

Report from the City Auditor

**City of Palo Alto
Service Efforts and
Accomplishments
Report FY 2005-06
Annual Report on City
Government Performance**



December 2006

City of Palo Alto

Office of the City Auditor

Service Efforts and Accomplishments Report FY 2005-06: Annual Report on City Government Performance (December 2006)

This is the City Auditor's fifth annual Service Efforts and Accomplishments report for the City of Palo Alto. 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

The fourth annual Citizen Survey, administered in conjunction with this report, reveals high ratings for City services. 87 percent rated the overall quality of City services good or excellent. This included 33 percent rating the overall quality of services as excellent, 54 percent good, 11 percent fair, and only 2 percent poor. This placed Palo Alto in the 94th percentile compared to other jurisdictions.

When asked to evaluate whether they felt they received good value for the City of Palo Alto taxes they pay, 74 percent agreed that they receive good value (compared to 70 percent last year) and 12 percent disagreed (compared to 16 percent last year). This placed Palo Alto in the 97th percentile compared to other jurisdictions. This year 62 percent reported they were pleased with the overall direction of the City (compared to 54 percent last year). 54 percent of respondents reported having contact with a

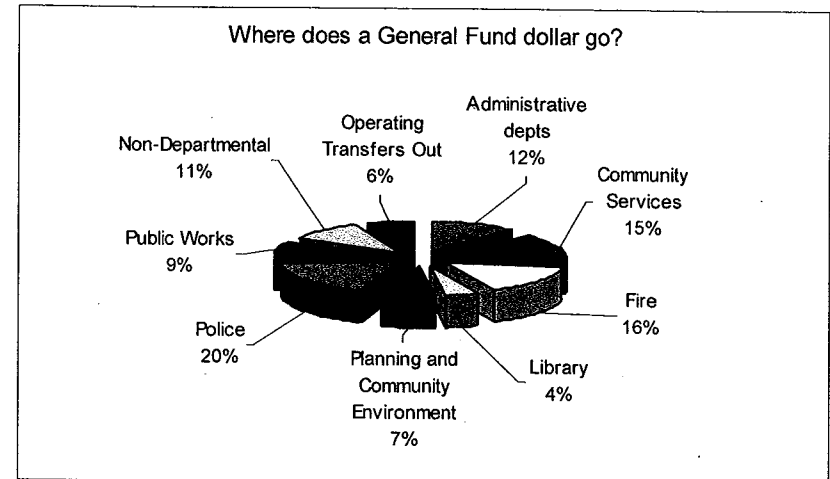
City employee in the last 12 months, and 80 percent rated that contact good or excellent.

In comparison to responses from other jurisdictions, Palo Alto ranks in the 95th percentile as a place to live, in the 89th percentile as a place to raise children, and in the 94th percentile in overall quality of life, but only the 5th percentile in access to affordable quality housing.

This year Palo Alto ranked #1 in educational opportunities and overall image/reputation, and ranked #2 in opportunities to attend cultural activities and as a place to work. When asked to rate potential problems in Palo Alto, 19 percent said homelessness, 16 percent said taxes, 16 percent said traffic congestion, and 15 percent said too much growth.

OVERALL SPENDING AND STAFFING

General Fund spending increased from \$119.4 to \$127.1 million (or 6 percent) over the last 5 years. Given an estimated population increase of 3 percent, inflation of 9.8 percent, and a 96 percent increase in employee benefit costs over the same period, the General Fund's spending power was less. In FY 2005-06, total authorized staffing citywide, including temporary and hourly positions, was 4 percent less than five years ago.



Source: FY 2005-06 expenditure data

Infrastructure remains a top City Council priority. Capital spending over the last five years totaled \$221.2 million, including \$106.2 million in the general governmental funds and \$115.0 million in the enterprise funds. As of June 30, 2006, the City had \$20.7 million in reserves set aside to fund infrastructure rehabilitation.

