



CITY OF  
**PALO  
ALTO**

# ADOPTED OPERATING BUDGET

FISCAL YEAR  
**2024**

**CLIMATE CHANGE AND THE NATURAL ENVIRONMENT: PROTECTION AND ADAPTATION**  
**COMMUNITY HEALTH & SAFETY • HOUSING FOR SOCIAL & ECONOMIC BALANCE • ECONOMIC RECOVERY**



CITY OF  
**PALO  
ALTO**

# Fiscal Year 2024 Adopted Operating Budget

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# CITY OF PALO ALTO

The government of the City of Palo Alto exists to promote and sustain a superior quality of life in Palo Alto. In partnership with our community, our goal is to deliver cost-effective services in a personal, responsive and innovative manner.



# OUR 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



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# OVERVIEW





CITY OF  
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# TRANSMITTAL LETTER

July 1, 2023

To the Honorable Mayor and City Council

2024 Fiscal Year Adopted Operating & Capital Budget Transmittal

Honorable Mayor and Council Members:

In accordance with the City Charter, I am presenting the City of Palo Alto's Fiscal Year 2024 Adopted Operating Budget and Fiscal Year 2024 Adopted Capital Budget along with the 2024-2028 Capital Improvement Plan (CIP). This budget represents a pivot point and cautious optimism by proposing significant reinvestments in services with a total budget of \$1.0 billion including the FY 2024 capital budget of \$355.3 million and \$1.2 billion over the five-year CIP. The City's General Fund Budget of \$279.6 million invests further in services for the community and significantly advances City Council priorities.

## **Reflecting on Key Milestones**

Palo Alto has made significant strides in restoring services cut during 2020, addressing immediate needs and medium to long term fiscal sustainability through community engagement and voter approval of 2022 revenue measures. The voter approved measures solidify funding for critical public safety needs such as 9-1-1 dispatch, police services, fire and emergency medical and hazardous materials response, and community and library services. The passage of Measure K, a new Business Tax, further allows this budget to invest in public safety services, train crossing safety, and affordable housing and unhoused services in alignment with Council spending guidelines. On behalf of the City organization, we thank Palo Alto voters and all stakeholders for reinvesting in your community through the approval of Measures K and L.

## **Setting the path forward**

We continue to monitor several unknowns that factor into the medium to long-term fiscal health of the City, including economic uncertainty, supply chain impacts, and progress on addressing workforce attraction and retention challenges that impact service capacity and institutional knowledge. From the pandemic to high inflation, to unprecedented weather events, the City team and community have demonstrated remarkable adaptation to continue priority initiatives. Generational investments supporting home electrification, transportation safety at railroad grade crossings, and fiber to the premises are ongoing. Rather than simply bouncing back to pre-pandemic services, this budget invests in service delivery for a sustainable future. This budget reflects our ability to bounce forward.

# TRANSMITTAL LETTER

This FY 2024 Adopted Budget outlines a two-year budget balancing strategy - as was done in FY 2023 - bringing financial planning through June 30, 2025. FY 2024 reflects a pivot point as the City reaches some pre-pandemic benchmarks; however, considerable inflation and other factors impact both the pace of revenue and expense levels. Through this budget process, the City will set a course for near- and mid-term service levels.

Looking beyond this two-year budget strategy, we expect to continue facing deficits with our current Long-Range Financial Forecast of a \$6.2 million deficit in FY 2026. A measured approach to ongoing costs is needed to ensure that current one-time surpluses are managed in a way that will not exacerbate future deficits. The budget limits ongoing spending, sets aside higher reserve levels, fully funds anticipated legal liabilities, and maintains proactive investment in long-term liabilities.

## **Reinvesting in Services through One-time Funds, While Continuing to Mitigate Risks**

This budget invests in long-term service delivery and capital improvement, and seeks to mitigate risk through conservative fiscal strategies such as a higher budget stabilization reserve. The importance of stability for the organization remains a core value as staff works to navigate the difficulty of financial forecasting in this environment.

Although staff remains optimistic and continues to recommend investment, continued economic uncertainty, inflation, and predictions of a recession or economic stagnation loom ahead. To balance the recommended service increases, as approved by the Council, this budget temporarily carries a Budget Stabilization Reserve (BSR) at the top of the Council approved range of 15-20% of General Fund expenses, above the target level of 18.5%.

The Council proactively set aside funds in the FY 2023 Mid-Year budget to bridge the funding needed to address community service needs. The budget relies on \$3.9 million from the Budget Uncertainty Reserve, leaving a balance of \$10.1 million to fund shortfalls expected in FY 2025 as part of the recommended two-year budget balancing strategy.

## **FY 2024 Adopted Budget Highlights**

The Adopted FY 2024 Budget of \$1.0 billion reflects a 4.4% increase over the FY 2023 Adopted Budget, primarily driven by a 12% operating expense increase partially offset by a 9% decrease in the City's capital improvement program. Funding for the Capital Budget of \$355.3 million includes \$163.9 million in reappropriations from FY 2023 to FY 2024 to continue work on ongoing projects.

This budget recommends Citywide staffing levels to increase by 45.25 FTE for a total authorized staffing of 1,063.10 FTE in FY 2024. This total full-time staffing is now above pre-pandemic levels. During the pandemic, 86 full-time positions (equivalent to 78.85 FTE) and 102 part-time positions (equivalent to 24.73 FTE) were eliminated, resulting in a workforce of 956.00 FTE full-time positions and 81.59 FTE part-time positions, the lowest in a decade.

In May and June, several days of Finance Committee budget hearings, Council discussions, and a Budget Informational Session were held to review, discuss, and modify the Proposed Budget documents before they were adopted by the Council. Community members were encouraged to join these discussions to help inform decisions that the City Council considered for adoption. Changes from the Proposed Budget document to the Adopted Budget document are summarized by department and by fund in the memorandum that recommends approval of the FY 2024 budget adoption ordinance (CMR 2303-1162).

This report can be found on the City's website: [www.cityofpaloalto.org/City-Hall/City-Council/Council-Agendas-Minutes](http://www.cityofpaloalto.org/City-Hall/City-Council/Council-Agendas-Minutes) under the June 19, 2023 meeting agenda.

### **City Council Priority Objectives Investments**

Continuing work accomplished earlier this calendar year, this budget allowed for direct investments to advance the City Council's annual priorities. In January of this year, the City Council selected the following priorities, largely a continuation of 2022 priorities: Economic Recovery & Transition, Climate Change & Natural Environment – Protection & Adaptation, Housing for Social & Economic Balance, and Community Health & Safety. Over the following two months, Council adopted 72 specific objectives to advance the priorities in 2023. This is unprecedented in clarity and, combined with service and operational needs, provided a solid foundation for the budget strategies contained in the FY 2024 Adopted Budget.

As of the second quarter of 2023, nine (9) have been completed, forty-two (42) are on track, thirteen (13) are behind schedule/not started, and eight (8) are on hold or dropped.

### **Operating Budget Recommendations**

In FY 2023, staffing levels increased by 62 positions, with approximately 23 of these positions funded for two years only pending stable funding sources. This FY 2024 budget recognizes funding sources to continue these positions ongoing, and strengthens services through actions outlined by City Service Area including:

- **Community & Library Services:** Reopening of library branches to five days a week for small branches and seven days per week for large branches; increasing annual open hours by 2,600 hours. Additional resources to support the open space (Baylands) preserve, Children's and community theatre, the Arts Center and public art, twilight concert services, the Junior Museum and Zoo, therapeutics recreation, animal services, special events and marketing, the Human Services Resource Allocation Process (HSRAP), and the Know Your Neighbors grant program.
- **Public Safety:** Funding two PERT clinicians, resources for training and recruiting activities to ensure continued workforce development and retention, and support for the police field services division, traffic enforcement division, police officer special problems detail, and detective bureau. Investment in staffing for fire training, fire and life safety inspection services, public safety dispatch, plus funding for wellness program resources and equipment.
- **Planning, Transportation & Infrastructure:** Significant Investments in the development center and support for important economic recovery efforts, housing for social and economic balance, parklets and street closures, alternative transportation modes, and reinstating resources to support and sustain reasonable cycle times for inspections. Staffing for historic resources and code enforcement and resources for Building and Fire prevention plan review. Aligning resources, including new staffing, for maintenance, operations, security, and other services required for the opening of the Public Safety Building. Increasing engineering staffing levels at the water quality control plant to support capital investments, and supporting staffing for Dark Fiber expansion and Fiber to the Premises.
- **Internal Support & Administration:** Maintaining proactive funding of long-term liabilities (pension and retiree medical) at a more conservative calculation for the normal cost (5.3% discount rate) in alignment with the revised Retiree Benefit Policy. Funding for Neighbors Abroad and an employee childcare pilot program. Fully funding the recently adopted labor agreements for International Association of Firefighters, Palo Alto Fire Chiefs Association, Palo Alto Peace Officers Association, Palo

# TRANSMITTAL LETTER

Alto Police Management Association, Service Employees International Union, Utilities Management and Professional Association, and Compensation plan for Management Professional and Council Appointees. Additional staffing resources in purchasing, legal, and recruitment for new programs, projects, and service enhancements, and staffing to increase the scope of economic development activities and customer service to businesses and residents.

## Capital Budget Recommendations

The adopted budget continues progress on the City Council 2014 Infrastructure Plan and additional projects that help advance continued infrastructure replacement, improvements and repairs. Key investments include:

- 2014 Council Infrastructure Plan projects: completion of the Public Safety Building, begin construction of the Fire Station 4 replacement project
- Regional Water Quality Control Plant (RWQCP) facility upgrades
- Contingency plan to fund the Newell Road San Francisquito Creek replacement project
- Park improvements at Cameron, Peers, Ramos, Robles, and Rinconada Parks, El Camino Park turf replacement, Foothills Nature Preserve improvements, Boulware Park update and expansion, and new park restrooms
- Recognizing investments in grade separation projects including Meadow Drive, Charleston Road, and Churchill Avenue and continuing quiet zone work at Palo Alto Avenue
- Planning for construction costs for train crossing safety improvements (partially funded by Measure K proceeds)
- Funding construction of the Homekey Palo Alto interim housing shelter
- Replacing the Cubberley Gym HVAC system and continuing scheduled roof replacements at the Cubberley Community Center
- Planning for electric grid modernization and fiber to the home/dark fiber rebuild

## In Closing

While there is continued unknowns and uncertainties ahead, the FY 2024 Adopted Budget offers the Council, City Staff and the community a sense of informed optimism as we bounce forward into 2024. This budget addresses community priorities and continues robust City services that the community expects through balanced conservative strategies. The budget makes solid progress towards addressing Council priorities, setting the path ahead supporting innovative services such as PERT, furthers infrastructure priorities such as electric grid modernization, and mitigates risk of future unplanned economic shifts.

## Acknowledgments

I would like to thank the City Council for your leadership and our Executive Leadership Team and the entire staff of the City for providing outstanding services to our community. The Palo Alto community should be proud of your leadership and commitment to service.

A citywide budget requires countless hours of teamwork, collaboration, and patience to produce. I would like to offer special thanks to the dedicated Office of Management and Budget Team - Paul Harper, Jessie Deschamps, Kayla Shapiro, Naomi Hsu, Oscar Murillo, Joseph Shin, Alyssa Ching, Chaitali Paliwal, Bella Wu,

and Joshua Martinez. This team's dedication, expertise, and willingness to continue to adapt to evolving circumstances is a testament to their commitment to this organization and to the community. I also thank our Executive Leadership Team especially our Department Directors and their teams who worked on the recommendations and materials to respond to the City Council and community priorities and the leadership they have demonstrated in the information contained in these policy documents.

Respectfully Submitted,



Ed Shikada  
City Manager

### **Online Resource to Learn More About the City Budget**

City Council Priorities and Objectives: [www.cityofpaloalto.org/councilpriorities](http://www.cityofpaloalto.org/councilpriorities)

Join the Budget Conversation at [www.cityofpaloalto.org/budget](http://www.cityofpaloalto.org/budget)

Recent community update on mid-year budget actions and more: <https://medium.com/paloaltoconnect/city-finances-update-including-recent-mid-year-budget-actions-bf0a7243762e>

More information about the work on the City's 2022 ballot measures can be found here: <http://cityofpaloalto.org/fiscalsustainability>.



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# ATTACHMENT A: BALANCING STRATEGY

The FY 2024 Budget of \$1.0 billion reflects a 4.4% or \$42.1 million increase from the FY 2023 Budget of \$965.9 million. This change in funding level over the prior year is primarily due to increases in Salary and Benefits, and Utility Purchases, that are partially offset by decreases in the Capital Improvement Program (CIP). Included in the FY 2024 Budget are citywide CIP expenses of \$355.3 million. The General Fund has \$279.6 million in budgeted expenses and represents 27.7% of the City's total expenditures.

The FY 2024 General Fund Operating Budget uses a balancing strategy of leveraging one-time surplus funding to bridge shortfalls in FY 2024 and FY 2025 while continuing to invest in priority services, infrastructure, and savings for long-term liabilities. Going into FY 2024, the City continues to rebound from pandemic-related losses; however, staff remains cautious of mixed economic indicators that suggest a potential for recession or periods of slow to no growth. Economic fluctuations may have significant impacts to major tax revenue receipts and the City's overall financial outlook, as these revenue categories comprise nearly 60% of General Fund resources. This budget increases revenue estimates for the various major tax categories consistent with recent trends; however, it assumes a slower growth rate for 18 months at the beginning of FY 2024. Although this does not forecast a full recession, it does reflect a stagnant economy.

## **CONTINUING FISCAL SUSTAINABILITY ACTIONS**

The FY 2024 Budget was developed with the intention of moving the City beyond the COVID-19 pandemic recovery period and into a steadier state or "new normal". As a balanced budget, the assumptions contained herein continue to follow proactive fiscal management across all funds and sets aside resources that enable the City to continue to adapt and respond to service needs.

Significant progress towards ongoing cost containment over the past several years and the reductions that were made across the organization have provided the foundation through which the City was able to effectively respond to the financial impacts of COVID-19. This strategic planning positioned the organization to restore services to near pre-pandemic levels and invest in some new City Council priority areas while maintaining fiscal responsibility.

Investment in capital infrastructure remains a key priority, in part funded by approval of two Transient Occupancy Tax rate changes as well as a transfer from the General Fund to the Capital Improvement Fund for the catch-up and keep-up priorities identified by the Infrastructure Blue Ribbon Commission (IBRC). This capital budget continues to prioritize the 2014 Council approved Infrastructure Plan (IP) in the General Capital Improvement Fund, and the recovering economy has increased the funding from the General Fund allowing for reinvestment in catch-up and keep-up work at the City's streets, parks, and facilities.

# BUDGET BALANCING STRATEGY

## GENERAL FUND BALANCING STRATEGY

The FY 2024 Operating Budget is balanced using one-time funding sources. As part of the FY 2023 Mid-year review, the City Council established a \$14.0 million Uncertainty Reserve to fund anticipated shortfalls in FY 2024 and FY 2025. The FY 2024 Proposed Budget draws down approximately \$3.9 million of the \$14.0 million reserve to fund services approved by the City Council in FY 2024 and ongoing. The unspent balance of \$10.1 million remains in the Uncertainty Reserve and appears in the Non-Departmental budget. This remaining amount is needed to be carried forward from FY 2024 to FY 2025 to fund a projected \$7.3 million deficit in FY 2025 which includes the second year of City Council priority investments, and \$2.8 million to maintain a 20.0% Budget Stabilization Reserve (BSR). By policy, the City maintains a BSR balance of 15.0-20.0% of the annual operating expense, with a target level of 18.5%.

The FY 2024 Adopted Budget is projected to have a \$54.3 million BSR balance at fiscal year-end. This level of reserve is higher than the City Council's recommended level of 18.5% by \$4.4 million. The expense total to calculate the BSR (\$269.5 million) excludes the Uncertainty Reserve to avoid unintentional inflation of BSR target levels. The BSR is recommended within the target range at the 20.0% level in order to set aside funds to mitigate potential impacts from economic uncertainty and the potential for a near term recession.

## REVENUES

General Fund revenues are \$261.1 in FY 2024, a \$23.4 million or 9.8% increase over FY 2023 Adopted levels of \$237.8 million. These estimates reflect a continued economic recovery from the pandemic, primarily driven by increases in major tax revenues in Property Tax, Sales Tax, and Transient Occupancy Tax (TOT). Overall, major tax revenues represent nearly 60% of total General Fund resources and have increased by \$18.0 million or 13.4% year over year, from \$133.3 million in FY 2023 Adopted to \$151.3 million in FY 2024 Adopted. These increases help to offset the elimination of one-time resources that have previously boosted the City's financial outlook in prior years, such as the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act) and American Rescue Plan Act (ARPA). Reserves for economically sensitive revenues have also been eliminated as programs that were previously modified or canceled during the pandemic are expected to resume. Additionally, this budget recognizes voter approval of ballot measures that affirm the ongoing Gas Utility Equity Transfer (Measure L) and begins to phase-in revenues for the new business tax (Measure K) for public safety, affordable housing and homeless services, and transportation safety improvements and grade separations.

Proposed increases for major tax revenues are outlined below:

- Sales Tax: +11.3% (from \$32.6 to \$36.3 million)
- Property Taxes: +6.7% (from \$59.8 to \$63.8 million)
- Transient Occupancy Tax (TOT): +47.4% (from \$18.2 to \$26.8 million)
- Utilities Users Tax (UUT): +18.5% (from \$15.6 to \$18.5 million)
- Documentary Transfer Tax (DTT): -18.0% (from \$7.2 to \$5.9 million)

The comparisons above reflect the FY 2023 Adopted revenue estimates; however, an additional \$6.0 million was recognized in the FY 2023 Mid-year Report (CMR 2212-0515) for Property Tax (\$0.5 million), Sales

Tax (\$1.5 million), and TOT (\$4.0 million) based on higher than anticipated receipts in the first half of the fiscal year. As part of the FY 2024 budget process, the City Council recognized an additional \$6.1 million in major tax receipts in FY 2023 beyond adjusted budget levels based on continued positive trends for Sales Tax and TOT, and higher UUT due to increasing commodity prices. These additional receipts have been considered in financial planning of the FY 2024 Adopted Budget. Additionally, the LRFF assumed an 18-month recession beginning in the second half of FY 2023, this has been pushed out six months in recognition of continued positive trends in recent periods. These resources will continue to be monitored and refined as new information becomes available.

Funding from TOT and other Capital sources, such as Measure B and SB1, are included in this budget to provide resources for Capital Infrastructure. Funding from TOT includes two components, amounts for general use and amounts dedicated to funding the Infrastructure Plan. Of the \$26.8 million budgeted in FY 2024, \$14.4 million is allocated for general use, and \$12.4 million is allocated to the Capital Improvement Fund for infrastructure projects. As compared to pre-pandemic levels, general use funding remains \$2.5 million lower than FY 2019 levels of \$17.0 million, but Infrastructure Plan funding is \$3.7 million higher than FY 2019 levels of \$8.7 million. This is in part due to provisions that all TOT for new hotels built after January 2015 are transferred annually to support capital investments.

### **EXPENSES**

General Fund expenses are \$279.6 million in FY 2024, a \$32.2 million or 13.0% increase over FY 2023 Adopted levels of \$247.4 million. As a service-driven organization, salary and benefits represent nearly 60% of total General Fund expenses.

Salary and benefits are \$166.9 million in FY 2024, a \$18.5 million or 12.5% increase over FY 2023 Adopted levels of \$148.4 million. This increase primarily reflects staffing additions and new labor agreements with all labor groups for changes in wages, benefits, and other terms and conditions of employment. These agreements are preceded by several years of staffing eliminations and revisions to employment terms, including concessions to generate cost savings during the pandemic. Reinvestments in staffing and resources began in FY 2022 and have continued as the City recovers from the pandemic. Additionally, this budget continues the practice to proactively fund long-term retirement benefits, consistent with the City's Retiree Benefit Funding Policy. Overall, this budget includes \$7.9 million (\$13.2 million Citywide) for supplemental contributions to the City's Pension Trust and \$1.5 million to the City's Other Post-Employment Benefit (OPEB) Trust. Through FY 2023, a total of \$54.4 million in principal contributions have been made to the Pension Trust (approximately 68% from the General Fund).

This budget ensures that the City continues to fund activities that maintain health, safety, and legal compliance, such as staffing in the Fire Department for Fire Life and Safety Inspections. Investments are also made to maintain or enhance services and advance City Council priorities and initiatives, such as extending Library open hours, expanding Community programs, continuing the PERT program, and adding staffing and other resources for Planning and Transportation services. These investments include staffing additions that increase citywide staffing levels by 45.25 FTE, from 1,017.85 FTE in FY 2023 Adopted to 1,063.10 FTE in FY 2024 Adopted.

## BUDGET BALANCING STRATEGY

As discussed above, this budget recommends a two-year balancing strategy using the \$14.0 million Uncertainty Reserve to bridge shortfalls in FY 2024 and FY 2025 and maintain a 20.0% BSR balance. The balance of the Uncertainty Reserve is included as an expense in the Non-Departmental budget.

Lastly, this budget continues to incrementally increase the base transfer support from the General Fund to the Capital Improvement Fund with the anticipation of returning to pre-pandemic funding levels by FY 2026. This budget increases the overall transfer to the Capital Improvement Fund by \$8.6 million in FY 2024, from \$19.6 million in FY 2023 Adopted to \$28.2 million. This increase is comprised of \$2.5 million of one-time funding for the Homekey Facilities (PE-24005) capital project, \$2.7 million in increased TOT revenue, and \$3.4 million in increased base support from the General Fund.

### ALL FUNDS

#### Airport Fund

FY 2024 Revenues in the Airport Fund are anticipated to be \$3.6 million with corresponding expenses of \$4.3 million. The Airport Fund receives most of its funding for capital projects through grants from the Federal Aviation Administration (FAA) and the City is required to match 10 percent of the awards. The large multi-year Airport Apron Reconstruction project (AP-16000) was completed in FY 2023, allowing the Airport to fully use apron space for tie down rentals. Staff intends to continue applying for FAA grants for eligible capital improvement projects to ensure a safe and well-maintained airport. Current projects include re-purposing an existing fuel tank to provide unleaded fuel to Airport users, developing a Long-Range Facilities and Sustainability Plan for the Airport, and replacing the Airport's fleet with electric vehicles. Since the City took over operations in FY 2014, the Airport Fund received loans from the General Fund, totaling \$3.1 million. The Airport Fund will continue repayment of the loan to the General Fund in the amount of \$272,000 annually through FY 2035 as part of its commitment to fiscal sustainability and financial viability.

#### Stormwater Management Fund

In FY 2024, the Stormwater Management fee is scheduled to increase by 4.9 percent as approved by the voters in 2017 to keep fund revenues consistent with inflationary cost increases and to provide sufficient funds for planned Stormwater Management capital and operating expenditures. The Stormwater Management fee was approved by property owners through a ballot measure in April 2017, with the projects and infrastructure component of this fee sunsetting on June 1, 2032 unless extended through a subsequent ballot measure. This fee provides financial resources for a number of capital projects as outlined in the Storm Drain Blue Ribbon Committee's recommendations, which identified 13 Capital Improvement projects. Work on those projects began in FY 2019 and is programmed to continue in the 2024-2028 CIP. Due to storms and flooding that occurred in Spring 2023, the priority and planning of the Stormwater capital projects was evaluated during the development of the 2024-2028 CIP. More information about updates to capital project funding and timelines can be found in the FY 2024 Adopted Capital Budget document.

#### Wastewater Treatment Fund

The FY 2024 Budget includes significant funding for nine system improvement capital projects at the Regional Water Quality Control Plant (RWQCP) programmed through the 2024-2028 CIP. \$62.6 million is budgeted in FY 2024 for these projects, with expenses of \$198.3 million programmed over the 2024-2028

CIP. The RWQCP has many systems that need to be upgraded or replaced and is currently undergoing major capital investments to ensure the RWQCP continues to function efficiently and takes advantage of new technologies where possible. Due to the large cost of these projects, staff is exploring financing options such as State Revolving Fund Loans or bond financing. It is important to note that approximately 65 percent of expenditures in the Wastewater Treatment Fund are reimbursed by five contributing partner agencies outside of the City of Palo Alto, based on each agency's expected capacity share. Details of these capital projects and expenses can be found in the Wastewater Treatment Fund section of the FY 2024 Adopted Capital Budget document.

## **Sustainability and Climate Action Plan (S/CAP)**

One of the City Council's continuing goals for calendar year 2023 is Climate Change - Protection and Adaptation, which ties into the Sustainability and Climate Action Plan (S/CAP) that was developed to help the City achieve aggressive sustainability targets. One of those targets is the goal of reducing greenhouse gas (GHG) emissions 80 percent below 1990 levels by 2030 (the "80 x 30" goal). The City's commitment to a sustainable future is reflected in the FY 2024 Budget, which continues refinement and implementation of the S/CAP. Investments have been made across various City funds related to S/CAP including: a new Grid Modernization for Electrification capital project (EL-24000), realignment of staff to manage infrastructure improvement projects; scale existing successful energy efficiency programs; perform and analyze research in alternative energy sources, sustainable water supplies, and carbon sequestration options; increase incentives for voluntary electrification programs, and install additional electric vehicle (EV) charging stations to encourage the wider adoption of EVs and the transition of the City's fleet.

## **Parking District Funds (University Avenue, California Avenue, and Residential Parking Permit (RPP) Funds)**

The FY 2024 Budget does not include changes to current staffing levels or funding for Capital improvement projects. As a result of the recommended changes in various parking programs, this budget includes:

- Revenue reductions in permit sales for the University Avenue and California Avenue Funds to reflect a lower volume of parking activity
- One-time loan of \$0.5 million from the General Fund to the California Avenue and RPP Funds to bridge annual shortfalls
- Funding of \$0.2 million in the University Avenue Fund for the Palo Alto Transportation Management Authority (TMA) to reduce Single Occupancy Vehicle (SOV) rates; \$25,000 shifted from the University Avenue Fund to the General Fund to expand services beyond downtown

Net operating losses are expected to nearly exhaust remaining fund balances in FY 2024. The General Fund loan recommended in this budget will maintain services while staff continues to monitor parking permit demand and consider elements of a comprehensive parking strategy, including permit pricing and policy. Subsequent Municipal Fee Schedule adjustments will be examined as staff expects to return to the City Council for program change reviews and implementation time-frames in the new fiscal year.

A more detailed presentation of the FY 2024 Budget for the University Avenue Parking District Fund and California Avenue Parking District Fund are available at the end of the Special Revenue Funds Overview section in this document.

# BUDGET BALANCING STRATEGY

## UTILITY RATE CHANGES

FY 2024 financial plans for City's utilities are developed to provide sufficient funding to cover increasing expenses for commodities, replenish lower reserves, and to repair and replace the City's aging utility infrastructure. The FY 2024 Budget assumes the following rate changes as presented to the Utilities Advisory Commission (UAC) and the City Council at the April 17, 2023 meeting:

- (5.0)% rate change for Electric
- 4.9% CPI increase for Fiber
- 8.0% rate increase for Gas
- 0% rate change for Refuse
- 4.9% CPI increase for Stormwater
- 9.0% rate change for Wastewater Collection
- 5.0% rate change for Water

# ATTACHMENT B: POSITION SUMMARY

The most significant asset the City has in serving the community is its employees. Local government services are primarily delivered by employees, whether they are police officers, utility linemen, librarians, or planners. Therefore, it should not be surprising that more 60 percent of the FY 2024 General Fund Budget is attributed to funding salaries and benefits.

In FY 2023, the City Council engaged with labor groups to negotiate new agreements for wages, benefits, and other terms and conditions of employment. These agreements extend through January 2025 (SEIU) and June 2025 (all other labor groups) for full-time staffing and include target market adjustments to align salaries with benchmark studies, Cost of Living Adjustments (COLAs), and other benefits such as a flexible compensation benefit. Additionally, the City Council approved amendments to adjust the FY 2023 Adopted Budget in alignment with one-time savings generated in FY 2022 and continued recovery trends. These resources supported continued investments for immediate needs and priority initiatives, including 5.75 full-time and 2.43 FTE part-time positions added as part of the Mid-Year Budget Review and the Permanent Parklet Program. These actions appear in the FY 2024 Base Budget.

This FY 2024 Budget continues to invest in staffing resources that support City services and recommends the net addition of 45.25 full-time and over 30 part-time positions (9.94 FTE), including those added in the FY 2023 Mid-Year review and mentioned above.

Overall, actions in this budget increase full-time staffing levels from 1,017.85 FTE (552.81 FTE in the General Fund) to 1,063.10 FTE (586.06 FTE in the General Fund), a 45.25 FTE or 4.4 percent increase. These actions are discussed in detail below and in the individual sections of the budget document where the transactions occur, including the Staffing Tables and Budget Adjustments sections of the respective departments, and the Table of Organization.

## **POSITION CHANGES**

Position changes recommended in this budget include eliminations, additions, reclassifications, and reallocation/realignment of staff. The table below summarizes the changes in full-time positions and is followed by a more detailed discussion. Additional information about current year staffing eliminations, additions, reclassifications, and reorganizations is available in this FY 2024 Adopted Budget in the individual department sections and the Table of Organization.

# SALARIES, BENEFITS, & POSITION SUMMARY

## Full-Time Position Changes FY 2023 Adopted to FY 2024 Adopted

	General Fund	Enterprise Funds	Other Funds*	Total
<b>FY 2023 Adopted Budget</b>	552.81	371.58	93.46	1,017.85
FY 2023 Approved Adjustments	4.75	-	1.00	5.75
<b>FY 2023 Modified Budget</b>	557.56	371.58	94.46	1,023.60
FY 2024 Increase	27.10	10.00	4.40	41.50
FY 2024 Decrease	-	(2.00)	-	(2.00)
FY 2024 Reallocation	1.40	1.00	(2.40)	-
				-
<b>FY 2024 Adopted Budget</b>	586.06	380.58	96.46	1,063.10
<b>Net Difference: FY 2023 Adopted to FY 2024 Adopted</b>	33.25	9.00	3.00	45.25

Full-time position changes recommended in this budget include eliminations, additions, reclassifications, and reallocation of staff as detailed below.

### FY 2024 Position Actions:

- Eliminate 1.00 Meter Reader and add 1.00 Senior Fiber Market Analyst in the Utilities Department to support dark fiber business operations
- Add 0.75 FTE Administrative Assistant in the Human Resources Department to provide citywide customer service support
- Eliminate 0.48 FTE Maintenance Assistant – H and add 1.00 Equipment Maintenance Service Person in the Public Works Department to provide additional support to the Fleet Team, ensuring equipment maintenance and daily operations have sufficient staffing resources
- Add 1.00 Facilities Technician in the Public Works Department to increase facilities maintenance capacity commensurate with workload increases caused by facilities expansion, such as the new Public Safety Building
- Add 1.00 Project Manager in the Public Works Department to manage capital improvement projects, which are increasing in number and complexity
- Reclassify 1.00 Motor Equipment Mechanic-Lead to 1.00 Fleet Services Coordinator in the Public Works Department to right-size support for day-to-day fleet operations and administration
- Add 1.00 Office of Emergency Services Coordinator to increase the City’s capacity to respond to emergencies
- Add 3.50 FTE (1.00 Senior Librarian, 1.00 Supervising Librarian and five Library Clerk positions for a total of 1.50 FTE), reclassify 2.00 FTE (1.00 Library Specialist to 1.00 Library Associate and 1.00 Librarian to 1.00 Senior Librarian) to increase open hours and offer additional programs to the community

## SALARIES, BENEFITS, & POSITION SUMMARY

- Add 1.00 Senior Management Analyst in the Human Resources Department to manage the City's Risk Management and insurance programs
- Add 1.00 Chemist to the Public Works Department to absorb additional workload at the Regional Water Quality Control Plant (RWQCP) lab resulting from updated state regulations
- Add 1.00 Project Engineer to the Public Works Department for the RWQCP rebuild capital project
- Reclassify 1.00 Utilities System Operator to 1.00 Senior Utilities System Operator to manage training programs, continuing education, and maintenance work
- Reclassify 1.00 Engineering Technician III to 1.00 Associate Engineer in the Public Works Department for complex and detailed permit review related to street work, encroachment, excavation and grading
- Add 0.50 FTE Program Assistant I to the Utilities Department, resulting in 1.00 FTE, to increase capacity of the Communications team by responding to customer inquiries, ordering marketing collateral, and various administrative duties
- Add 1.00 Management Analyst to the Information Technology Department to manage expanding technology contracts, including renewals, amendments, formal solicitations and related Council reports
- Add 1.00 Engineer to the Public Works Department to support operations at the RWQCP
- Add 1.00 Assistant Director to the Community Services Department to oversee operations of the Arts and Sciences and Recreation Divisions
- Reclassify 2.00 Human Resources Technicians to Human Resources Representatives to support work of increasing complexity and volume
- Reclassify and increase 0.75 FTE Producer Arts/Science Program to 1.00 Theater Specialist in the Community Services Department to increase public operating hours at the Art Center
- Reclassify 1.00 Administrative Associate I and 1.00 Administrative Associate II to 2.00 Administrative Associate III in the Planning and Development Services Department to provide consistent customer service and department support
- Add 2.00 Fire Inspector to the Fire Department to support fire and life safety inspections to conduct annual inspections of various buildings in accordance with State mandates
- Add 1.00 Coordinator Recreation Programs to the Community Services Department to support special events and marketing
- Reclassify 1.00 Deputy City Clerk to 1.00 Assistant City Clerk in the City Clerk's Department to right-size capacity for the increased demands of new software systems and the changed nature of public meetings
- Add 1.00 Administrative Associate II to the Police Department to serve as the coordinator of internal processes such as procurement and timekeeping
- Add 2.00 Police Officers to the Police Department to provide traffic enforcement
- Reclassify and increase 0.48 FTE Management Specialist to 1.00 Deputy City Attorney in the City Attorney's Office to increase capacity commensurate with workload, provide dedicated support for public records requests, and focus on Utilities projects such as electrification and sustainability programs
- Add 0.50 Administrative Associate II to the Administrative Services Department to coordinate reimbursement for travel expenses, support the new e-procurement system, coordinate contracts, process invoices, and provide customer service support

## SALARIES, BENEFITS, & POSITION SUMMARY

- Add 1.00 Supervisor of Code Enforcement to the Planning and Development Services Department to improve the closure rate of cases, increase community engagement and customer service, and provide enhanced service levels
- Add 1.00 Plans Check Engineer to the Planning and Development Services Department to support Fire Prevention plan review
- Add 1.00 Senior Planner to the Planning and Development Services Department to manage the Historic Preservations Program
- Reclassify 5.00 Building Inspector Specialist to 5.00 Senior Building Inspector\*\* to reduce staff turnover by creating promotional opportunities, aid in succession planning, and hire more flexibly
- Add 1.00 Assistant Director Utilities Customer Support Services, 1.00 Manager Information Technology, and 2.00 Manager Utilities Telecommunications to implement, support, and manage projects related to phase one of Fiber-to-the-Premises
- Add 1.00 Senior Planner to the Office of Transportation to perform environmental review, project review, special planning or transportation study preparation, and updates to various City plans and leads public engagement strategies in support of City priority projects
- Reclassify 1.00 Street Maintenance Assistant to 1.00 Landfill Technician in the Public Works Department to support increasingly frequent and complex issues arising as the landfill ages
- Add 0.75 Program Assistant I for Art Center visitor services customer support
- Add 0.75 Coordinator of Recreation Programs to evaluate and develop a Therapeutic Recreation plan
- Add 1.00 Administrative Assistant to support economic development activities
- Add 2.00 Public Safety Dispatchers to increase support for high volumes of calls for service
- Add 1.00 Senior Planner to focus on projects which improve road safety and sustainable transportation
- Add 1.00 Senior Human Resources Administrator to support citywide recruitment needs
- Realign staffing needs for three-year S/CAP workplan, eliminating 1.00 Senior Engineer and 1.00 Principle Resource Planner and adding 1.00 Assistant Director Sustainability and Climate Action and 1.00 Engineer
- Reallocate 2.40 Building Serviceperson positions for custodial, landscaping services, and routine maintenance work shifted from the Cubberley Fund to the General Fund
- Add 1.00 Senior Plan Check Engineer at the Development Center (DC) to support counter operations
- Add 1.00 Assistant City Attorney to add legal resources for planned priority projects
- Reclassify 2.50 Facilities Technicians to Airport Specialist II to align with a title change in the new Service Employees International Union (SEIU) agreement
- In addition to these adjustments, part-time positions were added to support work including, but not limited to putting on Children's Theatre productions (1.19 FTE), art installations (0.27 FTE), citywide recruitments (0.96 FTE), managing property and evidence for the Police Department (0.30 FTE), and training and support for Fire Academies (0.96 FTE).

\*\* The FY 2024 Adopted Budget includes new job classifications that require completion of appropriate review and potential discussion with respective bargaining groups. Proposals in this budget include estimated funding levels for financial planning purposes only and do not reflect the final negotiated terms of the proposed classifications.

## FY 2023 Position Changes

In FY 2023, the City Council approved amendments to continue realigning the budget with a more optimistic economic outlook and proactively reinvest in activities that addressed the most immediate needs of the City and its residents. In total, 5.75 full-time and 2.43 FTE part-time were added:

- Permanent Parklet Program Regulations, Proposed Ordinance, and Budget Amendments (CMR 2301-0888):
  - Add 0.50 FTE Engineering Technician III to implement and manage a permanent parklet program
- FY 2023 Mid-Year Budget Review (CMR 2212-0515):
  - Add 1.00 Division Manager Open Space, Parks, and Golf
  - Add 0.75 Junior Museum and Zoo Educator, offset by the elimination of 0.40 FTE Arts & Science Professional I - H and 0.40 FTE Arts & Science Professional II - H
  - Add 1.00 Senior Technologist
  - Reclassify 1.00 Management Analyst to 1.00 Senior Management Analyst
  - Reclassify 1.00 Administrative Associate II to 1.00 Administrative Associate III
  - Add 2.00 Senior Planner
  - Add 1.00 Court Liaison Officer
  - Reclassify 1.00 Administrative Associate III to 1.00 Administrative Assistant
  - Add 3.23 part-time positions (0.15 FTE Librarian - H, 2.99 FTE Library Clerk - H, 0.09 FTE Library Page - H), partially offset by the elimination of 1.00 Librarian and 0.50 FTE Library Specialist
  - Reclassify 1.00 Business Analyst to 1.00 Senior Business Analyst
  - Reclassify 1.00 Assistant Director to 1.00 Division Head Library Services
  - Add 3.00 Coordinator Library Programs, offset by the elimination of 2.00 Senior Librarian
  - Reclassify 1.00 Librarian to Senior Librarian
  - Reclassify 3.00 Library Specialist to 3.00 Library Associate

## SALARY & BENEFITS

### SALARIES

In FY 2023, the City Council approved new labor agreements for the unrepresented Management and Professionals group (MGMT) (CMR 15004), Service Employee International Union (SEIU) (CMR 2301-0719), International Association of Firefighters (IAFF) (CMR 2301-0719), Fire Chief's Association (FCA) (CMR 2301-0906), Palo Alto Peace Officers' Association (PAPOA) (CMR 2303-1152), Palo Alto Police Management Association (PAPMA) (CMR 2303-1152), and Utility Management and Professional Association of Palo Alto (UMPAPA) (CMR 2305-1454), extending terms to January 2025 (SEIU) and June 2025 (all other groups). Highlights of the new labor agreements include 4.0% Cost of Living Adjustments (COLAs), targeted market adjustments aligned with benchmark studies, and benefits such as flexible compensation to allow employee choice in health and other benefit options. The COLA adjustment is a general salary increase in recognition of rising cost of living indicators (such as the Consumer Price Index) and regional economic factors. The market adjustments apply to positions identified in a total compensation study completed by the Human Resources Department to align with market conditions and maintain the City of

## SALARIES, BENEFITS, & POSITION SUMMARY

Palo Alto's standing as an employer of choice in the region. The specific terms of the agreements vary by labor group and additional details are provided in the reports outlined above. The FY 2024 Adopted Budget includes adjustments for these terms.

These new agreements follow several years of significant impacts to labor terms and staffing levels. In FY 2021, the City negotiated concessions with labor groups to generate cost savings to help offset nearly \$40 million in losses resulting from the pandemic, including position eliminations, furloughs, and wage freezes. Overall, full-time staffing levels were reduced from pre-pandemic levels of 1,034.85 FTE (574.43 FTE in the General Fund) to 956.00 FTE (506.80 FTE in the General Fund). The MGMT group participated in a 10% 'give-back' that consisted of a wage freeze, furlough, and reduced flexible management benefits. In total, this generated savings of \$3.5 million citywide (\$2.3 million in the General Fund) in FY 2021. In the MGMT and UMPAPA groups, general salary adjustments were not received in 2020 or 2021, except for merit awards that were effective July 2021. Agreements with safety groups in FY 2021 included a deferral of wage increases for one year in the FCA, PMA, and PAPOA, and deferral of wage and step increases for one year in the IAFF group. The savings achieved in the safety groups were used to fund retirement incentives and offset an attrition period that allowed the Fire and Police Departments to delay the separation of filled positions identified to be held vacant in FY 2021 (position freezes).

In FY 2022, as the City began to experience a level of economic recovery and the City Council began reinvesting in the most immediate needs, adding staffing in FY 2022 Midyear and FY 2023 Adopted that brought overall full-time staffing levels to 1,017.85 FTE (552.81 FTE in the General Fund). Additionally, the City Council approved a 4.0% Cost of Living Adjustment (COLA) for all labor groups, effective April 2022, and an additional 3.0% market adjustment for IAFF, effective July 2022 (CMR 14069 and CMR 14149). As discussed above, this FY 2024 Adopted Budget continues to recognize investments, including FY 2023 Midyear and FY 2024 actions that bring full-time staffing levels to 1,063.10 FTE (586.06 FTE in the General Fund).

### PENSION

The City Council has implemented multiple efforts to minimize the growth of pension and other benefit expenses through labor negotiations. These are an important part of the City's overall cost-containment strategies. Past successful steps include:

- Employee payment of the CalPERS employee contribution for all bargaining groups.
- Employee contribution toward the employer portion of CalPERS normal cost, between 1 percent and 4 percent.
- Employees sharing the cost of health plans by shifting from a percentage share to a flat-rate medical benefit.
- Implementation of a less costly third-tier pension plan (PEPRA), effective January 1, 2013.

The FY 2024 Budget reflects the required employer pension contributions determined in the CalPERS actuarial valuation as of June 30, 2021 (CMR 14628). The calculation for annual employer contributions are based on a set of actuarial assumptions for demographic (e.g., mortality, retirement, termination, and dis-

## SALARIES, BENEFITS, & POSITION SUMMARY

ability rates) and economic factors (e.g., future investment returns, inflations, and salary growth). In a year that CalPERS does not meet assumptions due to plan changes, assumption changes, method changes, or plan experience (including investment gains/losses), there is an increase or decrease to the City's pension liability. Therefore, there are potential impacts to the City's pension liability resulting from the COVID-19 pandemic and associated market volatility.

The Actuarial Determined Contribution (ADC), also referred to as the blended rate, reflects the total estimated employer contribution and includes the combined cost of Normal Cost (NC) and Unfunded Accrued Liability (UAL).

- The NC reflects the employer contribution for the plan retirement benefits provided to current employees based on the current set of assumptions and is billed as a percentage of payroll.
- The UAL represents the employer amortization of unfunded accrued liability and is billed as a flat dollar rate. The CalPERS annual payment is calculated to pay down the City's unfunded accrued pension liability over the amortization timeline. If all actuarial assumptions were realized through the amortization timeline, the City would eliminate its unfunded pension liability after making these annual payments.

The ADC for the Miscellaneous Plan is \$38.8 million in FY 2024, a decrease of \$0.7 million (1.8 percent), from an ADC of \$39.5 million in FY 2023. The ADC for the Safety Plan is \$20.7 million in FY 2024, a decrease of \$0.2 million (1.0 percent), from an ADC of \$20.9 in FY 2023.

CalPERS projected pension rates through FY 2029 are included in the table below (expressed as a percent of payroll).

**Pension Rates by Plan (Fiscal Year) – CalPERS**

FY	2022	2023	2024	2025	2026	2027	2028	2029
Miscellaneous (%)	41.8	42.9	44.8	43.6	38.9	32.9	30.9	30.7
Safety (%)	69.6	71.1	74.0	72.3	69.5	66.8	63.6	63.2
Discount Rate (%)	7.0	7.0	6.8	6.8	6.8	6.8	6.8	6.8

As the above table indicates, the CalPERS estimate for City pension costs will decrease or stabilize in 2025. The decrease and stabilization present in 2025 are attributable to the full amortization of relatively large UAL bases, and the CalPERS assumption that normal costs will decrease as employees in lower-cost Public Employees' Pension Reform Act (PEPRA) plans replace classic plan members.

Each year, the City's UAL is impacted if CalPERS investment returns do not meet expectations. In the period ending June 30, 2021, the plan experienced a 21.3 percent investment return as compared to a 7.0 percent return assumed by CalPERS. This gain triggered the CalPERS Risk Mitigation Policy to use a portion of the gains to offset the costs of reducing the expected volatility of future investment returns. Consistent with the current amortization policy, the resulting investment gain will be amortized over 20 years with a 5-year ramp-up period. Overall, the funded status of the Public Employee's Retirement Fund (PERF) increased 10.6 percent over the prior year, from 70.6 percent to 81.2 percent as of June 30, 2021. This report does not consider the preliminary -6.1 percent loss on investments for the period ending June 30, 2022 (6.8 percent target); this investment loss will be included in the report issued in fall 2023 and

## SALARIES, BENEFITS, & POSITION SUMMARY

incorporated in the development of the FY 2025 budget. An estimate for this loss is included in the FY 2024 - 2033 Long Range Financial Forecast (LRFF) for financial planning purposes. CalPERS estimates that this loss will result in a 9.2 percent decrease in the total PERF, from 81.2 percent to 72.0 percent as of June 30, 2022. The City will continue to work to understand the ramifications and strategize appropriate actions that address long-term pension obligations.

The City has taken several proactive steps to address rising pension costs and long-term liabilities, including cost-sharing in labor agreements, establishing an irrevocable Section 115 Pension Trust Fund (“Pension Trust”), and adopting a Pension Funding Policy, recently renamed the Retiree Benefit Policy in recognition of the inclusion of retiree healthcare plans. As part of policy goals, the City seeks to reach a 90 percent funded status by FY 2036. Further information about this policy and recent enhancements can be found in the Employee Information section of this document. This FY 2024 Budget includes approximately \$13.2 million (\$7.9 million in the General Fund) in supplemental contributions. Through FY 2023, a total of \$54.4 million in principal contributions will have been made to the Pension Trust (approximately 68 percent from the General Fund).

In the General Fund, it is anticipated the City will spend a total of \$44.4 million on total pension costs in FY 2024, including both CalPERS contributions and supplemental Pension Trust Fund contributions.

### RETIREE HEALTHCARE

Retiree Healthcare/Other Post-Employment Benefits (OPEB) is based on actuarial consultant studies (Bartel Associates) that are completed bi-annually. The most recent study was completed in June 2022 to inform the development of the FY 2023 and FY 2024 operating budgets (CMR 14502). Consistent with City Council direction and the proactive funding strategies in the Retiree Benefit Funding Policy, the FY 2024 Budget continues the practice of budgeting the cost of retiree healthcare at a more conservative 5.75 percent discount rate and transmitting the amount above the required payment as an additional discretionary payment (“prefunding”) to the CERBT Fund.

The budget assumes the full payment of the Actuarial Determined Contribution (ADC) for retiree healthcare. CalPERS blends active employees with pre-Medicare retirees and charges the same medical premium, even though younger employees on average consume less healthcare. The higher premium to younger employees thereby subsidizes older employees and retirees who, on average, have higher claims and premiums. This implied subsidy effectively lowers the funding necessary to meet the ADC.

In FY 2024, the ADC is \$16.8 million, a \$476,000 increase from FY 2023 levels of \$16.3 million. Though the ADC assumed for the FY 2024 budget is \$16.8 million, the charges to the City’s funds are budgeted at \$13.7 million. The difference of \$3.1 million represents the City’s implied subsidy for retiree healthcare.

# SALARIES, BENEFITS, & POSITION SUMMARY

## Retiree Healthcare Annual Required Contributions (by Fiscal Year)

FY	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
General Fund (\$)	10.3	10.6	10.9	11.3	11.6	11.9	12.3	12.7	13.1	13.5	13.9
Non-General Fund (\$)	6.0	6.2	6.3	6.5	6.7	6.9	7.1	7.4	7.6	7.9	8.1
Total (\$)	16.3	16.8	17.3	17.8	18.3	18.8	19.4	20.0	20.7	21.4	22.0

The FY 2024 Budget for Retiree Healthcare increased to \$16.8 million, representing a 3.1 percent increase from the FY 2023 Adopted Budget of \$16.3 million.

Additional information regarding Retiree Healthcare can be found in the Employee Information section of this document.



CITY OF  
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# INTRODUCTION





CITY OF  
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# Budget Acknowledgments

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### City Clerk

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### Fire

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### Human Resources

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### Information Technology

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### Office of Emergency Services

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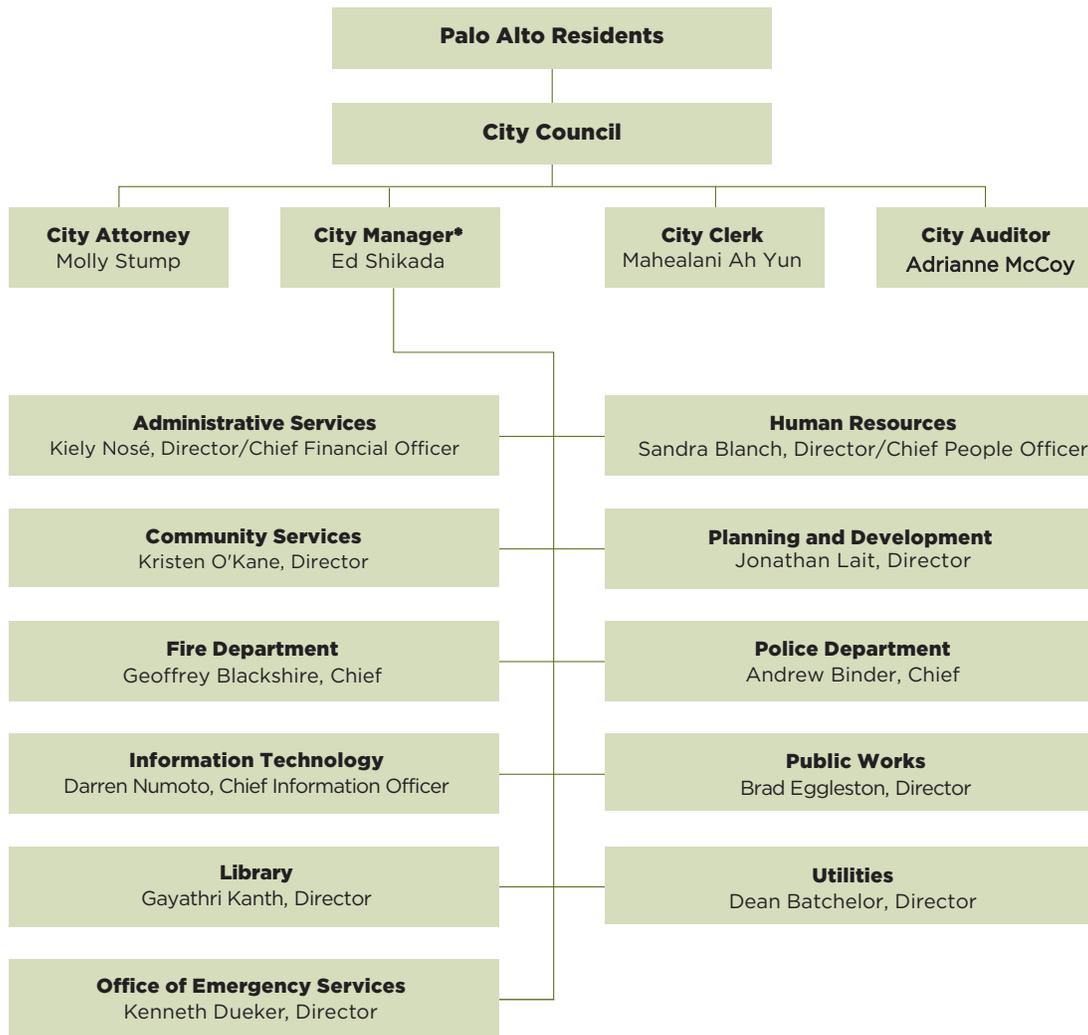
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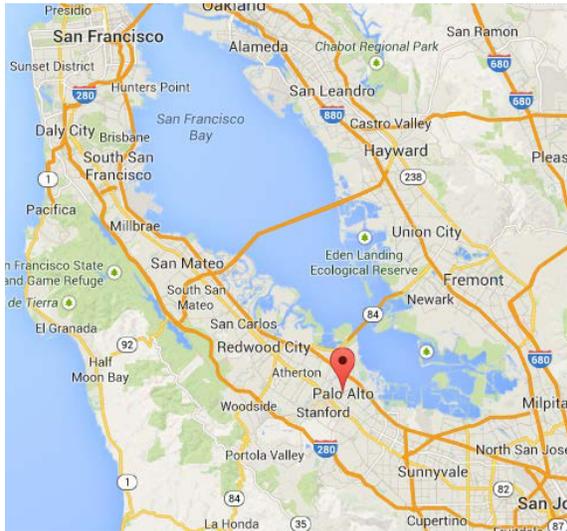
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Kayla Shapiro	Alyssa Ching
Naomi Hsu	Josh Martinez

# CITY OF PALO ALTO ORGANIZATIONAL CHART



\*The Office of Transportation is situated in the City Manager’s Office.

# Palo Alto at a Glance



## INCORPORATION

April 23, 1894

## GOVERNMENT

Palo Alto is a charter city operating under the Council-Manager form of government

## COUNTY

Santa Clara County

[www.sccsgov.org](http://www.sccsgov.org)

## SCHOOL DISTRICT

Palo Alto Unified School District

[www.pausd.org](http://www.pausd.org)

## LOCATION

33 miles south of San Francisco; 17 miles north of San Jose; and 356 miles north of Los Angeles

## CLIMATE

Mediterranean climate with cool, wet winters and warm, dry summers

## AREA

25.85 square miles

## ELEVATION

30 feet above sea level

## PARKS, PRESERVES AND OPEN SPACE

4,374 acres

## CREDIT RATING

AAA

# PALO ALTO AT A GLANCE

## POPULATION

Palo Alto's population was 68,624 in 2022. This represents a 0.96 percent increase over the previous year and a 13.5 percent increase since 2000. Approximately 22.8 percent of the population is under the age of 18, and the median age is 41.8. Approximately 50.0 percent of the population is female, and 50.0 percent of the population is male.



## EDUCATION

Palo Alto has one of the most outstanding educational systems in the nation and was recently named one of California's most educated cities. Over 97.0 percent of Palo Alto residents aged 25 or over have received a high school diploma. Over 82.7 percent have obtained a bachelor's degree or higher and 54.7 percent have earned a post-graduate or professional degree.



School enrollments in Palo Alto decreased to 10,466 from 12,396 or by 15.57 percent between 2013 and 2022. In school-year 2021-22 Palo Alto and Gunn high schools had average SAT scores of 1,369 and 1,391 on a scale of 1,600. The average scores for the United States and California were 1,050 and 1,115 respectively.

## INCOME

In 2021, Palo Alto's median household income was \$194,782 and the per capita income was \$105,070. As of 2021, 81.2 percent of all households in Palo Alto had an annual income of greater than \$100,000.

## PERSONS PER HOUSEHOLD

The average number of persons per household in Palo Alto owner-occupied and renter-occupied homes was 2.6 in 2021, compared to 2.3 per household in 2000.



## HOUSING UNITS

In 2021, 55.9 percent of the 26,007 housing units were owner-occupied and 44.1 percent were renter-occupied. In 2000, there were 26,048 housing units, 55.4 percent owner-occupied, 41.4 percent renter-occupied, and 3.2 percent were vacant. There were 0.2 percent more total housing units from 2000 to 2021.

**DEVELOPMENT**

The City issued approximately 1,807 residential and 407 commercial building permits in Fiscal Year (FY 2022). The combined valuation for all permits was \$233.04 million.

**OFFICE AND INDUSTRIAL RENTAL ACTIVITY**

Palo Alto’s net rentable office space totaled approximately 8.3 million sq. ft as of the fourth quarter of 2022. The vacancy rate during this same time period was 14.9 percent compared to 14.1 percent for the Silicon Valley market. Average asking rents in Palo Alto and the Silicon Valley were, respectively, \$8.90 and \$5.65 per sq. ft, as of the fourth quarter of 2022.

Net rentable square footage for industrial facilities in Palo Alto was 1.3 million with a vacancy rate of 2.0 percent and average asking rent of \$2.90 per sq. ft for manufacturing and \$2.25 per sq. ft for warehouse. The Silicon Valley market had an average vacancy rate of 2.3 percent and asking rent averaged \$1.71 per sq. ft for manufacturing and \$1.39 for warehouse.

Net rentable space for Research and Development (R&D) facilities in Palo Alto totaled 11.2

million sq. ft with a vacancy factor of 13.3 percent and average asking rent of \$6.81 per sq. ft. The vacancy rate for the Silicon Valley market was 10.0 percent with an average asking rent of \$2.93 per sq. ft.



**Top 25 Major Sales/Use Tax Contributors, FY 2022**

Anderson Honda	Macy's Department Store	Tesla
Apple Stores	Magnussen's Toyota of Palo Alto	Tesla Lease Trust
Arco AM/PM Mini Marts	Neiman Marcus Department Store	Tiffany & Company
Audi Palo Alto	Nordstrom Department Stores	Union 76 Service Stations
Bloomingdale's	Richemont	Varian Medical Systems
Hermes	Rivian Automotive	Volvo Cars Palo Alto
HP Enterprise Services	Shell Service Stations	Wilkes Bashford
Louis Vuitton	Shreve & Co.	
Lucile Packard Children's Hospital	Stanford Health Care	

## PALO ALTO AT A GLANCE

### RETAIL SALES AND SALES TAX REVENUE

Sales and use tax totaled \$32.7 million in FY 2022 an increase of \$3.6 million, or 12.3 percent, due to the pandemic recovery which began in last quarter of FY 2021. The sales tax revenue receipts continue to be driven by personal income and spending and although a larger share of consumer spending is done online, previously enacted state law requires online retailers to collect sales tax.

Local retail activity has seen an uptick since pandemic restrictions were lifted. U.S. personal income increased by 4.6% in the last quarter of FY 2022 compared to the prior year while personal consumption and expenditures increased by 8.4%.

### Principal Property Taxpayers, FY 2022

Rank	Taxpayer	Taxable Assessed Value
1	Leland Stanford Jr. University	\$6,650,707
2	Google Inc.	\$324,308
3	ARE-San Francisco 80 LLC	\$294,015
4	ARE-San Francisco 69 LLC	\$142,960
5	395 Page Mill LLC	\$124,358
6	SVF Sherman Palo Alto Corporation	\$120,500
7	Hohbach Realty Co. LP	\$111,536
8	KRE El Camino Real Owner LLC	\$103,600
9	PA Hotel Holdings LLC	\$92,475
10	530 Lytton Owner LLC	\$91,500
<b>Total</b>		<b>\$8,055,759</b>

### PALO ALTO BUSINESSES

As the birthplace of the Silicon Valley and Stanford University, a close neighbor, Palo Alto has served as a home to thousands of innovative companies including Hewlett-Packard, IDEO, Tesla, Palantir Technologies, Xerox's Palo Alto Research Center (PARC), Wilson Sonsini Goodrich & Rosati, Manatt Phelps Phillips, Accel Partners, Google, Genencor, Tencent America, Skype Technologies, Nest, the Institute for the Future, and many other leading technology and business services firms.

Palo Alto continues to be a desirable place to live due to its economy, climate and natural

beauty, parks and recreational activities, excellent public school system, university presence, proximity to three major airports (Oakland, San Jose and San Francisco), rail service, world-class medical facilities, excellent retail centers and restaurants, and its highly acclaimed City services.

Businesses are drawn to Palo Alto not only because of its great location, workforce, and entrepreneurial culture but also because of incentives including: great local utilities (including dark fiber) and no payroll tax. Additionally, the City's Development Center is a "one-stop" service center staffed by the Planning and Development Services, Public Works, Utilities, and Fire departments.

**EMPLOYMENT**

The City had 33,912 employed residents in 2022. Due to its location on the Peninsula and the presence of Stanford University, the City is a job importer versus exporter with a total of 81,204 jobs citywide. Palo Alto's unemployment rate was 1.8 percent in 2022, which was considerably lower than the nation (2.2 percent), state (4.2 percent), and county (3.6 percent), during the same period.



**LARGEST EMPLOYERS**

Palo Alto's top ten employers as of June 30, 2022 reflect jobs in industries ranging from education and healthcare to technology and research and development.

**Principal Employers, FY 2022**

Rank	Employer	Number of Employees
1	SAP Labs Inc.	14,164
2	Hewlett-Packard Company	11,870
3	VMware Inc.	10,720
4	Stanford Health Care	5,500
5	Stanford University	4,060
6	Veteran's Affairs Palo Alto Healthcare System	4,400
7	Varian Medical Systems	3,490
8	Cooley	2,048
9	Palantir	2,026
10	Wilson Sonsini Goodrich & Rosati	1,701
	<b>Total</b>	<b>59,979</b>

## Parks, Recreation & Community Centers

Item (FY 2022)	Number
Parks	32
Parks Acreage	174
Dog Parks	4
Playgrounds	30
Community Centers & Museums	5
Zoo	1
Golf Courses	1
Gymnasiums/Fitness Rooms	6
Youth Centers	1
Walking/Biking Trails (Miles)	41



## Libraries

Item (FY 2022)	Number
Library Branches	5
Items Checked Out (Circulation)	1,064,893
Books (Inventory)	254,585
Digital Audio/Visual (Inventory-Movies, Music, Books)	246,336
Physical Audio/Visual (Inventory-Movies, Music, Audiobooks)	37,107
Reference Questions	10,528

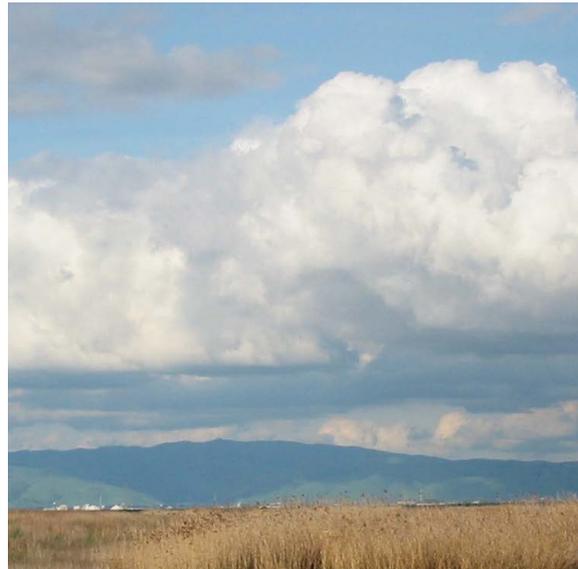
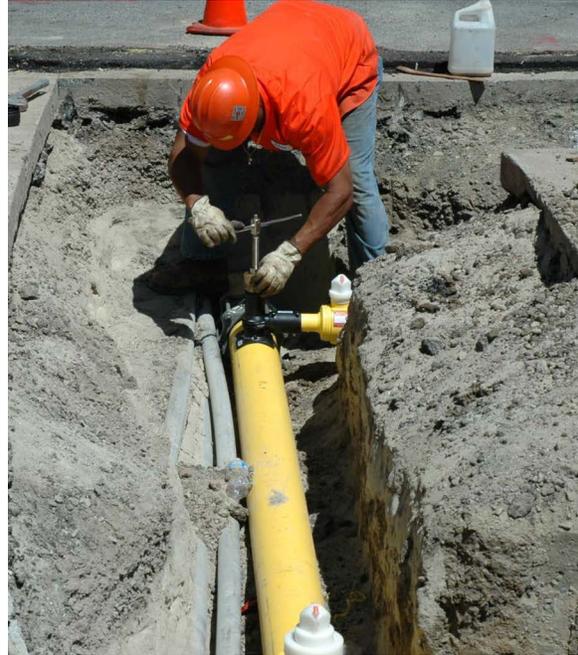
## Public Safety

Item (FY 2022)	Number
<b>Police</b>	
Police Stations	1
Sworn Police Personnel	79
Police Vehicles	29
Motorcycles	3
Canine Units	2
Number of Calls for Service	39,138
Item (FY 2022)	Number
<b>Fire</b>	
Fire Stations	7
Sworn Fire Personnel	87
Fire Engines	9
Fire Trucks	1
Ambulances	6
Number of Calls for Service	8,334



# Infrastructure, Maintenance & Development Activity

Item (FY 2022)	Number
Street Miles	471
Lane Miles Resurfaced Annually	6.43
Building Permits Issued Annually	2,977
Number of Fire Inspections	7,957
Active Capital Improvement Projects	189
Capital Improvement Projects Expenses	\$111.7 million
Miles of Water Municipal Mains	232.5
Gallons of Water Delivered Daily	9.1 million
Miles of Municipal Wastewater Mains	216
Gallons of Wastewater Treated	5.6 million
Miles of Gas Mains	210.5
Miles of Overhead Electrical Line (primary and secondary)	219.6
Miles of Underground Electrical Line (primary & secondary)	289.2
Miles of Fiber Optic Backbone	55.5



## Sustainability

Item (FY 2022)	Number
Total Tons of Material Recycled or Composted	49,467
Total Megawatt-hours Purchased from Eligible Renewable Sources*	943,709
Percent of Electric Portfolio Purchased from Eligible Renewable Sources	76%
Percent of Electric Portfolio Purchased from Carbon Neutral Sources**	100%

\* FY 2022 "Eligible Renewable Sources" are wind, solar, small hydroelectric, and biogas generators whose output is directly purchased by the City, under long-term purchase agreements (PPA), and short-term renewable energy certificate (REC).

\*\* FY 2022 "Carbon Neutral Sources" include eligible renewable from PPA (53%) and large hydroelectric power (24%) and the remaining from short term renewable REC purchases (23%).

Due to low levels of precipitation, the City's large hydroelectric supplies were lower than in an average year.

### SOURCES:

#### POPULATION:

U.S. Census Bureau, 2021 American Community Survey, Demographic and Housing Estimates, 5-Year Estimates, Table DP05.

#### EDUCATION:

U.S. Census Bureau, 2021 American Community Survey, Social Characteristics in United States, Educational Attainment, 5-Year Estimates, Table DP02.

City of Palo Alto 2021-2022 ACFR (Demographic and Economic Statistics- Last Ten Fiscal Years.

2022 SAT Suite of Assessments Annual Report by College Board.

#### INCOME:

2021 American Community Survey 5-Year Estimates, Selected Economic Characteristics, Table DP03.

#### PERSONS PER HOUSEHOLD AND HOUSING UNITS:

2021 American Community Survey 5-Year Estimates, Selected Housing Characteristics, Tables, DP04.

#### DEVELOPMENT:

City of Palo Alto Planning and Development Services Department

#### OFFICE AND INDUSTRIAL RENTAL ACTIVITY:

CBRE Silicon Valley Office Figures Q4 2022  
 CBRE Silicon Valley R&D Snapshot Q4 2022  
 CBRE Silicon Valley Industrial Figures Q4 2022

#### RETAIL SALES AND SALES TAX REVENUE:

Information provided by Treasury, Debt and Investments Division.

#### TOP 25 MAJOR SALES/USE TAX CONTRIBUTORS:

Information provided by Treasury, Debt and Investments Division.

#### PRINCIPAL PROPERTY TAXPAYERS:

City of Palo Alto 2021-2022 ACFR- Principal Property Taxpayers-Current Year and Nine Years Ago.

#### EMPLOYMENT:

California Employment Development Department- Labor Market Information Division for City unemployment rate, US Department of Labor-Bureau of Labor Statistics for Nation and State and County unemployment rate. 2021 American Community Survey, Means of Transportation to work by age and workplace geography, 5-Year Estimates, Table B08501

#### PALO ALTO BUSINESSES:

City of Palo Alto Economic Development

#### LARGEST EMPLOYERS:

City of Palo Alto 2021-2022 ACFR

# The Budget Process and Document

## Basis for Budget Development

The budget is the City's financial plan for delivering effective services and efficiently managing the revenues which support those services. The City's charter and municipal code provide broad governance for preparation of the operating and capital budgets. The budget is also developed based on the following:

- The City Council's top priorities and other City Council directives
- Organizational financial status and budgetary guidelines
- Service level prioritization, as identified by the City Manager
- Availability and sustainability of revenues
- Legal mandates
- Prioritization criteria, as outlined in the capital budget
- The City's policies regarding land use and community design, transportation, housing, natural environment, business, and economics, as outlined in the Comprehensive Plan

The review of the operating and capital budgets is structured around public hearings conducted prior to City Council adoption of the budget in order to incorporate community input into the decision-making process.

## City Council Top Priorities

The City is committed to providing high quality, cost effective services that reflect the City's core values and strategic goals. In addition, each year the City Council establishes top priorities, which are topics or service areas that will receive particular, unusual, and significant attention during the year. The top priorities guide both budget development and department priority-setting. The following are the City Council's top priorities for 2023, adopted in January 2023

- Economic Recovery and Transition
- Climate Change & Natural Environment- Protection and Adaptation
- Housing for Social and Economic Balance
- Community Health and Safety

# Operating and Capital Budgets - Calendar of Activities

September - November: Operating budget preparation begins with determination of the base budget for the upcoming year. The base budget establishes the current year adopted budget service levels with updated costs, removes one-time revenue and expenses, and adds ongoing expenditures as approved by the City Council. The capital budget preparation process begins with department staff and appointed committees meeting to review and discuss potential modifications to the five-year capital plan.

November - December: Budget guidelines and timeframes are developed and distributed for the operating and capital budgets as well as the annual municipal fee schedule.

January: Departments submit requests to reallocate staffing and non-salary resources for the upcoming year to meet changing operational needs. The reallocation process results in no net change to the level of resources allocated to the department overall. The General Fund Capital Improvement Plan (CIP) Review Committee, consisting of senior managers in Public Works, Community Services, Administrative Services, and the Office of Transportation, reviews requests for General Fund capital projects.

February: Departmental requests for changes and/or augmentations to the base budget are submitted to the Office of Management and Budget (OMB) for analysis. Departments provide targeted outcomes and performance measures associated with requests for resource or service level augmentations. Departments also submit updates to the budget document regarding goals and objectives, significant accomplishments, and key performance and workload measures. OMB staff reviews operating and capital budget requests.

March: Internal budget hearings are held with the City Manager to discuss department budget requests and OMB's budget recommendations.

April: OMB staff complete preparation of the proposed operating and capital budget documents based on the City Manager's direction.

May: The City Manager releases and presents the proposed operating and capital budgets to the City Council and posts the budget document on the City's website. Through a series of public hearings, the budget is discussed and amendments are proposed.

June: Final adoption by the City Council occurs after a public hearing in June. All changes made during the public process are incorporated into the adopted budget documents which are distributed to City libraries as well as posted on the City's website and Open Budget website by September.

# THE BUDGET PROCESS AND DOCUMENT

BUDGET HEARINGS*			
With City Council and Finance Committee			
FY 2024 Budget			
Date	Description	Location	Description
Monday, May 1	City Council	Hybrid	City Manager comments reviewing the proposed Capital and Operating Budgets and notices the start of public budgetary discussions in May
Tuesday, May 5	Finance Committee	Hybrid	Budget Hearing
Wednesday, May 9	Finance Committee	Hybrid	Budget Hearing
Monday, May 22	City Council	Hybrid	Budget Hearing Check-in
Tuesday, May 30	Finance Committee	Hybrid	Budget Hearing
Monday, June 19	City Council	Hybrid	Public Hearing - Budget Approval & Adoption

\*These meetings were held as “hybrid” meetings with the option to attend by teleconference or in person. These meetings were broadcast on Cable TV Channel 26 or 29, live on YouTube at <https://www.youtube.com/c/cityofpaloalto>, and Midpen Media Center at <https://midpenmedia.org/category/government/city-of-palo-alto/>.

Members of the public who wished to participate by computer or phone could access the meeting by going to [www.zoom.us/join](http://www.zoom.us/join) and inputting the webinar ID found at the top front of the agenda. If they called from a land line or non-smart phone they were able to call 1-669-900-6833 to join the meeting.

## Understanding the Budget Document

The operating budget document includes citywide information as well as information specific to each fund and each department. The City receives revenue from numerous sources, many of which have restrictions on how funds can be used. Separate funds are established to account for the different types of revenues and their allowable uses. The annual budget information is available after the publication of the Adopted Budget, which occurs in August.

**General Fund:** This is the primary fund used to account for all general revenues of the City (e.g. property, sales, transient occupancy, and utility user taxes). In general, these funds are allocated at the discretion of the City Council. This revenue is used to support citywide services such as public safety, community services, planning and development services, and administrative support services.

**Enterprise Funds:** These funds are established to function as self-supporting operations wherein expenditures are entirely offset by fees or charges for services. For example, the City of Palo Alto provides a variety of utility services (electric, gas, water, etc.) for the community. Revenues from fees or charges are accounted for in separate enterprise funds and can only be used to pay for expenses related to those services.

**Internal Service Funds:** These funds are established to account for a variety of business services provided by one City department (or division) to other City departments. Information technology, fleet maintenance, printing and mailing, general employee benefits, general liability, and workers' compensation services are provided to all City departments through internal service funds. Departments are charged for these services based on their respective utilization.

**Capital Improvement Funds:** Revenues and expenses for capital projects not associated with Enterprise or Internal Service activities are accounted for in separate Capital Improvement funds. Capital investments that are associated with Enterprise or Internal Service activities are reported and included in those fund types. Capital projects are those that have a minimum cost of \$50,000 for each standalone or combined project. Additionally, the project must have a useful life of at least five to seven years and/or extend the life of an existing asset or provide a new use for an existing asset for at least five years. For more information, please see the Capital and five-year capital improvement plan budget document with detailed information about each project by fund.

**Special Revenue Funds:** These funds are used to account for the proceeds of revenues that are designated for specific or restricted uses. These funds include gas tax funds from the state, in-lieu housing fees assessed for the City's Below Market Rate housing projects, and transportation mitigation fees paid by developers. Other special revenue funds include assessments for parking lot bond payments, parking permit revenues, Community Development Block Grants (CDBG) funds from the federal government, and development impact fees related to libraries, parks, and community centers.

**Debt Service Funds:** Debt financing is occasionally undertaken for the purchase, replacement, or rehabilitation of capital assets. Separate funds are established to account for these non-operating expenses.

## Open Budget

In order to facilitate understanding and transparency of the budget document, the City provides budget information through OpenGov, an online tool that provides users with different views of the City’s budget data by fund, department, revenues, and expenditures. The tool can be accessed by visiting <https://www.cityofpaloalto.org/Departments/Administrative-Services> under the option “Open Budget.”

The City invites you to use the online tool to:

- Search budget and financial data
- View trends in revenues and expenditures over time
- Drill down into expenses by department or account type
- Display the data as graphs or charts
- Download into Excel
- Share with friends using email or social media
- Send comments directly to the City online

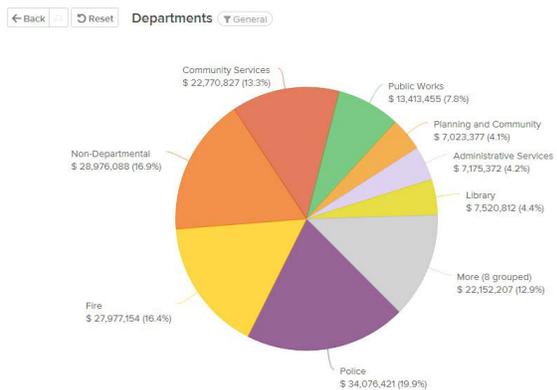
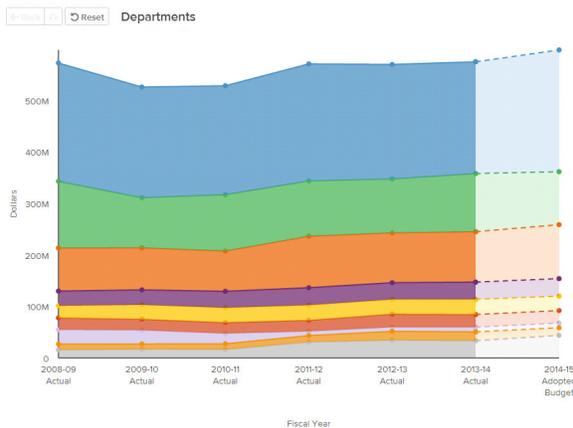
### HOW DOES IT WORK?

Governmental budgets are composed of funds, departments, and accounts. Using a pull-down filter you can choose the combination you want to explore.

By clicking on one of these icons, you can choose whether you want to display graphs showing changes over the years, a pie chart for a single year, or download portions into Excel.



You can also cut and paste any illustration into another document, send it to friends using email or Twitter, or post it on Facebook.



## Department and Enterprise Fund Information

The budget document includes the following information for each department and enterprise fund:

**Mission Statement, Purpose, and Description:** introduces the department.

**Organizational Chart:** depicts full-time equivalent (FTE) positions that report to a department director. The total FTE count in the organizational chart may not match the total FTE count in a department section if positions are budgeted in a fund not included in the department section. For example, the Administrative Services Department (ASD) Assistant Director oversees the SAP functional team, as displayed on the organizational chart but those positions are budgeted in the Technology Fund so they do not appear in the ASD departmental budget summary.

**Accomplishments:** identifies the department's noteworthy accomplishments of the past fiscal year.

**Initiatives:** highlights the major work plan items for the department for the upcoming fiscal year.

**Goals and Objectives:** identifies major goals as well as activities that support achievement of those goals.

**Key Performance Measures:** lists key department performance measures related to some goals and objectives.

**Workload Measures:** identifies key quantifiable department outputs.

**Budget Summary:** summarizes key expenditure, revenue, and position data for the department and/or fund for several fiscal years (two prior years of actuals, the current year adopted budget, and the budget for the upcoming year). Revenues are shown as either internal or external depending on their source. External revenues include grant funds as well as fees collected for the provision of services such as inspections, plan checks, and recreational programs. Internal revenues are those that are received from another City department. For example, the Utilities Department reimburses the Attorney's Office for legal services. It should be noted that a variance will be seen between prior actuals and the current adopted budget columns in the salary and benefits total expenses. This variance reflects the difference between estimated vacancies and staff costs actually incurred as well as the changes in labor terms from year to year.

**Staffing:** lists all full-time equivalent (FTE) positions and their respective salaries in a department based on their actual levels of compensation.

**Budget Reconciliation:** outlines the major base budget and adopted budget expenditure and revenue changes from the previously adopted budget to the newly presented proposed or adopted budget. Base budget reconciliation changes include updated salary and benefits cost in accordance with the salary and benefits structure approved by the City Council, deletion of one-time expenditures, and/or the addition of ongoing expenditures as approved by the City Council. The budget change table itemizes expenditure and revenue recommendations and the net impact on the fund.

Budget Adjustments: describes service level changes compared to the prior fiscal year as well as the anticipated performance impact as it relates to Quality, Cost, Cycle Time, Customer Satisfaction, and Sustainability, identified with icons as follows:

-  Quality
-  Cost
-  Cycle Time
-  Customer Satisfaction
-  Sustainability

## BUDGETARY BASIS

The budget is prepared in accordance with Generally Accepted Accounting Principles. The budget for governmental funds has been prepared on a modified accrual basis. The modified accrual basis recognizes expenditures when the related fund liability is incurred. Revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

## FUND STRUCTURE AND ACCOUNTING BASIS

The accounts of the City are made up of funds that help organize and account for restricted resources. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts (comprised of assets, liabilities, fund equity, revenues, and expenditures), which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with regulatory requirements. The City has the following fund type categories:

### Governmental Fund Types

The Governmental funds include the General, Special Revenue, Debt Service, and Capital Project Funds. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

### Proprietary Fund Types

The Proprietary funds, which include the Enterprise and Internal Service Funds, are used to account for the City’s business-type activities. Proprietary funds are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

### Fiduciary Fund Types

The Fiduciary funds track assets held by the City in trust or as an agent for various assessment and community facilities districts. These funds are not included in the budget process.

## **Agency Fund Types**

The Agency funds are custodial in nature and do not involve measurement of results of operations. The City maintains three agency funds, which are not included in the budget process.

*California Society of Municipal  
Finance Officers*

*Certificate of Award*

***Operating Budget Excellence Award  
Fiscal Year 2022-2023***

*Presented to the*

***City of Palo Alto***

For meeting the criteria established to achieve the CSMFO Excellence Award in Budgeting.

***February 10, 2023***



*Scott Catlett*

***Scott Catlett  
2022 CSMFO President***

***James Russell-Field, Chair  
Recognition Committee***

***Dedicated Excellence in Municipal Financial Reporting***



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Palo Alto  
California**

For the Fiscal Year Beginning

**July 01, 2022**

*Christopher P. Morrill*

**Executive Director**



The Government Finance Officers Association  
of the United States and Canada

*presents this*  
**CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION**  
*to*

**Finance Department  
City of Palo Alto, California**

*The Certificate of Recognition for Budget Preparation is presented by the Government Finance Officers Association to those individuals who have been instrumental in their government unit achieving a Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award, which is the highest award in governmental budgeting, is presented to those government units whose budgets are judged to adhere to program standards*

Executive Director *Christopher P. Merrill*

Date: **November 29, 2022**





CITY OF  
**PALO  
ALTO**



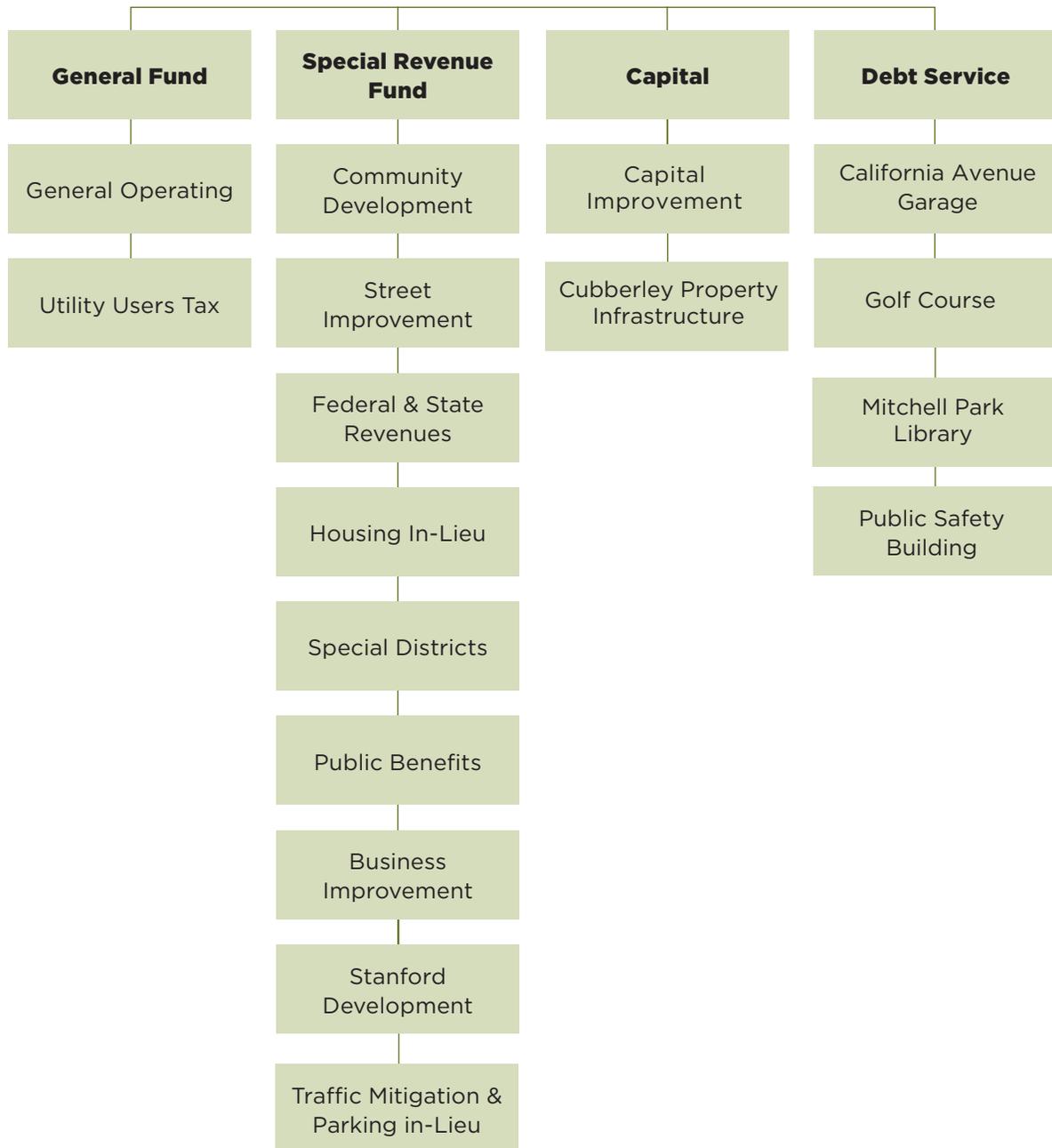
# CITYWIDE FUNDS



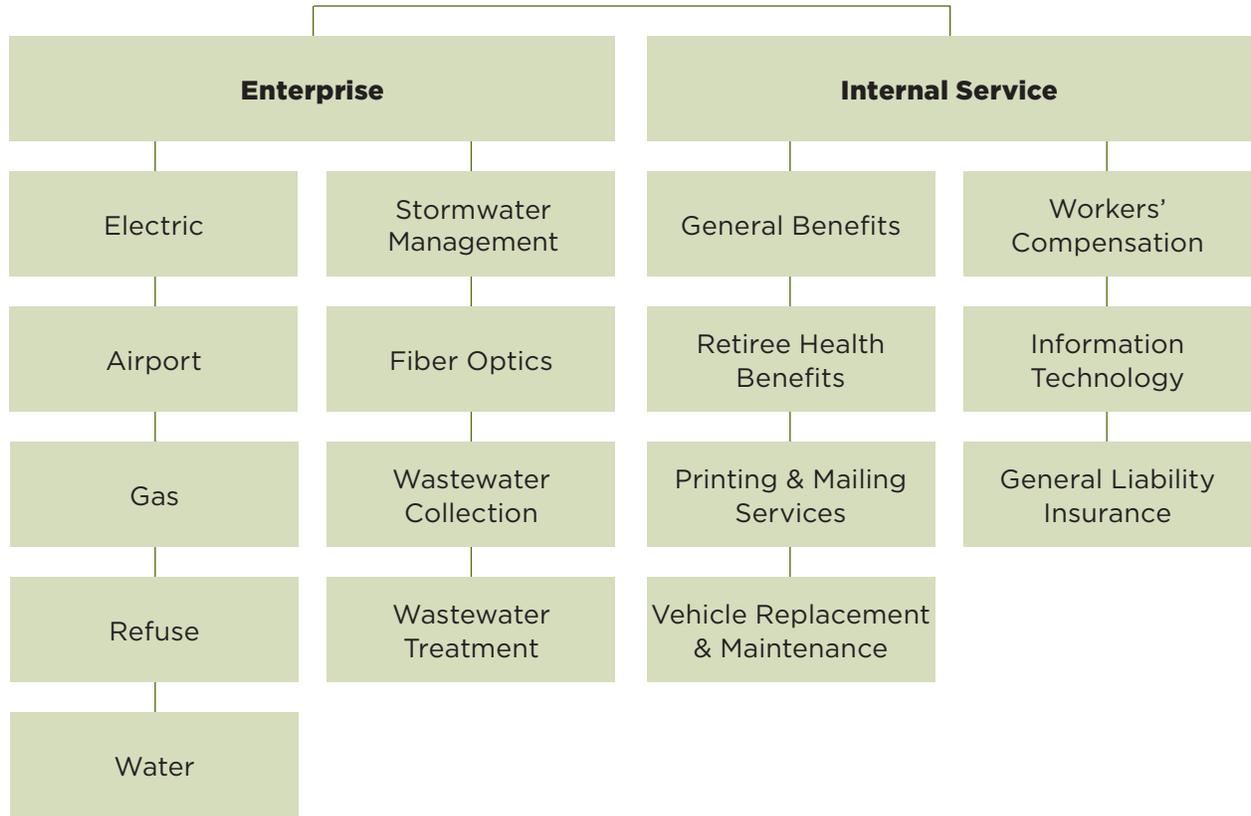


CITY OF  
**PALO  
ALTO**

# Fund Structure



# Fund Structure

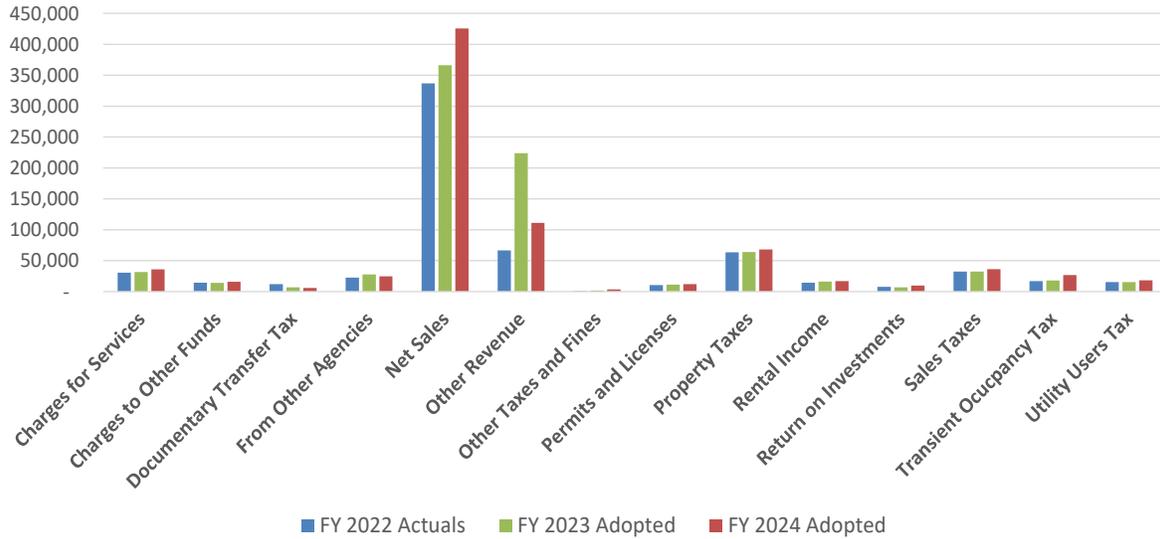


## Total Citywide Revenue by Category

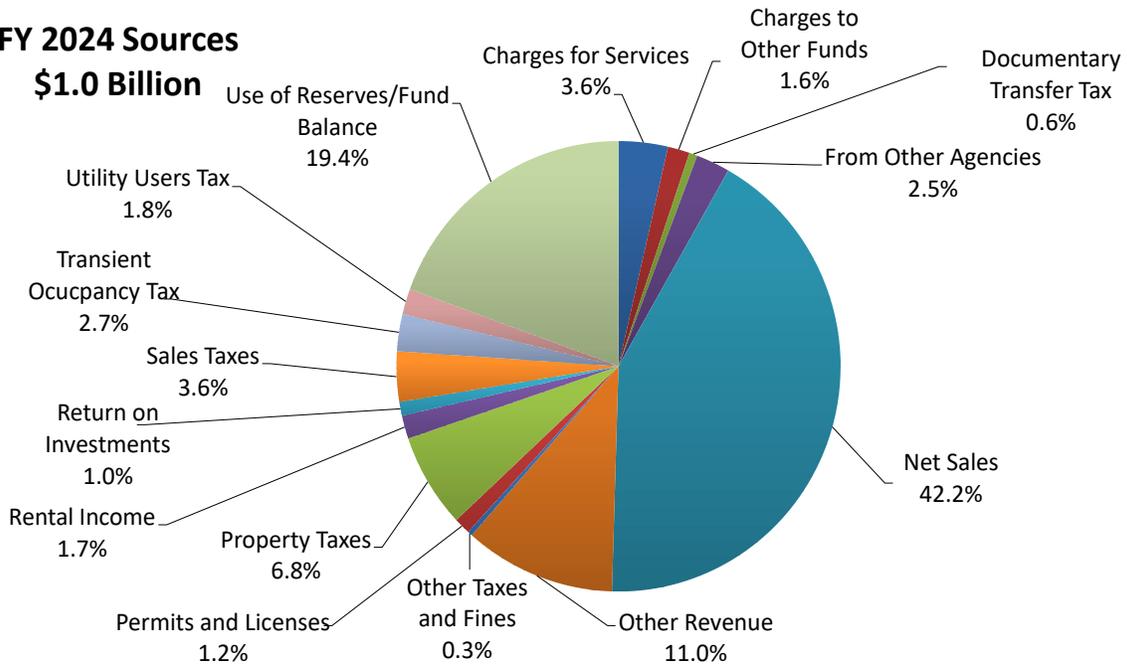
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Charges for Services	26,709	30,625	31,870	36,159	4,289	13.5%
Charges to Other Funds	12,321	14,600	14,351	16,065	1,714	11.9%
Documentary Transfer Tax	10,627	11,990	7,217	5,920	(1,297)	(18.0)%
From Other Agencies	16,687	22,548	27,798	24,808	(2,990)	(10.8)%
Net Sales	334,170	336,838	366,152	425,757	59,605	16.3%
Other Revenue	135,065	66,656	223,974	111,203	(112,771)	(50.4)%
Other Taxes and Fines	710	929	1,876	3,526	1,650	88.0%
Permits and Licenses	8,042	10,535	11,544	12,024	480	4.2%
Property Taxes	60,905	63,632	64,167	68,181	4,014	6.3%
Rental Income	14,015	14,397	16,492	16,877	385	2.3%
Return on Investments	8,341	7,729	7,260	9,960	2,700	37.2%
Sales Taxes	29,127	32,705	32,580	36,272	3,692	11.3%
Transient Occupancy Tax	5,179	16,946	18,199	26,834	8,635	47.4%
Utility Users Tax	14,642	15,599	15,579	18,457	2,878	18.5%
<b>Total</b>	<b>676,540</b>	<b>645,729</b>	<b>839,059</b>	<b>812,043</b>	<b>(27,016)</b>	<b>(3.2)%</b>

# CITYWIDE REVENUES

3 Year Trend - Citywide Revenues By Category (\$000s)



FY 2024 Sources  
\$1.0 Billion

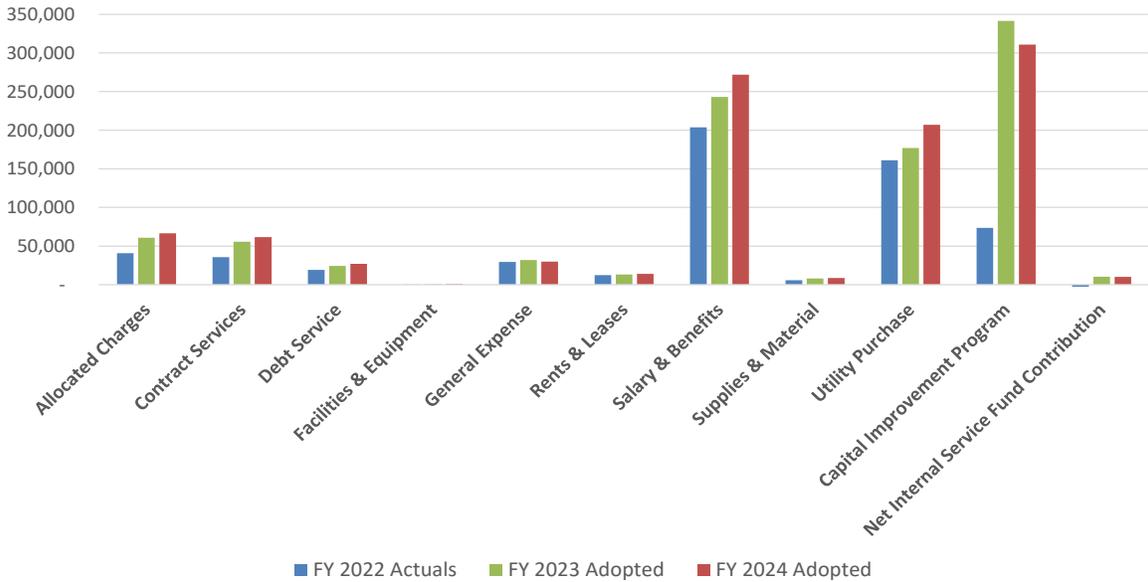


## Total Citywide Expense by Category

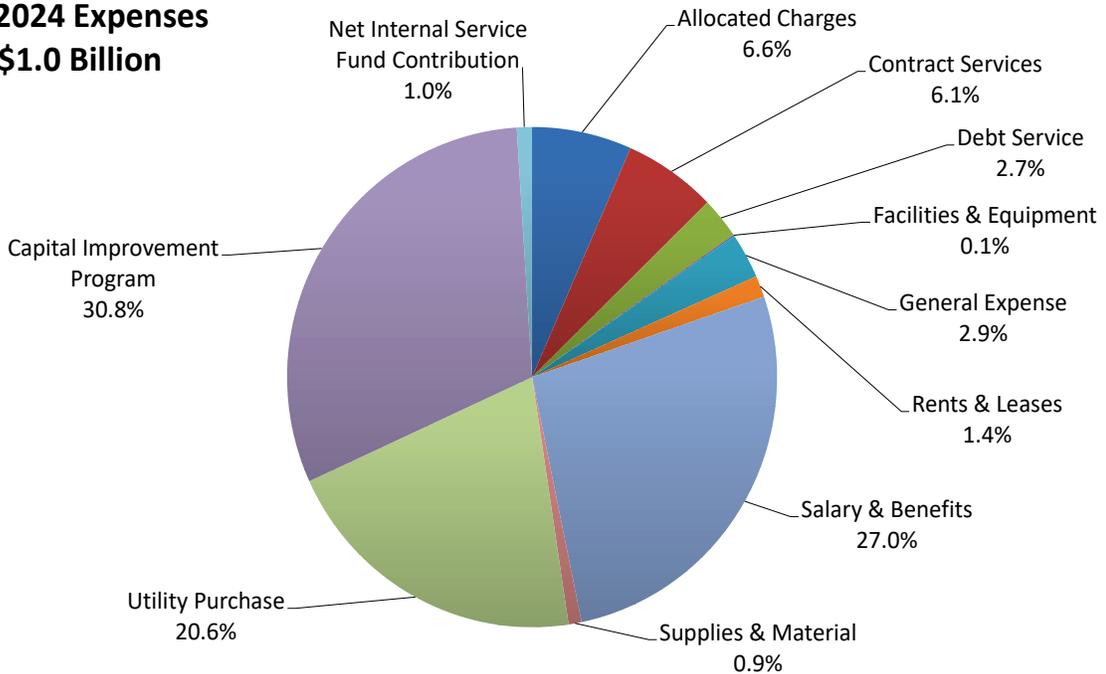
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Allocated Charges	41,021	48,157	60,727	66,382	5,655	9.3%
Contract Services	35,709	39,531	55,566	61,549	5,983	10.8%
Debt Service	19,210	64,865	24,370	26,969	2,599	10.7%
Facilities & Equipment	479	553	520	839	319	61.3%
General Expense	29,449	13,926	31,763	29,728	(2,035)	(6.4)%
Rents & Leases	12,620	9,832	13,312	14,024	712	5.3%
Salary & Benefits	203,636	212,125	242,981	271,844	28,863	11.9%
Supplies & Material	5,872	6,476	8,166	8,655	489	6.0%
Utility Purchase	161,162	187,111	176,826	207,161	30,335	17.2%
Capital Improvement Program	73,457	107,915	341,265	310,750	(30,515)	(8.9)%
Net Transfers	(2,946)	(9,608)	10,449	10,106	(343)	(3.3)%
<b>Total</b>	<b>579,669</b>	<b>680,883</b>	<b>965,945</b>	<b>1,008,007</b>	<b>42,062</b>	<b>4.4%</b>

# CITYWIDE EXPENSES

3 Year Trend - Citywide Expenses By Category (\$000s)



## FY 2024 Expenses \$1.0 Billion



# CITYWIDE PROJECTED OPERATING FUND BALANCE

## Citywide Projected Operating Fund Balance

Fund	Projected Ending Balance 6/30/23	Estimated Revenues	Net Fund Transfers	Estimated Expenditures	Projected Ending Balance 6/30/24
<b>GENERAL FUND</b>					
General Fund	57,649	252,293	(9,649)	246,000	54,293
<b>Total General Fund</b>	<b>57,649</b>	<b>252,293</b>	<b>(9,649)</b>	<b>246,000</b>	<b>54,293</b>
<b>CAPITAL FUNDS</b>					
Capital Improvement Fund	55,659	34,783	38,912	125,725	3,629
Cubberley Property Infrastructure Fund	5,929	1,553	1,864	5,211	4,135
<b>Total Capital Funds</b>	<b>61,588</b>	<b>36,336</b>	<b>40,776</b>	<b>130,936</b>	<b>7,764</b>
<b>DEBT SERVICE</b>					
2018 Golf Course Capital Improvement	19	-	527	527	19
2019 California Avenue Parking Garage	25	-	2,370	2,370	25
2021 Public Safety Building	1,489	-	5,009	5,009	1,489
Library Bonds	648	4,416	-	4,111	953
<b>Total Debt Service</b>	<b>2,181</b>	<b>4,416</b>	<b>7,906</b>	<b>12,017</b>	<b>2,486</b>
<b>ENTERPRISE</b>					
Electric Fund	69,926	238,670	(13,105)	251,630	43,861
Fiber Optics Fund	34,012	4,559	(102)	29,046	9,423
Gas Fund	13,625	66,914	(7,878)	68,222	4,439
Wastewater Collection Fund	1,943	23,762	(171)	25,204	330
Water Fund	17,045	53,246	342	76,757	(6,124)
Airport Fund	(7,412)	3,601	(274)	4,023	(8,108)
Refuse Fund	5,162	33,931	(22)	35,891	3,180
Stormwater Management Fund	8,592	10,057	(10)	17,031	1,608

## CITYWIDE PROJECTED OPERATING FUND BALANCE

# Citywide Projected Operating Fund Balance

Fund	Projected Ending Balance 6/30/23	Estimated Revenues	Net Fund Transfers	Estimated Expenditures	Projected Ending Balance 6/30/24
Wastewater Treatment Fund	(25,282)	88,191	(16)	95,064	(32,171)
<b>Total Enterprise</b>	<b>117,611</b>	<b>522,931</b>	<b>(21,236)</b>	<b>602,868</b>	<b>16,437</b>
<b>INTERNAL SERVICE</b>					
General Benefits Fund	7,402	98,624	(3,073)	95,339	7,614
Liability Insurance Fund	2,094	5,570	5	7,143	526
Retiree Health Benefit Fund	1,338	13,753	3,073	16,861	1,303
Workers' Compensation Fund	1,452	8,524	-	8,965	1,011
Printing and Mailing Fund	391	1,487	-	1,514	364
Technology Fund	24,731	18,411	1,573	25,355	19,360
Vehicle Replacement and Maintenance Fund	13,033	10,565	73	13,513	10,158
<b>Total Internal Service</b>	<b>50,441</b>	<b>156,934</b>	<b>1,651</b>	<b>168,690</b>	<b>40,336</b>
<b>SPECIAL REVENUE</b>					
Community Development Fund	4,685	836	(4,191)	-	1,330
Downtown Business Improvement District	49	1	-	-	50
Federal and State Revenue Funds	5,217	675	(300)	748	4,844
Housing In-Lieu and BMR Fund	62,345	2,529	-	375	64,499
Public Art Funds	2,296	309	184	332	2,457
Special Districts Fund	1,402	2,531	737	4,620	50
Stanford Development Agreement (SUMC)	14,090	289	(5,691)	-	8,688
Street Improvement Fund	165	3,506	(3,502)	-	169
Traffic Mitigation & Parking In-Lieu Fund	9,671	476	(5,844)	-	4,303
<b>Total Special Revenue</b>	<b>99,920</b>	<b>11,152</b>	<b>(18,607)</b>	<b>6,075</b>	<b>86,390</b>
<b>TOTAL OPERATING FUNDS</b>	<b>389,390</b>	<b>984,062</b>	<b>841</b>	<b>1,166,586</b>	<b>207,707</b>

## Citywide Average Salary & Benefits

Category	MGMT	UTLM	FCA	IAF	PMA	PAPOA	SEIU	Average
<b>Full-Time Equivalent (FTE)</b>	<b>240.75</b>	<b>54.00</b>	<b>4.00</b>	<b>93.00</b>	<b>6.00</b>	<b>78.00</b>	<b>587.35</b>	<b>1,063.10</b>
% of City	22.6%	5.1%	0.4%	8.7%	0.6%	7.3%	55.2%	100%
Salary (1)	166,763	195,122	247,753	167,451	264,350	163,676	118,585	142,275
In-Lieu Holiday	-	-	-	5,996	-	4,975	294	1,475
Incentive Pay (2)	-	-	-	963	-	1,400	416	584
Overtime (Average)	-	-	-	23,078	-	9,380	5,013	7,678
Management Leave (80 Hours)	6,414	7,505	9,529	-	10,167	-	-	6,722
Pension Employer Portion: Misc 44.8%, Safety 74.0% (3)	74,710	87,415	183,337	123,913	195,619	121,120	53,126	72,231
Medicare	2,418	2,829	3,592	2,428	3,833	2,373	1,719	2,063
Medical	20,464	21,889	22,583	22,148	22,236	21,136	21,752	21,463
Dental/Vision	1,979	2,263	2,496	2,104	2,133	2,020	1,959	1,999
Flexible Compensation	1,800	1,800	1,800	1,800	1,800	1,800	-	-
Retiree Medical (4)	6,600	6,224	11,761	11,300	12,153	14,023	6,180	7,355
Workers' Comp	5,332	3,946	-	22,030	-	16,711	5,365	7,525
LIFE/LTD/SUI	496	496	496	496	496	496	496	496

## CITYWIDE AVERAGE SALARY

# Citywide Average Salary & Benefits

Category	MGMT	UTLM	FCA	IAF	PMA	PAPOA	SEIU	Average
Non-salary Benefits (5)	3,410	4,401	5,379	2,076	3,401	2,646	578	1,730
<b>Average Salary &amp; Benefits</b>	<b>290,387</b>	<b>333,891</b>	<b>488,727</b>	<b>385,783</b>	<b>516,190</b>	<b>361,757</b>	<b>215,483</b>	<b>273,596</b>
City's Proactive Contributions to Long-term Pension Liability	13,145	15,360	31,690	21,495	33,777	19,018	9,250	12,453
<b>Isolate Holiday Pay from Salary Category</b>								
Salary, includes holidays	166,763	195,122	247,753	167,451	264,350	163,676	118,585	142,275
Holidays (assumes 11, 9 hour days)	7,937	9,287	11,792	7,970	12,582	7,790	5,644	6,772
Salary, excludes holidays	158,826	185,835	235,961	159,481	251,768	155,885	112,941	135,503

(1) Salary is calculated at actual pay rate (base pay and special pays, as applicable) as of July 2023 and adjusted for step increases in accordance with applicable Memoranda of Understandings with the City's bargaining groups.

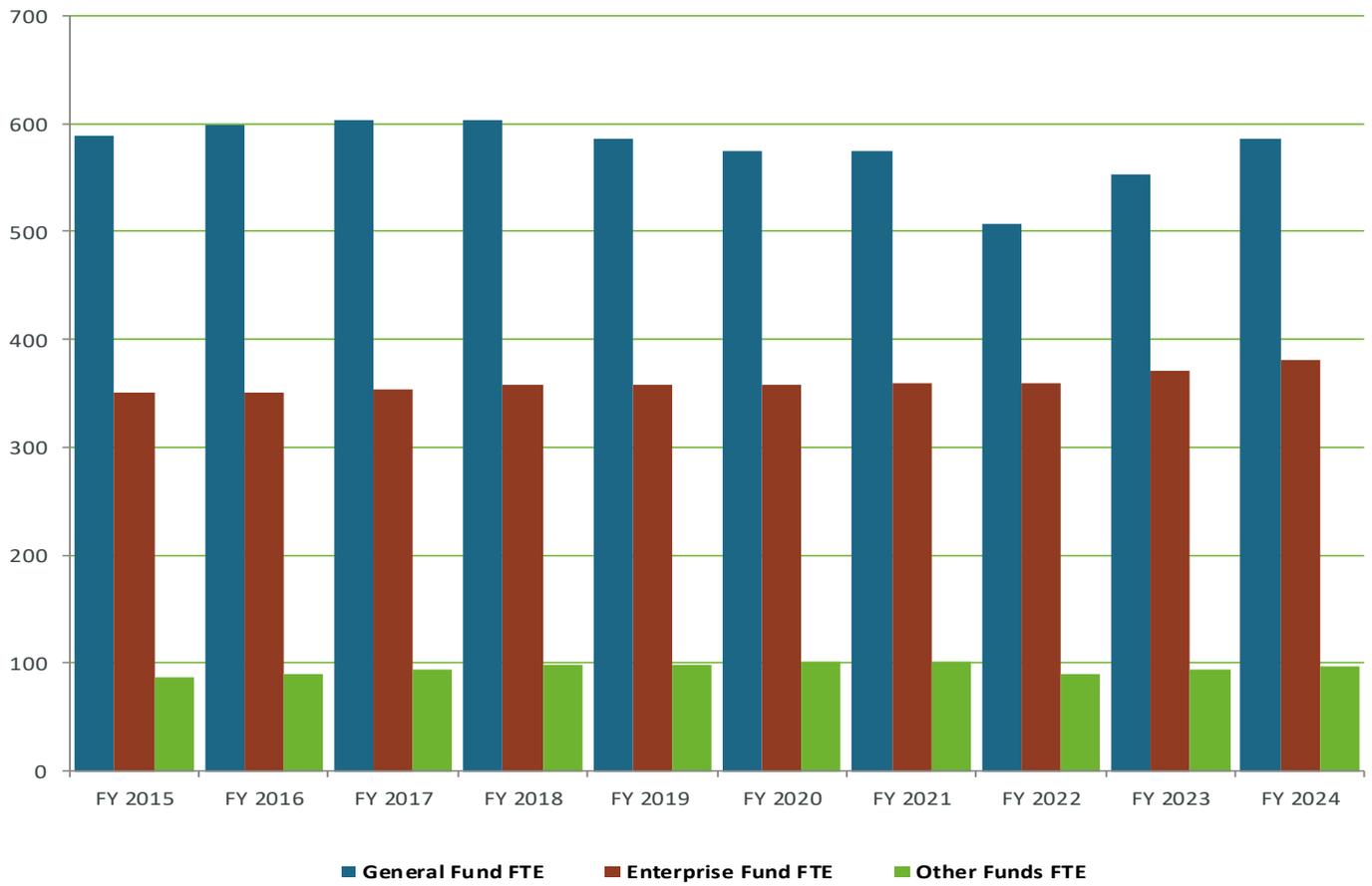
(2) Incentive pay includes: Fair Labor and Standards Act Charges and Night Shift Differential pay.

(3) Employees pick-up a portion of the employer share: MGMT (1.00%), UTLM (1.00%), FCA (4.00%), IAFF (4.00%), PMA (4.00%), PAPOA (3.5%), and SEIU (2.00%)

(4) Annual amount incurred for active employees (normal cost only).

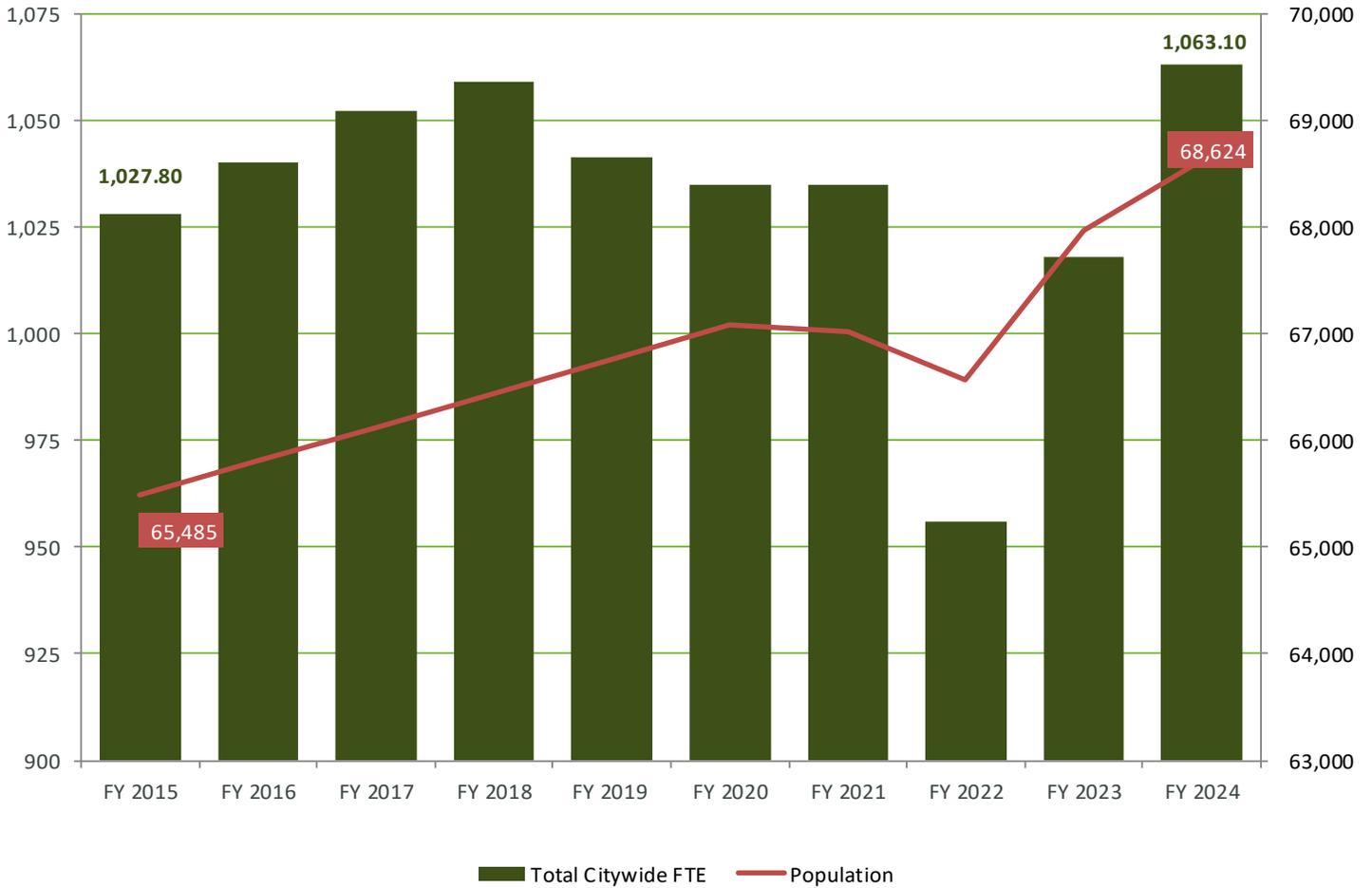
(5) Non-salary Benefits include professional development for MGMT, UTLM, FCA and PMA; tuition reimbursement for FCA and PMA; and management excess benefit for MGMT, UTLM, FCA and PMA. Does not include administrative fees for General Benefits and Workers' Compensation Funds.

10 Year Trend - Citywide FTE by Fund



# CITYWIDE AVERAGE SALARY

## 10 Year Trend - Citywide FTE Positions vs. Population Growth



## Overview

As part of the Government Finance Officers Association (GFOA) best practices, it is recommended that jurisdictions include long-range financial plans with at least two years projected beyond the planned budget year for all major funds. Major funds are defined as any budgeted funds that have annual revenues or expenses of more than 10% of the operating budget. Based on the Adopted FY 2024 Citywide expense budget of \$1.0 billion, funds with more than \$100 million in expenses or revenues would need to be included. This includes the General Fund, the Electric Fund, and the Capital Improvement Fund.

The tables below provide the Source (revenues and transfers into the fund) and Use (expenditures and transfers out of the fund) statements for major funds. These statements will show point in time information, based on the FY 2024 Adopted Budget and future year estimates based on current information. These numbers can and will change as part of future year budget development processes; however, staff will be able to use these statements to explain changes from what was previously planned in a fiscal year to what is being proposed as the budget for that fiscal year. It should be noted, that similar to the review of the five-year Capital Improvement Plan, the future year numbers beyond FY 2024 on these statements are only for planning purposes and when adopting the Budget, the Council is only adopting the next fiscal year, FY 2024.

# LONG RANGE FINANCIAL PLANS FOR MAJOR FUNDS

## General Fund

	FY 2022 Actuals	FY 2023 Adopted	FY 2024 Adopted*	FY 2025 Forecast	FY 2026 Forecast
<b>Source of Funds</b>					
<b>Beginning Fund Balance</b>					
Reserve for Encumbrances	6,259,890	9,896,000	9,896,000	9,896,000	9,896,000
Other Reserves**	18,436,498	28,264,182	27,666,473	26,582,101	26,582,101
Unrestricted Beginning Fund Balance	49,089,000	72,835,000	71,649,000	54,293,000	47,987,788
<b>Total Beginning Fund Balance</b>	<b>73,785,388</b>	<b>110,995,182</b>	<b>109,211,473</b>	<b>90,771,101</b>	<b>84,465,889</b>
<b>Revenue</b>					
Charges to Other Funds	13,980,360	13,690,062	15,495,963	16,411,602	16,555,763
Other Revenue	2,789,946	2,200,950	2,378,230	2,372,815	2,107,256
Other Taxes and Fines	893,425	1,784,412	3,416,657	4,061,157	5,599,457
Return on Investments	1,325,254	1,066,145	1,846,048	1,909,183	1,966,649
Sales Taxes	32,704,761	32,580,000	36,272,000	37,569,000	39,292,000
Charges for Services	28,670,641	30,270,998	34,559,609	35,668,420	36,261,093
Rental Income	13,680,947	15,572,454	15,931,353	17,104,073	17,843,887
Permits & Licenses	9,111,241	9,763,947	10,722,395	11,106,759	10,987,773
From Other Agencies	9,231,748	7,525,613	1,591,001	1,308,240	575,900
Operating Transfers-in	22,801,524	22,532,100	23,932,100	23,935,100	23,938,100
Documentary Transfer Tax	11,990,088	7,216,839	5,919,579	6,177,080	6,388,954
Property Taxes	59,353,109	59,770,000	63,785,000	67,429,000	71,572,000
Transient Occupancy Tax	16,946,050	18,199,239	26,833,868	28,103,110	29,584,144
Utilities Users Tax	15,598,693	15,578,726	18,456,816	19,344,546	20,198,343
<b>Total Revenue</b>	<b>239,077,787</b>	<b>237,751,484</b>	<b>261,140,620</b>	<b>272,500,085</b>	<b>282,871,320</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>312,863,175</b>	<b>348,746,666</b>	<b>370,352,092</b>	<b>363,271,186</b>	<b>367,337,209</b>

# LONG RANGE FINANCIAL PLANS FOR MAJOR FUNDS

## General Fund

	FY 2022 Actuals	FY 2023 Adopted	FY 2024 Adopted*	FY 2025 Forecast	FY 2026 Forecast
<b>USE OF FUNDS</b>					
<b>Expenses</b>					
Allocated Charges	19,647,149	22,741,021	25,796,161	26,688,234	27,346,155
Contract Services	20,806,296	24,194,101	28,752,545	26,921,005	26,601,902
Facilities & Equipment	537,947	480,334	798,592	439,591	439,591
General Expense	7,116,496	21,764,752	19,092,071	9,806,771	9,615,127
Operating Transfers-Out	5,497,946	4,962,121	5,042,757	4,494,062	4,530,836
Rents & Leases	453,208	1,332,873	1,368,299	1,404,638	1,442,917
Salary & Benefits	132,676,157	148,368,107	166,861,467	176,135,507	181,544,749
Supplies & Materials	2,508,059	3,204,884	3,331,572	3,324,572	3,324,572
Transfer to Infrastructure	12,624,734	20,400,000	28,537,527	29,590,917	33,243,157
<b>Total Expense</b>	<b>201,867,992</b>	<b>247,421,193</b>	<b>279,580,991</b>	<b>278,805,297</b>	<b>288,089,007</b>
<b>Ending Fund Balance</b>					
Reserve for Encumbrances	9,896,000	9,896,000	9,896,000	9,896,000	9,896,000
Other Reserves **	28,264,182	27,666,473	26,582,101	26,582,101	26,582,101
Unrestricted Ending Fund Balance	49,089,000	63,763,000	54,293,000	47,987,788	42,770,101
<b>Total Ending Fund Balance*</b>	<b>110,995,182</b>	<b>101,325,473</b>	<b>90,771,101</b>	<b>84,465,889</b>	<b>79,248,202</b>
<b>TOTAL USE OF FUNDS</b>	<b>312,863,175</b>	<b>348,746,666</b>	<b>370,352,092</b>	<b>363,271,186</b>	<b>367,337,209</b>

\*FY 2024 Fund Balances have been revised to include FY 2023 adjustments and use of reserves.

\*\*Other Reserves include Notes Receivable, Prepaid Items, Interfund Advances, Inventory of Materials & Supplies, Development Services, Edgewood Plaza, and other items.

# LONG RANGE FINANCIAL PLANS FOR MAJOR FUNDS

## Electric Fund

	FY 2022 Actuals	FY 2023 Adopted	FY 2024 Adopted	FY 2025 Forecast	FY 2026 Forecast
<b>Source of Funds</b>					
<b>Beginning Fund Balance</b>					
Reserve for Encumbrances	7,090,273	18,460,521	19,567,041	19,567,041	19,567,041
Other Reserves	116,493,684	80,905,674	113,012,000	86,946,936	62,186,956
<b>Total Beginning Fund Balance</b>	<b>123,583,957</b>	<b>99,366,195</b>	<b>132,579,041</b>	<b>106,513,977</b>	<b>81,753,997</b>
<b>Revenue</b>					
Charges for Services	359,715	220,000	220,000	220,000	220,000
Charges to Other Funds	125,395	188,523	125,395	125,395	125,395
From Other Agencies	486,876	-	-	-	-
Net Sales	154,544,303	172,681,248	202,301,744	204,817,823	211,095,775
Operating Transfers-in	2,291,326	2,293,766	2,293,766	2,293,766	2,293,766
Other Revenue	8,358,736	8,918,000	33,920,805	33,920,805	33,920,805
Return on Investments	1,597,819	1,563,800	2,102,200	2,102,200	2,102,200
<b>Total Revenue</b>	<b>167,764,171</b>	<b>185,865,337</b>	<b>240,963,910</b>	<b>243,479,989</b>	<b>249,757,941</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>291,348,128</b>	<b>285,231,531</b>	<b>373,542,951</b>	<b>349,993,966</b>	<b>331,511,938</b>
<b>USE OF FUNDS</b>					
<b>Expenses</b>					
Allocated Charges	9,880,686	11,622,094	12,149,237	12,733,637	12,925,417
Contract Services	12,754,387	38,975,162	65,278,172	51,132,853	71,710,205
Debt Service	7,968,787	9,003,300	8,379,300	8,379,300	8,379,300
Equity Transfer	14,138,000	14,635,000	15,119,000	15,119,000	15,119,000
Facilities & Equipment	-	16,000	16,000	16,000	16,000
General Expense	1,874,136	5,263,037	5,682,658	6,306,658	6,967,783
Operating Transfers-Out	87,516	-	-	13,000,000	-
Rents & Leases	6,164,291	6,642,470	6,977,836	7,309,846	7,519,012
Salary & Benefits	23,593,488	30,072,723	33,740,238	34,977,142	35,423,370

## LONG RANGE FINANCIAL PLANS FOR MAJOR FUNDS

### Electric Fund

	FY 2022 Actuals	FY 2023 Adopted	FY 2024 Adopted	FY 2025 Forecast	FY 2026 Forecast
Supplies & Materials	2,570,958	911,207	1,091,908	1,091,908	1,091,908
Transfer to Infrastructure	247,197	780,000	280,000	-	-
Utility Purchase	112,702,487	101,743,548	118,314,625	118,173,625	118,173,625
<b>Total Expense</b>	<b>191,981,933</b>	<b>219,664,541</b>	<b>267,028,974</b>	<b>268,239,969</b>	<b>277,325,620</b>
<b>Ending Fund Balance</b>					
Reserve for Encumbrances	18,460,521	19,567,041	19,567,041	19,567,041	19,567,041
Operating Reserves	80,905,674	45,999,950	86,946,936	62,186,956	34,619,277
<b>Total Ending Fund Balance*</b>	<b>99,366,195</b>	<b>65,566,991</b>	<b>106,513,977</b>	<b>81,753,997</b>	<b>54,186,318</b>
<b>TOTAL USE OF FUNDS</b>	<b>291,348,128</b>	<b>285,231,531</b>	<b>373,542,951</b>	<b>349,993,966</b>	<b>331,511,938</b>

\*FY 2024 Fund Balances have been revised to include FY 2023 adjustments.

