

FISCAL YEAR 2025

# ADOPTED OPERATING BUDGET

- ▷ **CLIMATE CHANGE** AND THE NATURAL ENVIRONMENT: PROTECTION & ADAPTATION
- ▷ **COMMUNITY HEALTH, SAFETY, WELLNESS & BELONGING**
- ▷ **HOUSING** FOR SOCIAL AND ECONOMIC BALANCE
- ▷ **ECONOMIC** DEVELOPMENT & TRANSITION



CITY OF  
**PALO  
ALTO**



CITY OF  
**PALO  
ALTO**



CITY OF  
**PALO  
ALTO**

# Fiscal Year 2025 Adopted Operating Budget

## City Council

Greer Stone, Mayor

Ed Lauing, Vice Mayor

Patrick Burt, Finance Committee Chair

Lydia Kou

Julie Lythcott-Haims

Greg Tanaka

Vicki Veenker

**Ed Shikada**, City Manager

**Lauren Lai**, Director of Administrative Services/Chief Financial Officer

**Paul Harper**, Budget Manager, Office of Management and Budget

## 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



# TABLE OF CONTENTS



CITY OF  
**PALO  
ALTO**



CITY OF  
**PALO  
ALTO**

# Table of Contents

- I Overview . . . . . 1**
  - Transmittal Letter . . . . . 3
  - Attachment A: Balancing Strategy . . . . . 9
  - Attachment B: Salaries, Benefits, & Position Summary . . . . . 17
  
- II Introduction. . . . . 23**
  - Budget Acknowledgments . . . . . 25
  - City of Palo Alto Organizational Chart. . . . . 26
  - Palo Alto at a Glance . . . . . 27
  - The Budget Process and Document. . . . . 35
  - Budget Awards . . . . . 43
  
- III Citywide Funds . . . . . 47**
  - Citywide Funds Overview . . . . . 49
  - Citywide Revenues . . . . . 51
  - Citywide Expenses . . . . . 53
  - Citywide Projected Operating Fund Balance . . . . . 55
  - Citywide Average Salary . . . . . 57
  - Long Range Financial Plans . . . . . 61
  - Major Capital Projects. . . . . 70
  
- IV General Fund. . . . . 95**
  - General Fund Overview . . . . . 97
  - General Fund Reserves . . . . . 109
  - General Fund Revenue. . . . . 110
  - General Fund Expenditures. . . . . 116
  
- V Enterprise Funds. . . . . 119**
  - Enterprise Funds Overview. . . . . 121
  
- VI Internal Service Funds . . . . . 135**
  - Internal Service Funds Overview . . . . . 137
  
- VII Special Revenue Funds . . . . . 141**
  - Special Revenue Funds Overview . . . . . 143
  
- VIII Debt Service Funds . . . . . 159**
  - Debt Service Funds Overview . . . . . 161
  
- IX City Departments . . . . . 171**
  - City Attorney . . . . . 173
  - City Auditor. . . . . 183
  - City Clerk. . . . . 191
  - City Council. . . . . 201

# TABLE OF CONTENTS

|   |            |
|---|------------|
| City Manager                                    | 205        |
| Administrative Services                         | 219        |
| General Fund                                    | 225        |
| Printing and Mailing Services                   | 233        |
| Community Services                              | 239        |
| Fire  | 259        |
| Human Resources                                 | 273        |
| General Fund                                    | 279        |
| General Liabilities Insurance Program           | 287        |
| Workers' Compensation Fund                      | 293        |
| Information Technology                          | 299        |
| Library   | 313        |
| Office of Emergency Services                    | 325        |
| Office of Transportation                        | 335        |
| Planning and Development Services               | 347        |
| Police  | 365        |
| Public Works                                    | 381        |
| General Fund                                    | 387        |
| Airport Fund                                    | 399        |
| Refuse Fund                                     | 407        |
| Stormwater Management Fund                      | 417        |
| Vehicle Replacement and Maintenance Fund        | 427        |
| Wastewater Treatment Fund                       | 437        |
| Utilities                                       | 449        |
| Electric Fund                                   | 457        |
| Fiber Optics Fund                               | 473        |
| Gas Fund  | 481        |
| Wastewater Collection Fund                      | 493        |
| Water Fund                                      | 503        |
| Non-Departmental                                | 517        |
| <b>X Employee Information</b>                   | <b>525</b> |
| General Benefits Fund                           | 527        |
| Retiree Health Benefit Fund                     | 534        |
| Table of Organization                           | 537        |
| <b>XI Supplemental Information</b>              | <b>559</b> |
| Budget Adoption Ordinance                       | 561        |
| Appropriations Limit Resolution and Calculation | 565        |
| Financial Policies                              | 569        |
| Glossary  | 573        |
| American with Disabilities Act                  | 576        |





# OVERVIEW





CITY OF  
**PALO  
ALTO**

# TRANSMITTAL LETTER

July 1, 2024

To the Honorable Mayor and City Council

2025 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 2025 Adopted Operating Budget and Fiscal Year 2025 Adopted Capital Budget along with the 2025-2029 Capital Improvement Plan (CIP).

This adopted budget represents a continuation of the significant investments made by the Council last year while reflecting a need to manage investments with cautious optimism, focusing on organizational resilience, and providing innovative service delivery resulting in a total budget of \$1.1 billion including the FY 2025 Capital Budget of \$441.8 million and a Capital Plan of \$1.7 billion over the five-year CIP. The City's General Fund Budget of \$306.9 million further invests in high-quality services for the community and advances City Council priorities.

## **Reflecting on Key Milestones**

Palo Alto has made significant strides in restoring services cut during 2020, because of the pandemic. Reinvesting in community needs such as public safety services, affordable housing and unhoused services, and transportation and grade separation priorities are a direct result of voter support of Measure L and K, which will continue to be critical as we look ahead towards the future. This coming year, the City and community will celebrate the opening of the new and seismically-resilient Public Safety Building; continue construction of Palo Alto Homekey's innovative interim housing; make progress on infrastructure investments at the Regional Water Quality Control Plant, Fire Station 4 replacement, and modernization of the City's electrical grid; and implement critical elements of the City's Sustainability & Climate Action Plan.

### **Setting the path forward through fiscal stability, innovative services, and organizational resilience**

The adopted budget balances continued unknowns that could impact the City's fiscal health such as economic uncertainty, plateauing inflation, and supply chain impacts and invests in organizational resilience to ensure our ability to withstand and recover from challenges through targeted resources for workforce attraction and retention. From the pandemic, stagflation, economic uncertainty, to unprecedented weather events, the City and community have demonstrated an ability to adjust and stay focused on advancing priorities and addressing changing community needs. Generational investments in electrification, transportation safety at railroad grade crossings, and fiber to the premises are key initiatives that continue to make tremendous strides. This budget provides significant investments in innovative services such as affordable housing and homeless services and supplemental funding for on-demand transportation services through Palo Alto Link. Rather than simply bouncing back to pre-pandemic services, this budget invests in service delivery for a sustainable future. This budget continues to reflect our ability to bounce forward.

The FY 2025 Adopted Budget continues the two-year budget balancing strategy from FY 2024. FY 2025 reflects cautious optimism as inflation and other economic, global and labor market factors impact both the pace of revenue and expense growth. 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 ranging from \$3.4 million in FY 2027 down to \$0.5 million in FY 2029. 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. With this approach in mind, the adopted 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**

Investing in long-term service delivery and capital improvement and mitigating risk through conservative fiscal strategies such as a prudent budget stabilization reserve continues in this adopted budget. 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 economic stagnation loom ahead. To balance the recommended service increases, this budget carries a Budget Stabilization Reserve (BSR) of \$54.4 million at 18.5%. This is within the Council approved range of 15-20% of General Fund expenses and at the target level of 18.5%.

The Council proactively set aside funds in the FY 2023 Mid-Year Budget Review and established a Budget Uncertainty Reserve to bridge the funding needed to address community service needs in FY 2024 and FY 2025. The FY 2025 budget relies on \$6.1 million from the Budget Uncertainty Reserve, leaving a balance of

\$6.1 million, including using \$2.6 million from the BSR to increase the Uncertainty Reserve to fund shortfalls expected in FY 2026 (\$11.0 million), as part of the multi-year budget balancing strategy.

It also mitigates risks by addressing long-term liabilities with the prudence of the Retiree Benefit Policy, that proactively funds pension liability at the lower 5.3% discount rate to accelerate the funding goals, results in reduced liability, manages costs, and ensures fiscal stability.

Also, the FY 2025 adopted budget includes the City Council's direction for a Gas Utility Equity Transfer of 14.5% with the plan to reach the 18% limit in FY 2026. This transfer aligns with the voter approved Measure L to fund additional investments in services and capital improvements.

The use of one-time funding and reserves support near-term funding priorities and bridge projected shortfalls as part of the FY 2025 budget development, with the anticipation that in the longer term the economic recovery and a more diverse revenue base will help to stabilize the fiscal outlook.

## **FY 2025 Adopted Budget Highlights**

The Adopted FY 2025 Budget of \$1.1 billion reflects an 11.2% increase over the FY 2024 Adopted Budget of \$1.0 billion, primarily driven by a 2.6% operating expense increase plus a 8.6% increase in the City's Capital Improvement Program. Funding for the Capital Budget of \$441.8 million includes \$228.7 million in reappropriations from FY 2024 to FY 2025 to continue work on ongoing projects.

This budget recommends Citywide staffing levels to increase by 29.00 FTE for a total authorized staffing of 1,092.10 FTE in FY 2025. The City was able to authorize total staffing back to pre-pandemic levels in the FY 2024 Adopted Budget. Additional staffing recommended in FY 2025 will support high-quality services across the City as well as expansion of programs and services for City Council priorities.

## **City Council Priority Objectives Investments**

The proposed budget advances the City Council's annual priorities and objectives by investing in key actionable and time bound efforts that deliver community services, looks toward the future by addressing climate action goals, and furthers critical needs in the areas of housing, infrastructure, community health and safety and much more. In January of this year, the City Council selected the following 2024 priorities: Economic Development & Transition, Climate Change & Natural Environment – Protection & Adaptation, Housing for Social & Economic Balance, and Community Health, Safety, Wellness & Belonging. After these four Council priorities were selected, the Council adopted 78 specific objectives to advance the priorities in 2025. This clarity and prioritization provides the foundation for the budget strategies contained in the FY 2025 Adopted Budget.

## **Operating Budget Recommendations by City Service Area**

In FY 2024, staffing levels increased by 45.25 FTE for a total authorized staffing of 1,063.10 FTE, which is above pre-pandemic levels. The FY 2025 adopted budget recommends increasing staffing levels by 29.00

# TRANSMITTAL LETTER

FTE for a total authorized staffing of 1,092.10. The FY 2025 budget funds these positions, enhances organizational resilience and leads innovative services, while balancing financial stability, as outlined by City Service Area:

- **Community & Library Services:** Additional resources to support overnight warming locations (OWL), summer concert series, adult and special interest classes, and the Arts Center. Continues funding resources for extended hours at all 5 branches and numbers of open days per branch, per week at Mitchell Park (7 days), Rinconada (7 days), Children's (6 days), Downtown (5 days), and College Terrace (5 days). Funding City programming and La Comida leasing at the 445 Bryant Street facility, additional staffing and promotion for the Junior Museum and Zoo (JMZ), and establishing dedicated funding for Citywide Special Events and Programming.
- **Public Safety:** Upstaffing Fire Engine 62 at Fire Station #2 to full-service with three sworn firefighter positions, bringing firefighting capacity from four stations to five. Enhancing organizational resilience with an additional Police Lieutenant offset by deletion of a Community Service Officer, reclassification of Property & Evidence Technicians, and realignment of Fire Prevention reporting structure. Additional resources for police and fire equipment replacements and vehicles.
- **Planning, Transportation & Infrastructure:** Supplemental funding to continue Palo Alto Link on an alternative programming and revenue model. Investments in development center staffing to support economic recovery efforts, housing for social and economic balance, and Safe Routes to School. Increasing resources for Sustainability Climate Action Plan (S/CAP) programming, and community awareness and climate implementation outreach. Increasing resources to support capital investments, water Cross Connection Control Program, Advanced Metering Infrastructure (AMI) meter project, and electric grid modernization.
- **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. Fully funding the adopted labor agreements for all labor groups. Reserving funds for property investments within the City. Supporting organizational resilience with funding for recruitment manager to augment talent recruitment and acquisition, employee childcare pilot program (year 2), management fellow, grants administration, and information technology staffing.

## 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. The FY 2025 capital budget advances critical projects that furthers innovative services and enhances organizational resilience, while balancing financial stability.

Key investments include:

- 2014 Council Infrastructure Plan projects: completion of the Public Safety Building in Fall 2024, award construction of the Fire Station 4 replacement project
- Regional Water Quality Control Plant (RWQCP) facility upgrades

- Electric Operations office facility improvements
- 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 study at Palo Alto Avenue
- Planning for construction costs for train crossing safety improvements (partially funded by Measure K proceeds)
- Improving traffic intersection accessibility and implementing the Automated Traffic Signal Performance Measures (ATSPM) at Embarcadero/E. Bayshore, San Antonio Road/Middle Field, Stanford/Escondido, and Meadow/Cowper.
- Funding construction of the Homekey Palo Alto interim housing
- Completing the Cubberley Gym HVAC system replacement and continuing scheduled roof replacements at the Cubberley Community Center
- Improving 445 Bryant Street facility for activation
- Additional funding for Roth Building Rehabilitation (PF-23001)
- Planning for City Council Chambers technology upgrade
- Upgrading infrastructure for stormwater systems drain pipes, wastewater collection main and treatment systems, and water mains.
- Planning for electric grid modernization and deploy phase 1 pilot of fiber to the premises/dark fiber rebuild

## Stakeholder engagement

In May and June, several days of Finance Committee budget hearings, Council discussions, and a Community Budget Informational Session were scheduled to review, discuss, and consider revisions to the Proposed Budget documents before they are adopted by the Council. Community members were involved and joined these discussions to help inform decisions that the City Council considered for adoption. A calendar of these meetings and discussions can be found in the Budget Process and Document section of this budget document.

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 2025 budget adoption ordinance (Staff Report # 2406-3140). This report can be found on the City's website: [www.cityof-paloalto.org/City-Hall/City-Council/CouncilAgendas-Minutes](http://www.cityof-paloalto.org/City-Hall/City-Council/CouncilAgendas-Minutes) under the June 17, 2024 meeting agenda.

# TRANSMITTAL LETTER

## In Closing

While there are continued unknowns and uncertainties ahead, the FY 2025 Adopted Budget offers the Council, City Staff, and the community a sense of optimism as we look forward to 2025. This budget invests in community priorities and continues robust City services that the community expects through balanced conservative fiscal strategies. This budget makes solid progress towards addressing Council's 2024 Priorities and priority objectives. It also enhances organizational resilience, supports innovative services, while balancing financial stability. I look forward to the budget conversations with the City Council and our community over the next several months.

## 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, Kayla Shapiro, Peter Hoang, Naomi Hsu, Katie Lee, Rene Escobar-Mena, Alyssa Ching, Chaitali Paliwal, Kitty Dandan, 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

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

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



# ATTACHMENT A: BALANCING STRATEGY

The FY 2025 Budget of \$1.1 billion reflects an 11.2% or \$112.8 million increase from the FY 2024 Adopted Budget of \$1.0 billion. This year-over-year change is primarily due to increases in Salary and Benefits, Contract Services, and General Expenses, which includes funding for reserves like the Uncertainty Reserve and Utility Transfer Legal Cost Reserve. These increases are partially offset by decreases in Utility Purchases and Debt Service costs. Included in the FY 2025 Budget are citywide capital expenses of \$441.8 million. The General Fund has \$306.9 million in budgeted expenses and represents 27.4% of the City's total expenditures.

As a balanced budget, the FY 2025 budget maintains service additions from prior years and makes modest investments in priority objectives while planning for continued significant future investments in areas such as sustainability and climate action plan goals. It seeks to position the City to support key Council priorities while managing risk through fiscal policies such as a budget stabilization reserve at the target level of 18.5%, and returning utility enterprise funds reserves to target levels while managing rate increases, and maintaining proactive contributions to long-term liabilities across all funds. Stability remains a core value of the organization.

The FY 2025 General Fund Operating Budget continues leveraging one-time surplus funding from the Uncertainty Reserve to bridge the shortfall in FY 2025 and partially offset the projected shortfall in FY 2026 (projected \$4.9 million net shortfall) while continuing to invest in priority services, infrastructure, and savings for long-term liabilities, while also balancing financial stability. Going into FY 2025, staff remains cautious of mixed economic indicators that forecast periods of protracted slow to no growth. Economic fluctuations may have significant impacts to major tax revenue receipts and the City's overall financial outlook, as tax revenues 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 stagnant economy and slower growth rates in the near term, in alignment with current economic forecasts and the expertise of the City's consultants for the City's largest two tax revenues, property and sales taxes.

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). The FY 2025 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 2025 General Fund Budget is balanced using one-time funding sources as planned in the FY 2024 Adopted Budget. The FY 2025 Adopted Budget draws down approximately \$6.1 million and appropriates \$2.6 million from the Budget Stabilization Reserve (BSR), retaining an Uncertainty Reserve balance of \$6.1 million for FY 2026 budget planning. The unspent balance of \$6.1 million remains in the Uncertainty Reserve and appears in the Non-Departmental budget. This remaining amount is needed to be carried forward from FY 2025 to FY 2026 to fund a portion of the projected \$11.0 million deficit in FY 2026.

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 2025 Adopted Budget strategy is projected to have a \$54.4 million BSR balance, or 18.5% of expenses at fiscal year-end. The expense total to calculate the BSR (\$294.3 million) excludes funds in reserves such as the Uncertainty Reserve and the Utility Transfer Legal Cost Reserve to avoid unintentional inflation of BSR needs.

## REVENUES

General Fund revenues are \$287.6 million in FY 2025, a \$26.4 million or 10.1% increase over FY 2024 Adopted levels of \$261.1 million. These estimates reflect a trailing recovery from the pandemic as well as normalized economic growth, 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 \$12.1 million or 7.8% year over year, from \$155.8 million in the FY 2024 Adjusted Budget to \$167.9 million in the FY 2025 Adopted Budget. This budget recognizes voter approval of ballot measures that affirm the ongoing Gas Utility Equity Transfer (Measure L) and recognizes a full year of revenues for the City's business tax (Measure K) for public safety, affordable housing and unhoused services, and transportation safety improvements and grade separations.

The City Council and staff continuously refine revenue assumptions based on available data. In FY 2024, various major tax revenue sources were trending above budgeted values, so adjustments were totaling \$3.6 million were recognized in the FY 2024 Mid-Year Budget Review (Staff Report # 2311-2233).

Estimated increases for major tax revenues are outlined below (from FY 2024 Adjusted to FY 2025 Adopted Budget):

- Sales Tax: +4.5% (from \$37.7 to \$39.4 million)
- Property Taxes: +6.3% (from \$64.6 to \$68.6 million)
- Transient Occupancy Tax (TOT): +9.0% (from \$25.5 to \$27.9 million)
- Utilities Users Tax (UUT): +1.0% (from \$19.7 to \$19.9 million)
- Documentary Transfer Tax (DTT): +25% (from \$5.8 to \$7.3 million)
- Business Tax (BT): +92.0% (from \$2.5 to \$4.8 million, reflects the phased implementation approved by voters)

The comparisons above reflect the FY 2024 Adopted revenue estimates adjusted for an additional \$3.6 million recognized in the FY 2024 Mid-year Report (City Council, February 12, 2024, CMR 2311-2233) based

on trends in the first half of the fiscal year, as follows: Sales Tax (\$1.6 million increase), Utilities Users Tax (\$1.2 million increase), Investment Earning (\$1.1 million increase), and Property Tax (\$0.8 million), partially offset by TOT (\$1.3 million decrease) and Documentary Transfer Tax (\$0.1 million decrease). As part of the FY 2025 budget process, this proposed budget reflects estimates based on the revised FY 2024 projections and assumes continued positive trends for Property Tax and Sales Tax. These additional receipts have been considered in financial planning of the FY 2025 Budget. The LRFF assumed that the FY 2025 shortfall will be addressed by the Uncertainty Reserve that was proactively set aside during the prior year for this purpose and this adopted budget reflects this direction. The LRFF anticipated shortfalls in the medium term which range from \$5.4 million in FY 2026 down to \$0.5 million in FY 2029, however, when the LRFF is adjusted for the actions recommended in the adopted budget, the FY 2026 gap is estimated to reach \$11.0 million, with a one-time reserve of \$6.1 million set aside to partially offset this. These resources will continue to be monitored and refined as new information becomes available.

Funding from TOT, Business Tax (Measure K) and other Capital sources, such as Measure B and the Road Maintenance and Rehabilitation Account (RMRA or Senate Bill 1), 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 \$27.9 million in TOT budgeted in FY 2025, \$14.2 million is allocated for general use, and \$13.7 million is allocated to the Capital Improvement Fund for infrastructure projects. As compared to pre-pandemic levels, general use funding remains \$3.3 million lower than FY 2019 levels of \$17.0 million, but Infrastructure Plan funding is \$5.0 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. Approximately 30% of Measure K funding contributes to transportation and grade separation improvements, with \$1.5 million budgeted for FY 2025.

### **EXPENSES**

General Fund expenses are \$306.9 million in FY 2025, a \$27.3 million or 9.8% increase over FY 2024 Adopted levels of \$279.6 million. As a service-driven organization, salary and benefits represent about 60% of total General Fund expenses.

Salary and benefits are \$179.9 million in FY 2025, a \$13.0 million or 7.8% increase over FY 2024 Adopted levels of \$166.9 million. This increase primarily reflects staffing additions and labor agreement terms with all labor groups for changes in wages, benefits, and other terms and conditions of employment. These agreements were 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 invests in programs and services to support City Council priorities and organizational resilience. The terms of all the current labor agreements will end by the end of FY 2025 and negotiations are scheduled for FY 2025. 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 \$8.9 million in General Fund expenses (\$14.1 million Citywide) for supplemental contributions to the City's Pension Trust. Through FY 2024, a total of \$73.3 million in principal contributions have been made to the Pension Trust (approximately 65% from the General Fund).

## BUDGET BALANCING STRATEGY

This budget ensures that the City continues to maintain or enhance current service levels; address health and safety risks, legal compliance needs, and audit findings; and advance City Council priorities. Investments to address health and safety risks, legal compliance needs, and audit findings include funding for a new claims and litigation software system, funding to replace fire department safety equipment, and funding to purchase software upgrades in the City's Enterprise Resource Planning (ERP) system SAP to better document business processes and assess risk and compliance needs. Investments to maintain or enhance current service levels and advance City Council priorities set aside funding for real property investments, continue to support the Palo Alto Link program, fund a consultant for a study to electrify the fleet, and add staffing resources to increase the City's recruitment efforts, enhance development services customer support activities, and support the Electric Grid Modernization project. These investments include staffing additions that increase citywide staffing levels by 29.00 FTE, from 1,063.10 FTE in FY 2024 Adopted to 1,092.10 FTE in FY 2025 Budget.

As discussed above, this budget recommends a partial two-year balancing strategy using the \$9.6 million remaining in the Uncertainty Reserve to bridge the shortfall in FY 2025 (\$6.1 million) and partially offset the projected shortfall in FY 2026 of \$11.0 million. This strategy does recommend using \$2.6 million from the BSR to increase the Uncertainty Reserve to \$6.1 million which would reduce the projected shortfall in FY 2026 to \$4.9 million. This will be done while maintaining an 18.5% BSR balance of \$54.4 million which is at the 18.5% Council recommended target level. 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 \$3.3 million in FY 2025 (base transfer and transfer of transient occupancy tax receipts), from \$26.1 million in the FY 2024 Adjusted Budget to \$30.2 million in the FY 2025 Adopted Budget.

### ALL FUNDS

#### Stormwater Management Fund

In FY 2025, the Stormwater Management fee is scheduled to increase by 2.6% 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 sunseting 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 2025-2029 CIP. Due to storms and flooding that occurred in Spring 2023, the planning of the Stormwater capital projects was evaluated and reprioritized during the development of the 2025-2029 CIP. More information about updates to capital project funding and timelines can be found in the FY 2025 Capital Budget document.

### **Wastewater Treatment Fund**

The FY 2025 Budget includes significant funding for eight system improvement and two buildings and facilities capital projects at the Regional Water Quality Control Plant (RWQCP) programmed through the 2025-2029 CIP. \$151.3 million is budgeted in FY 2025 for these projects, with expenses of \$229.8 million programmed over the 2025-2029 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 continues to review financing options such as State Revolving Fund Loans or bond financing to address the cash flow and to avoid significant spikes in user rates by smoothing out costs over time. It is important to note that approximately 65% 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 2025 Capital Budget document.

### **Electric Fund**

The FY 2025 budget continues to make substantial reinvestments in the City's aging infrastructure to enhance reliability and increase capacity. Capital projects scheduled for FY 2025 amount to \$75.1 million, for a total of \$315.8 million programmed through the 2025-2029 CIP. This spending focuses primarily on the Grid Modernization for Electrification project (EL-24000). Other significant one-time projects include a major project at the Colorado Substation, undergrounding of power lines in the Foothills, and completion of the Smart Grid (Advanced Metering Infrastructure) project. The City plans to issue substantial amounts of debt to fund \$300 million in the combination of infrastructure and grid modernization expenses through FY 2030. Escalating power supply expenses, coupled with the mounting capital investment and debt service costs, are anticipated to result in rate increases of 9% in FY 2025 and 5% annually through FY 2029.

### **Fiber Fund**

The FY 2025 budget of \$31.7 million includes funding to reinvest and build a new fiber backbone that will support a dedicated communication network for City substations, advanced metering infrastructure (AMI), supervisory control and data acquisition (SCADA) of critical utility infrastructures, and wireless field communication for City departments. In addition, the City is building a pilot for Fiber-to-the-Premise (FTTP) and launching Palo Alto Fiber Internet services. The City is aligning FTTP with Electric grid modernization through a subsection on the pilot to evaluate project efficiencies. Given the amount of overhead construction required for both projects, the pilot enables exploration of various construction phasing options to minimize community disruption, construction activity, and construction costs within neighborhoods.

# BUDGET BALANCING STRATEGY

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

One of the City Council's continuing goals for calendar year 2024 is Climate Change and the Natural Environment: 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. Two of those targets are the goal of reducing greenhouse gas (GHG) emissions 80% below 1990 levels by 2030 (the "80 x 30" goal) and achieving carbon neutrality by 2030. The City's commitment to a sustainable future is reflected in the FY 2025 Budget, which continues implementation of the S/CAP. Investments have been made across various City funds related to S/CAP including: a Grid Modernization for Electrification capital project (EL-24000); 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; install additional electric vehicle (EV) charging stations to encourage the wider adoption of EVs; develop an EV replacement program for the City's fleet; and increase staff capacity to promote ambitious programs for vehicle and building electrification, and sustainability programs like expanding the urban canopy, and preparing for sea level rise.

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

The FY 2025 Budget does not include changes to current staffing levels. As a result of the recommended changes in various parking programs, this budget includes:

- Revenue increases in permit sales for the University Avenue and California Avenue Funds to reflect a higher volume of parking activity, though remains significantly below pre-pandemic levels
- Revenue reductions in residential parking permits for the RPP Fund to reflect lower demand for residential parking
- Ongoing funding of \$2.0 million from the General Fund to the University Avenue (\$0.7 million), California Avenue (\$0.8 million), and Residential Parking Permit (RPP) Funds (\$0.5 million) to bridge annual operating shortfalls
- One-time transfer to the Capital Improvement Fund to support parking improvements in the California Avenue parking district
- Additional funding to accommodate cost increases for cleaning services

Net operating losses are expected to exhaust remaining fund balances in FY 2025. Funding from the General Fund 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 2025 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.

## UTILITY RATE CHANGES

FY 2025 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. On June 17, 2024, the City Council approved financial plans for the City's utilities and the following utility rate changes effective July 1, 2024:

- 9.0% rate increase for Electric
- 2.6% CPI increase for Fiber
- 12.5% rate increase for Gas
- 0% rate change for Refuse
- 2.6% CPI increase for Stormwater
- 15.0% rate change for Wastewater Collection
- 9.5% rate change for Water



CITY OF  
**PALO  
ALTO**



# ATTACHMENT B: SALARIES, BENEFITS, & 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 approximately 60% of the FY 2025 General Fund Budget is attributed to funding salaries and benefits.

In FY 2025, the City Council will engage with labor groups to negotiate new agreements for wages, benefits, and other terms and conditions of employment. Current agreements extend through January 2025 (SEIU) and June 2025 (all other labor groups) for full-time staffing.

The City Council approved amendments to adjust the FY 2024 Adopted Budget in alignment with one-time savings generated in FY 2023 and stronger revenues collected to date. These resources supported continued investments for immediate needs and priority initiatives, including net 1.00 full-time positions added as part of the Mid-Year Budget Review. These actions appear in the FY 2025 Base Budget.

This FY 2025 Budget continues to invest in staffing resources that support City services and recommends the net addition of 29.00 full-time and reduction of 1.83 FTE (part-time positions) as compared to FY 2024 Adopted levels, including the 1.00 FTE added in the FY 2024 Mid-Year review mentioned above.

Actions in this budget increase full-time staffing levels from 1,063.10 FTE (586.06 in the General Fund) to 1,092.10 FTE (602.57 in the General Fund), a 2.7% 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 2025 Budget in the individual department sections and the Table of Organization.

# SALARIES, BENEFITS, & POSITION SUMMARY

## Full-Time Position Changes FY 2024 Adopted to FY 2025 Adopted

|  | General<br>Fund | Enterprise<br>Funds | Other<br>Funds* | Total    |
|--|-----------------|---------------------|-----------------|----------|
| <b>FY 2024 Adopted Budget</b>                      | 586.06          | 380.58              | 96.46           | 1,063.10 |
| FY 2024 Approved Mid-Year Adjustments              | 1.00            | -                   | -               | 1.00     |
| <b>FY 2024 Modified Budget</b>                     | 587.06          | 380.58              | 96.46           | 1,063.10 |
| FY 2025 Increase / (Decrease)                      | 15.16           | 11.10               | 1.64            | 27.90    |
| FY 2025 Reallocation Increase / (Decrease)         | 0.35            | (0.25)              | -               | 0.10     |
| <b>FY 2025 Adopted Budget</b>                      | 602.57          | 391.43              | 98.10           | 1,092.10 |
| Net Difference: FY 2024 Adopted to FY 2025 Adopted | 16.51           | 10.85               | 1.64            | 29.00    |

\*Other Funds include Internal Service, Special Revenue, and Capital Improvement

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

### **FY 2025 Position Actions:**

- Add 1.00 Assistant Director Information Technology\*\*, a new classification, to increase strategic planning and oversight of the Information Technology (IT) Department
- Delete 2.00 Desktop Technician and add 2.00 Technologist to expand capacity in the IT customer service team
- Add 1.00 Principal Planner to provide enhanced customer service and counter support for Planning services at the Development Center
- Delete 1.00 Administrative Associate III and 1.00 Senior Business Analyst and add 1.00 Technologist and 1.00 Senior Technologist in the Planning and Development Services Department to expand technological capacity
- Add 1.00 Plan Review Manager\*\*, a new classification, and 1.00 Senior Plan Check Engineer to improve customer service and reduce processing times
- Add 1.00 Police Lieutenant to support police training and operations management
- Elimination of vacant 1.00 Community Service Officer in the Police Department due to reduced parking enforcement activity
- Add 1.00 Associate Planner and delete 2.00 Coordinator Transportation Systems Management and add 1.00 Planner and 1.00 Senior Planner in the Office of Transportation to augment the Safe Routes to School program capacity
- Add 1.00 Coordinator Utilities Projects, offset by the elimination of 1.00 Administrative Specialist II – H, in the Utilities Department to enhance customer service support

## SALARIES, BENEFITS, & POSITION SUMMARY

- Add 1.00 Management Analyst to the Public Works Department to increase analytic and financial management capacity
- Add 1.00 Offset Equipment Operator, offset by the elimination of two 0.48 FTE Print Shop Assistant - H, in the Administrative Services Department to support Utilities bill printing
- Delete 2.00 Property and Evidence Technician and add 1.00 Forensic Coordinator\*\* and 1.00 Forensic Specialist\*\*, two new classifications, in the Police Department to absorb work formerly performed by police officers related to solving and prosecuting crimes
- Add 1.00 Cement Finisher, 2.00 Electric Project Engineer, 1.00 Heavy Equipment Operator, and 1.00 Utilities Install/Repair in the Utilities Department to support electric grid modernization work
- Add 1.00 Coordinator Utilities Projects and 1.00 Gas and Water Meter Measurement and Control Technician to the Utilities Department to support the Cross Connection Control Program
- Add 1.00 Assistant Director Planning and Community Environment and 1.00 Senior Program Manager, a new classification, offset by the elimination of 1.00 Chief Planning Official in the Planning and Development Services Department to align duties with department needs
- Add 1.00 Recruitment Division Manager\*\*, a new classification, in the Human Resources Department to streamline and enhance citywide recruitment efforts
- Add 1.00 Electrician-Lead to the Utilities Department to streamline and coordinate electric inspections through the Development Center
- Add 1.00 Management Specialist to the City Manager's Department to reestablish the Management Fellowship Program
- Add 1.00 Management Analyst to the Administrative Services Department to serve as a central citywide resource for grant management
- Add 1.00 Program Assistant I and 4.00 Animal Caretaker\*\*, a new classification, to the Community Services Department, offset by the elimination of four 0.48 FTE Zoological Assistant - H in the Community Services Department to enhance animal care coverage and customer service
- Add 3.00 Fire Fighter positions to the Fire Department to upstaff fire engine 62, increasing fire response capabilities
- Add 1.00 Associate Sustainability Program Administrator to the Utilities Department to support the Advance Heat Pump Water Heater program

In addition to these adjustments, part-time positions were added to support work such as coordinating the animal licensing program (0.48 FTE) and performing Sustainability and Climate Action Plan (S/CAP) implementation and outreach (0.96 FTE), while others were eliminated such as limited-term code enforcement staffing (0.48 FTE) or to offset full-time position actions as noted above.

\*\* The FY 2025 Adopted Budget includes new job classifications that require completion of appropriate review and potential discussion with respective bargaining groups. Approved actions in this budget include estimated funding levels for financial planning purposes only and do not reflect the final negotiated terms of the recommended classifications.

### **FY 2024 Position Changes**

In FY 2024, the City Council approved limited amendments to continue to proactively address the most immediate needs of the City and its residents. In total, net 1.00 full-time positions were added and the following adjustments made:

## SALARIES, BENEFITS, & POSITION SUMMARY

- FY 2024 Mid-Year Budget Review (CMR 2311-2233)
  - Add 1.00 Division Manager Planning, offset by the elimination of 1.00 Assistant Chief Building Official
  - Add 1.00 Senior Planner

### SALARY & BENEFITS

#### SALARIES

In FY 2025, the City Council will engage in labor negotiations with all groups. Current terms extend to January 2025 (SEIU) and June 2025 (all other groups). Existing labor agreements include 4.0% Cost of Living Adjustments (COLAs) also referred to as general wage increases, targeted market adjustments aligned with benchmark studies, and benefits such as flexible compensation to allow employee choice in health and other benefit options. The general wage increase addresses 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 and agreed upon with labor groups to align with market conditions and maintain the City of 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 available on the City's website [www.cityof-paloalto.org/Departments/Human-Resources/Labor-Agreements-and-Salary-Schedules](http://www.cityof-paloalto.org/Departments/Human-Resources/Labor-Agreements-and-Salary-Schedules). The FY 2025 Budget includes funding for these terms and standard, modest annual increases.

#### 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% and 4% of salary.
- Employees sharing the cost of health plans by shifting from a percentage share to a flat-rate medical benefit.
- Implementation of a less costly second and third-tier pension plan (PEPRA), effective January 1, 2013.

The FY 2025 Budget reflects the required employer pension contributions determined in the CalPERS actuarial valuation as of June 30, 2022 (CMR 2308-1860) and released by CalPERS in August 2023. The calculation for annual employer contributions is based on a set of actuarial assumptions for demographic (e.g., mortality, retirement, termination, and disability 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 day-to-day market volatility.

## SALARIES, BENEFITS, & POSITION SUMMARY

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 \$42.3 million in FY 2024, an increase of \$3.5 million (9.0%), from an ADC of \$38.8 million in FY 2024. The ADC for the Safety Plan is \$22.6 million in FY 2025, an increase of \$1.9 million (9.2%) from an ADC of \$20.7 in FY 2024. CalPERS projected pension rates through FY 2030 are included in the table below (expressed as a percent of projected payroll).

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

| FY                | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|-------------------|------|------|------|------|------|------|------|------|
| Miscellaneous (%) | 42.9 | 44.8 | 47.4 | 45.5 | 42.0 | 42.4 | 44.6 | 44.1 |
| Safety (%)        | 71.1 | 74.0 | 83.1 | 84.5 | 85.7 | 86.2 | 89.5 | 88.5 |
| Discount Rate (%) | 7.0  | 6.8  | 6.8  | 6.8  | 6.8  | 6.8  | 6.8  | 6.8  |

Each year, the City’s UAL is impacted if CalPERS investment returns do not meet expectations. In the period ending June 30, 2022, the plan experienced a negative 6.1% investment return (loss) as compared to a 6.8% return assumed by CalPERS; this reflects a nearly 13% variance between actual and assumed investment returns. Consistent with the current amortization policy, the resulting investment impact 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) decreased 9.2% from the prior year, from 81.2% to 72.0% as of June 30, 2022. This report does not consider the preliminary 5.8 return on investments for the period ending June 30, 2023 (6.8% target); this investment return will be included in the report issued in fall 2024 and incorporated in the development of the FY 2026 budget. An estimate for this return is included in the FY 2025-2034 Long Range Financial Forecast (LRFF) for financial planning purposes. The City will continue to 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, also referred to as Other Post-Employment Benefits (OPEB). As part of policy goals, the City seeks to reach a 90% 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 Budget includes approximately \$14.1 million (\$8.9 million in the General Fund) in supplemental contri-

# SALARIES, BENEFITS, & POSITION SUMMARY

butions. Through FY 2024, a total of \$73.3 million in principal contributions will have been made to the Pension Trust (approximately 65% from the General Fund).

In the General Fund, it is anticipated the City will spend a total of \$49.5 million on total pension costs in FY 2025, 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 covers the period ending June 30, 2023. It was completed in May 2024 and was reviewed by the Finance Committee (CMR 2402-2673) and accepted by the City Council (CMR 2406-3140). Consistent with City Council direction and the proactive funding strategies in the Retiree Benefit Funding Policy, the FY 2025 Budget 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.

The City Council elected a two-year phase-in of financial impacts of the June 30, 2023 valuation report. This mitigates the immediate impacts of this report’s expense escalation and supports financial flexibility for the provision of services while continuing to proactively prefund long-term obligations. The budget assumes the full payment of the Actuarial Determined Contribution (ADC) (adjusted for Council direction noted above) 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 2025, the adjusted ADC is \$19.4 million, a \$2.6 million FY 2024 levels of \$16.8 million. Though the ADC assumed for the FY 2025 budget is \$19.4 million, the charges to the City’s funds are budgeted at \$16.4 million. The difference of \$2.9 million represents the City’s implied subsidy for retiree healthcare.

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

| FY                    | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|
| General Fund (\$)     | 10.6 | 10.9 | 11.3 | 11.6 | 11.9 | 12.3 | 12.7 | 13.1 | 13.5 | 13.9 | 14.2 |
| Non-General Fund (\$) | 6.2  | 6.3  | 6.5  | 6.7  | 6.9  | 7.1  | 7.4  | 7.6  | 7.9  | 8.1  | 8.5  |
| Total (\$)            | 16.8 | 17.3 | 17.8 | 18.3 | 18.8 | 19.4 | 20.0 | 20.7 | 21.4 | 22.0 | 22.7 |

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



# INTRODUCTION





CITY OF  
**PALO  
ALTO**



# Budget Acknowledgments

## Department Budget Coordinators

### Administrative Services

Alyssa Ching  
Christine Paras  
Tarun Narayan

### City Attorney

Tricia Hoover

### City Clerk

Mahealani Ah Yun

### City Manager/Office of Transportation

Melissa McDonough  
Ingrid Velasquez  
Joseph Shin

### Community Services

Robert Gonzalez  
Anureet Sahota

### Fire

Amber Cameron

### Human Resources

Maria Patino

### Information Technology

Sherrie Wong

### Library

Sarah Wilson

### Office of Emergency Services

Nathaniel Rainey

### Planning & Development Services

Khashayar Alaee  
Oscar Murillo  
Sarah McRee

### Police

Eric Jensen

### Public Works

Michelle Nelson  
Alesha Boyd  
Erica Ledesma  
Maybo AuYeung  
Svetlana Miljkovic

### Utilities

Anna Vuong

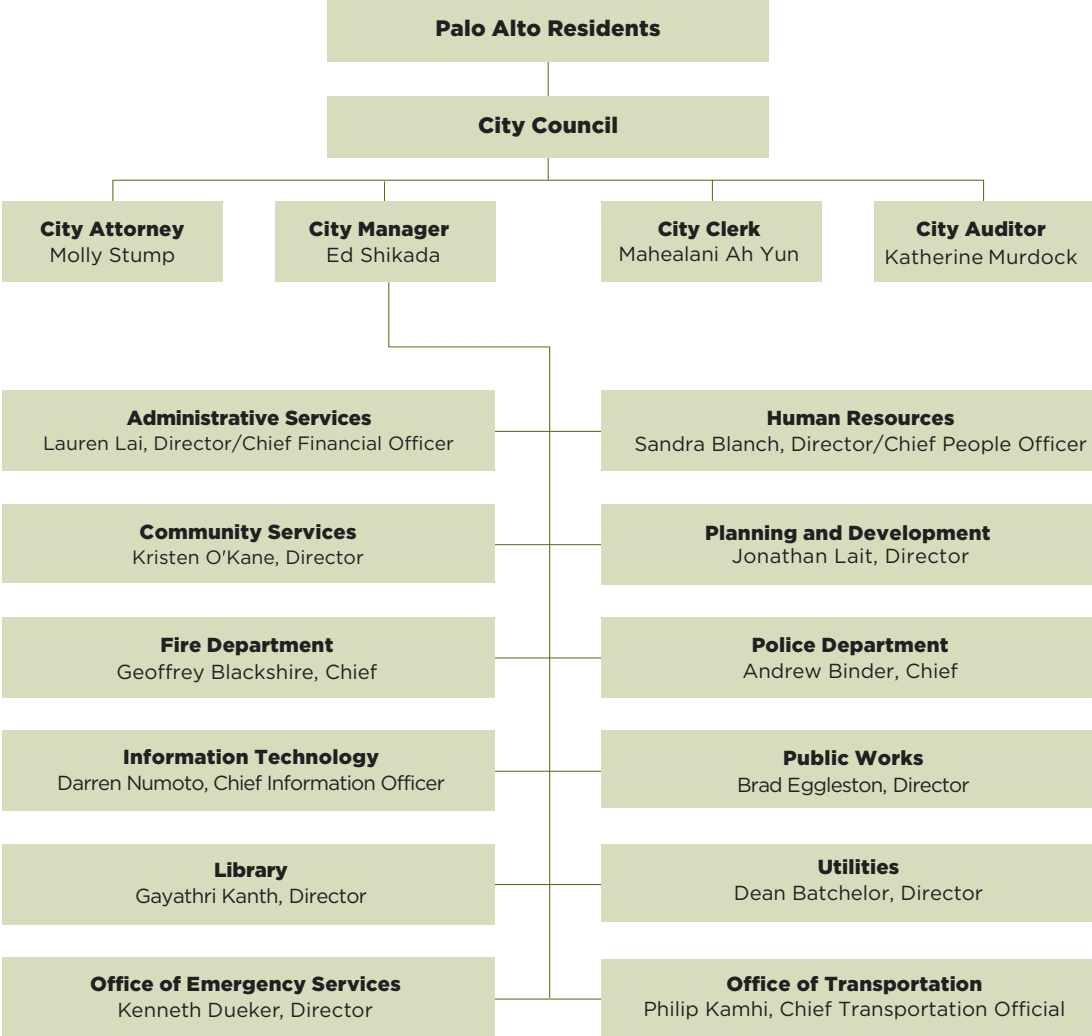
## Budget Document Producers - Office of Management & Budget Staff

Lauren Lai  
Kiely Nose  
Paul Harper  
Kayla Shapiro

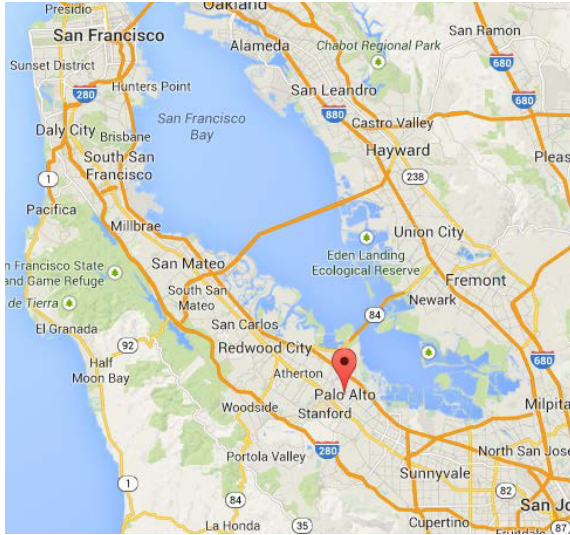
Naomi Hsu  
Katie Lee  
Rene Escobar-Mena  
Peter Hoang

Chaitali Paliwal  
Alyssa Ching  
Josh Martinez  
Kitty Dandan

# CITY OF PALO ALTO ORGANIZATIONAL CHART



# 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

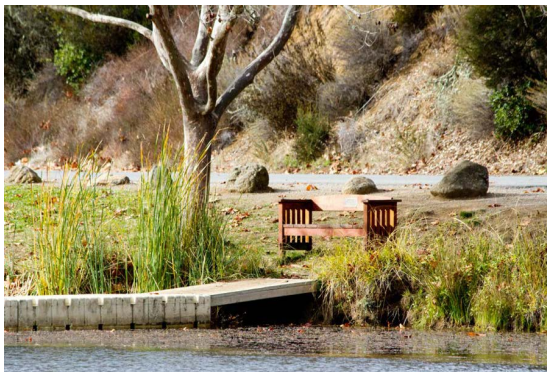
## POPULATION

Palo Alto's population was 67,901 in 2023. This represents a 1.05% decrease over the previous year and a 11.4% increase since 2000. Approximately 22.4% of the population is under the age of 18, and the median age is 42.3. Approximately 51.7% of the population is female, and 48.3% 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 96.8% of Palo Alto residents aged 25 or over have received a high school diploma. Over 82.2% have obtained a bachelor's degree or higher and 54.7% have earned a post-graduate or professional degree.



School enrollments in Palo Alto decreased to 10,325 from 12,483 or by 20.90% between 2014 and 2023. In school-year 2023-24 Palo Alto and Gunn high schools had average SAT scores of 1,384 and 1,420 on a scale of 1,600. The average scores for the United States and California were 1,028 and 1,083 respectively.

## INCOME

In 2022, Palo Alto's median household income was \$214,118 and the per capita income was \$117,476. As of 2022, 83.8% 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 2022 compared to 2.3 per household in 2000.



## HOUSING UNITS

In 2022, 56.0% of the 26,064 housing units were owner-occupied and 44% were renter-occupied. In 2000, there were 26,048 housing units, 55.4% owner-occupied, 41.4% renter-occupied, and 3.2% were vacant. There were 6.1% more total housing units from 2000 to 2022.

**DEVELOPMENT**

The City issued approximately 2,138 residential and 445 commercial building permits in Fiscal Year (FY 2023). The combined valuation for all permits was \$225.8 million.

**OFFICE AND INDUSTRIAL RENTAL ACTIVITY**

Palo Alto’s net rentable office space totaled approximately 8.0 million sq. ft as of the fourth quarter of 2023. The vacancy rate during this same time period was 23.7% compared to 18.6% for the Silicon Valley market. Average asking rents in Palo Alto and the Silicon Valley were, respectively, \$9.30 and \$5.47 per sq. ft, as of the fourth quarter of 2023.

Net rentable square footage for industrial facilities in Palo Alto was 1.3 million with a vacancy rate of 6.6% and average asking rent of \$2.35 per sq. ft for manufacturing and \$2.85 per sq. ft for warehouse. The Silicon Valley market had an average vacancy rate of 2.7% and asking rent averaged \$1.87 per sq. ft for manufacturing and \$1.44 for warehouse.

Net rentable space for Research and Development (R&D) facilities in Palo Alto totaled 11.1

million sq. ft with a vacancy factor of 13.1% and average asking rent of \$6.05 per sq. ft. The vacancy rate for the Silicon Valley market was 10.7% with an average asking rent of \$2.94 per sq. ft.



**Top 25 Major Sales/Use Tax Contributors, FY 2023**

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

# PALO ALTO AT A GLANCE

## RETAIL SALES AND SALES TAX REVENUE

Sales and use tax totaled \$36.9 million in FY 2023, an increase of \$4.2 million, or 12.9%, due to a combination of continued pandemic recovery and inflation. The sales tax revenue receipts continue to be driven by personal income and spending and a larger share of consumer spending online due to the nations continued transitions from a shopping center country to online sales.

The online surge continues to be driven by the past enacted state law, the Marketplace Facilitator Act, requiring large online retailers to collect California sales tax on behalf of smaller companies that sell products on their platforms. County of Santa Clara personal income increased by 11.7% in FY 2023 compared to the prior fiscal year.

## Principal Property Taxpayers, FY 2023

| Rank         | Taxpayer                          | Taxable Assessed Value |
|--------------|-----------------------------------|------------------------|
| 1            | Leland Stanford Jr. University    | \$6,793,280            |
| 2            | Google Inc.                       | \$328,707              |
| 3            | ARE-San Francisco 80 LLC          | \$299,895              |
| 4            | ARE-San Francisco 69 LLC          | \$146,252              |
| 5            | 395 Page Mill LLC                 | \$126,845              |
| 6            | SVF Sherman Palo Alto Corporation | \$122,910              |
| 7            | KRE El Camino Real Owner LLC      | \$105,672              |
| 8            | PA Hotel Holdings LLC             | \$91,866               |
| 9            | Palo Alto Tech Center LLC         | \$90,141               |
| 10           | Park Village Peninsula LLC        | \$125,510              |
| <b>Total</b> |                                   | <b>\$8,231,078</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, 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 33,660 employed residents in 2023. 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 79,558 jobs citywide. Palo Alto’s unemployment rate was 3.1% in 2023, which was lower than the nation (3.6%), state (4.6%), and county (3.7%), during the same period.



**LARGEST EMPLOYERS**

Palo Alto’s top ten employers as of June 30, 2023 reflect jobs in industries ranging from education and healthcare to technology and research and development.

**Principal Employers, FY 2023**

| Rank | Employer                                      | Number of Employees |
|------|---|---------------------|
| 1    | Hewlett-Packard Company.                      | 14,673              |
| 2    | SAP Labs Inc                                  | 14,164              |
| 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  | 2,324               |
| 9    | Palantir                                      | 2,026               |
| 10   | Wilson Sonsini Goodrich & Rosati              | 1,701               |
|      | <b>Total</b>                                  | <b>63,058</b>       |

## Parks, Recreation & Community Centers

| Item (FY 2023)                | 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 2023)  | Number    |
|---|-----------|
| Library Branches  | 5         |
| Items Checked Out (Circulation)                             | 1,084,034 |
| Books (Inventory)   | 249,227   |
| Digital Audio/Visual (Inventory-Movies, Music, Books)       | 245,821   |
| Physical Audio/Visual (Inventory-Movies, Music, Audiobooks) | 36,429    |
| Reference Questions   | 5,062     |

## Public Safety

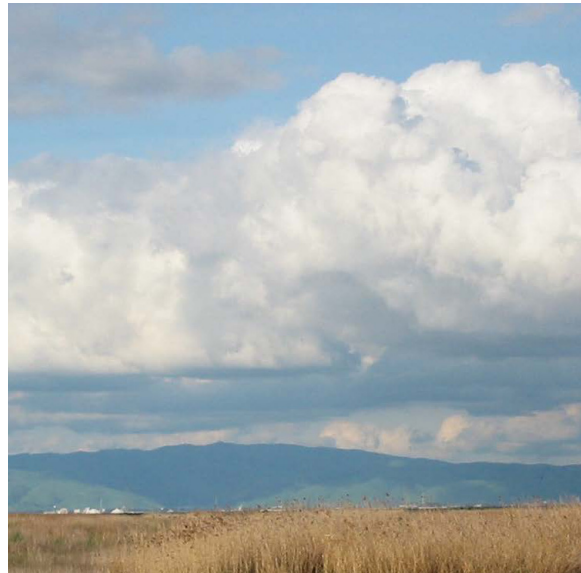
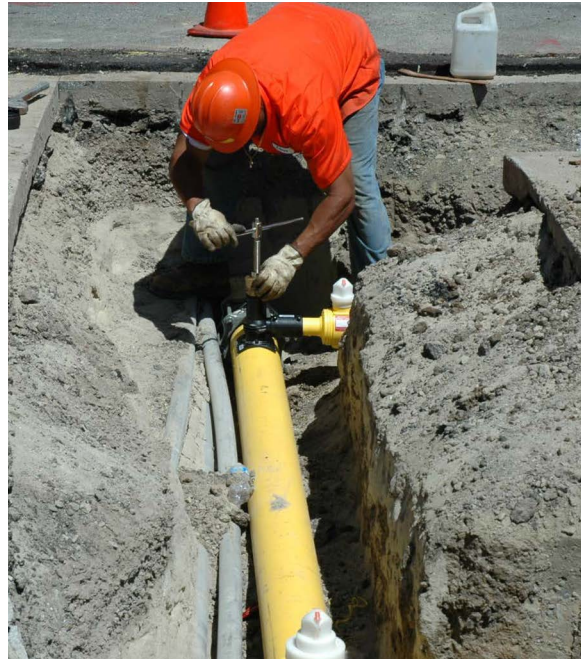
| Item (FY 2023)              | Number |
|-----------------------------|--------|
| <b>Police</b>               |        |
| Police Stations             | 1      |
| Sworn Police Personnel      | 84     |
| Police Vehicles             | 30     |
| Motorcycles                 | 3      |
| Canine Units                | 2      |
| Number of Calls for Service | 40,021 |
| Item (FY 2023)              | Number |
| <b>Fire</b>                 |        |
| Fire Stations               | 7      |
| Sworn Fire Personnel        | 99     |
| Fire Engines                | 9      |
| Fire Trucks                 | 1      |
| Ambulances                  | 6      |
| Number of Calls for Service | 9,219  |





# Infrastructure, Maintenance & Development Activity

| Item (FY 2023)   | Number          |
|--|-----------------|
| Street Miles   | 471             |
| Lane Miles Resurfaced Annually                             | 6.80            |
| Building Permits Issued Annually                           | 2,583           |
| Number of Fire Inspections                                 | 6,248           |
| Active Capital Improvement Projects                        | 182             |
| Capital Improvement Projects Expenses                      | \$117.7 million |
| Miles of Water Municipal Mains                             | 231.17          |
| Gallons of Water Delivered Daily                           | 7.9 million     |
| Miles of Municipal Wastewater Mains                        | 216             |
| Gallons of Wastewater Treated                              | 5 million       |
| Miles of Gas Mains   | 211             |
| Miles of Overhead Electrical Line (primary and secondary)  | 209             |
| Miles of Underground Electrical Line (primary & secondary) | 283             |
| Miles of Fiber Optic Backbone                              | 56.3            |



## Sustainability

| Item (FY 2023)  | Number  |
|---|---------|
| Total Tons of Material Recycled or Composted                            | 52,500  |
| Total Megawatt-hours Purchased from Eligible Renewable Sources*         | 866,627 |
| Percent of Electric Portfolio Purchased from Eligible Renewable Sources | 67%     |
| Percent of Electric Portfolio Purchased from Carbon Neutral Sources**   | 100%    |

\* FY 2023 "Eligible Renewable Sources" are wind, solar, small hydroelectric, and biogas generators whose output is directly purchased by the City, including purchases under long-term power purchase agreements (PPA).

\*\* FY 2023 "Carbon Neutral Sources" include eligible renewable from PPA (67%) and large hydroelectric power (33%). Due to low levels of precipitation in the first half of FY 2023, the City's large hydroelectric supplies were slightly lower than in an average year.

### SOURCES:

#### POPULATION:

U.S. Census Bureau, 2022 American Community Survey, Demographic and Housing Estimates, 5-Year Estimates, Table DP05.

#### EDUCATION:

U.S. Census Bureau, 2022 American Community Survey, Social Characteristics in United States, Educational Attainment, 5-Year Estimates, Table DP02.

City of Palo Alto 2022-2023 ACFR (Demographic and Economic Statistics-Last Ten Fiscal Years.)

2023 SAT Suite of Assessments Annual Report by College Board.

#### INCOME:

2022 American Community Survey 5-Year Estimates, Selected Economic Characteristics, Table DP03.

#### PERSONS PER HOUSEHOLD AND HOUSING UNITS:

2022 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 2023.  
 CBRE Silicon Valley R&D Snapshot Q4 2023.  
 CBRE Silicon Valley Industrial Figures Q4 2023.

#### RETAIL SALES AND SALES TAX REVENUE:

Treasury, Debt and Investments Division.

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

Treasury, Debt and Investments Division.

#### PRINCIPAL PROPERTY TAXPAYERS:

City of Palo Alto 2022-2023 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. 2022 American Community Survey, Means of Transportation to work by age and workplace geography, 5-Year Estimates, Table B08501/DP03.

#### PALO ALTO BUSINESSES:

City of Palo Alto Economic Development.

#### LARGEST EMPLOYERS:

City of Palo Alto 2022-2023 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 2024, adopted in January 2024:

- Economic Development & Transition
- Climate Change & Natural Environment- Protection & Adaptation
- Housing for Social & Economic Balance
- Community Health, Safety, Wellness & Belonging

# 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 2025 Budget

| Date              | Description       | Location | Description                                 |
|-------------------|-------------------|----------|---|
| Tuesday, May 7    | Finance Committee | Hybrid   | Budget Hearing                              |
| Wednesday, May 8  | Finance Committee | Hybrid   | Budget Hearing                              |
| Monday, May 13    | City Council      | Hybrid   | FY 2025 Proposed Budget Study Session       |
| Wednesday, May 15 | Community         | Hybrid   | Community Informational Session             |
| Monday, May 21    | Finance Committee | Hybrid   | Finance Committee – Budget Wrap – up        |
| Monday, June 17   | 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 <https://cityofpaloalto.zoom.us/j/> 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, inlieu 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 per-mit 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 nonoperating 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-Servicesunder> 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

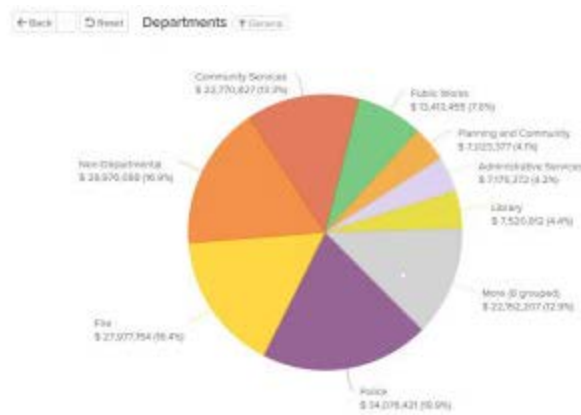
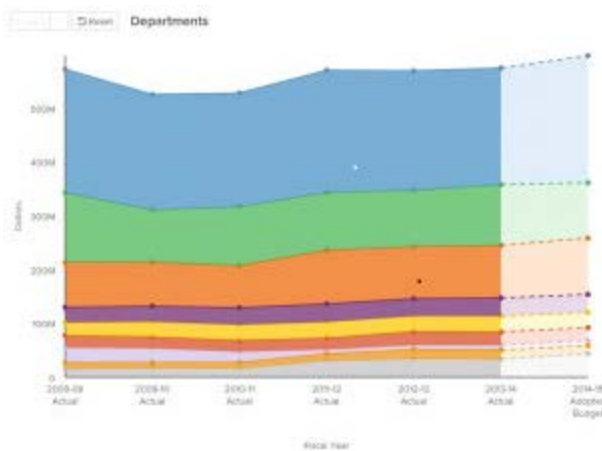
### HOW DOES IT WORK?

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 Systems, Applications & Products in Data processing (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.



# THE BUDGET PROCESS AND DOCUMENT

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 (GAAP). 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.

# THE BUDGET PROCESS AND DOCUMENT

## **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 2023-2024***

*Presented to the*

***City of Palo Alto***

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

*January 29, 2024*



*[Handwritten Signature]*

*Rich Lee  
2023 CSMFO President*

*James Russell-Field, Chair  
Recognition Committee*

*Dedicated to 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, 2023**

*Christopher P. Morill*

**Executive Director**



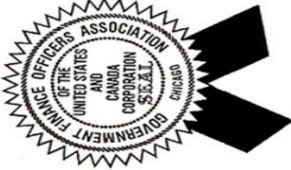
The Government Finance Officers Association  
of the United States and Canada

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.*

*Christopher P. Morill*

Executive Director

Date:

**November 22, 2023**



CITY OF  
**PALO**  
**ALTO**



# CITYWIDE FUNDS





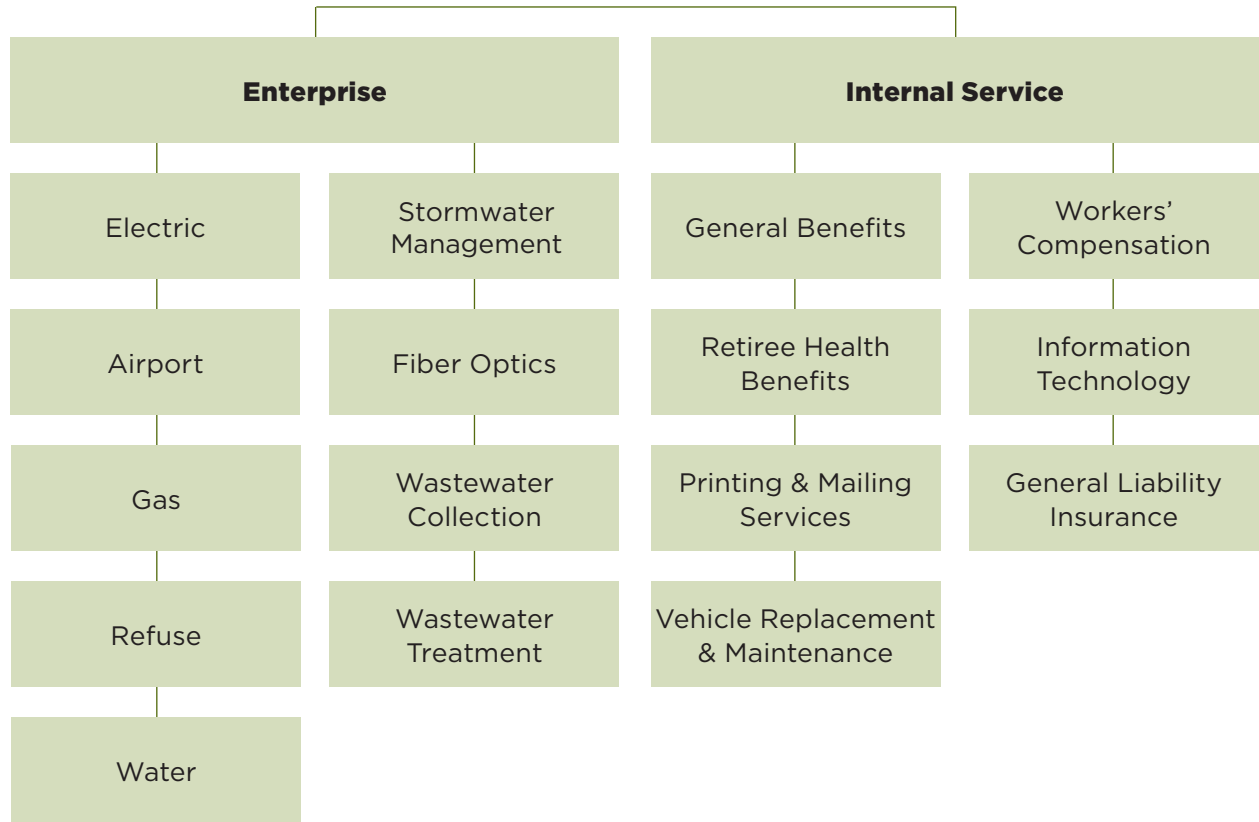
CITY OF  
**PALO  
ALTO**



# Fund Structure



# Fund Structure

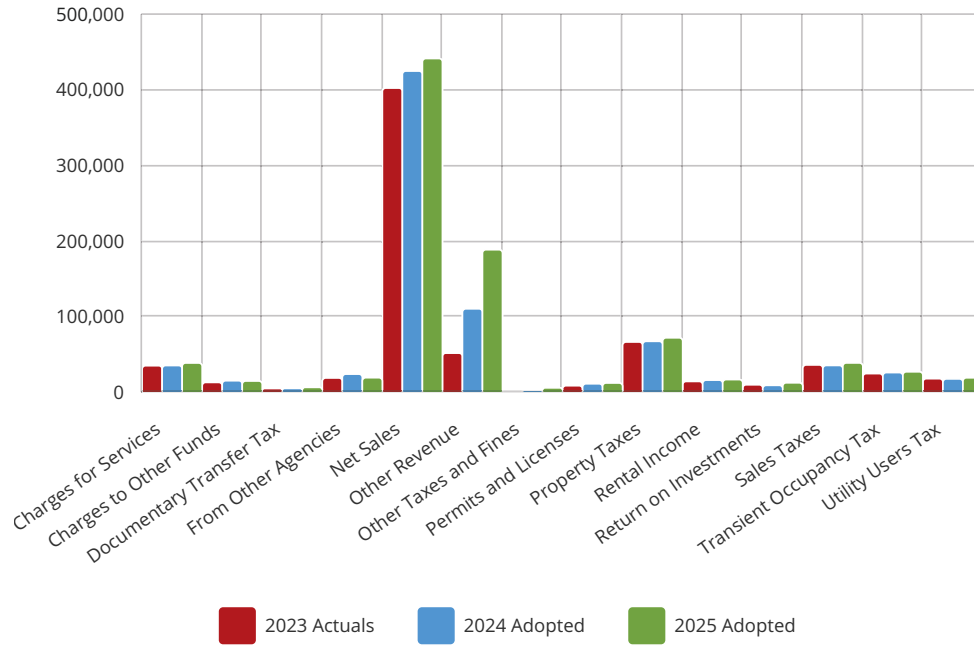


## Total Citywide Revenue by Category

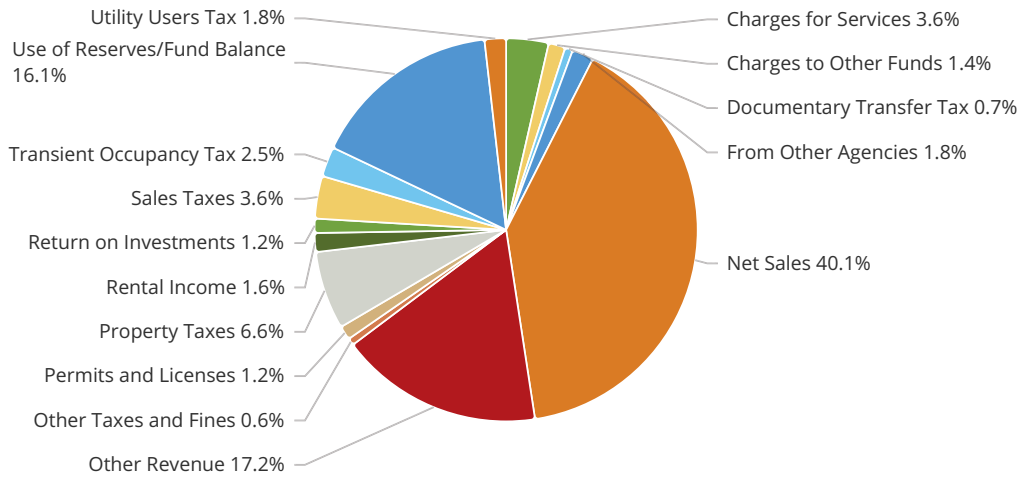
|                          | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|--------------------------|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| Charges for Services     | 30,625             | 35,921             | 36,159                       | 39,508                       | 3,349                | 9.3%                |
| Charges to Other Funds   | 14,600             | 13,820             | 16,065                       | 15,666                       | (398)                | (2.5)%              |
| Documentary Transfer Tax | 11,990             | 5,751              | 5,920                        | 7,260                        | 1,340                | 22.6%               |
| From Other Agencies      | 22,548             | 19,689             | 24,808                       | 20,063                       | (4,745)              | (19.1)%             |
| Net Sales                | 336,838            | 403,248            | 425,757                      | 442,347                      | 16,590               | 3.9%                |
| Other Revenue            | 66,656             | 52,566             | 111,203                      | 189,389                      | 78,186               | 70.3%               |
| Other Taxes and Fines    | 929                | 777                | 3,526                        | 6,629                        | 3,103                | 88.0%               |
| Permits and Licenses     | 10,535             | 9,456              | 12,024                       | 13,040                       | 1,016                | 8.4%                |
| Property Taxes           | 63,632             | 67,282             | 68,181                       | 72,844                       | 4,663                | 6.8%                |
| Rental Income            | 14,397             | 15,119             | 16,877                       | 17,579                       | 702                  | 4.2%                |
| Return on Investments    | 7,729              | 10,683             | 9,960                        | 13,302                       | 3,343                | 33.6%               |
| Sales Taxes              | 32,705             | 36,926             | 36,272                       | 39,577                       | 3,305                | 9.1%                |
| Transient Occupancy Tax  | 16,946             | 25,485             | 26,834                       | 27,857                       | 1,023                | 3.8%                |
| Utility Users Tax        | 15,599             | 18,763             | 18,457                       | 19,943                       | 1,487                | 8.1%                |
| <b>Total</b>             | <b>645,729</b>     | <b>715,486</b>     | <b>812,043</b>               | <b>925,004</b>               | <b>112,964</b>       | <b>13.9%</b>        |

# CITYWIDE REVENUES

## 3 YEAR TREND CITYWIDE REVENUES BY CATEGORY (\$000S)



## FY 2025 SOURCES \$1.1 BILLION

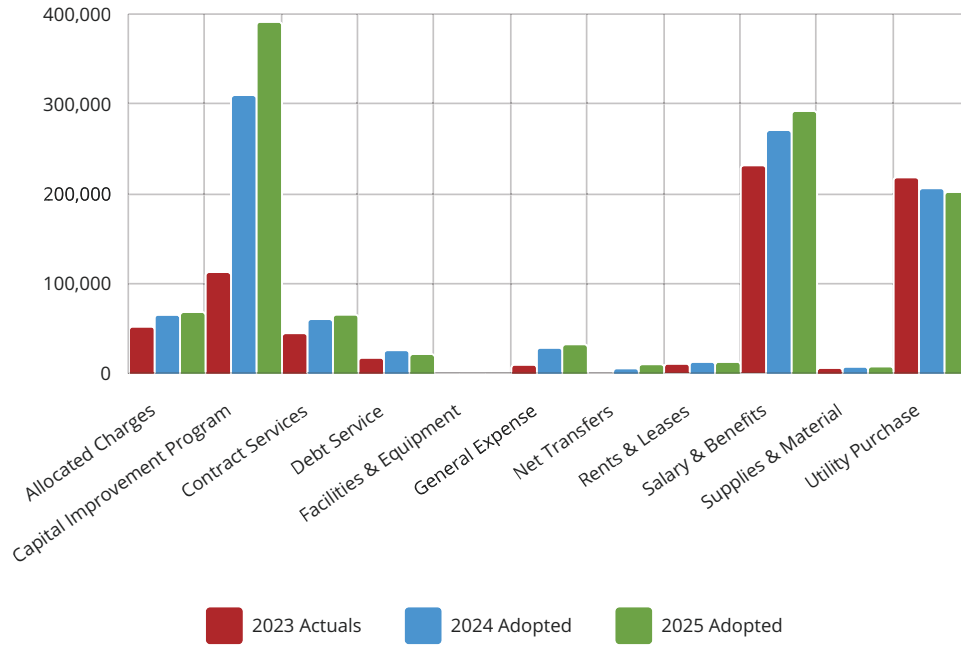


## Total Citywide Expense by Category

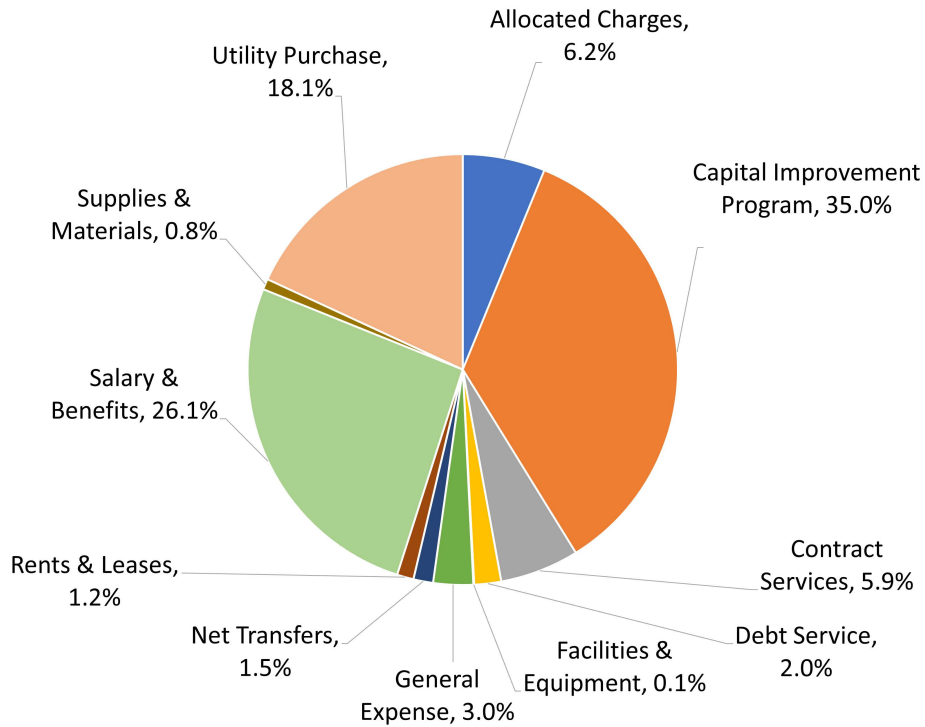
|                             | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|-----------------------------|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| Allocated Charges           | 48,157             | 53,229             | 66,382                       | 69,395                       | 3,012                | 4.5%                |
| Contract Services           | 39,531             | 45,891             | 61,549                       | 66,615                       | 5,065                | 8.2%                |
| Debt Service                | 64,865             | 18,629             | 26,969                       | 22,633                       | (4,337)              | (16.1)%             |
| Facilities & Equipment      | 553                | 708                | 839                          | 713                          | (126)                | (15.0)%             |
| General Expense             | 13,926             | 10,836             | 29,728                       | 33,566                       | 3,839                | 12.9%               |
| Rents & Leases              | 9,832              | 11,944             | 14,024                       | 13,978                       | (46)                 | —%                  |
| Salary & Benefits           | 212,125            | 232,678            | 271,844                      | 293,054                      | 21,211               | 7.8%                |
| Supplies & Material         | 6,475              | 7,315              | 8,655                        | 8,980                        | 325                  | 3.8%                |
| Utility Purchase            | 187,111            | 219,303            | 207,161                      | 203,003                      | (4,157)              | (2.0)%              |
| Capital Improvement Program | 107,915            | 113,849            | 310,750                      | 392,240                      | 81,489               | 26.2%               |
| Net Transfers               | (9,608)            | (20,931)           | 10,106                       | 16,558                       | 6,452                | 63.8%               |
| <b>Total</b>                | <b>680,882</b>     | <b>693,451</b>     | <b>1,008,007</b>             | <b>1,120,735</b>             | <b>112,727</b>       | <b>11.2%</b>        |

# CITYWIDE EXPENSES

## 3 YR TREND - CITYWIDE EXPENDITURES BY CATEGORY (\$000S)



## FY 2025 EXPENSES \$1.1 BILLION



# CITYWIDE PROJECTED OPERATING FUND BALANCE

## Citywide Projected Operating Fund Balance

| Fund                                   | Projected Ending Balance 6/30/24 | Estimated Revenues | Net Fund Transfers | Estimated Expenditures | Projected Ending Balance 6/30/25 |
|--|----------------------------------|--------------------|--------------------|------------------------|----------------------------------|
| <b>GENERAL FUND</b>                    |                                  |                    |                    |                        |                                  |
| General Fund                           | 58,040                           | 275,181            | (9,692)            | 268,094                | 55,435                           |
| <b>Total General Fund</b>              | <b>58,040</b>                    | <b>275,181</b>     | <b>(9,692)</b>     | <b>268,094</b>         | <b>55,435</b>                    |
| <b>CAPITAL FUNDS</b>                   |                                  |                    |                    |                        |                                  |
| Capital Improvement Fund               | 62,607                           | 21,068             | 42,438             | 123,597                | 2,516                            |
| Cubberley Property Infrastructure Fund | 7,618                            | -                  | 1,864              | 3,771                  | 5,711                            |
| <b>Total Capital Funds</b>             | <b>70,225</b>                    | <b>21,068</b>      | <b>44,303</b>      | <b>127,368</b>         | <b>8,228</b>                     |
| <b>DEBT SERVICE</b>                    |                                  |                    |                    |                        |                                  |
| 2018 Golf Course Capital Improvement   | 19                               | -                  | 526                | 526                    | 19                               |
| 2019 California Avenue Parking Garage  | 28                               | -                  | 2,365              | 2,365                  | 28                               |
| 2021 Public Safety Building            | 38                               | -                  | 5,009              | 5,009                  | 38                               |
| Library Bonds                          | 3,046                            | 4,245              | -                  | 4,105                  | 3,186                            |
| <b>Total Debt Service</b>              | <b>3,131</b>                     | <b>4,245</b>       | <b>7,900</b>       | <b>12,005</b>          | <b>3,271</b>                     |
| <b>ENTERPRISE</b>                      |                                  |                    |                    |                        |                                  |
| Electric Fund                          | 85,282                           | 258,988            | (13,507)           | 265,586                | 65,176                           |
| Fiber Optics Fund                      | 28,424                           | 4,536              | (102)              | 31,587                 | 1,270                            |
| Gas Fund                               | 16,605                           | 72,323             | (11,094)           | 63,491                 | 14,343                           |
| Wastewater Collection Fund             | (8,291)                          | 26,061             | (176)              | 24,932                 | (7,339)                          |
| Water Fund                             | 9,700                            | 55,840             | 353                | 63,819                 | 2,074                            |
| Airport Fund                           | (6,451)                          | 5,886              | (272)              | 6,891                  | (7,728)                          |
| Refuse Fund                            | 4,384                            | 34,097             | (22)               | 37,255                 | 1,205                            |
| Stormwater Management Fund             | 8,634                            | 9,103              | (3)                | 18,650                 | (916)                            |

## CITYWIDE PROJECTED OPERATING FUND BALANCE

# Citywide Projected Operating Fund Balance

| Fund                                      | Projected Ending Balance 6/30/24 | Estimated Revenues | Net Fund Transfers | Estimated Expenditures | Projected Ending Balance 6/30/25 |
|---|----------------------------------|--------------------|--------------------|------------------------|----------------------------------|
| Wastewater Treatment Fund                 | 6,357                            | 161,263            | -                  | 184,862                | (17,241)                         |
| <b>Total Enterprise</b>                   | <b>144,644</b>                   | <b>628,097</b>     | <b>(24,823)</b>    | <b>697,073</b>         | <b>50,844</b>                    |
| <b>INTERNAL SERVICE</b>                   |                                  |                    |                    |                        |                                  |
| General Benefits Fund                     | 7,276                            | 106,733            | (5,000)            | 103,867                | 5,142                            |
| Liability Insurance Fund                  | 1,723                            | 6,883              | 5                  | 8,147                  | 464                              |
| Retiree Health Benefit Fund               | 2,480                            | 16,671             | 3,000              | 19,700                 | 2,451                            |
| Workers' Compensation Fund                | 3,609                            | 8,274              | -                  | 9,270                  | 2,613                            |
| Printing and Mailing Fund                 | 482                              | 1,659              | -                  | 1,679                  | 462                              |
| Technology Fund                           | 25,271                           | 19,422             | 1,541              | 27,984                 | 18,250                           |
| Vehicle Replacement and Maintenance Fund  | 18,174                           | 11,581             | -                  | 16,680                 | 13,075                           |
| <b>Total Internal Service</b>             | <b>59,015</b>                    | <b>171,223</b>     | <b>(454)</b>       | <b>187,327</b>         | <b>42,457</b>                    |
| <b>SPECIAL REVENUE</b>                    |                                  |                    |                    |                        |                                  |
| Community Development Fund                | 7,589                            | 834                | (2,859)            | -                      | 5,564                            |
| Downtown Business Improvement District    | 49                               | 1                  | -                  | -                      | 50                               |
| Federal and State Revenue Funds           | 5,238                            | 18                 | -                  | 60                     | 5,196                            |
| Housing In-Lieu and BMR Fund              | 56,815                           | 2,689              | -                  | 369                    | 59,135                           |
| Public Art Funds                          | 2,206                            | 330                | 184                | 360                    | 2,360                            |
| Special Districts Fund                    | 1,337                            | 2,726              | 2,134              | 5,035                  | 1,162                            |
| Stanford Development Agreement (SUMC)     | 7,640                            | 295                | (4,441)            | -                      | 3,494                            |
| Street Improvement Fund                   | 26                               | 3,710              | (3,709)            | -                      | 27                               |
| Traffic Mitigation & Parking In-Lieu Fund | 18,918                           | 598                | (5,794)            | -                      | 13,722                           |
| <b>Total Special Revenue</b>              | <b>99,818</b>                    | <b>11,202</b>      | <b>(14,485)</b>    | <b>5,824</b>           | <b>90,710</b>                    |
| <b>TOTAL OPERATING FUNDS</b>              | <b>434,872</b>                   | <b>1,111,015</b>   | <b>2,748</b>       | <b>1,297,691</b>       | <b>250,945</b>                   |



## Citywide Average Salary & Benefits

| Category  | Mgmt/<br>Professional | Utilities<br>Mgmt/<br>Professional | Fire Chief<br>Association | Fire<br>Fighters | Police<br>Mgmt<br>Association | PAPOA        | SEIU          | Average         |
|---|-----------------------|------------------------------------|---------------------------|------------------|-------------------------------|--------------|---------------|-----------------|
| <b>Full-Time<br/>Equivalent (FTE)</b>                       | <b>247.75</b>         | <b>54.00</b>                       | <b>4.00</b>               | <b>96.00</b>     | <b>7.00</b>                   | <b>78.00</b> | <b>605.35</b> | <b>1,092.10</b> |
| % of City   | 22.7%                 | 4.9%                               | 0.4%                      | 8.8%             | 0.6%                          | 7.1%         | 55.4%         | 100%            |
| Salary (1)  | 177,394               | 218,548                            | 246,850                   | 180,359          | 272,206                       | 170,255      | 121,952       | 149,310         |
| In-Lieu Holiday   | -                     | -                                  | -                         | 6,047            | -                             | 5,101        | 309           | 1,496           |
| Incentive Pay (2)   | -                     | -                                  | -                         | 953              | -                             | 1,467        | 433           | 600             |
| Overtime (Average)  | -                     | -                                  | -                         | 28,344           | -                             | 9,838        | 4,883         | 8,269           |
| Management Leave<br>(80 Hours)                              | 6,823                 | 8,406                              | 9,494                     | -                | 10,469                        | -            | -             | 7,212           |
| Pension Employer<br>Portion Misc 47.4%;<br>Safety 83.1% (3) | 84,085                | 103,592                            | 205,132                   | 149,878          | 226,203                       | 141,482      | 57,805        | 81,720          |
| Medicare  | 2,572                 | 3,169                              | 3,579                     | 2,615            | 3,947                         | 2,469        | 1,768         | 2,165           |
| Medical   | 19,981                | 21,778                             | 23,412                    | 21,940           | 23,711                        | 21,888       | 21,756        | 21,399          |
| Dental/Vision   | 2,051                 | 2,380                              | 2,616                     | 2,210            | 2,391                         | 2,169        | 2,008         | 2,070           |
| Flexible<br>Compensation                                    | 1,800                 | 1,800                              | 1,800                     | 1,800            | 1,800                         | 1,800        | -             | -               |
| Retiree Medical (4)   | 6,394                 | 6,224                              | 11,761                    | 10,946           | 10,417                        | 14,023       | 5,996         | 7,155           |
| Workers' Comp   | 4,958                 | 3,795                              | -                         | 20,048           | -                             | 15,703       | 4,984         | 6,959           |
| LIFE/LTD/SUI  | 487                   | 487                                | 487                       | 487              | 487                           | 487          | 487           | 487             |

## CITYWIDE AVERAGE SALARY

# Citywide Average Salary & Benefits

| Category   | Mgmt/<br>Professional | Utilities<br>Mgmt/<br>Professional | Fire Chief<br>Association | Fire<br>Fighters | Police<br>Mgmt<br>Association | PAPOA          | SEIU           | Average        |
|--|-----------------------|------------------------------------|---------------------------|------------------|-------------------------------|----------------|----------------|----------------|
| Non-salary Benefits<br>(5)   | 3,394                 | 4,391                              | 5,359                     | 2,194            | 3,391                         | 3,399          | 561            | 1,775          |
| <b>Average Salary &amp;<br/>Benefits</b>                               | <b>309,938</b>        | <b>374,569</b>                     | <b>510,491</b>            | <b>427,821</b>   | <b>555,022</b>                | <b>390,083</b> | <b>222,942</b> | <b>290,616</b> |
| City's Proactive<br>Contributions to<br>Long-term Pension<br>Liability | 13,804                | 16,985                             | 30,739                    | 22,952           | 33,873                        | 21,679         | 9,273          | 13,007         |
| <b>Isolate Holiday<br/>Pay from Salary<br/>Category</b>                |                       |                                    |                           |                  |                               |                |                |                |
| Salary, includes<br>holidays   | 177,394               | 218,548                            | 246,850                   | 180,359          | 272,206                       | 170,255        | 121,952        | 149,310        |
| Holidays (assumes<br>11, 9 hour days)                                  | 8,443                 | 10,402                             | 11,749                    | 8,584            | 12,956                        | 8,103          | 5,804          | 7,107          |
| Salary, excludes<br>holidays   | 168,950               | 208,146                            | 235,101                   | 171,775          | 259,250                       | 162,152        | 116,148        | 142,204        |

(1) Salary is calculated at actual pay rate (base pay and special pays, as applicable) as of July 2024 and adjusted for step increases in accordance with applicable Memoranda of Understandings with the City's bargaining groups.