Net General Fund cost per resident

On a per capita basis, FY 2005-06 net General Fund costs of \$1,371 included:

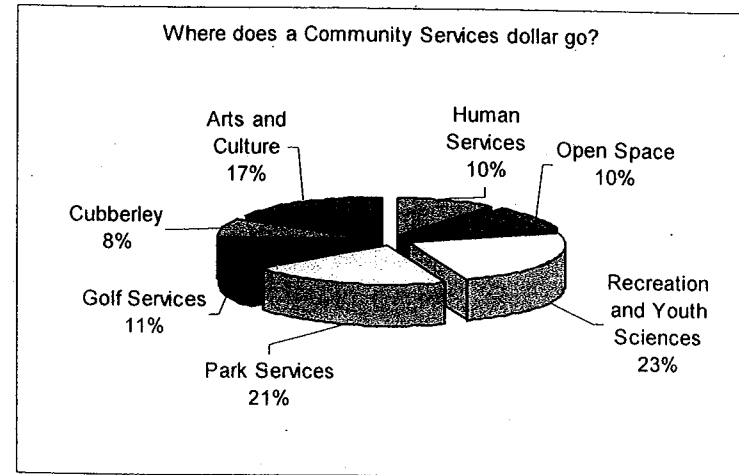
- \$315 for police services
- \$174 for fire and emergency medical services
- \$168 for community services and parks
- \$147 for public works
- \$118 for administrative/legislative/support services
- \$88 for library services
- \$57 for planning, building, and code enforcement services
- \$176 for non-departmental expenses (including \$97 paid to the school district)
- \$128 in operating transfers (including \$100 for capital projects)

COMMUNITY SERVICES

Spending on community services increased 7 percent over the last five years to \$19.5 million. In FY 2005-06, volunteers donated nearly 11,000 hours for open space restorative/resource management projects. Enrollment in classes was down 5 percent from 20,700 in FY 2001-02 to 19,600 in FY 2005-06. Last year, 41 percent of class registrations were online, compared to 11 percent four years ago. Attendance at Community Theatre performances was down 9 percent, but attendance at Children's Theatre performances was up 4 percent. In FY 2005-06, parks maintenance spending totaled about \$3.7 million or approximately \$14,300 per acre maintained. About 22 percent of maintenance was contracted out.

80 percent of residents rate the quality of recreation centers/facilities as good or excellent; 85 percent rate the quality of recreation programs/classes as good or excellent; 86 percent

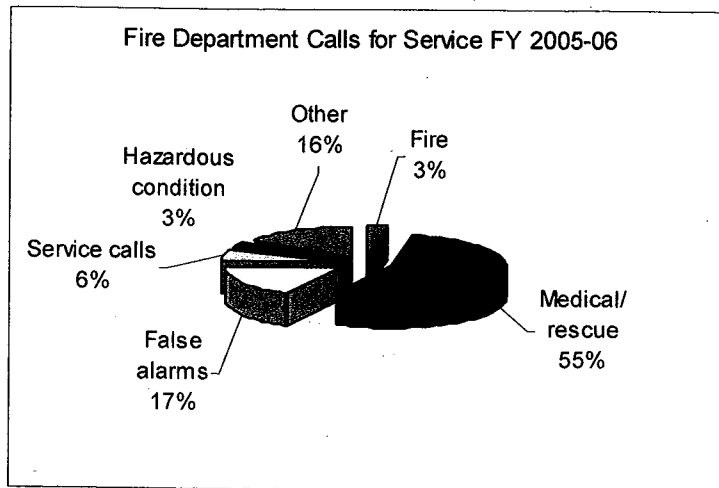
rate the range/variety of classes good or excellent; 87 percent rate their neighborhood park good or excellent; and 88 percent rate the quality of city parks good or excellent. In comparison to other jurisdictions, Palo Alto's survey responses ranked in the 99th percentile in opportunities to attend cultural events, 96th in recreational opportunities, 92nd in the quality of parks, and 96th in range/variety of recreation programs and classes.



Source: FY 2005-06 revenue and expenditure data

FIRE

Fire Department expenditures of \$20.2 million were 14 percent more than five years ago. The Department was 46 percent cost recovery. The Fire Department provides Palo Alto and Stanford residents and businesses with emergency response, environmental and safety services. The average response time for fire calls was 5:28 minutes, and the average response time for medical/rescue calls was 5:13 minutes in FY 2005-06. In FY 2005-06, there were nearly 3,800 medical/rescue incidents, and only 211 fire incidents (including 62 residential structure fires). In FY 2005-06, the Department performed 39 percent fewer fire inspections and 21 percent fewer hazardous materials inspections (including only 49 percent of annual inspections of the 497 facilities permitted for hazardous materials) than it did five years ago.



