much above
Emergency Preparedness				
Percent rating emergency preparedness services "good" or "excellent"	59%	64%	73%	Above
Percent stating they are "somewhat" or "fully" prepared to sustain themselves for 72 hours in the event of a major disaster		79%		
Environmental Sustainability				
Residents rating quality of Palo Alto's overall natural environment as "good" or "excellent"	84%	84%	88%	Much above
Percent rating preservation of natural areas "good" or "excellent"	78%	76%	81%	Much above
Community Collaboration for Youth Well-Being				
Percent rating services to youth "good" or "excellent"	70%	78%	75%	Much above



The City's Finances

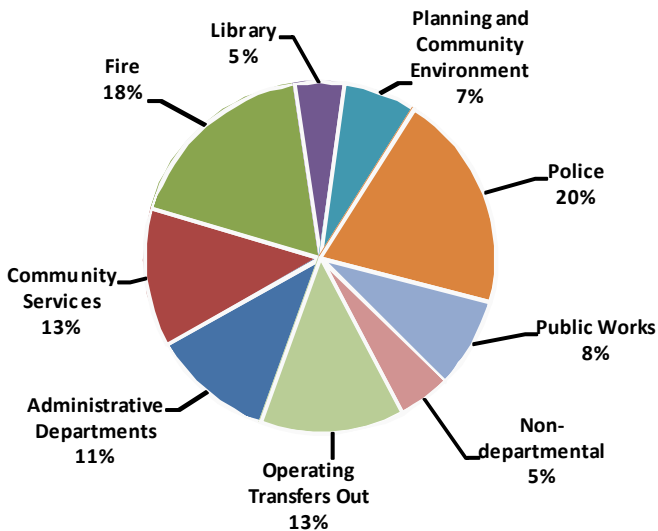
Revenues and Expenditures

Primary Sources of General Fund Revenues



Revenues by Source	FY 2011 Actual Revenue	FY 2012 Actual Revenue
Sales Tax	\$20.7 million	\$22.1 million
Property Tax	\$25.7 million	\$26.5 million
Transient Occupancy Tax	\$8.1 million	\$9.7 million
Utility Users Tax	\$10.9 million	\$10.8 million
Other Taxes and Fines	\$7.3 million	\$6.9 million
Charges for Services	\$22.4 million	\$25.1 million
Permits and Licenses	\$5.1 million	\$6.5 million
Charges to Other Funds	\$11.2 million	\$11.6 million
Rental Income	\$14.3 million	\$14.3 million
Other Revenue	\$3.0 million	\$7.0 million
Operating Transfers-in	\$17.9 million	\$19.5 million
Encumbrance/reappropriation	\$4.0 million	\$3.9 million
Total Revenues:	\$150.6 million¹	\$163.9 million¹

Primary General Fund Expenditures



Expenditures by Use	FY 2011 Expenditures	FY 2012 Expenditures
Administrative Departments	\$16.9 million	\$18.7 million
Community Services	\$20.5 million	\$21.4 million
Fire	\$29.0 million	\$30.1 million
Library	\$6.7 million	\$7.7 million
Planning and Community Environment	\$10.4 million	\$11.2 million
Police	\$31.3 million	\$33.8 million
Public Works	\$13.8 million	\$13.8 million
Non-departmental	\$8.0 million	\$8.2 million
Operating Transfers for Capital Projects and Debt Service	\$11.0 million	\$22.1 million
Total Gen. Fund Expenditures:	\$147.6 million¹	\$167.0 million¹

Independent Audit

An independent audit of the City's financial statements resulted in a clean audit opinion.

¹ Differences between operating expenditures reported in the Comprehensive Annual Financial Report and these figures are attributable to rounding.



What's Next?

City's Economic Outlook and Moving Forward

From the City Manager

City's Economic Outlook

Like other communities in the Bay Area, the City is now starting to show signs of recovery from the recession. As with past years, the City continues to proactively take steps to align revenues with expenses with a focus on permanent, ongoing (structural) solutions as much as possible. The City Council adopted a General Fund budget of \$152 million for FY 2013, reducing the on-going structural deficit by \$5.8 million.

While the economy is slowly recovering, the City remains cautiously optimistic. Local government is in a period of extraordinary flux with numerous forces of change shaping our future. The years ahead will continue to bring fiscal challenges that will require the City to continue to evaluate how to provide city services and expand engagement and partnership with citizens and businesses across Palo Alto. The need to look for innovative opportunities to promote shared responsibility to maintain our strong, healthy, and vibrant community will be essential.

Moving Forward

The City Council reaffirmed its Council priorities for FY 2012: 1) City Finances, 2) Land Use and Transportation, 3) Emergency Preparedness, 4) Environmental Sustainability, and 5) Community Collaboration for Youth Well-Being. Here are a few highlights:

In June 2011, the City Council approved the Stanford Hospitals Project. This multi-billion dollar project, the largest in the City's history, includes renovation of the Hoover Pavilion building and the addition of a medical office building at the Hoover Pavilion site, the upgrade and relocation of the Welch Road utilities, the expansion of Lucile Packard Children's Hospital, the replacement of Stanford Hospital & Clinics and a one-for-one replacement of some of the School of Medicine's laboratory buildings.

Significant progress was made on the Development Center Blueprint and changes to the City's building and development permitting processes to improve customer satisfaction and expedite service delivery.

As leaders in environmental sustainability, the City finalized its roadmap for upgrades that will be needed to protect San Francisco Bay and produce recycled water for future generations.

As an integral part in the well-being and success of Palo Alto's residents and youth, the City continued its leadership role working with major partners such as the Palo Alto Unified School District (PAUSD) and mental health providers in supporting youth and creating a plan and strategy that includes education, prevention and intervention strategies that together provide a Safety Net for youth and teens in Palo Alto.

To bring both longstanding and new neighbors together in their neighborhoods and incorporate interaction between generations and cultures, the City adopted a neighborhood grant program to be implemented in 2013.

Continuing to Provide Valuable Services

Citizen surveys conducted in the past several years indicate residents rate the City of Palo Alto high in a variety of areas. The 2012 National Citizen Survey™ results continue to show Palo Alto residents value the City's services and community amenities. The City ranks higher than 90 percent of surveyed jurisdictions in the following areas:

	National Ranking
Palo Alto as a place to work	98th Percentile
Public schools	95th Percentile
Educational opportunities	98th Percentile
Drinking water	95th Percentile
Overall image or reputation of Palo Alto	94th Percentile
Employment opportunities	99th Percentile
Ease of bicycling in Palo Alto	96th Percentile
Recycled used paper, cans or bottles from your home	100th Percentile
Recreation programs or classes	95th Percentile

About Citizen Centric Reporting

The Association of Government Accountants (AGA) developed guidance on producing Citizen Centric Reporting as a method to demonstrate accountability to residents and answer the question, "Are we better off today than we were last year?" Additional details can be found at the AGA website: www.agacgfm.org (under Tools & Resources)

We want to hear from you

Do you like this report? Do you believe it should include any other information?

Please let us know by contacting the Office of the City Auditor at City.Auditor@Cityofpaloalto.org or 650-329-2667.

The Office of the City Auditor is responsible for independently evaluating the City's programs, services, and departments. For 11 years our office has issued the City's annual performance report (formerly Service Efforts and Accomplishments) to supplement the City's financial reports and statements. If you are interested in viewing the City's complete annual performance report, please visit:

<http://www.cityofpaloalto.org/gov/depts/aud/reports/accomplishments.asp>