Note: Excludes Non-Budgetary Reserves for GASB 68 (Pension) and GASB 75 (OPEB)

# LONG RANGE FINANCIAL PLANS FOR MAJOR FUNDS

## Capital Improvement Fund

	FY 2022 Actuals	FY 2023 Adopted	FY 2024 Adopted	FY 2025 Forecast	FY 2026 Forecast
<b>Source of Funds</b>					
<b>Beginning Fund Balance</b>					
Reserve for Encumbrances	108,936,007	58,246,938	7,561,505	-	-
Other Reserves**	5,776,536	16,970,274	3,700,000	5,549,720	5,000,000
Infrastructure Reserve	58,021,481	49,170,520	49,946,647	3,628,962	2,439,130
<b>Total Beginning Fund Balance</b>	<b>172,734,024</b>	<b>124,387,732</b>	<b>61,208,152</b>	<b>9,178,682</b>	<b>7,439,130</b>
<b>Revenue</b>					
Other Revenue	3,184,971	7,450,900	18,269,127	10,356,550	49,156,200
Return on Investments	1,095,846	1,072,300	1,514,200	1,514,200	1,514,200
From Other Agencies	1,018,666	12,500,000	15,000,000	1,000,000	-
Operating Transfers-In	19,257,302	40,162,152	46,290,859	37,568,283	36,139,022
Permits and Licenses	130,606	-	-	-	-
<b>Total Revenue</b>	<b>24,687,391</b>	<b>61,185,352</b>	<b>81,074,186</b>	<b>50,439,033</b>	<b>86,809,422</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>197,421,415</b>	<b>185,573,084</b>	<b>142,282,338</b>	<b>59,617,716</b>	<b>94,248,553</b>
<b>USE OF FUNDS</b>					
<b>Expenses</b>					
Allocated Charges	263,903	322,462	282,425	288,013	293,714
Contract Services	62,946,271	79,119,259	115,451,654	34,513,663	68,937,663
Facilities & Equipment	167,019	474,187	591,236	275,000	303,000
General Expense	14,918	11,860	12,509	12,509	12,509
Operating Transfers-Out	2,380,000	3,838,400	7,379,000	7,374,000	7,377,000
Salary & Benefits	6,961,218	8,026,507	9,266,832	9,583,400	9,668,579
Supplies & Materials	300,353	120,000	119,999	132,000	-
<b>Total Expenses</b>	<b>73,033,682</b>	<b>91,912,675</b>	<b>133,103,655</b>	<b>52,178,585</b>	<b>86,592,465</b>

## LONG RANGE FINANCIAL PLANS FOR MAJOR FUNDS

# Capital Improvement Fund

	FY 2022 Actuals	FY 2023 Adopted	FY 2024 Adopted	FY 2025 Forecast	FY 2026 Forecast
<b>Ending Fund Balance</b>					
Reserve for Encumbrances	58,246,938	25,659,484	-	-	-
Other Reserves**	16,970,274	48,000,684	5,549,720	5,000,000	5,000,000
Infrastructure Reserve	49,170,520	20,000,241	3,628,962	2,439,130	2,656,087
<b>Total Ending Fund Balance*</b>	<b>124,387,732</b>	<b>93,660,409</b>	<b>9,178,682</b>	<b>7,439,130</b>	<b>7,656,087</b>
<b>TOTAL USE OF FUNDS</b>	<b>197,421,415</b>	<b>185,573,084</b>	<b>142,282,338</b>	<b>59,617,716</b>	<b>94,248,553</b>

\*FY 2024 Fund Balances have been revised to include FY 2023 adjustments.

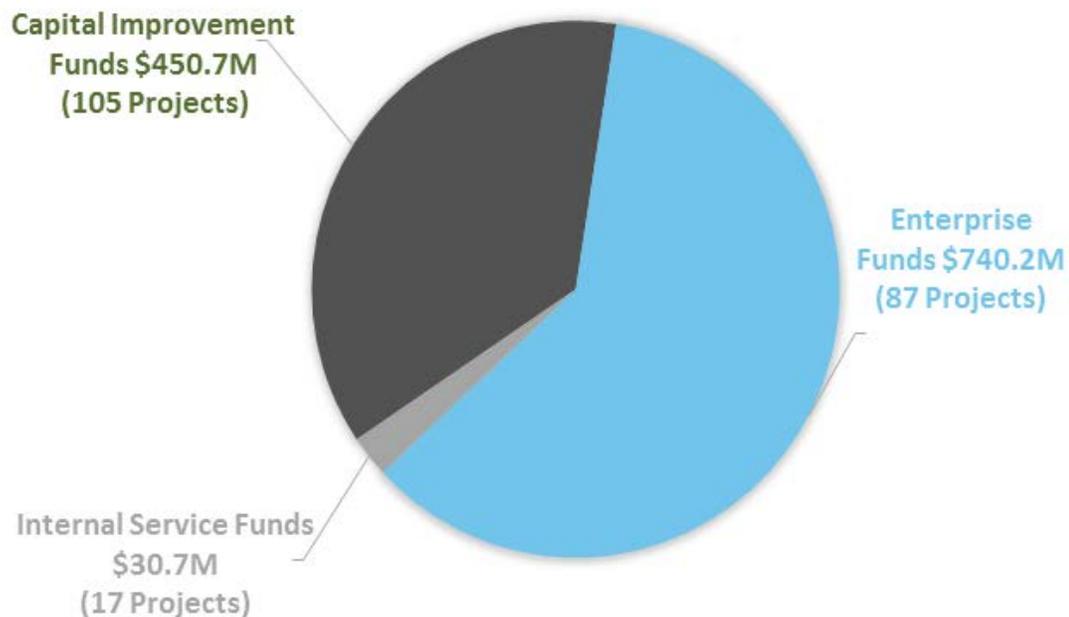
\*\*Other Reserves include funding for Debt Service Payments and specific projects such as Infrastructure Plan Projects

Note: Excludes Non-Budgetary Reserves for GASB 68 (Pension) and GASB 75 (OPEB)

## Description

The overall 2024-2028 Capital Improvement Program (CIP), which includes the Capital Improvement Funds, Enterprise Funds, and Internal Service Funds is \$1.2 billion, an increase of \$399.6 million, or 48.6 percent, compared to the 2023-2027 CIP of \$821.9 million. The Fiscal Year 2024 Adopted Capital Budget is \$355.3 million, a decrease of \$24.2 million, or 6.4 percent, compared to the Fiscal Year 2023 Adopted Capital Budget of \$379.5 million.

### 2024-2028 CIP PLANNED FUNDING BY FUND TYPE (\$1.2 BILLION)



On the following pages, please find a listing of major capital improvement projects which include:

- Projects that are part of the City Council Approved Infrastructure Plan
- Projects that are politically sensitive
- Projects with over \$750,000 of costs in the first year of the 5-Year CIP
- One-time projects with over \$3.0 million over the 5-Year CIP

For a detailed discussion of the City's Fiscal Year 2024 Adopted Capital Budget, please visit the City's website at [www.cityofpaloalto.org/budget](http://www.cityofpaloalto.org/budget).

# MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Airport Enterprise Fund: Airfield Electrical Improvements (AP-19001)	\$ -	\$ 3,994,674	\$ 3,994,674

This project provides funding for electrical and lighting improvements to the airfield.

### Operating Impacts

This project is anticipated to have operating expenses related to pavement maintenance. As these costs are quantified, adjustments will be brought forward in future budgets, as necessary.

Airport Enterprise Fund: Airport Access Road Reconstruction (AP-24000)	\$ 347,924	\$ 3,754,871	\$ 3,754,871
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This project is for the design & reconstruction of the pavement on Embarcadero Way, which is the main access road for airport businesses and the Air Traffic Control Tower at the Airport.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Capital Improvement Fund: Americans With Disabilities Act Compliance (PF-93009)	\$ 884,676	\$ 2,849,364	Recurring
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This project provides funding for accessibility upgrades to City facilities and equipment. It includes continued funding for improvements such as path of travel, restroom upgrades, drinking fountains, and counters. This funding will also be utilized for other CIP project design or construction phases where accessibility improvements are identified.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Capital Improvement Fund: Animal Shelter Renovation (PE-19002)	\$ 2,784,188	\$ 2,784,188	\$ 5,981,236
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This project provides funding for interim facility improvements to the Animal Shelter that accompany operation of the shelter by a contractor. The improvements include expanding and remodeling the medical suite to provide a new 900 square foot modular building for office space, public educational programs, and expanded kennels.

### Operating Impacts

There are no additional operating impacts anticipated from this project. At this time it is assumed that maintenance costs at the facility will be covered by Pets In Need as part of a renegotiated agreement with the City.

Capital Improvement Fund: Art In Public Spaces (AC-86017)	\$ 1,704,337	\$ 2,177,837	Recurring
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This project provides funding for innovative temporary and permanent public art for both interior and exterior public spaces in accordance with the City Council-approved Art in City Capital Improvement Projects ordinance.

### Operating Impacts

Annual funding for public art maintenance citywide is allocated to the Community Services Department in the General Fund, as noted in the Operating Impacts table above.

# MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Capital Improvement Fund: Bicycle and Pedestrian Transportation Plan Implementation (PL-04010)	\$ 2,434,852	\$ 2,434,852	\$ 15,293,904

This project provides funding for the design and construction of bicycle boulevards, enhanced bikeways, shared-use paths, bicycle parking, and pedestrian improvements in accordance with the Palo Alto Bicycle and Pedestrian Transportation Plan, which was adopted by City Council in 2012.

### Operating Impacts

This project is anticipated to impact operating expenses in the future. As these costs are quantified, adjustments will be brought forward in future budgets, as necessary. There may be increased operating impacts due to ongoing maintenance of protected and separate bikeways. Certain types of bikeways may require special equipment or services to maintain them.

Capital Improvement Fund: Bol Park Pathway Repaving and Repair (PE-25000)	\$ -	\$ 1,513,183	\$ 1,513,183
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The Bol Park pathway which extends from the north at Hanover Drive at the Stanford Technological Park to the south at Arastadero Road is approximately 1.2 miles in length. The pathway is a key link in the local and regional bike system and is heavily utilized by both Gunn High School and the Veterans facility. Funding for this project includes repaving and widening of the pathway and lighting improvements.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget. Cost for operations and maintenance of the green infrastructure feature to be determined .

Capital Improvement Fund: Building Systems Improvements (PF-01003)	\$ 932,317	\$ 1,984,925	Recurring
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This project provides funding for electrical, mechanical, plumbing, structural, and security upgrades as required at various City facilities. Upgrades may include main and emergency power sources, light fixtures, fire alarm systems, heating and ventilation equipment, Building Management System (BMS) controls, structural reinforcements or repair, security card access, and camera systems.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Capital Improvement Fund: Byxbee Park Completion (PE-18006)	\$ -	\$ 3,331,000	\$ 3,699,192
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This project provides funding for the remaining improvements to Byxbee Park per the conceptual plan currently being developed in the Baylands Comprehensive Conservation Plan. The conceptual plan calls for additional native planting islands, park seating, interpretive signage, and an expanded parking lot.

### Operating Impacts

This project is anticipated to impact operating expenses in the future. Byxbee Park is maintained under a large parks maintenance contract which will be bid out for services. As these costs are quantified, adjustments will be brought forward in future budget cycles.

## MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Capital Improvement Fund: Churchill Avenue Enhanced Bikeway (PL-14000)	\$ 3,069,938	\$ 3,069,938	\$ 3,789,678

This project provides funding for the planning, design and construction of a shared-use path along the north side of Churchill Avenue between the existing shared-use path at Castilleja Avenue and the Stanford Perimeter Trail. It also includes intersection improvements at Churchill Avenue and El Camino Real, which will include a new dedicated westbound right-turn lane.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Capital Improvement Fund: Churchill Avenue Rail Grade Separation and Safety Improvements (PL-24001)	\$ 4,164,615	\$ 59,286,261	\$ 59,286,261
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This project provides for the planning, design, and construction of the grade separation at the existing at-grade crossing on Churchill Avenue in the Caltrain Rail Corridor. The project will provide improvements to accommodate bicycles, pedestrians, and vehicular movement at the crossing. In 2021, the City Council selected partial underpass as the preferred alternative, with closure as a backup alternative.

### Operating Impacts

Operating impacts will depend upon the grade separation alternative that is implemented. As these costs are quantified, adjustments will be brought forward in future budget cycles.

Capital Improvement Fund: Churchill Avenue/Alma Street Railroad Crossing Safety Improvements (PL-20000)	\$ 2,555,501	\$ 6,433,693	\$ 9,690,258
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This project provides funding for the design and construction of pedestrian and bicycle safety improvements west of the Churchill Avenue and Alma Street intersection, as well as at the Charleston Road and Alma Street intersection, at the railroad at-grade crossings. Design includes, but is not limited to, traffic signal modifications, street lighting improvements, roadway resurfacing, sidewalk realignment and/or widening, drainage improvements, utility re-locations, signage and striping, and way-finding improvements.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

# MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Capital Improvement Fund: City Bridge Improvements (PE-20001)	\$ 786,919	\$ 1,999,544	Recurring

There are 180 bridge and culvert structures owned and maintained by the City. Of these, Caltrans inspects 31 structures, and the City is responsible for inspecting the remaining 149 structures. These structures are located in the public right of way and in parks and preserves. A structural consulting firm inspected 50 City-owned bridges and culverts and completed an assessment study in 2017, after which a recurring bridge inspection and repair program was established. This program includes on-going inspections to report physical changes to structures, recommendations for work to be done, and additional information to meet functional and structural standards in accordance with industry standards. Typically, the recommended recurring inspection frequency of the structures varies from two to four years depending on age and structural conditions, and estimates are developed at a conceptual level and adjusted in the design phase. As part of the recurring bridge inspection and repair program, 25 of the 50 structures inspected in 2017 were prioritized by staff and inspected by a structural firm in Fiscal Year 2022; seven bridge structures of the 25 structures inspected were identified for repairs in Fiscal Year 2023.

### Operating Impacts

This project may impact operating expenses for Parks, public services, and stormwater management in the future as the bridges are assessed, and maintenance and repair costs are determined. As these costs are quantified, adjustments will be brought forward in future budgets as necessary.

Capital Improvement Fund: Civic Center Electrical Upgrade & EV Charger Installation (PE-17010)	\$ 1,143,404	\$ 1,523,757	\$ 2,141,944
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This project provides funding to replace the aging Civic Center electrical switchgear and motor control centers and to purchase and install approximately 43 new Level 2 electric vehicle (EV) charging stations at City parking garages, including the Civic Center garage.

### Operating Impacts

This project is anticipated to impact operating expenses in the future. As these costs are quantified, adjustments will be brought forward in the future budget cycles, as necessary.

Capital Improvement Fund: Downtown Automated Parking Guidance Systems, Access Controls & Revenue Collection Equip. (PL-15002)	\$ 2,419,102	\$ 2,419,102	\$ 5,197,833
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This project provides funding to address infrastructure and capital improvements for parking facilities (Alma St., Bryant St., and Cowper/Webster garages). This project includes design and installation of new downtown parking guidance systems, access controls, and revenue collection equipment.

### Operating Impacts

The ongoing operating costs for cameras and other equipment is unknown at this time; however, as these costs are quantified, adjustments will be brought forward in the next budget cycle.

Capital Improvement Fund: El Camino Park Turf Replacement (PG-24000)	\$ 931,122	\$ 931,122	\$ 931,122
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The project provides funding for replacement of synthetic turf at the El Camino Park playing field.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

## MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Capital Improvement Fund: Fire Station 4 Replacement (PE-18004)	\$ 9,935,034	\$ 14,560,034	\$ 15,329,846

This project provides funding to replace Fire Station 4 at the corner of Middlefield Road and East Meadow Drive. The replacement facility will be based on the prior replacement study and needs assessment prepared in 2005.

### Operating Impacts

This project is anticipated to impact operating expenses in the future. Maintenance is estimated to increase from the maintenance costs for the current fire station by \$9,500 in FY 2025 and increase by 3 percent annually thereafter.

Capital Improvement Fund: Foothills Nature Preserve Boronda Lake Dock Replacement (OS-18000)	\$ 232,228	\$ 232,228	\$ 255,428
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This project provides funding for the replacement of an aged and deteriorating Boronda Lake Dock.

### Operating Impact

This project is not anticipated to impact operating expenses and if any maintenance costs increase, costs will be absorbed with the available maintenance funding in the annual operating budget.

Capital Improvement Fund: Foothills Nature Preserve Improvements (PE-21000)	\$ 921,384	\$ 3,519,718	\$ 3,632,918
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This project provides funding to repair the bridge to Sunfish Island; design and permitting costs to replace the footbridge in Los Trancos Valley; to replace the grade control structures along Buckeye Creek, and to provide new split rail fencing to protect sensitive areas, new pedestrian pathways to keep park visitors safe while walking along the park road, and improvements to some of the existing parking areas to make them safer and more efficient.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Capital Improvement Fund: Foothills Nature Preserve Restroom Replacement (PE-26000)	\$ -	\$ 4,171,669	\$ 4,171,669
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This project includes replacement of three restrooms in Foothills Nature Preserve including restrooms at the preserve entrance and Orchard Glen and Oak Grove picnic areas. These facilities will also be upgraded to meet the Americans with Disability Act (ADA) requirements. The restrooms at Orchard Glen and Oak Grove picnic areas will be replaced with prefabricated structures, and the preserve entrance restroom will be rehabilitated or replaced based on assessment.

### Operating Impacts

Additional custodial and routine maintenance costs will increase to service these new facilities. As these costs are quantified, adjustments will be brought forward in future budgets as necessary.

# MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Capital Improvement Fund: Golf Course Net and Artificial Turf Replacement (PG-18000)	\$ 847,267	\$ 847,267	\$ 932,167

This project provides funding for the removal and replacement of golf course driving range netting and synthetic turf and installation of new netting or replacement where needed.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Capital Improvement Fund: Homekey Facilities (PE-24005)	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000
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This project involves relocating the City of Palo Alto (City) GreenWaste facility from its current site on one portion of 1237 San Antonio Road to the rear portion of the same site as a result of adding the Homekey Palo Alto interim housing shelter. Homekey Palo Alto will be operated by LifeMoves who will provide intensive, customized case management for clients including counseling, employment and housing search services with the goal of paving a dignified path to self-sufficiency. The City of Palo Alto and LifeMoves were awarded \$26.6 million from the State to develop an interim housing shelter with the capacity to serve over 300 individuals annually with on-site support services. The grant award is a part of a statewide effort to sustain and rapidly expand housing for those who are experiencing or at risk of homelessness.

### Operating Impacts

The City Council approved funding for \$7.0 million in operating costs at the rate of \$1.0 million annually once the shelter is operating. This funding was approved as part of the FY 2023 Adopted Budget.

Capital Improvement Fund: JMZ Renovation (AC-18001)	\$ 1,022,074	\$ 1,022,074	\$ 4,966,620
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This project provided funding to relocate the Palo Alto Junior Museum & Zoo (JMZ) for two years to the Cubberley Community Center to facilitate construction of a new JMZ at the current site. This project also included funding for permit and inspection fees related to the JMZ rebuild project, new exhibitions (including temporary staffing for design and prototyping), deck construction costs (partial), park signage (partial), furniture and equipment costs, payment and performance bonds, and re-opening marketing and outreach expenses. The project was extended and funds were reappropriated for exterior exhibit and completion of various project features.

### Operating Impacts

Anticipated ongoing operating costs have been incorporated into the Community Service Department's operating budget and include new staffing and exhibits, as well as custodial and maintenance costs. New ticketed entry and membership revenues are budgeted to partially offset the increased operating costs.

Capital Improvement Fund: Library Automated Material Handling (LB-21000)	\$ 843,979	\$ 843,979	\$ 1,085,103
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The scope of this project is to provide the design and construction of three new Automated Material Handling (AMH) systems for the College Terrace, Children's, and Downtown Libraries. AMH systems efficiently sort returned library materials based on the Radio Frequency Identification Devices (RFID) on the materials. This project has been approved for use of Library Impact Fees. In FY 2021, funds from Library Impact Fees were added to the project to include contactless library equipment, such as holds machines and book vending machines, at smaller branches to further increase efficiency and offset reductions in service hours.

### Operating Impacts

The equipment will cause a slight increase in electric bills and will also require annual equipment maintenance. Ongoing operating costs include annual maintenance of about \$10,000 to \$20,000 per machine and these costs are anticipated to increase by 3 percent annually thereafter.

## MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Capital Improvement Fund: Meadow Dr./Charleston Rd. Rail Grade Separation and Safety Improvements (PL-24000)	\$ 6,119,750	\$ 115,095,200	\$ 115,095,200

This project provides for the planning, design, and construction of the grade separations at the existing at-grade crossings on Meadow Drive and Charleston Road in the Caltrain Rail Corridor. The project will provide improvements to accommodate bicycles, pedestrians, and vehicular movement at the crossings. In 2021, the City Council narrowed the alternatives under consideration at these locations to trench, hybrid, and underpass. Currently, the Rail Committee is reviewing these alternatives to further narrow and select the preferred alternative(s) for recommendation to the City Council.

### Operating Impacts

Operating impacts will depend upon the grade separation alternative that is implemented. As these costs are quantified, adjustments will be brought forward in future budget cycles.

Capital Improvement Fund: Municipal Service Center Lighting, Mechanical, and Electrical Improvements (PF-16006)	\$ 7,039,925	\$ 7,039,925	\$ 8,786,848
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This project provides funding for the replacement of original mechanical and electrical systems and lighting installed in 1966 in the Municipal Service Center's (MSC) Buildings A, B, and C. The project also includes the renovation of office space and shop areas in Building C.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Capital Improvement Fund: New California Avenue Area Parking Garage (PE-18000)	\$ 786,684	\$ 786,684	\$ 50,213,486
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This project provided funding for the design and construction of a new public parking garage on the existing Lot C-7 in the California Avenue commercial area. The garage has 636 parking stalls with two below-ground and four above-ground levels, and it was completed in December 2020, but \$0.8 million was reappropriated to FY 2024 for completion of final punch list items.

### Operating Impacts

Custodial and maintenance costs were budgeted for this project starting in FY 2021 and increase by 3% annually thereafter.

Capital Improvement Fund: New Downtown Parking Garage (PE-15007)	\$ 5,748,600	\$ 5,748,600	\$ 7,488,918
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This project provides funding for a new public parking garage in the University Avenue commercial area at existing Parking Lot D at the corner of Hamilton Avenue and Waverley Street. The project will evaluate the feasibility of including retail and stacked parking as part of the new structure. Design and environmental consultant services will be needed, including the development of preliminary plans and cost estimates, and completion of the project's environmental review.

### Operating Impacts

This project is anticipated to impact operating expenses in the future. As these costs are quantified, adjustments will be brought forward in future budgets as necessary.

# MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Capital Improvement Fund: New Public Safety Building (PE-15001)	\$ 4,159,173	\$ 4,159,173	\$ 118,137,997

This project provides funding for the design and construction of a new Public Safety Building on Lot C-6 in the California Avenue commercial area. Site evaluation and design and environmental consultant services will be needed for the approximately 44,500 square foot facility, including the development of preliminary plans, cost estimates, and special studies as part of an Environmental Impact Report (EIR). The size and programming of the new facility were developed by the 2006 Blue Ribbon Task Force.

### Operating Impacts

This project will impact operating expenses and funding for custodial and maintenance costs has been programmed in the FY 2024 Operating Budget and is anticipated to increase by 3 percent annually thereafter.

Capital Improvement Fund: Newell Road/San Francisquito Creek Bridge Replacement (PE-12011)	\$ 17,811,069	\$ 19,078,911	\$ 23,204,676
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This project will provide funding to remove and replace the Newell Road bridge over San Francisquito Creek. Design considerations include a clear span over the creek to allow the channel to convey a flow consistent with the San Francisquito Creek Joint Powers Authority's (JPA) initial flood protection project located downstream, as well as accommodate bicycle and pedestrian traffic.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Capital Improvement Fund: Park Restroom Installation (PG-19000)	\$ 893,846	\$ 2,200,259	Recurring
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This project provides funding for installation of restrooms at City parks that currently do not have restroom facilities. The restrooms may be prefabricated and each installation will require a Park Improvement Ordinance.

### Operating Impacts

Custodial costs are approximately \$9,000 per year per restroom, which are currently in the operating budget for existing restrooms; however, the addition of more restrooms and annual cost escalations will cause the budget to increase.

Capital Improvement Fund: Performing Arts Venues Seat Replacement (AC-18000)	\$ 811,226	\$ 811,226	\$ 1,247,572
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This project provides funding for the replacement of damaged or non-functioning seats at two of the City's performing arts venues: Children's Theater and Lucie Stern Community Theater.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

## MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Capital Improvement Fund: Railroad Grade Separation and Safety Improvements (PL-17001)	\$ 1,105,846	\$ 8,001,197	\$ 12,238,849

This project provides for the planning, design, and construction of the grade separation at the existing at-grade crossing on Palo Alto Avenue in the Caltrain Rail Corridor. The project will provide improvements to accommodate bicycles, pedestrians, and vehicular movement at the crossing.

### Operating Impacts

Operating impacts will depend upon the grade separation alternative that is implemented. As these costs are quantified, adjustments will be brought forward in future budget cycles.

Capital Improvement Fund: Rinconada Park Improvements (PE-08001)	\$ 215,419	\$ 4,735,406	\$ 9,979,735
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Upon completion of the Rinconada Park Long Range Plan (LRP) adopted in 2017, funding was secured to begin these park improvements. Phase 1 improvements including safety, site amenities, playground facilities, irrigation, drainage, and accessibility improvements in the western half of the park were completed in April 2022. The restroom that was removed from Phase 1 Improvements due to funding constraints was added in Fiscal Year 2023 to complete all Phase 1 Improvements. Phase 2 improvements would include renovation of the eastern half of the park including pathway improvements, a new restroom facility, renovated and expanded group picnic areas, native and habitat planting, irrigation improvements, ADA upgrades, directional signage, site furnishing, lighting, and green infrastructure elements. According to the LRP, future improvement phases would include renovation to the arbor area, and development around the electrical substation.

### Operating Impacts

This project is anticipated to impact operating expenses in the future. Custodial and maintenance costs are estimated to be \$20,700 in FY 2024 and increase by three percent annually thereafter. These costs will be included as part of the City's custodial contract. Cost for operations and maintenance of the green infrastructure feature to be determined.

Capital Improvement Fund: Roofing Replacement (PF-00006)	\$ 2,022,410	\$ 5,176,004	Recurring
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This project provides funding for ongoing roofing maintenance at various City facilities. Services include major repairs, rehabilitation, and replacement, and components include roof decks, drainage systems, and sheet metal. Roofs scheduled for replacement are based on an annual evaluation of their condition.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Capital Improvement Fund: Roth Building Rehabilitation Phase 1 (PF-23001)	\$ 11,348,825	\$ 11,348,825	\$ 11,848,825
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This project provides funding for Phase 1 of the rehabilitation and build-out of the Roth Building facility. Phase I will make the building suitable for occupancy, also known as a warm shell. Phase II of the rehabilitation includes the interior build-out of the museum and exhibits, readying the facility to welcome visitors, and will be fully funded by the Palo Alto Museum (PAM).

### Operating Impacts

This project will have ongoing operating expenses related to the new facility, and a cost sharing agreement will need to be developed between the City and the Palo Alto Museum. As these costs are quantified and the agreement finalized, adjustments will be brought forward in future budgets as necessary.

# MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Capital Improvement Fund: Safe Routes To School (PL-00026)	\$ 969,106	\$ 1,460,633	Recurring

This project provides funding for the City’s Safe Routes to Schools program, including school commute planning, education and encouragement activities, and capital improvements along local and collector streets that may be impacted by school commute activities. Typical capital improvements include traffic calming devices, enhanced crosswalks, and improved signage along suggested routes to school.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Capital Improvement Fund: Sidewalk Repairs (PO-89003)	\$ 2,515,608	\$ 8,904,165	Recurring
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This project provides funding for sidewalk repairs as part of an annual district-based rehabilitation program, alleviating the backlog of sidewalk repairs and enhancing pedestrian comfort and safety. Additionally, a sidewalk program assessment to evaluate options for improving the City’s Sidewalk Repair Program was completed in Spring 2019 and provided suggestions for establishing goals and priorities related to repairs and replacements throughout the City.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Capital Improvement Fund: Street Maintenance (PE-86070)	\$ 7,126,112	\$ 30,547,816	Recurring
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This project provides funding for annual resurfacing, slurry sealing, crack sealing, and reconstruction of various City streets.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Capital Improvement Fund: Traffic Signal and Intelligent Transportation Systems (PL-05030)	\$ 1,451,217	\$ 4,661,224	Recurring
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This project provides funding for the design, construction, and upgrades of traffic signals, traffic signal communications networks, signal performance/surveillance projects for transportation use, and upkeep of the City’s traffic signal central management system. The project includes the replacement of traffic signal controllers/cabinets, video detection systems, and other field equipment.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Capital Improvement Fund: Transportation and Parking Improvements (PL-12000)	\$ 914,692	\$ 2,890,432	Recurring
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This project provides funding for the implementation of traffic safety projects including miscellaneous roadway and neighborhood traffic calming improvements, local traffic studies, response to 311 requests, and parking improvements.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

## MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Cubberley Property Infrastructure Fund: Cubberley Community Center Redevelopment (CB-26000)	\$ -	\$ 316,212	\$ 316,212

This project provides funding for design of a new community center on the Cubberley Community Center site owned by the City. The Cubberley Community Center is a valuable community resource, and the plan includes site investigative and funding feasibility studies to inform project scope and design. Construction would occur beyond the current five-year CIP and would be dependent on future funding. This project builds upon the Cubberley Concept Plan completed in 2019.

### Operating Impacts

This project will have ongoing operating expenses related to the new facility. As these costs are quantified, adjustments will be brought forward in future budgets as necessary.

Cubberley Property Infrastructure Fund: Cubberley Field Restroom (CB-17002)	\$ 1,066,242	\$ 1,066,242	\$ 1,398,538
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This project provides the installation of a four-stall prefabricated restroom at the Cubberley Community Center Fields. The restroom may need a lift station to pump sanitary sewage.

### Operating Impacts

This project is anticipated to impact operating expenses in the future. Custodial and maintenance costs are estimated to be \$22,500 in FY 2025 and increase by three percent annually thereafter. These costs will be included as part of the City's custodial contract cost for the operations and maintenance.

Cubberley Property Infrastructure Fund: Cubberley Gym HVAC Replacement (CB-24000)	\$ 809,299	\$ 809,299	\$ 809,299
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The existing heating system in Cubberley Gyms A & B is original to the building, which was constructed in the mid-1950s. The system is currently not functioning because multiple leaks have developed in the steel hot water piping, which is in the walls and under the floor. These leaks contributed (in addition to a domestic water main supply leak) to significant water damage in the walls, floors, and crawl spaces of the gyms.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Cubberley Property Infrastructure Fund: Cubberley Roof Replacements (CB-16002)	\$ 2,835,921	\$ 5,524,300	Recurring
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This project provides funding for the replacement or restoration of failing roofs at the Cubberley Community Center. The Palo Alto Unified School District (PAUSD) reimburses the City for work completed on PAUSD-owned buildings.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

# MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Electric Fund: Coleridge/Cowper/Tennyson 4/12kV Conversion (EL-14000)	\$ 1,000,000	\$ 2,500,000	\$ 2,680,813

This project will convert the primary electric distribution system in the Coleridge/Cowper/Tennyson area from 4kV to 12kV.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Electric Fund: Colorado Power Station Equipment Upgrades (EL-19001)	\$ 1,800,000	\$ 6,900,000	\$ 11,536,127
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This project will replace aging major asset equipment at the Colorado Power Station. The Colorado Power Station is on the 115kV/60kV transmission side of the Colorado Substation, which transforms the electricity to a lower sub-transmission voltage that feeds the individual distribution stations around the City.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Electric Fund: Colorado Substation Site Improvements (EL-19002)	\$ 1,140,000	\$ 1,140,000	\$ 1,425,700
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This project will make modifications to the substation driveways, fence and oil containment to provide adequate ingress and egress for utility vehicles used for maintenance and repair and potentially build concrete barriers between transformers #1 and #3.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Electric Fund: East Meadow Circles 4/12kV Conversion (EL-17001)	\$ 1,157,366	\$ 1,157,366	\$ 1,742,536
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This project will convert the primary electric distribution system in the East Charleston/Alma Street/East Meadow Drive/Middlefield Road area from 4kV to 12kV.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Electric Fund: Electric Customer Connections (EL-89028)	\$ 2,700,000	\$ 13,500,000	Recurring
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This project allows for the installation of services, transformers, meters for new customers, upgrades of existing services, temporary service connections, and overhead/underground extensions for new/existing customers.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

# MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Electric Fund: Electric System Improvements (EL-98003)	\$ 2,500,000	\$ 12,976,500	Recurring

This project provides funding, as needed, to improve the Electric Distribution System. Typical activities include: increasing system capacity for load growth, replacing deteriorated capital facilities, reconfiguring/adding to the system to improve service reliability, repairing and replacing storm damaged equipment, and making general improvements to the system.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Electric Fund: Foothills Rebuild (Fire Mitigation) (EL-21001)	\$ 4,440,000	\$ 10,440,000	\$ 14,999,600
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Devastating wildfires throughout the State of California have prompted electric utilities throughout the state to identify areas within their jurisdiction that are susceptible to power-line ignited wildfires and to take steps to prevent their occurrence. This project proposes to rebuild the approximately 11 miles of overhead line, as necessary to mitigate the possibility of a wildfire due to overhead electric lines. This could include the utilization of more robust equipment or construction practices; rerouting to avoid vegetation and improve access for inspection and maintenance; or converting the overhead lines to underground where feasible.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Electric Fund: Grid Modernization for Electrification (EL-24000)	\$ 25,000,000	\$ 200,000,000	\$ 200,000,000
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This project will provide the City with an electric infrastructure adequate to support the City's goal of 100% electrification and 80% carbon emissions reduction by the year 2030. To attain the 100% electrification scenario, the City must maximize use of electric energy and phase out carbon-based end uses such as natural gas appliances and internal combustion vehicles. The electric system must be updated to meet the needs of electrification, and older components in the distribution infrastructure must be replaced to mitigate chances of overloading the system. Examples of assets to be replaced are distribution and substation transformers, primary/secondary distribution circuits.

### Operating Impacts

Operating impacts have not been determined at this time. Estimates may become available after Request for Proposals are issued, and as these costs are quantified, adjustments will be brought forward in future budgets as necessary.

Electric Fund: Smart Grid Technology Installation (EL-11014)	\$ 8,280,089	\$ 8,280,089	\$ 17,690,025
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This project will implement portions of the Smart Grid Road Map that can be cost effectively applied to the City's Electric, Gas, and Water utility systems resulting in operating cost savings, environmental benefits, plus an increased quality of life and productivity for the residents and businesses of Palo Alto.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

# MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Electric Fund: Substation Breaker Replacement (EL-17002)	\$ 2,340,000	\$ 5,690,000	\$ 7,368,761

This project funds the purchase and replacement of high voltage circuit breakers that interconnect the nine electric substations and two power switching stations. There are 42 circuit breakers on the both the 60kV and 12kV lines reaching the end of their recommended reliable useful life expectancy and/or are now underrated for their use.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Electric Fund: Substation Facility Improvements (EL-89044)	\$ 1,200,000	\$ 2,842,000	Recurring
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This project involves several improvements to each of the nine substation facilities in Palo Alto, including improvement to the safety grounding grids, upgrading gravel for electrical isolation, replacement of various substation equipment, renovation of security fences and entry gates, paving of driveways and parking areas in substations, upgrading of substation drainage systems, replacement of Remote Terminal Unit (RTU) equipment, bus voltage monitoring and local area network (LAN) connections, as well as other improvements.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Electric Fund: Substation Physical Security (EL-16003)	\$ 3,694,539	\$ 4,489,539	\$ 6,895,239
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The electric substations are a key element of the Electric Distribution System used to provide electricity to residents and customers of Palo Alto. This project will evaluate options for protecting electric substations from outside vandalism and intrusion. If necessary, fences and other protections will be repaired. Security lighting will be designed and issued for construction.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Electric Fund: Wood Pole Replacement (EL-19004)	\$ 1,500,000	\$ 7,795,000	Recurring
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This project will fund the annual replacement of deteriorated wood poles.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

## MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Fiber Optics Fund: Fiber Optics Network - System Rebuild (FO-16000)	\$ 13,000,000	\$ 26,000,000	\$ 32,103,888

This project rebuilds portions of the fiber network to improve capacity, which will facilitate licensing of dark fiber to companies that provide telecommunication services to residents and businesses in Palo Alto. The project will install new aerial duct or substructures (conduit and boxes) and additional fiber backbone cables to increase capacity for sections of the network that are at or near capacity to meet customer requests for service connections. The main rebuild project areas are the Stanford Research Park, the Palo Alto Internet Exchange (PAIX) at 529 Bryant Street, and the downtown business district.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Fiber Optics Fund: Fiber-to-the-Premises (FTTP) (FO-24000)	\$ 12,000,000	\$ 20,000,000	\$ 20,000,000
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This project will build Fiber-to-the-Premises (FTTP) to deliver broadband (high-speed internet) for homes and businesses in the City of Palo Alto. As the City builds the FO-16000 - Fiber Optics Network - System Rebuild project to expand its dark (unlit, or not put in use by a service provider) fiber optic backbone network, the network may be built out further and lit to connect to homes and businesses with FTTP offering retail services such as broadband. This is commonly known as building out the last mile in a network, which this FTTP project provides.

### Operating Impacts

Operating impacts have not been determined at this time. Estimates may become available after Request for Proposals are issued, and as these costs are quantified, adjustments will be brought forward in future budgets as necessary.

Gas Fund: Gas Distribution System Improvements (GS-11002)	\$ 1,005,796	\$ 3,005,796	Recurring
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This project provides funding as needed to improve the Gas Distribution System. Typical activities include: increasing distribution system capacity for load growth, replacing deteriorated capital facilities, re-configuring/adding to the system to improve service reliability, conducting research related to performance of the Gas Distribution System or its various components, and making general improvements or repairs to the system.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Gas Fund: Gas Main Replacement - Project 24 (GS-14003)	\$ 8,345,513	\$ 8,345,513	\$ 10,063,206
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This project replaces approximately 25,200 linear feet (which represents 2.3 percent of the City's Gas Distribution System) of leaking, inadequately-sized, and structurally deficient gas mains and services located on various streets in neighborhoods of the Stanford Research Park, Green Acres, Charleston Terrace, and the Stanford Industrial business districts. Staff identifies problematic mains/services by researching maintenance and leak histories, analyzing performance of the entire Gas Distribution System, and considering risks ratings of the Distribution Integrity Management Plan.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

# MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Gas Fund: Gas Main Replacement - Project 25 (GS-15000)	\$ 4,725,000	\$ 10,000,000	\$ 10,000,000

This Gas Main Replacement (GMR) project replaces approximately 20,000 - 26,472 linear feet (which represents 2.4 percent of the City's Gas Distribution System) of leaking, inadequately-sized, and structurally deficient gas mains and services located on various streets in the neighborhoods of Community Center, Leland Manor, Midtown, and Palo Verde neighborhoods. Staff identifies problematic mains/services by researching maintenance and leak histories, analyzing performance of the entire Gas Distribution System, and considering risks ratings of the Distribution Integrity Management Plan.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Gas Fund: Gas Main Replacement - Project 26 (GS-16000)	\$ -	\$ 10,000,000	\$ 10,000,000
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This project replaces approximately 22,300 linear feet (which represents 2.0 percent of the City's Gas Distribution System) of leaking, inadequately-sized, and structurally deficient gas mains and services located on various streets in the Midtown, Palo Verde, Greenmeadow, and Evergreen Park neighborhoods. Staff identifies problematic mains/services by researching maintenance and leak histories, analyzing performance of the entire gas distribution system, and considering risks ratings of the Distribution Integrity Management Plan.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Gas Fund: Gas Main Replacement - Project 27 (GS-20000)	\$ -	\$ 4,000,000	\$ 10,000,000
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This project replaces approximately 20,000 linear feet (which represents 1.8 percent of the City's Gas Distribution System) of leaking, inadequately-sized, and structurally deficient gas mains and services located on various streets in the Crescent Park and University South neighborhoods. Staff identifies problematic mains/services by researching maintenance and leak histories, analyzing performance of the entire gas distribution system, and considering risk ratings of the Distribution Integrity Management Plan.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Gas Fund: Gas System, Customer Connections (GS-80017)	\$ 810,900	\$ 3,758,100	Recurring
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This funding allows for the Gas Distribution System to be extended in order to provide gas service to new customers and augment service to customers with increased natural gas demands. Improvements include new mains, services, valves, regulators, meters, and accessories.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

## MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Stormwater Management Fund: Corporation Way System Upgrades and Pump Station (SD-21000)	\$ 3,534,778	\$ 3,534,778	\$ 4,146,559

This project provides funding for the design of a new small pump station with 25 cubic feet per second capacity and the upgrade of 700 linear feet of storm drain pipe to 30-inch High Density Polyethylene.

### Operating Impacts

This project is anticipated to impact operating expenses in the future with costs for electricity to serve the pump station; future routine inspections; and maintenance of the mechanical, electrical, and fiber operating systems. As these costs are quantified, and if the department determines they cannot be absorbed within the available maintenance schedule and annual operating budget, adjustments will be brought forward in future budgets, as necessary.

Stormwater Management Fund: Green Stormwater Infrastructure (SD-22001)	\$ 2,005,561	\$ 2,005,561	Recurring
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This project provides funding for Green Stormwater Infrastructure (GSI) projects and the integration of GSI measures to be included in the design and implementation of planned CIP projects supported by other funds and, in the future, maintenance of the City's GSI assets. GSI mimics the natural environment to slow, spread, sink, and filter storm runoff through native or engineered soils rather than discharging it directly into storm drain inlets. Types of GSI include bioretention areas, bioswales, tree filters, green roofs, pervious pavement, and rainwater harvesting (rain barrels and cisterns) to manage stormwater runoff.

### Operating Impacts

This project is anticipated to impact operating expenses in the future, such as maintenance costs. As these costs are quantified, and if the Department determines they cannot be absorbed within the available maintenance schedule and annual operating budget, adjustments will be brought forward in future budgets cycles.

Stormwater Management Fund: Louis Road System Upgrades (SD-24000)	\$ -	\$ 3,975,941	\$ 3,975,941
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This project provides funding to install 1,100 linear feet of new high-density polyethylene storm drain pipe, concrete inlets and manholes northwest of Sycamore Drive to a new outfall with a flap-gate at Matadero Creek.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Stormwater Management Fund: Storm Drainage System Replacement And Rehabilitation (SD-06101)	\$ 1,525,681	\$ 4,969,254	Recurring
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This project provides funding for annual replacement and rehabilitation projects, identified by a previous condition assessment, to help maintain the integrity of the storm drain system, including the replacement or rehabilitation of deteriorated storm drain pipes, manholes, and storm drain inlets.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

# MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Stormwater Management Fund: West Bayshore Road Pump Station (SD-20000)	\$ 1,142,080	\$ 2,529,366	\$ 3,058,141

This project provides funding for the design and construction of a new small pump station with 15 cubic feet per second capacity.

## Operating Impacts

This project is anticipated to impact operating expenses in the future with costs for electricity to serve the pump station; future routine inspections; and maintenance of the mechanical, electrical, and fiber operating systems. As these costs are quantified, and if the Department determines they cannot be absorbed within the available maintenance schedule and annual operating budget, adjustments will be brought forward in future budgets, as necessary.

Stormwater Management Fund: West Bayshore Road Trunk Line Improvements (SD-23000)	\$ 874,603	\$ 2,421,245	\$ 2,542,316
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This project provides funding to upgrade 1,400 linear feet of storm drain pipe with 36-inch High-Density Polyethylene.

## Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Technology Fund: City Council Chambers Upgrade (TE-19001)	\$ 1,770,910	\$ 1,770,910	\$ 1,803,934
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Funding will be used to upgrade outdated electronic equipment that has become unsupportable in City Council Chambers. This will help address technical issues and ensure compliance with Americans with Disabilities Act (ADA) requirements. This project will:

- Replace and upgrade outdated audio/visual equipment to bring City Council Chambers in compliance with ADA requirements
- Upgrade the City Council Chambers broadcast booth, overhead display equipment, and dais equipment (including a supportable voting system)
- Bring the broadcast booth in the City Council Chambers in compliance with ADA and State regulations
- Obtain adequate support, maintenance, and warranty for all equipment
- Integrate the City Hall Lobby Video Wall, Community Meeting Room, and Council Conference Room with new City Council Chambers equipment to enable viewing and/or broadcasting

## Operating Impacts

Operating impacts have not been determined at this time. Estimates may become available after Request for Proposals are issued, and as these costs are quantified, adjustments will be brought forward in future budgets as necessary.

Technology Fund: Enterprise Resource Planning Upgrade (TE-19000)	\$ 1,989,000	\$ 2,489,000	\$ 6,403,465
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This project provides funding to upgrade the existing Enterprise Resource Planning (ERP) system to better meet the City's needs.

## Operating Impacts

Operating impacts from Phase II of this project have not been determined at this time. As these costs are quantified, adjustments will be brought forward in future budgets as necessary.

## MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Vehicle Replacement & Maintenance Fund: Scheduled Vehicle and Equipment Replacement - Fiscal Year 2023 (VR-23000)	\$ 2,091,434	\$ 2,091,434	\$ 3,524,000

This project provides funding for the existing City fleet vehicles and equipment scheduled for replacement in Fiscal Year 2023.

### Operating Impacts

Costs to operate and maintain the City's fleet are budgeted annually in the Vehicle Replacement Fund and allocated to other City departments based on historical maintenance and repair needs. There are no additional operating impacts anticipated from this project and maintenance will be absorbed within the available maintenance schedule and annual operating budget.

Vehicle Replacement & Maintenance Fund: Scheduled Vehicle and Equipment Replacement - Fiscal Year 2024 (VR-24000)	\$ 3,572,000	\$ 3,572,000	\$ 3,572,000
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This project provides funding for the existing City fleet vehicles and equipment scheduled for replacement in Fiscal Year 2024.

### Operating Impacts

Costs to operate and maintain the City's fleet are budgeted annually in the Vehicle Replacement Fund and allocated to other City departments based on historical maintenance and repair needs. There are no additional operating impacts anticipated from this project and maintenance will be absorbed within the available maintenance schedule and annual operating budget.

Vehicle Replacement & Maintenance Fund: Scheduled Vehicle and Equipment Replacement - Fiscal Year 2025 (VR-25000)	\$ -	\$ 3,397,000	\$ 3,397,000
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This project provides funding for the existing City fleet vehicles and equipment scheduled for replacement in Fiscal Year 2025.

### Operating Impacts

Costs to operate and maintain the City's fleet are budgeted annually in the Vehicle Replacement Fund and allocated to other City departments based on historical maintenance and repair needs. There are no additional operating impacts anticipated from this project and maintenance will be absorbed within the available maintenance schedule and annual operating budget.

Vehicle Replacement & Maintenance Fund: Scheduled Vehicle and Equipment Replacement - Fiscal Year 2026 (VR-26000)	\$ -	\$ 3,409,000	\$ 3,409,000
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This project provides funding for the existing City fleet vehicles and equipment scheduled for replacement in Fiscal Year 2026.

### Operating Impacts

Costs to operate and maintain the City's fleet are budgeted annually in the Vehicle Replacement Fund and allocated to other City departments based on historical maintenance and repair needs. There are no additional operating impacts anticipated from this project and maintenance will be absorbed within the available maintenance schedule and annual operating budget.

Vehicle Replacement & Maintenance Fund: Scheduled Vehicle and Equipment Replacement - Fiscal Year 2027 (VR-27000)	\$ -	\$ 3,566,000	\$ 3,566,000
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This project provides funding for the existing City fleet vehicles and equipment scheduled for replacement in Fiscal Year 2027.

### Operating Impacts

Costs to operate and maintain the City's fleet are budgeted annually in the Vehicle Replacement Fund and allocated to other City departments based on historical maintenance and repair needs. There are no additional operating impacts anticipated from this project and maintenance will be absorbed within the available maintenance schedule and annual operating budget.

# MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Vehicle Replacement & Maintenance Fund: Scheduled Vehicle and Equipment Replacement - Fiscal Year 2028 (VR-28000)	\$ -	\$ 3,567,000	\$ 3,567,000

This project provides funding for the existing City fleet vehicles and equipment scheduled for replacement in Fiscal Year 2028.

## Operating Impacts

Costs to operate and maintain the City's fleet are budgeted annually in the Vehicle Replacement Fund and allocated to other City departments based on historical maintenance and repair needs. There are no additional operating impacts anticipated from this project and maintenance will be absorbed within the available maintenance schedule and annual operating budget.

Wastewater Collection Fund: Sewer Lateral/Manhole Rehabilitation and Replacement (WC-99013)	\$ 850,000	\$ 4,507,500	Recurring
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This project will replace defective sewer laterals, cleanouts, and manholes; install backwater devices; and purchase equipment to support these activities in order to maintain the Wastewater Collection System. Information collected during routine annual maintenance activities is used to prioritize work. Defective laterals, for example, will be replaced to re-establish existing services, reduce maintenance expenses, and eliminate ground water intrusion. Backwater devices will be installed to reduce backflows of sewage. New manholes will be installed or rehabilitated to improve structural integrity.

## Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Wastewater Collection Fund: Wastewater Collection System Rehabilitation/Augmentation Project 32 (WC-20000)	\$ -	\$ 11,600,000	\$ 11,600,000
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This project funds the design and construction of high priority main and lateral replacement work, which reduces inflow of rainfall and infiltration of groundwater into the collection system. The project replaces approximately 24,550 linear feet (which represents 2.3 percent of the City's Wastewater Collection System) for various streets in the City, including Crescent Park, Old Palo Alto, Midtown, Palo Verde, Barron Park, and Green Acres neighborhoods. The project will be comprised of laterals identified in video inspection work or through maintenance records as deficient and in need of replacement. Priority will be given to areas identified by Public Works as targeted work zones ensuring coordination between departments.

## Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Wastewater Collection Fund: Wastewater Collection System Rehabilitation/Augmentation Project 33 (WC-21000)	\$ -	\$ 11,600,000	\$ 11,600,000
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This project funds the design and construction of high priority main and lateral replacement work, which reduces inflow of rainfall and groundwater into the collection system. The project will include approximately 25,000 to 27,000 linear feet for various streets within the City's limits. The project will be comprised of laterals identified in video inspection work or through maintenance records as deficient and in need of replacement. Priority will be given to areas identified by Public Works as targeted work zones ensuring coordination between departments.

## Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

## MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Wastewater Collection Fund: Wastewater System Improvements (WC-15002)	\$ 799,501	\$ 1,599,501	Recurring

This project provides funding as needed to improve the Wastewater Collection System. Typical activities include: increasing system capacity for growth, flow monitoring, hydraulic modeling and system analysis, load simulations, asset management analysis and assessment, system inflow/infiltration analysis, and sanitary sewer overflow monitoring and reduction.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Wastewater Treatment Fund: Advanced Water Purification Facility (WQ-19003)	\$ 17,061,746	\$ 56,741,404	\$ 59,974,969
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This project provides funding for an Advanced Water Purification Facility to further improve the quality of the tertiary-treated recycled water by microfiltration or ultrafiltration followed by reverse osmosis to reduce the level of Total Dissolved Solids (TDS).

### Operating Impacts

The operations and maintenance cost of the project is anticipated to be approximately \$840,000 per year beginning in Fiscal Year 2026 and escalate by recycled water demand and inflation annually thereafter.

Wastewater Treatment Fund: Headworks Facility Replacement (WQ-16002)	\$ 4,784,966	\$ 52,085,573	\$ 52,095,873
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This project provides funding for replacing influent pumping, including the suction and discharge piping, pipe manifolds, valves, the electrical and controls system, screening equipment, grit handling equipment, the force main to the primaries and modifying headworks building, and yard piping.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Wastewater Treatment Fund: Joint Intercepting Sewer Rehabilitation (Phase 1) (WQ-24000)	\$ 12,573,487	\$ 12,573,487	\$ 12,573,487
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This project provides funding for the rehabilitation of the 60" and 72" Joint Intercepting Sewer (JIS) trunk line at the Regional Water Quality Control Plant (RWQCP). The trunk sewer line, constructed in 1972, is approximately 9000 feet long consisting of 13 manholes/structures. The JIS conveys raw wastewater from the City of Mountain View, City of Los Altos, Los Altos Hills, and a portion Palo Alto, which accounts for more than half of the RWQCP's influent.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

# MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Wastewater Treatment Fund: New Laboratory And Environmental Services Building (WQ-14002)	\$ 137,995	\$ 23,610,595	\$ 23,979,900

This project provides funding for a new building that will consolidate staff and provide a larger updated lab.

### Operating Impacts

This project is anticipated to impact operating expenses in the future such as utilities, janitorial services, and alarm/security systems. Once the design, including features and square feet, is complete, costs will be quantified and adjustments will be brought forward in future budgets.

Wastewater Treatment Fund: Outfall Line Construction (WQ-19000)	\$ 10,645,016	\$ 17,900,113	\$ 17,923,114
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This project consists of the construction of a new parallel outfall pipe to convey final plant effluent to San Francisco Bay.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Wastewater Treatment Fund: Plant Repair, Retrofit, and Equipment Replacement (WQ-19002)	\$ 10,141,002	\$ 26,068,288	Recurring
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This project provides funding for the assessment, repair, and retrofit of the Regional Water Quality Control Plant (RWQCP) concrete and metal structures; the replacement of necessary RWQCP equipment and ancillary facilities to maintain treatment reliability and existing infrastructure; and the replacement of large diameter flow meters built into the wastewater treatment system on sewers, pipes, and water lines.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Wastewater Treatment Fund: Primary Sedimentation Tank Rehabilitation (WQ-14003)	\$ 2,628,000	\$ 2,628,000	\$ 20,449,654
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This project provides funding for new protective coatings on each of the four concrete primary sedimentation tanks and replacement of worn rotating parts and aging power distribution equipment. The tanks, installed in 1972, are 220 feet long by 41 feet wide by 14 feet deep each and remove settleable solids and floatable grease with mechanical and electrical equipment. The new coating ensures steel reinforcing bars within the concrete are protected from corrosive sewer gases and extends the concrete's life for another 30 years.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

## MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Wastewater Treatment Fund: Secondary Treatment Upgrades (WQ-19001)	\$ 3,826,135	\$ 3,826,135	\$ 193,317,014

This project provides funding for upgrades to the Secondary Treatment process at the Regional Water Quality Control Plant. The existing Secondary Treatment process has two main components: the Fixed Film Reactors (FFRs) and the Activated Sludge (AS) Process. This project includes the reconfiguration of the aeration basins, modification of the AS Process, and the elimination of the FFRs. The AS Aeration Basins will be subdivided with concrete walls creating different zones where different pollutants can be treated. Some of the zones will operate without oxygen, treating nitrogen and cutting the nitrogen in the treated wastewater by roughly half. The project will not only reduce organics and ammonia in the existing processes but will also reduce total nitrogen, the next pollutant being targeted for more stringent regulation.

### Operating Impacts

This project is anticipated to impact operating expenses in the future, potentially by lowering utilities usage. As these costs are quantified, adjustments will be brought forward in future budgets, as necessary.

Water Fund: Water Main Replacement - Project 29 (WS-15002)	\$ 9,094,600	\$ 9,094,600	\$ 9,307,829
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This project will fund the replacement of structurally deficient water mains and appurtenances in Fiscal Year 2024. Mains are selected by researching the maintenance history of the system and identifying those that are undersized, corroded, and subject to breaks. The project scope includes approximately 8,000 linear feet (which represents 0.7 percent of the City's Water Distribution System) of mains and services on various streets within the City, including areas in the Evergreen Park, Ventura, and Midtown/Midtown West neighborhoods.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Water Fund: Water Main Replacement - Project 30 (WS-16001)	\$ 425,000	\$ 9,350,000	\$ 9,350,000
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This project will fund the replacement of structurally deficient water mains and appurtenances in Fiscal Year 2026. Mains are selected by researching the maintenance history of the system and identifying those that are undersized, corroded, and subject to breaks. The project scope includes approximately 10,000 linear feet (which represents 0.8 percent of the City's Water Distribution System) of mains and services on various streets within the City, including areas in Midtown/Midtown West, Palo Verde, and Greenmeadow neighborhoods.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Water Fund: Water Main Replacement - Project 31 (WS-19001)	\$ -	\$ 9,350,000	\$ 9,350,000
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This project will fund the replacement of structurally deficient water mains and appurtenances in Fiscal Year 2028. Mains are selected by researching the maintenance history of the system and identifying those that are undersized, corroded, and subject to breaks. The project scope includes approximately 11,250 linear feet (which represents 0.9 percent of the City's Water Distribution System) of mains and services on various streets within the City, including areas in the Research Park, Midtown/Midtown West, Old Palo Alto, and Ventura neighborhoods.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

# MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2024 Budget	Five-Year CIP Cost	Total Project Cost
Water Fund: Water Meters (WS-80015)	\$ 1,599,821	\$ 2,960,821	Recurring

This funding allows for the purchase of meters for new customers, upgrading meters for current customers, installing meter bypasses, and replacing obsolete meters that are no longer repairable. This funding also allows for annual testing and calibration of select meters.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Water Fund: Water System Customer Connections (WS-80013)	\$ 932,000	\$ 5,000,200	Recurring
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This project allows for improvements that include new main extensions, valves, domestic services, meters on upgraded services, backflow devices, fire services, and fire hydrants.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Water Fund: Water System Supply Improvements (WS-11004)	\$ 3,617,000.00	\$ 5,465,000.00	Recurring
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This project provides funding to improve the City's Water Distribution System, which connects facilities between the City's and the San Francisco Public Utility Commission's pipelines, emergency water wells within the City, pumping stations, and water reservoirs.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

Water Fund: Water Tank Seismic Upgrade and Rehabilitation (WS-09000)	\$ 7,078,007	\$ 16,378,007	\$ 26,989,865
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This project will provide tank rehabilitation, seismic upgrades, and/or tank replacement structural reinforcement for the Corte Madera, Park, Boronda, and Dahl reservoirs in order to improve earthquake resistance in compliance with the American Society of Civil Engineers (ASCE 7) seismic codes. Work at the reservoir sites will also include the installation of: new seismic shut off valves between the reservoirs and valve vaults, new plug valves, piping and pipe supports in the valve vaults, and recoating of the interior and exterior reservoir walls.

### Operating Impacts

There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.



# GENERAL FUND





CITY OF  
**PALO  
ALTO**

# GENERAL FUND OVERVIEW

## Overview

The Fiscal Year 2024-2033 Long-Range Financial Forecast (LRFF) was presented to the City Council in February 2023 (CMR 2301-0753). The LRFF provides a ten-year financial forecast of the General Fund based on City Council approved service levels and alternative financial scenarios. The LRFF reflects staff's best estimates on the projected revenues and expenditures and is based on available information. Additionally, staff transmits Budget Development Guidelines together with the LRFF as part of City efforts to strategically plan and prioritize spending to ensure financial stability. This forecast is used to guide the annual budget development, and assumptions are revised and refined as more information becomes available throughout the budget development process.

At the time of this LRFF, the economy had continued to show strong performance, though signs of "headwinds" had indicated a potential slowdown in economic growth. This forecast had recognized the positive trends experienced in major tax receipts beginning in the second half of FY 2022 and through the first half of FY 2023; higher than expected revenues and expense savings had contributed to a net one-time surplus of approximately \$14 million above Budget Stabilization Reserve (BSR) targets of 18.5% at FY 2022 year-end. This amount had been allocated as part of the FY 2023 Midyear Budget Review (CMR 2212-0515) to the Section 115 Pension Trust (\$5M), Uncertainty Reserve (\$5M), and Capital Infrastructure Reserve (\$4M). Beginning in the second half of FY 2023, this forecast had assumed a slower growth rate consistent with a mild 18-month recession. Reserves for economically sensitive revenues were eliminated as programs modified or canceled during the pandemic had returned, and investments in Capital projects had increased with the continuing goal of returning to pre-pandemic levels by FY 2026. In addition, one-time resources that had boosted the City's financial outlook in prior years: Coronavirus Aid, Relief, and Economic Securities Act (CARES Act) and American Rescue Plan Act (ARPA) had been allocated in full with no funds included in FY 2024. The City had continued to manage through economic uncertainty and evaluated potential impacts on the local economy. Although revenues experienced growth, the potential for recession made it difficult to determine if these trends would continue in the near term.

The LRFF Base Case projected a shortfall of \$0.5 million in FY 2024, followed by shortfalls of \$12.0 million through FY 2027, with small but increasing surpluses thereafter. Based on this forecast, staff anticipated that spending prioritization and using one-time surplus funding from FY 2022 would be necessary to cover short-term gaps over the next several years to maintain financial stability.

# GENERAL FUND OVERVIEW

## FY 2024 - FY 2033 Long Range Financial Forecast - Base Case

	Actual 2022	Adopted 2023	Projected 2023	2024	2025	2026	2027	2028
<b>Total Revenue</b>	\$238,735	\$237,751	\$238 - 244M	\$251,177	\$261,671	\$272,065	\$282,203	\$290,671
<b>BSR Contribution (One-Time)</b>	-	\$9,670	\$9,670	-	-	-	-	-
<b>Total Source of Funds</b>	\$238,735	\$247,421	\$247 - 253M	\$251,177	\$261,671	\$272,065	\$282,203	\$290,671
<i>Year over Year increase (revenue only)</i>				5.6%	4.2%	4.0%	3.7%	3.0%
<b>Total Expenditures</b>	\$197,963	\$247,421	\$247,572	\$251,715	\$267,500	\$277,159	\$283,240	\$290,359
<b>Total Use of Funds</b>	\$197,963	\$247,421	\$247,572	\$251,715	\$267,500	\$277,159	\$283,240	\$290,359
<i>Year over Year increase</i>				1.7%	6.3%	3.6%	2.2%	2.5%
<b>Net One-Time Surplus/(Gap)</b>	\$40,772	(\$0)	\$0 - 4.7M	(\$537)	(\$5,829)	(\$5,094)	(\$1,037)	\$312
<b>Cumulative Net Operating Margin (One-Time)</b>								
<b>Net Operating Margin</b>				(\$537)	(\$5,292)	\$736	\$4,057	\$1,349
<b>Cumulative Net Operating Margin</b>								

Net Operating Margin assumes that the annual shortfalls are solved with ongoing solutions and annual surpluses are spent for ongoing expenditures.

Staff continued to refine these numbers and provide financial status updates to the City Council. During FY 2023, the City Council approved several significant actions to realign the budget with current projections and invest in the most immediate needs of the City and its residents, including additional staff, new labor agreements, and other resources to support City services. The Base Case table presented above includes adjustments for these actions. Below is a list of these reports:

- FY 2023 First Quarter (Q1) Financial Report (CMR 14630)
- Adoption of a revised Retiree Benefit Funding Policy (Formerly 'Pension Policy') for the financial planning of employee pension and Other Post-Employment Benefits (OPEB)/retiree healthcare (CMR 2212-0513)
- FY 2023 Mid-Year Budget Review (CMR 2212-0515)
  - Invested \$1.1M in services, including 5.25 full-time and 2.43 part-time positions
  - Established an Uncertainty Reserve of \$14M to offset projected losses in FY 2024 and FY 2025; partially funded by FY22 surplus (\$5M), increased major tax revenue estimates, unspent reserves, and program savings
  - Allocated remaining FY22 surplus to the City's Pension Trust (\$5M) and Capital Infrastructure Reserve (\$4M), consistent with City Council policy
- Various reports for new labor agreements for wages, benefits and other terms and conditions of employment
  - December 19, 2022: Management and Professional (CMR 15004)
  - February 6, 2023: IAFF and SEIU (CMR 2301-0719)
  - February 14, 2023: FCA (CMR 301-0906)
  - April 17, 2023: PAPOA and PMA (CMR 2303-1152)
  - June 12, 2023: UMPAPA (CMR 2305-1454)

A comprehensive list of City Council approved budget amendments is available on the City website: <https://www.cityofpaloalto.org/Departments/Administrative-Services/Budget-Adjustments-and-Monitoring>

All staff reports referenced throughout this section and the budget document are available on the City website: <https://www.cityofpaloalto.org/Departments/City-Clerk/City-Records>

### **Assumptions not included in the LRFF**

The FY 2024 – 2033 LRFF does not include potential impacts to the City’s finances for several known projects or areas of investment that are priorities, but have not been fully developed in terms of costs and timelines. This list is not intended to be comprehensive nor in any priority order:

- Sustainability and Climate Action Plan (S/CAP)
- Fee and organizational studies
- Significant code and ordinance updates
- Labor negotiations beyond new terms ending in January 2025 (SEIU) and June 2025 (other labor groups)
- Capital Infrastructure Plan
- Grade separation
- Parks Master Plan
- Racial Equity Work
- Palo Alto Animal Shelter operations and rebuild
- City owned assets operated by non-profit organizations
- Cubberly Community Center Concept Plan
- Loans for special projects or major capital projects
- Legislative updates
- Tax revenue alignment with updated Comprehensive Plan
- Aging or noncompliant infrastructure
- Parks trash removal
- Permanent Parklet Program
- General liability umbrella excess premiums
- Fire training center
- Changes in the local, regional, and national economy

### **City Council Priorities**

Each year, the City Council reviews its priorities for the year at its annual Council Retreat. These Council priorities are prioritized through City work plans to ensure organizational support and capacity to further these efforts in the coming year and beyond, where anticipated. As part of the 2023 priority-setting session on January 28, 2023, the City Council selected the following areas of focus:

- Economic Recovery and Transition
- Climate Change – Protection and Adaptation
- Housing for Social and Economic Balance
- Community Health and Safety

## GENERAL FUND OVERVIEW

These priorities are used to guide areas for potential investments in the annual budget process. The FY 2024 Adopted Budget includes funding to maintain health, safety, and legal compliance, maintain or enhance current service levels, and advance City Council priorities outlined above.

### FISCAL YEAR 2024 GENERAL FUND BUDGET

After the development of the LRFF, revenue and expense estimates were reviewed to calculate the Base Budget. The details of these adjustments can be found throughout this document. Significant base changes, which reflect the change in revenues and/or expenses to maintain services at their current levels or incorporate policy direction from City Council issued after the LRFF, and their General Fund impact, are discussed below:

- Tax revenue
- Salary and benefits
- Allocated charges
- Contract services
- Transfers

The FY 2024 Adopted Budget assumes revenue totaling \$261.1 million, a 9.8%, or \$23.4 million increase compared to the FY 2023 Adopted Budget of \$237.8 million, and General Fund expenditures totaling \$279.6 million, a 13.0%, or \$32.2 million, increase from the FY 2023 Adopted Budget of \$247.4 million. The Budget Stabilization Reserve (BSR) is calculated as percentage of total expenses and maintains a range of 15-20% (18.5% target) by policy. The expense total to calculate the BSR (\$269.5 million) excludes \$10.1 million remaining in the Uncertainty Reserve for future annual budget planning to avoid unintentional inflation of BSR needs. The FY 2024 BSR is anticipated to be \$54.3 million, which is higher than the City Council's recommended level of 18.5% target by \$4.4 million. The BSR is recommended at this 20.0% level in order to set aside funds to mitigate potential impacts from economic uncertainty and the potential for a near term recession.

### REVENUES

Revenues for the FY 2024 Adopted Budget are driven by economic assumptions and recovery timelines; discussion of these factors began with the City Council with the release of the FY 2024-2033 LRFF and remain an ongoing conversation when updated economic and trend information becomes available.

As discussed previously in this section, at the time the LRFF was developed, the local economy showed strong performance in the latter half of the calendar year 2022 though signs of “headwinds” indicated a potential slowdown of economic growth. U.S. workers and consumers showed great resiliency throughout the pandemic, energy cost spikes, geopolitical uncertainty, and high inflation. National, state, regional, and local economic indicators were in transition; the economy exited 2021 in overdrive, but that growth combined with global supply chain constraints pushed inflation higher than expected. The federal reserve began raising the fed funds interest rate in March 2022 and continued in 2023. Raising interest rates is intended to tame inflation and began to do so, but at a slower rate than desired. The economy cooled; however, it is expected there will be continued modest growth in employment, disposable income, gross domestic product (GDP), tourism, and consumption of taxable goods. With continued low unemployment despite technology sector layoffs and continued tight labor markets, the expectation is for a mild recession

in the coming year. The federal reserve's ability to balance the objectives of fighting inflation while maintaining employment and GDP growth will be challenging.

Tax revenues constitute nearly 60% of General Fund resources, and therefore, fluctuations in this category may significantly impact the City's financial outlook. Although major tax revenues have experienced growth in recent periods, the potential for recession makes it difficult to determine if these trends will continue in the near term. The LRFF assumed a mild 18-month recession beginning in the latter half of FY 2023 and reduced estimates for major tax revenue categories consistent with a slower growth pace. These estimates were revised upwards during FY 2023 based on higher than anticipated actual receipts and continued positive trends; collectively, budgetary estimates for sales tax, property tax, and transient occupancy tax (TOT) were increased by \$6 million in the FY 2023 Midyear Report, from \$134.4 million to \$140.4 million, or 4.5%, in total major tax revenue. During the budget process, and based on continued trends, staff pushed out the expected timeline for a mild recession by six months, beginning in the first half of FY 2024. Additionally, the City Council approved \$6.1 million beyond adjusted budget levels in the revised financial outlook for FY 2023 to fund actions approved for FY 2024.

This budget recognizes voter approved ballot measures to affirm the ongoing Equity Transfer from the Gas Utility Fund to the General Fund (Measure L) and implement a new business tax (Measure K) to fund public safety, affordable housing and homeless services, and transportation and grade separation. In accordance with Measure L, the Equity Transfer from the Gas Utility Fund can be up to 18% of annual gross gas retail revenue; however, Council has the discretion to set the transfer at a lower percentage of revenue. For FY 2024, a rate of 15.5% is recommended, generating \$7.7 million and representing an increase of \$0.5 million, or 6.9%, over prior year levels. Revenues generated from the business tax are expected to be phased-in over several years, generating initial receipts of \$2.4 million in FY 2024.

### **SALES TAX**

The FY 2024 Adopted Budget assumes sales tax revenue of \$36.3 million, a 11.3%, or \$3.7 million increase compared to \$32.6 million in the FY 2023 Adopted Budget. The FY 2024 Adopted Budget is based on a conservative estimate that assumes a combination of recovery and higher prices of goods and services resulting from inflation. Revenue levels are 7.3% above the pre-pandemic average actuals of \$33.8 million over FY 2018 and FY 2019 receipts. As the City continued through the recovery phase of the pandemic, the FY 2023 Mid-Year Budget Review reported that a recent local economic slow-down may result in lower than anticipated revenue. However, fourth quarter results for 2022 that were released after the Mid-Year Review ultimately reflected an overall economic quarter-over-quarter increase in sales tax revenues of 13.4% due to improved performance in the general retail, food products, and business to business segments. The City's revenue base is dependent on many high-end goods and dining options at regional destinations, such as Stanford Shopping Center. The pace of the City's recovery from the pandemic has lagged compared to other regions; the budget includes growth from both a lagged recovery and inflation as revenue nears pre-pandemic levels in this tax category. The FY 2019 Adopted Budget for this category was \$36.5 million and included a level of receipts from the prior year due to administrative delays.

## GENERAL FUND OVERVIEW

### PROPERTY TAX

Property tax revenue is the General Fund's largest revenue source, representing nearly 25.0% of total revenues. Historically, the 10-year compound annual growth rate (CAGR) was 8.4%, with a low of -1.1% in FY 2011 and a high of 11.5% in FY 2015. Typically, during economic downturns, impacts on property tax occur one year later.

The FY 2024 Adopted Budget assumes property tax revenue of \$63.8 million, a 6.7%, or \$4.0 million increase compared to \$59.8 million in the FY 2023 Adopted Budget. Property tax grew 19.5 % from FY 2019 levels of \$47.3 million to \$56.6 million in FY 2021 due to a combination of higher assessed values and excess Education Revenue Augmentation Fund (ERAF) revenue. The higher assessed values reflect continued robust commercial and residential real estate markets during those periods. Conservative assumptions based on trends during severe economic downturns were used at the time the FY 2022 Adopted Budget was developed. In comparison, the FY 2023 Adopted Budget assumed \$59.8 million in property tax revenue, a \$8.5 million or 16.7 % increase, compared to the FY 2022 Adopted Budget level of \$51.2 million.

ERAF is the fund used to collect and disburse property taxes that are shifted to/from cities, the County, and special districts prior to their reallocation to K-14 school agencies. When the state shifts more local property tax than required to support schools, these funds are returned and known as excess ERAF. In FY 2018, FY 2019, FY 2020, and FY 2021, receipts totaled \$1.4 million, \$2.7 million, \$3.9 million, and \$5.5 million for excess ERAF distributions from the County of Santa Clara. In FY 2022, a favorable resolution was reached between the County of Santa Clara and the State that involved a dispute over the calculation and disbursement of excess ERAF funds. A reserve of \$3.2 million had been set aside in FY 2020 and FY 2021 for this purpose and was released to the Budget Stabilization Reserve (BSR) as part of the FY 2022 Mid-Year Budget Review. In November 2021, the County notified cities that the California School Boards Association and its Education Legal Alliance filed a similar lawsuit against the Controller of the State of California. As a result, Santa Clara County estimates that 20% to 30% of ERAF in FY 2022 is subject to litigation. The updated forecast for FY 2022 assumes a more conservative 25%, or \$1.5 million, reserve for a potential loss starting in FY 2022. It is uncertain whether a similar percentage is at risk for the prior years; the status is continually monitored as significant developments occur.

Due to the uncertainty of whether local agencies will continue to receive excess ERAF funds, it is not considered a permanent local revenue source. The FY 2024 Adopted Budget assumes a net \$4.8 million in excess ERAF revenue (\$6.3 million base, less the \$1.5 million set aside due to the above lawsuit).

### TRANSIENT OCCUPANCY TAX (TOT)

The FY 2024 Adopted Budget assumes TOT revenue of \$26.8 million, a 47.4%, or \$8.6 million increase, as compared to \$18.2 million in the FY 2023 Adopted Budget. As discussed in the Property Tax section of this overview, the FY 2022 Adopted Budget was developed around many unknowns, including the timeframe of when health, safety, and travel restrictions would be lifted. FY 2022 actual receipts were \$17.0 million, 60% or \$6.4 million higher than the revised budget of \$10.6 million. Despite exceeding budget estimates in FY 2022, these results remain lower than FY 2019 pre-pandemic levels totaling \$25.6 million. Over the course of the pandemic, TOT revenue experienced approximately a 90% reduction. Current receipts indicate that this revenue category continues to have robust growth from the unprecedented lows seen during the pandemic.

During the first seven months of FY 2023 the average occupancy rate was 67.9%, 19.4% higher than the same period last year, but 8.9 points lower than the same period in FY 2019 (pre-pandemic). The average room rate has declined 7.4% compared to pre-pandemic levels.

### **DOCUMENTARY TRANSFER TAX (DTT)**

The FY 2024 Adopted Budget assumes DTT revenue of \$5.9 million, a 18.0%, or \$1.3 million decrease as compared to \$7.2 million in the FY 2023 Adopted Budget. As of the development of the budget (March 2023), the number of year-to-date transactions for FY 2023 (352) was substantially lower than in FY 2022 (596); however, this revenue source is challenging to forecast since it is highly dependent on property sales volume, the mix of commercial and residential sales, and can spike due to large, one-time property sales. Per the City's property tax consultant HdL Coren & Cone, the average price of a single-family residential home decreased 17.4% from \$4.0 million in the first quarter of calendar year 2022 to \$3.3 million for the same quarter in 2023. Lower median prices combined with a reduced number of properties available for sale is the basis for the lower forecast in this tax category.

### **UTILITY USERS' TAX (UUT)**

The UUT is levied on electric, gas, and water consumption and on telephone usage. The FY 2024 Adopted Budget assumes UUT revenue of \$18.5 million, an increase of 18.5%, or \$2.9 million, compared to \$15.6 million in the FY 2023 Adopted Budget. This revenue category reflects increases that recognize recovery of receipts due to workers returning to the office and increasing commodity prices. The purchase commodity price for electric, gas, and water is increasing the cost to provide utility services due to elevated gas and electric prices, higher transmission, operating and maintenance costs, plus inflation. Higher utility costs increase the amount taxed for utility services and raise the amount of UUT revenue.

### **OTHER TAXES AND FINES**

The FY 2024 Adopted Budget assumes \$3.4 million in other taxes and fines, a \$1.6 million increase compared to the FY 2023 Adopted Budget. The primary component of this revenue category is parking citation revenue which remains relatively unchanged from the prior year.

Beginning in FY 2024, this category includes estimates for the new business tax (Measure K) approved by voters in the November 2022 ballot to fund public safety, affordable housing and homeless services, and transportation and grade separation. The tax is expected to be phased-in over the next several years at approximately 30% for each focus area, reaching approximately \$9.6 million in annual receipts over 35 years. FY 2024 is the first year in which this tax will be collected and assumes receipts of \$2.4 million: \$750,000 in the Operating Budget for public safety services, \$750,000 in the Capital Budget for transportation and grade separation projects: Meadow Drive/Charleston Road (PL-24000) and Churchill Avenue (PL-24001), and \$550,000 for affordable housing and homeless services: LifeMoves facilities (PE-24005) (\$500,000) and San Antonio Coordinated Area Plan (CAP) (\$50,000). An additional \$359,500 is assumed for business tax consulting support and staff resources to administer the business tax program.

### **CHARGES FOR SERVICES**

This revenue category consists of charges to Stanford for fire services and paramedic services, fees related to the City's golf course, arts and science classes, and plan check fees. The FY 2024 Adopted Budget

## GENERAL FUND OVERVIEW

assumes \$34.6 million in charges for services revenue, a \$4.3 million, or 14.2% increase, compared to the FY 2023 Adopted Budget. The FY 2024 Adopted Budget assumes additional programming and operations in accordance with continued recovery from the pandemic, including those for recreation and golf and the Junior Museum & Zoo. In this budget, assumptions for economically sensitive revenues in the Non-Departmental budget have been eliminated. Also included in this report are adjustments to fee-based programs in the Fire Department to recognize lower than anticipated revenues for the FireMed Program (ambulance subscription fee) and discontinuation of the First Responder Fee Program (assessed on commercial insurance companies). These reductions are in line with actions taken in the FY 2023 Mid-Year Review, but in FY 2024 they are partially offset by the addition of inspection fees for state-mandated annual fire and life safety inspections. Also, fee revenue estimates for the golf course were adjusted to recognize higher projected revenues, and Development Services plan check, inspection, and other fees have been increased to maintain a cost-neutral operation in FY 2024.

The budget assumes reimbursement levels consistent with the negotiated fire service agreement with Stanford University; however, the actual reimbursement value may change as a result of updates to the Fire Department budget. City staff will communicate with Stanford to discuss these adjustments. Additional reimbursements from Stanford for Public Safety Dispatch Services are also budgeted, resulting in a net reimbursement of \$9.8 million.

### PERMITS AND LICENSES

Permits and licenses consist of payments to the City for issuing Building Permits, Fire Permits, and miscellaneous health and safety-related licenses. The FY 2024 Adopted Budget for permits and license revenue increased to \$10.7 million, a \$1.0 million or 9.8% increase, above the FY 2023 Adopted Budget level of \$9.8 million. This increase is primarily driven by adjustments to Development Services building permits and other fees that have been increased to maintain a cost-neutral operation in FY 2024.

### RETURN ON INVESTMENT

The return on investment category reflects the interest earnings on the City's investment portfolio. This category is a combination of past investments, new investments at current market rates, and available cash to invest, which fluctuates seasonally and annually. This budget recognizes the rising interest rate environment and higher expected yields. As of the close of the third quarter of FY 2023, the average portfolio rate of return was 2.18%, as compared to 1.61% the prior year. The FY 2024 Adopted Budget totals \$1.8 million and reflects a \$0.7 million or 73.2% increase above the FY 2023 Adopted Budget of \$1.1 million.

### RENTAL INCOME

Rental income of \$15.9 million primarily reflects rent paid to the General Fund from the City's Enterprise Funds and the Cubberley Community Center. FY 2024 Adopted Budget revenue levels include an increase of \$0.4 million, or 2.3%, compared to the FY 2023 Adopted Budget due to increases in facilities rent paid by other funds increasing by the annual CPI of 4.9%.

### CHARGES TO OTHER FUNDS

The main source of revenues in this category is General Fund administrative cost allocation plan charges to the Enterprise and Internal Service Funds. Internal support departments such as Administrative Services, Human Resources, and Council Appointed Offices provide services to Enterprise and Internal Service

Funds. The costs for these services are recovered through the administrative cost allocation plan charges. The FY 2024 estimate for Charges to Other Funds of \$15.5 million reflects a 13.2% increase from the FY 2023 Adopted Budget of \$13.7 million; this is primarily attributable to year-over-year increases in costs for salary and benefits and increased support for non-General Fund activities.

### **OTHER REVENUE**

This revenue category is mainly comprised of Animal Services revenue from neighboring cities; the Palo Alto Unified School District's (PAUSD) share of maintenance for athletic fields; Public, Education, and Government (PEG) revenue from Cable Franchise Fees; and other one-time revenue sources such as grants. Revenues in this category are anticipated to remain consistent with prior year levels of \$2.2 million.

### **OPERATING TRANSFERS-IN**

Operating Transfers-in materialize as expenses in other funds throughout the City and as revenue in the General Fund. The FY 2024 Adopted Budget assumes \$23.9 million, a \$1.4 million, or 6.2% increase, compared to the FY 2023 Adopted Budget. This budget category includes the equity transfer from the Electric and Gas funds that represents the return on the initial investment the City made when the Utilities Department was created more than 100 years ago. In accordance with a methodology approved by the City Council in June 2009, the equity transfer from the Electric Fund is calculated by applying a rate of return on the capital asset base. This rate of return is based on PG&E's rate of return on equity as approved by the California Public Utilities Commission (CPUC). This budget recognizes voter approval to affirm the ongoing Equity Transfer from the Gas Fund to the General Fund (Measure L). According to Measure L, the Equity Transfer from the Gas Fund can be up to 18% of annual gross gas retail revenue; however, Council has the discretion to set the transfer at a lower percentage of revenue, and for FY 2024, 15.5% is recommended. The equity transfer from the Electric and Gas Funds increased by \$1.0 million compared to the FY 2023 Adopted Budget of \$21.8 million.

### **EXPENSES**

FY 2024 expenditures total \$279.6 million in the Adopted Budget, representing a \$32.2 million, or 13.0%, increase compared to the FY 2023 Adopted Budget of \$247.4 million. This increase is driven primarily by investment in services across the organization, increases in salary and benefits resulting from new labor agreements, and increasing transfers to the Capital Improvement Program that had been reduced as a cost saving measure during the pandemic. Discussed in the Transmittal Letter, the FY 2024 Adopted Budget realigns major tax revenues with current projections and focuses on continued investment in City services and resources that support City Council priorities.

### **SALARY AND BENEFITS**

Salary and benefit costs represent nearly 60% of the FY 2024 Adopted Budget. The salary and benefit budget in the General Fund totals \$166.9 million, a \$18.5 million or 12.5% increase from the FY 2023 Adopted Budget total of \$148.4 million. This year-over-year increase reflects significant reinvestments in staffing resources and continued practice to proactively fund pension liabilities. It should be noted that in the "Budget Summary" section of each document, a variance will be seen between FY 2022 Actuals and the FY 2023 Adopted Budget columns in the salary and benefits total expenses. This variance primarily reflects the difference between estimated vacancies in FY 2023 and staff costs actually incurred in FY

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2022. The variance also includes changes in labor terms from year-to-year, CalPERS' required contributions, and proactive contributions to address the City's long-term pension liability.

**Salaries:** In FY 2024, salaries, including overtime, are projected to increase by \$11.5 million in the General Fund, representing a 14.5% increase compared to the prior year. This year-over-year change includes City Council approved amendments during FY 2023 to reinvest in services following budget reductions in FY 2021 and FY 2022. In total, 5.75 full-time and 2.43 FTE part-time positions were added as part of the FY 2023 Mid-Year Budget Review and the Permanent Parklet Program. These actions are included in the FY 2024 Base Budget. Significant drivers of this year-over-year change are the new staffing added in the Adopted Budget, and new labor agreements in effect for Management and Professional employees (CMR 15004), Utility Management and Professional Association (UMPAPA) (CMR 2305-1454), Service Employees International Union (SEIU) (CMR 2301-0719), International Association of Firefighters (IAFF) (CMR 2301-0719), Fire Chief's Association (FCA) (CMR 2301-0906), Palo Alto Peace Officers' Association (PAPOA) (CMR 2303-1152), and Palo Alto Police Management Association (PAPMA) (CMR 2303-1152).

This FY 2024 Adopted budget continues to reinvest in services across the organization and recommends the net addition of 45.25 full-time FTE and 9.94 part-time FTE positions in the General Fund, including positions added in FY 2023 mentioned above. A summary of staffing changes and more detailed discussion of salaries and benefits are included in Attachment B of the Transmittal Letter and Employee Information sections of this document. Lastly, the General Fund budget includes assumed vacancy savings of \$2.6 million that are expected to materialize as positions are vacated, and new employees are hired through the normal course of business.

**Pension Costs:** The General Fund's overall pension costs increased by \$5.4 million, or 13.9%, from \$39.0 million to \$44.4 million. Pension costs are driven primarily by CalPERS determined contribution levels and the City Council's direction to budget pension costs at a more conservative discount rate than CalPERS. In FY 2024, the CalPERS Actuarial Determined Contribution (ADC) for employer contributions increased from 42.9% to 44.8% in the miscellaneous group and 71.1% to 74.0% in the safety group. The ADC is the "blended rate" of the normal cost and unfunded accrued liability that make up the annual billing to the City and expressed as a percent of payroll.

The FY 2024 Adopted Budget continues the practice of including normal cost pension expenses at a more conservative discount rate and transmits amounts above the required payment to the City's Section 115 Pension Trust ("Pension Trust"). Overall, this budget includes approximately \$13.2 million (\$7.9 million in the General Fund) in planned contributions to the City's Pension Trust. Additionally, this FY 2024 Adopted Budget represents the second year of a two-year plan to transition from a 6.2% discount rate to a 5.3% rate for supplemental contributions to the Pension Trust, consistent with the Retiree Benefit Funding Policy approved by the City Council. FY 2023 was a transitional year in which six months of the lower discount rate were budgeted, equivalent to an approximate annual rate of 5.8%. Through FY 2023, a total of \$54.4 million in principal contributions is expected to be made to the trust (\$35.3 million or approximately 65% of the total is from the General Fund).

**Retiree Health/Other Post-Employment Benefits (OPEB):** The City uses actuarial studies completed on a bi-annual basis to inform the City's retiree healthcare liability and annual Actuarial Determined Contribution (ADC). The most recent study was completed in June 2022 to inform the development of the FY 2023

and FY 2024 operating budgets (CMR 14502). Overall, this budget includes approximately \$13.7 million (\$8.6 million in the General Fund) in charges to the City's departments for the ADC, an increase of \$0.4 million or 3.2% compared to FY 2023 Adopted levels of \$13.3 million, and continues the practice of including retiree healthcare costs at a more conservative discount rate, transmitting amounts above the required payment as an additional discretionary payment ("prefunding") to the City's California Employers' Retirement Benefit Trust (CERBT) Fund. The FY 2024 Adopted budget includes approximately \$1.5 million (\$0.9 million in the General Fund) for this purpose. Additionally, this budget assumes several adjustments to better align funding levels with uncertainties of the current economic environment and to proactively plan for long-term liabilities, including a zero percent return in 2021-22, lowering the discount rate for additional contributions to the CERBT from 6.25% to 5.75%, and shortening the amortization period from 22 to 15 years.

**Healthcare and Other Benefits:** The budget for healthcare is based on the health plan choices employees made for Calendar Year 2023. Increases for the various bargaining units' healthcare costs are included in the memoranda of agreements and these costs are modeled throughout the budget per these terms and assume a moderate increase in forecast years. The General Fund costs total \$14.0 million in FY 2024, an increase of \$1.0 million or 7.3%, from \$13.0 million in FY 2023. This increase is partly attributable to the significant staffing additions approved during FY 2023 and continued staffing investments in this FY 2024 budget. Costs for special pays, long-term disability, and Medicare remain generally consistent with FY 2023 levels.

**Workers' Compensation:** The City is self-insured for Workers' Compensation. The Workers' Compensation Fund operates as an internal service fund where the costs are centralized and recovered through allocated charges to departments. An outside consultant performs a valuation every year to inform the City's financial planning. Workers' Compensation costs in the General Fund total \$5.8 million, a \$0.9 million or 17.9% increase, from \$5.0 million in FY 2023.

### **NON-DEPARTMENTAL EXPENSES**

Non-departmental expenses include expenses that are not directly related to the operation of a single department, such as payments to the Palo Alto Unified School District (PAUSD) as part of the Cubberley Community Center lease. In the FY 2024 Adopted Budget, Non-departmental expenses also include an early reappropriation of the \$14.0 million Uncertainty Reserve established as part of the FY 2023 Mid-Year Budget Review. This budget draws down approximately \$3.9 million of the reserve for services approved by the City Council in FY 2024 and ongoing. This budget also eliminates the ongoing need for the Utility Transfer Litigation reserve in recognition of the voter approval of Measure L in November 2022. These, and other non-departmental expenses, are discussed in greater detail in the Non-Departmental section of this document.

### **CONTINGENCY ACCOUNTS**

Contingency Accounts are budgeted appropriations that are used at the discretion of the City Council, City Manager, or Human Resources Director to fund unanticipated expenses. The FY 2024 Adopted Operating Budget includes contingencies for the City Manager (\$200,000), City Council (\$125,000), Human Resources (\$50,000), Human Resources Resource Allocation Process (HSRAP) (\$50,000), and Innovation

## GENERAL FUND OVERVIEW

and Special Events (\$50,000), consistent with prior year funding levels. Additional information on Contingency Accounts is available in the Non-department Department section of this document.

### OPERATING TRANSFERS-OUT

Funds are transferred from the General Fund to various funds throughout the City, including the Capital Infrastructure Fund, the Cubberley Property Infrastructure Fund, Debt Service Funds, and the Technology Fund, on an annual basis. In FY 2024, a total of \$33.6 million will be transferred, with a majority (\$28.6 million) transferred to the Capital Infrastructure Fund. The transfer to the Infrastructure Fund represents a 39.9% or \$8.1 million increase over FY 2023 Adopted levels of \$20.4 million, representing the uptick in Transient Occupancy Tax (TOT) revenues discussed in the General Fund Revenues section of this document. The General Fund also transfers funds to the University Avenue parking fund to pay for employee parking permits; \$301,000 is included in FY 2024 for these permits to align with anticipated usage. The General Fund also pays the electric costs associated with streetlights and traffic signals, and the FY 2024 Adopted Budget includes \$2.2 million for those costs which is consistent with prior year funding levels.

### RESERVES

The City's general reserve is referred to as the Budget Stabilization Reserve (BSR). By policy, the City maintains a reserve level of 15.0-20.0% of the General Fund operating budget, with a targeted goal of 18.5%. City Council approval is required prior to setting reserves lower than 15.0%. The City Manager is authorized to transfer any amount in excess of 18.5% to the Capital Projects Infrastructure Reserve and the City's Section 115 Pension Trust at their discretion.

The FY 2024 Adopted Budget is projected to have a \$54.3 million BSR balance at year end, which is higher than the City Council's recommended level of 18.5% target by \$4.4 million. The BSR is calculated as a percentage of total expenses; therefore, the calculation of BSR (\$269.5 million) excludes the Uncertainty Reserve to avoid unintentional inflation of BSR needs. The BSR is recommended at this 20.0% level in order to set aside funds to mitigate potential impacts from economic uncertainty and the potential for a near term recession.

Additional reserves are outlined in the General Fund Reserve Table below and include items such as encumbrances and reappropriations that carryforward unspent budget from one fiscal year to the next; these amounts reflect funding encumbered to contracts for committed expenses or approved by the City Council in the annual reappropriation process. Also included are amounts for receivables, advances, and other activities that are anticipated or required for reporting purposes. Lastly, this table includes reserves that have been committed for a specific purpose or business area, such as the Development Services Reserve Fund (DSDRF). The DSDRF is intended to bridge unforeseen budget shortfalls and fund one-time expenses that build long term capacity; this fund was used to offset losses incurred during the pandemic. The DSDRF also includes a balance for prior year works in progress in which fees have been paid upfront for services that are expected to be completed in the subsequent fiscal year(s). The Annual Comprehensive Financial Report (ACFR) includes additional information about these reserves and activities. The most recent ACFR was completed for the period ending June 30, 2022 (CMR 2301-0715).

## GENERAL FUND OVERVIEW

Other reserves, such as the Budget Uncertainty (\$14.0 million), are included in the Non-Departmental Budget in FY 2024. Additional information can be found in the respective department section of this document.

As outlined in the table below, this budget assumes an early reappropriation of the \$14.0 million Budget Uncertainty Reserve from FY 2023 to FY 2024. This reserve is used to offset approximately \$3.9 million in services approved by the City Council in FY 2024 and ongoing. The FY 2024 projected ending fund balance of the Uncertainty Reserve is \$10.1 million; this amount is recommended to be carried forward from FY 2024 to FY 2025 to fund ongoing services and maintain a 20.0% BSR in the near term. This budget also includes the use of \$1.1 million from the DSDRF to offset eligible expenses in FY 2024, leaving a balance of approximately \$2.0 million.

# GENERAL FUND RESERVES

## General Fund Reserves

	FY 2022 Balance	FY 2023 Adopted Changes	FY 2023 Net Adjustments	FY 2023 Projected Year-End	FY 2024 Adopted Budget	FY 2024 Projected Year-End
<b>Budget Stabilization Reserve (BSR) Activity:</b>						
BSR	72,835	(9,072)	(6,114)	57,649	(3,356)	54,293
Uncertainty Reserve	-	-	14,000	14,000	(14,000)	-
<b>Total BSR</b>	<b>\$72,835</b>	<b>\$(9,670)</b>	<b>\$7,886</b>	<b>\$71,649</b>	<b>\$(17,356)</b>	<b>\$54,293</b>
<b>Other Reserve Activity:</b>						
HSRAP Reappropriation	40	-	-	40	-	40
Encumbrance & Reappropriations	25,350	-	-	25,350	-	25,350
Notes Receivable, Prepaid Items, Interfund Advances, Inventory of Materials & Supplies, and Other Activities	9,908	-	-	9,908	-	9,908
Reserves for Development Services, Edgewood Plaza, and Other Commitments	3,722	(598)	-	3,124	(1,084)	2,040
<b>Total Reserves</b>	<b>\$111,855</b>	<b>\$(9,670)</b>	<b>\$7,886</b>	<b>\$110,071</b>	<b>\$(18,440)</b>	<b>\$91,631</b>

1. The BSR is projected to be 21.4 percent at the end of FY 2023 (as compared to FY24 Adopted expenses and adjusted for unspent Uncertainty Reserve)

2. The City Reserve Policy indicates a 15 to 20 percent range, with an 18.5 percent target

3. FY 2023 Net Adjustments includes BAOs through June 2023 (-\$14.7M), anticipated receipt of tax revenues above the FY 2023 budget (+\$6.1M), HomeKey Savings (\$1M), and vacancy savings (\$1.5M).

4. FY 2023 Adopted BSR: \$37.1M (15.0 percent), \$45.8M (18.5 percent), \$49.5M (20.0 percent)

5. FY 2024 Adopted BSR (adjusted for Uncertainty Reserve): \$40.4M (15.0 percent), \$49.9M (18.5 percent), \$53.9M (20.0 percent)

6. Uncertainty Reserve: \$3.9 million expensed in FY 2024 and \$10.1 million recommended for use in future budget planning

## General Fund Revenues by Category

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Charges for Services	24,478	28,671	30,271	34,560	4,289	14.2%
Charges to Other Funds	11,661	13,980	13,690	15,496	1,806	13.2%
Documentary Transfer Tax	10,627	11,990	7,217	5,920	(1,297)	(18.0)%
From Other Agencies	2,173	9,232	7,526	1,591	(5,935)	(78.9)%
Other Revenue	2,424	2,447	2,201	2,378	177	8.1%
Other Taxes and Fines	683	893	1,784	3,417	1,632	91.5%
Permits and Licenses	7,888	9,111	9,764	10,722	958	9.8%
Property Taxes	56,572	59,353	59,770	63,785	4,015	6.7%
Rental Income	13,366	14,024	15,572	15,931	359	2.3%
Return on Investments	1,014	1,325	1,066	1,846	780	73.2%
Sales Taxes	29,127	32,705	32,580	36,272	3,692	11.3%
Transient Occupancy Tax	5,179	16,946	18,199	26,834	8,635	47.4%
Utility Users Tax	14,642	15,599	15,579	18,457	2,878	18.5%
<b>Subtotal</b>	<b>\$179,834</b>	<b>\$216,276</b>	<b>\$215,219</b>	<b>\$237,209</b>	<b>\$21,989</b>	<b>10.2%</b>
Operating Transfers-In	21,151	22,802	22,532	23,932	1,400	6.2%
<b>Total</b>	<b>\$200,985</b>	<b>\$239,078</b>	<b>\$237,751</b>	<b>\$261,141</b>	<b>\$23,389</b>	<b>9.8%</b>
Use of Reserves	-	-	9,670	18,440	8,771	90.7%
<b>Modified Total</b>	<b>\$200,985</b>	<b>\$239,078</b>	<b>\$247,421</b>	<b>\$279,581</b>	<b>\$32,160</b>	<b>13.0%</b>

## General Fund Revenue Descriptions

### PROPERTY TAX

Under current law, all taxable real and personal property is subject to a basic tax rate of one percent of assessed value collected by local jurisdictions and school districts for general service purposes. There are other taxes and levies on a typical property tax bill such as parcel, General Obligation bond, and special assessments.

## GENERAL FUND REVENUE

On June 6, 1978, California voters approved Proposition 13, a seminal change in property tax levies. The proposition, which added Article XIII A to the state constitution, placed limits on increases in the valuation of real property. The major change was that the assessed value of real property could only be adjusted upward annually by the change in the California Consumer Price Index (CCPI) up to a maximum of two percent per year. One exception to this rule, however, is that when property changes ownership and/or is substantially altered or newly-constructed, it would be reassessed at full market value in the first year and then subject to the CCPI or two percent cap thereafter.

Another important exception to the formula for increasing assessed valuations and taxes is that during periods of declining property values (e.g., recessions), the County Assessor has the flexibility to decrease assessments whether through appeal by property owners or through the Assessor's analysis of value declines. In effect, this reduces the property valuation and tax. As market conditions improve, however, and values return or increase, the Assessor can then increase assessed values and taxes.

In following years, another amendment to the constitution was passed that allows local governments and school districts to raise property taxes above one percent to finance general obligation (GO) bond sales. This change has to be approved by two-thirds of those voting in a local GO bond election. For school districts, however, the voting threshold for approving GO bonds was subsequently lowered to fifty-five percent.

Dating back to the early 1990s, the state has made numerous and complex adjustments to local jurisdiction property tax revenues to solve its budget shortfalls. In one such action in 1992, which is known as the Educational Revenue Augmentation Funds (ERAF), the state shifted millions of dollars in local government funds to school districts. As a consequence of this action the City of Palo Alto has foregone a cumulative \$119.0 million through FY 2018 limiting its ability to meet its infrastructure needs.

The County of Santa Clara administers and collects property taxes and remits the appropriate amounts (based on law and a complex formula) to local jurisdictions. Contrary to commonly held views, the City receives a relatively small portion of the basic one percent property tax. The City receives around 9.4% or 9.4 cents for every property tax dollar a property owner pays to the county. The majority of the tax dollar paid, or 56.6% goes to the school district, community college and county school service, 15.9% goes to the county, and the remaining goes to special districts and to the State.

### **SALES AND USE TAX**

The Sales Tax is a tax imposed on retailers for the privilege of selling tangible personal property such as clothing, automobiles, and computers. Currently, and according to State law, sales tax is not applied to personal services such as legal, dental, or consultant services. The Use Tax is a form of sales tax and is applied, for example, on the sale of tangible goods from an out-of-state vendor.

The City receives a specific portion or percentage of the sales tax paid by a consumer. Of the current 9.0% tax rate paid for goods sold within Palo Alto, the City receives 1.0% of the purchase price or 11.1% for each tax dollar paid. The remaining 8.0% of sales tax is distributed as follows: State of California (5.5%), Public Safety Fund (0.5%), Transportation Development Act (TDA) (0.25%), Santa Clara County – Measure A (0.125%), Santa Clara Valley Transportation Districts (1.625%).

Sales tax rates may differ across jurisdictions since local jurisdictions have some flexibility on a countywide level (e.g. county or city) to increase the local portion of the sales tax with voter approval. The local Sales and Use Tax is collected and administered by the State Board of Equalization.

### **TRANSIENT OCCUPANCY TAX**

The Transient Occupancy Tax rate in Palo Alto is 15.5% and is applied to the daily rate charged by a hotel, motel, and lodging establishment. The rate only applies to stays of 30 days or less. In November 2018, Palo Alto voters approved increasing the tax rate from 14% to 15.5%. The rate increase was effective as of January 1, 2019.

### **DOCUMENTARY TRANSFER TAX**

This tax is applied to the sale of real property within Palo Alto at the time property ownership is transferred. The current rate is \$3.30 per thousand dollars of sale value. A house that sells for \$1.5 million, for example, would result in the City collecting \$4,950. This tax is collected by Santa Clara County and then remitted to the City. The county also levies a transfer tax of \$1.10 per thousand dollars of sales value that is in addition to Palo Alto's tax.

### **UTILITY USERS TAX**

The Utility Users Tax is charged to all users of electricity, gas, water, and telephone services. The current tax rate is for electricity, gas, and water is 5.0% and for telephone is 4.75%. In November 2014, Palo Alto voters approved decreasing the telephone utility user tax rate from 5% to 4.75%. This tax decrease became effective on April 1, 2015 due to Public Utility Commission advance noticing requirements.

### **OTHER TAXES AND FINES**

The largest source of revenue in this category is derived from parking violations. Other revenue items in this category include traffic violations, and administrative citations.

Beginning in FY 2024, this category includes estimates for the new business tax (Measure K) approved by voters in the November 2022 ballot. This measure levies a tax on businesses based on a monthly rate of 7.5 cents per square foot of occupancy, subject to exclusions, with initial payments due January 2024. For the first two years, the tax will be imposed at half the rate. The tax rate and cap are expected to increase 2.5% annually to account for general inflation, beginning July 2026. The tax would terminate January 1, 2058, unless extended by voters. The proposed tax is estimated to raise approximately \$9.6 million each year for 35 years. The City Council has adopted advisory spending guidelines stating its intention to expend revenues on long-term stable funding for public safety, affordable housing and homeless services, and grade separated train crossings that maintain safety and mobility for vehicles, bicyclists, and pedestrians, and to annually report on tax revenues and expenditures.

### **CHARGES FOR SERVICES**

Departmental charges are comprised of fees charged for services which are primarily provided by the following departments: Community Services, Planning and Development Services, Police, and Public Works. Charges for Services from departments are approved annually by the City Council through the adoption of the Municipal Fee Schedule.

## GENERAL FUND REVENUE

The City has two separate agreements with Stanford University to provide Fire Response services and Dispatch services. As part of these agreements to reimburse the City for Stanford's proportional share of these services, Stanford is charged 16.0% of the Police Department's Communication and Dispatch Division.

### PERMITS AND LICENSES

The City requires payment for issuing Building Permits, Fire Permits, and miscellaneous health and safety-related licenses and permits as approved annually by the City Council through the adoption of the Municipal Fee Schedule.

### RETURN ON INVESTMENT

The City invests idle funds in order to earn interest. The total income varies with the market rates of interest and the funds available to invest. The basic principles underlying Palo Alto's investment philosophy is to ensure the safety of public funds; provide that sufficient money is always available to meet current expenditures; and achieve a reasonable rate of return on its investments.

### RENTAL INCOME

The General Fund charges rent to internal and external entities. The majority of rental income is derived from the Cubberley Community Center and Enterprise Funds.

### REVENUE FROM OTHER AGENCIES

This revenue category includes revenue received from various other local government agencies, the state, and the federal government, usually due to grants or contracts for services.

### CHARGES TO OTHER FUNDS

The General Fund recuperates the cost for services provided by internal services departments such as Administrative Services, Council Appointees, and Human Resources to Enterprise, Internal, and Special Revenue funds through allocated charges.

### OTHER REVENUE

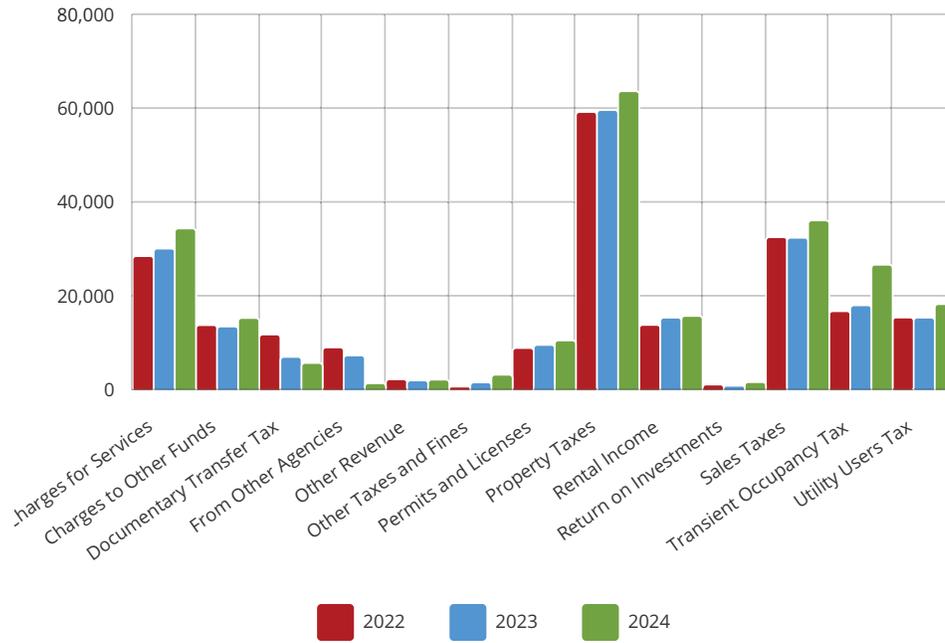
Major revenue sources in this category are Animal Services charges to Los Altos and Los Altos Hills, reimbursements from PAUSD for its share of Cubberley and athletic field maintenance, donations from non-profits for City libraries, and miscellaneous revenues.

### OPERATING TRANSFERS-IN

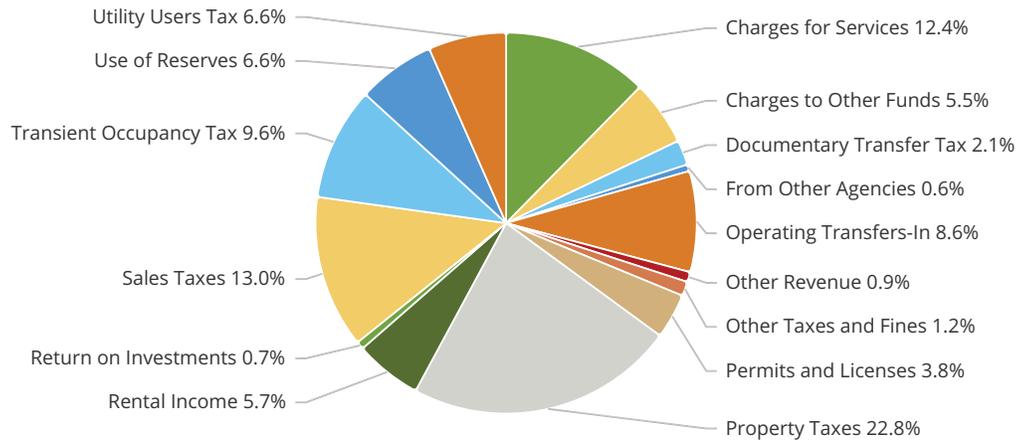
Operating Transfers include the equity transfer from the Electric and Gas Funds. In accordance with a methodology approved by Council in June 2009, the equity transfer from the Electric Fund is calculated by applying a rate of return to the capital asset base of the Electric Fund. This rate of return is based on PG&E's rate of return on equity as approved by the California Public Utilities Commission (CPUC). In accordance with the passage of Measure L on the November 2022 ballot, the Equity Transfer from the Gas Fund can be up to 18% of annual gross gas retail revenue; however, Council has the discretion to set the transfer at a lower percent of revenue.

# GENERAL FUND REVENUE

## 3 YEAR TREND - GENERAL FUND REVENUES BY CATEGORY (\$000S)



## GENERAL FUND REVENUES BY CATEGORY (%)



## GENERAL FUND EXPENDITURES

# General Fund Expenditures by Department

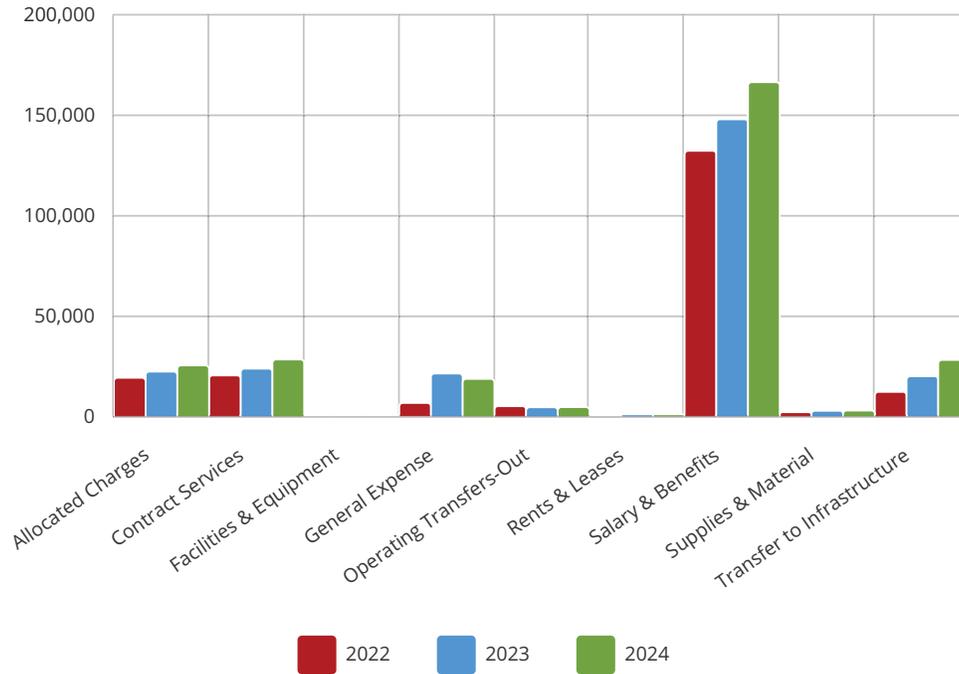
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Administrative Services	7,618	8,976	9,745	11,099	1,354	13.9%
City Attorney	3,223	4,078	4,234	4,668	434	10.3%
City Auditor	933	831	979	986	8	—%
City Clerk	1,093	1,088	1,429	1,491	61	4.3%
City Council	334	354	436	439	3	—%
City Manager	3,371	3,117	4,094	4,715	621	15.2%
Community Services	26,415	29,884	32,866	38,224	5,358	16.3%
Development Services	10,876	—	—	—	—	—%
Fire	35,080	38,167	40,981	46,761	5,780	14.1%
Human Resources	3,552	3,647	4,785	4,790	5	—%
Library	8,528	8,591	10,211	12,138	1,928	18.9%
Non-Departmental	4,566	4,357	19,088	14,893	(4,195)	(22.0)%
Office of Emergency Services	1,282	1,094	1,342	1,576	234	17.4%
Office of Sustainability	3	—	—	—	—	—%
Office of Transportation	1,936	1,629	1,718	2,704	986	57.4%
Planning and Development Services	5,201	17,838	22,615	26,055	3,440	15.2%
Police	40,783	43,191	47,401	51,764	4,362	9.2%
Public Works	17,215	16,903	20,134	23,698	3,564	17.7%
<b>Subtotal</b>	<b>\$172,011</b>	<b>\$183,745</b>	<b>\$222,059</b>	<b>\$246,001</b>	<b>\$23,942</b>	<b>10.8%</b>
Transfer to Infrastructure	9,294	12,625	20,400	28,538	8,138	39.9%
Operating Transfers-Out	4,271	5,498	4,962	5,043	81	1.6%
<b>Total</b>	<b>\$185,576</b>	<b>\$201,868</b>	<b>\$247,421</b>	<b>\$279,581</b>	<b>\$32,160</b>	<b>13.0%</b>

## General Fund Expenditures by Category

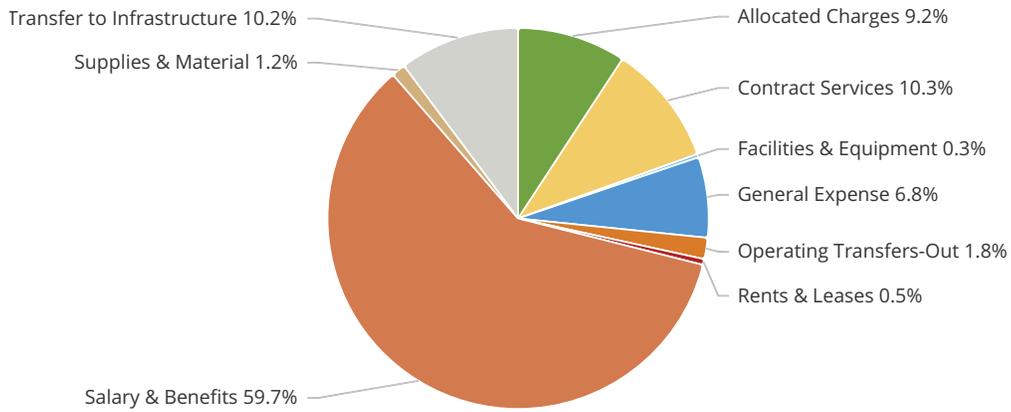
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Allocated Charges	17,423	19,647	22,714	25,796	3,082	13.6%
Contract Services	17,764	20,806	24,194	28,753	4,558	18.8%
Facilities & Equipment	464	538	480	799	318	66.3%
General Expense	6,581	7,116	21,765	19,092	(2,673)	(12.3)%
Rents & Leases	1,782	453	1,333	1,368	35	2.7%
Salary & Benefits	125,793	132,676	148,368	166,861	18,493	12.5%
Supplies & Material	2,204	2,508	3,205	3,332	127	4.0%
<b>Subtotal</b>	<b>\$172,011</b>	<b>\$183,745</b>	<b>\$222,059</b>	<b>\$246,001</b>	<b>\$23,942</b>	<b>10.8%</b>
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# GENERAL FUND EXPENDITURES

## 3 YEAR TREND - GENERAL FUND EXPENSE BY CATEGORY (\$000S)



## GENERAL FUND EXPENSE BY CATEGORY (%)





# ENTERPRISE FUNDS





CITY OF  
**PALO  
ALTO**

# ENTERPRISE FUNDS OVERVIEW

## Overview

The City of Palo Alto's Utility and Public Works operations are comprised of the Airport, Electric, Fiber Optics, Gas, Refuse, Stormwater Management, Wastewater Collection, Wastewater Treatment, and Water Funds. A financial summary of the funds follows this overview along with discussion and pertinent information in each fund section.

### REVENUES

The total budgeted revenue of the Enterprise Funds for FY 2024 is \$525.6 million, which represents a \$62.9 million, or 10.7% decrease from the FY 2023 Adopted level of \$588.5 million. The major sources of the change are decreases in estimated debt financing funding of \$123.9 million for capital projects recorded in Other Revenue, because the funding is currently estimated to be approved in FY 2023, offset by increased costs for Utility services of \$59.3 million that are passed on to the customers through rate changes and recorded in Net Sales. Enterprise Fund services with rate increases for FY 2024 include Fiber Optics, Gas, Stormwater Management, Wastewater Collection, and Water. Refuse rates will remain the same for FY 2024, and Electric rates will decrease. Details on these changes and the specific rate increase for each service is discussed below.

### EXPENDITURES

The total budgeted expenditure of the Enterprise Funds for FY 2024 is \$626.7 million, which represents a \$23.5 million, or 3.6% decrease from the FY 2023 Adopted of \$650.2 million. The primary drivers for this year-over-year change are a decrease in Capital Improvement Program funding of \$66.5 million partially offset by an increase of \$30.4 million, or 17.2%, in Utility purchase or commodity costs from FY 2023. In addition, increases to Allocated Charges, Contract Services, General Expenses, Equity Transfers, and Salary & Benefits, resulted in a combined increase of \$13.0 million from FY 2023 to FY 2024.

### UTILITY RATE CHANGES

The FY 2024 Adopted Budget includes rate adjustments for Electric, Fiber Optics, Gas, Stormwater Management, Wastewater Collection, and Water. In general, there has been a gradual upward pressure on rates as commercial usage has decreased across all utilities due to the COVID-19 pandemic, and consumption remains below long-term consumption trends. Current models suggest pandemic economic recovery may take place through calendar year 2023, with consumption stabilizing on the long run average by 2024 and 2025. The size and timing of rate adjustments account for current and future revenue requirements to purchase commodity, provide customer service, plan for capital infrastructure investments, and maintain adequate reserve levels. Rate adjustments may also

## ENTERPRISE FUNDS OVERVIEW

smooth the impacts on customer bills by spreading larger rate adjustments over consecutive or alternate years.

Electric Fund - Scheduled rate decrease is 5.0% for FY 2024 due to receipt of a \$24 million refund from the Bureau of Reclamation for overcharges associated with the Central Valley Project.

Fiber Optics Fund - Scheduled rate increase for customers on the EDF-1 rate is 4.9% for FY 2024, based on Consumer Price Index (CPI) for All Urban Consumers in the San Francisco Bay Area.

Gas Fund - Scheduled rate increase is 8.0% for FY 2024 due to the need to replenish reserves and the capital and operating cost increases.

Refuse Fund - No rate adjustment is scheduled for FY 2024 due to adequate reserves.

Stormwater Management Fund - Scheduled rate increase of 4.9% for FY 2024, based on CPI for All Urban Consumers in the San Francisco Bay Area.

Water Fund - Scheduled rate increase is 5.0% for FY 2024 due to wholesale water supply and operational cost increases.

Wastewater Collection Fund - Scheduled rate increase is 9.0% for FY 2024 due to rising costs driven by the rehabilitation of the Regional Water Quality Control Plant and acceleration of capital main replacements.

### RENT

Enterprise Funds pay market-based rental fees to the General Fund for the sites needed to conduct their business operations. Rent is adjusted on an annual basis consistent with CPI for All Urban Consumers in the San Francisco Bay Area, 4.9% for FY 2024. As a result of this increase, the year-over-year net change in the rent paid by the Enterprise Funds to the General Fund is an increase of \$0.6 million, from \$11.8 million to \$12.4 million.

### EQUITY TRANSFERS

In FY 2009, the City Council adopted a change to the methodology used to calculate the equity transfer from Electric Fund to the General Fund. Beginning in FY 2010, the equity transfer is based on the asset base in the Electric Fund, along with the rate of return for each utility, which is based on Pacific Gas and Electric's (PG&E) rate of return on equity as approved by the California Public Utilities Commission (CPUC). For FY 2024, the equity transfer from the Electric Fund is projected to increase by approximately \$0.5 million, or 3.4%, from \$14.6 million to \$15.1 million.

The Gas Fund equity transfer to the General Fund was originally authorized by City voters in 1950 (similar to the Electric Fund equity transfer). In November 2022 voters approved Measure L, affirming the continuation of this practice by adding section 2.28.185 to the Municipal Code. Each year the City Council may transfer from the Gas Fund to the General Fund an amount up to 18 percent of the gross revenues of the gas utility, though the City Council may choose to transfer a lesser amount. Staff is recommending a transfer of 15.5 percent of gas utility gross revenues received during FY 2022 in FY 2024. The transfer amount under the 15.5 percent would be more aligned to the annual Consumer Price Index (CPI) growth rate in the transfer prior to Measure L. For FY 2024, the equity transfer from the Gas Fund is projected to increase by

approximately \$0.5 million, or 6.9 percent, from \$7.2 million to \$7.7 million. In total the Equity Transfer is increasing by \$1.0 million from FY 2023 to FY 2024.

### RESERVES

The financial revenue and expense forecasts are estimates at a single point in time. Some Utilities reserves serve as balancing accounts, which mitigate the risk of commodity price swings and insure against default by the City's wholesale suppliers. Other reserves are used to provide funding for capital infrastructure improvement projects, replacement parts during an emergency infrastructure failure or serve as temporary parking for planned expenditures. Reserve levels that are above guidelines are returned to customers in the form of lower future rates or used to pay for expenses, which also result in lower future rates. Based on the actions included in this budget, the total Enterprise Fund Reserve Balances are projected to end in FY 2024 at \$16.4 million, decreasing by \$101.2 million from a projected FY 2023 ending fund balance of \$117.6 million.

### UTILITIES ENTERPRISE FUNDS

Across the Electric, Gas, Water and Wastewater utilities, costs continue to increase, including construction cost inflation, commodity price increases, and the rising cost to transport energy and water. Additionally, infrastructure is aging and investment is needed to maintain the health of utilities and protect reliability. The City absorbed utility cost increases during the pandemic, and increased costs for construction, operations, energy, and water were not fully passed through to customers in 2020, 2021, and 2022 but were instead absorbed from reserves. As a result, revenues are too low to maintain normal operations in all utilities, except water. Reserves are lower than expected, because although the City intended to phase in rate increases more slowly using reserves, spiking energy prices, inflation and other factors led to the need to use the reserves more quickly, causing low reserve levels in all utilities except water.

The City relied on reserves heavily over the past few years to minimize rate increases following Council direction to keep rates flat or minimize rate increases to provide economic relief for residential and commercial customers without compromising the safety and integrity of the utility systems and impacting service delivery. As the economy recovers, the City will need to recover operating costs to continue providing safe and reliable utility services to customers with rate increases projected in FY 2024 and beyond. Rate increases ensure the City maintains the ability to replenish depleted reserves and provide sufficient funding for continually increasing expenses in commodity costs; repair and replacement of the City's aging utility infrastructure through various capital projects; and to achieve Sustainability and Climate Action Plan (S/CAP) goals.

For more information on Utilities Rates, please visit:

<https://www.cityofpaloalto.org/Departments/Utilities/Customer-Service/Utilities-Rates>.

### Electric

FY 2024 electric rates are scheduled to decrease by 5.0%. The City is proposing to deactivate the hydro-electric rate adjuster while increasing base electric rates by 21.0 percent, for a net decrease in utility bills of 5.0%. The five percent decrease is made possible by the receipt of a \$24 million refund from the Bureau of Reclamation of overcharges associated with the Central Valley Project, where the City gets most of its

## ENTERPRISE FUNDS OVERVIEW

hydroelectric power, as a result of a successful result in litigation the City participated in against the Bureau.

City is proposing to use the \$24 million refund as follows:

- Transfer \$8 million to the Hydroelectric Stabilization Reserve to help facilitate elimination of the Hydroelectric Rate Adjuster.
- Repay \$10 million in internal loans and avoid the need for additional internal loans, which also allows rates to be slightly lower in FY 2024 since future loan repayments are no longer needed.
- Add \$6 million to the Operations Reserves to bring them closer to the minimum guidelines.

The \$24 million is being used to indirectly reduce rates and allow for a 5.0% decrease in FY 2024.

### Fiber Optics

FY 2024 Fiber optics rates are scheduled to increase by 4.9% for customers on the EDF-1 rate schedule as part of their contractual lease agreement. CPAU provides commercial dark fiber optic services within the boundaries of the City. In September 2006, the City Council approved the Dark Fiber Licensing Agreement with a one-time promotion allowing commercial fiber optic accounts to be enrolled under the EDF-1 rate schedule, which is adjusted annually in accordance with CPI. Subsequent fiber customer enrollments are under the Dark Fiber Licensing Services Rate Schedule EDF-3, which has not changed since 2006. Upon the expiration of contracts on EDF-1 rates, these contracts are renewed and enrolled under the EDF-3 rate. Most contracts on the EDF-1 rates have expired or voluntarily moved from the EDF-1 rate to the EDF-3 rate for cost saving purposes.

### Gas

FY 2024 gas rates are scheduled to increase by 8.0% to ensure the utility is recovering its costs of operations. Revenues were already below costs after keeping rate increases low through the pandemic, but construction inflation and other factors have driven costs up. The distribution rate increase is driven by two factors: 1) the need to replenish reserves, which were depleted by significant losses due to FY 2023 commodity costs that were not be fully passed through to customers under the City's commodity rate cap of \$4 per therm, and 2) continuing increases in capital and operating costs.

Even with this distribution rate increase, based on current market forecasts, staff expects average annual customer gas bills to decline 13.0% in FY 2024 compared to FY 2023 because gas supply costs were extremely high in FY 2023, particularly in the winter. FY 2024 annual gas supply costs are forecasted to be about 36% lower than FY 2023. Gas market prices are uncertain; however, and these forecasts can change.

### Water

FY 2024 water rates are scheduled to increase by 5.0%. As part of the 5.0% rate increase, the San Francisco Public Utilities Commission (SFPUC) is projecting a wholesale rate increase of 9.6% for FY 2024, which is a pass-through commodity charge to CPAU customers and will impact CPAU water rate increases. Through worsening drought conditions, increased water conservation, and increasing operation costs, and a series of major capital projects SFPUC has invested in, wholesale water rate increases will be required to offset decreasing revenue and increasing costs. The Water Utility's healthy reserve levels allowed the Water Utility to hold rates flat for two years (FY 2021 and FY 2022). In FY 2022 and FY 2023, drought conditions and voluntary water use restrictions led to sales revenue declines and the Water Utility's reserves had ade-

quate funding to manage these reductions together with a 4.0% distribution rate increase in FY 2023. Staff proposes to use remaining reserves to mitigate distribution rate increases to 2.0% in FY 2024, compared to a historical 4.8% distribution rate increase over the past five years.

Staff expects the combination of the 2.0% water distribution rate increase together with the 9.6 percent commodity rate increase to have an overall combined average rate impact on water customers of 5.0%.

## Wastewater Collection

FY 2024 Wastewater Collection rates are scheduled to increase by 9.0%. Wastewater Collection costs are projected to rise over the forecast horizon due to increasing treatment costs related to capital improvements and operational costs at the Regional Water Quality Control Plant (RWQCP), as well as increasing collection system operational and Capital Improvement Program (CIP) costs. Staff recommends accelerating the rate of main replacements, from 1 mile to 2.5 miles per year beginning in FY 2026. This acceleration will allow the Wastewater Collection Utility to replace the last main no more than approximately 8 years beyond its anticipated 100 year life expectancy.