Source: Fire Department

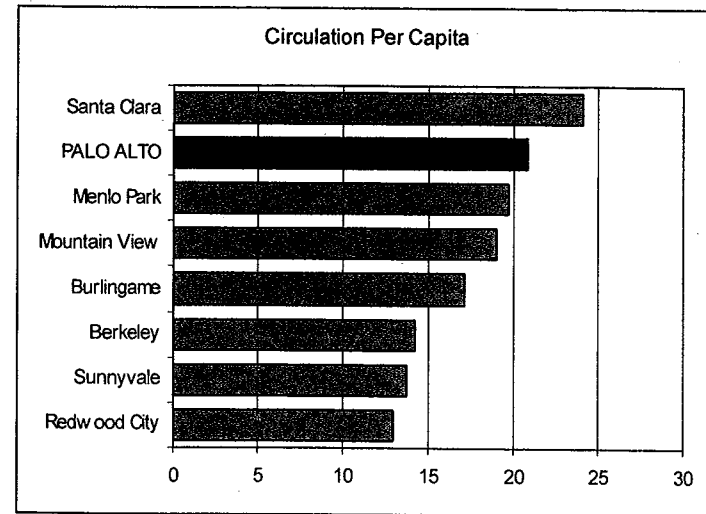
Residents give high marks to the quality of Fire Department service: 95 percent of residents rate fire services good or excellent, and 94 percent of residents rate ambulance/emergency medical services good or excellent. In FY 2005-06, the Department provided 281 fire safety, bike safety, and disaster preparedness presentations to nearly 12,000 residents, compared to 125 presentations five years ago.

In response to a new question about emergency preparedness ("Are you and your household prepared to sustain yourselves for 72 hours with sufficient food and water in the event of a major disaster such as an earthquake or flood?"), 57 percent said yes they were prepared to sustain themselves for 72 hours, 35 percent said no, and 8 percent didn't know.

LIBRARY

Operating expenditures for Palo Alto's five library facilities rose 9 percent over the last five years to \$5.7 million. Total hours open decreased 25 percent over that period. However, the number of library visits increased 9 percent and family program attendance rose 17 percent. Interestingly, the number of internet sessions increased 93 percent and the number of online database searches increased 172 percent, while the number of reference

questions declined 24 percent over the last five years. Volunteers donated about 5,800 hours of service to the libraries in FY 2005-06 – 46 percent more than five years ago. 32 percent of survey respondents reported they used the library or its services more than 12 times last year.



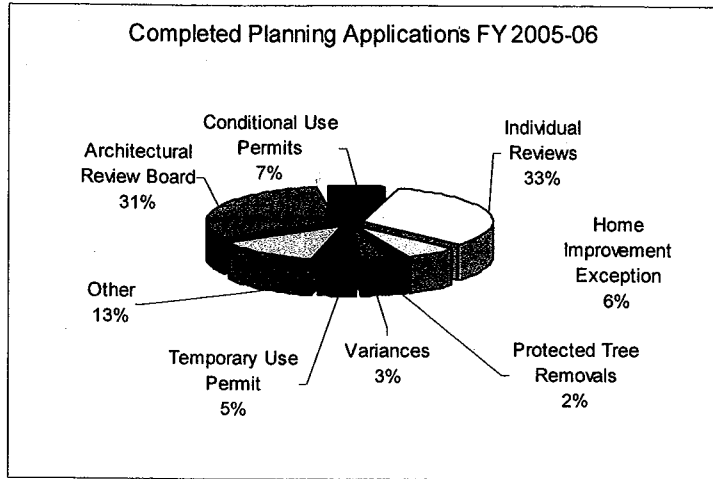
Source: *California Library Statistics 2006* (Fiscal Year 2004-05 data)

78 percent rate the quality of library services good or excellent (60th percentile in comparison to other jurisdictions asking this survey question), 73 percent rate the quality of neighborhood branch libraries good or excellent, and 71 percent of Palo Alto residents rate the variety of library materials as good or excellent (43rd percentile in comparison to other jurisdictions).