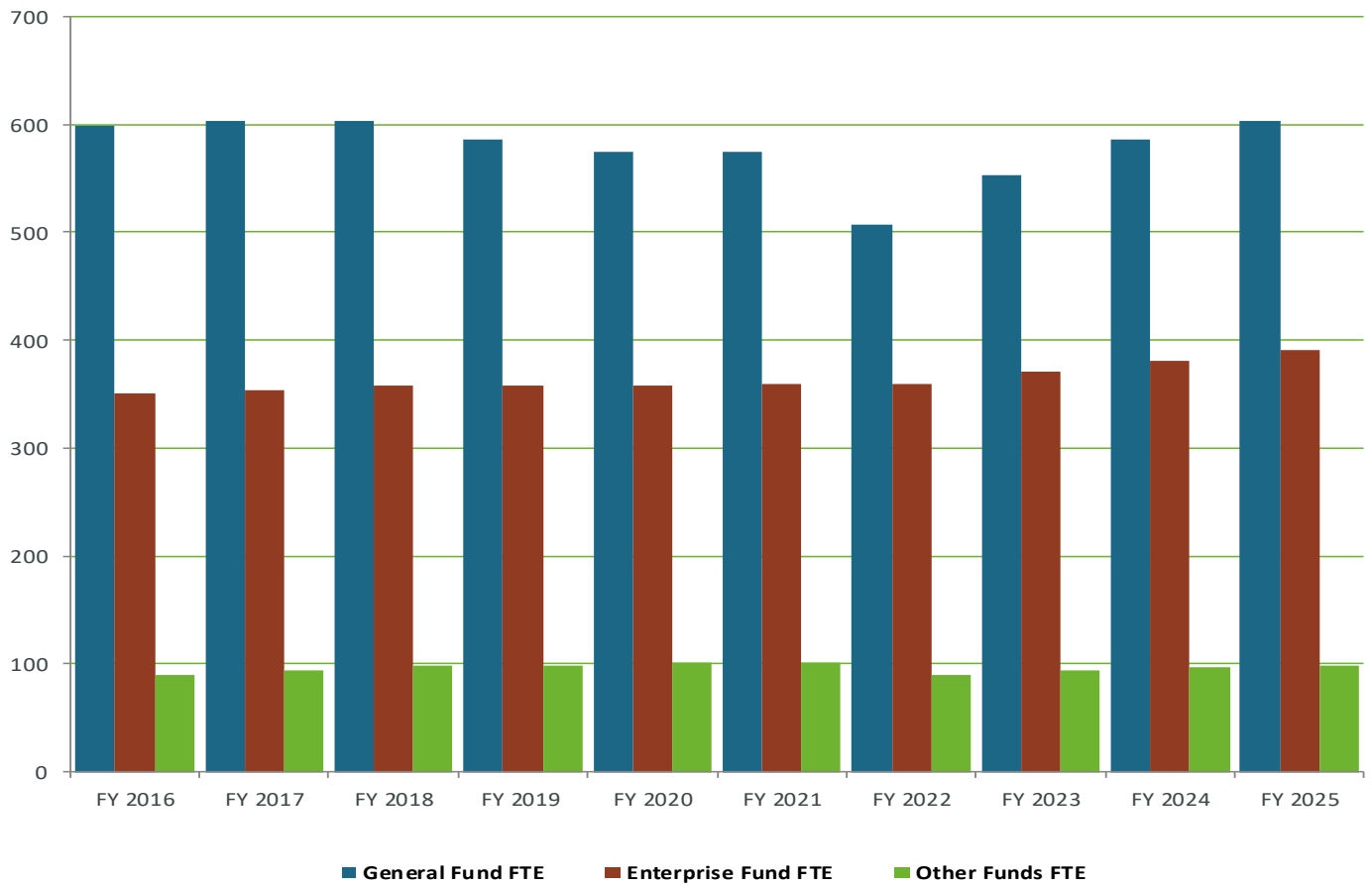
(2) Incentive pay includes: Fair Labor and Standards Act Charges and Night Shift Differential pay.

(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).

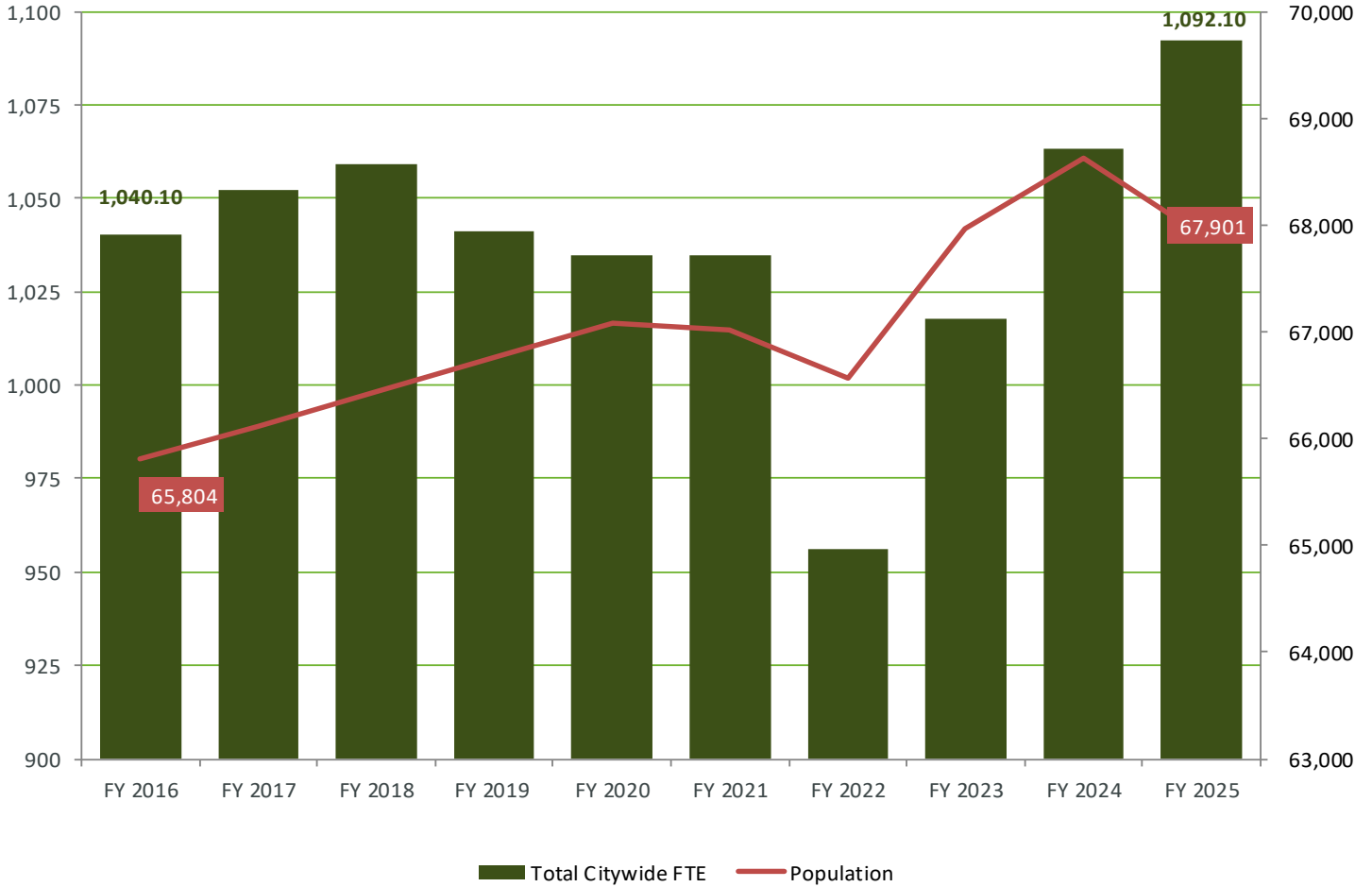
(5) Non-salary Benefits include professional development for Mgmt, Utilities Mgmt, FCA and PMA; tuition reimbursement for FCA and PMA; and management excess benefit for Mgmt, Utilities Mgmt, FCA and PMA. Does not include administrative fees for General Benefits and Workers' Compensation Funds.

10 Year Trend - Citywide FTE by Fund



# CITYWIDE AVERAGE SALARY

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



# LONG RANGE FINANCIAL PLANS

## Overview

As part of the updated requirements for the Government Finance Officers Association (GFOA) best practices as reflected in annual budget award criteria, 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 2025 Citywide expense budget of \$1.1 billion, funds with more than \$110.0 million in expenses or revenues would need to be included. This includes the General Fund, the Electric Fund, the Capital Improvement Fund, and the Wastewater Treatment 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 2025 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 2025 on these statements are only for planning purposes and when adopting the Budget, the Council is only adopting the next fiscal year, FY 2025.

# LONG RANGE FINANCIAL PLANS

## General Fund

|                                     | FY 2023<br>Actuals | FY 2024<br>Adopted | FY 2025<br>Adopted | FY 2026<br>Forecast | FY 2027<br>Forecast |
|-------------------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| <b>Source of Funds</b>              |                    |                    |                    |                     |                     |
| <b>Beginning Fund Balance</b>       |                    |                    |                    |                     |                     |
| Reserve for Encumbrances            | 9,896              | 11,971             | 11,971             | 11,971              | 11,971              |
| Other Reserves**                    | 22,858             | 43,191             | 26,364             | 18,830              | 9,629               |
| Unrestricted Beginning Fund Balance | 72,835             | 57,649             | 57,040             | 54,433              | 47,097              |
| <b>Total Beginning Fund Balance</b> | <b>\$ 105,589</b>  | <b>\$ 112,811</b>  | <b>\$ 95,375</b>   | <b>\$ 85,234</b>    | <b>\$ 68,697</b>    |
| <b>Revenue</b>                      |                    |                    |                    |                     |                     |
| Charges for Services                | 34,500             | 34,560             | 37,909             | 39,735              | 40,350              |
| Charges to Other Funds              | 13,227             | 15,496             | 15,096             | 15,725              | 15,956              |
| Documentary Transfer Tax            | 5,751              | 5,920              | 7,260              | 6,517               | 6,799               |
| From Other Agencies                 | 7,365              | 1,591              | 1,308              | 576                 | 576                 |
| Operating Transfers-in              | 21,954             | 23,932             | 29,148             | 27,648              | 29,936              |
| Other Revenue                       | 2,185              | 2,378              | 3,198              | 2,994               | 3,005               |
| Other Taxes and Fines               | 630                | 3,417              | 6,520              | 9,815               | 9,815               |
| Permits & Licenses                  | 7,994              | 10,722             | 11,410             | 11,363              | 11,516              |
| Property Taxes                      | 63,129             | 63,785             | 68,623             | 72,093              | 76,599              |
| Rental Income                       | 14,370             | 15,931             | 16,440             | 17,115              | 17,643              |
| Return on Investments               | 2,529              | 1,846              | 3,264              | 3,354               | 3,448               |
| Sales Taxes                         | 36,926             | 36,272             | 39,577             | 41,204              | 42,798              |
| Transient Occupancy Tax             | 25,485             | 26,834             | 27,857             | 29,337              | 31,178              |
| Utilities Users Tax                 | 18,763             | 18,457             | 19,943             | 20,573              | 21,488              |
| <b>Total Revenue</b>                | <b>\$ 254,808</b>  | <b>\$ 261,141</b>  | <b>\$ 287,553</b>  | <b>\$ 298,049</b>   | <b>\$ 311,107</b>   |
| <b>TOTAL SOURCE OF FUNDS</b>        | <b>\$ 360,397</b>  | <b>\$ 373,952</b>  | <b>\$ 382,928</b>  | <b>\$ 383,283</b>   | <b>\$ 379,804</b>   |
| <b>USE OF FUNDS</b>                 |                    |                    |                    |                     |                     |
| <b>Expenses</b>                     |                    |                    |                    |                     |                     |
| Allocated Charges                   | 22,564             | 25,796             | 26,882             | 27,295              | 27,868              |

# General Fund

|                                   | FY 2023<br>Actuals | FY 2024<br>Adopted | FY 2025<br>Adopted | FY 2026<br>Forecast | FY 2027<br>Forecast |
|-----------------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| Contract Services                 | 24,306             | 28,753             | 33,571             | 33,235              | 32,332              |
| Facilities & Equipment            | 371                | 799                | 656                | 520                 | 520                 |
| General Expense                   | 6,898              | 8,975              | 12,938             | 15,376              | 10,540              |
| Operating Transfers-Out           | 12,342             | 5,043              | 6,314              | 6,351               | 6,382               |
| Rents & Leases                    | 835                | 1,368              | 1,415              | 1,453               | 1,493               |
| Salary & Benefits                 | 146,717            | 166,861            | 179,877            | 189,351             | 195,729             |
| Supplies & Materials              | 3,046              | 3,332              | 3,515              | 3,505               | 3,505               |
| Transfer to Infrastructure        | 26,688             | 28,538             | 32,526             | 37,500              | 38,305              |
| <b>Total Expense</b>              | <b>\$ 243,767</b>  | <b>\$ 269,465</b>  | <b>\$ 297,694</b>  | <b>\$ 314,586</b>   | <b>\$ 316,674</b>   |
| <b>Ending Fund Balance</b>        |                    |                    |                    |                     |                     |
| Reserve for Encumbrances          | 11,971             | 11,971             | 11,971             | 11,971              | 11,971              |
| Other Reserves **                 | 43,191             | 38,224             | 18,830             | 9,629               | 9,629               |
| Unrestricted Ending Fund Balance  | 61,468             | 54,292             | 54,433             | 47,097              | 41,530              |
| <b>Total Ending Fund Balance*</b> | <b>\$ 116,630</b>  | <b>\$ 104,487</b>  | <b>\$ 85,234</b>   | <b>\$ 68,697</b>    | <b>\$ 63,130</b>    |
| <b>TOTAL USE OF FUNDS</b>         | <b>\$ 360,397</b>  | <b>\$ 373,952</b>  | <b>\$ 382,928</b>  | <b>\$ 383,283</b>   | <b>\$ 379,804</b>   |

\*FY 2025 Fund Balances have been revised to include FY 2024 adjustments and use of reserves.

\*\*Includes the Uncertainty and Utility Transfer Liability Reserves, Notes Receivable, Prepaid Items, Interfund Advances, Development Services, etc.

# LONG RANGE FINANCIAL PLANS

## Electric Fund

|                                     | FY 2023<br>Actuals | FY 2024<br>Adopted | FY 2025<br>Adopted | FY 2026<br>Forecast | FY 2027<br>Forecast |
|-------------------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| <b>Source of Funds</b>              |                    |                    |                    |                     |                     |
| <b>Beginning Fund Balance</b>       |                    |                    |                    |                     |                     |
| Reserve for Encumbrances            | 18,696             | 19,724             | 19,724             | 19,724              | 19,724              |
| Other Reserves                      | 78,598             | 100,133            | 107,982            | 87,876              | 58,657              |
| <b>Total Beginning Fund Balance</b> | <b>\$ 97,294</b>   | <b>\$ 119,857</b>  | <b>\$ 127,706</b>  | <b>\$ 107,600</b>   | <b>\$ 78,381</b>    |
| <b>Revenue</b>                      |                    |                    |                    |                     |                     |
| Charges for Services                | 495                | 220                | 220                | 220                 | 220                 |
| Charges to Other Funds              | 127                | 125                | 125                | 125                 | 125                 |
| From Other Agencies                 | 87                 | -                  | -                  | -                   | -                   |
| Net Sales                           | 191,269            | 202,302            | 206,780            | 216,453             | 228,807             |
| Operating Transfers-in              | 3,119              | 2,294              | 2,114              | 2,114               | 2,114               |
| Other Revenue                       | 32,620             | 33,921             | 48,921             | 33,921              | 33,921              |
| Return on Investments               | 1,553              | 2,102              | 2,941              | 2,941               | 2,941               |
| <b>Total Revenue</b>                | <b>\$ 229,270</b>  | <b>\$ 240,964</b>  | <b>\$ 261,101</b>  | <b>\$ 255,774</b>   | <b>\$ 268,128</b>   |
| <b>TOTAL SOURCE OF FUNDS</b>        | <b>\$ 326,564</b>  | <b>\$ 360,821</b>  | <b>\$ 388,807</b>  | <b>\$ 363,374</b>   | <b>\$ 346,509</b>   |
| <b>USE OF FUNDS</b>                 |                    |                    |                    |                     |                     |
| <b>Expenses</b>                     |                    |                    |                    |                     |                     |
| Allocated Charges                   | 10,364             | 12,149             | 12,909             | 13,323              | 13,454              |
| Contract Services                   | 15,191             | 65,278             | 79,666             | 67,328              | 65,978              |
| Debt Service                        | 8,503              | 8,379              | 4,874              | 4,874               | 4,874               |
| Equity Transfer                     | 14,534             | 15,119             | 15,121             | 15,550              | 15,989              |
| Facilities & Equipment              | 12                 | 16                 | 29                 | 26                  | 26                  |
| General Expense                     | 1,456              | 5,683              | 6,321              | 7,434               | 6,054               |
| Operating Transfers-Out             | 220                | -                  | -                  | 13,000              | -                   |
| Rents & Leases                      | 6,710              | 6,978              | 7,151              | 7,328               | 7,509               |
| Salary & Benefits                   | 25,227             | 33,740             | 36,826             | 38,070              | 38,795              |



# Electric Fund

|                                   | FY 2023<br>Actuals | FY 2024<br>Adopted | FY 2025<br>Adopted | FY 2026<br>Forecast | FY 2027<br>Forecast |
|-----------------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| Supplies & Materials              | 3,283              | 1,092              | 1,207              | 1,207               | 1,207               |
| Transfer to Infrastructure        | 1,198              | 280                | 500                | 250                 | 2,600               |
| Utility Purchase                  | 120,009            | 118,315            | 116,603            | 116,603             | 124,496             |
| <b>Total Expense</b>              | <b>\$ 206,707</b>  | <b>\$ 267,029</b>  | <b>\$ 281,207</b>  | <b>\$ 284,993</b>   | <b>\$ 280,982</b>   |
| <b>Ending Fund Balance</b>        |                    |                    |                    |                     |                     |
| Reserve for Encumbrances          | 19,724             | 19,724             | 19,724             | 19,724              | 19,724              |
| Other Reserves                    | 100,133            | 74,068             | 87,876             | 58,657              | 45,803              |
| <b>Total Ending Fund Balance*</b> | <b>\$ 119,857</b>  | <b>\$ 93,792</b>   | <b>\$ 107,600</b>  | <b>\$ 78,381</b>    | <b>\$ 65,527</b>    |
| <b>TOTAL USE OF FUNDS</b>         | <b>\$ 326,564</b>  | <b>\$ 360,821</b>  | <b>\$ 388,807</b>  | <b>\$ 363,374</b>   | <b>\$ 346,509</b>   |

\*FY 2025 Fund Balances have been revised to include FY 2024 adjustments.

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

# LONG RANGE FINANCIAL PLANS

## Capital Improvement Fund

|                                     | FY 2023<br>Actuals | FY 2024<br>Adopted | FY 2025<br>Adopted | FY 2026<br>Forecast | FY 2027<br>Forecast |
|-------------------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| <b>Source of Funds</b>              |                    |                    |                    |                     |                     |
| <b>Beginning Fund Balance</b>       |                    |                    |                    |                     |                     |
| Infrastructure Reserve              | 49,171             | 62,272             | 42,497             | 2,516               | 4,270               |
| Other Reserves                      | 74,878             | 49,288             | 20,110             | 6,358               | 5,000               |
| <b>Total Beginning Fund Balance</b> | <b>\$ 124,049</b>  | <b>\$ 111,560</b>  | <b>\$ 62,607</b>   | <b>\$ 8,874</b>     | <b>\$ 9,270</b>     |
| <b>Revenue</b>                      |                    |                    |                    |                     |                     |
| Other Revenue                       | 1,523              | 18,269             | 9,623              | 46,427              | 46,277              |
| Return on Investments               | 1,895              | 1,514              | 1,989              | 1,989               | 1,989               |
| From Other Agencies                 | 5,629              | 15,000             | 11,445             | 682                 | -                   |
| Operating Transfers-In              | 38,748             | 46,291             | 47,874             | 41,561              | 43,068              |
| Charges for Services                | 23                 | -                  | -                  | -                   | -                   |
| <b>Total Revenue</b>                | <b>\$ 47,818</b>   | <b>\$ 81,074</b>   | <b>\$ 70,931</b>   | <b>\$ 90,659</b>    | <b>\$ 91,334</b>    |
| <b>TOTAL SOURCE OF FUNDS</b>        | <b>\$ 171,867</b>  | <b>\$ 192,634</b>  | <b>\$ 133,538</b>  | <b>\$ 99,533</b>    | <b>\$ 100,604</b>   |
| <b>USE OF FUNDS</b>                 |                    |                    |                    |                     |                     |
| <b>Expenses</b>                     |                    |                    |                    |                     |                     |
| Allocated Charges                   | 386                | 282                | 343                | 343                 | 343                 |
| Contract Services                   | 47,903             | 115,452            | 105,781            | 69,753              | 69,476              |
| Facilities & Equipment              | 147                | 591                | 1,155              | 2,537               | 1,712               |
| General Expense                     | 4                  | 12                 | 13                 | 13                  | 13                  |
| Operating Transfers-Out             | 3,912              | 7,379              | 7,424              | 7,427               | 7,397               |
| Salary & Benefits                   | 7,699              | 9,267              | 9,763              | 10,006              | 10,144              |
| Supplies & Materials                | 257                | 120                | 185                | 185                 | 261                 |
| <b>Total Expense</b>                | <b>\$ 60,308</b>   | <b>\$ 133,103</b>  | <b>\$ 124,664</b>  | <b>\$ 90,264</b>    | <b>\$ 89,346</b>    |
| <b>Ending Fund Balance</b>          |                    |                    |                    |                     |                     |

# Capital Improvement Fund

|                                   | FY 2023<br>Actuals | FY 2024<br>Adopted | FY 2025<br>Adopted | FY 2026<br>Forecast | FY 2027<br>Forecast |
|-----------------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| Infrastructure Reserve**          | 62,272             | 21,693             | 2,516              | 4,270               | 3,858               |
| Other Reserves***                 | 49,288             | 37,837             | 6,358              | 5,000               | 7,400               |
| <b>Total Ending Fund Balance*</b> | <b>\$ 111,559</b>  | <b>\$ 59,531</b>   | <b>\$ 8,874</b>    | <b>\$ 9,269</b>     | <b>\$ 11,258</b>    |
| <b>TOTAL USE OF FUNDS</b>         |                    |                    |                    |                     |                     |

\*FY 2025 Fund Balances have been revised to include FY 2024 adjustments.

\*\*Infrastructure Reserve includes Reserve for Encumbrances

\*\*\*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)

# LONG RANGE FINANCIAL PLANS

## Wastewater Treatment Fund

|                                     | FY 2023<br>Actuals | FY 2024<br>Adopted | FY 2025<br>Adopted | FY 2026<br>Forecast | FY 2027<br>Forecast |
|-------------------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| <b>Source of Funds</b>              |                    |                    |                    |                     |                     |
| <b>Beginning Fund Balance</b>       |                    |                    |                    |                     |                     |
| Reserve for Encumbrances            | 18,663             | 13,657             | 13,657             | 13,657              | 13,657              |
| Other Reserves                      | (6,141)            | (26,373)           | 18,247             | (5,353)             | (3,526)             |
| <b>Total Beginning Fund Balance</b> | <b>\$ 12,522</b>   | <b>\$ (12,716)</b> | <b>\$ 31,904</b>   | <b>\$ 8,304</b>     | <b>\$ 10,131</b>    |
| <b>Revenue</b>                      |                    |                    |                    |                     |                     |
| Charges to Other Funds              | 68                 | 68                 | 69                 | 71                  | 72                  |
| Net Sales                           | 30,389             | 39,069             | 41,140             | 41,140              | 41,140              |
| Other Revenue                       | 821                | 48,847             | 120,025            | 221                 | 7,416               |
| Other Taxes and Fines               | -                  | 4                  | 4                  | 4                   | 4                   |
| Return on Investments               | 291                | 203                | 24                 | 24                  | 24                  |
| <b>Total Revenue</b>                | <b>\$ 31,569</b>   | <b>\$ 88,191</b>   | <b>\$ 161,262</b>  | <b>\$ 41,460</b>    | <b>\$ 48,656</b>    |
| <b>TOTAL SOURCE OF FUNDS</b>        | <b>\$ 44,091</b>   | <b>\$ 75,475</b>   | <b>\$ 193,166</b>  | <b>\$ 49,764</b>    | <b>\$ 58,787</b>    |
| <b>USE OF FUNDS</b>                 |                    |                    |                    |                     |                     |
| <b>Expenses</b>                     |                    |                    |                    |                     |                     |
| Allocated Charges                   | 7,360              | 7,216              | 6,943              | 7,171               | 7,388               |
| Contract Services                   | 30,951             | 65,618             | 155,173            | 9,010               | 16,438              |
| Debt Service                        | 604                | 1,469              | 650                | 650                 | 650                 |
| Facilities & Equipment              | 10                 | 8                  | 8                  | 8                   | 8                   |
| General Expense                     | 584                | 702                | 714                | 714                 | 714                 |
| Operating Transfers-Out             | 27                 | 16                 | -                  | -                   | -                   |
| Rents & Leases                      | 400                | 400                | 430                | 474                 | 474                 |
| Salary & Benefits                   | 14,884             | 17,436             | 18,682             | 19,344              | 19,587              |

# Wastewater Treatment Fund

|                                   | FY 2023<br>Actuals | FY 2024<br>Adopted | FY 2025<br>Adopted | FY 2026<br>Forecast | FY 2027<br>Forecast |
|-----------------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| Supplies & Materials              | 1,987              | 2,216              | 2,262              | 2,262               | 2,262               |
| <b>Total Expense</b>              | <b>\$ 56,807</b>   | <b>\$ 95,081</b>   | <b>\$ 184,862</b>  | <b>\$ 39,633</b>    | <b>\$ 47,521</b>    |
| <b>Ending Fund Balance</b>        |                    |                    |                    |                     |                     |
| Reserve for Encumbrances          | 13,657             | 13,657             | 13,657             | 13,657              | 13,657              |
| Other Reserves                    | (26,373)           | (33,263)           | (5,353)            | (3,526)             | (2,391)             |
| <b>Total Ending Fund Balance*</b> | <b>\$ (12,716)</b> | <b>\$ (19,606)</b> | <b>\$ 8,304</b>    | <b>\$ 10,131</b>    | <b>\$ 11,266</b>    |
| <b>TOTAL USE OF FUNDS</b>         | <b>\$ 44,091</b>   | <b>\$ 75,475</b>   | <b>\$ 193,166</b>  | <b>\$ 49,764</b>    | <b>\$ 58,787</b>    |

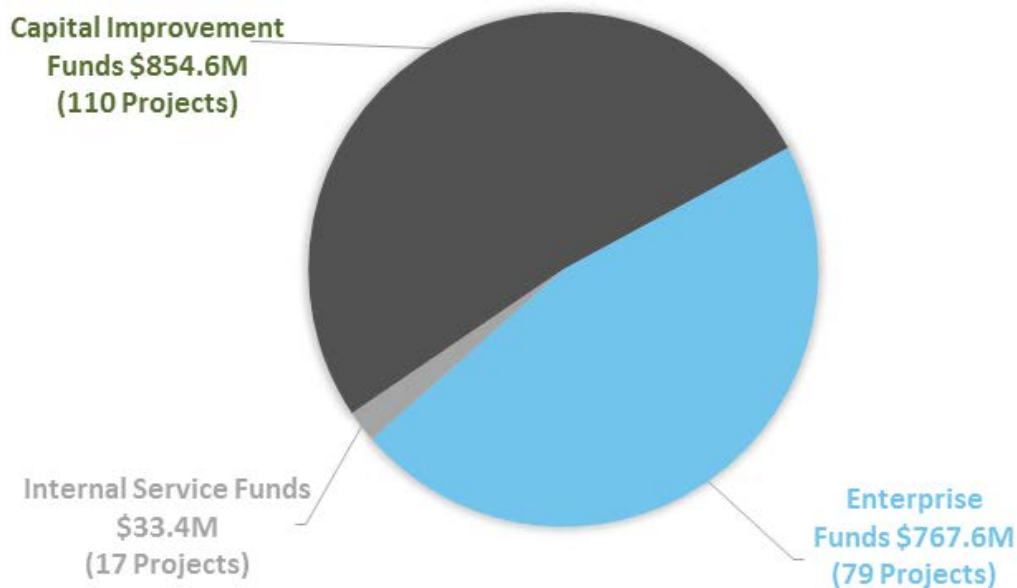
\*FY 2025 Fund Balances have been revised to include FY 2024 adjustments.

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

## Description

The overall 2025-2029 Capital Improvement Program (CIP), which includes the Capital Improvement Funds, Enterprise Funds, and Internal Service Funds, totals \$1.7 billion, an increase of \$434.1 million, or 35.5%, compared to the 2024-2028 CIP of \$1.2 billion. The Fiscal Year 2025 Adopted Capital Budget is \$441.8 million, an increase of \$86.5 million, or 24.3%, compared to the Fiscal Year 2024 Adopted Capital Budget of \$355.3 million.

**2025-2029 CIP PLANNED FUNDING  
BY FUND TYPE (\$1.7 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 2025 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 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Airport Enterprise Fund: Airfield Electrical Improvements (AP-19001) | \$ 508,206     | \$ 5,789,452       | \$ 5,789,452       |

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) | \$ 1,372,104 | \$ 3,652,081 | \$ 3,700,004 |
|--|--------------|--------------|--------------|

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.

|  |      |      |               |
|--|------|------|---------------|
| Airport Enterprise Fund: Airport Apron Reconstruction (AP-16000) | \$ - | \$ - | \$ 41,209,782 |
|--|------|------|---------------|

This project provides funding for the design and reconstruction of the Palo Alto Airport apron in multiple phases within the existing footprint.

### Operating Impacts

This project will have operating expenses related to pavement maintenance for asphalt slurry seal estimated every five years. As these costs are quantified, adjustments will be brought forward in future budgets, as necessary.

|   |              |              |              |
|---|--------------|--------------|--------------|
| Airport Enterprise Fund: Automated Weather Observation System (AWOS) (AP-19000) | \$ 1,416,264 | \$ 1,416,264 | \$ 1,588,534 |
|---|--------------|--------------|--------------|

This project provides funding for a new weather information system to be installed at the Palo Alto Airport.

### Operating Impacts

This project is anticipated to have annual operating expenses related to maintenance and certification after project completion. These costs will be brought forward in future budgets, as necessary.

|   |            |              |           |
|---|------------|--------------|-----------|
| Capital Improvement Fund: Americans With Disabilities Act Compliance (PF-93009) | \$ 880,820 | \$ 2,966,790 | Recurring |
|---|------------|--------------|-----------|

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.

# MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description                             | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Capital Improvement Fund: Animal Shelter Renovation (PE-19002) | \$ 2,986,869   | \$ 2,986,869       | \$ 6,181,899       |

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) | \$ 1,823,508 | \$ 2,292,108 | Recurring |
|---|--------------|--------------|-----------|

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.

|   |            |            |              |
|---|------------|------------|--------------|
| Capital Improvement Fund: Baylands Boardwalk Piling Repair (PE-24000) | \$ 863,615 | \$ 863,615 | \$ 1,140,077 |
|---|------------|------------|--------------|

This project provides funding for the identification and implementation of a long-term solution to damage caused by aquatic borers to The Lucy Evans Baylands Interpretive Center's boardwalk.

### 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: Bicycle and Pedestrian Transportation Plan Implementation (PL-04010) | \$ 2,900,000 | \$ 3,777,000 | \$ 13,793,904 |
|--|--------------|--------------|---------------|

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. Increased operating impacts due to ongoing maintenance of protected and separate bikeways is funded in the Thermoplastic Lane Marking and Striping project (PO-11001). Certain types of bikeways may require special equipment or services to maintain them.



# MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description  | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|---|----------------|--------------------|--------------------|
| Capital Improvement Fund: Bol Park Pathway Repaving and Repair (PE-25000) | \$ -           | \$ 1,668,733       | \$ 1,668,733       |

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) | \$ 1,366,178 | \$ 2,076,498 | Recurring |
|--|--------------|--------------|-----------|

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) | \$ 450,000 | \$ 3,331,000 | \$ 3,699,192 |
|---|------------|--------------|--------------|

This project provides funding for the remaining improvements to Byxbee Park per the conceptual plan currently being developed in the Baylands Comprehensive Conservation Plan (PG-17000). 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 the City's parks maintenance contract. As these costs are quantified, adjustments will be brought forward in future budget cycles.

|  |              |              |              |
|--|--------------|--------------|--------------|
| Capital Improvement Fund: Churchill Avenue Enhanced Bikeway (PL-14000) | \$ 3,431,333 | \$ 3,431,333 | \$ 4,914,811 |
|--|--------------|--------------|--------------|

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.

# MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description  | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|---|----------------|--------------------|--------------------|
| Capital Improvement Fund: Churchill Avenue Rail Grade Separation and Safety Improvements (PL-24001) | \$ 3,853,588   | \$ 194,377,527     | \$ 198,542,142     |

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) | \$ 651,311 | \$ 3,780,977 | \$ 9,243,277 |
|---|------------|--------------|--------------|

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.

|   |              |              |           |
|---|--------------|--------------|-----------|
| Capital Improvement Fund: City Bridge Improvements (PE-20001) | \$ 1,704,162 | \$ 2,682,354 | 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 ongoing 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 FY 2017 were prioritized by staff and inspected by a structural firm in FY 2022; six bridge structures of the 25 structures inspected were identified for repairs in FY 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.

## MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description   | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Capital Improvement Fund: Civic Center Electrical Upgrade & EV Charger Installation (PE-17010) | \$ 1,470,308   | \$ 1,470,308       | \$ 2,176,953       |

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) | \$ 57,398 | \$ 57,398 | \$ 5,197,833 |
|---|-----------|-----------|--------------|

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: Electric Operations Office Remodel (PE-26001) | \$ - | \$ 3,209,015 | \$ 3,209,015 |
|---|------|--------------|--------------|

This project provides funding for renovations to Electric Operations office space at the Municipal Services Center (MSC). The current space no longer meets the operational needs of the Utilities Department. This project will reconfigure the space so it is more efficient for departmental operations, and will include the replacement of aging furniture and finishes such as cubicle furniture, carpet, paint, and lighting. Enclosed offices may be demolished and relocated. Additionally, electrical, mechanical (HVAC), and fire systems work will be required.

### 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: Electrification of City Facilities (PE-24001) | \$ 1,358,531 | \$ 1,799,240 | Recurring |
|---|--------------|--------------|-----------|

This project will evaluate feasibility, prepare designs, and implement construction for the electrification of fossil fuel consuming building systems in coordination with the Building Systems Improvements project (PF-01003). The Electrification of City Facilities project is intended as a workplan to implement the findings from the electrification assessment done in 2023 as part of the City Facility Assessment project (PE-20002).

### 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 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Capital Improvement Fund: Eucalyptus Tree Removal (PG-25002) | \$ 110,103     | \$ 110,103         | \$ 110,103         |

This project will remove approximately 30 of 110 identified eucalyptus trees from the City of Palo Alto's open space preserves, including Foothills Nature Preserve, Pearson Arastradero Preserve, and Esther Clark Park.

### Operating Impacts

This project is not anticipated to have operating impacts other than staff time to manage the project.

|   |               |               |               |
|---|---------------|---------------|---------------|
| Capital Improvement Fund: Fire Station 4 Replacement (PE-18004) | \$ 15,434,655 | \$ 15,434,655 | \$ 18,255,951 |
|---|---------------|---------------|---------------|

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 \$10,000 in FY 2027 and increase by 3% annually thereafter.

|  |            |            |            |
|--|------------|------------|------------|
| Capital Improvement Fund: Foothills Nature Preserve Boronda Lake Dock Replacement (OS-18000) | \$ 256,243 | \$ 256,243 | \$ 278,471 |
|--|------------|------------|------------|

This project provides funding for the replacement of an aged and deteriorating Boronda Lake Dock.

### Operating Impacts

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) | \$ 762,729 | \$ 3,371,586 | \$ 3,710,583 |
|---|------------|--------------|--------------|

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) | \$ - | \$ 4,997,438 | \$ 4,997,438 |
|---|------|--------------|--------------|

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 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Capital Improvement Fund: Golf Course Net and Artificial Turf Replacement (PG-18000) | \$ 847,789     | \$ 847,789         | \$ 925,057         |

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) | \$ 4,846,698 | \$ 4,846,698 | \$ 4,944,712 |
|---|--------------|--------------|--------------|

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 and is estimated to be funded annually from FY 2025 through FY 2031.

|   |              |              |              |
|---|--------------|--------------|--------------|
| Capital Improvement Fund: Lucie Stern Community Theater Mechanical Equipment Replacement (PE-24002) | \$ 2,422,073 | \$ 2,422,073 | \$ 2,443,408 |
|---|--------------|--------------|--------------|

This project will upgrade and replace the Heating Ventilation and Air Conditioning (HVAC) system at the Lucie Stern Community Theatre. As a first step, the project will include a detailed feasibility study to determine if natural gas-powered equipment in the facility can be electrified.

### 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: Meadow Drive and Charleston Road Rail Grade Separation and Safety Improvements (PL-24000) | \$ 6,606,151 | \$ 395,519,507 | \$ 401,639,258 |
|---|--------------|----------------|----------------|

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.

# MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description  | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|---|----------------|--------------------|--------------------|
| Capital Improvement Fund: Municipal Service Center Lighting, Mechanical, and Electrical Improvements (PF-16006) | \$ 7,008,580   | \$ 7,008,580       | \$ 8,850,744       |

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) | \$ 732,260 | \$ 732,260 | \$ 50,207,753 |
|--|------------|------------|---------------|

This project provides 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 project includes approximately 636 parking stalls and has two below-ground and four above-ground levels.

### 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) | \$ 5,398,605 | \$ 5,398,605 | \$ 7,188,918 |
|--|--------------|--------------|--------------|

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.

|   |              |              |                |
|---|--------------|--------------|----------------|
| Capital Improvement Fund: New Public Safety Building (PE-15001) | \$ 1,454,374 | \$ 1,454,374 | \$ 118,602,795 |
|---|--------------|--------------|----------------|

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 are 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 2025 Adopted Operating Budget and is anticipated to increase by 3 percent annually thereafter.

## MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description   | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Capital Improvement Fund: Newell Road/San Francisquito Creek Bridge Replacement (PE-12011) | \$ 16,173,453  | \$ 16,173,453      | \$ 23,456,698      |

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: Railroad Grade Separation and Safety Improvements (PL-17001) | \$ 1,101,025 | \$ 6,736,242 | \$ 11,735,192 |
|--|--------------|--------------|---------------|

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) | \$ 110,103 | \$ 4,650,133 | \$ 10,176,333 |
|--|------------|--------------|---------------|

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. The City and the Palo Alto Tennis Club signed a Memorandum of Understanding and License Agreement to replace the tennis club storage buildings at the park with a modular unit.

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.

### Operating Impacts

This project is anticipated to impact operating expenses in the future. Custodial and maintenance costs are estimated to be \$21,300 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 operations and maintenance of the green infrastructure feature to be determined.

|  |              |              |              |
|--|--------------|--------------|--------------|
| Capital Improvement Fund: Rinconada Pool Family Changing Room (PE-24004) | \$ 1,321,307 | \$ 1,321,307 | \$ 1,397,699 |
|--|--------------|--------------|--------------|

The project constructs a gender-neutral restroom and family changing facility that is compliant with the Americans With Disabilities Act (ADA) at the Rinconada Pool. The facility will include two separate rooms, each consisting of a toilet, sink, shower, and child/adult changing station. The facility will provide community members who have special needs, and individuals who require privacy, an accessible space for changing and personal hygiene.

### Operating Impacts

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

# MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description                       | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Capital Improvement Fund: Roofing Replacement (PF-00006) | \$ 1,316,825   | \$ 3,538,149       | Recurring          |

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: Sidewalk Repairs (PO-89003) | \$ 1,445,415 | \$ 8,034,201 | Recurring |
|---|--------------|--------------|-----------|

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: Stanford Palo Alto Community Playing Fields Turf Replacement (PG-26000) | \$ 2,707,546 | \$ 2,707,546 | \$ 2,707,546 |
|---|--------------|--------------|--------------|

The project provides funding for replacement of synthetic turf at the Stanford Palo Alto Community Playing Fields.

### Operating Impacts

This project is anticipated to require maintenance and repair which is planned to be a service contract during the first eight years to coincide with the warranty period. The cost of the service contract is to be determined and an augmentation to the annual operating budget.

|   |              |               |           |
|---|--------------|---------------|-----------|
| Capital Improvement Fund: Street Maintenance (PE-86070) | \$ 5,531,353 | \$ 29,400,555 | Recurring |
|---|--------------|---------------|-----------|

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) | \$ 994,336 | \$ 4,091,085 | Recurring |
|--|------------|--------------|-----------|

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.



## MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description   | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Capital Improvement Fund: Transportation and Parking Improvements (PL-12000) | \$ 442,612     | \$ 2,422,399       | Recurring          |

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.

|   |            |              |              |
|---|------------|--------------|--------------|
| Capital Improvement Fund: University Avenue Streetscape Update (PE-21004) | \$ 880,820 | \$ 1,330,180 | \$ 1,625,914 |
|---|------------|--------------|--------------|

University Avenue is a regional and local public destination for shopping, dining, and entertainment. To facilitate people-centric activities, this project would assess transforming the University Avenue streetscape between Alma Street and Middlefield Road by repurposing streets, sidewalks, curbs, and parking areas. The goal of the project is to adapt the public realm to maximize pedestrian and bicycle use, reduce congestion, accentuate and enhance the retail environment/economic activity, while maintaining vital two-way vehicular access, parking opportunities, delivery and loading zones, ride share spaces, and other amenities including a performance space. The project uses a phased approach with Phase 1 consisting of public outreach, conceptual design, preliminary environmental studies, and financial assessment. A preferred plan will be developed in Phase 1 based on community and stakeholders' input. Upon completion of the Phase 1 assessment and Council review of the community preferred plan, the scope and estimates of future phases including design, environmental assessment, bidding and construction would be developed.

### 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 Community Center Redevelopment (CB-26000) | \$ - | \$ 313,664 | \$ 313,664 |
|---|------|------------|------------|

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 Gym HVAC Replacement (CB-24000) | \$ 816,816 | \$ 816,816 | \$ 826,115 |
|---|------------|------------|------------|

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.

# MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description   | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Cubberley Property Infrastructure Fund: Cubberley Roof Replacements (CB-16002) | \$ 1,224,164   | \$ 3,930,061       | Recurring          |

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.

|   |              |              |               |
|---|--------------|--------------|---------------|
| Electric Fund: Colorado Power Station Equipment Upgrades (EL-19001) | \$ 3,733,011 | \$ 6,833,011 | \$ 11,293,887 |
|---|--------------|--------------|---------------|

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) | \$ 1,138,294 | \$ 1,138,294 | \$ 1,416,918 |
|---|--------------|--------------|--------------|

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: Electric Customer Connections (EL-89028) | \$ 2,700,000 | \$ 13,581,000 | Recurring |
|---|--------------|---------------|-----------|

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.

|  |              |               |           |
|--|--------------|---------------|-----------|
| Electric Fund: Electric System Improvements (EL-98003) | \$ 2,980,070 | \$ 15,869,790 | 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.

## MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description                            | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|---|----------------|--------------------|--------------------|
| Electric Fund: Foothills Rebuild (Fire Mitigation) (EL-21001) | \$ 8,203,852   | \$ 8,203,852       | 14,999,600         |

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) | \$ 43,182,640 | \$ 243,182,640 | \$ 250,000,000 |
|--|---------------|----------------|----------------|

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 and primary/secondary distribution circuits. This project will span over 7 years in the residential areas of the city with an estimated budget of \$300 million. To maximize economies of scale and reduce the construction occurrences within a neighborhood, the construction schedule will align with Fiber-to-the-Premise (FTTP) Phase 1 project (FO-24000).

Below is a high-level view of the project phases, a detailed project schedule will be provided when the design is complete.

Overhead - Years 1 through 4, purchase and construction to upgrade all overhead areas

Substation - Years 5 and 6, construction to upgrade substation transformers, purchase equipment in Year 3

Underground - Years 6 and 7, construction to upgrade all underground areas, purchase equipment in Year 5

### Operating Impacts

Operating impacts have not been determined at this time. Estimates may become available after requests 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) | \$ 2,748,734 | \$ 2,748,734 | \$ 19,431,011 |
|--|--------------|--------------|---------------|

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.

|  |              |              |              |
|--|--------------|--------------|--------------|
| Electric Fund: Substation Breaker Replacement (EL-17002) | \$ 3,697,334 | \$ 5,697,334 | \$ 7,312,028 |
|--|--------------|--------------|--------------|

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 in addition may be 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.

# MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description                     | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Electric Fund: Substation Physical Security (EL-16003) | \$ 3,386,379   | \$ 4,210,479       | \$ 7,394,126       |

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 and 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.

|   |               |               |               |
|---|---------------|---------------|---------------|
| Fiber Optics Fund: Fiber Optics Network - System Rebuild (FO-16000) | \$ 12,530,000 | \$ 25,530,000 | \$ 29,789,327 |
|---|---------------|---------------|---------------|

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) | \$ 13,925,164 | \$ 13,925,164 | \$ 20,000,000 |
|--|---------------|---------------|---------------|

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 requests 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) | \$ 1,166,723 | \$ 3,166,723 | Recurring |
|---|--------------|--------------|-----------|

This project provides funding as needed to improve the Gas Distribution System. Typical activities include: security, Supervisory Control and Data Acquisition (SCADA) and software upgrades, 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 the 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.

## MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description                        | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|---|----------------|--------------------|--------------------|
| Gas Fund: Gas Line Repair at Arastradero Creek (GS-25001) | \$ 1,000,000   | \$ 1,000,000       | \$ 1,000,000       |

This project will hire a design-build consultant to analyze the existing watershed that runs into Arastradero Creek, including Arastradero Lake in the Pearson-Arastradero Preserve to determine the source of a six-foot soil erosion head cut (or opening) that exposed a 8-inch gas pipeline crossing the creek. The consultant is tasked with gathering the required information from the area, proposing a cost effective and efficient project, working with regulatory agencies for permitting, constructing the project, and completing the required biological monitoring once the project is completed.

### 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) | \$ 981,610 | \$ 981,610 | \$ 11,409,327 |
|--|------------|------------|---------------|

This project replaces approximately 21,000 linear feet (which represents 1.9% 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, Crescent Park and University Park. 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 25 (GS-15000) | \$ 8,743,849 | \$ 8,743,849 | \$ 8,743,849 |
|--|--------------|--------------|--------------|

This Gas Main Replacement (GMR) project replaces approximately 26,500 linear feet (which represents 2.4% 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) | \$ - | \$ 10,881,496 | \$ 10,881,496 |
|--|------|---------------|---------------|

This project replaces approximately 22,300 linear feet (which represents 2.0% 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.

# MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description                     | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Gas Fund: Gas Main Replacement - Project 27 (GS-20000) | \$ -           | \$ 12,088,428      | \$ 12,088,428      |

This project replaces approximately 20,000 linear feet (which represents 1.8% of the City's Gas Distribution System) of leaking, inadequately-sized, and structurally deficient gas mains and services located on various streets in the Palo Verde, 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.

|   |              |              |              |
|---|--------------|--------------|--------------|
| Stormwater Management Fund: Corporation Way System Upgrades and Pump Station (SD-21000) | \$ 3,526,712 | \$ 3,526,712 | \$ 4,146,560 |
|---|--------------|--------------|--------------|

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) | \$ 1,819,870 | \$ 1,819,870 | Recurring |
|--|--------------|--------------|-----------|

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: Hamilton Avenue System Upgrades (SD-25000) | \$ 89,974 | \$ 6,152,541 | \$ 6,152,541 |
|--|-----------|--------------|--------------|

This project provides funding to remove and replace approximately 3,700 linear feet the existing storm drain pipes of various sizes (12, 15, 18 and 21 inches) with new 48-inch high-density polyethylene storm drain pipes from Rhodes Drive to Center Drive to increase the storm drain capacity. Due to the pipe size changes, this project also requires replacing concrete inlets and manholes, along with storm drain laterals between the main line and the 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 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|---|----------------|--------------------|--------------------|
| Stormwater Management Fund: Louis Road System Upgrades (SD-24000) | \$ -           | \$ 3,495,508       | \$ 3,495,508       |

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) | \$ 1,650,240 | \$ 5,250,137 | Recurring |
|---|--------------|--------------|-----------|

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.

|  |              |              |              |
|--|--------------|--------------|--------------|
| Stormwater Management Fund: West Bayshore Road Pump Station (SD-20000) | \$ 2,028,522 | \$ 2,248,979 | \$ 2,881,026 |
|--|--------------|--------------|--------------|

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) | \$ 2,316,457 | \$ 2,316,457 | \$ 2,424,010 |
|---|--------------|--------------|--------------|

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.

# MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description                        | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|---|----------------|--------------------|--------------------|
| Technology Fund: City Council Chambers Upgrade (TE-19001) | \$ 1,760,910   | \$ 1,760,910       | \$ 1,803,934       |

Funding will be used to upgrade outdated electronic equipment that has become unsupported 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 requests 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) | \$ 1,020,000 | \$ 1,020,000 | \$ 6,403,466 |
|--|--------------|--------------|--------------|

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.

|  |              |              |              |
|--|--------------|--------------|--------------|
| Technology Fund: IT Data Center Upgrade (TE-25000) | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
|--|--------------|--------------|--------------|

This project will allow the Information Technology (IT) department to evaluate the City's onsite data center space requirements, and determine if the current data center space can be reduced and repurposed for other needs at City Hall.

### 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.

|   |              |              |              |
|---|--------------|--------------|--------------|
| Vehicle Replacement & Maintenance Fund: Scheduled Vehicle and Equipment Replacement - Fiscal Year 2024 (VR-24000) | \$ 4,178,469 | \$ 4,178,469 | \$ 4,986,000 |
|---|--------------|--------------|--------------|

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.



## MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description  | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|---|----------------|--------------------|--------------------|
| Vehicle Replacement & Maintenance Fund: Scheduled Vehicle and Equipment Replacement - Fiscal Year 2025 (VR-25000) | \$ 3,557,000   | \$ 3,557,000       | \$ 3,557,000       |

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 |
|---|------|--------------|--------------|

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 |
|---|------|--------------|--------------|

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.

|   |      |              |              |
|---|------|--------------|--------------|
| 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.

|   |      |              |              |
|---|------|--------------|--------------|
| Vehicle Replacement & Maintenance Fund: Scheduled Vehicle and Equipment Replacement - Fiscal Year 2029 (VR-29000) | \$ - | \$ 4,176,048 | \$ 4,176,048 |
|---|------|--------------|--------------|

This project provides funding for the existing City fleet vehicles and equipment scheduled for replacement in Fiscal Year 2029.

### 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 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|---|----------------|--------------------|--------------------|
| Wastewater Collection Fund: Sewer Lateral/Manhole Rehabilitation and Replacement (WC-99013) | \$ 875,500     | \$ 4,632,500       | Recurring          |

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) | \$ 1,000,000 | \$ 3,000,000 | \$ 3,000,000 |
|--|--------------|--------------|--------------|

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 5,200 linear feet (which represents 0.5 percent of the City's Wastewater Collection System) for various streets in the City, including Middlefield Road, Webster Street, Santa Rita Avenue, and N. California Avenue 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 |
|--|------|---------------|---------------|

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 26,000 linear feet for various streets within the City, including Crescent Park, Old Palo Alto, Midtown, Palo Verde, Fair Meadow, 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.

# MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description   | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Wastewater Collection Fund: Wastewater Collection System Rehabilitation/Augmentation Project 34 (WC-26000) | \$ -           | \$ 3,512,716       | \$ 3,512,716       |

The project funds the design and construction of high priority main and lateral replacement work, which reduces inflow and rainfall and groundwater into the collection system. The project will include approximately 26,400 linear feet (which represents approximately 2.5% of the City's Wastewater Collection System) for various streets in the City, whose neighborhoods will be finalized as part of completing the Sewer Master Plan Study in Summer 2025. 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 Treatment Fund: Headworks Facility Replacement (WQ-16002) | \$ 3,024,247 | \$ 54,037,414 | \$ 55,820,792 |
|--|--------------|---------------|---------------|

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) | \$ 3,610,614 | \$ 3,610,614 | \$ 12,590,182 |
|---|--------------|--------------|---------------|

This project provides funding for the rehabilitation of the 60-inch and 72-inch 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 of 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.

|  |               |               |               |
|--|---------------|---------------|---------------|
| Wastewater Treatment Fund: Local Advanced Water Purification System (WQ-19003) | \$ 63,969,130 | \$ 63,969,130 | \$ 67,138,046 |
|--|---------------|---------------|---------------|

This project provides funding for a Local 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.

# MAJOR CAPITAL PROJECTS

| Fund, Project Title, & Description   | FY 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Wastewater Treatment Fund: New Laboratory And Environmental Services Building (WQ-14002) | \$ 16,549,737  | \$ 16,549,737      | \$ 17,051,438      |

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) | \$ 10,655,464 | \$ 18,175,538 | \$ 18,237,755 |
|---|---------------|---------------|---------------|

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) | \$ 13,727,556 | \$ 31,611,677 | Recurring |
|---|---------------|---------------|-----------|

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) | \$ 2,994,144 | \$ 2,994,144 | \$ 20,454,336 |
|---|--------------|--------------|---------------|

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 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Wastewater Treatment Fund: Secondary Treatment Upgrades (WQ-19001) | \$ 36,134,074  | \$ 36,134,074      | \$ 193,322,319     |

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 Distribution System Improvements (WS-11003) | \$ 975,388 | \$ 2,292,388 | Recurring |
|---|------------|--------------|-----------|

This project provides funds to improve Water Distribution System deliverability and reliability. Typical activities include: installing restraining joints at critical pipelines and bridge crossings, increasing the size of inadequate facilities, system leakage surveys, network modeling, and fire flow studies or other system improvements as required.

### 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 29 (WS-15002) | \$ 3,089,102 | \$ 3,089,102 | \$ 9,307,829 |
|--|--------------|--------------|--------------|

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) | \$ 840,000 | \$ 9,799,000 | \$ 9,809,000 |
|--|------------|--------------|--------------|

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 8,000 linear feet (which represents 0.6 percent of the City's Water Distribution System) of mains and services on various streets within the City, including areas in Midtown, Charleston Terrace, Ventura, and University Park 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 2025 Budget | Five-Year CIP Cost | Total Project Cost |
|--|----------------|--------------------|--------------------|
| Water Fund: Water Main Replacement - Project 31 (WS-19001) | \$ -           | \$ 10,872,786      | \$ 10,872,786      |

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 8,000 linear feet (which represents 0.6 percent of the City's Water Distribution System) of mains and services on various streets within the City, including areas in the Duveneck, Old Palo Alto, and Midtown 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 System Customer Connections (WS-80013) | \$ 960,500 | \$ 5,168,200 | Recurring |
|--|------------|--------------|-----------|

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) | \$ 4,133,706 | \$ 5,668,706 | Recurring |
|---|--------------|--------------|-----------|

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

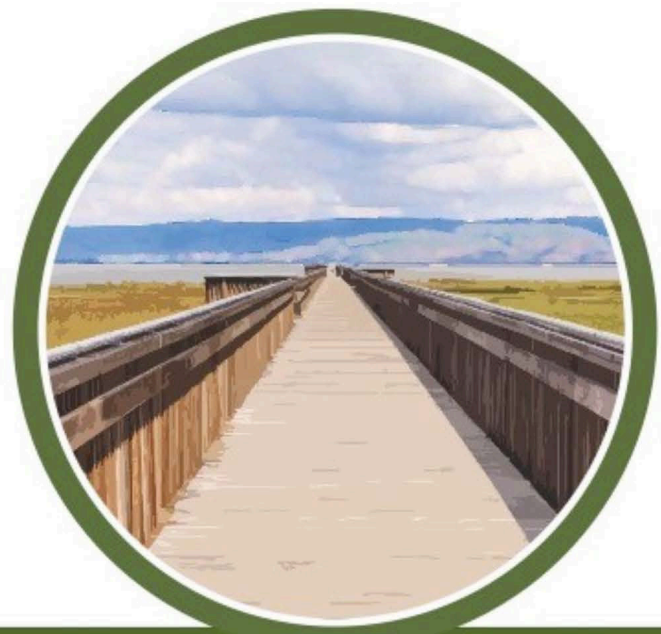
There are no additional operating impacts anticipated from this project. Any maintenance costs that arise will be absorbed within the available maintenance schedule and annual operating budget.

|  |              |               |               |
|--|--------------|---------------|---------------|
| Water Fund: Water Tank Seismic Upgrade and Rehabilitation (WS-09000) | \$ 1,037,832 | \$ 16,937,832 | \$ 26,816,236 |
|--|--------------|---------------|---------------|

This project will provide tank rehabilitation, seismic upgrades, and/or tank replacement structural reinforcement for the Corte Madera, Park, Boronda, and Dahl reservoirs 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 2025-2034 Long-Range Financial Forecast (LRFF) was presented to the City Council in January 2024 (Report # 2311-2226). 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 at the time of preparation, November 2023. 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 continued to show strong performance in the first half of calendar year 2023, though signs of slowdown indicated a potential for reduced growth or stagnation in the economy. This forecast recognizes the positive trends experienced in major tax receipts in the second half of FY 2023 and through the first half of FY 2024; higher than expected revenues and expense savings contributed to a net one-time surplus of approximately \$3.4 million above Budget Stabilization Reserve (BSR) targets of 20% at FY 2023 year-end. This amount was allocated as part of the FY 2024 Midyear Budget Review (CMR 2311-2233) to the Section 115 Pension Trust (\$1.7 million) and Capital Infrastructure Reserve (\$1.7 million). The LRFF was developed at a time of perceived economic stagnation and geo-political unrest. The economy still is not trending into recessionary period that has been predicted for the past several quarters; however, continued economic uncertainty heightens the intensity of financial forecasting and the budget development process. The rigor previously demonstrated by the Council and staff to tackle the challenges of the pandemic continues as staff works to prioritize the growing needs of the City with the fiscal sustainability of these needs.

The LRFF Base Case projected a shortfall of \$6.0 million in FY 2025, followed by shortfalls of ranging from \$5.4 million in FY 2026 down to \$0.5 million in FY 2029. The forecast maintained current service levels approved in FY 2024 and it was used for planning purposes to assist in gauging effects of major policy interventions against a likely "status quo" version of the future. Based on this forecast, staff anticipates that spending prioritization and using one-time surplus funding in the form of the Uncertainty Reserve that was established as part of the FY 2023 Mid-Year Review will be necessary to cover short-term gaps over the next several years to maintain financial stability.

# GENERAL FUND OVERVIEW

## FY 2025 - FY 2034 Long Range Financial Forecast - Base Case

|   | Actual<br>2023 | Adopted<br>2024 | Projected<br>2024 | 2025      | 2026      | 2027      | 2028      | 2029      | 2030      | 2031      | 2032      | 2033      | 2034      |
|---|----------------|-----------------|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Total Revenue</b>                              | \$254,799      | \$261,141       | \$264,281         | 275,889   | \$289,060 | \$301,025 | \$312,564 | \$325,208 | \$339,684 | \$353,085 | \$365,820 | \$379,944 | \$394,026 |
| BSR Contribution (One-Time)                       | -              | \$3,440         | \$3,440           | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Reappropriated Funds (One-Time)                   | -              | \$15,000        | \$15,000          | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| <b>Total Source of Funds</b>                      | \$254,799      | \$279,581       | \$282,722         | \$275,889 | \$289,060 | \$301,025 | \$312,564 | \$325,208 | \$339,684 | \$353,085 | \$365,820 | \$379,944 | \$394,026 |
| <i>Year over Year increase (revenue only)</i>     |                |                 |                   | 5.6%      | 4.8%      | 4.1%      | 3.8%      | 4.0%      | 4.5%      | 3.9%      | 3.6%      | 3.9%      | 3.7%      |
| <b>Total Expenditures</b>                         | \$243,695      | \$279,581       | \$279,282         | \$281,887 | \$294,473 | \$304,465 | \$314,253 | \$325,708 | \$333,099 | \$341,030 | \$344,933 | \$351,721 | \$357,516 |
| Total Use of Funds                                | \$243,695      | \$279,581       | \$279,282         | \$281,887 | \$294,473 | \$304,465 | \$314,253 | \$325,708 | \$333,099 | \$341,030 | \$344,933 | \$351,721 | \$357,516 |
| <i>Year over Year increase</i>                    |                |                 |                   | 0.8%      | 4.5%      | 3.4%      | 3.2%      | 3.6%      | 2.3%      | 2.4%      | 1.1%      | 2.0%      | 1.6%      |
| <b>Net One-Time Surplus/(Gap)</b>                 | \$11,104       | (\$0)           | \$3,440           | (\$5,998) | (\$5,414) | (\$3,440) | (\$1,689) | (\$500)   | \$6,585   | \$12,055  | \$20,887  | \$28,223  | \$36,511  |
| <b>Cumulative Net Operating Margin (One-Time)</b> |                |                 |                   |           |           |           |           |           |           |           |           |           | \$87,220  |
| <b>Net Operating Margin</b>                       |                |                 |                   | (\$5,998) | \$585     | \$1,974   | \$1,751   | \$1,189   | \$7,085   | \$5,470   | \$8,832   | \$7,336   | \$8,288   |
| <b>Cumulative Net Operating Margin</b>            |                |                 |                   |           |           |           |           |           |           |           |           |           | \$36,511  |

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

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

City staff continually refines forecast numbers and provides financial status updates to the City Council. During FY 2024, 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 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 2024 First Quarter (Q1) Financial Report (Report # 2307-1774)
- FY 2024 Mid-Year Budget Review (Report # 2311-2233)
- Invested \$1.2 million in services, including 1.00 full-time position for the rental registry program and funding for other Council priority programs such as parklets and car free streets, vehicle fleet electrification, and youth mental health resources
- Provided funding for the first installment of the Green v. City of Palo Alto settlement from the Utility Transfer Legal Cost Reserve (\$11.2 million)
- Allocated remaining FY 2023 surplus to the City's Pension Trust (\$1.7 million) and Capital Infrastructure Reserve (\$1.7 million), consistent with City Council policy

All staff reports referenced throughout this section and the budget document are available on the City website: [www.cityofpaloalto.org/Departments/City-Clerk/City-Records](http://www.cityofpaloalto.org/Departments/City-Clerk/City-Records)

### Assumptions not included in the LRFF

The FY 2025 - 2034 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)
- Vehicle fleet electrification
- 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
- City owned assets operated by non-profit organizations
- Cubberley Community Center Redevelopment
- Loans for special projects or major capital projects
- Legislative updates
- Tax revenue alignment with updated Comprehensive Plan
- Aging or noncompliant infrastructure
- 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 2024 priority-setting session on January 29, 2024, the City Council selected the following areas of focus:

- Economic Development & Transition (ED&T)
- Climate Change & the Natural Environment: Protection & Adaptation (CC&NE)
- Housing for Social & Economic Balance (HS&EB)
- Community Health, Safety, Wellness & Belonging (CHSW&B)

These priorities are used to guide areas for potential investments in the annual budget process. The FY 2025 Budget includes recommendations to maintain or enhance current service levels; address health and safety risks, legal compliance needs, and audit findings; and advance City Council priorities outlined above.

### FISCAL YEAR 2025 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 2025 Adopted General Fund Budget assumes revenue totaling \$287.6 million, a 10.1%, or \$26.4 million increase compared to the FY 2024 Adopted Budget of \$261.1 million, and expenditures totaling \$306.9 million, a 9.8%, or \$27.3 million, increase from the FY 2024 Adopted Budget of \$279.6 million. The Budget Stabilization Reserve (BSR) is calculated as percentage of total expenses and maintains a range of 15-20%

## GENERAL FUND OVERVIEW

(18.5% target) by policy. The expense total to calculate the BSR (\$294.3 million) excludes funds in reserves such as the Uncertainty Reserve and the Utility Transfer Legal Cost Reserve to avoid unintentional inflation of BSR needs. The FY 2025 BSR is anticipated to be \$54.4 million, which is at the recommended target level of 18.5%.

### REVENUES

Revenues for the FY 2025 Adopted Budget are driven by economic assumptions that are monitored and updated throughout the budget development process. Discussion of these factors began with the City Council with the release of the FY 2025-2034 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 first half of calendar year 2023, though signs of “headwinds” indicated a potential slowdown of economic growth. U.S. workers and consumers showed great resilience throughout the pandemic, energy cost spikes, geopolitical uncertainty, persistent inflation and high interest rates. 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 federal funds interest rate in March 2022, continued in 2023, and is expected to begin cutting this rate soon. Raising interest rates is intended to reduce inflation, which is happening; however, at a slower rate than desired coupled with adverse fluctuations. The forecast is that growth continues but at a slower rate in the coming quarters. This slowed growth is due to lower personal savings, plateauing wage gains, lower savings rates, less pent-up demand and a tight labor market contributing to a production capacity constraint. The federal reserve’s ability to balance the objectives of fighting inflation while maintaining employment and GDP growth is challenging, but this economic engineered “soft landing” continues to avoid the previously predicted mild recession.

Tax revenues constitute over 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 economic slowdown or a mild recession makes it challenging to forecast if these trends will continue in the near term. While the mild recession hasn’t occurred, revenue growth has slowed down. Major tax revenue estimates were revised upwards during the FY 2024 Mid-Year Budget Review based on modestly higher than anticipated actual receipts and continued positive trends. Collectively, budgetary estimates for sales tax, property tax, and utility users tax increased, offset by decreases in transient occupancy tax (TOT) and documentary transfer tax resulting in a net \$2 million increase in the FY 2024 Midyear Budget Review from \$153 million to \$155 million, or 1.3%.

Similar to the FY 2024 Adopted Budget, the FY 2025 Adopted Budget recognizes revenue from voter approved ballot measures to affirm the ongoing Equity Transfer from the Gas Utility Fund to the General Fund (Measure L) and collection of a business tax (Measure K) to fund public safety, affordable housing and homeless services, and transportation and grade separation projects. In accordance with Measure L, the Equity Transfer from the Gas Utility Fund can be up to 18% of annual gross gas retail revenue, with Council has the discretion to set the transfer at a lower percentage of revenue. For FY 2025, a rate of 14.5% is recommended, generating \$10.9 million and representing an increase of \$2.7 million, or 32.9%, over FY

2024 levels of \$8.2 million. Revenues generated from the business tax will be phased-in over several years, generating estimated receipts of \$4.8 million in FY 2025, an increase of \$2.3 million over the FY 2024 adjusted budget amount of \$2.5 million.

### SALES TAX

The FY 2025 Adopted Budget assumes sales tax revenue of \$39.6 million, a 4.5% or \$1.7 million increase compared to \$37.9 million FY 2024 Adjusted Budget. As the City continues through the recovery phase of the pandemic, the FY 2024 Mid-Year Budget Review reported a \$1.6 million increase in this revenue source. The City's revenue base is dependent on high-end retail and dining options at regional destinations, such as Stanford Shopping Center.

### PROPERTY TAX

Property tax revenue is the General Fund's largest revenue source, representing nearly 25% of total revenues. Historically, the 10-year compound annual growth rate (CAGR) was 8.2%, with a low of 4.9% in FY 2022 and a high of 11.5% in FY 2015. Typically, during economic downturns, impacts on property tax occur one year later.

The FY 2025 Adopted Budget assumes property tax revenue of \$68.6 million, a 6.3%, or \$4.0 million increase compared to \$64.6 million in the FY 2024 Adjusted Budget. The FY 2024 Adjusted Budget excludes \$1.5 million of at risk excess Education Revenue Augmentation Fund (ERAF) due to State audit findings that are being litigated by the County of Santa Clara. The FY 2024 projected total, including the Excess ERAF at-risk amount, is \$66.7 million, a 5.6% or \$3.6 million increase over FY 2023 actuals. Property tax grew 47.4% from FY 2018 levels of \$42.8 million to \$63.1 million in FY 2023 due to a combination of higher assessed values and excess ERAF revenue. The higher assessed values reflect continued robust commercial and residential real estate markets during those periods.

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. Excess ERAF distributions from the County of Santa Clara totaled \$2.7 million in FY 2019, \$3.9 million in FY 2020, \$5.6 million in FY 2021, \$6.6 million in FY 2022, and \$6.4 million in FY 2023.

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 the reserve was released to the Budget Stabilization Reserve (BSR) as part of the FY 2022 Mid-Year Budget Review. As of June 30, 2024, the total excess ERAF reserve balance is \$4.1 million.

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 estimated that 20% to 30% of ERAF in FY 2022 is subject to litigation. While this case was settled favorably two new challenges have arisen. First, an audit finding from the State Controller's Office on Marin County's Excess ERAF calculation methodology that is applicable to the County of Santa Clara deems that approximately 22% in FY 2024 and 20% in FY 2025 of excess ERAF is at risk. The County of

## GENERAL FUND OVERVIEW

Santa Clara has filed a lawsuit against the state on this matter. Second, the Governor's budget proposes legislation allocating ERAF to charter schools, potentially reversing the recent appellate decision the County and State Controller's Office; it is estimated that the amount at risk is 8% in FY 2024 and 9% in FY 2025. The updated forecast for FY 2024 assumes 22%, or \$1.5 million for a potential loss from the State audit. The prior few years are also at risk for this for which a reserve has been established; the status is continually monitored as significant developments occur.

### **TRANSIENT OCCUPANCY TAX (TOT)**

The FY 2025 Adopted Budget assumes TOT revenue of \$27.9 million, a 9.0%, or \$2.3 million increase, as compared to \$25.5 million in the FY 2024 Adjusted Budget. Current receipts indicate that this revenue category continues to have robust growth but at a slower rate. In the first half of FY 2024 the average occupancy rate was 75%, 10.9% higher than the same period last year. The average room rate for this period was \$238; a decline of 6.8% over the prior year's same period. This indicates hotels are lowering their room rates to maintain their occupancy which is an indicator of slower growth.

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

The FY 2025 Adopted Budget assumes DTT revenue of \$7.3 million, a 25.9%, or \$1.5 million increase as compared to \$5.8 million in the FY 2024 Adjusted Budget. 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. As of the end of March 2024, the number of year-to-date transactions for FY 2024 (382) is higher than in FY 2023 (352); per Zillow, the average residential median home price decreased 10.5% from \$3.8 million in March 2023 to \$3.4 million in March 2024.

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

The UUT is levied at 5.0% on electric, gas, and water consumption and on 4.75% telephone usage. The FY 2025 Adopted Budget assumes UUT revenue of \$19.9 million, an increase of 1.0%, or \$0.2 million, compared to \$19.7 million in the FY 2024 Adjusted Budget.

### **OTHER TAXES AND FINES**

The FY 2025 Adopted Budget assumes \$6.5 million in other taxes and fines, a 54.9% or \$2.3 million increase compared to the FY 2024 Adjusted Budget of \$4.2 million. The primary component of this revenue category is the new voter approved Measure K business tax revenue, which is discussed more in detail below. Parking citation revenue makes up a majority of the remainder of this revenue category and remains relatively constant from the prior year.

### **BUSINESS TAX (BT)**

In November 2022, Palo Alto voters approved Measure K, adopting a general tax on businesses operating in the City of Palo Alto. Council approved this funding source to be split between three critical service areas: public safety, affordable housing and homeless services, and transportation and grade separation projects with additional funding for administration of the tax.

The business tax is based on a square footage of businesses, and more information can be found under General Fund Revenue Description later in this section. The tax became effective January 2023, with the rate through January 2025 being 50% of the full rate, or 3.75 cents per square foot per month. The full rate will be assessed starting January 2025 at 7.5 cents per square foot per month. The tax has an annual cap of \$0.5 million per business and both the rate and the cap will be increased by 2.5% annually beginning FY 2027.

The FY 2025 Adopted Budget assumes \$4.8 million, a 94.3% or \$2.3 million increase compared to FY 2024 Adjusted Budget of \$2.5 million. Funding from this revenue source is anticipated to rise as the full tax rate is implemented through a phased-in approach over the next several years, reaching approximately \$9.6 million in annual receipts over the next 35 years. In addition, discovery and compliance efforts remain a focus to capture and recover business tax revenue. A more stabilized baseline of revenue is anticipated in FY 2026, the first full year of the full tax rate, and several years after implementation as staff and the City's business tax consultant continue administration efforts.

### **CHARGES FOR SERVICES**

This revenue category consists of charges to Stanford for fire and public safety dispatch services, fees related to the City's golf course, arts and science classes, and plan check fees. The FY 2025 Adopted Budget assumes \$37.9 million in charges for services revenue, a \$3.3 million, or 9.5% increase, compared to the FY 2024 Adopted Budget. The FY 2025 Adopted Budget assumes revenue from additional programming and operations related to recreation classes for sports, arts and sciences and visitors to the Junior Museum & Zoo. 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 2025.

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 \$11.0 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 2025 Adopted Budget for permits and license revenue increased to \$11.4 million, a \$0.7 million or 6.5% increase, above the FY 2024 Adopted Budget level of \$10.7 million. This increase is primarily driven by adjustments to Development Services building permits and other fees that have been increased to maintain cost-neutrality.

### **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 (fiscal year) quarter of FY 2024, the average

## GENERAL FUND OVERVIEW

portfolio rate of return was 2.37%, as compared to 1.81% the prior year for the same period. The FY 2025 Adopted Budget is \$3.3 million a \$0.4 million or 13.8% increase above the FY 2024 Adjusted Budget level of \$2.9 million.

### RENTAL INCOME

Rental income primarily reflects rent paid to the General Fund from the City's Enterprise Funds and the Cubberley Community Center. FY 2025 Adopted Budget rental revenue levels of \$16.4 million include an increase of \$0.5 million, or 3.1%, compared to the FY 2024 Adopted Budget level of \$15.1 million due to increases in facilities rent paid by other funds increasing by the annual CPI of 2.6%.

### 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 2025 Adopted Budget is \$15.1 million, which reflects a slight decrease of \$0.4 million or 2.9% from the FY 2024 Adopted Budget of \$15.5 million. This is primarily attributable to an adjustment of the allocation methodology to funds with large capital projects to rebalance the cost allocation impacts caused by one-time capital expense spikes.