## PUBLIC WORKS ENTERPRISE FUNDS

### Airport

The City assumed airport operations from Santa Clara County in August 2014 for the Palo Alto Airport, which ranks among the busiest general aviation airports in the country. Phase III of the Airport Apron Reconstruction project was completed in 2023, which will allow for more tie-downs to be available for rent. As a result, staff anticipates operating revenue to return to normal or increase. The Airport relies on funding from the Federal Aviation Administration (FAA) to offset costs (usually 90 percent) related to capital projects. The Airport continues to pay down the General Fund loan at \$272,000 annually, and currently owes a \$2.1 million principal.

### Refuse

FY 2024 refuse rates remain unchanged. Future rates are projected to increase at a rate based on the CPI for All Urban Consumers in the San Francisco Bay Area. The Refuse Fund amended the GreenWaste Palo Alto contract to implement the Council directive requiring mixed paper and mixed rigid plastics to be processed domestically instead of sending these materials to international markets. Implementing initiatives from the 2018 Zero Waste Plan will continue to help the City make progress on its Zero Waste and Sustainability and Climate Action Plan (S/CAP) goals to divert 95 percent or more waste by 2030.

### Stormwater Management

FY 2023 Stormwater Management Fee is scheduled to increase by 4.9%, at a rate based on the CPI for All Urban Consumers in the San Francisco Bay Area. The Stormwater Management fee was approved by property owners through a ballot measure in April 2017. The projects and infrastructure component of this fee sunsets June 1, 2032 unless extended through a subsequent ballot measure. The Stormwater Management Fund maintains activities that ensure adequate drainage of the City's storm drainage system as well as litter reduction, green stormwater infrastructure projects, urban pollution prevention programs, and flooding emergency response services.

# ENTERPRISE FUNDS OVERVIEW

## Wastewater Treatment

The City's Regional Water Quality Control Plant serves six communities including Palo Alto, East Palo Alto Sanitary District, Mountain View, Stanford, Los Altos, and Los Altos Hills. The Wastewater Treatment Fund works with the City and Partner Cities' regional service area to protect the environment and the public's health while ensuring compliance with regulations protecting the San Francisco Bay. FY 2024 expenditures in the Wastewater Treatment Fund are expected to decrease by approximately \$128 million, compared to FY 2023. These changes are related to capital projects at the treatment plant that are anticipated to be funded in FY 2023; however, some of this funding may be carried into FY 2024 at a later date in order to continue work on these projects.

## Enterprise Funds Summary

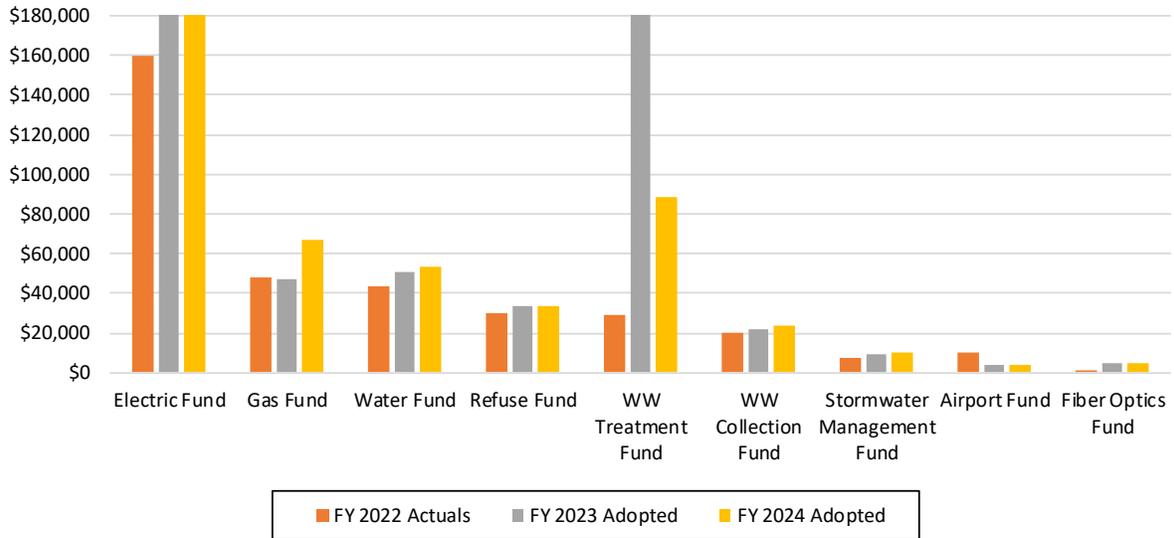
Fund Summary (\$000)	Airport Fund	Electric Fund	Fiber Optics Fund	Gas Fund	Refuse Fund	Storm-water Mgmt. Fund	Waste-water Collec-tion Fund	Waste-water Treat-ment Fund	Water Fund	Total
<b>Revenues</b>										
Charges for Services	—	220	—	20	34	81	10	—	10	<b>375</b>
Charges to Other Funds	—	125	—	108	163	—	34	68	70	<b>569</b>
From Other Agencies	808	—	—	—	—	1,216	—	—	577	<b>2,601</b>
Net Sales	696	202,302	3,626	65,630	30,853	8,568	23,365	39,069	50,619	<b>424,728</b>
Operating Transfers-In	—	2,294	—	—	—	—	—	—	342	<b>2,636</b>
Other Revenue	1,161	33,921	200	514	2,311	—	153	48,847	953	<b>88,059</b>
Other Taxes and Fines	—	—	—	—	—	3	—	4	—	<b>7</b>
Rental Income	936	—	—	—	—	—	—	—	—	<b>936</b>
Return on Investments	—	2,102	733	642	570	189	200	203	1,018	<b>5,656</b>
<b>Total</b>	<b>\$3,601</b>	<b>\$240,964</b>	<b>\$4,559</b>	<b>\$66,914</b>	<b>\$33,931</b>	<b>\$10,057</b>	<b>\$23,762</b>	<b>\$88,191</b>	<b>\$53,588</b>	<b>\$525,567</b>

# Enterprise Funds Summary

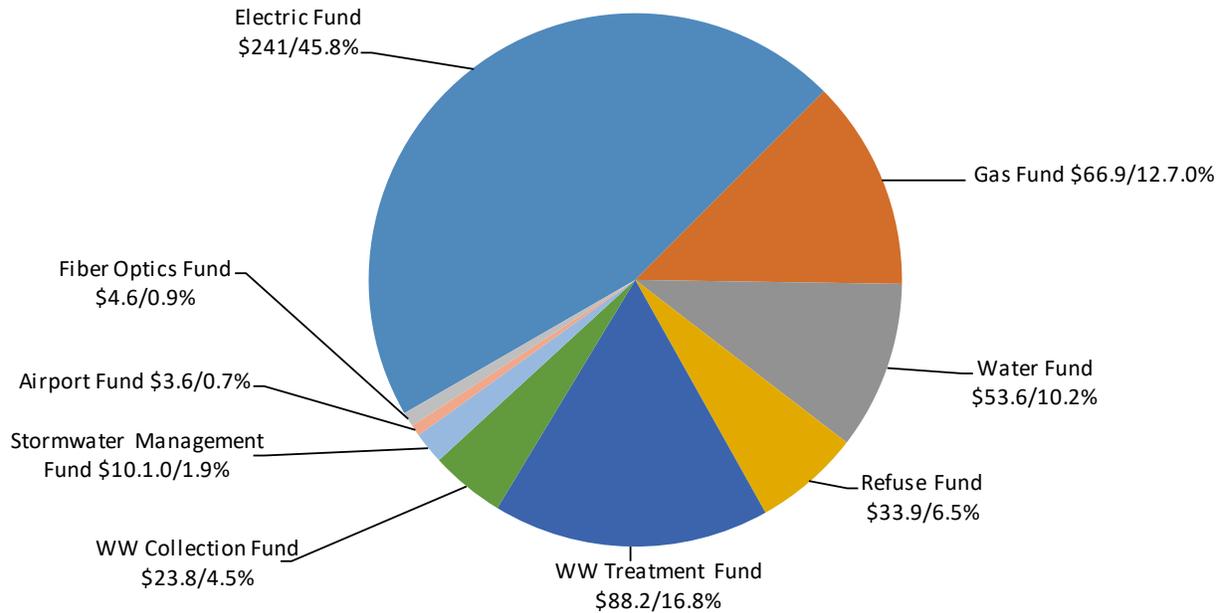
Fund Summary (\$000)	Airport Fund	Electric Fund	Fiber Optics Fund	Gas Fund	Refuse Fund	Storm-water Mgmt. Fund	Waste-water Collec-tion Fund	Waste-water Treat-ment Fund	Water Fund	Total
<b>Expenses</b>										
Allocated Charges	903	12,050	884	5,839	2,186	1,734	3,269	7,205	6,093	<b>40,163</b>
Contract Services	227	12,982	243	2,634	8,530	929	249	3,484	726	<b>30,005</b>
Debt Service	—	8,379	—	803	—	949	129	1,469	3,223	<b>14,952</b>
Equity Transfer	—	15,119	—	7,707	—	—	—	—	—	<b>22,826</b>
Facilities & Equipment	—	16	—	2	3	8	3	8	1	<b>40</b>
General Expense	36	5,683	12	2,281	112	147	193	701	1,205	<b>10,371</b>
Operating Transfers-Out	274	—	102	171	12	10	171	16	—	<b>756</b>
Rents & Leases	12	6,978	84	700	143	27	397	400	3,685	<b>12,425</b>
Salary & Benefits	1,389	26,283	1,972	9,967	3,655	2,792	4,084	16,984	10,134	<b>77,260</b>
Supplies & Material	56	1,092	9	517	143	96	381	2,216	621	<b>5,131</b>
Transfer to Infrastructure	—	280	—	—	10	—	—	—	—	<b>290</b>
Utility Purchase	—	118,315	—	29,948	21,120	—	12,428	—	25,349	<b>207,161</b>
Capital Improvement Program	1,400	59,852	25,842	15,531	—	10,349	4,072	62,596	25,720	<b>205,362</b>
<b>Total</b>	<b>\$4,297</b>	<b>\$267,029</b>	<b>\$29,148</b>	<b>\$76,100</b>	<b>\$35,913</b>	<b>\$17,041</b>	<b>\$25,375</b>	<b>\$95,080</b>	<b>\$76,757</b>	<b>\$626,742</b>

# ENTERPRISE FUNDS OVERVIEW

3 YEAR TREND - ENTERPRISE FUNDS REVENUES BY FUND (\$THOUSANDS)

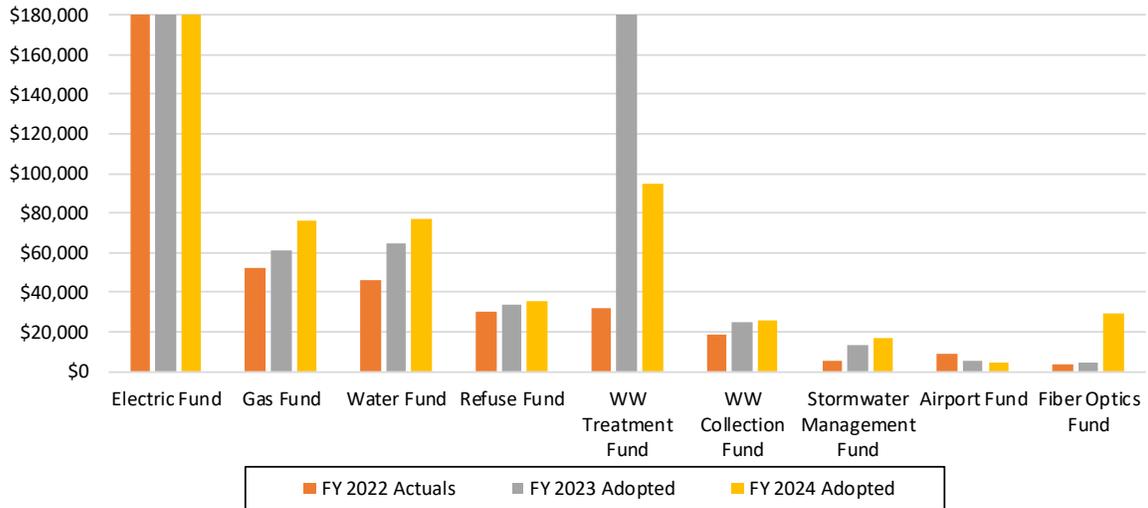


FY 2024 ADOPTED REVENUES/\$525.6 MILLION

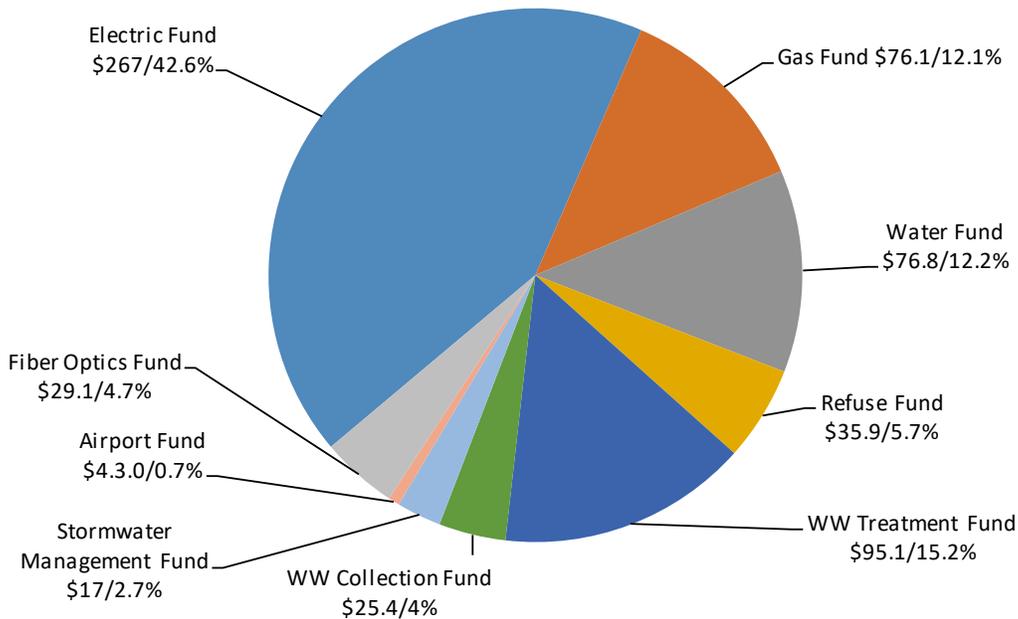


# ENTERPRISE FUNDS OVERVIEW

### 3 YEAR TREND - ENTERPRISE FUNDS EXPENSES BY FUND (\$THOUSANDS)



### FY 2024 ADOPTED EXPENSES /\$626.7 MILLION



# ENTERPRISE FUNDS OVERVIEW

## Enterprise Fund Reserves

Reserves (\$000)	FY 2023 Projected Ending Balance	FY 2024 Changes	FY 2024 Projected Ending Balance	FY 2024 Reserve Guideline Range
<b>Electric Fund</b>				
Operations	\$ 74,038	(26,065)	47,973	34,100 - 68,100
Hydro Stabilization	400	-	400	
Electric Special Projects	24,649	-	24,649	
Low Carbon Fuel Standard	7,236	-	7,236	
Public Benefit	3,891	-	3,891	
Underground Loan	727	-	727	
Cap and Trade	1,189	-	1,189	
CIP Reserves	880	-	880	
GASB 68 Pension Reserve	(31,688)	-	(31,688)	
GASB 75 OPEB Reserve	(11,398)	-	(11,398)	
GASB 87 Leases	2	-	2	
<b>Subtotal</b>	<b>\$69,926</b>	<b>(\$26,065)</b>	<b>\$43,861</b>	
<b>Gas Fund</b>				
Rate Stabilization	(838)	-	(838)	
Operations	\$ 22,692	(9,186)	13,506	10,000 - 19,900
Cap and Trade	6,731	-	6,731	
CIP Reserves	3,820	-	3,820	
GASB 68 Pension Reserve	(13,697)	-	(13,697)	
GASB 75 OPEB Reserve	(5,083)	-	(5,083)	
<b>Subtotal</b>	<b>\$13,625</b>	<b>(\$9,186)</b>	<b>\$4,439</b>	
<b>Wastewater Collection Fund</b>				
Rate Stabilization	342	-	342	
Operations	8,217	(1,614)	6,604	3,500 - 8,800
CIP Reserves	3,178	-	3,178	
GASB 68 Pension Reserve	(7,852)	-	(7,852)	

# Enterprise Fund Reserves

Reserves (\$000)	FY 2023 Projected Ending Balance	FY 2024 Changes	FY 2024 Projected Ending Balance	FY 2024 Reserve Guideline Range
GASB 75 OPEB Reserve	(1,942)	-	(1,942)	
<b>Subtotal</b>	<b>\$1,943</b>	<b>(\$1,614)</b>	<b>\$330</b>	
<b>Water Fund</b>				
Rate Stabilization	9,069	-	9,069	
Operations	13,899	(23,169)	(9,270)	8,400 - 16,800
CIP Reserves	10,707	-	10,707	
GASB 68 Pension Reserve	(13,202)	-	(13,202)	
GASB 75 OPEB Reserve	(3,428)	-	(3,428)	
<b>Subtotal</b>	<b>\$17,045</b>	<b>(\$23,169)</b>	<b>(\$6,124)</b>	
<b>Refuse Fund</b>				
Rate Stabilization	12,010	(1,982)	10,027	5,900 - 11,800
Landfill Corrective Action Reserve	709	-	709	
Geng Road Reserve	268	-	268	
GASB 68 Pension Reserve	(5,655)	-	(5,655)	
GASB 75 OPEB Reserve	(2,170)	-	(2,170)	
<b>Subtotal</b>	<b>\$5,162</b>	<b>(\$1,982)</b>	<b>\$3,179</b>	
<b>Stormwater Management Fund</b>				
Rate Stabilization	8,592	(6,984)	1,608	
<b>Subtotal</b>	<b>\$8,592</b>	<b>(\$6,984)</b>	<b>\$1,608</b>	
<b>Wastewater Treatment Fund</b>				
Rate Stabilization	(2,862)	(6,889)	(9,751)	5,300 - 10,700
Emergency Plant Replacement	1,980	-	1,980	
Notes and loans	1,651	-	1,651	
GASB 68 Pension Reserve	(19,940)	-	(19,940)	

# ENTERPRISE FUNDS OVERVIEW

## Enterprise Fund Reserves

Reserves (\$000)	FY 2023 Projected Ending Balance	FY 2024 Changes	FY 2024 Projected Ending Balance	FY 2024 Reserve Guideline Range
GASB 75 OPEB Reserve	(6,111)	-	(6,111)	
<b>Subtotal</b>	<b>(\$25,282)</b>	<b>(\$6,889)</b>	<b>(\$32,171)</b>	
<b>Fiber Optics Fund</b>				
Rate Stabilization	34,876	(24,590)	10,287	500 - 1,100
Emergency Plant Replacement	1,000	-	1,000	
GASB 68 Pension Reserve	(2,154)	-	(2,154)	
GASB 75 OPEB Reserve	(3)	-	(3)	
GASB 87 Leases	293	-	293	
<b>Subtotal</b>	<b>\$34,012</b>	<b>(\$24,590)</b>	<b>\$9,423</b>	
<b>Airport Fund</b>				
Rate Stabilization	(6,339)	(696)	(7,035)	
GASB 68 Pension Reserve	(703)	-	(703)	
GASB 75 OPEB Reserve	(370)	-	(370)	
<b>Subtotal</b>	<b>(7,412)</b>	<b>(696)</b>	<b>(8,108)</b>	
<b>TOTAL RESERVES</b>	<b>\$117,612</b>	<b>(\$101,175)</b>	<b>\$16,437</b>	
<b>Summary of Reserves</b>				
Emergency Plant Replacement	2,980	-	2,980	
Hydro Stabilization	400	-	400	
Rate Stabilization	54,850	(41,141)	13,709	
Operations	118,847	(60,034)	58,813	
CIP Reserves	18,585	-	18,585	
Cap and Trade	7,920	-	7,920	
Geng Road Reserve	268	-	268	
Electric Special Projects	24,649	-	24,649	
Low Carbon Fuel Standard	7,236	-	7,236	
Public Benefit	3,891	-	3,891	

# Enterprise Fund Reserves

Reserves (\$000)	FY 2023 Projected Ending Balance	FY 2024 Changes	FY 2024 Projected Ending Balance	FY 2024 Reserve Guideline Range
Notes and loans	1,651	-	1,651	
Underground Loan	727	-	727	
Landfill Corrective Action Reserve	709	-	709	
GASB 68 Pension Reserve	(94,891)	-	(94,891)	
GASB 75 OPEB Reserve	(30,505)	-	(30,505)	
GASB 87 Leases	295	-	295	
<b>TOTAL RESERVES</b>	<b>\$117,612</b>	<b>(\$101,175)</b>	<b>\$16,437</b>	
Landfill Postclosure Care Liability	6,975	-	6,975	
<b>TOTAL RESERVES AND FULLY-FUNDED LIABILITY</b>	<b>\$124,587</b>	<b>(\$101,175)</b>	<b>\$23,412</b>	

# Average Projected Residential Monthly Utility Bills

	Adjusted FY 2023 Bill	Adopted FY 2024 Bill	\$ Difference	% Difference
Electric	83.09	78.94	(4.15)	-4.99%
Gas	64.86	70.05	5.19	8.00%
Water	98.46	103.38	4.92	5.00%
Wastewater	44.62	48.64	4.02	9.01%
Refuse	50.07	50.07	-	- %
Storm Drain	15.98	16.76	0.78	4.85%
User Tax	12.32	12.67	0.35	2.84%
<b>Total Monthly Bill</b>	<b>\$369.40</b>	<b>\$380.51</b>	<b>\$11.11</b>	<b>3.01%</b>

FY 2024 Rates are effective July 1, 2023.

Rate change is the system average change. Customers in each customer class will experience different rate impacts than the average rate adjustment.



# INTERNAL SERVICE FUNDS





CITY OF  
**PALO  
ALTO**

# INTERNAL SERVICE FUNDS OVERVIEW

## Overview

Internal Service Funds provide services to City departments and recover their costs through user charges. Charges for employee benefits (health, pension, life insurance, etc.) and workers' compensation are reflected in the departments' salary and benefit accounts. The remaining user charges are included in the "allocated charges" expenditure category within each department or fund.

### **GENERAL BENEFITS FUND**

This fund reflects costs for a variety of employee benefits including pension, health, dental, vision, and life insurance. Funds are also included for payments made to employees who elect to waive healthcare coverage under a City plan because they have other coverage. As discussed in the overview of this fund that appears in the Employee Information section, costs for employee health benefits as well as pension benefits are projected to increase in Fiscal Year (FY) 2024 and will be allocated out to departments and funds in proportion to their share. In addition, the FY 2024 Adopted Budget continues to incorporate City Council's direction to make additional contributions to the City's irrevocable IRS Section 115 Pension Trust Fund. The General Benefits Fund displays the total Section 115 Pension Trust Fund contribution.

### **GENERAL LIABILITIES INSURANCE PROGRAM FUND**

This fund reflects costs for the City's General Liability Insurance Program. In Fiscal Year 2024, costs are projected to increase compared to the Fiscal Year 2023 Adopted Budget. This increase is based on an actuarial analysis of the City's liability costs over the past few years and provides an 85% confidence level in the funding levels of the fund. This will ensure that the General Liabilities Insurance Program fund has the necessary resources to deal with unforeseen claims. The allocation of these charges is reevaluated annually as part of the budget process to ensure that sufficient resources are available and that the fund balance is maintained at an appropriate level. An overview of the Fund is included in the Human Resources Department section of this document.

### **PRINTING AND MAILING SERVICES FUND**

This fund reflects costs for central copying, printing, and mailing services provided to City departments. An overview of the Fund is included in the Administrative Services Department section of this document.

### **RETIREE HEALTH BENEFITS FUND**

This fund reflects costs for medical insurance provided to retired City employees. In addition, this fund includes payments for the unfunded liability for future medical benefits that will be provided to

## INTERNAL SERVICE FUNDS OVERVIEW

current and future retirees. An overview of the Fund is included in the Employee Information section of this document.

### **TECHNOLOGY FUND**

This fund reflects costs associated with citywide Information Technology (IT) activities. IT staff maintain critical desktop, software, infrastructure, and maintenance activities for all City departments. An overview of the Fund is included in the Information Technology Department section of this document.

### **VEHICLE REPLACEMENT AND MAINTENANCE FUND**

This fund reflects costs for providing maintenance and replacement of vehicles and equipment used by City departments. In FY 2024, \$5.9 million is allocated for vehicles and equipment that are due for replacement. Of the \$5.9 million, \$2.2 million is for the continuation of projects approved by City Council in prior fiscal years. The 2024-2028 Capital Improvement Program (CIP) reflects funding totaling \$20.4 million over the next five years for vehicle replacements. The current reserve balance in the Vehicle Replacement and Maintenance Fund reflects funding allocated from City departments and committed to this five year plan. An overview of the Fund is included in the Public Works Department section of this document.

### **WORKERS' COMPENSATION FUND**

This fund reflects costs for the City's Workers' Compensation program. In Fiscal Year 2024, costs are projected to increase compared to the Fiscal Year 2023 Adopted Budget based on an actuarial analysis of the City's workers' compensation costs over the past few years and in order to provide an 85% confidence level in the funding levels of the fund. This will ensure that the Workers' Compensation Fund has the necessary resources to deal with unforeseen claims. The allocation of these charges is reevaluated annually as part of the budget process to ensure that sufficient resources are available and that the fund balance is maintained at an appropriate level. An overview of the Fund is included in the Human Resources Department section of this document.

## Internal Service Fund Summary

Fund Summary (\$000)	Vehicle Replacement and Maintenance Fund	Technology Fund	Printing and Mailing Services	General Benefits Fund	Worker's Compensation Fund	Liability Insurance Fund	Retiree Health Benefits Fund	Total
<b>Revenues</b>								
Charges to Other Funds	10,159	17,942	1,483	—	—	5,348	—	34,931
Operating Transfers-In	80	1,601	—	—	—	5	3,073	4,759
Other Revenue	155	19	—	98,169	8,000	41	13,726	120,110
Return on Investments	251	450	4	455	524	181	27	1,893
<b>Total</b>	<b>\$10,645</b>	<b>\$20,012</b>	<b>\$1,487</b>	<b>\$98,624</b>	<b>\$8,524</b>	<b>\$5,575</b>	<b>\$16,826</b>	<b>\$161,693</b>
<b>Expenses</b>								
Allocated Charges	1,651	1,584	300	—	—	—	—	3,535
Contract Services	564	7,313	60	221	7	72	—	8,237
Facilities & Equipment	—	793	—	—	—	—	—	793
General Expense	71	446	303	—	869	6,861	—	8,550
Operating Transfers-Out	7	28	—	3,073	—	—	—	3,108
Rents & Leases	375	447	413	—	—	—	—	1,236
Salary & Benefits	2,438	9,234	263	95,119	8,089	210	16,861	132,214
Supplies & Material	1,778	85	175	—	—	—	—	2,038
Transfer to Infrastructure	175	—	—	—	—	—	—	175
Capital Improvement Program	6,460	5,453	—	—	—	—	—	11,913
<b>Total</b>	<b>\$13,520</b>	<b>\$25,383</b>	<b>\$1,514</b>	<b>\$98,412</b>	<b>\$8,965</b>	<b>\$7,143</b>	<b>\$16,861</b>	<b>\$171,799</b>

## INTERNAL SERVICE FUNDS OVERVIEW

### Internal Service Fund Reserves

	Vehicle Replacement and Maintenance Fund	Technology Fund	Printing and Mailing Services	General Benefits Fund	Worker's Compensation Fund	Liability Insurance Fund	Retiree Health Benefits Fund	Total Internal Service Funds
<b>Changes to Unrestricted Assets</b>								
<b>June 30, 2023 Projected Unrestricted Assets</b>	13,033	24,731	391	7,402	1,452	2,094	1,338	50,441
FY 2024 Adopted Changes	(2,875)	(5,371)	(27)	212	(441)	(1,568)	(35)	(10,105)
<b>June 30, 2024 Projected Unrestricted Assets</b>	10,158	19,360	364	7,614	1,011	526	1,303	40,336



# SPECIAL REVENUE FUNDS





CITY OF  
**PALO  
ALTO**

# SPECIAL REVENUE FUNDS OVERVIEW

## Overview

Special Revenue Funds have revenues with either restriction on their use or special reporting requirements, such as development impact fees for community centers, libraries, parks, public facilities, and transportation; gas tax revenues from the state; housing mitigation fees assessed on commercial and industrial projects; in-lieu fees for the City's Below Market Rate (BMR) housing program; transportation mitigation fees paid by developers; parking in-lieu fees from commercial projects in the downtown area; parking permit revenues; and Community Development Block Grants (CDBG) from the federal government.

### **PUBLIC ART FUND**

Administered by the Community Services Department, the Public Art Fund was created in FY 2014 to support the City's Public Art Program. The program seeks to increase the public's daily exposure to art by commissioning and acquiring a diverse range of artworks integrated into the City's urban environment. The Public Art Program strives to build the City's reputation as a dynamic public art locale with works of diverse styles, disciplines, and the highest aesthetic standards. Funding for the Public Art Program is determined by the Municipal Code's direction of 1 percent for Art in Private Development. Construction projects over 10,000 square feet that require Architectural Review and have an estimated construction value of more than \$200,000 can commission artwork on the development site equal to the cost of 1 percent of the estimated construction valuation or pay the 1 percent to the Public Art Fund. In FY 2024, the projected revenue for the Public Art Fund is \$275,000 and includes a transfer of \$184,000 from the General Fund to comply with requirements that limit the administration costs that are funded through fees (ordinance 5226). Additionally, although not accounted for in this fund, the City requires that a 1 percent public art expense be set aside for specific City-funded capital projects. Further detail is available in the Art in Public Space capital project (AC-86017) in the FY 2024 Capital Budget.

### **COMMUNITY DEVELOPMENT FUNDS**

Revenue in this category comes from Development Impact Fees for community centers, libraries, parks, public facilities, and transportation. The Development Impact fees collected from new developments provide funding for the City's infrastructure related to community centers, libraries, parks, public safety facilities, general government facilities, and the Charleston-Arastradero Corridor. The projected revenue within the Community Development Impact Fee Funds is \$673,000 in FY 2024, primarily reflecting anticipated receipts in the Park Impact and Parkland Dedication Funds. The FY 2024 Capital Budget includes transfers of \$4.2 million; the Roth Building Rehabilitation Phase I (PF-

## SPECIAL REVENUE FUNDS OVERVIEW

23001) (\$1.95 million), Library Automated Material Handling (\$540,000) (LB-2100), Sidewalk Repairs (PO-89003) (\$300,000), Rinconada Pool Family Changing Room (\$250,000) (PE-24004), Dog Park Installation and Renovation (\$294,500), and Park Restroom Installation (PG-19000) (\$790,000). These actions may be restated from prior years due to annual capital reappropriations. Further detail on planned expenses is available in the FY 2024 Capital Budget.

Annually, the Administrative Services Department issues a report of the activities in these funds, including the remaining balances within them. The Fiscal Year 2021-2022 report was transmitted on January 23, 2023 (CMR 2211-0400).

### **STREET IMPROVEMENT FUNDS (SIF)**

The state of California imposes per-gallon excise taxes on gasoline and diesel fuel, sales taxes on gasoline and diesel fuel, and registration taxes on motor vehicles with allocations dedicated to transportation purposes. The local (city and county) portions of these allocations flow through the Highway Users Tax Account (HUTA), the gasoline tax revenues that have been in place for decades, and the Road Maintenance and Rehabilitation Account (RMRA), which allocates much of the revenue from the Road Repair and Accountability Act of 2017 (SB1 Beall). Preliminary estimates from the State Department of Finance in May 2023 projected revenues at an estimated \$3.5 million. Revenues in this category are used for transportation and traffic-related capital projects.

In FY 2024, \$3.2 million is programmed to be transferred to the Capital Improvement Fund for various city-wide transportation projects, including street maintenance and safe routes to school. The City achieved its primary goal of reaching a citywide average Pavement Condition Index (PCI) score of 85 in 2018, three years earlier than the initial goal; however, funding is maintained through the 2024 - 2028 Capital Improvement Plan to work towards the City's secondary street maintenance goal of having no streets under a PCI score of 60. An updated street condition survey is anticipated to be completed in December 2023.

### **FEDERAL AND STATE REVENUE FUNDS**

The Federal and State Revenue Funds consist primarily of Community Development Block Grant (CDBG) funds. The City of Palo Alto receives funds annually from the U.S. Department of Housing and Urban Development (HUD) as an entitlement City under the CDBG program. This is the principal Federal program that provides funds to the CDBG Program to expand and maintain affordable housing supply, promote housing opportunities, improve and maintain community facilities, and increase economic opportunities for persons of low and moderate income. CDBG project expenditures draw upon program income and prior year allocations that have been unspent.

The FY 2023-24 action plan includes a total budget of \$614,242 and was approved by the City Council on May 1, 2023 (CMR 2302-0991). A more detailed presentation of the FY 2024 Budget for the CDBG Fund is available at the end of the Special Revenue Funds Overview section.

### **HOUSING IMPACT AND IN-LIEU FUNDS**

Revenues in this category come from fees required of commercial, industrial, and residential developers. These fees offset the public infrastructure demands that new developments create, preserve, and provide affordable housing.

## SPECIAL REVENUE FUNDS OVERVIEW

For FY 2024, \$2.3 million in in-lieu fees are anticipated. These estimates remain constant from FY 2023 and are based on historical tracking and Planning and Development Services (PDS) Department staff projections.

Annually, the Administrative Services Department issues a report of the activities in these funds, including the remaining balances within them. The Fiscal Year 2021-2022 report was transmitted on January 23, 2023 (CMR 2211-0400).

As of June 30, 2022, these funds had a balance of nearly \$60 million. The majority of this funding is committed to projects in progress.

### PUBLIC BENEFIT FUNDS

Revenue in this fund was established through a developer deposit for the senior housing project on Hamilton Avenue (“The Hamilton”). Revenues in this fund include the original deposit, interest earnings, and a percentage of unit sales prices. These funds continue to support a contract with the Avenidas agency to provide services for seniors. This fund is included in the Housing Funds category in the summary tables at the end of this section.

### SPECIAL DISTRICTS FUNDS

Special District Funds reflect the combined financial activity of the University Avenue Parking District Fund, California Avenue Parking District Fund, and Residential Preferential Parking (RPP) Fund. This grouping does not include Assessment District Funds. Revenue in these funds, generated from parking permits and citations, is used for maintenance, repair, enforcement, and beautification of parking facilities and public areas within the University and California Avenue business districts and RPP districts. As of FY 2024, six neighborhoods are active in the RPP program to mitigate parking congestion in Palo Alto neighborhoods: College Terrace, Downtown, Evergreen Park/Mayfield, Crescent Park, Southgate, and Old Palo Alto.

The COVID-19 pandemic significantly impacted travel patterns, economic conditions, and community priorities. The City Council suspended parking enforcement and redirected resources to support the City’s emergency response (CMR 11238). During this time, permit sales functionally stopped, and only minimal revenue was received. Although parking enforcement resumed in October 2021, parking demand remains below normal levels, resulting in reduced revenue estimates. City staff continues to monitor utilization and may bring forward further recommendations based on continued recovery from the pandemic.

This FY 2024 Budget includes the following significant adjustments:

- Continue to provide funding to the Transportation Management Association (TMA) to support reducing single-occupancy vehicle (SOV) rates in Palo Alto, consistent with prior year funding levels. Overall, \$200,000 (ongoing) is budgeted in FY 2024 including \$175,000 in the University Avenue Fund and \$25,000 in the General Fund to expand services beyond downtown;
- Provide the California Avenue Fund and Residential Parking Permit (RPP) Fund with a loan to bridge annual shortfalls (\$500,000 one-time);
- Net decrease to revenue estimates by approximately \$170,000 in University Avenue and \$65,000 in California Avenue to reflect a lower volume of parking activity (ongoing); and
- Extend the elimination of the Parking Attendant Program in the University Avenue Parking Permit District Fund an additional year (\$289,972 one-time)

## SPECIAL REVENUE FUNDS OVERVIEW

The ability of these funds to meet future cash flow needs will be significantly impacted by existing projects in the pipeline and the design and complexity of the elements of the comprehensive parking strategy, including permit pricing and policy. In the upcoming year, staff will continue to develop and implement potential strategies for the organization and scaling of a comprehensive parking strategy. A pause on new projects and initiatives is still recommended in the upcoming fiscal year, given the limited remaining fund balances available. A more detailed presentation of the FY 2024 Budget for the University Avenue Parking District Fund and California Avenue Parking District Fund is available at the end of the Special Revenue Funds Overview section.

### **TRAFFIC MITIGATION AND PARKING IN-LIEU FUNDS**

Traffic mitigation fee revenue is derived from fees paid by developers of new, non-residential projects to alleviate additional traffic congestion resulting from new development. Parking in-lieu fees result from commercial projects in assessment district areas, which contribute a fee for parking spaces in lieu of providing the required spaces within the project area itself. In FY 2024, \$276,000 in traffic mitigation and parking in-lieu fees are anticipated. These estimates remain steady with 2023 revenues and are based on historical tracking and Office of Transportation (OOT) staff projections. The FY 2024 - 2028 Capital Improvement Plan includes transfers to the New Downtown Parking Garage (PE-15007) (\$5.5 million) and Traffic Signal and Intelligent Transportation Systems (PL-06030) (\$325,000) projects.

Of note, the City Council approved recommendations on April 22, 2019 (CMR 9531) to phase out all but one of the area-specific transportation impact fees and transition to a single citywide fee. The full staff report detailing these actions can be found here: [www.cityofpaloalto.org/civicax/filebank/documents/70517](http://www.cityofpaloalto.org/civicax/filebank/documents/70517)

### **DOWNTOWN BUSINESS IMPROVEMENT DISTRICT (BID)**

The Downtown Business Improvement District (BID) was established by an ordinance adopted in January 2004 to promote the economic revitalization and physical maintenance of the Palo Alto Downtown business district. The Council appointed the Board of Directors of the Palo Alto Downtown Business and Professional Association (PADBPA), a non-profit corporation, as the Advisory Board for the BID to advise the Council on the method and basis for levy of assessments in the BID and the expenditure of revenues derived from the assessments. In prior years, the BID has focused on street cleanliness, creating a safe downtown, and providing events and communication tools that bring business downtown.

Beginning in 2020 and continuing into 2022, the pandemic caused significant economic impacts on local businesses. The City Council adopted a resolution in May 2020 that rescinded the levy of assessments for the BID in the calendar year 2020 and reimbursed payments made by businesses during the period (CMR 11219). The PADBPA typically uses fees collected through the BID assessment for programs and activities. With no collections in FY 2020, a \$70,000 subsidy from the General Fund was required. The City Council continued the direction to waive fees and assessments typically levied for FY 2021 and FY 2022 (CMRs 11872 and 12167, respectively). The associated activities and fee collections were also on hold; therefore, the FY 2022 Adopted budget eliminated funding levels and did not require a continued subsidy. The City Council approved the resumption of the business registry certificate (BRC) program for FY 2023, including associated fees (CMR 13901) to cover the program's costs. The BID program fees and activities remained suspended in FY 2023 while the City Council directed staff to work with the Chamber of Commerce and

## SPECIAL REVENUE FUNDS OVERVIEW

PADBPA on transferring BID management. Going into FY 2024, the City is still engaged in ongoing discussions between PADBPA and the Chamber. At the May 15, 2023 meeting, the City Council approved continuing to pause the BID assessment in FY 2024 while stakeholders, including organizations within the BID, continue exploring options (CMR 2303-1184).

### **STANFORD UNIVERSITY MEDICAL CENTER (SUMC)**

In 2011, the City of Palo Alto entered into a Development Agreement between the City of Palo Alto and the Stanford University Medical Center Parties (SUMC). Funds received in FY 2012 as part of this agreement were used in FY 2013 - 2014 and beyond as outlined in the agreement and approved by the City Council. In FY 2018, the City received the final payment of \$11.8 million, for a total amount of \$44.3 million throughout the development agreement. The funds received per the development agreement are allocated for specific purposes, which include funding for the 2014 City Council approved Infrastructure Plan. As outlined in the agreement, expenses and revenues for each category must be accounted for separately.

Annually the Planning and Development Services Department, formerly the Planning and Community Environment Department, issues a report of activities during the prior period for Council review to ensure compliance with the agreement. The annual reports for 2021-2022 are included in CMR 2303-1129.

Community Health and Safety: Funds are to be distributed to selected community health programs that benefit residents of the City. The projected beginning balance in this category is \$1.2 million. The FY 2024 Budget includes a \$366,000 transfer to the General Fund (Police Department) to fund a Psychiatric Emergency Response Team (PERT). Additional information about this program can be found in the Police Department section of this document. This transfer is proposed to continue for three and a half years or until funds are exhausted in this category. There are no planned transfers in FY 2024 to the Capital Improvement Fund.

Stanford Hospital Expansion Cost Mitigation: Funds are being held in this category to assure that City costs associated with the project do not exceed revenues to the City and ensure cost neutrality of the development. The projected beginning balance in this category is \$1.9 million. There are no planned transfers in FY 2024 to the Capital Improvement Fund.

Intermodal Transit: Funds are to enhance the pedestrian and bicycle connection from the Transit Center to the El Camino/Quarry Road intersection. The projected beginning balance in this category is \$1.3 million. There are no planned transfers in FY 2024 to the Capital Improvement Fund.

Quarry Road Improvements: Funds are to improve and enhance the public right-of-way at the pedestrian and bicycle connection from El Camino to Welch Road along Quarry Road. As of FY 2019, there is no longer a fund balance in this category.

Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing: Funds in this category are to be used in connection with infrastructure, sustainable neighborhoods and communities, and affordable housing. The projected beginning balance in this category is \$9.1 million. The FY 2024 Adopted Capital Improvement Budget includes a transfer for Fire Station 4 Replacement (PE-18004) (\$3.3 million) and the Roth Building Rehabilitation (PF-23001) (\$2.0 million).

## SPECIAL REVENUE FUNDS OVERVIEW

Climate Change: Funds are to be used for projects and programs for a sustainable community, including programs identified in the City's Climate Action Plan. The projected beginning balance for this category is \$0.6 million. There are no planned transfers in FY 2024 to the Capital Improvement Fund.

A more detailed presentation of the FY 2024 budget for the Stanford University Medical Center Fund is available at the end of the Special Revenue Funds Overview section.

## SPECIAL REVENUE FUNDS OVERVIEW

# Special Revenue Funds

Fund Summary (\$000)	Public Art Fund	Com. Dev. Funds	Bus. Improv. District	Housing In-Lieu Funds	Street Improv. Fund	Federal and State Rev. Funds	Special District Funds	Traffic Mitig. and Parking In-Lieu Funds	Stan. Univ. Medical Center Fund	Total
<b>Revenues</b>										
Charges for Services	275	673	—	—	—	—	—	276	—	<b>1,224</b>
From Other Agencies	—	—	—	—	3,502	562	—	—	—	<b>4,064</b>
Net Sales	—	—	—	—	—	—	1,029	—	—	<b>1,029</b>
Operating Transfers-In	184	—	—	—	—	—	876	—	—	<b>1,060</b>
Other Revenue	—	—	—	2,345	—	100	51	—	—	<b>2,496</b>
Other Taxes and Fines	—	—	—	—	—	—	103	—	—	<b>103</b>
Permits and Licenses	—	—	—	—	—	—	1,302	—	—	<b>1,302</b>
Rental Income	—	—	—	9	—	—	—	—	—	<b>9</b>
Return on Investments	34	163	1	175	4	13	46	200	289	<b>923</b>
<b>Total Revenue</b>	<b>493</b>	<b>836</b>	<b>1</b>	<b>2,529</b>	<b>3,506</b>	<b>675</b>	<b>3,407</b>	<b>476</b>	<b>289</b>	<b>12,210</b>
<b>Expenses</b>										
Allocated Charges	4	—	—	2	—	2	415	—	—	<b>423</b>
Contract Services	60	—	—	247	—	614	1,871	—	—	<b>2,792</b>
General Expense	1	—	—	53	—	—	211	—	—	<b>265</b>
Operating Transfers-Out	—	—	—	—	324	—	139	—	366	<b>829</b>
Salary & Benefits	267	—	—	74	—	84	1,788	—	—	<b>2,213</b>
Supplies and Materials	—	—	—	—	—	48	106	—	—	<b>153</b>
Transfer to Infrastructure	—	4,191	—	—	3,178	300	—	5,844	5,325	<b>18,838</b>
<b>Total Expense</b>	<b>332</b>	<b>4,191</b>	<b>—</b>	<b>375</b>	<b>3,502</b>	<b>1,048</b>	<b>4,759</b>	<b>5,844</b>	<b>5,691</b>	<b>25,743</b>

## SPECIAL REVENUE FUNDS OVERVIEW

# Consolidated Special Revenue Funds

Fund Summary (\$000)	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>REVENUES</b>						
Gas Tax	2,793	2,960	3,504	3,502	(2)	(0.1)%
Federal CDBG	1,206	434	—	514	514	—%
Housing In-Lieu	5,804	1,790	2,150	2,150	—	—%
Traffic Mitigation Fees	312	252	276	276	—	—%
Developer Impact Fees	1,403	1,094	676	673	—	—%
Parking Mitigation Fees	178	2,175	2,596	2,434	(162)	(6.2)%
BID Assessment	5	1	—	—	—	—%
Interest Income	1,236	943	884	923	39	4.4%
Other Revenue	756	548	479	678	199	41.5%
<b>Subtotal Revenue</b>	<b>13,514</b>	<b>10,196</b>	<b>10,562</b>	<b>11,150</b>	<b>588</b>	<b>5.6%</b>
<b>Transfers In</b>						
General Fund	489	521	935	985	50	5.4%
Technology Fund	27	27	27	23	(4)	(14.5)%
Utility Admin Fund	55	60	60	52	(8)	(13.7)%
<b>Subtotal Operating Transfers In</b>	<b>570</b>	<b>608</b>	<b>1,022</b>	<b>1,060</b>	<b>38</b>	<b>3.7%</b>
<b>Total Source of Funds</b>	<b>14,084</b>	<b>10,804</b>	<b>11,584</b>	<b>12,210</b>	<b>626</b>	<b>5.4%</b>
<b>EXPENDITURES</b>						
General Expense	23,689	6,367	5,161	6,076	915	17.7%
<b>Subtotal Expenditures</b>						
<b>Transfers Out</b>						
General Fund	394	547	460	829	369	80.2%
Capital Improvement Fund	9,170	7,949	18,737	18,838	100	0.5%
<b>Subtotal Operating Transfers Out</b>	<b>9,564</b>	<b>8,496</b>	<b>19,198</b>	<b>19,667</b>	<b>469</b>	<b>2.4%</b>
<b>Total Use of Funds</b>	<b>33,253</b>	<b>14,863</b>	<b>24,359</b>	<b>25,743</b>	<b>1,384</b>	<b>5.7%</b>
<b>Net To (From) Reserves</b>	<b>(19,169)</b>	<b>(4,059)</b>	<b>(12,775)</b>	<b>(13,533)</b>	<b>(758)</b>	<b>5.9%</b>

## SPECIAL REVENUE FUNDS OVERVIEW

# Community Development Block Grant Fund

	FY 2023 Adjusted Budget	FY 2024 Agency Requests (2)	FY 2024 Adopted Budget
<b>SOURCE OF FUNDS</b>			
Housing & Urban Development, current year	513,168	-	514,242
Housing & Urban Development, prior years	-	-	-
Prior Year Excess/Reallocation (1)	-	-	-
CDBG Coronavirus (CV) Grant	194,501	-	-
<b>Program Income</b>			
Palo Alto Housing Corporation	140,000	-	100,000
<b>TOTAL SOURCE OF FUNDS</b>	<b>847,669</b>	<b>-</b>	<b>614,242</b>
<b>USE OF FUNDS</b>			
<b>Public Service</b>			
Palo Alto Housing Corporation - SRO Resident Support Services	22,413	14,000	14,000
Catholic Charities - Long-Term Care Ombudsman	10,000	10,000	10,000
LifeMoves (formerly InnVision) - Opportunity Service Center	26,660	23,636	23,636
Silicon Valley Independent Living - Housing and Emergency Services	14,021	16,500	16,500
Peninsula Healthcare Connection - Harm Reduction Services	-	10,000	10,000
Project Sentinel/Fair Housing Services	24,881	18,000	18,000
<b>Subtotal: Public Service</b>	<b>97,975</b>	<b>92,136</b>	<b>92,136</b>
<b>Planning and Administration</b>			
Project Sentinel/Fair Housing Services	8,817	-	-
City of Palo Alto - CDBG Administration includes 0.10 FTE & 0.48 Hourly CDBG Administrative Staff	121,816	122,848	122,848
<b>Subtotal: Planning and Administration</b>	<b>130,633</b>	<b>122,848</b>	<b>122,848</b>
<b>Housing, Economic Development, Capital Projects, &amp; Public Facilities</b>			
525 E. Charleston	351,425	-	-
ADA Curb Ramp Project	-	211,673	211,673
Rebuilding Together Peninsula - Safe at Home	73,135	73,585	73,585

## SPECIAL REVENUE FUNDS OVERVIEW

# Community Development Block Grant Fund

	FY 2023 Adjusted Budget	FY 2024 Agency Requests (2)	FY 2024 Adopted Budget
WeeCare	-	114,000	114,000
<b>Subtotal: Housing, Economic Development &amp; Capital Projects</b>	<b>424,560</b>	<b>399,258</b>	<b>399,258</b>
<b>Total: FY 2023 CDBG Entitlement and Program Income Uses</b>			
<b>Housing Assistance</b>			
MOVE Mountain View - Safe Parking Program	160,300	-	-
<b>Subtotal: Housing Assistance</b>	<b>160,300</b>	<b>-</b>	<b>-</b>
<b>COVID-19 Testing and PPE Equipment</b>			
LifeMoves - COVID-19 Testing Program	34,200	-	-
<b>Subtotal: COVID-19 Testing and PPE Equipment</b>	<b>34,200</b>	<b>0</b>	<b>0</b>
<b>Subtotal: CDBG Coronavirus (CV) Grant Funds Uses</b>			
<b>TOTAL USE OF FUNDS</b>	<b>847,669</b>	<b>614,242</b>	<b>614,242</b>

(1) Funds received in excess of revenue estimate for local program income (prior fiscal years)

(2) Funds not to exceed the Adopted Budget and Human Relations Commission Recommendation for each program group

## SPECIAL REVENUE FUNDS OVERVIEW

# University Avenue Parking Permit Fund

	FY 2023 Adopted Budget	FY 2023 Adjusted Budget	FY 2024 Adopted Budget
<b>Revenues</b>			
Permit Sales	1,425,000	1,425,000	1,100,000
Day Passes	100,000	100,000	150,000
Ticket Machine	200,000	200,000	350,000
Transfer from Other Funds for City Share	438,300	438,300	376,200
Investment Income	39,000	39,000	30,500
Electric Vehicle Charge Fee	-	-	26,000
<b>Total Revenue</b>	<b>2,202,300</b>	<b>2,202,300</b>	<b>2,032,700</b>
<b>Expenditures</b>			
<b>Administration</b>			
Positions	1.66	1.66	1.66
Salaries & Benefits	321,029	321,029	316,644
Contract Staffing	182,248	182,248	50,000
Parking Occupancy Services	35,000	35,000	25,000
Miscellaneous Supplies	21,048	21,048	15,000
Ticket Machine (bankcard services, transmission, maintenance)	20,400	20,400	20,400
<b>Subtotal Administration</b>	<b>579,725</b>	<b>579,725</b>	<b>427,044</b>
<b>Maintenance</b>			
Positions	3.87	3.87	3.87
Salaries & Benefits	643,611	643,611	665,436
Supplies	60,090	60,090	60,090
Twinkle/Tree Lights	30,000	30,000	30,000
Maintenance (garage, elevator, fire sprinkler, fire alarm)	98,758	98,758	130,800
Landscaping	21,635	21,635	23,258
Custodial (janitorial services)	218,931	218,931	218,931
Steam Cleaning/power washing, sweeping	198,663	198,663	425,374

## SPECIAL REVENUE FUNDS OVERVIEW

# University Avenue Parking Permit Fund

	FY 2023 Adopted Budget	FY 2023 Adjusted Budget	FY 2024 Adopted Budget
Public Toilets	226,112	226,112	230,000
EV Charges	-	-	12,900
APGS Maintenance	168,000	168,000	168,000
<b>Subtotal Maintenance</b>	<b>1,665,799</b>	<b>1,665,799</b>	<b>1,964,789</b>
<b>Police Patrol</b>			
Positions	0.50	0.50	0.50
Salaries & Benefits	136,000	136,000	139,000
<b>Subtotal Patrols</b>	<b>136,000</b>	<b>136,000</b>	<b>139,000</b>
<b>Other</b>			
Valet Programs (Lots R, CC, CW, & S)	-	-	-
Downtown Streets Team	118,744	118,744	46,201
Transportation Management Authority (TMA): \$200,000 total in FY24, \$175,000 in the University Avenue Fund and \$25,000 in the General Fund	200,000	200,000	175,000
Utilities/Indirect costs	221,426	221,426	264,910
Transfer to CIP Fund	-	-	-
<b>Subtotal Other</b>	<b>540,170</b>	<b>540,170</b>	<b>486,111</b>
<b>Total Operating Expenses</b>	<b>2,921,694</b>	<b>2,921,694</b>	<b>3,016,944</b>
<b>Income from Operations</b>	<b>(719,394)</b>	<b>(719,394)</b>	<b>(984,244)</b>

# California Avenue Parking Permit Fund

	FY 2023 Adopted Budget	FY 2023 Adjusted Budget	FY 2024 Adopted Budget
<b>Revenues</b>			
Permit Sales	300,000	300,000	202,000
Day Passes	25,000	25,000	30,000
Investment Income	10,800	10,800	8,600
Electric Vehicle Charge	-	-	25,000
Transfer from General Fund	-	-	450,000
<b>Total Revenue</b>	<b>335,800</b>	<b>335,800</b>	<b>715,600</b>
<b>Expenditures</b>			
<b>Administration</b>			
Positions	1.05	1.05	1.05
Salaries & Benefits	178,683	178,683	195,055
Miscellaneous Supplies	32,940	32,940	22,940
Contract Staffing	41,400	41,400	-
Parking Occupancy Services	17,545	17,545	-
<b>Subtotal Administration</b>	<b>270,568</b>	<b>270,568</b>	<b>217,995</b>
<b>Maintenance</b>			
Positions	0.43	0.43	0.43
Salaries & Benefits	81,822	81,822	87,250
Supplies	7,855	7,855	7,855
<b>Contracts</b>			
Garage Maintenance	86,804	86,804	86,804
Pressure Washing and Sweeping (all garages and lots)	19,637	19,637	45,937
Landscaping	12,170	12,170	13,083
Custodial	61,400	61,400	61,400
Street Sweeping	73,800	73,800	76,800

## SPECIAL REVENUE FUNDS OVERVIEW

# California Avenue Parking Permit Fund

	FY 2023 Adopted Budget	FY 2023 Adjusted Budget	FY 2024 Adopted Budget
APGS Maintenance	38,200	38,200	38,200
EV Chargers	-	-	36,000
Twinkle Lights	10,000	10,000	10,000
<b>Subtotal Maintenance</b>	<b>391,688</b>	<b>391,688</b>	<b>463,329</b>
Utilities/Indirect costs	48,310	48,310	81,948
<b>Subtotal Other</b>	<b>48,310</b>	<b>48,310</b>	<b>81,948</b>
<b>Total Operating Expenses</b>	<b>710,566</b>	<b>710,566</b>	<b>763,272</b>
<b>Income from Operations</b>	<b>(374,766)</b>	<b>(374,766)</b>	<b>(47,672)</b>

# Stanford Development Agreement Fund

	FY 2023 Estimated	FY 2024 Adopted Budget	Change
<b>SOURCE OF FUNDS</b>			
Unrestricted - Community Health and Safety	1,183,183	1,203,241	20,058
Unrestricted - Stanford Hospital Expansion Cost Mitigation	1,864,687	1,871,298	6,611
Unrestricted - Intermodal Transit	1,273,996	1,295,594	21,598
Unrestricted - Quarry Road Improvements	-	-	-
Unrestricted - Neighborhoods and Communities and Affordable Housing	8,982,527	9,134,805	152,278
Unrestricted - Climate Change	2,934,909	584,664	(2,350,245)
<b>Total Beginning Fund Balance</b>	<b>16,239,302</b>	<b>14,089,602</b>	<b>(2,149,700)</b>
<b>Revenue</b>			
Interest - Community Health and Safety	20,058	24,646	4,588
Interest - Stanford Hospital Expansion Cost Mitigation	31,611	38,330	6,719
Interest - Intermodal Transit	21,598	26,538	4,940
Interest - Quarry Road Improvements	-	-	-
Interest - Neighborhoods and Communities and Affordable Housing	152,278	187,110	34,832
Interest - Climate Change	49,755	11,976	(37,779)
<b>Total Revenue</b>	<b>275,300</b>	<b>288,600</b>	<b>13,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>16,514,602</b>	<b>14,378,202</b>	<b>(2,136,400)</b>
<b>USE OF FUNDS</b>			
<b>Transfers Out</b>			
Community Health and Safety: General Fund	-	366,000	366,000
Stanford Hospital Expansion Cost Mitigation: Capital Improvement Fund	25,000	-	(25,000)
Intermodal Transit: Capital Improvement Fund	-	-	-
Quarry Road Improvements: Capital Improvement Fund	-	-	-
Neighborhood and Communities and Affordable Housing: Capital Improvement Fund	-	5,325,000	5,325,000

## SPECIAL REVENUE FUNDS OVERVIEW

# Stanford Development Agreement Fund

	FY 2023 Estimated	FY 2024 Adopted Budget	Change
Climate Change: Capital Improvement Fund	2,400,000	-	(2,400,000)
<b>Total Transfers</b>	<b>2,425,000</b>	<b>5,691,000</b>	<b>3,266,000</b>
<b>Total Expenditures</b>	<b>2,425,000</b>	<b>5,691,000</b>	<b>3,266,000</b>
<b>Ending Fund Balance</b>			
Unrestricted - Community Health and Safety	1,203,241	861,887	(341,354)
Unrestricted - Stanford Hospital Expansion Cost Mitigation	1,871,298	1,909,628	38,330
Unrestricted - Intermodal Transit	1,295,594	1,322,132	26,538
Unrestricted - Quarry Road Improvements	-	-	-
Unrestricted - Neighborhoods and Communities and Affordable Housing	9,134,805	3,996,915	(5,137,890)
Unrestricted - Climate Change	584,664	596,640	11,976
<b>Total Ending Fund Balance</b>	<b>14,089,602</b>	<b>8,687,202</b>	<b>(5,402,400)</b>
<b>TOTAL USE OF FUNDS</b>	<b>16,514,602</b>	<b>14,378,202</b>	<b>(2,136,400)</b>



# DEBT SERVICE FUNDS





CITY OF  
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# DEBT SERVICE FUNDS OVERVIEW

## Overview

### CITY OF PALO ALTO DEBT POLICY

The City of Palo Alto recognizes the need for spending a prudent amount every year for ongoing capital replacement and rehabilitation needs. An ongoing capital improvement plan is vital to ensuring the future viability of services. To achieve this priority, the City funds its regular and ongoing capital needs primarily on a “pay-as-you-go” basis. There are, however, special or extraordinary capital improvement projects, refinancing of existing debt, and purchase of major and multiple pieces of equipment in which it is appropriate to consider debt financing. The City’s Debt Policy establishes the guidelines to support the decision-making process for issuing debt.

### DEBT POLICY GUIDELINES

The City’s Debt Policy provides guidelines for refinancing existing debt; detailing the responsibilities of City staff engaged in issuing debt; delineating the debt instruments or vehicles (e.g. General Obligation Bonds or Certificates of Participation) the City can utilize; and describing situations in which tax-exempt and taxable debt can be used. The depth and breadth of the policy serve to guide current and future staff. Below are highlights of the Debt Policy guidelines for the use of debt and other financing.

A. Debt may be judiciously used when some or all of the following conditions exist:

- Estimated future revenue is sufficient to ensure the payment of annual debt service.
- Other financing options have been explored and are not viable for the timely or economic acquisition or completion of a capital project.
- A capital project is mandated by federal or state authorities with no other viable funding option available.
- The capital project or asset lends itself to debt financing rather than pay-as-you-go funding based on the expected useful life of the project.
- Debt will not be used to fund ongoing operating expenses of the City except for situations in which cash flow problems arise and the City may need to issue short-term Tax or Revenue Anticipation Notes.
- Annual debt service shall not exceed 10 percent of annual operating expenses for the General Fund unless an exception is approved by City Council. For all other City funds, annual debt service shall not exceed 15 percent of annual operating expenses unless an exception is approved by City Council.

## DEBT SERVICE FUNDS OVERVIEW

### B. Minimize borrowing costs by:

- Maximizing the use of existing resources for capital projects and equipment needs.
- Issuing tax-exempt debt except in instances where IRS regulations require taxable bonds.
- Striving to obtain the highest credit ratings possible.
- Maintaining a competitive bid process on bond sales except for situations in which negotiated or private placement sales meet City objectives. In negotiated or private placement sales, City staff will work with its Municipal Advisor (aka Financial Advisor) to review proposed interest rates and proposed fees.
- Ensuring that the type of debt and debt structure developed ensure advantageous marketing of each issue.

### C. Linking debt to appropriate revenue sources and project users:

- When possible, tie project financing directly to users of a specific facility or use. Examples include renovation of the Golf Course where user fees can offset debt service or replacing gas mains where gas rates can be increased to cover debt expense.
- Debt financing in the Enterprise Funds so as to avoid significant spikes in user rates by smoothing out costs over time.

In addition to capital projects, the City can finance essential equipment and vehicles. These assets range from public safety vehicles to utility equipment. The underlying asset must have a minimum useful life of three years. Short-term financings, including loans and capital lease purchase agreements, are executed to meet such needs. It has been the City's practice to fund these purchases with existing resources; however, debt financing flexibility for future needs remains an option.

Also, the Chief Financial Officer or Director of Administrative Services, supported by Treasury Division, will periodically evaluate its existing debt and execute refinancing when economically beneficial. A refinancing may include the issuance of bonds to refund existing bonds or the issuance of bonds in order to refund other obligations. A net present value analysis, both in dollar and percentage terms, will be conducted to determine whether a re-financing is optimal. As a "rule of thumb," a minimum 3 percent net present value savings will be used as a basis to begin re-financing efforts. As with new debt, all refinancing must be approved by City Council.

In September 2016, the state legislature adopted Senate Bill (SB) 1029 (Hertzberg), amending Government Code section 8855 to place additional reporting obligations on issuers of public debt, effective January 1, 2017. The amendments require an issuer to certify that they have adopted a debt policy concerning the use of debt and that the proposed debt issuance is consistent with that Policy. Though the City's Debt Policy prior to this legislation and practice substantially complied with the new requirements, minor updates to the Debt Policy were approved by the City Council in April 2017, to explicitly comply with SB 1029 requirements. This statute also added additional reporting requirement to the California Debt and Investment Advisory Commission (CDIAC) such as the submission of annual report for any issue of debt.

## LEGAL DEBT LIMIT

Based upon the assessed valuation of \$44.0 billion for the fiscal year ending June 30, 2022, the City is limited to general obligation indebtedness of \$1.6 billion per State law. As of June 30, 2022, the amount of debt applicable to the debt limit was \$48.7 million, which is well below the City's legal debt limit. The debt

limit is applicable to voter-approved general obligation (GO) bonds that have been approved in prior years to fund capital improvement projects to renovate and build out the City's libraries including the Mitchell Park Library and Community Center.

### DEBT OBLIGATION DESCRIPTIONS

A table outlining the City's current debt obligations can be found in the Capital Budget under the Debt Policy and Obligations section.

#### **2010A and 2013A General Obligation (GO) Bonds (Mitchell Park Library and Community Center)**

On June 30, 2010, the City issued the first series of \$55.3 million and on June 26, 2013 the second series of \$20.6 million of GO bonds to finance costs for constructing a new Mitchell Park Library and Community Center, as well as substantial improvements to the Main Library and the Downtown Library. Principal payments are due annually on August 1 and interest payments semi-annually on February 1 and August 1, from 2.0 percent to 5.0 percent, and are payable from property tax revenues.

On June 28, 2016, the City defeased \$2.8 million of the 2013A GO bonds using funds remaining at the completion of the project by depositing the amount in a irrevocable trust account. The trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The City legally remains the primary obligor of the \$2.8 million of defeased 2013A bonds until they are paid on August 1, 2023.

As of June 30, 2023, for the 2013A Series, \$11.7 million principal and \$5.5 million interest will be the remaining debt service on the bond with final payment occurring in Fiscal Year 2042.

#### **2022A and 2022B General Obligation (GO) Bonds (Mitchell Park Library and Community Center)**

On March 2, 2022, the City Council approved refinancing the \$40.6 million outstanding balance of the 2010A bonds as a tax-exempt bonds, and \$2.4 million of the 2013A bonds as taxable bonds. The tax reform bill passed by Congress in December 2017 prohibits the issuance of tax-exempt advance refunding bonds during the ten-year call protection period. The call protection period passed on the Series 2010A Bonds, but not for the Series 2013A Bonds, so the portions of the Series 2013A bonds that had realized savings were refinanced as taxable bonds. The refinancing resulted in savings, for the Palo Alto property owners, of \$4.5 million in net present value savings or 10.6 percent over the life of the bonds.

As of June 30, 2023, for the 2022A and 2022B refinanced bonds, \$34.4 million and \$2.1 million in principal and \$17.0 million and \$0.3 million interest will be the remaining debt service on the bonds with the final payment occurring in Fiscal Year 2041 and Fiscal Year 2029 respectively.

#### **Ad Valorem Property Taxes for GO Bonds (Mitchell Park Library and Community Center)**

The City's 2013A, 2022A, and 2022B Bonds are general obligations of the City, secured and payable solely from ad valorem property taxes levied by the City and collected by the County of Santa Clara. The City is empowered and obligated to annually levy ad valorem taxes for the payment of the Bonds and the interest thereon upon all property within the City subject to taxation by the City, without limitation of rate or

## DEBT SERVICE FUNDS OVERVIEW

amount (except certain personal property which is taxable at limited rates) until the final maturity dates of the bonds. For Fiscal Year 2023, the City expects to receive \$3.8 million in ad valorem property taxes.

### **2018 Capital Improvement (Golf Course) Project Certificates of Participation (COPs)**

On June 5, 2018, the City issued taxable (Green Bonds) COPs of \$8.4 million for the renovation of Palo Alto's Municipal Golf Course. Debt service payments are due semi-annually on May 1 and November 1 with true interest costs of 4.14 percent. The debt service payments are payable solely from and secured by the lease payments to be made by the City's General Fund to the Public Improvement Corporation pursuant to the Lease Agreement. The leased property is the Palo Alto University Fire Station 1.

As of June 30, 2023, for the 2018 COPs Series, \$8.2 million principal and \$4.9 million interest will be the remaining debt service on the bonds with the final payment occurring in Fiscal Year 2048.

### **2019 California Avenue Parking Garage Certificates of Participation (COPs)**

On March 21, 2019, the City issued \$26.8 million tax-exempt and \$10.6 million taxable COPs for the construction of a six story (four above ground levels and two below ground levels) parking garage in the California Avenue Business District. The new garage replaced existing surface parking lots at two locations and provided 310 additional parking spaces, totaling 636 parking spaces in the new garage.

Debt service payments on the \$37.4 million COPs are due semi-annually on May 1 and November 1 and have a combined true interest cost (TIC) of 3.75 percent with the tax-exempt bonds' TIC being 3.52 percent and taxable bonds' TIC being 4.32 percent. As of June 30, 2023, for the tax-exempt and taxable bonds, \$26.5 million and \$8.6 million principal and \$17.1 million and \$9.0 million interest will be the remaining debt service on the bonds with the final payment occurring in Fiscal Year 2049 when the COPs mature.

### **2021 Public Safety Building Certificates of Participation (COPs)**

On April 7, 2021, the City issued \$101.5 million tax-exempt COPs for the construction of a new Public Safety Building (PSB) to be built at 250 Sherman Avenue. The building is approximately 56,000 square feet and will house the Police Department, 911 Emergency Dispatch Center, the Emergency Operations Center, the Office of Emergency Services, the administration needs of the Fire Department, and include external support spaces in the basement and operational yard. The PSB will include three levels above grade, two levels below grade, and a one-store operational accessory structure.

Debt service payments on the COPs are due semi-annually on May 1 and November 1 and have a TIC of 2.13 percent. with the first payment due in Fiscal Year 2023. As of June 30, 2023, for the COPs, \$101.5 million principal and \$38.8 million interest will be the remaining debt service on the bonds with final payment occurring in Fiscal Year 2051 .

### **1999 Utility Revenue and Refunding Bonds, Series A**

On June 1, 1999 the City issued Utility Revenue Bonds to refund the 1990 Utility Revenue Refunding Bonds, Series A and the 1992 Utility Revenue Bonds, Series A, and to finance rehabilitation of the Wastewater Treatment System's two sludge incinerators. The 1990 Utility Revenue Refunding Bonds, Series A and the 1992 Utility Revenue Bonds, Series A, were subsequently retired. The 1999 Bonds are special obligations of the City payable solely from and secured by a pledge of, and lien upon, certain net revenues derived by the City's sewer system and its storm and surface water system, the Storm-water Management System. As of

June 30, 2001, the 1999 Bonds had been allocated to and were repayable from net revenues of the following Enterprise Funds: Wastewater Collection (10.2 percent), Wastewater Treatment (64.6 percent) and Storm-water Management (25.2 percent). Principal payments are payable annually on June 1, and interest payments semi-annually on June 1 and December 1. In lieu of a reserve fund, the bonds are secured by a Surety Bond issued by AMBAC Indemnity Corporation.

The pledge of future net revenues for the above funds ends upon repayment of the \$1.8 million principal and \$0.1 million interest as the remaining debt service on the bonds as of June 30, 2023, with final payment occurring in Fiscal Year 2024.

### **2009 Water Revenue Bonds, Series A**

On October 6, 2009, the City issued Water Revenue Bonds in the amount of \$35.5 million to finance certain improvements to the City's Water utility system. Principal payments are due annually on June 1, and interest payments are due semi-annually on June 1 and December 1, from 1.8 percent to 6.0 percent. The final debt service payment will be made in 2035. When these bonds were issued, they were designated as Direct Payment Build America Bonds under the provisions of the American Recovery and Reinvestment Act of 2009 Build America Bonds. The City expected to receive a cash subsidy payment from the United States Treasury equal to 35.0 percent of the interest payable on the 2009 bonds, however, due to the United States federal government budget (sequestration) cuts in calendar year 2013, the receipts declined to 32.5 percent in 2013 and were 33.7 percent in calendar year 2022. The lien on the 1995 Bonds on the net revenues is senior to the lien on net revenues securing the 2009 Bonds and the 2002 Bonds.

The pledge of future net revenues of the above funds ends upon repayment of the \$21.8 million principal and \$9.0 million interest as the remaining debt service on the bonds as of June 30, 2023 with final payment occurring in Fiscal Year 2035.

### **2011 Utility Revenue Bonds, Series A**

On September 22, 2011 the City issued Utility Revenue Bonds to refinance the 2002 Utility Revenue Bonds, which were issued for certain improvements to the City's Water and Natural Gas utility system. The refinancing resulted in net present value savings of 16.9 percent and cash savings over 15 years of \$4.0 million. Principal payments are due annually on June 1, and interest payments are due semi-annually on June 1 and December 1 from 3.0 percent to 4.0 percent. The Revenue Bonds are secured by net revenues generated by the Water and Gas Funds.

The pledge of future net revenues ends upon repayment of the \$4.1 million principal and \$0.3 million interest remaining debt service on the bonds as of June 30, 2023 with final payment occurring in Fiscal Year 2026.

### **2007 State Water Resources Loan**

In October 2007, the City approved the \$9.0 million loan agreement with State Water Resources Control Board (SWRCB) to finance the City's Mountain View/Moffett Area Reclaimed Water Pipeline Project. Under the terms of the contract, the City agreed to repay \$9.0 million to the State in exchange for receiving \$7.5 million in proceeds to be used to fund the project. The difference between the repayment obligation and proceeds amounts to \$1.5 million and represents in-substance interest on the outstanding balance. Loan proceeds are drawn down as the project progresses and debt service payments commenced on June 30,

## DEBT SERVICE FUNDS OVERVIEW

2010. Concurrently with the loan, the City entered into various other agreements including a cost sharing arrangement with the City of Mountain View. Pursuant to that agreement, the City of Mountain View agreed to finance a portion of the project with a \$5.0 million loan repayable to the City. This loan has been recorded as Due from Other Government Agencies in the financial statements.

The pledge of future net revenues of the above funds ends upon repayment of the \$2.3 million principal and \$0.5 million in-substance interest as the remaining debt service on the bonds as of June 30, 2023 with final payment occurring in Fiscal Year 2029.

### **2009 State Water Resources Loan**

In October 2009, the City approved an \$8.5 million loan agreement with the State Water Resources Control Board (SWRCB) to finance the City's Ultraviolet Disinfection Project. As of June 30, 2011, the full loan in the amount of \$8.5 million was drawn down and became outstanding. Interest in the amount of \$96,000 was accrued and added to the outstanding balance.

The pledge of future net revenues of the above funds ends upon repayment of the \$4.0 million principal and \$0.2 million interest as the remaining debt service on the bonds as of June 30, 2023 with final payment occurring in Fiscal Year 2031.

### **2017 State Water Resources Loan**

In June 2017, the State Water Resources Control Board (SWRCB) and the City executed an agreement for an award up to \$30.0 million at a rate of 1.8 percent, payable over 30 years, with the first annual installment due May 31, 2020 to finance the replacement of sewage sludge bio-solids incinerators at the City's Regional Water Quality Control Plant (RWQCP). In September 2017, due to the projected lower project costs, the agreement was amended to reduce the SWRCB loan amount to \$29.7 million. Under the terms of the contract, a portion of the loan amount, \$4.0 million, is a federally funded grant (by the U.S. Environmental Protection Agency).

The new facility will dewater the bio-solids and allow the material to be loaded onto trucks and taken to a separate facility for further treatment. The RWQCP provides treatment and disposal for wastewater for Palo Alto, Mountain View, Los Altos, Los Altos Hills, East Palo Alto Sanitary District, and Stanford University. Though Palo Alto is the recipient of the loan, the City's agreement with the partner agencies obliges them to pay their proportionate share of the principal and interest of this loan. Palo Alto's share of the loan payment is 38.2 percent with the partner agencies paying 61.8 percent. The pledge of future net revenues of the above funds ends upon repayment of the \$22.5 million principal and \$5.9 million interest and service charge as the remaining debt service on the bonds as of June 30, 2023 with final payment occurring in Fiscal Year 2049.

### **2021 State Water Resources Loan**

In June 2021, the State Water Resources Control Board (SWRCB) and the City executed an agreement for an award up to \$17.5 million at a rate of 0.9 percent, payable over 30 years, with the first annual installment due February 15, 2024 to finance the rehabilitation of the primary sedimentation tanks and upgrade the equipment room electrical systems at the City's Regional Water Quality Control Plant (RWQCP). In October/November 2022, due to higher cost, this award was amended upward to \$19.4 million; a increase of \$1.9

million. This project provides funding for new protective coatings on each of the four concrete primary sedimentation tanks and replacement of worn rotating parts and aging power distribution equipment.

The RWQCP provides treatment and disposal of wastewater for Palo Alto, Mountain View, Los Altos, Los Altos Hills, East Palo Alto Sanitary District, and Stanford University. Though Palo Alto is the recipient of the loan, the City's agreement with the partner agencies obliges them to pay their proportionate share of the principal and interest of this loan. Palo Alto's share of the loan payment is 38.2 percent with the partner agencies paying 61.8 percent. The pledge of future net revenues of the above funds ends upon repayment of the \$19.4 million principal and \$2.8 million interest with final payment occurring in Fiscal Year 2053.

### **2022 State Water Resources Loan**

In May 2022, the State Water Resources Control Board (SWRCB) and the City executed an agreement for an award up to \$168.7 million at a rate of 0.8 percent, payable over 30 years, with the first annual installment due December 31, 2027 to finance the replacement of biological treatment process (secondary treatment process) at the City's Regional Water Quality Control Plant (RWQCP). The secondary treatment process is being upgraded to meet new, more stringent regulations in conjunction with increased influent flow and wastewater loading due to projected increased population in the RWQCP's service area. The project will also replace aging equipment that is beyond its useful life and in danger of failing. The award amount was requested to be amended from \$168.7 million to \$193.0 million in December 2022 due to the rising project costs, but approval from the SWRCB is still pending.

The RWQCP provides treatment and disposal of wastewater for Palo Alto, Mountain View, Los Altos, Los Altos Hills, East Palo Alto Sanitary District, and Stanford University. Though Palo Alto is the recipient of the loan, the City's agreement with the partner agencies obliges them to pay their proportionate share of the principal and interest of this loan. Palo Alto's share of the loan payment is 38.2 percent with the partner agencies paying 61.8 percent. The pledge of future net revenues of the above funds ends upon repayment of the \$168.7 million principal and \$21.7 million interest with final payment occurring in Fiscal Year 2057. Should the project cost be less than the awarded loan amount, the final loan amount will be reduced based on the actual construction cost of the secondary treatment process.

### **Credit Rating Agencies**

Credit rating is a critical component of strong municipal management. According to Moody's Investors Service, reserves are an important factor in the analysis of a municipality's fiscal health and, therefore, a jurisdiction's fiscal policies should include a plan for maintaining reserves. Rating agencies view sound reserves favorably, thus improving a municipality's rating and its ability to obtain low-cost financing for important projects. The City is proud to report that both Moody's and Standard and Poor's (S&P) awarded their highest credit ratings, Triple A, to the City's General Obligation Bonds for library and community center capital improvements in 2010 and 2013 and reaffirmed these ratings a few times, the last one being in March 2022 by S&P and November 2022 by Moody's. The COPS were also rated AA+ and Aa1 by both Moody's and S&P at this time. COPS are rated on a sliding scale, and this is the highest rating possible for these bonds. These ratings demonstrate that Palo Alto's prudent financial management and fiscal strength are viewed favorably by credit agencies. The three Utility bonds (1999, 2009, & 2011) that are rated also received S&P's highest credit rating of Triple A. Moody's has rated these Utility bonds with their second highest (Aa1) or third highest (Aa2) ratings.

## DEBT SERVICE FUNDS OVERVIEW

### Debt Service Funds

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Revenues</b>						
Property Tax	4,329	4,279	4,397	4,396	(1)	-0.02%
Bond Proceeds	-	41,325	-	-	-	0.00%
Return on Investments	32	21	8	20	12	150.00%
Subtotal Revenues	4,361	45,625	4,405	4,416	11	0.25%
<b>Operating Transfers In</b>						
General Fund	530	530	529	527	(2)	-0.38%
Capital Projects Fund	2,380	2,380	3,838	7,379	3,541	92.26%
Subtotal Operating Transfers	2,910	2,910	4,367	7,906	3,539	81.04%
<b>Total Source of Funds</b>	<b>7,271</b>	<b>48,535</b>	<b>8,772</b>	<b>12,322</b>	<b>3,550</b>	<b>40.47%</b>
<b>Expenses</b>						
2010 & 2013 Library GO Bonds Interest	2,646	3,410	2,492	469	(2,023)	-81.18%
2010 & 2013 Library GO Bonds Principal	1,780	44,825	1,935	505	(1,430)	-73.90%
2022A/B Library GO Bonds Interest	-	-	-	2,032	2,032	100.00%
2022A/B Library GO Bonds Principal	-	-	-	1,105	1,105	100.00%
2022A/B Library GO Bonds Issuance Expense	-	265	-	-	-	100.00%
2018A Golf and Refinancing COPS Interest	345	340	334	327	(7)	-2.10%

## Debt Service Funds

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
2018A Golf and Refinancing COPS Principal	185	190	195	200	5	2.56%
2019A/B California Avenue Parking Garage COPS Interest	1,748	1,731	1,710	1,680	(30)	-1.75%
2019A/B California Avenue Parking Garage COPS Principal	630	645	665	690	25	3.76%
2021 Public Safety Building COPS Interest	-	3,122	1,463	2,874	1,411	96.45%
2021 Public Safety Building COPS Principal	-	-	-	2,135	2,135	100.00%
2021 Public Safety Building COPS Issuance Expense	-	11	-	-	-	0.00%
<b>Total Use of Funds</b>	<b>7,334</b>	<b>54,539</b>	<b>8,794</b>	<b>12,017</b>	<b>3,223</b>	<b>36.65%</b>
<b>Net to (from) Reserves</b>	<b>(63)</b>	<b>(6,004)</b>	<b>(22)</b>	<b>305</b>	<b>327</b>	



CITY OF  
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# CITY DEPARTMENTS





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# CITY ATTORNEY

## Mission Statement



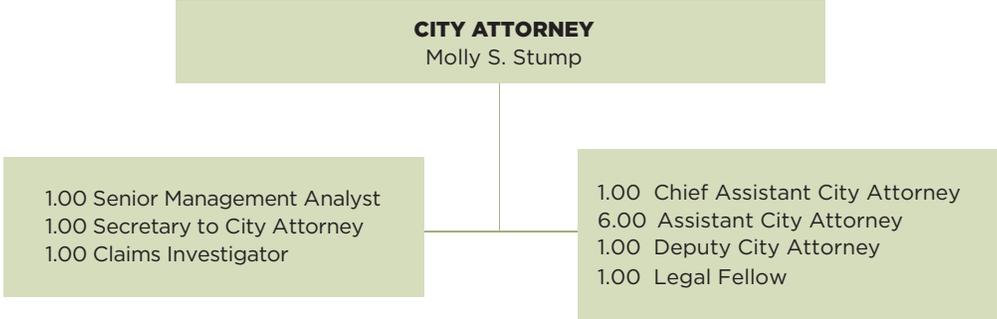
The Office of the City Attorney's mission is to serve Palo Alto and its policymakers by providing legal representation of the highest quality.

## Purpose

The purpose of the Office of the City Attorney is to partner with City leaders to find creative approaches to the opportunities and challenges that face Palo Alto; draft contracts, legislation, legal opinions, and other legal documents; negotiate on behalf of the City; provide training and advice on how to manage risk and comply with the law; enforce the municipal code; and defend the City when it is sued.



# CITY ATTORNEY



**FY 2024 POSITION TOTALS**  
13.00 - Full-time

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

## Description

The Office of the City Attorney provides comprehensive legal services to the City by: providing legal advice and training to the City Council, City Manager, boards, commissions, and operating departments; investigating and resolving claims against the City; defending the City in litigation and administrative actions; initiating and prosecuting litigation on behalf of the City; and drafting and approving contracts, legislation, and other legal documents.

## Accomplishments

- Sustainability and Climate Action: Advised on implementation of a wide variety of innovative S/CAP programs, including the Heat Pump Water Heater Program and on-bill customer financing.
- Homekey emergency shelter: Supported City sponsorship and prepared transaction documents.
- Fiber to the Premises: Provided legal advice and strategic guidance on the fiber initiative, including financing approaches, staffing/bargaining unit considerations, and rate-setting requirements.
- Gas and water infrastructure investment: Support for federal grant funding and negotiations with Stanford University and the San Francisco Public Utilities Commission.
- Former Fry's site: Supported negotiations and preparation of a development agreement for townhomes, an affordable housing site, creek naturalization, and historic preservation.
- Gas General Fund transfer: Negotiated and drafted documents to resolve litigation regarding the City's historic gas General Fund transfer. Drafted ballot measure and supported Council's work leading to voter approval of gas General Fund transfer.
- Regional Water Quality Control Plant: Supported the capital improvement program, including resolving bid protests, drafting and negotiating contracts, assisting with state revolving fund loan financing, preparing amendments to partner agency agreements, and resolving construction claims.
- Firearm safety: Drafted and supported adoption of local firearms regulations and policies to comport with changing laws and community safety needs, including enhanced permit procedures and regulations of firearms in sensitive places like schools and government buildings.
- Public-private partnerships: Supported new and modified agreements with non-profit partners, including the Junior Museum and Zoo, animal shelter, and history museum.
- Training and transparency: Assisted boards, commissions, and staff liaisons to facilitate Brown Act compliance for public meetings after the Covid state of emergency ends.
- Updating City laws: Supported amendment of the City's sign ordinance to align with evolving First Amendment standards. Assisted with training for staff enforcing sign requirements.

## Initiatives

- Housing Element: Support adoption and state certification of Sixth Cycle Housing Element. Support implementation of the Housing Element through Zoning Code amendments and related legislation.
- University Avenue housing and parking project: Support evaluation and consideration of public-private project to increase parking and affordable housing in the Downtown area.

## CITY ATTORNEY

- Recycled water: Legal and strategic support for the partnership with Valley Water and the City of Mountain View on proposed regional recycled water facility.
- Sustainability and Climate Action: Legal review and advice on options, challenges and alternatives to implement a wide variety of new and expansive S/CAP and electrification proposals.
- Economic development: Support economic development initiatives and programs as directed by Council.
- City finances: Support implementation of new voter-approved business tax.
- Training and transparency: Provide training and advice for City officials on public records, new ethics requirements, and open meeting requirements.
- Code updates: Support City staff in conducting reviews and revisions of the Palo Alto Municipal Code to increase consistency and clarity across the Code.

## Goals and Objectives

### Goal 1

Advance the public interest by providing high-quality legal representation to the City.

#### Objectives:

- Enhance relationships with clients as trusted advisors and strategic partners.
- Provide practical and effective advice that includes creative solutions to difficult problems.
- Propose alternative, legally acceptable ways to accomplish public objectives when the City encounters legal obstacles.
- Regularly brief City employees on legal developments that impact their areas of service.
- Inform the public about the City's legal program through the City Attorney's website.

### Goal 2

Evaluate all claims and litigation promptly, resolving disputes where appropriate and vigorously defending the City's interests.

#### Objectives:

- Thoroughly investigate to promptly and appropriately resolve claims.
- Advocate effectively in court and before administrative agencies when legal actions are brought against the City.

### Goal 3

Identify and reduce exposure to legal risks.

#### Objectives:

- Identify legal risks and craft strategies to reduce the City's exposure.
- Provide relevant training to City officials and staff to reduce legal risk exposure.
- Create user-friendly tools to assist new and existing employees in complying with public service requirements such as ethics, conflicts of interest, open meeting, and public records laws.

# Key Performance Measures

## CLAIMS RESOLUTION

Goal	Evaluate all claims and litigation promptly, resolving disputes where appropriate and vigorously defending the City's interests.				
Objective	Thoroughly investigate to promptly and appropriately resolve claims.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of claims resolved within 45 days of filing	96%	97%	96%	97%	97%
Description	This measure tracks the number of claims that are resolved within 45 days of filing.				
Purpose	Thorough investigation to promptly and appropriately resolve claims is a core responsibility of the Office of the City Attorney. This measure is important because timely processing of claims demonstrates responsiveness to residents' concerns and safeguards public resources by reducing unnecessary lawsuits.				
Status	The number of claims resolved within 45 days may go up or down in part due to the complexity of a claim.				

## REDUCTION OF LEGAL RISK

Goal	Identify and reduce exposure to legal risks.				
Objective	Provide relevant training to City officials and staff to reduce legal risk exposure.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of surveyed who agree/strongly agree that the training provided is useful and relevant	95%	0%	96%	96%	96%
Description	This measure tracks the usefulness and relevance of the training provided by the Office of the City Attorney to City staff.				
Purpose	Training assists in reducing errors thereby reducing the exposure of liability to the City.				
Status	The office continues to expand the number and types of trainings offered, and is expanding training provided in partnership with other City work units. There was not sufficient data in FY 2022 for this measure, therefore 0% is reported.				

## Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of claims handled	80	136	85	130	96

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Administration	551,627	685,773	762,824	740,665	(22,159)	(2.9)%
Consultation and Advisory	1,759,151	2,263,993	2,361,190	2,797,826	436,636	18.5%
Litigation and Dispute Resolution	822,368	1,018,425	975,245	989,759	14,514	1.5%
Official and Administration Duties	90,177	110,110	135,044	140,170	5,126	3.8%
<b>Total Dollars by Division</b>	<b>\$3,223,323</b>	<b>\$4,078,302</b>	<b>\$4,234,303</b>	<b>\$4,668,420</b>	<b>\$434,117</b>	<b>10.3%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	120,986	144,152	172,647	214,498	41,851	24.2%
Other Benefits	83,737	99,692	83,196	80,063	(3,133)	(3.8)%
Pension	554,322	735,040	826,862	854,342	27,480	3.3%
Retiree Medical	113,677	115,536	134,711	115,797	(18,914)	(14.0)%
Salary	1,463,240	1,703,112	1,915,050	2,012,510	97,460	5.1%
Workers' Compensation	73,150	75,219	76,759	87,982	11,224	14.6%
<b>Total Salary and Benefits</b>	<b>\$2,409,112</b>	<b>\$2,872,752</b>	<b>\$3,209,224</b>	<b>\$3,365,192</b>	<b>\$155,968</b>	<b>4.9%</b>
Allocated Charges	110,763	146,271	173,568	200,136	26,569	15.3%
Contract Services	691,859	1,037,149	749,650	999,650	250,000	33.3%
Facilities & Equipment	—	—	2,500	2,500	—	—%
General Expense	7,106	19,314	70,800	71,380	580	0.8%

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Rents & Leases	1,229	1,054	2,130	2,130	—	—%
Supplies & Material	3,254	1,762	26,432	27,432	1,000	3.8%
<b>Total Dollars by Category</b>	<b>\$3,223,323</b>	<b>\$4,078,302</b>	<b>\$4,234,303</b>	<b>\$4,668,420</b>	<b>\$434,117</b>	<b>10.3%</b>
<b>Revenues</b>						
Charges for Services	—	—	28,052	28,052	—	—%
Charges to Other Funds	1,073,891	1,493,388	1,548,326	1,886,006	337,680	21.8%
Other Revenue	6,000	8,000	10,789	10,789	—	—%
<b>Total Revenues</b>	<b>\$1,079,891</b>	<b>\$1,501,388</b>	<b>\$1,587,167</b>	<b>\$1,924,847</b>	<b>\$337,680</b>	<b>21.3%</b>
<b>Positions by Division</b>						
Administration	1.47	2.47	1.47	1.47	—	—%
Consultation and Advisory	6.46	5.71	6.46	6.96	0.50	7.7%
Litigation and Dispute Resolution	1.71	1.49	1.71	1.71	—	—%
Official and Administration Duties	0.36	0.33	0.36	0.36	—	—%
<b>Total Positions by Division</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.50</b>	<b>0.50</b>	<b>5.0%</b>

# CITY ATTORNEY

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Assistant City Attorney	3.00	3.00	4.00	4.00	—	767,916
Chief Assistant City Attorney	1.00	1.00	1.00	1.00	—	209,227
City Attorney	1.00	1.00	1.00	1.00	—	335,754
Claims Investigator	1.00	1.00	1.00	1.00	—	97,822
Deputy City Attorney	1.00	1.00	—	0.50	0.50	75,421
Legal Fellow	1.00	1.00	1.00	1.00	—	111,218
Secretary to City Attorney	1.00	1.00	1.00	1.00	—	94,058
Senior Management Analyst	1.00	1.00	1.00	1.00	—	135,824
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.50</b>	<b>0.50</b>	<b>\$1,827,239</b>
<b>Total Positions</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.50</b>	<b>0.50</b>	<b>\$1,827,239</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>10.00</b>	<b>4,234,303</b>	<b>1,587,168</b>	<b>2,647,135</b>
<b>One-Time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	48,182	-	48,182
General Fund Cost Allocation Plan	-	-	337,679	(337,679)
Court Attendance Travel and Meetings	-	80	-	80
Computer Software Adjustment	-	1,000	-	1,000
FY 2023 Mid-Year Budget Review (Report # 2212-0515)	-	250,000	-	250,000
Information Technology Allocated Charges	-	17,508	-	17,508
Liability Insurance Allocated Charges	-	5,715	-	5,715
Printing & Mailing Services Allocated Charges	-	(2,100)	-	(2,100)
Workers' Compensation Allocated Charges	-	11,224	-	11,224
<b>Adjustments to Costs of Ongoing Activities</b>	<b>-</b>	<b>331,609</b>	<b>337,679</b>	<b>(6,070)</b>
<b>Total FY 2024 Base Budget</b>	<b>10.00</b>	<b>4,565,912</b>	<b>1,924,847</b>	<b>2,641,065</b>
<b>Budget Adjustments</b>				
1. Assistant City Attorney Staffing Reallocation	(1.00)	(299,627)	-	(299,627)
2. FY 2024 Enhancement of Information Technology (IT) Services	-	5,446	-	5,446
3. Add Deputy City Attorney	0.50	106,689	-	106,689
4. Add Legal Resources	1.00	290,000	-	290,000
<b>Total Budget Adjustments</b>	<b>0.50</b>	<b>102,508</b>	<b>-</b>	<b>102,508</b>
<b>Total FY 2024 Adopted Budget</b>	<b>10.50</b>	<b>4,668,420</b>	<b>1,924,847</b>	<b>2,743,573</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Assistant City Attorney Staffing Reallocation	(1.00)	(299,627)	-	(299,627)

This action reallocates 1.00 Assistant City Attorney position from the General Fund to the Utilities Administration Fund to reflect shifting of work performed by the position. The reallocation of funding will result in legal support in the following areas: management and resolution of complex Utilities Department matters, analysis and drafting of complex agreements, documentation, and financial transactions, and pre-litigation dispute resolution. (Ongoing cost: \$314,157)

**Performance Results**



This action will result in a more accurate reflection of budgeting of work performed in the areas of Utilities agreements, documentation, financial transactions, and pre-litigation dispute resolution.

2. FY 2024 Enhancement of Information Technology (IT) Services	-	5,446	-	5,446
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This action increases allocated charges for IT services to the City Attorney’s Office by approximately \$5,000 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$5,446)

**Performance Results**



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

3. Add Deputy City Attorney	0.50	106,689	-	106,689
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This action adds 1.00 Deputy City Attorney position to enhance legal support for various functions. This position will be responsible for drafting, reviewing, and negotiating contracts, providing legal advice and drafting ordinances, resolutions, and policies, ensuring regulatory compliance, providing personnel and labor relations support, pre-litigation dispute resolution, public records, staff report review, and offering ethics, conflicts, and governance advice. The additional cost for this position is partially offset by the reduction of a part-time 0.48 Management Specialist in the Utilities Administration, Electric, and Water Funds, and is funded 50% by the General Fund and 50% by the Utilities Administration Fund. (Ongoing cost: \$111,884)

**Performance Results**



This action will result in increased legal support for contract drafting and review, legal advice, compliance, dispute resolution, and governance advice to the General Fund and Utilities Administration Fund.

4. Add Legal Resources	1.00	290,000	-	290,000
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This action adds 1.00 Assistant City Attorney position to provide legal resources for a Zoning Code Update, San Antonio Coordinated Area Plan/Concept Plan, short-term rental and airport noise regulations, and implementation of the Housing Element. (Ongoing cost: \$299,761)

**Performance Results**



This action ensures sufficient resources for priority projects that require legal support.

# CITY AUDITOR

## Mission Statement



The mission of the Office of the City Auditor is to promote honest, efficient, effective, economical, fully accountable, and transparent City government.

## Purpose

The purpose of the Office of the City Auditor is to conduct internal audits and examinations of any City department, program, service, activity, or fiscal transaction to provide the City Council and City management with information and evaluations regarding the effectiveness and efficiency with which City resources are employed, the adequacy of the system of internal controls, and compliance with City policies and procedures and regulatory requirements. In addition, the City

Auditor's Office ensures that City departments and officers responsible for accounting and financial management activities comply with statutory requirements and accounting standards.

## **CITY AUDITOR**

Adriane McCoy

The Office of the City Auditor was transitioned in FY 2021 to a multi-year contractual relationship with BakerTilly.

Additional information about this contract and appointment can be found in a report from the Council Appointed Officers Committee, adopted by the City Council on April 24, 2023 (CMR 2304-1295). This new service delivery model went into effect October 1, 2020.

<https://www.cityofpaloalto.org/Departments/City-Auditor>

## Description

The Office of the City Auditor (OCA) conducts performance audits and reviews of City departments, programs, and services. Performance audits provide the City Council, City management, and public with independent and objective information regarding the economy, efficiency, and effectiveness of City programs and activities, the adequacy of the system of internal controls, and compliance with City policies and procedures and regulatory requirements.

Each fiscal year, the OCA presents an annual audit work plan for City Council approval. The OCA will continue to report quarterly to the City Council on the status of audit projects and the recommendations made as a result of those audits.

The OCA contracts with an independent certified public accountant for the City's annual external financial audit.

## Accomplishments

The City engaged the accounting firm, Baker Tilly, to serve as the outsourced City Audit function for the City in 2020. Moving into FY 2023, the City Auditor sought to build upon the successes of its initial years serving the City. The following accomplishments were achieved by the City:

### 1) Execution of the Audit Plan:

- During the fiscal year, the Office of the City Auditor completed the following audit activities:
  - IT Risk Management
  - Asset Capitalization
  - Construction Project Controls
  - Building Permit Process
  - Economic Recovery
  - Power Purchase Agreements
  - Public Safety Building (initial memo)
- During the fiscal year, the City Auditor also began its work on multiple audit activities including:
  - Non-profit agreements
  - Wire Payments
  - Utility Work Orders and Asset Management
  - Wastewater Treatment Agreement
  - Remote Work Study

## CITY AUDITOR

- SAP Functionality and Segregation of Duties
- Cybersecurity Assessment

### 2) City Audit Planning:

- In its capacity serving as the City Auditor function, and in accordance with Baker Tilly's agreement with the City, Baker Tilly performed a citywide risk assessment. The purpose of the assessment was to identify and prioritize risks in order to develop the annual audit plan. During the risk assessment, Baker Tilly assessed a wide range of risk areas, including strategic, financial, operational, compliance, technological, and reputation risks. The results of the assessment were approved by the Policy and Services Committee as well as the City Council.
- Using the results of the risk assessment, the Office of the City Auditor prepared a recommended audit plan extended through FY 2023. The audit plan was approved by the Policy and Services Committee as well as the City Council.

### 3) Continuity of City Audit Services:

- During FY 2023, the City completed its first year of a contract extension with Baker Tilly to serve as the outsourced City Audit function for Fiscal Years 2023-2025.

## Initiatives

- Overall, the City Auditor aims to promote honest, efficient, effective, economical, fully accountable, and transparent City government in compliance with statutory requirements and accounting standards.
- Execute the approved Audit Plan, which includes audit activities spanning across multiple departments and functions. The plan includes audit and consulting engagements covering City departments, programs, services, activities, and fiscal transactions.
- Provide additional advisory services, as outlined under Baker Tilly's agreement with the City, including providing annual and quarterly reports, monitoring implementation of corrective actions, and assisting in monitoring the fraud/waste/abuse hotline.
- Refine and finalize performance measures and workload measures to be implemented for the FY 2025 budget.

## Goals and Objectives

### Goal 1

Add value and improve the City's operations by providing independent, objective analysis and information regarding the stewardship, performance, and/or cost of City policies, programs, or operations to assist the City Council and management in making informed decisions.

#### Objectives:

- Focus on the City's highest risks by maintaining an effective, systematic, and documented process that identifies the most significant strategic, operational, financial, and regulatory risks to the achievement of the City's objectives.
- Provide impactful audit services through timely and value-added communication to key stakeholders regarding the effectiveness and efficiency with which City resources are employed; the adequacy of internal controls; and compliance with provisions of laws, regulations, contracts, grant agreements, and City policies and procedures.

- Maintain an effective follow-up process to monitor and evaluate the adequacy, effectiveness, and timeliness of actions taken by management to address audit recommendations and report to the City Council whether City management has implemented the recommendation or has assumed the risk of not taking action.

## Goal 2

Provide the residents of Palo Alto, City Council, City staff, and other stakeholders with information on past performance to strengthen public accountability, improve government efficiency and effectiveness, and support future decision-making.

### Objectives:

- Contract with the City's external auditor for the completion of the City's Annual Comprehensive Financial Report (ACFR) and the Single Audit Report.

## Goal 3

Maintain efficient and effective audit processes.

### Objectives:

- Maintain an efficient and effective system of quality control by regularly performing internal and external assessments and periodically updating the Office of the City Auditor's policies and procedures to ensure compliance with professional standards and incorporation of applicable leading industry practices.
- Maintain an adequately skilled, knowledgeable, and competent staff of audit professionals.
- Communicate the engagement's objectives, scope, conclusions, and recommendations accurately, objectively, clearly, concisely, constructively, completely, and in a timely manner.

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Audit Services	933,444	830,537	978,604	986,484	7,879	0.8%
<b>Total Dollars by Division</b>	<b>\$933,444</b>	<b>\$830,537</b>	<b>\$978,604</b>	<b>\$986,484</b>	<b>\$7,879</b>	<b>0.8%</b>
<b>Salary &amp; Benefits</b>						
Healthcare	5,927	355	—	—	—	—%
Other Benefits	9,908	503	—	—	—	—%
Pension	51,524	11,992	—	—	—	—%
Retiree Medical	44,482	45,210	—	—	—	—%
Salary	139,835	34,682	—	—	—	—%
Workers' Compensation	29,111	29,934	—	—	—	—%
<b>Total Salary and Benefits</b>	<b>\$280,788</b>	<b>\$122,675</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—%</b>
<b>Dollars by Category</b>						
Allocated Charges	41,335	42,177	34,604	32,484	(2,121)	(6.1)%
Contract Services	611,322	665,685	944,000	954,000	10,000	1.1%
<b>Total Dollars by Category</b>	<b>\$933,444</b>	<b>\$830,537</b>	<b>\$978,604</b>	<b>\$986,484</b>	<b>\$7,879</b>	<b>0.8%</b>
<b>Revenues</b>						
Charges to Other Funds	288,351	341,396	441,638	452,858	11,220	2.5%
<b>Total Revenues</b>	<b>\$288,351</b>	<b>\$341,396</b>	<b>\$441,638</b>	<b>\$452,858</b>	<b>\$11,220</b>	<b>2.5%</b>
<b>Positions by Division</b>						
Audit Services	3.00	—	—	—	—	—%
<b>Total Positions by Division</b>	<b>3.00</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—%</b>

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
City Auditor	1.00	—	—	—	—	—
Senior Performance Auditor	2.00	—	—	—	—	—
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>3.00</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Positions</b>	<b>3.00</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	0.00	978,604	441,638	536,966
<b>One-Time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-Time Prior Year Budget Adjustments</b>	-	-	-	-
<b>Adjustments to Costs of Ongoing Activities</b>				
General Fund Cost Allocation Plan	-	-	11,220	(11,220)
Auditor Services Contract Increase	-	10,000	-	10,000
Information Technology Allocated Charges	-	2,820	-	4,079
Printing & Mailing Services Allocated Charges	-	(6,200)	-	(6,200)
<b>Adjustments to Costs of Ongoing Activities</b>	-	6,620	11,220	(3,341)
<b>Total FY 2024 Base Budget</b>	0.00	985,225	452,858	533,625
<b>Budget Adjustments</b>				
1. FY 2024 Enhancement of Information Technology (IT) Services	-	1,259	-	1,259
<b>Total Budget Adjustments</b>	-	1,259	-	1,259
<b>Total FY 2024 Adopted Budget</b>	0.00	986,484	452,858	534,884

## Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. FY 2024 Enhancement of Information Technology (IT) Services	-	1,259	-	1,259

This action increases allocated charges for IT services to the City Auditor by approximately \$1,000 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$1,259)

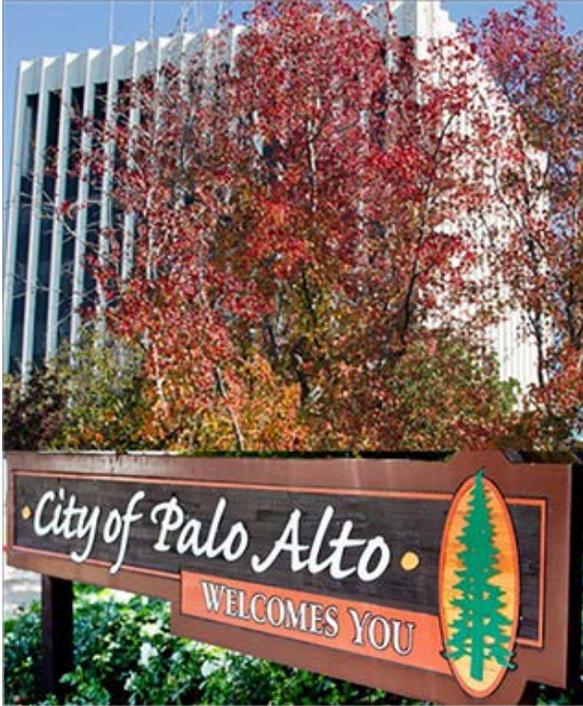
### Performance Results



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

# CITY CLERK

## Mission Statement



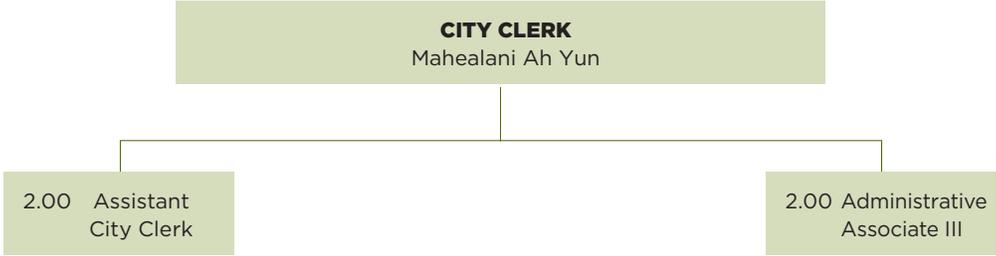
The City Clerk's Office promotes transparency and public engagement through coordinating the legislative process, records management, elections, public records requests, supporting the Mayor and City Council, and acting as a liaison between the City Council and the public.

## Purpose

The purpose of the City Clerk's Office is to provide prompt, high quality public service by connecting the public with the legislative process; ensure the City's legislative processes are open and transparent including friendly customer service, knowledgeable

staff, and easy accessibility through technology; elections administration; coordinate with all city departments through the agenda management program to produce agendas and reports for Council and Council Standing Committee meetings; facilitate the preservation of Palo Alto's legislative history, including approved action minutes; coordination of public records requests, claims against the City, applications for boards and commissions, and update and maintain City Ordinances and the Municipal Code; provide access to legislative meeting information and coordinate Statements of Economic Interest as well as campaign and other financial disclosure related filings.

# CITY CLERK



**FY 2024 POSITION TOTALS**  
5.00 - Full-time

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

## Description

The City Clerk's Office provides a wide range of public services including: supporting the City Council, City staff, and public by providing copies of agendas and associated reports; posting and publishing legal notices, and scheduling public hearings; preparing action minutes; recording of Ordinances and Resolutions; coordination and scheduling of Parking and Administrative Hearings; engaging in records management, elections, and board and commission recruitments; and processing of public records requests.

## Accomplishments

- Facilitated a transparent and inclusive election in November 2022 with nine (9) Council Candidates and two (2) Ballot Measures.
- Expanded and refined the transition of public meetings from fully virtual to a hybrid format in more locations, increasing public participation options and transparency for public meetings; hosted every public event in a filmed or hybrid location including the Council Reorganization meeting, Priority Setting workshop, and State of The City Event.
- Acquired, configured, and launched a digital record management system offering public access to over 60,000 searchable legislative records in a public-facing portal.
- Prepared and published 41 City Council meeting agenda packets, and 39 Finance, Policy and Services, and Rail Committee agenda packets for a total of 80 public meetings.
- Supported approximately 552 hours of Council and Council Standing Committee meetings.
- Facilitated multiple Board and Commission recruitments and implemented new recruitment techniques for 16 different open seats, resulting in record numbers of applications received for each recruitment.
- Coordinated the responses to over 600 Public Records Requests; hosted city-wide staff training and instituted modifications to the (Public Records Act) PRA Facilitation process to expand transparency and expedite responses.
- Acquired, configured, and implemented a new agenda management system across the enterprise as well as conducted city-wide training for staff.
- Successfully partnered with the Communications department to host quarterly, well-attended community neighborhood meetings.
- Successfully created a knowledge base and orientation program for newly appointed Council and Commission members which included operations information, legal requirements, training mandates, and opportunities for additional resources.
- Expanded public outreach with local media providers for expanded city information dissemination.

## Initiatives

- Successfully adopt City's Record Management Policy and Record Retention Schedule, and hold city-wide trainings on public records policies and practices, including an update to the city-wide email retention policy.

- Conduct city-wide training on public records creation, management, and transparency.
- Complete transition of off-site records to a new vendor.
- Continue to identify ways to increase community engagement opportunities with the public.
- Publish and train on a collaborative Staff Report Writing Guide.
- Assist with building workflows and archiving structure for all City contracts.
- Identification of processes that would automate the release of routine disclosable City records for increased transparency.

## Goals and Objectives

### Goal 1

#### Meeting Management Innovations

Lead an innovative meeting management strategy including implementation of a new agenda and meeting management solution to increase opportunities for public participation and access to records, promoting transparency, accountability, and effective service delivery.

#### Objectives:

- Implementation of strategies to increase access to and participation options during public meetings.
- Expand and refine the hybrid meeting set up and functionality; collaborate with Information Technology Division to effectively outfit more public spaces for hybrid style meetings.

### Goal 2

#### Record Management

Revise record policies and management processes and train all staff on best record management practices.

#### Objectives:

- Expansion of the recently acquired record management system, completion of in process historical import and archiving of legislative records into that system.
- Collaborate with all City departments to update and adopt revised Record Retention Policy, Record Retention Schedule.
- Coordinate citywide record cleanup day for hard copy and digital records.
- Conduct citywide training on public records creation, management and transparency.

### Goal 3

#### Expand Community Engagement Opportunities

Development of a program to effectively onboard new Council, Board and Commissioners.

#### Objectives:

- Build or enhance relationships with local media providers including considering options for more equitable publication of City legal notices and advertisements to maximize public reach.
- Assist with the facilitation and promotion of Town Hall Meetings throughout different neighborhoods.
- Exploration of possible Council Communications platforms.

- Conduct public outreach regarding the November 2022 election for Council candidates and voter registration.

## Key Performance Measures

### PERCENTAGE OF ACTION MINUTES POSTED WITHIN ONE WEEK AFTER THE COUNCIL MEETING

Goal	Provide timely reporting of City Council action in support of City operations and transparency to the public.				
Objective	Transcribe and submit Council action minutes for approval within one week of each Council meeting.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Percentage of action minutes posted within one week after the Council meeting	98%	99%	98%	98%	98%
Description	After each Council meeting, the City Clerk's Office transcribes the draft actions that the Council took and, within one week, submits these actions to Council for approval.				
Purpose	This supports transparency and informed decision making, by providing the public with Council actions in a timely manner.				
Status	The City Clerk's Office has maintained a high performance level with 98% of action minutes posted online within one week after each Council meeting and anticipates maintaining the 98% level of performance estimated for FY 2023 into FY 2024.				

### PERCENTAGE OF COUNCIL AGENDA PACKET MATERIALS POSTED ON THE THURSDAY, 11 DAYS PRIOR TO THE MONDAY CITY COUNCIL MEETING

Goal	Lead the agenda management process and records management program promoting transparency, accountability, and effective service delivery.				
Objective	Ensure that the preparation and distribution of the Council's agenda packets are timely, accurate, and responsive.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Percentage of Council agenda packet materials posted Thursdays, 11 days prior to the Council meeting	98%	98%	98%	98%	98%
Description	The City Clerk's Office strives to distribute agenda packets to the City Council and public on Thursday, 11 days before the Council's Monday meeting in order to maximize the amount of time to review the packet.				
Purpose	Provide the City Council and public with adequate time to review upcoming issues that will be discussed by the City Council, ensuring transparency of Council proceedings.				

## Key Performance Measures

Status	Through implementing an 11-day goal for posting City Council agenda packets, the City Clerk’s Office coordinates with other City departments to accomplish this at a level of 98% of packets posted 11 days prior to the Council meeting. This Performance Measure is managed by the City Clerk’s Office but is highly dependent on operating departments completing the review process in a timely manner.
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### PERCENTAGE OF PUBLIC RECORDS REQUESTS RESPONDED TO WITHIN THE TEN DAYS REQUIRED BY LAW

Goal	Respond to the legislative needs of the City Council, staff, and the community in a timely and effective manner.				
Objective	Provide excellent customer service to the public.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percentage of public records requests responded to within the ten days required by law	91%	93%	98%	95%	98%
Description	Public Records requests are required to be addressed within ten days of receipt. This could be the actual response or a request for an extension of time to gather the requested records.				
Purpose	Provide the public with information that is held by the City and is subject to public disclosure; ensure that a response is received by the requester within the allotted ten days.				
Status	The City is close to meeting the goal adopted for FY 2023 of a 98% response rate within 10 days and anticipates meeting the target in FY 2024.				

## Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of City Council Meeting Action Minutes posted annually	55	45	48	39	40
Number of weekly agenda packets produced annually	64	77	51	79	79
Number of public records requests received annually	575	654	660	610	650
Number of applications processed for open Board and Commission seats	54	55	52	62	65

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Administration	538,223	534,785	683,980	712,877	28,897	4.2%
Administrative Citations	39,828	6,723	60,204	60,209	5	—%
Council Support Services	346,281	368,543	476,273	499,841	23,568	4.9%
Election/Conflict of Interest	122,139	124,314	140,877	146,018	5,141	3.6%
Legislative Records Management	46,203	53,767	68,161	71,976	3,815	5.6%
Public Information	(120)	—	—	—	—	—%
<b>Total Dollars by Division</b>	<b>\$1,092,554</b>	<b>\$1,088,132</b>	<b>\$1,429,495</b>	<b>\$1,490,921</b>	<b>\$61,426</b>	<b>4.3%</b>
<b>Salary &amp; Benefits</b>						
Healthcare	56,012	48,983	82,866	103,742	20,876	25.2%
Other Benefits	22,925	20,573	25,156	23,789	(1,367)	(5.4)%
Overtime	4,808	482	7,643	8,165	522	6.8%
Pension	193,455	198,536	242,647	247,699	5,052	2.1%
Retiree Medical	39,540	40,186	39,977	45,411	5,434	13.6%
Salary	503,777	500,541	556,770	589,086	32,316	5.8%
Workers' Compensation	26,168	26,908	31,894	30,559	(1,336)	(4.2)%
<b>Total Salary and Benefits</b>	<b>\$846,686</b>	<b>\$836,210</b>	<b>\$986,953</b>	<b>\$1,048,452</b>	<b>\$61,499</b>	<b>6.2%</b>
<b>Dollars by Category</b>						
Allocated Charges	77,228	111,433	130,998	121,176	(9,823)	(7.5)%
Contract Services	114,887	85,482	242,961	242,961	—	—%
General Expense	53,483	51,023	65,589	75,339	9,750	14.9%
Supplies & Material	270	3,985	2,993	2,993	—	—%
<b>Total Dollars by Category</b>	<b>\$1,092,554</b>	<b>\$1,088,132</b>	<b>\$1,429,495</b>	<b>\$1,490,921</b>	<b>\$61,426</b>	<b>4.3%</b>
<b>Revenues</b>						
Charges for Services	225	—	2,043	—	(2,043)	(100.0)%
Charges to Other Funds	344,234	375,383	670,321	647,602	(22,718)	(3.4)%

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Other Revenue	63	266	3,143	350	(2,793)	(88.9)%
<b>Total Revenues</b>	<b>\$344,522</b>	<b>\$375,649</b>	<b>\$675,507</b>	<b>\$647,952</b>	<b>\$(27,554)</b>	<b>(4.1)%</b>
<b>Positions by Division</b>						
Administration	2.85	2.85	2.85	2.85	—	—%
Council Support Services	1.30	1.30	1.30	1.30	—	—%
Election/Conflict of Interest	0.55	0.55	0.55	0.55	—	—%
Legislative Records Management	0.30	0.30	0.30	0.30	—	—%
<b>Total Positions by Division</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>—</b>	<b>—%</b>

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Administrative Associate III	2.00	2.00	2.00	2.00	—	192,733
Assistant City Clerk	1.00	1.00	1.00	2.00	1.00	205,482
City Clerk	1.00	1.00	1.00	1.00	—	182,021
Deputy City Clerk	1.00	1.00	1.00	—	(1.00)	—
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>—</b>	<b>\$580,236</b>
<b>Total Positions</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>—</b>	<b>\$580,236</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	5.00	1,429,495	675,507	753,988
<b>One-Time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-Time Prior Year Budget Adjustments</b>	-	-	-	-
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	56,286	-	56,286
Association Membership Fees	-	1,750	-	1,750
Charges for Services and Other Revenue Realignment	-	-	(4,836)	4,836
Special Events and Awards, Travel/Meetings	-	8,000	-	8,000
General Fund Cost Allocation Plan	-	-	(22,719)	22,719
Information Technology Allocated Charges	-	5,409	-	5,409
Liability Insurance Allocated Charges	-	234	-	234
Printing & Mailing Services Allocated Charges	-	(17,300)	-	(17,300)
Workers' Compensation Allocated Charges	-	(1,335)	-	(1,335)
<b>Adjustments to Costs of Ongoing Activities</b>	-	53,044	(27,555)	80,599
<b>Total FY 2024 Base Budget</b>	5.00	1,482,539	647,952	834,587
<b>Budget Adjustments</b>				
1. Assistant City Clerk Reclassification	-	6,547	-	6,547
2. FY 2024 Enhancement of Information Technology (IT) Services	-	1,835	-	1,835
<b>Total Budget Adjustments</b>	-	8,382	-	8,382
<b>Total FY 2024 Adopted Budget</b>	5.00	1,490,921	647,952	842,969

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Assistant City Clerk Reclassification	-	6,547	-	6,547

This action reclasses 1.00 Deputy City Clerk to 1.00 Assistant City Clerk to incentivize retention among the City Clerk’s Office by providing room for professional growth. This will allow additional staff support and flexibility in managing the increased demands of a new software system and the changed nature of public meetings. This reclassification will provide a retention strategy to be able to offer growth within the position to maintain continuity within the Department and a modification to align the job classification to match the current functions, operations, and expectations of the position. (Ongoing cost: \$6,853)

**Performance Results**  

This action will result in improved staff continuity and increased flexibility in staffing community meetings.

2. FY 2024 Enhancement of Information Technology (IT) Services	-	1,835	-	1,835
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This action increases allocated charges for IT services to the City Clerk’s Office by approximately \$2,000 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$1,835)

**Performance Results**   

This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

# CITY COUNCIL

## Mission Statement



The City Council's mission is to develop an overall vision for the community as a whole.

## Purpose

The City Council is responsible for the scope, direction, and financing of City services; establishing policy based on information provided by staff, advisory boards and commissions, and the general public; and implementing policy through staff under the Council-Manager form of government.



## Description

Under the Council-Manager form of government, the City Council is responsible for the legislative functions of the City such as establishing policies and priorities, developing an overall vision, and approving the annual spending plan for the City. The terms of the Mayor and the Vice-Mayor are one year, expiring at the first meeting in January. The terms of Council members are four years, and the General Municipal Election is held in even-numbered years on the first Tuesday after the first Monday in November.

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
City Council Operations	334,008	353,618	435,597	439,030	3,432	0.8%
<b>Total Dollars by Division</b>	<b>\$334,008</b>	<b>\$353,618</b>	<b>\$435,597</b>	<b>\$439,030</b>	<b>\$3,432</b>	<b>0.8%</b>
<b>Salary &amp; Benefits</b>						
Healthcare	80,479	92,186	90,868	53,643	(37,225)	(41.0)%
Other Benefits	8,342	8,404	4,560	4,225	(335)	(7.3)%
Pension	25,762	33,510	43,349	39,136	(4,213)	(9.7)%
Retiree Medical	48,601	49,396	59,659	72,657	12,997	21.8%
Salary	72,656	71,917	84,000	84,000	—	—%
Workers' Compensation	6,398	6,579	5,857	5,565	(292)	(5.0)%
<b>Total Salary and Benefits</b>	<b>\$242,238</b>	<b>\$261,992</b>	<b>\$288,294</b>	<b>\$259,227</b>	<b>\$(29,067)</b>	<b>(10.1)%</b>
<b>Dollars by Category</b>						
Allocated Charges	14,435	15,656	16,378	18,878	2,500	15.3%
Contract Services	74,528	57,822	108,000	108,000	—	—%
General Expense	1,227	16,046	19,995	49,995	30,000	150.0%
Supplies & Material	1,580	2,103	2,930	2,930	—	—%
<b>Total Dollars by Category</b>	<b>\$334,008</b>	<b>\$353,618</b>	<b>\$435,597</b>	<b>\$439,030</b>	<b>\$3,432</b>	<b>0.8%</b>
<b>Revenues</b>						
Charges to Other Funds	109,897	134,686	190,709	157,106	(33,604)	(17.6)%
<b>Total Revenues</b>	<b>\$109,897</b>	<b>\$134,686</b>	<b>\$190,709</b>	<b>\$157,106</b>	<b>\$(33,604)</b>	<b>(17.6)%</b>
<b>Positions by Division</b>						
City Council Operations	7.00	7.00	7.00	7.00	—	—%
<b>Total Positions by Division</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>—</b>	<b>—%</b>

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
City Council	7.00	7.00	7.00	7.00	—	84,000
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>—</b>	<b>\$84,000</b>
<b>Total Positions</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>—</b>	<b>\$84,000</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>7.00</b>	<b>435,597</b>	<b>190,709</b>	<b>244,888</b>
<b>One-Time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	(28,775)	-	(28,775)
General Fund Cost Allocation Plan	-	-	(33,603)	33,603
Information Technology Allocated Charges	-	1,111	-	1,111
Liability Insurance Allocated Charges	-	1,062	-	1,062
Workers' Compensation Allocated Charges	-	(292)	-	(292)
<b>Adjustments to Costs of Ongoing Activities</b>	<b>0.00</b>	<b>(26,894)</b>	<b>(33,603)</b>	<b>6,709</b>
<b>Total FY 2024 Base Budget</b>	<b>7.00</b>	<b>408,703</b>	<b>157,106</b>	<b>251,597</b>
<b>Budget Adjustments</b>				
1. Travel, Meetings, and Special Events	-	30,000	-	30,000
2. FY 2024 Enhancement of Information Technology (IT) Services	-	327	-	327
<b>Total Budget Adjustments</b>	<b>0.00</b>	<b>30,327</b>	<b>-</b>	<b>30,327</b>
<b>Total FY 2024 Adopted Budget</b>	<b>7.00</b>	<b>439,030</b>	<b>157,106</b>	<b>281,924</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Travel, Meetings, and Special Events	-	30,000	-	30,000

This action adds funding for Council travel and special events that were reduced as part of pandemic-related budget reductions. Travel and meeting expenditures would be increased from no budget to \$25,000 and special event and award expenditures would be increased from \$5,000 to \$10,000 to reflect the increasing occurrence of in-person events, conferences, and meetings. (Ongoing cost: \$30,000)

**Performance Results**



This action will provide the necessary resources to allow for additional in-person Council events and meetings.

2. FY 2024 Enhancement of Information Technology (IT) Services	-	327	-	327
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This action increases allocated charges for IT services to the City Manager’s Office by approximately \$300 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$327)

**Performance Results**



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.



CITY OF  
**PALO**  
**ALTO**

# CITY MANAGER

## Mission Statement



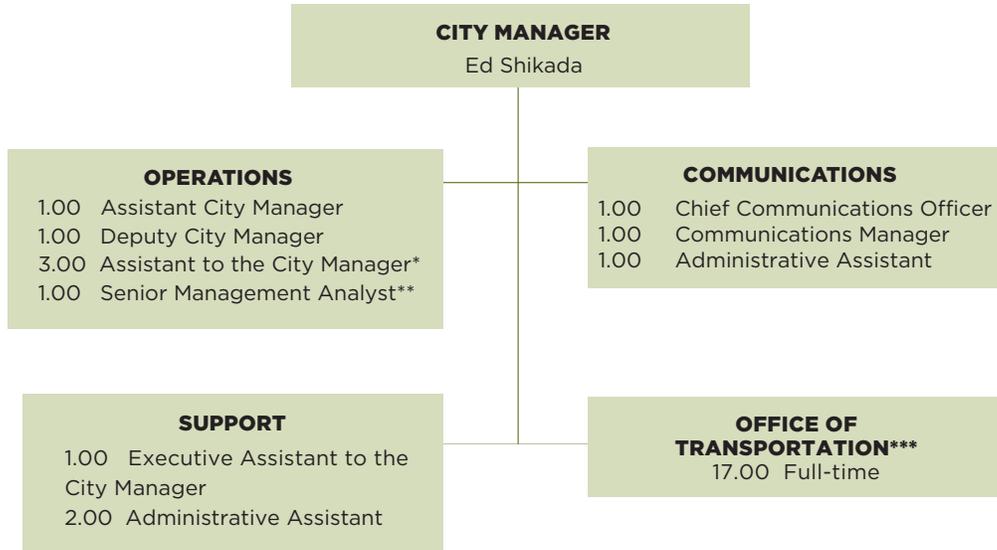
The City Manager's Office provides leadership and professional management to the City government organization and works with the City Council to develop and implement policies to maintain and enhance Palo Alto's quality of life.

## Purpose

The City Manager's Office adheres to guiding values that emphasize community, stewardship, and public service to ensure the City Council's goals and objectives are achieved in a timely manner.