PLANNING AND COMMUNITY ENVIRONMENT

Planning and Community Environment expenditures totaled \$9.2 million in FY 2005-06. This was offset by revenue of \$5.6 million. A total of 406 planning applications were completed in FY 2005-06 – fifty percent more than in FY 2001-02. The average time to complete planning applications decreased to from 11 weeks in FY 2001-02 to 10.6 weeks in FY 2005-06, in spite of the increased workload. 50 percent of residents rate planning services good or excellent; 51 percent rate the overall quality of new development in Palo Alto as good or excellent. 61 percent of

residents rate code enforcement services good or excellent; only 16 percent of residents consider run down buildings, weed lots, or junk vehicles a major or moderate problem.



Source: Planning and Community Environment Department

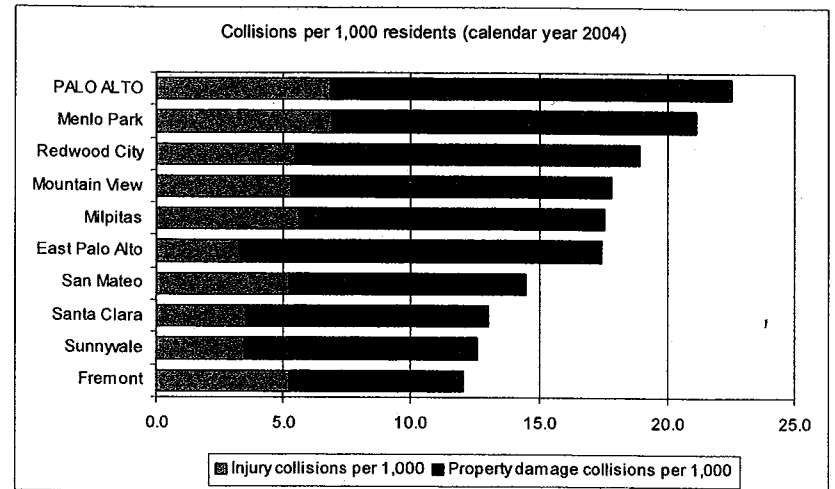
Over the last five years, the number of building permits issued decreased 5 percent (from 3,241 in FY 2001-02 to 3,081 in FY 2005-06), while building permit revenue increased 27 percent (building permit fees have been increased). In FY 2005-06, 78 percent of building permits were issued over the counter. For those permits that were not issued over the counter, the average for first response to plan checks was 28 days, and the average to issue a building permit was 69 days. 94 percent of building permit inspection requests were responded to within one working day.

City Shuttle boardings are up 40 percent over the last five years, from 125,000 in FY 2001-02 to 175,000 in FY 2005-06. In response to the 2006 National Citizen Survey™, 60 percent of residents said traffic congestion was a major or moderate problem in Palo Alto; however of the 78 percent who said they usually drove to work, only 11 percent said they usually carpooled. 87 percent rated the ease of walking good or excellent, and 78 percent rated the ease of bicycle travel good or excellent.

POLICE

Police Department spending of \$24.4 million was 20 percent more than five years ago. The department handled more than 57,000 calls for service in FY 2005-06. Over the last 5 years, the average response times for emergency calls improved from 5:41 minutes to 4:37 minutes.

The total number of traffic collisions declined by 18 percent over the five year period, however the number of bicycle/pedestrian collisions, the number of alcohol related collisions, and the percent of traffic collisions with injury increased by 19 percent, 16 percent, and 5 percent respectively.



Source: California Highway Patrol 2004 Annual Report of Fatal and Injury Motor Vehicle Traffic Collisions, and California Department of Finance

Palo Alto ranked in the 78th percentile in comparison to other jurisdictions in response to the question "how safe do you feel in your neighborhood during the day" – 94 percent of residents said they feel very or somewhat safe in their neighborhoods during the day. However, there was a drop in the percent of residents feeling very or somewhat safe from violent crime (75 percent compared to 87 percent last year) and property crime (62 percent compared to 76 percent last year) – probably due to publicity over neighborhood crime this year. Nonetheless, 87 percent of residents continue to rate police services good or excellent –

placing Palo Alto in the 89th percentile in comparison to other jurisdictions. 78 percent of residents rate animal control services good or excellent, and 63 percent rate traffic enforcement services good or excellent. The Police Department received 144 commendations and 7 complaints last year (none of the complaints were sustained).