### 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. The FY 2025 Adopted Budget is \$3.2 million, a \$0.8 million or 34.5% increase from FY 2024 Adopted Budget of \$2.2 million. This increase is primarily driven by one-time revenue from transportation projects like Palo Alto Link and Safe Routes to School.

### OPERATING TRANSFERS-IN

Operating Transfers-in materialize as expenses in other funds throughout the City and as revenue in the General Fund. The FY 2025 Adopted Budget assumes \$29.1 million, a \$5.2 million, or 21.8% increase, compared to the FY 2024 Adopted Budget level of \$23.9 million. 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 2025, 14.5% is recommended. The equity transfer from the Electric and Gas Funds increased by \$3.2 million to \$26.0 million compared to the FY 2024 Adopted Budget of \$22.8 million.



In FY 2025, this category also includes a one-time transfer of \$2.0 million from the General Benefits Fund due to accumulated savings. Previously savings would be transferred as an optional additional contribution to the City's irrevocable pension Trust fund (section 115); however, use of these funds is recommended to continue to support critical investments and priority projects throughout the City. The funding will need to be returned from the General Fund to the General Benefits Fund, or a commensurate amount of savings will be redistributed to all funds to ensure alignment of cost allocation methodology.

### REVENUE FROM OTHER AGENCIES

This revenue category includes revenue received from a variety of other local government agencies, the state, and the federal government usually due to grants or contracts for services. The FY 2025 Adopted Budget is \$1.3 million, a \$0.3 million or 17.8% decrease compared to the FY 2024 Adopted Budget of \$1.6 million.

### EXPENSES

FY 2025 Adopted Budget includes expenditures totaling \$306.9 million, a \$27.3 million, or 9.8%, increase compared to the FY 2024 Adopted Budget of \$279.6 million. This increase is driven primarily by investment in services across the organization, increases in salary and benefits resulting from labor agreements with the City's various labor groups and inflation of costs, and increasing transfers to the Capital Improvement Program to invest in the City's infrastructure. As discussed in the Transmittal Letter, the FY 2025 Adopted Budget focuses on continued investment in City services and resources that support City Council priorities and enhance organizational resilience, while balancing financial stability.

### SALARY AND BENEFITS

Salary and benefit costs represent nearly 60% of the FY 2025 Adopted Budget. The salary and benefit budget totals \$179.9 million, a \$13.0 million or 7.8% increase from the FY 2024 Adopted Budget total of \$166.9 million. This increase reflects significant reinvestments in staffing resources and the continued practice to proactively fund long-term liabilities like pension and retiree healthcare. It should be noted that in the "Budget Summary" section of each document, a variance will be seen between FY 2023 Actuals and the FY 2024 Adopted Budget columns in the salary and benefits total expenses. This variance primarily reflects the difference between estimated vacancies in FY 2024 and staff costs actually incurred in FY 2023. 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 liabilities.

Salaries: In FY 2025, salaries, including overtime, are projected to increase by \$5.5 million representing a 6.2% increase compared to the prior year Adopted Budget. This year-over-year change is driven by City Council approved staffing adjustments in the FY 2024 Mid-Year Review and the new staffing added for FY 2025. Significant drivers of this year-over-year change are the new staffing proposed to be added.

This FY 2025 budget continues to reinvest in services across the organization and recommends the net addition of 16.51 full-time FTE including positions adjustments during FY 2024 mentioned above. Information on citywide staffing adjustments and more detailed discussion of salaries and benefits are included in Attachment B of the Transmittal Letter and Employee Information sections of this document. Cost increases in this category are partially offset by assumed vacancy savings of \$4.7 million, based on a

## GENERAL FUND OVERVIEW

vacancy rate of 5%, 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 \$5.2 million, or 11.7%, from \$44.4 million to \$49.7 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 2025, the CalPERS Actuarial Determined Contribution (ADC) for employer contributions increased from 44.8% to 47.4% in the miscellaneous group and 74.0% to 83.1% in the safety group (Report # 2308-1860). 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 2025 Adopted Budget continues the practice of budgeting normal cost pension expenses at a more conservative discount rate of 5.3% and transmits amounts above the required payment to the City's Section 115 Pension Trust "Pension Trust" consistent with the Retiree Benefit Funding Policy approved by the City Council. Overall, this budget includes approximately \$14.1 million (\$8.9 million in the General Fund) in planned contributions to the City's Pension Trust. Through FY 2024, a total of \$73.3 million in principal contributions is expected to be made to the trust (\$47.5 million or approximately 65% 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 covers the period ending June 30, 2023 and was completed in May 2024 (Staff Report # 2406-3140). Overall, this budget includes approximately \$16.4 million (\$10.5 million in the General Fund) in charges to the City's departments for the ADC, an increase of \$2.7 million or 19.7% compared to FY 2024 Adopted levels of \$13.7 million, and continues the practice of budgeting retiree healthcare costs at a more conservative discount rate of 5.75%, transmitting amounts above the required payment as an additional discretionary payment "prefunding" to the City's California Employers' Retirement Benefit Trust (CERBT) Fund. This budget continues to align funding levels with uncertainties of the current economic environment and to proactively plan for long-term liabilities.

**Healthcare and Other Benefits:** The budget for healthcare is based on the health plan choices employees made for Calendar Year 2024. 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 \$14.3 million in FY 2025, an increase of approximately \$0.3 million or 2.0%, from \$14.0 million in FY 2024. Costs for special pays, long-term disability, and Medicare remain generally consistent with prior year 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 an annual valuation to inform the City's financial planning. Workers' Compensation costs in the General Fund total \$5.5 million, a \$0.3 million or 5.3% decrease, from \$5.8 million in FY 2024. This modest decrease is due to a strategic decision to provide a 5% discount in allocated charges to citywide departments in FY 2025 to allow additional resources to support services and financial flexibility.

## 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 2025 Adopted Budget, Non-Departmental expenses also include an early reappropriation of the remaining \$9.6 million in the Uncertainty Reserve established as part of the FY 2023 Mid-Year Budget Review. This budget draws down approximately \$6.1 million of the reserve for services approved by the City Council in FY 2025 and ongoing, partially offset by an increase of \$2.6 million from the BSR, leaving \$6.1 million for future budget planning. In addition, a Real Property Investment Reserve of \$1.0 million is being established to set aside funding for annual costs related to potential property purchases. This budget also eliminates various one-time items that appeared in the FY 2024 Budget including funding related to construction of the LifeMoves Homekey Facilities project (PE-24005), funding to the Chamber of Commerce for special events, and funding to purchase a Fire Department utility vehicle. Further information is available 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 2025 Adopted 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 and Special Events (\$50,000), consistent with prior year funding levels. Additional information on Contingency Accounts is available in the Non-Departmental section of this document.

## OPERATING TRANSFERS-OUT

Funds are transferred from the General Fund to various funds throughout the City, including the Capital Improvement Funds, Debt Service Funds, and the Technology Fund, on an annual basis. In FY 2025, a total of \$38.8 million will be transferred, with a majority (\$32.5 million) transferred to the Capital Improvement Funds. The transfer to the Capital Improvement Funds represents an 14.0% or \$4.0 million increase over FY 2024 Adopted levels of \$28.6 million, representing an uptick in Transient Occupancy Tax (TOT) revenues and the Base transfer. The General Fund also transfers funds to the University Avenue parking fund to pay for employee parking permits; \$0.3 million is included in FY 2025 for these permits to align with anticipated usage. Additionally, the General Fund will provide a total of \$2.0 million to all three Parking Funds (University Avenue \$0.7 million, California Avenue \$0.8 million, and Residential Parking Permits \$0.5 million). The General Fund also pays the electric costs associated with streetlights and traffic signals, and the FY 2025 Budget includes \$2.0 million for those costs which is \$0.2 million or 8.2% lower than prior year funding levels due to a reassessment of the cost of electricity for the City's streetlights.

## 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

## GENERAL FUND OVERVIEW

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 2025 Adopted Budget projected BSR balance is \$54.4 million, which represents 18.5% of expenses and at the City Council's recommended target level of 18.5%. The BSR is calculated as a percentage of total expenses; therefore, the calculation of BSR (\$294.3 million) excludes funds in reserves such as the Uncertainty Reserve and the Utility Transfer Legal Cost Reserve to avoid unintentional inflation of BSR needs. The BSR level of \$54.4 million includes a recommendation to use \$2.6 million from the BSR to increase the Uncertainty Reserve to \$6.1 million to prepare for a forecasted shortfall of \$11.0 million in FY 2026.

Additional reserves are outlined in the General Fund Reserve Table below and include items such as encumbrances and reappropriations that carryforward eligible 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, 2023 (Report # 2311-2230).

This budget includes the use of \$0.7 million from the DSDRF to offset eligible expenses in FY 2025, leaving a balance of approximately \$2.2 million. An early reappropriation of the remaining funds in the Utility Transfer Legal Cost Reserve (\$6.2 million) is recommended to fund the second installment of the Green v. City of Palo Alto settlement (\$3.1 million). The remaining \$3.1 million is recommended to be carried forward from FY 2025 to FY 2026 to fund the third and final settlement installment in FY 2026.

As outlined in the table below, this budget assumes an early reappropriation of the remaining \$9.6 million Budget Uncertainty Reserve from FY 2024 to FY 2025. This reserve is recommended to offset approximately \$6.1 million in services in FY 2025 and ongoing. The FY 2025 projected ending balance of the Uncertainty Reserve is \$6.1 million, which includes \$2.6 million from the BSR as recommended above. The \$6.1 million is recommended to be carried forward from FY 2025 to FY 2026 to partially fund a projected shortfall of \$11.0 million in FY 2026, leaving a projected remaining deficit of \$4.9 million.

# General Fund Reserves

|  | FY 2023 Balance  | FY 2024 Adopted Changes | FY 2024 Net Adjustments | FY 2024 Projected Year-End | FY 2025 Adopted Budget | FY 2025 Projected Year-End |
|--|------------------|-------------------------|-------------------------|----------------------------|------------------------|----------------------------|
| <b>Budget Stabilization Reserve (BSR) Activity:</b>  |                  |                         |                         |                            |                        |                            |
| BSR  | \$61,468         | (\$3,356)               | (\$1,072)               | \$57,040                   | (\$2,605)              | \$54,435                   |
| Uncertainty Reserve  | \$14,000         | (\$3,883)               | (\$560)                 | \$9,557                    | (\$3,456)              | \$6,101                    |
| Total BSR  | \$75,468         | (\$7,239)               | (\$1,632)               | \$66,597                   | (\$6,061)              | \$60,536                   |
| <b>Other Reserve Activity:</b>   |                  |                         |                         |                            |                        |                            |
| Reserve: Utility Litigation  | \$17,500         | -                       | (\$11,300)              | \$6,200                    | (\$3,100)              | \$3,100                    |
| Human Services Resource Allocation Process (HSRAP)   | \$40             | -                       | -                       | \$40                       | -                      | \$40                       |
| Encumbrance & Reappropriations   | \$11,971         | -                       | -                       | \$11,971                   | (\$296)                | \$11,675                   |
| Notes Receivable, Prepaid Items, Interfund Advances, Inventory of Materials & Supplies, and Other Activities | \$7,731          | -                       | -                       | \$7,731                    | -                      | \$7,731                    |
| Reserves for Development Services Reserve, Special Districts, Edgewood Plaza, and other Commitments          | \$3,920          | (\$1,084)               | -                       | \$2,836                    | (\$682)                | \$2,154                    |
| <b>Total Reserves</b>  | <b>\$116,630</b> | <b>(\$8,323)</b>        | <b>(\$12,932)</b>       | <b>\$95,375</b>            | <b>(\$10,139)</b>      | <b>\$85,236</b>            |

1. The BSR is projected to be 19.4% at the end of FY24 (as compared to FY25 Adopted expenses and adjusted for unspent Uncertainty Reserve)
2. The City Reserve Policy indicates a 15% to 20% range, with an 18.5% target
3. FY 2024 Net Adjustments includes all BAOs in FY 2024
4. FY 2024 Adopted BSR (adjusted for Uncertainty Reserve): \$40.4M (15.0%), \$49.9M (18.5%), \$53.9M (20.0%)
5. FY 2025 Adopted BSR (adjusted for Uncertainty Reserve): \$44.1M (15.0%), \$54.4M (18.5%), \$58.9M (20.0%)
6. Uncertainty Reserve: \$6.1M expended in FY25, \$2.6M recommended to be added from BSR, and \$6.1M balance for use in future budget planning

## GENERAL FUND REVENUE

### General Fund Revenues by Category

|                          | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|--------------------------|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| Charges for Services     | 28,671             | 34,500             | 34,560                       | 37,909                       | 3,349                | 9.7%                |
| Charges to Other Funds   | 13,980             | 13,227             | 15,496                       | 15,096                       | (400)                | (2.6)%              |
| Documentary Transfer Tax | 11,990             | 5,751              | 5,920                        | 7,260                        | 1,340                | 22.6%               |
| From Other Agencies      | 9,232              | 7,365              | 1,591                        | 1,308                        | (283)                | (17.8)%             |
| Other Revenue            | 2,790              | 2,185              | 2,378                        | 3,198                        | 820                  | 34.5%               |
| Other Taxes and Fines    | 893                | 630                | 3,417                        | 6,520                        | 3,103                | 90.8%               |
| Permits and Licenses     | 9,111              | 7,994              | 10,722                       | 11,410                       | 688                  | 6.4%                |
| Property Taxes           | 59,353             | 63,129             | 63,785                       | 68,623                       | 4,838                | 7.6%                |
| Rental Income            | 13,681             | 14,370             | 15,931                       | 16,440                       | 509                  | 3.2%                |
| Return on Investments    | 1,325              | 2,529              | 1,846                        | 3,264                        | 1,418                | 76.8%               |
| Sales Taxes              | 32,705             | 36,926             | 36,272                       | 39,577                       | 3,305                | 9.1%                |
| Transient Occupancy Tax  | 16,946             | 25,485             | 26,834                       | 27,857                       | 1,023                | 3.8%                |
| Utility Users Tax        | 15,599             | 18,763             | 18,457                       | 19,943                       | 1,487                | 8.1%                |
| <b>Subtotal</b>          | <b>216,276</b>     | <b>232,854</b>     | <b>237,209</b>               | <b>258,406</b>               | <b>21,198</b>        | <b>8.9%</b>         |
| Operating Transfers-In   | 22,802             | 21,954             | 23,932                       | 29,148                       | 5,216                | 21.8%               |
| <b>Total</b>             | <b>239,078</b>     | <b>254,808</b>     | <b>261,141</b>               | <b>287,554</b>               | <b>26,413</b>        | <b>10.1%</b>        |
| Use of Reserves          | —                  | —                  | 18,440                       | 19,340                       | 899                  | 4.9%                |
| <b>Modified Total</b>    | <b>201,868</b>     | <b>243,766</b>     | <b>279,581</b>               | <b>306,893</b>               | <b>27,312</b>        | <b>9.8%</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.

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 55%.

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**

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. 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%).

## GENERAL FUND REVENUE

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 4.75% for telephone. 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**

Business Tax is the largest source of revenue in this category and described in more detail below. Other revenue items in this category include parking violations, traffic violations, and administrative citations.

### **BUSINESS TAX (BT)**

In November 2022, Palo Alto voters approved Measure K, adopting a general tax on businesses operating in the City of Palo Alto to fund public safety; affordable housing and homeless services; and transportation and grade separation projects with additional funding for administration of the tax. The business tax, codified in Chapter 2.37 of the Palo Alto Municipal Code, sunsets in 35 years on January 1, 2058, unless approved by voters to be extended. The business tax is based on a square footage of businesses and is due quarterly.

The tax was imposed January 2023, at 50% of the full rate, or 3.75 cents per square foot per month through January 2025. The full rate will be assessed starting January 2025 at 7.5 cents per square foot per month. The tax has an annual cap of \$0.5 million per business and both the rate and the cap are increased by 2.5% annually beginning in FY 2027. The first 10,000 square feet occupied by a business is exempt from the tax, along with grocery stores, seasonal businesses, and residential space. In addition, tax offsets for paid hotel tax, certain sales tax, and vacant space can be exercised by a business, if eligible. For efficiency



and convenience, the Business Tax, Business Registry Certificate, and the Downtown Palo Alto Business Improvement Fees will be administered and collected in one portal.

### **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.

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**

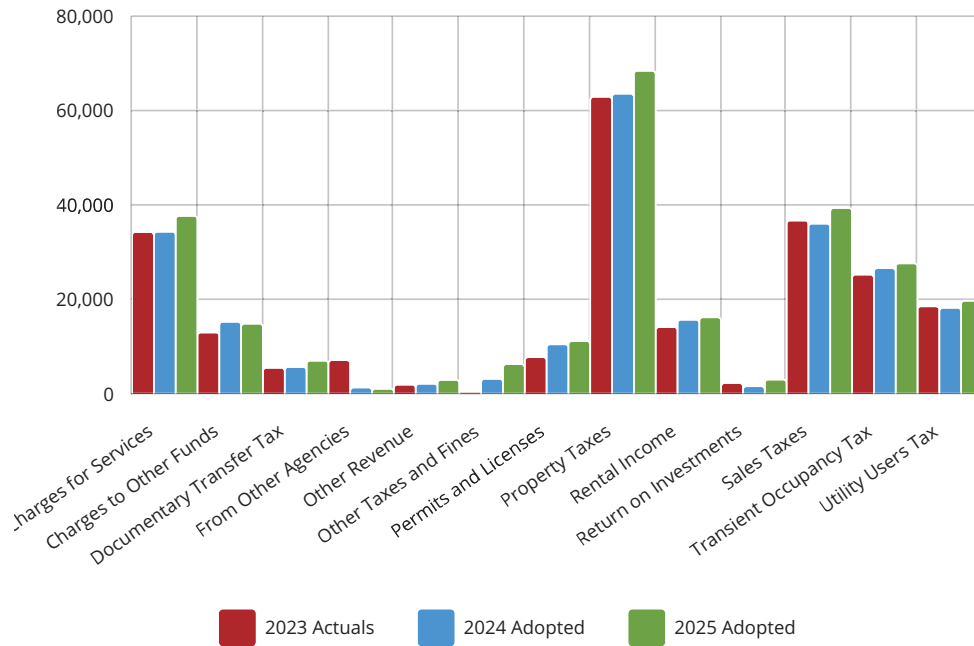
Major revenue sources in this category are Animal Services charges to Los Altos and Los Altos Hills, reimbursements from PAUSD for its share of Cubberley and athletic field maintenance, donations from non-profits for City libraries, and miscellaneous revenues.

## GENERAL FUND REVENUE

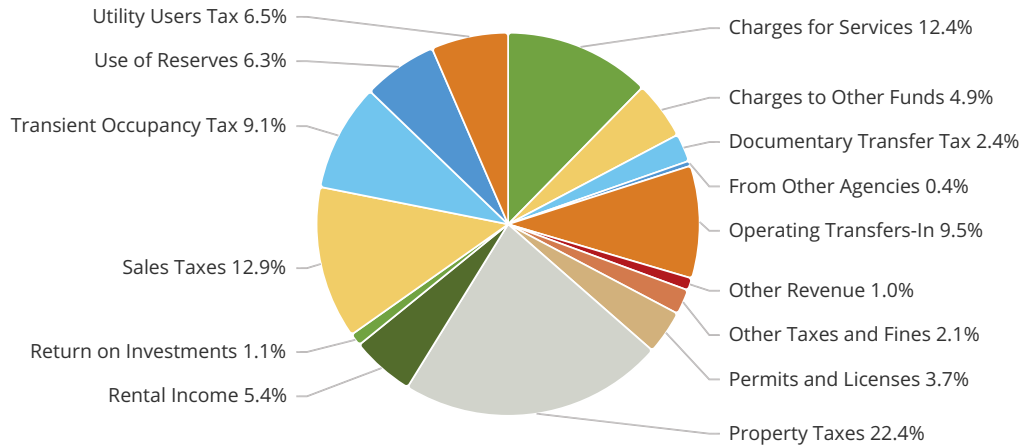
### OPERATING TRANSFERS-IN

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.

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



## FY 2025 GENERAL FUND REVENUES \$306.9 MILLION



## GENERAL FUND EXPENDITURES

# General Fund Expenditures by Department

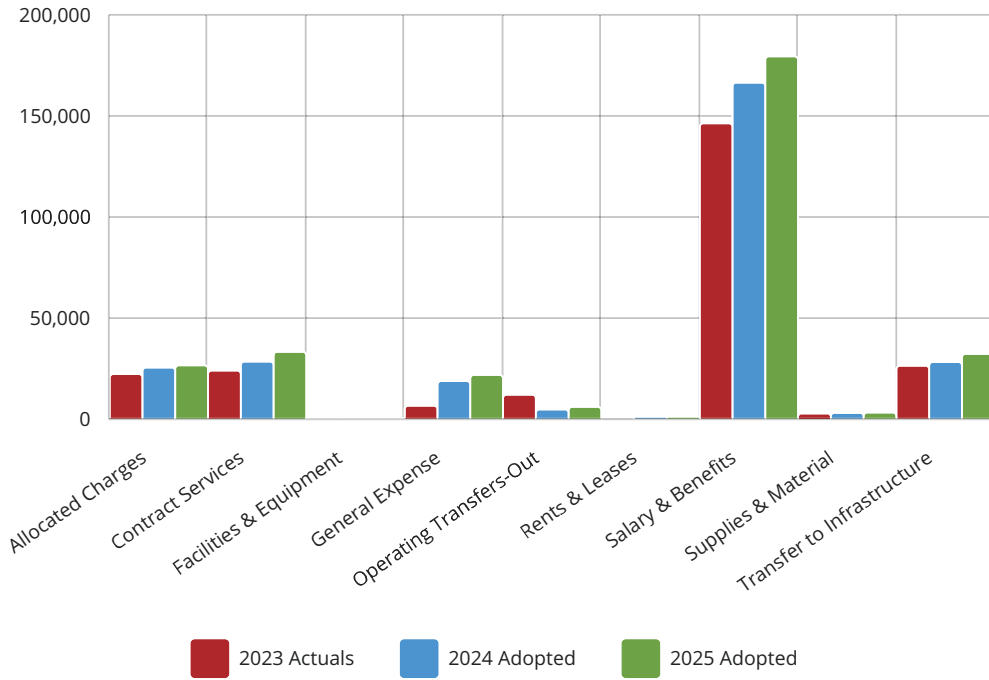
|                                      | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|--------------------------------------|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| Administrative Services              | 8,976              | 9,628              | 11,099                       | 11,967                       | 868                  | 7.8%                |
| City Attorney                        | 4,078              | 4,355              | 4,668                        | 5,023                        | 355                  | 7.6%                |
| City Auditor                         | 831                | 415                | 986                          | 990                          | 3                    | —%                  |
| City Clerk                           | 1,088              | 1,221              | 1,491                        | 1,443                        | (48)                 | (3.2)%              |
| City Council                         | 354                | 381                | 439                          | 512                          | 73                   | 16.6%               |
| City Manager                         | 3,117              | 4,174              | 4,715                        | 5,592                        | 877                  | 18.6%               |
| Community Services                   | 29,884             | 32,698             | 38,224                       | 41,159                       | 2,935                | 7.7%                |
| Fire                                 | 38,167             | 42,137             | 46,761                       | 55,008                       | 8,247                | 17.6%               |
| Human Resources                      | 3,647              | 3,654              | 4,790                        | 5,552                        | 762                  | 15.9%               |
| Library                              | 8,591              | 9,227              | 12,138                       | 12,528                       | 389                  | 3.2%                |
| Non-Departmental                     | 4,357              | 4,168              | 14,893                       | 17,225                       | 2,332                | 15.7%               |
| Office of Emergency<br>Services      | 1,094              | 1,169              | 1,576                        | 1,728                        | 152                  | 9.7%                |
| Office of Transportation             | 1,629              | 2,380              | 2,704                        | 4,304                        | 1,600                | 59.2%               |
| Planning and<br>Development Services | 17,838             | 20,869             | 26,055                       | 24,327                       | (1,728)              | (6.6)%              |
| Police                               | 43,191             | 48,224             | 51,764                       | 55,812                       | 4,048                | 7.8%                |
| Public Works                         | 16,903             | 20,036             | 23,698                       | 24,886                       | 1,189                | 5.0%                |
| <b>Subtotal</b>                      | <b>183,745</b>     | <b>204,737</b>     | <b>246,001</b>               | <b>268,054</b>               | <b>22,053</b>        | <b>9.0%</b>         |
| Transfer to Infrastructure           | 12,625             | 26,688             | 28,538                       | 32,526                       | 3,988                | 14.0%               |
| Operating Transfers-Out              | 5,498              | 12,342             | 5,043                        | 6,314                        | 1,271                | 25.2%               |
| <b>Total</b>                         | <b>201,868</b>     | <b>243,766</b>     | <b>279,581</b>               | <b>306,893</b>               | <b>27,312</b>        | <b>9.8%</b>         |

## General Fund Expenditures by Category

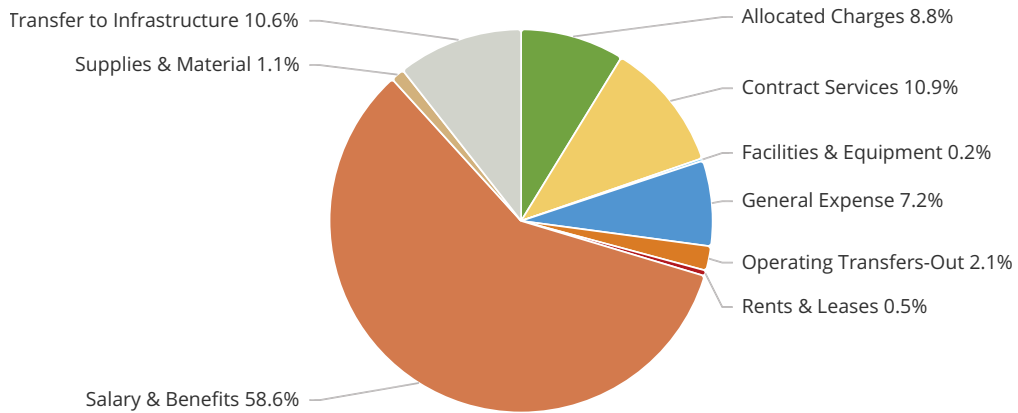
|                            | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|----------------------------|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| Allocated Charges          | 19,647             | 22,564             | 25,796                       | 26,882                       | 1,086                | 4.2%                |
| Contract Services          | 20,806             | 24,306             | 28,753                       | 33,571                       | 4,818                | 16.8%               |
| Facilities & Equipment     | 538                | 371                | 799                          | 656                          | (143)                | (17.9)%             |
| General Expense            | 7,116              | 6,898              | 19,092                       | 22,139                       | 3,047                | 16.0%               |
| Rents & Leases             | 453                | 835                | 1,368                        | 1,415                        | 46                   | 3.4%                |
| Salary & Benefits          | 132,676            | 146,717            | 166,861                      | 179,877                      | 13,016               | 7.8%                |
| Supplies & Material        | 2,508              | 3,046              | 3,332                        | 3,515                        | 183                  | 5.5%                |
| <b>Subtotal</b>            | <b>183,745</b>     | <b>204,737</b>     | <b>246,001</b>               | <b>268,054</b>               | <b>22,053</b>        | <b>9.0%</b>         |
| Transfer to Infrastructure | 12,625             | 26,688             | 28,538                       | 32,526                       | 3,988                | 14.0%               |
| Operating Transfers-Out    | 5,498              | 12,342             | 5,043                        | 6,314                        | 1,271                | 25.2%               |
| <b>Total</b>               | <b>201,868</b>     | <b>243,766</b>     | <b>279,581</b>               | <b>306,893</b>               | <b>27,312</b>        | <b>9.8%</b>         |

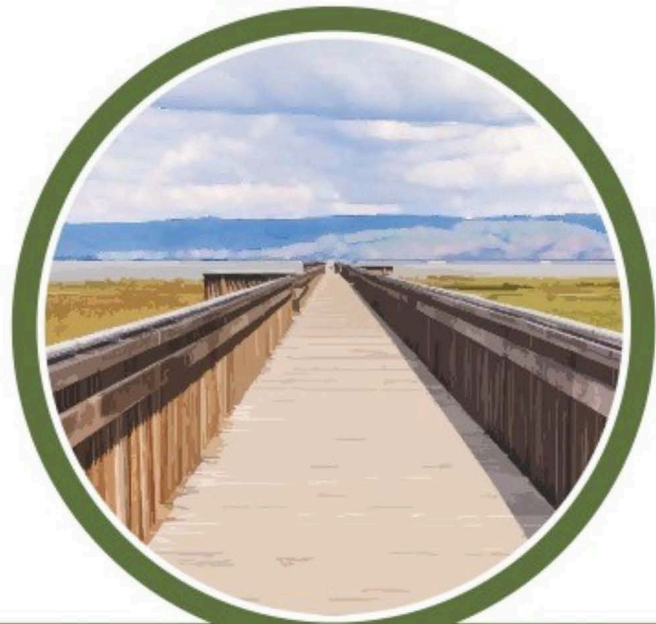
# GENERAL FUND EXPENDITURES

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



## FY 2025 GENERAL FUND EXPENDITURES \$306.9 MILLION





# 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 2025 is \$630.6 million, which represents a \$105.0 million, or 20.0% increase from the FY 2024 Adopted Budget of \$525.6 million. The major sources of the change are from a \$53.9 million increase in estimated debt financing recorded in Other Revenue, and a \$16.7 million increase in Net Sales. Enterprise Fund services with rate increases for FY 2025 include Electric, Fiber Optics, Gas, Stormwater Management, Wastewater Collection, and Water. Refuse rates will remain the same for FY 2025. 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 2025 is \$724.4 million, which represents a \$97.7 million, or 15.6% increase from the FY 2024 Adopted Budget of \$626.7 million. The primary driver for this year-over-year change is the increase to Capital Improvement Program funding of \$93.4 million, partially offset by a \$4.3 million reduction in debt service and a \$4.2 million decrease in Utility Purchase or commodity costs compared to FY 2024. In addition, increases to Allocated Charges, Contract Services, General Expenses, Equity Transfers, and Salary & Benefits, resulted in a combined increase of \$12.3 million from FY 2024 to FY 2025.

### UTILITY RATE CHANGES

The FY 2025 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 commodity and transmission costs continue to rise across all utilities. In addition current models suggest pandemic economic recovery extend through calendar year 2024, with consumption stabilizing on the long run average by 2025. The size and timing of rate adjustments address both current and future revenue requirements, including the purchase of commodities, providing customer service, capital infrastructure investments, and maintenance of adequate reserve levels. Rate adjustments may also help smooth the impacts on customer bills by spreading larger rate adjustments over consecutive or alternate years.

## ENTERPRISE FUNDS OVERVIEW

Electric Fund - Scheduled rate increase for median residential customer is 9.0% for FY 2025 due to cost of service analysis which requires rate changes varying by customer class and consumption pattern to reflect the cost to serve. Rate changes vary between a 6% decrease to 9% increase depending on customer class.

Fiber Optics Fund - Scheduled rate increase for customers on the EDF-1 rate is 2.6% for FY 2025, based on Consumer Price Index (CPI) for All Urban Consumers in the San Francisco Bay Area.

Gas Fund - Scheduled rate increase is 12.5% for FY 2025 due to the need to replenish reserves, cover rising capital and operating costs, and support the increased equity transfer to the General Fund.

Refuse Fund - No rate adjustment is scheduled for FY 2025 due to adequate reserves.

Stormwater Management Fund - Scheduled rate increase of 2.6% for FY 2025, based on CPI for All Urban Consumers in the San Francisco Bay Area.

Water Fund - Scheduled rate increase is 9.5% for FY 2025 due to wholesale water supply and capital and operating cost increases.

Wastewater Collection Fund - Scheduled rate increase is 15.0% for FY 2025 due to rising costs driven by the rehabilitation of the Regional Water Quality Control Plant, acceleration of capital main replacements, and replenishment of reserves.

### 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, 2.6% for FY 2025. Despite this rent increase, the overall costs remain unchanged, because the Water Fund's rental costs decreased by \$0.2 million due to no longer needing to pay for two of its well sites. Consequently, the rent paid by the Enterprise Funds to the General Fund remains at \$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 2025, no change is projected for the equity transfer of \$15.1 million from the Electric Fund.

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 utility to the General Fund an amount up to 18% of the gross revenues of the gas utility, though Council may choose to transfer a lesser amount. A 14.5%, or \$10.9 million transfer is programmed for FY 2025, representing an increase of approximately \$3.2 million from the previous year's \$7.7 million. This is within the voter-approved changes codified in PAMC 2.28.185. An annual transfer increase to 18% of gross revenues by FY 2026 is also recommended.

## 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 may be 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 2025 at \$50.8 million, decreasing by \$93.8 million from a projected FY 2024 ending fund balance of \$144.6 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 FY 2020 - FY 2022 but were instead absorbed from reserves. As a result, revenues are too low to maintain normal operations in all utilities. Reserves are lower than expected, because although the City intended to phase in rate increases more slowly using reserves, rising energy prices, inflation and other factors led to the need to use the reserves more quickly, causing low reserve levels in all utilities.

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. Rate increases ensure the City maintains the ability to replenish depleted reserves and provide sufficient funding for continually increasing expenses in commodity costs to repair and replace the City's aging utility infrastructure through various capital projects; and to achieve Sustainability and Climate Action Plan (S/CAP) goals including grid modernization to support electrification.

For more information on Utilities Rates, please visit:

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

## Electric

FY 2025 electric rates are scheduled to increase by 9.0% for the median residential customer. Rate changes vary significantly by customer class from a decrease of 6.0% to an increase of 9.0% depending on consumption patterns. To ensure that electric rates continue to represent the Utility's cost to serve customers, the City completed a cost of service analysis in February 2024. The cost of service analysis showed the need for different changes by customer class ranging from a 6.0% decrease for small nonresidential customers (E-2) to a 2.0% increase for the residential class as a whole. However, recommended changes to the tier structure and the addition of a fixed charge result in a range of changes for residential customers

## ENTERPRISE FUNDS OVERVIEW

depending on usage, with the median residential customer seeing a 9.0% increase. Palo Alto residential electric bills are approximately 50% lower than neighboring communities served by PG&E.

### Fiber Optics

FY 2025 Fiber optics rates are scheduled to increase by 2.6% 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 2025 gas rates are scheduled to increase by 12.5% to ensure the utility is recovering its costs of capital projects, operations, and rebuilding reserves. This adjustment also supports the increased equity transfer to the General Fund, which increases to \$10.9 million from \$7.7 million in FY 2024. In FY 2021 and FY 2022, the Gas Utility maintained minimal rate increases, leading to revenues struggling to match the rising expenses, resulting in a significant depletion of reserves. Additionally, costs reflect a longer-term mitigation strategy against potential future gas price spikes such as those experienced in FY 2023, which increased gas bills exponentially.

### Water

FY 2025 water rates are scheduled to increase by 9.5%. As part of the water rate increase, the San Francisco Public Utilities Commission (SFPUC) is projecting a wholesale rate increase of 6.5% for FY 2025, which is a pass-through commodity charge to CPAU customers and will impact CPAU water rate increases. Due to the drought and water conservation efforts together with near record-setting precipitation and snowpack in the winter of 2022-2023, the water utility's sales revenue declined in FY 2023 by \$4.9 million or 10% compared with sales revenue in FY 2021. The Water Utility used available reserves to hold rates flat for two years (FY 2021 and FY 2022) while also managing through two years of drought-related sales revenue reductions (FY 2022 and FY 2023).

### Wastewater Collection

FY 2025 Wastewater Collection rates are scheduled to increase by 15.0%. Wastewater Collection costs are projected to rise over the forecast 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. In FY 2023, Operations Reserve ended the year with a negative balance due to higher CIP expenses and lower sales revenues than anticipated. The proposed increase will gradually replenish the reserve and enable a reduced-size 1.25 miles main replacement in FY 2026 to address highest priority mains for replacement. The accelerated 5-mile sewer

main replacement every other year would resume with construction scheduled in FY 2028. This acceleration will allow the Wastewater Collection Utility to replace the last main no more than approximately 10 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 until the loan is paid off in FY 2034.

### Refuse

FY 2025 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 secured an agreement with Zero Waste Energy Development Company to purchase power from the processing of recovered organic waste products to comply with SB1383 procurement requirements. 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% or more waste by 2030.

### Stormwater Management

FY 2025 Stormwater Management Fee is scheduled to increase by 2.6%, 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.

### 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 (partner agencies). The Wastewater Treatment Fund works with the City and partner agencies' regional service area to protect the environment and the public's health while ensuring compliance with regulations protecting the San Francisco Bay. FY 2025 is projected to see a \$89.8 million increase in expenditures within the Wastewater Treatment Fund compared to FY 2024, primarily due to anticipated capital projects at the treatment plant. Some of this funding may extend into FY 2026 to sustain ongoing project work.

## ENTERPRISE FUNDS OVERVIEW

# Enterprise Funds Summary

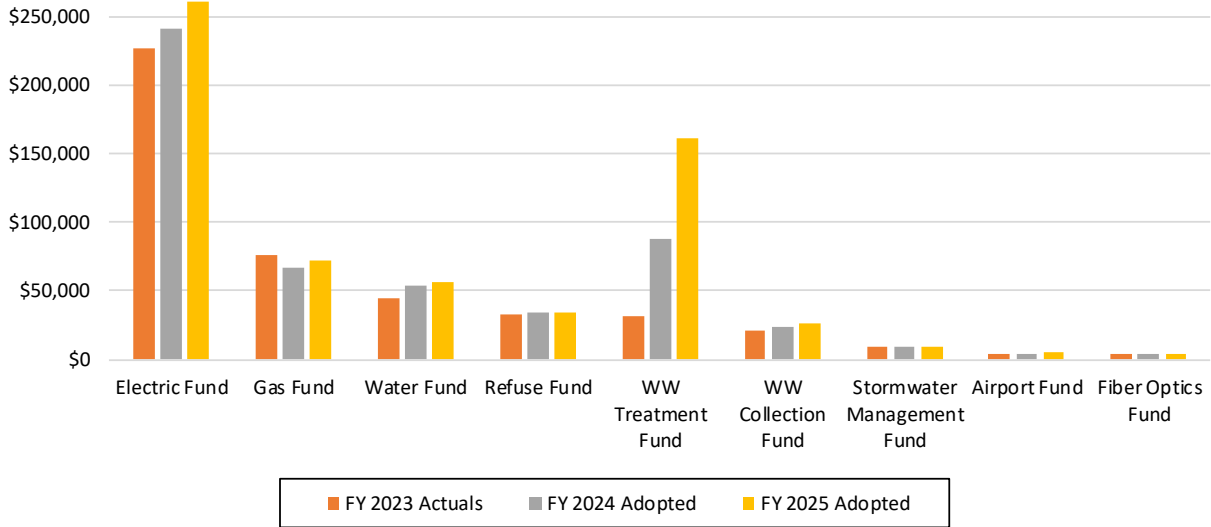
| Fund Summary (\$000)   | Airport Fund   | Electric Fund    | Fiber Optics Fund | Gas Fund        | Refuse Fund     | Storm-water Mgmt. Fund | Waste-water Collec-tion Fund | Waste-water Treat-ment Fund | Water Fund      | Total            |
|------------------------|----------------|------------------|-------------------|-----------------|-----------------|------------------------|------------------------------|-----------------------------|-----------------|------------------|
| <b>Revenues</b>        |                |                  |                   |                 |                 |                        |                              |                             |                 |                  |
| Charges for Services   | —              | 220              | —                 | 20              | 34              | 81                     | 10                           | —                           | 10              | <b>375</b>       |
| Charges to Other Funds | —              | 125              | —                 | 108             | 163             | —                      | 34                           | 69                          | 70              | <b>570</b>       |
| From Other Agencies    | 3,024          | —                | —                 | —               | —               | —                      | —                            | —                           | 577             | <b>3,601</b>     |
| Net Sales              | 709            | 206,780          | 3,445             | 70,927          | 30,853          | 8,791                  | 25,814                       | 41,140                      | 53,002          | <b>441,463</b>   |
| Operating Transfers-In | —              | 2,114            | —                 | —               | —               | —                      | —                            | —                           | 353             | <b>2,466</b>     |
| Other Revenue          | 1,184          | 48,754           | 200               | 514             | 2,311           | —                      | 203                          | 120,025                     | 981             | <b>174,172</b>   |
| Other Taxes and Fines  | —              | —                | —                 | —               | —               | 3                      | —                            | 4                           | —               | <b>7</b>         |
| Rental Income          | 963            | 167              | —                 | —               | —               | —                      | —                            | —                           | —               | <b>1,130</b>     |
| Return on Investments  | 5              | 2,941            | 891               | 753             | 736             | 228                    | —                            | 24                          | 1,200           | <b>6,779</b>     |
| <b>Total</b>           | <b>\$5,886</b> | <b>\$261,101</b> | <b>\$4,536</b>    | <b>\$72,323</b> | <b>\$34,097</b> | <b>\$9,103</b>         | <b>\$26,061</b>              | <b>\$161,263</b>            | <b>\$56,192</b> | <b>\$630,563</b> |

# Enterprise Funds Summary

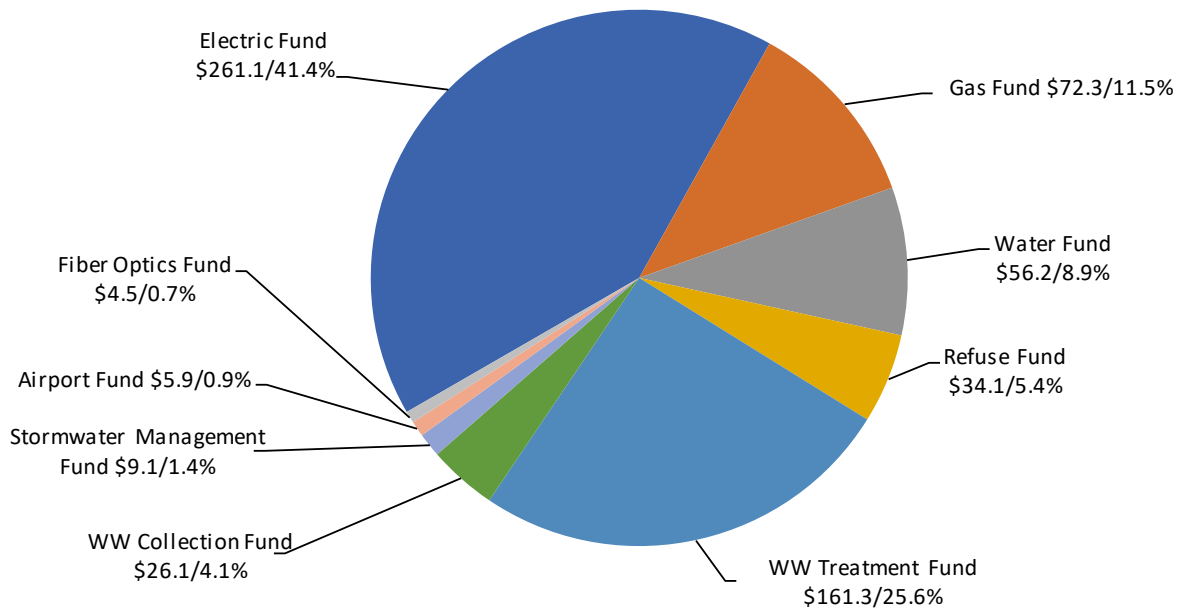
| Fund Summary (\$000)        | Airport Fund   | Electric Fund    | Fiber Optics Fund | Gas Fund        | Refuse Fund     | Storm-water Mgmt. Fund | Waste-water Collec-tion Fund | Waste-water Treat-ment Fund | Water Fund      | Total            |
|-----------------------------|----------------|------------------|-------------------|-----------------|-----------------|------------------------|------------------------------|-----------------------------|-----------------|------------------|
| <b>Expenses</b>             |                |                  |                   |                 |                 |                        |                              |                             |                 |                  |
| Allocated Charges           | 1,110          | 12,792           | 1,006             | 6,112           | 2,434           | 1,833                  | 3,496                        | 6,930                       | 6,270           | <b>41,983</b>    |
| Contract Services           | 316            | 12,471           | 249               | 2,282           | 8,581           | 942                    | 259                          | 4,347                       | 850             | <b>30,297</b>    |
| Debt Service                | —              | 4,874            | —                 | 803             | —               | 949                    | 129                          | 650                         | 3,223           | <b>10,628</b>    |
| Equity Transfer             | —              | 15,121           | —                 | 10,918          | —               | —                      | —                            | —                           | —               | <b>26,039</b>    |
| Facilities & Equipment      | —              | 29               | —                 | 3               | 3               | 8                      | 3                            | 8                           | 5               | <b>58</b>        |
| General Expense             | 37             | 6,321            | 13                | 2,492           | 112             | 147                    | 205                          | 713                         | 1,097           | <b>11,137</b>    |
| Operating Transfers-Out     | 272            | —                | 102               | 176             | 12              | 3                      | 176                          | —                           | —               | <b>741</b>       |
| Rents & Leases              | 12             | 7,151            | 85                | 732             | 146             | 28                     | 404                          | 430                         | 3,445           | <b>12,433</b>    |
| Salary & Benefits           | 1,493          | 28,327           | 2,849             | 10,706          | 3,886           | 2,986                  | 4,231                        | 18,182                      | 10,773          | <b>83,433</b>    |
| Supplies & Material         | 56             | 1,207            | 13                | 536             | 143             | 96                     | 381                          | 2,262                       | 627             | <b>5,321</b>     |
| Transfer to Infrastructure  | —              | 500              | —                 | —               | 10              | —                      | —                            | —                           | —               | <b>510</b>       |
| Utility Purchase            | —              | 116,603          | —                 | 26,265          | 21,950          | —                      | 13,182                       | —                           | 25,003          | <b>203,003</b>   |
| Capital Improvement Program | 3,867          | 75,813           | 27,372            | 13,560          | —               | 11,660                 | 2,642                        | 151,340                     | 12,525          | <b>298,781</b>   |
| <b>Total</b>                | <b>\$7,163</b> | <b>\$281,207</b> | <b>\$31,690</b>   | <b>\$74,585</b> | <b>\$37,276</b> | <b>\$18,652</b>        | <b>\$25,109</b>              | <b>\$184,862</b>            | <b>\$63,819</b> | <b>\$724,363</b> |

# ENTERPRISE FUNDS OVERVIEW

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



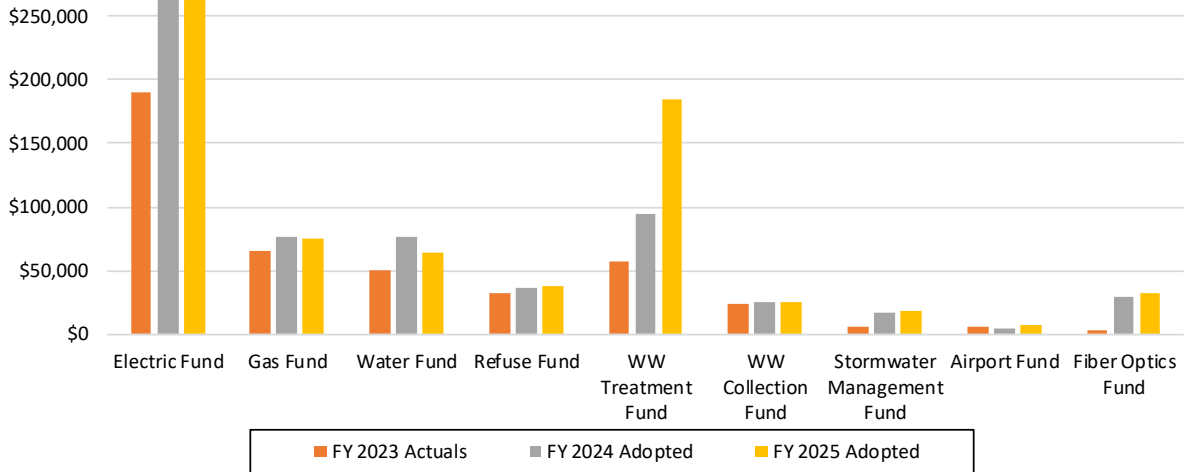
**FY 2025 ADOPTED REVENUES/\$630.6 MILLION**



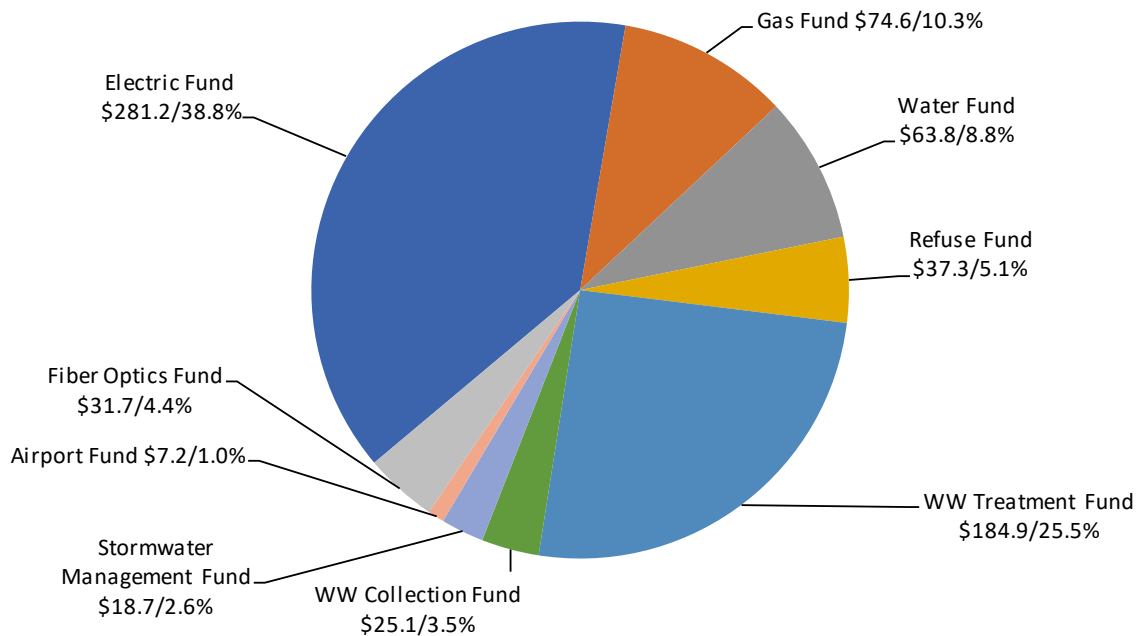


# ENTERPRISE FUNDS OVERVIEW

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



## FY 2025 ADOPTED EXPENSES /\$724.4 MILLION



## ENTERPRISE FUNDS OVERVIEW

# Enterprise Fund Reserves

| Reserves (\$000)            | FY 2024<br>Projected<br>Ending Balance | FY 2025<br>Changes | FY 2025<br>Projected<br>Ending Balance | FY 2025<br>Reserve<br>Guideline<br>Range |
|-----------------------------|--|--------------------|--|--|
| <b>Electric Fund</b>        |  |                    |  |  |
| Rate Stabilization          | -                                      | -                  | -                                      |  |
| Operations                  | \$ 86,430                              | (60,865)           | 25,564                                 | 33,800 -<br>67,500                       |
| Electric Special Projects   | 20,149                                 | 10,000             | 30,149                                 |  |
| Underground Loan            | 727                                    | -                  | 727                                    |  |
| Hydro Stabilization         | 400                                    | 17,000             | 17,400                                 |  |
| Electrification Reserve     | 4,500                                  | -                  | 4,500                                  |  |
| Public Benefit              | 5,673                                  | 3,360              | 9,033                                  |  |
| Low Carbon Fuel Standard    | 6,712                                  | 2,700              | 9,412                                  |  |
| CIP Reserves                | 880                                    | 5,000              | 5,880                                  |  |
| Cap and Trade               | 2,231                                  | 2,700              | 4,931                                  |  |
| GASB 68 Pension Reserve     | (32,380)                               | -                  | (32,380)                               |  |
| GASB 75 OPEB Reserve        | (10,044)                               | -                  | (10,044)                               |  |
| GASB 87 Leases              | 4                                      | -                  | 4                                      |  |
| <b>Subtotal</b>             | <b>\$85,282</b>                        | <b>(\$20,105)</b>  | <b>\$65,176</b>                        |  |
| <b>Fiber Optics Fund</b>    |  |                    |  |  |
| Rate Stabilization          | 29,615                                 | (27,153)           | 2,461                                  | 700 - 1,400                              |
| Emergency Plant Replacement | 1,000                                  | -                  | 1,000                                  |  |
| CIP Reserves                | -                                      | -                  | -                                      |  |
| GASB 68 Pension Reserve     | (2,223)                                | -                  | (2,223)                                |  |
| GASB 75 OPEB Reserve        | (2)                                    | -                  | (2)                                    |  |
| GASB 87 Leases              | 34                                     | -                  | 34                                     |  |
| <b>Subtotal</b>             | <b>\$28,424</b>                        | <b>(\$27,153)</b>  | <b>\$1,270</b>                         |  |
| <b>Gas Fund</b>             |  |                    |  |  |
| Rate Stabilization          | (3,077)                                | 3,077              | -                                      |  |

# Enterprise Fund Reserves

| Reserves (\$000)                  | FY 2024 Projected Ending Balance | FY 2025 Changes  | FY 2025 Projected Ending Balance | FY 2025 Reserve Guideline Range |
|-----------------------------------|----------------------------------|------------------|----------------------------------|---------------------------------|
| Operations                        | \$ 30,903                        | (18,772)         | 12,131                           | 10,000 - 20,100                 |
| Cap and Trade                     | 6,731                            | -                | 6,731                            |                                 |
| CIP Reserves                      | (13,433)                         | 13,433           | -                                |                                 |
| GASB 68 Pension Reserve           | (4,519)                          | -                | (4,519)                          |                                 |
| GASB 75 OPEB Reserve              | -                                | -                | -                                |                                 |
| <b>Subtotal</b>                   | <b>\$16,605</b>                  | <b>(\$2,262)</b> | <b>\$14,343</b>                  |                                 |
| <b>Wastewater Collection Fund</b> |                                  |                  |                                  |                                 |
| Rate Stabilization                | -                                | -                | -                                |                                 |
| Operations                        | 1,310                            | 952              | 2,262                            | 3,700 - 9,200                   |
| CIP Reserves                      | -                                | -                | -                                |                                 |
| GASB 68 Pension Reserve           | (7,875)                          | -                | (7,875)                          |                                 |
| GASB 75 OPEB Reserve              | (1,726)                          | -                | (1,726)                          |                                 |
| <b>Subtotal</b>                   | <b>(\$8,291)</b>                 | <b>\$952</b>     | <b>(\$7,339)</b>                 |                                 |
| <b>Water Fund</b>                 |                                  |                  |                                  |                                 |
| Rate Stabilization                | 6,069                            | (4,069)          | 2,000                            |                                 |
| Operations                        | 12,629                           | (3,258)          | 9,372                            | 8,400 - 16,900                  |
| CIP Reserves                      | 6,961                            | (300)            | 6,661                            |                                 |
| GASB 68 Pension Reserve           | (12,991)                         | -                | (12,991)                         |                                 |
| GASB 75 OPEB Reserve              | (2,968)                          | -                | (2,968)                          |                                 |
| <b>Subtotal</b>                   | <b>\$9,700</b>                   | <b>(\$7,627)</b> | <b>\$2,074</b>                   |                                 |
| <b>Airport Fund</b>               |                                  |                  |                                  |                                 |
| Rate Stabilization                | (5,347)                          | (1,277)          | (6,624)                          |                                 |
| CIP Reserves                      | -                                | -                | -                                |                                 |
| GASB 68 Pension Reserve           | (809)                            | -                | (809)                            |                                 |
| GASB 75 OPEB Reserve              | (343)                            | -                | (343)                            |                                 |

## ENTERPRISE FUNDS OVERVIEW

# Enterprise Fund Reserves

| Reserves (\$000)                   | FY 2024<br>Projected<br>Ending Balance | FY 2025<br>Changes | FY 2025<br>Projected<br>Ending Balance | FY 2025<br>Reserve<br>Guideline<br>Range |
|------------------------------------|--|--------------------|--|--|
| GASB 87 Leases                     | 48                                     | -                  | 48                                     |  |
| <b>Subtotal</b>                    | <b>(\$6,451)</b>                       | <b>(\$1,277)</b>   | <b>(\$7,728)</b>                       |  |
| <b>Refuse Fund</b>                 |  |                    |  |  |
| Rate Stabilization                 | 11,092                                 | (3,179)            | 7,913                                  | 6,100 - 12,300                           |
| Landfill Corrective Action Reserve | 759                                    | -                  | 759                                    |  |
| Geng Road Reserve                  | 268                                    | -                  | 268                                    |  |
| GASB 68 Pension Reserve            | (5,796)                                | -                  | (5,796)                                |  |
| GASB 75 OPEB Reserve               | (1,939)                                | -                  | (1,939)                                |  |
| <b>Subtotal</b>                    | <b>\$4,384</b>                         | <b>(\$3,179)</b>   | <b>\$1,205</b>                         |  |
| <b>Stormwater Management Fund</b>  |  |                    |  |  |
| Rate Stabilization                 | 13,470                                 | (9,549)            | 3,920                                  |  |
| CIP Reserves                       | -                                      | -                  | -                                      |  |
| GASB 68 Pension Reserve            | (3,972)                                | -                  | (3,972)                                |  |
| GASB 75 OPEB Reserve               | (864)                                  | -                  | (864)                                  |  |
| <b>Subtotal</b>                    | <b>\$8,634</b>                         | <b>(\$9,549)</b>   | <b>(\$916)</b>                         |  |
| <b>Wastewater Treatment Fund</b>   |  |                    |  |  |
| Rate Stabilization                 | 28,273                                 | (23,599)           | 4,675                                  | 5,500 - 11,000                           |
| Emergency Plant Replacement        | 1,980                                  | -                  | 1,980                                  |  |
| Notes and loans                    | 1,651                                  | -                  | 1,651                                  |  |
| CIP Reserves                       | -                                      | -                  | -                                      |  |
| GASB 68 Pension Reserve            | (20,042)                               | -                  | (20,042)                               |  |
| GASB 75 OPEB Reserve               | (5,505)                                | -                  | (5,505)                                |  |
| <b>Subtotal</b>                    | <b>\$6,357</b>                         | <b>(\$23,599)</b>  | <b>(\$17,241)</b>                      |  |
| <b>TOTAL RESERVES</b>              | <b>\$144,644</b>                       | <b>(\$93,800)</b>  | <b>\$50,844</b>                        |  |
| <b>Summary of Reserves</b>         |  |                    |  |  |
| Cap and Trade                      | 8,962                                  | 2,700              | 11,662                                 |  |

# Enterprise Fund Reserves

| Reserves (\$000)                                 | FY 2024<br>Projected<br>Ending Balance | FY 2025<br>Changes | FY 2025<br>Projected<br>Ending Balance | FY 2025<br>Reserve<br>Guideline<br>Range |
|--|--|--------------------|--|--|
| CIP Reserves                                     | (5,592)                                | 18,133             | 12,541                                 |  |
| Electric Special Projects                        | 20,149                                 | 10,000             | 30,149                                 |  |
| Electrification Reserve                          | 4,500                                  | -                  | 4,500                                  |  |
| Emergency Plant Replacement                      | 2,980                                  | -                  | 2,980                                  |  |
| Geng Road Reserve                                | 268                                    | -                  | 268                                    |  |
| Hydro Stabilization                              | 400                                    | 17,000             | 17,400                                 |  |
| Landfill Corrective Action Reserve               | 759                                    | -                  | 759                                    |  |
| Low Carbon Fuel Standard                         | 6,712                                  | 2,700              | 9,412                                  |  |
| Notes and loans                                  | 1,651                                  | -                  | 1,651                                  |  |
| Operations                                       | 131,272                                | (81,943)           | 49,329                                 |  |
| Public Benefit                                   | 5,673                                  | 3,360              | 9,033                                  |  |
| Rate Stabilization                               | 80,095                                 | (65,750)           | 14,345                                 |  |
| Underground Loan                                 | 727                                    | -                  | 727                                    |  |
| GASB 68 Pension Reserve                          | (90,607)                               | -                  | (90,607)                               |  |
| GASB 75 OPEB Reserve                             | (23,391)                               | -                  | (23,391)                               |  |
| GASB 87 Leases                                   | 86                                     | -                  | 86                                     |  |
| <b>TOTAL RESERVES</b>                            | <b>\$144,644</b>                       | <b>(\$93,800)</b>  | <b>\$50,844</b>                        |  |
| Landfill Post-Closure Care Liability             | 6,883                                  | -                  | 6,883                                  |  |
| <b>TOTAL RESERVES AND FULLY-FUNDED LIABILITY</b> | <b>\$151,527</b>                       | <b>(\$93,800)</b>  | <b>\$57,727</b>                        |  |

# Average Projected Residential Monthly Utility Bills

|                           | Adjusted FY 2024 Bill | Adopted FY 2025 Bill | \$ Difference  | % Difference |
|---------------------------|-----------------------|----------------------|----------------|--------------|
| Electric                  | 77.31                 | 84.27                | 6.96           | 9.00%        |
| Gas                       | 70.05                 | 78.80                | 8.75           | 12.50%       |
| Water                     | 103.68                | 113.50               | 9.82           | 9.47%        |
| Wastewater                | 48.64                 | 55.94                | 7.30           | 15.00%       |
| Refuse                    | 50.07                 | 50.07                | -              | 0.00%        |
| Storm Drain               | 16.76                 | 17.20                | 0.44           | 2.63%        |
| User Tax                  | 12.55                 | 13.83                | 1.28           | 10.20%       |
| <b>Total Monthly Bill</b> | <b>\$379.06</b>       | <b>\$413.61</b>      | <b>\$34.55</b> | <b>9.11%</b> |

FY 2025 Rates are effective July 1, 2024.

Adopted FY 2025 rate change is the system average change. Customers in each customer class will experience different rate impacts than the overall rate increase.



# 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, including but not limited to healthcare, pension, and life insurance 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 allocated out to departments and funds in proportion to their share. This 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. This program is budgeted 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.

## INTERNAL SERVICE FUNDS OVERVIEW

### **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 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. 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 and further information is available in the Capital Improvement Budget.

### **WORKERS' COMPENSATION FUND**

This fund reflects costs for the City's Workers' Compensation program. This program is budgeted 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      | 11,099                                   | 18,808          | 1,654                         | —                     | —                          | 6,600                    | —                            | 38,160           |
| Operating Transfers-In      | —  | 1,541           | —                             | —                     | —                          | 5                        | 3,000                        | 4,546            |
| Other Revenue               | 155                                      | 20              | —                             | 106,181               | 7,600                      | 41                       | 16,639                       | 130,636          |
| Return on Investments       | 327                                      | 594             | 5                             | 552                   | 674                        | 242                      | 32                           | 2,428            |
| <b>Total</b>                | <b>\$11,581</b>                          | <b>\$20,963</b> | <b>\$1,659</b>                | <b>\$106,733</b>      | <b>\$8,274</b>             | <b>\$6,888</b>           | <b>\$19,671</b>              | <b>\$175,770</b> |
| <b>Expenses</b>             |  |                 |                               |                       |                            |                          |                              |                  |
| Allocated Charges           | 1,840                                    | 1,468           | 365                           | —                     | —                          | —                        | —                            | 3,673            |
| Contract Services           | 633                                      | 8,758           | 356                           | 221                   | 7                          | 72                       | —                            | 10,046           |
| Facilities & Equipment      | —  | 752             | —                             | —                     | —                          | —                        | —                            | 752              |
| General Expense             | 71                                       | 531             | 253                           | —                     | 869                        | 7,814                    | —                            | 9,537            |
| Operating Transfers-Out     | —  | 28              | —                             | 5,000                 | —                          | —                        | —                            | 5,027            |
| Rents & Leases              | 385                                      | 459             | 232                           | —                     | —                          | —                        | —                            | 1,076            |
| Salary & Benefits           | 2,467                                    | 10,319          | 298                           | 103,647               | 8,394                      | 261                      | 19,700                       | 145,086          |
| Supplies & Material         | 1,802                                    | 85              | 175                           | —                     | —                          | —                        | —                            | 2,062            |
| Transfer to Infrastructure  | 175                                      | —               | —                             | —                     | —                          | —                        | —                            | 175              |
| Capital Improvement Program | 9,307                                    | 5,586           | —                             | —                     | —                          | —                        | —                            | 14,893           |
| <b>Total</b>                | <b>\$16,680</b>                          | <b>\$27,984</b> | <b>\$1,679</b>                | <b>\$108,867</b>      | <b>\$9,270</b>             | <b>\$8,147</b>           | <b>\$19,700</b>              | <b>\$192,327</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, 2024 Projected Unrestricted Assets</b> | 18,174                                   | 25,271          | 482                           | 7,276                 | 3,609                      | 1,723                    | 2,480                        | 59,015                       |
| FY 2025 Adopted Changes                            | (5,099)                                  | (7,022)         | (20)                          | (2,133)               | (996)                      | (1,258)                  | (29)                         | (16,557)                     |
| <b>June 30, 2025 Projected Unrestricted Assets</b> | 13,075                                   | 18,249          | 462                           | 5,143                 | 2,613                      | 465                      | 2,451                        | 42,458                       |



# 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% 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% of the estimated construction valuation or pay the 1% to the Public Art Fund. In FY 2025, 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% 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 2025 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 2025, primarily reflecting anticipated receipts in the Park Impact and Parkland Dedication Funds. The FY

## SPECIAL REVENUE FUNDS OVERVIEW

2025 Capital Budget includes transfers of \$2.9 million for projects such as the Library Automated Material Handling (LB-21000) (\$383,000), Rinconada Pool Family Changing Room (PE-24004) (\$371,000), Park Restroom Installation (PG-19000) (\$630,000), Fire Station 4 Replacement (PE-18004) (\$95,000), Electrification of City Facilities (PE-24001) (\$490,000), Facility Interior Finishes Replacement (PF-02022) (\$440,000), and Byxbee Park Completion (PE-18006) (\$450,000). These actions may be restated from prior years due to annual capital reappropriations. Further detail on planned expenses is available in the FY 2025 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 2022-2023 report was transmitted on February 5, 2024 (Report # 2308-1858).

### 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 2024 projected revenues at an estimated \$3.6 million. Revenues in this category are used for transportation and traffic-related capital projects.

In FY 2025, \$3.4 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 2025 - 2029 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 was completed in December 2023 and the resulting city-wide average PCI score is 84.

### 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 2024-2025 Action Plan was approved by City Council on June 18, 2024 after the adoption of the FY 2025 Budget. More information about the Action Plan can be found here: <https://www.cityofpaloalto.org/Departments/Planning-Development-Services/Housing-Policies-Projects/Community-Development-Block-Grant>.



## 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. For FY 2025, \$2.3 million in-lieu fees are anticipated. These estimates remain constant from FY 2024 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 2022-2023 report was transmitted on February 5, 2024 (Report # 2308-1858). As of June 30, 2023, these funds had a balance of approximately \$57.4 million. The majority of this funding is committed to projects in progress and loans.

## 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 2025, 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 (Report # 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 recommendations based on continued recovery from the pandemic.

This FY 2025 Budget includes the following significant adjustments:

- Revenue increase of \$0.3 million (ongoing) in the University Avenue Parking Fund to reflect higher anticipated permit sales in the Downtown area.
- A transfer of \$0.1 million (one-time) to the Capital Improvement Fund to support parking improvements in the California Avenue parking district.
- A subsidy increase of \$1.5 million (ongoing) from the General Fund across all three parking funds (University Avenue, California Avenue, and the Residential Preferential Parking Permit) to ensure financial solvency due to anticipated operating deficits.

## SPECIAL REVENUE FUNDS OVERVIEW

- Revenue reduction of \$0.1 million (ongoing) in the RPP Fund to reflect lower demand for residential parking.

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 2025 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 2025, \$276,000 in traffic mitigation and parking in-lieu fees are anticipated. These estimates remain steady with FY 2024 revenues and are based on historical tracking and Office of Transportation (OOT) staff projections. The FY 2025 - 2029 Capital Improvement Plan includes transfers to the New Downtown Parking Garage (PE-15007) (\$5.4 million) and Traffic Signal and Intelligent Transportation Systems (PL-05030) (\$395,000) projects. These actions may be restated from prior years due to annual capital reappropriations. Further detail on planned expenses is available in the FY 2025 Capital Budget.

Of note, the City Council approved recommendations on April 22, 2019 (Report # 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 (Report # 11219) 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. The City Council continued the direction to waive fees and assessments levied for FY 2021 and FY 2022 (Reports # 11872 and # 12167, respectively).

## SPECIAL REVENUE FUNDS OVERVIEW

The City Council approved the resumption of the business registry certificate (BRC) program for FY 2023, including associated fees (Report # 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 downtown businesses on transferring BID management. 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 (Report # 2303-1184). The City Council considered a recommendation in May 2024 regarding the collection of BID program fees for FY 2025 and decided to continue pausing BID assessments for an additional year (Report # 2403-2822).

### **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 2022-2023 are included in Report # 2312-2463.

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 \$1.1 million. The FY 2025 Budget includes a \$0.4 million 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 was approved by the City Council in FY 2023 is estimated to continue for three and a half years or until funds are exhausted in this category. There are no planned transfers in FY 2025 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 \$1.0 million. There are no planned transfers in FY 2025 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 \$1.2 million. There are no planned transfers in FY 2025 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.

## SPECIAL REVENUE FUNDS OVERVIEW

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 \$4.0 million. The FY 2025 Adopted Capital Improvement Budget includes a transfer for Fire Station 4 Replacement (PE-18004) (\$4.1 million). Interest revenue earned during the year is expected to cover the difference between the beginning balance and the transfer amount.

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 \$0.3 million. There are no planned transfers in FY 2025 to the Capital Improvement Fund.

A more detailed presentation of the FY 2025 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<br>(\$000)    | Public<br>Art Fund | Com.<br>Dev.<br>Funds | Bus.<br>Improv.<br>District | Housing<br>In-Lieu<br>Funds | Street<br>Improv.<br>Fund | Federal<br>and State<br>Rev.<br>Funds | Special<br>District<br>Funds | Traffic<br>Mitig.<br>and<br>Parking<br>In-Lieu<br>Funds | Stan.<br>Univ.<br>Medical<br>Center<br>Fund | Total         |
|----------------------------|--------------------|-----------------------|-----------------------------|-----------------------------|---------------------------|---------------------------------------|------------------------------|---|---|---------------|
| <b>Revenues</b>            |                    |                       |                             |                             |                           |                                       |                              |   |   |               |
| Charges for Services       | 275                | 673                   | -                           | -                           | -                         | -                                     | -                            | 276   | -   | 1,224         |
| From Other Agencies        | -                  | -                     | -                           | -                           | 3,709                     | -                                     | -                            | -   | -   | 3,709         |
| Net Sales                  | -                  | -                     | -                           | -                           | -                         | -                                     | 884                          | -   | -   | 884           |
| Operating Transfers-In     | 184                | -                     | -                           | -                           | -                         | -                                     | 2,376                        | -   | -   | 2,560         |
| Other Revenue              | -                  | -                     | -                           | 2,345                       | -                         | -                                     | 51                           | -   | -   | 2,396         |
| Other Taxes and Fines      | -                  | -                     | -                           | -                           | -                         | -                                     | 103                          | -   | -   | 103           |
| Permits and Licenses       | -                  | -                     | -                           | -                           | -                         | -                                     | 1,630                        | -   | -   | 1,630         |
| Rental Income              | -                  | -                     | -                           | 9                           | -                         | -                                     | -                            | -   | -   | 9             |
| Return on Investments      | 55                 | 161                   | 1                           | 335                         | 2                         | 18                                    | 58                           | 322   | 295   | 1,247         |
| <b>Total Revenues</b>      | <b>514</b>         | <b>834</b>            | <b>1</b>                    | <b>2,689</b>                | <b>3,710</b>              | <b>18</b>                             | <b>5,102</b>                 | <b>598</b>  | <b>295</b>                                  | <b>13,762</b> |
| <b>Expenses</b>            |                    |                       |                             |                             |                           |                                       |                              |   |   |               |
| Allocated Charges          | 6                  | -                     | -                           | 2                           | -                         | 1                                     | 521                          | -   | -   | 530           |
| Contract Services          | 60                 | -                     | -                           | 247                         | -                         | -                                     | 2,231                        | -   | -   | 2,538         |
| General Expense            | 1                  | -                     | -                           | 53                          | -                         | -                                     | 236                          | -   | -   | 290           |
| Operating Transfers-Out    | -                  | -                     | -                           | -                           | 324                       | -                                     | 142                          | -   | 366   | 832           |
| Rents & Leases             | -                  | -                     | -                           | -                           | -                         | -                                     | 130                          | -   | -   | 130           |
| Salary & Benefits          | 293                | -                     | -                           | 67                          | -                         | 60                                    | 1,811                        | -   | -   | 2,231         |
| Supplies & Material        | -                  | -                     | -                           | -                           | -                         | -                                     | 106                          | -   | -   | 106           |
| Transfer to Infrastructure | -                  | 2,859                 | -                           | -                           | 3,384                     | -                                     | 100                          | 5,794   | 4,075                                       | 16,212        |
| <b>Total Expenses</b>      | <b>360</b>         | <b>2,859</b>          | <b>-</b>                    | <b>369</b>                  | <b>3,709</b>              | <b>60</b>                             | <b>5,277</b>                 | <b>5,794</b>  | <b>4,441</b>                                | <b>22,869</b> |

## SPECIAL REVENUE FUNDS OVERVIEW

# Consolidated Special Revenue Funds

| Fund Summary (\$000)                    | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|---|-----------------|-----------------|------------------------|------------------------|-------------------|------------------|
| <b>REVENUES</b>                         |                 |                 |                        |                        |                   |                  |
| Gas Tax                                 | 2,960           | 3,249           | 3,502                  | 3,709                  | 207               | 5.9%             |
| Federal CDBG*                           | 434             | 137             | 514                    | -                      | (514)             | -100.0%          |
| Housing In-Lieu                         | 1,790           | 49              | 2,150                  | 2,150                  | -                 | -%               |
| Traffic Mitigation Fees                 | 252             | -               | 276                    | 276                    | -                 | -%               |
| Developer Impact Fees                   | 1,094           | 516             | 673                    | 673                    | -                 | -%               |
| Parking Mitigation Fees                 | 2,175           | 12,772          | 2,434                  | 2,617                  | 183               | 7.5%             |
| BID Assessment                          | 1               | -               | -                      | -                      | -                 | -%               |
| Interest Income                         | 943             | 1,257           | 923                    | 1,247                  | 324               | 35.1%            |
| Other Revenue                           | 548             | 951             | 678                    | 530                    | (148)             | -21.8%           |
| <b>Subtotal Revenue</b>                 | <b>10,197</b>   | <b>18,932</b>   | <b>11,150</b>          | <b>11,201</b>          | <b>51</b>         | <b>0.5%</b>      |
| <b>Transfers In</b>                     |                 |                 |                        |                        |                   |                  |
| General Fund                            | 521             | 935             | 985                    | 2,485                  | 1,500             | 152.3%           |
| Technology Fund                         | 27              | 27              | 23                     | 23                     | -                 | -%               |
| Utility Admin Fund                      | 60              | 60              | 52                     | 52                     | -                 | -%               |
| <b>Subtotal Operating Transfers In</b>  | <b>608</b>      | <b>1,022</b>    | <b>1,060</b>           | <b>2,560</b>           | <b>1,500</b>      | <b>141.5%</b>    |
| <b>Total Source of Funds</b>            | <b>10,805</b>   | <b>19,954</b>   | <b>12,210</b>          | <b>13,762</b>          | <b>1,552</b>      | <b>12.7%</b>     |
| <b>EXPENDITURES</b>                     |                 |                 |                        |                        |                   |                  |
| General Expense                         | 6,367           | 5,128           | 6,076                  | 5,825                  | (251)             | -4.1%            |
| <b>Subtotal Expenditures</b>            | <b>6,367</b>    | <b>5,128</b>    | <b>6,076</b>           | <b>5,825</b>           | <b>(251)</b>      | <b>-4.1%</b>     |
| <b>Transfers Out</b>                    |                 |                 |                        |                        |                   |                  |
| General Fund                            | 547             | 460             | 829                    | 832                    | 3                 | 0.4%             |
| Capital Improvement Fund                | 7,949           | 10,309          | 18,838                 | 16,212                 | (2,626)           | -13.9%           |
| <b>Subtotal Operating Transfers Out</b> | <b>8,496</b>    | <b>10,770</b>   | <b>19,667</b>          | <b>17,044</b>          | <b>(2,623)</b>    | <b>-13.3%</b>    |
| <b>Total Use of Funds</b>               | <b>14,863</b>   | <b>15,897</b>   | <b>25,743</b>          | <b>22,869</b>          | <b>(2,874)</b>    | <b>-11.2%</b>    |
| <b>Net To (From) Reserves</b>           | <b>(4,058)</b>  | <b>4,057</b>    | <b>(13,533)</b>        | <b>(9,108)</b>         | <b>4,425</b>      | <b>-32.7%</b>    |

\*The CDBG Action Plan was passed after the adoption of the FY 2025 Budget. See Report # 2401-2562 for details.

# Community Development Block Grant Fund

|   | FY 2024<br>Adjusted<br>Budget | FY 2025<br>Agency<br>Requests (2) | FY 2025<br>Adopted<br>Budget (3) |
|---|-------------------------------|-----------------------------------|----------------------------------|
| <b>SOURCE OF FUNDS</b>  |                               |                                   |                                  |
| Housing & Urban Development, current year   | 514,242                       | -                                 | -                                |
| Housing & Urban Development, prior years  | -                             | -                                 | -                                |
| Prior Year Excess/Reallocation (1)  | -                             | -                                 | -                                |
| <b>Program Income</b>   |                               |                                   |                                  |
| Palo Alto Housing Corporation   | 100,000                       | -                                 | -                                |
| <b>TOTAL SOURCE OF FUNDS</b>  | <b>614,242</b>                | <b>-</b>                          | <b>-</b>                         |
| <b>USE OF FUNDS</b>   |                               |                                   |                                  |
| <b>Public Service</b>   |                               |                                   |                                  |
| Palo Alto Housing Corporation - SRO Resident Support Services                                     | 14,000                        | 11,757                            | -                                |
| Catholic Charities - Long-Term Care Ombudsman   | 10,000                        | 7,575                             | -                                |
| LifeMoves (formerly InnVision) - Opportunity Service Center                                       | 23,636                        | 28,247                            | -                                |
| Silicon Valley Independent Living - Housing and Emergency Services                                | 16,500                        | 14,075                            | -                                |
| Peninsula Healthcare Connection - Harm Reduction Services   | 10,000                        | -                                 | -                                |
| Project Sentinel/Fair Housing Services  | 18,124                        | 15,575                            | -                                |
| <b>Subtotal: Public Service</b>   | <b>92,136</b>                 | <b>77,229</b>                     | <b>-</b>                         |
| <b>Planning and Administration</b>  |                               |                                   |                                  |
| Project Sentinel/Fair Housing Services  | -                             | -                                 | -                                |
| City of Palo Alto - CDBG Administration includes 0.10 FTE & 0.48 Hourly CDBG Administrative Staff | 122,848                       | 114,730                           | -                                |
| <b>Subtotal: Planning and Administration</b>  | <b>122,848</b>                | <b>114,730</b>                    | <b>-</b>                         |
| <b>Housing, Economic Development, Capital Projects, &amp; Public Facilities</b>                   |                               |                                   |                                  |
| 525 E. Charleston   | -                             | -                                 | -                                |
| ADA Curb Ramp Project   | 211,673                       | -                                 | -                                |
| Rebuilding Together Peninsula - Safe at Home  | 73,585                        | 73,585                            | -                                |
| WeeCare   | 114,000                       | 120,000                           | -                                |

## SPECIAL REVENUE FUNDS OVERVIEW

# Community Development Block Grant Fund

|   | FY 2024<br>Adjusted<br>Budget | FY 2025<br>Agency<br>Requests (2) | FY 2025<br>Adopted<br>Budget (3) |
|---|-------------------------------|-----------------------------------|----------------------------------|
| Community Work Group/Abode - Alma Garden                              | -                             | 404,800                           | -                                |
| Fire Station - Sidewalk Improvements                                  | -                             | 62,646                            | -                                |
| Homekey Palo Alto - Recreation Project                                | -                             | 185,000                           | -                                |
| <b>Subtotal: Housing, Economic Development &amp; Capital Projects</b> | <b>399,258</b>                | <b>846,031</b>                    | <b>-</b>                         |
| <b>Total: FY 2023 CDBG Entitlement and Program Income Uses</b>        | <b>614,242</b>                | <b>1,037,990</b>                  | <b>-</b>                         |
| <b>Housing Assistance</b>   |                               |                                   |                                  |
| MOVE Mountain View - Safe Parking Program                             | -                             | 110,000                           | -                                |
| <b>Subtotal: Housing Assistance</b>                                   | <b>-</b>                      | <b>110,000</b>                    | <b>-</b>                         |
| <b>COVID-19 Testing and PPE Equipment</b>                             |                               |                                   |                                  |
| LifeMoves - COVID-19 Testing Program                                  | -                             | -                                 | -                                |
| <b>Subtotal: COVID-19 Testing and PPE Equipment</b>                   | <b>-</b>                      | <b>-</b>                          | <b>-</b>                         |
| City of Palo Alto - Coronavirus Administration                        | -                             | 9,479                             | -                                |
| <b>Subtotal: CDBG Coronavirus (CV) Grant Funds Uses</b>               | <b>-</b>                      | <b>9,479</b>                      | <b>-</b>                         |
| <b>Unallocated</b>  | <b>-</b>                      | <b>-</b>                          | <b>-</b>                         |
| <b>TOTAL USE OF FUNDS</b>   | <b>614,242</b>                | <b>1,157,468</b>                  | <b>-</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.