# CITY MANAGER



**FY 2024 POSITION TOTALS**  
30.00 - Full-time

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

\* 3.00 Assistant to the City Manager breakdown: 1.00 Economic Development, 1.00 Housing and Unhoused Services, and 1.00 Generalist  
 \*\* Equity and Inclusion Official  
 \*\*\* A detailed breakdown of the organizational structure of the Office of Transportation is included later in this section.

0.75 Administrative Assistant for citywide customer service is budgeted in the Human Resources Department and staff for this function appears in the respective organizational chart. Administrative oversight is retained by the City Manger's Office.

## Description

The City Manager's Office (CMO) provides strategic leadership and guidance to the City operations and services for the City of Palo Alto through the following areas (including incubation of new programs):

### **FACILITATE CITY COUNCIL LEGISLATIVE ACTIONS**

The City Council sets policy direction for the City of Palo Alto and confers that direction through legislative actions. To support the Council's work, the CMO prepares City Manager Reports (staff reports) in collaboration with City departments, including analysis and recommended City Council action, and implements City Council actions. The CMO acts on priorities identified by the City Council during the annual City Council Retreat and City Council-initiated policies or programs. The CMO also engages other governments through participation in regional, statewide, and national organizations, and directs state and federal legislative advocacy efforts on behalf of the City.

### **MANAGE SPECIAL INTERDEPARTMENTAL PROJECTS**

Each year, the City tackles special projects that, due to their scale and scope, require extensive interdepartmental coordination, community outreach, and engagement with non-profits, neighboring communities and public agencies. The City Manager's Office takes responsibility for managing these special projects in order to ensure efficient and effective coordination, implementation, and achievement of the City's goals. Some projects may be planned and identified as City Council priorities in one year or another (such as Grade Separation and Sustainability) and others may arise as the City responds to unfolding events and community concerns, such as racial equity and inclusion. Special long-term projects, such as Transportation, remain an "Office" within the CMO department for specific attention and coordination. Others, such as Sustainability, move to another department over-time for long-term operational work, though regular reporting and project development may be facilitated and communicated via the CMO.

### **DIRECT AND COORDINATE DEPARTMENT OPERATIONS**

The CMO provides strategic leadership and guidance to the City's Executive Leadership Team to ensure the provision of high-quality, cost-effective and focused services throughout Palo Alto. The CMO ensures City operations demonstrate transparency and fiduciary responsibility to the public. In this capacity, the CMO also provides timely, accurate, and results-oriented financial and operational reports. Through the budget and development of citywide business plans, the CMO ensures resources are allocated to the City Council's policies and priorities.

### **SUPPORT A PRODUCTIVE AND HEALTHY WORKFORCE**

The CMO maintains a highly qualified, engaged, and effective workforce to successfully achieve the City's goals and objectives. Towards that end, the CMO cultivates a strong service culture and provides ongoing, informative communications with City employees regarding key objectives, challenges, and accomplishments. As vacancies occur within the organization, the CMO provides support to maintain service delivery. In addition, the CMO mentors junior and senior staff, developing a pipeline of qualified managers within the organization.

### **COORDINATE COMMUNICATIONS & COMMUNITY ENGAGEMENT**

Palo Alto stands out as a well-informed and engaged community. The City Manager's Office builds on this strength by proactively communicating public information, creating and supporting community partnerships, and facilitating citizen involvement in order to develop mutual understanding and support between City government and constituents. The CMO achieves this by supporting new community engagement efforts, while also promoting best communication practices throughout the City. In addition, communications staff respond to requests from media and the public, broadcast information on a range of platforms, and assist departments in their communication activities.

### **FACILITATE BUSINESS ENGAGEMENT & ECONOMIC VITALITY**

The City Manager's Office maintains collaborative relationships with businesses and residents to facilitate desired economic activity. In addition to addressing issues with individual businesses, local and regional associations serve as leaders and partners in this endeavor. Accordingly, the City Manager assigns staff to these organizations. The CMO, as staffing resources allow, acts as an ombudsman, facilitating the routing of business inquiries to appropriate departments for resolution. In addition, the CMO leads Palo Alto's participation in Sister Cities, creating meaningful connections with cities around the world.

## Accomplishments

The City Manager's Office (CMO) provides leadership and professional management to the organization. The accomplishments demonstrated throughout the budget document, within the department sections, reflect the overall guidance provided by the CMO. In addition to these many accomplishments organization-wide, the CMO completed a series of key projects and activities through its general administration, public communication, and economic development duties:

### **CITY COUNCIL POLICY DIRECTION (GOAL 1):**

- Supported City Council priority setting for the 2023 calendar year, and supported Council's adoption of actionable objectives as a work plan to operationalize the 2023 priorities. In addition, staff enhanced quarterly reporting to demonstrate progress and potential barriers.
- Through leadership and guidance to the organization, managed the agenda process to ensure timely Council review and consideration of various contracts, programs and services, and budget and policy items.
- Through thorough Council review and direction, staff presented recommendations and have implemented set of changes to both California Avenue and Ramona Street to support enhanced pedestrian walkways and continue expanded outdoor dining options, and restructure.

### **CITY MANAGEMENT TEAM LEADERSHIP: ENSURING HIGH-QUALITY, COST-EFFECTIVE, AND CUSTOMER-FOCUSED SERVICES (GOAL 2):**

- Advanced organizational excellence through the development and implementation of work plans.
- Formalized a professional development process to connect managers and staff with trainings, resources, and promotional opportunities and enhanced positive work environment focus through new initiatives.
- Advanced retention efforts through the development of a market salary study to ensure the City of Palo Alto is an employer of choice, further ensuring strong leadership at all levels of the organization.

- Filled key positions in the City Manager’s Office, including three Assistants to the City Managers to advance key City Council priorities including Economic Development, Housing, and Special Initiatives to further support citywide priorities and focus. Also filled the Assistant City Manager position as a key position for organizational operations.

### **FINANCIAL PLANNING - DEVELOPING AND IMPLEMENTING OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGETS (GOAL 3):**

- Summer 2023 construction on Fire Station No. 4 is scheduled to begin.
- Requested and awarded \$2 million in Federal Community Project Funding (earmark) to augment and support a pilot program providing an alternative to law enforcement for lower acuity mental health calls.
- Construction for the Public Safety Building is on track and within budget to open in Fall 2023.
- Capital and operating programs supported through grants such as the recently awarded \$160,000 U.S. Department of Transportation grant to develop a Palo Alto Safe Streets for all Action Plan – an opportunity that can lead to future additional annual funding for transportation safety improvement.
- Received \$26.6 million Homekey award and moving forward on the project in partnership with LifeMoves to provide transitional housing and services for the unhoused residents.
- Requested and secured State earmark funding for Newell Road Bridge and Fire Station No. 4.

### **PROMOTE AND SUSTAIN CITIZEN PARTICIPATION AND ENGAGEMENT IN PUBLIC MATTERS (GOAL 4):**

- Presented a full spectrum of engagement activities to the City Council to implement the Council priority work plans.
- Supported regular communication and best practice sharing with Sister and Sibling Cities, including co-hosting the Neighbors Abroad festival and engaging in sustainability conversations.
- Established an annual process in collaboration with Palo Alto Neighborhoods and the City Council to host a series of neighborhood town hall meetings and hosted the first Neighborhood Town Hall meeting on October 12, 2022.
- Launched a new online customer service feedback tool that offers the public another avenue to share feedback about services provided.
- The City continued to support in-person/hybrid Council, Committees, and Board Commissions meetings for constituents.
- Supported businesses by continuing the Uplift Local program to expand outdoor dining, retail, and more, generally supporting the business community and connecting the broader Palo Alto community together during challenging economic and public health emergencies.
- Offered enhanced and focused support to key business districts such as Downtown Palo Alto, California Avenue, and the Stanford Shopping Center, through the introduction of an Economic Development-focused position in the CMO.
- Advanced efforts to address the impacts of air traffic by advocating for and responding to initiatives by the Federal Aviation Administration (FAA).
- Provided support for the Sustainability Climate Action Plan (S/CAP) Ad Hoc process which led to the endorsement of proposed sustainability actions including making the City carbon neutral by 2030, establishing a heat pump water heater program and other climate action goals.
- Successfully conducted the Palo Alto Community Survey to gauge residents’ perception on quality-of-life, City programs and services.

- Launched two issue-based online engagement portals focused on fiber and sustainability, furthering community awareness about these key initiatives and informing Council decision-making.

## Initiatives

- Further a robust City Council priority setting process and regular, special, and Council and committee meetings.
- Provide support on housing projects and programs, including renter protection and unhoused services, coordinate multi-departmental efforts related to services for unhoused residents, engage with community groups and build collaborative relationships with stakeholders.
- Provide leadership and professional management to the City government organization.
- Develop and lead workforce development, retention and hiring practices that enhance professional and leadership development; recognizing the challenging hiring environment, workload and continued resource limitations.
- Advance international programs through the partnership with Neighbors Abroad to enhance existing Sister Cities and the Sibling City relationship.
- Further a robust federal and state legislative agenda to support Council priorities and policies.
- Lead community engagement programs to strengthen the citizen/local government relationships and enable authentic partnerships in building community.
- Develop and initiate Measure K and L implementation plans together with community through robust outreach efforts and reporting.
- Expand the City's digital engagement and online presence to both inform and engage the community.
- Provide strategic communications to ensure a unified voice, across all departments in sharing the City's story about programs, services and community connections and resources.
- Advance racial equity and inclusive opportunities for all and embed equity in City operations and Board and Commission work such as completion of organizational assessment and next steps thereafter.
- Adopt and implement an economic development strategy and further partnerships with businesses to advance City goals, and meet community stakeholder needs.
- Implement the S/CAP three-year work plan and facilitate related sustainability goals and key actions.

## Goals and Objectives

### Goal 1

Implement the City Council's policy direction and ensure their goals and objectives are achieved in a timely manner.

#### Objectives:

- Provide concise, actionable and responsive financial and operational reports that help further Council decision-making.
- Lead the development of citywide work plans that support achievement of the Council's policies and priorities.
- Model and retain a highly qualified, engaged, and effective workforce to further City goals and objectives.

## Goal 2

Lead the City's management team to ensure the provision of high-quality, cost-effective, and customer-focused services.

### Objectives:

- Provide data and analytics to support informed decision-making processes.
- Improve the efficiency of the City's infrastructure, facilities, and equipment to support environmental and fiscal sustainability.
- Facilitate a high level of citizen satisfaction with City services and explore innovative ways to track and respond to citizen requests.

## Goal 3

Advocate sound financial planning by developing and implementing Operating and Capital Improvement Program (CIP) budgets.

### Objectives:

- Lead the implementation of the City's annual and five-year capital improvement program to further key infrastructure projects such as Fire Station No. 4, Newell Road/San Francisquito Creek Bridge replacement, and the opening of the Public Safety Building and Charleston-Arastradero Corridor project phase 3.
- Promote and foster the use of innovation and technology, performance management, and community partnerships to maintain and/or enhance public services.
- Implement the voter-approved Measures L and K, to support key initiatives, long-term fiscal sustainability and to provide high-quality services to the community. Manage through economic recovery and diversify the City's economic ecosystem through the development and implementation of an economic development strategy.

## Goal 4

Promote and sustain citizen participation and engagement in public matters.

### Objectives:

- Engage public and private partners to advance community initiatives.
- Expand outreach efforts and communications platforms to broaden listening opportunities to encourage citizen participation in local government and community matters.
- Ensure timely and responsive resolution to citizens' inquiries.
- Preserve transparency and enhance communication with the public.

# Key Performance Measures

## CITIZEN SATISFACTION

Goal	Lead the City's management team to ensure the provision of quality, cost-effective, equitable, and community-focused services.				
Objective	Facilitate a high level of citizen understanding and satisfaction with City services.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of surveyed who rated the Overall Image/Reputation of the City as "Good" or "Excellent"	N/A*	76%	73%	75%	75%
Percent of surveyed who rated the Quality of City Services as "Good" or "Excellent"	N/A*	65%	73%	70%	69%
Percent of surveyed who rated the Value of Services for the Taxes Paid as "Good" or "Excellent"	N/A*	54%	53%	51%	53%
Description	The City participates in the National Citizen Survey (NCS), which is a collaborative effort between National Research Center, Inc. and the International City/County Management Association. This data is collected as part of the Palo Alto Community Survey that is conducted annually.				
Purpose	Residents' feedback on the quality of services provided by the City allows staff to evaluate performance and identify improvement opportunities.				
Status	*The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.				

## COORDINATE COMMUNICATIONS AND COMMUNITY ENGAGEMENT

Goal	Promote and sustain citizen participation and engagement in public matters.				
Objective	Preserve transparency and enhance communication with the public.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of subscribers to City Manager's online newsletter	50,608	47,780	47,353	47,353	47,000
Number of unique visitors to the City of Palo Alto website	1,119,678	829,510	873,480	899,039	829,806
Percent of surveyed rating the City's public info services (non-Police) as "Good" or "Excellent"	N/A*	75%	69%	55%	62%

# Key Performance Measures

Percent of surveyed who attended a local public meeting	N/A*	26%	21%	21%	21%
Percent of surveyed who rated the City's website as "Good" or "Excellent"	N/A*	69%	70%	63%	67%
Description	The City participates in the National Citizen Survey (NCS), which asks residents to rate their perception of local government media services. The NCS is a collaborative effort between National Research Center, Inc., and the International City/County Management Association. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community. The City tracks additional performance measures that indicate the volume of traffic to our communications resources (website) and the volume of people receiving our newsletter.				
Purpose	Robust levels of community awareness and participation demand communication systems that are timely, accurate, meaningful, and readily accessible.				
Status	<p>*The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.</p> <p>For Fiscal Year 2024-25, the communications statistics above will be revised to more accurately reflect digital community engagement.</p>				

# Key Performance Measures

## FACILITATE BUSINESS ENGAGEMENT AND ECONOMIC VITALITY

Goal	Maintain an environment that supports a strong local economy, supporting retailers, employees, and employers through sound financial planning and implementation of the City's Operating and Capital Improvement Program (CIP) budgets.				
Objective	Balance and manage economic growth and development initiatives.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Absolute value of sales tax revenue	\$29,100,000	\$32,700,000	\$32,600,000	\$31,500,000	\$31,480,000
Percent of surveyed who rated Employment Opportunities as "Good" or "Excellent"	N/A*	73%	47%	49%	56%
Percent of surveyed who rated Shopping Opportunities as "Good" or "Excellent"	N/A*	73%	77%	79%	76%
Percent of surveyed who rated Vibrant Downtown and Commercial Areas as "Good" or "Excellent"	N/A*	62%	72%	73%	69%
Year-over-year percentage increase in sales tax revenue	(4.90)%	12.37%	(0.31)%	(3.37)%	0.95%
Description	The City participates in the National Citizen Survey (NCS), which asks residents to rate their perception of economic activities and business and service establishments. The NCS is a collaborative effort between the National Research Center, Inc., and the International City/County Management Association. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community. The City also looks to performance measures such as sales tax revenue and the year-over-year change as indicators of the strength of the local economy and its connection to the City and the services funded by sales and other business-generated taxes.				
Purpose	Understanding the community perception of the business environment allows staff to work with developers and investors to ensure the right composition of business and services in Palo Alto.				
Status	*The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.				

## Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of City Council and City Council Committee meetings	93	77	82	77	82
Total Hours of City Council and City Council Committee meetings	443	335	338	326	361

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Administration and City Management	3,007,537	2,859,856	3,825,322	4,282,770	457,448	12.0%
Economic Development	234,614	5,280	25,198	147,201	122,003	484.2%
Public Communication	128,925	251,535	243,215	284,624	41,409	17.0%
Sustainability	3,484	—	—	—	—	—%
<b>Total Dollars by Division</b>	<b>3,374,559</b>	<b>3,116,671</b>	<b>4,093,735</b>	<b>4,714,595</b>	<b>620,860</b>	<b>15.2%</b>
<b>Salary &amp; Benefits</b>						
Healthcare	126,490	153,511	280,480	266,520	(13,960)	(5.0)%
Other Benefits	73,811	82,076	85,308	90,169	4,862	5.7%
Overtime	606	—	—	—	—	—%
Pension	550,314	532,577	798,611	1,005,856	207,245	26.0%
Retiree Medical	115,708	126,420	170,828	138,992	(31,835)	(18.6)%
Salary	1,631,049	1,598,364	2,119,245	2,422,590	303,345	14.3%
Workers' Compensation	77,996	86,217	72,884	96,971	24,087	33.0%
<b>Total Salary and Benefits</b>	<b>2,575,974</b>	<b>2,579,165</b>	<b>3,527,356</b>	<b>4,021,099</b>	<b>493,743</b>	<b>14.0%</b>
<b>Dollars by Category</b>						
Contract Services	322,729	324,959	350,085	350,185	100	—%
Supplies & Material	3,120	5,271	6,639	6,639	—	—%

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
General Expense	309,925	62,850	34,391	106,875	72,485	210.8%
Rents & Leases	41	41	154	154	—	—%
Allocated Charges	162,770	144,384	175,110	229,642	54,532	31.1%
<b>Total Dollars by Category</b>	<b>3,374,559</b>	<b>3,116,671</b>	<b>4,093,735</b>	<b>4,714,595</b>	<b>620,860</b>	<b>15.2%</b>
<b>Revenues</b>						
Charges to Other Funds	1,070,065	1,098,889	1,313,273	1,552,991	239,718	18.3%
Other Revenue	33,635	—	—	—	—	—%
<b>Total Revenues</b>	<b>1,103,701</b>	<b>1,098,889</b>	<b>1,313,273</b>	<b>1,552,991</b>	<b>239,718</b>	<b>18.3%</b>
<b>Positions by Division</b>						
Administration and City Management	7.00	6.00	9.00	10.00	1.00	11.1%
Public Communication	3.00	3.00	3.00	3.00	—	—%
<b>Total Positions by Division</b>	<b>10.00</b>	<b>9.00</b>	<b>12.00</b>	<b>13.00</b>	<b>1.00</b>	<b>8.3%</b>

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Administrative Assistant	2.00	2.00	2.00	3.00	1.00	253,448
Assistant City Manager	1.00	1.00	1.00	1.00	—	276,349
Assistant to the City Manager	2.00	1.00	3.00	3.00	—	503,755
Chief Communications Officer	1.00	1.00	1.00	1.00	—	220,355
City Manager	1.00	1.00	1.00	1.00	—	381,389
Deputy City Manager	1.00	1.00	1.00	1.00	—	215,800
Executive Assistant to the City Manager	1.00	1.00	1.00	1.00	—	103,480
Manager Communications	1.00	1.00	1.00	1.00	—	138,029
Senior Management Analyst	—	—	1.00	1.00	—	154,586
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>10.00</b>	<b>9.00</b>	<b>12.00</b>	<b>13.00</b>	<b>1.00</b>	<b>\$2,247,190</b>
<b>Total Positions</b>	<b>10.00</b>	<b>9.00</b>	<b>12.00</b>	<b>13.00</b>	<b>1.00</b>	<b>\$2,247,190</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>12.00</b>	<b>4,093,735</b>	<b>1,313,273</b>	<b>2,780,462</b>
<b>One-Time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	397,743	-	397,743
General Fund Cost Allocation Plan	-	-	239,718	(239,718)
City Memberships Alignment	-	71,485	-	71,485
Palo Alto Community Survey Adjustment	-	100	-	100
Information Technology Department Allocated Charges	-	31,788	-	31,788
Liability Insurance Allocated Charges	-	15,085	-	15,085
Printing & Mailing Allocated Charges	-	2,400	-	2,400
<b>Adjustments to Costs of Ongoing Activities</b>	<b>-</b>	<b>518,601</b>	<b>239,718</b>	<b>278,883</b>
<b>Total FY 2024 Base Budget</b>	<b>12.00</b>	<b>4,612,336</b>	<b>1,552,991</b>	<b>3,059,345</b>
<b>Budget Adjustments</b>				
1. FY 2024 Enhancement of Information Technology (IT) Services	-	5,259	-	5,259
2. Economic Development Assistant	1.00	97,000	-	97,000
<b>Total Budget Adjustments</b>	<b>1.00</b>	<b>102,259</b>	<b>-</b>	<b>102,259</b>
<b>Total FY 2024 Adopted Budget</b>	<b>13.00</b>	<b>4,714,595</b>	<b>1,552,991</b>	<b>3,161,604</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. FY 2024 Enhancement of Information Technology (IT) Services	-	5,259	-	5,259

This action increases allocated charges for IT services to the City Manager’s Office by approximately \$5,000 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$5,259)

**Performance Results** 

This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

2. Economic Development Assistant	1.00	97,000	-	97,000
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This action adds 1.00 Administrative Assistant to support the Economic Development function of the City. This position is to increase the scope of the economic development activities the City is able to pursue and increase customer service to local businesses and residents. The position would complement other functions in the City, such as special events in the Community Services Department, by fostering connections to local businesses to enhance those events. (Ongoing cost: \$151,935)

**Performance Results** 

This action will result in increased administrative support for economic development functions.



CITY OF  
**PALO  
ALTO**

# OFFICE OF TRANSPORTATION

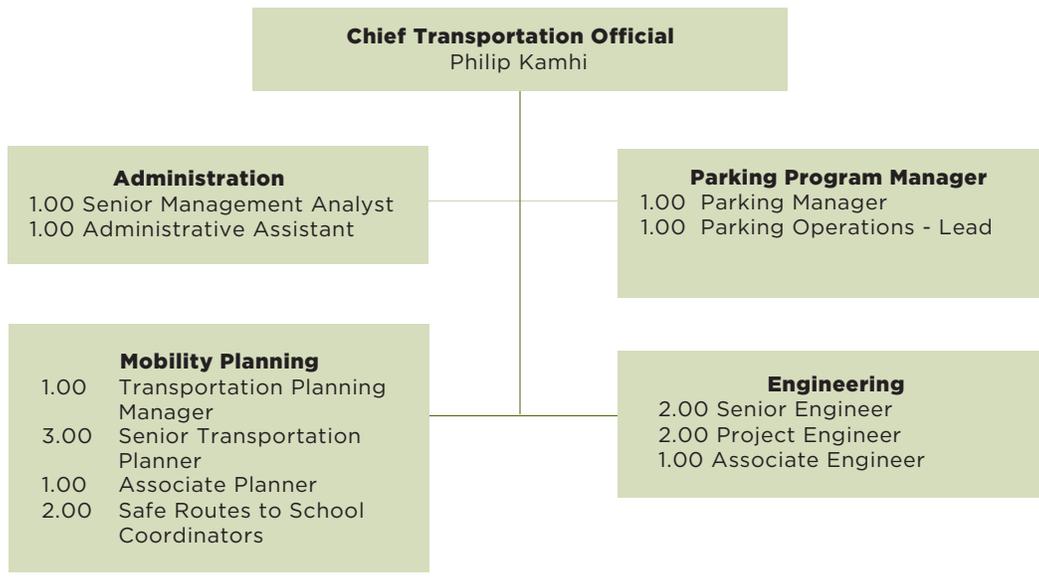
## Mission Statement



The Office of Transportation’s mission is to preserve and enhance the quality of life for Palo Alto residents, visitors, and businesses by providing efficient and cost-effective transportation services for all modes of transportation.

## Purpose

To improve the safety of the users of all modes of transportation, reduce reliance on single-occupancy vehicles, address congestion, and reduce through traffic and non-resident parking in Palo Alto neighborhoods, leading to an integrated transportation system that serves local, regional, and intercity travel.



**FY 2024 POSITION TOTALS**  
17.00 - Full-time

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

## Description

The Office of Transportation (OOT) was established in recognition of the scale, complexity, and level of citizen engagement related to transportation. High-profile issues include the separation of at-grade rail crossings, neighborhood traffic safety and bike boulevards, permit parking, traffic mitigation, and the safety of vulnerable road users. The Office is responsible for mobility, engineering, and parking in coordination with other City departments and agencies (such as Valley Transportation Authority, Caltrain, Metropolitan Transportation Commission, California Public Utilities Commission, Palo Alto Unified School District and neighboring cities) through the following:

### **MOBILITY/PLANNING**

Responsible for sustainable transportation systems that aim to reduce traffic congestion and auto emissions through increased pedestrian, bicycle, public transportation use, and other alternative modes of transportation. Programs include:

**Bicycle and Pedestrian** - This program includes the discrete capital improvement projects and the programmatic elements needed to implement goals of the Palo Alto Bicycle & Pedestrian Transportation Plan. This program also provides staffing to the Pedestrian and Bicycle Advisory Committee (PABAC) and provides transportation-focused development review services.

**Safe Routes to School** - In partnership with the Palo Alto Unified School District (PAUSD) and Palo Alto PTA, this program aims to reduce risk, and educate and encourage more families to safely walk, bicycle, bus, and carpool to school. It also includes the development of capital improvement projects to provide safer routes to schools.

### **PARKING AND TRANSIT PROGRAM MANAGEMENT**

Planning, development, and ongoing management of the Residential Permit Parking (RPP) program, parking in the City's garages and lots, and on-street parking in business districts. In FY2023, the City launched the new on demand transit service called Palo Alto Link.

### **ENGINEERING**

Oversee the City's traffic and transportation infrastructure investments through long- and short- range plans, corridor plans, traffic studies, and review of proposed private developments; transportation demand management initiatives; traffic impact fees; and regional coordination. Projects include:

**Rail Grade Separations:** This is a monumental capital improvement to improve safety at existing railroad crossings. This project will span more than a decade to complete planning, environmental review, design, and construction.

Traffic Operations & Capital Improvement Projects: These projects include the monitoring, operations, and modifications of the traffic system; investigation and response to citizen inquiries; and development of plans and funding for capital improvement projects that provide enhanced safety and relieve traffic congestion.

## Accomplishments

- Initiated design and worked towards final design, plans and specifications of the traffic signal improvements at San Antonio and Charleston (PL-05030)
- Continued with the Measure B Mobility Information Kiosk E-Bike (MIKE) Community Engagement Program (PL-00026)
- Implemented Measure B Innovative Transit Grant Project for On-Demand Transit Service – Palo Alto Link
- Awarded construction contract for intersection safety improvements at Alma/Churchill Avenue, Section 130 Project (PL-20000)
- Launched Bicycle and Pedestrian Transportation Plan (BPTP) update (PL-04010)
- Applied for and secured a \$160,000 Safe Streets for All Action Plan Grant Award
- Supported the development of several City projects and environmental analyses including the Housing Element, the North Ventura Coordinated Area Plan (NVCAP), and the Sustainability/Climate Action Plan (S/CAP)
- Participated in VTA-led US-101/San Antonio/Rengstorff Initial Planning
- Launch initial parking data portal with occupancy data and permit sales data Grade Separation Project: Churchill Avenue, Meadow Drive, and Charleston Road (PL-17001)
- Committed funding in the VTA biennial budget for Preliminary Engineering and Environmental phase for Churchill Avenue, Meadow Drive, and Charleston Road Grade Separation Project Quiet Zone Project
- Collaborated with City of Menlo Park to imitate a quiet zone study for implementation of quiet zone at Palo Alto Avenue
- Conducted diagnostic meeting with staff from Federal Railroad Authority (FRA), California Public Utilities Commission (CPUC), Caltrain, City of Menlo Park and City of Palo Alto required for quiet zone process
- Conducted analysis and developed conceptual plan in compliance with FRA requirements
- Successfully obtained the Caltrans Encroachment Permit for improvements in the State of California right-of-way
- Worked on the required easements and with City's real estate office to record easements necessary Embarcadero Road Improvement Project (High Street to Emerson Avenue)
- Implemented stop signs in the Fulton/Seale neighborhood in accordance with Manual of Uniform Traffic Control Devices and conforming to the City's Traffic Calming Program Residents' Concerns (311)

## Initiatives

- Initiate procurement process for a consultant to study the long-term closure and design of California Avenue and Ramona Street (PL-23000)
- Implement BPTP network build-out, including bicycle/pedestrian crossings related to Grade Separation implementation (PL-04010)

- Finalize the design of the Churchill Avenue Enhanced Bikeway Project (PL-14000) and initiate construction
- Install Downtown Automated Parking Guidance System (APGS) in four Downtown garages (PL-15002)
- Develop the Safe Streets for All Action Plan
- Implement interim improvements and pilot projects on Car-Free Streets (Cal Ave./Ramona St.) based on feedback received during the early rounds of community engagement
- Grade Separation Project: Churchill Avenue, Meadow Drive, and Charleston Road
- Initiate a request for proposal to seek consultant services for quiet zone study at other three crossings (Churchill Avenue, Meadow Drive, and Charleston Road) Churchill Avenue Bikeway Enhancement Project
- Finalize Churchill Avenue Bikeway Enhancement Project plans to bid the project for the construction of improvements
- Conduct outreach and initiate construction of the Churchill Avenue Bikeway Enhancement Project Embarcadero Road Improvement Project (High Street to Emerson Avenue)
- Finalize plans to bid the project for improvements construction
- Conduct outreach and initiate construction phase of project Traffic Calming Projects
- Continue conducting traffic studies to review resident's requests for traffic calming in accordance with the City's Traffic Calming Program
- Seek Council Approval and plan to design for permanent improvements for traffic calming in Crescent Park neighborhood Residents' Concerns (311)
- Prepare to launch a micro-mobility service in Palo Alto

## Goals and Objectives

### Goal 1

Provide, design, and implement transportation services that meet or exceed the expectations of Palo Alto residents; encourage transportation alternatives to single occupancy vehicle (SOV) trips; and improve traffic flow and parking availability

#### Objectives:

- Improve traffic flow on major streets
- Increase safety and ease of travel by bicycle in Palo Alto
- Increase safety and ease of walking in Palo Alto
- Increase awareness of transit options

### Goal 2

Ensure that services are delivered efficiently and continue to improve

#### Objectives:

- Revise programs to enhance effectiveness and sustainability
- Increase or add automated data collection systems
- Continue development of the Parking Action Plan and implement parking management adjustments

### Goal 3

Increase the professional capacity of the members of the Office of Transportation

**Objectives:**

- Work collaboratively with staff to create and institute a professional development plan to optimize the abilities and productivity of the Office of Transportation staff
- Develop a career development plan to promote the retention of Transportation staff

## Key Performance Measures

### CITIZEN SURVEY - EASE OF PUBLIC PARKING

Goal	Provide, design, and implement transportation services that meet or exceed the expectations of Palo Alto residents; encourage transportation alternatives to single occupancy vehicle trips; and improve traffic flow and parking availability.				
Objective	Increase ease of public parking				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of surveyed residents rating the amount of parking as good or excellent	N/A*	65%	38%	61%	61%
Description	The City participates in the National Citizen Survey (NCS) which asks residents to rate their perception of the ease of public parking. The NCS is a collaborative effort between the National Research Center and the International City/County Management Association.				
Purpose	To obtain feedback from residents on the ease of public parking to determine if the program's resources are appropriate.				
Status	*The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.				

# Key Performance Measures

## CITIZEN SURVEY - TRAFFIC FLOW ON MAJOR STREETS

Goal	Provide, design, and implement transportation services that meet or exceed the expectations of Palo Alto residents; encourage transportation alternatives to single occupancy vehicle trips; and improve traffic flow and parking availability.				
Objective	Improve traffic flow on major streets.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent surveyed residents rating the traffic flow on major streets as good or excellent	N/A*	39%	30%	47%	47%
Description	The City participates in the National Citizen Survey (NCS) which asks residents to rate their perception of traffic flow on major streets. The NCS is a collaborative effort between the National Research Center and the International City/County Management Association.				
Purpose	To obtain feedback from residents on the traffic flow on major streets to determine the perceived functionality of major streets.				
Status	*The National Citizen’s Survey was not completed for FY 2021, because it was transitioned from the City Auditor’s Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.				

# Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of transportation inquiries to 311	125	217	200	230	240
Number of households in RPP district	8,816	8,816	8,816	8,816	8,816
Number of students reached through educational programs with Safe Routes to School	5,109	4,633	6,825	4,237	4,250
Number of development projects reviewed	308	125	185	155	160
Number of traffic signals maintained	101	102	101	102	102

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Administration	655,038	628,262	669,671	1,048,168	378,497	56.5%
Engineering and Planning	624,785	519,378	566,778	1,146,585	579,807	102.3%
Programs	656,016	481,552	481,444	508,798	27,354	5.7%
<b>Total Dollars by Division</b>	<b>1,935,840</b>	<b>1,629,193</b>	<b>1,717,892</b>	<b>2,703,551</b>	<b>985,659</b>	<b>57.4%</b>
<b>Salary &amp; Benefits</b>						
Healthcare	90,657	68,834	101,780	131,586	29,807	29.3%
Other Benefits	26,017	24,950	29,544	30,635	1,091	3.7%
Overtime	—	—	8,238	9,238	1,000	12.1%
Pension	340,779	295,928	328,516	382,785	54,269	16.5%
Retiree Medical	78,098	89,159	70,407	62,506	(7,900)	(11.2)%
Salary	832,683	660,264	741,805	924,865	183,060	24.7%
Workers' Compensation	28,398	32,800	37,378	37,479	101	—%
<b>Total Salary and Benefits</b>	<b>1,396,632</b>	<b>1,171,935</b>	<b>1,317,666</b>	<b>1,579,095</b>	<b>261,429</b>	<b>19.8%</b>
<b>Dollars by Category</b>						
Contract Services	165,942	76,120	101,800	361,800	260,000	255.4%
Supplies & Material	2,825	7,267	10,250	10,250	—	—%
General Expense	188,904	179,394	195,125	233,072	37,947	19.4%
Facilities & Equipment	3,705	4,807	5,000	5,000	—	—%
Allocated Charges	177,833	189,668	88,051	514,334	426,283	484.1%
<b>Total Dollars by Category</b>	<b>1,935,840</b>	<b>1,629,193</b>	<b>1,717,892</b>	<b>2,703,551</b>	<b>985,659</b>	<b>57.4%</b>
<b>Revenues</b>						
Operating Transfers-In	128,000	128,000	128,000	128,000	—	—%
Other Revenue	9,028	42,934	60,000	—	(60,000)	(100.0)%
Permits and Licenses	2,420	1,008	13,332	13,332	—	—%
<b>Total Revenues</b>	<b>139,448</b>	<b>171,942</b>	<b>201,332</b>	<b>141,332</b>	<b>(60,000)</b>	<b>(29.8)%</b>

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Positions by Division</b>						
Administration	2.33	1.75	1.75	1.75	—	—%
Engineering and Planning	1.70	1.90	1.90	3.15	1.25	65.8%
Programs	2.80	1.55	1.55	1.55	—	—%
<b>Total Positions by Division</b>	<b>6.83</b>	<b>5.20</b>	<b>5.20</b>	<b>6.45</b>	<b>1.25</b>	<b>24.0%</b>

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Administrative Assistant	0.50	0.60	0.60	0.60	—	48,048
Associate Engineer	0.30	0.35	0.35	0.35	—	53,792
Associate Planner	0.45	0.40	0.40	0.40	—	49,313
Chief Transportation Official	0.70	0.70	0.70	0.70	—	150,711
Coordinator Transportation Systems Management	1.25	0.65	0.65	0.65	—	83,594
Management Analyst	0.50	0.50	0.50	—	(0.50)	—
Parking Operations-Lead	—	0.05	0.05	0.05	—	7,908
Project Engineer	0.45	0.25	0.25	0.25	—	46,571

# CITY MANAGER

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Senior Engineer	0.20	0.20	0.55	0.55	—	98,237
Senior Management Analyst	—	—	—	0.50	0.50	67,642
Senior Planner	0.50	0.15	0.15	1.40	1.25	213,071
Traffic Engineering-Lead	0.35	0.35	—	—	—	—
Transportation Planning Manager	1.15	1.00	1.00	1.00	—	193,024
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>6.35</b>	<b>5.20</b>	<b>5.20</b>	<b>6.45</b>	<b>1.25</b>	<b>\$1,011,911</b>
Temporary/Hourly	0.48	—	—	—	—	—
<b>Total Positions</b>	<b>6.83</b>	<b>5.20</b>	<b>5.20</b>	<b>6.45</b>	<b>1.25</b>	<b>\$1,011,911</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>5.20</b>	<b>1,717,892</b>	<b>201,332</b>	<b>1,516,560</b>
<b>One-Time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	75,183	-	75,183
FY 2023 Mid-Year Budget Review (CMR 2212-0515): Management Staffing Adjustment	-	17,274	-	17,274
Instruction and Training	-	10,000	-	10,000
Measure B Bicycle & Pedestrian Education & Encouragement Program	-	-	(60,000)	60,000
Memberships: Friends of Caltrain, National Association of City Transportation Officials (NACTO), and VTA Congestion Management Program (CMP)	-	12,947	-	12,947
Information Technology Allocated Charges	-	315,344	-	315,344
Liability Insurance Allocated Charges	-	(562)	-	(562)
Printing & Mailing Services Allocated Charges	-	(500)	-	(500)
Utilities Allocated Charges	-	96,941	-	96,941
Workers' Compensation Allocated Charges	-	101	-	101
<b>Adjustments to Costs of Ongoing Activities</b>	<b>-</b>	<b>526,727</b>	<b>(60,000)</b>	<b>586,727</b>
<b>Total FY 2024 Base Budget</b>	<b>5.20</b>	<b>2,244,619</b>	<b>141,332</b>	<b>2,103,287</b>
<b>Budget Adjustments</b>				
1. FY 2024 Enhancement of Information Technology (IT) Services	-	15,061	-	15,061
2. Palo Alto Transportation Management Association (PATMA) Funding Shift	-	25,000	-	25,000
3. Transportation Staffing	0.25	45,871	-	45,871
4. Sustainable Transportation Modes and Staffing	1.00	123,000	-	123,000

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
5. Car-Free Streets Study	-	250,000	-	250,000
<b>Total Budget Adjustments</b>	<b>1.25</b>	<b>458,932</b>	<b>-</b>	<b>85,932</b>
<b>Total FY 2024 Adopted Budget</b>	<b>6.45</b>	<b>2,703,551</b>	<b>141,332</b>	<b>2,189,219</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. FY 2024 Enhancement of Information Technology (IT) Services	-	15,061	-	15,061

This action increases allocated charges for IT services to the Office of Transportation (OOT) General Fund by \$15,061 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$15,061)

**Performance Results**



This ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

2. Palo Alto Transportation Management Association (PATMA) Funding Shift	-	25,000	-	25,000
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This action shifts \$25,000 of the existing \$200,000 PATMA contract from the University Avenue Parking Fund to the General Fund in order to expand PATMA services such as outreach, transit pass distribution, and transit pass monitoring citywide. (Ongoing cost: \$25,000)

**Performance Results**



This will enable further reduction of the number of single occupancy commuters in the City.

3. Transportation Staffing	0.25	45,871	-	45,871
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This action adds 1.00 Senior Transportation Planner to enhance the capacity of the City’s transportation planning to manage and coordinate various Council-directed, Comp Plan, and S/CAP projects, including but not limited to transportation services, corridor planning studies, policy updates, and regional coordination. This position will facilitate public engagement, streamline project management, and contribute to the ongoing success of existing and future transportation initiatives. (Ongoing cost: \$49,080)

**Performance Results**



The additional staffing will enable the department to advance high priority transportation projects.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
4. Sustainable Transportation Modes and Staffing	1.00	123,000	-	123,000

This action adds 1.00 Senior Planner position to focus on projects which improve road safety for sustainable transportation modes and vulnerable road users. The position would perform time-critical grant writing, project management, and community engagement for the grant-funded Safe Streets for All (SS4A) Program and lay the groundwork for a Vision Zero/Safe Systems Program. (Ongoing cost: \$196,320)

**Performance Results**



The additional staffing will enable the department to enhance the safety of the City’s multi-modal sustainable transportation system.

5. Car-Free Streets Study	-	250,000	-	250,000
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This one-time action provides funding to conduct a comprehensive consultant-led study to examine the impact of developing a car-free streets ordinance. The study will include, but not limited to, topics such as streetscape design and amenities, equity and accessibility, and parking strategies. (Ongoing cost: \$0)

**Performance Results**



This will assist the City in developing a policy that could allow outdoor dining, retail, and personal services to continue permanently.



CITY OF  
**PALO  
ALTO**

# ADMINISTRATIVE SERVICES

## Mission Statement

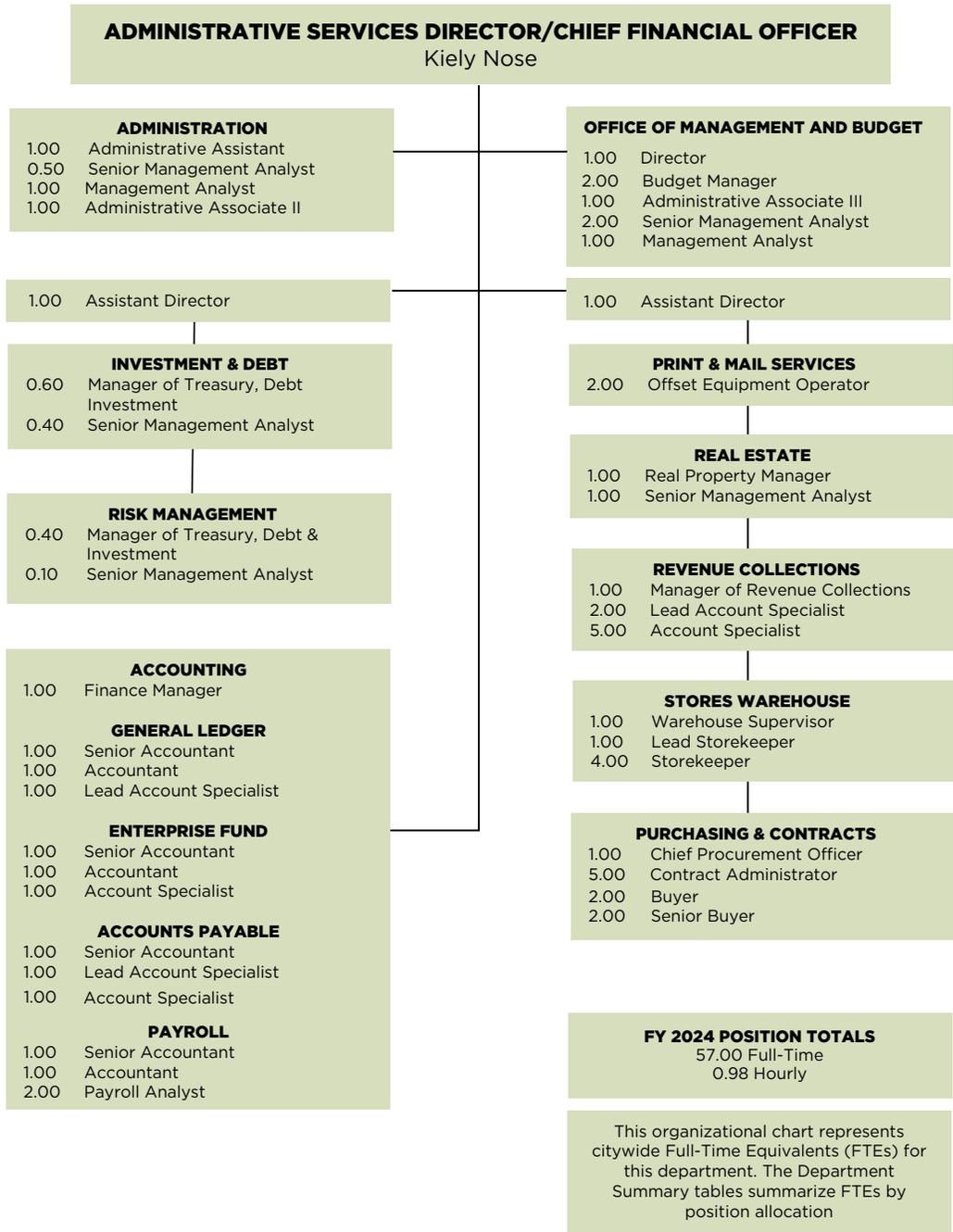


The Administrative Services Department strives to provide proactive financial and analytical support to City departments and decision-makers, and to safeguard and facilitate the optimal use of City resources.

## Purpose

The purpose of the Administrative Services Department is to provide excellent customer service to decision-makers, the public, employees, and City departments; provide analytical, organizational, and administrative support for a wide variety of projects; record, monitor, and protect City assets in a responsible manner; provide essential financial management and forecasting reports; and prepare and present financial reporting to various committees and City Council.

# ADMINISTRATIVE SERVICES



## Description

The Administrative Services Department (ASD) is responsible for the following functions:

### ADMINISTRATION

Provides financial, analytical, budget, strategic, and administrative support services for the department and organization.

### ACCOUNTING

Performs financial transactions and provides accurate, timely, and reliable financial information for internal and external customers, including vendor payments, customer billing, payroll, and financial reporting.

### PURCHASING AND CONTRACTS

Facilitates negotiations, purchasing, and contracting needs in a timely, efficient, and customer-oriented manner.

### OFFICE OF MANAGEMENT AND BUDGET (OMB)

Oversees the citywide operating and capital budget preparation, review, and analysis, performance measures, and budget monitoring. In addition, prepares the long-range financial forecast and provides independent analytical support to the organization.

### PROPERTY MANAGEMENT AND ACQUISITION

Provides asset management, acquires property rights, manages the leasing of City properties, prepares real estate agreements, completes easement acquisitions/vacations, negotiates real estate agreements, and provides real estate services citywide.

### TREASURY AND REVENUE COLLECTIONS

Treasury safeguards and invests the City's portfolio, forecasts major General Fund tax revenues, issues and manages debt, and performs Utility Risk Management oversight. Revenue Collections collects payment revenue and provides customer support for parking permits and payment transactions. Provides print shop services to departments and warehouse services, including logistics, for the City's Electric, Water, Gas, and Wastewater Utilities, as well as for Public Works and the Regional Water Quality Control Plant.

## Accomplishments

- Maintained the City's AAA credit rating, which results in the lowest possible borrowing costs; confirmed in the most recent rating by Standard and Poor's and Moody's in May 2022 and November 2022, respectively.
- Achieved investment returns of 2.40%, as compared to 1.61% the prior year.
- Updated the Pension Funding Policy to the Retiree Benefit Funding Policy with Council who approved as part of a comprehensive effort to proactively address the City's long-term liabilities.
- Planned for and contributed \$8.1 million (\$4.7 million from the General Fund) in FY 2023 to the City's Section 115 Pension Trust Fund, in support of the funding goal of the City's Retiree Benefit Funding

## ADMINISTRATIVE SERVICES

Policy, bringing total contributions to \$54.4 million (\$36.8 million from the General Fund) through FY 2023.

- Entered into a 40-year lease agreement with the Palo Alto History Museum to restore, preserve, and improve the Roth Building at 300 Homer Avenue as a historic asset and make that asset available to the Palo Alto community through displays, exhibits, interactive demonstrations, workshops, classes, and lectures. The City licensed back a portion of the building for storage and/or display of the City's official archives and records.
- Issued a Request for Information to examine the feasibility of partnering with a private entity on the development of new parking using Downtown In-Lieu Parking Fees, in conjunction with housing or other uses.
- Earned the Excellence in Financial Reporting Award from the Government Finance Officers' Associations of United States and Canada (GFOA) for the FY 2022 Annual Comprehensive Financial Report (ACFR).
- Earned the Capital and Operating Budget Excellence Awards from the California Society of Municipal Finance Officers (CSMFO) and the Distinguished Budget Presentation Award and Certificate of Recognition for Budget Preparation from GFOA for the Fiscal Year 2022 Adopted Capital and Operating budgets.
- Implemented the Government Accounting Standards Board (GASB) Statement 87 for new reporting of leases in the City's financial statements.
- Allocated an additional \$5.0 million to the Supplemental Pension Trust Fund, \$4.0 million to the Capital Improvement Infrastructure Reserve, and established a \$14.0 million Uncertainty Reserve to bridge forecasted funding gaps over the next several years as part of the balancing strategy during review of the Budget Stabilization Reserve (BSR).
- Facilitated multi-step, complex procurements that support the City's Infrastructure Plan (Secondary Treatment Upgrades project, Electrical Power Distribution Loop Rehabilitation, Electric Construction Services, Sanitary Sewer Replacement Project 31), strategic and long-term goals of the regional water quality control plant, among others.
- Facilitated complex procurements such as Online Electronic Plan Review Software for the Planning and Development Services Department and On-Demand Transit for the Office of Transportation.
- Revised the Purchasing Manual to modernize requirements and follow current practices in procurement to help users better understand guidelines and engage the Purchasing process more effectively, and launched a Purchasing Resource Library with guides for City Staff.
- Partnered with the Information Technology (IT) Department to introduce online W-2 access for electronic delivery through the City's data processing software (SAP).

## Initiatives

- Administer the Roth Building lease including mutually developing and ensuring compliance with a tenant work letter.
- Implement the City's Business Tax (Measure K), a Revenue Generating Ballot Measure that was placed on the general election ballot, as directed by the City Council.
- Continue to strengthen internal controls for Purchasing through continued education of staff and improved processes.
- Review the City's procurement process, policies and procedures and implement improvements by decreasing the cycle time of the procurement and contract process while ensuring the proper expenditure of the City's financial resources and ensuring an open, fair and competitive process.

## ADMINISTRATIVE SERVICES

- Consolidate procurement staff resources and provide resources and tools to departments; and implement the new e-procurement Software.
- Develop guidelines to address current and potential new tenants at the Cubberley Community Center.
- Advertise for a new tenant for the approximately 7,410 square foot two-story building at 445 Bryant Street that was vacated by Form Fitness. Site is formerly the location of the Bryant Street Teen Center and rental revenue would be used to fund programs specifically for Palo Alto youth and teens.
- Support the citywide effort on the Enterprise Resource Planning (ERP) upgrade, additional enhancements to improve financial reporting, and streamline processes and provide enhancements to payroll processing and timekeeping.
- Update the City's capital asset policy to conform with new internal controls over construction in progress to ensure accurate reporting of capital project costs.
- Implement GASB 96 to comply with new Accounting standards regarding Subscription Based Information Technology Arrangements (SBITA) accounting guidelines.
- Assist with redevelopment plans of the former Los Altos Treatment Plant Site for use by Valley Water as a Regional Water Purification facility and LifeMoves as an Emergency Shelter.
- Support the Regional Water Quality Control Plant Long Range Facilities Plan by analyzing capital financing options, monitoring the Wastewater Treatment Fund health and cash flow, and developing and executing the capital procurement strategy for the plan.

# ADMINISTRATIVE SERVICES

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Fund</b>						
General Fund-Operating	7,618,435	8,975,585	9,744,883	11,098,518	1,353,635	13.9%
Printing & Mailing Services Fund	1,217,034	1,083,182	1,467,291	1,514,033	46,742	3.2%
<b>Total Dollars by Fund</b>	<b>\$8,835,468</b>	<b>\$10,058,768</b>	<b>\$11,212,175</b>	<b>\$12,612,551</b>	<b>\$1,400,377</b>	<b>12.5%</b>
<b>Revenues</b>						
Charges for Services	36,063	82,830	247,007	249,547	2,540	1.0%
Charges to Other Funds	3,730,067	4,331,238	5,546,563	6,443,647	897,084	16.2%
Other Revenue	145,158	121,737	171,400	171,400	—	—%
Return on Investments	(2,197)	778	100	3,800	3,700	3,700.0%
Sales Taxes	—	—	150,000	150,000	—	—%
<b>Total Revenues</b>	<b>\$3,909,091</b>	<b>\$4,536,583</b>	<b>\$6,115,070</b>	<b>\$7,018,394</b>	<b>\$903,324</b>	<b>14.8%</b>
<b>Positions by Fund</b>						
General Fund-Operating	41.61	38.13	40.13	41.63	1.50	3.7%
Printing & Mailing Services Fund	2.10	2.10	2.10	2.10	—	—%
<b>Total Positions by Fund</b>	<b>43.71</b>	<b>40.23</b>	<b>42.23</b>	<b>43.73</b>	<b>1.50</b>	<b>3.6%</b>

# GENERAL FUND

## Goals and Objectives

### Goal 1

- Ensure the City of Palo Alto's short and long-term financial status is healthy and sound.

#### Objectives:

- Assist with the implementation of the City Council's 2014 Infrastructure Plan and major capital projects, such as Wastewater Treatment facility replacements, by providing financial forecasts and debt financing options.
- Review opportunities for new and/or enhanced revenues.
- Reduce the City's pension and retiree healthcare long-term liabilities as outlined in the Pension and OPEB Funding Policy
- Provide long-term recommendations and strategies for the City's real estate assets such as the Roth Building, Cubberley, Ventura, and Middlefield Road lots.
- Manage real estate assets effectively to enhance revenue and reduce cost.
- Recommend a strategically balanced budget, maintaining City Council-approved reserve levels, for City Council consideration.
- Assist with ongoing labor negotiations with analysis of labor and City proposals.
- Develop plans for addressing any forecast shortfalls in funding for operations and infrastructure.
- Evaluate opportunities for bond refinancing that will result in savings
- Closely monitor economic recovery and its actual and forecasted impact on City's revenues.

### Goal 2

- Provide timely and accurate financial reporting and transactions.

#### Objectives:

- Ensure that payroll processing, vendor payments, budget, and annual financial reporting are clear, timely, accurate, and in compliance with governmental finance standards.
- Enhance financial reporting mechanisms to ensure that departmental financial information is relevant and timely; look for opportunities to improve reporting as part of technology implementation upgrades.
- Increase information availability and transparency using open data tools and dashboards.
- Implement complex new labor agreements including new benefit structures, ensuring timely and accurate payments to employees and governing bodies such as the federal government and CalPERS.

### Goal 3

- Ensure public funds and assets are invested prudently and are well-managed.

#### Objectives:

- Ensure sufficient cash is always available to meet current expenditures.
- Maintain a reasonable rate of return on investments while prioritizing safety and liquidity needs.

## ADMINISTRATIVE SERVICES

- Invest in sound Environmental, Social, and Governance (ESG) securities, which include green and sustainable bonds, when available and appropriate, in alignment with the Investment Policy.

### Goal 4

- Continue implementation of the ASD Strategic Plan in the focus areas of customer service, innovation, best practices, and employee excellence.

#### Objectives:

- Continue implementing a succession plan for the Department.
- Review ASD policies and procedures to continuously update, enhance, and streamline.
- Roll out training and resources for customer support to improve processing time.
- Enhance training plans for employees for job-specific training and career development.
- Support the citywide ERP upgrade and additional enhancements to streamline processes, improve financial reporting, and improve payroll processing and timekeeping.

## Key Performance Measures

### ANNUAL PERCENTAGE YIELD ON INVESTMENTS

Goal	Ensure public funds and assets are invested prudently and are well-managed.				
Objective	Maintain a reasonable rate of return on investments.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Annual percentage yield on investments	1.72%	1.61%	1.80%	2.40%	2.50%
Description	This measure tracks the City's annual rate of return on investments while following primary objectives (in priority order) of safety, liquidity, and yield.				
Purpose	A stable rate of return helps to grow the City's investment portfolio and is one component in measuring the City's financial rating.				
Status	With the interest rate environment rising higher than anticipated, the City's FY 2023 adopted goal of 1.80% is being revised upward for FY 2024. In comparison, the State Investment Pool average yield for the first half of FY 2023 is 2.17%				

# Key Performance Measures

## AVERAGE PROCESSING TIME FOR PURCHASE REQUISITIONS

Goal	Implement performance management programs to support and enhance communication, accountability, and positive outcomes.				
Objective	Continue developing and implementing Procurement and Inventory process improvements.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Average time from receipt of a Purchase Requisition to issuance of Purchase Order (Days)	26	21	25	25	25
Description	<p>The City is required to follow procurement rules and regulations as outlined in the Municipal Code and State Law to ensure open and fair competition and the most cost-effective use of tax dollars. In compliance with existing rules and regulations, ASD endeavors to provide goods and services as quickly as possible to City departments.</p> <p>The average days is for all procurements request submitted to Purchasing through a Purchase Requisition. All requests include solicitations, contracts, purchase orders, amendments, and encumbrances to current contracts. There are requests that take a longer time to complete due to the complexity. There are other requests that take a shorter time to complete. Examples of these type of request are to encumber funds to existing contracts and term extension amendments.</p>				
Purpose	To measure the average processing time for Purchase Requisitions (PR) in order to identify processing improvements while being compliant with existing rules and regulations.				
Status	The Purchasing Division has maintained efficiency with the use of e-Procurement software that was implemented in FY 2016. Staff anticipates an increase in larger, more complex Purchase Requisitions (PRs) in FY 2024 due to the volume of capital improvement projects planned over the next several years. Purchasing will continue to work with City stakeholders to meet business needs in a timely manner to support decreased cycle time for complex procurements. Purchasing has solicited stakeholder feedback on the City's procurement and contract development processes and used this input to develop an e-Procurement request for proposal. The new system was selected and implementation began Spring 2023. It is anticipated that the software will be fully implemented Fall 2023.				

## ADMINISTRATIVE SERVICES

### Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of P-card (City credit card) transactions	12,185	14,025	13,400	15,317	15,777
Number of Purchase Orders and Purchase Requisitions processed	1,230	1,315	1,500	1,520	1,600
Total amount of cash and investments - as of June 30 (Millions)	\$585	\$642	\$562	\$640	\$620

### Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Accounting	2,296,582	2,532,580	2,810,488	3,061,012	250,524	8.9%
Administration	527,064	1,034,066	508,231	584,079	75,848	14.9%
Office of Management and Budget	1,291,641	1,388,464	1,622,715	1,792,949	170,233	10.5%
Purchasing	1,444,845	1,634,230	2,026,667	2,461,929	435,262	21.5%
Real Estate	578,168	696,061	773,852	750,630	(23,222)	(3.0)%
Treasury	1,480,135	1,690,185	2,002,930	2,447,919	444,989	22.2%
<b>Total Dollars by Division</b>	<b>\$7,618,435</b>	<b>\$8,975,585</b>	<b>\$9,744,883</b>	<b>\$11,098,518</b>	<b>\$1,353,635</b>	<b>13.9%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	617,795	692,103	917,303	877,807	(39,496)	(4.3)%
Other Benefits	150,493	173,132	193,310	193,713	403	—%
Overtime	21,804	14,438	38,489	41,970	3,481	9.0%
Pension	1,534,584	1,825,825	2,062,930	2,316,220	253,291	12.3%
Retiree Medical	465,417	473,027	539,103	404,859	(134,244)	(24.9)%
Salary	3,896,744	4,371,170	4,644,896	5,639,167	994,271	21.4%

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Workers' Compensation	206,001	211,826	222,810	236,154	13,344	6.0%
<b>Total Salary and Benefits</b>	<b>\$6,892,837</b>	<b>\$7,761,522</b>	<b>\$8,618,840</b>	<b>\$9,709,891</b>	<b>\$1,091,050</b>	<b>12.7%</b>
Allocated Charges	328,993	432,400	490,370	559,367	68,996	14.1%
Contract Services	303,343	603,640	403,198	584,170	180,972	44.9%
Facilities & Equipment	—	—	4,200	4,200	—	—%
General Expense	77,912	160,996	181,521	194,137	12,616	7.0%
Rents & Leases	—	—	12,856	12,856	—	—%
Supplies & Material	15,350	17,029	33,898	33,898	—	—%
<b>Total Dollars by Category</b>	<b>\$7,618,435</b>	<b>\$8,975,585</b>	<b>\$9,744,883</b>	<b>\$11,098,518</b>	<b>\$1,353,635</b>	<b>13.9%</b>
<b>Revenues</b>						
Charges for Services	36,063	82,830	247,007	249,547	2,540	1.0%
Charges to Other Funds	2,416,304	3,192,502	3,966,663	4,960,247	993,584	25.0%
Other Revenue	145,158	121,737	171,400	171,400	—	—%
Sales Taxes	—	—	150,000	150,000	—	—%
<b>Total Revenues</b>	<b>\$2,597,526</b>	<b>\$3,397,069</b>	<b>\$4,535,070</b>	<b>\$5,531,194</b>	<b>\$996,124</b>	<b>22.0%</b>
<b>Positions by Division</b>						
Accounting	13.52	12.52	12.52	12.77	0.25	2.0%
Administration	1.60	1.60	1.60	1.85	0.25	15.6%
Office of Management and Budget	7.02	6.02	6.02	6.27	0.25	4.2%
Purchasing	9.05	8.55	10.55	11.30	0.75	7.1%
Real Estate	2.32	2.32	2.32	2.32	—	—%
Treasury	8.10	7.12	7.12	7.12	—	—%
<b>Total Positions by Division</b>	<b>41.61</b>	<b>38.13</b>	<b>40.13</b>	<b>41.63</b>	<b>1.50</b>	<b>3.7%</b>

# ADMINISTRATIVE SERVICES

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Account Specialist	4.63	4.13	4.13	4.13	—	384,334
Account Specialist-Lead	3.45	3.45	3.45	3.45	—	343,802
Accountant	3.00	2.00	2.00	2.00	—	229,632
Administrative Assistant	1.00	1.00	1.00	1.00	—	86,653
Administrative Associate II	1.00	0.50	0.50	1.00	0.50	89,898
Administrative Associate III	1.00	1.00	1.00	1.00	—	96,366
Assistant Director Administrative Services	1.65	1.65	1.65	1.65	—	389,697
Buyer	1.00	2.00	2.00	2.00	—	249,350
Chief Procurement Officer	1.00	1.00	1.00	1.00	—	143,915
Contracts Administrator	2.70	1.70	2.70	3.70	1.00	493,950
Director Administrative Services/CFO	0.80	0.80	0.80	0.80	—	193,174
Director Office of Management and Budget	1.00	1.00	1.00	1.00	—	207,459
Management Analyst	2.00	2.00	2.00	2.00	—	244,691
Manager Budget	2.00	2.00	2.00	2.00	—	387,296
Manager Real Property	1.00	1.00	1.00	1.00	—	175,136
Manager Revenue Collections	0.62	0.62	0.62	0.62	—	104,483
Manager Treasury, Debt & Investments	0.60	0.60	0.60	0.60	—	105,581
Manager, Finance	1.00	1.00	1.00	1.00	—	172,598
Payroll Analyst	2.00	2.00	2.00	2.00	—	221,936
Performance Auditor II	1.00	—	—	—	—	—
Senior Accountant	3.00	3.00	3.00	3.00	—	441,418

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Senior Buyer	1.00	1.00	1.00	1.00	—	130,915
Senior Management Analyst	2.30	2.30	2.30	2.30	—	284,760
Storekeeper	1.00	1.00	2.00	2.00	—	192,483
Storekeeper-Lead	0.20	0.20	0.20	0.20	—	20,609
Warehouse Supervisor	0.20	0.20	0.20	0.20	—	23,067
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>40.15</b>	<b>37.15</b>	<b>39.15</b>	<b>40.65</b>	<b>1.50</b>	<b>\$5,413,205</b>
Temporary/Hourly	1.46	0.98	0.98	0.98	—	\$74,829
<b>Total Positions</b>	<b>41.61</b>	<b>38.13</b>	<b>40.13</b>	<b>41.63</b>	<b>1.50</b>	<b>\$5,488,035</b>

# ADMINISTRATIVE SERVICES

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>40.13</b>	<b>9,744,883</b>	<b>4,535,070</b>	<b>5,209,813</b>
<b>One-Time Prior Year Budget Adjustments</b>				
Barron Park Alley (Cypress Lane)	-	(18,000)	-	(18,000)
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>(18,000)</b>	<b>-</b>	<b>(18,000)</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	585,500	-	585,500
Business Registry Fee	-	-	2,540	(2,540)
Travel and Meetings Funding	-	11,616	-	11,616
Grant Support	-	35,000	-	35,000
OPEB Biannual Valuation	-	37,000	-	37,000
General Fund Cost Allocation Plan	-	-	993,584	(993,584)
Information Technology Allocated Charges	-	53,164	-	53,164
Liability Insurance Allocated Charges	-	14,726	-	14,726
Printing & Mailing Services Allocated Charges	-	(13,600)	-	(13,600)
Vehicle Replacement & Maintenance Allocated Charges	-	2,171	-	2,171
Workers' Compensation Allocated Charges	-	13,344	-	13,344
<b>Adjustments to Costs of Ongoing Activities</b>	<b>-</b>	<b>738,922</b>	<b>996,124</b>	<b>(257,202)</b>
<b>Total FY 2024 Base Budget</b>	<b>40.13</b>	<b>10,465,805</b>	<b>5,531,194</b>	<b>4,934,611</b>
<b>Budget Adjustments</b>				
1. FY 2024 Enhancement of Information Technology (IT) Services	-	12,535	-	12,535
2. Administrative Support Reinvestment	0.50	60,679	-	60,679
3. Increase Purchasing Support	1.00	200,000	-	200,000
4. Measure K Revenue/ Business Tax Support and Administration	-	359,500	-	359,500
<b>Total Budget Adjustments</b>	<b>1.50</b>	<b>632,713</b>	<b>-</b>	<b>632,713</b>
<b>Total FY 2024 Adopted Budget</b>	<b>41.63</b>	<b>11,098,518</b>	<b>5,531,193</b>	<b>5,567,324</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. FY 2024 Enhancement of Information Technology (IT) Services	-	12,535	-	12,535

This action increases allocated charges for IT services to the Administrative Services Department by approximately \$12,500 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$12,535)

**Performance Results**



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

2. Administrative Support Reinvestment	0.50	60,679	-	60,679
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This action adds 0.50 FTE Administrative Associate II in the Administrative Services Department (ASD), restoring the position from 0.50 to 1.00 FTE. This position was previously reduced during the pandemic and, once fully restored, will provide increased administrative support across multiple divisions. This position will coordinate reimbursement for travel expenses, act as the liaison with the City’s procurement card vendor, support the transition to the new e-procurement system, coordinate contracts and amendments, process invoices, and provide customer service support. (Ongoing cost: \$64,717)

**Performance Results**



This action will align administrative resources to administrative needs.

3. Increase Purchasing Support	1.00	200,000	-	200,000
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This action adds a 1.00 FTE Contract Administrator position to the Purchasing Division of the Administrative Services Department. The procurement team is instrumental in supporting the public solicitation process for professional services and capital investment, ensuring compliance with rules and regulations, and facilitating solicitations, contracts, purchase orders, amendments, and encumbrances to contracts. This position will add capacity to address the increased workload associated with citywide FY 2024 actions. (Ongoing cost: \$214,513)

**Performance Results**



This action ensure sufficient resources to support Purchasing functions necessary to support Council priorities.

4. Measure K Revenue/ Business Tax Support and Administration	-	359,500	-	359,500
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This action appropriates funding for Business Tax support and administration. Funding will be used for both contract services for business tax consulting as well as staff resources to administer the business tax program, consistent with City Council approval at the June 19, 2023 meeting (CMR 2304-1337). In FY 2024 overstrength positions will be used to support the program and determine the appropriate position classifications needed. Staffing adjustments to the Table of Organization will be formalized as part of the FY 2025 budget process. A corresponding action is included in Non-departmental to recognize the associated revenue. (Ongoing cost: \$104,000)

**Performance Results**



This action recognizes revenue and expense sufficient to administer Measure K.



CITY OF  
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# PRINTING AND MAILING SERVICES

## Description

The Printing and Mailing Services Internal Services Fund delivers document printing solutions to the City organization. The printing shop handles the reproduction of the weekly City Council agenda packet along with a myriad of other print jobs ranging from full-color posters to flyers. The mailing function provides mail intake and delivery throughout the organization along with outgoing mail processing. This includes the mailing of thousands of monthly utility bills to utility customers in the city.

## Accomplishments

- Processed 271,200 utility bills.
- Maintained timelines for producing City Council packets.
- Provided timely printing services for a wide variety of print jobs for City departments.

## Initiatives

- Maintain a high level of customer service for Printing and Mailing by listening to customers and, when appropriate, making relevant changes to operations.
- Provide quality printing products that meet the needs of customers.

## Goals and Objectives

### Goal 1

- Provide timely and high-quality services for City departments, City Council, and Committees.

### Objectives:

- Ensure timely distribution of mail and utility bills.
- Ensure timely creation and distribution of City Council and Committee packets.

# ADMINISTRATIVE SERVICES

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Printing and Mailing	1,217,034	1,083,182	1,467,291	1,514,033	46,742	3.2%
<b>Total Dollars by Division</b>	<b>\$1,217,034</b>	<b>\$1,083,182</b>	<b>\$1,467,291</b>	<b>\$1,514,033</b>	<b>\$46,742</b>	<b>3.2%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	14,313	7,472	41,902	43,238	1,337	3.2%
Other Benefits	3,244	2,690	4,045	3,802	(243)	(6.0)%
Overtime	604	85	—	—	—	—%
Pension	19,069	24,030	50,102	52,340	2,237	4.5%
Retiree Medical	14,004	14,233	2,645	2,270	(375)	(14.2)%
Salary	92,507	50,069	140,028	154,302	14,274	10.2%
Workers' Compensation	6,466	6,648	6,732	6,713	(18)	—%
<b>Total Salary and Benefits</b>	<b>\$150,206</b>	<b>\$105,227</b>	<b>\$245,454</b>	<b>\$262,665</b>	<b>\$17,211</b>	<b>7.0%</b>
Allocated Charges	345,082	272,046	277,237	300,068	22,830	8.2%
Contract Services	15,820	18,541	60,000	60,000	—	—%
General Expense	220,259	176,789	301,600	302,900	1,300	—%
Operating Transfers-Out	—	400	—	—	—	—%
Rents & Leases	383,092	400,445	408,000	413,400	5,400	1.3%
Supplies & Material	102,574	109,734	175,000	175,000	—	—%
<b>Total Dollars by Category</b>	<b>\$1,217,034</b>	<b>\$1,083,182</b>	<b>\$1,467,291</b>	<b>\$1,514,033</b>	<b>\$46,742</b>	<b>3.2%</b>
<b>Revenues</b>						
Charges to Other Funds	1,313,762	1,138,736	1,579,900	1,483,400	(96,500)	(6.1)%
Return on Investments	(2,197)	778	100	3,800	3,700	3,700.0%
<b>Total Revenues</b>	<b>\$1,311,566</b>	<b>\$1,139,513</b>	<b>\$1,580,000</b>	<b>\$1,487,200</b>	<b>\$(92,800)</b>	<b>(5.9)%</b>

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Positions by Division</b>						
Printing and Mailing	2.10	2.10	2.10	2.10	—	—%
<b>Total Positions by Division</b>	<b>2.10</b>	<b>2.10</b>	<b>2.10</b>	<b>2.10</b>	<b>—</b>	<b>—%</b>

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Manager Revenue Collections	0.10	0.10	0.10	0.10	—	16,852
Offset Equipment Operator	1.52	1.52	1.52	1.52	—	121,374
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>1.62</b>	<b>1.62</b>	<b>1.62</b>	<b>1.62</b>	<b>—</b>	<b>\$138,226</b>
Temporary/Hourly	0.48	0.48	0.48	0.48	—	\$28,355
<b>Total Positions</b>	<b>2.10</b>	<b>2.10</b>	<b>2.10</b>	<b>2.10</b>	<b>—</b>	<b>\$166,581</b>

# ADMINISTRATIVE SERVICES

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>2.10</b>	<b>1,467,291</b>	<b>1,580,000</b>	<b>(112,709)</b>
<b>One-Time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-Time Prior Year Budget Adjustments</b>				
		-		-
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	17,230	-	17,230
Return on Investments	-	-	3,700	(3,700)
Travel and Meetings Funding	-	1,300	-	1,300
Rents and Leases Expenditure Alignment	-	5,400	-	5,400
General Fund Cost Allocation Plan	-	17,150	-	17,150
General Liability Insurance Allocated Charges	-	192	-	192
Information Technology Allocated Charges	-	3,609	-	3,609
Printing & Mailing Services Allocated Charges	-	-	(96,500)	96,500
Workers' Compensation Allocated Charges	-	(18)	-	(18)
<b>Adjustments to Costs of Ongoing Activities</b>	<b>-</b>	<b>44,862</b>	<b>(92,800)</b>	<b>137,662</b>
<b>Total FY 2024 Base Budget</b>	<b>2.10</b>	<b>1,512,153</b>	<b>1,487,200</b>	<b>24,953</b>
<b>Budget Adjustments</b>				
1. FY 2024 Enhancement of Information Technology (IT) Services	-	1,880	-	1,880
<b>Total Budget Adjustments</b>	<b>-</b>	<b>1,880</b>	<b>-</b>	<b>1,880</b>
<b>Total FY 2024 Adopted Budget</b>	<b>2.10</b>	<b>1,514,033</b>	<b>1,487,200</b>	<b>26,833</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. FY 2024 Enhancement of Information Technology (IT) Services	-	1,880	-	1,880

This action increases allocated charges for IT services to the Print and Mail Fund by approximately \$2,260 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$1,880).

### Performance Results



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.



CITY OF  
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# COMMUNITY SERVICES

## Mission Statement



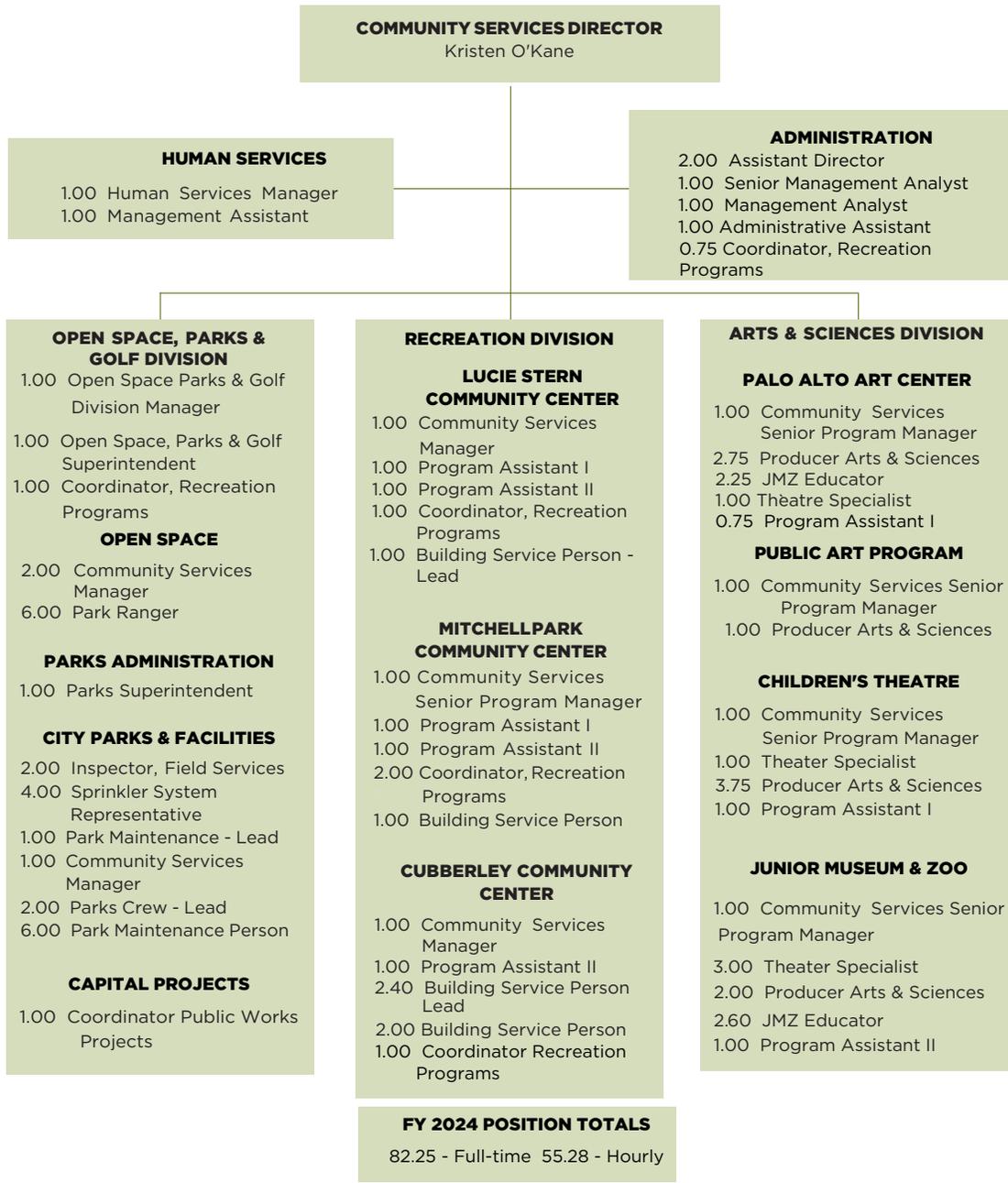
The Community Services Department’s mission is to engage individuals and families in creating a strong and healthy community through parks, recreation, social services, arts, and sciences.

## Purpose

The purpose of the Community Services Department is to provide a diverse range of quality programs and services that are highly valued and relevant to the needs of the community. Community Services aims to develop and provide programs for increased knowledge, creativity, artistic expression, physical activity, social help, and enjoyment of the outdoors; seeks to be responsible stewards of many unique community assets including

open space, parks and their related interpretive centers, the Animal Shelter, Children’s Theatre, Palo Alto Art Center, Junior Museum and Zoo and three community centers at Cubberley, Mitchell Park and Lucie Stern, and the Palo Alto Public Art collection; seeks to provide comfortable, safe, and attractive facilities; strives for sustainable practices that lower the City’s carbon footprint; and develops and maintains mutually beneficial partnerships and collaborations with local organizations, businesses, individuals and foundations to achieve its mission. The Department works closely with the Parks and Recreation, Public Art, and Human Relations Commissions, and several nonprofit partners. Community Services provided important services during the pandemic and will continue to support community recovery by providing access to the many programs and events that the community enjoys.

# COMMUNITY SERVICES



This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary table summarizes FTEs by position allocation.

## Description

The Community Services Department operates three divisions and an Office of Human Services, providing the following services to the community:

### ARTS AND SCIENCES

Provides visual and performing arts, music, dance, and science programs to youth and adults, including school and family programs. The division manages the Art Center, Junior Museum and Zoo (JMZ), Children's Theatre, Community Theatre, Cubberley Theatre, the Public Art Program, and the Cubberley Artist Studios Program.

### OPEN SPACE, PARKS, AND GOLF

Maintains and operates more than 4,000 acres of open space and urban parkland including 43 miles of trails, 2 nature interpretive centers, 4 community gardens, 4 dog parks, and dozens of sports fields. The division offers programs in ecology and natural history in open space, maintenance of facilities for outdoor recreational use in City parks, a full-service golf complex, and junior golf programs through a partnership with First Tee Silicon Valley. The Division also supports the City's animal shelter through a public/private partnership with Pets in Need.

### RECREATION

Provides a diverse range of programs and activities for the community, establishing a culture of health and well-being for families and individuals of all ages. Programs include youth development and enrichment, teen services, summer camps, organized sports, aquatics, special events, and a wide variety of adult and youth recreation classes. The Recreation Division manages and operates three community centers, a teen center, the MakeX studio, and through a public/private partnership, the Rinconada Pool.

### OFFICE OF HUMAN SERVICES

Provides funding and coordinates grants to nonprofit organizations through the Human Services Resource Allocation Process (HSRAP) and the Emerging Needs Fund. Provides oversight of the afterschool child care program, the Palo Alto Mediation Program, and the Family Resource Information & Referral database. Serves as a key liaison to local social services organizations and child care providers.

## Accomplishments

- The Palo Alto Art Center successfully presented the initiative "Creative Attention." Funded with support from the Institute of Museum and Library Services, and the National Endowment for the Arts, the initiative included an exhibition, 2 artist residencies, 30 free virtual meditation sessions, 12 art therapy workshops with community partners such as Dreamcatchers, Stevenson House and Palo Alto Housing for low-income seniors, nonprofit workers, and East Palo Alto families, in addition to other free public programs. Responses to the program demonstrated its impact on showcasing the connections between art and healing.
- The Children's Theatre Magical Series Spectrum and Sensory Friendly Program, which was developed in collaboration with the Magical Bridge Foundation was expanded due to high demand. In Summer 2022, the theatre expanded the series to include Free Magical Series Music Therapy classes, with a

## COMMUNITY SERVICES

focus on accessibility for neurodivergent participants, as well as hosting a Magical Day Program for differently abled young adults who have aged out of most available day programs. Classes and camps are enrolled based on developmental age, rather than chronological ages like most City programs. In Fall 2023, Magical Series programming will also include dance classes focused on participants with different learning needs.

- With support from the Friends of the Palo Alto Children's Theatre, Children's Theatre staff work with PAUSD family services specialists to identify students who will benefit from full scholarships for Summer Camps and Classes. In Summer 2022, the theatre had more students participating in programs on full scholarships than any previous year.
- In Summer 2022, the Children's Theatre participated in an annual collaboration with the Stanford University Compression Forum (the theatre's 4th year in the program), offering paid internships to rising high school seniors and incoming college freshman. The participants, almost all of whom come from under-represented / under-served backgrounds, take part in a research project that explores the use of advanced technology in theatre.
- Over the summer, the Palo Alto Children's Theatre began the Reparations Project, a national collaboration with The Breath Project and the Friends of Palo Alto Children's Theatre, to encourage conversations around the topic of slavery reparations in educational and performing arts institutions, with the goal of developing an original theatrical work in FY 2025.
- The Public Art Program initiated the first King Artist Residency with artist Rayos Magos, focused on equity and belonging in Palo Alto. His project, Rituals of Resilience, engaged the community at large and particularly the Latinx and BIPOC community in dialogue about mental health and coping strategies during the pandemic. His sculpture will remain on King Plaza for 6 months to one year. Additionally, the Public Art Program commissioned multiple temporary mural and banner/barricade projects within our commercial corridors to support economic development efforts. Ten new microgrants throughout the City allowed local artists to bring joy and connection to residents.
- The Cubberley Artist Studio Program hosted free public programs serving over 270 participants in addition to two open studio events that attracted over 250 visitors.
- The JMZ continued to operate six days per week and staff continued to monitor attendance, membership sales, visitor feedback, and revenue and expenses. Animal care staff adjusted the Loose in the Zoo experience due to the avian flu and delays in obtaining new animals. Birthday party rentals are fully booked for several months.
- The exhibit development and outreach for the California Dinosaur Garden Exhibit continues and has received excellent feedback from accessibility and scientific advisors as well as guests. Smaller exhibits were also added to the museum.
- The JMZ continues to engage community members with disabilities and offer Super Family Sunday events. The JMZ is collaborating with the Friends of the Palo Alto Junior Museum & Zoo (Friends) to fund and host 3 special events in partnership with local organizations that serve children with disabilities.
- CSD hired a new Zoo Curator, which has greatly increased the number of program animals. The JMZ brought back the popular flamingo feedings, added weekend animal programs, and opened a temporary "Pop-up Animal Exhibit" during the holiday season.
- The JMZ served 8,435 students in fee-based education programs and 3,611 students in underserved communities through programs funded by grants or supported by the Friends of the JMZ.
- The Magical Bridge Playground at Mitchell Park was renovated with new playground surfacing, replacement of some of the play features, a new shade structure over the spin zone, and miscellaneous painting and planting improvements.

- The Rinconada Park Improvement Project (Phase 1) was completed. The renovation, which focused on the western half of the park, included replacement of the pathways and playground, improvements to the irrigation and drainage, and new native plantings.
- Two new pollinator gardens were added to the Mitchell Park Library patio and along West Greenwich Place. With these two new gardens, the City now has nine pollinator gardens. The gardens have multiple environmental benefits, including providing habitat for birds, beneficial insects, butterflies, and bees.
- The Peers Park and Cubberley Community Center tennis courts were resurfaced.
- The Peers Dog Park was improved with new trash and dog waste receptacles, benches, and a concrete pad around the dog fountain.
- Staff continued to develop the youth programming for boys and girls at the Baylands Golf Links through participation in the national “Youth on Course” program, partnering with the First Tee of Silicon Valley, and local high school golf programs.
- In collaboration with Fire and Public Works joined a partnership with CALFIRE to implement portions of the Foothills Fire Master Plan, which helps reduce fire risk and ensure that evacuation routes are clear.
- Recreation has continued to update its Field and Court policy to ensure the best use of its public space. Staff recently updated the policy to allow for additional pickleball play in Mitchell Park in response to the booming popularity of the sport.
- Recreation Special Events continue to thrive with the return of most pre-COVID events as well as continuing events such as Jack-Jaunt and the Holiday decorating contest that were created during the COVID pandemic.
- Palo Alto Swim and Sport (PASA) completed its 5th full year of aquatics operations at Rinconada Pool. Lap Swim monthly members are up from under 250 members in 2019 to just above 350 members in 2022. Open Family Swim has seen modest improvements over 2021, returning to baseline, directly related to staffing. In 2022, there were 19,893 open swim visits compared to 2021, where there were 8,226. Swim Lessons are experiencing a mild improvement from 2021, undergoing a complete remodel and recruiting work force. In 2021, total volume of lessons was 173, in 2022 that jumped to 1,431. PASA has a thriving, legacy quality youth program.
- Moving into the second year of pandemic recovery, the Art Center is experiencing record enrollment in programs for children, youth, teens and adults. The Center is also generating record revenue for fee-based classes.
- The second Dr. Martin Luther King, Jr. & Coretta Scott King Artist Residency with artist Kirti Bassendine began February 2023. Her residency focus will be on housing equity in Palo Alto.

## Initiatives

- The Office of Human Services continues to facilitate bi-monthly meetings of the Palo Alto Homeless Service Providers Committee, a group comprised of City staff, social service providers, senior service providers, and Safe Parking Host Churches. The group meets to address and collaborate on issues related to the unhoused.
- The Art Center continues a year-long series of exhibitions and programs connecting to the City of Palo Alto’s goals related to climate change--protection and adaptation. “Climate Connections” highlights the role of art to promote dialogue and action around climate change.
- The Children’s Theatre continues its initiative to create accessible programming for underserved communities, with classes, camps and productions offered through collaborations with Palo Alto

## COMMUNITY SERVICES

Unified School District, Bay Area Title-1 Schools, the Magical Bridge Foundation, Stanford University, and The Breath Project.

- The Children's Theatre continues its Magical Series, Sensory and Spectrum-Friendly class and performance offerings, to include Music Therapy classes, with a focus on accessibility for neurodivergent participants.
- In Fall 2023, Magical Series programming will also include dance classes focused on participants with different learning needs
- The Public Art Program is initiating a murals pilot program in the California Avenue district in spring of 2023 and Code:ART will take place downtown in October of 2023.
- Eleven dynamic new artists have joined the Cubberley Artist Studio Program (CASP) in January 2023 and are eager to host free public events and programming.
- The JMZ will engage a consultant to perform an operational analysis and develop a business plan to inform ongoing operational and budgetary decisions as it moves beyond the pandemic. The in-depth planning effort will aim to streamline daily operations, manage visitation, and identify revenue opportunities. The ticketing software request for proposals is currently out to bid, and implementation is planned for FY 2024. Staff is collaborating with the Friends group to host regular special events to drive visitation and increase awareness.
- The opening of the California Dinosaur Garden Exhibit at the JMZ will occur in Fall 2023, which will increase capacity of the facility by having the outdoor exhibit space.
- Funded by the Friends, the JMZ continues to work on diversity and inclusion with a two-year study to identify strategies to increase engagement of targeted neighborhoods in East Palo Alto, Redwood City, Menlo Park and other low-income and predominantly minority communities. CSD will hire a part-time Community Engagement Specialist, who will manage focus groups, outreach activities and evaluation.
- The Zoo plans to apply for accreditation to the Association of Zoos and Aquariums (AZA), which includes a conservation program. The much-anticipated lemurs will join the Zoo. Field trips and onsite programs are expected to increase as pandemic-related restrictions have mostly been retracted.
- Park improvement projects planned for FY 2024, including: Cameron Park, Ramos Park, Boulware Park, and Mitchell Dog Park to enhance visitor experience.
- Weekend trash service at will be added to select high visitation parks to maintain high quality outdoor spaces.
- Recreation is working on "pop-up" events on California Ave to promote community programming.

## Goals and Objectives

### Goal 1

Provide high-quality, relevant, and diverse services and programs to the public.

#### Objectives:

- Achieve a high level of customer satisfaction for all programs and services offered by the department.
- Increase public awareness of, and participation in, recreational services.
- Ensure programs are responsive to a broad range of needs within the community.

### Goal 2

Ensure parks and recreational areas are safe and environmentally sensitive.

**Objectives:**

- Maintain grounds to be in good condition and facilities to be in good repair.
- Protect public land and utilize best management practices for environmental preservation.

**Goal 3**

Provide innovative, well-managed programs and services.

**Objectives:**

- Increase and diversify community involvement and volunteerism.
- Monitor cost recovery to facilitate sustainability of programs and services with a goal to maintain or increase cost recovery levels.
- Explore partnerships with other agencies to maximize services for the public.

## Key Performance Measures

**COMMUNITY SERVICES DEPARTMENT ONLINE REGISTRATION AND EFFICIENCY**

Goal	Provide innovative, well-managed programs and services.				
Objective	Increase online class registration.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of class registrations occurring online	94%	93%	80%	94%	94%
Description	This measure tracks the utilization rate of online class registration service available.				
Purpose	Increase staff productivity and capacity.				
Status	Online registrations increased significantly in FY 2020 through FY 2022 due to most CSD facilities being closed to the public in response to the COVID-19 pandemic.				

**COMMUNITY SERVICES DEPARTMENT OPEN SPACE AND PARKS**

Goal	Ensure parks and recreational areas are safe and environmentally sensitive.				
Objective	Protect public land and utilize best management practices for environmental preservation.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of surveyed who rate the City's success in preserving natural areas as "Good" or "Excellent"	N/A*	83%	83%	83%	83%

## COMMUNITY SERVICES

# Key Performance Measures

Description	This data is collected as part of the Palo Alto Community Survey that is conducted annually and tracks resident responses when asked to rate Palo Alto's preservation of natural areas such as open space and green belts. The Department maintains and manages 4,029 acres of open space including Foothills Park, Baylands Nature Preserve, Pearson-Arastradero Preserve, and Esther Clark Nature Preserve. The survey asks residents to rate their perception of local government services.
Purpose	It is important for the City to solicit feedback from and respond to residents regarding the services and programs provided.
Status	* The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.

## COMMUNITY SERVICES DEPARTMENT PROGRAMS AND SERVICES

Goal	Provide high quality, relevant, and diverse services and programs to the public.				
Objective	Ensure programs are responsive to a broad range of needs within the community.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Percent of surveyed who rate recreation programs/classes as "Good" or "Excellent"	N/A*	79%	83%	79%	83%
Description	The Department's motto is "Engage, Create, Enjoy!" to enhance the quality of life. We offer diverse experiences for children, teens, and adults of all ages. This data is collected as part of the Palo Alto Community Survey that is conducted annually and tracks resident responses when asked to rate Palo Alto's recreation programs or classes in the annual Palo Alto Community Survey. The survey asks residents to rate their perception of local government services.				
Purpose	It is important for the City to solicit feedback from and respond to residents regarding the services and programs provided.				
Status	* The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.				

## Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Total Enrollment in classes/camps in arts, sciences, recreation, and open space programs	7,001	12,860	12,000	14,818	14,800
Average Enrollment in classes/camps in arts, sciences, recreation, and open space programs	6	12	11	10	11

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Administration and Human Services	4,624,520	4,750,781	5,366,914	6,699,622	1,332,708	24.8%
Arts and Sciences	5,434,263	6,999,770	7,667,087	8,858,929	1,191,842	15.5%
Open Space, Parks and Golf	11,745,109	12,850,420	13,647,698	15,191,432	1,543,734	11.3%
Recreation and Cubberley	4,610,870	5,283,165	6,184,677	7,474,130	1,289,453	20.8%
<b>Total Dollars by Division</b>	<b>26,414,761</b>	<b>29,884,136</b>	<b>32,866,377</b>	<b>38,224,114</b>	<b>5,357,737</b>	<b>16.3%</b>
<b>Salary &amp; Benefits</b>						
Healthcare	1,467,820	1,458,916	1,764,333	2,052,512	288,179	16.3%
Other Benefits	257,714	289,307	298,274	308,215	9,941	3.3%
Overtime	48,967	192,934	116,154	129,036	12,882	11.1%
Pension	2,483,516	2,779,871	2,952,562	3,482,505	529,942	17.9%
Retiree Medical	892,942	907,542	897,240	838,974	(58,266)	(6.5)%
Salary	7,461,318	8,206,514	9,246,720	11,269,712	2,022,992	21.9%
Workers' Compensation	414,914	426,646	394,228	480,391	86,163	21.9%
<b>Total Salary and Benefits</b>	<b>13,027,192</b>	<b>14,261,730</b>	<b>15,669,511</b>	<b>18,561,345</b>	<b>2,891,834</b>	<b>18.5%</b>
<b>Dollars by Category</b>						
Allocated Charges	5,483,937	6,040,465	6,337,167	7,223,532	886,365	14.0%

## COMMUNITY SERVICES

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Contract Services	6,679,116	8,055,199	8,948,161	10,117,915	1,169,754	13.1%
Supplies & Material	427,297	613,660	699,757	762,507	62,750	9.0%
General Expense	762,041	880,667	1,129,011	1,488,545	359,534	31.8%
Rents & Leases	8,561	4,642	12,570	12,570	—	—%
Facilities & Equipment	26,618	27,774	70,200	57,700	(12,500)	(17.8)%
<b>Total Dollars by Category</b>	<b>26,414,761</b>	<b>29,884,136</b>	<b>32,866,377</b>	<b>38,224,114</b>	<b>5,357,737</b>	<b>16.3%</b>
<b>Revenues</b>						
Charges for Services	6,438,944	9,415,457	10,045,529	10,954,109	908,580	9.0%
Charges to Other Funds	202,581	230,234	239,674	170,157	(69,517)	(29.0)%
From Other Agencies	48,522	121,557	21,667	—	(21,667)	(100.0)%
Operating Transfers-In	—	80,000	—	5,000	5,000	—%
Other Revenue	816,184	953,412	816,086	997,586	181,500	22.2%
Other Taxes and Fines	3,330	1,777	1,026	1,026	—	—%
Rental Income	788,968	1,398,667	1,399,654	1,399,654	—	—%
<b>Total Revenues</b>	<b>8,298,528</b>	<b>12,201,104</b>	<b>12,523,636</b>	<b>13,527,532</b>	<b>1,003,895</b>	<b>8.0%</b>
<b>Positions by Division</b>						
Administration and Human Services	6.79	5.49	5.49	5.79	0.30	5.5%
Arts and Sciences	52.98	44.14	48.41	54.60	6.19	12.8%
Open Space, Parks and Golf	29.59	29.59	30.59	31.59	1.00	3.3%
Recreation and Cubberley	41.35	34.16	35.16	41.32	6.16	17.5%
<b>Total Positions by Division</b>	<b>130.71</b>	<b>113.38</b>	<b>119.65</b>	<b>133.30</b>	<b>13.65</b>	<b>11.4%</b>

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Administrative Assistant	1.00	1.00	1.00	1.00	—	94,827
Administrative Associate III	1.00	—	—	—	—	—
Assistant Director Community Services	2.00	1.00	1.00	2.00	1.00	434,262
Building Serviceperson	1.00	1.00	1.00	2.00	1.00	148,470
Building Serviceperson-Lead	0.60	0.60	0.60	2.00	1.40	158,870
Coordinator Recreation Programs	4.00	4.00	4.00	5.75	1.75	603,621
Director Community Services	1.00	1.00	1.00	1.00	—	254,363
Division Manager Open Space, Parks & Golf	—	—	—	1.00	1.00	162,906
Heavy Equipment Operator	0.07	—	—	—	—	—
Inspector, Field Services	2.00	2.00	2.00	2.00	—	249,142
Junior Museum & Zoo Educator	3.60	3.25	4.10	4.85	0.75	455,372
Management Analyst	1.00	1.00	1.00	1.00	—	125,923
Management Assistant	1.00	1.00	1.00	1.00	—	98,030
Manager Community Services	5.00	5.00	5.00	5.00	—	611,582
Manager Community Services Senior Program	4.00	4.00	4.00	4.00	—	614,099
Manager Human Services	1.00	1.00	1.00	1.00	—	161,200
Park Maintenance Person	6.00	6.00	6.00	6.00	—	556,608
Park Maintenance-Lead	1.00	1.00	1.00	1.00	—	107,515
Park Ranger	5.00	5.00	6.00	6.00	—	592,550
Parks/Golf Crew-Lead	2.00	2.00	2.00	2.00	—	201,802
Producer Arts/Science Program	12.00	11.00	12.25	9.50	(2.75)	1,045,553
Program Assistant I	7.00	3.00	3.00	3.75	0.75	342,030
Program Assistant II	4.00	4.00	4.00	4.00	—	392,122

# COMMUNITY SERVICES

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Project Manager	0.10	0.10	0.10	0.10	—	14,999
Senior Management Analyst	1.00	1.00	1.00	1.00	—	135,179
Sprinkler System Representative	4.00	4.00	4.00	4.00	—	377,312
Superintendent Community Services	2.00	2.00	2.00	2.00	—	313,976
Superintendent Recreation	1.00	—	—	—	—	—
Theater Specialist	2.00	2.00	2.00	5.00	3.00	608,400
WGW Heavy Equipment Operator	—	0.07	0.07	0.07	—	8,726
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>75.37</b>	<b>67.02</b>	<b>70.12</b>	<b>78.02</b>	<b>7.90</b>	<b>\$8,869,443</b>
Temporary/Hourly	55.34	46.36	49.53	55.28	5.75	\$3,101,813
<b>Total Positions</b>	<b>130.71</b>	<b>113.38</b>	<b>119.65</b>	<b>133.30</b>	<b>13.65</b>	<b>\$11,971,256</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>119.65</b>	<b>32,866,377</b>	<b>12,523,636</b>	<b>20,342,741</b>
<b>One-Time Prior Year Budget Adjustments</b>				
Electric Leaf Blower Replacement	-	(12,500)	-	(12,500)
United Nations Association Film Festival (UNAFF) Financial Support	-	(20,000)	-	(20,000)
Golf Course Driving Range 2nd Floor Study	-	(30,000)	-	(30,000)
Ticketing and Membership Software Procurement	-	(50,000)	-	(50,000)
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>(112,500)</b>	<b>-</b>	<b>(112,500)</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	(0.07)	1,122,498	-	1,122,498
Golf Course Revenue Alignment (CMR 8848, approved by the City Council on April 6, 2018)	-	30,000	500,000	(470,000)
Arts Center Supplies and Materials	-	5,000	-	5,000
Aquatics Supplies and Materials	-	5,000	-	5,000
Recreation Management System(CivicRec) Subscription Increase	-	9,750	-	9,750
Institute of Museum and Library Services (IMLS) Grant for Interns	-	-	(21,667)	21,667
ThinkFund (formerly Bryant Street Garage Fund) Bryant Street Garage Rent Subsidy for Teen Programs	-	83,400	-	83,400
Human Services Contracts and Resource Allocation Program (consumer price index)	-	87,007	-	87,007
Animal Shelter Operating Expenses (CMR 2302-0940)	-	500,000	-	500,000
FY 2023 Mid-Year Budget Review (CMR 2212-0515)	0.95	289,615	29,000	260,615
Communications Allocated Charges	-	(226)	-	(226)
Information Technology Allocated Charges	-	122,739	-	122,739
Landscape Maintenance Contract/Allocated Charges	-	362,041	(10,959)	373,000
Liability Insurance Allocated Charges	-	112,736	-	112,736
Printing & Mailing Services Allocated Charges	-	(61,500)	-	(61,500)

## COMMUNITY SERVICES

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
Stormwater Management Allocated Charges	-	17,635	-	17,635
Utilities Allocated Charges	-	631,023	-	631,023
Workers' Compensation Allocated Charges	-	86,163	-	86,163
Vehicle Replacement & Maintenance Allocated Charges	-	21,668	-	21,668
<b>Adjustments to Costs of Ongoing Activities</b>	<b>0.88</b>	<b>3,424,547</b>	<b>496,373</b>	<b>2,928,174</b>
<b>Total FY 2024 Base Budget</b>	<b>120.53</b>	<b>36,178,424</b>	<b>13,020,009</b>	<b>23,158,415</b>
<b>Budget Adjustments</b>				
1. Supplemental Funding for Children's Theatre Classes, Tours, and Workshops	0.96	55,570	86,080	(30,510)
2. Children's Theatre Staffing and Operational Support for Additional Productions	1.19	148,748	150,000	(1,252)
3. Grant Funding for JMZ Classroom Programming	0.68	50,235	53,000	(2,765)
4. Art Center Staffing Augmentation	0.25	88,334	88,500	(166)
5. Homeless Outreach Funding	-	141,000	141,000	-
6. JMZ Access Coordinator	0.48	37,500	37,500	-
7. Children's Theatre Box Office Associate	0.48	22,236	-	22,236
8. Lucie Stern Community Theatre Supplemental Staffing	0.48	23,534	-	23,534
9. United Nations Association Film Festival (UNAFF) Support	-	25,000	-	25,000
10. Supplemental Funding for Know Your Neighbors Grant	-	25,000	-	25,000
11. FY 2024 Enhancement of Information Technology (IT) Services	-	42,291	-	42,291
12. Human Services Needs Assessment	-	80,000	-	80,000
13. Art Center Visitor Staffing and Installation Crew	1.02	97,000	10,000	87,000
14. Therapeutics Program Staffing	0.75	90,000	-	90,000
15. Special Events and Marketing Coordinator Reinvestment	1.00	161,242	-	161,242
16. Supplemental HSRAP Funding	-	200,000	-	200,000
17. Assistant Director Reinvestment	1.00	294,371	-	294,371

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
18. Cubberley Facility Maintenance and Upkeep	4.48	463,629	(58,558)	522,187
<b>Total Budget Adjustments</b>	<b>12.77</b>	<b>2,045,690</b>	<b>507,522</b>	<b>1,538,167</b>
<b>Total FY 2024 Adopted Budget</b>	<b>133.30</b>	<b>38,224,114</b>	<b>13,527,532</b>	<b>24,696,582</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Supplemental Funding for Children’s Theatre Classes, Tours, and Workshops	0.96	55,570	86,080	(30,510)

This action adds two Arts & Science Professional III (0.96 FTE) to support Palo Alto Unified School District (PAUSD) Outreach productions, music and dance instruction, as well as school field trip workshops and visits. The additional staffing will allow the Children’s Theatre to accommodate an additional 280 students in the children’s choir classes, increase school classroom instruction choir by 40 classes, and increase tours and workshops by 40 additional visits annually. (Ongoing net savings: \$25,000)

**Performance Results**



This action will enhance the City’s ability to provide high-quality programing at the Children’s Theatre.

2. Children’s Theatre Staffing and Operational Support for Additional Productions	1.19	148,748	150,000	(1,252)
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This action adds three Arts & Sciences Professional I positions (1.19 FTE), \$75,000 in operational expenses, and adds \$150,000 in revenue for Children’s Theatre programming and productions. Significant community demand remains for Children’s Theatre programming; in FY 2023 every production and nearly every class and camp was sold-out, with the majority maintaining waitlists. The additional resources are anticipated to increase the performances to twenty-seven annually, and include Main Stage/Summer Hot Dog, Playhouse, Outreach, and summer camp productions. This is estimated to provide opportunities for approximately 1,300 additional participants compared to FY 2023 of 5,800 participants. The additional operational expenses include increasing the budget for supplies, materials, and funding for production support such as choreographers and production designers to enhance the quality of productions experience for participants . (Ongoing net cost: \$3,500)

**Performance Results**



This action will align resources to meet community demand for Children’s Theatre productions.

3. Grant Funding for JMZ Classroom Programming	0.68	50,235	53,000	(2,765)
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This action adds two Instructor II (0.68 FTE) to support the JMZ science programs. The additional staffing can support an additional 280 science classes to underserved schools in Santa Clara and San Mateo County. Funding for the additional staffing will be provided to the City by the Friends of the JMZ. The grant support, staffing, and programming will be reevaluated annually by the Friends of the JMZ and the City to ensure community needs and resources are aligned. (Ongoing cost: \$0)

**Performance Results**



This action will provide additional resources to provide greater educational opportunities for children.

# COMMUNITY SERVICES

## Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
4. Art Center Staffing Augmentation	0.25	88,334	88,500	(166)

This action reclassifies and increases a 0.75 Producer of Art & Sciences to a 1.00 Theatre Specialist due to significant community demand for adult ceramics classes held at the Art Center. This increase in staffing will allow the Art Center to open for two shifts on Mondays, which is expected to generate an additional \$88,500 in revenue through increased classes and programming. The reclassification aligns and reflects the roles and responsibilities needed manage the additional programming. This proposal also adds \$36,990 in funding for contract staffing funding for a ceramics instructor and \$3,000 in additional supplies and materials to support the additional participants. (Ongoing net cost: \$1,000)

### Performance Results



This action will help to meet community demand for adult ceramics classes.

5. Homeless Outreach Funding	-	141,000	141,000	-
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This net-neutral action provides homeless outreach services to unhoused individuals for a two-year period, consistent with CMR 2305-1588, presented to Council on June 19, 2023. Services will include regular street outreach to locate and engage with unhoused individuals at their location in the Palo Alto area, to build trust, increase awareness of services and resources, improve neighbor relations, act as a resource to local businesses, and, when feasible, connect them with support services including shelter, housing, government benefits, mental health, substance abuse treatment, or employment training among other needs. Additionally, a small portion of the outreach team's time will be spent on Stanford University land as part of a revenue agreement between Stanford and the City. Revenue from the Permanent Local Housing Allocation (PLHA) and Stanford University will offset the costs associated with these services. (Ongoing net cost: \$0)

### Performance Results



This will provide comprehensive homeless outreach services for the City

6. JMZ Access Coordinator	0.48	37,500	37,500	-
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This action adds one Staff Specialist (0.48 FTE) to serve as a Community Engagement Specialist in the JMZ, consistent with CMR 2303-1200, which was approved by Council on May 15, 2023. This position will identify surrounding communities that have cultural or economic barriers to utilizing the services of the Museum. This position will forge new, and strengthen existing, relationships with the purpose of developing strategies to increase the number of people that utilize the Museum's services. Funding for the position will be provided to the City by the Friends of the JMZ through FY 2025. (Ongoing net cost: \$0 2yr-term)

### Performance Results



This provides additional resources to the JMZ to promote its services to a more diverse group of students.

7. Children's Theatre Box Office Associate	0.48	22,236	-	22,236
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This action adds one Arts & Sciences Aide (0.48 FTE) to oversee Box Office Operations when there is no full-time Box Office staff present (primarily Sundays, as well as days when there are off-site PAUSD productions at the same time performances at the Children's Theatre), and to support the full-time Box Office Manager at times when more than one person is needed to oversee the Box Office and front of house duties (most needed during Summer Camp productions and Summer Hot Dog Season). Tasks include the distribution of will-call tickets, managing the waitlist for sold-out performances, selling tickets (currently through CivicRec), and customer service (in person, phone, email) during box office hours. Additional duties include oversight of volunteer (youth) house managers and ushers. (Ongoing cost: \$24,000)

### Performance Results



This action ensures sufficient staffing is available to support Children's Theatre productions.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
8. Lucie Stern Community Theatre Supplemental Staffing	0.48	23,534	-	23,534

This action adds one Custodial Assistant (0.38 FTE) and increases the staffing allocation for one existing Arts & Sciences Technician (from 0.07 FTE to 0.17 FTE) to support the Lucie Stern Community Center operations. The City has seen an increased demand for services at the facility and needs additional staffing for facility maintenance and customer service. (Ongoing cost: \$25,000)

**Performance Results**



This action aligns resources with operational requirements.

9. United Nations Association Film Festival (UNAFF) Support	-	25,000	-	25,000
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This one-time action increases expenses by \$25,000 to support the UNAFF that is held in Palo Alto annually. The films presented cover topics such as environmental sustainability and human rights, which align with many of the City’s future goals and core ideals, providing a valuable service to the community. (Ongoing cost: \$0)

**Performance Results**



This action will ensure the festival has sufficient resources to provide a high quality experience for attendees.

10. Supplemental Funding for Know Your Neighbors Grant	-	25,000	-	25,000
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This action adds \$25,000 to the Know Your Neighbor Grant (KYNG) Program due to the increasing demand for community events. The KYNG Program is designed to help neighbors connect with each other while strengthening the community and improving the quality of life and neighborhoods in Palo Alto. Residents or neighborhood associations may apply for grants of up to \$1,000 annually for events that support community connections and enhance neighborhood pride. Some previous KYNG recipients have used the funds to: create a pop-up parklet; coordinate a Palo Alto Emergency Services Volunteers self-defense series; organize an emergency preparedness fair; and throw a Movie Night in the Park. (Ongoing cost: \$25,000)

**Performance Results**



This action results in increased opportunities and resources for community events.

11. FY 2024 Enhancement of Information Technology (IT) Services	-	42,291	-	42,291
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This action increases allocated charges for IT services to the Community Services Department by approximately \$42,291 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$42,291)

**Performance Results**



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
12. Human Services Needs Assessment	-	80,000	-	80,000

This one-time action adds \$80,000 to fund a consultant to conduct a full scale assessment of the human services needs of Palo Alto residents, demographic analysis of the community, in addition to exploring best practices for solicitation and administration of the HSRAP process. This will assist staff and the Human Relations Commission in addressing current and future human services needs in the community post COVID as well as guide the management of the HSRAP process in the future years. (Ongoing cost: \$0)

**Performance Results**



This action will ensure the City is allocating its human services funding to the areas of greatest community need.

13. Art Center Visitor Staffing and Installation Crew	1.02	97,000	10,000	87,000
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This action adds one Program Assistant I (0.75 FTE) position for Art Center visitor services and three Staff Specialists (0.27 FTE) for an Art Center installation crew. Visitor services staffing will allow for increased hours at the art center as well as a higher level of customer support such as class registrations and booking facility rentals. The increased hours of operation for the Art Center are anticipated to generate \$10,000 in additional revenue annually. The Art Center installation crew will enhance the quality of services for the Art Programming at the Art Center by having in-house staff hang and install artwork rather than relying on contractors. (Ongoing net cost: \$120,096)

**Performance Results**



This will improve the visitor experience for patrons of the Art Center.

14. Therapeutics Program Staffing	0.75	90,000	-	90,000
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This action adds one Coordinator of Recreation Programs (0.75 FTE) that will evaluate the Department's existing programming and develop a Therapeutic Recreation Plan that will outline the City's strategy for providing inclusion services moving forward. (Ongoing cost: \$109,156)

**Performance Results**



This will allow the City to provide increased services for children and adults with special needs.

15. Special Events and Marketing Coordinator Reinvestment	1.00	161,242	-	161,242
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This action adds 1.00 Coordinator Recreation Programs dedicated to planning and expanding the City's special event programming. This position would reinvigorate and expand the existing special events, but also coordinate with the City Manager's Office and community partners to bring more events to the University Avenue and California Avenue areas to support economic development and community connections. This action also proposes \$25,000 in funding to help address increasing costs to put on community events. (Ongoing cost: \$171,000)

**Performance Results**



This action will increase the amount of community engagement between the public and City staff.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
16. Supplemental HSRAP Funding	-	200,000	-	200,000

This action increases the appropriation for non-profit grant funding to be distributed through the Human Services Resource Allocation (HSRAP) process by \$200,000 in FY 2024 and \$200,000 in FY 2025. Currently, the City is in the first year (beginning July 1st, 2023) of its two-year contract with current grant recipients. Grantees provide services to the Palo Alto residents such as meals, medical care, mental healthcare and disability, educational and legal services, bereavement care, homeless outreach, and service-learning programs. (Ongoing cost: \$200,000 2-yr term)

**Performance Results**



This action increases human services resources available to meet community needs.

17. Assistant Director Reinvestment	1.00	294,371	-	294,371
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This action adds 1.00 Assistant Director of the Arts and Sciences Division of the Community Services Department to provide leadership and oversight of the Children’s Theatre and Cubberley and Lucie Stern Community Theatres, Art Center, Public Art Program, Cubberley Artist Studio Program, and Junior Museum and Zoo. In addition to overseeing the Division, this position would be responsible for ensuring the long-term success of the Junior Museum and Zoo, continuing collaboration with the City’s three theatre partners to improve the Stern Theatre, and overseeing CSD’s inclusion and accessibility efforts. (Ongoing cost: \$309,000)

**Performance Results**



This action will provide the department with additional administrative oversight to ensure the department is delivering high-quality and efficient services and programming to the community.

18. Cubberley Facility Maintenance and Upkeep	4.48	463,629	(58,558)	522,187
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This action shifts \$623,000 in costs for custodial staffing, landscaping services, and routine maintenance contracts from the Cubberley Infrastructure Fund to the General Fund. Funding for custodial staffing and landscaping services will be shifted to the Community Services Department (net \$522,187), while the maintenance contracts will be shifted to the Public Works Department (net \$100,813). (Ongoing net costs: \$488,834)

**Performance Results**



By preserving funding in the Cubberley Infrastructure Fund, the action will allow capital and facility upkeep-related expenditures to be prioritized at the Cubberley property.

## COMMUNITY SERVICES

# CSD Golf Course Financials

	FY 2020 Actuals*	FY 2021 Actuals*	FY 2022 Actuals*	FY 2023 Projected	FY 2024 Adopted Budget
<b>REVENUES</b>					
Tournament Fees	56,620	213,185	362,549	316,310	308,145
Green Fees	1,983,554	3,598,588	3,600,243	3,046,122	2,967,495
Driving Range	314,447	679,304	662,717	622,170	606,111
Cart/Club Rentals	275,071	362,787	412,376	365,498	356,063
Proshop Lease	177,080	227,587	292,551	250,472	244,007
Restaurant Lease	40,000	74,000	49,500	48,000	48,000
Restaurant Utilities	-	18,000	18,000	18,000	18,000
Other Fee	5,500	9,571	47,214	43,660	40,829
<b>Total Revenue</b>	<b>\$ 2,852,272</b>	<b>\$ 5,183,022</b>	<b>\$ 5,445,150</b>	<b>\$ 4,710,231</b>	<b>\$ 4,588,650</b>
<b>EXPENDITURES</b>					
<b>Operating Expenses</b>					
Salaries & Benefits	177,029	128,576	139,222	150,086	188,726
Supplies and Materials	-	461	-	-	-
General Expense	44	357	53	47	1,590
Allocated Charges	303,694	394,760	360,031	357,476	393,557
<b>Subtotal</b>	<b>\$ 480,768</b>	<b>\$ 524,154</b>	<b>\$ 499,306</b>	<b>\$ 507,609</b>	<b>\$ 583,873</b>
<b>Contract Services</b>					
Golf Maintenance	2,540,690	2,648,333	3,009,819	2,809,227	2,839,707
Miscellaneous**	182	-	255,211	121,759	-
Management Fees	111,240	114,577	116,604	120,102	121,554
Contract Contingency	-	-	-	-	29,313
<b>Subtotal</b>	<b>\$ 2,652,112</b>	<b>\$ 2,762,910</b>	<b>\$ 3,381,634</b>	<b>\$ 3,051,088</b>	<b>\$ 2,990,574</b>
<b>Total Operating Expenses</b>	<b>\$ 3,132,879</b>	<b>\$ 3,287,064</b>	<b>\$ 3,880,940</b>	<b>\$ 3,558,697</b>	<b>\$ 3,574,447</b>
<b>Income From Operations</b>	<b>\$ (280,607)</b>	<b>\$ 1,895,958</b>	<b>\$ 1,564,210</b>	<b>\$ 1,151,534</b>	<b>\$ 1,014,203</b>
<b>Debt Expenses</b>					

# CSD Golf Course Financials

	FY 2020 Actuals*	FY 2021 Actuals*	FY 2022 Actuals*	FY 2023 Projected	FY 2024 Adopted Budget
Debt Service (New)	369,771	373,733	372,557	\$ 371,331	\$ 527,487
<b>Subtotal</b>	<b>\$ 369,771</b>	<b>\$ 373,733</b>	<b>\$ 372,557</b>	<b>\$ 371,331</b>	<b>\$ 527,487</b>
<b>Net Income (Loss)</b>	<b>\$ (650,378)</b>	<b>\$ 1,522,225</b>	<b>\$ 1,191,653</b>	<b>\$ 780,203</b>	<b>\$ 486,716</b>

\*The COVID-19 pandemic caused significant disruption to City and community activities, which may be reflected in FY 2020 through FY 2022 data.

\*\*Expenses in FY 2022 and 2023 reflect payments to the City’s golf course operator based on the City’s current revenue sharing agreement, which is 20% of certain revenue categories over annual budgeted revenue targets.

## COMMUNITY SERVICES

# CSD Human Service Contracts

Human Services Contracts	FY 2023 Adopted Budget	FY 2023 Agency Award	FY 2024 Base Budget	FY 2024 Agency Request	FY 2024 Adopted Budget
<b>GENERAL HUMAN SERVICES CONTRACTS*</b>					
Avenidas - Senior Services	542,950	542,950	542,950	542,950	570,453
PACCC - Child Care Subsidy and Outreach	550,059	550,059	550,059	550,059	577,207
Mediation Service Provider	73,934	73,934	73,934	73,934	77,631
Youth Community Sv. (YCS) - Youth Connectedness Initiative	50,000	50,000	50,000	50,000	50,000
<b>General Human Service Contracts Subtotal</b>	<b>1,216,943</b>	<b>1,216,943</b>	<b>1,216,943</b>	<b>1,216,943</b>	<b>1,275,291</b>
<b>HUMAN SERVICES RESOURCE ALLOCATION PROCESS CONTRACTS**</b>					
Abilities United	66,047	66,047	66,047	69,988	58,725
Adolescent Counseling Services (Outlet Program)	51,282	51,282	51,282	50,000	44,457
Counseling and Support Services for Youth (CASSY)	56,342	56,342	56,342	40,000	35,566
Children's Health Council	N/A	N/A	N/A	12,500	5,230
Downtown Streets Team	11,330	11,330	11,330	50,557	20,921
Dreamcatchers	33,114	33,114	33,114	60,000	29,443
KARA	28,326	28,326	28,326	28,000	24,896
Karat School Project	5,665	5,665	5,665	23,310	10,852
LifeMoves (formerly InnVision Shelter Network)	95,218	95,218	95,218	92,893	82,596
La Comida de California	55,956	55,956	55,956	60,000	49,753
Ravenswood Family Health Network (formerly MayView Community Health Center)	53,024	53,024	53,024	75,000	47,145
Alta Housing (formerly Palo Alto Housing Corporation)	39,750	39,750	39,750	43,725	35,344
Peninsula HealthCare Connection Inc	7,931	7,931	7,931	61,087	26,151
Senior Adults Legal Assistance	19,448	19,448	19,448	20,500	17,291
The Health Trust	12,669	12,669	12,669	21,600	19,205
Vista Center for the Blind & Visually Impaired	48,266	48,266	48,266	47,209	41,976
Youth Community Sv. (YCS)	38,008	38,008	38,008	42,000	33,795
Heart and Home Collaborative	N/A	N/A	N/A	50,000	28,463
Palo Alto Renters Association (PARA)	N/A	N/A	N/A	12,000	5,230

# CSD Human Service Contracts

Human Services Contracts	FY 2023 Adopted Budget	FY 2023 Agency Award	FY 2024 Base Budget	FY 2024 Agency Request	FY 2024 Adopted Budget
Partners and Advocates of Remarkable Children and Adults (PARCA)	N/A	N/A	N/A	20,000	10,460
WeHope	N/A	N/A	N/A	112,640	14,645
YMCA Palo Alto	N/A	N/A	N/A	10,000	8,891
<b>Two-Year Contractors Subtotal</b>	<b>622,377</b>	<b>622,377</b>	<b>622,377</b>	<b>1,158,009</b>	<b>651,035</b>
FY 2024 Supplemental HSRAP Funding****					200,000
<b>TOTAL</b>	<b>1,839,320</b>	<b>1,839,320</b>	<b>1,839,320</b>	<b>2,374,952</b>	<b>2,126,326</b>
HSRAP Emerging Needs Fund***	50,000	50,000	50,000	-	50,000

\*These existing contracts have been added to this chart to provide a holistic display of all the General Human Services Contracts in the City. As these contracts are already established and not included in the Human Resource Allocation Process (HSRAP), there is no new budgetary impact as a result of their inclusion.

\*\*HSRAP contracts are requested as part of a two-year cycle, and once approved, the agencies receive the same level of funding across each year of the cycle. The Agency Request amounts reflect the request made for each year.

\*\*\*Funding is in the Non-Departmental section of this document.

\*\*\*\*This represents additional funding for HSRAP Grantees which will go to the Human Relations Commission (HRC) for allocation recommendations to be finalized by the City Council.



CITY OF  
**PALO  
ALTO**

# FIRE

## Mission Statement

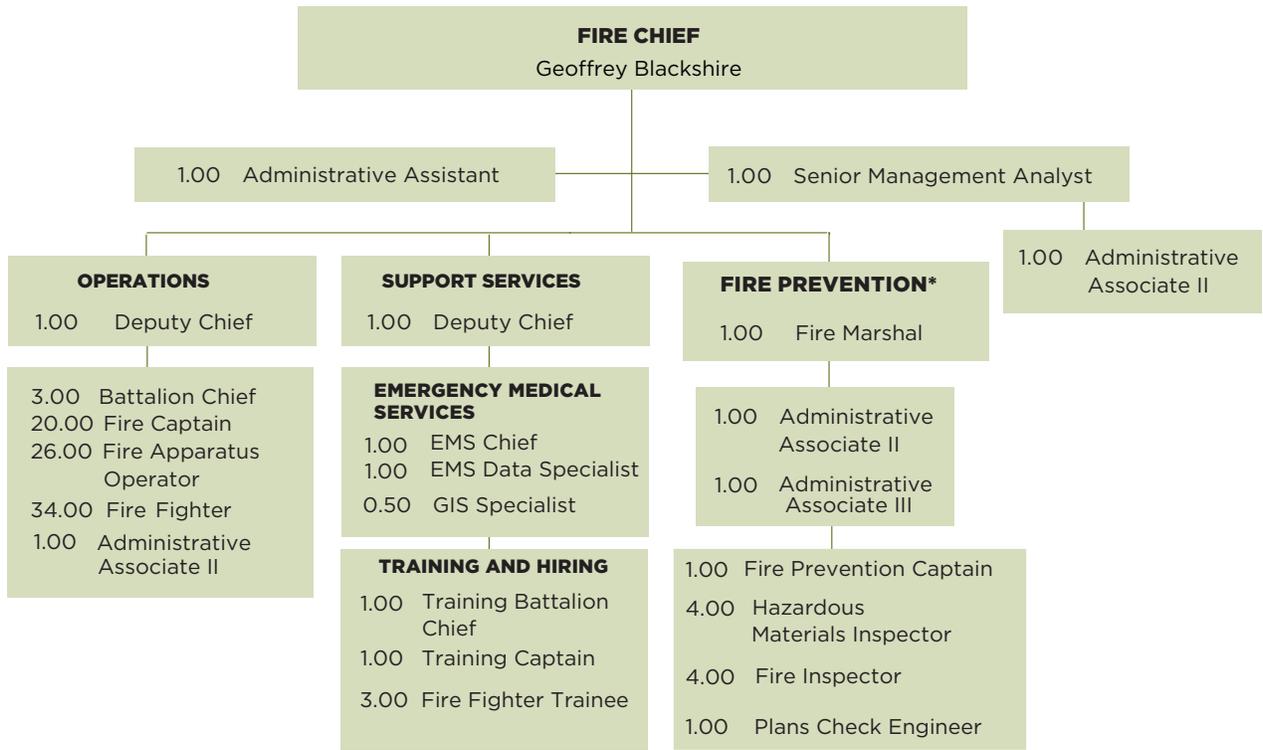


We are a professional team of individuals dedicated to safeguarding and enriching the lives of anyone, anytime, anywhere with compassion and pride.

## Purpose

The purpose of the Fire Department is to protect life, property, and the environment from fire, hazardous materials, and other disasters; provide rapid emergency response, proactive code enforcement, modern fire prevention methods, and progressive safety education for our citizens and coworkers; and promote customer satisfaction by maintaining quality, professional, and friendly service to others.

# FIRE



**FY 2024 POSITION TOTALS**  
 110.50 - Full-time  
 1.03 - Hourly

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

\* Fire Prevention is functionally a part of the Planning and Development Services Department. The Fire Department retains administrative oversight over department personnel.

## Description

The Fire Department provides a wide range of community and employee related services for the City of Palo Alto through the following service programs:

### **FIRE SUPPRESSION**

Maintain a state of readiness to effectively respond to emergency and non-emergency calls. Provide a means for a safer Palo Alto through community outreach, public education, and prevention.

### **EMERGENCY MEDICAL SERVICES**

In an emergency setting, rapid assessment, treatment, and transport of patients to definitive care in a safe and efficient manner.

### **FIRE PREVENTION BUREAU**

Improve the quality of life for the Palo Alto community through risk assessment, code enforcement, fire investigation, public education, and hazardous materials management.

### **EMPLOYEE FIRE/EMS CERTIFICATION TRAINING**

Provide training to certify that staff maintain safe, efficient, and effective practices when responding to emergencies. Ensure personnel are familiar with and able to utilize the most up-to-date and proven techniques. Training specific to required EMT and/or Paramedic re-certification is also incorporated.

## Accomplishments

- Restored Deputy Chief of Support Services position and have begun development of a strategic hiring and training plan.
- Completed negotiations of Memorandum of Agreement with International Association Fire Fighters Local 1319, and the Fire Chief's Association, in alignment with City Council's goal of being an employer of choice.
- Promoted new Fire Marshal who immediately began an organizational assessment to identify gaps in service to the public.
- Conducted two fire academies with 12 entry level firefighters.
- Sent three firefighter EMTs to paramedic school, a two-year pilot program that will continue into FY24.
- Continued to monitor emerging science and implement best practices with COVID-19 by providing support locally and with regional efforts. Provided COVID-19 vaccinations and boosters for residents who were unable reach vaccination sites.
- Continued to conduct wildland fire inspections of every home in the foothills, and rigorous training exercises to prepare for the increased risk of a longer and more intense California fire season.
- Responded to 8,334 incidents, with a total of 16,250 Palo Alto Fire Department units assigned to the incidents, within the Palo Alto and Stanford Jurisdictions.
- Responded to 117 fire incidents in Fiscal Year 2022 with 89 percent of responses within eight minutes from the time of dispatch.