PUBLIC WORKS

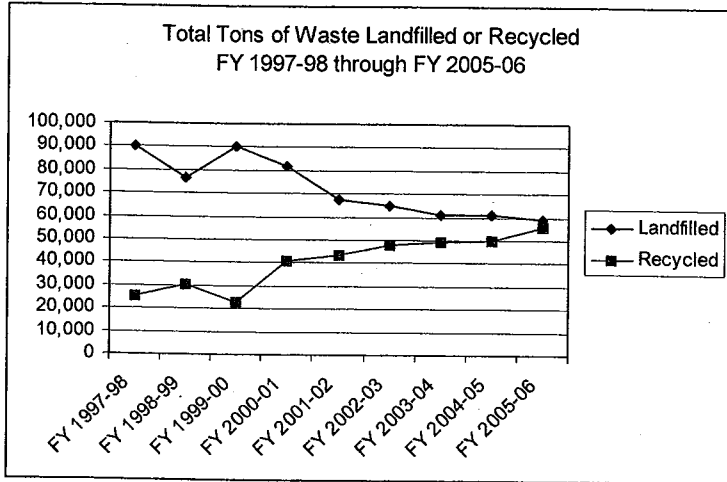
Public Works Department General Fund spending increased by only 4 percent in the last five years to \$11.3 million (this was due in part to the reallocation of staffing and other costs to other funds). The General Fund services that Public Works provides include streets, sidewalks, trees, city facilities, and private development reviews. Capital spending for these activities totaled \$11.8 million in FY 2005-06. The Department is also responsible for refuse collection and disposal, storm drainage, wastewater treatment, and vehicle replacement and maintenance (these services are provided through enterprise and internal service funds).

sidewalks have been replaced or permanently repaired, and 364 ADA ramps were completed.

In FY 2005-06, 92 percent of residents rated the quality of garbage collection as good or excellent (placing Palo Alto in the 97th percentile), 91 percent rated recycling services good or excellent (Palo Alto placed #1 in this category compared to other jurisdictions), 72 percent rated street tree maintenance good or excellent, 60 percent rated storm drainage good or excellent, 52 percent rated sidewalk maintenance good or excellent, and 47 percent rated the quality of street repair good or excellent.

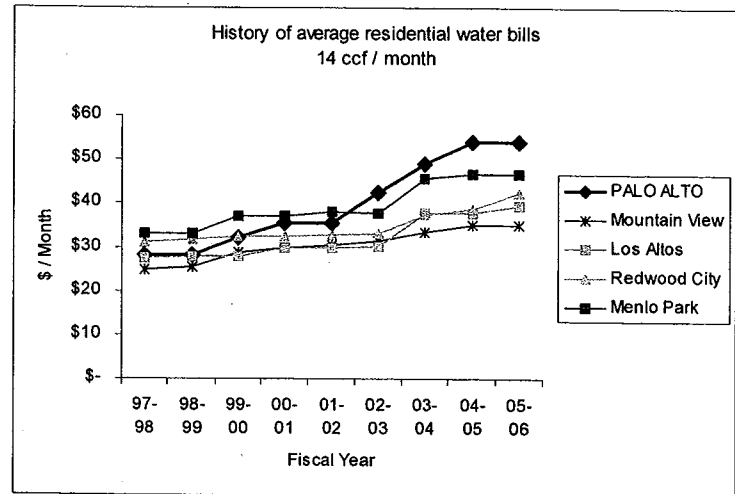
UTILITIES

In FY 2005-06, operating expense for the electric utility totaled \$83.1 million, including \$55.6 million in electricity purchase costs. As of June 30, 2006, 14.6 percent of Palo Alto customers enrolled in the voluntary Palo Alto Green energy program – supporting 100 percent renewable energy from wind. Operating expense for the gas utility totaled \$28.3 million, including \$21.4 million in gas purchases. Operating expense for the water utility totaled \$15.3 million, including \$6.5 million in water purchases. Operating expense for wastewater collection totaled \$10.8 million in FY 2005-06.