(3) The 2024-2025 Action Plan was approved by City Council on June 18, 2024 after the adoption of the FY 2025 Budget. The Action Plan is documented in Report # 2401-2562.



## SPECIAL REVENUE FUNDS OVERVIEW

# University Avenue Parking Permit Fund

|   | FY 2024<br>Adopted<br>Budget | FY 2024<br>Adjusted<br>Budget | FY 2025<br>Adopted<br>Budget |
|---|------------------------------|-------------------------------|------------------------------|
| <b>Revenues</b>   |                              |                               |                              |
| Permit Sales  | 1,100,000                    | 1,100,000                     | 1,400,000                    |
| Day Passes  | 150,000                      | 150,000                       | 165,000                      |
| Ticket Machine  | 350,000                      | 350,000                       | 330,000                      |
| Transfer from Other Funds for City Share                      | 376,200                      | 376,200                       | 376,200                      |
| General Fund Subsidy  | -                            | -                             | 700,000                      |
| Investment Income   | 30,500                       | 30,500                        | 41,800                       |
| Electric Vehicle Charge Fee                                   | 26,000                       | 26,000                        | 26,000                       |
| <b>Total Revenue</b>  | <b>2,032,700</b>             | <b>2,032,700</b>              | <b>3,039,000</b>             |
| <b>Expenditures</b>   |                              |                               |                              |
| <b>Administration</b>   |                              |                               |                              |
| Positions   | 1.66                         | 1.66                          | 1.66                         |
| Salaries & Benefits   | 321,579                      | 328,628                       | 329,984                      |
| Contract Staffing   | 50,000                       | 50,000                        | 40,000                       |
| Parking Occupancy Services                                    | 25,000                       | 25,000                        | 35,000                       |
| Miscellaneous Supplies  | 15,000                       | 15,000                        | 15,000                       |
| Ticket Machine (bankcard services, transmission, maintenance) | 20,000                       | 20,000                        | 20,000                       |
| <b>Subtotal Administration</b>                                | <b>431,579</b>               | <b>438,628</b>                | <b>439,984</b>               |
| <b>Maintenance</b>  |                              |                               |                              |
| Positions   | 3.87                         | 3.87                          | 3.87                         |
| Salaries & Benefits   | 687,074                      | 702,029                       | 701,667                      |
| Supplies  | 60,090                       | 60,090                        | 60,090                       |
| Twinkle/Tree Lights   | 30,000                       | 30,000                        | 22,000                       |
| Maintenance (garage, elevator, fire sprinkler, fire alarm)    | 130,800                      | 130,800                       | 194,140                      |
| Landscaping   | 23,258                       | 36,644                        | 42,739                       |
| Custodial (janitorial services)                               | 218,931                      | 218,931                       | 236,000                      |

## SPECIAL REVENUE FUNDS OVERVIEW

# University Avenue Parking Permit Fund

|  | FY 2024<br>Adopted<br>Budget | FY 2024<br>Adjusted<br>Budget | FY 2025<br>Adopted<br>Budget |
|--|------------------------------|-------------------------------|------------------------------|
| Steam Cleaning/power washing, sweeping   | 355,270                      | 355,270                       | 462,860                      |
| Public Toilets   | 230,000                      | 230,000                       | 130,000                      |
| EV Charges   | 12,900                       | 12,900                        | 12,900                       |
| APGS Maintenance   | 168,000                      | 168,000                       | 168,000                      |
| <b>Subtotal Maintenance</b>  | <b>1,916,323</b>             | <b>1,944,664</b>              | <b>2,030,396</b>             |
| <b>Police Patrol</b>   |                              |                               |                              |
| Positions  | 0.50                         | 0.50                          | 0.50                         |
| Salaries & Benefits  | 139,000                      | 139,000                       | 142,000                      |
| <b>Subtotal Patrols</b>  | <b>139,000</b>               | <b>139,000</b>                | <b>142,000</b>               |
| <b>Other</b>   |                              |                               |                              |
| Valet Programs (Lots R, CC, CW, & S)   | -                            | -                             | -                            |
| Downtown Streets Team  | 116,305                      | 116,305                       | 134,538                      |
| Transportation Management Authority (TMA)<br>(\$200,000 Total, \$25,000 shifted to General Fund) | 175,000                      | 175,000                       | 200,000                      |
| Utilities/Indirect costs   | 238,738                      | 238,738                       | 250,309                      |
| Transfer to CIP Fund   | -                            | -                             | -                            |
| <b>Subtotal Other</b>  | <b>530,043</b>               | <b>530,043</b>                | <b>584,847</b>               |
| <b>Total Operating Expenses</b>  | <b>3,016,944</b>             | <b>3,052,334</b>              | <b>3,197,227</b>             |
| <b>Income from Operations</b>  | <b>(984,244)</b>             | <b>(1,019,634)</b>            | <b>(158,227)</b>             |

# California Avenue Parking Permit Fund

|  | FY 2024<br>Adopted<br>Budget | FY 2024<br>Adjusted<br>Budget | FY 2025<br>Adopted<br>Budget |
|--|------------------------------|-------------------------------|------------------------------|
| <b>Revenues</b>                                      |                              |                               |                              |
| Permit Sales   | 202,000                      | 202,000                       | 230,000                      |
| Day Passes   | 30,000                       | 30,000                        | 12,000                       |
| Investment Income                                    | 8,600                        | 8,600                         | 2,000                        |
| Electric Vehicle Charge                              | 25,000                       | 25,000                        | 25,000                       |
| Transfer from General Fund                           | 450,000                      | 450,000                       | 800,000                      |
| <b>Total Revenue</b>                                 | <b>715,600</b>               | <b>715,600</b>                | <b>1,069,000</b>             |
| <b>Expenditures</b>                                  |                              |                               |                              |
| <b>Administration</b>                                |                              |                               |                              |
| Positions  | 1.05                         | 1.05                          | 1.05                         |
| Salaries & Benefits                                  | 195,055                      | 199,208                       | 202,415                      |
| Miscellaneous Supplies                               | 22,940                       | 22,940                        | 22,620                       |
| <b>Subtotal Administration</b>                       | <b>217,995</b>               | <b>222,148</b>                | <b>225,035</b>               |
| <b>Maintenance</b>                                   |                              |                               |                              |
| Positions  | 0.43                         | 0.43                          | 0.43                         |
| Salaries & Benefits                                  | 87,250                       | 89,000                        | 91,555                       |
| Supplies   | 7,855                        | 7,855                         | 7,855                        |
| <b>Contracts</b>                                     |                              |                               |                              |
| Garage Maintenance                                   | 86,804                       | 86,804                        | 138,736                      |
| Pressure Washing and Sweeping (all garages and lots) | 45,937                       | 45,937                        | 73,419                       |
| Landscaping  | 13,083                       | 20,613                        | 24,041                       |
| Custodial  | 61,400                       | 61,400                        | 98,133                       |
| Street Sweeping                                      | 76,800                       | 76,800                        | 122,747                      |
| APGS Maintenance                                     | 38,200                       | 38,200                        | 38,200                       |

## SPECIAL REVENUE FUNDS OVERVIEW

# California Avenue Parking Permit Fund

|                                 | FY 2024<br>Adopted<br>Budget | FY 2024<br>Adjusted<br>Budget | FY 2025<br>Adopted<br>Budget |
|---------------------------------|------------------------------|-------------------------------|------------------------------|
| EV Chargers                     | 36,000                       | 36,000                        | 36,000                       |
| Twinkle Lights                  | 10,000                       | 10,000                        | 10,000                       |
| <b>Subtotal Maintenance</b>     | <b>463,329</b>               | <b>472,609</b>                | <b>640,686</b>               |
| Utilities/Indirect costs        | 81,948                       | 81,948                        | 129,534                      |
| Transfer to CIP PF-25000        | -                            | -                             | 100,000                      |
| <b>Subtotal Other</b>           | <b>81,948</b>                | <b>81,948</b>                 | <b>229,534</b>               |
| <b>Total Operating Expenses</b> | <b>763,272</b>               | <b>776,705</b>                | <b>1,095,255</b>             |
| <b>Income from Operations</b>   | <b>(47,672)</b>              | <b>(61,105)</b>               | <b>(26,255)</b>              |

## SPECIAL REVENUE FUNDS OVERVIEW

# Stanford Development Agreement Fund

|   | FY 2024<br>Estimated | FY 2025<br>Adopted<br>Budget | Change             |
|---|----------------------|------------------------------|--------------------|
| <b>SOURCE OF FUNDS</b>  |                      |                              |                    |
| Unrestricted - Community Health and Safety                                    | 1,095,118            | 1,119,764                    | 24,646             |
| Unrestricted - Stanford Hospital Expansion Cost Mitigation                    | 1,741,438            | 1,029,768                    | (711,670)          |
| Unrestricted - Intermodal Transit   | 1,187,384            | 1,213,922                    | 26,538             |
| Unrestricted - Quarry Road Improvements                                       | -                    | -                            | -                  |
| Unrestricted - Neighborhoods and Communities and Affordable Housing           | 8,346,564            | 3,958,674                    | (4,387,890)        |
| Unrestricted - Climate Change   | 305,737              | 317,713                      | 11,976             |
| <b>Total Beginning Fund Balance</b>   | <b>12,676,241</b>    | <b>7,639,841</b>             | <b>(5,036,400)</b> |
| <b>Revenue</b>  |                      |                              |                    |
| Interest - Community Health and Safety  | 24,646               | 43,296                       | 18,650             |
| Interest - Stanford Hospital Expansion Cost Mitigation                        | 38,330               | 39,817                       | 1,487              |
| Interest - Intermodal Transit   | 26,538               | 46,937                       | 20,399             |
| Interest - Quarry Road Improvements   | -                    | -                            | -                  |
| Interest - Neighborhoods and Communities and Affordable Housing               | 187,110              | 153,065                      | (34,045)           |
| Interest - Climate Change   | 11,976               | 12,285                       | 309                |
| <b>Total Revenue</b>  | <b>288,600</b>       | <b>295,400</b>               | <b>6,800</b>       |
| <b>TOTAL SOURCE OF FUNDS</b>  | <b>12,964,841</b>    | <b>7,935,241</b>             | <b>(5,029,600)</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         | 750,000              | -                            | (750,000)          |
| Intermodal Transit: Capital Improvement Fund                                  | -                    | -                            | -                  |
| Quarry Road Improvements: Capital Improvement Fund                            | -                    | -                            | -                  |
| Neighborhood and Communities and Affordable Housing: Capital Improvement Fund | 4,575,000            | 4,075,000                    | (500,000)          |

## SPECIAL REVENUE FUNDS OVERVIEW

# Stanford Development Agreement Fund

|   | FY 2024<br>Estimated | FY 2025<br>Adopted<br>Budget | Change             |
|---|----------------------|------------------------------|--------------------|
| Climate Change: Capital Improvement Fund                            | -                    | -                            | -                  |
| <b>Total Transfers</b>  | <b>5,325,000</b>     | <b>4,441,000</b>             | <b>(884,000)</b>   |
| <b>Total Expenditures</b>   | <b>5,325,000</b>     | <b>4,441,000</b>             | <b>(884,000)</b>   |
| <b>Ending Fund Balance</b>  |                      |                              |                    |
| Unrestricted - Community Health and Safety                          | 1,119,764            | 797,061                      | (322,704)          |
| Unrestricted - Stanford Hospital Expansion Cost Mitigation          | 1,029,768            | 1,069,585                    | 39,817             |
| Unrestricted - Intermodal Transit                                   | 1,213,922            | 1,260,860                    | 46,937             |
| Unrestricted - Quarry Road Improvements                             | -                    | -                            | -                  |
| Unrestricted - Neighborhoods and Communities and Affordable Housing | 3,958,674            | 36,739                       | (3,921,935)        |
| Unrestricted - Climate Change                                       | 317,713              | 329,997                      | 12,285             |
| <b>Total Ending Fund Balance</b>                                    | <b>7,639,841</b>     | <b>3,494,241</b>             | <b>(4,145,600)</b> |
| <b>TOTAL USE OF FUNDS</b>   | <b>12,964,841</b>    | <b>7,935,241</b>             | <b>(5,029,600)</b> |



# DEBT SERVICE FUNDS





CITY OF  
**PALO  
ALTO**



# 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 the 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% 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% of annual operating expenses unless an exception is approved by City Council.

B. Minimize borrowing costs by:

## DEBT SERVICE FUNDS OVERVIEW

- 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 (a.k.a. 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.

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% 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.

The City's Debt Policy, approved in April 2017, complies with the state legislature adopted Senate Bill (SB) 1029 (Hertzberg), that requires 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. This statute also requires reporting 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 \$46.5 billion for the fiscal year ending June 30, 2023, the City is limited to general obligation indebtedness of \$1.7 billion per State law. As of June 30, 2023, the amount of debt applicable to the debt limit was \$48.2 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% to 5.0%, and are payable from property tax revenues.

As of June 30, 2024, for the 2013A Series, \$11.2 million principal and \$5.0 million interest will be the remaining debt service on the bond with final payment occurring in FY 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% over the life of the bonds.

As of June 30, 2024, for the 2022A and 2022B refinanced bonds, \$33.3 million and \$2.1 million in principal and \$15.3 million and \$0.3 million interest will be the remaining debt service on the bonds with the final payment occurring in FY 2041 and FY 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 amount (except certain personal property which is taxable at limited rates) until the final maturity dates of the bonds. For FY 2024, the City expects to receive \$4.0 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%. The debt service payments are payable solely from and secured by the lease

## DEBT SERVICE FUNDS OVERVIEW

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, 2024, for the 2018 COPs Series, \$8.0 million principal and \$4.6 million interest will be the remaining debt service on the bonds with the final payment occurring in FY 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% with the tax-exempt bonds' TIC being 3.52% and taxable bonds' TIC being 4.32%. As of June 30, 2024, for the tax-exempt and taxable bonds, \$25.8 million and \$8.6 million principal and \$15.8 million and \$8.6 million interest will be the remaining debt service on the bonds with the final payment occurring in FY 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%. As of June 30, 2024, for the COPs, \$99.4 million principal and \$35.9 million interest will be the remaining debt service on the bonds with final payment occurring in FY 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%), Wastewater Treatment (64.6%) and Storm-water Management (25.2%). 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. This is fully paid as of FY 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% to 6.0%. 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% 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% in 2013 and were 33.7% 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 \$20.4 million principal and \$7.2 million interest as the remaining debt service on the bonds as of June 30, 2024 with final payment occurring in FY 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% 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% to 4.0%. 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 \$2.8 million principal and \$0.1 million interest remaining debt service on the bonds as of June 30, 2024 with final payment occurring in FY 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, 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 balance due to the City on June 30, 2024 is \$1.5 million.

The pledge of future net revenues of the above funds ends upon repayment of the \$1.9 million principal and \$0.4 million in-substance interest as the remaining debt service on the bonds as of June 30, 2024 with final payment occurring in FY 2029.

## DEBT SERVICE FUNDS OVERVIEW

### 2009 State Water Resources Loan

In October 2009, the City approved an \$8.6 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 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 \$3.5 million principal and \$0.1 million interest as the remaining debt service on the bonds as of June 30, 2024 with final payment occurring in FY 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%, 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, however the actual loan was \$25.2 million, net of \$4.0 million loan principal forgiveness from the federal funded grant (by the U.S. Environmental Protection Agency) and other adjustments for actual costs.

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% with the partner agencies paying 61.8%. The pledge of future net revenues of the above funds ends upon repayment of the \$21.8 million principal and \$5.5 million interest and service charge as the remaining debt service on the bonds as of June 30, 2024 with final payment occurring in FY 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%, payable over 30 years, 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, an 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% with the partner agencies paying 61.8%. 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 FY 2054.

## 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%, 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 this is still pending final approval from the SWRCB.

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% with the partner agencies paying 61.8%. 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 FY 2060. 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 several times, the most recent being in May 2022 by S&P and March 2024 by Moody's. The COPS were also rated AA+ and Aa1 by both Moody's and S&P, 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 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|---|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| <b>Revenues</b>                           |                    |                    |                              |                              |                      |                     |
| Property Tax                              | 4,279              | 4,153              | 4,396                        | 4,221                        | (175)                | -3.98%              |
| Bond Proceeds                             | 41,325             | -                  | -                            | -                            | -                    | 0.00%               |
| Return on Investments                     | 21                 | 32                 | 20                           | 24                           | 4                    | 20.00%              |
| Subtotal Revenues                         | 45,625             | 4,185              | 4,416                        | 4,245                        | (171)                | -3.87%              |
| <b>Operating Transfers In</b>             |                    |                    |                              |                              |                      |                     |
| General Fund                              | 530                | 529                | 527                          | 526                          | (1)                  | -0.19%              |
| Capital Projects Fund                     | 2,380              | 3,912              | 7,379                        | 7,374                        | (5)                  | -0.07%              |
| Subtotal Operating Transfers              | 2,910              | 4,441              | 7,906                        | 7,900                        | (6)                  | -0.08%              |
| <b>Total Source of Funds</b>              | <b>48,535</b>      | <b>8,626</b>       | <b>12,322</b>                | <b>12,145</b>                | <b>(177)</b>         | <b>-1.44%</b>       |
| <b>Expenses</b>                           |                    |                    |                              |                              |                      |                     |
| 2010 & 2013 Library GO Bonds Interest     | 3,410              | 479                | 469                          | 449                          | (20)                 | -4.26%              |
| 2010 & 2013 Library GO Bonds Principal    | 44,825             | 485                | 505                          | 525                          | 20                   | 3.96%               |
| 2022A/B Library GO Bonds Interest         | -                  | 1,129              | 2,032                        | 1,751                        | (281)                | -13.83%             |
| 2022A/B Library GO Bonds Principal        | -                  | -                  | 1,105                        | 1,380                        | 275                  | 24.89%              |
| 2022A/B Library GO Bonds Issuance Expense | 265                | 72                 | -                            | -                            | -                    | 0.00%               |
| 2018A Golf and Refinancing COPS Interest  | 340                | 334                | 327                          | 321                          | (6)                  | -1.90%              |



## Debt Service Funds

|  | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|--|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| 2018A Golf and Refinancing<br>COPS Principal               | 190                | 195                | 200                          | 205                          | 5                    | 2.50%               |
| 2019A/B California Avenue<br>Parking Garage COPS Interest  | 1,731              | 1,710              | 1,680                        | 1,645                        | (35)                 | -2.11%              |
| 2019A/B California Avenue<br>Parking Garage COPS Principal | 645                | 665                | 690                          | 720                          | 30                   | 4.35%               |
| 2021 Public Safety Building<br>COPS Interest               | 3,122              | 2,927              | 2,874                        | 2,764                        | (110)                | -3.83%              |
| 2021 Public Safety Building<br>COPS Principal              | -                  | -                  | 2,135                        | 2,245                        | 110                  | 5.15%               |
| 2021 Public Safety Building<br>COPS Issuance Expense       | 11                 | -                  | -                            | -                            | -                    | 0.00%               |
| <b>Total Use of Funds</b>                                  | <b>54,539</b>      | <b>7,995</b>       | <b>12,017</b>                | <b>12,004</b>                | <b>(13)</b>          | <b>-0.11%</b>       |
| <b>Net to (from) Reserves</b>                              | <b>(6,004)</b>     | <b>631</b>         | <b>305</b>                   | <b>141</b>                   | <b>(164)</b>         |                     |



CITY OF  
**PALO  
ALTO**



# CITY DEPARTMENTS





CITY OF  
**PALO  
ALTO**

# CITY ATTORNEY

## Mission Statement

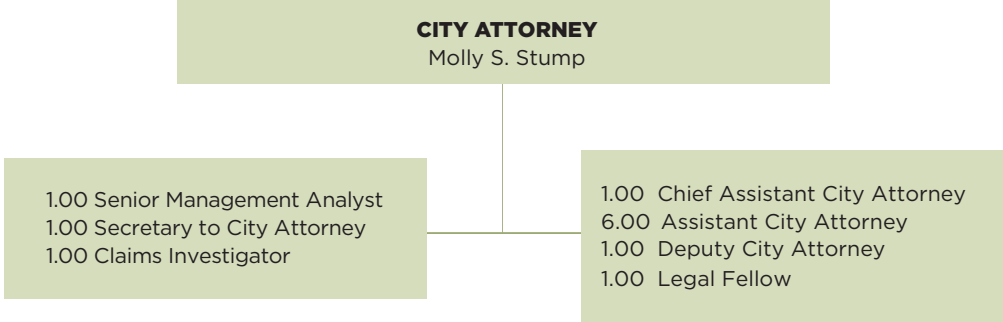


The Office of the City Attorney’s mission is to serve Palo Alto and its policymakers by providing legal representation of the highest quality.

## 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 2025 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

- Supported implementation of Housing Element programs and policies, including up-zoning to accommodate Regional Housing Needs Assessment (RHNA) and new standards for housing focus areas. Assisted in adoption of revised Housing Element in response to comments from the California Department of Housing and Community Development (HCD).
- Advanced climate action goals by updating the City's Electric Vehicle Infrastructure Incentive program.
- Supported adoption of a development agreement for the former Fry's site on Portage Avenue, including development of 74 townhomes and dedication of 3.25 acres to the City for open space and affordable housing.
- Supported implementation of new voter-approved business tax.
- Provided legal advice and strategic guidance on the Fiber to the Home/Premises initiative, including procurement of pilot project equipment and services, construction methods, and resolving conflicts in the right-of-way.
- Supported the Regional Water Quality Control Plant capital improvement project, including resolving bid protests and construction claims, drafting and negotiating contracts, assisting with state revolving fund loan financing, and amending partner agreements.
- Supported development of a Request for Information (RFI) for development partners for public-private project to increase parking and affordable housing in the University Avenue Downtown area.
- Provided legal and strategic support to secure financing for advanced water purification system from the City of Mountain View and the state revolving fund.
- Provided legal support for lease and construction negotiations for the History Museum at the Roth Building.
- Drafted renter protection ordinances and supported development of the residential rental registry.
- Provided legal support to the City's economic development initiatives, including support for the new Palo Alto Link on-demand transit service expansion to the Stanford Research Park.

## Initiatives

- Assist with implementation of approximately 75 Housing Element programs and policies scheduled to be initiated or completed in Fiscal Year 2025.
- Legal review and advice on options, challenges and alternatives to implement a wide variety of new and expansive S/CAP and electrification proposals.

## CITY ATTORNEY

- Continued legal support for the City's retail support initiatives and both near-term improvements and long-term planning for the future of University Avenue and California Avenue districts.
- Legal support for development of multi-family housing and supporting amenities in the El Camino Real and San Antonio housing focus areas.
- Legal support for consideration of various models of local government support for renters and rental housing.
- Update the City's stormwater management ordinance and regulations to comply with regional requirements. Revise the City's sewer and hauled waste ordinances.
- Assist the City's Utilities Department to comply with regulatory requirements and maximize local control regarding electric resource adequacy, cap and trade, low carbon fuel standards, and renewable portfolio requirements.
- Support consideration of grade separation alternatives for one or more rail crossings.
- Support negotiations and documentation for partial purchase and lease of Cubberley community center.
- Provide legal support for the 2024 election, including consideration of potential ballot measures.

## 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.  |                        |                               |                          |                               |
|   | <b>FY 2022 Actuals</b>  | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Percent of claims resolved within 45 days of filing | 97%   | 90%                    | 97%                           | 94%                      | 96%                           |
| 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.  |                        |                               |                          |                               |
|  | <b>FY 2022 Actuals</b>  | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Percent of surveyed who agree/strongly agree that the training provided is useful and relevant | 0%  | 98%                    | 96%                           | 97%                      | 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. The trend of high survey results resumed in FY 2023 and is expected to continue through FY 2025. |                        |                               |                          |                               |

## Workload Measures

|                          | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--------------------------|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of claims handled | 136             | 163             | 96                     | 85                | 86                     |

## Budget Summary

|                                    | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>         |                  |                  |                        |                        |                   |                  |
| Administration                     | 685,773          | 763,018          | 740,665                | 826,520                | 85,855            | 11.6%            |
| Consultation and Advisory          | 2,263,993        | 2,571,177        | 2,797,826              | 3,059,659              | 261,833           | 9.4%             |
| Litigation and Dispute Resolution  | 1,018,425        | 905,054          | 989,759                | 989,351                | (408)             | —%               |
| Official and Administration Duties | 110,110          | 115,544          | 140,170                | 147,563                | 7,393             | 5.3%             |
| <b>Total Dollars by Division</b>   | <b>4,078,302</b> | <b>4,354,793</b> | <b>4,668,420</b>       | <b>5,023,092</b>       | <b>354,673</b>    | <b>7.6%</b>      |
| <b>Dollars by Category</b>         |                  |                  |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>       |                  |                  |                        |                        |                   |                  |
| Healthcare                         | 144,152          | 198,854          | 214,498                | 244,463                | 29,966            | 14.0%            |
| Other Benefits                     | 99,692           | 100,140          | 80,063                 | 75,081                 | (4,982)           | (6.2)%           |
| Pension                            | 735,040          | 844,372          | 854,342                | 901,910                | 47,568            | 5.6%             |
| Retiree Medical                    | 115,536          | 132,604          | 115,797                | 151,394                | 35,597            | 30.7%            |
| Salary                             | 1,703,112        | 1,937,470        | 2,012,510              | 2,149,773              | 137,263           | 6.8%             |
| Workers' Compensation              | 75,219           | 76,759           | 87,982                 | 76,246                 | (11,736)          | (13.3)%          |
| <b>Total Salary and Benefits</b>   | <b>2,872,752</b> | <b>3,290,197</b> | <b>3,365,192</b>       | <b>3,598,867</b>       | <b>233,675</b>    | <b>6.9%</b>      |
| Allocated Charges                  | 146,271          | 171,601          | 200,136                | 214,183                | 14,047            | 7.0%             |
| Contract Services                  | 1,037,149        | 863,801          | 999,650                | 1,106,600              | 106,950           | 10.7%            |
| Facilities & Equipment             | —                | —                | 2,500                  | 2,500                  | —                 | —%               |
| General Expense                    | 19,314           | 19,114           | 71,380                 | 71,380                 | —                 | —%               |

# Budget Summary

|                                       | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|---------------------------------------|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| Rents & Leases                        | 1,054              | 1,982              | 2,130                        | 2,130                        | —                    | —%                  |
| Supplies & Material                   | 1,762              | 8,097              | 27,432                       | 27,432                       | —                    | —%                  |
| <b>Total Dollars by Category</b>      | <b>4,078,302</b>   | <b>4,354,793</b>   | <b>4,668,420</b>             | <b>5,023,092</b>             | <b>354,673</b>       | <b>7.6%</b>         |
| <b>Revenues</b>                       |                    |                    |                              |                              |                      |                     |
| Charges for Services                  | —                  | —                  | 28,052                       | 28,052                       | —                    | —%                  |
| Charges to Other Funds                | 1,493,388          | 1,457,706          | 1,886,006                    | 1,712,450                    | (173,556)            | (9.2)%              |
| Other Revenue                         | 8,000              | —                  | 10,789                       | 10,789                       | —                    | —%                  |
| <b>Total Revenues</b>                 | <b>1,501,388</b>   | <b>1,457,706</b>   | <b>1,924,847</b>             | <b>1,751,291</b>             | <b>(173,556)</b>     | <b>(9.0)%</b>       |
| <b>Positions by Division</b>          |                    |                    |                              |                              |                      |                     |
| Administration                        | 2.47               | 1.47               | 1.47                         | 1.47                         | —                    | —%                  |
| Consultation and Advisory             | 5.71               | 6.46               | 6.96                         | 6.96                         | —                    | —%                  |
| Litigation and Dispute<br>Resolution  | 1.49               | 1.71               | 1.71                         | 1.71                         | —                    | —%                  |
| Official and Administration<br>Duties | 0.33               | 0.36               | 0.36                         | 0.36                         | —                    | —%                  |
| <b>Total Positions by Division</b>    | <b>10.00</b>       | <b>10.00</b>       | <b>10.50</b>                 | <b>10.50</b>                 | <b>—</b>             | <b>—%</b>           |

# CITY ATTORNEY

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| Assistant City Attorney                         | 3.00            | 4.00            | 4.00                   | 4.00                   | —                  | 769,496            |
| Chief Assistant City Attorney                   | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 267,634            |
| City Attorney                                   | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 359,258            |
| Claims Investigator                             | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 94,224             |
| Deputy City Attorney                            | 1.00            | —               | 0.50                   | 0.50                   | —                  | 77,345             |
| Legal Fellow                                    | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 117,853            |
| Secretary to City Attorney                      | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 101,982            |
| Senior Management Analyst                       | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 146,723            |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>10.00</b>    | <b>10.00</b>    | <b>10.50</b>           | <b>10.50</b>           | <b>—</b>           | <b>\$1,934,515</b> |
| <b>Total Positions</b>                          | <b>10.00</b>    | <b>10.00</b>    | <b>10.50</b>           | <b>10.50</b>           | <b>—</b>           | <b>\$1,934,515</b> |

# Budget Reconciliation

|   | Positions | Expenditures | Revenues  | Fund Balance Cost/(Savings) |
|---|-----------|--------------|-----------|-----------------------------|
| <b>Prior Year Budget</b>                          | 10.50     | 4,668,420    | 1,924,847 | 2,743,573                   |
| <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                   | -         | 245,411      | -         | 245,411                     |
| Legal Software Licensing Adjustment               | -         | 6,950        | -         | 6,950                       |
| General Fund Cost Allocation Plan                 | -         | -            | (173,556) | 173,556                     |
| Information Technology Allocated Charges          | -         | 6,622        | -         | 6,622                       |
| Liability Insurance Allocated Charges             | -         | 7,925        | -         | 7,925                       |
| Printing & Mailing Services Allocated Charges     | -         | (500)        | -         | (500)                       |
| Workers' Compensation Allocated Charges           | -         | (11,736)     | -         | (11,736)                    |
| <b>Adjustments to Costs of Ongoing Activities</b> | -         | 254,672      | (173,556) | 428,228                     |
| <b>Total FY 2025 Base Budget</b>                  | 10.50     | 4,923,092    | 1,751,291 | 3,171,801                   |
| <b>Budget Adjustments</b>                         |           |              |           |                             |
| 1. New Claims and Litigation System               | -         | 100,000      | -         | 100,000                     |
| <b>Total Budget Adjustments</b>                   | -         | 100,000      | -         | 100,000                     |
| <b>Total FY 2025 Adopted Budget</b>               | 10.50     | 5,023,092    | 1,751,291 | 3,271,801                   |

# Budget Adjustments

| Budget Adjustments                  | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|-------------------------------------|-----------|--------------|----------|-----------------------------|
| 1. New Claims and Litigation System | -         | 100,000      | -        | 100,000                     |

This action allocates funding to replace the current claims and litigation system, CityLaw, with an updated platform aimed at enhancing security and efficiency. CityLaw is over 20 years old and transitioning to an updated system will enable staff to streamline processes and enhance the accuracy of managing claims and litigation concerning the City. (Ongoing cost: \$35,000)

**Performance Results**



This action will result in increased efficiency and accuracy for legal support City-wide.



CITY OF  
**PALO  
ALTO**

# 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**

Katherine Murdock

The Office of the City Auditor was transitioned to a multi-year contractual relationship with Baker Tilly in FY 2021. This new service delivery model went into effect October 1, 2020.

Additional information about this contract and appointment of the current City Auditor can be found in a report adopted by the City Council on May 6, 2024 (CMR 2404-2918).

<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 Fiscal Year 2021. Moving into Fiscal Year 2024, the City Auditor sought to build upon the successes of its initial years serving the City with the following achievements:

### 1) Execution of the Audit Plan:

- During the fiscal year, the Office of the City Auditor completed the following audit activities:
  - Non-Profit Agreements
  - Wire Payments
  - Utility Work Order and Asset Management
  - Remote Work Study
  - Cybersecurity Assessment
  - Wastewater Treatment Agreement
  - Investment Management
- During the fiscal year, the City Auditor also began its work on multiple audit activities including:
  - Public Safety Building (monthly review)
  - Parking Permit Technology Contracts
  - Disaster Recovery Preparedness

### 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 (Report #2311-2304, 1/22/2024).

## 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 2026 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 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|----------------------------------|-----------------|-----------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>       |                 |                 |                        |                        |                   |                  |
| Audit Services                   | 830,537         | 415,126         | 986,484                | 989,515                | 3,031             | —%               |
| <b>Total Dollars by Division</b> | <b>830,537</b>  | <b>415,126</b>  | <b>986,484</b>         | <b>989,515</b>         | <b>3,031</b>      | <b>—%</b>        |
| <b>Dollars by Category</b>       |                 |                 |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>     |                 |                 |                        |                        |                   |                  |
| Healthcare                       | 355             | —               | —                      | —                      | —                 | —%               |
| Other Benefits                   | 503             | —               | —                      | —                      | —                 | —%               |
| Pension                          | 11,992          | —               | —                      | —                      | —                 | —%               |
| Retiree Medical                  | 45,210          | —               | —                      | —                      | —                 | —%               |
| Salary                           | 34,682          | —               | —                      | —                      | —                 | —%               |
| Workers' Compensation            | 29,934          | —               | —                      | —                      | —                 | —%               |
| <b>Total Salary and Benefits</b> | <b>122,675</b>  | <b>—</b>        | <b>—</b>               | <b>—</b>               | <b>—</b>          | <b>—%</b>        |
| Allocated Charges                | 42,177          | 27,818          | 32,484                 | 33,515                 | 1,031             | 3.2%             |
| Contract Services                | 665,685         | 387,307         | 954,000                | 956,000                | 2,000             | —%               |
| <b>Total Dollars by Category</b> | <b>830,537</b>  | <b>415,126</b>  | <b>986,484</b>         | <b>989,515</b>         | <b>3,031</b>      | <b>—%</b>        |
| <b>Revenues</b>                  |                 |                 |                        |                        |                   |                  |
| Charges to Other Funds           | 341,396         | 138,140         | 452,858                | 440,068                | (12,790)          | (2.8)%           |
| <b>Total Revenues</b>            | <b>341,396</b>  | <b>138,140</b>  | <b>452,858</b>         | <b>440,068</b>         | <b>(12,790)</b>   | <b>(2.8)%</b>    |

# Budget Reconciliation

|   | Positions | Expenditures | Revenues | Fund Balance<br>Cost/(Savings) |
|---|-----------|--------------|----------|--------------------------------|
| <b>Prior Year Budget</b>                          | 0.00      | 986,484      | 452,858  | 533,626                        |
| <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> |           |              |          |                                |
| Auditor Services Contract Increase                | -         | 2,000        | -        | 2,000                          |
| General Fund Cost Allocation Plan                 | -         | -            | (12,790) | 12,790                         |
| Information Technology Allocated Charges          | -         | 1,531        | -        | 1,531                          |
| Printing & Mailing Services Allocated Charges     | -         | (500)        | -        | (500)                          |
| <b>Adjustments to Costs of Ongoing Activities</b> | -         | 3,031        | (12,790) | 15,821                         |
| <b>Total FY 2025 Base Budget</b>                  | 0.00      | 989,516      | 440,068  | 549,447                        |
| <b>Budget Adjustments</b>                         |           |              |          |                                |
| 1. None   | -         | -            | -        | -                              |
| <b>Total Budget Adjustments</b>                   | -         | -            | -        | -                              |
| <b>Total FY 2025 Adopted Budget</b>               | 0.00      | 989,516      | 440,068  | 549,447                        |



CITY OF  
**PALO**  
**ALTO**

# CITY CLERK

## Mission Statement



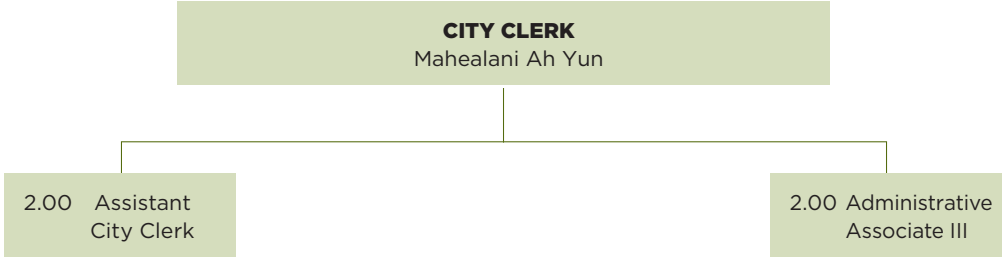
The City Clerk's Office promotes transparency and public engagement through coordinating the legislative process, records management, elections, public records requests, supporting the Mayor and City Council, and acting as a liaison between the City Council and the public.

## 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 2025 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

- Successfully finalized a contract with new vendor, eFile, implementing a modern and user-friendly interface for Campaign Disclosure and Form 700 filings, enhancing accessibility and efficiency.
- Administered comprehensive digital recordkeeping organization and conducted extensive inventory of all digital records identifying improvement areas.
- Enhanced accessibility of the online Public Records Portal through improved navigation features.
- Devised innovative approaches for acquiring and digitizing historical City records dating back to the 1890s stored on microfilm.
- Conducted training sessions for all departments on the best practices for handling California Public Records Requests.
- Developed tailored training sessions for Commission staff to streamline administrative operations and ensure uniformity.
- Successfully recruited and filled 80% of the staff positions in the office with no interruption of services provided to other city departments or the public.
- Initiated citywide records management and training program to include the records retention schedule and destruction process.
- Extended and optimized public hybrid format meetings across additional venues, augmenting public engagement avenues and bolstering transparency; hosted every public event in a filmed or hybrid location including the Council Reorganization meeting, Priority Setting workshop, and State of The City event.
- Prepared and published 42 City Council meeting agenda packets, and 37 Finance, Policy and Services, Rail, and Retail Committee agenda packets for a total of 79 public meetings.
- Supported approximately 300 hours of Council and Council Standing Committee meetings.
- Facilitated multiple Board and Commission recruitments and implemented new recruitment techniques for 19 different open seats, resulting in high numbers of applications received for each recruitment.
- Coordinated the responses to over 600 Public Records Requests.

## Initiatives

- Facilitate a successful Council and ballot measure election in November 2024.

## CITY CLERK

- Adopt City's Record Management Policy and Record Retention Schedule, and hold citywide trainings on public records policies and practices, including an update to the citywide email/Teams Chat retention policy.
- Streamline the citywide records destruction process.
- Continue auditing vital records stored off-site.
- Continue to refine and expand our Boards and Commissions recruiting, onboarding, and ongoing training.
- Fill vacancies in the City Clerk's Department to ensure uninterrupted services for the public and offer training opportunities to expand institutional knowledge and stay current on policies.
- Receive and coordinate legislative updates and efforts in collaboration with the City Manager's Office and all City departments.
- Assist with building workflows and archiving structure for all City contracts.
- Continue to identify ways to increase community engagement opportunities with the public.

## Goals and Objectives

### Goal 1

Enhance Records Management and Transparency

#### Objectives:

- Collaborate with all City departments to update and adopt revised Record Retention Policy, Record Retention Schedule.
- Complete transition of off-site records to a new vendor and coordinate citywide record cleanup day for hard copy and digital records.
- Evaluate digitizing City historic and legislative records to improve accessibility and efficiency in record inventory and retrieval; continue auditing vital records stored off-site to ensure compliance with retention schedules and enhance accountability in record management practices.
- Expansion of the recently acquired record management system, completion of in process historical import and archiving of legislative records into that system.

### Goal 2

Ensure Efficient Operations and Compliance

#### Objectives:

- Assist with building workflows and archiving structure for all City contracts to streamline processes and ensure compliance with legal requirements.
- Receive and coordinate legislative updates and efforts in collaboration with the City Manager's Office and city departments to stay abreast of regulatory changes and ensure adherence to applicable laws.
- Utilize training opportunities to promote staff development and knowledge of City Clerk duties and state and local policies.
- Conduct citywide training on public records creation, management, and transparency.
- Ensure a legally compliant, impartial, and transparent elections, including the successful facilitation of the Council and Ballot Measure Election.

### Goal 3

Strengthen Community Engagement and Access to Information

#### Objectives:

- Continue to refine and expand our Boards and Commissions recruiting, onboarding, and ongoing training including identifying strategies to strengthen and diversify recruitment efforts.
- Conduct public outreach regarding the elections for Council candidates and voter registration.
- Identify and implement ways to increase community engagement opportunities with the public through optimized webpages associated with the Office of the City Clerk.
- Continue to assist with the facilitation and promotion of Town Hall Meetings throughout different neighborhoods.
- Implementation of strategies to increase access to and participation options during public meetings.

## 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.  |                 |                        |                   |                        |
|   | FY 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percentage of action minutes posted within one week after the Council meeting | 99%   | 99%             | 98%                    | 99%               | 100%                   |
| 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 99% of action minutes posted online within one week after each Council meeting and will aim for 100% in FY 2025. |                 |                        |                   |                        |

# Key Performance Measures

|  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--|-----------------|-----------------|------------------------|-------------------|------------------------|
|--|-----------------|-----------------|------------------------|-------------------|------------------------|

## 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.  |     |     |     |     |
| Percentage of Council agenda packet materials posted Thursdays, 11 days prior to the Council meeting | 98%   | 98% | 98% | 99% | 99% |
| 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.  |     |     |     |     |
| 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. |     |     |     |     |

## 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percentage of public records requests responded to within the ten days required by law | 93%   | 95%             | 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   | Through the PRA trainings held in FY 2024, the department anticipates meeting the adopted goal for FY 2025 of a 98% response rate within 10 days.   |                 |                        |                   |                        |

## Workload Measures

|  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of City Council Meeting Action Minutes posted annually        | 45              | 40              | 40                     | 42                | 40                     |
| Number of weekly agenda packets produced annually                    | 77              | 75              | 79                     | 80                | 82                     |
| Number of public records requests received annually                  | 654             | 605             | 650                    | 630               | 640                    |
| Number of applications processed for open Board and Commission seats | 55              | 62              | 65                     | 51                | 55                     |
| Total Hours of City Council and City Council Committee meetings      | 335             | 331             | 338                    | 303               | 322                    |

## Budget Summary

|                                  | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|----------------------------------|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>       |                  |                  |                        |                        |                   |                  |
| Administration                   | 534,785          | 578,066          | 712,877                | 696,252                | (16,625)          | (2.3)%           |
| Administrative Citations         | 6,723            | 12,250           | 60,209                 | 60,213                 | 4                 | —%               |
| Council Support Services         | 368,543          | 464,828          | 499,841                | 484,905                | (14,936)          | (3.0)%           |
| Election/Conflict of Interest    | 124,314          | 128,547          | 146,018                | 131,251                | (14,767)          | (10.1)%          |
| Legislative Records Management   | 53,767           | 37,672           | 71,976                 | 70,013                 | (1,963)           | (2.7)%           |
| <b>Total Dollars by Division</b> | <b>1,088,132</b> | <b>1,221,363</b> | <b>1,490,921</b>       | <b>1,442,633</b>       | <b>(48,288)</b>   | <b>(3.2)%</b>    |
| <b>Dollars by Category</b>       |                  |                  |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>     |                  |                  |                        |                        |                   |                  |
| Healthcare                       | 48,983           | 56,105           | 103,742                | 77,438                 | (26,304)          | (25.4)%          |
| Other Benefits                   | 20,573           | 33,356           | 23,789                 | 21,303                 | (2,487)           | (10.5)%          |
| Overtime                         | 482              | 266              | 8,165                  | 8,446                  | 280               | 3.4%             |
| Pension                          | 198,536          | 221,232          | 247,699                | 231,769                | (15,930)          | (6.4)%           |

# Budget Summary

|                                    | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| Retiree Medical                    | 40,186           | 39,340           | 45,411                 | 44,357                 | (1,053)           | (2.3)%           |
| Salary                             | 500,541          | 496,930          | 589,086                | 567,486                | (21,600)          | (3.7)%           |
| Workers' Compensation              | 26,908           | 31,894           | 30,559                 | 25,252                 | (5,307)           | (17.4)%          |
| <b>Total Salary and Benefits</b>   | <b>836,210</b>   | <b>879,123</b>   | <b>1,048,452</b>       | <b>976,051</b>         | <b>(72,401)</b>   | <b>(6.9)%</b>    |
| Allocated Charges                  | 111,433          | 132,477          | 121,176                | 143,486                | 22,311            | 18.4%            |
| Contract Services                  | 85,482           | 122,309          | 242,961                | 242,961                | —                 | —%               |
| General Expense                    | 51,023           | 82,684           | 75,339                 | 77,141                 | 1,802             | 2.4%             |
| Supplies & Material                | 3,985            | 4,771            | 2,993                  | 2,993                  | —                 | —%               |
| <b>Total Dollars by Category</b>   | <b>1,088,132</b> | <b>1,221,363</b> | <b>1,490,921</b>       | <b>1,442,633</b>       | <b>(48,288)</b>   | <b>(3.2)%</b>    |
| <b>Revenues</b>                    |                  |                  |                        |                        |                   |                  |
| Charges for Services               | —                | 251              | —                      | —                      | —                 | —%               |
| Charges to Other Funds             | 375,383          | 392,814          | 647,602                | 483,198                | (164,404)         | (25.4)%          |
| Other Revenue                      | 266              | —                | 350                    | 350                    | —                 | —%               |
| <b>Total Revenues</b>              | <b>375,649</b>   | <b>393,065</b>   | <b>647,952</b>         | <b>483,548</b>         | <b>(164,404)</b>  | <b>(25.4)%</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 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary   |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| Administrative Associate III                    | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 192,733          |
| Assistant City Clerk                            | 1.00            | 1.00            | 2.00                   | 2.00                   | —                  | 220,646          |
| City Clerk                                      | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 126,136          |
| Deputy City Clerk                               | 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>\$539,516</b> |
| <b>Total Positions</b>                          | <b>5.00</b>     | <b>5.00</b>     | <b>5.00</b>            | <b>5.00</b>            | <b>—</b>           | <b>\$539,516</b> |

# Budget Reconciliation

|   | Positions   | Expenditures     | Revenues         | Fund Balance Cost/(Savings) |
|---|-------------|------------------|------------------|-----------------------------|
| <b>Prior Year Budget</b>                          | <b>5.00</b> | <b>1,490,921</b> | <b>647,952</b>   | <b>842,969</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                   | -           | (67,093)         | -                | (67,093)                    |
| Association Membership Fees                       | -           | 1,802            | -                | 1,802                       |
| General Fund Cost Allocation Plan                 | -           | -                | (164,404)        | 164,404                     |
| Information Technology Allocated Charges          | -           | 2,235            | -                | 2,235                       |
| Liability Insurance Allocated Charges             | -           | 2,475            | -                | 2,475                       |
| Printing & Mailing Services Allocated Charges     | -           | 17,600           | -                | 17,600                      |
| Workers' Compensation Allocated Charges           | -           | (5,307)          | -                | (5,307)                     |
| <b>Adjustments to Costs of Ongoing Activities</b> | <b>-</b>    | <b>(48,288)</b>  | <b>(164,404)</b> | <b>116,116</b>              |
| <b>Total FY 2025 Base Budget</b>                  | <b>5.00</b> | <b>1,442,633</b> | <b>483,548</b>   | <b>959,085</b>              |
| <b>Budget Adjustments</b>                         |             |                  |                  |                             |
| 1. None   | -           | -                | -                | -                           |
| <b>Total Budget Adjustments</b>                   | <b>-</b>    | <b>-</b>         | <b>-</b>         | <b>-</b>                    |
| <b>Total FY 2025 Adopted Budget</b>               | <b>5.00</b> | <b>1,442,633</b> | <b>483,548</b>   | <b>959,085</b>              |



# 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 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|-----------------|-----------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>         |                 |                 |                        |                        |                   |                  |
| City Council Operations            | 353,618         | 381,436         | 439,030                | 511,788                | 72,759            | 16.6%            |
| <b>Total Dollars by Division</b>   | <b>353,618</b>  | <b>381,436</b>  | <b>439,030</b>         | <b>511,788</b>         | <b>72,759</b>     | <b>16.6%</b>     |
| <b>Dollars by Category</b>         |                 |                 |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>       |                 |                 |                        |                        |                   |                  |
| Healthcare                         | 92,186          | 78,210          | 53,643                 | 73,863                 | 20,219            | 37.7%            |
| Other Benefits                     | 8,404           | 7,064           | 4,225                  | 5,467                  | 1,241             | 29.4%            |
| Pension                            | 33,510          | 33,111          | 39,136                 | 46,023                 | 6,887             | 17.6%            |
| Retiree Medical                    | 49,396          | 58,703          | 72,657                 | 77,665                 | 5,009             | 6.9%             |
| Salary                             | 71,917          | 84,288          | 84,000                 | 109,200                | 25,200            | 30.0%            |
| Workers' Compensation              | 6,579           | 5,857           | 5,565                  | 4,612                  | (953)             | (17.1)%          |
| <b>Total Salary and Benefits</b>   | <b>261,992</b>  | <b>267,233</b>  | <b>259,227</b>         | <b>316,830</b>         | <b>57,603</b>     | <b>22.2%</b>     |
| Allocated Charges                  | 15,656          | 16,378          | 18,878                 | 19,034                 | 156               | —%               |
| Contract Services                  | 57,822          | 51,200          | 108,000                | 108,000                | —                 | —%               |
| General Expense                    | 16,046          | 45,417          | 49,995                 | 64,995                 | 15,000            | 30.0%            |
| Supplies & Material                | 2,103           | 1,208           | 2,930                  | 2,930                  | —                 | —%               |
| <b>Total Dollars by Category</b>   | <b>353,618</b>  | <b>381,436</b>  | <b>439,030</b>         | <b>511,788</b>         | <b>72,759</b>     | <b>16.6%</b>     |
| <b>Revenues</b>                    |                 |                 |                        |                        |                   |                  |
| Charges to Other Funds             | 134,686         | 127,942         | 157,106                | 107,418                | (49,687)          | (31.6)%          |
| <b>Total Revenues</b>              | <b>134,686</b>  | <b>127,942</b>  | <b>157,106</b>         | <b>107,418</b>         | <b>(49,687)</b>   | <b>(31.6)%</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 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary   |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| City Council                                    | 7.00            | 7.00            | 7.00                   | 7.00                   | —                  | 134,400          |
| <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>\$134,400</b> |
| <b>Total Positions</b>                          | <b>7.00</b>     | <b>7.00</b>     | <b>7.00</b>            | <b>7.00</b>            | <b>—</b>           | <b>\$134,400</b> |

# Budget Reconciliation

|   | Positions   | Expenditures   | Revenues        | Fund Balance Cost/(Savings) |
|---|-------------|----------------|-----------------|-----------------------------|
| <b>Prior Year Budget</b>                          | 7.00        | 439,030        | 157,106         | 281,924                     |
| <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                   | -           | 58,555         | -               | 58,555                      |
| General Fund Cost Allocation Plan                 | -           | -              | (49,687)        | 49,687                      |
| Travel & Meetings (Report #2312-2400, 2/5/2024)   | -           | 15,000         | -               | 15,000                      |
| Information Technology Allocated Charges          | -           | 673            | -               | 673                         |
| Liability Insurance Allocated Charges             | -           | (517)          | -               | (517)                       |
| Worker's Compensation Allocated Charges           | -           | (953)          | -               | (953)                       |
| <b>Adjustments to Costs of Ongoing Activities</b> | <b>0.00</b> | <b>72,758</b>  | <b>(49,687)</b> | <b>122,445</b>              |
| <b>Total FY 2025 Base Budget</b>                  | <b>7.00</b> | <b>511,788</b> | <b>107,419</b>  | <b>404,369</b>              |
| <b>Budget Adjustments</b>                         |             |                |                 |                             |
| 1. None   | -           | -              | -               | -                           |
| <b>Total Budget Adjustments</b>                   | <b>0.00</b> | <b>-</b>       | <b>-</b>        | <b>-</b>                    |
| <b>Total FY 2025 Adopted Budget</b>               | <b>7.00</b> | <b>511,788</b> | <b>107,419</b>  | <b>404,369</b>              |

# CITY MANAGER

## Mission Statement



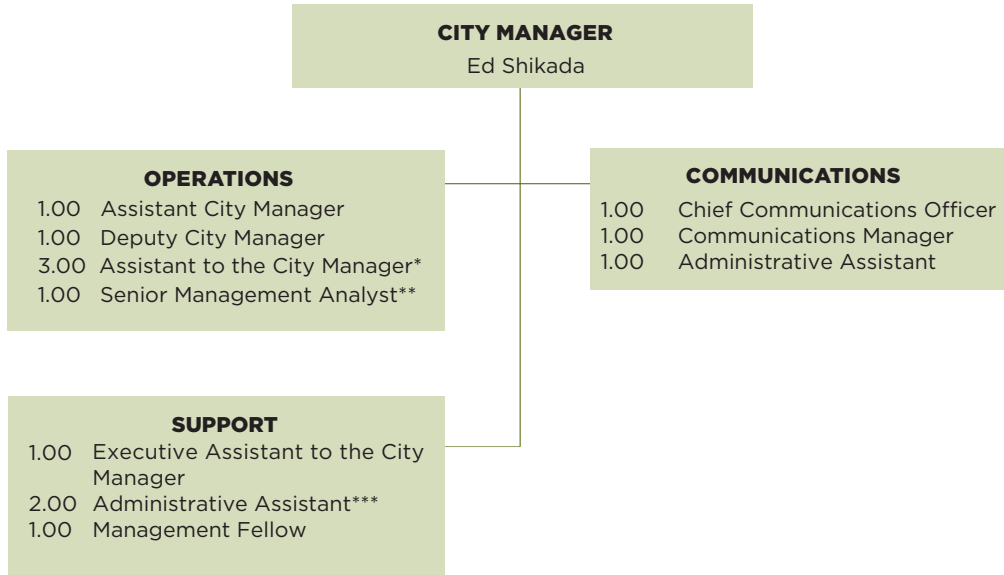
The City Manager's Office provides leadership and professional management to the City government organization and works with the City Council to develop and implement policies to maintain and enhance Palo Alto's quality of life.

## 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 2025 POSITION TOTALS**  
14.00 - 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 Services for the Unhoused, and 1.00 Special Initiatives  
 \*\* 1.00 Senior Management Analyst: Equity and Inclusion Program Manager  
 \*\*\*Administrative Assistant breakdown: 1.00 Administrative Assistant for general support and 1.00 Administrative Assistant for Economic Development initiatives.  
 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 Manager'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.

## CITY MANAGER

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 2024 including transitioning to a more strategic planning process recognizing that several priorities take more than one year to achieve. This will be the second year that the Council will adopt actionable objectives as workplans to support 2024 priorities. Staff enhanced quarterly reporting to demonstrate progress and raise potential barriers plus gaining Council engagement feedback such as solidifying the use of Council Ad Hoc's to advance workplans.
- 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.

### **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 and enhanced a professional development process to connect managers and staff with trainings, resources and promotional opportunities and continued to advance positive work



environment focus through new initiatives such as launching an annual employee survey, an ongoing resiliency training for all staff, and launching the City's Special Projects initiative.

- Created and filled an Equity and Inclusion Program Manager to advance the City's internal diversity, equity, inclusion, and belonging (DEIB) policies and initiatives through trainings and other efforts.
- The City Manager's Office also hired two additional staff leadership positions to advance the Council directed California Avenue car-free streets effort, parklet design development, and advance the University Avenue streetscape project.

### **FINANCIAL PLANNING - DEVELOPING AND IMPLEMENTING OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGETS (GOAL 3):**

- Construction for the Homekey site began Fall 2023. This project is in partnership with LifeMoves to provide transitional housing and services for unhoused residents. Homekey is expected to be completed by early 2025.
- The City partnered with LifeMoves and Stanford to activate a two-person unhoused outreach team to conduct outreach throughout Palo Alto and Stanford. The goal of the program is to develop trust and relationships with unhoused community members and connect them to needed services.
- Staff continued to advance the construction of the Public Safety Building including move-in plans slated for later in 2024, and planning for the reuse of the Police Department's current space at City Hall for City services.

### **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 neighborhood town hall meetings.
- Convened an affordable housing and housing resources fair, bringing together local and regional housing partners to offer information and assistance to renters, seniors, and community members.
- Continued to advance an online customer service feedback tool which 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 through holiday promotions, events and street pole banner program for Midtown to enhance visitor experience.
- Continued to advance two issue-based online engagement portals focused on fiber and sustainability, furthering community awareness about these key initiatives and informing Council decision-making.
- 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.

# 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 rental registry program, safe parking, and coordinating multi-departmental efforts related to services for unhoused residents.
- Lead and empower professional management of the City government organization.
- Develop and lead workforce development, retention and hiring practices that enhance professional and leadership development, such as the launch of a mentorship program.
- 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.
- Continue the annual Community Satisfaction Survey process.
- Augment TRUST, the alternative mental health response, in North County, with \$2M federal earmark, to add case management to TRUST services, to increase awareness of mental health resources, and to provide mental health first aid trainings.
- Expand the City's digital engagement and online presence to both inform and engage the community, such as capitalizing on Artificial Intelligence technology to engage with our community through the creation of accessible and digestible content.
- 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.
- Implement the Council adopted 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 timely, accurate, and results-oriented financial and operational reports.
- Lead the development of citywide business plans that support achievement of the Council's policies and priorities.
- Maintain a highly qualified, engaged, and effective workforce to successfully attain the City's 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.

## Goal 3

Advocate sound financial planning by developing and implementing Operating and Capital Improvement Program (CIP) budgets.

### Objectives:

- Advance structural reforms to ensure the City lives within our means.
- Expand the use of innovation, performance management, and community partnerships to maintain and/or enhance public services.
- Balance and manage economic growth and sustainability initiatives.

## 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of surveyed who rated the Overall Image/Reputation of the City as "Good" or "Excellent" | 76%   | 76%             | 75%                    | 75%               | 75%                    |
| Percent of surveyed who rated the Quality of City Services as "Good" or "Excellent"             | 65%   | 68%             | 69%                    | 70%               | 69%                    |
| Percent of surveyed who rated the Value of Services for the Taxes Paid as "Good" or "Excellent" | 54%   | 57%             | 53%                    | 51%               | 54%                    |
| Description   | This data is collected as part of the Palo Alto Community Survey that is conducted annually by Polco/National Research Center, Inc.   |                 |                        |                   |                        |
| Purpose   | Residents’ feedback on the quality of services provided by the City allows staff to evaluate performance and identify improvement opportunities.  |                 |                        |                   |                        |
| Status  | The most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a> . |                 |                        |                   |                        |

## 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of surveyed engaged in community issues by attending a local public meeting | 26%  | 20%             | 21%                    | 21%               | 22%                    |
| Percent of surveyed who rated the City’s website as "Good" or "Excellent"           | 70%  | 73%             | 67%                    | 63%               | 64%                    |
| Description   | This data is collected as part of the Palo Alto Community Survey that is conducted annually by Polco/National Research Center, Inc.                |                 |                        |                   |                        |
| Purpose   | Robust levels of community awareness and participation demand communication systems that are timely, accurate, meaningful, and readily accessible. |                 |                        |                   |                        |

# Key Performance Measures

|        |   |
|--------|---|
| Status | The most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a> . |
|--------|---|

## 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 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--|-----------------|-----------------|------------------------|-------------------|------------------------|
| Absolute value of sales tax revenue  | 32,700,000      | 36,900,000      | 36,300,000             | 37,700,000        | 39,427,000             |
| Percent of surveyed who rated Employment Opportunities as "Good" or "Excellent"              | 73%             | 62%             | 56%                    | 49%               | 53%                    |
| Percent of surveyed who rated Shopping Opportunities as "Good" or "Excellent"                | 73%             | 69%             | 76%                    | 79%               | 75%                    |
| Percent of surveyed who rated Vibrant Downtown and Commercial Areas as "Good" or "Excellent" | 62%             | 65%             | 69%                    | 73%               | 70%                    |
| Year-over-year percentage increase in sales tax revenue                                      | 12.37%          | 12.84%          | (1.63)%                | 2.17%             | 4.58%                  |

|             |   |
|-------------|---|
| Description | This data is collected as part of the Palo Alto Community Survey that is conducted annually by Polco/National Research Center, Inc. |
|-------------|---|

|         |  |
|---------|--|
| 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 most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a> . |
|--------|---|

## Workload Measures

|   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|---|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of City Council and City Council Committee meetings  | 77              | 77              | 82                     | 82                | 80                     |
| Total Hours of City Council and City Council Committee meetings   | 335             | 311             | 361                    | 303               | 322                    |
| Number of subscribers to Citywide online newsletters and total average open rate                                  | N/A**           | N/A**           | N/A**                  | 180,004 & 53%     | 180,000 & 55%          |
| Number of total followers on City of Palo Alto social media channels (Facebook, LinkedIn, X, Instagram, Nextdoor) | N/A**           | N/A**           | N/A**                  | 89,160            | 89,300                 |
| Percent of surveyed rating the City's public info services (non-Police) as "Good" or "Excellent"                  | 69%             | 75%             | 62%                    | 55%               | 60%                    |
| Number of Administration-Driven Agenda Items to City Council  | N/A**           | N/A**           | N/A**                  | 216               | 220                    |

\*\* This is a new workload measure for which prior years' data is not available.

## Budget Summary

|                                    | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>         |                  |                  |                        |                        |                   |                  |
| Administration and City Management | 2,859,856        | 3,617,594        | 4,282,770              | 4,662,853              | 380,083           | 8.9%             |
| Economic Development               | 5,280            | 244,808          | 147,201                | 599,026                | 451,825           | 306.9%           |
| Public Communication               | 251,535          | 311,126          | 284,624                | 329,845                | 45,221            | 15.9%            |
| <b>Total Dollars by Division</b>   | <b>3,116,671</b> | <b>4,173,528</b> | <b>4,714,595</b>       | <b>5,591,724</b>       | <b>877,129</b>    | <b>18.6%</b>     |
| <b>Dollars by Category</b>         |                  |                  |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>       |                  |                  |                        |                        |                   |                  |
| Healthcare                         | 153,511          | 209,352          | 266,520                | 265,943                | (577)             | —%               |
| Other Benefits                     | 82,076           | 99,796           | 90,169                 | 88,359                 | (1,810)           | (2.0)%           |
| Pension                            | 532,577          | 871,223          | 1,005,856              | 1,121,013              | 115,157           | 11.4%            |
| Retiree Medical                    | 126,420          | 168,472          | 138,992                | 180,255                | 41,263            | 29.7%            |

# Budget Summary

|                                    | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|------------------------------------|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| Salary                             | 1,598,364          | 1,913,563          | 2,422,590                    | 2,761,145                    | 338,555              | 14.0%               |
| Workers' Compensation              | 86,217             | 72,882             | 96,971                       | 93,910                       | (3,062)              | (3.2)%              |
| <b>Total Salary and Benefits</b>   | <b>2,579,165</b>   | <b>3,335,288</b>   | <b>4,021,099</b>             | <b>4,510,625</b>             | <b>489,526</b>       | <b>12.2%</b>        |
| Allocated Charges                  | 144,384            | 157,648            | 229,642                      | 235,746                      | 6,103                | 2.7%                |
| Contract Services                  | 324,959            | 587,184            | 350,185                      | 715,185                      | 365,000              | 104.2%              |
| Facilities & Equipment             | —                  | 283                | —                            | —                            | —                    | —%                  |
| General Expense                    | 62,850             | 86,916             | 106,875                      | 123,375                      | 16,500               | 15.4%               |
| Rents & Leases                     | 41                 | 70                 | 154                          | 154                          | —                    | —%                  |
| Supplies & Material                | 5,271              | 6,139              | 6,639                        | 6,639                        | —                    | —%                  |
| <b>Total Dollars by Category</b>   | <b>3,116,671</b>   | <b>4,173,528</b>   | <b>4,714,595</b>             | <b>5,591,724</b>             | <b>877,129</b>       | <b>18.6%</b>        |
| <b>Revenues</b>                    |                    |                    |                              |                              |                      |                     |
| Charges to Other Funds             | 1,098,889          | 1,428,282          | 1,552,991                    | 1,688,304                    | 135,313              | 8.7%                |
| <b>Total Revenues</b>              | <b>1,098,889</b>   | <b>1,428,282</b>   | <b>1,552,991</b>             | <b>1,688,304</b>             | <b>135,313</b>       | <b>8.7%</b>         |
| <b>Positions by Division</b>       |                    |                    |                              |                              |                      |                     |
| Administration and City Management | 8.10               | 11.10              | 11.10                        | 12.10                        | 1.00                 | 9.0%                |
| Economic Development               | —                  | —                  | 1.00                         | 1.00                         | —                    | —%                  |
| Public Communication               | 0.90               | 0.90               | 0.90                         | 0.90                         | —                    | —%                  |
| <b>Total Positions by Division</b> | <b>9.00</b>        | <b>12.00</b>       | <b>13.00</b>                 | <b>14.00</b>                 | <b>1.00</b>          | <b>7.7%</b>         |

# CITY MANAGER

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| Administrative Assistant                        | 2.00            | 2.00            | 3.00                   | 3.00                   | —                  | 270,754            |
| Assistant City Manager                          | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 305,802            |
| Assistant to the City Manager                   | 1.00            | 3.00            | 3.00                   | 3.00                   | —                  | 577,970            |
| Chief Communications Officer                    | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 230,381            |
| City Manager                                    | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 408,096            |
| Deputy City Manager                             | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 225,638            |
| Executive Assistant to the City Manager         | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 110,989            |
| Management Specialist                           | —               | —               | —                      | 1.00                   | 1.00               | 190,000            |
| Manager Communications                          | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 149,094            |
| Senior Management Analyst                       | —               | 1.00            | 1.00                   | 1.00                   | —                  | 121,534            |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>9.00</b>     | <b>12.00</b>    | <b>13.00</b>           | <b>14.00</b>           | <b>1.00</b>        | <b>\$2,590,258</b> |
| <b>Total Positions</b>                          | <b>9.00</b>     | <b>12.00</b>    | <b>13.00</b>           | <b>14.00</b>           | <b>1.00</b>        | <b>\$2,590,258</b> |



# Budget Reconciliation

|   | Positions    | Expenditures     | Revenues         | Fund Balance<br>Cost/(Savings) |
|---|--------------|------------------|------------------|--------------------------------|
| <b>Prior Year Budget</b>  | <b>13.00</b> | <b>4,714,595</b> | <b>1,552,991</b> | <b>3,161,604</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   | -            | 396,211          | -                | 396,211                        |
| General Fund Cost Allocation Plan   | -            | -                | 135,313          | (135,313)                      |
| Public Communication and Engagement Contract Services   | -            | 20,000           | -                | 20,000                         |
| Travel and Meetings Funding   | -            | 16,500           | -                | 16,500                         |
| California Avenue Car Free Streets Project Management (FY 2024 Mid-Year Budget Review Report # 2311-2233) | -            | 170,000          | -                | 170,000                        |
| Information Technology Department Allocated Charges   | -            | 6,403            | -                | 6,403                          |
| Liability Insurance Allocated Charges   | -            | 16,200           | -                | 16,200                         |
| Printing & Mailing Allocated Charges  | -            | (16,500)         | -                | (16,500)                       |
| Workers' Compensation Allocated Charges   | -            | (3,062)          | -                | (3,062)                        |
| <b>Adjustments to Costs of Ongoing Activities</b>   | <b>-</b>     | <b>605,752</b>   | <b>135,313</b>   | <b>470,439</b>                 |
| <b>Total FY 2025 Base Budget</b>  | <b>13.00</b> | <b>5,320,347</b> | <b>1,688,304</b> | <b>3,632,043</b>               |
| <b>Budget Adjustments</b>   |              |                  |                  |                                |
| 1. Management Fellow  | 1.00         | 96,377           | -                | 96,377                         |
| 2. Management Support   | -            | 175,000          | -                | 175,000                        |
| <b>Total Budget Adjustments</b>   | <b>1.00</b>  | <b>271,377</b>   | <b>-</b>         | <b>271,377</b>                 |
| <b>Total FY 2025 Adopted Budget</b>   | <b>14.00</b> | <b>5,591,724</b> | <b>1,688,304</b> | <b>3,903,420</b>               |

# Budget Adjustments

| Budget Adjustments   | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|----------------------|-----------|--------------|----------|-----------------------------|
| 1. Management Fellow | 1.00      | 96,377       | -        | 96,377                      |

This action adds 1.00 FTE Management Fellow for the Regional Management Fellow Program. The position will rotate through various departments, working on diverse projects across the City over a two-year period. Funding for half the cost of the position is appropriated in the City Manager’s Office, the other half will be appropriated once the rotational assignments are determined as part of the Mid-Year Budget Review. The Management Fellowship Program is sponsored by the City/County Managers Associations of San Mateo and Santa Clara Counties. The program represents the commitment of City/County Managers to attract the best talent into local government careers and build our talent pipeline. The Management Fellowship Program also allows local government agencies to take on meaningful projects for which they do not have sufficient staffing resources. (Ongoing Cost: \$96,377)

**Performance Results** \$ ★

This action will result in increased analytical support citywide and support organizational resilience by attracting talent to the City and building a recruitment pipeline.

|                       |   |         |   |         |
|-----------------------|---|---------|---|---------|
| 2. Management Support | - | 175,000 | - | 175,000 |
|-----------------------|---|---------|---|---------|

This one-time action adds funding for a provisional, limited-term, 0.50 FTE Management Specialist position to support the City’s Economic Development function. This position will manage the development and implementation of the parklet pre-approved designs, assist with the coordination of the University Avenue Streetscape project, and help implement customer service improvements at the Development Center. This position is funded in the City Manager’s Office to integrate the work being done by several departments and ensure a comprehensive approach to the City’s Economic Development goals. (Ongoing Costs: \$0)

**Performance Results** L ★ 👍

This action will result in increased administrative support for economic development functions.

# ADMINISTRATIVE SERVICES

## Mission Statement

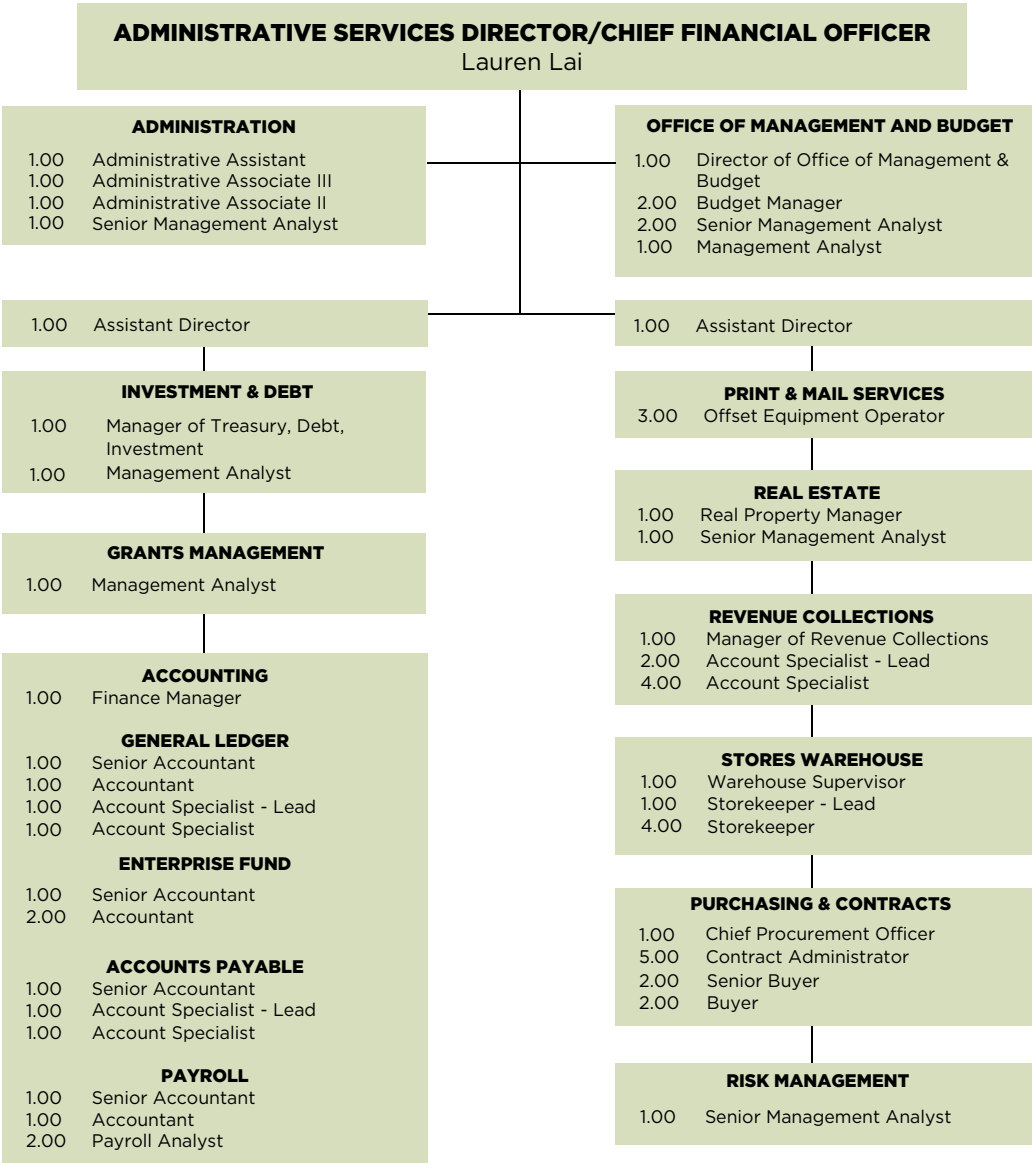


The Administrative Services Department strives to provide proactive financial and analytical support to City departments and decision-makers, and to safeguard and facilitate the optimal use of City resources.

## Purpose

The purpose of the Administrative Services Department is to provide excellent customer service to 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



**FY 2025 POSITION TOTALS**  
60.00 Full-Time  
0.98 Hourly

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

## 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 March 2024, respectively.
- Planned for and contributed \$18.9 million (\$10.7 million from the General Fund) in FY 2024 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 \$73.3 million (\$47.5 million from the General Fund) through FY 2024.

- In partnership with the Palo Alto History Museum, a project at 300 Homer Avenue was started to restore, preserve, and improve the Roth building and make it available to the Palo Alto community through displays, exhibits, interactive demonstrations, workshops, classes, and lectures.
- Identified potential options in discussions with two nonprofit affordable housing developers to develop new parking, in conjunction with housing or other uses. This advances the Downtown Parking Garage project (PE-15007) identified in the City Council's 2014 Infrastructure Plan, as well as the Council's priority of housing for social and economic balance.
- Earned the Excellence in Financial Reporting Award from the Government Finance Officers Associations of United States and Canada (GFOA) for the FY 2024 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 2024 Adopted Capital and Operating budgets.
- Implemented the Government Accounting Standards Board (GASB) Statement 96 for new reporting of Subscription-Based Information Technology Arrangements in the City's financial statements.
- Supported the Council priorities and City's Infrastructure Plan by facilitating complex procurements for Public Works and Utilities Projects such as the Regional Water Quality Control Plant (RWQCP) Joint Intercepting Sewer Rehabilitation Design Project, Headworks Project, Newell Bridge Construction Project, Gas Main Replacement Project 24, Water Main Replacement Project 29, Grid Modification Pilot Program, and Boulware Park Renovations.
- Supported the Council priorities by facilitating complex procurements such as the Downtown Housing Master Plan for the Planning and Development Services Department and On-Call Traffic Signal and Electrical Support Services to support infrastructure upgrade projects for the Office of Transportation.
- Implemented the City's Business Tax and Business Registry filing and payment portal, in partnership with HdL Companies, which administers the program; accepts online applications, filings, and payments; and performs compliance and enforcement activities.
- Implemented a new e-procurement platform to improve the solicitation process internally with City departments and externally with the vendor community. Enhancements include consolidated vendor communication and a streamlined solicitation intake process in collaboration with City departments.

## Initiatives

- Oversee the Roth Building rehabilitation project to ensure compliance with the lease and tenant work letter.
- Continue to strengthen internal controls for Purchasing and Accounting through continued education of staff and improved processes.
- Continue to centralize procurement training and reference resources for staff and department customers while providing ongoing training on the new intake process and communication tools in the recently implemented e-procurement system.
- Continue to 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

- Bring forth options and make recommendations to optimize the use of the approximately 7,410 square foot two-story building at 445 Bryant Street, which is City owned.
- Continue to 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.
- Continue to update the City's capital asset policy to ensure accurate reporting of capital assets.
- 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.
- Begin the transition of the risk management function from the Human Resources Department to the Administrative Services Department with an initial focus on the insurance and financial risk areas.

# ADMINISTRATIVE SERVICES

## Budget Summary

|                                  | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|----------------------------------|-------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Fund</b>           |                   |                   |                        |                        |                   |                  |
| General Fund-Operating           | 8,975,585         | 9,628,338         | 11,098,518             | 11,966,553             | 868,034           | 7.8%             |
| Printing & Mailing Services Fund | 1,083,182         | 1,216,876         | 1,514,033              | 1,679,209              | 165,176           | 10.9%            |
| <b>Total Dollars by Fund</b>     | <b>10,058,768</b> | <b>10,845,215</b> | <b>12,612,551</b>      | <b>13,645,762</b>      | <b>1,033,211</b>  | <b>8.2%</b>      |
| <b>Revenues</b>                  |                   |                   |                        |                        |                   |                  |
| Charges for Services             | 82,830            | 93,477            | 249,547                | 252,172                | 2,625             | 1.1%             |
| Charges to Other Funds           | 4,331,238         | 4,548,628         | 6,443,647              | 5,856,041              | (587,606)         | (9.1)%           |
| Other Revenue                    | 121,737           | 123,337           | 171,400                | 171,400                | —                 | —%               |
| Return on Investments            | 778               | 1,883             | 3,800                  | 5,100                  | 1,300             | 34.2%            |
| Sales Taxes                      | —                 | —                 | 150,000                | 150,000                | —                 | —%               |
| <b>Total Revenues</b>            | <b>4,536,583</b>  | <b>4,767,324</b>  | <b>7,018,394</b>       | <b>6,434,713</b>       | <b>(583,681)</b>  | <b>(8.3)%</b>    |
| <b>Positions by Fund</b>         |                   |                   |                        |                        |                   |                  |
| General Fund-Operating           | 38.13             | 40.13             | 41.63                  | 42.63                  | 1.00              | 2.4%             |
| Printing & Mailing Services Fund | 2.10              | 2.10              | 2.10                   | 2.12                   | 0.02              | 1.0%             |
| <b>Total Positions by Fund</b>   | <b>40.23</b>      | <b>42.23</b>      | <b>43.73</b>           | <b>44.75</b>           | <b>1.02</b>       | <b>2.3%</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, Cubberley.
- Manage real estate assets effectively to enhance revenue, reduce cost, and provide community benefit.
- 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.