## FIRE

- Responded to 5,260 medical/rescue calls in Fiscal Year 2022; 99 percent of paramedic calls for service were responded to within 12 minutes and 95 percent of emergency medical calls within 8 minutes from the time of dispatch.
- Emergency incidents have been increasing largely due to the recovery from COVID restrictions in the City and Stanford campus. Another contributor was the steady flow of storms in the area. Responses included water rescues from stranded vehicles, fallen trees into buildings, electrical wires down, fires, auto accidents, and flooding in homes and streets.

## Initiatives

- Reorganize recruitment and hiring process to enable Fire Department to respond to increases in turnover and take a proactive approach and continuously recruit for entry level Firefighters.
- Renew Annual Fire Inspection program by restoring two Fire and Life Safety Inspector positions, which will be fully cost recovered from annual inspection fees.
- Bolster mental health and wellness program for our first responders by connecting them with on-demand resources.
- Increase training staff to support a continuous hiring process with one or more fire academies annually.
- Update gear for water and flood rescues, active shooter incidents and other specialized rescue technical equipment.
- Conduct assessment of ambulance services and fire prevention for exploring civilian staffing options.
- Conduct organizational assessment of the Fire Prevention Bureau, with potential to reorganize and bring the Bureau back under the Fire Department from Development Services.
- Support efforts to update and replace essential public safety facilities and equipment.

## Goals and Objectives

### Goal 1

Arrive at the scene of emergencies safely and in a timely manner within the Department's targeted response times.

#### Objectives:

- Promote timely adherence to Santa Clara County's clinical protocols and ensure consistent medical care in both Advanced and Basic Life Support (ALS/BLS) to the Palo Alto and Stanford communities.
- Provide the highest level of patient care and response standards by ensuring Palo Alto ambulances respond to all ambulance calls for service.
- Target fire response time within 8 minutes 90 percent of the time.
- Target Advanced Life Support (ALS) response times within 12 minutes 90 percent of the time.

### Goal 2

Ensure reasonable life safety conditions through inspection programs.

#### Objectives:

- Perform periodic inspections of all facilities within the Department's designated target cycle time.

- Identify and direct abatement of conditions or operating procedures which could cause an increase in probability or severity of a fire or hazardous materials release.

### Goal 3

Develop, maintain, and sustain a comprehensive community risk reduction program that engages the whole community.

#### Objectives:

- Support the Office of Emergency Services, the Palo Alto and Stanford Citizen Corps Council and the Emergency Services Volunteers in training and preparation in the areas of Medical Disaster Operations, Triage, Fire Suppression, and Light Search and Rescue.
- Complete an Integrated Risk Assessment and Management Plan designed to identify and quantify community risks and mitigation strategies.
- Identify high-risk communities within the City of Palo Alto and design risk reduction programs for the highest risk groups.

### Goal 4

Enhance training and maintain all certifications required by governing agencies such as the State Fire Marshal's Office and Santa Clara County Emergency Medical Services Office.

#### Objectives:

- Document all training through the Joint Apprenticeship Committee (JAC).
- Maintain the required minimum of 20 hours per month per employee of fire related training.
- Maintain, as mandated, records of training related to Emergency Medical Service (EMS) and Emergency Medical Technician (EMT)/Paramedic certification.

### Goal 5

Internalize commitment to excellence in public service by continuously evaluating the assistance provided, identifying areas needing improvement, and implementing mitigation methods.

#### Objective:

- Maintain awareness of service quality from a customer perspective of assistance that was provided.

# Key Performance Measures

## FIRE DEPARTMENT RESPONSE TIMES

Goal	Arrive at the scene of emergencies safely and in a timely manner within the department’s targeted response times.				
Objective	Fire and EMS response times will be within 8 minutes, and Advanced Life Support (ALS) response times will be within 12 minutes 90 percent of the time.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Percent of responses to EMS calls within 8 minutes	92%	95%	93%	93%	93%
Percent of responses to fire emergencies within 8 minutes	89%	89%	90%	90%	90%
Percent of responses to paramedic calls within 12 minutes	99%	99%	99%	99%	99%
Description	This measure tracks the percentage of calls for service that are within established response time percentiles.				
Purpose	Quick response times can mean the difference between short and long-term recovery, the extent and severity of injury, and most importantly, the difference between life and death.				
Status	Traffic and call volume have been steadily returning to pre-pandemic levels. The Department monitors response times regularly throughout the year to maintain consistency throughout the entire City.				

## FIRES CONTAINED TO ROOM OF ORIGIN

Goal	Limit structural fire damage to the room or area of origin.				
Objective	Contain fires to the room or area of origin 90 percent of the time.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Percent of fires contained to the room or area of origin	52%	90%	90%	89%	90%
Description	This measure tracks the percentage of fires that are contained to the room or area of origin.				
Purpose	Containing a fire to the room or area of origin limits damage and spread of the fire.				
Status	This measure can vary significantly from year to year because of the small number of structure fires the Department responds to each year; in this year, there were ten (10) structure fires in Palo Alto and Stanford.				

# Key Performance Measures

## PERCENT OF SURVEYED RESIDENTS RATING FIRE DEPARTMENT SERVICES GOOD OR EXCELLENT

Goal	Internalize commitment to excellence in public service by continuously evaluating assistance provided, identifying areas needing improvement, and implementing mitigation methods.				
Objective	Maintain awareness of service quality from a customer perspective of assistance provided.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of surveyed residents rating ambulance/EMS services "good" or "excellent"	N/A*	88%	95%	95%	95%
Percent of surveyed residents rating fire prevention services "good" or "excellent"	N/A*	93%	85%	85%	85%
Percent of surveyed residents rating fire services "good" or "excellent"	N/A*	81%	95%	95%	95%
Description	This measure tracks the percent of surveyed residents rating fire and emergency services good or excellent, as well as Fire Prevention Services, as reported monthly from the Customer Satisfaction Survey. Collecting this data allows the Department to compare itself to nationwide benchmarking data prepared by the National Research Center.				
Purpose	Citizen satisfaction with Fire Department services is an important assessment of the overall quality of fire services offered to the community.				
Status	*The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.				

# FIRE

## Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of fire calls for service	144	117	150	150	150
Number of medical/rescue calls for service	4,940	5,260	5,500	5,500	5,500
Number of all other calls for service	2,763	2,957	3,440	3,440	3,400
Total number of calls for service	7,209	8,334	9,000	9,000	9,000
Number of ambulance transports	3,119	N/A	3,800	3,800	3,800
Fire calls average response time (Target: 8:00 Minutes)	8:28	8:46	8:00	8:00	8:00
Medical/rescue calls average response time (Target: 8:00 Minutes)	6:10	6:06	8:00	8:00	8:00

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Administration	2,373,448	2,691,840	2,916,761	3,313,213	396,452	13.6%
Emergency Response	31,520,210	34,071,906	36,439,727	41,072,774	4,633,047	12.7%
Environmental Safety Management	311,571	256,919	697,658	1,079,418	381,760	54.7%
Records and Information Management	151	(414)	—	—	—	—%
Training and Personnel	874,800	1,146,299	926,771	1,295,587	368,816	39.8%
<b>Total Dollars by Division</b>	<b>\$35,080,180</b>	<b>\$38,166,551</b>	<b>\$40,980,917</b>	<b>\$46,760,992</b>	<b>\$5,780,075</b>	<b>14.1%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	2,074,039	2,068,597	2,330,532	2,418,454	87,922	3.8%
Other Benefits	418,810	557,962	524,756	561,704	36,948	7.0%
Overtime	2,823,397	4,684,784	2,124,054	2,146,234	22,180	1.0%

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Pension	9,342,468	9,998,952	10,692,427	12,572,894	1,880,467	17.6%
Retiree Medical	2,187,048	2,222,809	2,336,634	2,224,102	(112,532)	(4.8)%
Salary	13,648,378	13,311,375	16,084,238	18,506,919	2,422,680	15.1%
Workers' Compensation	1,330,314	1,367,930	1,725,643	2,048,828	323,186	18.7%
<b>Total Salary and Benefits</b>	<b>\$31,824,454</b>	<b>\$34,212,409</b>	<b>\$35,818,284</b>	<b>\$40,479,135</b>	<b>\$4,660,851</b>	<b>13.0%</b>
Allocated Charges	2,213,422	2,444,339	3,613,346	4,052,434	439,089	12.2%
Contract Services	265,941	444,754	526,000	571,500	45,500	8.7%
Facilities & Equipment	209,463	473,925	255,088	575,723	320,635	125.7%
General Expense	275,443	315,692	394,800	678,800	284,000	71.9%
Supplies & Material	291,457	275,431	373,400	403,400	30,000	8.0%
<b>Total Dollars by Category</b>	<b>\$35,080,180</b>	<b>\$38,166,551</b>	<b>\$40,980,917</b>	<b>\$46,760,992</b>	<b>\$5,780,075</b>	<b>14.1%</b>
<b>Revenues</b>						
Charges for Services	9,027,593	10,219,324	11,595,972	12,034,348	438,376	3.8%
Charges to Other Funds	162,610	162,610	162,610	162,610	—	—%
From Other Agencies	887,531	745,639	1,133,045	1,500,101	367,056	32.4%
Other Revenue	100,487	222,559	277,000	290,000	13,000	4.7%
Permits and Licenses	(1,660)	1,296	—	—	—	—%
<b>Total Revenues</b>	<b>\$10,176,560</b>	<b>\$11,351,428</b>	<b>\$13,168,627</b>	<b>\$13,987,059</b>	<b>\$818,432</b>	<b>6.2%</b>
<b>Positions by Division</b>						
Administration	5.68	5.20	5.20	5.20	—	—%
Emergency Response	89.57	83.37	91.57	91.57	—	—%
Environmental Safety Management	1.15	1.15	1.55	3.55	2.00	129.0%
Training and Personnel	2.00	0.60	2.00	2.96	0.96	48.0%
<b>Total Positions by Division</b>	<b>98.40</b>	<b>90.32</b>	<b>100.32</b>	<b>103.28</b>	<b>2.96</b>	<b>3.0%</b>

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
40-Hour Captain	—	—	0.20	0.20	—	43,826
40-Hour Training Battalion Chief	1.00	1.00	1.00	1.00	—	247,707
40-Hour Training Captain	1.00	1.00	1.00	1.00	—	219,128
Administrative Assistant	1.00	1.00	1.00	1.00	—	84,240
Administrative Associate II	2.20	2.20	2.20	2.20	—	197,775
Administrative Associate III	—	—	0.20	0.20	—	19,273
Battalion Chief	3.00	3.00	3.00	3.00	—	709,713
Business Analyst	0.80	0.80	0.80	0.80	—	141,207
Deputy Chief/Fire Marshal	0.05	0.05	—	—	—	—
Deputy Director Technical Services Division	0.20	—	0.20	0.20	—	41,375
Deputy Fire Chief	2.00	1.00	2.00	2.00	—	493,230
Emergency Medical Service Director	1.00	1.00	1.00	1.00	—	195,187
Emergency Medical Services Data Specialist	1.00	1.00	1.00	1.00	—	96,366
Fire Apparatus Operator	26.00	26.00	26.00	26.00	—	4,982,602
Fire Captain	21.00	20.00	20.00	20.00	—	4,237,834
Fire Chief	1.00	1.00	1.00	1.00	—	297,856
Fire Fighter	34.00	29.00	34.00	34.00	—	6,134,079
Fire Fighter Trainee	—	—	3.00	3.00	—	385,432

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Fire Inspector	0.80	0.40	0.40	2.40	2.00	514,946
Fire Marshal	—	—	0.05	0.05	—	10,798
Geographic Information System Specialist	0.50	0.50	0.50	0.50	—	74,079
Hazardous Materials Inspector	0.30	0.30	0.70	0.70	—	153,390
Senior Management Analyst	1.00	1.00	1.00	1.00	—	161,990
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>97.85</b>	<b>90.25</b>	<b>100.25</b>	<b>102.25</b>	<b>2.00</b>	<b>\$19,442,034</b>
Temporary/Hourly	0.55	0.07	0.07	1.03	0.96	\$198,886
<b>Total Positions</b>	<b>98.40</b>	<b>90.32</b>	<b>100.32</b>	<b>103.28</b>	<b>2.96</b>	<b>\$19,640,920</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>100.32</b>	<b>40,980,918</b>	<b>13,168,627</b>	<b>27,812,291</b>
<b>One-Time Prior Year Budget Adjustments</b>				
Medical Gurney Replacement	-	(38,365)	-	(38,365)
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>(38,365)</b>	<b>-</b>	<b>(38,365)</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	3,895,685	-	3,895,685
FireMed Program Revenue Reduction	-	-	(1,000,000)	1,000,000
First Responder Fee Program Discontinuation	-	-	(375,000)	375,000
Employee Physicals Contract Adjustment	-	20,000	-	20,000
Equipment Maintenance and Repair Adjustment	-	18,000	-	18,000
Medical Supplies and Paramedic License Contract Adjustments	-	10,000	-	10,000
FY 2023 Mid-Year Budget Review (Report # 2212-0515)	-	284,000	310,000	(26,000)
Staffing for Adequate Fire and Emergency Response (SAFER) Grant Acceptance (CMR 13643)	-	-	57,056	(57,056)
Stanford Emergency Fire Services Contract Revenue	-	-	1,441,061	(1,441,061)
Communications Allocated Charges	-	19,988	-	19,988
Information Technology Allocated Charges	-	233,004	-	233,004
Liability Insurance Allocated Charges	-	25,597	-	25,597
Printing & Mailing Services Allocated Charges	-	1,800	-	1,800
Utilities Allocated Charges	-	30,756	-	30,756
Vehicle Replacement & Maintenance Allocated Charges	-	75,264	-	75,264
Workers' Compensation Allocated Charges	-	323,186	-	323,186
<b>Adjustments to Costs of Ongoing Activities</b>	<b>0.00</b>	<b>4,937,280</b>	<b>433,117</b>	<b>4,504,163</b>
<b>Total FY 2024 Base Budget</b>	<b>100.32</b>	<b>45,879,833</b>	<b>13,601,744</b>	<b>32,278,089</b>
<b>Budget Adjustments</b>				
1. Training Support Positions	0.96	185,964	35,000	150,964
2. Rescue and Technical Equipment Upgrades	-	171,000	32,000	139,000

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
3. Station Facility Replacements	-	150,000	30,000	120,000
4. FY 2024 Enhancement of Information Technology (IT) Services	-	52,680	-	52,680
5. Medical Gurney Replacements	-	38,000	8,000	30,000
6. Wellness Toolkit Content	-	20,000	3,800	16,200
7. Fire and Life Safety Inspections	2.00	263,515	263,515	-
8. Utility Task Vehicle	-	-	13,000	(13,000)
<b>Total Budget Adjustments</b>	<b>2.96</b>	<b>881,159</b>	<b>385,315</b>	<b>495,844</b>
<b>Total FY 2024 Adopted Budget</b>	<b>103.28</b>	<b>46,760,992</b>	<b>13,987,059</b>	<b>32,773,933</b>

## Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Training Support Positions	0.96	185,964	35,000	150,964

This action adds two 0.48 Management Specialist positions to support fire academies, task books, and promotional trainings. The two positions will provide ongoing training support, reducing overtime usage by up to 120 hours per month, currently completed through special assignment backfill. This initiative supports the Department’s effort to transition towards continuous hiring and training processes, addressing the challenges posed by trends in turnover and retirements, ultimately reducing vacancy and injury rates for firefighters. This action includes a revenue offset from the Stanford Fire Services Contract. (Ongoing cost: \$153,611)

### Performance Results



This action will result in improved training support for the Fire Department, ensuring all Firefighters complete entry level and ongoing training requirements.

2. Rescue and Technical Equipment Upgrades	-	171,000	32,000	139,000
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This one-time action adds funding for water rescue equipment (\$48,000), such as water-resistant suits, rafts, ropes, gloves, and other specialized gear used in rescue situations to safely help people trapped in water. Current water resistant suits and boots are for sized for men, this funding will be used to purchase a variety of sizes for staff. The initiative also includes upgraded active shooter gear (\$92,000) and lighting sources (\$22,000) for incidents occurring in the evening or in rescue situations that require lighting for responders. Lastly, funding is included for a self-contained breathing apparatus (SCBA) mask fit device (\$9,000), a health and safety requirement of OSHA, to verify the mask’s proper fit for responders entering dangerous environments, such as fires or HazMat situations. This action includes a revenue offset from the Stanford Fire Services Contract. (Ongoing cost: \$0)

### Performance Results



This action will result in improved safety equipment and gear for the Fire Department when entering dangerous environments such as floods, fires or hazardous materials situations. Funding for this action is not ongoing, but replacement of the equipment will be planned in the future based on a replacement cycle of eight to ten years.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
3. Station Facility Replacements	-	150,000	30,000	120,000

This one-time action adds funding to replace high-use furniture and fitness equipment in fire stations to maintain a safe and sanitary work environment for firefighters across all fire stations. Common room furniture and mattresses are scheduled for replacement during FY 2024, with a replacement cycle of seven and five years, respectively. This action includes a revenue offset from the Stanford Fire Services Contract. (Ongoing cost: \$0)

**Performance Results**



This action will ensure consistent quality and safety standards across all Fire Stations, while avoiding the higher costs associated with emergency or piecemeal replacements. Funding for this action is not ongoing, but replacement of the equipment will be planned in the future based on the five to seven year replacement cycles. This action includes a revenue offset from the Stanford Fire Services Contract.

4. FY 2024 Enhancement of Information Technology (IT) Services	-	52,680	-	52,680
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This action increases allocated charges for IT services to the Fire Department by approximately \$53,000 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$52,680)

**Performance Results**



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

5. Medical Gurney Replacements	-	38,000	8,000	30,000
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This one-time action adds funding for the replacement of two medical gurneys that have reached the end of their useful life and require replacement. The Department maintains a fleet of seven medical gurneys that are used to ensure patients are secured during transport; each medical gurney has a typical useful life of seven years. (Ongoing cost: \$0)

**Performance Results**



This action ensures that equipment meets State and Santa Clara County requirements as regulated by the FDA.

6. Wellness Toolkit Content	-	20,000	3,800	16,200
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This action adds funding for a software add-on to provide Fire shift staff with enhanced access to mental health and wellness tools, resources, and policies. Fire staff have access to self-assessments, continuously updated videos and guides, accredited wellness courses, peer support, chaplain and therapist finder, and fitness and injury prevention resources. It will help address employee injuries and retention while also promoting firefighter mental and physical wellness. This action includes a revenue offset from the Stanford Fire Services Contract. (Ongoing cost: \$16,200)

**Performance Results**



This action will result in improved mental health resources for Fire Department staff and increased promotion of physical and mental wellness.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
7. Fire and Life Safety Inspections	2.00	263,515	263,515	-

This action adds 2.00 Fire Inspector positions and \$15,000 in one-time contract services software funding to address increased annual fire and life safety inspections per State mandates that were updated following the Ghost Ship Fire incident in Oakland. This will aid the Department in completing 1,000 State-mandated annual fire and life safety inspections to ensure that all existing buildings are adhering to fire and evacuation plans and drills. This action is cost-neutral as inspection revenue is projected to align with expenses. (Ongoing cost: \$0)

**Performance Results**



This cost-neutral action will result in increased fire and life safety compliance in the community.

8. Utility Task Vehicle	-	-	13,000	(13,000)
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This one-time action adds funding for an all-terrain utility task vehicle for use in the Palo Alto Foothills and during large events. In the Foothills Park, where hiking trails are popular, the Department often faces emergencies that require reaching victims on foot. The vehicle will help responders reach victims more safely and efficiently, reducing risks for both responders and patients. Additionally, at large events like sports games and sponsored Palo Alto events, the vehicle will enable easier and safer transportation of victims to ambulances in crowded areas, reducing risks and response times associated with using larger fire apparatus. (Ongoing cost \$0)

**Performance Results**



This action will result in reduced risk and response time associated with specialty rescues.



CITY OF  
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# HUMAN RESOURCES

## Mission Statement

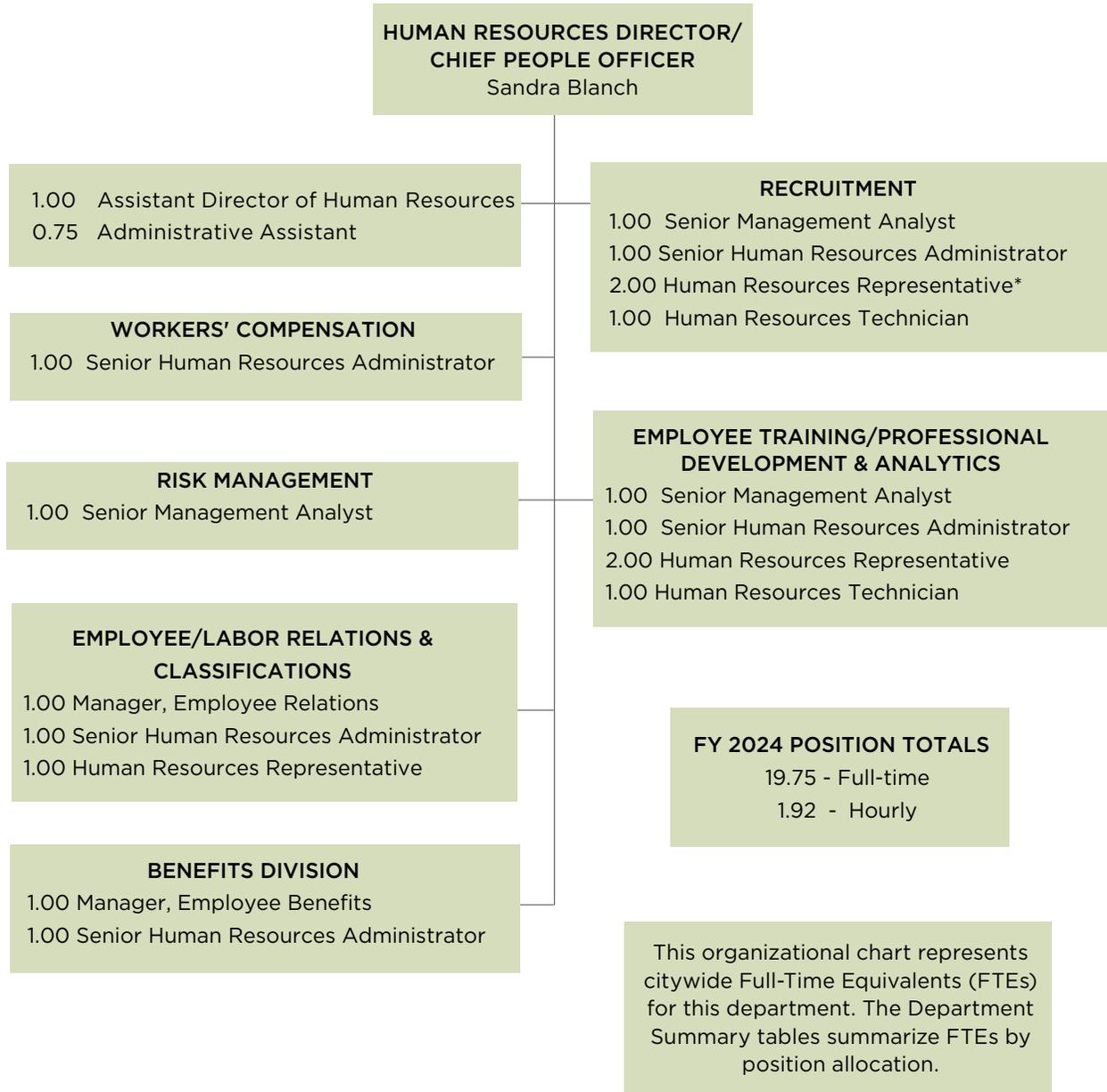


The Human Resources Department's mission is to recruit, develop, and retain a diverse, well-qualified, and professional workforce that reflects the high standards of the community we serve, and to lead City departments in positive employee relations, talent management, succession planning, and employee engagement.

## Purpose

The purpose of Human Resources is to support City departments in achieving key goals and objectives; to provide a range of services, including new employee orientation, staffing and recruitment management, talent and skill development, performance assessment, safety and wellness programs; and to support employee relations, compensation, job classification, risk management, and organization development to City departments.

# HUMAN RESOURCES



\*1.00 FTE of this position is budgeted to the Utilities Department to provide dedicated support. The Human Resources Department retains administrative oversight.

## Description

The Human Resources Department provides guidance to City departments in the following areas:

### **TOTAL COMPENSATION**

Administer salary, health, pension, and other benefits.

### **EMPLOYEE AND LABOR RELATIONS**

Provide guidance to City staff to enhance performance, create a positive work environment, and effectively resolve complaints, grievances, and other problems, as well as lead the City through labor contract negotiations.

### **ORGANIZATION AND EMPLOYEE DEVELOPMENT**

Identify and implement training and development opportunities to enhance skills, innovation, and leadership of City staff members.

### **TALENT MANAGEMENT**

Recruit, select, and onboard employees who have a passion for public service and the right knowledge, skills, and abilities to take on increasingly complex public service roles.

### **RISK MANAGEMENT, SAFETY, AND WORKERS COMPENSATION**

Support workplace safety, reduce injuries, and actively manage risk and other potential liabilities.

## Accomplishments

- Successfully negotiated successor contracts for Service Employees International Union (SEIU), International Association of Firefighters (IAFF), Fire Chief's Association (FCA), Palo Alto Peace Officers' Association (PAPOA), and Palo Alto Police Management Association (PAPMA), and Utilities Management & Professional Association of Palo Alto (UMPAPA) Negotiations with all other bargaining units are in progress.
- Successfully recruited 140 new hires and facilitated 55 promotions that included the Assistant City Manager, Police Chief, Utilities Assistant Director, Assistant Director Public Works, Assistant City Attorney, Deputy Fire Chief, Fire Marshal, and Public Safety Officers.
- Negotiated and implemented increased flexibility in benefits compensation for management, UMPAPA, IAFF, FCA, PAPOA, and PAPMA group employees.
- Completed an automated online evaluation process for the Management and Utilities Management employees and expanded the tool to the Executive Leadership Team.
- Completed a Request for Proposal process for organizational training and expect to establish a long-term master contract with various vendors.
- Relunched the City's New Employee Orientation (NEO) as a 1-day event and expect to expand the program back to a 2-day event.
- Launched a new internal portal including resources that provide online professional and personal development courses for all City employees, in conjunction with various City Departments.

## HUMAN RESOURCES

- Continued COVID-19 contact tracing, case reviews, and required recordkeeping with employees to prevent transmission in the workplace.
- Facilitated the sunset of the City's mandated COVID-19 testing programs and City paid COVID-19 leave, following State and County health guidance.
- Launched the Expedited Hiring Process to increase efficiency and shorten recruitment cycles in a highly competitive labor market.
- Assisted the Information Technology Department through development and testing phase of a refreshed timecard entry program.
- Completed two benefits audits with the California Public Employees' Retirement System (CalPERS).
- Completed Request for Proposal process and executed contract for the Employee Assistance Program and Benefit Broker services.
- Reviewed, analyzed and implemented a Dental Buy-Up benefit plan for City employees.
- Assisted the Information Technology Department through development and testing phase to launch a new self-service portal for new hires to complete their benefit enrollment.
- Hosted the Management Leadership Academy which included 29 City employees.
- Relunched the City's Public Service Recognition event to honor City employee years of service.

## Initiatives

- Expand the City's management training program to offer an advanced leadership academy.
- Continue to develop employee learning opportunities to enhance Workforce Development.
- Conduct a competitive Request for Proposal process to identify and select a vendor for ongoing cloud-based Applicant tracking and full recruitment solution.
- Negotiate successor Memorandum of Agreement (MOA) for the SEIU Hourly bargaining unit and implement an updated compensation plan for the unrepresented Limited Hourly employees.
- Through a combination of Council approved endeavors in the areas of recruitment and retention along with the full implementation of an expedited hiring process, the City will reduce vacancy rates below 15%.
- Explore integration with the City's Enterprise Resource Planner (ERP) system SAP and the Department's online solutions in partnership with the Information Technology Department.
- Launch new self-service portal for employees to make changes to their benefits during open enrollment and to complete their benefit enrollment for life events such as adding and removing dependents from benefits as needed.
- Review and update the City's Drug and Alcohol use policy to meet California's AB-2188 Discrimination in employment: for off-the-job use of cannabis.

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Fund</b>						
General Fund-Operating	3,552,437	3,646,655	4,785,432	4,790,157	4,725	0.1%
Liability Insurance Fund	3,353,913	4,294,547	6,821,052	7,143,185	322,133	4.7%
Worker's Compensation Fund	6,935,564	7,391,492	7,789,063	8,965,306	1,176,243	15.1%
<b>Total Dollars by Fund</b>	<b>\$13,841,914</b>	<b>\$15,332,694</b>	<b>\$19,395,547</b>	<b>\$20,898,647</b>	<b>\$1,503,100</b>	<b>7.7%</b>
<b>Revenues</b>						
Charges to Other Funds	3,980,165	4,956,701	7,199,623	7,306,045	106,423	1.5%
Operating Transfers-In	5,000	5,000	5,000	5,000	—	—%
Other Revenue	6,751,489	6,956,426	7,440,040	8,041,040	601,000	8.1%
Return on Investments	593,849	570,533	461,700	705,100	243,400	52.7%
<b>Total Revenues</b>	<b>\$11,330,504</b>	<b>\$12,488,659</b>	<b>\$15,106,363</b>	<b>\$16,057,185</b>	<b>\$950,823</b>	<b>6.3%</b>
<b>Positions by Fund</b>						
General Fund-Operating	16.96	14.00	15.96	18.67	2.71	17.0%
Liability Insurance Fund	—	—	—	1.00	1.00	—%
Worker's Compensation Fund	1.48	1.48	1.48	1.48	—	—%
<b>Total Positions by Fund</b>	<b>18.44</b>	<b>15.48</b>	<b>17.44</b>	<b>21.15</b>	<b>3.71</b>	<b>21.3%</b>



CITY OF  
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# GENERAL FUND

## Goals and Objectives

### Goal 1

Implement a Comprehensive Talent Management Program that will enable the City to attract, develop, and retain a committed workforce.

#### Objectives:

- Invigorate the recruitment process to decrease time to fill and increase quality of hires.
- Reduce turnover with higher quality of hires and improved performance coaching.

### Goal 2

Enhance City learning culture, engagement, and innovation.

#### Objectives:

- Expand learning opportunities through a comprehensive employee training program.
- Increase employee communication through all media, including an enhanced HR department website.

### Goal 3

Implement improvements to the department's operational systems especially employment, leave of absence, and benefit administration to ensure responsiveness and effectiveness of Human Resources staff performance.

#### Objectives:

- Explore flexible benefit options.
- Improve Human Resources' ability to meet customer needs and provide superior customer service.

# Key Performance Measures

## RECRUITMENT

Goal	Implement a comprehensive Talent Management Program that will enable the City to attract, develop, and retain a committed workforce.				
Objective	Invigorate the recruitment process to decrease time to fill and increase quality of hires.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Recruitment - Days to fill a position	85	101	110	110	110
Description	This measure will provide the average number of days to fill a position from requisition approval until a hiring decision is made.				
Purpose	A strong recruitment strategy is the foundation of talent management and should be accomplished in a focused, timely manner to provide departments with quality candidates as expeditiously as possible. This measure aligns with the International City/County Management Association's (ICMA) human resource metrics and is a standard tool as defined in the Society of Human Resource Management.				
Status	The days to fill a position increased in FY 2023 compared to the previous fiscal year partially due to the increase of vacancies which equals more recruitments per recruiter. However, even with the increase of vacancies the days to fill meets expectations. The Recruitment team continues to partner with Department Human Resources Liaisons (HRLs) to decrease the days to fill metric.				

# Key Performance Measures

## TURNOVER

Goal	Implement a comprehensive Talent Management Program that will enable the City to attract, develop, and retain a committed workforce.				
Objective	Reduce turnover with higher quality of hires and improved performance coaching.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Turnover - Involuntary Turnover	1%	1%	1%	1%	1%
Turnover - Retirement Turnover	5%	4%	5%	4%	4%
Turnover - Total Turnover	11%	12%	12%	11%	11%
Turnover - Voluntary Turnover	4%	7%	6%	6%	6%
Description	This metric provides data to identify trends when there is turnover, including voluntary exits, involuntary separations and retirements.				
Purpose	Employees who are qualified, are a good match for the organization, and who are actively engaged with work, are not expected to leave the City. If turnover is high, the City incurs additional costs of hiring new staff. Initiatives, such as offering a robust training program, provide employees with skills and knowledge to keep productivity at an optimal level.				
Status	FY 2022 actual turnover rates were in line with expectations. It is anticipated that the turnover rates will realize a downward trend in FY 2023 due to changes in labor agreements and total compensation strategy.				

# Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Employee personnel transactions	4,750	4,700	4,300	5,400	5,500
Percentage of employees participating in Citywide training program	100%	80%	90%	100%	90%

# HUMAN RESOURCES

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Administration, Employee Org Development and HR Systems	1,095,860	1,258,580	1,524,388	1,959,029	434,641	28.5%
Benefits and Compensation	478,501	545,653	592,802	576,581	(16,221)	(2.7)%
Employee and Labor Relations	1,237,325	1,089,978	1,802,735	1,338,473	(464,262)	(25.8)%
Recruitment	443,305	443,866	506,423	613,996	107,573	21.2%
Risk Mgmt, Safety, Workers' Compensation	297,445	308,578	359,084	302,077	(57,007)	(15.9)%
<b>Total Dollars by Division</b>	<b>\$3,552,437</b>	<b>\$3,646,655</b>	<b>\$4,785,432</b>	<b>\$4,790,157</b>	<b>\$4,725</b>	<b>0.1%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	293,332	252,055	332,953	334,599	1,646	0.5%
Other Benefits	83,171	92,237	104,047	109,539	5,493	5.3%
Overtime	247	1,815	—	—	—	—%
Pension	750,752	760,911	891,623	955,981	64,358	7.2%
Retiree Medical	187,814	190,885	176,633	153,046	(23,587)	(13.4)%
Salary	1,841,091	1,868,926	2,272,247	2,465,876	193,629	8.5%
Workers' Compensation	84,569	86,961	84,410	106,726	22,316	26.4%
<b>Total Salary and Benefits</b>	<b>\$3,240,977</b>	<b>\$3,253,790</b>	<b>\$3,861,912</b>	<b>\$4,125,766</b>	<b>\$263,854</b>	<b>6.8%</b>
Allocated Charges	176,709	179,584	212,571	327,441	114,871	54.0%
Contract Services	67,304	94,864	605,309	229,309	(376,000)	(62.1)%
Facilities & Equipment	—	—	4,150	4,150	—	—%
General Expense	17,431	69,480	42,098	44,098	2,000	4.8%
Rents & Leases	43,000	43,000	43,000	43,000	—	—%
Supplies & Material	7,016	5,938	16,392	16,392	—	—%
<b>Total Dollars by Category</b>	<b>\$3,552,437</b>	<b>\$3,646,655</b>	<b>\$4,785,432</b>	<b>\$4,790,157</b>	<b>\$4,725</b>	<b>—%</b>

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Revenues</b>						
Charges to Other Funds	1,088,165	1,308,367	1,956,623	1,958,185	1,563	—%
<b>Total Revenues</b>	<b>\$1,088,165</b>	<b>\$1,308,367</b>	<b>\$1,956,623</b>	<b>\$1,958,185</b>	<b>\$1,563</b>	<b>—%</b>
<b>Positions by Division</b>						
Administration, Employee Org Development and HR Systems	5.56	3.60	5.56	8.69	3.13	56.3%
Benefits and Compensation	2.20	2.15	2.15	1.95	(0.20)	(9.3)%
Employee and Labor Relations	5.00	4.75	4.75	4.30	(0.45)	(9.5)%
Recruitment	2.60	2.00	2.00	2.83	0.83	41.5%
Risk Mgmt, Safety, Workers' Compensation	1.60	1.50	1.50	0.90	(0.60)	(40.0)%
<b>Total Positions by Division</b>	<b>16.96</b>	<b>14.00</b>	<b>15.96</b>	<b>18.67</b>	<b>2.71</b>	<b>17.0%</b>

# HUMAN RESOURCES

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Administrative Assistant	—	—	—	0.75	0.75	55,954
Assistant Director Human Resources	1.00	1.00	1.00	1.00	—	199,098
Director Human Resources/ CPO	1.00	1.00	1.00	1.00	—	239,658
Human Resources Representative	3.00	2.00	2.00	4.00	2.00	377,299
Human Resources Technician	4.00	3.00	4.00	2.00	(2.00)	160,077
Manager Employee Benefits	1.00	1.00	1.00	1.00	—	147,722
Manager Employee Relations	1.00	1.00	1.00	1.00	—	165,214
Senior Human Resources Administrator	3.00	3.00	3.00	4.00	1.00	491,317
Senior Management Analyst	2.00	2.00	2.00	2.00	—	292,427
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>16.00</b>	<b>14.00</b>	<b>15.00</b>	<b>16.75</b>	<b>1.75</b>	<b>\$2,128,765</b>
Temporary/Hourly	0.96	—	0.96	1.92	0.96	\$189,996
<b>Total Positions</b>	<b>16.96</b>	<b>14.00</b>	<b>15.96</b>	<b>18.67</b>	<b>2.71</b>	<b>\$2,318,760</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>15.96</b>	<b>4,785,432</b>	<b>1,956,623</b>	<b>2,828,809</b>
<b>One-Time Prior Year Budget Adjustments</b>				
Augment Outside Legal Counsel Contracts	-	(400,000)	-	(400,000)
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>(400,000)</b>	<b>-</b>	<b>(400,000)</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	(59,270)	-	(59,270)
General Fund Cost Allocation Plan	-	-	1,563	(1,563)
Information Technology Allocated Charges	-	34,700	-	34,700
Liability Insurance Allocated Charges	-	78,014	-	78,014
Printing & Mailing Services Allocated Charges	-	(4,000)	-	(4,000)
Workers' Compensation Allocated Charges	-	22,316	-	22,316
<b>Adjustments to Costs of Ongoing Activities</b>	<b>-</b>	<b>71,760</b>	<b>1,563</b>	<b>70,197</b>
<b>Total FY 2024 Base Budget</b>	<b>15.96</b>	<b>4,457,192</b>	<b>1,958,186</b>	<b>2,499,006</b>
<b>Budget Adjustments</b>				
1. FY 2024 Enhancement of Information Technology (IT) Services	-	6,156	-	6,156
2. New Employee Orientation (NEO) Program Funding	-	24,000	-	24,000
3. HR Technician Staffing Reclassification	-	29,548	-	29,548
4. Citywide Customer Service Resource	0.75	83,261	-	83,261
5. Increase Recruitment Support	1.96	190,000	-	190,000
<b>Total Budget Adjustments</b>	<b>2.71</b>	<b>332,965</b>	<b>-</b>	<b>332,965</b>
<b>Total FY 2024 Adopted Budget</b>	<b>18.67</b>	<b>4,790,157</b>	<b>1,958,186</b>	<b>2,831,971</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. FY 2024 Enhancement of Information Technology (IT) Services	-	6,156	-	6,156

This action increases allocated charges for IT services to the Human Resources Department by approximately \$6,150 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$6,156)

**Performance Results**



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

2. New Employee Orientation (NEO) Program Funding	-	24,000	-	24,000
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This action provides dedicated funding to support resumption of the City’s full New Employee Orientation (NEO) Program. Onboarding of new employees is critical to long-term success and the NEO program is highly regarded as an effective orientation tool. This action not only provides funding for NEO but would allow financial flexibility to support workforce development and citywide trainings such as mandatory anti-harassment, leadership, or safety trainings. (Ongoing cost: \$24,000)

**Performance Results**



This action ensures sufficient resources to provide a high-quality new employee orientation program, supporting retention and successful new employee onboarding.

3. HR Technician Staffing Reclassification	-	29,548	-	29,548
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This action reclassifies 2.0 Human Resources Technician to 2.0 Human Resources Representative. This will support succession planning and retention of experienced staff while aligning staffing resources to current workload and demands. These positions will perform work of greater complexity with a higher level of independence, supporting critical areas such as citywide recruitment. (Ongoing cost: \$30,930)

**Performance Results**



This action aligns staffing resources to workload demands.

4. Citywide Customer Service Resource	0.75	83,261	-	83,261
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This action adds 0.75 FTE Administrative Assistant to serve as a centralized City customer service resource. This position will be the main point of contact for the general City phone number, the City Hall lobby phone (ALICE), and the City Manager’s Office main phone number. This position will also provide ad-hoc customer service coverage to operating departments to help maintain customer service levels without interruption. (Ongoing cost: \$87,592)

**Performance Results**



This action will result in increased customer service support for in-person visitors and callers to City departments.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
5. Increase Recruitment Support	1.96	190,000	-	190,000

This action adds 1.00 Senior Human Resources Administrator and two 0.48 FTE Management Specialists (0.96 FTE total) in support of citywide recruitment efforts. These staff will increase capacity and reduce the time to fill vacant positions by processing new hire documentation, providing support to applicants and hiring managers, and coordinating logistics such as interviews and examinations. The Senior Human Resources Administrator can additionally collaborate closely with department liaisons on analyzing and calculating salary offers, performing and investigating background checks, and coordinating work with consultants such as external recruiters. (Ongoing cost: \$287,520)

**Performance Results**



This action increases recruitment resources to expedite the hiring process.



CITY OF  
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ALTO**

# GENERAL LIABILITIES INSURANCE PROGRAM

## Description

The City's General Liability Program provides funding to cover flood, property, and various other insurance policies for City-owned equipment and machinery. The City is self-insured for the first \$1.0 million in losses per occurrence and participates in a Joint Powers Authority for coverage up to \$55 million per occurrence. This program uses an 85 percent confidence level, calculated by an outside actuarial consultant, for financial planning to ensure adequate resources are available for anticipated expenses.

## Accomplishments

- Identified a third-party City insurance review administrator and established a workflow.

## Initiatives

- Review and update new employee background check procedures.

## Goals and Objectives

### Goal 1

Reduce liability exposure to the City.

#### Objectives:

- Reduce liability exposure to the City for employee-involved vehicle collision.
- Review Department of Motor Vehicle (DMV) records on an annual basis for all employees whose job duties require that they drive City vehicles.
- Provide a proactive defensive driving course to all employees involved in vehicle collisions involving City vehicles regardless of fault.
- Reduce the number of claims related to City vehicle collision losses.

# Key Performance Measures

## CITY VEHICLE COLLISION LOSS

Goal	Reduce liability exposure to the City.				
Objective	Reduce the number of claims related to City vehicle collision losses.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Annual number of claims related to City vehicle collision losses	7	11	6	6	6
Description	This measure will provide data to identify trends.				
Purpose	Analyzing claim trends will assist risk management staff in developing programs designed to reduce employee involved vehicle collisions.				
Status	Employee involved vehicle collision cases are expected to trend similarly in FY 2023 and FY 2024.				

## DEFENSIVE DRIVING TRAINING

Goal	Reduce liability exposure to the City.				
Objective	Provide defensive driver training.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Attendance at defensive driver training	211	195	200	150	200
Description	This measure tracks the number of employees completing proactive and/or mandatory defensive driving class.				
Purpose	Providing supplemental training will increase knowledge and awareness about safe driving behavior in order to protect employee and public safety, in addition to preventing future claims against the City.				
Status	The City's Safety Driving and Driver wellness training courses were in-line with expectations. A slight drop in FY 2023 is expected due to a contract expiration. The number of training participants is expected to rise back to the FY 2024 estimates.				

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
General Liabilities Insurance Program	3,353,913	4,294,547	6,821,052	7,143,185	322,133	4.7%
<b>Total Dollars by Division</b>	<b>\$3,353,913</b>	<b>\$4,294,547</b>	<b>\$6,821,052</b>	<b>\$7,143,185</b>	<b>\$322,133</b>	<b>4.7%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	—	—	—	30,123	30,123	—%
Other Benefits	—	—	—	5,077	5,077	—%
Pension	—	—	—	26,538	26,538	—%
Salary	—	—	—	148,728	148,728	—%
<b>Total Salary and Benefits</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>\$210,465</b>	<b>\$210,465</b>	<b>—%</b>
Contract Services	50,755	62,234	71,820	71,820	—	—%
General Expense	3,303,158	4,232,313	6,749,232	6,860,900	111,668	1.7%
<b>Total Dollars by Category</b>	<b>\$3,353,913</b>	<b>\$4,294,547</b>	<b>\$6,821,052</b>	<b>\$7,143,185</b>	<b>\$322,133</b>	<b>4.7%</b>
<b>Revenues</b>						
Charges to Other Funds	2,892,000	3,648,334	5,243,000	5,347,860	104,860	2.0%
Operating Transfers-In	5,000	5,000	5,000	5,000	—	—%
Other Revenue	11,050	323	41,040	41,040	—	—%
Return on Investments	152,217	134,259	121,200	180,900	59,700	49.3%
<b>Total Revenues</b>	<b>\$3,060,267</b>	<b>\$3,787,916</b>	<b>\$5,410,240</b>	<b>\$5,574,800</b>	<b>\$164,560</b>	<b>3.0%</b>

# HUMAN RESOURCES

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Senior Management Analyst	—	—	—	1.00	1.00	135,179
<b>Subtotal: Full-Time Equivalent Positions</b>	—	—	—	<b>1.00</b>	<b>1.00</b>	<b>\$135,179</b>
<b>Total Positions</b>	—	—	—	<b>1.00</b>	<b>1.00</b>	<b>\$135,179</b>

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	-	6,821,052	5,410,240	1,410,812
<b>One-Time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-Time Prior Year Budget Adjustments</b>	-	-	-	-
<b>Adjustments to Costs of Ongoing Activities</b>				
Charges to Other Funds	-	-	104,860	(104,860)
Return on Investments	-	-	59,700	(59,700)
General Liability Insurance Claims	-	(156,000)	-	(156,000)
Property Loss Insurance	-	126,600	-	126,600
Umbrella Excess Liability Insurance Adjustment (3% increase)	-	140,068	-	140,068
<b>Adjustments to Costs of Ongoing Activities</b>	-	110,668	164,560	(53,892)
<b>Total FY 2024 Base Budget</b>	-	6,931,720	5,574,800	1,356,920
<b>Budget Adjustments</b>				
1. Risk and Safety Management Staffing	1.00	211,465	-	211,465
<b>Total Budget Adjustments</b>	1.00	211,465	-	211,465
<b>Total FY 2024 Adopted Budget</b>	1.00	7,143,185	5,574,800	1,568,385

## Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Risk and Safety Management Staffing	1.00	211,465	-	211,465

This action adds 1.00 Senior Management Analyst as a Risk Analyst, managing the Human Resources Risk Management program. This action is necessary to transfer institutional knowledge for continuity of the City’s self-insurance program, addressing potential risks such as cyber crime, post traumatic stress disorder (PTSD), and wildfire smoke. This role will also explore new safety tools and technology such as employee wearables. The Risk Analyst would take on essential duties such as insurance program management, development of insurance requirements for city contractors, citywide safety and loss prevention, and performance of safety trainings and corresponding employee testing. (Ongoing cost: \$221,595)

### Performance Results



This action mitigates risk to the City, supports succession planning, and ensures continuing quality management of the City’s insurance and related programs.



CITY OF  
**PALO**  
**ALTO**

# WORKERS' COMPENSATION FUND

## Description

The Workers' Compensation Program provides wage and medical benefits for employees who sustain an injury or develop an occupational illness within the course and scope of employment. This program uses an 85 percent confidence level, calculated by an outside actuarial consultant, for financial planning to ensure adequate resources are available for anticipated expenses.

## Accomplishments

- Completed a Request for Proposal process for Third-Party Workers Compensation Administration Services.

## Initiatives

- Improve and enhance the claims process upon completion of the third- party administrator contract.
- Develop new strategies for managing claims performance, and the use of technology and data to redefine quality in the claims process.

## Goals and Objectives

### Goal 1

Provide a safe environment for employees.

#### Objectives:

- Provide workplace safety training for all departments.
- Comply with all requirements of the Occupational Safety and Health Act (OSHA).

### Goal 2

Minimize loss of productivity and disruption of services.

#### Objectives:

- Facilitate early return to work program.
- Reduce the number of costly lost time claims filed and days away from work.

# Key Performance Measures

## DOLLAR AMOUNT OF CLAIMS PAID

Goal	Minimize loss of productivity and disruption of services.				
Objective	Reduce the number of costly lost time claims filed and days away from work.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Total dollar amount of claims paid	3,780,000	5,490,644	3,500,000	3,000,000	3,500,000
Description	This measure tracks the total cost paid for work-related illness and injury claims in a given fiscal year. As claims develop, prior year total costs paid are revised.				
Purpose	Effective workplace safety and loss control programs lessen the use of public funds for work-related employee injuries and illness.				
Status	The high claims cost in FY 2022 resulted from a larger payment for multiple claims from prior years. It is expected that claims cost expenses will decrease with fewer claims being filed in FY 2023.				

## NUMBER OF CLAIMS

Goal	Minimize loss of productivity and disruption of services.				
Objective	Reduce the number of costly lost time claims filed and days away from work.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Number of Workers' Compensation Claims Filed	83	78	90	75	80
Description	This measure tracks the total employee workers' compensation claim volume filed each fiscal year.				
Purpose	Effective workplace safety and injury prevention program lessen the use of public funds for work-related injuries and illness. In addition to claim costs, the expense of paying overtime or hiring additional staff is mitigated.				
Status	The City experienced a decrease in total claims in FY 2022. This is likely a result of workforce vacancies in the Utilities and Public Works Departments.				

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Workers' Compensation Program	6,935,564	7,391,492	7,789,063	8,965,306	1,176,243	15.1%
<b>Total Dollars by Division</b>	<b>\$6,935,564</b>	<b>\$7,391,492</b>	<b>\$7,789,063</b>	<b>\$8,965,306</b>	<b>\$1,176,243</b>	<b>15.1%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	10,387	10,915	11,556	11,574	18	—%
Other Benefits	86,737	400,481	251,719	266,734	15,015	6.0%
Overtime	313	525	—	—	—	—%
Pension	50,728	60,729	65,258	65,972	714	1.1%
Salary	178,959	198,974	176,351	194,607	18,256	10.4%
Workers' Compensation	6,153,583	6,190,578	6,626,642	7,550,340	923,698	13.9%
<b>Total Salary and Benefits</b>	<b>\$6,480,708</b>	<b>\$6,862,202</b>	<b>\$7,131,526</b>	<b>\$8,089,227</b>	<b>\$957,701</b>	<b>13.4%</b>
Contract Services	9,089	6,750	7,079	7,079	—	—%
General Expense	445,767	522,540	650,458	869,000	218,542	33.6%
<b>Total Dollars by Category</b>	<b>\$6,935,564</b>	<b>\$7,391,492</b>	<b>\$7,789,063</b>	<b>\$8,965,306</b>	<b>\$1,176,243</b>	<b>15.1%</b>
<b>Revenues</b>						
Other Revenue	6,740,439	6,956,103	7,399,000	8,000,000	601,000	8.1%
Return on Investments	441,633	436,274	340,500	524,200	183,700	54.0%
<b>Total Revenues</b>	<b>\$7,182,072</b>	<b>\$7,392,376</b>	<b>\$7,739,500</b>	<b>\$8,524,200</b>	<b>\$784,700</b>	<b>10.1%</b>
<b>Positions by Division</b>						
Workers' Compensation Program	1.48	1.48	1.48	1.48	—	—%
<b>Total Positions by Division</b>	<b>1.48</b>	<b>1.48</b>	<b>1.48</b>	<b>1.48</b>	<b>—</b>	<b>—%</b>

# HUMAN RESOURCES

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Senior Human Resources Administrator	1.00	1.00	1.00	1.00	—	144,997
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>—</b>	<b>\$144,997</b>
Temporary/Hourly	0.48	0.48	0.48	0.48	—	\$29,752
<b>Total Positions</b>	<b>1.48</b>	<b>1.48</b>	<b>1.48</b>	<b>1.48</b>	<b>—</b>	<b>\$174,749</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	1.48	7,789,063	7,739,500	49,563
<b>One-Time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-Time Prior Year Budget Adjustments</b>	-	-	-	-
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefit Adjustments	-	957,701	-	957,701
Charges to Other Funds	-	-	601,000	(601,000)
Return on Investments	-	-	183,700	(183,700)
Workers' Compensation Insurance Claims Adjustments (34% increase)	-	218,542	-	218,542
<b>Adjustments to Costs of Ongoing Activities</b>	-	1,176,243	784,700	391,543
<b>Total FY 2024 Base Budget</b>	1.48	8,965,306	8,524,200	441,106
<b>Budget Adjustments</b>				
1. None	-	-	-	-
<b>Total Budget Adjustments</b>	-	-	-	-
<b>Total FY 2024 Adopted Budget</b>	1.48	8,965,306	8,524,200	441,106

Workers' Compensation Fund	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Estimate	FY 2024 Adopted
Claims Paid/Projected	\$6,074,800	\$6,036,115	\$6,516,336	\$7,345,000
CSAC Excess Insurance Premium	\$445,767	\$522,540	\$649,458	\$868,000
Actuarial Services	\$6,750	\$6,750	\$7,080	\$7,079
TPA Administrator Fees	\$81,977	\$394,309	\$265,035	\$261,000
State Self-Insurance Fees	\$78,784	\$154,463	\$123,340	\$205,340
In-House Administration	\$247,486	\$277,316	\$259,644	\$278,887
<b>Workers' Compensation Fund Subtotal</b>	<b>\$6,935,564</b>	<b>\$7,391,492</b>	<b>\$7,820,892</b>	<b>\$8,965,306</b>



CITY OF  
**PALO  
ALTO**

# INFORMATION TECHNOLOGY

## Mission Statement



We partner with City departments by providing technology leadership to deliver secure, reliable, and cost-effective solutions aligned with Council priorities and City initiatives.

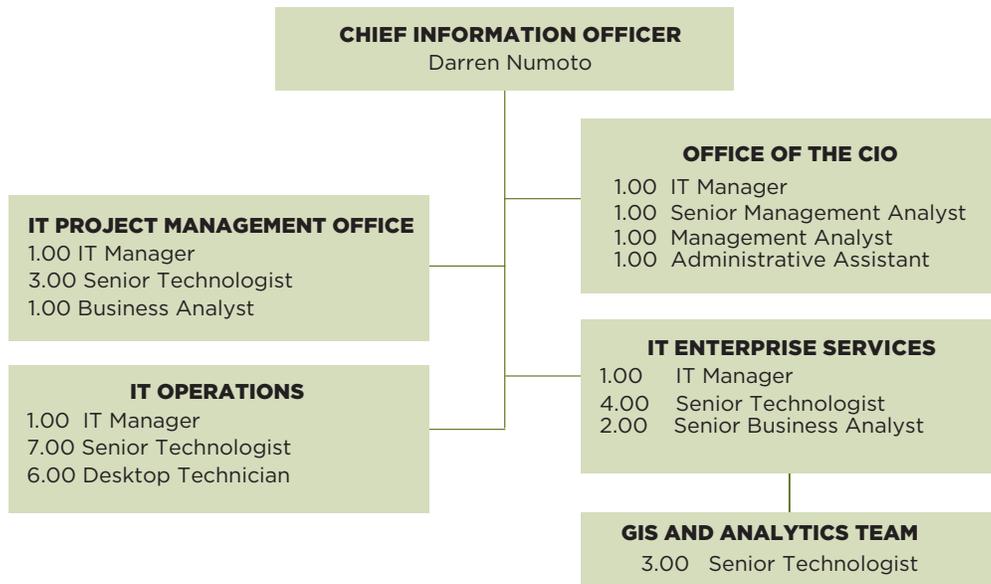
## Purpose

The City departments depend on technology to deliver services. The Information Technology (IT) Department provides a broad range of high-quality, cost-effective and innovative solutions to employees, departments, council members, and the community for each to meet their respective goals.

The IT Department provides over three hundred distinct technology solutions and maintains a governance model for aligning city goals, allocation of funds, and technology projects.



# INFORMATION TECHNOLOGY



**FY 2024 POSITION TOTALS**  
 34.00 - Full-time  
 0.48 - Hourly

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

## Description

The Information Technology Department (ITD) supports and continuously improves essential technology solutions and infrastructure for enabling the day-to-day operations of the City. ITD creates and maintains an exciting workplace for the Information Technology Department team that inspires high-performance and provides career growth opportunities. Likely not seen, ITD is continuously working behind the scenes to drive, improve, maintain, and secure the technologies that run our City.

The Information Technology Department provides a wide range of services through the following divisions:

### **OFFICE OF THE CIO (OCIO)**

Provides leadership and strategic direction for the City of Palo Alto's use of technology. OCIO provides advisory services to City departments regarding opportunities to leverage technology to improve government services. In addition, the division sets IT policies and direction for the IT Department and the City. The core services include IT strategic planning, cybersecurity, financial management, contract management, communications, work force development, overall department administration and public-private technology partnerships.

### **IT PROJECT MANAGEMENT OFFICE (PMO)**

Helps the City run technology projects in a consistent and cost-conscious manner. Through IT project governance we maintain alignment with the IT Strategic Plan. We perform multiple services including market research, requirements gathering, RFP preparation, vendor management, and contract management. The IT PMO promotes project standards, awareness, and education.

### **IT OPERATIONS**

Provides efficient and effective IT service delivery by monitoring, maintaining, and supporting the operations of City technologies and services 24/7. Manage the core functions of Enterprise Architecture, GIS, Infrastructure Support, Cloud Services, Service Desk, telecommunications, operational Security, disaster recovery, and IT asset/software management. The team partners with City departments on technology projects, initiatives and ratifies standards working alongside other IT divisions.

### **IT ENTERPRISE SERVICES**

Offers innovative solutions/tools to City departments and helps to improve process optimization and decision-making capabilities. Maintain a core set of large enterprise systems such as the Enterprise Resource Planning (ERP) both technical and business support, Utility Billing and Customer Information System (CIS), Customer Relationship Management (CRM), Business Intelligence and Warehouse systems (BI/BW) for

## INFORMATION TECHNOLOGY

supporting Financial, Human Resources, Utilities business processes, information flow, reporting, data analytics, and enterprise data governance for the City.

These services include all aspects of enterprise systems management such as planning, architecture, development, integration, administration, support, maintenance, governance, and change management.

### **GIS & ANALYTICS TEAM (IN ENTERPRISE SERVICES)**

Helps departments to understand patterns, relationships, and geographic context. Provides innovative map-based data, apps, and technical support for a wide variety of departmental and public needs. This technology helps guide emergency responses, expands Utility asset management capabilities, simplifies regulatory compliance, informs the public and staff on allowed property use and development, and provides a common language to encourage better inter-department communication for informed management decisions. The GIS & Analytics Division also brokers internal and external resources to satisfy unique data and application needs.

## Accomplishments

- Formally established a new GIS & Analytics team
- Cybersecurity improvements/enhancements
- RFP released and vendor selected to help establish an IT Risk Management Framework
- Facilitated the successful completion of the new OMS and FMS integration with the City's Enterprise GIS
- Rolled out SAP Fiori citywide
- Launched ERP Enhancement Phase 2 project
- Launched new E-Procurement software implementation
- Launched new Agenda Management System
- Implemented new ticketing and self-service portal
- Participated in Advanced Metering Infrastructure and SAP Interface related activities

## Initiatives

- Continue to support workplace activation and safety efforts as staff returns to work and City facilities reopen
- Continue to enhance the City's Cybersecurity posture
- Continue working on and deploying SAP enhancements (Phase 2)
- Revise the scope for Council Chambers upgrade project
- Replace the current Palo Alto 311 web application
- Continue supporting the technology efforts for the new Public Safety Building
- Continue partnering with the Utilities Department on the Fiber Expansion, including Fiber-to-the-Home
- Continue partnering with the Utilities Department on the Advanced Metering Infrastructure deployment and SAP Interface
- Complete the IT Risk Management Framework project
- Upgrade the City's telephone system

# Goals and Objectives

## Goal 1

Partner with stakeholders to deliver value.

### Objectives:

- Foster a “Trusted Partner” mindset with our stakeholders by providing the right solutions at the right time.
- Cultivate an environment in which IT works effectively to address City challenges.

## Goal 2

Reduce risk and improve IT operational excellence.

### Objectives:

- Maintain and enhance City Cybersecurity posture.
- Develop IT and data governance frameworks.
- Deliver modern, scalable, reliable, and secure technology solutions.
- Provide quality, timely and responsive service across all platforms and environments.

## Goal 3

Lead change through technology innovation.

### Objectives:

- Proactively seek innovative solutions to support Council priorities and City initiatives.
- Deliver innovative IT capabilities to increase productivity.

## Goal 4

Empower IT staff.

### Objectives:

- Enhance our culture to attract and retain top quality IT staff.
- Create opportunities for staff to improve skills and learn new technologies.
- Develop high performing teams to deliver superior business results.

# Key Performance Measures

## PERCENT OF SERVICE DESK REQUESTS RESOLVED BY RESOLUTION TIME

Goal	Track the overall time it takes to resolve service desk work orders.				
Objective	Establish clear division processes, staff responsibilities, and performance measures.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
1. Percent of service desk requests resolved at time of call	32%	28%	31%	22%	27%
2. Percent of service desk requests resolved within 4 hours	21%	20%	23%	19%	20%
3. Percent of service desk requests resolved within 8 hours	4%	5%	5%	5%	5%
4. Percent of service desk requests resolved within 5 days	22%	23%	25%	27%	24%
5. Percent of service desk requests resolved beyond 5 days	21%	24%	15%	27%	23%
Description	These measures track the time it takes to resolve service desk work orders.				
Purpose	Ensuring that IT staff are resolving work orders in a timely manner provides a quantitative measurement of one of the important services the department provides.				
Status	IT switched to a new system to track help desk requests in 2022. This new system uses a different methodology for capturing phone call/email service requests. The reported numbers reflect this change and are based on limited data. IT will continue to refine its processes as the system gathers more data in the upcoming years.				

## Key Performance Measures

### PERCENT OF SURVEY RESPONDENTS RATING THE SERVICES PROVIDED BY THE INFORMATION TECHNOLOGY DEPARTMENT AS EXCELLENT

Goal	Increase customer satisfaction on the services provided by the Information Technology Department.				
Objective	Establish clear division processes, staff responsibilities, and performance measures.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of survey respondents rating the services provided by the IT Department as excellent	97%	99%	98%	88%	97%
Description	This measure identifies the overall level of satisfaction internal customers have with telephone, network, application, and desktop support services.				
Purpose	This measure is an important qualitative assessment of how well IT is supporting its internal customers and whether they feel IT is meeting their needs.				
Status	IT switched to a new system to track help desk requests in 2022. IT is rolling out new features of this system in a phased manner and so the reported number is based on data collected for only one month.				

## Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of closed help desk requests	9,304	8,656	8,860	8,381	8,621
Number of datasets published on open data platforms	96	97	98	97	97

# INFORMATION TECHNOLOGY

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Enterprise Systems	3,446,132	3,325,735	4,860,822	5,174,473	313,651	6.5%
Office of the CIO	2,572,529	2,646,633	2,593,481	2,935,866	342,384	13.2%
Operations	7,231,073	7,035,984	8,765,188	10,007,504	1,242,316	14.2%
Project Services	2,023,118	1,872,858	1,508,083	1,812,175	304,092	20.2%
CIP Technology Fund	1,623,981	1,021,688	5,321,400	5,452,987	131,587	2.5%
<b>Total Dollars by Division</b>	<b>\$16,896,832</b>	<b>\$15,902,898</b>	<b>\$23,048,973</b>	<b>\$25,383,004</b>	<b>\$2,334,031</b>	<b>10.1%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	734,386	646,131	768,023	743,301	(24,721)	(3.2)%
Other Benefits	173,547	184,120	191,086	193,967	2,881	1.5%
Overtime	1,731	720	21,213	23,383	2,170	10.2%
Pension	1,770,072	1,751,111	2,029,881	2,188,359	158,478	7.8%
Retiree Medical	340,207	345,770	331,850	368,385	36,535	11.0%
Salary	4,570,932	4,279,579	4,800,724	5,487,747	687,023	14.3%
Workers' Compensation	164,797	169,457	209,302	229,210	19,908	9.5%
<b>Total Salary and Benefits</b>	<b>\$7,755,673</b>	<b>\$7,376,889</b>	<b>\$8,352,080</b>	<b>\$9,234,353</b>	<b>\$882,273</b>	<b>10.6%</b>
Contract Services	4,857,513	4,732,695	6,461,010	7,313,177	852,166	13.2%
Supplies & Material	28,835	40,676	85,000	85,000	—	—%
General Expense	381,634	296,448	438,179	446,179	8,000	1.8%
Rents & Leases	401,220	409,000	426,000	447,300	21,300	5.0%
Facilities & Equipment	254,094	442,942	534,910	792,693	257,783	48.2%
Allocated Charges	1,562,734	1,550,970	1,398,805	1,583,552	184,747	13.2%
Operating Transfers-Out	31,150	31,590	31,590	27,764	(3,826)	(12.1)%
Capital Improvement Program	1,623,981	1,021,688	5,321,400	5,452,987	131,587	2.5%
<b>Total Dollars by Category</b>	<b>\$16,896,832</b>	<b>\$15,902,898</b>	<b>\$23,048,973</b>	<b>\$25,383,004</b>	<b>\$2,334,031</b>	<b>10.1%</b>

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Revenues</b>						
Charges for Services	—	—	104,000	—	(104,000)	(100.0)%
Charges to Other Funds	12,321,660	14,443,801	14,649,515	17,941,615	3,292,100	22.5%
Operating Transfers-In	1,340,005	1,496,295	1,742,672	1,601,100	(141,572)	(8.1)%
Other Revenue	27,461	—	18,646	19,131	485	2.6%
Return on Investments	404,826	348,408	343,100	450,100	107,000	31.2%
<b>Total Revenues</b>	<b>\$14,093,952</b>	<b>\$16,288,504</b>	<b>\$16,857,934</b>	<b>\$20,011,946</b>	<b>\$3,154,012</b>	<b>18.7%</b>
<b>Positions by Division</b>						
Enterprise Systems	9.00	8.00	9.00	9.00	—	—%
Office of the CIO	5.10	3.10	3.10	4.10	1.00	32.3%
Operations	14.48	13.48	14.48	14.48	—	—%
Project Services	8.00	5.00	5.00	6.00	1.00	20.0%
<b>Total Positions by Division</b>	<b>36.58</b>	<b>29.58</b>	<b>31.58</b>	<b>33.58</b>	<b>2.00</b>	<b>6.3%</b>

# INFORMATION TECHNOLOGY

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Administrative Assistant	1.00	1.00	1.00	1.00	—	88,213
Assistant Director Administrative Services	0.10	0.10	0.10	0.10	—	24,873
Business Analyst	1.00	1.00	1.00	1.00	—	176,509
Desktop Technician	6.00	6.00	6.00	6.00	—	714,979
Director Information Technology/CIO	—	—	1.00	1.00	—	224,016
Management Analyst	—	—	—	1.00	1.00	115,690
Manager Information Technology	3.00	3.00	3.00	3.00	—	565,365
Manager Information Technology Security	1.00	—	—	—	—	—
Principal Business Analyst	1.00	—	—	—	—	—
Senior Business Analyst	2.00	2.00	2.00	2.00	—	295,339
Senior Management Analyst	1.00	1.00	1.00	1.00	—	161,990
Senior Technologist	18.00	14.00	16.00	17.00	1.00	2,668,890
Technologist	1.00	—	—	—	—	—
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>36.10</b>	<b>29.10</b>	<b>31.10</b>	<b>33.10</b>	<b>2.00</b>	<b>\$5,035,863</b>
Temporary/Hourly	0.48	0.48	0.48	0.48	—	\$46,476
<b>Total Positions</b>	<b>36.58</b>	<b>29.58</b>	<b>31.58</b>	<b>33.58</b>	<b>2.00</b>	<b>\$5,082,339</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>31.58</b>	<b>23,048,973</b>	<b>16,857,934</b>	<b>6,191,039</b>
<b>One-Time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	461,744	-	461,744
Charges to Other Funds-Information Technology Services	-	-	2,406,650	(2,406,650)
Transfer from the General Fund-Technology Surcharge	-	-	31,628	(31,628)
Transfers to University Parking Permit Fund	-	(3,826)	-	(3,826)
Return on Investments & Other Revenue	-	-	3,485	(3,485)
FY 2023 Mid-Year Budget Review (CMR 2212-0456)	1.00	886,619	885,450	1,169
Equipment Repair and Maintenance Adjustment	-	4,373	-	4,373
Rents and Lease Adjustments	-	21,300	-	21,300
Contract Adjustments & Equipment Cost Changes	-	41,575	-	41,575
Capital Improvement Program Funding	-	131,587	-	131,587
Transfer from Other Funds	-	-	(173,200)	173,200
Communication Allocated Charges	-	95	-	95
General Fund Cost Allocation Plan	-	182,939	-	182,939
General Liability Insurance Allocated Charges	-	5,378	-	5,378
Printing & Mailing Services Allocated Charges	-	(1,300)	-	(1,300)
Utilities Allocated Charges	-	(3,179)	-	(3,179)
Vehicle Replacement & Maintenance Allocated Charges	-	814	-	814
Workers' Compensation Allocated Charges	-	19,908	-	19,908
<b>Adjustments to Costs of Ongoing Activities</b>	<b>1.00</b>	<b>1,748,027</b>	<b>3,154,012</b>	<b>(1,405,985)</b>
<b>Total FY 2024 Base Budget</b>	<b>32.58</b>	<b>24,797,000</b>	<b>20,011,946</b>	<b>4,785,054</b>
<b>Budget Adjustments</b>				
1. Supplemental GIS Modernization Funding	-	150,000	-	150,000

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
2. Analytical and Administrative Support	1.00	186,004	-	186,004
3. Computer Replacement Funding	-	250,000	-	250,000
<b>Total Budget Adjustments</b>	<b>1.00</b>	<b>586,004</b>	<b>-</b>	<b>586,004</b>
<b>Total FY 2024 Adopted Budget</b>	<b>33.58</b>	<b>25,383,004</b>	<b>20,011,946</b>	<b>5,371,058</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Supplemental GIS Modernization Funding	-	150,000	-	150,000

This action increases funding for GIS (Geographic Information System) modernization for the upkeep of the growing new internal and external GIS infrastructure maintenance, database administration, and troubleshooting for the various web and mobile GIS solutions being built. With the release of the City's new GIS platform in March 2021, many of the departments have started leveraging the much-awaited platform. A multitude of department-specific solutions have already been built and many more have been identified so far which will be implemented in the next couple of years. In addition, more complex department-specific solutions are being built leveraging the City's new enterprise GIS and additional funding is required for the upkeep of the growing new internal and external GIS infrastructure maintenance, database base administration and maintenance, application maintenance and troubleshooting needs for the various web and mobile GIS solutions being built. (Ongoing cost: \$150,000)

**Performance Results**  

This action will allow the City to improve and maintain its current and future GIS initiatives.

2. Analytical and Administrative Support	1.00	186,004	-	186,004
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This action adds 1.00 Management Analyst in the Office of the CIO to oversee 100+ related technology-related contracts and agreements. The position will be the primary contract management lead in the department encompassing all aspects of the process including releasing formal solicitations, drafting staff reports, and conducting renewals and amendments. In addition, this position will help address current audit recommendations to focus on contract and vendor risk management. (Ongoing cost: \$195,000)

**Performance Results**   

This action will allow the City to effectively manage technology contracts while reducing risk.

3. Computer Replacement Funding	-	250,000	-	250,000
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This action restores funding for computer replacements that was previously reduced as a cost saving measure during the pandemic. The department estimates that 225 computers are currently in need of replacement (based on a four-year replacement cycle). Avoiding delays in replacement minimizes the possibility of software compatibility issues, cybersecurity risks, and lost productivity due to poor computer performance. (Ongoing cost: \$250,000)

**Performance Results**   

This action ensures the City has sufficient resources to replace outdated equipment.



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# LIBRARY

## Mission Statement



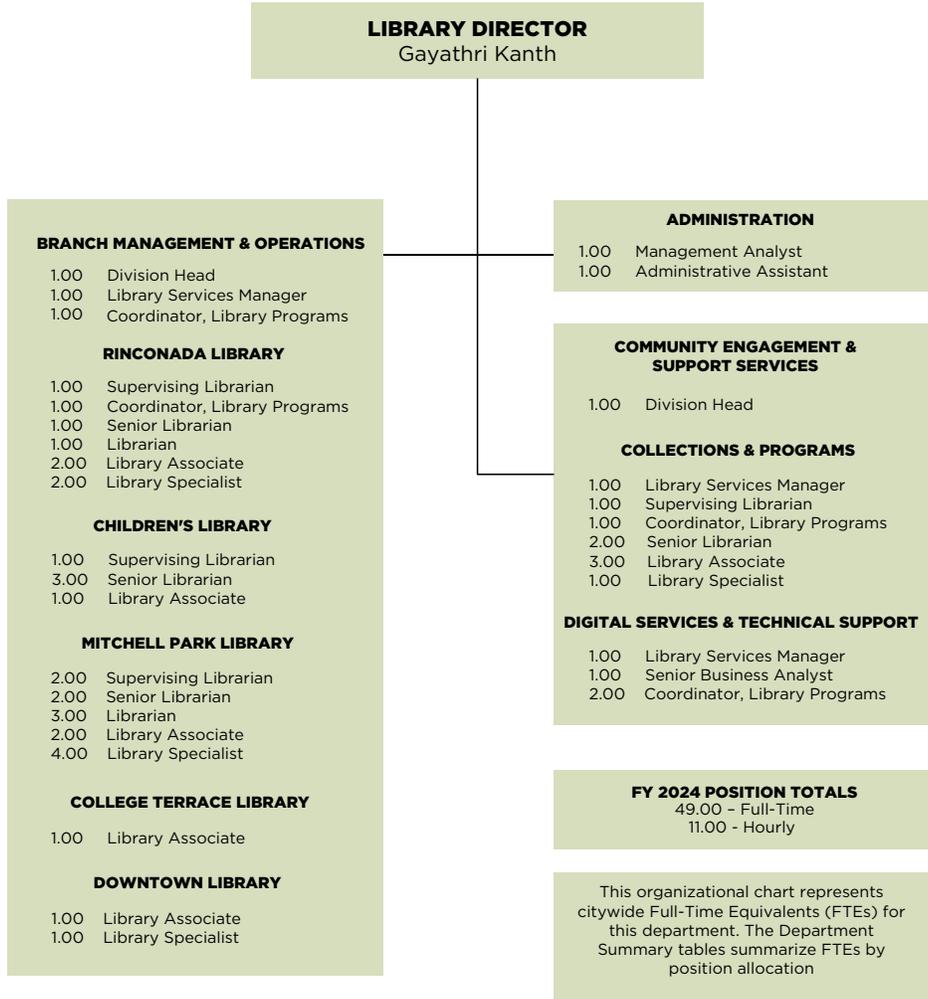
The Palo Alto City Library connects our diverse community through knowledge, resources and opportunities. We nurture innovation, discovery, and delight.

## Purpose

To provide exceptional, responsive public service to Palo Alto residents and employees; promote exploration of library resources to support learning, recreation, and personal enrichment; foster a love of reading, creative expression, and community engagement for all ages; and develop library facilities, technology, and staff to create a welcoming, inclusive environment in which to share valuable resources and skilled expertise.



# LIBRARY



## Description

The Library provides a wide range of public services for the City of Palo Alto through the following:

### **PUBLIC SERVICES & PROGRAMS**

Offers a variety of programs free of charge to library users of all ages, interests, and abilities, to provide educational, self-help, recreational, technological, and multi-lingual outreach. When appropriate, partners with other civic, non-profit, business, and educational organizations to present these programs.

### **INFORMATION, TECHNOLOGY, & COLLECTIONS**

Library collections include a diverse selection of print and non-print materials, and digital resources such as electronic books, magazines, and media, to meet the educational, informational, and recreational needs of its clientele, reflecting the variety of languages, cultures, and interests of our community. Provides opportunities (sometimes through experimental partnerships with other agencies) for the public to access a variety of technologies both inside and outside library facilities, including hardware devices, online databases, free WiFi, and mobile applications.

### **BUILDINGS, SUPPORT, & ADMINISTRATION**

Provides information, training, and support for City employees and the public, and ensures that all aspects of library services and policies are delivered with the highest degree of public stewardship in mind. By funding major facility renovations and improvements to three libraries through a dedicated library bond and two previous renovation projects, Palo Alto has modern libraries offering comfortable, inviting, and flexible spaces for everyone in our community to gather and learn.

## Accomplishments

- Rated as a 5-star Library by the Library Journal Index . PACL is one of only 12 California libraries receiving any star rating and one of only five libraries receiving a 5-star rating. PACL had been ranked as 3-star and 4-star in past years.
- Established a temporary Community Resource Center including overnight shelter inside Rinconada Library in partnership with City Manager's Office, Community Services Department, and Office of Emergency Services to address community needs from storms in January 2023.
- Expanded service days and hours at all five library branches, including Saturdays at all branches, and Sundays at Mitchell Park and Rinconada.
- Offered events and activities online through Zoom, Facebook Live, Twitch, and YouTube, and brought back in-person events during summer 2022. Programs included storytimes, book clubs, ESL classes, gaming and various workshops for all ages. Some highlighted observations and holidays included Black History Month, Lunar New Year, Women's History Month, Norooz, Asian American and Pacific Islander (AAPI) Heritage Month, Hispanic Heritage Month, Diwali, and Native American Heritage Month.
- Presented many sustainability and climate focused programs. The re:Maker Fair in fall 2022 taught attendees about sustainable practices and library resources, including the FarmBot. Created a Pollinator Garden at Rinconada, and a California Native Plant Garden at Mitchell Park, with the help of

local gardeners and volunteers. This project helped beautify unused spaces and improve the environment.

- Hosted a Summer Reading Program from June to September 2022, with the theme of “All Together Now.” This year’s program provided an opportunity to read for a cause, with \$1 donated for every participant who completed the program to the Palo Alto Community Fund. The program was sponsored by the Friends of the Palo Alto Library and featured many events for all ages.
- Featured technology skill learning resources for the community and city staff via the State Library’s Career Pathways initiative, including LinkedIn Learning, Coursera and Skillshare.
- Created a new digital literacy space, “Reboot Room,” in the Ventura Technology Learning Center at Mitchell Park, to host more award-winning technology programs such as Robo Dojo, Streamers Academy and Vintage Media Lab. Offered programs such as Getting Started with Web3: Blockchain and NFTs, Streamer’s Academy, Teach a Librarian to Play Video Games, AI Storytelling, and basic eHelp services.

## Initiatives

- Further expand library hours and services to meet community needs.
- Increase virtual/in-person/hybrid programming that focuses on community wellness, sustainability and climate action.
- Add collections with an emphasis on equity, diversity, and inclusion (EDI), materials in more of the languages that are common in Palo Alto and expand web-based and digital collections.
- Continue the Palo Alto Reads initiative in collaboration with the City Manager’s Office, other city departments and community partners.
- Enhance our digital literacy offerings, including curriculum ranging from basic computer skills to AI workshops and other cutting edge technology programs.
- Partner with local organizations to increase usage of our Upskill online learning tools.
- Utilize grant money from two grants: an Innovation and Technology Opportunity Grant received from the Pacific Library Partnership (PLP) for a synchronized drone program called “Light up the Library with Drones;” and the California State Library grant for the “Community Threads: Sewing Project.”

## Goals and Objectives

### Goal 1

Be the place where everyone can learn anything.

#### Objectives:

- Provide and promote opportunities to read for learning and for pleasure.
- Create learning opportunities for community members to be able to make sense of and succeed in our changing society.
- Provide a portal to American culture, language, and civic life.
- Ensure that the library’s collections, technology, and buildings support the evolving requirements of 21st century lifelong learning.
- Provide tools for improving all types of literacy.
- Provide early childhood literacy programs based on current research in child development and learning.

## Goal 2

Be the partner of choice for community organizations.

### Objectives:

- Support Project Safety Net's programs to promote youth well-being and implement the 41 Developmental Assets.
- Increase collaboration with Palo Alto's public and private schools and their school librarians.
- Support library stakeholders in their advocacy and fundraising activities.
- Connect staff to community organizations in order to support their goals and collaborate in their activities.
- Encourage relationships with community organizations that enhance library services and programs.

## Goal 3

Connect community members to exchange and share stories, interests, and skills, with particular emphasis on intergenerational opportunities.

### Objectives:

- Provide a forum to explore current events and issues of community interest.
- Engage community members in library services as volunteers and program advisors.
- Connect community members to exchange and share stories, interests, and skills.
- Encourage reading, writing, and other forms of creative expression among community members.

## Goal 4

Leverage technology to integrate the library into the lives of community members.

### Objectives:

- Enhance and preserve unique and local collections, and plan and implement a social media strategy.
- Produce web content that is relevant to the needs and interests of our diverse audiences.
- Facilitate access for library users to resources that enable them to create content.
- Provide staff training and technology infrastructure to support digital projects.
- Keep abreast of emerging technologies and trends and of library-specific applications.

## Goal 5

Provide a richer library experience for our community because of the expertise and effort of our dynamic staff.

### Objectives:

- Attract and retain the most skilled and knowledgeable staff.
- Motivate and recognize staff through opportunities to innovate and be creative.
- Explore opportunities for improving employee work-life balance.
- Support and promote efforts to make it possible for staff to live in or near Palo Alto.

# Key Performance Measures

## NUMBER OF TEENS WHO PARTICIPATE IN THE LIBRARY'S PROGRAMS FOR TEENS, INCLUDING THE SUMMER READING PROGRAM

Goal	Develop and provide library services and programs supporting the 41 Developmental Assets for Adolescents Model.				
Objective	Encourage adolescents (ages 12-18) to read for pleasure 3+ hrs/wk (Developmental Asset #25).				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Number of teens	875	1,776	2,000	3,500	4,200
Description	This measure tracks the level of interest and participation in the recreational reading programs.				
Purpose	Adolescents who enjoy reading are more likely to grow up into healthy, caring, and responsible adults.				
Status	The Teen Library Advisory Board (T-LAB) works with staff to implement and guide program development. As a result of increasing programming since the COVID-19 pandemic has subsided, participation in teen programs has increased. This trend is anticipated to continue in FY 2024.				

## Key Performance Measures

### PERCENT OF SURVEYED RESIDENTS RATING SATISFACTION WITH LIBRARY DEPARTMENT SERVICES AS GOOD OR EXCELLENT

Goal	Connects Palo Alto's diverse community through knowledge, resources, and opportunities.				
Objective	Maintain and enhance the community's satisfaction with library services.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Library facilities (buildings, computer equipment, accessibility)	N/A*	96%	95%	94%	94%
Public Library Services	N/A*	93%	94%	93%	94%
Recommend Palo Alto's Libraries to Friends	N/A*	93%	89%	91%	92%
Variety of Library Materials	N/A*	95%	88%	93%	92%
Description	These measures track percent of residents rating overall library services to community as good or excellent. This data is collected as part of the Palo Alto Community Survey that is conducted annually.				
Purpose	Community satisfaction with the Library Department is an important assessment of the quality of services provided to the City and its residents.				
Status	*The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.				

## Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Meeting Room Reservations	256	2,715	6,689	5,302	6,362
Visits to library branches	97,523	446,896	467,018	587,726	705,271
Virtual visits to the library	701,568	610,705	713,709	606,358	727,630
Checkouts of library materials	842,787	1,214,928	1,217,039	1,220,150	1,464,180
Annual turnover rate of library collections	1.61	3.64	3.20	3.71	3.85

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Administration	1,135,582	1,222,089	954,146	1,061,773	107,627	11.3%
Collection and Technical Services	2,589,592	2,565,271	2,879,011	3,413,360	534,348	18.6%
Public Services	4,802,729	4,803,508	6,377,537	7,663,259	1,285,722	20.2%
<b>Total Dollars by Division</b>	<b>\$8,527,903</b>	<b>\$8,590,868</b>	<b>\$10,210,694</b>	<b>\$12,138,392</b>	<b>\$1,927,697</b>	<b>18.9%</b>
<b>Salary &amp; Benefits</b>						
Healthcare	718,313	709,050	1,024,192	1,202,791	178,599	17.4%
Other Benefits	130,445	139,603	146,554	162,740	16,186	11.0%
Overtime	1,555	5,726	78,506	90,979	12,473	15.9%
Pension	1,413,466	1,495,399	1,709,954	2,083,656	373,702	21.9%
Retiree Medical	434,938	442,050	490,576	465,303	(25,273)	(5.2)%
Salary	3,696,497	3,617,111	4,424,210	5,500,398	1,076,188	24.3%
Workers' Compensation	178,232	183,272	170,225	214,045	43,820	25.7%
<b>Total Salary and Benefits</b>	<b>\$6,573,447</b>	<b>\$6,592,210</b>	<b>\$8,044,218</b>	<b>\$9,719,912</b>	<b>\$1,675,695</b>	<b>20.8%</b>
<b>Dollars by Category</b>						
Allocated Charges	1,084,808	1,171,601	1,161,831	1,323,918	162,086	14.0%
Contract Services	273,032	267,842	293,185	298,185	5,000	1.7%
Facilities & Equipment	18,021	1,566	9,900	9,900	—	—%
General Expense	14,616	30,440	81,080	83,996	2,917	3.6%
Supplies & Material	563,978	527,209	620,481	702,481	82,000	13.2%
<b>Total Dollars by Category</b>	<b>\$8,527,903</b>	<b>\$8,590,868</b>	<b>\$10,210,694</b>	<b>\$12,138,392</b>	<b>\$1,927,697</b>	<b>18.9%</b>
<b>Revenues</b>						
Charges for Services	657	2,196	25,461	4,250	(21,211)	(83.3)%
From Other Agencies	33,630	14,500	—	—	—	—%
Other Revenue	23,843	23,270	51,400	4,500	(46,900)	(91.2)%
Other Taxes and Fines	21,961	14,630	39,255	12,000	(27,255)	(69.4)%

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Rental Income	605	—	—	—	—	—%
<b>Total Revenues</b>	<b>\$80,696</b>	<b>\$54,596</b>	<b>\$116,116</b>	<b>\$20,750</b>	<b>\$(95,366)</b>	<b>(82.1)%</b>
<b>Positions by Division</b>						
Administration	0.40	0.20	0.40	0.40	—	—%
Collection and Technical Services	13.59	11.61	11.71	13.60	1.89	16.1%
Public Services	47.29	33.06	40.66	46.00	5.34	13.1%
<b>Total Positions by Division</b>	<b>61.28</b>	<b>44.87</b>	<b>52.77</b>	<b>60.00</b>	<b>7.23</b>	<b>13.7%</b>

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Administrative Assistant	—	—	—	1.00	1.00	84,240
Administrative Associate III	1.00	—	1.00	—	(1.00)	—
Assistant Director Library Services	1.00	—	1.00	—	(1.00)	—
Business Analyst	1.00	1.00	1.00	—	(1.00)	—
Coordinator Library Programs	1.00	1.00	2.00	5.00	3.00	595,213
Director Libraries	1.00	1.00	1.00	1.00	—	235,560
Division Head Library Services	1.00	1.00	1.00	2.00	1.00	319,696
Librarian	6.00	6.00	7.00	4.00	(3.00)	397,696
Library Associate	7.00	6.00	6.00	10.00	4.00	911,872
Library Specialist	11.50	10.50	12.50	8.00	(4.50)	690,227

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Management Analyst	1.00	1.00	1.00	1.00	—	111,530
Manager Library Services	3.00	3.00	3.00	3.00	—	441,230
Senior Business Analyst	—	—	—	1.00	1.00	138,798
Senior Librarian	8.00	6.00	6.00	8.00	2.00	903,219
Supervising Librarian	4.00	4.00	4.00	5.00	1.00	589,306
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>46.50</b>	<b>40.50</b>	<b>46.50</b>	<b>49.00</b>	<b>2.50</b>	<b>\$5,418,587</b>
Temporary/Hourly	14.78	4.37	6.27	11.00	4.73	\$578,590
<b>Total Positions</b>	<b>61.28</b>	<b>44.87</b>	<b>52.77</b>	<b>60.00</b>	<b>7.23</b>	<b>\$5,997,178</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>52.77</b>	<b>10,210,695</b>	<b>116,116</b>	<b>10,094,579</b>
<b>One-Time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	938,708	-	938,708
FY 2023 Mid-Year Budget Review (Report # 2212-0515)	2.73	164,793	-	164,793
Library Fees and Miscellaneous Revenue Adjustments	-	-	(95,366)	95,366
Collections Development	-	75,000	-	75,000
Palo Alto Historical Association Contract Adjustment	-	5,000	-	5,000
General Liability Insurance Allocated Charges	-	21,585	-	21,585
Information Technology Allocated Charges	-	40,325	-	40,325
Printing & Mailing Allocated Charges	-	(14,800)	-	(14,800)
Utilities Allocated Charges	-	101,627	-	101,627
Vehicle Replacement & Maintenance Allocated Charges	-	229	-	229
Workers' Compensation Allocated Charges	-	43,820	-	43,820
<b>Adjustments to Costs of Ongoing Activities</b>	<b>2.73</b>	<b>1,376,287</b>	<b>(95,366)</b>	<b>1,471,653</b>
<b>Total FY 2024 Base Budget</b>	<b>55.50</b>	<b>11,586,982</b>	<b>20,750</b>	<b>11,566,232</b>
<b>Budget Adjustments</b>				
1. Saturday Materials Delivery	-	6,000	-	6,000
2. Laptop Lending Program Replacements	-	7,000	-	7,000
3. FY 2024 Enhancement of Information Technology (IT) Services	-	13,119	-	13,119
4. Library Hours and Services	4.50	525,291	-	525,291
<b>Total Budget Adjustments</b>	<b>4.50</b>	<b>551,410</b>	<b>-</b>	<b>551,410</b>
<b>Total FY 2024 Adopted Budget</b>	<b>60.00</b>	<b>12,138,392</b>	<b>20,750</b>	<b>12,117,642</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Saturday Materials Delivery	-	6,000	-	6,000

This action adds funding for a pilot program to explore expanding weekday library materials delivery service to include service on Saturdays. This expansion will decrease patron wait times for delivery of requested materials between library branches. The service primarily moves materials that patrons request be placed on hold and delivered to specified branches. Staff are exploring different options including deliveries being made by city staff, or a courier service, depending on labor agreements and cost effectiveness. (Ongoing cost: \$6,000)

### Performance Results



This action supports improved access to library resources and services for the community.

2. Laptop Lending Program Replacements	-	7,000	-	7,000
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This action adds funding for the replacement of 40 Chromebook laptops to the Library's Chromebook laptop lending program which lends Chromebooks to the public for a period of one week. The remaining Chromebooks from the most recent 2018 purchase are no longer eligible for software upgrades and are retired when in-house repairs are no longer possible. Chromebooks are managed by the Library staff through a Google for Education account and typically last for three to four years without hardware issues. This proposal will provide updated models and enable the Library to continue to serve the community with this program. (Ongoing cost: \$0)

### Performance Results



This action will allow for continuation of the program with updated models for public use.

3. FY 2024 Enhancement of Information Technology (IT) Services	-	13,119	-	13,119
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This action increases allocated charges for IT services to the Library Department by approximately \$13,000 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$13,119)

### Performance Results



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
4. Library Hours and Services	4.50	525,291	-	525,291

This action adds 4.50 positions and reclasses 2.00 positions to increase library annual open hours by over 2,600 hours from 10,452 to 13,104, just short of pre-pandemic hours (13,520) New positions include two Senior Librarians for the Children’s Library to enable more open hours and targeted programs, and a Supervising Librarian to provide programming and collections support, and to provide public services coordination at the Rinconada branch. Five part-time Library Clerk positions will also be added to ensure branch staffing and daily functions are well-supported. The Library will have increased capacity for cross-departmental collaboration to contribute to the health and wellness of the community, such as serving as cooling and warming centers during natural disasters and power outages. With this action, the number of open days per branch, per week are:

- 7 days - Mitchell Park
- 7 days - Rinconada
- 6 days - Children’s
- 5 days - Downtown
- 5 days - College Terrace
- (Ongoing cost: \$534,309)

**Performance Results** ⌄ \$ ★ 👍

This action will increase library open hours and targeted programming to the community.



CITY OF  
**PALO  
ALTO**

# OFFICE OF EMERGENCY SERVICES

## Mission Statement



The mission of the Office of Emergency Services is to prevent, prepare for, mitigate, respond to, and recover from all hazards.

## Purpose

The purpose of the Office of Emergency Services is to develop, maintain, and sustain a citywide, comprehensive, all-hazard, risk-based emergency management program that engages the whole community.



# OFFICE OF EMERGENCY SERVICES

**EMERGENCY SERVICES DIRECTOR  
(OES CHIEF)**  
Kenneth Dueker

2.00 Office of Emergency Services  
Coordinator

**FY 2024 POSITION TOTALS**  
3.00 - Full-time  
0.48 - Hourly

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

## Description

The Office of Emergency Services (OES) develops, maintains, and sustains a citywide, comprehensive, all-hazard, risk-based emergency management program that engages the whole community.

## Accomplishments

- Activated the Emergency Operations Center for the response to the severe storms of 2022/2023. Coordinated the implementation of recovery operations. This also involved the implementation of the San Francisquito Creek Multi Agency Coordination group.
- Led the planning and coordination for the City's 2022 Veteran's Day Event.
- Led the City's participation in the Multi Jurisdictional Hazard Mitigation Plan update. Coordinated staff and stakeholder involvement, facilitated the local planning process, and developed the final plan.
- Assisted the Public Works department in the development of the Foothills Nature Preserve Dam Emergency Action Plan.
- Principle coordinator for the City's wildfire management efforts among servicing departments. Developed a scope of work to reduce fuels along key routes in the Palo Alto foothills to facilitate contract management efforts.
- Coordinated the City's implementation of the Zonehaven evacuation web service. Assisted in the rollout to the community and City stakeholders.
- Continued to develop the Emergency Services Volunteer (ESV) program and general community public safety awareness through ongoing public education sessions, trainings, and exercises.
- Worked with regional public safety partners on a wide range of planned and special events, ranging from visits by dignitaries to mass-gatherings and high-risk events. The Mobile Emergency Operations Center (MEOC) and other specialized OES vehicles were deployed in support of such events.
- Conducted trainings for City staff on critical incidents, including workplace violence and active shooter scenarios.
- Added an emergency solar backup power system to Montebello wildfire camera network.

## Initiatives

- Continue to Enhance regional coordination and situational awareness capabilities for wildland urban interface (WUI) response and wildland fires via our Interdepartmental Foothills Fire Management Coordination team, other intergovernmental groups, and new technologies.
- Continue to Partner with and advise the Public Works, Police, and Fire Departments on the construction of the new Public Safety Building (PSB); prepare for transfer of key systems and in-building operations.
- Explore the deployment of advanced sensor technologies for public safety, including Unmanned Aerial Systems (UAS).
- Update the Community Wildfire Protection Plan (CWPP) as part of the Santa Clara County planning cycle.
- Update the City of Palo Alto Emergency Operations Plan (EOP).

## OFFICE OF EMERGENCY SERVICES

- Continue to seek opportunities to add disaster resilience to Sustainability and Climate Action Plan (S/CAP) and other environmental initiatives, including power microgrids and local generation and storage.
- Sustain the Intrusion Detection System (IDS).

# Goals and Objectives

## Goal 1

Promote operational readiness of the City to implement the emergency management cycle (mitigate, prepare, respond, recover).

### Objectives:

- Execute a training and exercise plan for designated staff assigned to the Emergency Operations Center (EOC), Mobile Emergency Operations Center (MEOC), Department Operations Center, and other assignments.
- Maintain emergency management facilities, critical infrastructure, and essential equipment to ensure they are fully mission capable.
- Coordinate development of new technologies for emergency management.
- Acquire grant funding to improve capabilities of preparedness and response resources.

## Goal 2

Engage the whole community to prepare for all hazards.

### Objectives:

- Administer the City Emergency Services Volunteer Program (ESV) to provide a cadre of trained volunteers in residential neighborhoods.
- Coordinate with the private sector and non-governmental organizations to promote continuity of business operations.
- Administer outreach to the citizenry to encourage emergency preparedness.

## Goal 3

Maintain policies and plans related to disasters, critical incidents, and City safety.

### Objectives:

- Lead a process to identify threats and hazards and to assess risks the City faces.
- Maintain awareness of threats through coordination with law enforcement agencies and other public safety partners.
- Participate in regional planning efforts.
- Revise the Emergency Operations Plan and associated plans and annexes through an adaptive planning process.

# Key Performance Measures

## NUMBER OF ANNUAL REPORTED INCIDENTS WITHIN THE CALTRAIN RIGHT-OF-WAY

Goal	To detect and facilitate public safety response to unsafe conditions at the four at-grade rail crossings in Palo Alto.				
Objective	Coordinate development of new technologies for emergency management.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Number of annual reported incidents within the CalTrain right-of-way	57	68	70	22	40
Description	This measure provides the number of incidents reported to OES via the Intrusion Detection System (IDS) which is monitored and operated by a third party under contract.				
Purpose	Over time, OES expects to reduce the number of annual reported incidents as we become more aware of the causality of these incidents.				
Status	The reduction in incidents is attributable to the completion of major construction by Caltrain for the electrification project as well as certain way finding improvements at grade crossings. Starting in FY 2023, the Department has also instructed the monitoring company to reduce unfounded reports such as Caltrain employees in the right of way and will continue in future years.				

# Key Performance Measures

## READINESS OF OFFICE OF EMERGENCY SERVICES (OES) RESOURCES

Goal	Promote operational readiness of the City to implement the emergency management cycle (mitigate, prepare, respond, recover).				
Objective	Maintain OES emergency management facilities, critical infrastructure, and equipment fully mission capable.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of Office of Emergency Services resources that are able to respond effectively to hazards	100%	97%	95%	95%	95%
Description	OES must be able to implement response procedures to an all-hazards threat matrix at any time. OES strives to maintain fully mission capable status to respond effectively to all hazards. However, given the specialized and discrete inventory of equipment, it is not feasible to maintain all systems to a 100 percent readiness standard. Therefore, the goal is to meet a 95 percent readiness rate, allowing some flexibility for unscheduled equipment maintenance during the year.				
Purpose	Critical resources will improve the City's ability to manage a response.				
Status	The Emergency Operations Center (EOC) is functioning as an information intelligence center hub and staffed during the day on a regular basis. Other assets, such as the Mobile Emergency Operations Center (MEOC) and support vehicles and equipment were also maintained at a near fully operational rate and involved in a number of deployments throughout the fiscal year.				

# Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of presentations, training sessions, and exercises	56	112	75	120	75
Number of deployments of the Emergency Operations Center, Mobile EOC, and Incident Command Post	53	30	50	35	40

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Emergency Services	1,282,115	1,094,175	1,342,206	1,576,098	233,892	17.4%
<b>Total Dollars by Division</b>	<b>\$1,282,115</b>	<b>\$1,094,175</b>	<b>\$1,342,206</b>	<b>\$1,576,098</b>	<b>\$233,892</b>	<b>17.4%</b>
<b>Salary &amp; Benefits</b>						
Healthcare	32,372	26,761	28,949	66,342	37,393	129.2%
Other Benefits	14,026	15,983	15,514	19,721	4,207	27.1%
Overtime	1,240	256	—	—	—	—%
Pension	127,942	154,325	158,045	186,775	28,730	18.2%
Retiree Medical	50,986	51,819	41,192	38,293	(2,899)	(7.0)%
Salary	351,359	380,623	394,711	556,346	161,634	40.9%
Workers' Compensation	27,947	28,737	25,528	27,539	2,012	7.9%
<b>Total Salary and Benefits</b>	<b>\$605,871</b>	<b>\$658,504</b>	<b>\$663,939</b>	<b>\$895,015</b>	<b>\$231,077</b>	<b>34.8%</b>
<b>Dollars by Category</b>						
Allocated Charges	112,381	136,432	201,137	202,953	1,816	0.9%
Contract Services	331,399	232,285	315,508	315,508	—	—%
Facilities & Equipment	186,188	17,052	77,000	87,122	10,122	13.1%
General Expense	8,243	15,975	30,700	31,700	1,000	3.3%
Supplies & Material	38,034	33,926	53,922	43,800	(10,122)	(18.8)%
<b>Total Dollars by Category</b>	<b>\$1,282,115</b>	<b>\$1,094,175</b>	<b>\$1,342,206</b>	<b>\$1,576,098</b>	<b>\$233,892</b>	<b>17.4%</b>
<b>Revenues</b>						
Charges to Other Funds	95,589	95,589	95,589	95,589	—	—%
From Other Agencies	216,461	—	—	—	—	—%
Other Revenue	5,611	—	—	—	—	—%
<b>Total Revenues</b>	<b>\$317,661</b>	<b>\$95,589</b>	<b>\$95,589</b>	<b>\$95,589</b>	<b>—</b>	<b>—%</b>

# OFFICE OF EMERGENCY SERVICES

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Positions by Division</b>						
Emergency Services	3.48	2.48	2.48	3.48	1.00	40.3%
<b>Total Positions by Division</b>	<b>3.48</b>	<b>2.48</b>	<b>2.48</b>	<b>3.48</b>	<b>1.00</b>	<b>40.3%</b>

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Director Office of Emergency Services	1.00	1.00	1.00	1.00	—	202,467
Office of Emergency Services Coordinator	1.00	1.00	1.00	2.00	1.00	273,500
Program Assistant II	1.00	—	—	—	—	—
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>3.00</b>	<b>2.00</b>	<b>2.00</b>	<b>3.00</b>	<b>1.00</b>	<b>\$475,967</b>
Temporary/Hourly	0.48	0.48	0.48	0.48	—	\$37,380
<b>Total Positions</b>	<b>3.48</b>	<b>2.48</b>	<b>2.48</b>	<b>3.48</b>	<b>1.00</b>	<b>\$513,347</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>2.48</b>	<b>1,342,206</b>	<b>95,589</b>	<b>1,246,617</b>
<b>One-Time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	32,648	-	32,648
Communication Allocated Charges	-	(3,020)	-	(3,020)
General Liability Insurance Allocated Charges	-	2,586	-	2,586
Information Technology Allocated Charges	-	704	-	704
Printing & Mailing Services Allocated Charges	-	(1,600)	-	(1,600)
Vehicle Replacement & Maintenance Allocated Charges	-	1,421	-	1,421
Workers' Compensation Allocated Charges	-	2,012	-	2,012
<b>Adjustments to Costs of Ongoing Activities</b>	<b>0.00</b>	<b>34,750</b>	<b>-</b>	<b>34,750</b>
<b>Total FY 2024 Base Budget</b>	<b>2.48</b>	<b>1,376,956</b>	<b>95,589</b>	<b>1,281,367</b>
<b>Budget Adjustments</b>				
1. Emergency Services Staffing	1.00	197,417	-	197,417
2. FY 2024 Enhancement of Information Technology (IT) Services	-	1,726	-	1,726
<b>Total Budget Adjustments</b>	<b>1.00</b>	<b>199,143</b>	<b>-</b>	<b>199,143</b>
<b>Total FY 2024 Adopted Budget</b>	<b>3.48</b>	<b>1,576,098</b>	<b>95,589</b>	<b>1,480,510</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Emergency Services Staffing	1.00	197,417	-	197,417

This action adds 1.00 Office of Emergency Services Coordinator position to support ongoing City requirements in emergency coordination and risk mitigation. The department supports a growing list of city-wide projects and initiatives such as Foothills Fire Mitigation Program, Local Hazard Mitigation planning, San Francisquito Creek Multi-Agency Coordination, the Emergency Services Volunteer Program, and the Intrusion Detection System. Recent trends such as the public health crises, proliferation of wildfires, and extreme weather events have significantly increased the workload on current staff. The additional staffing will enhance the City’s ability to provide emergency services during catastrophic events and increase engagement with the public as well as staff. In addition, the position will assist in succession planning efforts as planned retirements occur over the next several years. (Ongoing cost: \$206,900)

**Performance Results**



This action ensures sufficient staffing levels to support emergency services projects and programs.

2. FY 2024 Enhancement of Information Technology (IT) Services	-	1,726	-	1,726
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This action increases allocated charges for IT services to the Office of Emergency Services by approximately \$1,726 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$1,726)

**Performance Results**



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

# PLANNING AND DEVELOPMENT SERVICES

## Mission Statement



The mission of the Planning and Development Services Department is to provide effective implementation of land use development, planning, housing and environmental policies, and efficient processing of building permit applications that maintain and enhance the City as a safe, vital, and attractive community.

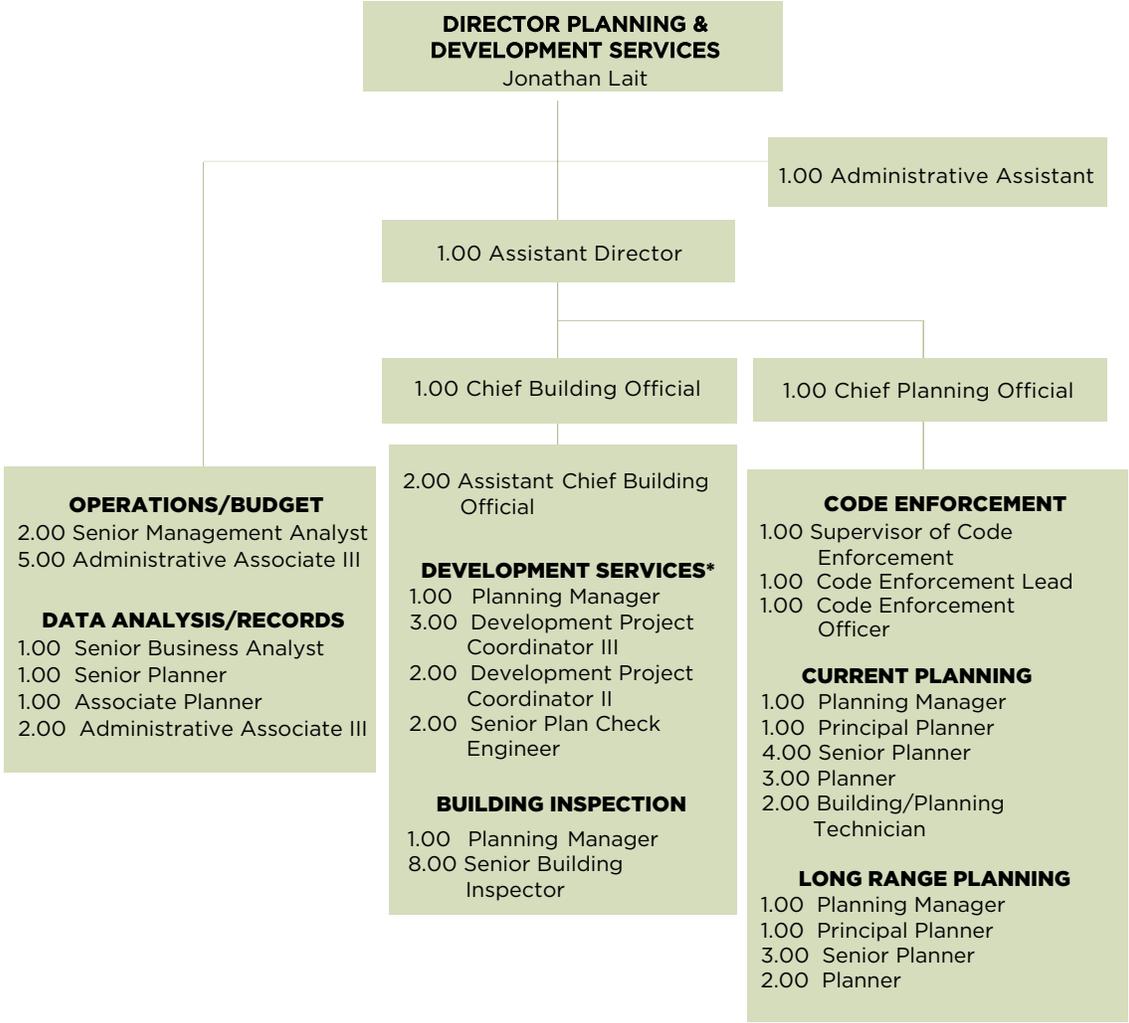


## Purpose

The Planning and Development Services Department is responsible for a range of actions aimed at preserving and enhancing the quality of life in Palo Alto, protecting the public health, safety, and general welfare

while facilitating land use and development decisions through consistent and transparent processes.

# PLANNING AND DEVELOPMENT SERVICES



**FY 2024 POSITION TOTALS**  
57.00 - Full-time  
2.44 - Hourly

\*Fire Prevention and select Public Works staff are budgetarily part of the Development Services divisions. The departments retain administrative oversight, and staffing for these functions appears in the respective department's organizational charts.

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

## Description

The Planning and Development Services (PDS) Department is responsible for the following functions:

### ADMINISTRATION

Provides personnel, contract, budget, operations, and project support, including managing and measuring performance metrics and responding to data requests for the department. The division also supports the Planning and Transportation Commission (PTC), Architectural Review Board (ARB), Historic Resources Board, and other public meetings.

### CODE ENFORCEMENT

Responsible for enforcement of code requirements and conditions of approval.

### CURRENT PLANNING

Responsible for the review of public and private projects pursuant to the California Environmental Quality Act (CEQA), the City's Zoning Ordinance, and the Comprehensive Plan. Activities include the review of applications submitted for planning entitlements, review of applications for building permits, and providing general information to the public regarding the City's zoning and Comprehensive Plan provisions.

### DEVELOPMENT SERVICES

Responsible for taking in applications for entitlements and permits, routing and coordinating with other departments such as Public Works, Fire, and Utilities to ensure that the proposed and completed construction complies with all state and local code requirements, including Green Building requirements.

### LONG RANGE PLANNING

Responsible for updating and maintaining the City's Comprehensive Plan, including its Housing Element. The division also prepares zoning ordinance amendments and site-specific plans and is responsible for data and analysis to support a wide variety of planning projects.

## Accomplishments

- Developed and published streamlined combination permitting guidelines for residential photovoltaic, energy storage system and electric vehicle charging system projects.
- Developed and launched SolarAPP+ instant permitting pilot for qualifying applications.
- Developed and launched instant permitting mechanism for qualifying residential Heat Pump Water Heater installations in support of the Sustainability and Climate Action Plan (S/CAP).
- Restored next day to 48 hour inspection services and increased inspection appointment availability.
- Adopted the 2022 California Code of Regulations, Title 24, incorporating electrification and sustainability measures.
- Evaluated the Electronic Plan Review program through a request for proposal and determined the best possible system for use.

## PLANNING AND DEVELOPMENT SERVICES

- Evaluated and completed zoning code updates to support Council initiatives, land use and housing legislation, and electrification efforts.
- Advanced work related to the 6th Cycle of the Housing Element Draft to Housing and Community Development (HCD).
- Amended the Council adopted Tenant Relocation Assistance Ordinance.
- Initiated the Historic Inventory Update Project and completed an informal solicitation to procure a consultant to update the inventory survey and ensure historic properties are appropriately identified for future preservation.
- Successfully applied for a five-year allocation from the Permanent Local Housing Allocation to support affordable housing programs.
- Awarded \$3.4 million from the Local Housing Trust Fund to support affordable housing projects. The LHTF program provides matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing and emergency shelters.

### Initiatives

- Develop streamlined combination permitting guidelines for commercial photovoltaic, energy storage system and electric vehicle charging system projects.
- Expand SolarAPP+ instant permitting availability to all licensed contractors participating in the SolarAPP+ program.
- Expand SolarAPP+ instant permitting to include Energy Storage System for qualifying residential projects.
- Expand the Sustainability Electrification website to include commercial electrification projects.
- Implement Comprehensive Plan and Housing Element policies and programs, including significant zoning changes, comprehensive plan amendments, California Environmental Quality Act review.
- Develop and implement a program for the Palo Alto Rental Registry.
- Expand the Just Cause/Eviction Reduction Program and establish a security deposit limit.
- Conclude the North Ventura Coordinated Area Plan for Council approval.
- Develop a City-wide Retail Preservation Ordinance.
- Complete the Fire Prevention Organizational Study to inform the larger Planning and Development Services Cost of Services Study.

### Goals and Objectives

#### Goal 1

Provide a high level of customer service and optimize application review, processing, and permit issuance times.

#### Objectives:

- Optimize number of days to issue a permit.
- Optimize the number of over-the-counter plan checks that result in a permit issuance.
- Interpret and apply building codes through inspection and enforcement.

## Goal 2

Deliver ongoing programs that improve people's lives, including code enforcement, housing, development services, historic preservation, and community block grant programs.

### Objectives:

- Manage the City's Community Development Block Grant (CDBG) and Below Market Rate (BMR) housing programs.
- Exemplify the City's commitment to well-enforced building codes, health, safety, and general welfare and improve the City's Insurance Services Office (ISO) rating.
- Respond to citizen complaints and effectively abate zoning and building code violations.

## Goal 3

Work collaboratively with City departments to set fees at full cost recovery while monitoring activity levels to ensure costs and revenues are aligned. This requires monitoring of activities and revenues to ensure rates are set at the appropriate levels and the applicant receives the service established by said fees.

### Objectives:

- Complete regular fee studies to ensure revenues cover expenditures in each of the departments that collaborate with Development Services.
- Monitor and track real-time activity levels from each of the departments to ensure activities are aligned with expenditures.
- Share and publish goals, metrics, and accomplishments with all stakeholders to ensure the department is on track with established goals and fees are in line with activity levels.

# PLANNING AND DEVELOPMENT SERVICES

## Key Performance Measures

### CODE ENFORCEMENT

Goal	Deliver ongoing programs that improve people's lives, including code enforcement, housing, development services, historic preservation, and community block grant.				
Objective	Respond to citizen complaints and effectively abate zoning and building code violations.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Percent of surveyed residents rating the quality of code enforcement as "good" or "excellent"	N/A*	51%	60%	51%	60%
Description	This data is collected as part of the Palo Alto Community Survey that is conducted annually.				
Purpose	This measure can be used to measure changes in satisfaction as service enhancements to the code enforcement function are implemented.				
Status	<p>*The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.</p> <p>The FY 2021 Adopted Budget eliminated 2.00 FTE Code Enforcement positions. Midway through FY 2022, 1.00 FTE Code Enforcement position was restored and in FY 2023, a 0.48 FTE temporary position was added. The Department's FY 2022 and FY 2023 data are reflective of available resources during that time. The FY 2024 projection is based on service delivery for prior years and may be dependent upon sufficient Code Enforcement staffing.</p>				

### INSURANCE SERVICES OFFICE (ISO) RATING

Goal	Exemplify the City's commitment to well-enforced building codes, health, safety, and general welfare.				
Objective	Obtain and maintain the highest rating (Class 1).				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Insurance Services Office (ISO) Rating	3	3	3	3	3
Description	ISO administers the Building Code Effectiveness Grading Schedule (BCEGS) program for the property/casualty insurance industry. The BCEGS program assesses the building codes in effect in a particular community and how the community enforces its building codes, assigning each municipality a class of 1 (exemplary commitment to building code enforcement) to 10.				

## Key Performance Measures

Purpose	Municipalities with well-enforced, up-to-date codes demonstrate less property damage due to fire and natural disasters. This can be reflected in the citizens' insurance rates. BCEGS helps communities by: 1. Improving building codes (by encouraging the adoption of the most current codes), building departments, and code enforcement; 2. Promoting construction of better, more catastrophe-resistant buildings; 3. Reducing property losses from catastrophes; and 4. Reducing the economic and social disruption that results from catastrophes' serious and widespread destruction.
Status	The department continues to strive towards a Class 1 rating. The ISO reviews the community's classification approximately every five years, tentatively scheduled in FY 2024. The improvement of this rating is highly dependent on factors that include sufficient staffing levels to meet demands and training and certifications of staff. A class 1 rating was last achieved in FY 2019.

### PERCENT OF PERMITS ISSUED ON TIME

Goal	Work collaboratively with City departments, which support development services, to adequately staff and respond to workload demands and achieve excellent customer service outcomes.				
Objective	Provide customers with clear, succinct, and consistent guidelines.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Percent of permits initiated within a given period where all department reviews are completed	85%	88%	80%	67%	80%
Description	This measure tracks the percentage of time building permit plan reviews are completed by the estimated due date provided to the customer at the time of permit submittal. This includes projects that are submitted for the standard 30-day review period and require multi-departmental review. This measure is a result of the collaborative approach with all involved departments. A project is not deemed on-time unless every review stage is completed on time.				
Purpose	Customers depend upon the accuracy and dependability of estimated due dates to plan their construction projects. They may move out of their house or enter into a lease on a commercial tenant space based on the estimated timeline provided by the Development Services Center. Being successful at adhering to timelines reduces costs for developers and property owners and has a direct correlation to the economic vitality of the City.				
Status	The department strives to meet industry best practices for on-time plan reviews of 80%. However, in FY 2023, the labor market for professional staff and experienced consultants has been limiting and challenging. In FY 2024, the department has requested resources which are intended to improve this metric. Note that this performance measure was updated in FY 2020 to exclude non-working days (weekends and holidays) and voided or canceled permits.				

# PLANNING AND DEVELOPMENT SERVICES

## Key Performance Measures

### PERCENT OF PERMITS ISSUED OVER THE COUNTER

Goal	Provide a high level of customer service and decrease application review, processing, and permit issuance times.				
Objective	Increase the number of over-the-counter (OTC) plan checks that result in same day permit issuance.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Percent of permits that are reviewed and approved by all necessary departments over-the-counter.	67%	72%	70%	69%	70%
Description	This measure tracks the percentage of building permits that can be successfully reviewed and approved by all the affected City departments (over-the-counter) while the customer waits. This requires that Public Works, Planning, Utilities, and the Fire Prevention Bureau also review and approve the application for permit issuance. Without complete approval, the permit cannot be issued.				
Purpose	To streamline the process so customers make as few trips as possible to the Development Center to obtain a permit. It is also beneficial to City staff, resulting in less reviewing and processing time than if the plans were taken in for review. This process also reduces waste as fewer plans are created and distributed for various departmental reviews.				
Status	Over-the-counter permits (OTC) are issued when possible as they are the quickest and most efficient permit option. The ability to issue OTC is dependent on the ability of all departments to review and approve projects in a timely manner. Further, customer education programs and materials and adequate staff training must be maintained for accurate submissions and reviews.				

## Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of planning and Architectural Review Board applications completed (including staff level)	248	233	220	220	210
Average number of days for Planning to first review building permit applications	22	17	20	16	20
Average number of days from Individual Review application to approval	135	153	90	165	100
Number of building permit applications	3,583	3,829	3,600	3,670	3,500
Number of building permits issued	2,828	2,977	2,900	2,650	2,700
Number of fire permit inspections	1,144	1,492	1,400	1,490	1,400
Number of building inspections	18,582	19,650	20,000	19,500	20,000
Number of Public Records Requests	193	180	200	200	200
Number of Code Enforcement Complaints Received	601	1,030	800	2,000	2,000
Average Initial Response Time to Public Records Requests (Days)	6	14	5	7	7

# PLANNING AND DEVELOPMENT SERVICES

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Administration	4,261,376	4,016,990	5,186,445	5,332,775	146,330	2.8%
Building	4,412,199	4,475,475	6,184,868	7,456,595	1,271,727	20.6%
Economic Development	225	—	—	—	—	—%
Fire	2,124,145	2,059,565	2,722,525	4,070,150	1,347,625	49.5%
Green Building	188,971	208,001	304,000	193,240	(110,760)	(36.4)%
Planning	596,648	637,986	671,722	735,795	64,073	9.5%
Planning and Transportation	3,517,617	4,806,369	6,249,944	6,864,785	614,841	9.8%
Public Works	975,433	966,752	1,295,782	1,401,812	106,030	8.2%
<b>Total Dollars by Division</b>	<b>\$16,076,614</b>	<b>\$17,171,138</b>	<b>\$22,615,287</b>	<b>\$26,055,154</b>	<b>\$3,439,866</b>	<b>15.2%</b>
<b>Salary &amp; Benefits</b>						
Healthcare	907,936	1,010,488	1,485,017	1,761,575	276,558	18.6%
Other Benefits	207,277	233,708	270,439	289,471	19,032	7.0%
Overtime	39,310	62,695	106,099	126,059	19,960	18.8%
Pension	2,616,307	2,960,525	3,418,185	4,391,388	973,203	28.5%
Retiree Medical	631,148	631,684	522,501	718,645	196,144	37.5%
Salary	6,124,442	6,468,541	8,371,565	10,111,724	1,740,159	20.8%
Workers' Compensation	282,444	286,831	316,362	429,788	113,426	35.9%
<b>Total Salary and Benefits</b>	<b>\$10,808,865</b>	<b>\$11,654,472</b>	<b>\$14,490,168</b>	<b>\$17,828,651</b>	<b>\$3,338,483</b>	<b>23.0%</b>
<b>Dollars by Category</b>						
Allocated Charges	1,473,721	1,569,660	2,083,534	2,100,186	16,652	0.8%
Contract Services	2,304,898	2,943,301	3,598,679	4,495,999	897,320	24.9%
Facilities & Equipment	490	66	15,650	15,651	1	—%
General Expense	463,842	817,403	1,312,084	514,859	(797,225)	(60.8)%
Rents & Leases	1,011,921	149,598	1,014,203	1,044,629	30,426	3.0%
Supplies & Material	12,878	36,638	100,969	55,179	(45,790)	(45.4)%
<b>Total Dollars by Category</b>	<b>\$16,076,614</b>	<b>\$17,171,138</b>	<b>\$22,615,287</b>	<b>\$26,055,154</b>	<b>\$3,439,866</b>	<b>15.2%</b>

# PLANNING AND DEVELOPMENT SERVICES

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Revenues</b>						
Charges for Services	7,528,252	7,273,084	8,575,625	9,896,222	1,320,597	15.4%
Charges to Other Funds	246,683	68,908	22,364	22,364	—	—%
From Other Agencies	18,589	1,229	800,000	—	(800,000)	(100.0)%
Other Revenue	149,494	7,704	3,413	3,413	—	—%
Other Taxes and Fines	290,988	302,808	25,773	25,773	—	—%
Permits and Licenses	7,021,999	7,862,032	8,906,522	9,864,970	958,448	10.8%
<b>Total Revenues</b>	<b>\$15,256,004</b>	<b>\$15,515,764</b>	<b>\$18,333,696</b>	<b>\$19,812,742</b>	<b>\$1,479,045</b>	<b>8.1%</b>
<b>Positions by Division</b>						
Administration	13.74	11.26	13.26	13.26	—	—%
Building	17.60	17.20	21.20	22.20	1.00	4.7%
Fire	6.88	4.80	8.00	9.00	1.00	12.5%
Planning	4.25	3.30	3.25	3.25	—	—%
Planning and Transportation	17.25	14.60	16.13	20.13	4.00	24.8%
Public Works	4.80	4.80	6.04	6.04	—	—%
<b>Total Positions by Division</b>	<b>64.52</b>	<b>55.96</b>	<b>67.88</b>	<b>73.88</b>	<b>6.00</b>	<b>8.8%</b>

# PLANNING AND DEVELOPMENT SERVICES

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
40-Hour Captain	—	—	0.80	0.80	—	175,302
Administrative Assistant	1.00	1.00	1.00	1.00	—	99,570
Administrative Associate I	1.00	1.00	1.00	—	(1.00)	—
Administrative Associate II	2.80	2.80	2.80	0.80	(2.00)	71,918
Administrative Associate III	4.00	3.00	4.80	7.80	3.00	751,658
Assistant Chief Building Official	1.00	1.00	2.00	2.00	—	332,342
Assistant Director PCE	1.00	1.00	1.00	1.00	—	202,010
Associate Engineer	0.20	—	—	0.50	0.50	76,846
Associate Planner	3.00	3.25	1.25	1.25	—	154,102
Building Inspector Specialist	6.00	6.00	8.00	—	(8.00)	—
Building/Planning Technician	3.00	2.00	2.50	2.50	—	249,964
Chief Building Official	1.00	1.00	1.00	1.00	—	233,085
Chief Planning Official	1.00	1.00	1.00	1.00	—	206,482
Code Enforcement Officer	2.00	—	1.00	1.00	—	123,926
Code Enforcement-Lead	1.00	1.00	1.00	1.00	—	132,558
Deputy Chief/Fire Marshal	0.80	0.80	—	—	—	—
Development Project Coordinator II	2.00	2.00	2.00	2.00	—	225,181
Development Project Coordinator III	3.00	3.00	3.00	3.00	—	372,528
Director Planning/Community Environment	1.00	1.00	1.00	1.00	—	290,264
Engineer	0.52	0.52	0.52	0.52	—	90,022
Engineering Technician III	1.50	1.50	1.50	1.00	(0.50)	116,022
Fire Inspector	3.20	1.60	1.60	1.60	—	350,605
Fire Marshal	—	—	0.80	0.80	—	172,773
Hazardous Materials Inspector	1.60	1.60	3.20	3.20	—	701,210
Industrial Waste Investigator	0.35	0.35	0.35	0.35	—	46,905

# PLANNING AND DEVELOPMENT SERVICES

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Inspector, Field Services	0.68	0.68	0.68	0.68	—	84,708
Landscape Architect Park Planner	0.50	0.50	0.50	0.50	—	65,634
Manager Planning	4.00	4.00	4.00	4.00	—	705,203
Planner	4.00	4.00	5.00	5.00	—	658,840
Plans Check Engineer	—	—	1.00	1.00	—	168,126
Principal Planner	2.00	1.00	2.00	2.00	—	287,352
Program Assistant I	1.00	—	—	—	—	—
Project Engineer	0.10	—	—	—	—	—
Project Manager	—	—	0.50	0.50	—	58,219
Senior Building Inspector	—	—	—	8.00	8.00	1,211,725
Senior Business Analyst	1.00	1.00	1.00	1.00	—	138,798
Senior Engineer	0.40	0.40	0.45	0.45	—	79,786
Senior Management Analyst	2.00	2.00	2.00	2.00	—	316,555
Senior Plan Check Engineer	—	—	—	2.00	2.00	369,866
Senior Planner	3.60	3.65	4.65	7.65	3.00	1,164,281
Supervisor Inspection and Surveying	0.25	0.25	0.25	0.25	—	33,062
Supervisor of Code Enforcement	—	—	—	1.00	1.00	140,000
Traffic Engineering-Lead	0.10	0.05	—	—	—	—
Transportation Planning Manager	—	0.05	0.05	0.05	—	9,226
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>61.60</b>	<b>54.00</b>	<b>65.20</b>	<b>71.20</b>	<b>6.00</b>	<b>\$10,666,654</b>
Temporary/Hourly	2.92	1.96	2.68	2.68	—	\$230,618
<b>Total Positions</b>	<b>64.52</b>	<b>55.96</b>	<b>67.88</b>	<b>73.88</b>	<b>6.00</b>	<b>\$10,897,272</b>

# PLANNING AND DEVELOPMENT SERVICES

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>67.88</b>	<b>22,615,287</b>	<b>18,333,696</b>	<b>4,281,591</b>
<b>One-Time Prior Year Budget Adjustments</b>				
Long Range and Current Planning Consultant Support	-	(260,000)	-	(260,000)
Downtown Housing Plan Grant Recognition and General Fund Support	-	(800,000)	(800,000)	-
Code Enforcement Staffing (one-year limited term)	(0.48)	(54,969)	-	(54,969)
Development Services Operational Improvements	-	(205,000)	(100,000)	(105,000)
Planning and Development Services Initiatives and Projects	-	(425,000)	-	(425,000)
Fire Prevention Program	-	(160,000)	-	(160,000)
<b>One-Time Prior Year Budget Adjustments</b>	<b>(0.48)</b>	<b>(1,904,969)</b>	<b>(900,000)</b>	<b>(1,004,969)</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	1,964,929	-	1,964,929
Revenue Adjustment (align with cost recovery levels)	-	-	2,111,671	(2,111,671)
Fire Prevention General Expense Increase	-	15,985	-	15,985
Rent and Lease Expenditure (285 Hamilton and 526 Bryant St)	-	30,426	-	30,426
Contract Services CPI Increase	-	138,980	92,490	46,490
Downtown Streets Team Contract	-	168,340	-	168,340
FY 2023 Mid-Year Budget Review (Report # 2212-0515)	2.00	400,932	27,155	373,777
Communications Allocated Charges	-	3,985	-	3,985
Information Technology Allocated Charges	-	206,136	-	206,136
Liability Insurance Allocated Charges	-	(9,828)	-	(9,828)
Printing & Mailing Services Allocated Charges	-	(127,300)	-	(127,300)
Utilities Allocated Charges	-	(96,468)	-	(96,468)
Vehicle Replacement & Maintenance Allocated Charges	-	11,052	-	11,052
Workers' Compensation Allocated Charges	-	113,426	-	113,426
<b>Adjustments to Costs of Ongoing Activities</b>	<b>2.00</b>	<b>2,820,595</b>	<b>2,231,316</b>	<b>589,279</b>
<b>Total FY 2024 Base Budget</b>	<b>69.40</b>	<b>23,530,913</b>	<b>19,665,012</b>	<b>4,870,870</b>

# PLANNING AND DEVELOPMENT SERVICES

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Budget Adjustments</b>				
1. Reclassification of All Building Inspector Specialists to Senior Building Inspectors	-	30,650	30,650	-
2. Public Works Engineering Services Private Development Group Staffing	-	9,194	9,194	-
3. Reclassification of Development Services Administrative Staff	-	13,450	6,645	6,806
4. FY 2024 Enhancement of Information Technology (IT) Services	-	29,074	-	29,074
5. Measure K Revenue/San Antonio Coordinated Area Plan (CAP)	-	50,000	-	50,000
6. Code Enforcement Staffing (one-year limited term)	0.48	54,969	-	54,969
7. Bird Safe Glass/Wildlife Protection	-	75,000	-	75,000
8. Seismic & Resiliency Ordinance (Additional Funding)	-	75,000	-	75,000
9. Permitting and Inspections Operations	1.00	178,240	101,240	77,000
10. Palo Alto Rental Registry Contract	-	100,000	-	100,000
11. Add Staffing Resources to the Historic Preservations Program	1.00	183,486	-	183,486
12. Add Staffing Resources to Code Enforcement	1.00	217,763	-	217,763
13. Building Plan Review Consultant Support	-	380,000	-	380,000
14. Downtown Housing Plan	-	500,000	-	500,000
15. Fire Prevention Plan Review Consultant Support	1.00	627,413	-	627,413
<b>Total Budget Adjustments</b>	<b>4.48</b>	<b>2,524,240</b>	<b>147,729</b>	<b>2,376,511</b>
<b>Total FY 2024 Adopted Budget</b>	<b>73.88</b>	<b>26,055,153</b>	<b>19,812,741</b>	<b>6,242,412</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Reclassification of All Building Inspector Specialists to Senior Building Inspectors	-	30,650	30,650	-

This net neutral action reclassifies all 5.00 Building Inspector Specialists to 5.00 Senior Building Inspectors, a new classification. This action will give the Department the ability to reduce staff turnover by creating promotional opportunities, aid in succession planning, and hire more flexibly. This request does not imply that promotions will be automatic; these positions may be underfilled in order to create a path to retain experienced professionals for career advancement in this series when staff meets the criteria for advancement, and the Department leadership is ready to promote. Additionally, the City and the community will benefit from having more experienced inspectors with additional certifications in various areas of building expertise. The Building Inspector series is challenging to recruit, which can impact the community in terms of inspection wait times. This action is anticipated to benefit the City and community by encouraging existing inspectors to pursue continuing education and certifications and develop more experience. This action is offset by development related revenues. (Ongoing net cost: \$0)

**Performance Results**



This action allows the department staffing flexibility to reduce turnover and support professional recruitment.