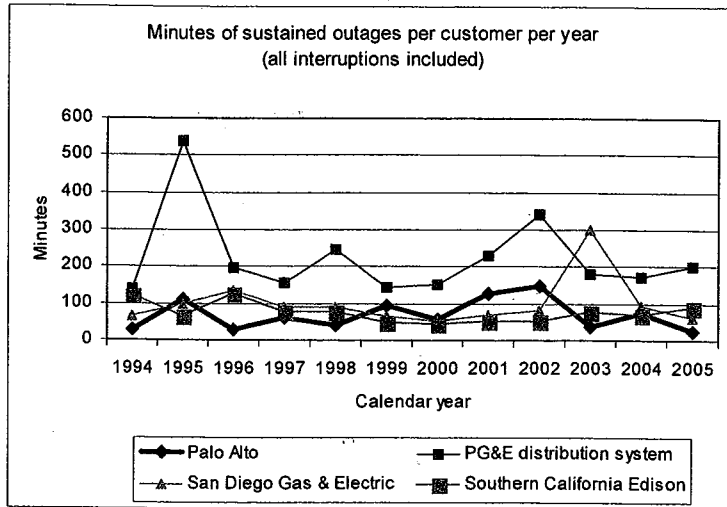
Source: Public Works Department

Over the last five years, tons of materials recycled increased 29 percent; tons of waste landfilled declined 12 percent; and tons of household hazardous materials collected increased 41 percent. Over the past 5 years, more than ½ million square feet of



Source: Utilities Department data

Palo Alto has an aggressive capital improvement program in its Utility funds. The number of electric, gas, and water service disruptions are down 25 percent, 75 percent, and 75 percent respectively, over 5 years ago.

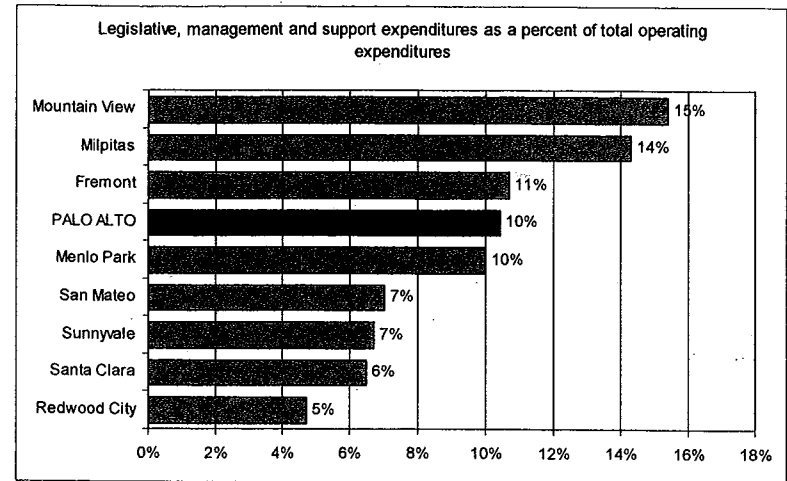


Source: California Public Utilities Commission and Utilities department data

After much hard work, the Utilities Department has recovered from a drop in service ratings in FY 2004-05, with 88 percent of residents in the most recent survey rating electric and gas services good or excellent (compared to 68 percent last year). 83 percent rate sewer service good or excellent (compared to 82 percent last year), and 85 percent rate the water utility good or excellent (compared to 81 percent last year).

LEGISLATIVE AND SUPPORT SERVICES

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



Source: State of California Cities Annual Report FY 2003-04

FURTHER INFORMATION

By reviewing the entire report, readers will gain a better understanding of the mission and work of each of the City's departments. 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,¹ and survey results for the various City services. Copies of the full report and results of the National Citizen SurveyTM are available in our office, or on the web at:

www.cityofpaloalto.org/auditor/ServiceEffortsandAccomplishments.html.

We thank the many departments and staff that contributed to this report. This report would not be possible without their support.

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