## ADMINISTRATIVE SERVICES

- Maintain a reasonable rate of return on investments while prioritizing safety and liquidity needs.
- 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 career development for the Department.
- Review ASD policies and procedures to continuously update, enhance, and streamline.
- Streamline the purchasing process through e-Procurement.
- 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 ongoing enhancements to the citywide ERP system 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Annual percentage yield on investments | 1.61%   | 2.04%           | 2.50%                  | 2.40%             | 2.65%                  |
| 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                                 | Even with the interest rate environment beginning to decline after rising, the FY 2025 interest rate is being revised upward from 2.50% to 2.65%. This is because the average reinvestment yield rate on maturing investments is still higher. In comparison, the State Investment Pool average yield for the first half of FY 2024 is 3.62%. |                 |                        |                   |                        |

# 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Average time from receipt of a Purchase Requisition to issuance of Purchase Order (Days) | 21   | 21              | 25                     | 21                | 22                     |
| 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. Some procurements can take longer depending on their complexity. Encumbering funds to existing contracts and term extension amendments generally take less time to complete.</p> |                 |                        |                   |                        |
| Purpose  | To measure the average processing time for Purchase Requisitions (PR) in order to identify processing improvements while complying with existing rules and regulations.  |                 |                        |                   |                        |
| Status   | The Purchasing Division has maintained efficiency with the use of e-Procurement software that was upgraded in FY 2024. Staff anticipates an increase in larger, more complex PRs in FY 2025 due to the volume of capital improvement projects planned over the next several years. Purchasing will continue to work with City stakeholders to meet deadlines of their business needs. Staff is currently using the system for posting solicitations and the intake of requests from departments. It is anticipated that by streamlining the intake steps using the e-Procurement software, the purchasing process can be more efficient.   |                 |                        |                   |                        |

# Workload Measures

|   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|---|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of P-card (City credit card) transactions                | 14,025          | 16,160          | 15,777                 | 16,198            | 16,521                 |
| Number of Purchase Orders and Purchase Requisitions processed   | 1,315           | 1,348           | 1,600                  | 1,400             | 1,470                  |
| Total amount of cash and investments - as of June 30 (Millions) | \$642           | \$644           | \$620                  | \$649             | \$650                  |

# ADMINISTRATIVE SERVICES

## Budget Summary

|                                  | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|----------------------------------|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>       |                  |                  |                        |                        |                   |                  |
| Accounting                       | 2,532,580        | 2,919,068        | 3,061,012              | 3,218,332              | 157,320           | 5.1%             |
| Administration                   | 1,034,066        | 804,505          | 584,079                | 777,865                | 193,786           | 33.2%            |
| Office of Management and Budget  | 1,388,464        | 1,369,934        | 1,792,949              | 1,963,166              | 170,217           | 9.5%             |
| Purchasing                       | 1,634,230        | 2,169,890        | 2,461,929              | 2,784,001              | 322,072           | 13.1%            |
| Real Estate                      | 696,061          | 606,353          | 750,630                | 789,658                | 39,027            | 5.2%             |
| Treasury                         | 1,690,185        | 1,758,588        | 2,447,919              | 2,433,530              | (14,389)          | —%               |
| <b>Total Dollars by Division</b> | <b>8,975,585</b> | <b>9,628,338</b> | <b>11,098,518</b>      | <b>11,966,553</b>      | <b>868,034</b>    | <b>7.8%</b>      |
| <b>Dollars by Category</b>       |                  |                  |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>     |                  |                  |                        |                        |                   |                  |
| Healthcare                       | 692,103          | 728,003          | 877,807                | 863,232                | (14,575)          | (1.7)%           |
| Other Benefits                   | 173,132          | 179,785          | 193,713                | 186,310                | (7,403)           | (3.8)%           |
| Overtime                         | 14,438           | 7,095            | 41,970                 | 42,530                 | 560               | 1.3%             |
| Pension                          | 1,825,825        | 2,123,384        | 2,316,220              | 2,536,583              | 220,363           | 9.5%             |
| Retiree Medical                  | 473,027          | 530,941          | 404,859                | 549,897                | 145,038           | 35.8%            |
| Salary                           | 4,371,170        | 4,639,925        | 5,639,167              | 5,954,881              | 315,714           | 5.6%             |
| Workers' Compensation            | 211,826          | 222,810          | 236,154                | 240,639                | 4,486             | 1.9%             |
| <b>Total Salary and Benefits</b> | <b>7,761,522</b> | <b>8,431,943</b> | <b>9,709,891</b>       | <b>10,374,074</b>      | <b>664,183</b>    | <b>6.8%</b>      |
| Allocated Charges                | 432,400          | 514,169          | 559,367                | 614,718                | 55,351            | 9.9%             |
| Contract Services                | 603,640          | 567,760          | 584,170                | 725,670                | 141,500           | 24.2%            |
| Facilities & Equipment           | —                | 650              | 4,200                  | 4,200                  | —                 | —%               |
| General Expense                  | 160,996          | 99,088           | 194,137                | 201,137                | 7,000             | 3.6%             |
| Rents & Leases                   | —                | —                | 12,856                 | 12,856                 | —                 | —%               |
| Supplies & Material              | 17,029           | 14,728           | 33,898                 | 33,898                 | —                 | —%               |
| <b>Total Dollars by Category</b> | <b>8,975,585</b> | <b>9,628,338</b> | <b>11,098,518</b>      | <b>11,966,553</b>      | <b>868,034</b>    | <b>7.8%</b>      |
| <b>Revenues</b>                  |                  |                  |                        |                        |                   |                  |

## Budget Summary

|                                    | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| Charges for Services               | 82,830           | 93,477           | 249,547                | 252,172                | 2,625             | 1.1%             |
| Charges to Other Funds             | 3,192,502        | 3,316,622        | 4,960,247              | 4,202,041              | (758,206)         | (15.3)%          |
| Other Revenue                      | 121,737          | 123,337          | 171,400                | 171,400                | —                 | —%               |
| Sales Taxes                        | —                | —                | 150,000                | 150,000                | —                 | —%               |
| <b>Total Revenues</b>              | <b>3,397,069</b> | <b>3,533,436</b> | <b>5,531,194</b>       | <b>4,775,613</b>       | <b>(755,581)</b>  | <b>(13.7)%</b>   |
| <b>Positions by Division</b>       |                  |                  |                        |                        |                   |                  |
| Accounting                         | 12.52            | 12.52            | 12.77                  | 12.77                  | —                 | —%               |
| Administration                     | 1.60             | 1.60             | 1.85                   | 2.85                   | 1.00              | 54.1%            |
| Office of Management and Budget    | 6.02             | 6.02             | 6.27                   | 6.27                   | —                 | —%               |
| Purchasing                         | 8.55             | 10.55            | 11.30                  | 11.30                  | —                 | —%               |
| Real Estate                        | 2.32             | 2.32             | 2.32                   | 2.32                   | —                 | —%               |
| Treasury                           | 7.12             | 7.12             | 7.12                   | 7.12                   | —                 | —%               |
| <b>Total Positions by Division</b> | <b>38.13</b>     | <b>40.13</b>     | <b>41.63</b>           | <b>42.63</b>           | <b>1.00</b>       | <b>2.4%</b>      |

## Staffing

| Job Classification                         | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|--|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Account Specialist                         | 4.13            | 4.13            | 4.13                   | 4.13                   | —                  | 384,334        |
| Account Specialist-Lead                    | 3.45            | 3.45            | 3.45                   | 3.45                   | —                  | 343,802        |
| Accountant                                 | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 245,856        |
| Administrative Assistant                   | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 95,701         |
| Administrative Associate II                | 0.50            | 0.50            | 1.00                   | 1.00                   | —                  | 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                   | —                  | 401,429        |
| Buyer                                      | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 249,350        |

# ADMINISTRATIVE SERVICES

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| Chief Procurement Officer                       | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 172,744            |
| Contracts Administrator                         | 1.70            | 2.70            | 3.70                   | 3.70                   | —                  | 534,023            |
| Director Administrative Services/CFO            | 0.80            | 0.80            | 0.80                   | 0.80                   | —                  | 201,877            |
| Director Office of Management and Budget        | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 216,965            |
| Management Analyst                              | 2.00            | 2.00            | 2.00                   | 3.00                   | 1.00               | 381,160            |
| Manager Budget                                  | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 411,382            |
| Manager Real Property                           | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 187,013            |
| Manager Revenue Collections                     | 0.62            | 0.62            | 0.62                   | 0.62                   | —                  | 109,577            |
| Manager Treasury, Debt & Investments            | 0.60            | 0.60            | 0.60                   | 0.60                   | —                  | 110,535            |
| Manager, Finance                                | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 192,504            |
| Payroll Analyst                                 | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 221,936            |
| Senior Accountant                               | 3.00            | 3.00            | 3.00                   | 3.00                   | —                  | 481,270            |
| Senior Buyer                                    | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 130,915            |
| Senior Management Analyst                       | 2.30            | 2.30            | 2.30                   | 2.30                   | —                  | 307,407            |
| Storekeeper                                     | 1.00            | 2.00            | 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                   | —                  | 25,788             |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>37.15</b>    | <b>39.15</b>    | <b>40.65</b>           | <b>41.65</b>           | <b>1.00</b>        | <b>\$5,804,926</b> |
| Temporary/Hourly                                | 0.98            | 0.98            | 0.98                   | 0.98                   | —                  | \$79,366           |
| <b>Total Positions</b>                          | <b>38.13</b>    | <b>40.13</b>    | <b>41.63</b>           | <b>42.63</b>           | <b>1.00</b>        | <b>\$5,884,291</b> |

# Budget Reconciliation

|  | Positions    | Expenditures      | Revenues         | Fund Balance Cost/(Savings) |
|--|--------------|-------------------|------------------|-----------------------------|
| <b>Prior Year Budget</b>                                 | <b>41.63</b> | <b>11,098,518</b> | <b>5,531,193</b> | <b>5,567,324</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                          | -            | 470,773           | -                | 470,773                     |
| OPEB Biannual Valuation                                  | -            | (37,000)          | -                | (37,000)                    |
| Business Registry Fee                                    | -            | -                 | 2,625            | (2,625)                     |
| Travel and Meetings Funding                              | -            | 6,000             | -                | 6,000                       |
| Armored Car Service Contract                             | -            | 20,000            | -                | 20,000                      |
| Business Tax Administration Contract (CMR 2401-2481)     | -            | 108,500           | -                | 108,500                     |
| General Fund Cost Allocation Plan                        | -            | -                 | (758,205)        | 758,205                     |
| Information Technology Allocated Charges                 | -            | 15,242            | -                | 15,242                      |
| Liability Insurance Allocated Charges                    | -            | 38,981            | -                | 38,981                      |
| Printing & Mailing Services Allocated Charges            | -            | (1,600)           | -                | (1,600)                     |
| Vehicle Replacement & Maintenance Allocated Charges      | -            | 2,728             | -                | 2,728                       |
| Workers' Compensation Allocated Charges                  | -            | 4,486             | -                | 4,486                       |
| <b>Adjustments to Costs of Ongoing Activities</b>        | <b>-</b>     | <b>628,110</b>    | <b>(755,580)</b> | <b>1,383,691</b>            |
| <b>Total FY 2025 Base Budget</b>                         | <b>41.63</b> | <b>11,726,628</b> | <b>4,775,613</b> | <b>6,951,015</b>            |
| <b>Budget Adjustments</b>                                |              |                   |                  |                             |
| 1. Citywide Cost Allocation Plan and Municipal Fee Study | -            | 50,000            | -                | 50,000                      |
| 2. Grant Management Staffing Augmentation                | 1.00         | 189,924           | -                | 189,924                     |
| <b>Total Budget Adjustments</b>                          | <b>1.00</b>  | <b>239,924</b>    | <b>-</b>         | <b>239,924</b>              |
| <b>Total FY 2025 Adopted Budget</b>                      | <b>42.63</b> | <b>11,966,552</b> | <b>4,775,612</b> | <b>7,190,939</b>            |

# ADMINISTRATIVE SERVICES

## Budget Adjustments

| Budget Adjustments                                       | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|--|-----------|--------------|----------|-----------------------------|
| 1. Citywide Cost Allocation Plan and Municipal Fee Study | -         | 50,000       | -        | 50,000                      |

This onetime action allocates funding for a consultant to conduct a study of the cost allocation plan and municipal fee schedule. It has been several years since the City last conducted a similar study. Since then, the City has experienced significant changes in population, infrastructure, economic conditions, and regulatory requirements. These changes necessitate a comprehensive review and analysis to ensure the City's fee practices align with the current economic climate and future projections. (Ongoing cost: \$0)

### Performance Results



This action ensures fees are collected appropriately and the City's processes remain aligned with current best practices.

|   |      |         |   |         |
|---|------|---------|---|---------|
| 2. Grant Management Staffing Augmentation | 1.00 | 189,924 | - | 189,924 |
|---|------|---------|---|---------|

This action adds 1.00 FTE Management Analyst to provide oversight and serve as a central resource for grant programs throughout the City. Starting in FY 2023, ongoing contract service funding was added to ASD's budget for grant-related consultant services (\$60,000), with the goal of enhancing the City's process for identifying, applying, tracking, and reporting on grants. This Management Analyst position will manage the consultant contract, which primarily assists with identifying and matching, grant writing and applications, and advocating grant awards on behalf of the City. Current staff resources available in ASD provide grant tracking activities for external audits and this new Management Analyst will provide overall oversight of the City's grant program, including processes for reporting and compliance activities. (Ongoing cost: \$204,331)

### Performance Results



This action will improve grant program oversight and adherence to corresponding reporting requirements.



# 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 248,240 utility bills.
- Maintained timelines for producing City Council packets.
- Provided timely printing services for a wide variety of print jobs for City departments.

## Initiatives

- Enhance customer service by implementing a new request intake process and customer feedback survey.
- Provide quality printing products that meet the needs of customers.
- Explore options for the City's Printshop to provide expanded services to City departments.

## 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.
- Develop outreach program to ensure all City Departments are aware of in-house printing services.

# ADMINISTRATIVE SERVICES

## Budget Summary

|                                  | FY 2022 Actuals    | FY 2023 Actuals    | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|----------------------------------|--------------------|--------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>       |                    |                    |                        |                        |                   |                  |
| Printing and Mailing             | 1,083,182          | 1,216,876          | 1,514,033              | 1,679,209              | 165,176           | 10.9%            |
| <b>Total Dollars by Division</b> | <b>\$1,083,182</b> | <b>\$1,216,876</b> | <b>\$1,514,033</b>     | <b>\$1,679,209</b>     | <b>\$165,176</b>  | <b>10.9%</b>     |
| <b>Dollars by Category</b>       |                    |                    |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>     |                    |                    |                        |                        |                   |                  |
| Healthcare                       | 7,472              | 15,297             | 43,238                 | 68,017                 | 24,779            | 57.3%            |
| Other Benefits                   | 2,690              | 3,647              | 3,802                  | 3,217                  | (585)             | (15.4)%          |
| Overtime                         | 85                 | 863                | —                      | —                      | —                 | —%               |
| Pension                          | 24,030             | 30,836             | 52,340                 | 55,842                 | 3,503             | 6.7%             |
| Retiree Medical                  | 14,233             | 2,603              | 2,270                  | 7,617                  | 5,347             | 235.6%           |
| Salary                           | 50,069             | 106,509            | 154,302                | 158,070                | 3,768             | 2.4%             |
| Workers' Compensation            | 6,648              | 6,732              | 6,713                  | 5,284                  | (1,430)           | (21.3)%          |
| <b>Total Salary and Benefits</b> | <b>\$105,227</b>   | <b>\$166,486</b>   | <b>\$262,665</b>       | <b>\$298,047</b>       | <b>\$35,382</b>   | <b>13.5%</b>     |
| Allocated Charges                | 272,046            | 267,235            | 300,068                | 364,962                | 64,895            | 21.6%            |
| Contract Services                | 18,541             | 25,957             | 60,000                 | 356,000                | 296,000           | 493.3%           |
| General Expense                  | 176,789            | 202,875            | 302,900                | 252,900                | (50,000)          | (16.5)%          |
| Operating Transfers-Out          | 400                | —                  | —                      | —                      | —                 | —%               |
| Rents & Leases                   | 400,445            | 440,356            | 413,400                | 232,300                | (181,100)         | (43.8)%          |
| Supplies & Material              | 109,734            | 113,968            | 175,000                | 175,000                | —                 | —%               |
| <b>Total Dollars by Category</b> | <b>\$1,083,182</b> | <b>\$1,216,876</b> | <b>\$1,514,033</b>     | <b>\$1,679,209</b>     | <b>\$165,176</b>  | <b>10.9%</b>     |
| <b>Revenues</b>                  |                    |                    |                        |                        |                   |                  |
| Charges to Other Funds           | 1,138,736          | 1,232,005          | 1,483,400              | 1,654,000              | 170,600           | 11.5%            |
| Return on Investments            | 778                | 1,883              | 3,800                  | 5,100                  | 1,300             | 34.2%            |
| <b>Total Revenues</b>            | <b>\$1,139,513</b> | <b>\$1,233,888</b> | <b>\$1,487,200</b>     | <b>\$1,659,100</b>     | <b>\$171,900</b>  | <b>11.6%</b>     |

## Budget Summary

|                                    | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|-----------------|-----------------|------------------------|------------------------|-------------------|------------------|
| <b>Positions by Division</b>       |                 |                 |                        |                        |                   |                  |
| Printing and Mailing               | 2.10            | 2.10            | 2.10                   | 2.12                   | 0.02              | 1.0%             |
| <b>Total Positions by Division</b> | <b>2.10</b>     | <b>2.10</b>     | <b>2.10</b>            | <b>2.12</b>            | <b>0.02</b>       | <b>1.0%</b>      |

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary   |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| Manager Revenue Collections                     | 0.10            | 0.10            | 0.10                   | 0.10                   | —                  | 17,674           |
| Offset Equipment Operator                       | 1.52            | 1.52            | 1.52                   | 2.02                   | 0.50               | 161,299          |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>1.62</b>     | <b>1.62</b>     | <b>1.62</b>            | <b>2.12</b>            | <b>0.50</b>        | <b>\$178,973</b> |
| Temporary/Hourly                                | 0.48            | 0.48            | 0.48                   | —                      | (0.48)             | —                |
| <b>Total Positions</b>                          | <b>2.10</b>     | <b>2.10</b>     | <b>2.10</b>            | <b>2.12</b>            | <b>0.02</b>        | <b>\$178,973</b> |

# ADMINISTRATIVE SERVICES

## Budget Reconciliation

|   | Positions   | Expenditures     | Revenues         | Fund Balance Cost/(Savings) |
|---|-------------|------------------|------------------|-----------------------------|
| <b>Prior Year Budget</b>                          | <b>2.10</b> | <b>1,514,033</b> | <b>1,487,200</b> | <b>26,833</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                   | -           | 15,363           | -                | 15,363                      |
| Return on Investments                             | -           | -                | 1,300            | (1,300)                     |
| Rents and Leases Expenditure Alignment            | -           | 2,900            | -                | 2,900                       |
| Print Shop Printer Contract Adjustment            | -           | 21,000           | -                | 21,000                      |
| Citywide Department Printer Contract Adjustment   | -           | 41,000           | -                | 41,000                      |
| General Fund Cost Allocation Plan                 | -           | 62,663           | -                | 62,663                      |
| Liability Insurance Allocated Charges             | -           | (63)             | -                | (63)                        |
| Information Technology Allocated Charges          | -           | 2,294            | -                | 2,294                       |
| Printing & Mailing Services Allocated Charges     | -           | -                | 170,600          | (170,600)                   |
| Workers' Compensation Allocated Charges           | -           | (1,430)          | -                | (1,430)                     |
| <b>Adjustments to Costs of Ongoing Activities</b> | <b>-</b>    | <b>143,728</b>   | <b>171,900</b>   | <b>(28,172)</b>             |
| <b>Total FY 2025 Base Budget</b>                  | <b>2.10</b> | <b>1,657,761</b> | <b>1,659,100</b> | <b>(1,339)</b>              |
| <b>Budget Adjustments</b>                         |             |                  |                  |                             |
| 1. Printing and Mailing Staffing Augmentation     | 0.02        | 21,449           | -                | 21,449                      |
| <b>Total Budget Adjustments</b>                   | <b>0.02</b> | <b>21,449</b>    | <b>-</b>         | <b>21,449</b>               |
| <b>Total FY 2025 Adopted Budget</b>               | <b>2.12</b> | <b>1,679,210</b> | <b>1,659,100</b> | <b>20,110</b>               |

# Budget Adjustments

| Budget Adjustments                            | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|---|-----------|--------------|----------|-----------------------------|
| 1. Printing and Mailing Staffing Augmentation | 0.02      | 21,449       | -        | 21,449                      |

This action adds 1.00 FTE Offset Equipment Operator to the Administrative Services Department Print & Mail Fund, offset by the elimination of two 0.48 FTE Print Shop Assistant - H positions, to enhance print shop service levels. This new position is partially funded by the Utilities Department to allow the management of Utilities bill printing, a complex and time-consuming service. The addition of the Offset Equipment Operator will also provide backup support for the minimally staffed print shop to ensure continuity of service. This action is anticipated to be a temporary measure while the Utilities bill printing service is evaluated. (Ongoing cost: \$25,500)

**Performance Results**



This action ensures sufficient resources are available for citywide printing and mailing needs.



CITY OF  
**PALO  
ALTO**

# COMMUNITY SERVICES

## Mission Statement



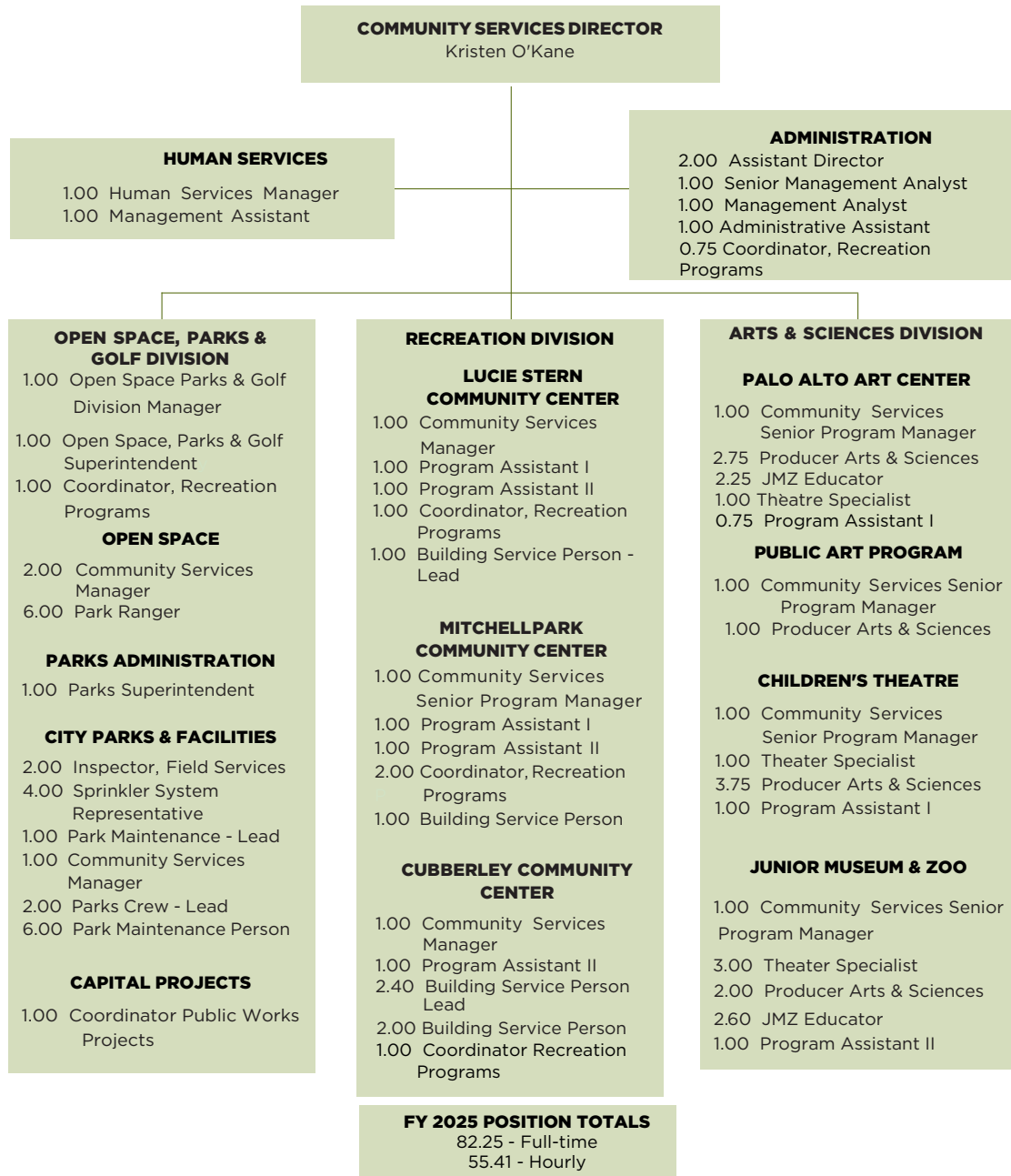
The Community Services Department's mission is to engage individuals and families in creating a strong and healthy community through parks, recreation, social services, arts, and sciences.

## 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, three nature interpretive centers, five community gardens, four 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. Manages contracts with several nonprofit organizations providing services to Palo Alto residents. Provides oversight of the afterschool child care program, the Palo Alto Mediation Program, and the Information & Referral database and website. Serves as a key liaison to local social services organizations and child care providers. Provides staffing to the Human Relations Commission.

## Accomplishments

- The Office of Human Services completed a review and restructuring of the Human Services Resource Allocation Process (HSRAP) application and Request for Proposal (RFP) process to make it more simple and less time consuming for applicants, while keeping the rigor needed for review and disbursement of City funds.
- Human Services implemented the Homeless Outreach Team (HOT) contract for the services of two full-time outreach staff providing services across Palo Alto in order to positively affect the lives of

## COMMUNITY SERVICES

unhoused residents. The HOT team will be available to respond to City Facilities, business corridors, neighborhoods, parks, and open space.

- The Special Interest program revenue finished 137% over the FY 2023 revenue target. The program added in-demand outdoor programs including adult pickleball classes, tennis programs, and additional ice skating sessions. For the first time, youth pickleball classes were offered and taught by volunteers from the Palo Alto Pickleball Club. Youth soccer continues to have large waitlists. Additionally, the program offered new adult fitness and dance classes in yoga, ballroom, salsa, and cardio dance.
- The recreation summer camps had 1,763 participants in the Summer of 2023. Participants were provided safe, fun, and active experiences to enjoy over the Summer. Kids could explore Foothills Park, canoe, camp, swim, participate in group games and make new friends.
- The Palo Alto Middle School Athletic Program had 1,197 registrations in a wide range of sports. The Middle School Athletic program provides an opportunity for middle school students to play in a relaxed, fun environment where players at any skill level can participate.
- The Palo Alto Think Fund provided 27 grants for local student projects. These mini grants allow students to develop ideas and make them come to life. The Palo Alto Think Fund provides not only funding, but mentorship and support to help a youth's vision become reality.
- The aquatics program saw an increase in swim lessons, summer campers, summer camp swim lessons, annual recreation swim participation and lap swim monthly members. A total of 550 scholarship swim lessons were offered.
- Foothills Rangers completed 429 acres of fire fuel reduction through mowing, discing, and vegetation removal as outlined in the Foothills Fire Management Plan.
- Open Space completed the e-bike ordinance to ensure access and safety for all preserve users. Rangers have identified locations for signage and additional bike racks in all three preserves. Rangers have developed signage to direct preserve visitors where e-bikes and other e-powered equipment may be used. After discussion with the Park and Recreation Commission, the rules for bicycle/horse access and speed limits do not need to be updated.
- Open Space staff completed two safety inspections for the Baylands Nature Center boardwalk on behalf of Public Works Engineering. Open Space has also assisted Public Works with resource agency permit meetings, evaluating all pilings on the boardwalk and providing a detailed report of the condition of each piling, in addition to testing out materials for piling repairs.
- Parks staff completed improvements at Lytton Plaza which included, resurfacing of the fountain, replacement of some site amenities such as furniture, and repair of pavers.
- The Parks team established multi-year contracts for landscape maintenance of select City parks, athletic fields and courts, facilities, and road medians and supplies such as irrigation parts, sand, and rock.
- Through the Palo Alto Unified School District Outreach Programming, the Children's Theatre provided Dance in Schools classes to all K-2 PAUSD Elementary School classrooms and Outreach Theatre Productions to six PAUSD Elementary Schools, where every child who auditions for a role is cast.
- During the 2022–2023 Season, the Children's Theatre worked with the Friends of Palo Alto Children's Theatre to provide more than \$20,000 in theatre field trip transportation grants to Title-1 schools, as well as class and camp scholarships to low-income families, and provided 56 teens with paid internship opportunities.
- This year, as part of the Magical Series Spectrum and Sensory Friendly offerings – developed by the Children's Theatre in collaboration with the Magical Bridge Foundation, the theater will offer year-round Magical Series Story Acting, Dance and Music Therapy Classes, as well as hosting a Magical Day Program for differently abled young adults who have aged out of most available day programs.

- The Children’s Theatre began offering American Sign Language-interpreted performances at Main Stage and Summer Hot Dog Series productions. ASL interpreters are engaged through the support of the Friends of Palo Alto Children’s Theatre. All Main Stage and Summer Hot Dog Series performances also offer a “Read-Along” option, designed for mobile devices and tablets. Captioned activities provide support for the hearing-impaired community, as well as neurodivergent participants who derive a greater depth of understanding and context from a second input stream.
- Summer 2023 was the Children’s Theatre’s 5th annual collaboration with the Stanford University Compression Forum, offering paid internships to high school seniors and incoming college freshman, almost all of whom come from under-represented and under-served backgrounds.
- The Public Art Program hosted a murals event in the California Avenue district, painting three new murals in 2023 which have enlivened the streetscape.
- The second Code:ART festival commissioned seven temporary new media artworks in downtown Palo Alto and drew more than 13,000 visitors downtown. Of the visitors surveyed, most visitors came to downtown Palo Alto specifically to experience the festival, and 73% visited a downtown business during the weekend.
- The Public Art Program oversaw the refurbishment and repair of several permanently sited artworks in 2023, including Excel by Brian Coleman, Birdie by Joyce Hsu, and Brilliance by Joe O’Connell and Blessing Hancock.
- With the initiation of the Roth Building rehabilitation, the Public Art Program staff are overseeing the protection and eventual restoration of the Victor Arnautoff frescoes on site.
- The Cubberley Artist Studio Program offered 24 free public programs in 2023, serving over 600 community members. They hosted two Open Studios events, and multiple artist talks, community workshops, community events, and portfolio reviews. Leading up to their fall Open Studios event, the artists printed and distributed over 500 free art prints to the community.
- The Art Center facilitated Climate Connections, which was a series of exhibitions, collaborations, and a carbon assessment project intended to leverage the power of art and artists in promoting climate action. A majority of those surveyed from the Climate Connections initiative indicated that the exhibitions had increased their awareness of climate change. The Art Center collaborated with Art + Climate Action and the Utilities Department to conduct a carbon assessment for the facility. Following that assessment, the Art Center participated in the 8x8 Art + Climate Action planning initiative to identify and track sustainability actions.
- In 2023, the Art Center published Creative Connections: A Guidebook for Arts-Based Inquiry, the culmination of a four-year Institute of Museum and Library Services-funded curriculum development project. This multidisciplinary curriculum connects visual art to science, social studies, and language art standards. This project is part of the Art Center’s artist-in-the-schools program Cultural Kaleidoscope, funded by the Palo Alto Art Center.
- In 2023-24, the Art Center explored a series of exhibitions intended to showcase the power of food to connect us to culture, identity, and each other. This initiative is funded through a grant to the Palo Alto Art Center Foundation by the National Endowment for the Arts.
- The Palo Alto Junior Museum and Zoo (JMZ) opened a major permanent exhibit in October 2023, titled the “California Dinosaur Garden”. It features seven life-size models of dinosaurs and related animals in a landscape of live plants from the age of dinosaurs. Three animated videos narrated by local children explain how fossils are made, how they evolved, and why the dinosaurs disappeared.
- In collaboration with the Friends of the Palo Alto Junior Museum & Zoo, the JMZ expanded the School Science Outreach Program to Redwood City and an additional school in East Palo Alto. JMZ instructors deliver hands-on, inquiry-serving based science curriculum to more than 75 local schools from

## COMMUNITY SERVICES

Redwood City to San Jose serving approximately 18,000 students up to nine times per school year. Fees for programs in low-income schools are paid for by the Friends of the Palo Alto Junior Museum & Zoo.

- With the support of the Friends of the Palo Alto Children's Theatre, the Children's Theatre commissioned new theatrical works supported by community collaborations and cross-cultural exchanges. These include an adaptation of the classic Indian folktale, "One Grain of Rice", and new play commissions including an original musical inspired by the real-life residents at the Junior Museum and Zoo, "Meerkats - The Musical", as well as a Play with Music, adapted from the classic tale "The Velveteen Rabbit".
- Basketball courts at John and Greer parks resurfaced in Spring 2024.
- El Camino Park's multi-sport turf field renovated with replacement of the turf and infill in Spring 2024.

## Initiatives

- The Public Art Program plans to expand the murals program to include new murals in Midtown, Downtown (University Avenue), Fire Station #5, and at the Cubberley campus.
- Public Artworks are fabricated and scheduled for installation by the end of August 2024 for the Public Safety Building. Boulware Park artwork has completed detailed design and will begin fabrication soon. Artwork for Fire Station #4 has been approved by the Public Art Commission and is in the detailed design phase. Additionally, plans are already underway for Code:ART 2025.
- The Art Center's Social and Emotional Toolkit Project, which intends to address the challenges people faced post-pandemic, particularly in vulnerable youth and senior populations, was distributed to 725 youth in East Palo Alto schools through our Project Look and Cultural Kaleidoscope program partnerships and will be distributed to low-income seniors in Winter 2024.
- In collaboration with the Friends of the Palo Alto Junior Museum and Zoo, the JMZ launched a two-year study of local low-income, primarily minority communities, to better understand the barriers these communities face to using the services of the JMZ, and to test strategies to resolve these barriers. At the same time, staff is working with the Palo Alto Art Center and Library on a grant-funded project to identify barriers for low-income residents of Palo Alto to utilize the City's museums and library services.
- The Junior Museum and Zoo will begin implementation of a new business plan that was developed by a consultant to inform ongoing operational and budgetary decisions. Priorities are to streamline daily operations, manage visitation, and identify revenue opportunities.
- The Children's Theatre and the Junior Museum and Zoo will implement new ticketing software that will provide patrons with a more efficient on-line ticketing experience and allow staff to provide excellent customer service to the community.
- Palo Alto Swim and Sport will host two youth swim meets and two senior swim meets, increase swim lessons in the April-November season and increase summer swim camp offerings.
- Open Space staff will install signage displaying e-bike access rules in open space preserves.
- Foothills Rangers will continue to work towards further implementation of the Foothills Fire Management Plan in collaboration with other departments.
- Capital Improvement Projects for FY 2025 include Cameron Park, Ramos Park, Stanford/Palo Alto Community Playing Fields, and Boronda Lake dock. Additionally, restrooms are planned for installation at Rinconada Park, Boulware Park, Ramos Park, and Cubberley Fields.

# 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of class registrations occurring online | 93%  | 93%             | 94%                    | 93%               | 93%                    |
| 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 response to the COVID-19 pandemic and continue to make up the majority of class registrations. |                 |                        |                   |                        |

## COMMUNITY SERVICES

# Key Performance Measures

### 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.  |                        |                               |                          |                               |
|  | <b>FY 2022 Actuals</b>   | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Percent of surveyed who rate the City's success in preserving natural areas as "Good" or "Excellent" | 83%  | 83%                    | 83%                           | 83%                      | 83%                           |
| Description  | This measure 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. This data is collected as part of the Palo Alto Community Survey that is conducted annually by Polco/National Research Center, Inc. |                        |                               |                          |                               |
| Purpose  | It is important for the City to solicit feedback from and respond to residents regarding the services and programs provided.   |                        |                               |                          |                               |
| Status   | The most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a>  |                        |                               |                          |                               |

### 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 2022 Actuals</b>   | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Percent of surveyed who rate recreation programs/classes as "Good" or "Excellent" | 79%  | 83%                    | 83%                           | 83%                      | 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 measure tracks resident responses when asked to rate Palo Alto's recreation programs or classes. This data is collected as part of the Palo Alto Community Survey that is conducted annually by Polco/National Research Center, Inc. |                        |                               |                          |                               |
| Purpose   | It is important for the City to solicit feedback from and respond to residents regarding the services and programs provided.   |                        |                               |                          |                               |
| Status  | The most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a>  |                        |                               |                          |                               |

## Workload Measures

|  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--|-----------------|-----------------|------------------------|-------------------|------------------------|
| Total Enrollment in classes/camps in arts, sciences, recreation, and open space programs   | 12,860          | 13,020          | 14,800                 | 14,000            | 14,000                 |
| Average Enrollment in classes/camps in arts, sciences, recreation, and open space programs | 12              | 10              | 11                     | 10                | 10                     |

## Budget Summary

|                                   | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|-----------------------------------|-------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>        |                   |                   |                        |                        |                   |                  |
| Administration and Human Services | 4,750,781         | 5,185,512         | 6,699,622              | 6,966,885              | 267,263           | 4.0%             |
| Arts and Sciences                 | 6,999,770         | 8,100,223         | 8,858,929              | 10,105,808             | 1,246,879         | 14.1%            |
| Open Space, Parks and Golf        | 12,850,420        | 13,520,005        | 15,191,432             | 16,169,915             | 978,483           | 6.4%             |
| Recreation and Cubberley          | 5,283,165         | 5,892,343         | 7,474,130              | 7,916,070              | 441,940           | 5.9%             |
| <b>Total Dollars by Division</b>  | <b>29,884,136</b> | <b>32,698,082</b> | <b>38,224,114</b>      | <b>41,158,678</b>      | <b>2,934,564</b>  | <b>7.7%</b>      |
| <b>Dollars by Category</b>        |                   |                   |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>      |                   |                   |                        |                        |                   |                  |
| Healthcare                        | 1,458,916         | 1,615,177         | 2,052,512              | 2,161,030              | 108,518           | 5.3%             |
| Other Benefits                    | 289,307           | 287,935           | 308,215                | 280,043                | (28,173)          | (9.1)%           |
| Overtime                          | 192,934           | 286,900           | 129,036                | 128,350                | (686)             | —%               |
| Pension                           | 2,779,871         | 3,241,360         | 3,482,505              | 3,840,068              | 357,563           | 10.3%            |
| Retiree Medical                   | 907,542           | 883,452           | 838,974                | 1,050,762              | 211,788           | 25.2%            |
| Salary                            | 8,206,514         | 9,245,992         | 11,269,712             | 12,179,805             | 910,093           | 8.1%             |
| Workers' Compensation             | 426,646           | 394,228           | 480,391                | 459,175                | (21,216)          | (4.4)%           |
| <b>Total Salary and Benefits</b>  | <b>14,261,730</b> | <b>15,955,044</b> | <b>18,561,345</b>      | <b>20,099,233</b>      | <b>1,537,888</b>  | <b>8.3%</b>      |
| Allocated Charges                 | 6,040,465         | 6,176,108         | 7,223,532              | 7,023,362              | (200,170)         | (2.8)%           |

# COMMUNITY SERVICES

## Budget Summary

|                                    | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|-------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| Contract Services                  | 8,055,199         | 8,779,249         | 10,117,915             | 11,585,082             | 1,467,167         | 14.5%            |
| Facilities & Equipment             | 27,774            | 47,931            | 57,700                 | 57,700                 | —                 | —%               |
| General Expense                    | 880,667           | 1,014,692         | 1,488,545              | 1,571,227              | 82,682            | 5.6%             |
| Rents & Leases                     | 4,642             | 7,256             | 12,570                 | 12,570                 | —                 | —%               |
| Supplies & Material                | 613,660           | 717,802           | 762,507                | 809,505                | 46,998            | 6.2%             |
| <b>Total Dollars by Category</b>   | <b>29,884,136</b> | <b>32,698,082</b> | <b>38,224,114</b>      | <b>41,158,678</b>      | <b>2,934,564</b>  | <b>7.7%</b>      |
| <b>Revenues</b>                    |                   |                   |                        |                        |                   |                  |
| Charges for Services               | 9,415,457         | 10,446,073        | 10,954,109             | 11,911,098             | 956,989           | 8.7%             |
| Charges to Other Funds             | 230,234           | 242,924           | 170,157                | 249,398                | 79,241            | 46.6%            |
| From Other Agencies                | 121,557           | 29,695            | —                      | —                      | —                 | —%               |
| Operating Transfers-In             | 80,000            | 5,000             | 5,000                  | 5,000                  | —                 | —%               |
| Other Revenue                      | 1,014,137         | 726,503           | 997,586                | 1,075,925              | 78,339            | 7.9%             |
| Other Taxes and Fines              | 1,777             | 6,956             | 1,026                  | 1,026                  | —                 | —%               |
| Rental Income                      | 1,398,667         | 1,278,441         | 1,399,654              | 1,685,782              | 286,129           | 20.4%            |
| <b>Total Revenues</b>              | <b>12,261,829</b> | <b>12,735,592</b> | <b>13,527,532</b>      | <b>14,928,230</b>      | <b>1,400,698</b>  | <b>10.4%</b>     |
| <b>Positions by Division</b>       |                   |                   |                        |                        |                   |                  |
| Administration and Human Services  | 5.49              | 5.49              | 5.79                   | 5.79                   | —                 | —%               |
| Arts and Sciences                  | 44.14             | 48.41             | 54.60                  | 57.81                  | 3.21              | 5.9%             |
| Open Space, Parks and Golf         | 29.59             | 30.59             | 31.59                  | 31.59                  | —                 | —%               |
| Recreation and Cubberley           | 34.16             | 35.16             | 41.32                  | 41.32                  | —                 | —%               |
| <b>Total Positions by Division</b> | <b>113.38</b>     | <b>119.65</b>     | <b>133.30</b>          | <b>136.51</b>          | <b>3.21</b>       | <b>2.4%</b>      |



# Staffing

| Job Classification                        | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Administrative Assistant                  | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 105,851        |
| Animal Caretaker*                         | —               | —               | —                      | 4.00                   | 4.00               | 338,208        |
| Assistant Director Community Services     | 1.00            | 1.00            | 2.00                   | 2.00                   | —                  | 452,858        |
| Building Serviceperson                    | 1.00            | 1.00            | 2.00                   | 2.00                   | —                  | 148,470        |
| Building Serviceperson-Lead               | 0.60            | 0.60            | 2.00                   | 2.00                   | —                  | 158,870        |
| Coordinator Recreation Programs           | 4.00            | 4.00            | 5.75                   | 5.75                   | —                  | 603,621        |
| Director Community Services               | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 265,762        |
| Division Manager Open Space, Parks & Golf | —               | —               | 1.00                   | 1.00                   | —                  | 176,218        |
| Inspector, Field Services                 | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 249,142        |
| Junior Museum & Zoo Educator              | 3.25            | 4.10            | 4.85                   | 4.85                   | —                  | 455,372        |
| Management Analyst                        | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 105,040        |
| Management Assistant                      | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 98,030         |
| Manager Community Services                | 5.00            | 5.00            | 5.00                   | 5.00                   | —                  | 664,810        |
| Manager Community Services Senior Program | 4.00            | 4.00            | 4.00                   | 4.00                   | —                  | 644,550        |
| Manager Human Services                    | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 169,104        |
| 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            | 6.00            | 6.00                   | 6.00                   | —                  | 592,550        |
| Parks/Golf Crew-Lead                      | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 201,802        |
| Producer Arts/Science Program             | 11.00           | 12.25           | 9.50                   | 9.50                   | —                  | 1,045,554      |
| Program Assistant I                       | 3.00            | 3.00            | 3.75                   | 4.75                   | 1.00               | 433,238        |
| Program Assistant II                      | 4.00            | 4.00            | 4.00                   | 4.00                   | —                  | 392,122        |
| Project Manager                           | 0.10            | 0.10            | 0.10                   | 0.10                   | —                  | 16,189         |

# COMMUNITY SERVICES

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary      |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|---------------------|
| Senior Management Analyst                       | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 141,794             |
| Sprinkler System Representative                 | 4.00            | 4.00            | 4.00                   | 4.00                   | —                  | 377,312             |
| Superintendent Community Services               | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 332,280             |
| Theater Specialist                              | 2.00            | 2.00            | 5.00                   | 5.00                   | —                  | 608,400             |
| WGW Heavy Equipment Operator                    | 0.07            | 0.07            | 0.07                   | 0.07                   | —                  | 8,726               |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>67.02</b>    | <b>70.12</b>    | <b>78.02</b>           | <b>83.02</b>           | <b>5.00</b>        | <b>\$9,449,996</b>  |
| Temporary/Hourly                                | 46.36           | 49.53           | 55.28                  | 53.49                  | (1.79)             | \$3,295,520         |
| <b>Total Positions</b>                          | <b>113.38</b>   | <b>119.65</b>   | <b>133.30</b>          | <b>136.51</b>          | <b>3.21</b>        | <b>\$12,745,516</b> |

\* The FY 2025 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.

# Budget Reconciliation

|   | Positions     | Expenditures      | Revenues          | Fund Balance Cost/(Savings) |
|---|---------------|-------------------|-------------------|-----------------------------|
| <b>Prior Year Budget</b>  | <b>133.30</b> | <b>38,224,114</b> | <b>13,527,532</b> | <b>24,696,582</b>           |
| <b>One-Time Prior Year Budget Adjustments</b>   |               |                   |                   |                             |
| Homeless Outreach Funding (Shifted to Local Housing Allocation Fund)                  | -             | (120,000)         | (120,000)         | -                           |
| Human Services Needs Assessment   | -             | (80,000)          | -                 | (80,000)                    |
| FY 2023 Two Year Limited Term Family Events Funding                                   | -             | (50,000)          | -                 | (50,000)                    |
| FY 2023 Two Year Limited Term Additional HSRAP Funding                                | -             | (50,000)          | -                 | (50,000)                    |
| United Nations Association Film Festival (UNAFF) Support                              | -             | (25,000)          | -                 | (25,000)                    |
| <b>One-Time Prior Year Budget Adjustments</b>   | <b>-</b>      | <b>(325,000)</b>  | <b>(120,000)</b>  | <b>(205,000)</b>            |
| <b>Adjustments to Costs of Ongoing Activities</b>                                     |               |                   |                   |                             |
| Salary and Benefits Adjustments   | -             | 1,200,167         | -                 | 1,103,914                   |
| Golf Course Operations Contract/Revenue Alignment                                     | -             | 55,500            | 377,350           | (321,850)                   |
| Fee Revenue Adjustments   | -             | -                 | 44,800            | (44,800)                    |
| Children's Studio Art Classes   | -             | 70,000            | 100,000           | (30,000)                    |
| Public Art Maintenance Contract Services  | -             | 2,000             | -                 | 2,000                       |
| Enjoy! Catalog Printing Contract  | -             | 5,241             | -                 | 5,241                       |
| Recreation Management System Subscription   | -             | 6,000             | -                 | 6,000                       |
| Foothills Fire Management Contract  | -             | 13,300            | -                 | 13,300                      |
| Children's Theatre Contract Services  | -             | 28,400            | -                 | 28,400                      |
| Youth Mental Health Event Funding ( FY 2024 Mid-Year Budget Review Report #2311-2233) | -             | 94,000            | -                 | 94,000                      |
| Human Services Contracts and Resource Allocation Program CPI Increases                | -             | 150,548           | -                 | 150,548                     |
| Animal Shelter Operating Expenses (March 18, 2024 Report #2402-2596)                  | -             | 188,017           | -                 | 188,017                     |
| Communications Allocated Charges  | -             | 446               | -                 | 446                         |
| Information Technology Allocated Charges  | -             | 52,960            | -                 | 52,960                      |
| Landscape Maintenance Contract/Allocated Charges (October 2, 2023 Report #2309-1987)  | -             | 704,141           | 79,242            | 624,899                     |

## COMMUNITY SERVICES

# Budget Reconciliation

|  | Positions     | Expenditures      | Revenues          | Fund Balance Cost/(Savings) |
|--|---------------|-------------------|-------------------|-----------------------------|
| Liability Insurance Allocated Charges                                  | -             | 69,673            | -                 | 69,673                      |
| Printing & Mailing Services Allocated Charges                          | -             | 33,900            | -                 | 33,900                      |
| Stormwater Management Allocated Charges                                | -             | 9,876             | -                 | 9,876                       |
| Utilities Allocated Charges  | -             | (422,760)         | -                 | (422,760)                   |
| Vehicle Replacement & Maintenance Allocated Charges                    | -             | 55,735            | -                 | 55,735                      |
| Workers' Compensation Allocated Charges                                | -             | (21,216)          | -                 | (21,216)                    |
| <b>Adjustments to Costs of Ongoing Activities</b>                      | -             | <b>2,295,928</b>  | <b>601,392</b>    | <b>1,598,283</b>            |
| <b>Total FY 2025 Base Budget</b>                                       | <b>133.30</b> | <b>40,195,042</b> | <b>14,008,924</b> | <b>26,089,865</b>           |
| <b>Budget Adjustments</b>  |               |                   |                   |                             |
| 1. Los Altos and Los Altos Hills Regional Animal Care Services Revenue | -             | -                 | 198,338           | (198,338)                   |
| 2. Special Interest Recreation Program Expansion                       | -             | 200,000           | 308,000           | (108,000)                   |
| 3. Art Center Staffing Augmentation                                    | 0.13          | 7,179             | 7,179             | -                           |
| 4. Summer Concert Series Supplemental Funding                          | -             | 15,000            | -                 | 15,000                      |
| 5. 445 Bryant Street Programming, Operations, and Maintenance          | -             | 103,432           | 55,789            | 47,643                      |
| 6. Overnight Warming Location  | -             | 56,000            | -                 | 56,000                      |
| 7. Adult Studios Program Demand Support                                | -             | 73,000            | -                 | 73,000                      |
| 8. Junior Museum and Zoo Business Plan Implementation                  | 3.08          | 509,025           | 350,000           | 150,025                     |
| <b>Total Budget Adjustments</b>  | <b>3.21</b>   | <b>963,636</b>    | <b>919,306</b>    | <b>44,330</b>               |
| <b>Total FY 2025 Adopted Budget</b>                                    | <b>136.51</b> | <b>41,158,678</b> | <b>14,928,230</b> | <b>26,230,448</b>           |

# Budget Adjustments

| Budget Adjustments   | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|--|-----------|--------------|----------|-----------------------------|
| 1. Los Altos and Los Altos Hills Regional Animal Care Services Revenue | -         | -            | 198,338  | (198,338)                   |

This action reflects the additional revenue from the City Council approved five-year contracts (Report #2403-2827) with the City of Los Altos and the Town of Los Altos to provide regional animal care and control services. The new agreements, which include an adjusted compensation model, replace the previous ones that expired on June 30, 2024. (Ongoing savings: \$198,000)

**Performance Results**



This action provides a more accurate revenue projection based on the compensation model of the new agreements.

|  |   |         |         |           |
|--|---|---------|---------|-----------|
| 2. Special Interest Recreation Program Expansion | - | 200,000 | 308,000 | (108,000) |
|--|---|---------|---------|-----------|

This revenue-generating action adds funding to the contractor and revenue budgets, with a specific focus on addressing the significant demand for childrens’ special interest summer camps. This demand is underscored by waitlists often exceeding maximum participant capacities, sometimes by as much as fivefold. Notably, meeting the needs of the Palo Alto community has become increasingly challenging, exacerbated by the disparity in registration opportunities between residents and non-residents, with the latter gaining access one week after the former. Plans to utilize this funding include: introducing an extra 12 weeks of summer camps, increasing the capacity of the classes, and introducing three new programs. (Ongoing net savings: \$108,000)

**Performance Results**



This action increases class access and mitigates disparities between residents and non-residents.

|                                     |      |       |       |   |
|-------------------------------------|------|-------|-------|---|
| 3. Art Center Staffing Augmentation | 0.13 | 7,179 | 7,179 | - |
|-------------------------------------|------|-------|-------|---|

This net-neutral action converts a limited hourly House Manager position at 0.12 FTE to an SEIU hourly House Manager -H position at 0.25 FTE to operate as a lead, and assist with leasing facility rentals for the Art Center. This will enhance efficiency by allowing the lead to take on scheduling responsibilities, allowing front desk staff to prioritize customer interactions and streamline facility rental administration. (Ongoing cost: \$0)

**Performance Results**



This action will result in increased facility rentals and better customer service.

|   |   |        |   |        |
|---|---|--------|---|--------|
| 4. Summer Concert Series Supplemental Funding | - | 15,000 | - | 15,000 |
|---|---|--------|---|--------|

This action increases the appropriation for summer concerts by \$15,000, and will fund one additional summer concert for a total of five. The decision to expand the concert series reflects the enthusiasm and support shown by the community for such events, offering more opportunities for families to enjoy outdoor entertainment together. (Ongoing cost: \$15,000)

**Performance Results**



This action will increase the amount of concert events held in the summer.

# Budget Adjustments

| Budget Adjustments  | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|---|-----------|--------------|----------|-----------------------------|
| 5. 445 Bryant Street Programming, Operations, and Maintenance | -         | 103,432      | 55,789   | 47,643                      |

This action adds funding for the maintenance and operations, following renovation, of the building at 445 Bryant Street that was formerly occupied by Form Fitness. Standard maintenance and operations for a City facility includes, but is not limited to, maintenance and repair costs for elevators, lighting, fire sprinklers, security alarms, mechanical units, plumbing, and doors/windows/roofs. Costs are prorated in FY 2025 if the renovation is completed before the end of the fiscal year. (Ongoing net cost: \$204,000)

**Performance Results**



This action ensures that the renovated facility at 445 Bryant Street is safely and effectively operated and maintained.

|                               |   |        |   |        |
|-------------------------------|---|--------|---|--------|
| 6. Overnight Warming Location | - | 56,000 | - | 56,000 |
|-------------------------------|---|--------|---|--------|

This action provides ongoing funding to extend the Overnight Warming Location (OWL) pilot program from FY 2024. The OWL is activated as a response to life-threatening weather conditions that functions as an overnight shelter for unhoused individuals when the County declares an Inclement Weather Alert based on predefined thresholds of cold or rain. (Ongoing cost: \$50,000)

**Performance Results**



This action continues funding for homeless outreach services for the City.

|   |   |        |   |        |
|---|---|--------|---|--------|
| 7. Adult Studios Program Demand Support | - | 73,000 | - | 73,000 |
|---|---|--------|---|--------|

This action allocates additional funding in contract services to address the growing demand for adult classes. This proposal is expected to enable the program to exceed revenue targets. Despite the challenges posed by COVID-19-related facility closures, the program has consistently outperformed revenue goals. The Adult Studios classes are in high demand, as evidenced by a 94% enrollment rate and waiting lists numbering in the hundreds. (Ongoing cost: \$73,000)

**Performance Results**



This action will reduce waiting lists while meeting community demand.

|   |      |         |         |         |
|---|------|---------|---------|---------|
| 8. Junior Museum and Zoo Business Plan Implementation | 3.08 | 509,025 | 350,000 | 159,025 |
|---|------|---------|---------|---------|

This action enhances the staffing of the JMZ by adding 1.00 Program Assistant I for Guest Services and converting four 0.48 FTE Zoological Assistants to four 1.00 Animal Caretakers, a new classification, to improve programming and animal care oversight. Additionally, a new ticketing system will be introduced to streamline operations. The increased costs of these additions will be partially offset by revenue generated from increased admission prices utilizing a new peak time ticket pricing model. (Ongoing net cost: \$352,000)

**Performance Results**



This action improves customer service, enhances animal care, and supports the long-term sustainability of the JMZ.

## CSD Golf Course Financials

|                                 | FY 2021<br>Actuals  | FY 2022<br>Actuals* | FY 2023<br>Actuals** | FY 2024<br>Projected** | FY 2025<br>Adopted<br>Budget |
|---------------------------------|---------------------|---------------------|----------------------|------------------------|------------------------------|
| <b>REVENUES</b>                 |                     |                     |                      |                        |                              |
| Tournament Fees                 | 213,185             | 362,549             | 406,794              | 412,107                | 400,000                      |
| Green Fees                      | 3,598,588           | 3,600,243           | 3,212,317            | 3,415,337              | 3,200,000                    |
| Driving Range                   | 679,304             | 662,717             | 685,801              | 713,301                | 650,000                      |
| Cart/Club Rentals               | 362,787             | 412,376             | 395,777              | 472,750                | 400,000                      |
| Proshop Lease                   | 227,587             | 292,551             | 259,617              | 257,400                | 250,000                      |
| Restaurant Lease                | 74,000              | 49,500              | 44,000               | 48,000                 | 48,000                       |
| Restaurant Utilities            | 18,000              | 18,000              | 16,500               | 18,000                 | 18,000                       |
| Other Fee                       | 9,571               | 47,214              | 38,893               | 35,722                 | -                            |
| <b>Total Revenue</b>            | <b>\$ 5,183,022</b> | <b>\$ 5,445,150</b> | <b>\$ 5,059,700</b>  | <b>\$ 5,372,617</b>    | <b>\$ 4,966,000</b>          |
| <b>EXPENDITURES</b>             |                     |                     |                      |                        |                              |
| <b>Operating Expenses</b>       |                     |                     |                      |                        |                              |
| Salaries & Benefits             | 128,576             | 139,222             | 149,481              | 188,726                | 209,453                      |
| Supplies and Materials          | 461                 | -                   | 1,131                | -                      | -                            |
| General Expense                 | 357                 | 53                  | 48                   | 104                    | 1,590                        |
| Allocated Charges               | 394,760             | 360,031             | 344,609              | 655,000                | 379,651                      |
| <b>Subtotal</b>                 | <b>\$ 524,154</b>   | <b>\$ 499,306</b>   | <b>\$ 495,268</b>    | <b>\$ 843,830</b>      | <b>\$ 590,694</b>            |
| <b>Contract Services</b>        |                     |                     |                      |                        |                              |
| Golf Maintenance                | 2,648,333           | 3,009,819           | 2,555,159            | 2,839,707              | 2,909,400                    |
| Miscellaneous*                  | -                   | 255,211             | 51,304               | -                      | -                            |
| Management Fees                 | 114,577             | 116,604             | 120,102              | 121,554                | 108,000                      |
| Contract Contingency            | -                   | -                   | -                    | -                      | 30,174                       |
| <b>Subtotal</b>                 | <b>\$ 2,762,910</b> | <b>\$ 3,381,634</b> | <b>\$ 2,726,565</b>  | <b>\$ 2,961,261</b>    | <b>\$ 3,047,574</b>          |
| <b>Total Operating Expenses</b> | <b>\$ 3,287,064</b> | <b>\$ 3,880,940</b> | <b>\$ 3,221,833</b>  | <b>\$ 3,805,091</b>    | <b>\$ 3,638,268</b>          |
| <b>Income From Operations</b>   | <b>\$ 1,895,958</b> | <b>\$ 1,564,210</b> | <b>\$ 1,837,866</b>  | <b>\$ 1,567,527</b>    | <b>\$ 1,327,732</b>          |
| <b>Debt Expenses</b>            |                     |                     |                      |                        |                              |

# CSD Golf Course Financials

|                          | FY 2021<br>Actuals  | FY 2022<br>Actuals* | FY 2023<br>Actuals** | FY 2024<br>Projected** | FY 2025<br>Adopted<br>Budget |
|--------------------------|---------------------|---------------------|----------------------|------------------------|------------------------------|
| Debt Service (New)       | \$ 373,733          | \$ 372,557          | \$ 371,331           | \$ 527,487             | \$ 525,792                   |
| <b>Subtotal</b>          | <b>\$ 373,733</b>   | <b>\$ 372,557</b>   | <b>\$ 371,331</b>    | <b>\$ 527,487</b>      | <b>\$ 525,792</b>            |
| <b>Net Income (Loss)</b> | <b>\$ 1,522,225</b> | <b>\$ 1,191,653</b> | <b>\$ 1,466,535</b>  | <b>\$ 1,040,040</b>    | <b>\$ 801,940</b>            |

\* The COVID-19 pandemic caused significant disruption to City and community activities, which may be reflected in FY 2021 through FY 2023 data.

\*\* Expenses in FY 2022, 2023, and 2024 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 revenue targets.



# CSD Human Service Contracts

| Human Services Contracts   | FY 2024 Adopted Budget | FY 2024 Agency Award | FY 2025 Base Budget | FY 2025 Agency Request | FY 2025 Adopted Budget |
|--|------------------------|----------------------|---------------------|------------------------|------------------------|
| <b>GENERAL HUMAN SERVICES CONTRACTS*</b>                         |                        |                      |                     |                        |                        |
| Avenidas - Senior Services                                       | 570,453                | 570,453              | 570,102             | 570,102                | 584,934                |
| PACCC - Child Care Subsidy and Outreach                          | 577,207                | 577,207              | 577,556             | 577,556                | 592,572                |
| Mediation Service Provider                                       | 77,631                 | 77,631               | 77,631              | 77,631                 | 79,649                 |
| 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>1,275,291</b>       | <b>1,275,291</b>     | <b>1,275,289</b>    | <b>1,275,289</b>       | <b>1,307,155</b>       |
| <b>HUMAN SERVICES RESOURCE ALLOCATION PROCESS CONTRACTS**</b>    |                        |                      |                     |                        |                        |
| AbilityPath (formerly Abilities United)                          | 58,725                 | 69,988               | 67,304              | 69,988                 | 71,834                 |
| Ada's Cafe   | N/A                    | 57,442               | 55,239              | 75,000                 | 58,957                 |
| Adolescent Counseling Services (ASAT) Program)                   | N/A                    | 7,465                | 7,178               | 30,000                 | 7,661                  |
| Adolescent Counseling Services (Outlet Program)                  | 44,457                 | 50,000               | 48,082              | 50,000                 | 51,318                 |
| Alta Housing   | 35,344                 | 43,725               | 42,048              | 43,725                 | 44,878                 |
| Children's Health Council  | 5,230                  | 7,751                | 7,453               | 12,500                 | 7,955                  |
| Counseling and Support Services for Youth (CASSY)                | 35,566                 | N/A                  | N/A                 | N/A                    | N/A                    |
| Downtown Streets Team  | 20,921                 | 38,473               | 36,997              | 50,557                 | 39,487                 |
| Dreamcatchers  | 29,443                 | 55,256               | 53,137              | 60,000                 | 56,714                 |
| The Health Trust   | 19,205                 | 21,600               | 20,772              | 21,600                 | 22,171                 |
| Heart and Home Collaborative                                     | 28,463                 | 40,442               | 38,890              | 50,000                 | 41,508                 |
| KARA   | 24,896                 | 28,000               | 26,926              | 28,000                 | 28,738                 |
| Karat School Project   | 10,852                 | 13,503               | 12,985              | 23,310                 | 13,859                 |
| La Comida de California  | 49,753                 | 60,000               | 57,698              | 60,000                 | 61,582                 |
| LifeMoves  | 82,596                 | 92,893               | 89,329              | 92,893                 | 95,342                 |
| Palo Alto Renters Association (PARA)                             | 5,230                  | N/A                  | N/A                 | N/A                    | N/A                    |
| Partners and Advocates of Remarkable Children and Adults (PARCA) | 10,460                 | 13,015               | 12,516              | 20,000                 | 13,358                 |
| Peninsula HealthCare Connection Inc                              | 26,151                 | 38,759               | 37,272              | 61,087                 | 39,781                 |

## COMMUNITY SERVICES

# CSD Human Service Contracts

| Human Services Contracts                       | FY 2024 Adopted Budget | FY 2024 Agency Award | FY 2025 Base Budget | FY 2025 Agency Request | FY 2025 Adopted Budget |
|--|------------------------|----------------------|---------------------|------------------------|------------------------|
| Ravenswood Family Health Network               | 47,145                 | 75,000               | 72,123              | 75,000                 | 76,978                 |
| Senior Adults Legal Assistance                 | 17,291                 | 20,500               | 19,714              | 20,500                 | 21,041                 |
| Vista Center for the Blind & Visually Impaired | 41,976                 | 47,209               | 45,398              | 47,209                 | 48,454                 |
| WeHope   | 14,645                 | 63,014               | 60,596              | 112,640                | 64,675                 |
| YMCA Palo Alto                                 | 8,891                  | 10,000               | 9,617               | 10,000                 | 10,264                 |
| Youth Community Sv. (YCS)                      | 33,795                 | 42,000               | 40,390              | 42,000                 | 43,109                 |
| <b>Two-Year Contractors Subtotal</b>           | <b>651,035</b>         | <b>896,035</b>       | <b>861,664</b>      | <b>1,056,009</b>       | <b>919,664</b>         |
| FY 2024 Supplemental HSRAP Funding***          | 200,000                |                      |                     |                        |                        |
| <b>TOTAL</b>                                   | <b>2,126,326</b>       | <b>2,171,326</b>     | <b>2,136,953</b>    | <b>2,331,298</b>       | <b>2,226,812</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.

\*\*\* This additional funding was reviewed by the Human Relations Commission (HRC), and allocation recommendations approved by the City Council as part of the two-year HSRAP contract cycle.

\*\*\*\* Funding is in the Non-Departmental section of this document.

# FIRE

## Mission Statement

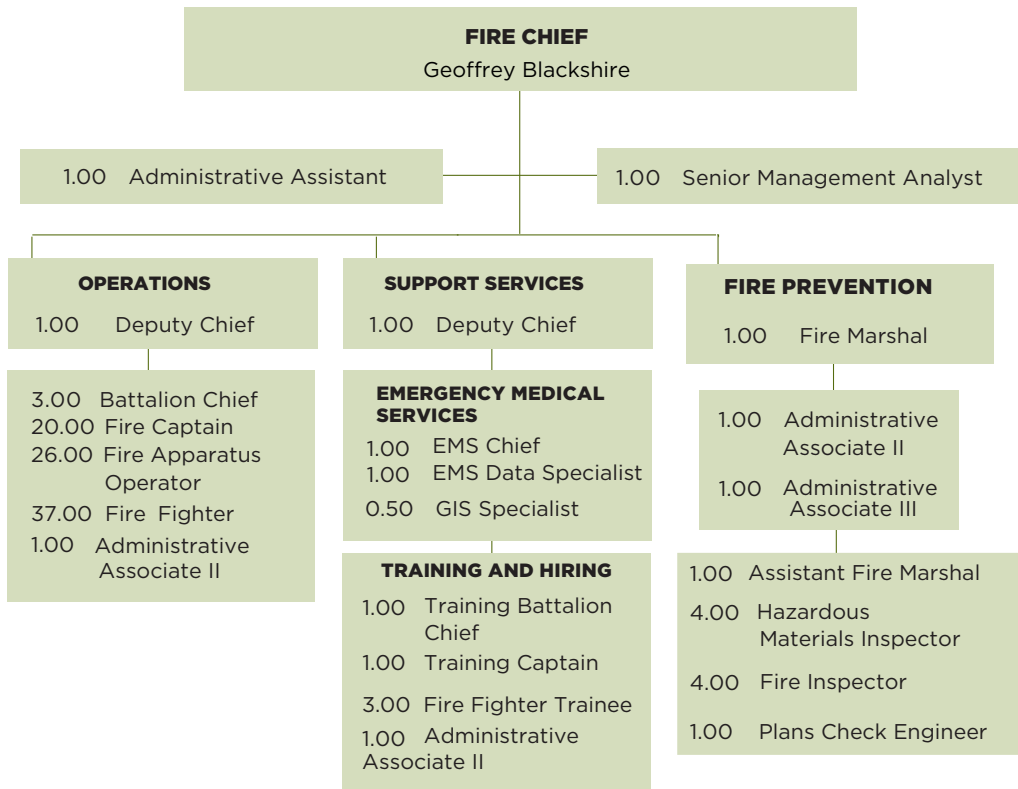


We are a professional team of individuals dedicated to safeguarding and enriching the lives of anyone, anytime, anywhere with compassion and pride.

## 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 2025 POSITION TOTALS**  
 113.50 - 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.

## 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

- Hired new Emergency Medical Services (EMS) Director and completed an assessment of ambulance services and fire prevention for exploring civilian staffing options and a proposed multi-year approach toward single-role ambulance service.
- Supported efforts to update and replace essential public safety facilities and equipment, including receiving approval from the Architectural Review Board on Fire Station 4's design, and upgrading active shooter and flood water rescue equipment.
- Completed organizational assessment of the Fire Prevention Bureau with Development Services and recommend shifting resources to Fire Department operations from Development Services to better align with workload demands moving forward as part of the FY 2025 budget.
- Hired dedicated staff for the State Mandated Fire Inspection program.
- Completed citywide educational effort on FireMed program, resulting in over 200 new participants.
- Conducted the largest single fire academy class with 13 entry-level firefighters.
- Completed three promotional processes resulting in promoting one Training Battalion Chief, five Fire Captains, and two Hazardous Material Inspectors.
- Conducted a pilot program to send three Firefighter Emergency Medical Technicians (EMTs) to paramedic school where they received their paramedic licenses and are now working in the field.
- 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.

## FIRE

- Partnered with Cal Fire's Santa Clara Unit for the second year in a row to remove hazardous fuel in the foothills and reduce the risk of fire spreading in the Palo Alto's wildland urban interface.
- Responded to 9,219 incidents in FY 2023 within the Palo Alto and Stanford jurisdictions.
- Responded to 138 fire incidents in FY 2023 with 77% of responses within eight minutes from the time of receipt.
- Responded to 5,670 medical/rescue calls in FY 2023; 98% of paramedic calls for service were responded to within 12 minutes and 88% of emergency medical calls within eight minutes from the time of receipt.
- Responded to various emergency incidents that have continued to increase due to the recovery from COVID restrictions in the City and Stanford campus. Another contributor was the steady flow of winter storms in the area. Responses included water rescues from stranded vehicles and flooding in homes and streets, fallen trees into buildings, electrical wires down, fires, and auto accidents.

## Initiatives

- Explore Ambulance Service options for peak demand hours to ensure calls are responded to in a timely manner in order to increase survivability in medical emergencies.
- Establish a full-time Fire Engine at Fire Station 2 by adding 3.0 FTE Firefighter positions to the Department. Fire Station 2 is currently staffed with a two-person squad that can act as a first response but does not have full firefighting capabilities. An additional daily position will be added to staff a Fire Engine at Fire Station 2.
- Conduct fee study to update Development Services fees based on the updated allocations for Fire Inspections related to building and development activities.
- Conduct community-focused process to create five-year Strategic Plan for the Department.
- Collaborate with Public Works on the design and building of Fire Station 4.
- Conduct promotional processes for Apparatus Operator and Fire Captain positions.
- Work with Human Resources and City Manager's Office on diversity and inclusion efforts citywide.
- Continue to recruit, hire, and train entry-level firefighters, as the Department addresses current, anticipated and unexpected vacancies.

## 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 eight minutes 90% of the time.
- Target Advanced Life Support (ALS) response times within 12 minutes 90% 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% of the time.   |                 |                        |                   |                        |
|   | FY 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of responses to EMS calls within 8 minutes        | 95%   | 88%             | 90%                    | 89%               | 90%                    |
| Percent of responses to fire emergencies within 8 minutes | 88%   | 77%             | 90%                    | 75%               | 90%                    |
| Percent of responses to paramedic calls within 12 minutes | 99%   | 98%             | 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% of the time.   |                 |                        |                   |                        |
|  | FY 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of fires contained to the room or area of origin | 70%  | 77%             | 90%                    | 90%               | 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 13 structure fires in Palo Alto and Stanford. The FY 2022 measure has also been corrected to 70%; the FY 2024 Adopted Budget incorrectly reported 90%. |                 |                        |                   |                        |



# 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of surveyed residents rating ambulance/EMS services "good" or "excellent"   | 88%  | 90%             | 90%                    | 90%               | 90%                    |
| Percent of surveyed residents rating fire prevention services "good" or "excellent" | 93%  | 77%             | 90%                    | 90%               | 90%                    |
| Percent of surveyed residents rating fire services "good" or "excellent"            | 81%  | 93%             | 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  | <p>The most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a>.</p> <p>The FY 2023 Adopted Budget restored funding to conduct an annual Palo Alto Community Survey, which was completed in October 2022. The majority of residents do not require EMS or Fire services in a given year, and the survey shows nearly half of residents responding with "Don't Know", the numbers have been adjusted to show proportions of responses with the "Don't Know" responses removed.</p> |                 |                        |                   |                        |

## Workload Measures

|  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of fire calls for service           | 117             | 138             | 150                    | 150               | 150                    |
| Number of medical/rescue calls for service | 5,260           | 5,670           | 5,500                  | 5,700             | 5,700                  |
| Number of all other calls for service      | 2,957           | 3,411           | 3,400                  | 3,400             | 3,400                  |
| Total number of calls for service          | 8,334           | 9,219           | 9,000                  | 9,250             | 9,250                  |
| Number of ambulance transports             | 3,694           | 3,818           | 3,800                  | 3,900             | 3,900                  |
| Fire calls average response time           | 8:46            | 7:42            | 8:00                   | 8:00              | 8:00                   |
| Medical/rescue calls average response time | 6:06            | 6:40            | 8:00                   | 7:00              | 7:00                   |

## Budget Summary

|                                    | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|-------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>         |                   |                   |                        |                        |                   |                  |
| Administration                     | 2,691,840         | 2,930,178         | 3,313,213              | 3,531,262              | 218,049           | 6.6%             |
| Emergency Response                 | 34,071,906        | 37,614,199        | 41,072,774             | 44,984,239             | 3,911,465         | 9.5%             |
| Environmental Safety Management    | 256,919           | 369,114           | 1,079,418              | 5,167,408              | 4,087,990         | 378.7%           |
| Records and Information Management | (414)             | 31                | —                      | —                      | —                 | —%               |
| Training and Personnel             | 1,146,299         | 1,223,118         | 1,295,587              | 1,325,502              | 29,915            | 2.3%             |
| <b>Total Dollars by Division</b>   | <b>38,166,551</b> | <b>42,136,640</b> | <b>46,760,992</b>      | <b>55,008,411</b>      | <b>8,247,419</b>  | <b>17.6%</b>     |
| <b>Dollars by Category</b>         |                   |                   |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>       |                   |                   |                        |                        |                   |                  |
| Healthcare                         | 2,068,597         | 2,043,465         | 2,418,454              | 2,703,840              | 285,386           | 11.8%            |
| Other Benefits                     | 557,962           | 567,905           | 561,704                | 592,317                | 30,613            | 5.5%             |
| Overtime                           | 4,684,784         | 3,999,975         | 2,146,234              | 2,721,066              | 574,832           | 26.8%            |
| Pension                            | 9,998,952         | 11,374,183        | 12,572,894             | 15,303,970             | 2,731,076         | 21.7%            |

# Budget Summary

|                                    | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|------------------------------------|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| Retiree Medical                    | 2,222,809          | 2,300,881          | 2,224,102                    | 2,706,512                    | 482,411              | 21.7%               |
| Salary                             | 13,311,375         | 15,021,485         | 18,506,919                   | 21,719,749                   | 3,212,831            | 17.4%               |
| Workers' Compensation              | 1,367,930          | 1,725,643          | 2,048,828                    | 1,924,612                    | (124,216)            | (6.1)%              |
| <b>Total Salary and Benefits</b>   | <b>34,212,409</b>  | <b>37,033,538</b>  | <b>40,479,135</b>            | <b>47,672,066</b>            | <b>7,192,931</b>     | <b>17.8%</b>        |
| Allocated Charges                  | 2,444,339          | 3,480,424          | 4,052,434                    | 4,777,230                    | 724,796              | 17.9%               |
| Contract Services                  | 444,754            | 570,536            | 571,500                      | 973,907                      | 402,407              | 70.4%               |
| Facilities & Equipment             | 473,925            | 205,506            | 575,723                      | 432,723                      | (143,000)            | (24.8)%             |
| General Expense                    | 315,692            | 482,094            | 678,800                      | 717,475                      | 38,675               | 5.7%                |
| Supplies & Material                | 275,431            | 364,542            | 403,400                      | 435,010                      | 31,610               | 7.8%                |
| <b>Total Dollars by Category</b>   | <b>38,166,551</b>  | <b>42,136,640</b>  | <b>46,760,992</b>            | <b>55,008,411</b>            | <b>8,247,419</b>     | <b>17.6%</b>        |
| <b>Revenues</b>                    |                    |                    |                              |                              |                      |                     |
| Charges for Services               | 10,219,324         | 12,155,083         | 12,034,348                   | 15,450,821                   | 3,416,473            | 28.4%               |
| Charges to Other Funds             | 162,610            | 162,610            | 162,610                      | 184,974                      | 22,364               | 13.8%               |
| From Other Agencies                | 745,639            | 1,557,482          | 1,500,101                    | 1,217,340                    | (282,761)            | (18.8)%             |
| Other Revenue                      | 222,559            | 11,458             | 290,000                      | 277,000                      | (13,000)             | (4.5)%              |
| Other Taxes and Fines              | —                  | —                  | —                            | 1,026                        | 1,026                | —%                  |
| Permits and Licenses               | 1,296              | 18,952             | —                            | 1,636,021                    | 1,636,021            | —%                  |
| <b>Total Revenues</b>              | <b>11,351,428</b>  | <b>13,905,585</b>  | <b>13,987,059</b>            | <b>18,767,182</b>            | <b>4,780,123</b>     | <b>34.2%</b>        |
| <b>Positions by Division</b>       |                    |                    |                              |                              |                      |                     |
| Administration                     | 5.20               | 5.20               | 5.20                         | 5.20                         | —                    | —%                  |
| Emergency Response                 | 83.37              | 91.57              | 91.57                        | 94.57                        | 3.00                 | 3.3%                |
| Environmental Safety<br>Management | 1.15               | 1.55               | 3.55                         | 11.18                        | 7.63                 | 214.9%              |
| Training and Personnel             | 0.60               | 2.00               | 2.96                         | 2.96                         | —                    | —%                  |
| <b>Total Positions by Division</b> | <b>90.32</b>       | <b>100.32</b>      | <b>103.28</b>                | <b>113.91</b>                | <b>10.63</b>         | <b>10.3%</b>        |

# Staffing

| Job Classification                                  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| 40-Hour Training Battalion Chief                    | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 261,165        |
| 40-Hour Training Captain                            | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 219,128        |
| Administrative Assistant                            | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 95,514         |
| Administrative Associate II                         | 2.20            | 2.20            | 2.20                   | 3.00                   | 0.80               | 269,693        |
| Administrative Associate III                        | —               | 0.20            | 0.20                   | 1.00                   | 0.80               | 96,366         |
| Assistant Fire Marshal (Previously 40-Hour Captain) | —               | 0.20            | 0.20                   | 1.00                   | 0.80               | 219,128        |
| Battalion Chief                                     | 3.00            | 3.00            | 3.00                   | 3.00                   | —                  | 677,136        |
| Business Analyst                                    | 0.80            | 0.80            | 0.80                   | 0.80                   | —                  | 141,207        |
| Deputy Chief/Fire Marshal                           | 0.05            | —               | —                      | —                      | —                  | —              |
| Deputy Director Technical Services Division         | —               | 0.20            | 0.20                   | 0.20                   | —                  | 44,566         |
| Deputy Fire Chief                                   | 1.00            | 2.00            | 2.00                   | 2.00                   | —                  | 575,058        |
| Emergency Medical Service Director                  | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 227,136        |
| 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                  | —                  | 4,983,422      |
| Fire Captain  | 20.00           | 20.00           | 20.00                  | 20.00                  | —                  | 4,237,834      |
| Fire Chief  | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 341,973        |
| Fire Fighter  | 29.00           | 34.00           | 34.00                  | 37.00                  | 3.00               | 6,626,635      |
| Fire Fighter Trainee                                | —               | 3.00            | 3.00                   | 3.00                   | —                  | 476,724        |
| Fire Inspector                                      | 0.40            | 0.40            | 2.40                   | 3.20                   | 0.80               | 701,210        |

# Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary      |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|---------------------|
| Fire Marshal                                    | —               | 0.05            | 0.05                   | 0.75                   | 0.70               | 185,765             |
| Geographic Information System Specialist        | 0.50            | 0.50            | 0.50                   | 0.50                   | —                  | 74,079              |
| Hazardous Materials Inspector                   | 0.30            | 0.70            | 0.70                   | 3.93                   | 3.23               | 861,173             |
| Plans Check Engineer                            | —               | —               | —                      | 0.50                   | 0.50               | 84,063              |
| Senior Management Analyst                       | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 169,915             |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>90.25</b>    | <b>100.25</b>   | <b>102.25</b>          | <b>112.88</b>          | <b>10.63</b>       | <b>\$21,665,254</b> |
| Temporary/Hourly                                | 0.07            | 0.07            | 1.03                   | 1.03                   | —                  | \$154,158           |
| <b>Total Positions</b>                          | <b>90.32</b>    | <b>100.32</b>   | <b>103.28</b>          | <b>113.91</b>          | <b>10.63</b>       | <b>\$21,819,412</b> |

# Budget Reconciliation

|  | Positions     | Expenditures      | Revenues          | Fund Balance Cost/(Savings) |
|--|---------------|-------------------|-------------------|-----------------------------|
| <b>Prior Year Budget</b>   | <b>103.28</b> | <b>46,760,992</b> | <b>13,987,059</b> | <b>32,773,933</b>           |
| <b>One-Time Prior Year Budget Adjustments</b>  |               |                   |                   |                             |
| Utility Task Vehicle   | -             | -                 | (13,000)          | 13,000                      |
| Rescue and Technical Equipment Upgrades  | -             | (171,000)         | (32,000)          | (139,000)                   |
| Station Facility Replacements  | -             | (150,000)         | (30,000)          | (120,000)                   |
| Medical Gurney Replacements  | -             | (38,000)          | (8,000)           | (30,000)                    |
| Fire and Life Safety Inspections   | -             | (7,500)           | (263,515)         | 256,015                     |
| <b>One-Time Prior Year Budget Adjustments</b>  | <b>-</b>      | <b>(366,500)</b>  | <b>(346,515)</b>  | <b>(19,985)</b>             |
| <b>Adjustments to Costs of Ongoing Activities</b>  |               |                   |                   |                             |
| Salary and Benefits Adjustments  | -             | 3,680,245         | -                 | 3,680,245                   |
| Stanford Emergency Fire Services Contract Revenue  | -             | -                 | 980,656           | (980,656)                   |
| State Mandated Inspection Revenue  | -             | -                 | 516,269           | (516,269)                   |
| Planning and Development Services Revenue Balancing  | -             | -                 | 56,374            | (56,374)                    |
| Foothill Fire Management Contract Adjustment   | -             | 12,000            | -                 | 12,000                      |
| Fire Equipment Maintenance and Training Supplies FY 2024 Mid-Year Budget Review (Report # 2311-2233) | -             | 65,000            | -                 | 65,000                      |
| Staffing for Adequate Fire and Emergency Response (SAFER) Grant Revenue Adjustment                   | -             | -                 | (282,761)         | 282,761                     |
| Communications Allocated Charges   | -             | 3,613             | -                 | 3,613                       |
| Information Technology Allocated Charges   | -             | 67,910            | -                 | 67,910                      |
| Liability Insurance Allocated Charges  | -             | 136,437           | -                 | 136,437                     |
| Printing & Mailing Services Allocated Charges  | -             | 2,900             | -                 | 2,900                       |
| Stormwater Management Allocated Charges  | -             | 179               | -                 | 179                         |
| Utilities Allocated Charges  | -             | 10,875            | -                 | 10,875                      |
| Vehicle Replacement & Maintenance Allocated Charges  | -             | 125,239           | -                 | 125,239                     |
| Workers' Compensation Allocated Charges  | -             | (175,792)         | -                 | (175,792)                   |
| <b>Adjustments to Costs of Ongoing Activities</b>  | <b>-</b>      | <b>3,928,605</b>  | <b>1,270,538</b>  | <b>2,658,067</b>            |
| <b>Total FY 2025 Base Budget</b>   | <b>103.28</b> | <b>50,323,097</b> | <b>14,911,082</b> | <b>35,412,015</b>           |

# Budget Reconciliation

|  | Positions     | Expenditures      | Revenues          | Fund Balance Cost/(Savings) |
|--|---------------|-------------------|-------------------|-----------------------------|
| <b>Budget Adjustments</b>  |               |                   |                   |                             |
| 1. Shift Fire Prevention from Planning and Development Services to Fire Department | 7.63          | 3,533,944         | 3,652,540         | (118,597)                   |
| 2. Fire Inspector Vehicles   | -             | 80,000            | -                 | 80,000                      |
| 3. Fire Equipment Replacements   | -             | 201,000           | 38,190            | 162,810                     |
| 4. Upstaff Engine 62 with Sworn Staff  | 3.00          | 870,370           | 165,370           | 705,000                     |
| <b>Total Budget Adjustments</b>  | <b>10.63</b>  | <b>4,685,314</b>  | <b>3,856,100</b>  | <b>829,214</b>              |
| <b>Total FY 2025 Adopted Budget</b>  | <b>113.91</b> | <b>55,008,411</b> | <b>18,767,182</b> | <b>36,241,229</b>           |

# Budget Adjustments

| Budget Adjustments   | Positions | Expenditures | Revenues  | Fund Balance Cost/(Savings) |
|--|-----------|--------------|-----------|-----------------------------|
| 1. Shift Fire Prevention from Planning and Development Services to Fire Department | 7.63      | 3,533,944    | 3,652,540 | (118,597)                   |

This action follows the recommendation of a fire prevention organizational study to reallocate the majority of the Fire Prevention program from Development Services to the Fire Department. Since the last fee study, the program has evolved, and the current structure no longer aligns with the original allocation intent and plan. This action will support the Fire Department in addressing their workload with Santa Clara County and expand fire community risk reduction efforts. Specifically, this action involves shifting 7.38 positions from Planning and Development Services and 0.25 positions from Public Works and Utilities Enterprise Funds, along with associated expenses and revenue, to the Fire Department. (Ongoing cost: \$0)

**Performance Results**



This action enhances efficiency in addressing fire reduction efforts, while ensuring compliance with Santa Clara County standards.

|                            |   |        |   |        |
|----------------------------|---|--------|---|--------|
| 2. Fire Inspector Vehicles | - | 80,000 | - | 80,000 |
|----------------------------|---|--------|---|--------|

This one-time action adds \$80,000 for two vehicle purchases for Fire Inspectors. This will enable Fire Inspectors to conduct State-mandated inspection work, such as building construction inspections on fire protection systems in hospitals, daycares, medical institutions, schools, multifamily housing, and high-rise buildings. (Ongoing cost: \$0)

**Performance Results**



This one-time action will result in improved training support for the Fire Department, ensuring all Firefighters complete entry level and ongoing training requirements.