2. Public Works Engineering Services Private Development Group Staffing	-	9,194	9,194	-
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This net neutral action reclassifies 1.00 Engineering Tech III position to an Associate Engineer position in the Public Works Engineering Services Private Development Group in order to accommodate an increased need for technically-complex expertise in public right-of-way permit review above the engineering technician level, driven by a significant expansion of applications for large housing developments and hotels. This action is offset by development related revenues. (Ongoing net cost: \$0)

**Performance Results**



The staffing change will allow Public Works to maintain efficient and timely review, approval, and management of high-priority housing and hotel development projects.

3. Reclassification of Development Services Administrative Staff	-	13,450	6,645	6,806
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This action reclassifies 1.00 Administrative Associate I and 1.00 Administrative Associate II to 2.00 Administrative Associate III. The administrative team collaboratively supports internal staff and provides customer service to the public. Due to the nature of their roles in serving the front desk, phone lines, administrative support for contracts and accounting processes, staff interchangeably provide service depending on daily operational needs. All administrative associates need to be able to perform duties at the Administrative Associate III level, which is supported by a classification study completed in July 2022 that considered the scope and level of responsibility for the work performed. (Ongoing net cost: \$7,335)

**Performance Results**



This action will align administrative resources to workload demands.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
4. FY 2024 Enhancement of Information Technology (IT) Services	-	29,074	-	29,074

This action increases allocated charges for IT services to the Planning and Development Services Department by approximately \$29,000 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$29,075)

**Performance Results**



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

5. Measure K Revenue/San Antonio Coordinated Area Plan (CAP)	-	50,000	-	50,000
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This action provides funding to begin the San Antonio Road Coordinated Area Plan (CAP) as part of the larger City Council priority to complete new plans for San Antonio Road, California Ave, Downtown, and El Camino Real. Staff anticipates beginning the process in FY 2024 with \$50,000 to explore a potential collaboration opportunity with California Polytechnic State University students to draft a working concept of a San Antonio CAP. This initial funding will support related travel, research, consultant and/or part-time staff for these efforts. The working concept is a starting point for the larger CAP process, which is still estimated at \$700,000 over three to four years, although the ultimate cost of each plan will depend on size and complexity. Revenue from Measure K for housing and homeless services will be recognized to offset these costs. A corresponding action is included in Non-Departmental to recognize the associated revenue. (Ongoing cost: \$700,000)

**Performance Results**



This action provides funding to explore creative, high quality approaches to a coordinated area plan.

6. Code Enforcement Staffing (one-year limited term)	-	54,969	-	54,969
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This one-time action extends funding for a part-time Staff Specialist in the Code Enforcement Division for one additional year. The additional staffing will assist the department to address code enforcement complaints from residents. (Ongoing cost: \$0)

**Performance Results**



The continued additional staffing will allow to City to improve response times to code enforcement violations.

7. Bird Safe Glass/Wildlife Protection	-	75,000	-	75,000
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This one-time action adds funding for the estimated cost of a consultant to initiate development of ordinances to protect natural habitats such as bird safe glass and wildlife protection from light pollution. Project activities will include outreach and ordinance preparation, which would be completed with current resources through prioritization of other initiatives. (Ongoing cost: \$0)

**Performance Results**



This action supports sustainable ordinance development.

# PLANNING AND DEVELOPMENT SERVICES

## Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
8. Seismic & Resiliency Ordinance (Additional Funding)	-	75,000	-	75,000

This one-time action increases funding for a seismic and resiliency study and ordinance update from \$150,000 to \$225,000. Completion of the procurement process will be necessary to determine the total cost.

### Performance Results



This action provides sufficient resources to advance Council directed initiatives.

9. Permitting and Inspections Operations	1.00	178,240	101,240	77,000
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This action adds 1.00 Senior Plan Check Engineer to the Development Center (DC) to support the evaluation and transition of plan review service delivery. In FY 2024, the department plans to restructure resources for building plan reviews to provide increased customer service. Previously, the majority of plan review services were provided by external consultants who have limited availability to provide in person counter support. This staff member will provide support and expertise for in person counter operations from Monday to Thursday and virtual operations on Fridays. Their duties will include conducting priority plan check reviews for specific projects, such as electrification permits, accessory dwelling units (ADUs), affordable housing projects, and City projects. They will also be responsible for overseeing the quality control of plan reviews conducted by external consultants and assisting applicants and coordinators during counter interactions. This position is expected to be offset by development related revenues once transition work is complete. (Ongoing net cost: \$130,381)

### Performance Results



This action allows the department sufficient resources to explore process improvements to increase efficiency and customer satisfaction.

10. Palo Alto Rental Registry Contract	-	100,000	-	100,000
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This action adds an initial \$100,000 in contract funding for anticipated costs related to the Palo Alto Rental Registry, which falls under the Council Housing Priority. The City of Palo Alto is undertaking renter protection policy development and the City Council directed the development of a registry of rental units in the City to support the opportunity to make ongoing data-informed policy decisions. The Planning and Development Services Department is releasing a Request for Proposals (RFP) to find contracted program management and technology to develop a Rental Registry. Resources and costs are unknown until the RFP is completed and the program management model is determined. Staff anticipates returning to the City Council for contract approval in FY 2024. Additional costs beyond these preliminary estimates will be brought forward as a budget amendment at that time, as necessary. (Ongoing cost: \$100,000)

### Performance Results



This action begins shoring up resources for future implementation of the Rental Registry Program.

11. Add Staffing Resources to the Historic Preservations Program	1.00	183,486	-	183,486
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This action adds 1.00 Senior Planner to work as a Historic Specialist on the Current Planning team. This position will support the Historic Resources Board (HRB), complete complex and specialized historic preservation permit review, protect local historic buildings by maintaining an accurate historic inventory, and allow the City to remain a Certified Local Government (CLG) in the National Historic Preservation Program. Compliance with CLG historic program responsibilities is a state requirement based on the 1980 amendments to the Historic Preservation Act of 1966, which established the CLG Program. The addition of this position will support a more robust historic preservation program and the capacity to oversee the City's Historic Inventory, which was last updated in 1998-2000. Additionally, this position will act as a resource to the community on historic preservation standards and building codes in the development process. (Ongoing cost: \$196,320)

### Performance Results



This action ensures that appropriate staffing levels are available to meet operational demands and comply with regulatory requirements.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
12. Add Staffing Resources to Code Enforcement	1.00	217,763	-	217,763

This action adds 1.00 Supervisor of Code Enforcement, a new classification, to the Planning and Development Services Department to address increasing complaints from the community and the corresponding backlog of work generated. Currently, this program is staffed with 1.00 Code Enforcement Lead and 1.00 Code Enforcement Officer, who is dedicated to gas leaf blower enforcement. This budget also proposes the one-year extension of a 0.48 FTE Staff Specialist to temporarily provide additional support to code enforcement. This position will improve the closure rate of cases, increase community engagement and customer service, and provide enhanced service levels. This working supervisor will manage more complex enforcement cases, build relationships with the community and partner departments, and maintain compliance with applicable local and state laws. (Ongoing cost: \$228,188)

**Performance Results**



This action increases capacity in Code Enforcement to improve levels of service.

13. Building Plan Review Consultant Support	-	380,000	-	380,000
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This net neutral, one-time action adds \$380,000 in contract funding for building plan review services, which is a 38% increase over current resources. This funding will support increased rates of pay for consultant work while maintaining current service delivery levels. This action is being proposed rather than included in the base budget due to the significant dollar value. The market for plan review consultants is increasingly competitive due to reduced labor pools and increased demand, driving higher rates. At these levels, the department is unable to maintain consistency in consultant staffing levels. This action will align contract funding with current market rates, which will better position the City to secure and maintain consultants and meet service needs. This work directly supports building permit processing, and these additional resources will support maintaining permit application processing times. These costs are fully offset in FY 2024 by the Development Services reserve for prior year works in progress. Cumulative actions in the FY 2024 Operating Budget bring funding levels of this reserve from \$1.9 million to \$0.8 million. (Ongoing cost: \$0)

**Performance Results**



This action will support continued improvement in service levels and response times.

14. Downtown Housing Plan	-	500,000	-	500,000
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This one-time action adds funding to augment current resources of \$800,000 in grant funding and \$150,000 per year for four years in alignment with initial results from a public procurement solicitation. Projects costs may escalate up to \$1.4 million based on the request for proposals (RFP) responses requiring this additional funding to complete this project (average response cost was \$1.1 million for a minimum cost increase of \$300,000). Current grant funds expire in 2025 though if work extends beyond that period, staff will apply for an extension. Should this project not be completed, the City is not at risk of refunding grant funds already spent; however, would need to return any unspent portion. Staff is in the process of review and evaluation of the scope of the proposers. (Ongoing cost: \$0)

**Performance Results**



This action allows the City to utilize awarded grant funding to pursue a Downtown Housing Plan.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
15. Fire Prevention Plan Review Consultant Support	1.00	627,413	-	627,413

This net neutral action adds one-time contract funding of \$400,000 for additional plan review consultants, which is a 133% increase over current resources, and an ongoing 1.00 Plan Check Engineer. The Fire Prevention Program currently uses consultants for all plan review work and requires additional consultant support to address the existing backlog of fire plan review. The staff plan reviewer will increase capacity to address the most complex plan review work and manage consultant workloads to keep up with increasing demands and maintain permit processing timelines. These additional resources will right-size the Fire Prevention Program commensurate with current demand. Longer term, the Fire Prevention Program is undergoing a strategic management analysis study to inform organizational structure and resource needs, including potential revisions to fees; current fees recover 70.1-100% of costs (high cost recovery level). Any further revisions resulting from this study will be brought forward in a subsequent process. This work directly supports building permit processing, and these additional resources will support maintaining application processing times. These costs are fully offset in FY 2024 by the Development Services reserve for prior year works in progress. Cumulative actions in the FY 2024 Operating Budget bring funding levels of this reserve from \$1.9 million to \$0.8 million. (Ongoing cost: \$233,060)

**Performance Results**



This action will support continued improvement in service levels and response times.

# POLICE

## Mission Statement

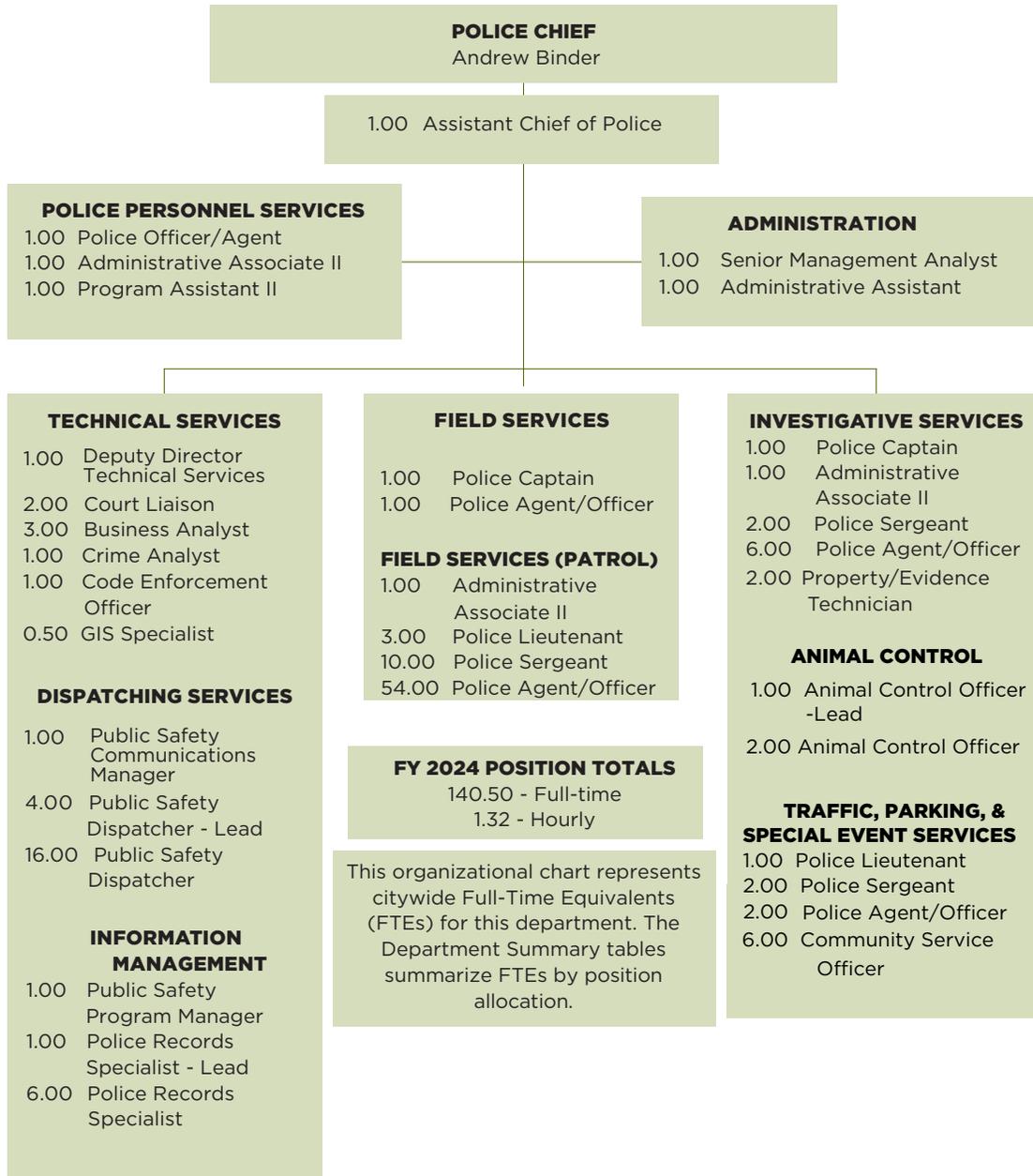


To proudly serve and protect the public with respect and integrity.

## Purpose

In line with the six pillars of the Department of Justice Implementation Guidebook on 21st Century Policing, the purpose of the Police Department is to: build trust and legitimacy; provide for policy and oversight; implement modern technology solutions and social media platforms; focus on community policing and crime reduction; implement officer training and education; and ensure officer safety and wellness.

# POLICE



## Description

The Police Department provides a wide range of public safety services for the City of Palo Alto through the following divisions:

### FIELD SERVICES

Responsible for police response, critical incident resolution, regional assistance response, and police services for special events.

### TECHNICAL SERVICES

Provides 911 dispatch services for Police, Fire, Utilities, Public Works, Stanford, and Police information technology management.

### INVESTIGATIONS

Conducts police investigations, oversees storage and maintenance of evidence, and coordinates some youth services activities.

### PARKING SERVICES

Responsible for parking enforcement, parking citations and adjudication, and abandoned vehicle abatement.

### POLICE PERSONNEL SERVICES

Oversees police hiring, retention, personnel records, and training.

### ANIMAL CONTROL

Provides regional animal control and enforcement.

### TRAFFIC ENFORCEMENT

Responsible for Traffic Enforcement and complaint resolution.

## Accomplishments

- Successfully transitioned to a new Police Chief
- Restored real-time public access to police radio communications
- Sustained support of the Public Safety Building (PSB) build
- Assigned two police officers to the Special Problems Detail to focus on complex, long-term solutions for unhoused residents and regional crime trends
- Added an additional detective to the Investigative Services Division
- Grant funding received for opioid substance use disorder program
- In-person community engagement returned, with events such as National Night Out, Breaking with the Law, crime prevention presentations, and officer visits to community organizations such as schools and senior living facilities
- Published a quarterly blog on notable Department activities authored by the Police Chief

- Solicited public engagement on important police initiatives such as the implementation of automated license plate recognition technology and Council approval of certain types of police equipment pursuant to AB 481

## Initiatives

- Continue to partner with stakeholders on race and equity initiatives
- Focus on recruitment, hiring and training of records staff, dispatchers, and police officers
- Purchase a new Computer Aided Dispatch (CAD) system and implement electronic traffic citations
- Support the Public Safety Building (PSB) build
- Treat opioid substance use disorder through community partners
- Support employee appreciation and recognition efforts to assist with retention
- Continuing and strengthening community engagement opportunities with events such as Breaking with the Law, National Night Out, and officer visits to community organizations.
- Endeavoring to relaunch the popular Citizens Police Academy

## Goals and Objectives

### Goal 1

Building Trust and Legitimacy: In line with pillar one of the Department of Justice Implementation Guidebook on 21st Century Policing, the Police Department will embrace a guardian mindset to build public trust and legitimacy.

#### Objectives

- Reduce crime rates, traffic violations, and collisions.
- Respond promptly to urgent calls for service.
- Apprehend and assist with prosecution of offenders.
- Provide assistance, enforcement, and guidance to the community regarding animal control.

### Goal 2

Policy and Oversight: In line with pillar two of the Department of Justice Implementation Guidebook on 21st Century Policing, the Department will collaborate with community members in developing policies that impact them.

#### Objectives:

- Continue oversight of internal investigations by the Independent Police Auditor.
- Increase quality and timeliness of response to citizens' complaints regarding use of force and other internal affairs matters.
- Continue to train to address emerging social issues and situations.
- Create opportunities for increased communication, visibility, and interaction with community members.
- Maintain and enhance the community's satisfaction with police services.

### Goal 3

Technology and Social Media: In line with pillar three of the Department of Justice Implementation Guidebook on 21st Century Policing, the Department will continue to use Department and Regional technology solutions to enhance services, as well as leveraging social media platforms to fully engage and educate our community.

#### Objectives:

- Enhance the Department's open data initiative efforts by providing additional information to the public.
- Update the Computer Aided Dispatch platform and continue providing Racial and Identity Profiling Advisory (RIPA) data.
- Enhance technology applications in alignment with national initiatives.

### Goal 4

Community Policing and Crime Reduction: In line with pillar four of the Department of Justice Implementation Guidebook on 21st Century Policing, the Department will continue to engage the community through its cultural mindset that focuses on community policing and community partnerships.

#### Objectives:

- Contribute to the Safe Routes to School Program by contracting crossing guards at major intersections for Palo Alto Unified School District.
- Community engagement through social media and public events such as "Breaking with the Law" and National Night Out.
- Partner with community, City Council, commissions and boards and executive leadership on service delivery.

### Goal 5

Officer Training and Education: In line with pillar five of the Department of Justice Implementation Guidebook on 21st Century Policing, the Department will continue to enhance in-service officer training in the areas of fair and impartial policing, de-escalation, legal updates, and community relations. The Department will exceed minimum standards with regard to continuing education standards.

#### Objectives:

- Continue to train and educate all employees in fair and impartial policing philosophies.
- Ensure all officers receive Crisis Intervention Training.
- Implement Crisis Intervention Training for Dispatchers.
- Enhance the Psychiatric Evaluation Response Team (PERT) services for those in mental health crises by continuing to work collaboratively with the Santa Clara Behavioral Health Services Department.

### Goal 6

Officer Safety and Wellness: In line with pillar six of the Department of Justice Implementation Guideline on 21st Century Policing, the Department will ensure that wellness and safety efforts occur at every level of the organization.

#### Objectives:

- Ensure that critical incident defusing and debriefings occur as needed.

## POLICE

- Enhance employee assistance resources including urgent or emergency access to a psychologist and employee assistance program referrals for employees and their families.
- Build the resiliency of the employee in stressful situations through training.
- Stress policies related to safety, in-line with the “Below 100” initiatives, a national initiative to reduce police officer fatalities to under 100 per year: <https://www.below100.org/>.
- Support the Department’s peer support program.

## Key Performance Measures

### ANIMAL CONTROL RESPONSE TIMES

Goal	Protect and serve the public through proactive and effective policing, animal control, and emergency preparedness.				
Objective	Respond promptly to animal calls for service.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Percent of Palo Alto live animal calls responded to within 45 minutes	96%	95%	90%	90%	90%
Description	A 45-minute response time to live animal calls is the threshold of service set by the Animal Control Division.				
Purpose	Live animal calls require the most timely response because they are generally life threatening or represent higher danger crimes in progress.				
Status	The Animal Control Division has historically had a goal of reaching 90% of live animal calls sooner than 45 minutes. Year over year, the Division continues to meet the goal.				

### PERCENT OF SURVEYED RESIDENTS RATING POLICE DEPARTMENT SERVICES GOOD OR EXCELLENT

Goal	Cultivate, enhance, and foster trustworthy relationships with the community.				
Objective	Maintain and enhance the community’s satisfaction with police services.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Animal Control Services	N/A*	81%	80%	80%	80%
Crime Prevention Services	N/A*	64%	80%	60%	80%
Overall Police Services	N/A*	86%	90%	80%	90%
Traffic Enforcement Services	N/A*	55%	60%	60%	60%
Description	These measures track the percent of residents rating overall and division specific police services to the community as "good" or "excellent". This data is collected as part of the Palo Alto Community Survey that is conducted annually.				

# Key Performance Measures

Purpose	Community satisfaction with the Police Department is an important assessment of the quality of services provided to the City and its residents.
Status	*The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.

## POLICE DEPARTMENT RESPONSE TIMES

Goal	Respond promptly to urgent calls for service.				
Objective	Protect and serve the public through proactive and effective policing, animal control, and emergency preparedness.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of emergency calls responded to within 6 minutes	67%	72%	90%	70%	90%
Percent of urgent calls responded to within 10 minutes	78%	76%	90%	76%	90%
Description	Percent of emergency calls responded to within 6 minutes and percent of urgent calls responded to within 10 minutes				
Purpose	Emergency and urgent calls require the most timely police response because they are generally life threatening or represent higher danger crimes in progress.				
Status	The percentage of emergency calls where officers arrived within 6 minutes improved slightly year over year. The percentage of urgent calls responded to within 10 minutes declined slightly year over year. Factors that influence response times include, but are not limited to, time of day, number of officers available to take a call or staffing levels, location of officers relative to the service call, existing demand for services, and the ability of officers to get through traffic - which can be impacted by commute time and weather, among other factors.				

## Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of police calls for service	39,703	39,138	54,000	45,000	54,000
Number of Part I crimes	1,994	N/A*	1,600*	N/A*	N/A*
Number of Part II crimes	1,723	N/A*	2,600*	N/A*	N/A*
Average response time for emergency calls (Goal: within 6 minutes)	5:36	5:00	6:00	6:00	6:00
Average response time for urgent calls (Goal: within 10 minutes)	8:11	8:00	8:00	8:00	8:00
Total number of Palo Alto animal control calls	2,322	2,164	2,400	2,200	2,400
Number of regional animal control calls (Los Altos and Los Altos Hills)	743	781	425	600	600

\*The Palo Alto Police Department has long reported one aspect of workload in the Operating Budget by the number of crime reports filed each year using “Part I” and “Part II” crimes, as defined by the FBI Uniform Crime Reporting (UCR) program. The FBI has now directed that law enforcement transition to reporting crime statistics in a new classification standard, the National Incident-Based Reporting System (NIBRS), which is more comprehensive and detailed. Since the new NIBRS data does not cross-correlate with the old UCR data, forecasting NIBRS data for the coming fiscal year proves challenging and would be speculative, as there is no basis for a historic comparison. The Department will resume forecasting in FY 2025 after it has a baseline of NIBRS data from the calendar year 2022. The Department will publish all its NIBRS data for 2022 on its website at [www.cityofpaloalto.org/PAPDCrimeStats](http://www.cityofpaloalto.org/PAPDCrimeStats), as well as the prior 10 years of UCR data.

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Administration	1,187,696	1,268,388	1,170,372	1,602,931	432,560	37.0%
Animal Control	610,733	599,894	605,891	639,289	33,398	5.5%
Field Services	21,977,738	22,962,886	25,824,653	27,402,334	1,577,681	6.1%
Investigations and Crime Prevention Services	5,143,832	5,216,565	5,517,687	5,588,335	70,648	1.3%
Parking Services	1,445,797	1,473,868	1,414,563	1,437,816	23,253	1.6%
Police Personnel Selection	837,012	1,037,029	1,023,726	1,074,491	50,765	5.0%
Technical Services	8,643,463	9,627,072	10,605,143	12,347,128	1,741,986	16.4%

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Traffic Services	937,139	1,005,770	1,239,257	1,671,200	431,943	34.9%
<b>Total Dollars by Division</b>	<b>\$40,783,410</b>	<b>\$43,191,472</b>	<b>\$47,401,292</b>	<b>\$51,763,525</b>	<b>\$4,362,233</b>	<b>9.2%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	2,698,177	2,724,788	3,199,563	3,268,268	68,705	2.1%
Other Benefits	990,542	961,764	677,028	657,842	(19,186)	(2.8)%
Overtime	1,430,719	2,318,800	972,512	1,028,988	56,476	5.8%
Pension	10,626,470	11,220,928	12,678,605	13,434,747	756,142	6.0%
Retiree Medical	2,532,285	2,573,691	2,617,604	2,607,022	(10,581)	(0.4)%
Salary	16,571,520	16,400,025	19,102,202	21,390,204	2,288,001	12.0%
Workers' Compensation	1,388,033	1,427,281	1,586,927	1,833,149	246,222	15.5%
<b>Total Salary and Benefits</b>	<b>\$36,237,744</b>	<b>\$37,627,276</b>	<b>\$40,834,441</b>	<b>\$44,220,220</b>	<b>\$3,385,779</b>	<b>8.3%</b>
Allocated Charges	2,921,250	3,691,389	4,222,781	4,785,579	562,798	13.3%
Contract Services	1,135,771	1,244,030	1,506,200	1,535,556	29,356	1.9%
Facilities & Equipment	18,776	12,757	34,500	34,500	—	—%
General Expense	216,790	292,173	434,999	781,599	346,600	79.7%
Rents & Leases	4,620	4,715	4,960	4,960	—	—%
Supplies & Material	248,459	318,788	363,411	401,111	37,700	10.4%
<b>Total Dollars by Category</b>	<b>\$40,783,410</b>	<b>\$43,191,129</b>	<b>\$47,401,292</b>	<b>\$51,763,525</b>	<b>\$4,362,233</b>	<b>9.2%</b>
<b>Revenues</b>						
Charges for Services	1,398,899	1,132,717	1,203,989	1,345,760	141,771	11.8%
Charges to Other Funds	641,850	641,850	641,850	667,216	25,366	4.0%
From Other Agencies	40,568	50,569	90,900	90,900	—	—%
Operating Transfers-In	—	575,000	—	366,000	366,000	—%
Other Revenue	175,901	76,479	73,296	80,029	6,734	9.2%
Other Taxes and Fines	311,360	496,000	1,718,358	1,718,358	—	—%
Permits and Licenses	102,292	135,843	151,998	151,998	—	—%

# POLICE

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Total Revenues</b>	<b>\$2,670,870</b>	<b>\$3,108,456</b>	<b>\$3,880,391</b>	<b>\$4,420,262</b>	<b>\$539,871</b>	<b>13.9%</b>
<b>Positions by Division</b>						
Administration	5.30	4.30	4.30	4.30	—	—%
Animal Control	4.48	3.00	3.00	3.00	—	—%
Field Services	73.55	64.15	67.15	68.15	1.00	1.5%
Investigations and Crime Prevention Services	16.38	14.30	15.30	14.60	(0.70)	(4.6)%
Parking Services	8.75	5.88	5.88	5.88	—	—%
Police Personnel Selection	4.22	3.00	3.00	3.00	—	—%
Technical Services	37.00	29.12	33.92	37.92	4.00	11.8%
Traffic Services	2.62	1.60	1.60	3.60	2.00	125.0%
<b>Total Positions by Division</b>	<b>152.30</b>	<b>125.35</b>	<b>134.15</b>	<b>140.45</b>	<b>6.30</b>	<b>4.7%</b>

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Administrative Assistant	1.00	1.00	1.00	1.00	—	93,600
Administrative Associate II	3.00	2.00	2.00	3.00	1.00	269,693
Animal Control Officer	3.00	2.00	2.00	2.00	—	169,104
Animal Control Officer-Lead	1.00	1.00	1.00	1.00	—	90,459
Assistant Police Chief	1.00	1.00	1.00	1.00	—	250,619
Business Analyst	1.20	1.20	2.20	2.20	—	388,319
Code Enforcement Officer	1.00	1.00	1.00	1.00	—	123,926
Communications Manager	1.00	—	—	—	—	—
Communications Technician	1.00	—	—	—	—	—
Community Service Officer	7.50	5.63	5.63	5.63	—	473,100

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Court Liaison Officer	1.00	1.00	1.00	2.00	1.00	243,069
Crime Analyst	1.00	1.00	1.00	1.00	—	121,534
Deputy Director Technical Services Division	0.80	—	0.80	0.80	—	165,501
Geographic Information System Specialist	0.50	0.50	0.50	0.50	—	74,079
Police Agent	19.00	19.00	19.00	19.00	—	3,129,901
Police Captain	2.00	2.00	2.00	2.00	—	515,258
Police Chief	1.00	1.00	1.00	1.00	—	299,562
Police Lieutenant	5.00	4.00	4.00	4.00	—	916,490
Police Officer	50.00	39.00	43.00	45.00	2.00	6,607,115
Police Records Specialist II	6.00	6.00	6.00	6.00	—	542,256
Police Records Specialist-Lead	1.00	1.00	1.00	1.00	—	96,678
Police Sergeant	14.00	14.00	14.00	14.00	—	2,591,763
Program Assistant II	1.00	1.00	1.00	1.00	—	98,030
Property Evidence Technician	2.00	2.00	2.00	2.00	—	186,909
Public Safety Communications Manager	1.00	—	1.00	1.00	—	153,962
Public Safety Dispatcher	16.00	12.00	14.00	16.00	2.00	2,099,809
Public Safety Dispatcher-Lead	4.00	4.00	4.00	4.00	—	600,954
Public Safety Program Manager	2.00	1.00	1.00	1.00	—	138,590
Senior Management Analyst	1.00	1.00	1.00	1.00	—	137,634
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>149.00</b>	<b>124.33</b>	<b>133.13</b>	<b>139.13</b>	<b>6.00</b>	<b>\$20,577,914</b>
Temporary/Hourly	3.30	1.02	1.02	1.32	0.30	\$151,160
<b>Total Positions</b>	<b>152.30</b>	<b>125.35</b>	<b>134.15</b>	<b>140.45</b>	<b>6.30</b>	<b>\$20,729,074</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>134.15</b>	<b>47,401,292</b>	<b>3,880,391</b>	<b>43,520,901</b>
<b>One-Time Prior Year Budget Adjustments</b>				
None				
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	2,133,720	-	2,133,719
FY 2023 Mid-Year Budget Review (CMR 2212-0456)	1.00	152,811	-	152,811
Stanford Emergency Communication Services Revenue	-	-	91,345	(91,345)
SVRIA Radio Network Costs	-	26,656	32,100	(5,444)
CallID Fingerprint Lab Services	-	6,000	-	6,000
Vehicle Towing	-	15,000	-	15,000
Information Technology Allocated Charges	-	210,927	-	210,927
Liability Insurance Allocated Charges	-	229,549	-	229,549
Printing & Mailing Services Allocated Charges	-	18,300	-	18,300
Vehicle Replacement & Maintenance Allocated Charges	-	43,097	-	43,097
Workers' Compensation Allocated Charges	-	246,222	-	246,222
<b>Adjustments to Costs of Ongoing Activities</b>	<b>1.00</b>	<b>3,082,281</b>	<b>123,445</b>	<b>2,958,835</b>
<b>Total FY 2024 Base Budget</b>	<b>135.15</b>	<b>50,483,573</b>	<b>4,003,836</b>	<b>46,479,736</b>
<b>Budget Adjustments</b>				
1. Psychiatric Emergency Response Team (PERT) Clinicians Funding	-	366,000	366,000	-
2. Staffing Augmentation of Property and Evidence Division	0.30	23,246	-	23,246
3. FY24 Enhancement of Information Technology (IT) Services	-	60,926	-	60,926
4. Administrative Support Staffing for Field Services Division	1.00	121,171	-	121,171
5. Staffing Augmentation of Dispatch Services	2.00	317,426	50,426	267,000

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
6. Staffing Augmentation of Traffic Enforcement Division	2.00	391,184	-	391,184
<b>Total Budget Adjustments</b>	<b>5.30</b>	<b>1,279,953</b>	<b>416,426</b>	<b>863,526</b>
<b>Total FY 2024 Adopted Budget</b>	<b>140.45</b>	<b>51,763,525</b>	<b>4,420,262</b>	<b>47,343,262</b>

## Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Psychiatric Emergency Response Team (PERT) Clinicians Funding	-	366,000	366,000	-

This net-neutral action increases contract services to extend the Psychiatric Emergency Response Team (PERT) Program. In 2019, in partnership with Santa Clara County (SCC), the City trialed an alternative field response model for responding to mental health crises. The program pairs a police officer in plain clothes and a mental health clinician to respond to calls for mental health emergencies. This model has been championed by County Behavioral Health and promoted by the Santa Clara County Board of Supervisors. The current program, funded through a County grant through June 2023, provides one clinician to work with a City employed Police Officer. This action extends this program in FY 2024, increasing contract expenses to fund two clinicians who will provide coverage seven days a week. This extension is requested for a three-year period, offsetting costs with Community Health and Safety funding in the Stanford University Medical Center Fund. (Ongoing cost: \$366,000)

### Performance Results



This will improve quality of community health and safety by reducing incarceration for those experiencing a mental health crisis.

2. Staffing Augmentation of Property and Evidence Division	0.30	23,246	-	23,246
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This action adds one part-time Management Specialist (0.30 FTE) to augment the current staffing of two in the property and evidence unit due to space constraints in the current facility causing items to take longer to catalog and enhance public service hours. This position will also assist during the transition when the new public safety building is completed, and all current inventory will need to be moved to the new facility ensuring the chain of custody is properly adhered to. In addition, the position will provide administrative support as well as potentially reduce overtime costs for current staff. (Ongoing cost: \$23,700)

### Performance Results



This will improve the department's ability to manage evidence and property, and enhance public service hours for property services.

3. FY24 Enhancement of Information Technology (IT) Services	-	60,926	-	60,926
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This action increases allocated charges for IT services to the Police Department by approximately \$60,926 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$60,926)

### Performance Results



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide needed technology improvements.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
4. Administrative Support Staffing for Field Services Division	1.00	121,171	-	121,171

This action restores 1.00 Administrative Associate II to provide administrative support to the Field Services Division which currently does not have a dedicated administrative support role. The role will act as the primary liaison for communication and coordination between both teams of field service officers and the department, manage community outreach requests and events (CORE), conduct audits of staff timecards to schedule to ensure accuracy and reduce organizational risk, and be the primary staff member in charge of procurement for the division. (Ongoing cost: \$129,300)

**Performance Results** Ⓛ ★

This will provide communication and oversight department-wide.

5. Staffing Augmentation of Dispatch Services	2.00	317,426	50,426	267,000
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This action adds 2.00 Public Safety Dispatchers to the Dispatching Servicing Team due to the high volume of calls for service. The City’s current staffing model has created a workload that is difficult to maintain from a long-term operating strategy perspective. Current staffing levels are less than the departmental recommended minimum staffing model and established Department policy, which the department is recommending restoring back to pre-pandemic levels. In addition, dispatchers in the City require more specialized training due to answering calls to service for police, fire, and medical emergencies, in which some neighboring jurisdictions, dispatchers would only answer calls from one or two service areas. Also, the additional staffing could potentially reduce overtime costs as well will have some offsetting revenue from the City’s current agreement with Stanford. (Ongoing net cost: \$288,889)

**Performance Results** Ⓛ ★ 👍

This will improve response times for emergency calls for service.

6. Staffing Augmentation of Traffic Enforcement Division	2.00	391,184	-	391,184
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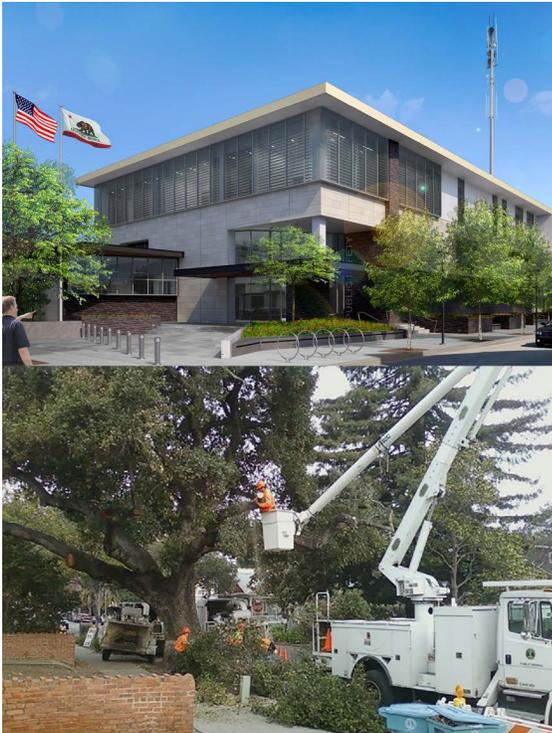
This action adds 2.00 Police Officers to the Traffic Enforcement Division due to increasing community concern regarding traffic safety around the City. The officers will use Statewide Integrated Traffic Reporting System information to deploy at strategic areas of the City that are deemed higher risk to improve safety for both drivers and pedestrians. Although the Traffic Division has six Community Service Officers currently assigned, they are unable to issue moving violations, limiting their ability to enforce traffic laws. In addition, the added police officers fit the criteria to provide the minimum staffing requirements as dictated by the Palo Alto Police Officers Association’s current MOU, and could potentially reduce patrol overtime as well as serve as first responders to medical emergencies and provide basic first aid. (Ongoing cost: \$419,200)

**Performance Results** Ⓛ ★

This will improve the quality of community health and safety.

# PUBLIC WORKS

## Mission Statement



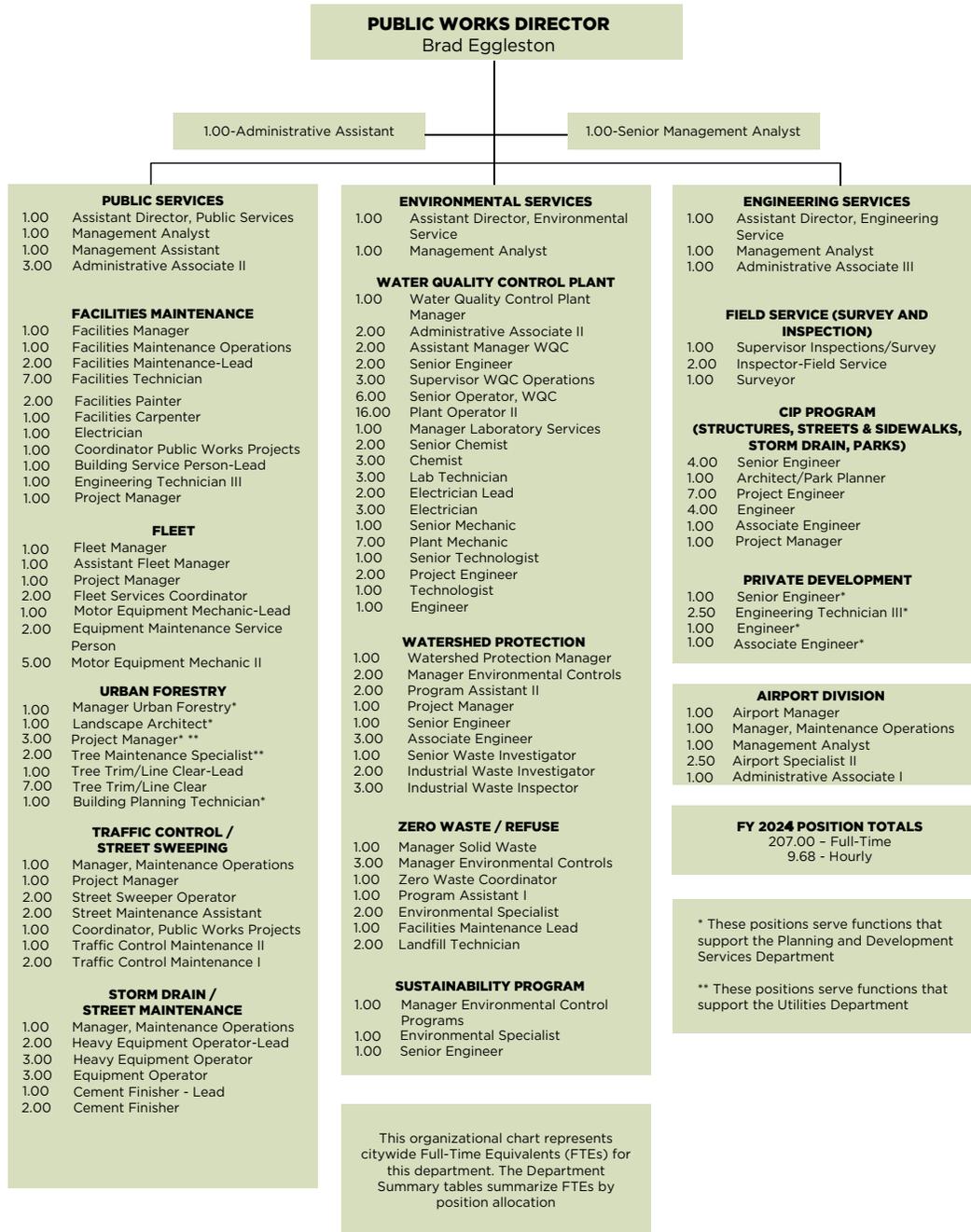
To preserve and enhance the quality of life for Palo Alto residents and visitors by providing efficient, safe, and cost-effective services in partnership with our citizens while maintaining City assets and being environmental stewards of the community.

## Purpose

The purpose of the Public Works Department is to ensure the City's valuable infrastructure is well-maintained and available well into the future; promote the protection and enhancement of Palo Alto's urban forest; enhance the quality of life for residents and visitors by preventing pollution of the creeks

and bay, promoting reuse and recycling, and encouraging use of alternative fuel vehicles; ensure continuous operation of the Regional Water Quality Control Plant; provide efficient and cost effective garbage, recyclables, and compostables collection, processing, and disposal; deliver timely support to City departments in the area of engineering services; operate a safe and financially sustainable general aviation airport; and effectively manage the City's Capital Improvement Fund, including the Council Infrastructure Plan.

# PUBLIC WORKS



## Description

The Public Works Department is responsible for operations and capital projects in the following areas:

### ENGINEERING SERVICES

Designs and constructs City-owned facilities, streets, sidewalks, storm drains, parks, and airport infrastructure; and provides engineering support to City departments for construction in the public right of way.

### PUBLIC SERVICES

Maintains and renovates City-owned and leased structures, streets, sidewalks, storm drains, street signage and parking lots; manages the City's urban forest; manages the street sweeping program; and maintains the City's fleet.

### ENVIRONMENTAL SERVICES

Operates and maintains the Regional Water Quality Control Plant; maintains a Watershed Protection Program, which provides stormwater permit compliance, residential and commercial watershed protection policies and public education, and regulatory and pretreatment services to industrial and commercial dischargers; leads implementation of sustainability programs; manages the City's zero waste programs, household hazardous waste program, and the post-closure maintenance and monitoring of the City's closed landfill.

### AIRPORT OPERATIONS

Operates the Palo Alto Airport; maintains airport facilities and grounds; manages agreements with airport tenants; serves as liaison with the Federal Aviation Administration (FAA) and the Palo Alto flying community; and maintains compliance with FAA regulations.

## Accomplishments

- Continued implementation of the 2014 Council Infrastructure Plan. Completed 95% construction on the Charleston/Arastradero Corridor project. Completed 75% construction on the Public Safety Building, started design on Fire Station #4, and awarded a design/build construction contract for the Downtown Automated Parking Guidance projects.
- Completed the Sustainability and Climate Action Plan (S/CAP) update, including the California Environmental Quality Act (CEQA) review and the 3-year work plan for implementation, consistent with Council's adoption of "Climate Change and the Natural Environment: Protection and Adaptation" as one of the top four Council priorities for 2023, to help the City meet its sustainability goals, including reducing greenhouse gas (GHG) emissions 80% below 1990 levels by 2030.
- Continued the S/CAP Ad Hoc Committee to guide the development, implementation, and communication of the S/CAP and to engage with a stakeholder group of domain experts and community activists.
- Launched the Sustainability Hub as a one-stop resource for residents on sustainability and climate change that also serves as a platform for residents to connect with each other.

## PUBLIC WORKS

- Completed the Airport Apron Reconstruction Project, which brings the Airport apron into current Federal Aviation Administration (FAA) standards. The project was completed in two design phases and three construction phases over the previous eight years, at a total project cost of approximately \$36 million.

## Initiatives

- Continue managing the 2014 Council Infrastructure Plan (IP) projects as a program; completing construction on the Public Safety Building, completing design for Fire Station #4, and completing 75% construction for the Downtown Automated Parking Guidance projects.
- Continue efforts towards rebuilding the Regional Water Quality Control Plant (RWQCP); completing construction on the Primary Sedimentation Tank Rehabilitation, Secondary Treatment Upgrade, and 12kV Loop Rehabilitation projects; and planning for the Headworks and Administrative Buildings upgrades.
- Complete remaining design and funding steps and begin construction of the Newell Road Bridge Replacement project.
- Continue working toward the goals and objectives identified in the Urban Forest Master Plan, with a FY 2024 emphasis on continued implementation of the updated tree protection ordinance. Key components of ordinance implementation for the coming year include: evaluation of new procedures and protocols for protected tree removal applications and related notifications; and continued outreach to residents, contractors, and developers. New procedures and protocols will allow more robust data tracking to help evaluate the impacts of the updated ordinance.
- Continue to increase the number of electric vehicles (EV) within the fleet through scheduled replacements. With the FY 2024 vehicle replacement program, increase the number of passenger and light truck EVs by 18, subject to vehicle availability and operational requirements.
- Complete Facilities Condition Assessment for City facilities and begin implementation of the resulting City Facilities Electrification Plan.
- Launch the S/CAP Implementation Plan and Community Engagement Plan in coordination with other City departments, including Utilities, the Office of Transportation, Planning Development Services, and the City Manager's Office.
- Determine next steps toward addressing sea level rise and completing the Sea Level Rise Adaptation Plan.
- Continue to implement Stormwater Blue Ribbon Committee recommendations on the high-priority storm drain infrastructure improvements and implement the completed green stormwater infrastructure plan; complete the construction of the Corporation Way System Upgrades and Pump Station Project (SD-21000).

## Budget Summary \*

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Fund</b>						
Airport Enterprise Fund	7,606,858	9,200,339	5,027,515	4,296,991	(730,524)	(14.5)%
General Fund-Operating	17,215,076	16,903,368	20,134,037	23,697,672	3,563,635	17.7%
Refuse Fund	28,784,672	30,550,287	33,871,070	35,913,081	2,042,011	6.0%
Stormwater Management Fund	6,958,401	5,391,045	13,793,257	17,041,268	3,248,011	23.5%
Vehicle Replacement & Maintenance Fund	8,643,406	6,519,135	13,542,124	13,520,106	(22,018)	(0.2)%
Wastewater Treatment Fund	29,204,995	34,019,019	223,090,161	95,079,892	(128,010,270)	(57.4)%
<b>Total Dollars by Fund</b>	<b>\$98,413,407</b>	<b>\$102,583,194</b>	<b>\$309,458,164</b>	<b>\$189,549,010</b>	<b>\$(119,909,155)</b>	<b>(38.7)%</b>
<b>Revenues</b>						
Charges for Services	152,301	145,481	162,440	162,440	—	—%
Charges to Other Funds	10,630,976	12,824,344	12,422,860	13,084,875	662,015	5.3%
From Other Agencies	5,618,560	7,147,633	1,729,000	2,023,901	294,901	17.1%
Net Sales	66,641,486	66,279,352	73,535,298	79,186,106	5,650,808	7.7%
Operating Transfers-In	201,162	527,109	276,100	276,100	—	—%
Other Revenue	4,682,752	5,327,984	201,623,120	52,564,995	(149,058,125)	(73.9)%
Other Taxes and Fines	5,000	3,750	6,500	6,500	—	—%
Permits and Licenses	762,672	1,111,062	692,096	692,096	—	—%
Rental Income	648,519	715,198	910,760	936,270	25,510	2.8%
Return on Investments	1,101,678	1,036,528	896,700	1,213,800	317,100	35
<b>Total Revenues</b>	<b>\$90,445,106</b>	<b>\$95,118,440</b>	<b>\$292,254,874</b>	<b>\$150,147,083</b>	<b>\$(142,107,791)</b>	<b>(48.6)%</b>
<b>Positions by Fund</b>						
Airport Enterprise Fund	5.94	6.42	7.94	7.94	—	—%
General Fund-Operating	51.65	49.19	50.34	52.19	1.85	3.7%
Refuse Fund	15.93	15.93	16.03	16.03	—	—%

## PUBLIC WORKS

### Budget Summary \*

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Stormwater Management Fund	13.55	13.55	13.63	13.63	—	—%
Vehicle Replacement & Maintenance Fund	16.01	14.01	14.01	14.53	0.52	3.7%
Wastewater Treatment Fund	71.39	71.39	71.87	75.11	3.24	4.5%
<b>Total Positions by Fund</b>	<b>174.47</b>	<b>170.49</b>	<b>173.82</b>	<b>179.43</b>	<b>5.61</b>	<b>3.2%</b>

\*This table does not reflect positions in the Capital Improvement Fund nor the Cubberley Property Infrastructure Fund

# GENERAL FUND

## Goals and Objectives

### Goal 1

Ensure the City's assets and infrastructure inventory are updated and well-maintained.

#### Objectives:

- Use an Infrastructure Management System (IMS) to support planning, budgeting, and accountability for the City's assets in accordance with the Infrastructure Blue Ribbon Commission's recommendations.
- Maintain and enhance the overall condition of the City's streets while effectively communicating the program's accomplishments to the public.
- Begin developing a citywide facilities assessment plan to identify facility conditions and prioritize improvement needs.

### Goal 2

Provide high quality, cost-effective oversight of the City's capital improvement and facilities maintenance programs.

#### Objectives:

- Continue implementation of the 2014 Council Infrastructure Plan for key infrastructure needs, managing the projects as a program.
- Provide cost-effective custodial and facilities maintenance services that meet the expectations of the public and provide clean and safe buildings.
- Address the critical work backlog created by COVID-19, staffing shortages, and extended material lead times with the use of staff overtime and contractor labor.

### Goal 3

Preserve the public's health and safety and oversee the City's environmental sustainability efforts to ensure a vibrant, sustainable community for future generations.

#### Objectives:

- Obtain regulatory permits, and prepare construction documents necessary to proceed with the Newell Road Bridge Replacement project.
- Ensure compliance with all applicable regulations related to the public's health and safety.
- Increase the total number of City trees by committing to plant a total of 200 new and replacement trees annually while maintaining the health of the City's urban forest and ensuring proper tree clearance of all utility lines.
- Develop and coordinate interdepartmental sustainability efforts, including updating and implementing the Sustainability/Climate Action Plan to achieve goals relating to water, the natural environment, zero waste, and greenhouse gas emissions.

# Key Performance Measures

## CITIZEN SURVEY - QUALITY OF SIDEWALK MAINTENANCE

Goal	Ensure the City’s assets and infrastructure inventory are updated and well maintained.				
Objective	Increase rating given by residents for quality of sidewalk maintenance.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of citizens rating the quality of sidewalk maintenance as good or excellent*	N/A	61%	65%	65%	65%
Description	This data is collected as part of the Palo Alto Community Survey that is conducted annually. The measure asks residents to rate their perception of sidewalk maintenance.				
Purpose	Obtain feedback from residents on whether sidewalks are being maintained adequately in order to determine if the program’s resources are appropriate.				
Status	*The National Citizen’s Survey was not completed for FY 2021, because it was transitioned from the City Auditor’s Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.				

## CITIZEN SURVEY - STREET MAINTENANCE

Goal	Ensure the City’s assets and infrastructure inventory are updated and well maintained.				
Objective	Increase rating given by residents for quality of street maintenance.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of citizens rating the quality of street repair as good or excellent*	N/A	46%	56%	50%	55%
Description	This data is collected as part of the Palo Alto Community Survey that is conducted annually. The measure asks residents to rate their perception of street maintenance.				
Purpose	Obtain feedback from residents on whether streets are being maintained adequately in order to determine if the program’s resources are appropriate.				
Status	*The National Citizen’s Survey was not completed for FY 2021, because it was transitioned from the City Auditor’s Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.				

# Key Performance Measures

## CITIZEN SURVEY - STREET TREE MAINTENANCE

Goal	Preserve the public's health and safety to ensure a vibrant, sustainable community for future generations.				
Objective	Increase rating given by residents for quality of street tree maintenance.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of citizens rating street tree maintenance as good or excellent*	N/A	76%	75%	75%	75%
Description	This data is collected as part of the Palo Alto Community Survey that is conducted annually. The measure asks residents to rate their perception of street tree maintenance.				
Purpose	Obtain feedback from residents on whether street trees are being maintained adequately in order to determine if the program's resources are appropriate.				
Status	*The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.				

## PAVEMENT CONDITION SCORE

Goal	Ensure the City's assets and infrastructure inventory are updated and well maintained.				
Objective	Maintain and enhance the overall condition of the City's streets.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Pavement Condition Score	83	83	83	84	84
Description	This measure tracks the condition of the City's streets based on Pavement Condition Index (PCI) published by the Metropolitan Transportation Commission (MTC) as well as changes in that PCI score. The PCI scores are rated as follows: 80+ = very good or excellent, 70-79 = good, 60-69 = fair, 50-59 = at risk, 25-49 = poor, 0-24 = failed.				
Purpose	Improving the condition of the City's streets reduces overall maintenance costs and increases ride satisfaction.				
Status	<p>The City Council set a goal of raising the citywide average PCI score to 85 by FY 2019 and the Department achieved this goal. Annual reports by the MTC indicate that Palo Alto now has one of the highest citywide average PCI scores in Santa Clara and San Mateo Counties.</p> <p>The index score has declined in recent years and is expected to continue to fall below the FY 2019 goal of 85 due to significant declines in capital investment in streets in FY 2021 and FY 2022. An updated street condition survey is scheduled to be completed in December 2023.</p>				

## PUBLIC WORKS

# Key Performance Measures

### RESPONSE TO POTHOLE NOTIFICATION

Goal	Ensure the City's assets and infrastructure inventory are updated and well maintained.				
Objective	Maintain a standard timeframe for pothole repairs.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of potholes repaired within 15 days of notification	79%	100%	80%	80%	80%
Description	This measure records the number of potholes that are repaired within 15 days of the Department being notified of the problem.				
Purpose	The Department has a goal of repairing potholes within 15 days to ensure streets are maintained and repaired in a timely manner.				
Status	FY 2024 percentages will stay at 80% due to staffing vacancies which impact the timeliness of job completion. Several years of backlog led to increased inspection of adjacent areas in order to increase cost-effectiveness and PCI scores, and has resulted in additional work. Since the implementation of Palo Alto 311, the number of notifications related to potholes continues to be significant and to impact response times.				

# Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Square feet of sidewalk replaced or permanently repaired	11,218	24,650	57,400	42,150	38,000
Number of lane miles resurfaced	20	6	20	29	30
Percent of lane miles resurfaced	4.30%	1.40%	4.20%	6.20%	6.40%

## Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Total square footage of facilities maintained	1,903,251	1,905,743	1,905,743	1,905,743	2,043,476
Cost per square foot for custodial services	\$2.02	\$1.95	\$2.30	\$2.30	\$2.62
Cost per square footage for maintenance services	\$2.45	\$2.70	\$2.65	\$2.65	\$3.00
Number of facilities work order requests completed	6,004	6,085	6,200	6,200	6,200
Number of trees trimmed annually	4,453	4,007	4,531	4,531	4,531
Total of trees maintained by the City	36,037	36,219	36,300	36,300	36,300
Number of tree related electrical service disruptions	9	9	11	11	11
Number of publicly available electric vehicle chargers in garages and city facilities	124	125	126	146	146

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
General Fund Administration	1,243,087	1,461,889	1,343,953	1,562,094	218,141	16.2%
General Fund Engineering Services	1,183,389	1,227,610	1,357,804	1,558,905	201,101	14.8%
General Fund Public Services: Streets	2,906,573	2,983,057	4,167,821	4,310,674	142,853	3.4%
General Fund Public Services: Structures and Grounds	7,530,817	7,677,169	8,103,158	10,163,762	2,060,603	25.4%
General Fund Public Services: Trees	4,002,812	3,316,115	4,898,228	5,236,336	338,108	6.9%
Sustainability	348,397	237,528	263,072	865,901	602,829	229.1%
<b>Total Dollars by Division</b>	<b>\$17,215,076</b>	<b>\$16,903,368</b>	<b>\$20,134,037</b>	<b>\$23,697,672</b>	<b>\$3,563,635</b>	<b>17.7%</b>
<b>Dollars by Category</b>						

# PUBLIC WORKS

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Salary &amp; Benefits</b>						
Healthcare	1,012,458	921,613	1,220,436	1,230,693	10,257	0.8%
Other Benefits	159,200	163,516	176,597	172,748	(3,849)	(2.2)%
Overtime	206,923	264,714	182,031	197,872	15,841	8.7%
Pension	1,895,033	1,962,051	2,225,651	2,489,882	264,231	11.9%
Retiree Medical	841,487	846,426	882,597	738,248	(144,349)	(16.4)%
Salary	4,458,250	4,398,404	5,240,982	6,008,354	767,372	14.6%
Workers' Compensation	244,817	245,724	209,006	210,671	1,664	0.8%
<b>Total Salary and Benefits</b>	<b>\$8,818,167</b>	<b>\$8,802,449</b>	<b>\$10,137,301</b>	<b>\$11,048,468</b>	<b>\$911,167</b>	<b>9.0%</b>
Allocated Charges	3,043,322	3,323,341	3,772,575	4,100,600	328,026	8.7%
Contract Services	4,205,692	4,029,536	5,161,366	7,517,808	2,356,442	45.7%
Facilities & Equipment	589	—	2,146	2,146	—	—%
General Expense	45,961	45,770	137,239	136,089	(1,150)	(0.8)%
Rents & Leases	512,924	43,658	30,000	30,000	—	—%
Supplies & Material	588,420	658,614	893,411	862,561	(30,850)	(3.5)%
<b>Total Dollars by Category</b>	<b>\$17,215,076</b>	<b>\$16,903,368</b>	<b>\$20,134,037</b>	<b>\$23,697,672</b>	<b>\$3,563,635</b>	<b>17.7%</b>
<b>Revenues</b>						
Charges for Services	46,313	45,234	47,320	47,320	—	—%
Charges to Other Funds	3,920,429	4,836,558	2,371,821	2,695,698	323,876	13.7%
Operating Transfers-In	96,107	196,107	196,100	196,100	—	—%
Other Revenue	55,695	113,431	6,000	91,000	85,000	1,416.7%
Other Taxes and Fines	100	50	—	—	—	—%
Permits and Licenses	762,672	1,111,062	692,096	692,096	—	—%
<b>Total Revenues</b>	<b>\$4,881,316</b>	<b>\$6,302,442</b>	<b>\$3,313,337</b>	<b>\$3,722,214</b>	<b>\$408,876</b>	<b>12.3%</b>

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Positions by Division</b>						
General Fund Administration	3.05	2.54	2.54	2.54	—	—%
General Fund Engineering Services	3.79	3.69	3.69	4.19	0.50	13.6%
General Fund Public Services: Streets	15.74	14.74	14.74	14.74	—	—%
General Fund Public Services: Structures and Grounds	15.33	14.68	14.68	16.03	1.35	9.2%
General Fund Public Services: Trees	12.99	12.79	14.03	14.03	—	—%
Sustainability	0.75	0.75	0.66	0.66	—	—%
<b>Total Positions by Division</b>	<b>51.65</b>	<b>49.19</b>	<b>50.34</b>	<b>52.19</b>	<b>1.85</b>	<b>3.7%</b>

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Administrative Assistant	1.00	0.50	0.50	0.50	—	47,642
Administrative Associate I	0.10	—	—	—	—	—
Administrative Associate II	2.65	2.65	2.65	2.65	—	238,229
Administrative Associate III	0.01	—	—	—	—	—
Assistant Director Public Works	0.73	0.73	0.73	0.73	—	157,010
Associate Engineer	—	—	—	0.45	0.45	69,161
Building Serviceperson-Lead	1.00	1.00	1.00	1.00	—	79,435
Building/Planning Technician	—	—	0.50	0.50	—	49,993
Cement Finisher	2.00	2.00	2.00	2.00	—	214,282
Cement Finisher-Lead	0.26	0.26	0.26	0.26	—	29,787
Coordinator Public Works Projects	1.50	1.50	1.50	1.50	—	149,088

# PUBLIC WORKS

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Director Public Works/City Engineer	1.00	1.00	1.00	1.00	—	266,365
Electrician	0.80	0.80	0.80	0.80	—	109,009
Engineer	0.48	0.48	0.48	0.48	—	83,097
Engineering Technician III	1.75	1.75	1.75	1.80	0.05	208,840
Environmental Specialist	—	—	0.33	0.33	—	46,847
Equipment Operator	2.46	2.46	2.46	2.46	—	258,450
Facilities Carpenter	1.00	1.00	1.00	1.00	—	111,342
Facilities Maintenance-Lead	1.85	1.85	1.85	1.85	—	255,930
Facilities Painter	1.75	1.75	1.75	1.75	—	187,496
Facilities Technician	4.05	4.05	4.05	5.05	1.00	562,279
Heavy Equipment Operator	2.33	2.10	2.10	2.10	—	264,046
Heavy Equipment Operator-Lead	0.85	0.85	0.85	0.85	—	114,266
Inspector, Field Services	0.11	0.11	0.11	0.11	—	13,703
Landscape Architect Park Planner	0.60	0.60	0.60	0.60	—	80,914
Management Analyst	1.45	1.45	0.70	0.70	—	92,966
Manager Environmental Control Program	—	—	0.33	0.33	—	58,186
Manager Facilities	0.90	0.90	0.90	0.90	—	123,571
Manager Maintenance Operations	1.20	1.20	1.20	1.20	—	181,740
Manager Urban Forestry	1.00	1.00	1.00	1.00	—	151,174
Manager Watershed Protection	0.05	0.05	0.05	0.05	—	8,816
Project Manager	2.00	2.00	2.50	2.85	0.35	378,887
Project Manager (Freeze)	0.65	—	—	—	—	—
Senior Engineer	0.60	0.60	0.60	0.60	—	107,191
Senior Management Analyst	1.11	1.11	1.11	1.11	—	166,886

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Supervisor Inspection and Surveying	0.10	0.10	0.10	0.10	—	13,225
Surveyor, Public Works	0.33	0.33	0.33	0.33	—	41,610
Traffic Controller Maintainer I	1.94	1.94	1.94	1.94	—	195,546
Traffic Controller Maintainer II	2.00	1.00	1.00	1.00	—	93,330
Tree Maintenance Person	1.00	1.00	1.00	1.00	—	105,123
Tree Trim/Line Clear	7.00	7.00	7.00	7.00	—	724,360
Tree Trim/Line Clear-Lead	1.00	1.00	1.00	1.00	—	110,677
WGW Heavy Equipment Operator	—	0.23	0.23	0.23	—	28,671
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>50.61</b>	<b>48.35</b>	<b>49.26</b>	<b>51.11</b>	<b>1.85</b>	<b>\$6,179,167</b>
Temporary/Hourly	1.04	0.84	1.08	1.08	—	\$71,039
<b>Total Positions</b>	<b>51.65</b>	<b>49.19</b>	<b>50.34</b>	<b>52.19</b>	<b>1.85</b>	<b>\$6,250,205</b>

# PUBLIC WORKS

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>50.34</b>	<b>20,134,037</b>	<b>3,313,337</b>	<b>16,820,700</b>
<b>One-Time Prior Year Budget Adjustments</b>				
Electric Leaf Blower Replacement	-	(32,350)	-	(32,350)
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>(32,350)</b>	<b>-</b>	<b>(32,350)</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	591,607	-	591,607
Custodial Services	-	1,000,000	-	1,000,000
Elevator and Lighting Services	-	40,000	-	40,000
Fire Alarm Services	-	19,000	-	19,000
Parklet Program Staffing (CMR 2301-0888)	0.50	76,796	-	76,796
Pool Services	-	60,000	-	60,000
San Francisquito Creek Joint Powers Authority (SFCJPA) Membership	-	38,085	-	38,085
Truck Driving School	-	10,000	-	10,000
Urban Forestry	-	100,024	85,000	15,024
Tree Trimming Services	-	33,295	-	33,295
General Fund Cost Allocation Plan	-	-	258,460	(258,460)
Communications Allocated Charges	-	392	-	392
Information Technology Allocated Charges	-	79,585	-	79,585
Liability Insurance Allocated Charges	-	(83,354)	-	(83,354)
Printing & Mailing Services Allocated Charges	-	(11,200)	-	(11,200)
Public Works Administration Allocated Charges	-	-	65,417	(65,417)
Stormwater Management Allocated Charges	-	2,305	-	2,305
Utilities Allocated Charges	-	272,653	-	272,653
Vehicle Replacement & Maintenance Allocated Charges	-	41,768	-	41,768
Workers' Compensation Allocated Charges	-	1,664	-	1,664

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Adjustments to Costs of Ongoing Activities</b>	<b>0.50</b>	<b>2,272,620</b>	<b>408,876</b>	<b>1,863,743</b>
<b>Total FY 2024 Base Budget</b>	<b>50.84</b>	<b>22,374,307</b>	<b>3,722,213</b>	<b>18,652,093</b>
<b>Budget Adjustments</b>				
1. Public Works Engineering Services Private Development Group Staffing	-	8,274	-	8,274
2. FY 2024 Enhancement of Information Technology (IT) Services	-	25,877	-	25,877
3. Public Works Facilities Staffing	0.35	72,025	-	72,025
4. Airport Noise Reduction	-	75,000	-	75,000
5. New Public Safety Building Maintenance and Operations	-	84,400	-	84,400
6. Automatic Fire Extinguisher Inspection, Testing, and Repair	-	95,825	-	95,825
7. City Hall Security Services	-	100,000	-	100,000
8. Cubberley Facility Maintenance and Upkeep	-	100,813	-	100,813
9. New Public Safety Building Staffing	1.00	161,151	-	161,151
10. Sustainability and Climate Action Plan (S/CAP) Studies	-	600,000	-	600,000
<b>Total Budget Adjustments</b>	<b>1.35</b>	<b>1,323,366</b>	<b>-</b>	<b>1,323,366</b>
<b>Total FY 2024 Adopted Budget</b>	<b>52.19</b>	<b>23,697,672</b>	<b>3,722,213</b>	<b>19,975,459</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Public Works Engineering Services Private Development Group Staffing	-	8,274	-	8,274

This action reclassifies 1.00 Engineering Technician III position to 1.00 Associate Engineer position in the Public Works Engineering Services Private Development Group in order to accommodate an increased need for technically-complex expertise in public right-of-way permit review above the engineering technician level, driven by a significant expansion of applications for large housing developments and hotels. (Ongoing cost: \$12,188)

**Performance Results**



The staffing change will allow Public Works to maintain efficient and timely review, approval, and management of high-priority housing and hotel development projects.

2. FY 2024 Enhancement of Information Technology (IT) Services	-	25,877	-	25,877
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This action increases allocated charges for IT services to the Public Works General Fund by \$25,877 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$25,877)

**Performance Results**



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

3. Public Works Facilities Staffing	0.35	72,025	-	72,025
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This action adds 1.00 Project Manager position (0.35 in the General Fund and 0.65 in the Capital Improvement Fund) that had been eliminated in the Facilities area within Public Services due to reductions in Capital Improvement Program (CIP) projects during the COVID-19 pandemic. With the current expansion of CIP projects, there is substantial need for management of solicitations, maintenance contracts, and new work involving citywide electrification efforts, and existing staff is unable to absorb the increased workload. (Ongoing cost: \$75,478)

**Performance Results**



The additional staffing will enable timely issuance of solicitations and effective and efficient management of maintenance contracts and high-priority electrification projects.

4. Airport Noise Reduction	-	75,000	-	75,000
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This one-time action provides funding for consultant services to engage in the San Francisco Airport's (SFO) Ground Based Augmentation System (GBAS) process and other potential noise-reducing opportunities by attending meetings, reviewing and commenting on technical information from SFO, and providing recommendations to City staff. (Ongoing cost: \$0)

**Performance Results**



This action will allow progress to be made on the reduction of aircraft noise impacts.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
5. New Public Safety Building Maintenance and Operations	-	84,400	-	84,400

This action adds funding for the maintenance and operations of the new Public Safety Building that will come online in FY 2024. Standard maintenance and operations for a City facility includes, but is not limited to, elevator, lighting, fire sprinkler, mechanical, and plumbing maintenance and repair costs. (Ongoing cost: \$84,400)

**Performance Results**  

This action will provide for custodial, repair, and other costs required to operate and maintain the new Public Safety Building.

6. Automatic Fire Extinguisher Inspection, Testing, and Repair	-	95,825	-	95,825
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Consistent with CMR 2303-1078, which was approved by Council on May 15, 2023, this action adds ongoing funding in the Public Works Department in the amount of \$95,825 annually for a three-year General Services contract with Johnson Controls Fire Protection to provide automatic fire extinguishing systems inspection, testing, and repair services. (Ongoing cost: \$95,825)

**Performance Results**  

This action ensures that the fire safety system continues to operate successfully.

7. City Hall Security Services	-	100,000	-	100,000
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This action adds funding for ongoing security services at City Hall. When Police Department personnel move from City Hall to the new Public Safety Building after it is completed in FY 2024, security services will still be needed at City Hall for public meetings and events. Staff will explore and recommend the best way to provide this service prior to the opening of the Public Safety Building. (Ongoing cost: \$100,000)

**Performance Results**  

This action will maintain a safe environment for all users of City Hall.

8. Cubberley Facility Maintenance and Upkeep	-	100,813	-	100,813
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This action shifts \$623,000 in costs for custodial staffing, landscaping services, and routine maintenance contracts from the Cubberley Infrastructure Fund to the General Fund. Funding for custodial staffing and landscaping services will be shifted to the Community Services Department (net \$522,187), while the maintenance contracts will be shifted to the Public Works Department (net \$100,813). (Ongoing cost: \$100,813)

**Performance Results**   

By preserving funding in the Cubberley Infrastructure Fund, this action will allow capital and facility upkeep-related expenditures to be prioritized at the Cubberley Property.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
9. New Public Safety Building Staffing	1.00	161,151	-	161,151

This action adds 1.00 Facilities Technician position within the Facilities area in Public Services in order to accommodate a substantial increase in workload resulting from the new Public Safety Building’s addition of 160 pieces of mechanical equipment. The Facilities team currently has six Facilities Technician positions which have already absorbed a marked increase in workload from 490 new pieces of mechanical equipment over the past few years. (Ongoing cost: \$165,289)

**Performance Results**



The additional staffing along with the increased maintenance and operations funding above will enable effective and efficient maintenance of mechanical equipment at the new Public Safety Building.

10. Sustainability and Climate Action Plan (S/CAP) Studies	-	600,000	-	600,000
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This one-time action adds funding to commission specialized services to complete three studies as outlined in the current draft of the three-year S/CAP. These studies include strategic plans for electric vehicles and reliability and resiliency, as well as a workplan to discuss resource needs and funding opportunities. (Ongoing cost: \$0)

**Performance Results**



This action will allow progress to be made on the Council priorities of climate change impact mitigation and natural environment protection and adaptation.

# AIRPORT FUND

## Description

The Palo Alto Airport serves as a general aviation reliever airport to the Bay Area's major air carrier airports. It is the fourth busiest airport in the Bay Area, averaging 150,000 annual operations; open 24 hours each day, 365 days annually; and has a Federal Aviation Administration-staffed air traffic control tower.

## Accomplishments

- Completed the Airport Apron Reconstruction Project, which brings the Airport apron into current Federal Aviation Administration (FAA) standards. The project was completed in two design phases and three construction phases over the previous eight years, at a total project cost of approximately \$36 million.
- Repurposed an existing Airport fuel tank on the field to provide unleaded fuel to Airport users as part of the effort to minimize leaded fuel.

## Initiatives

- Continue to develop an Airport Business Plan as a component of the Long-Range Facilities and Sustainability Plan formerly known as the Airport Layout Plan in order to establish goals, objectives, and action plans that will frame the day-to-day operations and management of the airport as well as identify capital improvements and inform staffing decisions.
- Continue to pursue funding and purchase of an electric vehicle fleet to replace the aging airport vehicles through the FAA Zero Emissions Vehicle program.
- Continue to prepare a long-range plan, as required by the FAA, for the Palo Alto Airport focused on facilities and sustainability. The Palo Alto Airport Long Range Facilities and Sustainability Plan will use the guidance from the FAA Advisory Circulars and Orders, Federal Aviation Regulations, other aviation industry publications, and public input to guide the Airport's improvements over the next twenty-plus years.

## Goals and Objectives

### Goal 1

Operate a safe, viable and sustainable airport.

#### Objectives:

- Maintain compliance with federal and state requirements for airfield conditions.
- Continue to follow industry standards and trends in staff training and education.
- Maintain sufficient staff to provide coverage during the FAA air traffic control tower operating hours of 7:00 am to 9:00 pm.

## PUBLIC WORKS

- Create a Sustainable Airport Comprehensive Plan.

### Goal 2

Provide high quality, cost-effective oversight of the airport’s capital improvement program (CIP).

#### Objectives:

- Continue management of FAA-sponsored CIP projects at the airport.
- Submit grant applications to the FAA for multi-phase projects that ensure efficiency and airfield safety.
- Maintain grant funding eligibility by submitting a Five-Year Airport CIP work plan to the FAA annually.

### Goal 3

Manage a financially sustainable and self-sufficient airport enterprise fund.

#### Objectives:

- Adopt and implement an Airport Business Plan to guide future development and ensure fund stability.
- Control expenses and generate sufficient revenues to accommodate the needs of the Palo Alto Airport, including loan repayment to the General Fund.
- Continue to research and apply for applicable grants, including but not limited to Zero Emissions Vehicle & Bipartisan Infrastructure Law funding.

## Key Performance Measures

### AIRCRAFT OPERATIONS

Goal	Operate a safe and viable airport.				
Objective	Provide a safe, aesthetically pleasing, and profitable airport.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of Aircraft Operations	139,777	167,416	160,000	160,000	165,000
Description	The Palo Alto Airport (PAO) is owned and operated by the City of Palo Alto and is a general aviation field. The Federal Aviation Administration defines workload measures for airports with an air traffic control tower by the number of aircraft operations (sum of landings and takeoffs). In addition to being the twelfth busiest airport in California, PAO is a reliever to three Bay Area airports. PAO’s significant air traffic must be accommodated by the one paved runway which measures 2,443 x 70 feet.				
Purpose	Providing a safe, well maintained, and attractive airport that will appeal to the tenants, pilots, visitors, outside agencies, residents, and the flying community at large.				
Status	Operations dramatically increased in FY 2022 and are plateauing in FY 2023. Airport Operations are currently above pre-pandemic numbers. Operations were affected in FY 2020 and FY 2021 as a result of the Shelter in Place Order issued by the County of Santa Clara.				

# Key Performance Measures

## PERCENTAGE OF TIE-DOWNS LEASED

Goal	Manage a financially sustainable and self-sufficient airport enterprise fund.				
Objective	Increase tenant occupancy by providing a safe and well-maintained airport that is also cost recoverable.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Percentage of Tie-downs Leased	64%	67%	70%	85%	90%
Description	The City of Palo Alto operates and maintains the Palo Alto Airport and provides airport users with safe transportation options and a high level of airport services. The airport has a total of 510 tie-down spaces, including spaces under construction or maintenance. Out of the total number of spaces, 353 are available for rent.				
Purpose	Maximizing tie-down space occupancy increases revenue and provides funding to revitalize the Palo Alto Airport without changing or increasing the current airport footprint. Providing a safe, well maintained, and attractive airport appeals to the tenants, pilots, visitors, outside agencies, residents, and the flying community at large.				
Status	Airport staff are responsible for maintaining 102.4 acres of airport facilities, infrastructure and equipment; and managing over 250 tenants and 353 leased tie-down spaces. In FY 2021, the percentage of leased rentable tie-downs was 64%, in FY 2022 it increased to 67%, and in FY 2023 it is expected to increase to 85%. The increase is attributable to the Airport Apron Reconstruction project coming to completion, as the project had caused some airport tenants to temporarily move to other airports during construction. Due to apron shift as result of FAA standards and construction, not all tie-downs were available for rent during construction, but the tie-down number will increase with construction completed on Phase III of the Airport Apron Reconstruction project. This anticipated increase post-construction is reflected in the FY 2024 proposed target of 90%.				

# PUBLIC WORKS

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Airport Administration	850,688	1,201,417	1,215,461	1,384,372	168,911	13.9%
Airport Operations	705,375	872,673	1,535,124	1,512,577	(22,546)	(1.5)%
CIP Airport Fund	6,050,795	7,126,249	2,276,931	1,400,042	(876,889)	(38.5)%
<b>Total Dollars by Division</b>	<b>\$7,606,858</b>	<b>\$9,200,339</b>	<b>\$5,027,515</b>	<b>\$4,296,991</b>	<b>\$(730,524)</b>	<b>(14.5)%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	70,485	83,172	192,703	165,519	(27,184)	(14.1)%
Other Benefits	21,979	27,525	28,796	28,813	16	—%
Overtime	49,227	51,619	—	—	—	—%
Pension	174,511	232,493	284,511	353,488	68,977	24.2%
Retiree Medical	42,835	43,535	55,072	51,776	(3,296)	(6.0)%
Salary	587,005	712,726	846,607	944,148	97,541	11.5%
Workers' Compensation	24,919	25,623	27,556	33,164	5,608	20.4%
<b>Total Salary and Benefits</b>	<b>\$970,961</b>	<b>\$1,176,694</b>	<b>\$1,435,246</b>	<b>\$1,576,908</b>	<b>\$141,663</b>	<b>9.9%</b>
Contract Services	31,179	88,763	361,900	226,900	(135,000)	(37.3)%
Supplies & Material	12,307	55,902	56,472	56,472	—	—%
General Expense	142,088	92,465	36,480	36,480	—	—%
Rents & Leases	50	45	11,630	11,630	—	—%
Allocated Charges	574,817	739,650	747,010	903,115	156,105	20.9%
Operating Transfers-Out	—	100,500	273,100	273,500	400	—%
Capital Improvement Program	5,875,456	6,946,319	2,105,678	1,211,986	(893,692)	(42.4)%
<b>Total Dollars by Category</b>	<b>\$7,606,858</b>	<b>\$9,200,339</b>	<b>\$5,027,515</b>	<b>\$4,296,991</b>	<b>\$(730,524)</b>	<b>(14.5)%</b>
<b>Revenues</b>						
From Other Agencies	5,618,560	7,147,633	1,116,000	807,550	(308,450)	(27.6)%
Net Sales	705,560	701,411	683,180	696,150	12,970	1.9%

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Other Revenue	1,230,942	1,240,960	1,138,220	1,160,990	22,770	2.0%
Rental Income	648,519	715,198	910,760	936,270	25,510	2.8%
Return on Investments	(17,302)	(25,072)	—	—	—	—%
<b>Total Revenues</b>	<b>\$8,186,277</b>	<b>\$9,780,130</b>	<b>\$3,848,160</b>	<b>\$3,600,960</b>	<b>\$(247,200)</b>	<b>(6.4)%</b>
<b>Positions by Division</b>						
Airport Administration	2.48	2.48	3.00	3.00	—	—%
Airport Operations	2.71	3.19	4.19	4.19	—	—%
CIP Airport Fund	0.75	0.75	0.75	0.75	—	—%
<b>Total Positions by Division</b>	<b>5.94</b>	<b>6.43</b>	<b>7.94</b>	<b>7.94</b>	<b>—</b>	<b>—%</b>

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Administrative Associate I	—	—	1.00	1.00	—	82,742
Airport Specialist II	—	—	—	2.50	2.50	267,644
Facilities Technician	1.50	1.50	2.50	—	(2.50)	—
Management Analyst	1.00	1.00	1.00	1.00	—	125,050
Manager Airport	1.00	1.00	1.00	1.00	—	215,218
Manager Maintenance Operations	1.00	1.00	1.00	1.00	—	143,312
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>4.50</b>	<b>4.50</b>	<b>6.50</b>	<b>6.50</b>	<b>—</b>	<b>\$833,966</b>
Temporary/Hourly	1.44	1.92	1.44	1.44	—	\$88,678
<b>Total Positions</b>	<b>5.94</b>	<b>6.42</b>	<b>7.94</b>	<b>7.94</b>	<b>—</b>	<b>\$922,643</b>

# PUBLIC WORKS

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>7.94</b>	<b>5,027,515</b>	<b>3,848,160</b>	<b>1,179,355</b>
<b>One-Time Prior Year Budget Adjustments</b>				
FY 2022 Supplemental Pension Trust Fund Contributions	-	(5,859)	-	(5,859)
Airport Fee Study	-	(25,000)	-	(25,000)
Disenfranchised Business Enterprise (DBE) Plan and Update	-	(35,000)	-	(35,000)
Hangar Door Repair	-	(75,000)	-	(75,000)
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>(140,859)</b>	<b>-</b>	<b>(140,859)</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	141,914	-	141,914
Capital Improvement Program and FAA Grant Funding	-	(890,500)	(308,450)	(582,050)
Miscellaneous Revenue	-	-	1,680	(1,680)
Rental Income	-	-	25,510	(25,510)
Revenue Adjustments (2% increases for Tie-Down & Hangar Fees, Parking, and Fuel)	-	-	34,060	(34,060)
Transfer to Technology Fund (Citywide Technology CIP)	-	400	-	400
General Fund Cost Allocation Plan	-	86,746	-	86,746
Communications Allocated Charges	-	9	-	9
Information Technology Allocated Charges	-	19,299	-	19,299
Liability Insurance Allocated Charges	-	(1,857)	-	(1,857)
Printing & Mailing Services Allocated Charges	-	(4,000)	-	(4,000)
Public Works Administration Allocated Charges	-	6,542	-	6,542
Utilities Allocated Charges	-	41,827	-	41,827
Vehicle Replacement & Maintenance Allocated Charges	-	831	-	831
Workers' Compensation Allocated Charges	-	5,608	-	5,608
<b>Adjustments to Costs of Ongoing Activities</b>	<b>-</b>	<b>(593,182)</b>	<b>(247,200)</b>	<b>(345,982)</b>
<b>Total FY 2024 Base Budget</b>	<b>7.94</b>	<b>4,293,474</b>	<b>3,600,960</b>	<b>692,514</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Budget Adjustments</b>				
1. Airport Facilities Staffing	-	-	-	-
2. FY 2024 Enhancement of Information Technology (IT) Services	-	3,517	-	3,517
<b>Total Budget Adjustments</b>	-	<b>3,517</b>	-	<b>\$3,517</b>
<b>Total FY 2024 Adopted Budget</b>	<b>7.94</b>	<b>4,296,991</b>	<b>3,600,960</b>	<b>696,031</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Airport Facilities Staffing	-	-	-	-

This action reclassifies 2.50 FTE Facilities Technician to 2.50 FTE Airport Specialist II. It is recommended to align the classification title with the most recent updates in the Service Employees International Union (SEIU) agreement (CMR 2301-0719). There are no cost implications to this adjustment. (Ongoing cost: \$0)

**Performance Results**



This actions ensures consistency with updated labor agreements.

2. FY 2024 Enhancement of Information Technology (IT) Services	-	3,517	-	3,517
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This action increases allocated charges for IT services to the Public Works Department Airport Fund by \$3,517 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$3,517)

**Performance Results**



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

# REFUSE FUND

## Description

Public Works provides refuse-related services on a user charge basis to Palo Alto's residents and businesses. The Refuse Fund goals are to minimize waste generation, maximize recycling and reuse to meet and exceed the City's Zero Waste goals, protect the environment by safely collecting and disposing of household hazardous waste, and maintain and monitor the City's closed landfill.

## Accomplishments

- Amended the GreenWaste Palo Alto contract to implement the Council directive requiring mixed paper and mixed rigid plastics to be processed domestically instead of sending these materials to international markets.
- Conducted new procurement of recovered organic waste products to ensure compliance with the State's SB1383 Short-Lived Climate Pollutants requirements; conducted residential and commercial route reviews to check for contamination of refuse containers; and continued collaboration with Santa Clara County and other jurisdictions on the county-wide edible food recovery requirements for food services establishments.
- Continued active engagement with multi-family complexes by conducting inspections and requiring better sorting to reduce contamination of the City's recyclable materials in order to meet improved market demands for cleaner materials to be marketed beneficially, and to improve waste diversion from landfills.
- Led regional dialogue through multiple forums on traceability and international shipments of recyclable materials and joined the National Stewardship Action Council working group on the Plastic Pollution Prevention and Packaging Producer Responsibility Act (SB54) to further influence the reduction of plastics and international shipping of recyclable materials.
- Launched new outreach campaign on Zero Waste Living to meet Zero Waste Plan initiative to promote waste prevention and reduction to the residential and business communities.
- Assessed compliance of food service establishments with the Foodware Ordinance that bans specific single-use plastic items and requires compostable alternatives.

## Initiatives

- Create and conduct new outreach campaign on food waste reduction and connection to reducing greenhouse gases.
- Expand waste prevention outreach and technical assistance to the commercial sector.
- Conduct community engagement to obtain input to further expand the Foodware Ordinance to prohibit additional single-use disposable plastics and prioritize more environmentally friendly alternatives.

- Evaluate the ability of deconstruction projects to meet the new Deconstruction and Construction Materials Management Ordinance and develop a strategy to expand the ordinance into future phases.

# Goals and Objectives

## Goal 1

Minimize waste generation and maximize recycling and reuse programs to achieve zero waste to landfills by 2030.

### Objectives:

- Promote waste prevention, reuse, recycling, and composting through educational programs and outreach to increase public participation.
- Reduce waste sent to landfills by implementing new programs and enforcing existing requirements such as the recycling and composting ordinance.
- Develop and recommend new innovative policies and programs to minimize and divert waste and other problem materials.

## Goal 2

Protect the environment by providing convenient, weekly, and local household hazardous waste collection services to residents and small businesses.

### Objectives:

- Increase participation in the City's Household Hazardous Waste collection services through educational programs and outreach.
- Promote the reuse of good household products to residents at the City's Household Hazardous Waste Station.

## Goal 3

Effectively manage the City's closed landfill to meet all regulatory requirements and minimize the impacts of postclosure maintenance on Byxbee Park users.

### Objectives:

- Perform annual repairs of settled landfill areas to minimize the impacts of periodic larger repairs to park users.
- Maintain a comprehensive preventative maintenance program for the landfill environmental control systems.

# Key Performance Measures

## NUMBER OF HOUSEHOLDS SERVICED THROUGH THE HOUSEHOLD HAZARDOUS WASTE PROGRAM ON AN ANNUAL BASIS

Goal	Protect the environment by providing convenient, weekly, and local household hazardous waste collection services to residents and small businesses.				
Objective	Increase participation with the City’s Household Hazardous Waste collection services through educational programs and outreach. Promote the reuse of good household products to residents at the City’s Household Hazardous Waste Station reuse storage cabinets.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Number of households participating in the Household Hazardous Waste program	6,124	5,557	5,800	4,744	5,200
Description	The number of households serviced at the Household Hazardous Waste Station is a direct measurement of the usage of the program which indirectly measures the convenience and public awareness of the program.				
Purpose	The more the residents use the Household Hazardous Waste collection program, the less likely unused hazardous products may be disposed in the garbage or down the drain.				
Status	The City’s Household Hazardous Waste Program continues to have one of the highest public participation rates in the state at 19.1% in FY 2022. By comparison, the County of Santa Clara Household Hazardous Waste Program had a participation rate of 5.7%.				

## PERCENTAGE OF HOUSEHOLDS WITH MINI-CAN GARBAGE SERVICE

Goal	Minimize waste generation and maximize recycling and reuse programs in order to achieve zero waste (95%) to landfills by 2030.				
Objective	Promote recycling, composting, and reuse through educational programs and outreach in order to increase public participation.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Percent of households with mini-can garbage service	47%	48%	48%	49%	49%
Description	The percentage of households with mini-can garbage service measures reductions in residential garbage generation. As more residents participate in the City’s Zero Waste programs and elect smaller mini-can garbage service, their garbage volume will be reduced. This increases the City’s diversion from landfill disposal and helps the community meet its zero waste and sustainability goals.				
Purpose	Verify if residents are reducing their garbage generation to achieve zero waste to landfills by 2030.				

## PUBLIC WORKS

# Key Performance Measures

Status	The trend of residents downsizing their garbage carts and decreasing the amount of garbage landfilled by diverting their recyclable and compostable materials has stabilized. Staff updated methodology in FY 2021 on accounts with default residential service, resulting in a more accurate and higher tally of mini-can service.
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### PERCENTAGE OF WASTE DIVERTED FROM LANDFILLS

Goal	Minimize waste generation and maximize recycling and reuse programs to achieve zero waste (95%) to landfills by 2030.				
Objective	Promote recycling, composting, and reuse through educational programs and outreach to increase public participation.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percentage of waste diverted from landfills*	84%	84%	85%	84%	85%
Description	The percent of waste diverted from landfills is derived from both the amount of waste sent to landfills in the previous calendar year based on data from CalRecycle and the per capita disposal rate in landfills and it measures the effectiveness of Zero Waste programs.				
Purpose	Track waste generation and verify the City is meeting its zero waste goals.				
Status	The City's waste diversion percentage was stable at 84% in FY 2022, is estimated to continue at 84% in FY 2023, and is estimated to increase slightly in FY 2024.				
	*This diversion number is based on the State's calculation for calendar year 2021 when there was less than a 1% increase in the amount of waste landfilled compared to the previous year.				

# Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Tons of materials recycled or composted	46,168	49,467	52,000	50,000	51,000
Number of inspections performed annually on recycling and compost sorting compliance	86	82	95	519	523
Number of complete deconstruction of structures	16	57	60	60	60

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Refuse Administration	2,325,202	1,701,243	1,648,976	1,752,719	103,743	6.3%
Refuse Collection, Hauling and Disposal: Operations	22,697,116	23,934,838	26,329,104	27,555,453	1,226,349	4.7%
Refuse Solid Waste: Operations	2,402,109	3,479,956	4,074,865	4,342,592	267,727	6.6%
Refuse Street Sweeping	1,360,245	1,434,251	1,818,126	2,262,317	444,191	24.4%
<b>Total Dollars by Division</b>	<b>\$28,784,672</b>	<b>\$30,550,287</b>	<b>\$33,871,070</b>	<b>\$35,913,081</b>	<b>\$2,042,011</b>	<b>6.0%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	276,808	271,763	285,663	338,490	52,827	18.5%
Other Benefits	52,865	60,340	66,422	64,282	(2,140)	(3.2)%
Overtime	21,788	32,700	47,696	51,847	4,151	8.7%
Pension	632,178	702,540	766,843	825,822	58,979	7.7%
Retiree Medical	214,998	218,513	196,494	184,497	(11,997)	(6.1)%
Salary	1,693,763	1,678,471	1,867,126	2,119,412	252,286	13.5%
Workers' Compensation	72,883	74,944	70,525	70,638	113	—%
<b>Total Salary and Benefits</b>	<b>\$2,965,282</b>	<b>\$3,039,271</b>	<b>\$3,300,770</b>	<b>\$3,654,990</b>	<b>\$354,219</b>	<b>10.7%</b>
Utility Purchase	17,473,805	19,577,600	19,770,000	21,120,000	1,350,000	6.8%
Contract Services	5,146,950	5,430,884	8,264,882	8,529,620	264,738	3.2%
Supplies & Material	73,654	60,006	142,805	142,805	—	—%
General Expense	22,200	20,890	112,425	112,425	—	—%
Rents & Leases	987,436	106,794	137,780	143,130	5,350	3.9%
Debt Service	196,509	—	—	—	—	—%
Facilities & Equipment	—	—	3,000	3,000	—	—%
Allocated Charges	1,888,461	2,294,291	2,069,808	2,185,612	115,804	5.6%
Transfer to Infrastructure	10,250	—	27,000	10,000	(17,000)	(63.0)%

# PUBLIC WORKS

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Operating Transfers-Out	20,125	20,550	42,600	11,500	(31,100)	(73.0)%
<b>Total Dollars by Category</b>	<b>\$28,784,672</b>	<b>\$30,550,287</b>	<b>\$33,871,070</b>	<b>\$35,913,081</b>	<b>\$2,042,011</b>	<b>6.0%</b>
<b>Revenues</b>						
Charges for Services	34,902	34,991	34,000	34,000	—	—%
Charges to Other Funds	160,552	162,976	162,579	162,579	—	—%
Net Sales	28,398,387	29,183,301	30,853,193	30,853,193	—	—%
Other Revenue	2,202,320	2,429,479	2,311,000	2,311,000	—	—%
Other Taxes and Fines	3,800	1,050	—	—	—	—%
Return on Investments	474,445	461,723	403,900	570,100	166,200	41.1%
<b>Total Revenues</b>	<b>\$31,274,406</b>	<b>\$32,273,521</b>	<b>\$33,764,673</b>	<b>\$33,930,873</b>	<b>\$166,200</b>	<b>0.5%</b>
<b>Positions by Division</b>						
Refuse Administration	0.43	0.43	0.43	0.43	—	—%
Refuse Collection, Hauling and Disposal: Operations	1.00	1.00	1.00	1.00	—	—%
Refuse Solid Waste: Operations	11.82	11.82	11.92	11.92	—	—%
Refuse Street Sweeping	2.68	2.68	2.68	2.68	—	—%
<b>Total Positions by Division</b>	<b>15.93</b>	<b>15.93</b>	<b>16.03</b>	<b>16.03</b>	<b>—</b>	<b>—%</b>

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Account Specialist	0.10	—	—	—	—	—
Accountant	0.10	0.20	0.20	0.20	—	22,148
Assistant Director Public Works	0.35	0.35	0.35	0.35	—	73,823
Deputy Chief/Fire Marshal	0.03	0.03	—	—	—	—
Environmental Specialist	2.00	2.00	2.05	2.05	—	291,018
Facilities Maintenance Lead	1.00	1.00	1.00	1.00	—	126,485
Fire Marshal	—	—	0.03	0.03	—	6,479
Hazardous Materials Inspector	0.02	0.02	0.02	0.02	—	4,383
Landfill Technician	1.00	1.00	1.00	2.00	1.00	252,970
Management Analyst	0.43	0.43	0.43	0.43	—	48,203
Manager Environmental Control Program	3.00	3.00	3.05	3.05	—	507,226
Manager Maintenance Operations	0.46	0.46	0.46	0.46	—	68,411
Manager Solid Waste	1.00	1.00	1.00	1.00	—	178,963
Program Assistant I	1.00	1.00	1.00	1.00	—	91,208
Project Manager	0.20	0.20	0.20	0.20	—	27,173
Senior Accountant	0.10	0.10	0.10	0.10	—	12,343
Senior Management Analyst	0.08	0.08	0.08	0.08	—	11,981
Street Maintenance Assistant	1.00	1.00	1.00	—	(1.00)	—
Street Sweeper Operator	1.63	1.63	1.63	1.63	—	170,876
Zero Waste Coordinator	1.00	1.00	1.00	1.00	—	117,291
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>14.50</b>	<b>14.50</b>	<b>14.60</b>	<b>14.60</b>	<b>—</b>	<b>\$2,010,980</b>
Temporary/Hourly	1.43	1.43	1.43	1.43	—	\$69,305
<b>Total Positions</b>	<b>15.93</b>	<b>15.93</b>	<b>16.03</b>	<b>16.03</b>	<b>—</b>	<b>\$2,080,285</b>

# PUBLIC WORKS

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>16.03</b>	<b>33,871,070</b>	<b>33,764,673</b>	<b>106,397</b>
<b>One-Time Prior Year Budget Adjustments</b>				
FY 2022 Supplemental Pension Trust Fund Contributions	-	(17,213)	-	(17,213)
Electric Vehicle Charging Stations and Installation	-	(390,000)	-	(390,000)
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>(407,213)</b>	<b>-</b>	<b>(407,213)</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	330,931	-	330,931
Landfill Vegetation Maintenance	-	26,423	-	26,423
Refuse Collection & Recycling	-	1,350,000	-	1,350,000
Solid Waste Processing	-	230,000	-	230,000
Rents and Leases Expenditures	-	5,350	-	5,350
Return on Investments	-	-	166,200	(166,200)
Street Sweeping	-	398,315	-	398,315
Transfer to Capital Improvement Fund	-	(17,000)	-	(17,000)
Transfer to Technology Fund (Citywide Technology CIP)	-	(31,100)	-	(31,100)
General Fund Cost Allocation Plan	-	61,094	-	61,094
Communications Allocated Charges	-	54	-	54
Grounds Maintenance Allocated Charges	-	(26,423)	-	(26,423)
Industrial Waste Discharge Fee Allocated Charges	-	-	-	-
Information Technology Allocated Charges	-	87,669	-	87,669
Liability Insurance Allocated Charges	-	(28,886)	-	(28,886)
Printing & Mailing Services Allocated Charges	-	(33,100)	-	(33,100)
Public Works Administration Allocated Charges	-	13,083	-	13,083
Stormwater Management Allocated Charges	-	165	-	165
Utilities Allocated Charges	-	9,479	-	9,479
Vehicle Replacement & Maintenance Allocated Charges	-	14,563	-	14,563
Workers' Compensation Allocated Charges	-	113	-	113

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Adjustments to Costs of Ongoing Activities</b>	-	2,390,730	166,200	2,224,530
<b>Total FY 2024 Base Budget</b>	16.03	35,854,587	33,930,873	1,923,714
<b>Budget Adjustments</b>				
1. FY 2024 Enhancement of Information Technology (IT) Services	-	18,106	-	18,106
2. Zero Waste Team Staffing	-	40,388	-	40,388
<b>Total Budget Adjustments</b>	-	58,494	-	58,494
<b>Total FY 2024 Adopted Budget</b>	16.03	35,913,081	33,930,873	1,982,208

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. FY 2024 Enhancement of Information Technology (IT) Services	-	18,106	-	18,106

This action increases allocated charges for IT services to the Public Works Department Refuse Fund by \$18,106 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$18,106)

**Performance Results**



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

2. Zero Waste Team Staffing	-	40,388	-	40,388
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This action reclassifies 1.00 Street Maintenance Assistant position to 1.00 Landfill Technician position on the Zero Waste Team that monitors the closed landfill. The reclassification will allow the position to assess increasingly technical troubleshooting needs and expand field oversight requirements associated with an aging landfill. (Ongoing cost: \$43,468)

**Performance Results**



The staffing change will ensure continued effectiveness and efficiency in complying with federal, state, and local regulations related to the operations and maintenance of the closed landfill.

# STORMWATER MANAGEMENT FUND

## Description

The City's stormwater management services are funded through user fees charged to property owners of developed parcels in Palo Alto. Stormwater management activities include inspection, cleanup, operation, maintenance, regulatory compliance, and replacement of and improvement to the storm drainage system to ensure adequate local drainage and reduce stormwater runoff impacts consistent with the 2015 Stormwater Master Plan and the 2019 Green Stormwater Infrastructure Plan. The Fund also provides litter reduction, urban pollution prevention programs, commercial and residential rebates, nature-based approaches to managing flooding and water quality impacts (i.e., green stormwater infrastructure), and flooding emergency-response services with the goals of reducing stormwater runoff and maintaining stormwater quality protection for discharge to creeks and San Francisco Bay.

## Accomplishments

- Completed the 2022 Storm Drainage System Replacement and Rehabilitation Project (SD-06101) on-time and within budget.
- Secured easements needed to complete the design and construct the two small pump stations and wet wells within private property for: Corporation Way System Upgrades and Pump Station Project (SD-21000), West Bayshore Road Pump Station Project (SD-20000), and West Bayshore Road Trunk Line Improvements Project (SD-23000).
- Started in-house design and completed potholing for the next two CIP projects: East Meadow Drive East to Adobe Creek Pump Station Project (SD-22000) and East Meadow Circle System Upgrades Project (SD-26000).
- Continued implementation of the City's Green Stormwater Infrastructure (GSI) Plan accepted by City Council in 2019.
- Completed design on the Trash Capture Device Project (SD-22002) in partnership with California Department of Transportation.

# Initiatives

- Continue implementing the 13 high-priority Stormwater Management projects outlined in the Storm Water Management Fee ballot measure passed in April 2017. Complete the construction of Corporation Way System Upgrades and Pump Station Project (SD-21000). This project was identified as one of the two highest priority projects in the 2015 Storm Drain Master Plan.
- Continue to assist the San Francisquito Creek Joint Powers Authority (SFCJPA) with public outreach, environmental documents, and plan review for the San Francisquito Creek: Upstream to Highway 101 project, for which SFCJPA is working on securing regulatory permits for FY 2024.
- Continue to improve the existing drainage systems to minimize localized flooding throughout the City as part of the Storm Drain Rehabilitation and Replacement Project (SD-06101) in coordination with other City improvement projects.
- Complete Stormwater Ordinance revisions to reflect new Municipal Regional Stormwater Permit requirements.
- Complete the Green Stormwater Infrastructure Engineering Specifications Handbook and Maintenance and Monitoring Manual.
- Continue developing the Southgate Stewardship Program, a partnership with neighbors and Grassroots Ecology (a local native plant restoration and stewardship organization) to renovate and maintain neighborhood green stormwater infrastructure.
- Update the City's Long-Term Trash Reduction Plan to achieve, by July 2025, 100% reduction in the volume of trash entering local creeks and San Francisco Bay through local storm drains.
- Complete construction for the Trash Capture Device Project (SD-22002) in partnership with California Department of Transportation.

# Goals and Objectives

## Goal 1

Effectively manage the storm drain system to ensure adequate local drainage.

### Objectives:

- Systematically clean storm drain lines to prevent backups and ponding on City streets.
- Complete the 13 high-priority stormwater management projects, Green Stormwater Infrastructure improvements, and the Storm Drain Blue Ribbon Committee's recommendation for stormwater management programs outlined in the Storm Water Management Fee ballot measure passed in April 2017.
- Assist with inter-agency projects such as the San Francisquito Creek: Upstream to Highway 101 project, Flood Basin Tide Gate Replacement project, and planning for Sea Level Rise through efforts initiated by the US Army Corps of Engineers and Valley Water's Shoreline Feasibility Study Phase II.

## Goal 2

Reduce stormwater runoff and protect the quality of waters discharged to creeks and San Francisco Bay.

### Objectives:

- Continue to comply with the 2015 Municipal Regional Stormwater Discharge Permit through programmatic efforts and evaluate requirements and resources needed for the new permit, which will be effective July 1, 2022.

- Conduct regular inspections of commercial facilities, industrial facilities, and construction sites as well as responding appropriately to illicit discharges to ensure compliance with stormwater discharge regulations.
- Update ordinance requirements to comply with new permit requirements.

## Key Performance Measures

### CITIZEN SURVEY - STORM DRAIN

Goal	Effectively manage the storm drainage system to ensure adequate local drainage.				
Objective	Measure ratings from residents on the quality of storm drainage.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of respondents rating the quality of storm drainage as good or excellent*	N/A	84%	85%	85%	85%
Description	This data is collected as part of the Palo Alto Community Survey that is conducted annually. The measure asks residents to rate their perception of storm drain management.				
Purpose	Obtain feedback from residents on whether storm drains are being maintained adequately in order to determine if the program’s resources are appropriate.				
Status	*The National Citizen’s Survey was not completed for FY 2021, because it was transitioned from the City Auditor’s Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.				

### NUMBER OF CAPITAL PROJECTS ON THE STORM DRAINAGE FEE BALLOT MEASURE COMPLETED

Goal	Effectively manage the storm drainage system to ensure adequate local drainage.				
Objective	Manage a capital improvement program that utilizes annual revenues and staff resources in an efficient manner to complete capital improvement projects resulting from Storm Ballot Measures.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of 2017 Ballot Measure capital projects completed - as of June 30	1	1	2	2	3
Description	Public Works Engineering Services staff manages a capital improvement program to increase the capacity and maintain the condition of the storm system infrastructure in accordance with Storm Ballot Measures.				
Purpose	The storm drain system must be improved and maintained on a regular basis so that it will continue to provide service to the community.				

## Key Performance Measures

Status	Thirteen capital improvement projects were identified in the 2017 Storm Water Management Fee ballot measure. The construction of the first of the thirteen projects was completed in FY 2021. Construction of the next three projects is scheduled to be phased over FY 2023 through FY 2025 with the Corporation Way System Upgrades and Pump Station (SD-21000) project anticipated to be completed in FY 2023. In FY 2024, five CIP projects are under design: (SD-20000, SD-21000, SD-22000, SD-23000, SD-26000).
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### PERCENT OF INSPECTIONS IN COMPLIANCE WITH STORM WATER REGULATIONS

Goal	Reduce stormwater runoff and protect the quality of waters discharged to creeks and San Francisco Bay.				
Objective	Conduct regular inspections to ensure compliance.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of inspections in compliance with stormwater regulations	95%	92%	90%	90%	90%
Description	Watershed Protection staff conducts a comprehensive program of public outreach and education, site inspections, and enforcement actions to prevent pollutants from contaminating stormwater runoff. Inspections are conducted at industrial facilities, commercial facilities, construction sites, and other outdoor activities.				
Purpose	Stormwater pollution prevention activities are required by the Municipal Regional Stormwater Discharge Permit issued to the City by the San Francisco Bay Regional Water Quality Control Board. Controlling pollutant discharges to the storm drain system helps to improve the water quality in local creeks and San Francisco Bay.				
Status	Watershed Protection staff conducts inspections at commercial and industrial facilities, food facilities, construction projects, stormwater treatment measures, and recycled water user sites and investigates reported illicit discharges to ensure compliance with the City's stormwater regulations. Staff's recurring goal is to attain 90% compliance each year. Staff anticipates attaining a compliance rate of at least 90% in FY 2024.				

## Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of inspections performed annually (Stormwater Management)	450	485	600	500	500

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Stormwater Environmental Compliance	1,129,745	1,028,885	1,372,327	1,495,817	123,490	9.0%
Stormwater Management Administration	1,356,654	1,136,299	2,167,916	2,307,898	139,982	6.5%
Stormwater Operations and Maintenance	1,168,178	1,334,571	1,984,804	2,132,979	148,175	7.5%
Stormwater Systems Improvement Flood Control	249,986	359,546	729,641	755,984	26,343	3.6%
CIP Stormwater Management Fund	3,053,839	1,531,744	7,538,569	10,348,590	2,810,021	37.3%
<b>Total Dollars by Division</b>	<b>\$6,958,401</b>	<b>\$5,391,045</b>	<b>\$13,793,257</b>	<b>\$17,041,268</b>	<b>\$3,248,011</b>	<b>23.5%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	214,285	217,153	323,909	316,160	(7,749)	(2.4)%
Other Benefits	38,794	43,043	58,788	57,626	(1,162)	(2.0)%
Overtime	40,326	41,947	56,416	61,326	4,910	8.7%
Pension	561,271	602,905	722,942	793,666	70,724	9.8%
Retiree Medical	146,627	149,024	115,128	126,490	11,363	9.9%
Salary	1,349,236	1,279,565	1,702,139	1,972,789	270,649	15.9%
Workers' Compensation	63,741	65,543	66,138	66,683	545	0.8%
<b>Total Salary and Benefits</b>	<b>\$2,414,280</b>	<b>\$2,399,180</b>	<b>\$3,045,459</b>	<b>\$3,394,740</b>	<b>\$349,280</b>	<b>11.5%</b>
Contract Services	399,788	446,021	915,379	929,379	14,000	1.5%
Supplies & Material	69,821	64,998	93,726	96,126	2,400	2.6%
General Expense	28,463	26,238	149,800	147,400	(2,400)	(1.6)%
Rents & Leases	18,875	25,348	26,156	27,156	1,000	3.8%
Debt Service	172,222	131,359	949,300	949,300	—	—%
Facilities & Equipment	—	8,693	7,621	7,621	—	—%

# PUBLIC WORKS

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Allocated Charges	891,820	992,917	1,591,162	1,733,820	142,658	9.0%
Transfer to Infrastructure	149,600	—	—	—	—	—%
Operating Transfers-Out	4,550	5,880	14,900	10,200	(4,700)	(31.5)%
Capital Improvement Program	2,808,983	1,290,410	6,999,754	9,745,527	2,745,773	39.2%
<b>Total Dollars by Category</b>	<b>\$6,958,401</b>	<b>\$5,391,045</b>	<b>\$13,793,257</b>	<b>\$17,041,268</b>	<b>\$3,248,011</b>	<b>23.5%</b>
<b>Revenues</b>						
Charges for Services	71,085	65,255	81,120	81,120	—	—%
Charges to Other Funds	3,315	3,380	—	—	—	—%
From Other Agencies	—	—	613,000	1,216,351	603,351	98.4%
Net Sales	7,734,575	7,857,009	8,167,000	8,568,000	401,000	4.9%
Other Revenue	199	1,613	—	—	—	—%
Other Taxes and Fines	1,100	1,650	2,500	2,500	—	—%
Return on Investments	145,709	155,059	109,500	189,300	79,800	72.9%
<b>Total Revenues</b>	<b>\$7,955,983</b>	<b>\$8,083,967</b>	<b>\$8,973,120</b>	<b>\$10,057,271</b>	<b>\$1,084,151</b>	<b>12.1%</b>
<b>Positions by Division</b>						
Stormwater Environmental Compliance	4.59	4.59	4.67	4.67	—	—%
Stormwater Management Administration	0.80	0.80	0.80	0.80	—	—%
Stormwater Operations and Maintenance	5.00	5.00	5.00	5.00	—	—%
Stormwater Systems Improvement Flood Control	0.79	0.79	0.79	0.79	—	—%
CIP Stormwater Management Fund	2.37	2.37	2.37	2.37	—	—%
<b>Total Positions by Division</b>	<b>13.55</b>	<b>13.55</b>	<b>13.63</b>	<b>13.63</b>	<b>—</b>	<b>—%</b>

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Account Specialist	0.10	—	—	—	—	—
Accountant	0.05	0.15	0.15	0.15	—	16,880
Administrative Associate I	0.10	—	—	—	—	—
Administrative Associate II	0.15	0.15	0.15	0.15	—	13,485
Administrative Associate III	0.10	0.20	0.20	0.20	—	19,273
Assistant Director Public Works	0.30	0.30	0.30	0.30	—	66,603
Associate Engineer	1.19	1.19	1.19	1.24	0.05	190,577
Electrician	0.10	0.10	0.10	0.10	—	13,626
Electrician-Lead	1.00	1.00	1.00	1.00	—	145,912
Engineer	0.90	0.90	0.90	0.90	—	155,807
Engineering Technician III	0.25	0.25	0.25	0.20	(0.05)	23,204
Environmental Specialist	—	—	0.04	0.04	—	5,678
Equipment Operator	0.54	0.54	0.54	0.54	—	56,733
Heavy Equipment Operator	0.90	0.90	0.90	0.90	—	113,162
Heavy Equipment Operator-Lead	1.15	1.15	1.15	1.15	—	154,595
Industrial Waste Inspector	0.40	0.40	0.40	0.40	—	47,715
Industrial Waste Investigator	1.00	1.00	1.00	1.00	—	134,014
Management Analyst	0.30	0.30	0.30	0.30	—	36,063
Manager Environmental Control Program	0.70	0.70	0.74	0.74	—	118,279
Manager Maintenance Operations	0.50	0.50	0.50	0.50	—	74,870
Manager Watershed Protection	0.20	0.20	0.20	0.20	—	35,264
Program Assistant II	0.60	0.60	0.60	0.60	—	58,818
Project Engineer	0.83	0.83	0.83	0.83	—	154,616

# PUBLIC WORKS

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Project Manager	0.55	0.55	0.55	0.55	—	72,713
Senior Accountant	0.10	0.10	0.10	0.10	—	12,343
Senior Engineer	0.76	0.76	0.76	0.76	—	154,871
Senior Industrial Waste Investigator	0.10	0.10	0.10	0.10	—	15,369
Surveyor, Public Works	0.12	0.12	0.12	0.12	—	15,131
Technologist	0.30	0.30	0.30	0.30	—	52,953
Traffic Controller Maintainer I	0.06	0.06	0.06	0.06	—	6,048
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>13.35</b>	<b>13.35</b>	<b>13.43</b>	<b>13.43</b>	—	<b>\$1,964,602</b>
Temporary/Hourly	0.20	0.20	0.20	0.20	—	\$8,320
<b>Total Positions</b>	<b>13.55</b>	<b>13.55</b>	<b>13.63</b>	<b>13.63</b>	—	<b>\$1,972,922</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>13.63</b>	<b>13,793,256</b>	<b>8,973,120</b>	<b>4,820,136</b>
<b>One-Time Prior Year Budget Adjustments</b>				
FY 2022 Supplemental Pension Trust Fund Contributions	-	(16,609)	-	(16,609)
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>(16,609)</b>	<b>-</b>	<b>(16,609)</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	364,425	-	364,425
Capital Improvement Program	-	2,749,965	603,351	2,146,614
Memberships and Permit Fees	-	14,000	-	14,000
Rents & Leases Expenditures	-	1,000	-	1,000
Return on Investments	-	-	79,800	(79,800)
Stormwater Rate Adjustment (4.9% CPI increase)	-	-	376,000	(376,000)
Transfer to Technology Fund (Citywide Technology CIP)	-	(4,700)	-	(4,700)
General Fund Cost Allocation Plan	-	17,000	-	17,000
Communications Allocated Charges	-	25	-	25
Information Technology Allocated Charges	-	99,938	-	99,938
Liability Insurance Allocated Charges	-	(26,345)	-	(26,345)
Printing & Mailing Services Allocated Charges	-	(4,500)	-	(4,500)
Public Works Administration Allocated Charges	-	9,813	-	9,813
Stormwater Management Allocated Charges	-	-	25,000	(25,000)
Utilities Allocated Charges	-	14,110	-	14,110
Vehicle Replacement & Maintenance Allocated Charges	-	10,703	-	10,703
Workers' Compensation Allocated Charges	-	545	-	545
<b>Adjustments to Costs of Ongoing Activities</b>	<b>-</b>	<b>3,245,979</b>	<b>1,084,151</b>	<b>2,161,828</b>
<b>Total FY 2024 Base Budget</b>	<b>13.63</b>	<b>17,022,626</b>	<b>10,057,271</b>	<b>6,965,354</b>

# PUBLIC WORKS

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Budget Adjustments</b>				
1. Public Works Engineering Services Private Development Group Staffing	-	919	-	919
2. FY 2024 Enhancement of Information Technology (IT) Services	-	17,723	-	17,723
<b>Total Budget Adjustments</b>	-	<b>18,642</b>	-	<b>18,642</b>
<b>Total FY 2024 Adopted Budget</b>	<b>13.63</b>	<b>17,041,268</b>	<b>10,057,271</b>	<b>6,983,996</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Public Works Engineering Services Private Development Group Staffing	-	919	-	919

This action reclassifies 1.00 Engineering Tech III position to 1.00 Associate Engineer position in the Public Works Engineering Services Private Development Group in order to accommodate an increased need for technically-complex expertise in public right-of-way permit review above the engineering technician level, driven by a significant expansion of applications for large housing developments and hotels. (Ongoing cost: \$1,354)

**Performance Results**   

The staffing change will allow Public Works to maintain efficient and timely review, approval, and management of high-priority housing and hotel development projects.

2. FY 2024 Enhancement of Information Technology (IT) Services	-	17,723	-	17,723
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This action increases allocated charges for IT services to the Public Works Department Stormwater Fund by \$17,723 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$17,723)

**Performance Results**   

This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.



CITY OF  
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ALTO**

# VEHICLE REPLACEMENT AND MAINTENANCE FUND

## Description

The Vehicle Replacement and Maintenance Fund is an internal service fund providing fleet management services for City vehicles and heavy equipment. Timely maintenance and replacement of vehicles and equipment ensures safe, reliable, and efficient use of resources. This program also provides for safe, efficient fuel storage and dispensing facilities while pursuing alternative fuel technologies, and minimizing the pollution and carbon footprint generated by the City's vehicle fleet.

## Accomplishments

- Delivered 7 vehicles and 7 pieces of equipment in FY 2022 to maintain safe, reliable, and efficient use of resources.
- Completed the annual vehicle utilization review per policy.
- Developed a 5-year vehicle replacement plan.
- Identified two vehicles for surplus, helping to reduce the size of the City Fleet.
- Awarded a contract for the supply of diesel and unleaded fuel.
- Awarded a contract for compressed natural gas (CNG) station maintenance and repair.
- Reduced fuel consumption due to newer vehicles providing a significant improvement in fuel efficiency and continued hybrid remote work schedules.

## Initiatives

- Perform a review of underutilized vehicles annually and remove vehicles from the fleet that do not meet the minimum usage requirements per policy.
- Continue to reduce the backlog of older vehicles and equipment that need to be replaced with more efficient vehicles/equipment to reduce the City's carbon footprint.
- Continue to increase the number of electric vehicles (EV) within the fleet through scheduled replacements. With the FY 2024 vehicle replacement program, increase the number of passenger and light truck EVs by 18, subject to vehicle availability and operational requirements.

# Goals and Objectives

## Goal 1

Ensure the City's vehicles, equipment, and fuel storage/dispensing facilities are safe, reliable, and energy efficient to reduce Greenhouse Gas (GHG) emissions.

### Objectives:

- Continue seeking opportunities to increase the number of electric and alternative fuel vehicles/equipment, thereby reducing fuel consumption.
- Continue providing staff training for safe operation and maintenance of vehicles/equipment and fueling stations.
- Annually review and update the 5-year vehicle/equipment replacement Capital Improvement Program to maximize cost-effectiveness, reduce GHG emissions, and explore opportunities to reduce the fleet.

## Goal 2

Provide cost-effective preventive maintenance and repair services.

### Objectives:

- Perform fleet utilization analyses annually to ensure the City has an appropriately sized fleet.
- Continue replacing the oldest, least efficient vehicles first; replacing with electric or alternative fuel vehicles when possible.
- Continue providing staff education and training.
- Annually assess rates for Compressed Natural Gas (CNG), shop and commercial maintenance and repairs, and parts to ensure cost-recovery.

## Key Performance Measures

### PERCENT OF NON-EMERGENCY VEHICLES IN FLEET THAT ARE USING ALTERNATE FUEL OR TECHNOLOGIES

Goal	Ensure the City’s vehicles, equipment, and storage/dispensing facilities are safe, reliable, and energy efficient.				
Objective	Increase the usage of alternative fuels.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of alternative fuel consumed by non-emergency vehicles	48%	50%	50%	44%	44%
Description	The City fleet is comprised of vehicles and equipment that are primarily gasoline, diesel, and compressed natural gas (CNG).				
Purpose	To move toward lower emissions goals, the City needs to increase the use of alternative fuel vehicles/equipment.				
Status	The City’s fleet used a total of 358,576 gallons of fuel in FY 2022 among unleaded, diesel, and natural gas. It used 177,960 gallons of compressed natural gas, which equates to 50% of alternative fuel use.				

## Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of vehicles and equipment that are alternatively fueled or electric	51	57	55	61	55
Number of vehicle repair and preventative maintenance work orders	3,053	2,632	3,000	3,049	3,500
Total number of vehicles and equipment in the City’s fleet	542	545	539	547	550

# PUBLIC WORKS

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Vehicle Operations and Maintenance	5,061,022	5,338,654	6,673,771	7,059,672	385,901	5.8%
Vehicle Replacement and Additions	3,582,384	1,180,481	6,868,354	6,460,434	(407,920)	(5.9)%
<b>Total Dollars by Division</b>	<b>\$8,643,406</b>	<b>\$6,519,135</b>	<b>\$13,542,124</b>	<b>\$13,520,106</b>	<b>\$(22,018)</b>	<b>(0.2)%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	258,126	256,765	328,619	348,450	19,831	6.0%
Other Benefits	45,737	52,535	57,105	53,608	(3,497)	(6.1)%
Overtime	3,794	8,303	64,613	70,236	5,623	8.7%
Pension	484,703	510,687	648,826	668,273	19,447	3.0%
Retiree Medical	145,803	148,187	145,361	130,502	(14,859)	(10.2)%
Salary	1,186,454	1,102,263	1,508,645	1,639,773	131,128	8.7%
Workers' Compensation	69,325	71,285	58,284	56,976	(1,309)	(2.2)%
<b>Total Salary and Benefits</b>	<b>\$2,193,942</b>	<b>\$2,150,025</b>	<b>\$2,811,454</b>	<b>\$2,967,817</b>	<b>\$156,364</b>	<b>5.6%</b>
Contract Services	401,759	393,564	524,147	563,982	39,835	7.6%
Supplies & Material	912,759	1,165,852	1,397,814	1,778,328	380,514	27.2%
General Expense	75,953	64,119	70,630	70,630	—	—%
Rents & Leases	336,049	343,995	357,591	375,291	17,700	4.9%
Facilities & Equipment	4,553	—	—	—	—	—%
Allocated Charges	1,140,608	1,440,176	1,435,111	1,650,908	215,797	15.0%
Transfer to Infrastructure	205,000	—	540,000	175,000	(365,000)	(67.6)%
Operating Transfers-Out	120,569	106,060	5,200	7,400	2,200	42.3%
Capital Improvement Program	3,252,213	855,343	6,400,178	5,930,750	(469,428)	(7.3)%
<b>Total Dollars by Category</b>	<b>\$8,643,406</b>	<b>\$6,519,135</b>	<b>\$13,542,124</b>	<b>\$13,520,106</b>	<b>\$(22,018)</b>	<b>(0.2)%</b>
<b>Revenues</b>						

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Charges to Other Funds	6,493,123	7,756,590	9,821,704	10,158,541	336,838	3.4%
Operating Transfers-In	105,055	331,002	80,000	80,000	—	—%
Other Revenue	518,228	162,071	155,000	155,000	—	—%
Return on Investments	208,392	189,753	164,200	251,400	87,200	53.1%
<b>Total Revenues</b>	<b>\$7,324,798</b>	<b>\$8,439,415</b>	<b>\$10,220,904</b>	<b>\$10,644,941</b>	<b>\$424,038</b>	<b>4.1%</b>
<b>Positions by Division</b>						
Vehicle Operations and Maintenance	13.61	11.71	11.71	11.93	0.22	1.9%
Vehicle Replacement and Additions	2.40	2.30	2.30	2.60	0.30	13.0%
<b>Total Positions by Division</b>	<b>16.01</b>	<b>14.01</b>	<b>14.01</b>	<b>14.53</b>	<b>0.52</b>	<b>3.7%</b>

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Assistant Director Public Works	0.25	0.25	0.25	0.25	—	50,892
Assistant Fleet Manager	1.00	1.00	1.00	1.00	—	124,571
Equipment Maintenance Service Person	2.00	1.00	1.00	2.00	1.00	162,906
Fleet Services Coordinator	1.00	1.00	1.00	2.00	1.00	219,024
Management Analyst	0.20	0.20	0.20	0.20	—	26,969
Management Assistant	1.00	1.00	1.00	1.00	—	104,686
Manager Fleet	1.00	1.00	1.00	1.00	—	145,621

# PUBLIC WORKS

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Motor Equipment Mechanic II	5.00	5.00	5.00	5.00	—	578,552
Motor Equipment Mechanic II (Freeze)	1.00	—	—	—	—	—
Motor Equipment Mechanic-Lead	2.00	2.00	2.00	1.00	(1.00)	123,760
Project Manager	1.00	1.00	1.00	1.00	—	130,832
Senior Management Analyst	0.08	0.08	0.08	0.08	—	11,981
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>15.53</b>	<b>13.53</b>	<b>13.53</b>	<b>14.53</b>	<b>1.00</b>	<b>\$1,679,794</b>
Temporary/Hourly	0.48	0.48	0.48	—	(0.48)	—
<b>Total Positions</b>	<b>16.01</b>	<b>14.01</b>	<b>14.01</b>	<b>14.53</b>	<b>0.52</b>	<b>\$1,679,794</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>14.01</b>	<b>13,542,124</b>	<b>10,220,904</b>	<b>3,321,220</b>
<b>One-Time Prior Year Budget Adjustments</b>				
FY 2022 Supplemental Pension Trust Fund Contributions	-	(25,719)	-	(25,719)
Building Inspection Staffing Increase	-	(80,000)	(80,000)	-
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>(105,719)</b>	<b>(80,000)</b>	<b>(25,719)</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	108,653	-	108,653
Capital Improvement Program	-	(464,966)	-	(464,966)
Fueling Costs	-	385,049	-	385,049
Rents & Leases Expenditure	-	17,700	-	17,700
Return on Investments	-	-	87,200	(87,200)
Standby Generator Maintenance	-	22,400	-	22,400
Transfer to Capital Improvement Fund	-	(365,000)	-	(365,000)
Transfer to Technology Fund (Citywide Technology CIP)	-	2,200	-	2,200
Underground Tank Inspections	-	12,900	-	12,900
General Fund Cost Allocation Plan	-	(19,241)	-	(19,241)
Communications Allocated Charges	-	13	-	13
Information Technology Allocated Charges	-	97,531	-	97,531
Liability Insurance Allocated Charges	-	(26,249)	-	(26,249)
Printing & Mailing Services Allocated Charges	-	(100)	-	(100)
Public Works Administration Allocated Charges	-	22,896	-	22,896
Utilities Allocated Charges	-	119,111	-	119,111
Vehicle Replacement & Maintenance Allocated Charges	-	-	336,838	(336,838)
Workers' Compensation Allocated Charges	-	(1,309)	-	(1,309)
<b>Adjustments to Costs of Ongoing Activities</b>	<b>-</b>	<b>(88,412)</b>	<b>424,038</b>	<b>(512,450)</b>
<b>Total FY 2024 Base Budget</b>	<b>14.01</b>	<b>13,347,993</b>	<b>10,564,942</b>	<b>2,783,051</b>

# PUBLIC WORKS

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Budget Adjustments</b>				
1. Fleet Team Administrative Staffing	-	(14,255)	-	(14,255)
2. Fire Department Utility Task Vehicle (UTV)	-	80,000	80,000	-
3. FY 2024 Enhancement of Information Technology (IT) Services	-	17,374	-	17,374
4. Fleet Team Equipment Service Staffing	0.52	88,993	-	88,993
<b>Total Budget Adjustments</b>	<b>0.52</b>	<b>172,113</b>	<b>80,000</b>	<b>92,113</b>
<b>Total FY 2024 Adopted Budget</b>	<b>14.53</b>	<b>13,520,106</b>	<b>10,644,942</b>	<b>2,875,164</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Fleet Team Administrative Staffing	-	(14,255)	-	(14,255)

This action reclassifies 1.00 Motorized Equipment Mechanic Lead position to 1.00 Fleet Coordinator position on the Vehicle Repair & Maintenance Fleet Team in order to align with day-to-day service-writer and administrative functions which do not require the higher-level mechanical expertise of the Mechanic Lead position. (Ongoing cost: -\$15,342)

**Performance Results**



This staffing change will align position function with the administrative needs of the Fleet Team and result in salary savings.

2. Fire Department Utility Task Vehicle (UTV)	-	80,000	80,000	-
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This action adds funding for an all-terrain utility task vehicle for use in the Palo Alto Foothills and during large events. In the Foothills Park, where hiking trails are popular, the Department often faces emergencies that require reaching victims on foot. The vehicle will help responders reach victims more safely and efficiently, reducing risks for both responders and patients. Additionally, at large events like sports games and sponsored Palo Alto events, the vehicle will enable easier and safer transportation of victims to ambulances in crowded areas, reducing risks and response times associated with using larger fire apparatus. (Ongoing cost: \$0)

**Performance Results**



This action will result in reduced risk and response time associated with specialty rescues.

3. FY 2024 Enhancement of Information Technology (IT) Services	-	17,374	-	17,374
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This action increases allocated charges for IT services to the Public Works Department Vehicle Fund by \$17,374 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$17,374)

**Performance Results**



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

4. Fleet Team Equipment Service Staffing	0.52	88,993	-	88,993
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This action reclassifies an hourly Maintenance Assistant position (0.48 FTE) to 1.00 Equipment Maintenance Service Person position on the Vehicle Repair & Maintenance Fleet Team. The Equipment Maintenance Service Person position had been replaced by the Maintenance Assistant position as a cost-saving strategy during the COVID-19 pandemic, but it resulted in a large portion of workload needing to be assumed by higher-level staff, thus interfering with performance of their own job responsibilities and lowering overall productivity. (Ongoing cost: \$94,937)

**Performance Results**



This staffing change will improve productivity and efficiency in the performance of vehicle maintenance and repair tasks and ensure safe operating conditions of the City's fleet.



CITY OF  
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ALTO**

# WASTEWATER TREATMENT FUND

## Description

The City's Regional Water Quality Control Plant (RWQCP) operates 24 hours a day to treat all wastewater from the City of Palo Alto and the City's five partner agency regional service areas (Mountain View, Los Altos, Los Altos Hills, Stanford, and East Palo Alto Sanitary District) to ensure compliance with regulations protecting the San Francisco Bay and the environment.

## Accomplishments

- Initiated construction for the Primary Sedimentation Tank Rehabilitation Project (WQ-14003), the Secondary Treatment Upgrades Project (WQ-19001), and the 12kV Loop Rehabilitation Project that is within the recurring Plant Repair, Retrofit, and Equipment Replacement Project (WQ-19002).

## Initiatives

- Complete design of the Advanced Water Purification Facility (WQ-19003), a 1.125 million gallon-per-day local salt removal facility, which will include microfiltration and reverse osmosis treatment systems.
- Complete updates for Sewer Use Ordinance, Hauled Waste Ordinance, and Fats, Oil, and Grease Ordinance.
- Partner with Valley Water to develop agreements to move forward the building of a Regional Purification Plant that purifies wastewater from the Regional Water Quality Control Plant.
- Create the initial draft of the One Water Plan in partnership with the Utilities Department.
- Complete the Primary Sedimentation Tank Rehabilitation Project (WQ-14003).
- Prepare to commission the first phase of the five-year Secondary Treatment Upgrades Project (WQ-19001).
- Begin a Long-Range Facilities Plan Update.

## Goals and Objectives

### Goal 1

Protect the environment and the public's health.

#### Objectives:

- Conduct regular inspections of commercial permittees to ensure compliance with all regulations.
- Complete new capital improvement projects to ensure the RWQCP's reliability.

## PUBLIC WORKS

- Conduct ongoing operation and maintenance.

### Goal 2

Operate high quality, cost-effective, and visually neutral facilities.

#### Objectives:

- Mitigate cost increases through effective maintenance of equipment and analysis of potential operational efficiencies.
- Follow the Palo Alto Baylands Nature Preserve Design Guidelines and the Architectural Review Board's recommendations when planning and constructing new facilities and buildings.

### Goal 3

Expand recycled water use.

#### Objectives:

- Improve recycled water quality through source control of salt water intrusion into sanitary sewers and potential future advanced treatment for recycled water.
- Conduct ongoing research on potential regional expansion of recycled water usage in the RWQCP's service areas.

## Key Performance Measures

### DISCHARGE TESTS IN COMPLIANCE

Goal	Protect the environment and the public's health.				
Objective	Maintain 99% discharge test compliance.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of wastewater treatment discharge tests in compliance	100%	100%	99%	100%	99%
Description	The plant has numerous effluent limits and requirements to meet as part of its National Pollutant Discharge Elimination System (NPDES) discharge permit for water discharged to the south San Francisco Bay. 99% or higher compliance with these limits is the goal of the RWQCP.				
Purpose	Measure compliance of the RWQCP treatment system's final water discharged compared to the limits established in the NPDES discharge permit.				
Status	Over 99% of discharge tests are expected to be in compliance with discharge limits in FY 2023 and FY 2024.				

# Key Performance Measures

## PERCENT OF PASSED FISH ACUTE TOXICITY BIOASSAY TESTS

Goal	Protect the environment and the public's health.				
Objective	Obtain fish acute toxicity bioassays with 100% survival.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Fish toxicity test (percent survival)	99%	100%	99%	100%	99%
Description	Percent of acute fish toxicity bioassay tests passed.				
Purpose	Fish survival in the bioassay is an indicator that the RWQCP discharges to the Bay are safe for receiving water marine life.				
Status	In FY 2021, all acute toxicity bioassay tests passed a state limit of a 90% survival rate with an annual average survival rate of 99%. This trend of nearly 100% survival is expected to continue in FY 2023 and FY 2024.				

# Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Millions of gallons of recycled water delivered	233	247	250	272	275
Number of inspections performed annually (Wastewater Treatment)	123	168	125	226	200
Millions of gallons processed by the Palo Alto Regional Water Quality Control Plant	5,529	5,971	6,800	6,800	6,800

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Wastewater Treatment Administration	719,500	723,668	5,130,944	5,256,409	125,464	2.4%
Wastewater Treatment Environmental Compliance	4,050,812	3,412,681	4,063,371	4,321,979	258,608	6.4%
Wastewater Treatment Systems Improvement Operations	19,215,814	21,370,334	20,681,923	22,905,017	2,223,094	10.7%
CIP Wastewater Treatment Fund	5,218,869	8,512,336	193,213,923	62,596,487	(130,617,436)	(67.6)%
<b>Total Dollars by Division</b>	<b>\$29,204,995</b>	<b>\$34,019,019</b>	<b>\$223,090,161</b>	<b>\$95,079,892</b>	<b>\$(128,010,270)</b>	<b>(57.4)%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	1,326,577	1,335,209	1,633,977	1,744,843	110,867	6.8%
Other Benefits	229,402	245,452	266,583	259,329	(7,254)	(2.7)%
Overtime	273,067	310,789	353,969	384,773	30,804	8.7%
Pension	2,930,603	3,205,020	3,593,736	3,895,041	301,305	8.4%
Retiree Medical	836,103	849,775	615,298	824,761	209,463	34.0%
Salary	7,299,877	7,359,812	8,647,160	9,995,026	1,347,866	15.6%
Workers' Compensation	332,894	342,307	332,969	331,807	(1,162)	—%
<b>Total Salary and Benefits</b>	<b>\$13,228,524</b>	<b>\$13,648,363</b>	<b>\$15,443,690</b>	<b>\$17,435,580</b>	<b>\$1,991,890</b>	<b>12.9%</b>
Contract Services	2,622,131	2,956,579	3,484,228	3,484,228	—	—%
Supplies & Material	1,628,903	1,656,194	2,094,393	2,216,393	122,000	5.8%
General Expense	459,088	457,690	640,669	700,669	60,000	9.4%
Rents & Leases	498	(21,378)	334,785	399,956	65,171	19.5%
Debt Service	701,034	683,136	1,468,851	1,468,851	—	—%
Facilities & Equipment	—	1,947	7,500	7,500	—	—%
Allocated Charges	5,527,678	6,278,028	6,769,320	7,205,082	435,762	6.4%
Operating Transfers-Out	—	14,000	26,900	16,400	(10,500)	(39.0)%

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Capital Improvement Program	5,037,138	8,344,460	192,819,825	62,145,232	(130,674,593)	(67.8)%
<b>Total Dollars by Category</b>	<b>\$29,204,995</b>	<b>\$34,019,019</b>	<b>\$223,090,161</b>	<b>\$95,079,892</b>	<b>\$(128,010,270)</b>	<b>(57.4)%</b>
<b>Revenues</b>						
Charges to Other Funds	53,558	64,841	66,756	68,057	1,301	1.9%
Net Sales	29,802,965	28,537,631	33,831,924	39,068,762	5,236,838	15.5%
Other Revenue	675,368	1,380,429	198,012,900	48,847,005	(149,165,895)	(75.3)%
Other Taxes and Fines	—	1,000	4,000	4,000	—	—%
Return on Investments	290,435	255,065	219,100	203,000	(16,100)	(7.3)%
<b>Total Revenues</b>	<b>\$30,822,326</b>	<b>\$30,238,966</b>	<b>\$232,134,680</b>	<b>\$88,190,824</b>	<b>\$(143,943,856)</b>	<b>(62.0)%</b>
<b>Positions by Division</b>						
Wastewater Treatment Administration	0.59	0.59	0.59	0.59	—	—%
Wastewater Treatment Environmental Compliance	13.34	13.34	13.34	13.34	—	—%
Wastewater Treatment Systems Improvement Operations	56.16	56.16	56.64	59.88	3.24	5.7%
CIP Wastewater Treatment Fund	1.30	1.30	1.30	1.30	—	—%
<b>Total Positions by Division</b>	<b>71.39</b>	<b>71.39</b>	<b>71.87</b>	<b>75.11</b>	<b>3.24</b>	<b>4.5%</b>

# PUBLIC WORKS

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Account Specialist	0.10	—	—	—	—	—
Accountant	0.25	0.35	0.35	0.35	—	37,951
Administrative Associate II	2.00	2.00	2.00	2.00	—	179,795
Assistant Director Public Works	0.65	0.65	0.65	0.65	—	139,013
Assistant Manager WQCP	2.00	2.00	2.00	2.00	—	328,973
Associate Engineer	1.81	1.81	1.81	1.81	—	278,181
Chemist	3.00	2.00	2.00	3.00	1.00	382,886
Deputy Chief/Fire Marshal	0.04	0.04	—	—	—	—
Electrician	2.90	2.90	2.90	2.90	—	395,156
Electrician-Lead	1.00	1.00	1.00	1.00	—	145,912
Engineer	—	—	—	1.00	1.00	173,118
Environmental Specialist	—	—	0.24	0.24	—	34,070
Fire Marshal	—	—	0.04	0.04	—	8,639
Hazardous Materials Inspector	0.02	0.02	0.02	0.02	—	4,383
Industrial Waste Inspector	2.60	2.60	2.60	2.60	—	310,149
Industrial Waste Investigator	0.15	0.15	0.15	0.15	—	20,102
Laboratory Technician WQC	3.00	3.00	3.00	3.00	—	342,576
Management Analyst	0.57	0.57	0.57	0.57	—	59,968
Manager Environmental Control Program	1.30	1.30	1.54	1.54	—	243,174
Manager Laboratory Services	1.00	1.00	1.00	1.00	—	156,582
Manager Water Quality Control Plant	1.00	1.00	1.00	1.00	—	223,454
Manager Watershed Protection	0.75	0.75	0.75	0.75	—	132,241
Plant Mechanic	7.00	7.00	7.00	7.00	—	832,250
Program Assistant II	1.40	1.40	1.40	1.40	—	137,243

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Project Engineer	1.00	1.00	1.00	2.00	1.00	372,570
Project Manager	0.60	0.60	0.60	0.60	—	78,499
Senior Accountant	0.10	0.10	0.10	0.10	—	12,343
Senior Buyer	1.00	1.00	1.00	1.00	—	130,915
Senior Chemist	1.00	2.00	2.00	2.00	—	283,587
Senior Engineer	3.00	3.00	3.00	3.00	—	593,445
Senior Industrial Waste Investigator	0.90	0.90	0.90	0.90	—	138,322
Senior Management Analyst	0.13	0.13	0.13	0.13	—	19,503
Senior Mechanic	1.00	1.00	1.00	1.00	—	130,437
Senior Operator WQC	6.00	6.00	6.00	6.00	—	813,821
Senior Technologist	1.00	1.00	1.00	1.00	—	166,317
Storekeeper	1.00	1.00	1.00	1.00	—	96,242
Supervisor WQCP Operations	3.00	3.00	3.00	3.00	—	421,907
Technologist	0.70	0.70	0.70	0.70	—	123,556
WQC Plant Operator II	16.00	16.00	16.00	16.00	—	1,913,600
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>68.97</b>	<b>68.97</b>	<b>69.45</b>	<b>72.45</b>	<b>3.00</b>	<b>\$9,860,880</b>
Temporary/Hourly	2.42	2.42	2.42	2.66	0.24	\$239,470
<b>Total Positions</b>	<b>71.39</b>	<b>71.39</b>	<b>71.87</b>	<b>75.11</b>	<b>3.24</b>	<b>\$10,100,350</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>71.87</b>	<b>223,090,162</b>	<b>232,134,681</b>	<b>(9,044,519)</b>
<b>One-Time Prior Year Budget Adjustments</b>				
FY 2022 Supplemental Pension Trust Fund Contributions		(81,783)		(81,783)
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>(81,783)</b>	<b>-</b>	<b>(81,783)</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	1,480,986	-	1,480,986
Capital Improvement Program	-	(130,671,895)	(149,176,210)	18,504,315
Memberships and Permit Fees	-	60,000	-	60,000
Recycled Water Operations	-	122,000	-	122,000
Rents and Leases Expenditures	-	65,171	-	65,171
Return on Investments	-	-	(16,100)	16,100
Transfer to Technology Fund (Citywide Technology CIP)	-	(10,500)	-	(10,500)
Tributary Agency Partner Contribution	-	-	5,236,838	(5,236,838)
Valley Water Reimbursement	-	-	10,315	(10,315)
General Fund Cost Allocation Plan	-	839,548	-	839,548
Communications Allocated Charges	-	13	-	13
Grounds Maintenance Allocated Charges	-	5,992	-	5,992
Industrial Waste Discharge Fee Allocated Charges	-	-	1,301	(1,301)
Information Technology Allocated Charges	-	(750,085)	-	(750,085)
Liability Insurance Allocated Charges	-	(139,254)	-	(139,254)
Printing & Mailing Services Allocated Charges	-	(11,000)	-	(11,000)
Public Works Administration Allocated Charges	-	13,083	-	13,083
Stormwater Management Allocated Charges	-	2,115	-	2,115
Utilities Allocated Charges	-	426,395	-	426,395
Vehicle Replacement & Maintenance Allocated Charges	-	7,887	-	7,887
Workers' Compensation Allocated Charges	-	(1,162)	-	(1,162)

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Adjustments to Costs of Ongoing Activities</b>	-	(128,560,705)	(143,943,856)	15,383,152
<b>Total FY 2024 Base Budget</b>	<b>71.87</b>	<b>94,447,673</b>	<b>88,190,824</b>	<b>6,256,849</b>
<b>Budget Adjustments</b>				
1. Wastewater Treatment Operations/Laboratory Summer Intern	0.24	12,914	-	12,914
2. FY 2024 Enhancement of Information Technology (IT) Services	-	38,370	-	38,370
3. Laboratory Wet Chemistry Staffing	1.00	158,924	-	158,924
4. Capital Improvement Group Engineering Staffing	1.00	204,422	-	204,422
5. Maintenance and Engineering Group Project Engineering Staffing	1.00	217,588	-	217,588
<b>Total Budget Adjustments</b>	<b>3.24</b>	<b>632,218</b>	<b>-</b>	<b>632,218</b>
<b>Total FY 2024 Adopted Budget</b>	<b>75.11</b>	<b>95,079,892</b>	<b>88,190,824</b>	<b>6,889,067</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Wastewater Treatment Operations/Laboratory Summer Intern	0.24	12,914	-	12,914

This action adds an hourly Management Specialist (0.24 FTE) position for a summer intern on the Wastewater Treatment (WWT) Operations/Laboratory team in order to perform additional checking of new work instructions, coordinate plant operations business processes, develop proper documentation of laboratory work instructions, and review documentation for new state-required laboratory regulations. This will increase the number of intern positions at the WWT Plant to three, allowing for an intern in three key areas: Watershed, Capital Improvements, and Operations/Laboratory. (Ongoing cost: \$13,167)

**Performance Results**



The additional staffing will enhance Operations/Laboratory productivity by supplementing workload capacity, and will also support the development of future workers in the government and wastewater sectors.

2. FY 2024 Enhancement of Information Technology (IT) Services	-	38,370	-	38,370
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This action increases allocated charges for IT services to the Public Works Department Wastewater Treatment Fund by \$38,370 for enhancements related to computer replacements, IT support for technology contracts, and application maintenance such as GIS modernization. For more information, please see the Information Technology Department section of this document for detailed descriptions of these recommended actions. (Ongoing cost: \$38,370)

**Performance Results**



This action ensures that the IT Department has sufficient resources to maintain current operations as well as provide necessary technology improvements.

3. Laboratory Wet Chemistry Staffing	1.00	158,924	-	158,924
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This action adds 1.00 Chemist position to the Regional Wastewater Quality Control Plant (RWQCP) laboratory in order to meet updated Environmental Laboratory Accreditation Program (ELAP) requirements involving a substantial workload increase for wet chemistry. This will increase the number of Chemist positions in the laboratory from 2.00 FTE to 3.00 FTE and the overall laboratory team from 8.00 FTE to 9.00 FTE. (Ongoing cost: \$169,881)

**Performance Results**



The additional staffing will enable the RWQCP laboratory to comply with the new ELAP requirements that are needed to maintain accreditation, without which the ability to provide wastewater testing and treatment services would be compromised.

4. Capital Improvement Group Engineering Staffing	1.00	204,422	-	204,422
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The RWQCP currently has one Project Engineer to oversee capital improvement projects at the Plant. This action adds 1.00 Engineer position to the WWT Maintenance and Engineering Group to increase the capacity to source capital upgrade solutions for replacing, upgrading, and/or rehabilitating the RWQCP's aging infrastructure. Due to the age of the Plant, multiple large capital projects must occur in parallel rather than being executed at one time, and this position is one of two new positions needed to manage these projects while continuing to operate the existing Plant. The Engineer classification will allow for the delegation and diversification of work, because this position will work on smaller, less technically complex projects and assist the two Project Engineers with planning and managing the various capital projects at the Plant. (Ongoing cost: \$218,885)

**Performance Results**



The additional staffing will make it possible to rebuild the aging facility so that it meets current regulatory requirements and continues to operate at full capacity now and in the coming decades.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
5. Maintenance and Engineering Group Project Engineering Staffing	1.00	217,588	-	217,588

The RWQCP currently has one Project Engineer to oversee capital improvement projects at the Plant. This action adds 1.00 Project Engineer position to the WWT Maintenance and Engineering Group to increase the capacity to source capital upgrade solutions for replacing, upgrading, and/or rehabilitating the RWQCP's aging infrastructure. Due to the age of the Plant, multiple large capital projects must occur in parallel rather than being executed at one time, and this position is one of two new positions needed to manage these projects while continuing to operate the existing Plant. The Project Engineer classification requires a California engineering registration, and the new position will be able to assist the current Project Engineer with overseeing the overall project management of the various capital projects at the Plant. (Ongoing cost: \$233,060)

**Performance Results** ⏪ ⭐ 👍

The additional staffing will make it possible to rebuild the aging facility so that it meets current regulatory requirements and continues to operate at full capacity now and in the coming decades.



CITY OF  
**PALO  
ALTO**

# UTILITIES

## Mission Statement



The City of Palo Alto Utilities mission is to provide safe, reliable, environmentally sustainable, and cost-effective services.

## Purpose

The purpose of the City of Palo Alto Utilities is to provide high quality, cost-effective electric, gas, fiber optics, water and wastewater collection services; promote effective energy and water efficiency programs; support the City's sustainability and climate action goals through greenhouse gas emissions reduction efforts; proactively manage infrastructure needs and replace deteriorated or aging facilities with new technologies to ensure safe and reliable delivery of services; and ensure the City's utilities are in sound financial condition.

cial condition.

# UTILITIES

## UTILITIES DIRECTOR

Dean Batchelor

### ELECTRIC ENGINEERING & OPERATIONS

- 2.00 Administrative Associate II
- 1.00 Assistant Director Utilities  
Electric and Fiber
- 1.00 Business Analyst
- 3.00 Coordinator Utilities Projects
- 3.00 Electrician Assistant I
- 1.00 Electric Equipment Technician
- 1.00 Electric Heavy Equipment Operator
- 8.00 Electric Project Engineer
- 2.00 Electric Underground Inspectors
- 1.00 Electric Underground Inspector-Lead
- 1.00 Engineering Manager-Electric
- 2.00 Engineer Technician III
- 10.00 Lineperson / Cable Splicer
- 4.00 Lineperson / Cable Splicer-Lead
- 1.00 Manager Electric Operations
- 2.00 Metering Technician
- 1.00 Metering Technician-Lead
- 2.00 Overhead/Underground Troubleshooter
- 2.00 Utilities System Analyst
- 5.00 Senior Electrical Engineer
- 1.00 Senior Utilities Field Service Representative
- 1.00 Senior Utilities System Operator 4.00 Street Light, Traffic Signal & Fiber Technician
- 2.00 Street Light, Traffic Signal & Fiber Technician-Lead
- 6.00 Substation Electrician
- 2.00 Substation Electrician-Lead
- 3.00 Utilities Comp Tech
- 1.00 Utilities Comp Tech-Lead
- 3.00 Utilities Engineer Estimator
- 1.00 Utilities Engineer Estimator-Lead
- 5.00 Utilities Field Service Representative
- 3.00 Utilities Locator
- 6.00 Utilities Supervisor
- 5.00 Utilities System Operator

### PALO ALTO FIBER

- 1.00 Assistant Director
- 2.00 Manager, Telecommunications
- 1.00 Manager, Information Technology
- 1.00 Senior Market Analyst

### UTILITIES ADMINISTRATION

- 1.00 Administrative Assistant
- 1.00 Administrative Associate II
- 2.00 Business Analyst
- 1.00 Chief Operating Officer
- 1.00 Compliance Manager
- 1.00 Coordinator, Utilities Projects
- 1.00 Management Analyst
- 1.00 Manager Communications
- 1.00 Manager Utilities Telecom
- 1.00 Principal Business Analyst
- 1.00 Principal Utilities Program Manager
- 1.00 Program Assistant
- 1.00 Safety Officer
- 3.00 Senior Business Analyst
- 1.00 Senior Resource Planner
- 1.00 Strategic Business Manager

### CUSTOMER SUPPORT SERVICES

- 1.00 Assistant Director Utilities Customer Support Services
- 2.00 Credit and Collections Specialist
- 2.00 Customer Service Specialist-Lead
- 5.00 Customer Service Representative
- 4.00 Customer Service Specialist
- 1.00 Manager Customer Service
- 1.00 Manager, Utilities Credit and Collections
- 5.00 Meter Reader

### RESOURCE MANAGEMENT

- 1.00 Assistant Director, Resource Management
- 1.00 Administrative Associate II
- 1.00 Associate Sustainability Program Administrator
- 1.00 Business Analyst
- 3.00 Key Account Representative
- 2.00 Manager Utilities Program Services
- 5.00 Sustainability Program Administrator
- 5.00 Resource Planner
- 6.00 Senior Resource Planner

### WGW ENGINEERING & OPERATIONS

- 2.00 Administrative Associate II
- 1.00 Assistant Director Utilities WGW
- 2.00 Business Analyst
- 1.00 Cathodic Protection Tech-Asst
- 1.00 Cathodic Technician
- 2.00 Cement Finisher
- 4.00 Coordinator Utilities Projects
- 4.00 Engineer
- 1.00 Engineering Manager – WGW
- 1.00 Engineering Technician III
- 1.00 Heavy Equipment Operator
- 1.00 Gas & Water Meter Measurement and Control Technician - Lead
- 4.00 Gas & Water Meter Measurement and Control Technician
- 4.00 Heavy Equipment Operator / Installer Repairer
- 2.00 Maintenance Mechanic Welding
- 1.00 Manager WGW Operations
- 1.00 Program Assistant
- 5.00 Project Engineer
- 1.00 Restoration Lead
- 5.00 Senior Project Engineer
- 1.00 Senior Mechanic
- 2.00 Senior Water System Operator
- 2.00 Utilities Engineer Estimator
- 10.00 Utilities Installer/Repairer
- 1.00 Utilities Installer/Repairer Assistant
- 4.00 Utilities Install/Rep-Lead
- 3.00 Utilities Install/Rep-Welding
- 3.00 Utilities Install/Rep-Welding-Lead
- 6.00 Utilities Supervisor
- 4.00 Water Systems Operator II
- 5.00 WGW Heavy Equipment Operator
- 5.00 WGW Utilities Field Inspector

### FY 2024 POSITION TOTALS

258.00 - Full-time  
11.18 - Hourly

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

## Description

The City of Palo Alto offers a full array of utility services to its citizens and businesses. Because of this, the City has a unique opportunity to partner with the Palo Alto community to enjoy the benefits and achievements of reliable, home-grown, and environmentally focused utilities. Palo Alto has a tradition of over 125 years of successful public utility operations. It is a tradition that continues to provide the Palo Alto community with safe and reliable utilities service, local decision-making over policies, utility rate-making, environmental programs, and customized services.

The City of Palo Alto Utilities (CPAU) continues to focus on customer service, infrastructure reliability, regulatory compliance, and cost containment. CPAU also supports the City's sustainability goals by building a low-carbon energy supply through renewable energy, carbon emission offsets and by promoting programs to help customers use energy and water more efficiently, reduce their carbon footprint, and help them integrate new technologies.

At CPAU, our people empower tomorrow's ambitions while caring for today's needs. We make this possible with our outstanding professional workforce, leading through collaboration, and optimizing resources to ensure a sustainable and resilient Palo Alto.

### ADMINISTRATION

Utilities Administration is responsible for the overall management of CPAU including communication, regulatory compliance, strategic planning, budget coordination, legislation and regulatory policy analysis, and personnel and administrative support to the entire Department.

### CUSTOMER SUPPORT SERVICES

Customer Support Services annually bills approximately \$300 million for the City's electric, natural gas, water, commercial fiber optic, wastewater collection (operated by CPAU), storm water management, and refuse (operated by Public Works) services; operates the Customer Service Call Center with 75,000 annual customer interactions; reads 90,000 utility meters per month; and implements Credit and Collection policies and financial assistance programs.

# UTILITIES

## ENGINEERING

Engineering is responsible for managing all phases of CPAU's capital improvement projects which include providing new or upgrading existing service to customers and replacing and rehabilitating the City's electric, fiber, gas, water, and wastewater distribution systems.

## OPERATIONS

Utilities Operations is responsible for the operations, maintenance, and emergency response for the electric, fiber, gas, water, and wastewater distribution systems.

## RESOURCE MANAGEMENT

Resource Management is responsible for the long-term resource acquisition plans for electricity, natural gas, and water; contract negotiations to acquire renewable resources; financial planning; rate development; energy efficiency and water conservation programs; and management of key accounts.

## Accomplishments

- Received and disbursed approximately \$1.2 million of federal funding to over 1,000 residential and commercial utility accounts with arrearages that were financially impacted by the COVID-19 pandemic.
- Launched a new Advanced Metering Infrastructure (AMI) "smart" metering system to a subset of customers as part of a plan to deploy AMI to all utilities customers by the end of calendar year 2025. The AMI program is currently in the beta phase, with a slow rollout so staff can test and validate the technology, hardware, and software integrations with CPAU's Customer Information System (CIS) and billing systems.
- Launched the Advanced Heat Pump Water Heater (HPWH) Program to reduce greenhouse gas emissions and make it easier for residents to install electric heat pump water heaters. As of March 31, 2023, CPAU received over 400 customer sign-ups.
- Implemented on-bill financing program for HPWH to increase customer participation and lower up-front costs with zero interest.
- Completed the electric utility data migration to the Environmental Systems Research Institute (ESRI) Utility Network Model.
- Upgraded electric outage management system (OMS) to provide additional functionalities, including the ability to notify customers and mobilize resources in response to electrical outages and emergencies, send updates by email, text, and social media outlets.
- CPAU staff have continued pursuing a program of Fiber-to-the-Premises (or fiber to the home) in partnership with the Information Technology (IT) department and support from other City departments. Input and recommendations from a consultant and community members have helped inform the format and funding of the program.
- For the second year in a row, earned a Champion Award from the Responsible Appliance Disposal (RAD) Leadership Program for accomplishments in reducing ozone depleting substances and Greenhouse Gas (GHG) emissions through the Refrigerator Recycling Program.
- Completed the replacement of 2,500 feet of natural gas main and services at the Stanford Shopping Center.
- Applied for a \$9 million grant for Natural Gas Distribution Infrastructure Safety Modernization to replace existing polyvinyl chloride (PVC) material distribution mains and services.

- Launched WaterSmart, an online water management tool to help residents and businesses better understand their water usage and enable them to conserve water and save money. Most residents will receive Home Water Reports with customized information about their home to enhance the experience.
- The City began work on a One Water Plan, which is a long-term evaluation of water resource management needs to make the City's water supply more resilient. The City held a couple community workshops to share information and gather feedback to inform further direction on development of the plan.
- Updated the City's Cross-Connection and Backflow Prevention Plan and obtained approval from the State Water Resources Control Board.
- Continued to promote water use efficiency, education, and resources, and the need to meet State and regional water use reduction targets during a mega drought. Palo Alto customers conserved 11.2% from July to December 2022 compared to July - December in 2019.

## Initiatives

- Convert all Palo Alto municipal vehicles to Electric Vehicles (EVs) when feasible and when the replacement is operationally acceptable.
- Partner with employers and business districts to promote commuter EV adoption and EV charging access as well as alternative commute promotion.
- Issue invitation for bids (IFBs) and requests for proposals (RFPs) for electric grid modernization and fiber-to-the-premises (FTTP) capital projects.
- Continue collaborating with other City departments on efforts to streamline the permitting process related to rooftop solar, energy storage, building electrification, and electric vehicle charging infrastructure.
- Begin implementation of the 2022 Sustainability and Climate Action Plan (S/CAP) including increasing number of HPWH installations, residential electrification, electric vehicle infrastructure, and water conservation.
- Prepare an updated Sanitary Sewer Management Plan to comply with new state regulations applicable to the management of the City's sewer system.
- Continue efforts to comply with updated state and federal Lead and Copper Rule regulations requiring all water service lines be verified prior to October 2024.
- Complete the One Water Plan, a long-term 20 year water supply plan to address supply reliability, droughts, and climate change.
- Continue working with the Utilities Advisory Commission (UAC), Office of Emergency Services, and community on a Utilities Reliability and Resilience workplan to strengthen utility infrastructure and prevent, mitigate and recover from hazards while providing safe and reliable utility services.
- Begin full deployment of the Advanced Metering Infrastructure (AMI) and Smart Grid project replacing electric, gas and water utilities. The full AMI meter and endpoint deployment is scheduled to be completed by the end of calendar year 2025.

# UTILITIES

## Key Performance Measures

### COMPARABLE AND COST-EFFECTIVE SERVICES

Goal	Ensure fiscally sound and cost-effective services.				
Objective	Reduce the cost of delivering services through best management practices.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Palo Alto's average residential monthly utility bill above/below the median of neighboring cities	(15)%	(20)%	(10)%	(10)%	(10)%
Description	This compares the average residential monthly utility bill which includes electricity, gas, water, and wastewater services to the nearby communities (Menlo Park, Mountain View, Santa Clara, Hayward, Redwood City).				
Purpose	This measure compares the City's average utility rates charged to residents to other comparable cities (e.g., similar size, similar commodity purchase options, similar geography).				
Status	The monthly average residential utility bill for Palo Alto at the end of calendar year 2022 was lower compared to nearby communities (Menlo Park \$397, Mountain View \$321, Santa Clara \$234, Hayward \$307, Redwood City \$374). Palo Alto's monthly average residential utility bill was \$261, and for all the communities combined the average was \$326. Electric rates were significantly lower than PGE though higher than Santa Clara. Natural gas rates were lower due to PGE's increased distribution rates for capital improvement and maintenance. Water rates were higher primarily due to differing system characteristics, levels of infrastructure investment, and sources of supply. Palo Alto's water supply comes from the San Francisco Public Utilities Commission (SFPUC), which is undergoing a \$4.8 billion improvement project, and Palo Alto is also investing more than other communities in improving our local distribution pipelines and enhancing our emergency water supply system.				

# Key Performance Measures

## CUSTOMER SATISFACTION

Goal	Provide excellent customer service.				
Objective	Maintain a high level of customer satisfaction, equal to or greater than 83 percent of Palo Alto citizens rating satisfaction of utility services as "Excellent" or "Good" in the Palo Alto Community Survey.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent rating services (electric, gas, wastewater, and water) "Good" or Excellent"	N/A*	85%	85%	85%	85%
Description	This data is collected as part of the Palo Alto Community Survey that is conducted annually.				
Purpose	To get feedback on whether customers are satisfied with the nature, extent and delivery of services provided, using random-selection survey processes that include a good cross-section of the customer base.				
Status	<p>In FY 2022 a total of 398 surveys were completed, providing an overall response rate of 12 percent. Historically Utilities has met its target of 83 percent and anticipates continuing at these levels and anticipates to exceed this target in FY 2024.</p> <p>*The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.</p>				

# Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Total cost of Capital Improvement Program annually (Millions)	\$19.17	\$27.20	\$68.70	\$59.10	\$123.60

# UTILITIES

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Fund</b>						
Electric Fund	174,685,053	191,981,933	219,664,540	267,028,976	47,364,436	21.6%
Fiber Optics Fund	2,603,336	3,695,645	4,551,113	29,148,398	24,597,285	540.5%
Gas Fund	36,585,098	54,491,097	61,255,152	76,100,312	14,845,161	24.2%
Wastewater Collection Fund	21,194,855	19,163,957	24,661,390	25,375,497	714,107	2.9%
Water Fund	44,659,829	47,864,059	64,325,167	76,757,131	12,431,964	19.3%
<b>Total Dollars by Fund</b>	<b>\$279,728,171</b>	<b>\$317,196,690</b>	<b>\$374,457,362</b>	<b>\$474,410,315</b>	<b>\$99,952,953</b>	<b>26.7%</b>
<b>Revenues</b>						
Charges for Services	116,007	363,196	260,000	260,000	—	—%
Charges to Other Funds	442,632	388,740	337,970	337,970	—	—%
From Other Agencies	462,441	1,588,358	576,632	576,632	—	—%
Net Sales	267,456,032	269,707,701	291,980,351	345,541,823	53,561,472	18.3%
Operating Transfers-In	3,139,265	2,613,966	2,626,166	2,635,966	9,800	0.4%
Other Revenue	8,624,274	11,722,006	10,514,600	35,740,500	25,225,900	239.9%
Return on Investments	4,034,991	3,496,674	3,497,600	4,694,000	1,196,400	34.2%
<b>Total Revenues</b>	<b>\$284,275,641</b>	<b>\$289,880,641</b>	<b>\$309,793,319</b>	<b>\$389,786,891</b>	<b>\$79,993,572</b>	<b>25.8%</b>
<b>Positions by Fund</b>						
Electric Fund	111.59	113.58	121.42	121.61	0.19	0.2%
Fiber Optics Fund	7.10	6.90	6.55	10.55	4.00	61.1%
Gas Fund	53.58	53.57	55.35	54.86	(0.49)	(0.9)%
Utilities Administration Fund	19.46	19.46	20.46	22.29	1.83	8.9%
Wastewater Collection Fund	28.50	27.50	28.67	28.76	0.09	0.3%
Water Fund	47.61	46.83	47.65	47.59	(0.06)	(0.1)%
<b>Total Positions by Fund</b>	<b>267.84</b>	<b>267.84</b>	<b>280.10</b>	<b>285.66</b>	<b>5.56</b>	<b>2.0%</b>

# ELECTRIC FUND

## Description

On January 16, 1900, the City of Palo Alto began operation of its own electric system. A steam engine was the initial source of the City's electricity and was replaced by a diesel engine in 1914. As demand for electricity and the population continued to grow, the City of Palo Alto Utilities (CPAU) connected to the Pacific Gas and Electric distribution system and purchased power from additional sources.

The integrity of the infrastructure required for achieving a high level of reliability and value for customers is of paramount importance to CPAU. The Electric Fund strives to enhance the customer service connection experience, increase energy efficiency participation, and increase the percentage of electric supply obtained from renewable energy supplies. The City has entered into a number of contracts with producers of wind, landfill gas, and solar energy for more than 15-year terms.

## Accomplishments

- Launched the Advanced Heat Pump Water Heater (HPWH) Program to reduce greenhouse gas emissions and make it easier for residents to install electric heat pump water heaters; received over 400 sign ups.
- Implemented on-bill financing program for HPWH to increase customer participation and lower up-front costs with zero interest.
- Installed over 700 electric advanced metering infrastructure (AMI) meters as part of the beta phase of the AMI rollout. The beta phase includes system integration, parallel utility bill testing, and electric load and transformer analysis for residential electrification.
- Implemented a new outage management system to reduce outage times and notify customers via email, text, and/or phone.
- Completed high level report assessing the transformer, circuit, and substation assessment and upgrades to support Palo Alto electrification.
- Provided financial assistance of over \$0.5M to over 1,100 electric residential and commercial customers with arrearages during the COVID pandemic; funding was issued by the California Arrearage Payment Program (CAPP).
- Restored and repaired 129 streetlights in the mid-town area.

# Initiatives

- Apply for Department of Energy's Grid Resilience and Innovation Partnerships (GRIP) grants for AMI/ smart grid and electric grid modernization projects.
- Develop and implement an electric grid modernization plan to increase system capacity and resiliency and allow community-wide electrification.
- Collaborate with the Planning Department to develop new codes and ordinances to facilitate electrification in existing buildings and new construction projects where feasible.
- Develop electric rate options for electrified homes, Electric Vehicle (EV) charging, and solar + storage microgrid customers.
- Expand EV charging access for multi-family and income-qualified residents.
- Convert all Palo Alto municipal vehicles to EVs when feasible and when the replacement is operationally acceptable.
- Partner with employers and business districts to promote commuter EV adoption and EV charging access as well as alternative commute promotion.
- Continue progress on a new potential 115kV electric interconnection, which would enhance City electric power reliability and resilience. Efforts will involve risk analysis, power flow studies, and formal requests to the California Independent System Operator (CAISO).
- Continue working on the new 12kV Electric and Fiber Optic distribution system in the foothills. This multi-year project will be conducted in one to two mile sections and is scheduled to be completed in FY 2025.

# Goals and Objectives

## Goal 1

Provide safe and reliable delivery of electric services to customers.

### Objectives:

- Develop a plan to complete a second electric transmission line source to improve service reliability.
- Implement activities outlined in the Utilities Wildfire Mitigation Plan to reduce the possibility of fires in the western foothills of Palo Alto caused by overhead electric lines.
- Increase emphasis on the proactive infrastructure replacement program, replacing infrastructure before failure, to support reliability and resiliency.
- Enhance planned maintenance programs for all utilities through clearly defined maintenance plans, improved management reporting, and developing innovative ways to ensure efficient completion of all maintenance.

## Goal 2

Increase environmental sustainability and promote efficient use of resources.

### Objectives:

- Achieve cumulative 10-year energy efficiency savings of 4.4 percent of the electric load by 2031.
- Accelerate Electric Vehicle (EV) penetration for both Palo Alto-based and inbound vehicles by providing more charging infrastructure.

- Expand effort to lower greenhouse gas emissions through electrification of the transportation sector such as encouraging adoption of electric vehicles.

## Key Performance Measures

### ENVIRONMENTAL SUSTAINABILITY

Goal	Support environmental sustainability and promote efficient use of resources.				
Objective	Achieve Renewable Portfolio Standard (RPS) of at least 50 percent by 2030.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of retail electric sales volume provided by renewable supply resources under long-term PPAs	37%	39%	36%	39%	39%
Description	This measures the fraction of the City’s retail electric sales volume that is provided by renewable supply resources that are under long-term power purchase agreements (PPAs).				
Purpose	The Clean Energy and Pollution Reduction Act (SB 350) of 2015 raised the state’s renewable portfolio standard (RPS) to 50 percent by 2030 and required a doubling of energy efficiency savings by 2030.				
Status	The City sold Bucket 1 renewable energy credits (RECs) in Q1-Q4 FY 2023 accordingly, which caused the City’s RPS levels to drop to a new norm (compared to the levels in FY 2019 and other previous years), but the City still remains in compliance with its RPS requirements. Under the updated Carbon Neutral Plan that was approved by Palo Alto City Council in August 2020, the City was authorized to sell all Bucket 1 RECs exceeding the amount required to comply with the City’s RPS requirements, and to replace them with Bucket 3 REC purchases. RPS compliance is based on aggregate RPS procurement over the entire compliance period (2021-2024), which ensures that the City is still in compliance with the state RPS requirements.				

### ENVIRONMENTAL SUSTAINABILITY - SOLAR

Goal	Support environmental sustainability and promote efficient use of resources.				
Objective	Increase the penetration of local solar installations.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Cumulative installed capacity of photovoltaic (PV) systems measured in megawatts (MW)	16	16	16	16	16
Description	This represents the cumulative installed capacity of PV systems in Palo Alto, measured in MW. It includes PV systems installed prior to the passage of California Senate Bill 1 (SB1), which enacted the Million Solar Roofs Initiative and expands upon the current California Solar Initiative (CSI) and the Energy Commission’s New Solar Homes Partnership (NSHP).				

## UTILITIES

### Key Performance Measures

Purpose	This measure supports the City's goal of achieving a 100 percent carbon neutral electric supply portfolio, meeting 4 percent of the City's electricity needs through local solar by 2023, and complying with California Senate Bill 1 (SB1) to increase PV installations. Increasing the cumulative installed capacity of PV systems will also benefit the environment and expand the flexibility of the City's electric generation portfolio.
Status	In FY 2022, a total of 6 residential PV systems and 1 nonresidential PV systems were installed, bringing the cumulative total to 1,171 residential PV installations and 101 nonresidential PV installations since 1999 when CPAU launched the PV Partners Program to incentivize local PV system installations.

### SYSTEM RELIABILITY

Goal	Provide safe and efficient delivery of electric services to customers.				
Objective	Provide exceptional system reliability.				
	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Adopted Budget</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Adopted Budget</b>
Average duration of customer outages in minutes as reported using industry guidelines	104	80	60	85	100
Description	System Average Interruptible Duration Index (SAIDI) is a measure of outage duration. It measures the number of minutes over the year that the average customer is without power.				
Purpose	Reliability indices were introduced in order to keep track of utility performance. This information will help Utilities prioritize capital and operating spending so that reliability can be improved without increasing costs.				
Status	The goal of 60 minutes or less in overall response time restore outages was impacted in FY 2022 due to staffing vacancies. The Electric Utility had 52 sustained outages, 46 were storm related and 7 non-storm. The non-storm outages were attributed to equipment failure. Given ongoing issues from storms, staff anticipates 100 minutes or less for FY 2024.				

## Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of Customer Accounts (Electric)	29,825	29,863	29,810	30,031	30,112
Number of momentary outages	-	1	-	1	-
Percent of residents surveyed who rate the quality of the Electric Utility as "Good" or "Excellent"*	N/A	80%	78%	80%	90%
Total Number of Outages	21	22	28	43	25

\* The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.

# UTILITIES

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Electric Administration	26,519,329	28,896,481	30,984,242	31,664,859	680,616	2.2%
Electric Customer Service	2,973,002	3,100,363	3,408,148	3,732,402	324,254	9.5%
Electric Demand Side Management	2,675,171	2,912,497	8,260,551	8,556,760	296,209	3.6%
Electric Engineering (Operating)	2,408,524	1,811,140	3,154,246	3,485,905	331,659	10.5%
Electric Operations and Maintenance	17,249,799	18,246,976	23,047,822	25,216,701	2,168,879	9.4%
Electric Resource Management	110,128,318	124,766,102	117,874,926	134,520,410	16,645,484	14.1%
CIP Electric Fund	12,730,911	12,248,376	32,934,605	59,851,940	26,917,334	81.7%
<b>Total Dollars by Division</b>	<b>174,685,053</b>	<b>191,981,933</b>	<b>219,664,540</b>	<b>267,028,976</b>	<b>47,364,436</b>	<b>21.6%</b>
<b>Salary &amp; Benefits</b>						
Healthcare	1,832,842	2,004,430	2,947,075	3,070,686	123,611	4.2%
Other Benefits	426,329	438,739	542,692	525,514	(17,178)	(3.2)%
Overtime	744,541	905,430	561,556	614,247	52,691	9.4%
Pension	4,900,301	5,594,069	6,993,683	7,852,895	859,212	12.3%
Retiree Medical	1,532,993	1,558,060	1,439,547	1,481,709	42,163	2.9%
Salary	13,071,569	12,547,699	16,939,381	19,681,614	2,742,232	16.2%
Workers' Compensation	530,073	545,061	648,789	513,575	(135,214)	(20.8)%
<b>Total Salary and Benefits</b>	<b>23,038,647</b>	<b>23,593,488</b>	<b>30,072,723</b>	<b>33,740,240</b>	<b>3,667,517</b>	<b>12.2%</b>
<b>Dollars by Category</b>						
Utility Purchase	98,460,911	112,702,487	101,743,548	118,314,626	16,571,078	16.3%
Contract Services	6,978,190	6,788,774	12,821,262	12,982,177	160,915	1.3%
Supplies & Material	729,546	873,478	911,207	1,091,907	180,700	19.8%
General Expense	1,338,777	1,767,141	5,262,937	5,682,557	419,620	8.0%
Rents & Leases	6,301,099	6,164,291	6,642,470	6,977,836	335,366	5.0%
Debt Service	7,745,552	8,075,782	9,003,300	8,379,300	(624,000)	(6.9)%

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Facilities & Equipment	—	—	16,000	16,000	—	—%
Allocated Charges	5,897,372	7,577,812	11,513,304	12,050,208	536,904	4.7%
Transfer to Infrastructure	165,080	247,197	780,000	280,000	(500,000)	(64.1)%
Operating Transfers-Out	141,758	87,516	—	—	—	—%
Equity Transfer	13,638,000	14,138,000	14,635,000	15,119,000	484,000	3.3%
Capital Improvement Program	10,250,120	9,965,968	26,262,789	52,395,126	26,132,336	99.5%
<b>Total Dollars by Category</b>	<b>174,685,053</b>	<b>191,981,933</b>	<b>219,664,540</b>	<b>267,028,976</b>	<b>47,364,436</b>	<b>21.6%</b>
<b>Revenues</b>						
Charges for Services	112,197	359,715	220,000	220,000	—	—%
Charges to Other Funds	122,337	125,395	125,395	125,395	—	—%
From Other Agencies	—	486,876	—	—	—	—%
Net Sales	156,145,178	154,544,303	172,744,376	202,301,744	29,557,368	17.1%
Other Revenue	6,248,107	8,358,736	8,918,000	33,920,805	25,002,805	280.4%
Operating Transfers-In	—	2,291,326	2,293,766	2,293,766	—	—%
Return on Investments	1,990,185	1,597,819	1,563,800	2,102,200	538,400	34.4%
<b>Total Revenues</b>	<b>167,200,009</b>	<b>167,764,171</b>	<b>185,865,337</b>	<b>240,963,910</b>	<b>55,098,573</b>	<b>30.0%</b>
<b>Positions by Division</b>						
Electric Customer Service	11.90	11.90	13.51	13.52	0.01	—%
Electric Demand Side Management	5.09	5.64	7.54	7.94	0.40	5.3%
Electric Engineering (Operating)	6.67	6.67	8.92	8.92	—	—%
Electric Operations and Maintenance	54.35	54.59	55.67	55.67	—	—%
Electric Resource Management	9.23	9.17	10.36	10.14	(0.22)	(2.1)%
CIP Electric Fund	24.35	25.61	25.42	25.42	—	—%
<b>Total Positions by Division</b>	<b>111.59</b>	<b>113.58</b>	<b>121.42</b>	<b>121.61</b>	<b>0.19</b>	<b>—%</b>

# UTILITIES

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Account Specialist	0.31	0.31	0.31	0.31	—	28,848
Administrative Associate II	3.30	3.30	3.30	3.30	—	296,662
Assistant Director Administrative Services	0.20	0.20	0.20	0.20	—	44,225
Assistant Director Sustainability and Climate Action	—	—	—	0.60	0.60	138,000
Assistant Director Utilities Customer Support Services	0.40	0.40	0.40	0.40	—	88,708
Assistant Director Utilities Engineering	0.40	0.40	0.40	0.40	—	93,999
Assistant Director Utilities Operations	0.60	0.60	0.60	0.60	—	150,396
Assistant Director Utilities/Resource Management	0.50	0.55	0.55	0.55	—	126,767
Associate Sustainability Program Administrator	—	—	0.80	0.85	0.05	105,002
Business Analyst	1.60	2.10	2.10	2.10	—	370,668
Contracts Administrator	0.10	0.10	0.10	0.10	—	12,384
Coordinator Utilities Projects	1.55	1.55	3.55	3.55	—	468,441
Customer Service Representative	1.87	1.87	1.87	1.87	—	163,480
Customer Service Specialist	0.66	0.66	0.66	0.66	—	63,437
Customer Service Specialist-Lead	0.58	0.58	0.58	0.58	—	59,620
Electric Heavy Equipment Operator	2.00	2.00	1.00	1.00	—	133,536
Electric Project Engineer	3.65	3.65	6.75	6.75	—	1,323,130
Electric Underground Inspector	2.00	2.00	2.00	2.00	—	281,341
Electric Underground Inspector-Lead	1.00	1.00	1.00	1.00	—	150,426

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Electrical Equipment Technician	1.00	1.00	1.00	1.00	—	143,728
Electrician Assistant I	3.00	3.00	3.00	3.00	—	335,026
Engineer	—	—	—	1.00	1.00	173,118
Engineering Manager - Electric	0.55	0.55	0.55	0.55	—	114,635
Engineering Technician III	1.40	1.40	1.40	1.40	—	162,431
Environmental Specialist	—	—	0.17	0.17	—	24,133
Inspector, Field Services	0.25	—	—	—	—	—
Inspector, WGW Utilities Field Svc	—	0.25	—	—	—	—
Lineperson/Cable Specialist	10.00	10.00	10.00	10.00	—	1,934,816
Lineperson/Cable Specialist-Lead	4.00	4.00	4.00	4.00	—	828,090
Manager Customer Service	0.33	0.33	0.33	0.33	—	56,903
Manager Electric Operations	1.00	1.00	1.00	1.00	—	218,608
Manager Environmental Control Program	—	—	0.17	0.17	—	29,975
Manager Treasury, Debt & Investments	0.30	0.30	0.30	0.30	—	52,790
Manager Utilities Compliance	0.15	0.15	0.15	0.15	—	27,191
Manager Utilities Credit & Collection	0.15	0.15	0.15	0.15	—	23,863
Manager Utilities Program Services	0.40	0.40	1.40	1.50	0.10	246,314
Meter Reader	1.99	1.99	1.99	1.65	(0.34)	148,914
Meter Reader-Lead	0.33	0.33	0.33	0.33	—	31,870
Metering Technician	3.00	3.00	2.00	2.00	—	335,254
Metering Technician-Lead	1.00	1.00	1.00	1.00	—	179,400
Offset Equipment Operator	0.48	0.48	0.48	0.48	—	38,329

# UTILITIES

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Overhead Underground Troubleman	2.00	2.00	2.00	2.00	—	406,432
Power Engineer	1.00	1.00	—	—	—	—
Principal Business Analyst	0.34	0.34	0.34	0.34	—	64,553
Principal Utilities Program Manager	—	—	0.60	—	(0.60)	—
Program Assistant II	0.60	0.50	—	—	—	—
Project Manager	0.75	0.75	0.75	0.75	—	98,124
Resource Planner	2.85	2.80	2.80	2.90	0.10	490,884
SCADA Technologist	1.01	1.01	—	—	—	—
Senior Business Analyst	1.02	1.02	1.02	1.02	—	168,413
Senior Electrical Engineer	3.95	4.95	4.95	4.95	—	947,794
Senior Engineer	—	—	1.00	—	(1.00)	—
Senior Management Analyst	0.10	0.10	0.10	0.10	—	13,121
Senior Resource Planner	3.36	3.45	3.95	3.80	(0.15)	750,075
Senior Utilities Field Service Representative	0.10	0.10	0.10	0.10	—	13,705
Senior Utilities System Operator	—	—	—	1.00	1.00	216,632
Street Light, Traffic Signal & Fiber Technician	3.00	3.00	3.00	3.00	—	480,917
Street Light, Traffic Signal & Fiber-Lead	1.00	1.00	1.25	1.25	—	214,500
Substation Electrician	5.50	5.50	5.50	5.50	—	962,104
Substation Electrician-Lead	2.00	2.00	2.00	2.00	—	374,358
Supervising Electric Project Engineer	1.00	—	—	—	—	—
Sustainability Programs Administrator	—	2.95	3.80	3.70	(0.10)	483,078
Tree Maintenance Person	1.00	1.00	1.00	1.00	—	105,123

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Utilities Compliance Technician	3.00	3.00	3.00	3.00	—	580,445
Utilities Compliance Technician-Lead	1.00	1.00	1.00	1.00	—	207,022
Utilities Credit/Collection Specialist	2.00	2.00	2.00	2.00	—	239,491
Utilities Engineer Estimator	3.23	3.23	3.23	3.23	—	518,630
Utilities Field Services Representative	0.50	0.50	0.50	0.50	—	64,085
Utilities Key Account Representative	1.35	1.35	1.35	2.05	0.70	276,947
Utilities Locator	1.95	1.95	1.95	1.95	—	240,886
Utilities Marketing Program Administrator	2.95	—	—	—	—	—
Utilities Safety Officer	0.55	0.55	0.55	0.55	—	73,685
Utilities Supervisor	5.00	6.50	6.50	6.50	—	1,209,697
Utilities System Analyst	—	—	1.01	1.01	—	178,274
Utilities System Operator	5.00	5.00	6.00	5.00	(1.00)	1,083,160
Utility Engineering Estimator - Lead	1.00	1.00	1.00	1.00	—	174,117
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>108.16</b>	<b>110.15</b>	<b>117.84</b>	<b>118.20</b>	<b>0.36</b>	<b>\$19,840,708</b>
Temporary/Hourly	3.43	3.43	3.58	3.41	(0.17)	\$323,246
<b>Total Positions</b>	<b>111.59</b>	<b>113.58</b>	<b>121.42</b>	<b>121.61</b>	<b>0.19</b>	<b>\$20,163,955</b>

# UTILITIES

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>121.42</b>	<b>219,664,540</b>	<b>185,865,336</b>	<b>33,799,203</b>
<b>One-time Prior Year Budget Adjustments</b>				
Contract Services (Overhead Line Maintenance)	-	(650,000)	-	(650,000)
Transfer to Capital Improvement Fund (PF-01003 Building Systems Improvements)	-	(500,000)	-	(500,000)
Transfer to Capital Improvement Fund (PF-23000 Electric Charger Infrastructure Installation)	-	(280,000)	-	(280,000)
<b>One-time Prior Year Budget Adjustments</b>	<b>0.00</b>	<b>(1,430,000)</b>	<b>-</b>	<b>(1,430,000)</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	3,738,856	-	3,738,856
Utility Purchases	-	16,571,078	-	16,571,078
Capital Improvement Program	-	26,462,056	25,000,000	1,462,056
Contract Services (Overhead Line Maintenance)	-	676,750	-	676,750
Equity Transfer to the General Fund	-	484,000	-	484,000
Rents & Leases Expenditure Alignment	-	335,366	-	335,366
Transfer to Capital Improvement Fund (PF-23000 Electric Charger Infrastructure Installation)	-	280,000	-	280,000
Cooperatively Owned Back-up Generator Maintenance Adjustment	-	148,432	-	148,432
Advanced Metering Infrastructure and Outage Management System Subscription Adjustment	-	110,444	-	110,444
Contract Services (Tree Clearing)	-	87,000	-	87,000
Bankcard Service Charge Adjustment	-	65,970	2,805	63,165
Training and Travel Adjustment	-	10,000	-	10,000
Low Carbon Fuel Standards Program Alignment	-	(319,961)	-	(319,961)
Return on Investments	-	-	538,400	(538,400)
Debt Service Adjustment	-	(624,000)	-	(624,000)
Electric Customer Sales Revenue	-	-	30,715,369	(30,715,369)
General Fund Cost Allocation Plan	-	82,358	-	82,358

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
Liability Insurance Allocated Charges	-	(8,018)	-	(8,018)
Printing & Mailing Allocated Charges	-	73,100	-	73,100
Utilities Administration Allocated Charges	-	341,604	-	341,604
Vehicle Replacement & Maintenance Allocated Charges	-	38,101	-	38,101
Workers' Compensation Allocated Charges	-	(135,214)	-	(135,214)
<b>Adjustments to Costs of Ongoing Activities</b>	<b>0.00</b>	<b>48,417,922</b>	<b>56,256,574</b>	<b>(7,838,652)</b>
<b>Total FY 2024 Base Budget</b>	<b>121.42</b>	<b>266,652,462</b>	<b>242,121,910</b>	<b>24,530,551</b>
<b>Budget Proposals</b>				
1. Low Carbon Fuel Standards Program Alignment	-	313,039	(1,158,000)	1,471,039
2. Utilities Program Services Reallocations	0.75	151,197	-	151,197
3. Senior System Operator Reclassification	-	24,794	-	24,794
4. S/CAP Staffing Realignment	-	-	-	-
5. Resource Management Reallocations	(0.05)	(26,648)	-	(26,648)
6. Meter Reader	(0.34)	(41,316)	-	(41,316)
7. Add Deputy City Attorney	(0.17)	(44,552)	-	(44,552)
<b>Budget Changes</b>	<b>0.19</b>	<b>376,514</b>	<b>(1,158,000)</b>	<b>1,534,514</b>
<b>Total FY 2024 Adopted Budget</b>	<b>121.61</b>	<b>267,028,976</b>	<b>240,963,910</b>	<b>26,065,065</b>

# UTILITIES

## Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Low Carbon Fuel Standards Program Alignment	-	313,039	(1,158,000)	1,471,039

This action aligns the expense and revenue budget for the Low Carbon Fuel Standard (LCFS) program based on current projections. LCFS base credits are allocated by the California Air Resources Board (CARB) to Palo Alto, based on the number EVs registered in Palo Alto, the estimated miles travelled and the difference in carbon intensity of transportation fuels and electricity. The sales proceeds of these credits are the source of funds for customer programs related to EVs. In FY 2024, LCFS revenues are projected to decrease by approximately 50% or \$1.6 million as a result of an abundance of renewable diesel in the market. Prices are expected to decrease from \$130 per credit in FY 2023 to \$65 per credit in FY 2024. The City is restructuring customer EV incentive payments to align expenses and revenues for the LCFS program. The City is also exploring other funding sources to fund EV programs. (Ongoing costs: \$0)

### Performance Results



This action will result in the City ensuring financial responsibility and accountability in the Electric Fund.

2. Utilities Program Services Reallocations	0.75	151,197	-	151,197
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This action is a net-zero full-time equivalent (FTE) reallocation of staff among Electric, Fiber, Gas, and Water Funds. Due to the addition of a dedicated Fiber Market Analyst, the Key Account Representatives will be less involved with commercial dark fiber and allocate more time on efficiency programs and vendor management. This reallocation aligns staff supporting the City's Sustainable Climate Action Plan (S/CAP) and fiber expansion efforts. These realignments enable the City to better meet its electric, gas, and water sustainability goals. (Ongoing costs: \$159,246)

### Performance Results



This action will better align staff support for citywide S/CAP and fiber expansion efforts.

3. Senior System Operator Reclassification	-	24,794	-	24,794
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This action will reclass 1.00 FTE Utilities System Operator to 1.00 FTE Senior Utilities System Operator to support expanding staffing levels. This reclassification will increase supervisory experience in the group to oversee the increased span of work with the addition of the Field Service group at the Utility Control Center. This group was added as part of an organizational restructure to consolidate first level responders within Utilities under one supervisor. As a result, supervisory tasks must be assigned in the Operator group to a senior level Operator to provide the necessary guidance during events such as red flag warnings or other electrical emergencies. This position will also provide mentorship and oversight of new system operators in training. (Ongoing costs: \$26,572)

### Performance Results



This action will result in increased supervisory capabilities at the Utility Command Center.

4. S/CAP Staffing Realignment	-	-	-	-
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This action realigns staffing to oversee S/CAP resources to better support this Council priority and the upcoming three-year workplan. Staffing changes include elimination of 1.0 Senior Engineer and 1.0 Principal Utilities Program Manager in the Public Works and Utilities Departments, offset by the addition of 1.0 Assistant Director in the Public Works Department and 1.0 Engineer in the Utilities Department. This will consolidate and unify resources between departments and will not result in an impact to the General Fund. (Ongoing costs: \$0)

### Performance Results



This action will allow for more effective use of resources between the Public Works and Utilities departments.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
5. Resource Management Reallocations	(0.05)	(26,648)	-	(26,648)

This action is a net-zero FTE reallocation of staff primarily from Electric Fund to Gas Fund to support the gas commodity portfolio. Staff will evaluate gas winter hedging strategies to mitigate extremely high natural gas market price spikes. Utility divisions evaluate their workplan annually and adjust FTE distribution among shared positions as priorities change. These changes reflect alignments for the Resource Management Division. (Ongoing savings: \$28,244)

**Performance Results**



This action will result in reallocation of staff support for Resource Management Division.

6. Meter Reader	(0.34)	(41,316)	-	(41,316)
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This action eliminates a vacant 1.00 Meter Reader position. The Meter Reader is responsible for reading about 1,000 electric, gas, and water meters on a daily basis for monthly utility billing. Meter Reader positions are being transitioned as a result of technological advances from the Advanced Metering Infrastructure (AMI) project, which provides meters with capabilities to electronically perform work traditionally performed by full time meter readers. As the City deploys AMI meters, there will be a transition and training process for Meter Readers to apply for other vacant positions within the City. This action will reduce the number of full-time meter readers from seven to six. (Ongoing costs: \$0)

**Performance Results**



This action will eliminate one vacant meter reader position.

7. Add Deputy City Attorney	(0.17)	(44,552)	-	(44,552)
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This action adds 1.00 Deputy City Attorney position to enhance legal support for various functions. This position will be responsible for drafting, reviewing, and negotiating contracts, providing legal advice and drafting ordinances, resolutions, and policies, ensuring regulatory compliance, providing personnel and labor relations support, pre-litigation dispute resolution, public records, staff report review, and offering ethics, conflicts, and governance advice. The additional cost for this position is partially offset by the reduction of a part-time 0.48 Management Specialist in the Utilities Administration, Electric, and Water Funds, and is funded 50% by the General Fund and 50% by the Utilities Administration Fund. (Ongoing cost: \$0)

**Performance Results**



This action will result in increased legal support for contract drafting and review, legal advice, compliance, dispute resolution, and governance advice to the General Fund and Utilities Administration Fund.



CITY OF  
**PALO**  
**ALTO**

# FIBER OPTICS FUND

## Description

In 1996, the City built a dark fiber ring around Palo Alto capable of supporting multiple network developers and service providers with significant growth potential. The fiber backbone network was routed to pass by and provide access to key City facilities and the Palo Alto business community, including research centers and commercial properties.

Dark fiber optics service consists of providing the fiber optics cabling, splice points, service connections, and other infrastructure providing high-capacity bandwidth needed to transport large quantities of data. This service excludes the transmitters, receivers, and data itself, which are owned and operated by each customer.

## Accomplishments

- Completed 100% of a detailed engineering design of the City's fiber backbone and fiber-to-the-premises (FTTP) distribution network. Surveyed about 5,900 utility poles to gather pole attachments and conditions of each pole to prepare for construction.
- Over 3,600 residents and businesses completed the Palo Alto Fiber internet survey. About 30% of households are dissatisfied with their internet service and 53% of households subscribe to internet streaming only.
- Over 700 residents submitted a \$50 deposit to demonstrate support for locally-owned and operated Palo Alto Fiber.
- Received Council approval on the construction of a new fiber backbone for the Electric Utility and a phased buildout of the FTTP network supporting City departments, dark fiber leasing customers, and a new internet service provider (ISP) business.
- Hired dedicated fiber engineer and fiber market analyst to support and expand the dark fiber business.
- Begin the implementation of a fiber network management system to plan, design, construct, manage, and expand City's fiber network.

## Initiatives

- Improve communications by bringing fiber to Foothills to provide internet service to residents, wireless communication to City staff, and fiber connectivity for AMI. Install fiber optic cables concurrently with either the overhead line rebuilds or undergrounding of lines in the Foothills.

## UTILITIES

- Evaluate and determine which potential local ordinances may be implemented within the next few years (i.e. Dig Once, One Touch Make Ready, Micro-trenching, Multi-unit Housing Access) to reduce construction costs and implementation time associated with a fiber network expansion.
- Issue invitations for bids for construction and request for proposals for operations for the fiber expansion projects (fiber backbone and FTTP).
- Determine best mix of existing resources, new hires and strategic vendors for Palo Alto Fiber.

## Goals and Objectives

### Goal 1

Increase the value of fiber utility services to customers.

#### Objectives:

- Provide high-quality, competitively-priced fiber optic utility services to City departments and commercial customers in the City of Palo Alto.
- Manage costs and add new dark fiber license agreements with commercial customers.
- Offer affordable, fast, reliable and secure internet service to residents and businesses.

### Goal 2

Improve capacity and reliability of the Dark Fiber System.

#### Objectives:

- Ensure sufficient fiber optic cables are available to meet future City and customer needs.
- Make system enhancements to prevent damage from outside sources and improve reliability.

# Key Performance Measures

## CUSTOMER SATISFACTION

Goal	Provide excellent customer service.				
Objective	Provide high-quality and competitively-priced fiber optic utility services to City departments and commercial customers in the City of Palo Alto.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of commercial fiber connections	168	168	170	151	157
Description	This measure shows the growth of the Fiber Enterprise based on customers and connections. Estimates are based on analyzing the number of upcoming developments, anticipating how many customers would sign on for Fiber, and taking into account how many existing connections may result in disconnections such as companies leaving. Some customers may also have multiple fiber connections at various locations.				
Purpose	The purpose of this measure is to add value to companies doing business in Palo Alto by providing a cost-effective, world class telecommunications system. The goal is to build out and fully leverage the fiber network to add value to the business and other communities as needed.				
Status	The Fiber enterprise Utility has 132 commercial customer connections and 38 City customer connections. As part of the City's fiber expansion project, there will be opportunities to add new dark fiber leasing to commercial customers in areas where the existing dark fiber ring does not serve. Staff anticipates to end FY 2023 with a 3-4 more accounts than originally budgeted, and to add approximately 6 more in FY 2024.				

# Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of Customer Accounts (Fiber)	48	45	45	45	45
Number of Wholesale re-sellers	14	14	14	14	14

# UTILITIES

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Fiber Optics Administration	162,742	300,338	893,907	1,022,707	128,800	14.4%
Fiber Optics Customer Service	794,269	611,384	1,092,047	1,384,917	292,870	26.8%
Fiber Optics Operations and Maintenance	1,249,050	1,224,652	543,017	898,300	355,283	65.4%
CIP Fiber Optics Fund	397,274	1,559,271	2,022,142	25,842,473	23,820,332	1,178.0%
<b>Total Dollars by Division</b>	<b>2,603,336</b>	<b>3,695,645</b>	<b>4,551,113</b>	<b>29,148,398</b>	<b>24,597,285</b>	<b>540.5%</b>
<b>Salary &amp; Benefits</b>						
Healthcare	115,781	114,538	162,894	241,790	78,896	48.4%
Other Benefits	25,846	28,639	33,845	43,271	9,426	27.9%
Overtime	41,834	32,618	27,671	30,267	2,596	9.4%
Pension	273,871	285,619	378,851	479,422	100,571	26.5%
Salary	745,681	720,870	985,614	1,522,763	537,148	54.5%
Workers' Compensation	37,165	38,216	39,024	28,269	(10,755)	(27.6)%
<b>Total Salary and Benefits</b>	<b>1,240,179</b>	<b>1,220,499</b>	<b>1,627,901</b>	<b>2,345,783</b>	<b>717,882</b>	<b>44.1%</b>
<b>Dollars by Category</b>						
Contract Services	247,312	127,214	242,646	242,646	—	—%
Supplies & Material	7,128	8,149	9,000	9,000	—	—%
General Expense	2,045	3,648	12,000	12,500	500	4.2%
Rents & Leases	51,992	53,000	56,539	83,889	27,350	48.4%
Allocated Charges	558,678	562,835	764,950	884,118	119,168	15.6%
Transfer to Infrastructure	9,883	66,126	—	—	—	—%
Operating Transfers-Out	107,670	107,179	102,176	102,176	—	—%
Capital Improvement Program	378,449	1,546,995	1,735,902	25,468,287	23,732,385	1,367.2%
<b>Total Dollars by Category</b>	<b>2,603,336</b>	<b>3,695,645</b>	<b>4,551,113</b>	<b>29,148,398</b>	<b>24,597,285</b>	<b>540.5%</b>
<b>Revenues</b>						
Charges for Services	577	379	—	—	—	—%

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Net Sales	3,940,489	1,829,128	3,616,387	3,626,242	9,855	—%
Other Revenue	484	1,043	200,000	200,000	—	—%
Return on Investments	607,697	572,952	522,200	732,500	210,300	40.3%
<b>Total Revenues</b>	<b>4,549,248</b>	<b>2,403,502</b>	<b>4,338,587</b>	<b>4,558,742</b>	<b>220,155</b>	<b>5.1%</b>
<b>Positions by Division</b>						
Fiber Optics Customer Service	3.58	3.38	3.38	5.38	2.00	59.2%
Fiber Optics Operations and Maintenance	3.13	3.13	1.88	3.88	2.00	106.4%
CIP Fiber Optics Fund	0.39	0.39	1.29	1.29	—	—%
<b>Total Positions by Division</b>	<b>7.10</b>	<b>6.90</b>	<b>6.55</b>	<b>10.55</b>	<b>4.00</b>	<b>61.1%</b>

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Administrative Associate II	0.20	0.20	0.20	0.20	—	17,980
Assistant Director Utilities Customer Support Services	0.20	0.20	0.20	1.20	1.00	252,770
Assistant Director Utilities Engineering	0.05	0.05	0.05	0.05	—	11,750
Business Analyst	0.30	0.10	0.10	0.10	—	17,651
Electric Project Engineer	0.05	0.05	0.95	0.95	—	186,218
Manager Information Technology	—	—	—	1.00	1.00	161,762
Manager Utilities Compliance	0.10	0.10	0.10	0.10	—	18,127
Manager Utilities Credit & Collection	0.40	0.40	0.40	0.40	—	63,636
Manager Utilities Program Services	0.20	0.20	0.20	—	(0.20)	—

## UTILITIES

### Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Manager Utilities Telecommunications	1.00	1.00	1.00	3.00	2.00	482,310
Senior Electrical Engineer	0.05	0.05	0.05	0.05	—	10,358
Senior Marketing Analyst	—	—	—	1.00	1.00	155,355
Street Light, Traffic Signal & Fiber Technician	2.00	2.00	1.00	1.00	—	160,306
Street Light, Traffic Signal & Fiber-Lead	1.00	1.00	0.75	0.75	—	128,700
Utilities Key Account Representative	0.80	0.80	0.80	—	(0.80)	—
Utilities Locator	0.03	0.03	0.03	0.03	—	3,706
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>6.38</b>	<b>6.18</b>	<b>5.83</b>	<b>9.83</b>	<b>4.00</b>	<b>\$1,670,629</b>
Temporary/Hourly	0.72	0.72	0.72	0.72	—	\$86,661
<b>Total Positions</b>	<b>7.10</b>	<b>6.90</b>	<b>6.55</b>	<b>10.55</b>	<b>4.00</b>	<b>\$1,757,290</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>6.55</b>	<b>4,551,113</b>	<b>4,338,587</b>	<b>212,526</b>
<b>One-Time Prior Year Budget Adjustments</b>				
None				-
<b>One-Time Prior Year Budget Adjustments</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	76,553	-	76,553
Rents & Leases Expenditure Alignment	-	27,350	-	27,350
Return on Investments	-	-	210,300	(210,300)
Fiber Optics Revenue	-	-	9,855	(9,855)
Capital Improvement Program	-	23,728,400	-	23,728,400
General Fund Cost Allocation Plan	-	125,542	-	125,542
Liability Insurance Allocated Charges	-	(2,896)	-	(2,896)
Utilities Administration Allocated Charges	-	508	-	508
Workers' Compensation Allocated Charges	-	(10,755)	-	(10,755)
<b>Adjustments to Costs of Ongoing Activities</b>	<b>0.00</b>	<b>23,955,457</b>	<b>220,155</b>	<b>23,735,302</b>
<b>Total FY 2024 Base Budget</b>	<b>6.55</b>	<b>28,506,570</b>	<b>4,558,742</b>	<b>23,947,828</b>
<b>Budget Proposals</b>				
1. Dark Fiber Expansion and Fiber to the Premises	4.00	647,443	-	647,443
2. Senior Fiber Market Analyst	1.00	186,654	-	186,654
3. Utilities Program Services Reallocations	(1.00)	(192,269)	-	(192,269)
<b>Budget Changes</b>	<b>4.00</b>	<b>641,828</b>	<b>-</b>	<b>641,828</b>
<b>Total FY 2024 Adopted Budget</b>	<b>10.55</b>	<b>29,148,398</b>	<b>4,558,742</b>	<b>24,589,656</b>

# UTILITIES

## Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Dark Fiber Expansion and Fiber to the Premises	4.00	647,443	-	647,443

This action adds 4.00 positions to support the dark fiber network expansion and fiber-to-the-premises (FTTP) projects. The proposed positions are necessary to implement, support, and manage the City's dark fiber network expansion, and the development of a new City service providing fiber broadband internet to the community.

- 1) 1.00 Assistant Director to provide vision and strategy for the new fiber business and build a high performance team.
- 2) 1.00 Manager Utilities Telecommunications (Outside Plant Manager) to lead the construction process, installation and repair service, and ensure the outside plan processes run smoothly.
- 3) 1.00 Manager Information Technology (Sr. Network Engineer/Architect) to lead the development process of the overall architecture of the broadband system.
- 4) 1.00 Manager Utilities Telecommunications (Sales and Marketing Manager) to develop the marketing strategy and lead marketing initiatives. This position is different from the Senior Fiber Market Analyst in that the sales and marketing is targeted to fiber-to-the-premise and City internet service provider (ISP) business. (Ongoing cost: \$811,802)

### Performance Results



This action will result in increase support to the City's fiber expansion.

2. Senior Fiber Market Analyst	1.00	186,654	-	186,654
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This action adds 1.00 Senior Fiber Market Analyst to the Fiber Utility to expand the dark fiber business and continue supporting existing dark fiber customers. This position will engage new Fiber customers, estimate/design the work for internal (City) and external customers and collaborate with Operations on the construction to connect the customers. This action will add a fiber market analyst position (Fiber) to align the job classification with work expanding the dark fiber business. (Ongoing costs: \$199,745)

### Performance Results



This action will add a Fiber Market Analyst position to increase customer sales in the dark fiber leasing business and support the fiber expansion plan.

3. Utilities Program Services Reallocations	(1.00)	(192,269)	-	(192,269)
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This action is a net-zero full-time equivalent (FTE) reallocation of staff among Electric, Fiber, Gas, and Water Funds. Due to the addition of a dedicated Fiber Market Analyst, the Key Account Representatives will be less involved with commercial dark fiber and allocate more time on efficiency programs and vendor management. This reallocation aligns staff supporting the City's Sustainable Climate Action Plan (S/CAP) and fiber expansion efforts. These realignments enable the City to better meet its electric, gas, and water sustainability goals. (Ongoing costs: \$159,246)

### Performance Results



This action will better align staff support for citywide S/CAP and fiber expansion efforts.

# GAS FUND

## Description

The municipal natural gas system began operations in 1917 when Palo Alto acquired a privately-owned gas business. During the early years, gas was manufactured from coal tar. Gas supplied by coal tar was replaced in the 1920s by natural gas supplied from Pacific Gas and Electric (PG&E). Today, all gas for the City of Palo Alto is purchased from PG&E. The Gas Utility is responsible for planning, designing, and budgeting the operations, maintenance, and constructing major capital improvements for the City's gas distribution system.

## Accomplishments

- Completed inspection of 1,480 sanitary sewer laterals for the presence of a natural gas crossbores in two years, under the Phase III Crossbore Gas Safety Program.
- Finalized designs of the Gas Main Replacement 24 "GMR24" project (GS-14003) to replace 19,000 linear feet of natural gas mains and approximately 190 natural gas service pipeline made of Polyvinyl Chloride (PVC) and Steel Black Wrap Pipe (BWP). The project was split between GMR24A and GMR24B to facilitate and expedite the replacement of PVC main around the Stanford Shopping Center. Replacement of pipe on the GMR24A portion of the project has started and is anticipated to be completed in the spring of 2023. The GMR24B portion of the project is awaiting a grant application response.
- Started design work on the Gas Main Replacement 25 "GMR25" project (GS-15000) of approximately 25,000 linear feet of natural gas mains, including replacement of approximately 320 natural gas service pipelines made of PVC, BWP, or undersized PE and the reconnection of 225 natural gas service pipelines.
- Provided financial assistance of \$295,000 to over 850 gas residential and commercial customers with arrearages during the COVID pandemic; funding was issued by the California Arrearage Payment Program (CAPP).

## Initiatives

- Apply for Department of Energy's Grid Resilience and Innovation Partnerships (GRIP) grants for AMI/smart grid project.
- Commence a study in FY 2024 to evaluate the preferred approach for downsizing the gas system and identifying potential locations to conduct a proof of concept.
- Receive bids for the Gas Main Replacement Project GS-14003, GMR24B portion of the project, to replace 18,000 linear feet of gas mains and natural gas service pipelines made of Polyvinyl Chloride (PVC).

- Apply for subsequent years of the Natural Gas Distribution Infrastructure Safety Modernization multi-year grant.

# Goals and Objectives

## Goal 1

Provide safe and efficient delivery of natural gas to customers.

### Objectives:

- Continue repairing 100 percent of laterals damaged by crossbore within 24 hours.
- Remove and replace the remaining PVC pipe with Polyethylene (PE) pipe.
- Complete a mobile gas leak survey of all distribution mains annually and complete a walking gas leak survey of all gas services, for 50 percent of the City, each year. Complete a walking leak survey of all gas services within business districts each year.

## Goal 2

Increase environmental sustainability and promote efficient use of natural gas resources.

### Objectives:

- Ten-year goal for natural gas efficiency is a reduction in expected gas use of 2.85 percent by 2023 (base year 2013).
- Reduce the carbon intensity of the gas portfolio in accordance with the Sustainability and Climate Action Plan (S/CAP) using offsets.

# Key Performance Measures

## GAS LEAKS REPAIRED

Goal	Provide safe and efficient delivery of natural gas to customers.				
Objective	Respond to and repair all Grade 1 gas leaks immediately.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percentage of Grade 1 leaks responded to within 24 hours	100%	100%	100%	100%	100%
Description	This measures the total response time to Grade 1 leaks found during the walking and mobile (vehicle) surveys and any reported leaks classified as Grade 1. The City’s policy is to respond and repair Grade 1 leaks within 24 hours. Grade 1 leaks are hazardous leaks that pose an immediate hazard to persons or property and require continuous action until conditions are no longer hazardous.				
Purpose	Leaks are assigned priority gradings according to location, extent of migration, gas concentration, potential for concentration, ignition sources, and potential hazard to the public and property. These priority grades are intended only as guidelines.				
Status	Utilities Operations responds immediately to Grade 1 leaks. The average repair time can vary depending on the size and location of the gas leak.				

## GAS SAFETY

Goal	Provide safe and efficient delivery of natural gas to our customers.				
Objective	Complete a walking gas leak survey for 50 percent of the City and a mobile gas leak survey of services in business districts and 100 percent of the City’s gas mains on an annual basis.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percentage of gas system surveyed by mobile (vehicle)	100%	100%	100%	100%	100%
Percentage of gas system surveyed by walking	100%	100%	100%	100%	100%
Description	A walking survey is conducted to check for gas leaks on service/gas meters and covers one-half of the City (approximately 105 miles of gas mains and 36 miles of service lines) every year, so that the entire City’s gas service system can be reviewed in a two-year period. The Federal Department of Transportation (DOT) regulations require a survey of the entire City once every five years. In addition to a walking survey, a mobile (vehicle) survey of all gas mains and some gas service lines (services in the business district) are conducted annually.				
Purpose	To ensure the safety of all who live and work in Palo Alto and to comply with Federal DOT requirements.				

## UTILITIES

### Key Performance Measures

Status	The department is meeting the requirements and repairing all discovered gas leaks in a timely manner.
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#### INCREASE ENVIRONMENTAL SUSTAINABILITY AND PROMOTE EFFICIENT USE OF NATURAL GAS RESOURCES

Goal	Support environmental sustainability and promote efficient use of natural gas resources.
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Objective	Increase gas efficiency participation.
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	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Natural gas savings achieved annually through efficiency programs (therms)	50,163	1,989	47,000	N/A	N/A

Description	This data is collected as part of the Palo Alto Community Survey that is conducted annually.
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Purpose	The carbon intensity of the natural gas portfolio is a function of where and how the gas is acquired and how much of it is burned in use. Improving gas efficiency directly reduces the gas-related carbon footprint in Palo Alto.
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Status	In FY 2022, CPAU saw lower gas efficiency savings than previous years due to a shift in focus towards electrification and electric efficiency programs. This measure will be replaced in FY 2024 as the City is no longer providing incentives for switching from old gas equipment to new gas equipment and will move towards building electrification. Since GHG emissions are directly tied to natural gas use, the most cost effective means to reduce natural gas consumption will be prioritized. For this update, the FY 2023 estimate and FY 2024 proposed values are N/A for this measure as the city no longer has gas efficiency goals moving forward. This measure may be replaced by one measuring the cost effectiveness of reducing natural gas consumption.
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### Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of Customer Accounts (Gas)	23,794	23,781	23,741	23,815	23,818
Number of gas leaks repaired	106	102	120	110	110

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Gas Administration	10,623,826	11,966,758	13,185,438	14,029,946	844,508	6.4%
Gas Customer Service	1,904,615	2,036,072	2,305,867	2,432,493	126,626	5.5%
Gas Demand Side Management	417,254	306,331	3,675,877	3,661,619	(14,258)	—%
Gas Engineering (Operating)	570,710	659,207	778,953	1,242,113	463,160	59.5%
Gas Operations and Maintenance	6,225,365	7,046,724	7,601,628	8,130,115	528,487	7.0%
Gas Resource Management	13,300,650	24,771,209	21,140,072	31,073,302	9,933,230	47.0%
CIP Gas Fund	3,542,679	7,704,795	12,567,317	15,530,724	2,963,408	23.6%
<b>Total Dollars by Division</b>	<b>36,585,098</b>	<b>54,491,097</b>	<b>61,255,152</b>	<b>76,100,312</b>	<b>14,845,161</b>	<b>24.2%</b>
<b>Dollars by Category</b>						
<b>Salary &amp; Benefits</b>						
Healthcare	959,774	1,031,043	1,200,275	1,224,960	24,685	2.1%
Other Benefits	181,959	182,941	223,114	215,468	(7,646)	(3.4)%
Overtime	228,088	243,585	214,863	235,024	20,161	9.4%
Pension	2,209,378	2,537,892	2,731,117	2,974,417	243,300	8.9%
Retiree Medical	663,940	674,796	617,166	628,678	11,511	1.9%
Salary	4,678,528	4,947,168	6,790,603	7,413,507	622,904	9.2%
Workers' Compensation	224,327	230,670	257,386	200,583	(56,803)	(22.1)%
<b>Total Salary and Benefits</b>	<b>9,145,994</b>	<b>9,848,095</b>	<b>12,034,523</b>	<b>12,892,635</b>	<b>858,112</b>	<b>7.1%</b>
Utility Purchase	12,749,972	24,103,336	20,112,737	29,948,157	9,835,420	48.9%
Contract Services	441,691	1,101,067	1,903,282	2,634,437	731,155	38.4%
Supplies & Material	372,628	410,514	495,316	516,816	21,500	4.3%
General Expense	379,307	381,840	2,546,161	2,280,961	(265,200)	(10.4)%
Rents & Leases	616,234	502,382	639,916	699,956	60,040	9.4%
Debt Service	135,722	109,588	802,615	802,615	—	—%

## UTILITIES

### Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Facilities & Equipment	35	—	1,840	1,840	—	—%
Allocated Charges	3,020,755	3,745,618	5,520,251	5,839,393	319,142	5.8%
Transfer to Infrastructure	68,911	89,522	—	—	—	—%
Operating Transfers-Out	453,269	390,160	166,200	171,100	4,900	2.9%
Equity Transfer	6,847,000	7,240,000	7,165,000	7,707,000	542,000	7.6%
Capital Improvement Program	2,353,580	6,568,973	9,867,311	12,605,403	2,738,092	27.7%
<b>Total Dollars by Category</b>	<b>36,585,098</b>	<b>54,491,097</b>	<b>61,255,152</b>	<b>76,100,312</b>	<b>14,845,161</b>	<b>24.2%</b>
<b>Revenues</b>						
Charges for Services	959	1,093	20,000	20,000	—	—%
Charges to Other Funds	159,803	108,598	108,167	108,167	—	—%
From Other Agencies	—	249,093	—	—	—	—%
Net Sales	38,675,012	49,163,754	45,835,893	65,629,971	19,794,078	43.2%
Other Revenue	865,754	481,834	913,000	514,210	(398,790)	(43.7)%
Return on Investments	479,407	426,815	475,400	642,100	166,700	35.1%
<b>Total Revenues</b>	<b>40,180,935</b>	<b>50,431,186</b>	<b>47,352,460</b>	<b>66,914,448</b>	<b>19,561,988</b>	<b>41.3%</b>
<b>Positions by Division</b>						
Gas Customer Service	9.03	9.03	10.11	9.88	(0.23)	(2.3)%
Gas Demand Side Management	1.29	1.29	1.24	1.04	(0.20)	(16.1)%
Gas Engineering (Operating)	1.85	1.85	1.85	1.85	—	—%
Gas Operations and Maintenance	27.92	27.68	27.89	27.90	0.01	—%
Gas Resource Management	1.76	2.00	2.34	2.39	0.05	2.1%
CIP Gas Fund	11.73	11.73	11.93	11.81	(0.12)	(1.0)%
<b>Total Positions by Division</b>	<b>53.58</b>	<b>53.57</b>	<b>55.35</b>	<b>54.86</b>	<b>(0.49)</b>	<b>(0.9)%</b>

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Account Specialist	0.23	0.23	0.23	0.23	—	21,404
Administrative Associate II	0.60	0.60	0.60	0.60	—	53,939
Assistant Director Administrative Services	0.05	0.05	0.05	0.05	—	11,056
Assistant Director Sustainability and Climate Action	—	—	—	0.30	0.30	69,000
Assistant Director Utilities Customer Support Services	0.20	0.20	0.20	0.20	—	44,354
Assistant Director Utilities Engineering	0.20	0.20	0.20	0.20	—	47,000
Assistant Director Utilities Operations	0.15	0.15	0.15	0.15	—	37,599
Assistant Director Utilities/ Resource Management	0.25	0.20	0.20	0.20	—	46,097
Associate Sustainability Program Administrator	—	—	0.20	0.10	(0.10)	12,353
Business Analyst	1.15	1.05	1.05	1.05	—	185,334
Cathodic Protection Technician Assistant	1.00	1.00	1.00	1.00	—	126,131
Cathodic Technician	1.00	1.00	1.00	1.00	—	154,773
Cement Finisher	0.68	0.68	0.68	0.68	—	72,856
Contracts Administrator	0.10	0.10	0.10	0.10	—	12,384
Coordinator Utilities Projects	1.26	1.26	1.26	1.26	—	166,264
Customer Service Representative	1.87	1.87	1.87	1.87	—	163,480
Customer Service Specialist	0.68	0.68	0.68	0.68	—	65,359
Customer Service Specialist-Lead	0.58	0.58	0.58	0.58	—	59,620
Engineer	2.00	2.00	2.00	2.00	—	346,237
Engineering Manager - Electric	0.15	0.15	0.15	0.15	—	31,264

# UTILITIES

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Engineering Manager - WGW	0.33	0.33	0.33	0.33	—	72,710
Engineering Technician III	0.70	0.70	0.70	0.70	—	81,216
Environmental Specialist	—	—	0.17	0.17	—	24,133
Gas and Water Meter Measurement and Control Technician	3.40	3.40	3.40	3.40	—	426,017
Gas and Water Meter Measurement and Control Technician - Lead	0.80	0.80	0.80	0.80	—	86,944
Heavy Equipment Operator - Install/Repair	0.65	0.65	0.65	0.65	—	81,279
Inspector, Field Services	2.05	—	—	—	—	—
Inspector, WGW Utilities Field Svc	—	2.05	2.13	2.13	—	259,178
Maintenance Mechanic-Welding	1.00	1.00	1.00	1.00	—	125,986
Manager Customer Service	0.33	0.33	0.33	0.33	—	56,903
Manager Environmental Control Program	—	—	0.17	0.17	—	29,975
Manager Treasury, Debt & Investments	0.10	0.10	0.10	0.10	—	17,597
Manager Utilities Compliance	0.25	0.25	0.25	0.25	—	45,318
Manager Utilities Credit & Collection	0.15	0.15	0.15	0.15	—	23,863
Manager Utilities Operations WGW	0.20	0.20	0.20	0.20	—	40,356
Manager Utilities Program Services	0.20	0.20	0.20	0.30	0.10	52,223
Meter Reader	1.98	1.98	1.98	1.65	(0.33)	148,914
Meter Reader-Lead	0.33	0.33	0.33	0.33	—	31,870
Principal Business Analyst	0.33	0.33	0.33	0.33	—	62,655
Principal Utilities Program Manager	—	—	0.30	—	(0.30)	—

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Program Assistant I	0.33	0.33	0.33	0.33	—	30,099
Program Assistant II	0.25	0.30	—	—	—	—
Project Engineer	1.00	1.00	1.00	1.00	—	186,285
Resource Planner	0.45	0.70	0.70	0.60	(0.10)	101,562
Restoration Lead	0.43	0.43	0.43	0.43	—	57,403
SCADA Technologist	0.10	0.10	—	—	—	—
Senior Business Analyst	0.99	0.99	0.99	0.99	—	163,459
Senior Engineer	2.35	2.35	2.35	2.35	—	446,570
Senior Mechanic	0.33	0.33	0.33	0.33	—	43,044
Senior Resource Planner	0.56	0.65	0.65	0.80	0.15	157,778
Senior Utilities Field Service Representative	0.41	0.41	0.41	0.41	—	56,191
Substation Electrician	0.25	0.25	0.25	0.25	—	43,732
Sustainability Programs Administrator	—	0.65	0.40	0.30	(0.10)	39,168
Utilities Engineer Estimator	0.73	0.73	0.73	0.73	—	109,881
Utilities Field Services Representative	1.75	1.75	1.75	1.75	—	224,297
Utilities Install Repair-Lead-Welding Certified	0.77	0.77	0.77	0.77	—	107,467
Utilities Install Repair-Welding Certified	1.43	1.43	1.43	1.43	—	166,883
Utilities Install/Repair	4.56	4.56	4.56	4.56	—	569,942
Utilities Install/Repair Assistant	0.65	0.65	0.65	0.65	—	68,898
Utilities Install/Repair-Lead	1.93	1.93	1.93	1.93	—	243,141
Utilities Key Account Representative	0.50	0.50	0.50	0.50	—	67,548
Utilities Locator	0.29	0.29	0.29	0.29	—	35,824
Utilities Marketing Program Administrator	0.65	—	—	—	—	—

## UTILITIES

### Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Utilities Safety Officer	0.20	0.20	0.20	0.20	—	26,795
Utilities Supervisor	2.37	2.12	2.12	2.12	—	367,281
Utilities System Analyst	—	—	0.59	0.59	—	104,140
Water System Operator II	0.66	0.66	0.66	0.66	—	75,229
WGW Heavy Equipment Operator	2.50	2.50	2.50	2.50	—	311,636
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>51.39</b>	<b>51.38</b>	<b>52.24</b>	<b>51.86</b>	<b>(0.38)</b>	<b>\$7,197,894</b>
Temporary/Hourly	2.19	2.19	3.11	3.00	(0.11)	\$267,631
<b>Total Positions</b>	<b>53.58</b>	<b>53.57</b>	<b>55.35</b>	<b>54.86</b>	<b>(0.49)</b>	<b>\$7,465,525</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>55.35</b>	<b>61,255,151</b>	<b>47,352,459</b>	<b>13,902,692</b>
<b>One-time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-time Prior Year Budget Adjustments</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	944,483	-	944,483
Utility Purchases	-	9,835,420	-	9,835,420
Capital Improvement Program	-	2,760,816	(400,000)	3,160,816
Equity Transfer to the General Fund	-	542,000	-	542,000
General Fund Cost Allocation Plan	-	139,701	-	139,701
Rents & Leases Expenditure Alignment	-	60,040	-	60,040
Bankcard Service Charge Adjustment	-	27,500	1,210	26,290
Gas Safety Awareness Mailers	-	15,700	-	15,700
Uniforms Agreement Adjustment	-	15,000	-	15,000
California Air Resources Board (CARB) Fee Adjustment	-	7,000	-	7,000
Transfer to Water Fund (WS-02014 Water, Gas, Wastewater Utility GIS Data)	-	4,900	-	4,900
Advanced Metering Infrastructure Software Contract Adjustment	-	455	-	455
Return on Investments	-	-	166,700	(166,700)
Gas Customer Sales Revenue Adjustments	-	-	19,794,079	(19,794,079)
Liability Insurance Allocated Charges	-	(6,091)	-	(6,091)
Printing & Mailing Allocated Charges	-	26,400	-	26,400
Utilities Administration Allocated Charges	-	133,359	-	133,359
Vehicle Replacement & Maintenance Allocated Charges	-	24,549	-	24,549
Workers' Compensation Allocated Charges	-	(56,803)	-	(56,803)
<b>Adjustments to Costs of Ongoing Activities</b>	<b>0.00</b>	<b>14,474,429</b>	<b>19,561,989</b>	<b>(5,087,560)</b>
<b>Total FY 2024 Base Budget</b>	<b>55.35</b>	<b>75,729,580</b>	<b>66,914,448</b>	<b>8,815,132</b>

# UTILITIES

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Budget Adjustments</b>				
1. Gas Utility Decommissioning Study	-	400,000	-	400,000
2. Resource Management Reallocations	0.05	26,648	-	26,648
3. S/CAP Staffing Realignment	-	-	-	-
4. Utilities Program Services Reallocations	(0.10)	(5,595)	-	(5,595)
5. Advanced Metering Infrastructure Staffing	(0.11)	(10,220)	-	(10,220)
6. Meter Reader	(0.33)	(40,101)	-	(40,101)
<b>Total Budget Adjustments</b>	<b>(0.49)</b>	<b>370,732</b>	<b>-</b>	<b>370,732</b>
<b>Total FY 2024 Adopted Budget</b>	<b>54.86</b>	<b>76,100,312</b>	<b>66,914,448</b>	<b>9,185,864</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Gas Utility Decommissioning Study	-	400,000	-	400,000

This one-time action increases Gas Fund contract services funding to assess the feasibility, planning, and implementation needs of a program for decommissioning a majority of residential gas distribution lines to achieve the City's S/CAP goals and shifting appliances from gas to electric. The study will provide information on how to safely decommission the existing gas distribution system and develop a future gas distribution to support the load from consumers remaining on gas in a cost-effective manner. (Ongoing costs: \$0)

**Performance Results**



This action will provide insights into the funding and operational needs of a gas utility decommissioning program to support citywide S/CAP plan.

2. Resource Management Reallocations	0.05	26,648	-	26,648
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This action is a net-zero FTE reallocation of staff primarily from Electric Fund to Gas Fund to support the gas commodity portfolio. Staff will evaluate gas winter hedging strategies to mitigate extremely high natural gas market price spikes. Utility divisions evaluate their workplan annually and adjust FTE distribution among shared positions as priorities change. These changes reflect alignments for the Resource Management Division. (Ongoing costs: \$28,244)

**Performance Results**



This action will result in reallocation of staff support for Resource Management Division.

3. S/CAP Staffing Realignment	-	-	-	-
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This action realigns staffing to oversee S/CAP resources to better support this Council priority and the upcoming three-year workplan. Staffing changes include elimination of 1.0 Senior Engineer and 1.0 Principal Utilities Program Manager in the Public Works and Utilities Departments, offset by the addition of 1.0 Assistant Director in the Public Works Department and 1.0 Engineer in the Utilities Department. This will consolidate and unify resources between departments and will not result in an impact to the General Fund. (Ongoing costs: \$0)

**Performance Results**



This action will allow for more effective use of resources between the Public Works and Utilities departments.

4. Utilities Program Services Reallocations	(0.10)	(5,595)	-	(5,595)
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This action is a net-zero full-time equivalent (FTE) reallocation of staff among Electric, Fiber, Gas, and Water Funds. Due to the addition of a dedicated Fiber Market Analyst, the Key Account Representatives will be less involved with commercial dark fiber and allocate more time on efficiency programs and vendor management. This reallocation aligns staff supporting the City's Sustainable Climate Action Plan (S/CAP) and fiber expansion efforts. These realignments enable the City to better meet its electric, gas, and water sustainability goals. (Ongoing costs: \$159,246)

**Performance Results**



This action will better align staff support for citywide S/CAP and fiber expansion efforts.

## UTILITIES

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
5. Advanced Metering Infrastructure Staffing	(0.11)	(10,220)	-	(10,220)

This action adds 0.52 hourly FTE to an existing 0.48 hourly FTE resulting in a full-time hourly position to support Advanced Metering Infrastructure (AMI) implementation, offset by an elimination of a vacant 0.48 position of the same classification, Journey Level Laborer. The restructuring of positions will provide staff consistency and flexibility to meet increasing field activity for the AMI project as the City prepares for full deployment of electric, gas, and water smart meter installations. The position will provide continuous field support by surveying and preparing sites prior to meter exchanges and retrofits. (Ongoing savings: \$10,405)

### Performance Results



This action will provide additional field support for AMI full deployment.

6. Meter Reader	(0.33)	(40,101)	-	(40,101)
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This action eliminates a vacant 1.00 Meter Reader position. The Meter Reader is responsible for reading about 1,000 electric, gas, and water meters on a daily basis for monthly utility billing. Meter Reader positions are being transitioned as a result of technological advances from the Advanced Metering Infrastructure (AMI) project, which provides meters with capabilities to electronically perform work traditionally performed by full time meter readers. As the City deploys AMI meters, there will be a transition and training process for Meter Readers to apply for other vacant positions within the City. This action will reduce the number of full-time meter readers from seven to six. (Ongoing costs: \$0)

### Performance Results



This action will eliminate one vacant meter reader position.

# WASTEWATER COLLECTION FUND

## Description

In 1898, Palo Alto approved \$28,000 in bond money to fund construction of the City's first sewer network, which was completed in 1899. Private cesspools and privies were banned, and the City Health Officer had residents connected to the sewer system within a few years.

Wastewater Collection's staff is responsible for design, construction, operation, and maintenance of approximately 216 miles of sewer mains and approximate 18,000 City-owned laterals. Staff continues overlapping the design and construction elements of rehabilitation and augmentation projects. Wastewater Collection's priorities are: maintaining infrastructure reliability; identifying problems in mains and service laterals through expanded use of video technology; complying with all regulatory requirements; and maintaining its excellent safety record.

## Accomplishments

- Completed design for the Sanitary Sewer Replacement Project 31 (WC-19001) to replace approximately 10,924 linear feet of sanitary sewer mains and associated laterals on El Camino Real between Page Mill Road and Cesano Court.
- Completed the preparation of an RFP and evaluation of three proposals for a Sewer Master Plan Study of the wastewater collection system.
- Provided financial assistance of \$176,000 to over 450 wastewater residential and commercial customers with arrearages during the COVID pandemic; funding was issued by the California Water and Wastewater Arrearage Payment Programs (CWWAPP).

## Initiatives

- Start construction of Sanitary Sewer Replacement Project 31 (WC-19001) to replace approximately 10,924 linear feet of sanitary sewer mains and associated laterals on El Camino Real between Page Mill Road and Cesano Court.
- Complete replacement of sanitary sewer overflow monitoring units in 39 sewer manholes throughout the City.

## UTILITIES

- Complete the contract and cost negotiation process with the selected consultant for the Sewer Master Plan Study of the wastewater collection system and submit for Council approval.

# Goals and Objectives

## Goal 1

Maintain and provide reliable and cost-effective wastewater services to customers.

### Objectives:

- Clean and maintain sewer mains in commercial areas on a quarterly basis.
- Clean and video a minimum of 17% of the City-owned laterals annually to comply with the City's Sewer Overflow Reduction Plan.
- Maintain the integrity of the City's wastewater collection system by replacing mains and laterals as identified in the Wastewater Collection System Rehabilitation/Augmentation Capital Improvement Project plan.
- Minimize sanitary sewer overflows and stoppages.
- Maintain a fleet of dependable vehicles to provide high quality cleaning and servicing of the sewer system.

# Key Performance Measures

## MAINTAIN AND PROVIDE RELIABLE SERVICES

Goal	Maintain and provide a reliable wastewater system to customers.				
Objective	Clean and video a minimum of 17 percent of the City-owned laterals annually to comply with the City's Sewer Overflow Reduction Plan.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percentage of sewer laterals inspected annually	19%	23%	17%	17%	17%
Description	The purpose of the Sewer System Management Plan (SSMP) is to maintain and improve the condition of the collection system infrastructure; control infiltration and provide appropriate sewer capacity; and minimize the number and impact of sanitary sewer overflows. The goal is to perform sewer main cleaning of the entire collection system every 30 months (81.6 miles per year). This measures inspections and maintenance of 17 percent of City-owned laterals annually using closed-circuit television (CCTV) inspection data, including results of the on-going crossbore lateral inspection program, to target sewer mains and lower laterals for rehabilitation and replacement.				
Purpose	To prevent blockage, sewer overflows, and to comply with the City's SSMP, all the City's sewer mains must be cleaned within 30 months.				
Status	The City is meeting the objectives of its SSMP and is on target to complete annual inspection of 17 percent of the city owned sewer laterals.				

## Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Number of Customer Accounts (Wastewater)	22,414	22,393	22,382	22,470	22,482
Number of miles of sewer lines cleaned/ treated in a fiscal year	156	82	90	90	90
Percent of sewage spill responses within two hours	90%	96%	100%	90%	100%
Percent of surveyed residents rating the quality of the Sewer Service as good/ excellent	N/A*	90%	88%	85%	86%
Number of sewage overflows	41	52	55	50	50
Percent of miles of sewer lines replaced	0.80%	0.40%	0.50%	0.48%	0.95%

\* The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.

# UTILITIES

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Wastewater Collection Administration	2,482,780	2,481,181	2,844,845	3,036,119	191,274	6.7%
Wastewater Collection Customer Service	429,768	407,448	480,103	517,509	37,406	7.8%
Wastewater Collection Engineering (Operating)	350,832	260,696	557,933	592,167	34,233	6.1%
Wastewater Collection Operations and Maintenance	13,955,032	13,175,389	16,300,740	17,157,349	856,609	5.3%
CIP Wastewater Collection Fund	3,976,443	2,839,242	4,477,768	4,072,353	(405,415)	(9.1)%
<b>Total Dollars by Division</b>	<b>21,194,855</b>	<b>19,163,957</b>	<b>24,661,390</b>	<b>25,375,497</b>	<b>714,107</b>	<b>2.9%</b>
<b>Salary &amp; Benefits</b>						
Healthcare	462,540	492,567	687,099	675,100	(11,999)	(1.7)%
Other Benefits	84,099	82,791	100,080	97,198	(2,883)	(2.9)%
Overtime	134,615	207,772	167,963	183,723	15,760	9.4%
Pension	1,035,025	1,136,303	1,362,909	1,505,189	142,280	10.4%
Retiree Medical	256,185	260,374	248,248	261,319	13,072	5.3%
Salary	3,012,727	2,605,538	3,317,427	3,719,508	402,081	12.1%
Workers' Compensation	125,383	128,928	128,588	99,958	(28,630)	(22.3)%
<b>Total Salary and Benefits</b>	<b>5,110,575</b>	<b>4,914,273</b>	<b>6,012,314</b>	<b>6,541,995</b>	<b>529,681</b>	<b>8.8%</b>
<b>Dollars by Category</b>						
Utility Purchase	10,541,634	9,478,773	11,850,759	12,428,465	577,706	4.9%
Contract Services	164,304	283,251	248,986	248,986	—	—%
Supplies & Material	275,597	270,750	380,618	380,618	—	—%
General Expense	108,519	167,935	181,400	192,896	11,496	6.3%
Rents & Leases	358,803	272,755	367,790	396,728	28,938	7.9%
Debt Service	23,352	17,869	129,001	129,001	—	—%
Facilities & Equipment	—	—	3,000	3,000	—	—%

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Allocated Charges	1,038,045	1,486,091	3,070,907	3,268,697	197,790	6.4%
Transfer to Infrastructure	40,727	47,656	—	—	—	—%
Operating Transfers-Out	301,268	181,463	166,200	171,100	4,900	2.9%
Capital Improvement Program	3,232,032	2,043,140	2,250,415	1,614,011	(636,404)	(28.3)%
<b>Total Dollars by Category</b>	<b>21,194,855</b>	<b>19,163,957</b>	<b>24,661,390</b>	<b>25,375,497</b>	<b>714,107</b>	<b>2.9%</b>
<b>Revenues</b>						
Charges for Services	722	619	10,000	10,000	—	—%
Charges to Other Funds	33,238	34,069	34,069	34,069	—	—%
From Other Agencies	—	176,246	—	—	—	—%
Net Sales	20,572,515	20,072,932	21,345,816	23,365,352	2,019,536	9.5%
Other Revenue	263,547	197,296	152,000	152,550	550	—%
Return on Investments	152,987	141,274	138,800	199,700	60,900	43.9%
<b>Total Revenues</b>	<b>21,023,009</b>	<b>20,622,436</b>	<b>21,680,685</b>	<b>23,761,671</b>	<b>2,080,986</b>	<b>9.6%</b>
<b>Positions by Division</b>						
Wastewater Collection Customer Service	2.22	2.22	2.47	2.47	—	—%
Wastewater Collection Engineering (Operating)	1.40	1.40	1.40	1.40	—	—%
Wastewater Collection Operations and Maintenance	15.06	14.43	15.15	15.24	0.09	0.6%
CIP Wastewater Collection Fund	9.82	9.45	9.65	9.65	—	—%
<b>Total Positions by Division</b>	<b>28.50</b>	<b>27.50</b>	<b>28.67</b>	<b>28.76</b>	<b>0.09</b>	<b>—%</b>

# UTILITIES

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Account Specialist	0.23	0.23	0.23	0.23	—	21,404
Administrative Associate II	0.40	0.40	0.40	0.40	—	35,959
Assistant Director Utilities Engineering	0.15	0.15	0.15	0.15	—	35,250
Assistant Director Utilities Operations	0.10	0.10	0.10	0.10	—	25,066
Business Analyst	0.75	0.75	0.75	0.75	—	132,382
Cement Finisher	0.76	0.76	0.76	0.76	—	81,427
Contracts Administrator	0.05	0.05	0.05	0.05	—	6,192
Coordinator Utilities Projects	1.10	1.10	1.10	1.10	—	145,151
Customer Service Representative	1.45	1.45	1.45	1.45	—	126,762
Customer Service Specialist-Lead	0.25	0.25	0.25	0.25	—	25,698
Engineer	1.00	1.00	1.00	1.00	—	173,118
Engineering Manager - Electric	0.15	0.15	0.15	0.15	—	31,264
Engineering Manager - WGW	0.34	0.34	0.34	0.34	—	74,914
Engineering Technician III	0.45	0.45	0.45	0.45	—	52,210
Equipment Operator	—	—	1.00	1.00	—	105,061
Heavy Equipment Operator - Install/Repair	3.15	3.15	3.15	3.15	—	376,142
Industrial Waste Investigator	0.50	0.50	0.50	0.50	—	67,007
Inspector, Field Services	0.96	—	—	—	—	—
Inspector, WGW Utilities Field Svc	—	0.96	1.04	1.04	—	126,547
Maintenance Mechanic-Welding	0.20	0.20	0.20	0.20	—	25,197
Manager Utilities Credit & Collection	0.15	0.15	0.15	0.15	—	23,863

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Manager Utilities Operations WGW	0.30	0.30	0.30	0.30	—	60,534
Program Assistant I	0.34	0.34	0.34	0.34	—	31,011
Project Engineer	2.00	2.00	2.00	2.00	—	372,570
Restoration Lead	0.26	0.26	0.26	0.26	—	34,709
Senior Engineer	0.91	0.91	0.91	0.91	—	170,943
Senior Mechanic	0.33	0.33	0.33	0.33	—	43,044
Utilities Engineer Estimator	0.56	0.56	0.56	0.56	—	82,212
Utilities Field Services Representative	1.25	1.25	1.25	1.25	—	160,212
Utilities Install Repair-Lead-Welding Certified	0.58	0.58	1.58	1.58	—	220,517
Utilities Install Repair-Welding Certified	0.63	0.63	0.63	0.63	—	80,221
Utilities Install/Repair	4.00	4.00	4.00	4.00	—	499,949
Utilities Install/Repair-Lead	2.00	2.00	1.00	1.00	—	136,365
Utilities Locator	0.39	0.39	0.39	0.39	—	48,177
Utilities Safety Officer	0.10	0.10	0.10	0.10	—	13,397
Utilities Supervisor	1.72	0.72	0.72	0.72	—	118,207
WGW Heavy Equipment Operator	0.23	0.23	0.23	0.23	—	28,671
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>27.74</b>	<b>26.74</b>	<b>27.82</b>	<b>27.82</b>	<b>—</b>	<b>\$3,791,353</b>
Temporary/Hourly	0.76	0.76	0.85	0.94	0.09	\$63,130
<b>Total Positions</b>	<b>28.50</b>	<b>27.50</b>	<b>28.67</b>	<b>28.76</b>	<b>0.09</b>	<b>\$3,854,483</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>28.67</b>	<b>24,661,390</b>	<b>21,680,685</b>	<b>2,980,706</b>
<b>One-time Prior Year Budget Adjustments</b>				
None		-	-	-
<b>One-time Prior Year Budget Adjustments</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	551,369	-	551,369
Wastewater Quality Control Plant Partner Revenue Allocation Adjustment	-	577,706	-	577,706
General Fund Cost Allocation Plan	-	90,540	-	90,540
Rents & Leases Expenditure Alignment	-	28,938	-	28,938
Bankcard Service Charge Adjustment	-	11,496	550	10,946
Transfer to Water Fund (WS-02014 Water, Gas, Wastewater Utility GIS Data)	-	4,900	-	4,900
Return on Investments	-	-	60,900	(60,900)
Capital Improvement Program	-	(635,446)	-	(635,446)
Wastewater Collection Net Sales	-	-	2,019,536	(2,019,536)
Liability Insurance Allocated Charges	-	(3,275)	-	(3,275)
Printing & Mailing Allocated Charges	-	10,100	-	10,100
Utilities Administration Allocated Charges	-	82,695	-	82,695
Vehicle Replacement & Maintenance Allocated Charges	-	16,772	-	16,772
Workers' Compensation Allocated Charges	-	(28,630)	-	(28,630)
<b>Adjustments to Costs of Ongoing Activities</b>	<b>0.00</b>	<b>707,165</b>	<b>2,080,986</b>	<b>(1,345,191)</b>
<b>Total FY 2024 Base Budget</b>	<b>28.67</b>	<b>25,368,555</b>	<b>23,761,671</b>	<b>1,635,515</b>
<b>Budget Proposals</b>				
1. Advanced Metering Infrastructure Staffing	0.09	6,942	-	6,942
<b>Budget Changes</b>	<b>0.09</b>	<b>6,942</b>	<b>-</b>	<b>6,942</b>
<b>Total FY 2024 Adopted Budget</b>	<b>28.76</b>	<b>25,375,497</b>	<b>23,761,671</b>	<b>1,613,826</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Advanced Metering Infrastructure Staffing	0.09	6,942	-	6,942

This action adds 0.52 hourly FTE to an existing 0.48 hourly FTE resulting in a full-time hourly position to support Advanced Metering Infrastructure (AMI) implementation, offset by an elimination of a vacant 0.48 position of the same classification, Journey Level Laborer. The restructuring of positions will provide staff consistency and flexibility to meet increasing field activity for the AMI project as the City prepares for full deployment of electric, gas, and water smart meter installations. The position will provide continuous field support by surveying and preparing sites prior to meter exchanges and retrofits. (Ongoing savings: \$10,405)

**Performance Results**  

This action will provide additional field support for AMI full deployment.



CITY OF  
**PALO  
ALTO**

# WATER FUND

## Description

From 1895 until 1928, the City's water supply came from deep wells. When the groundwater supply started to decline, water was purchased from the San Francisco Regional Water System to supplement the local water system. Since 1962, when Palo Alto's wells were discontinued as the primary water system, 100 percent of the water has come from the Regional Water System: 85 percent derived from snow melt flowing into the Hetch Hetchy Reservoir and the balance from runoff stored in San Francisco Bay Area reservoirs. The Water Fund focuses on increasing infrastructure reliability and responsiveness to meet the City's water supply needs during an emergency; maintaining high-quality and reliable sources of water; updating water efficiency goals; and implementing water efficiency programs and services. Additionally, the Engineering Division is implementing a seismic upgrade to the existing reservoirs, wells and receiving stations to increase supply reliability during catastrophic emergencies.

## Accomplishments

- Completed construction on the 1.5 million-gallon Corte Madera water reservoir to replace the steel tank with a new concrete tank.
- Completed 50% of the construction of the Water Main Replacement Project 28 (WS-14001).
- Completed design for two turnouts (a.k.a. water receiving stations) funded in the Water Regulation Station Improvements in the Water Regulation Station Improvements Project (WS-07000). Rebuilding California Avenue turnout includes all new piping, seismic retrofitting, electrical and SCADA upgrades, adding roof access from street, flood improvements, and lead paint remediation. Work at the Page Mill turnout includes restraining a valve to remove an unsafe condition to operators working in the vault.
- Began the One Water Plan, a long-term 20 year water supply plan to address supply reliability, droughts, and climate change.
- Provided financial assistance of \$237,000 to over 340 water residential and commercial customers with arrearages during the COVID pandemic; funding was issued by the California Water and Wastewater Arrearage Payment Programs (CWWAPP).

## Initiatives

- Complete the construction of Water Main Replacement Project 28 (WS-14001) to replace approximately 18,500 linear feet of water main pipelines and associated services in Duveneck/St.

## UTILITIES

Francis and Barron Park neighborhoods and on Oak Creek Drive. Construction is anticipated to complete in November 2023.

- Complete design of Water Main Replacement Project 29 (WS-15002) to replace approximately 8,600 linear feet of water main pipelines and associated services on streets around California Avenue downtown and along Park Avenue.
- Complete invitation for bids and start construction to rehabilitate Park Reservoir.
- Complete the California and Page Mill Road Turnouts Project to upgrade the two water receiving stations.

## Goals and Objectives

### Goal 1

Provide safe and clean drinking water for customers.

#### Objectives:

- Ensure drinking water meets all regulatory standards.
- Maintain and update water infrastructure to ensure reliable service.
- Educate customers about backflow prevention as part of the City's Cross Connection Control Program.
- Ensure adequate water supplies are available to meet existing and future water demands.
- Complete storage and supply upgrades to water system (e.g. reservoirs, receiving stations, and wells).

### Goal 2

Increase environmental sustainability of the water supply system.

#### Objective:

- Increase water conservation and efficiency participation.
- Develop programs to facilitate the use of non-traditional, non-potable water resources (e.g. storm water, recycled water, gray water).
- Collaborate with the Regional Water Quality Control Plant and the Santa Clara Valley Water District to evaluate multiple water reuse opportunities to meet both near and long-term water demands.

# Key Performance Measures

## PROVIDE SAFE AND CLEAN DRINKING WATER FOR OUR CUSTOMERS

Goal	Provide safe and clean drinking water for customers.				
Objective	Ensure drinking water meets all regulatory standards.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of customer-owned water backflow prevention devices in compliance	89%	89%	90%	90%	90%
Description	Customer-owned and maintained backflow devices are an integral part of the City's Cross Connection Control Program, which began in early 2010. The devices help to ensure that no contaminants of any kind (e.g. chemicals, debris, reclaimed water) enter the potable water system.				
Purpose	The California Department of Public Health provides regulations for the City and its customers through California Code of Regulations, Title 17. These regulations specify the types of hazards that require backflow devices.				
Status	The City is achieving a compliance rate of up to 90-95 percent on an annual basis. There are 4,632 active backflow devices in compliance. This number is growing every year as current codes require backflow installation for residences as well as commercial properties. In FY 2022 the Cross Connection Control Program was understaffed and unable to meet the compliance rate of up to 90% on an annual basis. However, there are plans to become fully staffed and FY 2023 and FY 2024 are anticipated to reach 90% again.				

## WATER EFFICIENCY

Goal	Increase environmental sustainability of the water supply system.				
Objective	Increase water conservation and efficiency participation.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Annual savings achieved through water efficiency programs as a percentage of total sales	0.16%	1.31%	0.70%	0.70%	0.70%
Description	This data is collected as part of the Palo Alto Community Survey that is conducted annually.				
Purpose	Improving water efficiency for homes and businesses can result in water supply, water operations, and wastewater processing savings. This measure supports the Water Fund's long-term goal to exceed the Making Conservation a California Way of Life requirements by 5%. Previously, this measure supported the ten-year goal to reduce expected water use by 20 percent by 2020.				
Status	Water savings were high in FY 2022, led by high commercial Weather-Based Irrigation Controller (WBIC) program savings.				

## UTILITIES

# Key Performance Measures

### WATER QUALITY

Goal	Ensure the provision of safe and clean drinking water for customers.				
Objective	Safe testing of drinking water to meet all regulatory standards.				
	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percentage of samples passed from all sampling stations	100%	100%	100%	100%	100%
Description	The City of Palo Alto (CPA) regularly collects and tests water samples from connection points between the San Francisco Public Utilities Commission/City of Palo Alto (SFPUC/CPA), storage reservoirs, emergency wells, residential areas, and sample station locations within the distribution system to ensure that the water quality meets all California Department of Public Health (CDPH) and U.S. Environmental Protection Agency (EPA) prescribed regulations that limit the amount of contaminants in the drinking water. The City has 18 sampling stations and collects 84-105 samples monthly to test levels of chlorine residual, coliform and pH levels are within regulatory guidelines. All sample results are reported to CDPH on a monthly basis.				
Purpose	Complying with regulations guarantees the City maintains its high standards of water quality and avoids fines.				
Status	Palo Alto drinking water continues to be in complete compliance with all existing county, state, and federal standards for water quality.				

# Workload Measures

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2023 Estimated	FY 2024 Adopted Budget
Percent of miles of water mains replaced	0.0%	0.2%	0.7%	0.4%	0.7%
Number of Customer Accounts (Water)	20,642	20,650	20,696	20,587	20,616
Percent of surveyed rating the quality of the Drinking Water (Water) as "Good" or "Excellent"	N/A*	91%	87%	91%	89%

\* The National Citizen's Survey was not completed for FY 2021, because it was transitioned from the City Auditor's Office to the Office of the City Manager as part of the FY 2021 Adopted Budget. The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022.