# Budget Adjustments

| Budget Adjustments             | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|--------------------------------|-----------|--------------|----------|-----------------------------|
| 3. Fire Equipment Replacements | -         | 201,000      | 38,190   | 162,810                     |

This action adds funding of \$136,000 in one-time equipment replacements for stair chairs, air monitors, cordless power saws, and special operations Personal Protective Equipment (PPE). This action also adds funding of \$65,000 in ongoing equipment replacements for Emergency Medical Services (EMS) equipment such as Automated External Defibrillators (AEDs), auto extrication vehicles, and a variety of specialized operations equipment ranging from active shooter vests to rope rescue gear. The ongoing funding will be used for annual replacements due to breakage and wear, and will ensure the Department has adequate equipment and gear to use for daily EMS responsibilities and rescue situations. This action includes a revenue offset from the Stanford Fire Services Contract. (Ongoing cost: \$52,650)

**Performance Results**



This action will result in improved rescue equipment and gear for the Fire Department when entering dangerous environments such as floods, fires or hazardous materials situations.

|                                       |      |         |         |         |
|---------------------------------------|------|---------|---------|---------|
| 4. Upstaff Engine 62 with Sworn Staff | 3.00 | 870,370 | 165,370 | 705,000 |
|---------------------------------------|------|---------|---------|---------|

This action adds 3.00 FTE Firefighter EMT positions to upstaff Fire Station 2 into a full-service Fire Engine 62. This funding will address the need for more fire response capacity due to an increase in both fire risk and service level demand. In the Santa Clara Local Agency Formation Commission Countywide Fire Service Report published in October 2023, the Palo Alto Fire Department was found to be the busiest fire agency in Santa Clara County, running 107 calls per 1,000 residents. This funding will aid the Department in meeting community demand. This action includes a revenue offset from the Stanford Fire Services Contract. (Ongoing cost: \$742,352)

**Performance Results**



This action will allow the Fire Department to increase its Fire Station firefighting capacity from four stations to five.



# HUMAN RESOURCES

## Mission Statement



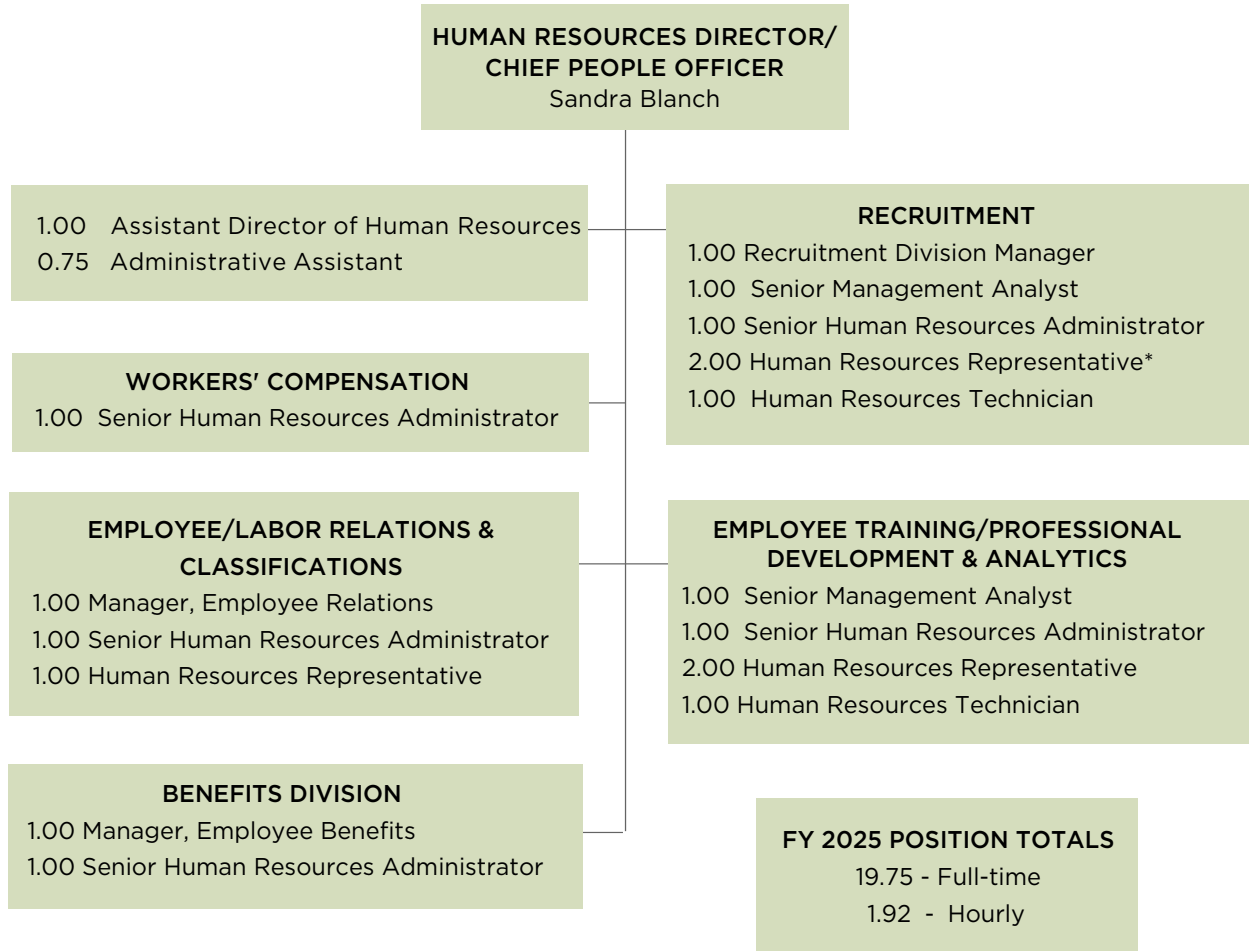
The Human Resources Department's mission is to recruit, develop, and retain a diverse, well-qualified, and professional workforce that reflects the high standards of the community we serve, and to lead City departments in positive employee relations, talent management, succession planning, and employee 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



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

\*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 a successor contract for Service Employees International Union Hourly Unit (SEIU-H) and updated the Limited Hourly Employee compensation plan.
- Celebrated the citywide Employee Appreciation Event, with over 500 employees in attendance. The event was designed to recognize the contributions of the workforce with tokens of appreciation in the form of swag items, a selection of food and refreshments, and entertainment.
- Launched and enhanced benefits offering to provide employees and their families with new options; introduced a new Dental Buy-up plan, enhanced the Employee Assistance Program, and launched a pilot Childcare Pilot Program to assist City employees with childcare related expenses.
- Launched a new self-service portal for new employees to complete their benefit elections. Pivoting away from paper-based enrollment, the new self-service portal allows all new hires to complete their benefit enrollment online. This change elevated the new employee experience, making it an easier and more efficient process to complete benefit enrollment. Additionally, the change saved HR staff significant time, decreasing monthly time spent on new hire benefit enrollment from an average of 12 hours to 5 hours.
- Successfully transitioned all City employees to the new FIORI self-service portal for electing yearly Open Enrollment benefits.

## HUMAN RESOURCES

- Reestablished the in-person Benefits Fair to help employees with their benefit enrollment. The event was attended by more than 200 employees and over 20 vendors.
- Successfully recruited 86 new hires and facilitated 52 promotions that included City Clerk, Chief Financial Officer, Community Services Assistant Director, two Division Heads in Library Services, and a Diversity and Equity Program Manager.
- 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 reduced its overall vacancy rate from 17% to 11.15% by the end of Fiscal Year 2024.
- Expanded the Human Resources Liaison program to continue expediting the hiring process. Partnered with several departments such as Public Works, Utilities, Planning and Development Services, Fire, Community Services and Administrative Services Departments to increase recruitment capacity.
- Hosted the management Leadership Academy which included 30 City employees.
- Completed an automated online evaluation process for the Management and Utilities Management employees and expanded the tool to the Executive Leadership Team.
- Expanded the City's New Employee Orientation (NEO) from a half day to a full day session and brought back the highly popular and successful NEO bus tour of the City.
- Enhanced the Human Resources website to include resources that provide online professional and personal development courses for all City employees, in conjunction with various City Departments.
- Completed Request for Proposals and executed contracts for organizational development, training and other employee career advancement needs.

## Initiatives

- Negotiate successor agreements with 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) and update the City's Management and Professional Compensation Plan.
- Enhance the Employee Appreciation event to reinforce organizational values of a positive working environment by prioritizing wellness and fostering comradery among staff.
- Expand communication and educational tools to improve delivery of Human Resource services.
- Conduct and complete request for proposals for five benefit vendors with the goal to enhance and add to current benefit offerings.
- Enhance the self-service portal for employees to complete benefit enrollment for life event changes online in addition to new hire benefit enrollments.
- Continue to enhance recruitment strategies to maximize capacity and reduce the number of vacancies.
- Create a more engaging recruitment experience for candidates and internal customers and find measurable ways to capture success.

# Budget Summary

|                                | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|--------------------------------|-------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Fund</b>         |                   |                   |                        |                        |                   |                  |
| General Fund-Operating         | 3,646,655         | 3,653,720         | 4,790,157              | 5,552,003              | 761,847           | 15.9%            |
| Liability Insurance Fund       | 4,294,547         | 5,129,866         | 7,143,185              | 8,146,545              | 1,003,360         | 14.0%            |
| Worker's Compensation Fund     | 7,391,492         | 4,330,852         | 8,965,306              | 9,270,429              | 305,124           | 3.4%             |
| <b>Total Dollars by Fund</b>   | <b>15,332,694</b> | <b>13,114,439</b> | <b>20,898,647</b>      | <b>22,968,977</b>      | <b>2,070,330</b>  | <b>9.9%</b>      |
| <b>Revenues</b>                |                   |                   |                        |                        |                   |                  |
| Charges to Other Funds         | 4,956,701         | 6,477,525         | 7,306,045              | 8,709,472              | 1,403,427         | 19.2%            |
| Operating Transfers-In         | 5,000             | 5,000             | 5,000                  | 5,000                  | —                 | —%               |
| Other Revenue                  | 6,956,426         | 7,479,496         | 8,041,040              | 7,641,040              | (400,000)         | (5.0)%           |
| Return on Investments          | 570,533           | 728,620           | 705,100                | 916,500                | 211,400           | 30.0%            |
| <b>Total Revenues</b>          | <b>12,488,659</b> | <b>14,690,641</b> | <b>16,057,185</b>      | <b>17,272,012</b>      | <b>1,214,827</b>  | <b>7.6%</b>      |
| <b>Positions by Fund</b>       |                   |                   |                        |                        |                   |                  |
| General Fund-Operating         | 14.00             | 15.96             | 18.67                  | 19.67                  | 1.00              | 5.4%             |
| 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>15.48</b>      | <b>17.44</b>      | <b>21.15</b>           | <b>22.15</b>           | <b>1.00</b>       | <b>4.7%</b>      |



CITY OF  
**PALO  
ALTO**

# GENERAL FUND

## Goals and Objectives

### Goal 1

Enhance the City's Comprehensive Talent Management Program that will attract, develop, and retain a committed workforce.

#### Objectives:

- Renewed focus on an enhanced engagement and candidate experience
- Improve internal customer experience (Hiring Manager experience)

### Goal 2

Enhance City learning culture, engagement, and innovation.

#### Objectives:

- Focus on professional development, succession planning, and positive work environment initiatives
- Expand learning opportunities through Diversity, Equity, Inclusion, and Belonging (DEIB) programs, organizational development consultants, and increase marketing efforts
- Provide tailored and targeted guidance on implementation at a Department and Division level

### Goal 3

Implement improvements to the department's operational systems to ensure responsiveness and effectiveness of Human Resources services.

#### Objectives:

- Increase awareness and accessibility of self-help tools and resources
- Improve Human Resources ability and capacity to be responsive to internal and external customers

# 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 2022 Actuals</b>  | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Recruitment - Days to fill a position | 101   | 120                    | 110                           | 125                      | 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 2024 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Turnover - Involuntary Turnover | 1%  | 0%              | 1%                     | 0%                | 0%                     |
| Turnover - Retirement Turnover  | 4%  | 2%              | 4%                     | 3%                | 3%                     |
| Turnover - Total Turnover       | 12%   | 9%              | 11%                    | 8%                | 8%                     |
| Turnover - Voluntary Turnover   | 7%  | 6%              | 6%                     | 5%                | 5%                     |
| 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 2023 actual turnover rates were lower than expectations. It is anticipated that the turnover rates will continue to realize a downward trend in FY 2024 due to changes in labor agreements and total compensation strategy.  |                 |                        |                   |                        |

# Workload Measures

|  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--|-----------------|-----------------|------------------------|-------------------|------------------------|
| Employee personnel transactions                                    | 4,700           | 4,163           | 5,500                  | 5,720             | 5,800                  |
| Percentage of employees participating in Citywide training program | 80%             | 90%             | 90%                    | 90%               | 90%                    |

# HUMAN RESOURCES

## Budget Summary

|   | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|---|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>                              |                  |                  |                        |                        |                   |                  |
| Administration, Employee Org Development and HR Systems | 1,258,580        | 1,275,684        | 1,959,029              | 2,401,798              | 442,769           | 22.6%            |
| Benefits and Compensation                               | 545,653          | 438,342          | 576,581                | 583,451                | 6,870             | 1.2%             |
| Employee and Labor Relations                            | 1,089,978        | 1,206,498        | 1,338,473              | 1,442,108              | 103,635           | 7.7%             |
| Recruitment   | 443,866          | 511,069          | 613,996                | 896,161                | 282,165           | 46.0%            |
| Risk Mgmt, Safety, Workers' Compensation                | 308,578          | 222,127          | 302,077                | 228,485                | (73,592)          | (24.4)%          |
| <b>Total Dollars by Division</b>                        | <b>3,646,655</b> | <b>3,653,720</b> | <b>4,790,157</b>       | <b>5,552,003</b>       | <b>761,847</b>    | <b>15.9%</b>     |
| <b>Dollars by Category</b>                              |                  |                  |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>                            |                  |                  |                        |                        |                   |                  |
| Healthcare  | 252,055          | 243,880          | 334,599                | 376,323                | 41,725            | 12.5%            |
| Other Benefits  | 92,237           | 86,622           | 109,539                | 110,424                | 884               | —%               |
| Overtime  | 1,815            | 1,985            | —                      | —                      | —                 | —%               |
| Pension   | 760,911          | 771,424          | 955,981                | 1,080,171              | 124,190           | 13.0%            |
| Retiree Medical   | 190,885          | 173,972          | 153,046                | 170,431                | 17,386            | 11.4%            |
| Salary  | 1,868,926        | 1,812,504        | 2,465,876              | 2,983,733              | 517,857           | 21.0%            |
| Workers' Compensation                                   | 86,961           | 84,410           | 106,726                | 95,593                 | (11,133)          | (10.4)%          |
| <b>Total Salary and Benefits</b>                        | <b>3,253,790</b> | <b>3,174,796</b> | <b>4,125,766</b>       | <b>4,816,676</b>       | <b>690,910</b>    | <b>16.7%</b>     |
| Allocated Charges                                       | 179,584          | 201,960          | 327,441                | 347,378                | 19,937            | 6.1%             |
| Contract Services                                       | 94,864           | 164,970          | 229,309                | 279,309                | 50,000            | 21.8%            |
| Facilities & Equipment                                  | —                | 3,294            | 4,150                  | 4,150                  | —                 | —%               |
| General Expense   | 69,480           | 60,068           | 44,098                 | 45,098                 | 1,000             | 2.3%             |
| Rents & Leases  | 43,000           | 43,000           | 43,000                 | 43,000                 | —                 | —%               |
| Supplies & Material                                     | 5,938            | 5,633            | 16,392                 | 16,392                 | —                 | —%               |
| <b>Total Dollars by Category</b>                        | <b>3,646,655</b> | <b>3,653,720</b> | <b>4,790,157</b>       | <b>5,552,003</b>       | <b>761,847</b>    | <b>15.9%</b>     |

## Budget Summary

|   | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|---|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| <b>Revenues</b>   |                  |                  |                        |                        |                   |                  |
| Charges to Other Funds                                  | 1,308,367        | 1,234,525        | 1,958,185              | 2,109,472              | 151,287           | 7.7%             |
| <b>Total Revenues</b>                                   | <b>1,308,367</b> | <b>1,234,525</b> | <b>1,958,185</b>       | <b>2,109,472</b>       | <b>151,287</b>    | <b>7.7%</b>      |
| <b>Positions by Division</b>                            |                  |                  |                        |                        |                   |                  |
| Administration, Employee Org Development and HR Systems | 3.60             | 5.56             | 8.69                   | 9.19                   | 0.50              | 5.8%             |
| Benefits and Compensation                               | 2.15             | 2.15             | 1.95                   | 1.95                   | —                 | —%               |
| Employee and Labor Relations                            | 4.75             | 4.75             | 4.30                   | 4.30                   | —                 | —%               |
| Recruitment   | 2.00             | 2.00             | 2.83                   | 3.33                   | 0.50              | 17.7%            |
| Risk Mgmt, Safety, Workers' Compensation                | 1.50             | 1.50             | 0.90                   | 0.90                   | —                 | —%               |
| <b>Total Positions by Division</b>                      | <b>14.00</b>     | <b>15.96</b>     | <b>18.67</b>           | <b>19.67</b>           | <b>1.00</b>       | <b>5.4%</b>      |

## Staffing

| Job Classification                 | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|------------------------------------|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Administrative Assistant           | —               | —               | 0.75                   | 0.75                   | —                  | 66,612         |
| Assistant Director Human Resources | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 224,203        |
| Director Human Resources/ CPO      | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 265,346        |
| Human Resources Representative     | 2.00            | 2.00            | 4.00                   | 4.00                   | —                  | 410,218        |
| Human Resources Technician         | 3.00            | 4.00            | 2.00                   | 2.00                   | —                  | 172,286        |

# HUMAN RESOURCES

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| Manager Employee Benefits                       | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 168,542            |
| Manager Employee Relations                      | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 188,344            |
| Recruitment Division Manager*                   | —               | —               | —                      | 1.00                   | 1.00               | 172,411            |
| Senior Human Resources Administrator            | 3.00            | 3.00            | 4.00                   | 4.00                   | —                  | 481,583            |
| Senior Management Analyst                       | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 321,547            |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>14.00</b>    | <b>15.00</b>    | <b>16.75</b>           | <b>17.75</b>           | <b>1.00</b>        | <b>\$2,471,093</b> |
| Temporary/Hourly                                | —               | 0.96            | 1.92                   | 1.92                   | —                  | \$228,853          |
| <b>Total Positions</b>                          | <b>14.00</b>    | <b>15.96</b>    | <b>18.67</b>           | <b>19.67</b>           | <b>1.00</b>        | <b>\$2,699,946</b> |

\*The FY 2025 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.

# Budget Reconciliation

|   | Positions    | Expenditures     | Revenues         | Fund Balance Cost/(Savings) |
|---|--------------|------------------|------------------|-----------------------------|
| <b>Prior Year Budget</b>                          | <b>18.67</b> | <b>4,790,156</b> | <b>1,958,186</b> | <b>2,831,971</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                   | -            | 455,898          | -                | 455,898                     |
| General Fund Cost Allocation Plan                 | -            | -                | 151,287          | (151,287)                   |
| Labor Negotiations Legal Counsel Increase         | -            | 50,000           | -                | 50,000                      |
| Information Technology Allocated Charges          | -            | 7,484            | -                | 7,484                       |
| Liability Insurance Allocated Charges             | -            | 15,053           | -                | 15,053                      |
| Printing & Mailing Services Allocated Charges     | -            | (2,600)          | -                | (2,600)                     |
| Workers' Compensation Allocated Charges           | -            | (11,133)         | -                | (11,133)                    |
| <b>Adjustments to Costs of Ongoing Activities</b> | <b>-</b>     | <b>514,702</b>   | <b>151,287</b>   | <b>363,415</b>              |
| <b>Total FY 2025 Base Budget</b>                  | <b>18.67</b> | <b>5,304,859</b> | <b>2,109,472</b> | <b>3,195,386</b>            |
| <b>Budget Adjustments</b>                         |              |                  |                  |                             |
| 1. Recruitment Staffing Increase                  | 1.00         | 247,144          | -                | 247,144                     |
| <b>Total Budget Adjustments</b>                   | <b>1.00</b>  | <b>247,144</b>   | <b>-</b>         | <b>247,144</b>              |
| <b>Total FY 2025 Adopted Budget</b>               | <b>19.67</b> | <b>5,552,003</b> | <b>2,109,472</b> | <b>3,442,530</b>            |

# Budget Adjustments

| Budget Adjustments               | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|----------------------------------|-----------|--------------|----------|-----------------------------|
| 1. Recruitment Staffing Increase | 1.00      | 247,144      | -        | 247,144                     |

This action adds a 1.00 FTE Recruitment Division Manager position, a new classification, to the Human Resources (HR) Department to enhance capacity and oversight of the recruitment process. HR conducted an assessment of the recruitment, hiring, and onboarding process through Municipal Resource Group (MRG), an industry expert and this assessment confirmed the need to enhance the strategic and analytical bandwidth of overall recruitment endeavors. The Recruitment Division Manager position will more adequately staff the City's recruitment team in response to vacancy rates, the increase of recruitment demands, and a changing talent acquisition landscape. The evolving complexity of recruitment processes and job market demands are a long term sustained change to the way recruiting will be done throughout the public sector. Agencies who are first to adapt will have a tangible and long term advantage over slower changing organizations. This strategic investment will not only alleviate the burden on existing team members but also empower the City to maintain competitiveness in attracting top talent, ultimately fostering organizational growth and sustainability. This action aligns with the City Council's continued prioritization of recruitment and retention, as quickly filling vacant positions with quality talent is a critical component of employee retention. (Ongoing cost: \$266,000)

**Performance Results** 📌 ☆ 👍

This action increases recruitment resources to expedite and streamline the hiring process, enhance employee recruitment and retention efforts, and position the City to compete for top talent.

# 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

- Updated employee background check procedures in accordance with recent California law.

## Initiatives

- Begin the transition of the risk management function from the Human Resources Department to the Administrative Services Department with an initial focus on the insurance and financial risk areas.

## 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 2022 Actuals</b>   | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Annual number of claims related to City vehicle collision losses | 11   | 8                      | 6                             | 8                        | 8                             |
| 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 2024 and FY 2025.  |                        |                               |                          |                               |

## DEFENSIVE DRIVING TRAINING

|   |  |                        |                               |                          |                               |
|---|--|------------------------|-------------------------------|--------------------------|-------------------------------|
| Goal                                    | Reduce liability exposure to the City.   |                        |                               |                          |                               |
| Objective                               | Provide defensive driver training.   |                        |                               |                          |                               |
|   | <b>FY 2022 Actuals</b>   | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Attendance at defensive driver training | 195  | 146                    | 200                           | 190                      | 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 2022 Actuals    | FY 2023 Actuals    | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$  | FY 2025 Change % |
|---------------------------------------|--------------------|--------------------|------------------------|------------------------|--------------------|------------------|
| <b>Dollars by Division</b>            |                    |                    |                        |                        |                    |                  |
| General Liabilities Insurance Program | 4,294,547          | 5,129,866          | 7,143,185              | 8,146,545              | 1,003,360          | 14.0%            |
| <b>Total Dollars by Division</b>      | <b>\$4,294,547</b> | <b>\$5,129,866</b> | <b>\$7,143,185</b>     | <b>\$8,146,545</b>     | <b>\$1,003,360</b> | <b>14.0%</b>     |
| <b>Dollars by Category</b>            |                    |                    |                        |                        |                    |                  |
| <b>Salary &amp; Benefits</b>          |                    |                    |                        |                        |                    |                  |
| Healthcare                            | —                  | —                  | 30,123                 | 30,279                 | 155                | 0.5%             |
| Other Benefits                        | —                  | —                  | 5,077                  | 5,200                  | 123                | 2.4%             |
| Pension                               | —                  | —                  | 26,538                 | 67,785                 | 41,248             | 155.4%           |
| Salary                                | —                  | —                  | 148,728                | 157,561                | 8,833              | 5.9%             |
| <b>Total Salary and Benefits</b>      | <b>—</b>           | <b>—</b>           | <b>\$210,465</b>       | <b>\$260,825</b>       | <b>\$50,360</b>    | <b>23.9%</b>     |
| Contract Services                     | 62,234             | 57,406             | 71,820                 | 71,820                 | —                  | —%               |
| General Expense                       | 4,232,313          | 5,072,460          | 6,860,900              | 7,813,900              | 953,000            | 13.9%            |
| <b>Total Dollars by Category</b>      | <b>\$4,294,547</b> | <b>\$5,129,866</b> | <b>\$7,143,185</b>     | <b>\$8,146,545</b>     | <b>\$1,003,360</b> | <b>14.0%</b>     |
| <b>Revenues</b>                       |                    |                    |                        |                        |                    |                  |
| Charges to Other Funds                | 3,648,334          | 5,243,000          | 5,347,860              | 6,600,000              | 1,252,140          | 23.4%            |
| Operating Transfers-In                | 5,000              | 5,000              | 5,000                  | 5,000                  | —                  | —%               |
| Other Revenue                         | 323                | —                  | 41,040                 | 41,040                 | —                  | —%               |
| Return on Investments                 | 134,259            | 160,721            | 180,900                | 242,200                | 61,300             | 33.9%            |
| <b>Total Revenues</b>                 | <b>\$3,787,916</b> | <b>\$5,408,721</b> | <b>\$5,574,800</b>     | <b>\$6,888,240</b>     | <b>\$1,313,440</b> | <b>23.6%</b>     |
| <b>Positions by Division</b>          |                    |                    |                        |                        |                    |                  |
| General Liabilities Insurance Program | —                  | —                  | 1.00                   | 1.00                   | —                  | —%               |
| <b>Total Positions by Division</b>    | <b>—</b>           | <b>—</b>           | <b>1.00</b>            | <b>1.00</b>            | <b>—</b>           | <b>—%</b>        |

# HUMAN RESOURCES

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary   |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| Senior Management Analyst                       | —               | —               | 1.00                   | 1.00                   | —                  | 141,794          |
| <b>Subtotal: Full-Time Equivalent Positions</b> | —               | —               | <b>1.00</b>            | <b>1.00</b>            | —                  | <b>\$141,794</b> |
| <b>Total Positions</b>                          | —               | —               | <b>1.00</b>            | <b>1.00</b>            | —                  | <b>\$141,794</b> |

# Budget Reconciliation

|   | Positions   | Expenditures     | Revenues         | Fund Balance Cost/(Savings) |
|---|-------------|------------------|------------------|-----------------------------|
| <b>Prior Year Budget</b>                                      | 1.00        | 7,143,185        | 5,574,800        | 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>             |             |                  |                  |                             |
| Salary and Benefits Adjustments                               | -           | 50,360           | -                | 50,360                      |
| Charges to Other Funds  | -           | -                | 1,252,140        | (1,252,140)                 |
| Return on Investments   | -           | -                | 61,300           | (61,300)                    |
| General Liability Insurance Claims                            | -           | 163,000          | -                | 163,000                     |
| Umbrella Excess Liability Insurance Adjustment (19% increase) | -           | 790,000          | -                | 790,000                     |
| <b>Adjustments to Costs of Ongoing Activities</b>             | -           | <b>1,003,360</b> | <b>1,313,440</b> | <b>(310,080)</b>            |
| <b>Total FY 2025 Base Budget</b>                              | <b>1.00</b> | <b>8,146,545</b> | <b>6,888,240</b> | <b>1,100,732</b>            |
| <b>Budget Adjustments</b>                                     |             |                  |                  |                             |
| 1. None   | -           | -                | -                | -                           |
| <b>Total Budget Adjustments</b>                               | -           | -                | -                | -                           |
| <b>Total FY 2025 Adopted Budget</b>                           | <b>1.00</b> | <b>8,146,545</b> | <b>6,888,240</b> | <b>1,100,732</b>            |



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 and enhanced the claims process.

## Initiatives

- Focus on improving employee claims experience.

## 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 2022 Actuals</b>   | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Total dollar amount of claims paid | 5,490,644  | 3,051,737              | 3,500,000                     | 3,039,361                | 3,000,000                     |
| 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                             | In FY 2023 claim cost decreased. It is expected that claims cost expenses will remain at a similar cost in FY 2024 and also not increase in FY 2025.                   |                        |                               |                          |                               |

## 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 2022 Actuals</b>   | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Number of Workers' Compensation Claims Filed | 78   | 76                     | 80                            | 80                       | 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 2023. This is likely a result of workforce vacancies in the Utilities and Public Works Departments.  |                        |                               |                          |                               |

# Budget Summary

|                                    | FY 2022 Actuals    | FY 2023 Actuals    | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$  | FY 2025 Change % |
|------------------------------------|--------------------|--------------------|------------------------|------------------------|--------------------|------------------|
| <b>Dollars by Division</b>         |                    |                    |                        |                        |                    |                  |
| Workers' Compensation Program      | 7,391,492          | 4,330,852          | 8,965,306              | 9,270,429              | 305,124            | 3.4%             |
| <b>Total Dollars by Division</b>   | <b>\$7,391,492</b> | <b>\$4,330,852</b> | <b>\$8,965,306</b>     | <b>\$9,270,429</b>     | <b>\$305,124</b>   | <b>3.4%</b>      |
| <b>Dollars by Category</b>         |                    |                    |                        |                        |                    |                  |
| <b>Salary &amp; Benefits</b>       |                    |                    |                        |                        |                    |                  |
| Healthcare                         | 10,915             | 11,511             | 11,574                 | 11,612                 | 39                 | —%               |
| Other Benefits                     | 400,481            | 286,354            | 266,734                | 266,808                | 75                 | —%               |
| Overtime                           | 525                | —                  | —                      | —                      | —                  | —%               |
| Pension                            | 60,729             | 70,587             | 65,972                 | 71,611                 | 5,639              | 8.5%             |
| Salary                             | 198,974            | 154,903            | 194,607                | 199,979                | 5,371              | 2.8%             |
| Workers' Compensation              | 6,190,578          | 3,256,593          | 7,550,340              | 7,844,340              | 294,000            | 3.9%             |
| <b>Total Salary and Benefits</b>   | <b>\$6,862,202</b> | <b>\$3,779,947</b> | <b>\$8,089,227</b>     | <b>\$8,394,350</b>     | <b>\$305,124</b>   | <b>3.8%</b>      |
| Contract Services                  | 6,750              | 6,750              | 7,079                  | 7,079                  | —                  | —%               |
| General Expense                    | 522,540            | 544,155            | 869,000                | 869,000                | —                  | —%               |
| <b>Total Dollars by Category</b>   | <b>\$7,391,492</b> | <b>\$4,330,852</b> | <b>\$8,965,306</b>     | <b>\$9,270,429</b>     | <b>\$305,124</b>   | <b>3.4%</b>      |
| <b>Revenues</b>                    |                    |                    |                        |                        |                    |                  |
| Other Revenue                      | 6,956,103          | 7,479,496          | 8,000,000              | 7,600,000              | (400,000)          | (5.0)%           |
| Return on Investments              | 436,274            | 567,899            | 524,200                | 674,300                | 150,100            | 28.6%            |
| <b>Total Revenues</b>              | <b>\$7,392,376</b> | <b>\$8,047,395</b> | <b>\$8,524,200</b>     | <b>\$8,274,300</b>     | <b>\$(249,900)</b> | <b>(2.9)%</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 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary   |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| Senior Human Resources Administrator            | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 153,192          |
| <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>\$153,192</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>\$182,944</b> |



# Budget Reconciliation

|  | Positions | Expenditures | Revenues  | Fund Balance Cost/(Savings) |
|--|-----------|--------------|-----------|-----------------------------|
| <b>Prior Year Budget</b>   | 1.48      | 8,965,306    | 8,524,200 | 441,106                     |
| <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                                   | -         | 11,124       | -         | 11,124                      |
| Charges to Other Funds (5% discount in FY 2025)                  | -         | -            | (400,000) | 400,000                     |
| Return on Investments  | -         | -            | 150,100   | (150,100)                   |
| Workers' Compensation Insurance Claims Adjustments (4% increase) | -         | 294,000      | -         | 294,000                     |
| <b>Adjustments to Costs of Ongoing Activities</b>                | -         | 305,124      | (249,900) | 555,024                     |
| <b>Total FY 2025 Base Budget</b>                                 | 1.48      | 9,270,429    | 8,274,300 | 996,129                     |
| <b>Budget Adjustments</b>  |           |              |           |                             |
| 1. None  | -         | -            | -         | -                           |
| <b>Total Budget Adjustments</b>                                  | -         | -            | -         | -                           |
| <b>Total FY 2025 Adopted Budget</b>                              | 1.48      | 9,270,429    | 8,274,300 | 996,129                     |

| Workers' Compensation Fund                 | FY 2022 Actuals    | FY 2023 Actuals    | FY 2024 Estimate   | FY 2025 Adopted    |
|--|--------------------|--------------------|--------------------|--------------------|
| Claims Paid/Projected                      | \$6,036,115        | \$3,051,738        | \$7,358,034        | \$7,639,000        |
| CSAC Excess Insurance Premium              | \$522,540          | \$544,155          | \$868,000          | \$868,000          |
| Actuarial Services                         | \$6,750            | \$6,750            | \$7,080            | \$7,079            |
| TPA Administrator Fees                     | \$394,309          | \$280,750          | \$344,733          | \$261,000          |
| State Self-Insurance Fees                  | \$154,463          | \$204,855          | \$205,340          | \$205,340          |
| In-House Administration                    | \$277,316          | \$242,604          | \$266,908          | \$290,010          |
| <b>Workers' Compensation Fund Subtotal</b> | <b>\$7,391,492</b> | <b>\$4,330,852</b> | <b>\$9,050,094</b> | <b>\$9,270,429</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.

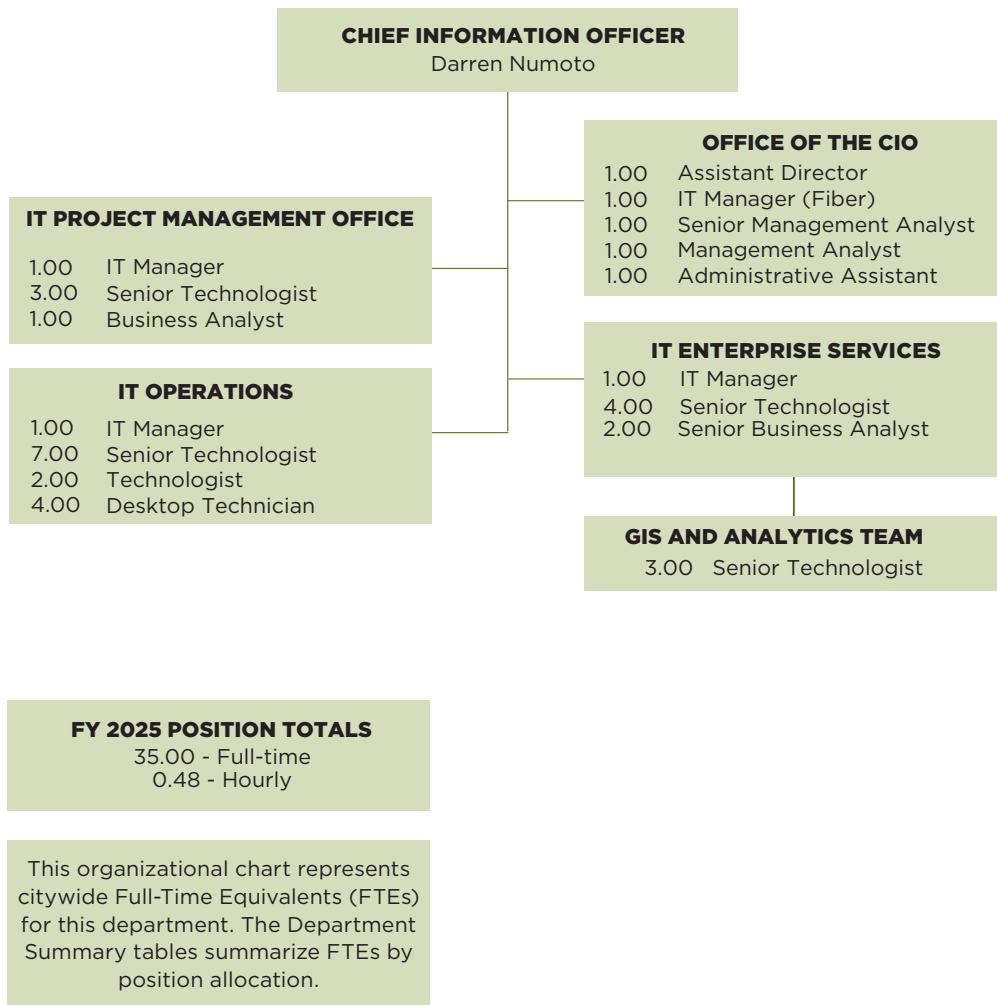
## Purpose

The City departments depend on technology to deliver services. The Information Technology 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



## 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, risk management, data strategy, governance, and public-private technology partnerships.

### IT PROJECT MANAGEMENT OFFICE (PMO)

Runs City 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

- Deployed self-service HR Open Enrollment activities for citywide users including new hires
- Over 40 new business requirements were delivered as part of the Enterprise Resource Planning (ERP) Phase 2 Sprint 2 and 3 to enhance business efficiency, data accuracy, data accessibility, and data security
- Achieved over 99.99% system availability with no unplanned outage during the financial year
- Deployment of ERP HR Support Packs and Security Patches to ensure compliance, security, and support
- Completed implementation of the new E-Procurement software
- Completed implementation of the new Agenda Management System
- Implemented the IT Risk Management Framework
- Implemented Enterprise Password Management software
- Provided cybersecurity improvements/enhancements across citywide technology platforms
- Completed the Wireless Upgrade for City facilities
- Successfully deployed Phase 1 of the Utilities Advanced Metering Infrastructure (AMI) and Meter Data Management (MDM) project

## Initiatives

- Continue to enhance the City's Cybersecurity posture
- Continue working on and deploying Enterprise Resource Planning (ERP) enhancements (Phase 3 and 4)
- Start the Council Chambers Audio Visual (A/V) upgrade project
- Replace the current City Intranet
- 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-Premises

- Continue partnering with the Utilities Department on the Advanced Metering Infrastructure deployment and SAP Interface
- Upgrade the City's VoIP 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| 1. Percent of service desk requests resolved within 8 hours | 53%  | 45%             | 52%                    | 51%               | 56%                    |
| 2. Percent of service desk requests resolved within 5 days  | 23%  | 29%             | 24%                    | 27%               | 24%                    |
| 3. Percent of service desk requests resolved beyond 5 days  | 24%  | 26%             | 23%                    | 22%               | 20%                    |
| 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  | (Percent of service desk requests resolved within 8 hours) combines previously separate measures for requests resolved at the time of call and requests resolved within 4 hours. This is a result of the rollout of a new self-service portal and subsequent change in the workflow process. |                 |                        |                   |                        |



# Key Performance Measures

## STATUS

### 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of survey respondents rating the services provided by the IT Department as excellent | 99%   | 93%             | 97%                    | 94%               | 94%                    |
| 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 additional measures will be added in FY 2025. |                 |                        |                   |                        |

# Workload Measures

|   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|---|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of closed help desk requests                 | 8,656           | 8,819           | 8,621                  | 9,962             | 9,053                  |
| Number of datasets published on open data platforms | 97              | 97              | 97                     | 97                | 97                     |

# INFORMATION TECHNOLOGY

## Budget Summary

|                                  | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|----------------------------------|-------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>       |                   |                   |                        |                        |                   |                  |
| Enterprise Systems               | 3,325,735         | 4,411,670         | 5,174,473              | 5,992,629              | 818,157           | 15.8%            |
| Office of the CIO                | 2,646,633         | 2,344,327         | 2,935,866              | 3,522,231              | 586,366           | 20.0%            |
| Operations                       | 7,036,194         | 8,483,980         | 10,007,504             | 10,954,456             | 946,952           | 9.5%             |
| Project Services                 | 1,872,858         | 1,740,846         | 1,812,175              | 1,928,809              | 116,634           | 6.4%             |
| CIP Technology Fund              | 1,021,688         | 1,337,513         | 5,452,987              | 5,586,161              | 133,174           | 2.4%             |
| <b>Total Dollars by Division</b> | <b>15,861,323</b> | <b>18,268,367</b> | <b>25,383,004</b>      | <b>27,984,286</b>      | <b>2,601,282</b>  | <b>10.2%</b>     |
| <b>Dollars by Category</b>       |                   |                   |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>     |                   |                   |                        |                        |                   |                  |
| Healthcare                       | 646,131           | 685,115           | 743,301                | 755,206                | 11,904            | 1.6%             |
| Other Benefits                   | 184,120           | 181,535           | 193,967                | 190,897                | (3,070)           | (1.6)%           |
| Overtime                         | 720               | 1,330             | 23,383                 | 23,440                 | 57                | —%               |
| Pension                          | 1,751,111         | 2,082,403         | 2,188,359              | 2,474,773              | 286,414           | 13.1%            |
| Retiree Medical                  | 345,770           | 326,769           | 368,385                | 447,771                | 79,385            | 21.5%            |
| Salary                           | 4,237,795         | 4,338,253         | 5,487,747              | 6,209,510              | 721,763           | 13.2%            |
| Workers' Compensation            | 169,457           | 209,302           | 229,210                | 217,187                | (12,023)          | (5.2)%           |
| <b>Total Salary and Benefits</b> | <b>7,335,105</b>  | <b>7,824,707</b>  | <b>9,234,353</b>       | <b>10,318,783</b>      | <b>1,084,430</b>  | <b>11.7%</b>     |
| Allocated Charges                | 1,550,970         | 1,324,650         | 1,583,552              | 1,467,529              | (116,023)         | (7.3)%           |
| Contract Services                | 4,732,695         | 6,251,281         | 7,313,177              | 8,757,521              | 1,444,345         | 19.7%            |
| Facilities & Equipment           | 443,151           | 613,391           | 792,693                | 751,903                | (40,790)          | (5.1)%           |
| General Expense                  | 296,448           | 422,478           | 446,179                | 530,725                | 84,546            | 18.9%            |
| Operating Transfers-Out          | 31,590            | 31,590            | 27,764                 | 27,764                 | —                 | —%               |
| Rents & Leases                   | 409,000           | 426,000           | 447,300                | 458,900                | 11,600            | 2.6%             |
| Supplies & Material              | 40,676            | 36,757            | 85,000                 | 85,000                 | —                 | —%               |
| Capital Improvement Program      | 1,021,688         | 1,337,513         | 5,452,987              | 5,586,161              | 133,174           | 2.4%             |
| <b>Total Dollars by Category</b> | <b>15,861,323</b> | <b>18,268,367</b> | <b>25,383,004</b>      | <b>27,984,286</b>      | <b>2,601,282</b>  | <b>10.2%</b>     |

## Budget Summary

|                                    | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|-------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| <b>Revenues</b>                    |                   |                   |                        |                        |                   |                  |
| Charges to Other Funds             | 14,443,801        | 14,811,528        | 17,941,615             | 18,807,609             | 865,993           | 4.8%             |
| Operating Transfers-In             | 1,496,295         | 1,742,672         | 1,601,100              | 1,541,000              | (60,100)          | (3.8)%           |
| Other Revenue                      | —                 | —                 | 19,131                 | 19,628                 | 497               | 2.6%             |
| Return on Investments              | 348,408           | 429,665           | 450,100                | 594,400                | 144,300           | 32.1%            |
| <b>Total Revenues</b>              | <b>16,288,504</b> | <b>16,983,866</b> | <b>20,011,946</b>      | <b>20,962,637</b>      | <b>950,691</b>    | <b>4.8%</b>      |
| <b>Positions by Division</b>       |                   |                   |                        |                        |                   |                  |
| Enterprise Systems                 | 8.00              | 9.00              | 9.00                   | 9.00                   | —                 | —%               |
| Office of the CIO                  | 3.10              | 3.10              | 4.10                   | 4.10                   | —                 | —%               |
| Operations                         | 13.48             | 14.48             | 14.48                  | 15.48                  | 1.00              | 6.9%             |
| Project Services                   | 5.00              | 5.00              | 6.00                   | 6.00                   | —                 | —%               |
| <b>Total Positions by Division</b> | <b>29.58</b>      | <b>31.58</b>      | <b>33.58</b>           | <b>34.58</b>           | <b>1.00</b>       | <b>3.0%</b>      |

## Staffing

| Job Classification                         | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|--|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Administrative Assistant                   | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 92,955         |
| Assistant Director Administrative Services | 0.10            | 0.10            | 0.10                   | 0.10                   | —                  | 24,269         |
| Assistant Director Information Technology  | —               | —               | —                      | 1.00                   | 1.00               | 225,659        |
| Business Analyst                           | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 176,509        |
| Desktop Technician                         | 6.00            | 6.00            | 6.00                   | 4.00                   | (2.00)             | 476,653        |
| Director Information Technology/CIO        | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 255,778        |
| Management Analyst                         | —               | —               | 1.00                   | 1.00                   | —                  | 121,534        |

# INFORMATION TECHNOLOGY

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| Manager Information Technology                  | 3.00            | 3.00            | 3.00                   | 3.00                   | —                  | 608,982            |
| Senior Business Analyst                         | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 312,852            |
| Senior Management Analyst                       | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 169,915            |
| Senior Technologist                             | 14.00           | 16.00           | 17.00                  | 17.00                  | —                  | 2,859,688          |
| Technologist                                    | —               | —               | —                      | 2.00                   | 2.00               | 353,018            |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>29.10</b>    | <b>31.10</b>    | <b>33.10</b>           | <b>34.10</b>           | <b>1.00</b>        | <b>\$5,677,812</b> |
| Temporary/Hourly                                | 0.48            | 0.48            | 0.48                   | 0.48                   | —                  | \$48,343           |
| <b>Total Positions</b>                          | <b>29.58</b>    | <b>31.58</b>    | <b>33.58</b>           | <b>34.58</b>           | <b>1.00</b>        | <b>\$5,726,155</b> |

\* The FY 2025 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.

# Budget Reconciliation

|  | Positions    | Expenditures      | Revenues          | Fund Balance Cost/(Savings) |
|--|--------------|-------------------|-------------------|-----------------------------|
| <b>Prior Year Budget</b>                               | <b>33.58</b> | <b>25,383,004</b> | <b>20,011,946</b> | <b>5,371,058</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                        | -            | 691,943           | -                 | 691,943                     |
| Charges to Other Funds-Information Technology Services | -            | -                 | 865,993           | (865,993)                   |
| Return on Investments & Other Revenue                  | -            | -                 | 144,797           | (144,797)                   |
| Transfer from the General Fund-Technology Surcharge    | -            | -                 | 33,000            | (33,000)                    |
| Equipment Repair and Maintenance Adjustment            | -            | 10,140            | -                 | 10,140                      |
| Travel & Training Budget                               | -            | 11,000            | -                 | 11,000                      |
| Rents and Lease Adjustments                            | -            | 11,600            | -                 | 11,600                      |
| City Membership Adjustment                             | -            | 73,546            | -                 | 73,546                      |
| Transfer from Other Funds                              | -            | -                 | (93,100)          | 93,100                      |
| Contract Adjustments & Equipment Cost Changes          | -            | 806,415           | -                 | 806,415                     |
| Capital Improvement Program Funding                    | -            | 133,174           | -                 | 133,174                     |
| General Fund Cost Allocation Plan                      | -            | (148,651)         | -                 | (148,651)                   |
| Communication Allocated Charges                        | -            | 85                | -                 | 85                          |
| General Liability Insurance Allocated Charges          | -            | 27,909            | -                 | 27,909                      |
| Printing & Mailing Services Allocated Charges          | -            | (300)             | -                 | (300)                       |
| Utilities Allocated Charges                            | -            | 2,883             | -                 | 2,883                       |
| Vehicle Replacement & Maintenance Allocated Charges    | -            | 2,052             | -                 | 2,052                       |
| Workers' Compensation Allocated Charges                | -            | (12,023)          | -                 | (12,023)                    |
| <b>Adjustments to Costs of Ongoing Activities</b>      | <b>-</b>     | <b>1,609,772</b>  | <b>950,691</b>    | <b>659,082</b>              |
| <b>Total FY 2025 Base Budget</b>                       | <b>33.58</b> | <b>26,992,776</b> | <b>20,962,637</b> | <b>6,030,140</b>            |
| <b>Budget Adjustments</b>                              |              |                   |                   |                             |
| 1. IT Customer Services Team Staffing Augmentation     | -            | 76,834            | -                 | 76,834                      |

## Budget Reconciliation

|  | Positions    | Expenditures      | Revenues          | Fund Balance Cost/(Savings) |
|--|--------------|-------------------|-------------------|-----------------------------|
| 2. ERP Governance Risk and Compliance Tool | -            | 80,000            | -                 | 80,000                      |
| 3. ITD Middleware Tools for AMI            | -            | 122,000           | -                 | 122,000                     |
| 4. Office of the CIO Staffing              | 1.00         | 327,676           | -                 | 327,676                     |
| 5. ERP Document Business Process Tool      | -            | 385,000           | -                 | 385,000                     |
| <b>Total Budget Adjustments</b>            | <b>1.00</b>  | <b>991,510</b>    | <b>-</b>          | <b>991,510</b>              |
| <b>Total FY 2025 Adopted Budget</b>        | <b>34.58</b> | <b>27,984,286</b> | <b>20,962,637</b> | <b>7,021,650</b>            |

# Budget Adjustments

| Budget Adjustments                                 | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|--|-----------|--------------|----------|-----------------------------|
| 1. IT Customer Services Team Staffing Augmentation | -         | 76,834       | -        | 76,834                      |

This action reclasses two 1.00 FTE Desktop Technician positions in the Information Technology Department to two 1.00 FTE Technologist positions. The Information Technology Department currently has six Desktop Technicians without any Technologists under the IT Customer Service Team in the Operations Division. The Technologist classification is the next step within a desktop technician’s career progression. With the current cloud technology environments and tools available to manage users and devices, the IT Customer Service Team needs two Technologists to assist with the required support tickets and functions to provide efficient and timely response to City staff. Upgrading two of the Desktop Technicians to Technologist will assist in formulating and implementing basic programming changes, ensuring seamless integration of cloud solutions (e.g., Adobe, DocuSign, AutoCAD, Microsoft, etc.), and optimizing system performance. (Ongoing cost: \$80,000)

**Performance Results**



This action allows the City to improve quality of services provided.

|  |   |        |   |        |
|--|---|--------|---|--------|
| 2. ERP Governance Risk and Compliance Tool | - | 80,000 | - | 80,000 |
|--|---|--------|---|--------|

This action adds funding to procure a security tool that will produce a report for conflicts with SOD (Segregation of Duties), provision user IDs and role assignment in the City’s Enterprise Resource Planning (ERP) system. The GRC (Governance, Risk and Compliance) tool will automate most of the user and access provisioning and will remove the need for most manual assignment of roles. This tool will also help identify audit issues ahead of time as well as keeping the ERP system in compliance as recommended through audit findings from the Office of the City Auditor. (Ongoing cost: \$80,000)

**Performance Results**



This action ensures the City is in compliance with audit findings.

|                                 |   |         |   |         |
|---------------------------------|---|---------|---|---------|
| 3. ITD Middleware Tools for AMI | - | 122,000 | - | 122,000 |
|---------------------------------|---|---------|---|---------|

This action adds funding for a middleware tool that is required for the Utilities AMI Phase 2 project for real-time integration with smart meters (MDM). It is strongly recommended for enterprise applications such as the City’s ERP to have a middleware software tool that can help streamline the data exchange between our ERP and other third-party applications used enterprise wide. The middleware tool offers ease of setting up interfaces with the ERP and improves the health and security of the City’s software systems. (Ongoing cost: \$122,000)

**Performance Results**



This action will allow the City to effectively manage data exchanges between the ERP and AMI systems and could eventually be used for data exchange between other technology systems across the City.

|                               |      |         |   |         |
|-------------------------------|------|---------|---|---------|
| 4. Office of the CIO Staffing | 1.00 | 327,676 | - | 327,676 |
|-------------------------------|------|---------|---|---------|

This action adds 1.00 FTE Assistant Director to the IT Department. The Assistant Director of IT will support the IT Director in overseeing the department’s day-to-day operations, aligning IT objectives with goals, and implementing technology strategies. The role of technology in the city has become increasingly critical in driving efficiency, innovation, cybersecurity, and staff development. As the demand of the IT department increases, there is a need to bolster leadership and operational capacity. Hiring an Assistant Director is essential to strengthen our IT infrastructure, streamline processes, and support the IT strategy aligned with City priorities. (Ongoing cost: \$350,000)

**Performance Results**



This action will allow the City to improve its resilience through enhanced oversight in the Office of the CIO.

# Budget Adjustments

| Budget Adjustments                    | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|---------------------------------------|-----------|--------------|----------|-----------------------------|
| 5. ERP Document Business Process Tool | -         | 385,000      | -        | 385,000                     |

This action adds funding to procure a tool to help identify current business processes within our ERP system and makes recommendations for enhancements to those current business processes identified. In order to migrate to the City's ERP next software release S/4 HANA, it is recommended to have a sophisticated and smart tool that can identify deficiencies in our current business processes within the ERP system and offer potential solutions to address those gaps. This tool will address findings as recommended through audit findings from the Office of the City Auditor. (Ongoing cost: \$155,000)

### Performance Results



This action ensures the City is in compliance with audit findings.



# LIBRARY

## Mission Statement



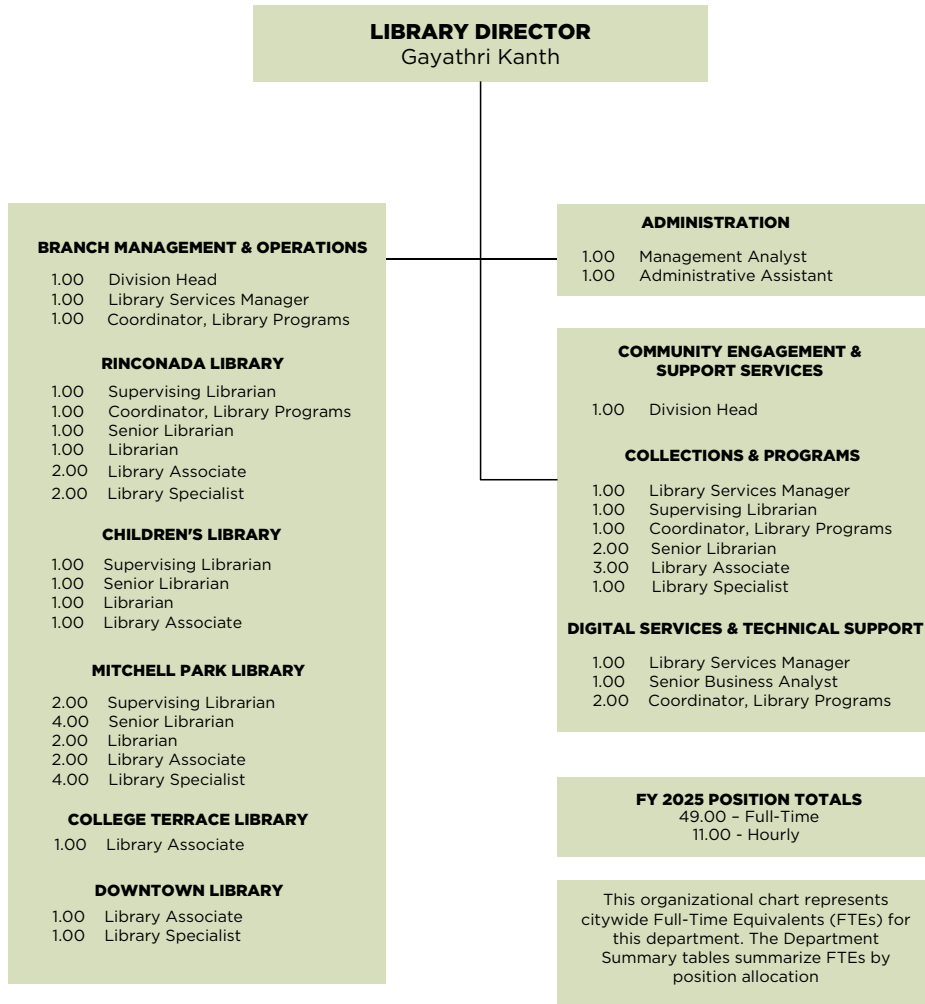
The Palo Alto City Library connects our diverse community through knowledge, resources, and opportunities. We nurture innovation, discovery, and delight.

## 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

- Expanded service days and hours at all five library branches, including restoration of Mitchell Park Library's hours to seven days a week.
- Conducted Palo Alto Reads program with the theme of "One Book, One Community" that encouraged the reading and discussion of a selected book around themes and topics relevant to Palo Alto. This year's title was "All We Can Save: Truth, Courage, and Solutions for the Climate Crisis." The program provided free copies of the book and a month-long series of events for all ages.
- Offered livestream viewing of an author event with Palo Alto's sibling city in Bloomington, Indiana. Pulitzer Prize winning author Douglas Hofstadter, who was born and raised in Palo Alto and resides in Bloomington, and is an Indiana University professor emeritus, spoke about his book, "Godel, Escher, Bach: An Eternal Golden Braid."
- Hosted a series of public events on Artificial Intelligence (AI) trends. Topics included a talk by Dr. Anthony Chow, Director of the San Jose State University iSchool, on the current and future role of AI in education. Offered multiple hands-on workshops with library patrons demonstrating state of the art AI storytelling tools, and two presentations for city staff related to AI in the workplace.

## LIBRARY

- Collaborated with the City's Office of Human Services to establish the Downtown Library branch as an Overnight Warming Location (OWL), as part of a seasonal shelter program for unhoused individuals available when Santa Clara County declares an Inclement Weather Alert.
- Partnered with Santa Clara County's Supervisor Joe Simitian and the Behavioral Health Services Department in an event to learn about the dangers of fentanyl and the opioid crisis overall. Received training in the use of naloxone (commonly known as Narcan), a life-saving medication used to reverse the effects of an opioid overdose.
- Expanded in-person library outreach through a partnership with the Channing House senior living community. Helped over 100 seniors with eBook access and showcased various digital resources such as streaming movies and audiobooks.
- Launched a series called "Memory Cafe." This series provided seven sessions for over 50 seniors and adults experiencing cognitive decline. This Cafe provides a space and different activity each session to stimulate conversation and movement.

## Initiatives

- Collaborate with the Magical Bridge Foundation and the Community Services Department in offering more adaptive and inclusive programming for people of all ages and abilities to have the opportunity to enjoy leisure and community building activities.
- Increase circulation efficiency of library materials at the Children's Library branch with the installation of a new Automated Materials Handling (AMH) machine.
- Work with the Community Services Department to provide more programming and services on mental health and wellness for teens, and to enhance the existing programming for older adults.
- Continue the "Palo Alto Reads" initiative in collaboration with other City departments and community partners.
- Add collections with an emphasis on Diversity, Equity, Inclusion and Belonging (DEIB), such as materials in more of the languages that are common in Palo Alto, and expansion of web-based and digital collections.
- Enhance digital literacy offerings, including curriculum ranging from basic computer skills to AI workshops and other cutting edge technology programs.
- Update the Strategic Plan to enable the Department to focus resources on the important goals, services, and activities needed and wanted by the Palo Alto community.

## 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.

# LIBRARY

- 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 2022 Actuals</b>   | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Number of teens | 1,776  | 8,224                  | 4,200                         | 6,650                    | 7,315                         |
| 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 in FY 2024, participation in teen programs has increased. This trend is anticipated to continue in FY 2025. |                        |                               |                          |                               |

## 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Library facilities (buildings, computer equipment, accessibility) | 96%   | 95%             | 94%                    | 93%               | 94%                    |
| Public Library Services   | 93%   | 93%             | 94%                    | 93%               | 94%                    |
| Recommend Palo Alto's Libraries to Friends                        | 93%   | 91%             | 92%                    | 90%               | 92%                    |
| Variety of Library Materials                                      | 95%   | 92%             | 92%                    | 90%               | 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 by Polco/National Research Center, Inc.  |                 |                        |                   |                        |
| 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 most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a> . |                 |                        |                   |                        |

## Workload Measures

|   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|---|-----------------|-----------------|------------------------|-------------------|------------------------|
| Meeting Room Reservations                   | 2,715           | 2,530           | 6,362                  | 5,297             | 6,000                  |
| Visits to library branches                  | 446,896         | 642,474         | 705,271                | 630,917           | 725,555                |
| Virtual visits to the library               | 610,705         | 578,426         | 727,630                | 871,628           | 697,097                |
| Checkouts of library materials              | 1,214,928       | 1,249,621       | 1,464,180              | 1,295,754         | 1,490,117              |
| Annual turnover rate of library collections | 3.64            | 3.79            | 3.85                   | 4.00              | 4.10                   |

# Budget Summary

|                                   | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|-----------------------------------|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>        |                  |                  |                        |                        |                   |                  |
| Administration                    | 1,222,089        | 1,330,099        | 1,061,773              | 765,666                | (296,107)         | (27.9)%          |
| Collection and Technical Services | 2,565,271        | 2,479,617        | 3,413,360              | 3,935,309              | 521,949           | 15.3%            |
| Public Services                   | 4,803,508        | 5,417,561        | 7,663,259              | 7,826,546              | 163,287           | 2.1%             |
| <b>Total Dollars by Division</b>  | <b>8,590,868</b> | <b>9,227,277</b> | <b>12,138,392</b>      | <b>12,527,520</b>      | <b>389,128</b>    | <b>3.2%</b>      |
| <b>Dollars by Category</b>        |                  |                  |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>      |                  |                  |                        |                        |                   |                  |
| Healthcare                        | 709,050          | 720,388          | 1,202,791              | 1,103,759              | (99,032)          | (8.2)%           |
| Other Benefits                    | 139,603          | 130,989          | 162,740                | 152,843                | (9,897)           | (6.1)%           |
| Overtime                          | 5,726            | 13,684           | 90,979                 | 86,749                 | (4,230)           | (4.6)%           |
| Pension                           | 1,495,399        | 1,646,799        | 2,083,656              | 2,287,847              | 204,191           | 9.8%             |
| Retiree Medical                   | 442,050          | 483,466          | 465,303                | 526,751                | 61,448            | 13.2%            |
| Salary                            | 3,617,111        | 3,887,894        | 5,500,398              | 5,944,103              | 443,705           | 8.1%             |
| Workers' Compensation             | 183,272          | 170,225          | 214,045                | 228,745                | 14,700            | 6.9%             |
| <b>Total Salary and Benefits</b>  | <b>6,592,210</b> | <b>7,053,446</b> | <b>9,719,912</b>       | <b>10,330,797</b>      | <b>610,885</b>    | <b>6.3%</b>      |
| Allocated Charges                 | 1,171,601        | 1,174,796        | 1,323,918              | 1,059,078              | (264,840)         | (20.0)%          |
| Contract Services                 | 267,842          | 374,659          | 298,185                | 316,185                | 18,000            | 6.0%             |
| Facilities & Equipment            | 1,566            | 14,433           | 9,900                  | 9,900                  | —                 | —%               |
| General Expense                   | 30,440           | 47,119           | 83,996                 | 92,079                 | 8,083             | 9.6%             |
| Supplies & Material               | 527,209          | 562,825          | 702,481                | 719,481                | 17,000            | 2.4%             |
| <b>Total Dollars by Category</b>  | <b>8,590,868</b> | <b>9,227,277</b> | <b>12,138,392</b>      | <b>12,527,520</b>      | <b>389,128</b>    | <b>3.2%</b>      |
| <b>Revenues</b>                   |                  |                  |                        |                        |                   |                  |
| Charges for Services              | 2,196            | 3,959            | 4,250                  | 4,250                  | —                 | —%               |
| From Other Agencies               | 14,500           | —                | —                      | —                      | —                 | —%               |
| Other Revenue                     | 23,270           | 22,417           | 4,500                  | 4,500                  | —                 | —%               |



## Budget Summary

|                                    | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|-----------------|-----------------|------------------------|------------------------|-------------------|------------------|
| Other Taxes and Fines              | 14,630          | 16,549          | 12,000                 | 12,000                 | —                 | —%               |
| <b>Total Revenues</b>              | <b>54,596</b>   | <b>42,925</b>   | <b>20,750</b>          | <b>20,750</b>          | <b>—</b>          | <b>—%</b>        |
| <b>Positions by Division</b>       |                 |                 |                        |                        |                   |                  |
| Administration                     | 0.20            | 0.40            | 0.40                   | 0.40                   | —                 | —%               |
| Collection and Technical Services  | 11.61           | 11.71           | 13.60                  | 14.90                  | 1.30              | 9.6%             |
| Public Services                    | 33.06           | 40.66           | 46.00                  | 44.70                  | (1.30)            | (2.8)%           |
| <b>Total Positions by Division</b> | <b>44.87</b>    | <b>52.77</b>    | <b>60.00</b>           | <b>60.00</b>           | <b>—</b>          | <b>—%</b>        |

## Staffing

| Job Classification                  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|-------------------------------------|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Administrative Assistant            | —               | —               | 1.00                   | 1.00                   | —                  | 98,197         |
| Administrative Associate III        | —               | 1.00            | —                      | —                      | —                  | —              |
| Assistant Director Library Services | —               | 1.00            | —                      | —                      | —                  | —              |
| Business Analyst                    | 1.00            | 1.00            | —                      | —                      | —                  | —              |
| Coordinator Library Programs        | 1.00            | 2.00            | 5.00                   | 5.00                   | —                  | 595,213        |
| Director Libraries                  | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 246,189        |
| Division Head Library Services      | 1.00            | 1.00            | 2.00                   | 2.00                   | —                  | 361,400        |
| Librarian                           | 6.00            | 7.00            | 4.00                   | 4.00                   | —                  | 397,696        |
| Library Associate                   | 6.00            | 6.00            | 10.00                  | 10.00                  | —                  | 911,872        |
| Library Specialist                  | 10.50           | 12.50           | 8.00                   | 8.00                   | —                  | 690,227        |

# LIBRARY

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| Management Analyst                              | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 120,702            |
| Manager Library Services                        | 3.00            | 3.00            | 3.00                   | 3.00                   | —                  | 448,864            |
| Senior Business Analyst                         | —               | —               | 1.00                   | 1.00                   | —                  | 174,429            |
| Senior Librarian                                | 6.00            | 6.00            | 8.00                   | 8.00                   | —                  | 903,219            |
| Supervising Librarian                           | 4.00            | 4.00            | 5.00                   | 5.00                   | —                  | 626,038            |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>40.50</b>    | <b>46.50</b>    | <b>49.00</b>           | <b>49.00</b>           | <b>—</b>           | <b>\$5,574,046</b> |
| Temporary/Hourly                                | 4.37            | 6.27            | 11.00                  | 11.00                  | —                  | \$655,563          |
| <b>Total Positions</b>                          | <b>44.87</b>    | <b>52.77</b>    | <b>60.00</b>           | <b>60.00</b>           | <b>—</b>           | <b>\$6,229,608</b> |

# Budget Reconciliation

|  | Positions    | Expenditures      | Revenues      | Fund Balance<br>Cost/(Savings) |
|--|--------------|-------------------|---------------|--------------------------------|
| <b>Prior Year Budget</b>                             | <b>60.00</b> | <b>12,138,392</b> | <b>20,750</b> | <b>12,117,642</b>              |
| <b>One-Time Prior Year Budget Adjustments</b>        |              |                   |               |                                |
| Laptop Lending Program Replacements                  | -            | (7,000)           | -             | (7,000)                        |
| <b>One-Time Prior Year Budget Adjustments</b>        | <b>-</b>     | <b>(7,000)</b>    | <b>-</b>      | <b>(7,000)</b>                 |
| <b>Adjustments to Costs of Ongoing Activities</b>    |              |                   |               |                                |
| Salary and Benefits Adjustments                      | -            | 602,268           | -             | 602,268                        |
| Palo Alto Historical Association Contract Adjustment | -            | 3,000             | -             | 3,000                          |
| Library Association Membership Fees                  | -            | 8,000             | -             | 8,000                          |
| Saturday Materials Delivery Contract Adjustment      | -            | 9,000             | -             | 9,000                          |
| Online Resources                                     | -            | 24,000            | -             | 24,000                         |
| General Liability Insurance Allocated Charges        | -            | 42,840            | -             | 42,840                         |
| Information Technology Allocated Charges             | -            | 30,046            | -             | 30,046                         |
| Printing & Mailing Allocated Charges                 | -            | 5,400             | -             | 5,400                          |
| Stormwater Management Allocated Charges              | -            | 286               | -             | 286                            |
| Utilities Allocated Charges                          | -            | (344,179)         | -             | (344,179)                      |
| Vehicle Replacement & Maintenance Allocated Charges  | -            | 767               | -             | 767                            |
| Workers' Compensation Allocated Charges              | -            | 14,700            | -             | 14,700                         |
| <b>Adjustments to Costs of Ongoing Activities</b>    | <b>-</b>     | <b>396,128</b>    | <b>-</b>      | <b>396,128</b>                 |
| <b>Total FY 2025 Base Budget</b>                     | <b>60.00</b> | <b>12,527,520</b> | <b>20,750</b> | <b>12,506,770</b>              |
| <b>Budget Adjustments</b>                            |              |                   |               |                                |
| 1. None  | -            | -                 | -             | -                              |
| <b>Total Budget Adjustments</b>                      | <b>-</b>     | <b>-</b>          | <b>-</b>      | <b>-</b>                       |
| <b>Total FY 2025 Adopted Budget</b>                  | <b>60.00</b> | <b>12,527,520</b> | <b>20,750</b> | <b>12,506,770</b>              |



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 2025 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 functions as one of three primary Public Safety departments responsible for providing the City's emergency management function. Key responsibilities include:

### EMERGENCY PLANNING

Developing and maintaining emergency plans, including hazard assessments, risk analysis, and strategies for response and recovery.

### TRAINING AND EXERCISES

Providing training for emergency responders and conducting drills and exercises to ensure preparedness and improved coordination.

### PUBLIC EDUCATION AND OUTREACH

Educating the public about emergency preparedness, creating awareness, and disseminating information on how to respond during emergencies.

### COORDINATION AND COMMUNICATION

Collaborating with various agencies, organizations, and community groups to ensure a unified and effective response. Managing communication strategies to keep the public informed.

## Accomplishments

- Led the City's efforts to initiate an update to the Emergency Operations Plan and the 2024 Local Hazard Mitigation Plan.
- Supported the development of the Foothills Nature Preserve (Boronda) Dam Emergency Action Plan, approved by the State of California Division of Dam Safety.
- Revised the planning framework for wildfire mitigation by combining the existing Foothills Fire Management Plan with the County sponsored Community Wildfire Protection Plan. Updated the City's Severe Storm and Flood plan in preparation for the 2024 storm season.
- Served as the principal coordinator for the City's wildfire management efforts among servicing departments. Submitted a Federal Hazard Mitigation Grant Proposal to reduce hazardous fuels in the Foothills, developed Key Performance Indicators (KPIs) for the Sustainability and Climate Action Plan (S/CAP), and facilitated monthly meetings to accomplish annual goals.
- Worked with regional public safety partners on a wide range of incidents 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.
- Partnered with and advised the Public Works, Police, and Fire Departments on the construction and facility planning of the new Public Safety Building (PSB) and final design of Fire Station 4.
- Coordinated the City's Public Assistance recovery efforts with the Federal Emergency Management Agency (FEMA) to receive reimbursements for the response to the January 2023 Storms.

## OFFICE OF EMERGENCY SERVICES

- Conducted trainings for City staff on critical incidents, including Foothills Nature Preserve Dam Emergency Action Plan, Wildfire response, Severe Storm response, and Active Shooter training.
- Continued to develop the Emergency Services Volunteer (ESV) program and general community public safety awareness through ongoing public education sessions, trainings, and exercises.
- Led the planning and coordination for the City's 2023 Veteran's Day Event with involvement among the Palo Alto Community including Stanford University, Palo Alto American Legion Post 375, Veterans Administration Palo Alto, Gunn High School, and others.

## Initiatives

- Enhance regional coordination and situational awareness capabilities for Wildland Urban Interface (WUI) response and wildland fires through an Interdepartmental Foothills Fire Management Coordination team, other intergovernmental groups, and new technologies.
- Revise the existing Damage Assessment Plan, including the implementation of a mobile device-based damage assessment process, to synchronize City operations following a citywide emergency.
- Expand the relationship with the Palo Alto Unified School District to accomplish partner activities specified in the City's Safety Element.
- Explore the deployment of advanced sensor technologies for public safety, including Unmanned Aerial Systems (UAS).
- Continue to seek opportunities to add disaster resilience to the City's Sustainability and Climate Action Plan (S/CAP) and other environmental initiatives, including power microgrids, local generation, and storage.
- Move into the new Public Safety Building (PSB) facility and establish a fully operational emergency operations capability; also support staffing and resource relocation related to the rebuild of Fire Station 4.