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Water Administration	7,842,628	8,063,722	9,490,996	9,881,206	390,210	4.1%
Water Customer Service	2,053,820	2,058,662	2,857,667	3,059,539	201,872	7.1%
Water Engineering (Operating)	662,832	492,438	888,122	986,810	98,688	11.1%
Water Operations and Maintenance	7,500,849	7,189,421	9,622,871	10,380,861	757,990	7.9%
Water Resource Management	23,150,817	22,510,165	24,602,454	26,728,920	2,126,465	8.6%
CIP Water Fund	3,448,884	7,549,651	16,863,057	25,719,795	8,856,738	52.5%
<b>Total Dollars by Division</b>	<b>44,659,829</b>	<b>47,864,059</b>	<b>64,325,167</b>	<b>76,757,131</b>	<b>12,431,964</b>	<b>19.3%</b>
<b>Salary &amp; Benefits</b>						
Healthcare	923,209	895,798	1,076,861	1,116,073	39,212	3.6%
Other Benefits	187,252	172,610	206,488	195,176	(11,312)	(5.5)%
Overtime	207,620	244,335	305,845	334,543	28,698	9.4%
Pension	2,108,930	2,219,300	2,490,951	2,636,198	145,247	5.8%
Retiree Medical	419,287	426,143	434,977	558,796	123,820	28.5%
Salary	6,526,738	5,813,933	6,121,597	6,593,314	471,717	7.7%
Workers' Compensation	217,469	223,618	237,210	178,569	(58,641)	(24.7)%
<b>Total Salary and Benefits</b>	<b>10,590,504</b>	<b>9,995,737</b>	<b>10,873,928</b>	<b>11,612,669</b>	<b>738,740</b>	<b>6.8%</b>
<b>Dollars by Category</b>						
Utility Purchase	21,935,250	21,248,651	23,349,386	25,349,342	1,999,956	8.6%
Contract Services	264,045	204,535	863,376	726,386	(136,990)	(15.9)%
Supplies & Material	389,442	429,843	618,482	621,207	2,725	—%
General Expense	490,352	630,110	753,322	1,204,709	451,387	59.9%
Rents & Leases	2,502,141	2,276,921	3,535,789	3,684,973	149,184	4.2%
Debt Service	1,492,496	1,415,438	3,222,606	3,222,606	—	—%
Facilities & Equipment	—	—	1,150	1,150	—	—%
Allocated Charges	3,773,735	4,416,019	5,579,656	6,092,926	513,270	9.2%

## UTILITIES

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Transfer to Infrastructure	84,398	96,932	—	—	—	—%
Operating Transfers-Out	183,247	40,971	—	—	—	—%
Capital Improvement Program	2,954,220	7,108,902	15,527,471	24,241,163	8,713,692	56.1%
<b>Total Dollars by Category</b>	<b>44,659,829</b>	<b>47,864,059</b>	<b>64,325,167</b>	<b>76,757,131</b>	<b>12,431,964</b>	<b>19.3%</b>
<b>Revenues</b>						
Charges for Services	1,551	1,389	10,000	10,000	—	—%
Charges to Other Funds	127,254	120,678	70,339	70,339	—	—%
From Other Agencies	462,441	676,143	576,632	576,632	—	—%
Net Sales	48,122,837	44,097,585	48,437,880	50,618,514	2,180,634	4.5%
Operating Transfers-In	557,260	322,640	332,400	342,200	9,800	2.9%
Other Revenue	1,246,381	948,751	331,600	952,935	621,335	187.4%
Return on Investments	804,716	757,814	797,400	1,017,500	220,100	27.6%
<b>Total Revenues</b>	<b>51,322,440</b>	<b>46,925,000</b>	<b>50,556,251</b>	<b>53,588,120</b>	<b>3,031,869</b>	<b>6.0%</b>
<b>Positions by Division</b>						
Water Customer Service	9.58	9.38	10.96	10.98	0.02	—%
Water Engineering (Operating)	2.33	2.33	2.33	2.33	—	—%
Water Operations and Maintenance	27.23	26.99	26.23	26.35	0.12	0.5%
Water Resource Management	3.12	2.79	2.59	2.45	(0.14)	(5.4)%
CIP Water Fund	5.34	5.34	5.54	5.48	(0.06)	(1.1)%
<b>Total Positions by Division</b>	<b>47.61</b>	<b>46.83</b>	<b>47.65</b>	<b>47.59</b>	<b>(0.06)</b>	<b>—%</b>

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Account Specialist	0.23	0.23	0.23	0.23	—	21,404
Administrative Associate II	0.50	0.50	0.50	0.50	—	44,949
Assistant Director Sustainability and Climate Action	—	—	—	0.10	0.10	23,000
Assistant Director Utilities Customer Support Services	0.20	0.20	0.20	0.20	—	44,354
Assistant Director Utilities Engineering	0.20	0.20	0.20	0.20	—	47,000
Assistant Director Utilities Operations	0.15	0.15	0.15	0.15	—	37,599
Assistant Director Utilities/Resource Management	0.25	0.15	0.15	0.15	—	34,573
Associate Sustainability Program Administrator	—	—	—	0.05	0.05	6,177
Business Analyst	1.20	1.00	1.00	1.00	—	176,509
Cement Finisher	0.56	0.56	0.56	0.56	—	59,999
Contracts Administrator	0.10	0.10	0.10	0.10	—	12,384
Coordinator Utilities Projects	1.09	1.09	1.09	1.09	—	143,831
Customer Service Representative	1.81	1.81	1.81	1.81	—	158,235
Customer Service Specialist	0.66	0.66	0.66	0.66	—	63,437
Customer Service Specialist-Lead	0.59	0.59	0.59	0.59	—	60,648
Electric Project Engineer	0.30	0.30	0.30	0.30	—	58,806
Engineer	1.00	1.00	1.00	1.00	—	173,118
Engineering Manager - Electric	0.15	0.15	0.15	0.15	—	31,264
Engineering Manager - WGW	0.33	0.33	0.33	0.33	—	72,710
Engineering Technician III	0.45	0.45	0.45	0.45	—	52,210

# UTILITIES

## Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Gas and Water Meter Measurement and Control Technician	0.60	0.60	0.60	0.60	—	75,180
Gas and Water Meter Measurement and Control Technician - Lead	0.20	0.20	0.20	0.20	—	21,736
Heavy Equipment Operator - Install/Repair	0.20	0.20	0.20	0.20	—	25,035
Inspector, Field Services	1.74	—	—	—	—	—
Inspector, WGW Utilities Field Svc	—	1.74	1.83	1.83	—	222,674
Maintenance Mechanic-Welding	0.80	0.80	0.80	0.80	—	100,788
Manager Customer Service	0.34	0.34	0.34	0.34	—	58,627
Manager Utilities Compliance	0.50	0.50	0.50	0.50	—	90,636
Manager Utilities Credit & Collection	0.15	0.15	0.15	0.15	—	23,863
Manager Utilities Operations WGW	0.50	0.50	0.50	0.50	—	100,890
Manager Utilities Program Services	0.20	0.20	0.20	0.20	—	34,815
Meter Reader	2.03	2.03	2.03	1.70	(0.33)	153,427
Meter Reader-Lead	0.34	0.34	0.34	0.34	—	32,835
Principal Business Analyst	0.33	0.33	0.33	0.33	—	62,655
Principal Utilities Program Manager	—	—	0.10	—	(0.10)	—
Program Assistant I	0.33	0.33	0.33	0.33	—	30,099
Program Assistant II	0.15	0.20	—	—	—	—
Project Engineer	2.00	2.00	2.00	2.00	—	372,570
Resource Planner	0.70	0.60	0.60	0.60	—	101,562
Restoration Lead	0.31	0.31	0.31	0.31	—	41,383
SCADA Technologist	0.89	0.89	—	—	—	—

# Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Senior Business Analyst	0.99	0.99	0.99	0.99	—	163,459
Senior Engineer	1.74	1.74	1.74	1.74	—	314,826
Senior Mechanic	0.34	0.34	0.34	0.34	—	44,349
Senior Resource Planner	1.78	1.60	1.60	1.60	—	320,303
Senior Utilities Field Service Representative	0.49	0.49	0.49	0.49	—	67,155
Senior Water Systems Operator	2.00	2.00	2.00	2.00	—	258,627
Substation Electrician	0.25	0.25	0.25	0.25	—	43,732
Sustainability Programs Administrator	—	0.40	0.80	1.00	0.20	130,562
Utilities Engineer Estimator	0.48	0.48	0.48	0.48	—	72,272
Utilities Field Services Representative	1.50	1.50	1.50	1.50	—	192,254
Utilities Install Repair-Lead-Welding Certified	0.65	0.65	0.65	0.65	—	90,719
Utilities Install Repair-Welding Certified	0.94	0.94	0.94	0.94	—	113,797
Utilities Install/Repair	1.44	1.44	1.44	1.44	—	179,982
Utilities Install/Repair Assistant	0.35	0.35	0.35	0.35	—	37,099
Utilities Install/Repair-Lead	1.07	1.07	1.07	1.07	—	135,585
Utilities Key Account Representative	0.35	0.35	0.35	0.45	0.10	60,793
Utilities Locator	0.34	0.34	0.34	0.34	—	42,001
Utilities Marketing Program Administrator	0.40	—	—	—	—	—

## UTILITIES

### Staffing

Job Classification	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Salary
Utilities Safety Officer	0.15	0.15	0.15	0.15	—	20,096
Utilities Supervisor	2.91	2.66	2.66	2.66	—	453,185
Utilities System Analyst	—	—	0.40	0.40	—	70,604
Water System Operator II	3.34	3.34	3.34	3.34	—	380,707
WGW Heavy Equipment Operator	1.97	1.97	1.97	1.97	—	245,569
<b>Subtotal: Full-Time Equivalent Positions</b>	<b>45.56</b>	<b>44.78</b>	<b>44.68</b>	<b>44.70</b>	<b>0.02</b>	<b>\$6,308,657</b>
Temporary/Hourly	2.05	2.05	2.97	2.89	(0.08)	\$243,471
<b>Total Positions</b>	<b>47.61</b>	<b>46.83</b>	<b>47.65</b>	<b>47.59</b>	<b>(0.06)</b>	<b>\$6,552,128</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>47.65</b>	<b>64,325,166</b>	<b>50,556,251</b>	<b>13,768,916</b>
<b>One-time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-time Prior Year Budget Adjustments</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Salary and Benefits Adjustments	-	823,950	-	823,950
Capital Improvement Program	-	8,711,513	215,000	8,496,513
Utility Purchases Adjustment	-	1,999,958	-	1,999,958
General Fund Cost Allocation Plan	-	161,257	-	161,257
Rents & Leases Expenditure Alignment	-	149,184	-	149,184
BAWSCA Membership Adjustment	-	131,000	-	131,000
Bankcard Service Charge Adjustment	-	20,287	935	19,352
Uniforms Agreement Adjustment	-	10,225	-	10,225
Water Quality Notification Mailers	-	5,000	-	5,000
AMI Software Subscription Costs	-	510	-	510
Return on Investments	-	-	220,100	(220,100)
Water Customer Sales Revenue	-	-	2,595,834	(2,595,834)
Liability Insurance Allocated Charges	-	(11,405)	-	(11,405)
Printing & Mailing Allocated Charges	-	28,700	-	28,700
Utilities Administration Allocated Charges	-	311,106	-	311,106
Vehicle Replacement & Maintenance Allocated Charges	-	25,790	-	25,790
Workers' Compensation Allocated Charges	-	(58,641)	-	(58,641)
<b>Adjustments to Costs of Ongoing Activities</b>	<b>0.00</b>	<b>12,308,434</b>	<b>3,031,869</b>	<b>9,335,206</b>
<b>Total FY 2024 Base Budget</b>	<b>47.65</b>	<b>76,633,600</b>	<b>53,588,120</b>	<b>23,104,122</b>
<b>Budget Proposals</b>				
1. Lead and Copper Testing Requirements	-	150,000	-	150,000
2. Utilities Program Services Reallocations	0.35	46,667	-	46,667

# UTILITIES

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
3. Advanced Metering Infrastructure Staffing	0.06	4,374	-	4,374
4. S/CAP Staffing Realignment	-	-	-	-
5. Add Deputy City Attorney	(0.14)	(37,409)	-	(37,409)
6. Meter Reader	(0.33)	(40,101)	-	(40,101)
<b>Budget Changes</b>	<b>(0.06)</b>	<b>123,531</b>	<b>-</b>	<b>123,531</b>
<b>Total FY 2024 Adopted Budget</b>	<b>47.59</b>	<b>76,757,131</b>	<b>53,588,120</b>	<b>23,169,011</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Lead and Copper Testing Requirements	-	150,000	-	150,000

This action increases Water Fund contract services for a program to test water service laterals for lead and copper based on new Environmental Protection Agency (EPA) regulation. On January 15, 2021, the EPA issued revisions to federal Lead and Copper Rule Revisions (LCRR) rule with implementation guidance released in August 2022. The EPA's new LCRR aim to better protect communities and children in elementary schools and childcare facilities from the impacts of lead exposure. Funding will cover approximately 24,200 physical tests of water service laterals over a two year period. Testing water service laterals for lead and copper allows the City to comply with regulations set by the EPA to better protect communities from the impacts of lead exposure. (Ongoing costs: \$0)

**Performance Results**



This action will result in regulatory compliance and increased testing on drinking water.

2. Utilities Program Services Reallocations	0.35	46,667	-	46,667
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This action is a net-zero full-time equivalent (FTE) reallocation of staff among Electric, Fiber, Gas, and Water Funds. Due to the addition of a dedicated Fiber Market Analyst, the Key Account Representatives will be less involved with commercial dark fiber and allocate more time on efficiency programs and vendor management. This reallocation aligns staff supporting the City's Sustainable Climate Action Plan (S/CAP) and fiber expansion efforts. These realignments enable the City to better meet its electric, gas, and water sustainability goals. (Ongoing costs: \$159,246)

**Performance Results**



This action will better align staff support for citywide S/CAP and fiber expansion efforts.

3. Advanced Metering Infrastructure Staffing	0.06	4,374	-	4,374
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This action adds 0.52 hourly position to an existing 0.48 hourly position resulting in a full-time hourly position to support Advanced Metering Infrastructure (AMI) implementation, offset by an elimination of a vacant 0.48 hourly position of the same classification, Journey Level Laborer. The restructuring of positions will provide staff consistency and flexibility to meet increasing field activity for the AMI project as the City prepares for full deployment of electric, gas, and water smart meter installations. The position will provide continuous field support by surveying and preparing sites prior to meter exchanges and retrofits. (Ongoing savings: \$10,405)

**Performance Results**



This action will provide additional field support for AMI full deployment.

4. S/CAP Staffing Realignment	-	-	-	-
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This action realigns staffing to oversee S/CAP resources to better support this Council priority and the upcoming three-year workplan. Staffing changes include elimination of 1.0 Senior Engineer and 1.0 Principal Utilities Program Manager in the Public Works and Utilities Departments, offset by the addition of 1.0 Assistant Director in the Public Works Department and 1.0 Engineer in the Utilities Department. This will consolidate and unify resources between departments and will not result in an impact to the General Fund. (Ongoing costs: \$0)

**Performance Results**



This action will allow for more effective use of resources between the Public Works and Utilities departments.

# UTILITIES

## Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
5. Add Deputy City Attorney	(0.14)	(37,409)	-	(37,409)

This action adds 1.00 Deputy City Attorney position to enhance legal support for various functions. This position will be responsible for drafting, reviewing, and negotiating contracts, providing legal advice and drafting ordinances, resolutions, and policies, ensuring regulatory compliance, providing personnel and labor relations support, pre-litigation dispute resolution, public records, staff report review, and offering ethics, conflicts, and governance advice. The additional cost for this position is partially offset by the reduction of a part-time 0.48 Management Specialist in the Utilities Administration, Electric, and Water Funds, and is funded 50% by the General Fund and 50% by the Utilities Administration Fund. (Ongoing cost: \$0)

### Performance Results



This action will result in increased legal support for contract drafting and review, legal advice, compliance, dispute resolution, and governance advice to the General Fund and Utilities Administration Fund.

6. Meter Reader	(0.33)	(40,101)	-	(40,101)
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This action eliminates a vacant 1.00 Meter Reader position. The Meter Reader is responsible for reading about 1,000 electric, gas, and water meters on a daily basis for monthly utility billing. Meter Reader positions are being transitioned as a result of technological advances from the Advanced Metering Infrastructure (AMI) project, which provides meters with capabilities to electronically perform work traditionally performed by full time meter readers. As the City deploys AMI meters, there will be a transition and training process for Meter Readers to apply for other vacant positions within the City. This action will reduce the number of full-time meter readers from seven to six. (Ongoing costs: \$0)

### Performance Results



This action will eliminate one vacant meter reader position.

# NON-DEPARTMENTAL

## Description

The General Fund Non-Departmental budget includes revenue and expenditure appropriations that are not related to a specific department or function. These costs typically benefit the City as a whole and include such items as Cubberley lease payments to Palo Alto Unified School District (PAUSD) and rental income from City-owned space at Cubberley and other City-owned properties. The Non-Departmental budget may also include estimated provisions or placeholders for certain revenues and expenditures that have not yet materialized or have not been distributed to various departments and funds at the time the budget is developed or adopted. These items can be one-time or ongoing depending on their nature and frequency.

Various one-time items that appeared in the Fiscal Year 2023 Budget have been removed in FY 2024 including reserves related to Utility Litigation, Labor and Inflation, and Service Reinvestments. In addition, the City has spent its final tranche of the American Rescue Plan Act of 2021 (ARPA).

A \$14.0 million Budget Uncertainty Reserve was established as part of the FY 2023 Mid-Year Review (CMR 2212-0515) to fund anticipated shortfalls over the next two fiscal years. This budget draws down approximately \$3.9 million of the \$14.0 million Budget Uncertainty Reserve to fund services approved by the Council in FY2024 and ongoing. The remaining \$10.1 million remains in the Budget Uncertainty Reserve will be saved for future use and budget planning.

The FY 2024 budget shows strong increases of major revenues including increases in Transient Occupancy Tax and Sales Tax. The revenue increases reflect a continued recovery from the COVID-19 pandemic in FY 2024, though it may take several years to recover to pre-pandemic levels in some instances. The increase in revenues is highlighted by an increased transfer of \$8.1 million to the Capital Improvement Fund, reflecting investments in essential City projects.

The FY 2024 budget also reflects loans to the Residential Parking Permit (RPP) Fund (\$50,000) and California Avenue Parking Fund (\$0.45 million) resulting from to decreased demand for parking, due to many employers instituting a hybrid working model. These loans will ensure sufficient staffing and resources to operate and maintain residential and commercial parking services in the coming year.

# NON-DEPARTMENTAL

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Division</b>						
Non-Departmental	14,038,479	19,025,283	40,961,441	44,984,370	4,022,928	9.8%
Cubberley - Lease Payments to PAUSD	4,092,631	3,454,519	3,489,000	3,489,000	—	—%
<b>Total Dollars by Division</b>	<b>18,131,110</b>	<b>22,479,802</b>	<b>44,450,441</b>	<b>48,473,370</b>	<b>4,022,928</b>	<b>9.1%</b>
<b>Contingent Accounts &amp; Reserves<sup>1</sup></b>						
City Manager	—	—	200,000	200,000	—	—%
City Council	—	—	125,000	125,000	—	—%
Human Resources	—	—	50,000	50,000	—	—%
Human Resources Resource Allocation Process (HSRAP)	—	—	50,000	50,000	—	—%
Innovations & Special Events	—	—	50,000	50,000	—	—%
Reserve: Budget Uncertainty	—	—	—	10,116,586	10,116,586	—%
Reserve: Project Homekey	—	—	1,000,000	—	(1,000,000)	(100.0)%
Reserve: FY23 Service Reinvestment (Year 2)	—	—	3,800,000	—	(3,800,000)	(100.0)%
Reserve: Utilities Transfer Litigation	—	—	8,600,000	—	(8,600,000)	(100.0)%
<b>Total Contingent Accounts &amp; Reserves</b>	<b>\$—</b>	<b>\$—</b>	<b>\$13,875,000</b>	<b>\$10,591,586</b>	<b>\$(3,283,414)</b>	<b>(23.7)%</b>
<b>Salary &amp; Benefits</b>						
Temporary Salaries	11,769	6,725	—	—	—	—%
Reserves: Labor/Inflation	—	—	900,000	—	(900,000)	(100.0)%
<b>Total Salary and Benefits</b>	<b>\$11,769</b>	<b>\$6,725</b>	<b>\$900,000</b>	<b>\$—</b>	<b>\$(900,000)</b>	<b>(100.0)%</b>

1. Contingent Accounts and Reserves are budgeted in Non-departmental and allocated to departments for approved uses. Prior year actuals appear in the respective department budget.

# Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
<b>Dollars by Category</b>						
Allocated Charges	—	8,348	—	3,500	3,500	—%
Contract Services	215,849	643,627	340,000	70,000	(270,000)	(79.4)%
General Expense	4,138,087	3,491,922	3,760,320	4,010,000	249,680	6.6%
Rents & Leases	200,185	206,500	213,000	218,000	5,000	2.3%
Supplies & Materials	243	—	—	—	—	—%
Transfer to Infrastructure	9,294,087	12,624,734	20,400,000	28,537,527	8,137,527	39.9%
Operating Transfers-Out	4,270,890	5,497,946	4,962,121	5,042,757	80,636	1.6%
<b>Total Dollars by Category</b>	<b>\$18,119,341</b>	<b>\$22,473,077</b>	<b>\$29,675,441</b>	<b>\$37,881,784</b>	<b>\$8,206,343</b>	<b>27.7%</b>
<b>Total Expense</b>	<b>\$18,131,110</b>	<b>\$22,479,802</b>	<b>\$44,450,441</b>	<b>\$48,473,370</b>	<b>4,022,928</b>	<b>9.1%</b>
<b>Revenues</b>						
Charges for Services	1,553	499,799	(1,500,000)	—	1,500,000	(100.0)%
Charges to Other Funds	—	—	68,600	67,334	(1,266)	(1.8)%
Documentary Transfer Tax	10,627,362	11,990,088	7,216,839	5,919,579	(1,297,260)	(18.0)%
From Other Agencies	928,107	8,298,255	5,480,000	—	(5,480,000)	(100.0)%
Operating Transfers-In	20,926,417	21,822,417	22,208,000	23,237,000	1,029,000	4.6%
Other Revenue	903,284	1,159,430	728,423	729,162	739	—%
Other Taxes and Fines	54,891	78,161	—	1,659,500	1,659,500	—%
Property Taxes	56,571,734	59,353,109	59,770,000	63,785,000	4,015,000	6.7%
Rental Income	12,576,477	12,282,280	14,172,800	14,531,700	358,900	2.5%
Return on Investments	1,013,632	1,325,254	1,066,145	1,846,048	779,903	73.2%
Sales Taxes	29,127,330	32,704,761	32,430,000	36,122,000	3,692,000	11.4%
Transient Occupancy Tax	5,178,992	16,946,050	18,199,239	26,833,868	8,634,630	47.4%
Utility Users Tax	14,641,912	15,598,693	15,578,726	18,456,816	2,878,090	18.5%
<b>Total Revenues</b>	<b>\$152,551,689</b>	<b>\$182,058,295</b>	<b>175,418,772</b>	<b>193,188,007</b>	<b>17,769,235</b>	<b>10.1%</b>

1.

# NON-DEPARTMENTAL

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>0.00</b>	<b>44,450,441</b>	<b>175,418,772</b>	<b>(130,968,331)</b>
<b>One-Time Prior Year Budget Adjustments</b>				
Reserve: Utility Transfer Litigation (Equity Transfer)	-	(8,600,000)	-	(8,600,000)
Reserve: FY23 Service Reinvestments (Year 2)	-	(3,800,000)	-	(3,800,000)
Reserve: Labor and Inflation	-	(900,000)	-	(900,000)
Residential Parking Permit (RPP) Loan	-	(400,000)	-	(400,000)
November 2022 Election Costs	-	(320,000)	-	(320,000)
Planning & Development Services Department Inspector Vehicles	-	(80,000)	-	(80,000)
American Rescue Plan Act of 2021 (ARPA)	-	-	(5,480,000)	5,480,000
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>(14,100,000)</b>	<b>(5,480,000)</b>	<b>(8,620,000)</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Transient Occupancy Taxes	-	-	8,634,630	(8,634,630)
Property Taxes	-	-	4,015,000	(4,015,000)
Sale Taxes	-	-	3,692,000	(3,692,000)
Utility Users Tax	-	-	2,878,090	(2,878,090)
Charges for Services Economically Sensitive Revenue	-	-	1,500,000	(1,500,000)
Documentary Transfer Tax	-	-	(1,297,260)	1,297,260
Transfer from Utilities Funds	-	-	1,029,000	(1,029,000)
Return on Investments	-	-	779,903	(779,903)
Business Tax (Measure K)	-	-	750,000	(750,000)
Rents and Leases	-	-	358,900	(358,900)
Bryant Street Garage Teen Center Funding (Moved to Community Services Department Operating Budget)	-	(172,684)	-	(172,684)
Transfer to University Avenue Parking Fund (Employee Parking Permits)	-	(49,730)	-	(49,730)
Transfer to Debt Service Fund	-	(1,262)	-	(1,262)
Other Revenue	-	-	739	(739)

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
General Fund Cost Allocation Plan	-	-	(1,266)	1,266
Property Tax Administration	-	2,364	-	2,364
Adjustment for El Camino Park Lease (CPI Increase)	-	5,000	-	5,000
Transfer to Technology Fund (Technology Surcharge)	-	31,628	-	31,628
Residential Parking Permit (RPP) Loan	-	50,000	-	50,000
California Ave Parking Fund Loan	-	450,000	-	450,000
LifeMoves Operations Funding (FY 2023 Early Reappropriation)	-	1,000,000	-	1,000,000
Transfer to Capital Improvement Fund	-	5,637,527	-	5,637,527
Reserve: Budget Uncertainty (FY 2023 Early Reappropriation)	-	14,000,000	-	14,000,000
Allocated Charges - Print and Mail	-	3,500	-	3,500
<b>Adjustments to Costs of Ongoing Activities</b>	<b>0.00</b>	<b>20,956,343</b>	<b>22,339,735</b>	<b>(1,383,392)</b>
<b>Total FY 2024 Base Budget</b>	<b>0.00</b>	<b>51,306,784</b>	<b>192,278,507</b>	<b>(140,971,723)</b>
<b>Budget Adjustments</b>				
1. Reserve: Budget Uncertainty	-	(3,883,414)	-	(3,883,414)
2. LifeMoves Operations Funding	-	(2,000,000)	-	(2,000,000)
3. Measure K Revenue / Business Tax Support and Administration	-	-	359,500	(359,500)
4. Measure K Revenue / San Antonio Coordinated Area Plan (CAP)	-	-	50,000	(50,000)
5. Neighbors Abroad Program	-	20,000	-	20,000
6. Chamber of Commerce Funding	-	50,000	-	50,000
7. Fire Department Utility Vehicle	-	80,000	80,000	80,000
8. Childcare Pilot Program	-	400,000	-	400,000
9. Measure K Revenue / LifeMoves Construction Homekey Facilities (PE-24005)	-	2,500,000	500,000	2,000,000
<b>Total Budget Adjustments</b>	<b>0.00</b>	<b>(2,833,414)</b>	<b>909,500</b>	<b>(3,742,914)</b>
<b>Total FY 2024 Adopted Budget</b>	<b>0.00</b>	<b>48,473,370</b>	<b>193,188,007</b>	<b>(144,714,637)</b>

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
1. Reserve: Budget Uncertainty	-	(3,883,414)	-	(3,883,414)

This action draws approximately \$3.9 million from the Budget Uncertainty Reserve (\$14.0 million) in FY 2024 for City-wide reinvestments and to ensure the City can maintain its commitments to its current initiatives and service levels. The remaining \$10.1 million balance is expected to offset potential shortfalls in FY 2025 (\$7.3 million) and maintain a Budget Stabilization Reserve (BSR) level at approximately 20% (\$2.8 million). (One-time reserve balance: \$10,116,586)

**Performance Results**



This will allow the City to manage its resources effectively.

2. LifeMoves Operations Funding	-	(2,000,000)	-	(2,000,000)
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This one-time action allocates funding appropriated in FY 2023 and FY 2024 for LifeMoves Operations to the Homekey Facilities (PE 24005) capital project in FY 2024. Additional funding is needed to complete the capital work for the emergency shelter at the former Los Altos Treatment Plant (LATP). Since the site is not anticipated to be complete in FY 2024, operations funding will not be needed until FY 2025. The City is still committed to providing an estimated \$7.0M (\$1.0M annually for seven years) in operations funding, which will commence once construction is completed. (Ongoing cost: \$0)

**Performance Results**



This action ensures continued advancement of Homekey Facilities construction.

3. Measure K Revenue / Business Tax Support and Administration	-	-	359,500	(359,500)
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This action recognizes Measure K revenue for Business Tax support and administration. Funding will be used for both contract services for business tax consulting as well as staff resources to administer the business tax program, consistent with City Council approval at the June 19, 2023 meeting (CMR 2304-1337). A corresponding action is included in the Administrative Services Department to recognize the associated expense. (Ongoing savings: 104,000)

**Performance Results**



This action recognizes revenue to support the administration of the Measure K business tax program.

4. Measure K Revenue / San Antonio Coordinated Area Plan (CAP)	-	-	50,000	(50,000)
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This action recognizes Measure K revenue for housing and homeless services to offset costs for the San Antonio Road Coordinated Area Plan (CAP). This action is part of the larger City Council priority to complete new plans for San Antonio Road, California Ave, Downtown, and El Camino Real. Staff anticipates beginning the process in FY 2024 with \$50,000 to explore a potential collaboration opportunity with California Polytechnic State University students to draft a working concept of a San Antonio CAP. This initial funding will support related travel, research, consultant and/or part-time staff for these efforts. The working concept is a starting point for the larger CAP process, which is still estimated at \$700,000 over three to four years, although the ultimate cost of each plan will depend on size and complexity. A corresponding action is included in the Planning and Development Services Department to recognize the associated expense. (Ongoing savings: \$700,000)

**Performance Results**



This action provides funding to explore creative, high quality approaches to a coordinated area plan.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
5. Neighbors Abroad Program	-	20,000	-	20,000

This action adds ongoing funding to continue support of Neighbors Abroad, a Palo Alto based non profit that works to foster a sense of connectedness with the City’s eight international Sister Cities. Neighbors Abroad works with residents of Palo Alto and surrounding communities to promote connections and celebrate differences through a robust offering of year round programs. The focus of Neighbors Abroad is on exchange programs, cultural enrichment, sustainability initiatives, and commerce. (Ongoing cost: \$20,000)

**Performance Results**  

This will continue to support the City’s engagement with international sister cities.

6. Chamber of Commerce Funding	-	50,000	-	50,000
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This one-time action continues funding for an ongoing partnership with the Chamber of Commerce to facilitate economic development through special events, programming, and other activities that promote economic vibrancy. This funding was awarded in FY 2023 and used to help restart the Palo Alto Art and Wine Festival, host community gathering events, and begin the process of selecting a destination marketing tool. The Chamber will fund small-scale conventions, social gatherings, and promotions with this funding. This funding will be used to help promote the entirety of Palo Alto’s business community; expenses will be proposed by the Chamber of Commerce and coordinated with Economic Development Staff. (Ongoing cost: \$0)

**Performance Results**  

This will continue to enhance the City’s engagement with the community and encourage economic development through special events partnered with the Chamber of Commerce.

7. Fire Department Utility Task Vehicle	-	80,000	-	80,000
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This one-time action transfers funding to the Vehicle Replacement and Maintenance Fund for purchase of an all-terrain utility task vehicle for use in the Palo Alto Foothills and during large events. In the Foothills Nature Preserve, where hiking trails are popular, the Department often faces emergencies that require reaching victims on foot. The vehicle will help responders reach victims more safely and efficiently, reducing risks for both responders and patients. Additionally, at large events like sports games and sponsored Palo Alto events, the vehicle will enable easier and safer transportation of victims to ambulances in crowded areas, reducing the risks and response times associated with using larger fire apparatus. (Ongoing cost: \$0)

**Performance Results**    

This action will result in reduced risk and response time associated with specialty rescues.

8. Childcare Pilot Program	-	400,000	-	400,000
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This one-time action provides funding to establish a pilot childcare subsidy program for qualified City of Palo Alto employees. Funding from other City funds to appropriately allocate costs citywide based on usage will be recommended once the program is more clearly defined. Services provided in this program are anticipated to include, but are not limited to: childcare or after school care using a Palo Alto childcare provider. This action provides funding on a on-time basis to establish and study a pilot program; however, if the pilot is successful and serves to increase employee engagement, long-term retention, and reduce turnover; ongoing funding will likely be requested as part of future budget cycles. (Ongoing cost: \$0)

**Performance Results**  

This action supports retention efforts to engage and retain employees.

# Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
9. Measure K Revenue / LifeMoves Construction Homekey Facilities	-	2,500,000	500,000	2,000,000

This one-time action recognizes \$0.5 million of Measure K revenue for housing and homeless services to fund a portion of the Homekey Facilities capital project (PE-24005). Savings of \$2.0 million from funding appropriated for LifeMoves operating costs is also being used to support this action. A total of \$2.5 million will be transferred from the General Fund to the Capital Improvement Fund for the Homekey Facilities Project (PE-24005). (Ongoing cost: \$0)

### Performance Results



This action ensures continued advancement of Homekey Facilities construction.



# EMPLOYEE INFORMATION





CITY OF  
**PALO  
ALTO**

# GENERAL BENEFITS FUND

The General Benefits Fund includes funding for employee pension benefits, supplemental pension contributions, health benefits (medical, dental, and vision) for current City employees and several other benefits, such as life insurance, the employee assistance program, and the employee commute program. Funding for retired employees' healthcare costs is reflected in the Retiree Health Benefits Fund, discussed in the Employee Information section of this document.

In FY 2024, expenditures in the General Benefits Fund are increasing by \$8.9 million or 10.0% over prior-year levels, from \$89.5 million to \$98.4 million. This increase is primarily attributable to the addition of new positions and rising pension costs, discussed in more detail below. The General Benefits Fund acts as a pass-through for pension and healthcare costs; therefore, this budget includes corresponding adjustments to department allocations and associated expenses.

The FY 2023 Adopted Budget does not include City Council actions to amend staffing levels approved in the FY 2023 Mid-Year Budget Review (CMR 2212-0515). These positions appear as a base adjustment in the FY 2024 Adopted Budget. In total net 5.75 full time and 2.36 FTE part-time positions were approved and included in the FY 2024 Base Budget. This FY 2024 Adopted Budget recommends a net addition of 45.25 full-time and over 30 (9.94 FTE) part-time positions over FY 2023 Adopted levels, including those added in the FY 2023 Mid-Year review.

Overall, actions in this budget increase full-time staffing levels from 1,017.85 FTE (552.81 FTE in the General Fund) to 1,063.10 FTE (586.06 FTE in the General Fund), a 45.25 FTE or 4.4% increase. The corresponding actions in the General Benefits Fund to increase revenue estimates for department allocations and the associated healthcare and pension expense are included in the FY 2024 Budget.

Additional information relating to position changes can be found in Attachment B of the Transmittal Letter and in the individual sections of the budget document where the transactions occur, including the Staffing Tables and Budget Adjustment sections of the respective departments and the Citywide Table of Organization.

## PENSION COSTS

The City of Palo Alto provides a defined pension benefit to its employees through the State of California Pension Retirement System (CalPERS), which manages and administers the program. The CalPERS program maintains two trust accounts: 1) a plan for safety employees (sworn fire and police personnel), and 2) a plan for miscellaneous employees (all other non-safety personnel employed by the City such as field personnel, administrative support, and managers). With the passage of the California Public Employees' Pension Reform Act (PEPRA), the City has three retirement benefit tiers for Miscellaneous and Safety Plans. As of 2021, approximately 56% of the City's employees are either in Tier 2 or Tier 3, which confer a lesser benefit than Tier 1.

## GENERAL BENEFITS FUND

### CalPERS Current and Projected Employer Contributions

Annually, CalPERS provides actuarial reports detailing the latest status of the City of Palo Alto Pension trust plans for employees and retirees. These actuarial reports are used to calculate the Actuarial Determined Contribution (ADC) which reflects the blended or combined cost of both the Normal Cost (NC) and Unfunded Accrued Liability (UAL) used in the annual billing of employer contributions to the trust for pension obligations. Staff transmits the CalPERS Annual Valuation Reports to the Finance Committee for review and discussion in the fall. The most recent report was brought forward in September 2022 for the valuation period ending June 30, 2021 (CMR 14628). The total ADC for FY 2024 is \$59.5 million (\$38.8 million for the Miscellaneous Plan and \$20.7 million for the Safety Plan). This reflects the blended cost of both the NC (percentage of payroll) and UAL (flat-rate) as outlined in more detail below:

- Miscellaneous plan: There is a blended cost increase of 1.9 percentage points, from an employer contribution rate of 42.9% to 44.8% (4.4% growth).
- Safety plan: Blended cost increase of 2.9 percentage points, from an employer contribution rate of 71.1% to 74.0% (4.1% growth).

**Normal Costs:** The NC reflects the employer contribution for the plan retirement benefits provided to current employees assessed as a percentage of payroll. The CalPERS calculated normal cost is increasing by 1.1 percentage points, from 10.6% to 11.7%, for Miscellaneous and by 2.0 percentage points, from 20.6% to 22.6%, for Safety. These rates are anticipated to decrease in the forecast as new employees in Public Employees' Pension Reform Act (PEPRA) plans replace higher-cost members in Classic plans.

**Unfunded Accrued Liability:** The UAL represents the employer's amortization of unfunded accrued liability and is assessed as a flat rate. The City's current net UAL is \$391.9 million (\$236.0 million for the Miscellaneous Plan and \$155.9 million for the Safety Plan), a \$118.5 million or 23.2% decrease over the prior year. The annual UAL payment calculated by CalPERS and assumed in the development of the FY 2024 budget is \$41.6 million (\$27.7 million for the Miscellaneous Plan and \$13.9 million for the Safety Plan). The budget assumes pre-payment of the UAL portion of the annual pension cost which confers \$1.4 million in savings across the organization. These savings are calculated by CalPERS. The City's current funded status is 75.3% for the Miscellaneous Plan and 69.4% for the Safety Plan.

**CalPERS Asset Liability Management (ALM):** In November 2021, CalPERS completed an Asset Liability Management (ALM) process to review the capital market assumptions and the strategic asset allocation to ascertain whether a change in the discount rate and other economic assumptions is warranted. As part of this process, the Actuarial Office also completed an Experience Study to review pension demographics for potential modification. This comprehensive review is completed every four years and last resulted in a reduction in the discount rate from 7.5% to 7.0%. Notable outcomes of the recent ALM process include but are not limited to the following:

- Reduction to the discount rate from 7.0 to 6.8%;
- New actuarial assumptions, including a reduction for price inflation from 2.50 to 2.30%; and
- New asset allocation to target 1/3 investment in private assets, add 5% leverage, and reduce public equity exposure.

This report does not consider the preliminary -6.1% return on investments for the period ending June 30, 2022 (6.8% target); this investment loss will be included in the report issued in fall 2023 and incorporated in the FY 2025 budget.

### Long-Term Financial Planning

The City has taken several proactive steps to address rising pension costs and long-term liabilities, including cost-sharing in labor agreements, establishing an irrevocable Section 115 Pension Trust (“Pension Trust”), and adopting a Pension Funding Policy. In January 2017 the City Council authorized the establishment of a Pension Trust Fund with the Public Agency Retirement Service (PARS) (CMR 7553). Contributions were initially made to the Pension Trust on an ad-hoc basis, using one-time savings or excess revenues. In October 2018, the City Council directed staff to include in budget assumptions the NC for pension benefits at an equivalent of 6.2% rate of return and a transfer of the additional (“supplemental”) funding beyond CalPERS actuarial determined contribution levels to the Pension Trust Fund (CMR 9740). Additional one-time contributions continue to be made each year if excess revenues or unspent savings are available, subject to City Council approval. This practice was reinforced in the development of a Pension Funding Policy, adopted by the City Council in November 2020 (CMR 11722). As part of the policy goals, the City seeks to reach a 90% funded status by FY 2036. This policy is evergreen, subject to modification at the City Council’s direction, and intended to identify a path forward for the City to address its pension obligations on an ongoing basis, ensure prudent and proactive financial planning, and avoid significant impacts to service delivery.

This FY 2024 Budget includes approximately \$13.2 million (\$7.9 million in the General Fund) in supplemental contributions to the City’s Pension Trust. Additionally, this FY 2024 Budget represents the second year of a two-year plan to transition from a 6.2% discount rate to a 5.3% rate for supplemental contributions to the Pension Trust. This rate more closely aligns with the ALM survey in which external asset managers and consultants project the expected investment returns to be 5.3% (10-year) and 6.2% (20-year). The FY 2023 Budget was a transitional year in which six months of the 5.3% discount rate were budgeted, equivalent to an approximate annual rate of 5.8%. One-time surpluses resulting from excess revenues or expense savings at year-end continue to be brought forward for City Council consideration as potential contributions to the Trust Fund. Most recently, the City Council allocated an additional \$5.0 million using Budget Stabilization Reserve (BSR) funding exceeding the 18.5% target at FY 2022 year end (CMR 2212-0515). Additional actions will be brought forward to align other funds contributions accordingly. Through FY 2023, a total of \$54.4 million in principal contributions have been made to the Pension Trust (approximately 68% from the General Fund).

### FY 2023 Policy Review and Revisions

As required by the policy and referred by the City Council, staff completed a comprehensive review of the City’s pension and Other Post-Employment Benefit (OPEB) (retiree healthcare) plans in FY 2023. As part of this review, staff engaged with the Finance Committee in a series of meetings to inform potential changes to the policy, including the review of minimum employer contributions for the coming fiscal year as reported in the CalPERS annual report (CMR 14628), investment status and options for the pension and OPEB (retiree healthcare) trust funds with plan providers (CMR 14829), and outside actuary analysis of the City’s pension plans using alternative assumptions to CalPERS (CMR 14748). Ultimately, the Finance Com-

## GENERAL BENEFITS FUND

mittee unanimously approved, and City Council adopted several revisions to the Retiree Benefit Funding Policy (including renaming this policy, formerly “Pension Funding Policy”) used to inform long term financial planning of these benefits (CMR 2212-0513). These revisions include:

- Modify title from “Pension Policy” to “Retiree Benefit Policy” to recognize the inclusion of retiree healthcare plans
- Formalize changes approved by the City Council since adoption of the policy
  - Add language for proactive planning of retiree healthcare plans
  - Reduce the discount rate used to calculate Section 115 Trust contributions, from 6.2% to 5.3% for pension and 6.25% to 5.75% for retiree health
- Modify the investment strategy of Section 115 Trusts
  - Change the Pension Trust portfolio from Moderately Conservative to Balanced
  - Invest in a more conservative portfolio once plans are 75-80% funded or the City’s actuary recommends disbursements
- Modify the reporting requirement for periodic actuary review
  - Extend reporting from 3 to 4 years to include plan changes resulting from CalPERS Asset Liability Management (ALM) and Experience Studies
  - Include a recalculation of the amortization schedule for the Unfunded Accrued Liability (UAL) at the lower discount rate

These adjustments are projected by the City’s actuary to result in the City meeting the 90% funded goals by FY 2034 (Miscellaneous plan) and FY 2036-37 (Safety plan); the City’s practice of transmitting excess one-time savings will help reach goals sooner. Revisions and updates to this policy inform the development of the annual budget, financial planning and analysis of operations, and other long term financial planning. The funding elements of this policy are intended to support the financial sustainability of the organization by limiting the risk of generating long-term liabilities due to actual pension and retiree healthcare plan experience that differs from assumptions, such as lower than anticipated investment returns.

### HEALTHCARE COSTS

The FY 2024 budget for healthcare is based on the health plan choices employees made for calendar year 2023. Increases for the various bargaining units’ healthcare costs are included in the memoranda of agreements and these costs are modeled throughout the budget per these terms. All bargaining units are on a flat rate medical plan which helps the City’s efforts to contain benefit costs as it provides a maximum exposure level to rising health costs. For calendar year 2024, the budget models a four percent annual increase in flat rate medical costs.

Consistent with the Government Accounting Standards Board pronouncements that require government agencies to recognize the true cost of medical health care by active employees and retirees, an implied subsidy for retiree healthcare was calculated. Health care premiums are contracted at a blended rate, they are the same regardless of age or active versus retired status, with the exception of Medicare premiums. Despite the contractually blended rate, the implied subsidy is calculated to recognize the higher cost of medical services for retirees, which is reduced from the active employees’ health care costs and identified as a retiree medical cost.

## GENERAL BENEFITS FUND

In FY 2024, the City's full cost of active employee healthcare is budgeted in the various City departments and collected in the General Benefits Fund to be paid to CalPERS. To account for the implied subsidy, health care costs for active employees have been reduced in the General Benefits Fund by \$3.1 million, and a corresponding transfer from the General Benefits Fund to the Retiree Health Benefits Fund has been continued to reflect the full payment of the City's Actuarial Determined Contribution (ADC) for Retiree Healthcare in the Retiree Health Benefits Fund. Additional discussion of Retiree Healthcare costs and the ADC is located in the Retiree Health Benefits Fund section of this document.

# GENERAL BENEFITS FUND

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Healthcare	17,765,205	17,579,075	23,288,613	24,394,650	1,106,037	4.7%
Other Benefits	664,055	587,224	1,119,247	1,145,247	26,000	2.3%
Pensions	46,884,126	50,746,924	64,777,608	72,576,043	7,798,435	12.0%
Implied Subsidy	(2,347,000)	(2,619,000)	(3,025,000)	(3,073,000)	(48,000)	1.6%
Salary	1,383,048	112,668	75,685	75,685	—	—%
<b>Total Salary and Benefits</b>	<b>\$64,349,435</b>	<b>\$66,406,891</b>	<b>\$86,236,154</b>	<b>\$95,118,625</b>	<b>\$8,882,472</b>	<b>10.3%</b>
Contract Services	95,250	150,590	220,795	220,795	—	—%
General Expense	(1,584)	(21)	—	—	—	—%
Operating Transfers-Out	2,347,000	2,619,000	3,025,000	3,073,000	48,000	1.6%
<b>Total Dollars by Expense Category</b>	<b>\$66,790,101</b>	<b>\$69,176,459</b>	<b>\$89,481,949</b>	<b>\$98,412,420</b>	<b>\$8,930,472</b>	<b>10.0%</b>
Operating Transfers-In	—	1,000,000	—	—	—	—%
Other Revenue	72,224,313	77,051,267	89,646,720	98,168,762	8,522,042	9.5%
Return on Investments	162,016	161,897	274,500	454,800	180,300	65.7%
<b>Total Revenues</b>	<b>\$72,386,328</b>	<b>\$78,213,164</b>	<b>\$89,921,220</b>	<b>\$98,623,562</b>	<b>\$8,702,342</b>	<b>9.7%</b>

# Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	<b>0.48</b>	<b>89,481,949</b>	<b>89,921,220</b>	<b>(439,271)</b>
<b>One-Time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-Time Prior Year Budget Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments to Costs of Ongoing Activities</b>				
Department Charges for General Benefits	-	-	8,522,042	(8,522,042)
Investment Income	-	-	180,300	(180,300)
Employee Assistance Program (EAP) Contract Cost Increase	-	26,000	-	26,000
PARs Contributions and Expenses (Normal Cost Calculated at 5.3% Discount Rate)	-	5,042,410	-	5,042,410
Citywide Dental Insurance	-	80,363	-	80,363
Citywide Vision Insurance	-	14,792	-	14,792
Citywide Healthcare Insurance	-	1,010,882	-	1,010,882
Citywide Pension	-	2,756,025	-	2,756,025
<b>Adjustments to Costs of Ongoing Activities</b>	<b>-</b>	<b>8,930,472</b>	<b>8,702,342</b>	<b>228,130</b>
<b>Total FY 2024 Base Budget</b>	<b>0.48</b>	<b>98,412,421</b>	<b>98,623,562</b>	<b>(211,141)</b>
<b>Budget Adjustments</b>				
1. None	-	-	-	-
<b>Total Budget Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total FY 2024 Adopted Budget</b>	<b>0.48</b>	<b>98,412,421</b>	<b>98,623,562</b>	<b>(211,141)</b>

# RETIREE HEALTH BENEFIT FUND

In addition to providing pension benefits, the City participates in the California Public Employees' Medical and Hospital Care Act (PEMHCA) program to provide certain health care benefits for retired employees. This fund reflects costs for this program and payments for the unfunded liability for future medical benefits that will be provided to current and future retirees. The City uses actuarial studies completed on a biannual basis to inform the City's retiree healthcare liability and the annual Actuarial Determined Contribution (ADC). In addition, the study details funding status, economic and demographic assumptions such as discount rate, healthcare plan premiums, and projected future healthcare costs. The most recent study was completed in June 2022 to inform the development of the FY 2023 and FY 2024 operating budgets (CMR 14502). The City continues to select a Strategy 1 asset allocation for the California Employers' Retirement Benefit Trust (CERBT) Fund, managed by CalPERS. Beginning in the current study, the assumed discount rate for this fund has been reduced from 6.75 to 6.25%.

Consistent with City Council direction and the proactive funding strategies in the Retiree Benefit Funding Policy, the FY 2024 Budget assumes the full payment of the ADC and continues the practice of budgeting the cost of retiree healthcare at a more conservative 5.75% discount rate and transmitting the amount above the required payment as an additional discretionary payment ("prefunding") to the CERBT Fund. Additionally, this budget continues assumptions implemented in FY 2023 to align funding levels with uncertainties of the current economic environment and proactively plan for long-term liabilities, such as a zero percent return in 2021-22, lowering the discount rate for additional contributions to the CERBT from 6.25% to 5.75%, and shortening the amortization period from 22 to 15 years.

In FY 2024, the ADC is \$16.8 million, a \$476,000 increase from FY 2023 levels of \$16.3 million. Though the ADC assumed for the FY 2024 budget is \$16.8 million, the charges to the City's funds are budgeted at \$13.7 million. The difference of \$3.1 million represents the City's implied subsidy for retiree healthcare. This is the same subsidy briefly mentioned in the General Benefits Fund Overview section above. Beginning in FY 2017, government agencies must recognize the true cost of medical health care for active employees and retirees. The health care premiums are the same regardless of age or active status, with the exception of Medicare premiums. This requirement is intended to recognize that as people age, their medical costs increase; therefore, an actuarial calculation has been performed to recognize the higher cost of medical services for retirees, which is reduced from the active employees' health care costs. This difference is known as the implied subsidy. In FY 2024, the full cost of active employee healthcare is budgeted in the various City departments and collected in the General Benefits Fund to be paid to CalPERS. To account for the implied subsidy, healthcare costs for active employees have been reduced in the General Benefits Fund by \$3.1 million and transferred to the Retiree Health Benefits Fund. This transfer reflects the full payment of the City's annual ADC for Retiree Healthcare in the Retiree Health Benefits Fund.

## Budget Summary

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change \$	FY 2024 Change %
Other Benefits	26,913	28,533	61,560	61,560	—	—%
Retiree Medical	14,569,810	17,761,076	16,323,000	16,799,000	476,000	2.9%
<b>Total Salary and Benefits</b>	<b>\$14,596,723</b>	<b>\$17,789,609</b>	<b>\$16,384,560</b>	<b>\$16,860,560</b>	<b>\$476,000</b>	<b>2.9%</b>
<b>Total Dollars by Expense Category</b>	<b>\$14,596,723</b>	<b>\$17,789,609</b>	<b>\$16,384,560</b>	<b>\$16,860,560</b>	<b>\$476,000</b>	<b>2.9%</b>
Operating Transfers-In	2,347,000	2,619,000	3,025,000	3,073,000	48,000	1.6%
Other Revenue	13,577,000	13,799,000	13,298,000	13,726,000	428,000	3.2%
Return on Investments	44,523	44,998	32,800	27,400	(5,400)	(16.5)%
<b>Total Revenues</b>	<b>\$15,968,523</b>	<b>\$16,462,998</b>	<b>\$16,355,800</b>	<b>\$16,826,400</b>	<b>\$470,600</b>	<b>2.9%</b>

# RETIREE HEALTH BENEFIT FUND

## Budget Reconciliation

	Positions	Expenditures	Revenues	Fund Balance Cost/(Savings)
<b>Prior Year Budget</b>	-	16,384,560	16,355,800	28,760
<b>One-Time Prior Year Budget Adjustments</b>				
None	-	-	-	-
<b>One-Time Prior Year Budget Adjustments</b>				
	-	-	-	-
<b>Adjustments to Costs of Ongoing Activities</b>				
Citywide Retiree Health Benefits Adjustment	-	476,000	476,000	-
Investment Income	-	-	(5,400)	5,400
<b>Adjustments to Costs of Ongoing Activities</b>				
	-	476,000	470,600	5,400
<b>Total FY 2024 Base Budget</b>	-	16,860,560	16,826,400	34,160
<b>Budget Adjustments</b>				
1. None	-	-	-	-
<b>Total Budget Adjustments</b>				
	-	-	-	-
<b>Total FY 2024 Adopted Budget</b>	-	16,860,560	16,826,400	34,160

# Table of Organization

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
<b>General Fund</b>						
<b>Administrative Services</b>						
Account Specialist	4.63	4.13	4.13	4.13	—	—%
Account Specialist-Lead	3.45	3.45	3.45	3.45	—	—%
Accountant	3.00	2.00	2.00	2.00	—	—%
Administrative Assistant	1.00	1.00	1.00	1.00	—	—%
Administrative Associate II	1.00	0.50	0.50	1.00	0.50	100.0%
Administrative Associate III	1.00	1.00	1.00	1.00	—	—%
Assistant Director Administrative Services	1.65	1.65	1.65	1.65	—	—%
Buyer	1.00	2.00	2.00	2.00	—	—%
Chief Procurement Officer	1.00	1.00	1.00	1.00	—	—%
Contracts Administrator	2.70	1.70	2.70	3.70	1.00	37.0%
Director Administrative Services/CFO	0.80	0.80	0.80	0.80	—	—%
Director Office of Management and Budget	1.00	1.00	1.00	1.00	—	—%
Management Analyst	2.00	2.00	2.00	2.00	—	—%
Manager Budget	2.00	2.00	2.00	2.00	—	—%
Manager Real Property	1.00	1.00	1.00	1.00	—	—%
Manager Revenue Collections	0.62	0.62	0.62	0.62	—	—%
Manager Treasury, Debt & Investments	0.60	0.60	0.60	0.60	—	—%
Manager, Finance	1.00	1.00	1.00	1.00	—	—%
Payroll Analyst	2.00	2.00	2.00	2.00	—	—%
Performance Auditor II	1.00	—	—	—	—	—%
Senior Accountant	3.00	3.00	3.00	3.00	—	—%
Senior Buyer	1.00	1.00	1.00	1.00	—	—%
Senior Management Analyst	2.30	2.30	2.30	2.30	—	—%
Storekeeper	1.00	1.00	2.00	2.00	—	—%

## TABLE OF ORGANIZATION

### Table of Organization

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Storekeeper-Lead	0.20	0.20	0.20	0.20	—	—%
Warehouse Supervisor	0.20	0.20	0.20	0.20	—	—%
<b>Total Administrative Services</b>	<b>40.15</b>	<b>37.15</b>	<b>39.15</b>	<b>40.65</b>	<b>1.50</b>	<b>3.8%</b>
<b>City Attorney</b>						
Assistant City Attorney	3.00	3.00	4.00	4.00	—	—%
Chief Assistant City Attorney	1.00	1.00	1.00	1.00	—	—%
City Attorney	1.00	1.00	1.00	1.00	—	—%
Claims Investigator	1.00	1.00	1.00	1.00	—	—%
Deputy City Attorney	1.00	1.00	—	0.50	0.50	—%
Legal Fellow	1.00	1.00	1.00	1.00	—	—%
Secretary to City Attorney	1.00	1.00	1.00	1.00	—	—%
Senior Management Analyst	1.00	1.00	1.00	1.00	—	—%
<b>Total City Attorney</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.50</b>	<b>0.50</b>	<b>5.0%</b>
<b>City Auditor</b>						
City Auditor	1.00	—	—	—	—	—%
Senior Performance Auditor	2.00	—	—	—	—	—%
<b>Total City Auditor</b>	<b>3.00</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—%</b>
<b>City Clerk</b>						
Administrative Associate III	2.00	2.00	2.00	2.00	—	—%
Assistant City Clerk	1.00	1.00	1.00	2.00	1.00	100.0%
City Clerk	1.00	1.00	1.00	1.00	—	—%
Deputy City Clerk	1.00	1.00	1.00	—	(1.00)	(100.0)%
<b>Total City Clerk</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>—</b>	<b>—%</b>
<b>City Manager</b>						
Administrative Assistant	2.00	2.00	2.00	3.00	1.00	50.0%
Assistant City Manager	1.00	1.00	1.00	1.00	—	—%

# Table of Organization

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Assistant to the City Manager	2.00	1.00	3.00	3.00	—	—%
Chief Communications Officer	1.00	1.00	1.00	1.00	—	—%
City Manager	1.00	1.00	1.00	1.00	—	—%
Deputy City Manager	1.00	1.00	1.00	1.00	—	—%
Executive Assistant to the City Manager	1.00	1.00	1.00	1.00	—	—%
Manager Communications	1.00	1.00	1.00	1.00	—	—%
Senior Management Analyst	—	—	1.00	1.00	—	—%
<b>Total City Manager</b>	<b>10.00</b>	<b>9.00</b>	<b>12.00</b>	<b>13.00</b>	<b>1.00</b>	<b>8.3%</b>
<b>Community Services</b>						
Administrative Assistant	1.00	1.00	1.00	1.00	—	—%
Administrative Associate III	1.00	—	—	—	—	—%
Assistant Director Community Services	2.00	1.00	1.00	2.00	1.00	100.0%
Building Serviceperson	1.00	1.00	1.00	2.00	1.00	100.0%
Building Serviceperson-Lead	0.60	0.60	0.60	2.00	1.40	233.3%
Coordinator Recreation Programs	4.00	4.00	4.00	5.75	1.75	43.8%
Director Community Services	1.00	1.00	1.00	1.00	—	—%
Division Manager Open Space, Parks & Golf*	—	—	—	1.00	1.00	—%
Heavy Equipment Operator	0.07	—	—	—	—	—%
Inspector, Field Services	2.00	2.00	2.00	2.00	—	—%
Junior Museum & Zoo Educator*	3.60	3.25	4.10	4.85	0.75	18.3%
Management Analyst	1.00	1.00	1.00	1.00	—	—%
Management Assistant	1.00	1.00	1.00	1.00	—	—%
Manager Community Services	5.00	5.00	5.00	5.00	—	—%
Manager Community Services Senior Program	4.00	4.00	4.00	4.00	—	—%
Manager Human Services	1.00	1.00	1.00	1.00	—	—%
Park Maintenance Person	6.00	6.00	6.00	6.00	—	—%

## TABLE OF ORGANIZATION

### Table of Organization

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Park Maintenance-Lead	1.00	1.00	1.00	1.00	—	—%
Park Ranger	5.00	5.00	6.00	6.00	—	—%
Parks/Golf Crew-Lead	2.00	2.00	2.00	2.00	—	—%
Producer Arts/Science Program	12.00	11.00	12.25	9.50	(2.75)	(24.4)%
Program Assistant I	7.00	3.00	3.00	3.75	0.75	25.0%
Program Assistant II	4.00	4.00	4.00	4.00	—	—%
Project Manager	0.10	0.10	0.10	0.10	—	—%
Senior Management Analyst	1.00	1.00	1.00	1.00	—	—%
Sprinkler System Representative	4.00	4.00	4.00	4.00	—	—%
Superintendent Community Services	2.00	2.00	2.00	2.00	—	—%
Superintendent Recreation	1.00	—	—	—	—	—%
Theater Specialist	2.00	2.00	2.00	5.00	3.00	150.0%
WGW Heavy Equipment Operator	—	0.07	0.07	0.07	—	—%
<b>Total Community Services</b>	<b>75.37</b>	<b>67.02</b>	<b>70.12</b>	<b>78.02</b>	<b>7.90</b>	<b>11.3%</b>
<b>Fire</b>						
40-Hour Captain	—	—	0.20	0.20	—	—%
40-Hour Training Battalion Chief	1.00	1.00	1.00	1.00	—	—%
40-Hour Training Captain	1.00	1.00	1.00	1.00	—	—%
Administrative Assistant	1.00	1.00	1.00	1.00	—	—%
Administrative Associate II	2.20	2.20	2.20	2.20	—	—%
Administrative Associate III	—	—	0.20	0.20	—	—%
Battalion Chief	3.00	3.00	3.00	3.00	—	—%
Business Analyst	0.80	0.80	0.80	0.80	—	—%
Deputy Chief/Fire Marshal	0.05	0.05	—	—	—	—%
Deputy Director Technical Services Division	0.20	—	0.20	0.20	—	—%
Deputy Fire Chief	2.00	1.00	2.00	2.00	—	—%

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	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Emergency Medical Service Director	1.00	1.00	1.00	1.00	—	—%
Emergency Medical Services Data Specialist	1.00	1.00	1.00	1.00	—	—%
Fire Apparatus Operator	26.00	26.00	26.00	26.00	—	—%
Fire Captain	21.00	20.00	20.00	20.00	—	—%
Fire Chief	1.00	1.00	1.00	1.00	—	—%
Fire Fighter	34.00	29.00	34.00	34.00	—	—%
Fire Fighter Trainee	—	—	3.00	3.00	—	—%
Fire Inspector	0.80	0.40	0.40	2.40	2.00	500.0%
Fire Marshal	—	—	0.05	0.05	—	—%
Geographic Information System Specialist	0.50	0.50	0.50	0.50	—	—%
Hazardous Materials Inspector	0.30	0.30	0.70	0.70	—	—%
Senior Management Analyst	1.00	1.00	1.00	1.00	—	—%
<b>Total Fire</b>	<b>97.85</b>	<b>90.25</b>	<b>100.25</b>	<b>102.25</b>	<b>2.00</b>	<b>2.0%</b>
<b>Human Resources</b>						
Administrative Assistant	—	—	—	0.75	0.75	—%
Assistant Director Human Resources	1.00	1.00	1.00	1.00	—	—%
Director Human Resources/CPO	1.00	1.00	1.00	1.00	—	—%
Human Resources Representative	3.00	2.00	2.00	4.00	2.00	100.0%
Human Resources Technician	4.00	3.00	4.00	2.00	(2.00)	(50.0)%
Manager Employee Benefits	1.00	1.00	1.00	1.00	—	—%
Manager Employee Relations	1.00	1.00	1.00	1.00	—	—%
Senior Human Resources Administrator	3.00	3.00	3.00	4.00	1.00	33.3%
Senior Management Analyst	2.00	2.00	2.00	2.00	—	—%
<b>Total Human Resources</b>	<b>16.00</b>	<b>14.00</b>	<b>15.00</b>	<b>16.75</b>	<b>1.75</b>	<b>11.7%</b>
<b>Library</b>						
Administrative Assistant	—	—	—	1.00	1.00	—%

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	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Administrative Associate III	1.00	—	1.00	—	(1.00)	(100.0)%
Assistant Director Library Services	1.00	—	1.00	—	(1.00)	(100.0)%
Business Analyst	1.00	1.00	1.00	—	(1.00)	(100.0)%
Coordinator Library Programs	1.00	1.00	2.00	5.00	3.00	150.0%
Director Libraries	1.00	1.00	1.00	1.00	—	—%
Division Head Library Services	1.00	1.00	1.00	2.00	1.00	100.0%
Librarian	6.00	6.00	7.00	4.00	(3.00)	(42.9)%
Library Associate	7.00	6.00	6.00	10.00	4.00	66.7%
Library Specialist	11.50	10.50	12.50	8.00	(4.50)	(36.0)%
Management Analyst	1.00	1.00	1.00	1.00	—	—%
Manager Library Services	3.00	3.00	3.00	3.00	—	—%
Senior Business Analyst	—	—	—	1.00	1.00	—%
Senior Librarian	8.00	6.00	6.00	8.00	2.00	33.3%
Supervising Librarian	4.00	4.00	4.00	5.00	1.00	25.0%
<b>Total Library</b>	<b>46.50</b>	<b>40.50</b>	<b>46.50</b>	<b>49.00</b>	<b>2.50</b>	<b>5.4%</b>
<b>Office of Emergency Services</b>						
Director Office of Emergency Services	1.00	1.00	1.00	1.00	—	—%
Office of Emergency Services Coordinator	1.00	1.00	1.00	2.00	1.00	100.0%
Program Assistant II	1.00	—	—	—	—	—%
<b>Total Office of Emergency Services</b>	<b>3.00</b>	<b>2.00</b>	<b>2.00</b>	<b>3.00</b>	<b>1.00</b>	<b>50.0%</b>
<b>Office of Transportation</b>						
Administrative Assistant	0.50	0.60	0.60	0.60	—	—%
Associate Engineer	0.30	0.35	0.35	0.35	—	—%
Associate Planner	0.45	0.40	0.40	0.40	—	—%
Chief Transportation Official	0.70	0.70	0.70	0.70	—	—%
Coordinator Transportation Systems Management	1.25	0.65	0.65	0.65	—	—%

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	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Management Analyst*	0.50	0.50	0.50	—	(0.50)	(100.0)%
Parking Operations-Lead	—	0.05	0.05	0.05	—	—%
Project Engineer	0.45	0.25	0.25	0.25	—	—%
Senior Engineer	0.20	0.20	0.55	0.55	—	—%
Senior Management Analyst*	—	—	—	0.50	0.50	—%
Senior Planner	0.50	0.15	0.15	1.40	1.25	833.3%
Traffic Engineering-Lead	0.35	0.35	—	—	—	—%
Transportation Planning Manager	1.15	1.00	1.00	1.00	—	—%
<b>Total Office of Transportation</b>	<b>6.35</b>	<b>5.20</b>	<b>5.20</b>	<b>6.45</b>	<b>1.25</b>	<b>24.0%</b>
<b>Planning and Development Services</b>						
40-Hour Captain	—	—	0.80	0.80	—	—%
Administrative Assistant	1.00	1.00	1.00	1.00	—	—%
Administrative Associate I	1.00	1.00	1.00	—	(1.00)	(100.0)%
Administrative Associate II*	2.80	2.80	2.80	0.80	(2.00)	(71.4)%
Administrative Associate III*	4.00	3.00	4.80	7.80	3.00	62.5%
Assistant Chief Building Official	1.00	1.00	2.00	2.00	—	—%
Assistant Director PCE	1.00	1.00	1.00	1.00	—	—%
Associate Engineer	0.20	—	—	0.50	0.50	—%
Associate Planner	3.00	3.25	1.25	1.25	—	—%
Building Inspector Specialist	6.00	6.00	8.00	—	(8.00)	(100.0)%
Building/Planning Technician	3.00	2.00	2.50	2.50	—	—%
Chief Building Official	1.00	1.00	1.00	1.00	—	—%
Chief Planning Official	1.00	1.00	1.00	1.00	—	—%
Code Enforcement Officer	2.00	—	1.00	1.00	—	—%
Code Enforcement-Lead	1.00	1.00	1.00	1.00	—	—%
Deputy Chief/Fire Marshal	0.80	0.80	—	—	—	—%

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	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Development Project Coordinator II	2.00	2.00	2.00	2.00	—	—%
Development Project Coordinator III	3.00	3.00	3.00	3.00	—	—%
Director Planning/Community Environment	1.00	1.00	1.00	1.00	—	—%
Engineer	0.52	0.52	0.52	0.52	—	—%
Engineering Technician III	1.50	1.50	1.50	1.00	(0.50)	(33.3)%
Fire Inspector	3.20	1.60	1.60	1.60	—	—%
Fire Marshal	—	—	0.80	0.80	—	—%
Hazardous Materials Inspector	1.60	1.60	3.20	3.20	—	—%
Industrial Waste Investigator	0.35	0.35	0.35	0.35	—	—%
Inspector, Field Services	0.68	0.68	0.68	0.68	—	—%
Landscape Architect Park Planner	0.50	0.50	0.50	0.50	—	—%
Manager Planning	4.00	4.00	4.00	4.00	—	—%
Planner	4.00	4.00	5.00	5.00	—	—%
Plans Check Engineer	—	—	1.00	1.00	—	—%
Principal Planner	2.00	1.00	2.00	2.00	—	—%
Program Assistant I	1.00	—	—	—	—	—%
Project Engineer	0.10	—	—	—	—	—%
Project Manager	—	—	0.50	0.50	—	—%
Senior Building Inspector**	—	—	—	8.00	8.00	—%
Senior Business Analyst	1.00	1.00	1.00	1.00	—	—%
Senior Engineer	0.40	0.40	0.45	0.45	—	—%
Senior Management Analyst	2.00	2.00	2.00	2.00	—	—%
Senior Plan Check Engineer**	—	—	—	2.00	2.00	—%
Senior Planner*	3.60	3.65	4.65	7.65	3.00	64.5%
Supervisor Inspection and Surveying	0.25	0.25	0.25	0.25	—	—%
Supervisor of Code Enforcement**	—	—	—	1.00	1.00	—%
Traffic Engineering-Lead	0.10	0.05	—	—	—	—%

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	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Transportation Planning Manager	—	0.05	0.05	0.05	—	—%
<b>Total Planning and Development Services</b>	<b>61.60</b>	<b>54.00</b>	<b>65.20</b>	<b>71.20</b>	<b>6.00</b>	<b>9.2%</b>
<b>Police</b>						
Administrative Assistant	1.00	1.00	1.00	1.00	—	—%
Administrative Associate II	3.00	2.00	2.00	3.00	1.00	50.0%
Animal Control Officer	3.00	2.00	2.00	2.00	—	—%
Animal Control Officer-Lead	1.00	1.00	1.00	1.00	—	—%
Assistant Police Chief	1.00	1.00	1.00	1.00	—	—%
Business Analyst	1.20	1.20	2.20	2.20	—	—%
Code Enforcement Officer	1.00	1.00	1.00	1.00	—	—%
Communications Manager	1.00	—	—	—	—	—%
Communications Technician	1.00	—	—	—	—	—%
Community Service Officer	7.50	5.63	5.63	5.63	—	—%
Court Liaison Officer*	1.00	1.00	1.00	2.00	1.00	100.0%
Crime Analyst	1.00	1.00	1.00	1.00	—	—%
Deputy Director Technical Services Division	0.80	—	0.80	0.80	—	—%
Geographic Information System Specialist	0.50	0.50	0.50	0.50	—	—%
Police Agent	19.00	19.00	19.00	19.00	—	—%
Police Captain	2.00	2.00	2.00	2.00	—	—%
Police Chief	1.00	1.00	1.00	1.00	—	—%
Police Lieutenant	5.00	4.00	4.00	4.00	—	—%
Police Officer	50.00	39.00	43.00	45.00	2.00	4.7%
Police Records Specialist II	6.00	6.00	6.00	6.00	—	—%
Police Records Specialist-Lead	1.00	1.00	1.00	1.00	—	—%
Police Sergeant	14.00	14.00	14.00	14.00	—	—%
Program Assistant II	1.00	1.00	1.00	1.00	—	—%

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	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Property Evidence Technician	2.00	2.00	2.00	2.00	—	—%
Public Safety Communications Manager	1.00	—	1.00	1.00	—	—%
Public Safety Dispatcher	16.00	12.00	14.00	16.00	2.00	14.3%
Public Safety Dispatcher-Lead	4.00	4.00	4.00	4.00	—	—%
Public Safety Program Manager	2.00	1.00	1.00	1.00	—	—%
Senior Management Analyst	1.00	1.00	1.00	1.00	—	—%
<b>Total Police</b>	<b>149.00</b>	<b>124.33</b>	<b>133.13</b>	<b>139.13</b>	<b>6.00</b>	<b>4.5%</b>
<b>Public Works</b>						
Administrative Assistant	1.00	0.50	0.50	0.50	—	—%
Administrative Associate I	0.10	—	—	—	—	—%
Administrative Associate II	2.65	2.65	2.65	2.65	—	—%
Administrative Associate III	0.01	—	—	—	—	—%
Assistant Director Public Works	0.73	0.73	0.73	0.73	—	—%
Associate Engineer	—	—	—	0.45	0.45	—%
Building Serviceperson-Lead	1.00	1.00	1.00	1.00	—	—%
Building/Planning Technician	—	—	0.50	0.50	—	—%
Cement Finisher	2.00	2.00	2.00	2.00	—	—%
Cement Finisher-Lead	0.26	0.26	0.26	0.26	—	—%
Coordinator Public Works Projects	1.50	1.50	1.50	1.50	—	—%
Director Public Works/City Engineer	1.00	1.00	1.00	1.00	—	—%
Electrician	0.80	0.80	0.80	0.80	—	—%
Engineer	0.48	0.48	0.48	0.48	—	—%
Engineering Technician III	1.75	1.75	1.75	1.80	0.05	2.9%
Environmental Specialist	—	—	0.33	0.33	—	—%
Equipment Operator	2.46	2.46	2.46	2.46	—	—%
Facilities Carpenter	1.00	1.00	1.00	1.00	—	—%

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	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Facilities Maintenance-Lead	1.85	1.85	1.85	1.85	—	—%
Facilities Painter	1.75	1.75	1.75	1.75	—	—%
Facilities Technician	4.05	4.05	4.05	5.05	1.00	24.7%
Heavy Equipment Operator	2.33	2.10	2.10	2.10	—	—%
Heavy Equipment Operator-Lead	0.85	0.85	0.85	0.85	—	—%
Inspector, Field Services	0.11	0.11	0.11	0.11	—	—%
Landscape Architect Park Planner	0.60	0.60	0.60	0.60	—	—%
Management Analyst	1.45	1.45	0.70	0.70	—	—%
Manager Environmental Control Program	—	—	0.33	0.33	—	—%
Manager Facilities	0.90	0.90	0.90	0.90	—	—%
Manager Maintenance Operations	1.20	1.20	1.20	1.20	—	—%
Manager Urban Forestry	1.00	1.00	1.00	1.00	—	—%
Manager Watershed Protection	0.05	0.05	0.05	0.05	—	—%
Project Manager	2.65	2.00	2.50	2.85	0.35	14.0%
Senior Engineer	0.60	0.60	0.60	0.60	—	—%
Senior Management Analyst	1.11	1.11	1.11	1.11	—	—%
Supervisor Inspection and Surveying	0.10	0.10	0.10	0.10	—	—%
Surveyor, Public Works	0.33	0.33	0.33	0.33	—	—%
Traffic Controller Maintainer I	1.94	1.94	1.94	1.94	—	—%
Traffic Controller Maintainer II	2.00	1.00	1.00	1.00	—	—%
Tree Maintenance Person	1.00	1.00	1.00	1.00	—	—%
Tree Trim/Line Clear	7.00	7.00	7.00	7.00	—	—%
Tree Trim/Line Clear-Lead	1.00	1.00	1.00	1.00	—	—%
WGW Heavy Equipment Operator	—	0.23	0.23	0.23	—	—%
<b>Total Public Works</b>	<b>50.61</b>	<b>48.35</b>	<b>49.26</b>	<b>51.11</b>	<b>1.85</b>	<b>3.8%</b>
<b>Total General Fund</b>	<b>574.43</b>	<b>506.80</b>	<b>552.81</b>	<b>586.06</b>	<b>33.25</b>	<b>6.0%</b>

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	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
<b>Enterprise Fund</b>						
<b>Public Works</b>						
Account Specialist	0.30	—	—	—	—	—%
Accountant	0.40	0.70	0.70	0.70	—	—%
Administrative Associate I	0.10	—	1.00	1.00	—	—%
Administrative Associate II	2.15	2.15	2.15	2.15	—	—%
Administrative Associate III	0.10	0.20	0.20	0.20	—	—%
Airport Specialist II	—	—	—	2.50	2.50	—%
Assistant Director Public Works	1.30	1.30	1.30	1.30	—	—%
Assistant Manager WQCP	2.00	2.00	2.00	2.00	—	—%
Associate Engineer	3.00	3.00	3.00	3.05	0.05	1.7%
Chemist	3.00	2.00	2.00	3.00	1.00	50.0%
Deputy Chief/Fire Marshal	0.07	0.07	—	—	—	—%
Electrician	3.00	3.00	3.00	3.00	—	—%
Electrician-Lead	2.00	2.00	2.00	2.00	—	—%
Engineer	0.90	0.90	0.90	1.90	1.00	111.1%
Engineering Technician III	0.25	0.25	0.25	0.20	(0.05)	(20.0)%
Environmental Specialist	2.00	2.00	2.33	2.33	—	—%
Equipment Operator	0.54	0.54	0.54	0.54	—	—%
Facilities Maintenance Lead	1.00	1.00	1.00	1.00	—	—%
Facilities Technician	1.50	1.50	2.50	—	(2.50)	(100.0)%
Fire Marshal	—	—	0.07	0.07	—	—%
Hazardous Materials Inspector	0.04	0.04	0.04	0.04	—	—%
Heavy Equipment Operator	0.90	0.90	0.90	0.90	—	—%
Heavy Equipment Operator-Lead	1.15	1.15	1.15	1.15	—	—%
Industrial Waste Inspector	3.00	3.00	3.00	3.00	—	—%

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	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Industrial Waste Investigator	1.15	1.15	1.15	1.15	—	—%
Laboratory Technician WQC	3.00	3.00	3.00	3.00	—	—%
Landfill Technician	1.00	1.00	1.00	2.00	1.00	100.0%
Management Analyst	2.30	2.30	2.30	2.30	—	—%
Manager Airport	1.00	1.00	1.00	1.00	—	—%
Manager Environmental Control Program	5.00	5.00	5.33	5.33	—	—%
Manager Laboratory Services	1.00	1.00	1.00	1.00	—	—%
Manager Maintenance Operations	1.96	1.96	1.96	1.96	—	—%
Manager Solid Waste	1.00	1.00	1.00	1.00	—	—%
Manager Water Quality Control Plant	1.00	1.00	1.00	1.00	—	—%
Manager Watershed Protection	0.95	0.95	0.95	0.95	—	—%
Plant Mechanic	7.00	7.00	7.00	7.00	—	—%
Program Assistant I	1.00	1.00	1.00	1.00	—	—%
Program Assistant II	2.00	2.00	2.00	2.00	—	—%
Project Engineer	1.83	1.83	1.83	2.83	1.00	54.6%
Project Manager	1.35	1.35	1.35	1.35	—	—%
Senior Accountant	0.30	0.30	0.30	0.30	—	—%
Senior Buyer	1.00	1.00	1.00	1.00	—	—%
Senior Chemist	1.00	2.00	2.00	2.00	—	—%
Senior Engineer	3.76	3.76	3.76	3.76	—	—%
Senior Industrial Waste Investigator	1.00	1.00	1.00	1.00	—	—%
Senior Management Analyst	0.21	0.21	0.21	0.21	—	—%
Senior Mechanic	1.00	1.00	1.00	1.00	—	—%
Senior Operator WQC	6.00	6.00	6.00	6.00	—	—%
Senior Technologist	1.00	1.00	1.00	1.00	—	—%
Storekeeper	1.00	1.00	1.00	1.00	—	—%
Street Maintenance Assistant	1.00	1.00	1.00	—	(1.00)	(100.0)%

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	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Street Sweeper Operator	1.63	1.63	1.63	1.63	—	—%
Supervisor WQCP Operations	3.00	3.00	3.00	3.00	—	—%
Surveyor, Public Works	0.12	0.12	0.12	0.12	—	—%
Technologist	1.00	1.00	1.00	1.00	—	—%
Traffic Controller Maintainer I	0.06	0.06	0.06	0.06	—	—%
WQC Plant Operator II	16.00	16.00	16.00	16.00	—	—%
Zero Waste Coordinator	1.00	1.00	1.00	1.00	—	—%
<b>Total Public Works</b>	<b>101.32</b>	<b>101.32</b>	<b>103.98</b>	<b>106.98</b>	<b>3.00</b>	<b>2.9%</b>
<b>Utilities</b>						
Account Specialist	1.70	1.00	1.00	1.00	—	—%
Accountant	0.60	1.30	1.30	1.30	—	—%
Administrative Assistant	1.00	1.00	1.00	1.00	—	—%
Administrative Associate II	6.00	6.00	6.00	6.00	—	—%
Assistant City Attorney	—	—	1.00	2.00	1.00	100.0%
Assistant Director Administrative Services	0.25	0.25	0.25	0.25	—	—%
Assistant Director Sustainability and Climate Action	—	—	—	1.00	1.00	—%
Assistant Director Utilities Customer Support Services	1.00	1.00	1.00	2.00	1.00	100.0%
Assistant Director Utilities Engineering	1.00	1.00	1.00	1.00	—	—%
Assistant Director Utilities Operations	1.00	1.00	1.00	1.00	—	—%
Assistant Director Utilities/Resource Management	1.00	1.00	1.00	1.00	—	—%
Associate Sustainability Program Administrator	—	—	1.00	1.00	—	—%
Business Analyst	6.00	6.00	6.00	6.00	—	—%
Cathodic Protection Technician Assistant	1.00	1.00	1.00	1.00	—	—%
Cathodic Technician	1.00	1.00	1.00	1.00	—	—%
Cement Finisher	2.00	2.00	2.00	2.00	—	—%

# Table of Organization

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Contracts Administrator	0.70	0.70	0.70	0.70	—	—%
Coordinator Utilities Projects	6.00	6.00	8.00	8.00	—	—%
Customer Service Representative	7.00	7.00	7.00	7.00	—	—%
Customer Service Specialist	2.00	2.00	2.00	2.00	—	—%
Customer Service Specialist-Lead	2.00	2.00	2.00	2.00	—	—%
Deputy Chief/Fire Marshal	0.08	0.08	—	—	—	—%
Deputy City Attorney	1.00	1.00	—	0.50	0.50	—%
Director Administrative Services/CFO	0.20	0.20	0.20	0.20	—	—%
Electric Heavy Equipment Operator	2.00	2.00	1.00	1.00	—	—%
Electric Project Engineer	4.00	4.00	8.00	8.00	—	—%
Electric Underground Inspector	2.00	2.00	2.00	2.00	—	—%
Electric Underground Inspector-Lead	1.00	1.00	1.00	1.00	—	—%
Electrical Equipment Technician	1.00	1.00	1.00	1.00	—	—%
Electrician Assistant I	3.00	3.00	3.00	3.00	—	—%
Engineer	4.00	4.00	4.00	5.00	1.00	25.0
Engineering Manager - Electric	1.00	1.00	1.00	1.00	—	—%
Engineering Manager - WGW	1.00	1.00	1.00	1.00	—	—%
Engineering Technician III	3.00	3.00	3.00	3.00	—	—%
Environmental Specialist	—	—	0.34	0.34	—	—%
Equipment Operator	—	—	1.00	1.00	—	—%
Fire Marshal	—	—	0.08	0.08	—	—%
Gas and Water Meter Measurement and Control Technician	4.00	4.00	4.00	4.00	—	—%
Gas and Water Meter Measurement and Control Technician - Lead	1.00	1.00	1.00	1.00	—	—%
Hazardous Materials Inspector	0.06	0.06	0.06	0.06	—	—%
Heavy Equipment Operator - Install/Repair	4.00	4.00	4.00	4.00	—	—%
Human Resources Representative	—	1.00	1.00	1.00	—	—%

## TABLE OF ORGANIZATION

### Table of Organization

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Industrial Waste Investigator	0.50	0.50	0.50	0.50	—	—%
Inspector, Field Services	5.00	—	—	—	—	—%
Inspector, WGW Utilities Field Svc	—	5.00	5.00	5.00	—	—%
Lineperson/Cable Specialist	10.00	10.00	10.00	10.00	—	—%
Lineperson/Cable Specialist-Lead	4.00	4.00	4.00	4.00	—	—%
Maintenance Mechanic-Welding	2.00	2.00	2.00	2.00	—	—%
Management Analyst	—	—	1.00	1.00	—	—%
Manager Communications	1.00	1.00	1.00	1.00	—	—%
Manager Customer Service	1.00	1.00	1.00	1.00	—	—%
Manager Electric Operations	1.00	1.00	1.00	1.00	—	—%
Manager Environmental Control Program	—	—	0.34	0.34	—	—%
Manager Information Technology	—	—	—	1.00	1.00	—%
Manager Treasury, Debt & Investments	0.40	0.40	0.40	0.40	—	—%
Manager Utilities Compliance	1.00	1.00	1.00	1.00	—	—%
Manager Utilities Credit & Collection	1.00	1.00	1.00	1.00	—	—%
Manager Utilities Operations WGW	1.00	1.00	1.00	1.00	—	—%
Manager Utilities Program Services	1.00	1.00	2.00	2.00	—	—%
Manager Utilities Strategic Business	1.00	1.00	1.00	1.00	—	—%
Manager Utilities Telecommunications	1.00	1.00	1.00	3.00	2.00	200.0%
Meter Reader	6.00	6.00	6.00	5.00	(1.00)	(16.7)%
Meter Reader-Lead	1.00	1.00	1.00	1.00	—	—%
Metering Technician	3.00	3.00	2.00	2.00	—	—%
Metering Technician-Lead	1.00	1.00	1.00	1.00	—	—%
Offset Equipment Operator	0.48	0.48	0.48	0.48	—	—%
Overhead Underground Troublemán	2.00	2.00	2.00	2.00	—	—%
Power Engineer	1.00	1.00	—	—	—	—%
Principal Business Analyst	1.00	1.00	1.00	1.00	—	—%

## TABLE OF ORGANIZATION

# Table of Organization

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Principal Utilities Program Manager	—	—	1.00	—	(1.00)	(100.0)%
Program Assistant I	1.50	1.50	1.50	2.00	0.50	33.3%
Program Assistant II	1.00	1.00	—	—	—	—%
Project Engineer	5.00	5.00	5.00	5.00	—	—%
Project Manager	0.75	0.75	0.75	0.75	—	—%
Resource Planner	5.00	5.00	5.00	5.00	—	—%
Restoration Lead	1.00	1.00	1.00	1.00	—	—%
SCADA Technologist	2.00	2.00	—	—	—	—%
Senior Accountant	0.70	0.70	0.70	0.70	—	—%
Senior Business Analyst	3.00	3.00	3.00	3.00	—	—%
Senior Electrical Engineer	4.00	5.00	5.00	5.00	—	—%
Senior Engineer	5.00	5.00	6.00	5.00	(1.00)	(16.7)%
Senior Management Analyst	0.70	0.70	0.70	0.70	—	—%
Senior Marketing Analyst	—	—	—	1.00	1.00	—%
Senior Mechanic	1.00	1.00	1.00	1.00	—	—%
Senior Performance Auditor	1.00	—	—	—	—	—%
Senior Resource Planner	6.50	6.50	7.00	7.00	—	—%
Senior Utilities Field Service Representative	1.00	1.00	1.00	1.00	—	—%
Senior Utilities System Operator**	—	—	—	1.00	1.00	—%
Senior Water Systems Operator	2.00	2.00	2.00	2.00	—	—%
Storekeeper	1.00	1.00	1.00	1.00	—	—%
Storekeeper-Lead	0.80	0.80	0.80	0.80	—	—%
Street Light, Traffic Signal & Fiber Technician	5.00	5.00	4.00	4.00	—	—%
Street Light, Traffic Signal & Fiber-Lead	2.00	2.00	2.00	2.00	—	—%
Substation Electrician	6.00	6.00	6.00	6.00	—	—%
Substation Electrician-Lead	2.00	2.00	2.00	2.00	—	—%
Supervising Electric Project Engineer	1.00	—	—	—	—	—%

## TABLE OF ORGANIZATION

### Table of Organization

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Sustainability Programs Administrator	—	4.00	5.00	5.00	—	—%
Tree Maintenance Person	1.00	1.00	1.00	1.00	—	—%
Utilities Chief Operating Officer	1.00	1.00	1.00	1.00	—	—%
Utilities Compliance Technician	3.00	3.00	3.00	3.00	—	—%
Utilities Compliance Technician-Lead	1.00	1.00	1.00	1.00	—	—%
Utilities Credit/Collection Specialist	2.00	2.00	2.00	2.00	—	—%
Utilities Director	1.00	1.00	1.00	1.00	—	—%
Utilities Engineer Estimator	5.00	5.00	5.00	5.00	—	—%
Utilities Field Services Representative	5.00	5.00	5.00	5.00	—	—%
Utilities Install Repair-Lead-Welding Certified	2.00	2.00	3.00	3.00	—	—%
Utilities Install Repair-Welding Certified	3.00	3.00	3.00	3.00	—	—%
Utilities Install/Repair	10.00	10.00	10.00	10.00	—	—%
Utilities Install/Repair Assistant	1.00	1.00	1.00	1.00	—	—%
Utilities Install/Repair-Lead	5.00	5.00	4.00	4.00	—	—%
Utilities Key Account Representative	3.00	3.00	3.00	3.00	—	—%
Utilities Locator	3.00	3.00	3.00	3.00	—	—%
Utilities Marketing Program Administrator	4.00	—	—	—	—	—%
Utilities Safety Officer	1.00	1.00	1.00	1.00	—	—%
Utilities Supervisor	12.00	12.00	12.00	12.00	—	—%
Utilities System Analyst	—	—	2.00	2.00	—	—%
Utilities System Operator	5.00	5.00	6.00	5.00	(1.00)	(16.7)%
Utility Engineering Estimator - Lead	1.00	1.00	1.00	1.00	—	—%
Warehouse Supervisor	0.80	0.80	0.80	0.80	—	—%
Water System Operator II	4.00	4.00	4.00	4.00	—	—%
WGW Heavy Equipment Operator	4.70	4.70	4.70	4.70	—	—%
<b>Total Utilities</b>	<b>257.42</b>	<b>257.42</b>	<b>267.60</b>	<b>273.60</b>	<b>6.00</b>	<b>2.2%</b>
<b>Total Enterprise Fund</b>	<b>358.74</b>	<b>358.74</b>	<b>371.58</b>	<b>380.58</b>	<b>9.00</b>	<b>2.4%</b>

## TABLE OF ORGANIZATION

# Table of Organization

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
<b>Other Funds</b>						
<b>Capital Project Fund</b>						
Administrative Assistant	0.15	0.65	0.65	0.65	—	—%
Administrative Associate I	0.80	—	—	—	—	—%
Administrative Associate III	0.89	0.80	0.80	0.80	—	—%
Assistant Director Public Works	0.72	0.72	0.72	0.72	—	—%
Associate Engineer	2.50	1.65	1.65	1.65	—	—%
Associate Planner	0.30	0.35	0.35	0.35	—	—%
Building Serviceperson	1.00	1.00	1.00	—	(1.00)	(100.0)%
Building Serviceperson-Lead	1.40	1.40	1.40	—	(1.40)	(100.0)%
Cement Finisher-Lead	0.74	0.74	0.74	0.74	—	—%
Chief Transportation Official	0.30	0.30	0.30	0.30	—	—%
Contracts Administrator	0.60	0.60	0.60	0.60	—	—%
Coordinator Public Works Projects	1.30	1.30	1.30	1.30	—	—%
Coordinator Transportation Systems Management	0.75	1.35	1.35	1.35	—	—%
Engineer	3.10	2.10	3.10	3.10	—	—%
Engineering Technician III	0.50	0.50	0.50	0.50	—	—%
Facilities Technician	1.50	1.50	1.50	1.50	—	—%
Inspector, Field Services	1.21	1.21	1.21	1.21	—	—%
Landscape Architect Park Planner	0.90	0.90	0.90	0.90	—	—%
Management Analyst*	0.95	0.95	0.95	0.80	(0.15)	(15.8)%
Manager Facilities	0.10	0.10	0.10	0.10	—	—%
Manager Maintenance Operations	0.65	0.65	0.65	0.65	—	—%
Parking Operations-Lead	0.40	0.30	0.30	0.30	—	—%
Project Engineer	7.62	7.92	7.92	7.92	—	—%
Project Manager	1.15	0.80	0.80	1.45	0.65	81.3%

## TABLE OF ORGANIZATION

### Table of Organization

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Senior Engineer	4.04	4.04	4.64	4.64	—	—%
Senior Management Analyst*	0.60	0.60	0.60	0.75	0.15	25.0%
Senior Planner	0.50	0.80	0.80	1.55	0.75	93.8%
Supervisor Inspection and Surveying	0.65	0.65	0.65	0.65	—	—%
Surveyor, Public Works	0.55	0.55	0.55	0.55	—	—%
Traffic Engineering-Lead	0.55	0.60	—	—	—	—%
Transportation Planning Manager	0.35	0.45	0.45	0.45	—	—%
<b>Total Capital Project Fund</b>	<b>36.77</b>	<b>35.48</b>	<b>36.48</b>	<b>35.48</b>	<b>(1.00)</b>	<b>(2.7)%</b>
<b>General Liabilities Insurance Program Fund</b>						
Senior Management Analyst	—	—	—	1.00	1.00	—%
<b>Total General Liabilities Insurance Program Fund</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1.00</b>	<b>1.00</b>	<b>—%</b>
<b>Printing and Mailing Services</b>						
Manager Revenue Collections	0.10	0.10	0.10	0.10	—	—%
Offset Equipment Operator	1.52	1.52	1.52	1.52	—	—%
<b>Total Printing and Mailing Services</b>	<b>1.62</b>	<b>1.62</b>	<b>1.62</b>	<b>1.62</b>	<b>—</b>	<b>—%</b>
<b>Special Revenue Funds</b>						
Account Specialist	1.87	1.37	1.37	1.37	—	—%
Account Specialist-Lead	0.55	0.55	0.55	0.55	—	—%
Administrative Assistant	0.35	0.25	0.25	0.25	—	—%
Administrative Associate II	0.20	0.20	0.20	0.20	—	—%
Associate Planner	0.25	—	—	—	—	—%
Community Service Officer	0.50	0.37	0.37	0.37	—	—%
Coordinator Public Works Projects	0.20	0.20	0.20	0.20	—	—%
Electrician	0.20	0.20	0.20	0.20	—	—%
Facilities Maintenance-Lead	0.15	0.15	0.15	0.15	—	—%

## TABLE OF ORGANIZATION

# Table of Organization

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Facilities Painter	0.25	0.25	0.25	0.25	—	—%
Facilities Technician	0.45	0.45	0.45	0.45	—	—%
Management Analyst*	0.35	0.35	0.35	—	(0.35)	(100.0)%
Manager Community Services Senior Program	1.00	1.00	1.00	1.00	—	—%
Manager Maintenance Operations	0.19	0.19	0.19	0.19	—	—%
Manager Revenue Collections	0.28	0.28	0.28	0.28	—	—%
Parking Operations-Lead	0.60	0.65	0.65	0.65	—	—%
Senior Management Analyst*	—	—	—	0.35	0.35	—%
Senior Planner	0.40	0.40	0.40	0.40	—	—%
Street Maintenance Assistant	2.00	2.00	2.00	2.00	—	—%
Street Sweeper Operator	0.37	0.37	0.37	0.37	—	—%
Transportation Planning Manager	0.50	0.50	0.50	0.50	—	—%
<b>Total Special Revenue Funds</b>	<b>10.66</b>	<b>9.73</b>	<b>9.73</b>	<b>9.73</b>	<b>—</b>	<b>—%</b>
<b>Technology Fund</b>						
Administrative Assistant	1.00	1.00	1.00	1.00	—	—%
Assistant Director Administrative Services	0.10	0.10	0.10	0.10	—	—%
Business Analyst	1.00	1.00	1.00	1.00	—	—%
Desktop Technician	6.00	6.00	6.00	6.00	—	—%
Director Information Technology/CIO	1.00	1.00	1.00	1.00	—	—%
Management Analyst	—	—	—	1.00	1.00	—%
Manager Information Technology	3.00	3.00	3.00	3.00	—	—%
Manager Information Technology Security	1.00	—	—	—	—	—%
Principal Business Analyst	1.00	—	—	—	—	—%
Senior Business Analyst	2.00	2.00	2.00	2.00	—	—%
Senior Management Analyst	1.00	1.00	1.00	1.00	—	—%
Senior Technologist*	18.00	14.00	16.00	17.00	1.00	6.3%

## TABLE OF ORGANIZATION

### Table of Organization

	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Adopted Budget	FY 2024 Adopted Budget	FY 2024 Change FTE	FY 2024 Change %
Technologist	1.00	—	—	—	—	—%
<b>Total Technology Fund</b>	<b>36.10</b>	<b>29.10</b>	<b>31.10</b>	<b>33.10</b>	<b>2.00</b>	<b>6.4%</b>
<b>Vehicle Replacement and Maintenance Fund</b>						
Assistant Director Public Works	0.25	0.25	0.25	0.25	—	—%
Assistant Fleet Manager	1.00	1.00	1.00	1.00	—	—%
Equipment Maintenance Service Person	2.00	1.00	1.00	2.00	1.00	100.0%
Fleet Services Coordinator	1.00	1.00	1.00	2.00	1.00	100.0%
Management Analyst	0.20	0.20	0.20	0.20	—	—%
Management Assistant	1.00	1.00	1.00	1.00	—	—%
Manager Fleet	1.00	1.00	1.00	1.00	—	—%
Motor Equipment Mechanic II	6.00	5.00	5.00	5.00	—	—%
Motor Equipment Mechanic-Lead	2.00	2.00	2.00	1.00	(1.00)	(50.0)%
Project Manager	1.00	1.00	1.00	1.00	—	—%
Senior Management Analyst	0.08	0.08	0.08	0.08	—	—%
<b>Total Vehicle Replacement and Maintenance Fund</b>	<b>15.53</b>	<b>13.53</b>	<b>13.53</b>	<b>14.53</b>	<b>1.00</b>	<b>7.4%</b>
<b>Workers' Compensation Program Fund</b>						
Senior Human Resources Administrator	1.00	1.00	1.00	1.00	—	—%
<b>Total Workers' Compensation Program Fund</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>—</b>	<b>—%</b>
<b>Total Other Funds</b>	<b>101.68</b>	<b>90.46</b>	<b>93.46</b>	<b>96.46</b>	<b>3.00</b>	<b>3.2%</b>
<b>Total Citywide Positions</b>	<b>1,034.85</b>	<b>956.00</b>	<b>1,017.85</b>	<b>1,063.10</b>	<b>45.25</b>	<b>4.4%</b>

\*The FY 2023 Adopted Budget does not include City Council actions to amend staffing levels approved in the FY 2023 Mid-Year Budget Review (CMR 2212-0515). These positions appear as a base adjustment in the FY 2024 Adopted Budget.

\*\*The FY 2024 Budget includes new job classifications that require completion of appropriate review and potential discussions with bargaining groups. Proposals in this budget include estimated funding levels for financial planning purposes only and do not reflect the final terms of the proposed classifications.



# SUPPLEMENTAL INFORMATION





CITY OF  
**PALO  
ALTO**

# BUDGET ADOPTION ORDINANCE

## Budget Adoption Ordinance

As discussed in the 'Budget Process' section of this document, the review of the operating and capital budgets is structured around public hearings conducted by the Finance Committee and City Council prior to adoption of the budget. These hearings are conducted in part to incorporate community input into the decision making process. The ordinance to adopt the Fiscal Year 2024 Budget is included below. This ordinance was approved and adopted by the City Council on June 19, 2023.

Changes from the Proposed Budget document to the Adopted Budget document are summarized by department and by fund in the memorandum that recommends approval of the FY 2024 budget adoption ordinance (CMR 2303-1162). This report can be found on the City's website: [www.cityof-paloalto.org/City-Hall/City-Council/Council-Agendas-Minutes](http://www.cityof-paloalto.org/City-Hall/City-Council/Council-Agendas-Minutes) under the June 19, 2023 meeting agenda.

# BUDGET ADOPTION ORDINANCE

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## ORDINANCE NO. 5590

### ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO ADOPTING THE BUDGET FOR FISCAL YEAR 2024

SECTION 1. The Council of the City of Palo Alto finds and determines as follows:

A. Pursuant to the provisions of Section 6(g) of Article IV of the Charter of the City of Palo Alto and Chapter 2.28 of the Palo Alto Municipal Code, the City Manager has prepared and submitted to the City Council, by letter of transmittal, a budget proposal for Fiscal Year 2024; and

B. Pursuant to the provisions of Section 12 of Article III of the Charter, the Council did, on June 19, 2023, hold public hearings on the budget after publication of notice in accordance with Section 2.28.070 of the Palo Alto Municipal Code; and

C. In accordance with the provisions of Chapter 8 of Division 1, of Title 7, commencing with Section 66016 of the Government Code, as applicable, the Council did on June 19, 2023, hold a public hearing on the proposed amendments to the Municipal Fee Schedule, after publication of notice and after availability of the data supporting the amendments was made available to the public at least 10 days prior to the hearing.

SECTION 2. Pursuant to Chapter 2.28 of the Palo Alto Municipal Code, the following documents, collectively referred to as “the budget” are hereby approved and adopted for Fiscal Year 2024:

- (a) The budget document (Exhibit “1”) containing the proposed operating and capital budgets submitted on May 1, 2023, by the City Manager for Fiscal Year 2023, entitled “City of Palo Alto - City Manager’s Fiscal Year 2024 Proposed Budget” covering General Government Funds, Enterprise Funds, Special Revenue Funds, and Internal Service Funds, a copy of which is on file in the Department of Administrative Services, to which copy reference is hereby made concerning the full particulars thereof, and by such reference is made a part hereof; and
- (b) The Amendments to the City Manager’s Fiscal Year 2024 Proposed Budget, attached hereto as Exhibit “2”, Exhibit “3”, and Exhibit “4” and made a part hereof; and
- (c) Changes and revised pages in the Table of Organization, as displayed on pages 491 through 512 in “Exhibit 1,” and amended in Exhibit “4” made a part hereof; and

# BUDGET ADOPTION ORDINANCE

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(d) Fee changes of the Municipal Fee Schedule attached hereto as Exhibit “5”.

SECTION 3. The sums set forth in the budget for the various departments of the City, as herein amended, are hereby appropriated to the uses and purposes set forth therein.

SECTION 4. All expenditures made on behalf of the City, directly or through any agency, except those required by state law, shall be made in accordance with the authorization contained in this ordinance and the budget as herein amended.

SECTION 5. Appropriations for the Fiscal Year 2023 that are encumbered by approved purchase orders and contracts for which goods or services have not been received or contract completed, and/or for which all payments have not been made, by the last day of the Fiscal Year 2023 shall be carried forward and added to the fund or department appropriations for Fiscal Year 2024.

SECTION 6. The City Manager is authorized and directed to make changes in the department and fund totals and summary pages of the budget necessary to reflect the amendments enumerated and aggregated in the budget as shown in Exhibit “2”, Exhibit “3”, and Exhibit “4” and the Fiscal Year 2023 appropriations carried forward as provided in Section 5.

SECTION 7. As specified in Section 2.04.320 of the Palo Alto Municipal Code, a majority vote of the City Council is required to adopt this ordinance.

SECTION 8. As specified in Section 2.28.140(b) of the Palo Alto Municipal Code, the Council of the City of Palo Alto hereby delegates the authority to invest the City’s funds to the Director of Administrative Services, as Treasurer, in accordance with the City’s Investment Policy for Fiscal Year 2024.

SECTION 9. The Council of the City of Palo Alto adopts the changes to the Municipal Fee Schedule as set forth in Exhibit “5”. The amount of the new or increased fees and charges is no more than necessary to cover the reasonable costs of the governmental activity, and the manner in which those costs are allocated to a payer bears a fair and reasonable relationship to the payer’s burden on, or benefits received from, the governmental activity. All new and increased fees shall go into effect immediately; provided that pursuant to Government Code Section 66017, all Planning & Community Environment Department fees relating to a “development project” as defined in Government Code Section 66000 shall become effective sixty (60) days from the date of adoption.

SECTION 10. Fees in the Municipal Fee Schedule are for government services provided directly to the payor that are not provided to those not charged. The amount of this fee does not

# BUDGET ADOPTION ORDINANCE

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exceed the reasonable costs to the City of providing the services. Consequently, pursuant to Art. XIII C, Section 1(e)(2), such fees are not a tax.

SECTION 11. As provided in Section 2.04.330 of the Palo Alto Municipal Code, this ordinance shall become effective upon adoption.

SECTION 12. The Council of the City of Palo Alto hereby finds that this is not a project under the California Environmental Quality Act and, therefore, no environmental impact assessment is necessary.

INTRODUCED AND PASSED: June 19, 2023

AYES: BURT, KOU, LAUING, LYTHCOTT-HAIMS, STONE, VEENKER

NOES: TANAKA

ABSENT:

ABSTENTIONS:

NOT PARTICIPATING:

ATTEST:

DocuSigned by:

*Makaelani Ali Yun*

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City Clerk

DocuSigned by:

*Lydia Kou*

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Mayor

APPROVED AS TO FORM:

DocuSigned by:

*Molly Stump*

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City Attorney

APPROVED:

DocuSigned by:

*Ed Shikada*

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City Manager

DocuSigned by:

*Kelly S. Nosi*

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Director of Administrative Services

# APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

## Fiscal Year 2024 Appropriations Limit Resolution and Calculation

The City of Palo Alto complies with Article XIII B of the Constitution of the State of California, which mandates that the City may not appropriate any proceeds of taxes in excess of its appropriations limit. The limit is calculated annually to adjust for inflation and population changes. The resolution determining the Calculation of the Appropriations Limit for Fiscal Year 2024 is included below. This resolution was adopted by the City Council on June 19, 2023.

# APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

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## Resolution No. 10118

### Resolution of the Council of the City of Palo Alto Establishing the City's Appropriations Limit for Fiscal Year 2024

WHEREAS, under Article XIII B of the Constitution of the State of California, the City of Palo Alto (City) may not appropriate any proceeds of taxes in excess of its appropriations limit; and

WHEREAS, since fiscal year 1991, the City is permitted to adjust its appropriations limit annually based on inflation and population adjustment factors; and

WHEREAS, pursuant to Government Code Section 37200, the calculation of the appropriations limit and the total appropriations subject to the limit were set forth in the annual budget of the City for Fiscal Year 2024, which was adopted by ordinance of the Council on June 19, 2023; and

WHEREAS, pursuant to Government Code sections 7901 and 7910, the final calculation of the appropriations limit has been determined, and the adjustment factors on which the calculation is based are a 4.44% percent change in California per capita income and a -0.25% percent change in the population growth for the County of Santa Clara; and

WHEREAS, the documentation used in the determination of the appropriations limit has been made available to the general public for fifteen (15) days prior to the date of adoption of this resolution; and

WHEREAS, according to the final calculation, the City's net appropriations subject to limitation are approximately \$157.94 million.

NOW, THEREFORE, the Council of the City of Palo Alto does RESOLVE as follows:

SECTION 1. The Council of the City of Palo Alto hereby finds that, for Fiscal Year 2024, the final calculation of the appropriations limit of the City of Palo Alto has been determined in accordance with the adjustment factors referred to above, the documentation used in the determination of the calculation has been made available to the general public for the period of fifteen days as required by law, and the City's appropriations are under the appropriations limit by approximately \$53.86 million.

SECTION 2. The Council hereby adopts the final calculation of the appropriations limit of the City for Fiscal Year 2024, a copy of which is attached hereto as Exhibit 1.

# APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

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SECTION 3. The Council finds that the adoption of this resolution does not constitute a project under the Section 15378(b)(4) of California Environmental Quality Act Guidelines because establishing the annual appropriations limit is a fiscal activity, and, therefore, no environmental assessment is necessary.

INTRODUCED AND PASSED: June 19, 2023

AYES: BURT, KOU, LAUING, LYTHCOTT-HAIMS, STONE, TANAKA, VEENKER

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

DocuSigned by:  
*Mahcalani Ali Yun*  
8691CE5898F6400...

City Clerk

APPROVED AS TO FORM:

DocuSigned by:  
*Molly Stump*  
39A473B653574A9...

Assistant City Attorney

APPROVED:

DocuSigned by:  
*Lydia Kou*  
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Mayor

DocuSigned by:  
*Ed Shikada*  
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City Manager

DocuSigned by:  
*Kelly S. Noe*  
0513042E38B4409...

Administrative Services Director

# APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

DocuSign Envelope ID: ADDC13C2-E2C1-4978-AB18-09F70463607A

Exhibit 1

<b>APPROPRIATIONS LIMITATION COMPLIANCE CALCULATION</b>						
<b>FOR FISCAL YEAR 2024 ADOPTED BUDGET</b>						
(\$ IN MILLIONS)						
Total Budgeted Appropriations	General Fund	Capital Projects Funds	Special Revenue Funds	Debt Service Fund	Combined Funds	
<b>FY 2024 Adopted Budget</b>	<b>\$ 279.58</b>	<b>\$ 138.31</b>	<b>\$ 25.74</b>	<b>\$ 12.02</b>	<b>\$ 455.65</b>	
<b>Less:</b>						
Interfund Transfers	\$ (33.58)	\$ (7.38)	\$ (19.67)	\$ -	\$ (60.63)	
Allocated Charges	\$ (25.87)	\$ (0.28)	\$ (0.42)	\$ -	\$ (26.57)	
Non-Proceeds	\$ (57.79)	\$ (132.92)	\$ (7.49)	\$ (12.32)	\$ (210.52)	
<b>Net Appropriations Subject to Limit</b>	<b>\$ 162.35</b>	<b>\$ (2.26)</b>	<b>\$ (1.84)</b>	<b>\$ (0.30)</b>	<b>\$ 157.94</b>	
 <b>CITY OF PALO ALTO</b>	FY 2023 Per Capita Income Change (CA Department of Finance)					4.44%
	<i>Factor A</i>					1.0444
	FY 2023 Population Change (County of Santa Clara)					-0.25%
	<i>Factor B</i>					0.9975
	<b>FY 2023 Adopted Appropriations Limit</b>					<b>\$ 203.30</b>
	<b>Factor A x Factor B</b>					1.041789
	<b>FY 2024 Adopted Appropriations Limit</b>					<b>\$ 211.80</b>
	Net Appropriations Subject to Limit					\$ 157.94
	<b>Amount Under the Limit</b>					<b>\$ 53.86</b>
	<p>The City of Palo Alto remains well within its appropriations limit in FY 2024. Future year limit trends can be made based on the average change in regional population and income growth. The appropriations subject to limitation includes proceeds of taxes from the General Fund, Capital Projects Fund, and Special Revenue Funds.</p>					
Fiscal Year	Per Capita Income Factor	Population Change Factor	Total Adjustment Factor	Appropriations Limit	Appropriations Subject to Limit	Amount Under the Limit
2023	1.0755	1.0000	1.0756	\$ 203.30	\$ 138.39	\$ 64.91
2022	1.0573	0.9999	1.0572	\$ 189.03	\$ 127.09	\$ 63.07
2021	1.0373	1.0037	1.0411	\$ 179.86	\$ 113.06	\$ 66.81
2020	1.0385	1.0033	1.0419	\$ 171.74	\$ 127.42	\$ 45.34
2019	1.0367	1.0040	1.0408	\$ 164.83	\$ 114.94	\$ 50.87
2018	1.0369	1.0082	1.0454	\$ 158.36	\$ 131.49	\$ 26.88
2017	1.0537	1.0130	1.0674	\$ 151.48	\$ 109.51	\$ 41.97
2016	1.0382	1.0113	1.0499	\$ 141.92	\$ 100.60	\$ 41.31
2015	0.9977	1.0150	1.0127	\$ 135.17	\$ 82.93	\$ 52.24
2014	1.0512	1.0157	1.0677	\$ 133.48	\$ 90.28	\$ 43.20
2013	1.0377	1.0124	1.0506	\$ 125.01	\$ 96.73	\$ 28.28

On November 6, 1979, California voters approved Proposition 4, an initiative that added Article XIII B to the state Constitution. The provisions of this article place limits on the amount of revenue that can be appropriated by all entities of government. The Appropriations Limit is based on actual appropriations during the 1978-1979 fiscal year, as increased each year using specified population and inflationary growth factors.

# FINANCIAL POLICIES

## Reserve Policies

One of the key components of a financially stable organization is the adherence to a policy of maintaining an appropriate level of reserves. The Government Finance Officers Association (GFOA) recommends, at a minimum, that general purpose governments, regardless of size, maintain reserves (unrestricted fund balance) in their General Fund of no less than two months of operating revenues or expenditures, or a minimum of approximately 16.7 percent of General Fund operating expenditures. The GFOA further recommends that reserve levels be directly related to the degree of uncertainty the local government faces; specifically, the greater the uncertainty, the greater the financial resources necessary. Since reserves are used to mitigate risk, during these uncertain economic times, it is crucial that the City continue its practice of adhering to this GFOA guidance. This will provide the City with resources to cope with unforeseen expenditures, unanticipated events, or revenue shortfalls.

## General Fund Budget Stabilization Reserve

The City’s Budget Stabilization Reserve (BSR) serves as the primary General Fund reserve. By policy, the BSR is maintained in the range of 15.0 to 20.0 percent of General Fund operating expenditures, with a target of 18.5 percent. Any reduction to the reserve below 15.0 percent requires City Council approval. At the discretion of the City Manager, any BSR balance above 18.5 percent may be transferred to the Infrastructure Reserve (IR), which was established to provide funding for maintenance and rehabilitation of the City’s capital assets, or the Section 115 Pension Trust Fund, which was established to set aside funding for the City’s long-term pension liability. The BSR is used to fund unanticipated one-time costs as opposed to ongoing or recurring operating expenditures. The City’s intent is to fund ongoing programs and services with ongoing dollars.

The City has held a long-standing practice of maintaining a BSR balance of no less than 15.0 percent of General Fund operating expenses. The table below depicts the BSR balances for seven years, the last five years of actual ending BSR balances, and two years of budgeted ending BSR balances. As discussed in this document, the Fiscal Year 2024 Budget assumes a BSR ending balance of \$54.3 million or 20.2 percent. This is within the targeted range of 15 to 20 percent, and exceeds the City Council goal of 18.5 percent to reserve funding for potential economic uncertainty.

	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	2023 Adopted	2024 Adopted
Ending BSR Balance (in millions)	\$52.8	\$41.0	\$42.7	\$33.0	\$36.0	\$45.6	\$54.3
% of Total Expenses	25.63%	19.16%	18.50%	16.74%	17.19%	18.40%	20.20%

## FINANCIAL POLICIES

Over the years, the City's BSR has served as a repository for unspent operating funds at year-end and to fund one-time unexpected needs that arise outside of the regular budget preparation process. Prudent financial management practices dictate that the BSR not be used to fund or solve on-going, recurring financial needs. Historically the City has adhered to this practice and has not used the BSR to provide ongoing budget stabilization during periods of economic downturns.

### Human Services Resource Allocation Process (HSRAP) Reserve

In Fiscal Year 2015, the City Council set aside an earmarked reserve for the Human Resource Allocation Process (HSRAP) in the amount of \$50,000 to be used during future budget cycles. In FY 2019, \$10,000 was spent on the Heart and Home Collaborative leaving \$40,000 in this Reserve. These funds were unspent at the conclusion of Fiscal Year 2023, and are to be carried forward to Fiscal Year 2024 for future HSRAP needs.

### Credit Rating Agencies

Credit rating agencies view General Fund reserves as a critical component of strong municipal management. According to Moody's Investors Service, reserves are an important factor in the analysis of a municipality's fiscal health and, therefore, a jurisdiction's fiscal policies should include a plan for maintaining reserves. Rating agencies view sound reserves favorably, thus improving a municipality's rating and its ability to obtain low-cost financing for important projects. The City is proud to report that both Moody's and Standard and Poor's (S&P) awarded their highest credit ratings, Triple A, to the City's General Obligation Bonds for library and community center capital improvements in 2010 and 2013, and reaffirmed those ratings in March 2022 by S&P and November 2022 by Moody's. These ratings demonstrate that Palo Alto's prudent financial management and fiscal strength are viewed most favorably by credit agencies. The three Utility bonds that are rated by S&P also received their highest credit rate of Triple A. Moody's has rated these Utility bonds with either their second highest (Aa1) or third highest (Aa2) ratings.

### Capital Fund Reserve

#### **INFRASTRUCTURE RESERVE (IR)**

The Infrastructure Reserve (IR) provides a mechanism for financing the City's infrastructure maintenance and rehabilitation requirements and allows the City to apply for reimbursable infrastructure grants and respond to urgent infrastructure needs. The primary purpose of the IR is to fund projects which are critical to the maintenance of existing infrastructure. Unspent monies from General Fund capital projects are returned to the IR and retained within the Capital Fund along with investment income from this reserve to fund future capital project needs.

### Other Policies

#### **DEBT POLICY**

The City of Palo Alto recognizes the need for spending a prudent amount every year for ongoing capital replacement and rehabilitation needs. An ongoing capital improvement plan is vital to ensuring the future

viability of services. To achieve this priority, the City funds its regular and ongoing capital needs primarily on a “pay-as-you-go” basis. There are, however, special or extraordinary capital improvement projects, refinancing of existing debt, and purchase of major and multiple pieces of equipment in which it is appropriate to consider debt financing.

The City’s Debt Policy establishes the guidelines to support the decision-making process for issuing debt. These guidelines were adopted by the City Council on May 13, 1997 (City Manager’s Report 210:97). Staff revised the guidelines at the April 11, 2017 City Council meeting to explicitly comply with the recently passed SB 1029 amendments to Government Code section 8855. A summary of the Debt Service guidelines, including more information on the new reporting requirements, is in the Debt Service Fund Overview section.

## INVESTMENT POLICY

The basic principles underlying Palo Alto’s investment philosophy are to ensure the safety of public funds, provide that sufficient money is always available to meet current expenditures, and achieve a reasonable rate of return on its investments. Safety is the top priority, followed by liquidity, and yield.

The City pools cash from all sources and funds - except restricted bond proceeds with fiscal agents and/or with a trust - and invests its pooled idle cash in accordance with state law and the City’s charter. The City follows the “Prudent Investor Standard” cited in State Government Code (Section 53600.3). Under this standard, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of the City are trustees and, therefore, fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with the same care, skill, prudence and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiarity with those matters would use in the same circumstances to safeguard the principal and maintain the liquidity needs of the agency. Prevailing circumstances include, but are not limited to, economic conditions and the anticipated needs of the agency.

The City’s preferred and chief practice is to buy securities and to hold them to their date of maturity rather than trade or sell securities prior to maturity. The City may, however, elect to sell a security prior to its maturity date should there be a significant financial need. If securities are purchased and held to their maturity date, then any changes in the market value of those securities during their life will have no effect on the principal value. Under a buy and hold philosophy, the City is able to protect its invested principal. The economy, money markets and various financial institutions (such as the Federal Reserve System) are monitored carefully to make prudent investments and assess the condition of the City’s portfolio.

A detailed explanation of investment objectives, applicability, and general investment guidelines can be found on the City’s website. The Investment Policy also delineates authorized investments, authorized investment personnel, and administrative procedures. City staff is evaluating possible recommendations to the City Council for changes to the Investment Policy and other financial practices to encourage investments that support sound environmental, social, and governance (ESG) investing. This includes encouraging investments in entities that support community well-being through safe and environmentally sound practices and fair labor practices and equality of rights. Also, administratively, staff doesn’t invest in entities

## FINANCIAL POLICIES

that manufacture tobacco products, firearms, or nuclear weapons and production and/or drilling of fossil fuels. Staff will be looking at making a recommendation to formalize this practice in the Investment Policy.

## Key Budget Terms

**Accrual Accounting:** A method of accounting that recognizes expenses when incurred and revenues when earned rather than when payment is made or received.

**Adopted Budget:** The budget that is approved and enacted by the City Council annually before June 30th.

**American Rescue Plan Act (ARPA):** A Federal economic stimulus plan signed into law by the President Biden on March 11, 2021. The stimulus package provided direct, flexible relief funds to cities, counties and states to combat the negative financial impact of the Pandemic.

**Appropriation:** The allocation of an expense budget for a particular project or program usually for a specific period of time.

**Balanced Budget:** A balanced budget exists when total revenues are equal to, or greater than, total expenses.

**Bond:** A debt investment in which an investor loans money to an entity (governmental or otherwise) that borrows the money for a defined period of time at a fixed interest rate to pay for a variety of projects.

**Budget Stabilization Reserve (BSR):** The BSR was established as a prudent measure to maintain the City's fiscal stability in the event that unanticipated events reduce revenue or create obligations that significantly impact the current-year budget. Examples of such events include a downturn in the economy, a natural disaster or actions that may be taken by another governmental agency that reduce revenues and/or increase expenses for the City.

**Capital Budget:** A plan of proposed capital outlays and the means of financing them for the current fiscal period. In a two-year budget, the second year of the Capital Improvement Program is adopted-in-concept.

**Capital Improvement Program (CIP):** The City's plan for current and future projects related to the acquisition, expansion, or rehabilitation of buildings, equipment, parks, streets, and other public infrastructure.

**Capital Projects Fund:** A fund created to account for all resources to be used for the construction or acquisition of designated fixed assets by a governmental unit except those financed by proprietary or fiduciary funds.

**City Manager's Report (CMR):** Staff reports for City Council meetings as well as boards and commissions that are prepared by City staff and submitted through the City Manager's Office.

**Comprehensive Plan:** The Palo Alto Comprehensive Plan contains the City's official policies on land use and community design, transportation, housing, natural environment, business and economics, and community services. Its focus is on the physical form of the City and is applicable to both public and private properties. The Budget integrates the 2030 Comprehensive Plan into the budget process.

**Cost Accounting:** The branch of accounting that provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, carry on an activity or operation, or complete a unit of work or a specific job.

**Enterprise Funds:** Funds used to account for services that are provided to the public on a user charge basis, similar to the operation of a commercial business. The City's enterprise funds include the gas, electric, water, fiber optics and wastewater collection and treatment funds.

**Fiduciary Fund:** A fund used to account for assets held by the City acting in a fiduciary capacity for other individuals or entities. These funds are operated to carry out the specific actions required by the trust agreements, ordinances and other governing regulations.

**Fiscal Agent:** A bank or other corporate fiduciary that performs the function of paying, on behalf of the governmental unit, or other debtor, interest on debt or principal of debt when due.

**Fiscal Year:** A 12-month period of time to which the annual budget applies and at the end of which a governmental unit determines its financial position and the results of operations. Palo Alto's fiscal year begins on July 1st and ends on June 30th.

## GLOSSARY

**Fixed Assets:** Assets such as land, structures and improvements, furniture and/or equipment that are expected to last and/or be used for more than one year.

**Full-Time Equivalent (FTE):** Used to quantify staffing hours for permanent and temporary employees. A 1.0 FTE employee works full time; a .50 FTE employee works half-time.

**Fund Balance:** An excess of the assets of a fund over its liabilities.

**General Fund:** The primary fund used to account for the City's general purpose revenues such as sales, property, utility users and transient occupancy taxes. General Fund revenues typically pay for citywide services such as public safety, community development, recreation, libraries and parks. The General Fund is distinguished from Special Funds in that the latter are used to account for revenues that have restricted uses (e.g. gas tax funds that must be used for street maintenance or repair).

**Governmental Funds:** A generic classification used to refer to all funds other than proprietary and fiduciary funds. Governmental funds include the general fund, capital fund, special revenue funds and debt service funds.

**Infrastructure Assets:** Roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems installed for the common good.

**Infrastructure Management Plan (IMP):** A portion of the General Fund capital improvement program which focuses on rehabilitating the City's infrastructure. In 1998-99, an outside consultant on the City's infrastructure prepared a report known as the Adamson report. Within this report the City's infrastructure was cataloged and ranked based on when the infrastructure needed to be upgraded or replaced and the cost for each item. At that time, the City Council decided to establish a plan using the Adamson report as a guide for both timeline and cost.

**Internal Service Funds:** These funds provide services to City departments and recover their costs through user charges. For example the Vehicle Replacement Fund is an Internal Service Fund managing the replacement and maintenance of the City fleet.

**Major Funds:** These are any budgeted funds that have annual revenues or expenses of more than 10% of the operating budget.

**Method of Accounting:** The City's General Fund budget is developed using a modified accrual basis of accounting, with revenues being recorded when measurable and available, and expenditures recorded when the liability is incurred. Enterprise Funds and Internal Service Funds are budgeted on a generally accepted accounting principles (GAAP) basis, which for Proprietary Funds is on a full accrual accounting basis.

**Operating Transfer:** Amounts transferred between funds, not considered a revenue or expense. For example, legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

**Pay-As-You-Go-Basis:** A term used to describe the financial policy of a governmental unit that finances all of its capital outlays from current revenues rather than by borrowing.

**Proposed Budget:** The proposed budget is the budget that is sent to the Finance Committee by the City Manager. The proposed budget, including changes made by the Finance Committee during their review, is reviewed and then adopted by the City Council.

**Proprietary Funds:** A generic classification used to refer to all funds other than governmental funds or fiduciary funds. Proprietary funds include internal service funds and enterprise funds.

**Reimbursements:** Inter-fund transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it but that properly apply to another fund. For example, the Enterprise Funds reimburse the Technology Fund for CIP projects from which the Enterprise Funds benefit.

**Reserve:** Represents the portion of fund balance set aside for financing future financing needs and addressing one-time emergency or unanticipated events.

**Revenues:** Revenues include compensation received by the project for specific services to the public (external revenues), as well as revenues received from other funds (internal revenues).

**Special Revenue Funds:** These funds account for the proceeds derived from specific revenue sources that are legally restricted to expenditures for specified purposes. The Street Improvement Fund (SIF) is a Special Revenue Fund that derives its funding from state gas tax revenues. Capital appropriations from the SIF must be spent on the construction and maintenance of the road network system of the City.



CITY OF  
**PALO  
ALTO**

IN COMPLIANCE WITH  
AMERICANS WITH DISABILITIES ACT (ADA) OF 1990,  
THIS DOCUMENT MAY BE PROVIDED  
IN OTHER ACCESSIBLE FORMATS.

For information contact:

ADA Coordinator

City of Palo Alto

285 Hamilton Ave

(650) 329-2550

[ADA@cityofpaloalto.org](mailto:ADA@cityofpaloalto.org)



CITY OF  
**PALO  
ALTO**

## PALO ALTO

Spanish explorers named the area for the tall, twin-trunked redwood tree they camped beneath in 1769. Palo Alto incorporated in 1894 and the State of California granted its first charter in 1909. The City has long been known for its innovative people and its exploration of ideas that have changed the world. In Palo Alto, our history has always been about the future.

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