## 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.   |                 |                        |                   |                        |
|  | FY 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Number of annual reported incidents within the CalTrain right-of-way | 68   | 22              | 40                     | 28                | 30                     |
| 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. The Department has also instructed the monitoring company to reduce unfounded reports such as Caltrain employees in the right of way. |                 |                        |                   |                        |

# 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of Office of Emergency Services resources that are able to respond effectively to hazards | 97%   | 96%             | 95%                    | 98%               | 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 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|---|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of presentations, training sessions, and exercises                                       | 112             | 91              | 75                     | 72                | 75                     |
| Number of deployments of the Emergency Operations Center, Mobile EOC, and Incident Command Post | 30              | 7               | 40                     | 8                 | 10                     |

# Budget Summary

|                                    | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>         |                  |                  |                        |                        |                   |                  |
| Emergency Services                 | 1,094,175        | 1,168,927        | 1,576,098              | 1,728,283              | 152,185           | 9.7%             |
| <b>Total Dollars by Division</b>   | <b>1,094,175</b> | <b>1,168,927</b> | <b>1,576,098</b>       | <b>1,728,283</b>       | <b>152,185</b>    | <b>9.7%</b>      |
| <b>Dollars by Category</b>         |                  |                  |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>       |                  |                  |                        |                        |                   |                  |
| Healthcare                         | 26,761           | 42,384           | 66,342                 | 66,649                 | 308               | —%               |
| Other Benefits                     | 15,983           | 13,046           | 19,721                 | 19,802                 | 81                | —%               |
| Overtime                           | 256              | 540              | —                      | —                      | —                 | —%               |
| Pension                            | 154,325          | 168,235          | 186,775                | 239,310                | 52,535            | 28.1%            |
| Retiree Medical                    | 51,819           | 40,542           | 38,293                 | 67,273                 | 28,980            | 75.7%            |
| Salary                             | 380,623          | 379,139          | 556,346                | 599,227                | 42,882            | 7.7%             |
| Workers' Compensation              | 28,737           | 25,528           | 27,539                 | 37,822                 | 10,283            | 37.3%            |
| <b>Total Salary and Benefits</b>   | <b>658,504</b>   | <b>669,412</b>   | <b>895,015</b>         | <b>1,030,084</b>       | <b>135,068</b>    | <b>15.1%</b>     |
| Allocated Charges                  | 136,432          | 236,281          | 202,953                | 220,070                | 17,117            | 8.4%             |
| Contract Services                  | 232,285          | 178,286          | 315,508                | 315,508                | —                 | —%               |
| Facilities & Equipment             | 17,052           | 43,576           | 87,122                 | 87,122                 | —                 | —%               |
| General Expense                    | 15,975           | 15,996           | 31,700                 | 31,700                 | —                 | —%               |
| Supplies & Material                | 33,926           | 25,376           | 43,800                 | 43,800                 | —                 | —%               |
| <b>Total Dollars by Category</b>   | <b>1,094,175</b> | <b>1,168,927</b> | <b>1,576,098</b>       | <b>1,728,283</b>       | <b>152,185</b>    | <b>9.7%</b>      |
| <b>Revenues</b>                    |                  |                  |                        |                        |                   |                  |
| Charges to Other Funds             | 95,589           | 95,589           | 95,589                 | 95,589                 | —                 | —%               |
| <b>Total Revenues</b>              | <b>95,589</b>    | <b>95,589</b>    | <b>95,589</b>          | <b>95,589</b>          | <b>—</b>          | <b>—%</b>        |
| <b>Positions by Division</b>       |                  |                  |                        |                        |                   |                  |
| Emergency Services                 | 2.48             | 2.48             | 3.48                   | 3.48                   | —                 | —%               |
| <b>Total Positions by Division</b> | <b>2.48</b>      | <b>2.48</b>      | <b>3.48</b>            | <b>3.48</b>            | <b>—</b>          | <b>—%</b>        |

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary   |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| Director Office of Emergency Services           | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 220,314          |
| Office of Emergency Services Coordinator        | 1.00            | 1.00            | 2.00                   | 2.00                   | —                  | 287,144          |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>2.00</b>     | <b>2.00</b>     | <b>3.00</b>            | <b>3.00</b>            | <b>—</b>           | <b>\$507,458</b> |
| Temporary/Hourly                                | 0.48            | 0.48            | 0.48                   | 0.48                   | —                  | \$40,835         |
| <b>Total Positions</b>                          | <b>2.48</b>     | <b>2.48</b>     | <b>3.48</b>            | <b>3.48</b>            | <b>—</b>           | <b>\$548,292</b> |

# Budget Reconciliation

|   | Positions   | Expenditures     | Revenues      | Fund Balance Cost/(Savings) |
|---|-------------|------------------|---------------|-----------------------------|
| <b>Prior Year Budget</b>                            | <b>3.48</b> | <b>1,576,098</b> | <b>95,589</b> | <b>1,480,509</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                     | -           | 124,785          | -             | 124,785                     |
| Communication Allocated Charges                     | -           | 340              | -             | 340                         |
| General Liability Insurance Allocated Charges       | -           | 10,879           | -             | 10,879                      |
| Information Technology Allocated Charges            | -           | 2,100            | -             | 2,100                       |
| Printing & Mailing Services Allocated Charges       | -           | (300)            | -             | (300)                       |
| Vehicle Replacement & Maintenance Allocated Charges | -           | 4,098            | -             | 4,098                       |
| Workers' Compensation Allocated Charges             | -           | 10,283           | -             | 10,283                      |
| <b>Adjustments to Costs of Ongoing Activities</b>   | <b>0.00</b> | <b>152,185</b>   | <b>-</b>      | <b>152,185</b>              |
| <b>Total FY 2024 Base Budget</b>                    | <b>3.48</b> | <b>1,728,283</b> | <b>95,589</b> | <b>1,632,694</b>            |
| <b>Budget Adjustments</b>                           |             |                  |               |                             |
| 1. None   | -           | -                | -             | -                           |
| <b>Total Budget Adjustments</b>                     | <b>-</b>    | <b>-</b>         | <b>-</b>      | <b>-</b>                    |
| <b>Total FY 2025 Adopted Budget</b>                 | <b>3.48</b> | <b>1,728,283</b> | <b>95,589</b> | <b>1,632,694</b>            |



CITY OF  
**PALO  
ALTO**

# OFFICE OF TRANSPORTATION

## Mission Statement

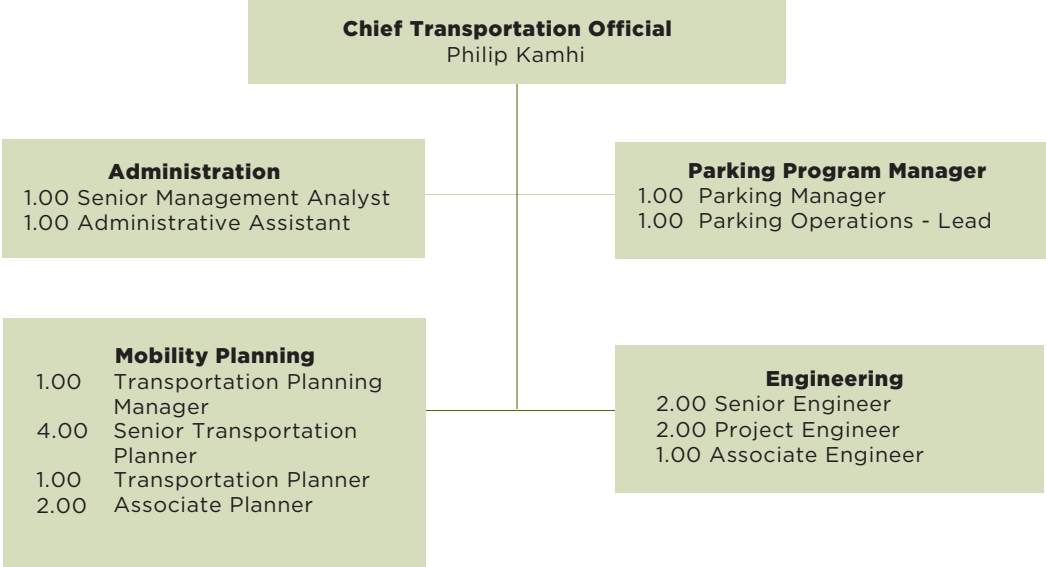


The Office of Transportation’s mission is to preserve and enhance the quality of life for Palo Alto residents, visitors, and businesses by providing efficient and cost-effective transportation services for all modes of transportation.

## 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.

# OFFICE OF TRANSPORTATION



**FY 2025 POSITION TOTALS**  
18.00 - 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 FY 2023, 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

- The Palo Alto Link completed its first year of service and provided over 50,000 passenger trips and earned a rating of 4.8 out of 5 from riders. The service provided wait times of less than fifteen minutes on average, with an average trip distance of three miles.
- The City was awarded a Transportation for Clean Air Grant (TFCA) from the Valley Transportation Authority (VTA) and Metropolitan Transportation Commission (MTC) to fully electrify the current fleet of Palo Alto Link vehicles and to extend service.
- Completed Quiet Zone Study for Palo Alto Avenue crossing and initiated plan development for the construction of required improvements to implement a Quiet Zone at this crossing.
- Initiated the Quiet Zone Study to review Churchill Avenue, Meadow Drive and Charleston Road crossings.
- For railroad grade separation projects, conducted a preliminary geotechnical study and refined the underpass alternatives after seeking input from stakeholders; assisted Council in adopting evaluation criteria; and conducted additional evaluation to review criteria such as storm water runoff, heat island effect, and sea level rise assessment.
- Collaborated with Caltrain staff on the Caltrain Corridor Strategy, focusing on the development of four-tracking segments and minimizing segment length in Palo Alto.
- Reviewed conceptual plans and sought comments from Caltrain for Rail Committee consideration of alternatives.
- Continued efforts to secure \$6.0 million in grant funding from the Federal Railroad Administration for the preliminary engineering and environmental documentation phase of grade separation projects.
- Continued efforts to secure \$23.8 million in grant funding from the California Department of Transportation for the final design phase of grade separation projects.
- Submitted applications for Section 190 grade separation funding for the construction phase of grade separation at each of the three crossings: Churchill Avenue, Meadow Drive, and Charleston Road.
- Initiated development of the Safe Streets for All Safety Action Plan.
- Initiated update of the Bicycle and Pedestrian Transportation Plan.
- Conducted a Safe Routes to School Secondary Needs Assessment to determine partnership support for middle and high school programming.
- Collaborated with Caltrans on outreach for the El Camino Real Repaving Project.
- The pilot traffic calming program in the Crescent Park neighborhood was evaluated, and City Council authorized proceeding with a design for permanent improvement. Staff procured the services of a consultant to perform final design and solicit feedback from community.
- Secured the necessary easements and finalized design for the Churchill Avenue Enhanced Bikeway Project (PL-14000).
- Procured servers for the traffic signal management system and prepared to the update system to current standards.

- Completed design of the Churchill Avenue/Alma Street Railroad Crossing Safety Improvements Project (PL-20000) and transferred the project to Public Works for construction.
- Secured grant funding and initiated upgrades to several traffic signal corridors and individual intersections.
- Continued to work on Embarcadero Road improvements (from Alma Street to Emerson Avenue) for the Bicycle and Pedestrian Implementation Plan Project (PL-04010), focusing on the final design to bid for construction.

## Initiatives

- Begin the initial phase of safety improvements design for the Alma/Charleston Railroad Crossing Safety Improvements Project (PL-25002).
- Upgrade traffic signal hardware and the Intelligent Transportation Systems (ITS) Program to improve traffic operations citywide.
- Continue to work with the Rail Committee on the next steps for grade separation project design and environmental review.
- Develop and execute a funding agreement with the Federal Railroad Administration to fund preliminary engineering and environmental documentation for the grade crossing projects.
- Develop and execute cooperative service agreements with the Valley Transportation Agency and the Peninsula Corridor Joint Powers Board (a.k.a Caltrain) for performing preliminary engineering and environmental documentation for grade separation projects.
- Continue to work with the California State Transportation Agency for funding the final design phase of grade separation projects.
- Continue to update the Bicycle and Pedestrian Transportation Plan.
- Complete development of and adopt the Safe Streets for All Safety Action Plan.
- For the Churchill Avenue Enhanced Bikeway Project (PL-14000), procure the updated encroachment permit from Caltrain and initiate project construction.
- For the Crescent Park traffic calming aspect of the Transportation and Parking Improvements Project (PL-12000), complete the project design and be bid-ready for construction in 2025.

## 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

# OFFICE OF TRANSPORTATION

## 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of surveyed residents rating the amount of parking as good or excellent | 65%   | 67%             | 61%                    | 65%               | 65%                    |
| Description   | This data is collected as part of the Palo Alto Community Survey that is conducted annually by Polco/National Research Center, Inc. The measure asks residents to rate their perception of the ease of public parking.  |                 |                        |                   |                        |
| Purpose   | To obtain feedback from residents on the ease of public parking to determine if the program's resources are appropriate.  |                 |                        |                   |                        |
| Status  | The most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpalocalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpalocalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a> . |                 |                        |                   |                        |

# 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent surveyed residents rating the traffic flow on major streets as good or excellent | 39%   | 50%             | 47%                    | 50%               | 50%                    |
| Description  | This data is collected as part of the Palo Alto Community Survey that is conducted annually by Polco/National Research Center, Inc. The measure asks residents to rate their perception of traffic flow on major streets.   |                 |                        |                   |                        |
| Purpose  | To obtain feedback from residents on the traffic flow on major streets to determine the perceived functionality of major streets.   |                 |                        |                   |                        |
| Status   | The most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a> . |                 |                        |                   |                        |

# Workload Measures

|  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of transportation inquiries to 311  | 217             | 184             | 240                    | 200               | 200                    |
| 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 | 4,633           | 4,137           | 4,250                  | 4,150             | 4,150                  |
| Number of development projects reviewed  | 125             | 168             | 160                    | 132               | 140                    |
| Number of traffic signals maintained   | 102             | 102             | 102                    | 102               | 102                    |

\* The last Residential Preferential Parking (RPP) district was created in FY 2020. Because the City does not expect to add any additional RPP districts, the Office of Transportation will remove the "Number of households in RPP district" workload measure in the FY 2026 budget book.

# Budget Summary

|                                  | FY 2022 Actuals    | FY 2023 Actuals    | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$  | FY 2025 Change % |
|----------------------------------|--------------------|--------------------|------------------------|------------------------|--------------------|------------------|
| <b>Dollars by Division</b>       |                    |                    |                        |                        |                    |                  |
| Administration                   | 628,262            | 697,045            | 1,048,168              | 1,123,800              | 75,632             | 7.2%             |
| Engineering and Planning         | 519,378            | 667,800            | 1,146,585              | 1,239,711              | 93,126             | 8.1%             |
| Programs                         | 481,552            | 1,015,189          | 508,798                | 1,940,174              | 1,431,376          | 281.3%           |
| <b>Total Dollars by Division</b> | <b>\$1,629,193</b> | <b>\$2,380,034</b> | <b>\$2,703,551</b>     | <b>\$4,303,685</b>     | <b>\$1,600,133</b> | <b>59.2%</b>     |
| <b>Dollars by Category</b>       |                    |                    |                        |                        |                    |                  |
| <b>Salary &amp; Benefits</b>     |                    |                    |                        |                        |                    |                  |
| Healthcare                       | 68,834             | 85,079             | 131,586                | 160,433                | 28,847             | 21.9%            |
| Other Benefits                   | 24,950             | 29,227             | 30,635                 | 30,842                 | 207                | 0.7%             |
| Overtime                         | —                  | 217                | 9,238                  | 9,103                  | (135)              | (1.5)%           |
| Pension                          | 295,928            | 368,703            | 382,785                | 467,760                | 84,974             | 22.2%            |
| Retiree Medical                  | 89,159             | 69,300             | 62,506                 | 83,393                 | 20,887             | 33.4%            |
| Salary                           | 660,264            | 796,412            | 924,865                | 1,149,569              | 224,704            | 24.3%            |
| Workers' Compensation            | 32,800             | 37,378             | 37,479                 | 40,014                 | 2,535              | 6.8%             |
| <b>Total Salary and Benefits</b> | <b>\$1,171,935</b> | <b>\$1,386,316</b> | <b>\$1,579,095</b>     | <b>\$1,941,114</b>     | <b>\$362,019</b>   | <b>22.9%</b>     |
| Allocated Charges                | 189,668            | 179,098            | 514,334                | 536,949                | 22,614             | 4.4%             |
| Contract Services                | 76,120             | 620,830            | 361,800                | 1,386,800              | 1,025,000          | 283.3%           |
| Facilities & Equipment           | 4,807              | 1,574              | 5,000                  | 5,000                  | —                  | —%               |
| General Expense                  | 179,394            | 190,555            | 233,072                | 423,572                | 190,500            | 81.7%            |
| Supplies & Material              | 7,267              | 1,662              | 10,250                 | 10,250                 | —                  | —%               |
| <b>Total Dollars by Category</b> | <b>\$1,629,193</b> | <b>\$2,380,034</b> | <b>\$2,703,551</b>     | <b>\$4,303,685</b>     | <b>\$1,600,133</b> | <b>59.2%</b>     |
| <b>Revenues</b>                  |                    |                    |                        |                        |                    |                  |
| Charges for Services             | —                  | —                  | —                      | 80,000                 | 80,000             | —%               |
| Operating Transfers-In           | 128,000            | 128,000            | 128,000                | 128,000                | —                  | —%               |
| Other Revenue                    | 42,934             | 54,797             | —                      | 835,691                | 835,691            | —%               |
| Permits and Licenses             | 1,008              | 1,528              | 13,332                 | 13,332                 | —                  | —%               |

## Budget Summary

|                                    | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|-----------------|-----------------|------------------------|------------------------|-------------------|------------------|
| <b>Total Revenues</b>              | \$171,942       | \$184,325       | \$141,332              | \$1,057,023            | \$915,691         | 647.9%           |
| <b>Positions by Division</b>       |                 |                 |                        |                        |                   |                  |
| Administration                     | 1.75            | 1.75            | 1.75                   | 1.75                   | —                 | —%               |
| Engineering and Planning           | 1.90            | 1.90            | 3.15                   | 3.15                   | —                 | —%               |
| Programs                           | 1.55            | 1.55            | 1.55                   | 2.55                   | 1.00              | 64.5%            |
| <b>Total Positions by Division</b> | <b>5.20</b>     | <b>5.20</b>     | <b>6.45</b>            | <b>7.45</b>            | <b>1.00</b>       | <b>15.5%</b>     |

## Staffing

| Job Classification                            | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Administrative Assistant                      | 0.60            | 0.60            | 0.60                   | 0.60                   | —                  | 52,204         |
| Associate Engineer                            | 0.35            | 0.35            | 0.35                   | 0.35                   | —                  | 53,792         |
| Associate Planner                             | 0.40            | 0.40            | 0.40                   | 1.40                   | 1.00               | 172,594        |
| Chief Transportation Official                 | 0.70            | 0.70            | 0.70                   | 0.70                   | —                  | 157,597        |
| Coordinator Transportation Systems Management | 0.65            | 0.65            | 0.65                   | —                      | (0.65)             | —              |
| Management Analyst                            | 0.50            | 0.50            | —                      | —                      | —                  | —              |
| Parking Operations-Lead                       | 0.05            | 0.05            | 0.05                   | 0.05                   | —                  | 7,908          |
| Planner                                       | —               | —               | —                      | 0.40                   | 0.40               | 52,707         |

# Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| Project Engineer                                | 0.25            | 0.25            | 0.25                   | 0.25                   | —                  | 46,571             |
| Senior Engineer                                 | 0.20            | 0.55            | 0.55                   | 0.55                   | —                  | 113,639            |
| Senior Management Analyst                       | —               | —               | 0.50                   | 0.50                   | —                  | 70,897             |
| Senior Planner                                  | 0.15            | 0.15            | 1.40                   | 1.65                   | 0.25               | 251,119            |
| Traffic Engineering-Lead                        | 0.35            | —               | —                      | —                      | —                  | —                  |
| Transportation Planning Manager                 | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 204,974            |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>5.20</b>     | <b>5.20</b>     | <b>6.45</b>            | <b>7.45</b>            | <b>1.00</b>        | <b>\$1,184,003</b> |
| <b>Total Positions</b>                          | <b>5.20</b>     | <b>5.20</b>     | <b>6.45</b>            | <b>7.45</b>            | <b>1.00</b>        | <b>\$1,184,003</b> |



# Budget Reconciliation

|  | Positions   | Expenditures     | Revenues         | Fund Balance Cost/(Savings) |
|--|-------------|------------------|------------------|-----------------------------|
| <b>Prior Year Budget</b>   | <b>6.45</b> | <b>2,703,551</b> | <b>141,332</b>   | <b>2,562,220</b>            |
| <b>One-Time Prior Year Budget Adjustments</b>  |             |                  |                  |                             |
| Car-Free Streets Study   | -           | (250,000)        | -                | (250,000)                   |
| <b>One-Time Prior Year Budget Adjustments</b>  | <b>-</b>    | <b>(250,000)</b> | <b>-</b>         | <b>(250,000)</b>            |
| <b>Adjustments to Costs of Ongoing Activities</b>  |             |                  |                  |                             |
| Salary and Benefits Adjustments  | -           | 207,793          | -                | 207,793                     |
| Instruction and Training   | -           | 5,000            | -                | 5,000                       |
| Palo Alto Link Rides for Youth Mental Health Events (FY 2024 Mid-Year Budget Review Report # 2311-2233)                | -           | 6,000            | -                | 6,000                       |
| Memberships: National Association of City Transportation Officials (NACTO) and VTA Congestion Management Program (CMP) | -           | 15,500           | -                | 15,500                      |
| Information Technology Allocated Charges   | -           | 18,328           | -                | 18,328                      |
| Liability Insurance Allocated Charges  | -           | 9,453            | -                | 9,453                       |
| Printing & Mailing Services Allocated Charges  | -           | (4,900)          | -                | (4,900)                     |
| Utilities Allocated Charges  | -           | (267)            | -                | (267)                       |
| Workers' Compensation Allocated Charges  | -           | 2,535            | -                | 2,535                       |
| <b>Adjustments to Costs of Ongoing Activities</b>  | <b>-</b>    | <b>259,442</b>   | <b>-</b>         | <b>259,442</b>              |
| <b>Total FY 2025 Base Budget</b>   | <b>6.45</b> | <b>2,712,994</b> | <b>141,332</b>   | <b>2,571,662</b>            |
| <b>Budget Adjustments</b>  |             |                  |                  |                             |
| 1. Safe Routes to School (SRTS) Staffing Reclassification  | -           | -                | -                | -                           |
| 2. Safe Routes to School (SRTS) Additional Staffing  | 1.00        | 151,691          | 151,691          | -                           |
| 3. Palo Alto Transportation Management Authority (PATMA)   | -           | 175,000          | -                | 175,000                     |
| 4. Palo Alto Link Supplemental Funding   | -           | 1,264,000        | 764,000          | 500,000                     |
| <b>Total Budget Adjustments</b>  | <b>1.00</b> | <b>1,590,691</b> | <b>915,691</b>   | <b>675,000</b>              |
| <b>Total FY 2025 Adopted Budget</b>  | <b>7.45</b> | <b>4,303,685</b> | <b>1,057,023</b> | <b>3,246,662</b>            |

# Budget Adjustments

| Budget Adjustments  | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|---|-----------|--------------|----------|-----------------------------|
| 1. Safe Routes to School (SRTS) Staffing Reclassification | -         | -            | -        | -                           |

This action reclassifies 2.0 SRTS Coordinators to 1.0 Planner (60% Capital Improvement Fund, 40% General Fund) and 1.0 Senior Planner (75% Capital Improvement Fund, 25% General Fund). Current positions reflect stand-alone roles for a limited program and are not aligned with an expanded scope of services requiring higher levels of professional planning work, partner and public engagement, grantwriting, vendor procurement and management, and hierarchical team management. (Ongoing cost: \$4,164)

**Performance Results**



This action fulfills expanded scope needs and streamlines workflows.

|   |      |         |         |   |
|---|------|---------|---------|---|
| 2. Safe Routes to School (SRTS) Additional Staffing | 1.00 | 151,691 | 151,691 | - |
|---|------|---------|---------|---|

This action adds 1.00 Associate Planner to support SRTS expansion to middle and high school students. The position will be 100% reimbursed by Measure B Local Streets and Roads (LSR) funds from the Valley Transportation Authority (VTA). (Ongoing cost: \$0)

**Performance Results**



This action allows the safety, health, and environmental benefits of SRTS to extend to a larger population.

|  |   |         |   |         |
|--|---|---------|---|---------|
| 3. Palo Alto Transportation Management Authority (PATMA) | - | 175,000 | - | 175,000 |
|--|---|---------|---|---------|

This action increases the allocation for PATMA by \$200,00, from \$200,000 to \$400,000, with \$25,000 funded by the University Avenue Parking Fund and \$175,000 supported by the General Fund. (Ongoing cost: \$175,000)

**Performance Results**



This action enables PATMA to maintain current service levels. Previously, PATMA spent down reserves to maintain service levels and has exhausted those funds.

|  |   |           |         |         |
|--|---|-----------|---------|---------|
| 4. Palo Alto Link Supplemental Funding | - | 1,264,000 | 764,000 | 500,000 |
|--|---|-----------|---------|---------|

This action adds funding for the Palo Alto Link to continue the program as a pilot while exploring a range of reduced service levels, fare modifications, and potential new revenue streams. FY 2025 includes a one-time Transportation Fund for Clean Air (TFCA) grant of \$441,000 to fully electrify the van fleet. Ongoing revenue of \$520,000 from Stanford University is estimated to continue to offset the cost of Palo Alto Link services to the University and Research Park. (Ongoing cost: \$760,000)

**Performance Results**



This action allows for continued provision of an environmentally-friendly alternative to private vehicle use that addresses the City's first-and-last-mile connectivity challenges.

# PLANNING AND DEVELOPMENT SERVICES

## Mission Statement



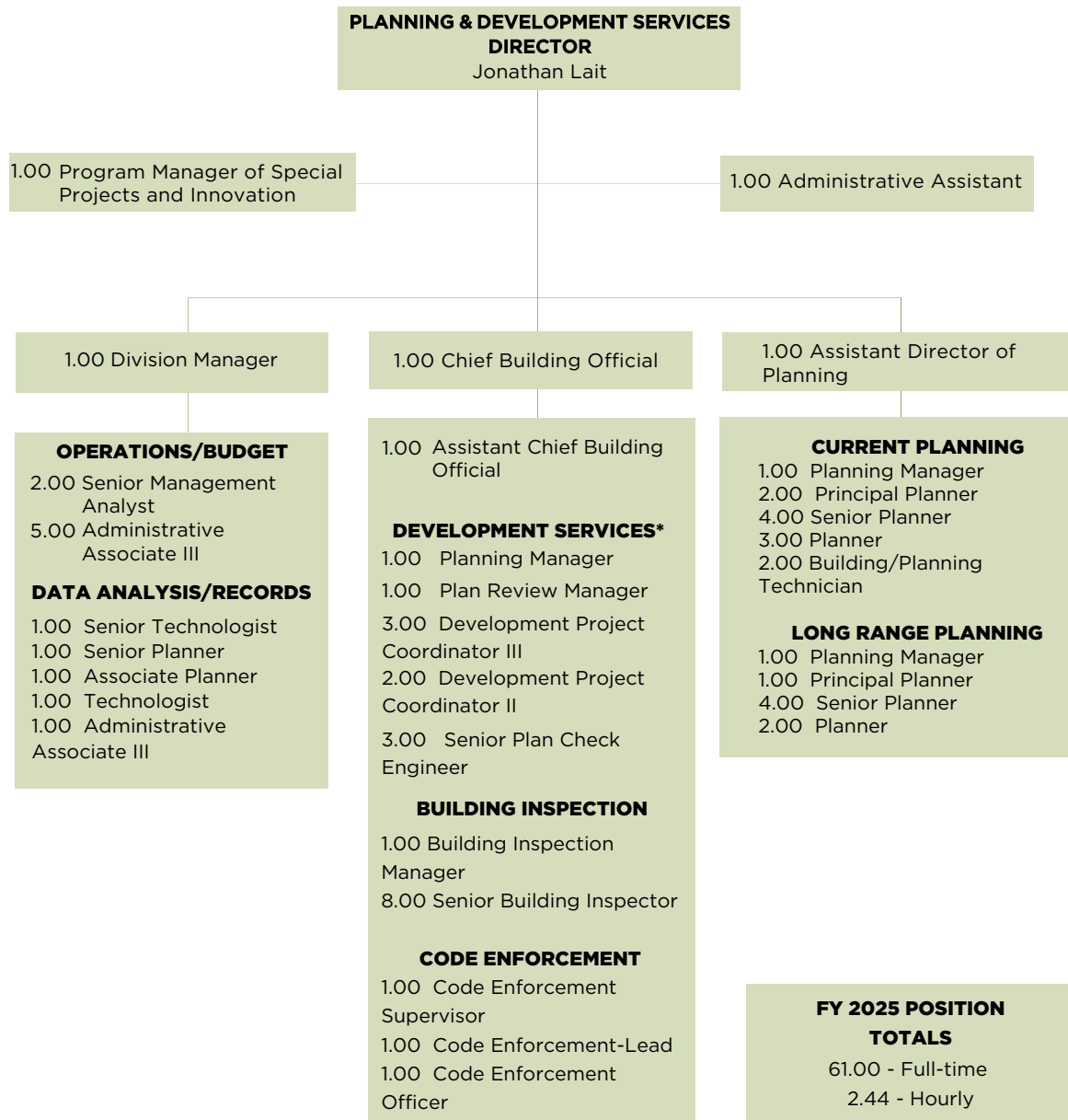
The mission of the Planning and Development Services Department is to provide effective implementation of land use development, planning, housing and environmental policies, and efficient processing of building permit applications that maintain and enhance the City as a safe, vital, and attractive community.

## 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



\*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.

### 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. Responsible for enforcement of code requirements and conditions of approval.

### 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 area-specific plans and is responsible for data and analysis to support a wide variety of planning projects.

## Accomplishments

- Developed gas-powered leaf blower code amendments and enforcement implementation procedures.
- Advised on implementation of a wide variety of innovative S/CAP programs, including the Heat Pump Water Heater Program and on-bill customer financing.
- Completed the fire prevention organizational study to inform the larger Planning and Development Services cost of services fee allocation study.
- Developed a request for proposals scope of work to enhance seismic hazard identification and risk mitigation program for seismically vulnerable buildings.
- Developed and launched the residential bathroom and kitchen remodel instant permitting process.
- Collaborated with the Utilities Department to develop an expedited "one margin" energy reach code ordinance to develop a framework for regulations to incentivize new building construction to be all electric.

## PLANNING AND DEVELOPMENT SERVICES

- Submitted a revised, compliant housing element addressing Housing and Community Development Department comments.
- Presented the North Ventura Coordinated Area Plan for Council approval and finalized the associated environmental impact report with plan adoption and associated ordinance.
- Prepared and adopted an electrification ordinance modifying noise ordinance in Title 9 and chapters in Title 18 to facilitate heat pump installations and other electrification equipment to help reduce carbon emissions.
- Developed a renter protection update including just cause and relocation benefits.
- Implemented changes related to Senate Bill 9 to streamline the process for a homeowner to create a duplex or subdivide an existing lot.
- Developed the Permanent Safe Parking ordinance and implemented best practices from the interim ordinance.
- Developed the Sobrato Development Agreement involving the transfer of land to the City for a future park and affordable-housing project.
- Completed the 2023 historic reconnaissance survey and submitted Historic Resources Board recommendations on nominations to Council.
- Completed a community outreach project on San Antonio Road Corridor with Cal Poly SLO senior student class and presented to City Council the student-led concept plan for San Antonio Corridor.

## Initiatives

- Implement the rental registry program by developing an online rental registry portal, performing outreach, and initiating the registration process for multi-family buildings with five or more units.
- Implement a variety of programs from the City's Housing Element, including existing housing incentive program, conversion of development impact fees from per unit to square foot basis, and alternative housing types.
- Initiate Downtown Housing Plan development including community assessment, policy development, technical advisory group and community advisory group formation, and community outreach and engagement.
- Retain a consultant and begin development of the seismic retrofit ordinance.
- Engage the Housing Ad Hoc and make recommendations to the City Council regarding fair chance housing and anti-rent gouging.
- Present an ordinance to the City Council to refine and expand the City's housing incentive program.
- Engage a consultant to initiate an economic feasibility study of development impact fees to housing.
- Prepare a retail ordinance to implement commercial district initiatives.
- Develop streamlined combination permitting guidelines for commercial photovoltaic, energy storage system and electric vehicle charging system projects.
- Collaborate with the Utilities Department to obtain approval for and implement the "one margin" energy reach code ordinance.
- Approve consultant contract to initiate a Specific Plan for San Antonio Road Corridor including project goals and outcomes.
- Initiate a review and make recommendations for a possible extension of the Housing Focus area to other geographic locations along El Camino Real.

- Modify and expand the Sustainability Electrification website to include commercial electrification projects.

## 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 2022 Actuals</b>  | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Percent of surveyed residents rating the quality of code enforcement as "good" or "excellent" | 51%   | 53%                    | 60%                           | 55%                      | 60%                           |
| Description   | This data is collected as part of the Palo Alto Community Survey that is conducted annually by Polco/National Research Center, Inc.   |                        |                               |                          |                               |
| Purpose   | This measure can be used to measure changes in satisfaction as service enhancements to the code enforcement function are implemented.   |                        |                               |                          |                               |
| Status  | <p>The most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a>.</p> <p>In FY 2024, an additional Code Enforcement Supervisor was added to the program to provide additional oversight and guidance in code enforcement case management. Case workload has increased in recent years, primarily related to gas-powered leaf blowers, with contract services support largely unavailable within the market.</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 2022 Actuals</b>  | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 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 is in the process of filing an ISO re-evaluation. Staff expect to receive an improvement of score in FY 2025. Over the past few years, Development Services has increased investment in staff certifications and professional development and is focused on improving key areas identified in the evaluation report including restructuring of both the building inspection and plan review staffing models.   |

## 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 2022 Actuals</b>   | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Percent of permits initiated within a given period where all department reviews are completed | 88%  | 89%                    | 80%                           | 78%                      | 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. Staff anticipates that recent progress with staffing shortages and transitions will result in improvement in the coming year as staff are brought on board.   |                        |                               |                          |                               |

# 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 2022 Actuals</b>   | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Percent of permits that are reviewed and approved by all necessary departments over-the-counter. | 72%  | 68%                    | 70%                           | 75%                      | 75%                           |
| 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   | <p>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.</p> <p>Over the next year Development Services is focusing on increasing the percentage of permits that are approved over the counter to facilitate more expedient permit processing.</p> |                        |                               |                          |                               |

## PLANNING AND DEVELOPMENT SERVICES

### Workload Measures

|  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of planning and Architectural Review Board applications completed (including staff level) | 233             | 282             | 210                    | 290               | 270                    |
| Average number of days for Planning to first review building permit applications                 | 17              | 19              | 20                     | 12                | 20                     |
| Average number of days from Individual Review application to approval                            | 153             | 163             | 100                    | 106               | 100                    |
| Number of building permit applications   | 3,829           | 3,774           | 3,500                  | 4,000             | 3,800                  |
| Number of building permits issued  | 2,977           | 2,882           | 2,700                  | 3,200             | 3,000                  |
| Number of fire permit inspections  | 1,492           | 1,421           | 1,400                  | 1,600             | 1,400                  |
| Number of building inspections   | 19,650          | 19,675          | 20,000                 | 19,300            | 20,000                 |
| Number of Public Records Requests  | 180             | 182             | 200                    | 160               | 200                    |
| Number of Code Enforcement Complaints Received   | 1,030           | 2,031           | 2,000                  | 2,800             | 2,000                  |
| Average Initial Response Time to Public Records Requests (Days)                                  | 14              | 10              | 7                      | 11                | 7                      |

### Budget Summary

|                             | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|-----------------------------|-----------------|-----------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>  |                 |                 |                        |                        |                   |                  |
| Administration              | 4,684,341       | 4,563,744       | 5,332,775              | 6,275,759              | 942,984           | 17.7%            |
| Building                    | 4,475,475       | 5,676,599       | 7,456,594              | 7,731,669              | 275,075           | 3.7%             |
| Fire                        | 2,059,565       | 3,043,558       | 4,070,150              | 521,946                | (3,548,204)       | (87.2)%          |
| Green Building              | 208,001         | 175,000         | 193,240                | 193,240                | —                 | —%               |
| Planning                    | 637,986         | 581,865         | 735,795                | 746,440                | 10,645            | 1.4%             |
| Planning and Transportation | 4,806,369       | 5,727,140       | 6,864,785              | 7,396,527              | 531,742           | 7.7%             |

# PLANNING AND DEVELOPMENT SERVICES

## Budget Summary

|                                  | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$  | FY 2025 Change % |
|----------------------------------|-------------------|-------------------|------------------------|------------------------|--------------------|------------------|
| Public Works                     | 966,752           | 1,101,363         | 1,401,812              | 1,461,301              | 59,489             | 4.2%             |
| <b>Total Dollars by Division</b> | <b>17,838,489</b> | <b>20,869,268</b> | <b>26,055,153</b>      | <b>24,326,884</b>      | <b>(1,728,269)</b> | <b>(6.6)%</b>    |
| <b>Dollars by Category</b>       |                   |                   |                        |                        |                    |                  |
| <b>Salary &amp; Benefits</b>     |                   |                   |                        |                        |                    |                  |
| Healthcare                       | 1,010,488         | 1,085,351         | 1,761,575              | 1,592,510              | (169,065)          | (9.6)%           |
| Other Benefits                   | 233,708           | 232,224           | 289,471                | 240,148                | (49,323)           | (17.0)%          |
| Overtime                         | 62,695            | 78,760            | 126,059                | 79,403                 | (46,656)           | (37.0)%          |
| Pension                          | 2,960,525         | 3,494,996         | 4,391,388              | 3,963,127              | (428,261)          | (9.8)%           |
| Retiree Medical                  | 631,684           | 515,182           | 718,645                | 793,406                | 74,761             | 10.4%            |
| Salary                           | 6,468,541         | 7,582,626         | 10,111,724             | 10,029,451             | (82,273)           | —%               |
| Workers' Compensation            | 286,831           | 316,362           | 429,788                | 368,179                | (61,609)           | (14.3)%          |
| <b>Total Salary and Benefits</b> | <b>11,654,472</b> | <b>13,305,501</b> | <b>17,828,651</b>      | <b>17,066,224</b>      | <b>(762,426)</b>   | <b>(4.3)%</b>    |
| Allocated Charges                | 1,569,660         | 1,854,471         | 2,100,186              | 1,945,648              | (154,538)          | (7.4)%           |
| Contract Services                | 2,943,301         | 4,170,593         | 4,495,999              | 3,711,490              | (784,509)          | (17.4)%          |
| Facilities & Equipment           | 66                | 9,328             | 15,650                 | 15,650                 | —                  | —%               |
| General Expense                  | 1,484,755         | 752,912           | 514,859                | 478,334                | (36,525)           | (7.1)%           |
| Rents & Leases                   | 149,598           | 748,240           | 1,044,629              | 1,075,968              | 31,339             | 3.0%             |
| Supplies & Material              | 36,638            | 28,225            | 55,179                 | 33,569                 | (21,610)           | (39.2)%          |
| <b>Total Dollars by Category</b> | <b>17,838,489</b> | <b>20,869,268</b> | <b>26,055,153</b>      | <b>24,326,884</b>      | <b>(1,728,269)</b> | <b>(6.6)%</b>    |
| <b>Revenues</b>                  |                   |                   |                        |                        |                    |                  |
| Charges for Services             | 7,273,084         | 10,213,686        | 9,896,222              | 8,750,760              | (1,145,462)        | (11.6)%          |
| Charges to Other Funds           | 68,908            | 103,782           | 22,364                 | —                      | (22,364)           | (100.0)%         |
| From Other Agencies              | 1,229             | 183,756           | —                      | —                      | —                  | —%               |
| Other Revenue                    | 7,704             | 8,760             | 3,413                  | 3,413                  | —                  | —%               |
| Other Taxes and Fines            | 302,808           | (287,800)         | 25,773                 | 24,747                 | (1,026)            | (4.0)%           |
| Permits and Licenses             | 7,862,032         | 6,829,058         | 9,864,970              | 8,907,001              | (957,969)          | (9.7)%           |
| <b>Total Revenues</b>            | <b>15,515,764</b> | <b>17,051,242</b> | <b>19,812,742</b>      | <b>17,685,921</b>      | <b>(2,126,821)</b> | <b>(10.7)%</b>   |

# PLANNING AND DEVELOPMENT SERVICES

## Budget Summary

|                                    | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|-----------------|-----------------|------------------------|------------------------|-------------------|------------------|
| <b>Positions by Division</b>       |                 |                 |                        |                        |                   |                  |
| Administration                     | 11.26           | 13.26           | 13.26                  | 15.51                  | 2.25              | 17.0%            |
| Building                           | 17.20           | 21.20           | 22.20                  | 23.20                  | 1.00              | 4.5%             |
| Fire                               | 4.80            | 8.00            | 9.00                   | 1.62                   | (7.38)            | (82.0)%          |
| Planning                           | 3.30            | 3.25            | 3.25                   | 3.30                   | 0.05              | 1.5%             |
| Planning and Transportation        | 14.60           | 16.13           | 20.13                  | 20.45                  | 0.32              | 1.6%             |
| Public Works                       | 4.80            | 6.04            | 6.04                   | 6.04                   | —                 | —%               |
| <b>Total Positions by Division</b> | <b>55.96</b>    | <b>67.88</b>    | <b>73.88</b>           | <b>70.12</b>           | <b>(3.76)</b>     | <b>(5.1)%</b>    |

## Staffing

| Job Classification                | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|-----------------------------------|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| 40-Hour Captain                   | —               | 0.80            | 0.80                   | —                      | (0.80)             | —              |
| Administrative Assistant          | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 106,350        |
| Administrative Associate I        | 1.00            | 1.00            | —                      | —                      | —                  | —              |
| Administrative Associate II       | 2.80            | 2.80            | 0.80                   | —                      | (0.80)             | —              |
| Administrative Associate III      | 3.00            | 4.80            | 7.80                   | 6.00                   | (1.80)             | 578,198        |
| Assistant Chief Building Official | 1.00            | 2.00            | 2.00                   | 1.00                   | (1.00)             | 192,088        |
| Assistant Director PCE            | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 204,776        |
| Associate Engineer                | —               | —               | 0.50                   | 0.50                   | —                  | 76,846         |
| Associate Planner                 | 3.25            | 1.25            | 1.25                   | 1.25                   | —                  | 154,102        |
| Building Inspector Specialist     | 6.00            | 8.00            | —                      | —                      | —                  | —              |
| Building/Planning Technician      | 2.00            | 2.50            | 2.50                   | 2.50                   | —                  | 249,964        |
| Chief Building Official           | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 245,690        |
| Chief Planning Official           | 1.00            | 1.00            | 1.00                   | —                      | (1.00)             | —              |
| Code Enforcement Officer          | —               | 1.00            | 1.00                   | 1.00                   | —                  | 123,926        |

# PLANNING AND DEVELOPMENT SERVICES

## Staffing

| Job Classification                      | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Code Enforcement-Lead                   | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 132,558        |
| Deputy Chief/Fire Marshal               | 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                   | —                  | 303,098        |
| Division Manager Planning*              | —               | —               | —                      | 1.00                   | 1.00               | 182,208        |
| Engineer                                | 0.52            | 0.52            | 0.52                   | 0.52                   | —                  | 90,022         |
| Engineering Technician III              | 1.50            | 1.50            | 1.00                   | 1.00                   | —                  | 116,022        |
| Fire Inspector                          | 1.60            | 1.60            | 1.60                   | 0.80                   | (0.80)             | 175,302        |
| Fire Marshal                            | —               | 0.80            | 0.80                   | 0.25                   | (0.55)             | 61,922         |
| Hazardous Materials Inspector           | 1.60            | 3.20            | 3.20                   | 0.07                   | (3.13)             | 15,339         |
| Industrial Waste Investigator           | 0.35            | 0.35            | 0.35                   | 0.35                   | —                  | 46,905         |
| 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                   | —                  | 70,918         |
| Manager Planning                        | 4.00            | 4.00            | 4.00                   | 4.00                   | —                  | 754,790        |
| Plan Review Manager**                   | —               | —               | —                      | 1.00                   | 1.00               | 167,461        |
| Planner                                 | 4.00            | 5.00            | 5.00                   | 5.00                   | —                  | 658,840        |
| Plans Check Engineer                    | —               | 1.00            | 1.00                   | 0.50                   | (0.50)             | 84,063         |
| Principal Planner                       | 1.00            | 2.00            | 2.00                   | 3.00                   | 1.00               | 440,794        |
| Project Manager                         | —               | 0.50            | 0.50                   | 0.50                   | —                  | 68,640         |
| Senior Building Inspector               | —               | —               | 8.00                   | 8.00                   | —                  | 1,211,725      |
| Senior Business Analyst                 | 1.00            | 1.00            | 1.00                   | —                      | (1.00)             | —              |
| Senior Engineer                         | 0.40            | 0.45            | 0.45                   | 0.45                   | —                  | 83,300         |
| Senior Management Analyst               | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 315,390        |
| Senior Plan Check Engineer              | —               | —               | 2.00                   | 3.00                   | 1.00               | 554,798        |

# PLANNING AND DEVELOPMENT SERVICES

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary      |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|---------------------|
| Senior Planner*                                 | 3.65            | 4.65            | 7.65                   | 8.75                   | 1.10               | 1,331,694           |
| Senior Program Manager**                        | —               | —               | —                      | 1.00                   | 1.00               | 167,461             |
| Senior Technologist                             | —               | —               | —                      | 1.00                   | 1.00               | 164,902             |
| Supervisor Inspection and Surveying             | 0.25            | 0.25            | 0.25                   | 0.25                   | —                  | 34,388              |
| Supervisor of Code Enforcement                  | —               | —               | 1.00                   | 1.00                   | —                  | 140,400             |
| Technologist                                    | —               | —               | —                      | 1.00                   | 1.00               | 176,509             |
| Traffic Engineering-Lead                        | 0.05            | —               | —                      | —                      | —                  | —                   |
| Transportation Planning Manager                 | 0.05            | 0.05            | 0.05                   | 0.05                   | —                  | 9,943               |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>54.00</b>    | <b>65.20</b>    | <b>71.20</b>           | <b>67.92</b>           | <b>(3.28)</b>      | <b>\$10,173,750</b> |
| Temporary/Hourly                                | 1.96            | 2.68            | 2.68                   | 2.20                   | (0.48)             | \$249,211           |
| <b>Total Positions</b>                          | <b>55.96</b>    | <b>67.88</b>    | <b>73.88</b>           | <b>70.12</b>           | <b>(3.76)</b>      | <b>\$10,422,961</b> |

\* The FY 2024 Adopted Budget does not include City Council actions to amend staffing levels approved in the FY 2024 Mid-Year Budget Review (CMR 2311-2233). These positions appear as a base adjustment in the FY 2025 Proposed Budget.

\*\* The FY 2025 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.

# PLANNING AND DEVELOPMENT SERVICES

## Budget Reconciliation

|  | Positions     | Expenditures       | Revenues          | Fund Balance Cost/(Savings) |
|--|---------------|--------------------|-------------------|-----------------------------|
| <b>Prior Year Budget</b>   | <b>73.88</b>  | <b>26,055,153</b>  | <b>19,812,742</b> | <b>6,242,411</b>            |
| <b>One-Time Prior Year Budget Adjustments</b>  |               |                    |                   |                             |
| Code Enforcement Staffing  | (0.48)        | (55,288)           | -                 | (55,288)                    |
| Bird Safe Glass/Wildlife Protection  | -             | (75,000)           | -                 | (75,000)                    |
| Seismic & Resiliency Ordinance   | -             | (75,000)           | -                 | (75,000)                    |
| Palo Alto Rental Registry Contract   | -             | (100,000)          | -                 | (100,000)                   |
| Downtown Streets Team Contract (Shift to Non-Departmental)                                 | -             | (168,340)          | -                 | (168,340)                   |
| Building Plan Review Consultant Support  | -             | (380,000)          | -                 | (380,000)                   |
| Downtown Housing Plan  | -             | (500,000)          | -                 | (500,000)                   |
| Fire Prevention Plan Review Consultant Support   | -             | (400,000)          | -                 | (400,000)                   |
| <b>One-Time Prior Year Budget Adjustments</b>  | <b>(0.48)</b> | <b>(1,753,628)</b> | <b>-</b>          | <b>(1,753,628)</b>          |
| <b>Adjustments to Costs of Ongoing Activities</b>  |               |                    |                   |                             |
| Salary & Benefits Adjustments (FY 2024 Mid-Year Budget Review Report # 2311-2233)          | 1.10          | 1,386,325          | -                 | 1,386,325                   |
| Revenue Adjustment (align with cost recovery levels)                                       | -             | -                  | 1,295,369         | (1,295,369)                 |
| Deposit Based Cost Recovery Adjustment (FY 2024 Mid-Year Budget Review Report # 2311-2233) | -             | 207,234            | 207,234           | -                           |
| Rent and Lease Expenditure (285 Hamilton and 526 Bryant St)                                | -             | 31,339             | -                 | 31,339                      |
| Contract Services CPI Increase   | -             | 46,504             | -                 | 46,504                      |
| Rental Registry Program Administration (FY 2024 Mid-Year Budget Review Report # 2311-2233) | -             | 68,000             | -                 | 68,000                      |
| San Antonio CAP  | -             | 650,000            | -                 | 650,000                     |
| Communications Allocated Charges   | -             | 255                | -                 | 255                         |
| Information Technology Allocated Charges   | -             | 63,008             | -                 | 63,008                      |
| Liability Insurance Allocated Charges  | -             | 92,956             | -                 | 92,956                      |
| Printing & Mailing Services Allocated Charges  | -             | (30,200)           | -                 | (30,200)                    |
| Vehicle Replacement & Maintenance Allocated Charges  | -             | 16,453             | -                 | 16,453                      |
| Workers' Compensation Allocated Charges  | -             | (10,622)           | -                 | (10,622)                    |



## PLANNING AND DEVELOPMENT SERVICES

# Budget Reconciliation

|  | Positions     | Expenditures       | Revenues           | Fund Balance Cost/(Savings) |
|--|---------------|--------------------|--------------------|-----------------------------|
| <b>Adjustments to Costs of Ongoing Activities</b>                                  | 1.10          | 2,521,252          | 1,502,603          | 1,018,649                   |
| <b>Total FY 2025 Base Budget</b>   | 74.50         | 26,822,776         | 21,315,345         | 7,261,060                   |
| <b>Budget Adjustments</b>  |               |                    |                    |                             |
| 1. Data Team Position Reclassifications  | -             | 28,418             | 14,209             | 14,209                      |
| 2. Administration Reallocation Between Planning and Development Services           | -             | (72,187)           | (90,990)           | 18,803                      |
| 3. Shift Fire Prevention from Planning and Development Services to Fire Department | (7.38)        | (3,434,046)        | (3,552,643)        | 118,597                     |
| 4. Development Center Current Planning Application Customer Support                | 1.00          | 208,081            | -                  | 208,081                     |
| 5. On-Call Contract Services for City Council Priority Implementation              | -             | 300,000            | -                  | 300,000                     |
| 6. Development Services Plan Review Customer Support                               | 2.00          | 473,842            | -                  | 473,842                     |
| <b>Total Budget Adjustments</b>  | <b>(4.38)</b> | <b>(2,495,892)</b> | <b>(3,629,424)</b> | <b>1,133,532</b>            |
| <b>Total FY 2025 Adopted Budget</b>  | <b>70.12</b>  | <b>24,326,884</b>  | <b>17,685,921</b>  | <b>6,640,963</b>            |

# Budget Adjustments

| Budget Adjustments                      | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|---|-----------|--------------|----------|-----------------------------|
| 1. Data Team Position Reclassifications | -         | 28,418       | 14,209   | 14,209                      |

This action reclassifies 1.00 Senior Business Analyst to 1.00 Senior Technologist and 1.00 Administrative Associate III to 1.00 Technologist in an effort to increase technical skills for department-wide support of exploring and implementing new technology, update the Accela Citizen Access user interface, support GIS migration, explore third-party enhancements, and add capacity for additional quantity and type of instant permits available to the public. (Ongoing cost: \$47,359)

### Performance Results



This action enhances project implementation and improves permit processing time.

# PLANNING AND DEVELOPMENT SERVICES

## Budget Adjustments

| Budget Adjustments   | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|--|-----------|--------------|----------|-----------------------------|
| 2. Administration Reallocation Between Planning and Development Services | -         | (72,187)     | (90,990) | 18,803                      |

This action reallocates positions between Planning Administration and Development Services Administration to allow for a new organizational structure with the pending retirement of the Chief Planning Official by reclassifying it into a Senior Program Manager position. As a result of this reclassification, the Senior Program Manager will have broader responsibilities, including leading department-wide initiatives such as interdepartmental policy development, program implementation, process improvements, internal and external engagement, as well as customer services. Some key projects the Senior Program Manager will be focusing on in the upcoming year are the seismic ordinance update and the building audit implementation. Additionally, the Assistant Director will move from supporting both Planning and Development Services to supporting only Planning. The realignment will result in a corresponding position allocation shift from Development Services to Planning making that portion of position costs non-cost recoverable through fees. (Ongoing cost: \$18,939)

### Performance Results



This action will enable the department to streamline roles and empower them to lead initiatives and projects.

|  |        |             |             |         |
|--|--------|-------------|-------------|---------|
| 3. Shift Fire Prevention from Planning and Development Services to Fire Department | (7.38) | (3,434,046) | (3,552,643) | 118,597 |
|--|--------|-------------|-------------|---------|

This action shifts 7.38 FTE positions from Planning and Development Services and 0.25 FTE positions from Public Works and Utilities Enterprise Funds, along with associated expenses and revenue, to the Fire Department. This follows the recommendation of the Fire Prevention Program organizational study (Report # 2307-1794) to reallocate the majority of the Fire Prevention Program from Development Services to the Fire Department. Since the organizational study, the program has evolved, and the current structure no longer aligns with the original allocation intent and plan. This action will support the Fire Department in addressing their performance improvement plan with Santa Clara County and expand fire community risk reduction efforts. (Ongoing cost: \$0)

### Performance Results



This action enhances efficiency in addressing fire reduction efforts, while ensuring compliance with Santa Clara County standards.

|   |      |         |   |         |
|---|------|---------|---|---------|
| 4. Development Center Current Planning Application Customer Support | 1.00 | 208,081 | - | 208,081 |
|---|------|---------|---|---------|

This action adds 1.00 Principal Planner position for Current Planning to provide enhanced customer service and increased counter support for Planning Services located at the Development Center. This position was eliminated during the pandemic. As workload has increased to similar pre-pandemic levels, this resource will help ensure there is sufficient planning support and oversight available to the development community throughout the permitting process. In FY 2025, the costs are fully offset from the Development Services reserves for prior years work in progress and ongoing costs will be offset by Development Services revenue. (Ongoing cost: \$0)

### Performance Results



This action improves customer service and mitigates project delays.

# Budget Adjustments

| Budget Adjustments  | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|---|-----------|--------------|----------|-----------------------------|
| 5. On-Call Contract Services for City Council Priority Implementation | -         | 300,000      | -        | 300,000                     |

This action adds one-time funding for on call contract services to support advancing 2024 City Council priorities. These projects will include Housing Element implementation, development of a transportation ordinance for the Housing Focus Area/Transportation Demand Management Plan, an economic feasibility study of citywide impact fees, and further progress on the parklet prototypes. Allocation of these funds allow the Planning and Development Services Department to commence and advance these projects in conjunction with in house staff to effectively deliver on these priorities. (Ongoing cost: \$0)

**Performance Results**



This action secures funding to continue vital city projects in alignment with City Council priorities.

|  |      |         |   |         |
|--|------|---------|---|---------|
| 6. Development Services Plan Review Customer Support | 2.00 | 473,842 | - | 473,842 |
|--|------|---------|---|---------|

This action adds a 1.00 Senior Plan Check Engineer position and a 1.00 Plan Review Manager position to perform plan reviews on building permits. Prior to the pandemic, building plan review services were fully supported by consultants. Due to challenges with procuring available on-site plan review consultants over the last few years, the Planning and Development Services Department has shifted the majority of plan review services in-house to improve customer service and deliver reliable and reduced processing times. In FY 2025 the costs are fully offset from the Development Services reserves for prior year works in progress and ongoing costs will be offset by development services revenue. (Ongoing cost: \$0)

**Performance Results**



This action will improve customer service and process times.



CITY OF  
**PALO**  
**ALTO**

# POLICE

## Mission Statement

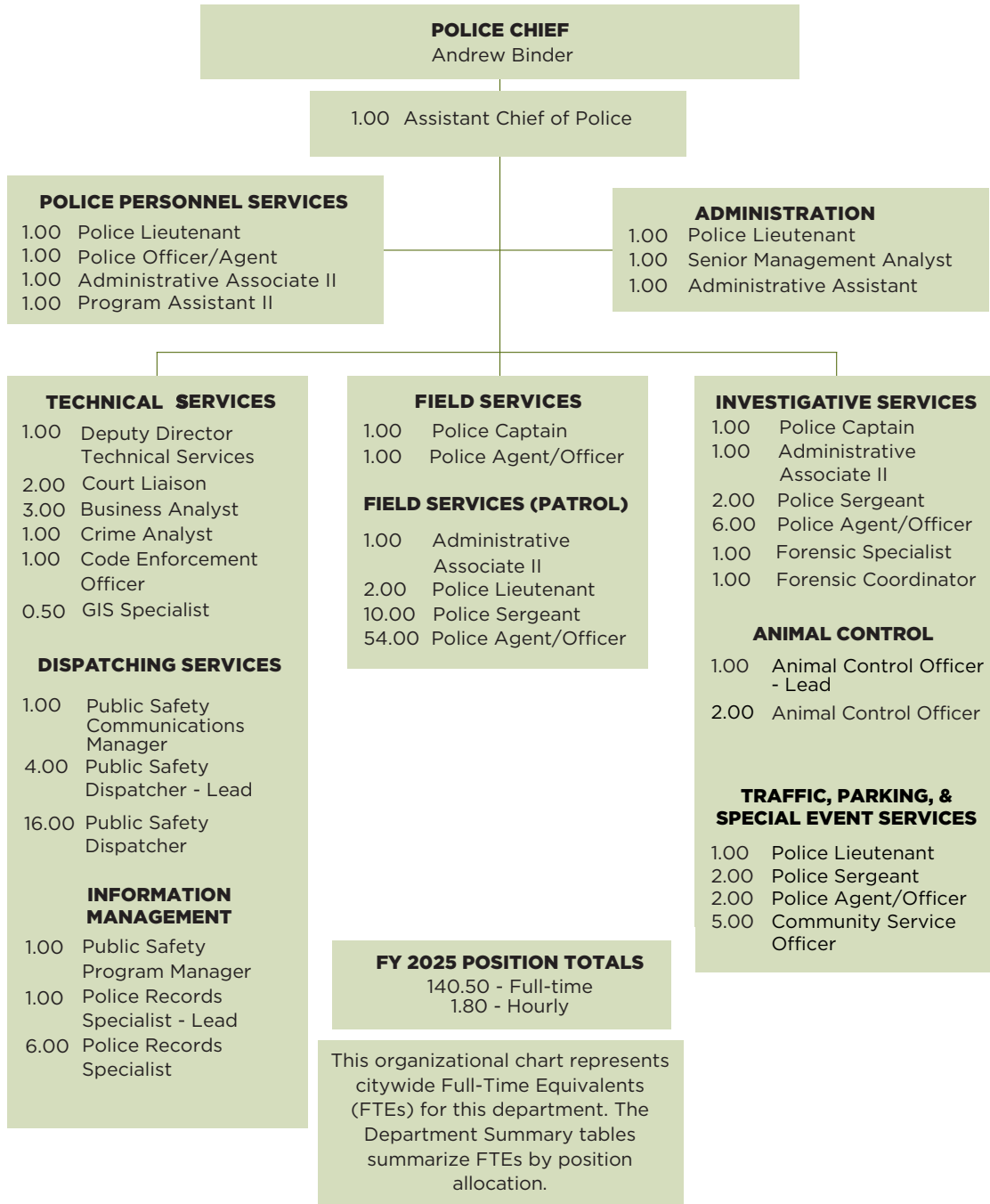


To proudly serve and protect the public with respect and integrity.

## 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

- Created an Organized Retail Theft (ORT) enforcement plan to combat retail crimes and increase the recovery of stolen vehicles.
- Awarded \$5.2 million in grant funding from the State of California in FY 2024 to implement the ORT enforcement plan.
- Re-established a traffic enforcement team.
- Implemented the use of Automated License Plate Recognition (ALPR) cameras for combating crime.
- Solicited public engagement on important police initiatives such as the implementation of ALPR technology and on military equipment reporting requirements pursuant to Assembly Bill (AB) 481.

## POLICE

- Hosted community engagement 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.
- Contracted with the Santa Clara County Behavioral Health Services Department to supply clinicians for the Psychiatric Emergency Response Team (PERT) program.
- Added crossing guards for school commute times and developed a cost sharing agreement with the school district.
- Sustained support of the Public Safety Building (PSB) build and transition.
- Supported the Palo Alto community during the 2023 winter storms and the Pajaro community during the flooding.

## Initiatives

- Combat retail crimes and increase the recovery of stolen vehicles using directed enforcement.
- Continue to partner with stakeholders on race and equity initiatives.
- Focus on recruitment, hiring and training of records staff, dispatchers, and police officers.
- Move into the implementation phase of the ORT grant program.
- Support the final construction phase of PSB and make the transition into the building.
- Continue to strengthen community engagement opportunities with events such as Breaking with the Law, National Night Out, and officer visits to community organizations.
- Update field-based video hardware and software such as body-worn cameras and police vehicle cameras.
- Begin implementation of a multi-year update of the 9-1-1 dispatch system without interruption to daily operations and services.
- Lead a radio upgrade project for all City departments.
- Resume animal licensing for Palo Alto and the contract cities (Los Altos and Los Altos Hills).

## 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

# POLICE

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 and dispatchers receive Crisis Intervention Training.
- Enhance the Psychiatric Emergency 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 Guidebook on 21st Century Policing, the Department will ensure that wellness and safety efforts occur at every level of the organization.

## Objectives:

- 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.   |                 |                        |                   |                        |
|   | FY 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of Palo Alto live animal calls responded to within 45 minutes | 95%   | 92%             | 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 a higher risk to the animal or humans.  |                 |                        |                   |                        |
| 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. |                 |                        |                   |                        |

# Key Performance Measures

## 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.   |                 |                        |                   |                        |
|                              | FY 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Animal Control Services      | 81%   | 78%             | 80%                    | 80%               | 80%                    |
| Crime Prevention Services    | 64%   | 69%             | 80%                    | 60%               | 80%                    |
| Overall Police Services      | 86%   | 84%             | 90%                    | 90%               | 90%                    |
| Traffic Enforcement Services | 55%   | 64%             | 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". The most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a> . |                 |                        |                   |                        |
| 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 ratings for the Police Department, overall, remain static year over year. Measured satisfaction is within the range nationally. For specific divisions, Animal Services scores above average while Crime Prevention and Traffic Enforcement remain below Department targets. The Department will strive to increase those ratings in the coming years.  |                 |                        |                   |                        |

# POLICE

## Key Performance Measures

### 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of emergency calls responded to within 6 minutes | 72%   | 65%             | 90%                    | 70%               | 90%                    |
| Percent of urgent calls responded to within 10 minutes   | 76%   | 81%             | 90%                    | 80%               | 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 decreased year over year while the percentage of urgent calls responded to within 10 minutes increased for the same period. 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 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of police calls for service                                 | 39,138          | 40,023          | 54,000                 | 40,000            | 40,000                 |
| Average response time for emergency calls (Goal: within 6 minutes) | 5:00            | 5:46            | 6:00                   | 6:00              | 6:00                   |
| Average response time for urgent calls (Goal: within 10 minutes)   | 8:20            | 6:14            | 8:00                   | 8:00              | 8:00                   |
| Total number of Palo Alto animal control calls                     | 2,164           | 2,285           | 2,400                  | 2,200             | 2,200                  |

# Workload Measures

|   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|---|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of regional animal control calls (Los Altos and Los Altos Hills) | 781             | 658             | 600                    | 600               | 600                    |
| Number of crime reports by officers                                     | 4,225           | 4,318           | N/A                    | 4,300             | 4,300                  |
| Number of crime reports reported online*                                | 1,261           | 1,371           | N/A                    | 1,300             | 1,300                  |

\* Online crime reports are accepted when the incident or loss is relatively minor, there is no suspect information, no injuries, no physical evidence to collect such as latent prints/DNA, and the report is not a hate crime. Go to <https://www.cityofpaloalto.org/Departments/Police/Online-Reporting/File-a-Police-Report> for more details on when online reports are used. All online reports are Supervisor reviewed to determine final disposition.

# Budget Summary

|  | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|--|-------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>                   |                   |                   |                        |                        |                   |                  |
| Administration                               | 1,268,388         | 2,172,754         | 1,602,931              | 2,120,706              | 517,775           | 32.3%            |
| Animal Control                               | 599,894           | 785,360           | 639,289                | 743,324                | 104,035           | 16.3%            |
| Field Services                               | 22,962,886        | 25,426,254        | 27,402,334             | 29,321,732             | 1,919,398         | 7.0%             |
| Investigations and Crime Prevention Services | 5,216,565         | 5,459,940         | 5,588,335              | 6,140,604              | 552,270           | 9.9%             |
| Parking Services                             | 1,473,868         | 1,301,599         | 1,437,816              | 1,383,964              | (53,853)          | (3.7)%           |
| Police Personnel Selection                   | 1,037,029         | 1,061,598         | 1,074,491              | 1,132,058              | 57,568            | 5.4%             |
| Technical Services                           | 9,627,072         | 10,835,372        | 12,347,128             | 12,848,065             | 500,937           | 4.1%             |
| Traffic Services                             | 1,005,770         | 1,181,562         | 1,671,200              | 2,121,206              | 450,006           | 26.9%            |
| <b>Total Dollars by Division</b>             | <b>43,191,472</b> | <b>48,224,439</b> | <b>51,763,525</b>      | <b>55,811,660</b>      | <b>4,048,135</b>  | <b>7.8%</b>      |
| <b>Dollars by Category</b>                   |                   |                   |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>                 |                   |                   |                        |                        |                   |                  |
| Healthcare                                   | 2,724,788         | 2,857,012         | 3,268,268              | 3,250,553              | (17,715)          | —%               |
| Other Benefits                               | 961,764           | 959,498           | 657,842                | 688,839                | 30,997            | 4.7%             |
| Overtime                                     | 2,318,800         | 2,940,019         | 1,028,988              | 1,098,939              | 69,951            | 6.8%             |
| Pension                                      | 11,221,270        | 12,730,758        | 13,434,747             | 15,022,707             | 1,587,960         | 11.8%            |

# Budget Summary

|  | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|--|-------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| Retiree Medical                              | 2,573,691         | 2,577,179         | 2,607,022              | 3,149,495              | 542,473           | 20.8%            |
| Salary                                       | 16,400,025        | 18,167,646        | 21,390,204             | 22,675,412             | 1,285,208         | 6.0%             |
| Workers' Compensation                        | 1,427,281         | 1,586,927         | 1,833,149              | 1,754,067              | (79,082)          | (4.3)%           |
| <b>Total Salary and Benefits</b>             | <b>37,627,619</b> | <b>41,819,038</b> | <b>44,220,220</b>      | <b>47,640,012</b>      | <b>3,419,792</b>  | <b>7.7%</b>      |
| Allocated Charges                            | 3,691,389         | 4,291,023         | 4,785,579              | 5,203,061              | 417,482           | 8.7%             |
| Contract Services                            | 1,244,030         | 1,342,441         | 1,535,556              | 1,728,416              | 192,860           | 12.6%            |
| Facilities & Equipment                       | 12,757            | 38,127            | 34,500                 | 34,500                 | —                 | —%               |
| General Expense                              | 292,173           | 367,243           | 781,599                | 780,599                | (1,000)           | —%               |
| Rents & Leases                               | 4,715             | 4,848             | 4,960                  | 4,960                  | —                 | —%               |
| Supplies & Material                          | 318,788           | 361,718           | 401,111                | 420,111                | 19,001            | 4.7%             |
| <b>Total Dollars by Category</b>             | <b>43,191,472</b> | <b>48,224,439</b> | <b>51,763,525</b>      | <b>55,811,660</b>      | <b>4,048,135</b>  | <b>7.8%</b>      |
| <b>Revenues</b>                              |                   |                   |                        |                        |                   |                  |
| Charges for Services                         | 1,132,717         | 1,268,412         | 1,345,760              | 1,384,397              | 38,637            | 2.9%             |
| Charges to Other Funds                       | 641,850           | 641,850           | 667,216                | 677,140                | 9,924             | 1.5%             |
| From Other Agencies                          | 50,569            | 61,632            | 90,900                 | 90,900                 | —                 | —%               |
| Operating Transfers-In                       | 575,000           | —                 | 366,000                | 366,000                | —                 | —%               |
| Other Revenue                                | 76,479            | 53,555            | 80,029                 | 82,856                 | 2,827             | 3.5%             |
| Other Taxes and Fines                        | 496,000           | 824,020           | 1,718,358              | 1,718,358              | —                 | —%               |
| Permits and Licenses                         | 135,843           | 161,551           | 151,998                | 161,998                | 10,000            | 6.6%             |
| <b>Total Revenues</b>                        | <b>3,108,456</b>  | <b>3,011,019</b>  | <b>4,420,262</b>       | <b>4,481,649</b>       | <b>61,387</b>     | <b>1.4%</b>      |
| <b>Positions by Division</b>                 |                   |                   |                        |                        |                   |                  |
| Administration                               | 4.30              | 4.30              | 4.30                   | 5.30                   | 1.00              | 23.3%            |
| Animal Control                               | 3.00              | 3.00              | 3.00                   | 3.48                   | 0.48              | 16.0%            |
| Field Services                               | 64.15             | 67.15             | 68.15                  | 68.15                  | —                 | —%               |
| Investigations and Crime Prevention Services | 14.30             | 15.30             | 14.60                  | 15.60                  | 1.00              | 6.8%             |
| Parking Services                             | 5.88              | 5.88              | 5.88                   | 4.94                   | (0.94)            | (16.0)%          |

## Budget Summary

|                                    | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|-----------------|-----------------|------------------------|------------------------|-------------------|------------------|
| Police Personnel Selection         | 3.00            | 3.00            | 3.00                   | 3.00                   | —                 | —%               |
| Technical Services                 | 29.12           | 33.92           | 37.92                  | 36.92                  | (1.00)            | (2.6)%           |
| Traffic Services                   | 1.60            | 1.60            | 3.60                   | 3.60                   | —                 | —%               |
| <b>Total Positions by Division</b> | <b>125.35</b>   | <b>134.15</b>   | <b>140.45</b>          | <b>140.99</b>          | <b>0.54</b>       | <b>—%</b>        |

## Staffing

| Job Classification                          | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Administrative Assistant                    | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 101,483        |
| Administrative Associate II                 | 2.00            | 2.00            | 3.00                   | 3.00                   | —                  | 269,693        |
| Animal Control Officer                      | 2.00            | 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                   | —                  | 299,572        |
| Business Analyst                            | 1.20            | 2.20            | 2.20                   | 2.20                   | —                  | 388,319        |
| Code Enforcement Officer                    | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 123,926        |
| Community Service Officer                   | 5.63            | 5.63            | 5.63                   | 4.69                   | (0.94)             | 438,008        |
| Court Liaison Officer                       | 1.00            | 1.00            | 2.00                   | 2.00                   | —                  | 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                   | —                  | 178,264        |
| Forensic Coordinator*                       | —               | —               | —                      | 1.00                   | 1.00               | 130,042        |
| Forensic Specialist*                        | —               | —               | —                      | 1.00                   | 1.00               | 121,534        |
| Geographic Information System Specialist    | 0.50            | 0.50            | 0.50                   | 0.50                   | —                  | 74,079         |
| Police Agent                                | 19.00           | 19.00           | 19.00                  | 19.00                  | —                  | 3,603,829      |
| Police Captain                              | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 573,872        |
| Police Chief                                | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 331,469        |

# POLICE

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary      |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|---------------------|
| Police Lieutenant                               | 4.00            | 4.00            | 4.00                   | 5.00                   | 1.00               | 1,235,603           |
| Police Officer                                  | 39.00           | 43.00           | 45.00                  | 45.00                  | —                  | 7,644,636           |
| 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                  | —                  | 2,979,683           |
| Program Assistant II                            | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 98,030              |
| Property Evidence Technician                    | 2.00            | 2.00            | 2.00                   | —                      | (2.00)             | —                   |
| Public Safety Communications Manager            | —               | 1.00            | 1.00                   | 1.00                   | —                  | 164,320             |
| Public Safety Dispatcher                        | 12.00           | 14.00           | 16.00                  | 16.00                  | —                  | 2,100,543           |
| Public Safety Dispatcher-Lead                   | 4.00            | 4.00            | 4.00                   | 4.00                   | —                  | 600,954             |
| Public Safety Program Manager                   | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 145,600             |
| Senior Management Analyst                       | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 145,600             |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>124.33</b>   | <b>133.13</b>   | <b>139.13</b>          | <b>139.19</b>          | <b>0.06</b>        | <b>\$23,012,162</b> |
| Temporary/Hourly                                | 1.02            | 1.02            | 1.32                   | 1.80                   | 0.48               | \$201,184           |
| <b>Total Positions</b>                          | <b>125.35</b>   | <b>134.15</b>   | <b>140.45</b>          | <b>140.99</b>          | <b>0.54</b>        | <b>\$23,213,346</b> |

\*The FY 2025 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.



# Budget Reconciliation

|  | Positions     | Expenditures      | Revenues         | Fund Balance<br>Cost/(Savings) |
|--|---------------|-------------------|------------------|--------------------------------|
| <b>Prior Year Budget</b>   | <b>140.45</b> | <b>51,763,525</b> | <b>4,420,262</b> | <b>47,343,263</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  | -             | 3,190,816         | -                | 3,190,816                      |
| Stanford Emergency Communication Services Revenue                                    | -             | -                 | 38,637           | (38,637)                       |
| SVRIA Radio Network Costs  | -             | 17,000            | 12,750           | 4,250                          |
| CallID Fingerprint Lab Services  | -             | 5,000             | -                | 5,000                          |
| California Law Enforcement Telecommunications System (CLETS) Database Cost Increase  | -             | 7,200             | -                | 7,200                          |
| Shooting Range Cost Increase   | -             | 11,000            | -                | 11,000                         |
| Uniform, Equipment, and Cleaning Contract Costs (Report # 2401-2545)                 | -             | 19,001            | -                | 19,001                         |
| Animal Service Licensing and Program Costs   | 0.48          | 84,579            | 10,000           | 74,579                         |
| Crossing Guard Services Contract (Report # 2307-1797)                                | -             | 168,660           | -                | 168,660                        |
| Information Technology Allocated Charges   | -             | 106,820           | -                | 106,820                        |
| Liability Insurance Allocated Charges  | -             | 188,815           | -                | 188,815                        |
| Printing & Mailing Services Allocated Charges  | -             | (1,700)           | -                | (1,700)                        |
| Vehicle Replacement & Maintenance Allocated Charges                                  | -             | 118,547           | -                | 118,547                        |
| Workers' Compensation Allocated Charges  | -             | (79,082)          | -                | (79,082)                       |
| <b>Adjustments to Costs of Ongoing Activities</b>                                    | <b>0.48</b>   | <b>3,836,656</b>  | <b>61,387</b>    | <b>3,775,269</b>               |
| <b>Total FY 2025 Base Budget</b>   | <b>140.93</b> | <b>55,600,181</b> | <b>4,481,649</b> | <b>51,118,532</b>              |
| <b>Budget Adjustments</b>  |               |                   |                  |                                |
| 1. Alignment of Traffic Enforcement Division Staffing and Other Police Program Costs | (0.94)        | (163,450)         | -                | (163,450)                      |
| 2. Police Patrol Support Vehicles Maintenance  | -             | 5,000             | -                | 5,000                          |
| 3. Staffing Augmentation of Investigative Services Division                          | -             | 34,344            | -                | 34,344                         |

# Budget Reconciliation

|   | Positions     | Expenditures      | Revenues         | Fund Balance Cost/(Savings) |
|---|---------------|-------------------|------------------|-----------------------------|
| 4. Staffing Augmentation of Police Administration and Personnel Services Division | 1.00          | 335,584           | -                | 335,584                     |
| <b>Total Budget Adjustments</b>   | <b>0.06</b>   | <b>211,479</b>    | <b>-</b>         | <b>211,479</b>              |
| <b>Total FY 2025 Adopted Budget</b>   | <b>140.99</b> | <b>55,811,660</b> | <b>4,481,649</b> | <b>51,330,011</b>           |

# Budget Adjustments

| Budget Adjustments   | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|--|-----------|--------------|----------|-----------------------------|
| 1. Alignment of Traffic Enforcement Division Staffing and Other Police Program Costs | (0.94)    | (163,450)    | -        | (163,450)                   |

This action reduces a 0.94 Community Service Officer (CSO) position assigned to parking enforcement in the Traffic Enforcement Division. This position is no longer needed as parking enforcement activity has not recovered to pre-pandemic levels. The responsibilities of the reduced CSO will be reassigned to the remaining 5.00 CSOs. This action also reduces program costs in other areas of the Department (\$43,000), such as funding to pay for county jail charges to adjudicate cases. This action decreases these costs to align with the reduction of incarceration stays for arrested suspects as well as to align with the impacts of justice reform and Proposition 47 which changed a variety of low-level crimes from potential felonies to misdemeanors. (Ongoing savings: \$170,418)

**Performance Results** \$

This action will align staffing and program costs with Department needs.

|   |   |       |   |       |
|---|---|-------|---|-------|
| 2. Police Patrol Support Vehicles Maintenance | - | 5,000 | - | 5,000 |
|---|---|-------|---|-------|

This action retains and maintains up to three marked police vehicles at end-of-life instead of auctioning them for surplus sale, and repurposes them for use in police support activities such as directed patrol assignments and ferrying personnel to and from Stanford football games. (Ongoing cost: \$5,000)

**Performance Results** \$

This action maximizes the value obtained from existing resources.

|   |   |        |   |        |
|---|---|--------|---|--------|
| 3. Staffing Augmentation of Investigative Services Division | - | 34,344 | - | 34,344 |
|---|---|--------|---|--------|

This action reclassifies 2.00 Property Evidence Technicians to 1.00 Forensic Specialist and 1.00 Forensic Coordinator, two new classifications, in the Investigative Services Division to align with more advanced day-to-day activity previously performed by police officers. This action assists the Department with maintaining police services related to solving and prosecuting crimes. Those tasks include responding to crime scenes, identifying evidence, collecting the evidence according to court standards, and testifying to the process and findings. This staffing change is an alternative to hiring additional police officers. The number of full-time staff in the Department does not change. (Ongoing cost: \$48,449)

**Performance Results** \$ ★

This action will reduce overall long-term costs in the performance of crime scene investigations while maintaining expected outcomes of cases.

# Budget Adjustments

| Budget Adjustments  | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|---|-----------|--------------|----------|-----------------------------|
| 4. Staffing Augmentation of Police Administration and Personnel Services Division | 1.00      | 335,584      | -        | 335,584                     |

This action adds 1.00 Police Lieutenant to meet increased day-to-day activity requirements in the Police Administration and Personnel Services Division. This position will be responsible for workload that includes Concealed Carry Weapon (CCW) permitting and reporting to state and federal agencies on a number of categories. This position will also support police recruiting, policy review and update, as well as oversee and monitor staffing and overtime, and work with the Technical Services Division to deliver a number of capital improvement projects. (Ongoing cost: \$353,781)

## Performance Results



This action will improve oversight of administrative functions temporarily assigned to existing managers with other responsibilities.



CITY OF  
**PALO  
ALTO**

# 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 construction on the Charleston/Arastradero Corridor project. Received temporary occupancy for the Public Safety Building and started fit-up and move-in of staff, completed design and submitted for building permit on Fire Station #4, and completed 30% on the design/build construction for the Downtown Automated Parking Guidance projects.
- Established a cost-effective custodial and facilities maintenance service contract that meets the expectations of the public and provides clean and safe buildings.
- 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.

## PUBLIC WORKS

- 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.
- Completed Phase I of the Airport Layout Plan, also known as the Long-Range Facilities & Sustainability Plan, as well as completed 50% of Phase II of the project.

## Initiatives

- Continue managing the 2014 Council Infrastructure Plan (IP) projects as a program; completing move-in on the Public Safety Building, award a construction contract and start construction on Fire Station #4 and completing 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.
- 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 2025 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 2025 vehicle replacement program, increase the number of passenger, vans, and light truck EVs by 19, subject to vehicle availability and operational requirements.
- Use the completed 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 and 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; start the construction on 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) and start design on Hamilton Avenue Capacity Upgrade Project (SD-25000).



## Budget Summary\*

|   | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|---|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| <b>Dollars by Fund</b>                    |                    |                    |                              |                              |                      |                     |
| Airport Enterprise Fund                   | 9,472,339          | 6,605,913          | 4,296,991                    | 7,163,048                    | 2,866,057            | 66.7%               |
| General Fund-Operating                    | 16,903,368         | 20,035,885         | 23,697,672                   | 24,886,478                   | 1,188,806            | 5.0%                |
| Refuse Fund                               | 30,550,287         | 32,778,309         | 35,913,081                   | 37,276,384                   | 1,363,303            | 3.8%                |
| Stormwater Management<br>Fund             | 5,391,045          | 6,382,741          | 17,041,268                   | 18,652,275                   | 1,611,007            | 9.5%                |
| Vehicle Replacement &<br>Maintenance Fund | 6,519,135          | 8,680,738          | 13,520,106                   | 16,679,583                   | 3,159,477            | 23.4%               |
| Wastewater Treatment Fund                 | 34,292,431         | 56,807,000         | 95,079,892                   | 184,861,693                  | 89,781,801           | 94.4%               |
| <b>Total Dollars by Fund</b>              | <b>103,128,606</b> | <b>131,290,586</b> | <b>189,549,010</b>           | <b>289,519,462</b>           | <b>99,970,452</b>    | <b>52.7%</b>        |
| <b>Revenues</b>                           |                    |                    |                              |                              |                      |                     |
| Charges for Services                      | 145,481            | 195,796            | 162,440                      | 162,440                      | —                    | —%                  |
| Charges to Other Funds                    | 12,824,344         | 14,686,719         | 13,084,875                   | 14,412,467                   | 1,327,592            | 10.1%               |
| From Other Agencies                       | 7,147,633          | 2,527,839          | 2,023,901                    | 3,024,336                    | 1,000,435            | 49.4%               |
| Net Sales                                 | 66,279,352         | 68,872,168         | 79,186,106                   | 81,494,059                   | 2,307,953            | 2.9%                |
| Operating Transfers-In                    | 527,109            | 276,100            | 276,100                      | 196,100                      | (80,000)             | (29.0)%             |
| Other Revenue                             | 5,327,984          | 4,596,472          | 52,564,995                   | 123,681,365                  | 71,116,370           | 135.3%              |
| Other Taxes and Fines                     | 3,750              | 1,875              | 6,500                        | 6,500                        | —                    | —%                  |
| Permits and Licenses                      | 1,111,062          | 982,950            | 692,096                      | 692,096                      | —                    | —%                  |
| Rental Income                             | 715,198            | 749,665            | 936,270                      | 962,550                      | 26,280               | 2.8%                |
| Return on Investments                     | 1,036,528          | 1,413,409          | 1,213,800                    | 1,320,900                    | 107,100              | 8.8%                |
| <b>Total Revenues</b>                     | <b>95,118,440</b>  | <b>94,302,993</b>  | <b>150,147,083</b>           | <b>225,952,812</b>           | <b>75,805,730</b>    | <b>50.5%</b>        |
| <b>Positions by Fund</b>                  |                    |                    |                              |                              |                      |                     |
| Airport Enterprise Fund                   | 6.42               | 7.94               | 7.94                         | 8.04                         | 0.10                 | 1.3%                |
| General Fund-Operating                    | 49.19              | 50.34              | 52.19                        | 53.49                        | 1.30                 | 2.5%                |
| Refuse Fund                               | 15.93              | 16.03              | 16.03                        | 16.08                        | 0.05                 | 0.3%                |

## PUBLIC WORKS

### Budget Summary\*

|  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|--|-----------------|-----------------|------------------------|------------------------|-------------------|------------------|
| Stormwater Management Fund             | 13.55           | 13.63           | 13.63                  | 13.63                  | —                 | —%               |
| Vehicle Replacement & Maintenance Fund | 14.01           | 14.01           | 14.53                  | 14.73                  | 0.20              | 1.4%             |
| Wastewater Treatment Fund              | 71.39           | 71.87           | 75.11                  | 75.45                  | 0.34              | 0.5%             |
| <b>Total Positions by Fund</b>         | <b>170.49</b>   | <b>173.82</b>   | <b>179.43</b>          | <b>181.42</b>          | <b>1.99</b>       | <b>1.1%</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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of citizens rating the quality of sidewalk maintenance as good or excellent* | 61%  | 64%             | 65%                    | 65%               | 66%                    |
| Description  | This data is collected as part of the Palo Alto Community Survey that is conducted annually by Polco/National Research Center, Inc. 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 most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a> . |                 |                        |                   |                        |

## 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of citizens rating the quality of street repair as good or excellent* | 46%  | 42%             | 55%                    | 48%               | 52%                    |
| Description   | This data is collected as part of the Palo Alto Community Survey that is conducted annually by Polco/National Research Center, Inc. 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 most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a> . |                 |                        |                   |                        |

## 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.                                 |

# Key Performance Measures

|  | FY 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--|--|-----------------|------------------------|-------------------|------------------------|
| Percent of citizens rating street tree maintenance as good or excellent* | 76%  | 79%             | 75%                    | 75%               | 79%                    |
| Description  | This data is collected as part of the Palo Alto Community Survey that is conducted annually by Polco/National Research Center, Inc. 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 most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpalosalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpalosalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a> . |                 |                        |                   |                        |

## 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Pavement Condition Score | 84   | 84              | 84                     | 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                   | The City Council’s goal to raise the citywide average PCI score to 85 by FY 2019 has been achieved. 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.  |                 |                        |                   |                        |

# 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of potholes repaired within 15 days of notification | 100%   | 80%             | 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 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--|-----------------|-----------------|------------------------|-------------------|------------------------|
| Square feet of sidewalk replaced or permanently repaired | 24,650          | 13,393          | 38,000                 | 19,670            | 55,000                 |
| Number of lane miles resurfaced                          | 6               | 7               | 30                     | 26                | 21                     |
| Percent of lane miles resurfaced                         | 1.40%           | 1.44%           | 5.54%                  | 6.40%             | 4.37%                  |

## Workload Measures

|   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|---|-----------------|-----------------|------------------------|-------------------|------------------------|
| Total square footage of facilities maintained   | 1,905,743       | 1,905,743       | 1,905,743              | 2,038,816         | 2,038,816              |
| Cost per square foot for custodial services   | \$1.95          | \$2.30          | \$2.62                 | \$2.62            | \$2.55                 |
| Cost per square footage for maintenance services                                      | \$2.70          | \$2.65          | \$3.00                 | \$3.00            | \$3.25                 |
| Number of facilities work order requests completed                                    | 6,085           | 6,200           | 6,200                  | 6,200             | 6,700                  |
| Number of trees trimmed annually  | 4,007           | 4,531           | 4,531                  | 4,531             | 4,550                  |
| Total of trees maintained by the City   | 36,219          | 36,300          | 36,300                 | 36,300            | 36,300                 |
| Number of tree related electrical service disruptions                                 | 9               | 11              | 11                     | 11                | 12                     |
| Number of publicly available electric vehicle chargers in garages and city facilities | 125             | 150             | 146                    | 165               | 191                    |

## Budget Summary

|  | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|--|-------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>                           |                   |                   |                        |                        |                   |                  |
| General Fund Administration                          | 1,461,889         | 1,399,912         | 1,562,094              | 1,601,740              | 39,647            | 2.5%             |
| General Fund Engineering Services                    | 1,227,610         | 1,414,915         | 1,558,905              | 1,662,048              | 103,142           | 6.6%             |
| General Fund Public Services: Streets                | 2,983,057         | 3,937,062         | 4,310,674              | 4,650,846              | 340,172           | 7.9%             |
| General Fund Public Services: Structures and Grounds | 7,677,169         | 8,158,390         | 10,163,762             | 11,231,413             | 1,067,652         | 10.5%            |
| General Fund Public Services: Trees                  | 3,316,115         | 4,964,598         | 5,236,336              | 5,366,674              | 130,337           | 2.5%             |
| Sustainability                                       | 237,528           | 161,008           | 865,901                | 373,757                | (492,144)         | (56.8)%          |
| <b>Total Dollars by Division</b>                     | <b>16,903,368</b> | <b>20,035,885</b> | <b>23,697,672</b>      | <b>24,886,478</b>      | <b>1,188,806</b>  | <b>5.0%</b>      |
| <b>Dollars by Category</b>                           |                   |                   |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>                         |                   |                   |                        |                        |                   |                  |

# PUBLIC WORKS

## Budget Summary

|                                   | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|-----------------------------------|-------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| Healthcare                        | 921,613           | 1,036,737         | 1,230,693              | 1,315,726              | 85,033            | 6.9%             |
| Other Benefits                    | 163,516           | 169,474           | 172,748                | 158,734                | (14,014)          | (8.1)%           |
| Overtime                          | 264,714           | 490,284           | 197,872                | 201,144                | 3,272             | 1.7%             |
| Pension                           | 1,962,051         | 2,366,676         | 2,489,882              | 2,612,555              | 122,673           | 4.9%             |
| Retiree Medical                   | 846,426           | 868,906           | 738,248                | 917,663                | 179,415           | 24.3%            |
| Salary                            | 4,398,404         | 4,972,954         | 6,008,354              | 6,352,297              | 343,943           | 5.7%             |
| Workers' Compensation             | 245,724           | 209,007           | 210,671                | 186,264                | (24,406)          | (11.6)%          |
| <b>Total Salary and Benefits</b>  | <b>8,802,449</b>  | <b>10,114,038</b> | <b>11,048,468</b>      | <b>11,744,383</b>      | <b>695,915</b>    | <b>6.3%</b>      |
| Allocated Charges                 | 3,323,341         | 3,946,082         | 4,100,600              | 4,499,367              | 398,766           | 9.7%             |
| Contract Services                 | 4,029,536         | 4,882,881         | 7,517,808              | 7,521,833              | 4,025             | —%               |
| Facilities & Equipment            | —                 | 6,476             | 2,146                  | 2,146                  | —                 | —%               |
| General Expense                   | 45,770            | 113,041           | 136,089                | 136,189                | 100               | —%               |
| Rents & Leases                    | 43,658            | 30,000            | 30,000                 | 30,000                 | —                 | —%               |
| Supplies & Material               | 658,614           | 943,366           | 862,561                | 952,561                | 90,000            | 10.4%            |
| <b>Total Dollars by Category</b>  | <b>16,903,368</b> | <b>20,035,885</b> | <b>23,697,672</b>      | <b>24,886,478</b>      | <b>1,188,806</b>  | <b>5.0%</b>      |
| <b>Revenues</b>                   |                   |                   |                        |                        |                   |                  |
| Charges for Services              | 45,234            | 72,747            | 47,320                 | 47,320                 | —                 | —%               |
| Charges to Other Funds            | 4,836,558         | 3,884,621         | 2,695,698              | 3,081,959              | 386,261           | 14.3%            |
| Operating Transfers-In            | 196,107           | 196,100           | 196,100                | 196,100                | —                 | —%               |
| Other Revenue                     | 113,431           | 230,353           | 91,000                 | 6,000                  | (85,000)          | (93.4)%          |
| Other Taxes and Fines             | 50                | —                 | —                      | —                      | —                 | —%               |
| Permits and Licenses              | 1,111,062         | 982,950           | 692,096                | 692,096                | —                 | —%               |
| <b>Total Revenues</b>             | <b>6,302,442</b>  | <b>5,366,772</b>  | <b>3,722,214</b>       | <b>4,023,475</b>       | <b>301,261</b>    | <b>8.1%</b>      |
| <b>Positions by Division</b>      |                   |                   |                        |                        |                   |                  |
| General Fund Administration       | 2.54              | 2.54              | 2.54                   | 2.64                   | 0.10              | 3.9%             |
| General Fund Engineering Services | 3.69              | 3.69              | 4.19                   | 4.19                   | —                 | —%               |



## Budget Summary

|  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|--|-----------------|-----------------|------------------------|------------------------|-------------------|------------------|
| General Fund Public Services: Streets                | 14.74           | 14.74           | 14.74                  | 15.70                  | 0.96              | 6.5%             |
| General Fund Public Services: Structures and Grounds | 14.68           | 14.68           | 16.03                  | 16.03                  | —                 | —%               |
| General Fund Public Services: Trees                  | 12.79           | 14.03           | 14.03                  | 14.03                  | —                 | —%               |
| Sustainability                                       | 0.75            | 0.66            | 0.66                   | 0.90                   | 0.24              | 36.4%            |
| <b>Total Positions by Division</b>                   | <b>49.19</b>    | <b>50.34</b>    | <b>52.19</b>           | <b>53.49</b>           | <b>1.30</b>       | <b>2.5%</b>      |

## Staffing

| Job Classification                  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|-------------------------------------|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Administrative Assistant            | 0.50            | 0.50            | 0.50                   | 0.50                   | —                  | 51,646         |
| Administrative Associate II         | 2.65            | 2.65            | 2.65                   | 2.65                   | —                  | 238,229        |
| Assistant Director Public Works     | 0.73            | 0.73            | 0.73                   | 0.73                   | —                  | 176,220        |
| 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                   | 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        |
| Director Public Works/City Engineer | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 287,955        |
| 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            | 1.80                   | 1.80                   | —                  | 208,840        |
| Environmental Specialist            | —               | 0.33            | 0.33                   | 0.33                   | —                  | 46,847         |

# PUBLIC WORKS

## Staffing

| Job Classification                    | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|---------------------------------------|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| 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            | 5.05                   | 5.05                   | —                  | 562,279        |
| Heavy Equipment Operator              | 2.10            | 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                   | —                  | 86,956         |
| Management Analyst                    | 1.45            | 0.70            | 0.70                   | 0.80                   | 0.10               | 89,789         |
| Manager Environmental Control Program | —               | 0.33            | 0.33                   | 0.33                   | —                  | 62,737         |
| Manager Facilities                    | 0.90            | 0.90            | 0.90                   | 0.90                   | —                  | 155,339        |
| Manager Maintenance Operations        | 1.20            | 1.20            | 1.20                   | 1.20                   | —                  | 174,325        |
| Manager Urban Forestry                | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 163,155        |
| Manager Watershed Protection          | 0.05            | 0.05            | 0.05                   | 0.05                   | —                  | 10,012         |
| Project Manager                       | 2.00            | 2.50            | 2.85                   | 2.85                   | —                  | 408,514        |
| Senior Engineer                       | 0.60            | 0.60            | 0.60                   | 0.60                   | —                  | 109,824        |
| Senior Management Analyst             | 1.11            | 1.11            | 1.11                   | 1.11                   | —                  | 179,879        |
| Supervisor Inspection and Surveying   | 0.10            | 0.10            | 0.10                   | 0.10                   | —                  | 13,755         |
| 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        |

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| Traffic Controller Maintainer II                | 1.00            | 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                   | 0.23                   | —                  | 28,671             |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>48.35</b>    | <b>49.26</b>    | <b>51.11</b>           | <b>51.21</b>           | <b>0.10</b>        | <b>\$6,314,702</b> |
| Temporary/Hourly                                | 0.84            | 1.08            | 1.08                   | 2.28                   | 1.20               | \$207,772          |
| <b>Total Positions</b>                          | <b>49.19</b>    | <b>50.34</b>    | <b>52.19</b>           | <b>53.49</b>           | <b>1.30</b>        | <b>\$6,522,474</b> |

# PUBLIC WORKS

## Budget Reconciliation

|   | Positions    | Expenditures      | Revenues         | Fund Balance Cost/(Savings) |
|---|--------------|-------------------|------------------|-----------------------------|
| <b>Prior Year Budget</b>  | <b>52.19</b> | <b>23,697,672</b> | <b>3,722,213</b> | <b>19,975,459</b>           |
| <b>One-Time Prior Year Budget Adjustments</b>                     |              |                   |                  |                             |
| Sustainability and Climate Action Plan (S/CAP) Studies            | -            | (600,000)         | -                | (600,000)                   |
| Airport Noise Reduction   | -            | (75,000)          | -                | (75,000)                    |
| <b>One-Time Prior Year Budget Adjustments</b>                     | <b>-</b>     | <b>(675,000)</b>  | <b>-</b>         | <b>(675,000)</b>            |
| <b>Adjustments to Costs of Ongoing Activities</b>                 |              |                   |                  |                             |
| Salary and Benefits Adjustments                                   | -            | 563,720           | -                | 563,720                     |
| Completion of South Palo Alto Tree Planting                       | -            | (85,000)          | (85,000)         | -                           |
| Bee and Yellow Jacket Abatement                                   | -            | 10,000            | -                | 10,000                      |
| Foothills Fire Management   | -            | 11,200            | -                | 11,200                      |
| Urban Forest Equipment Maintenance and Repair                     | -            | 27,100            | -                | 27,100                      |
| San Francisquito Creek Joint Powers Authority (SFCJPA) Membership | -            | 36,425            | -                | 36,425                      |
| Construction and Building Supplies and Materials                  | -            | 90,000            | -                | 90,000                      |
| Facilities Maintenance  | -            | 172,300           | -                | 172,300                     |
| Janitorial Services (November 6, 2023 Report #2309-2053)          | -            | 442,000           | -                | 442,000                     |
| General Fund Cost Allocation Plan                                 | -            | -                 | 312,554          | (312,554)                   |
| Communications Allocated Charges                                  | -            | 1,894             | -                | 1,894                       |
| Information Technology Allocated Charges                          | -            | 35,717            | -                | 35,717                      |
| Liability Insurance Allocated Charges                             | -            | 91,154            | -                | 91,154                      |
| Printing & Mailing Services Allocated Charges                     | -            | 8,200             | -                | 8,200                       |
| Public Works Administration Allocated Charges                     | -            | -                 | 73,707           | (73,707)                    |
| Stormwater Management Allocated Charges                           | -            | 1,291             | -                | 1,291                       |
| Utilities Allocated Charges                                       | -            | 59,117            | -                | 59,117                      |
| Vehicle Replacement & Maintenance Allocated Charges               | -            | 121,393           | -                | 121,393                     |
| Workers' Compensation Allocated Charges                           | -            | (24,406)          | -                | (24,406)                    |

## Budget Reconciliation

|   | Positions    | Expenditures      | Revenues         | Fund Balance Cost/(Savings) |
|---|--------------|-------------------|------------------|-----------------------------|
| <b>Adjustments to Costs of Ongoing Activities</b>                         | -            | 1,562,105         | 301,261          | 1,260,844                   |
| <b>Total FY 2025 Base Budget</b>  | <b>52.19</b> | <b>24,584,778</b> | <b>4,023,474</b> | <b>20,561,303</b>           |
| <b>Budget Adjustments</b>   |              |                   |                  |                             |
| 1. Operating and Maintenance Funding for 445 Bryant Street Property       | -            | 15,000            | -                | 15,000                      |
| 2. Public Works Department Analytic Staffing                              | 0.10         | 19,155            | -                | 19,155                      |
| 3. Facilities Technician Vehicle  | -            | 80,000            | -                | 80,000                      |
| 4. Sustainability and Climate Action Plan (S/CAP) Implementation Outreach | 0.24         | 87,348            | -                | 87,348                      |
| 5. Public Services Streets & Sidewalks 311 Service Requests Staffing      | 0.96         | 100,199           | -                | 100,199                     |
| <b>Total Budget Adjustments</b>   | <b>1.30</b>  | <b>301,701</b>    | <b>-</b>         | <b>301,701</b>              |
| <b>Total FY 2025 Adopted Budget</b>                                       | <b>53.49</b> | <b>24,886,479</b> | <b>4,023,474</b> | <b>20,863,004</b>           |

## Budget Adjustments

| Budget Adjustments  | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|---|-----------|--------------|----------|-----------------------------|
| 1. Operating and Maintenance Funding for 445 Bryant Street Property | -         | 15,000       | -        | 15,000                      |

This action adds funding for the maintenance and operations, following renovation, of the building at 445 Bryant Street that was formerly occupied by Form Fitness. Standard maintenance and operations for a City facility includes, but is not limited to, maintenance and repair costs for elevators, lighting, fire sprinklers, security alarms, mechanical units, plumbing, and doors/windows/roofs. Costs are prorated in FY 2025 if the renovation is completed before the end of the fiscal year. (Ongoing cost: \$61,000)

### Performance Results



This action ensures that the renovated facility at 445 Bryant Street is safely and effectively operated and maintained.

# Budget Adjustments

| Budget Adjustments                           | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|--|-----------|--------------|----------|-----------------------------|
| 2. Public Works Department Analytic Staffing | 0.10      | 19,155       | -        | 19,155                      |

This action adds 1.00 FTE Management Analyst position (0.10 in each of the General, Airport, Capital, and Refuse Funds; 0.4 in the Wastewater Treatment Fund; and 0.2 in the Vehicle Fund). Assisting the Public Works Department’s Director and Senior Management Analyst, the Management Analyst will perform grant/loan management/oversight; Vehicle Fund budgetary restructuring; financial management of Wastewater Treatment Fund capital projects; tracking and financial management of fleet electrification and other S/CAP costs; and Management Analyst Team coverage and training. (Ongoing cost: \$20,433)

**Performance Results**



The additional position will provide the Public Works Department with the appropriate capacity to manage the expanding volume of grants and loans, and the increasing complexity of cross-departmental cost tracking and enterprise/internal service funds budgetary and financial management.

|                                  |   |        |   |        |
|----------------------------------|---|--------|---|--------|
| 3. Facilities Technician Vehicle | - | 80,000 | - | 80,000 |
|----------------------------------|---|--------|---|--------|

This one-time action adds funding for an electric Ford Transit van to be used by a Facilities Technician position that was added in FY 2024. (Ongoing cost: \$0)

**Performance Results**



The vehicle will enable the position to perform required duties throughout the City and comply with the City’s goal of an electric fleet.

|   |      |        |   |        |
|---|------|--------|---|--------|
| 4. Sustainability and Climate Action Plan (S/CAP) Implementation Outreach | 0.24 | 87,348 | - | 87,348 |
|---|------|--------|---|--------|

This action adds two 0.48 FTE Staff Specialist positions (0.24 FTE in Public Works and 0.72 FTE in Utilities) for outreach efforts targeting multi-family electric vehicle chargers, home and commercial electrification, alternative transportation, and resident electric vehicle adoption. City surveys highlight a lack of familiarity among residents with the S/CAP, underscoring the necessity for expanded outreach efforts beyond electrification initiatives. (Ongoing cost: \$87,348)

**Performance Results**



This action will boost awareness and trust in the program for successful implementation.

|  |      |         |   |         |
|--|------|---------|---|---------|
| 5. Public Services Streets & Sidewalks 311 Service Requests Staffing | 0.96 | 100,199 | - | 100,199 |
|--|------|---------|---|---------|

This action adds two 0.48 FTE General Laborer positions to support work orders generated from Palo Alto 311 streets and sidewalks service requests. (Ongoing cost: \$107,430)

**Performance Results**



This action will address an existing service request backlog.

# 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 Phase I of the Airport Layout Plan, also known as the Long-Range Facilities & Sustainability Plan, as well as completed 50% of Phase II of the project.
- Purchased a zero emissions vehicle (ZEV) shuttle van for the Airport which was 90% funded by the FAA.

## 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.
- Partnering with the Utilities Department, the Airport will support a study to explore the feasibility of a solar/microgrid for a project to increase the resiliency and reliability of the City's electrical grid.

## 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 and 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Number of Aircraft Operations | 167,416  | 151,994         | 165,000                | 155,000           | 158,000                |
| 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                        | Airport Operations are above pre-pandemic numbers.   |                 |                        |                   |                        |



# 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.   |                 |                        |                   |                        |
|                                | FY 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percentage of Tie-Downs Leased | 67%  | 66%             | 90%                    | 81%               | 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. The increase in leases is attributable to the Airport Apron Reconstruction project being completed, 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 has increased with construction being completed on Phase III of the Airport Apron Reconstruction project. This anticipated increase post-construction is reflected in the FY 2025 adopted target of 90%. |                 |                        |                   |                        |

# Budget Summary

|                                  | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|----------------------------------|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>       |                  |                  |                        |                        |                   |                  |
| Airport Administration           | 1,201,417        | 1,163,271        | 1,384,372              | 1,937,768              | 553,396           | 40.0%            |
| Airport Operations               | 872,673          | 1,467,714        | 1,512,577              | 1,357,814              | (154,763)         | (10.2)%          |
| CIP Airport Fund                 | 7,126,249        | 3,974,927        | 1,400,042              | 3,867,466              | 2,467,424         | 176.2%           |
| <b>Total Dollars by Division</b> | <b>9,200,339</b> | <b>6,605,913</b> | <b>4,296,991</b>       | <b>7,163,048</b>       | <b>2,866,057</b>  | <b>66.7%</b>     |
| <b>Dollars by Category</b>       |                  |                  |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>     |                  |                  |                        |                        |                   |                  |
| Healthcare                       | 83,172           | 97,502           | 165,519                | 184,011                | 18,492            | 11.2%            |
| Other Benefits                   | 27,525           | 28,699           | 28,813                 | 26,688                 | (2,124)           | (7.4)%           |
| Overtime                         | 51,619           | 20,448           | —                      | —                      | —                 | —%               |
| Pension                          | 232,493          | 307,288          | 353,488                | 376,994                | 23,505            | 6.6%             |
| Retiree Medical                  | 43,535           | 54,409           | 51,776                 | 62,260                 | 10,483            | 20.2%            |
| Salary                           | 712,726          | 807,942          | 944,148                | 1,013,423              | 69,275            | 7.3%             |
| Workers' Compensation            | 25,623           | 27,556           | 33,164                 | 25,476                 | (7,688)           | (23.2)%          |
| <b>Total Salary and Benefits</b> | <b>1,176,694</b> | <b>1,343,844</b> | <b>1,576,908</b>       | <b>1,688,851</b>       | <b>111,943</b>    | <b>7.1%</b>      |
| Contract Services                | 88,763           | 297,476          | 226,900                | 315,900                | 89,000            | 39.2%            |
| Supplies & Material              | 55,902           | 48,179           | 56,472                 | 56,472                 | —                 | —%               |
| General Expense                  | 92,465           | 100,211          | 36,480                 | 36,580                 | 100               | —%               |
| Rents & Leases                   | 45               | —                | 11,630                 | 11,630                 | —                 | —%               |
| Allocated Charges                | 739,650          | 755,659          | 903,115                | 1,110,255              | 207,140           | 22.9%            |
| Operating Transfers-Out          | 100,500          | 273,100          | 273,500                | 272,000                | (1,500)           | —%               |
| Capital Improvement Program      | 6,946,319        | 3,787,443        | 1,211,986              | 3,671,359              | 2,459,374         | 202.9%           |
| <b>Total Dollars by Category</b> | <b>9,200,339</b> | <b>6,605,913</b> | <b>4,296,991</b>       | <b>7,163,048</b>       | <b>2,866,057</b>  | <b>66.7%</b>     |
| <b>Revenues</b>                  |                  |                  |                        |                        |                   |                  |
| From Other Agencies              | 7,147,633        | 1,914,839        | 807,550                | 3,024,336              | 2,216,786         | 274.5%           |
| Net Sales                        | 701,411          | 672,439          | 696,150                | 709,460                | 13,310            | 1.9%             |

## Budget Summary

|                                    | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| Other Revenue                      | 1,240,960        | 1,193,956        | 1,160,990              | 1,184,210              | 23,220            | 2.0%             |
| Rental Income                      | 715,198          | 749,665          | 936,270                | 962,550                | 26,280            | 2.8%             |
| Return on Investments              | (25,072)         | 4,518            | —                      | 5,100                  | 5,100             | —%               |
| <b>Total Revenues</b>              | <b>9,780,130</b> | <b>4,535,417</b> | <b>3,600,960</b>       | <b>5,885,656</b>       | <b>2,284,696</b>  | <b>63.4%</b>     |
| <b>Positions by Division</b>       |                  |                  |                        |                        |                   |                  |
| Airport Administration             | 2.48             | 3.00             | 3.00                   | 3.10                   | 0.10              | 3.3%             |
| Airport Operations                 | 3.19             | 4.19             | 4.19                   | 4.19                   | —                 | —%               |
| CIP Airport Fund                   | 0.75             | 0.75             | 0.75                   | 0.75                   | —                 | —%               |
| <b>Total Positions by Division</b> | <b>6.43</b>      | <b>7.94</b>      | <b>7.94</b>            | <b>8.04</b>            | <b>0.10</b>       | <b>1.3%</b>      |

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary   |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| Administrative Associate I                      | —               | 1.00            | 1.00                   | 1.00                   | —                  | 82,742           |
| Airport Specialist II                           | —               | —               | 2.50                   | 2.50                   | —                  | 278,356          |
| Facilities Technician                           | 1.50            | 2.50            | —                      | —                      | —                  | —                |
| Management Analyst                              | 1.00            | 1.00            | 1.00                   | 1.10                   | 0.10               | 147,819          |
| Manager Airport                                 | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 227,906          |
| Manager Maintenance Operations                  | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 153,254          |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>4.50</b>     | <b>6.50</b>     | <b>6.50</b>            | <b>6.60</b>            | <b>0.10</b>        | <b>\$890,078</b> |
| Temporary/Hourly                                | 1.92            | 1.44            | 1.44                   | 1.44                   | —                  | \$92,721         |
| <b>Total Positions</b>                          | <b>6.42</b>     | <b>7.94</b>     | <b>7.94</b>            | <b>8.04</b>            | <b>0.10</b>        | <b>\$982,799</b> |

# Budget Reconciliation

|   | Positions   | Expenditures     | Revenues         | Fund Balance Cost/(Savings) |
|---|-------------|------------------|------------------|-----------------------------|
| <b>Prior Year Budget</b>  | <b>7.94</b> | <b>4,296,991</b> | <b>3,600,960</b> | <b>696,031</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                                 | -           | 100,577          | -                | 100,577                     |
| Revenue Adjustments (Tie-Down & Hangar Fees, Parking, and Fuel) | -           | -                | 34,820           | (34,820)                    |
| Rental Income   | -           | -                | 26,280           | (26,280)                    |
| Return on Investments   | -           | -                | 5,100            | (5,100)                     |
| Miscellaneous Revenue   | -           | -                | 1,710            | (1,710)                     |
| Transfer to Technology Fund (Citywide Technology CIP)           | -           | (1,500)          | -                | (1,500)                     |
| Capital Improvement Program and FAA Grant Funding               | -           | 2,458,786        | 2,216,786        | 242,000                     |
| General Fund Cost Allocation Plan                               | -           | 169,955          | -                | 169,955                     |
| Communications Allocated Charges                                | -           | 43               | -                | 43                          |
| Information Technology Allocated Charges                        | -           | 4,302            | -                | 4,302                       |
| Liability Insurance Allocated Charges                           | -           | 5,094            | -                | 5,094                       |
| Printing & Mailing Services Allocated Charges                   | -           | 2,100            | -                | 2,100                       |
| Public Works Administration Allocated Charges                   | -           | 7,371            | -                | 7,371                       |
| Utilities Allocated Charges                                     | -           | 15,205           | -                | 15,205                      |
| Vehicle Replacement & Maintenance Allocated Charges             | -           | 3,657            | -                | 3,657                       |
| Workers' Compensation Allocated Charges                         | -           | (7,688)          | -                | (7,688)                     |
| <b>Adjustments to Costs of Ongoing Activities</b>               | <b>-</b>    | <b>2,757,902</b> | <b>2,284,696</b> | <b>473,206</b>              |
| <b>Total FY 2025 Base Budget</b>                                | <b>7.94</b> | <b>7,054,893</b> | <b>5,885,656</b> | <b>1,169,237</b>            |
| <b>Budget Adjustments</b>                                       |             |                  |                  |                             |
| 1. Flight Tracking Software                                     | -           | 6,000            | -                | 6,000                       |
| 2. Airport Management Software                                  | -           | 18,000           | -                | 18,000                      |


# Budget Reconciliation

|   | Positions   | Expenditures     | Revenues         | Fund Balance Cost/(Savings) |
|---|-------------|------------------|------------------|-----------------------------|
| 3. Public Works Department Analytic Staffing  | 0.10        | 19,155           | -                | 19,155                      |
| 4. Disadvantaged Business Enterprise (DBE) Program and Title 6 Plan Updates/Reporting | -           | 65,000           | -                | 65,000                      |
| <b>Total Budget Adjustments</b>   | <b>0.10</b> | <b>108,155</b>   | <b>-</b>         | <b>\$108,155</b>            |
| <b>Total FY 2025 Adopted Budget</b>   | <b>8.04</b> | <b>7,163,048</b> | <b>5,885,656</b> | <b>1,277,392</b>            |

# Budget Adjustments

| Budget Adjustments          | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|-----------------------------|-----------|--------------|----------|-----------------------------|
| 1. Flight Tracking Software | -         | 6,000        | -        | 6,000                       |


This action adds funding for flight tracking software that provides details of aircraft characteristics and position at any given time, and immediately notifies Airport Operations when aircraft violate voluntary noise abatement procedures. (Ongoing cost: \$6,000)

**Performance Results** 

This action enhances flight safety and airport noise abatement.

|                                |   |        |   |        |
|--------------------------------|---|--------|---|--------|
| 2. Airport Management Software | - | 18,000 | - | 18,000 |
|--------------------------------|---|--------|---|--------|


This action adds funding to procure and maintain an airport management software that will provide staff with one centralized platform to combine all Airport Operations functions, including emergency management, security, risk management, compliance, noise, maintenance, and record retention. (Ongoing cost: \$18,000)

**Performance Results** 

This action streamlines operations workflow, ensures compliance with federal, state and local regulations, and eliminates the need to generate paper reports.

|  |      |        |   |        |
|--|------|--------|---|--------|
| 3. Public Works Department Analytic Staffing | 0.10 | 19,155 | - | 19,155 |
|--|------|--------|---|--------|


This action adds 1.00 FTE Management Analyst position (0.10 in each of the General, Airport, Capital, and Refuse Funds; 0.4 in the Wastewater Treatment Fund; and 0.2 in the Vehicle Fund). Assisting the Public Works Department’s Director and Senior Management Analyst, the Management Analyst will perform grant/loan management/oversight; Vehicle Fund budgetary restructuring; financial management of Wastewater Treatment Fund capital projects; tracking and financial management of fleet electrification and other S/CAP costs; and Management Analyst Team coverage and training. (Ongoing cost: \$20,433)

**Performance Results** 

The additional position will provide the Public Works Department with the appropriate capacity to manage the expanding volume of grants and loans, and the increasing complexity of cross-departmental cost tracking and enterprise/internal service funds budgetary and financial management.

|   |   |        |   |        |
|---|---|--------|---|--------|
| 4. Disadvantaged Business Enterprise (DBE) Program and Title 6 Plan Updates/Reporting | - | 65,000 | - | 65,000 |
|---|---|--------|---|--------|

This one-time action adds funding for the updating of the three-year Disadvantaged Business Enterprise (DBE) Plan and the development of the newly-mandated Title 6 Plan, as required of all recipients of Department of Transportation funds. DBE addresses barriers for minority and women-owned businesses and Title 6 prohibits discrimination based on race, color, and national origin. (Ongoing cost: \$0)

**Performance Results** 

This action ensures compliance with federal regulations.

# 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

- As a joint effort with the Utilities Department, City of Santa Clara, and the Northern California Power Agency, Zero Waste secured the Third Phase Agreement for the Power Purchase Agreement with Zero Waste Waste Energy Development Company (ZWED) to purchase power from the processing of recovered organic waste products. This action will aid the City in meeting the State's SB1383 Short-Lived Climate Pollutants requirements; continued collaboration with Santa Clara County and other jurisdictions on the county-wide edible food recovery requirements for food services establishments and implementation through a third-party memorandum of understanding.
- Continued active participation in the National Stewardship Action Council working group on the Plastic Pollution Prevention and Packaging Producer Responsibility Act (SB54) and with CalRecycle to further influence the reduction of plastics and international shipping of recyclable materials.
- Launched new outreach campaign on Food Waste Reduction to meet Zero Waste Plan initiative to promote strategies to minimize wasted food and connection to reducing greenhouse gasses to the residential and business communities. This will be an on-going community education effort.

## Initiatives

- Expand waste prevention outreach and technical assistance to the commercial sector. Begin focused engagement with large to mid-size commercial businesses by conducting inspections and requiring better sorting to reduce contamination of the City's recyclable materials in order to meet market demands for cleaner materials and to improve waste diversion from landfills.
- Complete collaboration of site preparation at the Los Altos Treatment Plant for the relocation of GreenWaste of Palo Alto operations, debris boxes staging area, and installation of new charging stations for electric collection vehicles, while ongoing construction of the HomeKey modular interim housing shelter project continues.
- Evaluate the deconstruction ordinance and consider incorporating changes as part of the next Green Building Ordinance and Energy Reach Code cycle.

# 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 2022 Actuals</b>  | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Number of households participating in the Household Hazardous Waste program | 5,557   | 5,187                  | 5,200                         | 5,709                    | 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 17.7% in FY 2023. By comparison, the County of Santa Clara Household Hazardous Waste Program had a participation rate of 5.6%.       |                        |                               |                          |                               |

## 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 2022 Actuals</b>   | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Percent of households with mini-can garbage service | 48%  | 50%                    | 49%                           | 50%                      | 50%                           |
| 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. |
|--------|---|

#### 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percentage of waste diverted from landfills* | 84%   | 91%             | 85%                    | 90%               | 90%                    |
| 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 increased to 91% in FY 2023. The increased percentage is directly related to the tonnage of waste disposed in landfills, which decreased to 21,326 tons in this reporting year. The main reason for the decreased landfilled tonnage is that the City began a new garbage processing contract in January 2022 with GreenWaste Recovery, which resulted in much higher recovery rate of materials and decrease in landfill disposal. |                 |                        |                   |                        |
|  | *This diversion number is based on the State's calculation for calendar year 2022.  |                 |                        |                   |                        |

### Workload Measures

|  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--|-----------------|-----------------|------------------------|-------------------|------------------------|
| Tons of materials recycled or composted  | 49,467          | 52,500          | 51,000                 | 51,600            | 52,000                 |
| Number of inspections performed annually on recycling and compost sorting compliance | 82              | 579             | 523                    | 500               | 520                    |
| Number of complete deconstruction of structures                                      | 57              | 41              | 60                     | 60                | 60                     |

# Budget Summary

|   | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|---|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| <b>Dollars by Division</b>                          |                    |                    |                              |                              |                      |                     |
| Refuse Administration                               | 1,701,243          | 1,674,416          | 1,752,719                    | 1,946,224                    | 193,506              | 11.0%               |
| Refuse Collection, Hauling and Disposal: Operations | 23,934,838         | 25,154,753         | 27,555,453                   | 28,438,052                   | 882,599              | 3.2%                |
| Refuse Solid Waste: Operations                      | 3,479,956          | 3,799,022          | 4,342,592                    | 4,528,800                    | 186,208              | 4.3%                |
| Refuse Street Sweeping                              | 1,434,251          | 2,150,118          | 2,262,317                    | 2,363,308                    | 100,991              | 4.5%                |
| <b>Total Dollars by Division</b>                    | <b>30,550,287</b>  | <b>32,778,309</b>  | <b>35,913,081</b>            | <b>37,276,384</b>            | <b>1,363,303</b>     | <b>3.8%</b>         |
| <b>Dollars by Category</b>                          |                    |                    |                              |                              |                      |                     |
| <b>Salary &amp; Benefits</b>                        |                    |                    |                              |                              |                      |                     |
| Healthcare  | 271,763            | 284,898            | 338,490                      | 333,905                      | (4,585)              | (1.4)%              |
| Other Benefits                                      | 60,340             | 58,422             | 64,282                       | 59,645                       | (4,637)              | (7.2)%              |
| Overtime  | 32,700             | 32,916             | 51,847                       | 52,704                       | 857                  | 1.7%                |
| Pension   | 702,540            | 797,564            | 825,822                      | 891,635                      | 65,813               | 8.0%                |
| Retiree Medical                                     | 218,513            | 193,415            | 184,497                      | 236,374                      | 51,877               | 28.1%               |
| Salary  | 1,678,471          | 1,766,147          | 2,119,412                    | 2,250,227                    | 130,815              | 6.2%                |
| Workers' Compensation                               | 74,944             | 70,525             | 70,638                       | 61,404                       | (9,234)              | (13.1)%             |
| <b>Total Salary and Benefits</b>                    | <b>3,039,271</b>   | <b>3,203,887</b>   | <b>3,654,990</b>             | <b>3,885,895</b>             | <b>230,905</b>       | <b>6.3%</b>         |
| Utility Purchase                                    | 19,577,600         | 20,839,330         | 21,120,000                   | 21,950,000                   | 830,000              | 3.9%                |
| Contract Services                                   | 5,430,884          | 6,216,027          | 8,529,620                    | 8,580,522                    | 50,902               | —%                  |
| Supplies & Material                                 | 60,006             | 74,193             | 142,805                      | 142,805                      | —                    | —%                  |
| General Expense                                     | 20,890             | 37,293             | 112,425                      | 112,495                      | 70                   | —%                  |
| Rents & Leases                                      | 106,794            | 111,800            | 143,130                      | 146,080                      | 2,950                | 2.1%                |
| Facilities & Equipment                              | —                  | —                  | 3,000                        | 3,000                        | —                    | —%                  |
| Allocated Charges                                   | 2,294,291          | 2,226,179          | 2,185,612                    | 2,434,088                    | 248,476              | 11.4%               |
| Transfer to Infrastructure                          | —                  | 27,000             | 10,000                       | 10,000                       | —                    | —%                  |

# PUBLIC WORKS

## Budget Summary

|   | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|---|-------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| Operating Transfers-Out                             | 20,550            | 42,600            | 11,500                 | 11,500                 | —                 | —%               |
| <b>Total Dollars by Category</b>                    | <b>30,550,287</b> | <b>32,778,309</b> | <b>35,913,081</b>      | <b>37,276,384</b>      | <b>1,363,303</b>  | <b>3.8%</b>      |
| <b>Revenues</b>                                     |                   |                   |                        |                        |                   |                  |
| Charges for Services                                | 34,991            | 57,110            | 34,000                 | 34,000                 | —                 | —%               |
| Charges to Other Funds                              | 162,976           | 162,579           | 162,579                | 162,579                | —                 | —%               |
| Net Sales   | 29,183,301        | 29,619,360        | 30,853,193             | 30,853,193             | —                 | —%               |
| Other Revenue                                       | 2,429,479         | 2,258,484         | 2,311,000              | 2,311,000              | —                 | —%               |
| Other Taxes and Fines                               | 1,050             | 1,875             | —                      | —                      | —                 | —%               |
| Return on Investments                               | 461,723           | 596,494           | 570,100                | 736,300                | 166,200           | 29.2%            |
| <b>Total Revenues</b>                               | <b>32,273,521</b> | <b>32,695,903</b> | <b>33,930,873</b>      | <b>34,097,073</b>      | <b>166,200</b>    | <b>—%</b>        |
| <b>Positions by Division</b>                        |                   |                   |                        |                        |                   |                  |
| Refuse Administration                               | 0.43              | 0.43              | 0.43                   | 0.48                   | 0.05              | 11.6%            |
| Refuse Collection, Hauling and Disposal: Operations | 1.00              | 1.00              | 1.00                   | 1.00                   | —                 | —%               |
| Refuse Solid Waste: Operations                      | 11.82             | 11.92             | 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>16.03</b>      | <b>16.03</b>           | <b>16.08</b>           | <b>0.05</b>       | <b>—%</b>        |

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| Accountant                                      | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | 23,641             |
| Assistant Director Public Works                 | 0.35            | 0.35            | 0.35                   | 0.35                   | —                  | 85,495             |
| Deputy Chief/Fire Marshal                       | 0.03            | —               | —                      | —                      | —                  | —                  |
| Environmental Specialist                        | 2.00            | 2.05            | 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                   | —                      | (0.03)             | —                  |
| Hazardous Materials Inspector                   | 0.02            | 0.02            | 0.02                   | —                      | (0.02)             | —                  |
| Landfill Technician                             | 1.00            | 1.00            | 2.00                   | 2.00                   | —                  | 252,970            |
| Management Analyst                              | 0.43            | 0.43            | 0.43                   | 0.53                   | 0.10               | 63,579             |
| Manager Environmental Control Program           | 3.00            | 3.05            | 3.05                   | 3.05                   | —                  | 540,322            |
| Manager Maintenance Operations                  | 0.46            | 0.46            | 0.46                   | 0.46                   | —                  | 73,846             |
| Manager Solid Waste                             | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 206,627            |
| Program Assistant I                             | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 91,208             |
| Project Manager                                 | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | 29,353             |
| Senior Accountant                               | 0.10            | 0.10            | 0.10                   | 0.10                   | —                  | 13,734             |
| Senior Management Analyst                       | 0.08            | 0.08            | 0.08                   | 0.08                   | —                  | 12,806             |
| Street Maintenance Assistant                    | 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>14.60</b>    | <b>14.60</b>           | <b>14.65</b>           | <b>0.05</b>        | <b>\$2,099,251</b> |
| Temporary/Hourly                                | 1.43            | 1.43            | 1.43                   | 1.43                   | —                  | \$69,305           |
| <b>Total Positions</b>                          | <b>15.93</b>    | <b>16.03</b>    | <b>16.03</b>           | <b>16.08</b>           | <b>0.05</b>        | <b>\$2,168,557</b> |

# PUBLIC WORKS

## Budget Reconciliation

|   | Positions    | Expenditures      | Revenues          | Fund Balance Cost/(Savings) |
|---|--------------|-------------------|-------------------|-----------------------------|
| <b>Prior Year Budget</b>  | <b>16.03</b> | <b>35,913,081</b> | <b>33,930,873</b> | <b>1,982,208</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   | -            | 238,303           | -                 | 238,303                     |
| Return on Investments   | -            | -                 | 166,200           | (166,200)                   |
| Rents and Leases Expenditures   | -            | 2,950             | -                 | 2,950                       |
| Street Sweeping   | -            | 50,902            | -                 | 50,902                      |
| Refuse Collection & Recycling   | -            | 830,000           | -                 | 830,000                     |
| General Fund Cost Allocation Plan   | -            | 44,502            | -                 | 44,502                      |
| Communications Allocated Charges  | -            | 261               | -                 | 261                         |
| Information Technology Allocated Charges  | -            | 22,054            | -                 | 22,054                      |
| Liability Insurance Allocated Charges   | -            | 28,035            | -                 | 28,035                      |
| Printing & Mailing Services Allocated Charges   | -            | 94,100            | -                 | 94,100                      |
| Public Works Administration Allocated Charges   | -            | 14,741            | -                 | 14,741                      |
| Stormwater Management Allocated Charges   | -            | 92                | -                 | 92                          |
| Utilities Allocated Charges   | -            | (137)             | -                 | (137)                       |
| Vehicle Replacement & Maintenance Allocated Charges                                     | -            | 44,826            | -                 | 44,826                      |
| Workers' Compensation Allocated Charges   | -            | (9,234)           | -                 | (9,234)                     |
| <b>Adjustments to Costs of Ongoing Activities</b>                                       | <b>-</b>     | <b>1,361,397</b>  | <b>166,200</b>    | <b>1,195,197</b>            |
| <b>Total FY 2025 Base Budget</b>  | <b>16.03</b> | <b>37,274,478</b> | <b>34,097,073</b> | <b>3,177,405</b>            |
| <b>Budget Adjustments</b>   |              |                   |                   |                             |
| 1. Reallocate Fire Prevention from Planning and Development Services to Fire Department | (0.05)       | (17,248)          | -                 | (17,248)                    |

# Budget Reconciliation

|  | Positions    | Expenditures      | Revenues          | Fund Balance<br>Cost/(Savings) |
|--|--------------|-------------------|-------------------|--------------------------------|
| 2. Public Works Department Analytic Staffing | 0.10         | 19,155            | -                 | 19,155                         |
| <b>Total Budget Adjustments</b>              | <b>0.05</b>  | <b>1,907</b>      | <b>-</b>          | <b>1,907</b>                   |
| <b>Total FY 2025 Adopted Budget</b>          | <b>16.08</b> | <b>37,276,385</b> | <b>34,097,073</b> | <b>3,179,312</b>               |

# Budget Adjustments

| Budget Adjustments  | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|---|-----------|--------------|----------|-----------------------------|
| 1. Reallocate Fire Prevention from Planning and Development Services to Fire Department | (0.05)    | (17,248)     | -        | (17,248)                    |

This action follows the recommendation of a fire prevention organizational study to reallocate the majority of the Fire Prevention program from Development Services to the Fire Department. Since the last fee study, the program has evolved, and the current structure no longer aligns with the original allocation intent and plan. This action will support the Fire Department in addressing their performance improvement plan with Santa Clara County and expand fire community risk reduction efforts. Specifically, this action involves shifting 7.38 FTE positions from Planning and Development Services and 0.25 FTE positions from Public Works and Utilities Enterprise Funds, along with associated expenses and revenue, to the Fire Department. (Ongoing savings: \$17,666)

**Performance Results**



This action enhances efficiency in addressing fire reduction efforts, while ensuring compliance with Santa Clara County standards.

|  |      |        |   |        |
|--|------|--------|---|--------|
| 2. Public Works Department Analytic Staffing | 0.10 | 19,155 | - | 19,155 |
|--|------|--------|---|--------|

This action adds 1.00 FTE Management Analyst position (0.10 in each of the General, Airport, Capital, and Refuse Funds; 0.4 in the Wastewater Treatment Fund; and 0.2 in the Vehicle Fund). Assisting the Public Works Department’s Director and Senior Management Analyst, the Management Analyst will perform grant/loan management/oversight; Vehicle Fund budgetary restructuring; financial management of Wastewater Treatment Fund capital projects; tracking and financial management of fleet electrification and other S/CAP costs; and Management Analyst Team coverage and training. (Ongoing cost: \$20,433)

**Performance Results**



The additional position will provide the Public Works Department with the appropriate capacity to manage the expanding volume of grants and loans, and the increasing complexity of cross-departmental cost tracking and enterprise/internal service funds budgetary and financial management.



# 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 construction on the East Meadow Drive System Upgrades Project (SD-22000) and East Meadow Circle System Upgrades Project (SD-26000).
- Completed design and went out to bid for construction of the two small pump stations and wet wells 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).
- Continued implementation of the City's Green Stormwater Infrastructure (GSI) Plan accepted by City Council in 2019.
- Completed construction on the Trash Capture Device Project (SD-22002) in partnership with California Department of Transportation.
- Updated the City's 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.
- Inspected and cleaned 3,500 storm drains to ensure proper drainage during rainy seasons.
- Completed hydroflushing to remove any buildup and improve the water flow.
- Inspected and serviced all trash capture devices to improve the water quality and prevent pollution.

## PUBLIC WORKS

- To prevent flooding replaced sensors at pump stations, repaired pipes and installed flap gates.

### Initiatives

- Continue implementing the 13 high-priority Stormwater Management projects outlined in the Storm Water Management Fee ballot measure passed in April 2017. Start construction on 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 secured regulatory permits in 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.
- Implement trash control actions to achieve, by July 2025, 100% reduction in the volume of trash entering local creeks and San Francisco Bay through local storm drains.

### 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 2022 Municipal Regional Stormwater Discharge Permit through programmatic efforts and project implementation to comply with current requirements by June 30, 2027.
- 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of respondents rating the quality of storm drainage as good or excellent* | 84%  | 74%             | 85%                    | 75%               | 76%                    |
| Description   | This data is collected as part of the Palo Alto Community Survey that is conducted annually by Polco/National Research Center, Inc. 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 most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a> . |                 |                        |                   |                        |

### 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Number of 2017 Ballot Measure capital projects completed - as of June 30 | 1  | 1               | 3                      | 3                 | 3                      |

## PUBLIC WORKS

### Key Performance Measures

|             |  |
|-------------|--|
| 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.  |
| 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. Two of the CIP projects (SD-22000 and SD-26000) are under construction and will be completed in FY2024. In FY 2025, construction will begin for SD-20000, SD-21000 and SD-23000. |

### 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.   |                        |                               |                          |                               |
|  | <b>FY 2022 Actuals</b>  | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Percent of inspections in compliance with stormwater regulations | 92%   | 94%                    | 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 2025. |                        |                               |                          |                               |

### Workload Measures

|  |                        |                        |                               |                          |                               |
|--|------------------------|------------------------|-------------------------------|--------------------------|-------------------------------|
|  | <b>FY 2022 Actuals</b> | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Number of inspections performed annually (Stormwater Management) | 485                    | 309                    | 500                           | 320                      | 350                           |

# Budget Summary

|  | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|--|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| <b>Dollars by Division</b>                   |                    |                    |                              |                              |                      |                     |
| Stormwater Environmental Compliance          | 1,028,885          | 1,182,639          | 1,495,817                    | 1,610,420                    | 114,603              | 7.7%                |
| Stormwater Management Administration         | 1,136,299          | 1,438,162          | 2,307,898                    | 2,491,986                    | 184,088              | 8.0%                |
| Stormwater Operations and Maintenance        | 1,334,571          | 2,020,335          | 2,132,979                    | 2,117,190                    | (15,789)             | —%                  |
| Stormwater Systems Improvement Flood Control | 359,546            | 367,435            | 755,984                      | 772,282                      | 16,298               | 2.2%                |
| CIP Stormwater Management Fund               | 1,531,744          | 1,374,170          | 10,348,590                   | 11,660,397                   | 1,311,807            | 12.7%               |
| <b>Total Dollars by Division</b>             | <b>5,391,045</b>   | <b>6,382,741</b>   | <b>17,041,268</b>            | <b>18,652,275</b>            | <b>1,611,007</b>     | <b>9.5%</b>         |
| <b>Dollars by Category</b>                   |                    |                    |                              |                              |                      |                     |
| <b>Salary &amp; Benefits</b>                 |                    |                    |                              |                              |                      |                     |
| Healthcare                                   | 217,153            | 275,801            | 316,160                      | 346,906                      | 30,746               | 9.7%                |
| Other Benefits                               | 43,043             | 53,204             | 57,626                       | 53,145                       | (4,480)              | (7.8)%              |
| Overtime                                     | 41,947             | 107,564            | 61,326                       | 62,340                       | 1,014                | 1.7%                |
| Pension                                      | 602,905            | 796,387            | 793,666                      | 841,545                      | 47,879               | 6.0%                |
| Retiree Medical                              | 149,024            | 113,305            | 126,490                      | 165,629                      | 39,139               | 30.9%               |
| Salary                                       | 1,279,565          | 1,649,035          | 1,972,789                    | 2,085,588                    | 112,799              | 5.7%                |
| Workers' Compensation                        | 65,543             | 66,138             | 66,683                       | 59,755                       | (6,929)              | (10.4)%             |
| <b>Total Salary and Benefits</b>             | <b>2,399,180</b>   | <b>3,061,434</b>   | <b>3,394,740</b>             | <b>3,614,907</b>             | <b>220,168</b>       | <b>6.5%</b>         |
| Contract Services                            | 446,021            | 573,631            | 929,379                      | 942,079                      | 12,700               | 1.4%                |
| Supplies & Material                          | 64,998             | 66,721             | 96,126                       | 96,126                       | —                    | —%                  |
| General Expense                              | 26,238             | 53,267             | 147,400                      | 147,400                      | —                    | —%                  |
| Rents & Leases                               | 25,348             | 20,000             | 27,156                       | 27,656                       | 500                  | 1.8%                |
| Debt Service                                 | 131,359            | 88,397             | 949,300                      | 949,300                      | —                    | —%                  |
| Facilities & Equipment                       | 8,693              | —                  | 7,621                        | 7,621                        | —                    | —%                  |

# PUBLIC WORKS

## Budget Summary

|  | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|--|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| Allocated Charges                            | 992,917          | 1,278,535        | 1,733,820              | 1,832,961              | 99,141            | 5.7%             |
| Transfer to Infrastructure                   | —                | 114,950          | —                      | —                      | —                 | —%               |
| Operating Transfers-Out                      | 5,880            | 14,900           | 10,200                 | 2,600                  | (7,600)           | (74.5)%          |
| Capital Improvement Program                  | 1,290,410        | 1,110,907        | 9,745,527              | 11,031,625             | 1,286,099         | 13.2%            |
| <b>Total Dollars by Category</b>             | <b>5,391,045</b> | <b>6,382,741</b> | <b>17,041,268</b>      | <b>18,652,275</b>      | <b>1,611,007</b>  | <b>9.5%</b>      |
| <b>Revenues</b>                              |                  |                  |                        |                        |                   |                  |
| Charges for Services                         | 65,255           | 65,938           | 81,120                 | 81,120                 | —                 | —%               |
| Charges to Other Funds                       | 3,380            | 3,535            | —                      | —                      | —                 | —%               |
| From Other Agencies                          | —                | 613,000          | 1,216,351              | —                      | (1,216,351)       | (100.0)%         |
| Net Sales                                    | 7,857,009        | 8,191,365        | 8,568,000              | 8,791,000              | 223,000           | 2.6%             |
| Other Revenue                                | 1,613            | 5,684            | —                      | —                      | —                 | —%               |
| Other Taxes and Fines                        | 1,650            | —                | 2,500                  | 2,500                  | —                 | —%               |
| Return on Investments                        | 155,059          | 219,599          | 189,300                | 228,200                | 38,900            | 20.5%            |
| <b>Total Revenues</b>                        | <b>8,083,967</b> | <b>9,099,120</b> | <b>10,057,271</b>      | <b>9,102,820</b>       | <b>(954,451)</b>  | <b>(9.5)%</b>    |
| <b>Positions by Division</b>                 |                  |                  |                        |                        |                   |                  |
| Stormwater Environmental Compliance          | 4.59             | 4.67             | 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>13.63</b>     | <b>13.63</b>           | <b>13.63</b>           | <b>—</b>          | <b>—%</b>        |

# Staffing

| Job Classification                    | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|---------------------------------------|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Accountant                            | 0.15            | 0.15            | 0.15                   | 0.15                   | —                  | 18,102         |
| Administrative Associate II           | 0.15            | 0.15            | 0.15                   | 0.15                   | —                  | 13,485         |
| Administrative Associate III          | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | 19,273         |
| Assistant Director Public Works       | 0.30            | 0.30            | 0.30                   | 0.30                   | —                  | 74,118         |
| Associate Engineer                    | 1.19            | 1.19            | 1.24                   | 1.24                   | —                  | 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            | 0.20                   | 0.20                   | —                  | 23,204         |
| Environmental Specialist              | —               | 0.04            | 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                   | —                  | 35,139         |
| Manager Environmental Control Program | 0.70            | 0.74            | 0.74                   | 0.74                   | —                  | 129,630        |
| Manager Maintenance Operations        | 0.50            | 0.50            | 0.50                   | 0.50                   | —                  | 80,506         |
| Manager Watershed Protection          | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | 40,048         |
| 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        |
| Project Manager                       | 0.55            | 0.55            | 0.55                   | 0.55                   | —                  | 76,927         |
| Senior Accountant                     | 0.10            | 0.10            | 0.10                   | 0.10                   | —                  | 13,734         |

# PUBLIC WORKS

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| Senior Engineer                                 | 0.76            | 0.76            | 0.76                   | 0.76                   | —                  | 166,822            |
| 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>13.43</b>    | <b>13.43</b>           | <b>13.43</b>           | <b>—</b>           | <b>\$2,011,744</b> |
| Temporary/Hourly                                | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | \$8,320            |
| <b>Total Positions</b>                          | <b>13.55</b>    | <b>13.63</b>    | <b>13.63</b>           | <b>13.63</b>           | <b>—</b>           | <b>\$2,020,064</b> |



# Budget Reconciliation

|   | Positions    | Expenditures      | Revenues          | Fund Balance<br>Cost/(Savings) |
|---|--------------|-------------------|-------------------|--------------------------------|
| <b>Prior Year Budget</b>                              | <b>13.63</b> | <b>17,041,268</b> | <b>10,057,271</b> | <b>6,983,997</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                       | -            | 227,097           | -                 | 227,097                        |
| Stormwater Rate Adjustment (2.6% CPI increase)        | -            | -                 | 209,000           | (209,000)                      |
| Return on Investments                                 | -            | -                 | 38,900            | (38,900)                       |
| Transfer to Technology Fund (Citywide Technology CIP) | -            | (7,600)           | -                 | (7,600)                        |
| Rents & Leases Expenditures                           | -            | 500               | -                 | 500                            |
| Memberships and Permit Fees                           | -            | 12,700            | -                 | 12,700                         |
| Capital Improvement Program                           | -            | 1,281,327         | (1,216,351)       | 2,497,678                      |
| General Fund Cost Allocation Plan                     | -            | 102,553           | -                 | 102,553                        |
| Communications Allocated Charges                      | -            | 121               | -                 | 121                            |
| Information Technology Allocated Charges              | -            | 21,573            | -                 | 21,573                         |
| Liability Insurance Allocated Charges                 | -            | 30,769            | -                 | 30,769                         |
| Printing & Mailing Services Allocated Charges         | -            | 14,600            | -                 | 14,600                         |
| Public Works Administration Allocated Charges         | -            | 11,056            | -                 | 11,056                         |
| Stormwater Management Allocated Charges               | -            | -                 | 14,000            | (14,000)                       |
| Utilities Allocated Charges                           | -            | (94,379)          | -                 | (94,379)                       |
| Vehicle Replacement & Maintenance Allocated Charges   | -            | 17,619            | -                 | 17,619                         |
| Workers' Compensation Allocated Charges               | -            | (6,929)           | -                 | (6,929)                        |
| <b>Adjustments to Costs of Ongoing Activities</b>     | <b>-</b>     | <b>1,611,007</b>  | <b>(954,451)</b>  | <b>2,565,458</b>               |
| <b>Total FY 2025 Base Budget</b>                      | <b>13.63</b> | <b>18,652,275</b> | <b>9,102,820</b>  | <b>9,549,455</b>               |

# PUBLIC WORKS

## Budget Reconciliation

|                                     | Positions    | Expenditures      | Revenues         | Fund Balance Cost/(Savings) |
|-------------------------------------|--------------|-------------------|------------------|-----------------------------|
| <b>Budget Adjustments</b>           |              |                   |                  |                             |
| 1. None                             | -            | -                 | -                | -                           |
| <b>Total Budget Adjustments</b>     | -            | -                 | -                | -                           |
| <b>Total FY 2025 Adopted Budget</b> | <b>13.63</b> | <b>18,652,275</b> | <b>9,102,820</b> | <b>9,549,455</b>            |

# 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 19 electric, electric utility, and hybrid vehicles to maintain safe, reliable, and efficient use of resources while supporting the City's Climate Action Plan.
- Developed a five-year vehicle replacement plan.
- Identified 24 vehicles as surplus, helping to reduce the size of the City's fleet.
- Reduced fuel consumption due to newer vehicles providing a significant improvement in fuel efficiency and continued hybrid remote work schedules.
- Completed initial reporting for the Advanced Clean Fleet (ACF) regulation.
- Completed initial reporting for the Clean Truck Check program.
- Filled five vacancies: three automotive mechanics, one project manager, and one equipment maintenance services person.

## 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.

## PUBLIC WORKS

- Continue to increase the number of electric vehicles (EV) within the fleet through scheduled replacements. With the FY 2025 vehicle replacement program, increase the number of passenger, vans, and light truck EVs by 19, subject to vehicle availability and operational requirements.

# Goals and Objectives

## Goal 1

Ensure the City's vehicles, equipment, fuel storage/dispensing facilities, and electric vehicle charging stations 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of alternative fuel consumed by non-emergency vehicles | 50%   | 44%             | 44%                    | 46%               | 43%                    |
| 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 361,955 gallons of fuel in FY 2024 among unleaded, diesel, and natural gas. It used 166,866 gallons of compressed natural gas, which equates to 46% of alternative fuel use. |                 |                        |                   |                        |

## Workload Measures

|  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of vehicles and equipment that are alternatively fueled or electric | 57              | 61              | 55                     | 55                | 64                     |
| Number of vehicle repair and preventative maintenance work orders          | 2,632           | 3,049           | 3,500                  | 2,896             | 3,200                  |
| Total number of vehicles and equipment in the City’s fleet                 | 545             | 539             | 550                    | 550               | 560                    |

# PUBLIC WORKS

## Budget Summary

|                                    | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>         |                  |                  |                        |                        |                   |                  |
| Vehicle Operations and Maintenance | 5,338,654        | 6,279,367        | 7,059,672              | 7,372,578              | 312,906           | 4.4%             |
| Vehicle Replacement and Additions  | 855,343          | 2,052,117        | 5,930,750              | 8,773,977              | 2,843,227         | 47.9%            |
| <b>Total Dollars by Division</b>   | <b>6,519,135</b> | <b>8,680,738</b> | <b>13,520,106</b>      | <b>16,679,583</b>      | <b>3,159,477</b>  | <b>23.4%</b>     |
| <b>Dollars by Category</b>         |                  |                  |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>       |                  |                  |                        |                        |                   |                  |
| Healthcare                         | 256,765          | 233,968          | 348,450                | 270,947                | (77,503)          | (22.2)%          |
| Other Benefits                     | 52,535           | 48,240           | 53,608                 | 49,267                 | (4,342)           | (8.1)%           |
| Overtime                           | 8,303            | 9,822            | 70,236                 | 71,397                 | 1,161             | 1.7%             |
| Pension                            | 510,687          | 579,772          | 668,273                | 694,363                | 26,090            | 3.9%             |
| Retiree Medical                    | 148,187          | 143,083          | 130,502                | 153,595                | 23,093            | 17.7%            |
| Salary                             | 1,102,263        | 1,158,235        | 1,639,773              | 1,710,886              | 71,113            | 4.3%             |
| Workers' Compensation              | 71,285           | 58,284           | 56,976                 | 49,383                 | (7,592)           | (13.3)%          |
| <b>Total Salary and Benefits</b>   | <b>2,150,025</b> | <b>2,231,404</b> | <b>2,967,817</b>       | <b>2,999,838</b>       | <b>32,020</b>     | <b>1.1%</b>      |
| Allocated Charges                  | 1,440,176        | 1,540,418        | 1,650,908              | 1,840,338              | 189,430           | 11.5%            |
| Contract Services                  | 393,564          | 458,292          | 563,982                | 632,582                | 68,600            | 12.2%            |
| General Expense                    | 64,119           | 64,909           | 70,630                 | 70,830                 | 200               | —%               |
| Operating Transfers-Out            | 106,060          | 5,200            | 7,400                  | —                      | (7,400)           | (100.0)%         |
| Rents & Leases                     | 343,995          | 357,379          | 375,291                | 384,991                | 9,700             | 2.6%             |
| Supplies & Material                | 1,165,852        | 1,431,019        | 1,778,328              | 1,802,028              | 23,700            | 1.3%             |
| Transfer to Infrastructure         | —                | 540,000          | 175,000                | 175,000                | —                 | —%               |
| Capital Improvement Program        | 855,343          | 2,052,117        | 5,930,750              | 8,773,977              | 2,843,227         | 47.9%            |
| <b>Total Dollars by Category</b>   | <b>6,519,135</b> | <b>8,680,738</b> | <b>13,520,106</b>      | <b>16,679,583</b>      | <b>3,159,477</b>  | <b>23.4%</b>     |
| <b>Revenues</b>                    |                  |                  |                        |                        |                   |                  |
| Charges to Other Funds             | 7,756,590        | 10,567,756       | 10,158,541             | 11,098,538             | 939,996           | 9.3%             |

## Budget Summary

|                                    | FY 2022 Actuals  | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|------------------------------------|------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| Operating Transfers-In             | 331,002          | 80,000            | 80,000                 | —                      | (80,000)          | (100.0)%         |
| Other Revenue                      | 162,071          | 86,684            | 155,000                | 155,000                | —                 | —%               |
| Return on Investments              | 189,753          | 301,534           | 251,400                | 327,200                | 75,800            | 30.2%            |
| <b>Total Revenues</b>              | <b>8,439,415</b> | <b>11,035,973</b> | <b>10,644,941</b>      | <b>11,580,738</b>      | <b>935,796</b>    | <b>8.8%</b>      |
| <b>Positions by Division</b>       |                  |                   |                        |                        |                   |                  |
| Vehicle Operations and Maintenance | 11.71            | 11.71             | 11.93                  | 12.13                  | 0.20              | 1.7%             |
| Vehicle Replacement and Additions  | 2.30             | 2.30              | 2.60                   | 2.60                   | —                 | —%               |
| <b>Total Positions by Division</b> | <b>14.01</b>     | <b>14.01</b>      | <b>14.53</b>           | <b>14.73</b>           | <b>0.20</b>       | <b>1.4%</b>      |

## Staffing

| Job Classification                   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|--------------------------------------|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Assistant Director Public Works      | 0.25            | 0.25            | 0.25                   | 0.25                   | —                  | 58,947         |
| Assistant Fleet Manager              | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 121,534        |
| Equipment Maintenance Service Person | 1.00            | 1.00            | 2.00                   | 2.00                   | —                  | 162,906        |
| Fleet Services Coordinator           | 1.00            | 1.00            | 2.00                   | 2.00                   | —                  | 219,024        |
| Management Analyst                   | 0.20            | 0.20            | 0.20                   | 0.40                   | 0.20               | 46,946         |
| Management Assistant                 | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 104,686        |

# PUBLIC WORKS

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| Manager Fleet                                   | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 157,227            |
| Motor Equipment Mechanic II                     | 5.00            | 5.00            | 5.00                   | 5.00                   | —                  | 578,552            |
| Motor Equipment Mechanic-Lead                   | 2.00            | 2.00            | 1.00                   | 1.00                   | —                  | 123,760            |
| Project Manager                                 | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 124,987            |
| Senior Management Analyst                       | 0.08            | 0.08            | 0.08                   | 0.08                   | —                  | 12,806             |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>13.53</b>    | <b>13.53</b>    | <b>14.53</b>           | <b>14.73</b>           | <b>0.20</b>        | <b>\$1,711,375</b> |
| Temporary/Hourly                                | 0.48            | 0.48            | —                      | —                      | —                  | —                  |
| <b>Total Positions</b>                          | <b>14.01</b>    | <b>14.01</b>    | <b>14.53</b>           | <b>14.73</b>           | <b>0.20</b>        | <b>\$1,711,375</b> |



# Budget Reconciliation

|   | Positions    | Expenditures      | Revenues          | Fund Balance<br>Cost/(Savings) |
|---|--------------|-------------------|-------------------|--------------------------------|
| <b>Prior Year Budget</b>                              | <b>14.53</b> | <b>13,520,106</b> | <b>10,644,942</b> | <b>2,875,164</b>               |
| <b>One-Time Prior Year Budget Adjustments</b>         |              |                   |                   |                                |
| Fire Department Utility Task Vehicle (UTV)            | -            | (80,000)          | (80,000)          | -                              |
| <b>One-Time Prior Year Budget Adjustments</b>         | <b>-</b>     | <b>(80,000)</b>   | <b>(80,000)</b>   | <b>-</b>                       |
| <b>Adjustments to Costs of Ongoing Activities</b>     |              |                   |                   |                                |
| Salary and Benefits Adjustments                       | -            | 1,503             | -                 | 1,503                          |
| Return on Investments                                 | -            | -                 | 75,800            | (75,800)                       |
| Transfer to Technology Fund (Citywide Technology CIP) | -            | (7,400)           | -                 | (7,400)                        |
| Rents & Leases Expenditure                            | -            | 9,700             | -                 | 9,700                          |
| Vehicle Parts Operations                              | -            | 10,600            | -                 | 10,600                         |
| Fueling Operations                                    | -            | 23,700            | -                 | 23,700                         |
| Vehicle Monitoring Services                           | -            | 25,000            | -                 | 25,000                         |
| Capital Improvement Program                           | -            | 2,758,379         | -                 | 2,758,379                      |
| General Fund Cost Allocation Plan                     | -            | 105,251           | -                 | 105,251                        |
| Communications Allocated Charges                      | -            | 62                | -                 | 62                             |
| Information Technology Allocated Charges              | -            | 21,180            | -                 | 21,180                         |
| Liability Insurance Allocated Charges                 | -            | 22,267            | -                 | 22,267                         |
| Printing & Mailing Services Allocated Charges         | -            | 500               | -                 | 500                            |
| Public Works Administration Allocated Charges         | -            | 25,798            | -                 | 25,798                         |
| Utilities Allocated Charges                           | -            | 19,221            | -                 | 19,221                         |
| Vehicle Replacement & Maintenance Allocated Charges   | -            | -                 | 774,996           | (774,996)                      |
| Workers' Compensation Allocated Charges               | -            | (7,592)           | -                 | (7,592)                        |
| <b>Adjustments to Costs of Ongoing Activities</b>     | <b>-</b>     | <b>3,008,168</b>  | <b>850,796</b>    | <b>2,157,372</b>               |
| <b>Total FY 2025 Base Budget</b>                      | <b>14.53</b> | <b>16,448,274</b> | <b>11,415,738</b> | <b>5,032,536</b>               |
| <b>Budget Adjustments</b>                             |              |                   |                   |                                |
| 1. Police Patrol Support Vehicles Maintenance         | -            | -                 | 5,000             | (5,000)                        |
| 2. Facilities Technician Vehicle                      | -            | 80,000            | 80,000            | -                              |

## PUBLIC WORKS

# Budget Reconciliation

|  | Positions    | Expenditures      | Revenues          | Fund Balance Cost/(Savings) |
|--|--------------|-------------------|-------------------|-----------------------------|
| 3. Fire Inspector Vehicles   | -            | 80,000            | 80,000            | -                           |
| 4. Low Carbon Fuel Standard (LCFS) fee for Compressed Natural Gas (CNG) vehicles | -            | 8,000             |                   | 8,000                       |
| 5. Fleet Electric Vehicle (EV) Consultant  | -            | 25,000            |                   | 25,000                      |
| 6. Public Works Department Analytic Staffing                                     | 0.20         | 38,309            |                   | 38,309                      |
| <b>Total Budget Adjustments</b>  | <b>0.20</b>  | <b>231,309</b>    | <b>165,000</b>    | <b>66,309</b>               |
| <b>Total FY 2025 Adopted Budget</b>  | <b>14.73</b> | <b>16,679,583</b> | <b>11,580,738</b> | <b>5,098,845</b>            |

# Budget Adjustments

| Budget Adjustments                            | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|---|-----------|--------------|----------|-----------------------------|
| 1. Police Patrol Support Vehicles Maintenance | -         | -            | 5,000    | (5,000)                     |

This action retains and maintains up to three marked police vehicles at end-of-life instead of auctioning them for surplus sale, and repurposes them for use in police support activities such as directed patrol assignments and ferrying personnel to and from Stanford football games. (Ongoing savings: \$5,000)

**Performance Results**



This action maximizes the value obtained from existing resources.

|                                  |   |        |        |   |
|----------------------------------|---|--------|--------|---|
| 2. Facilities Technician Vehicle | - | 80,000 | 80,000 | - |
|----------------------------------|---|--------|--------|---|

This one-time action adds funding for an electric Ford Transit van to be used by a Facilities Technician position that was added in FY 2024. (Ongoing cost: \$0)

**Performance Results**



The vehicle will enable the position to perform required duties throughout the City and comply with the City's goal of an electric fleet.

|                            |   |        |        |   |
|----------------------------|---|--------|--------|---|
| 3. Fire Inspector Vehicles | - | 80,000 | 80,000 | - |
|----------------------------|---|--------|--------|---|

This one-time action adds \$80,000 for two vehicle purchases for Fire Inspectors. This will enable Fire Inspectors to conduct State-mandated inspection work, such as building construction inspections on fire protection systems in hospitals, daycares, medical institutions, schools, multifamily housing, and high-rise buildings. (Ongoing cost: \$0)

**Performance Results**



This action will result in increased fire and life safety compliance in the community.

|  |   |       |   |       |
|--|---|-------|---|-------|
| 4. Low Carbon Fuel Standard (LCFS) fee for Compressed Natural Gas (CNG) vehicles | - | 8,000 | - | 8,000 |
|--|---|-------|---|-------|

This action adds funding to pay for new fees mandated by the Low Carbon Fuels Standard (LCFS) for the operation of Compressed Natural Gas (CNG) vehicles. (Ongoing cost: \$8,000)

**Performance Results**



This action ensures compliance with environmental standards set by the California Air Resources Board.

|   |   |        |   |        |
|---|---|--------|---|--------|
| 5. Fleet Electric Vehicle (EV) Consultant | - | 25,000 | - | 25,000 |
|---|---|--------|---|--------|

This one-time action adds funding for a consultant to train staff on EV-related infrastructure, equipment, software, and maintenance, and to perform a site assessment for the fleet shop. (Ongoing cost: \$0)

**Performance Results**



This action supports the City's goal of fleet electrification and green energy utilization.

# Budget Adjustments

| Budget Adjustments                           | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|--|-----------|--------------|----------|-----------------------------|
| 6. Public Works Department Analytic Staffing | 0.20      | 38,309       | -        | 38,309                      |

This action adds 1.00 Management Analyst position (0.10 in each of the General, Airport, Capital, and Refuse Funds; 0.4 in the Wastewater Treatment Fund; and 0.2 in the Vehicle Fund). Assisting the Public Works Department’s Director and Senior Management Analyst, the Management Analyst will perform grant/loan management/oversight; Vehicle Fund budgetary restructuring; financial management of Wastewater Treatment Fund capital projects; tracking and financial management of fleet electrification and other S/CAP costs; and Management Analyst Team coverage and training. (Ongoing cost: \$40,866)

### Performance Results



The additional position will provide the Public Works Department with the appropriate capacity to manage the expanding volume of grants and loans, and the increasing complexity of cross-departmental cost tracking and enterprise/internal service funds budgetary and financial management.

# 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

- Received early adoption approval for the RWQCP Laboratory under new standards promulgated for the state's Environmental Laboratory Accreditation Program.
- Completed computer software upgrades for RWQCP Supervisory, Control, and Data Acquisition (SCADA) systems and the RWQCP's plant information management system (PIMS).
- Substantially completed construction of the Primary Sedimentation Tank Rehabilitation Project (WQ-14003) and the Phase 1 of 12kV Loop Rehabilitation Project that is within the recurring Plant Repair, Retrofit, and Equipment Replacement Project (WQ-19002).
- Continued steady progress on constructing the Secondary Treatment Upgrades Project (WQ-19001) which started in 2022 and will be completed in 2028 to meet state nutrient regulations.
- Began advanced planning for the Headworks Replacement Facility (WQ-16002).
- Initiated construction of the Joint Intercepting Sewer Rehabilitation, Phase 1 (WQ-24000).
- Completed 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.
- Submitted permit applications for Palo Alto Horizontal Levee Pilot Project (WQ-22001).
- Worked with Valley Water to address United Army Corps of Engineers Shoreline II Feasibility Study determinations for sea level rise shoreline protections.
- Started first-of-kind model partnership with Pets In Need to address fipronil and imidacloprid pollution prevention in topical pet pest control products.
- Wastewater pollution prevention outreach campaigns resulted in more than one million impressions; in addition, restarted outreach event attendance and connected with more than 400 Palo Alto residents.

## Initiatives

- Prepare for construction of the Advanced Water Purification Facility (WQ-19003).

## PUBLIC WORKS

- Complete updates for Sewer Use Ordinance, Hauled Waste Ordinance, and Fats, Oil, and Grease Ordinance.
- Begin construction of the Horizontal Levee Pilot (WQ-22001).
- Create the initial draft of the One Water Plan in partnership with the Utilities Department.
- Begin a Long-Range Facilities Plan Update.
- Identify next steps for Palo Alto sea level rise planning after AB272 (Laird) requirements for regional sea level rise plans have been determined by San Francisco Bay Conservation and Development Commission.

## 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.
- 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 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 2024 and FY 2025.  |                 |                        |                   |                        |

## 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Fish toxicity test (percent survival) | 100%   | 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 2023, all toxicity bioassay tests passed a state limit of a 90% survival rate with an annual average survival rate of 100%. This trend of nearly 100% survival is expected to continue in FY 2024 and FY 2025. |                 |                        |                   |                        |

## Workload Measures

|   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|---|-----------------|-----------------|------------------------|-------------------|------------------------|
| Millions of gallons of recycled water delivered                                     | 247             | 219             | 275                    | 250               | 250                    |
| Number of inspections performed annually (Wastewater Treatment)                     | 168             | 119             | 200                    | 227               | 200                    |
| Millions of gallons processed by the Palo Alto Regional Water Quality Control Plant | 5,971           | 7,262           | 6,800                  | 7,008             | 7,000                  |



## Budget Summary

|   | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|---|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| <b>Dollars by Division</b>                          |                    |                    |                              |                              |                      |                     |
| Wastewater Treatment Administration                 | 997,081            | 646,519            | 5,256,409                    | 3,843,971                    | (1,412,438)          | (26.9)%             |
| Wastewater Treatment Environmental Compliance       | 3,412,681          | 4,514,788          | 4,321,979                    | 4,565,594                    | 243,615              | 5.6%                |
| Wastewater Treatment Systems Improvement Operations | 21,370,334         | 23,483,541         | 22,905,017                   | 25,111,677                   | 2,206,660            | 9.6%                |
| CIP Wastewater Treatment Fund                       | 8,512,336          | 28,162,152         | 62,596,487                   | 151,340,451                  | 88,743,964           | 141.8%              |
| <b>Total Dollars by Division</b>                    | <b>34,292,431</b>  | <b>56,807,000</b>  | <b>95,079,892</b>            | <b>184,861,693</b>           | <b>89,781,801</b>    | <b>94.4%</b>        |
| <b>Dollars by Category</b>                          |                    |                    |                              |                              |                      |                     |
| <b>Salary &amp; Benefits</b>                        |                    |                    |                              |                              |                      |                     |
| Healthcare  | 1,335,209          | 1,405,677          | 1,744,843                    | 1,823,635                    | 78,792               | 4.5%                |
| Other Benefits                                      | 245,452            | 256,621            | 259,329                      | 238,391                      | (20,938)             | (8.1)%              |
| Overtime  | 310,789            | 442,775            | 384,773                      | 391,136                      | 6,363                | 1.7%                |
| Pension   | 3,205,020          | 3,773,836          | 3,895,041                    | 4,187,292                    | 292,251              | 7.5%                |
| Retiree Medical                                     | 849,775            | 605,398            | 824,761                      | 1,138,944                    | 314,184              | 38.1%               |
| Salary  | 7,359,812          | 8,067,136          | 9,995,026                    | 10,603,915                   | 608,889              | 6.1%                |
| Workers' Compensation                               | 342,307            | 332,969            | 331,807                      | 298,490                      | (33,318)             | (10.0)%             |
| <b>Total Salary and Benefits</b>                    | <b>13,648,363</b>  | <b>14,884,412</b>  | <b>17,435,580</b>            | <b>18,681,803</b>            | <b>1,246,222</b>     | <b>7.1%</b>         |
| Contract Services                                   | 2,956,579          | 3,019,600          | 3,484,228                    | 4,346,900                    | 862,672              | 24.8%               |
| Supplies & Material                                 | 1,656,194          | 1,986,811          | 2,216,393                    | 2,261,693                    | 45,300               | 2.0%                |
| General Expense                                     | 731,102            | 583,930            | 700,669                      | 712,654                      | 11,985               | 1.7%                |
| Rents & Leases                                      | (21,378)           | 399,688            | 399,956                      | 430,307                      | 30,351               | 7.6%                |
| Debt Service  | 683,136            | 603,764            | 1,468,851                    | 650,122                      | (818,729)            | (55.7)%             |
| Facilities & Equipment                              | 1,947              | 10,072             | 7,500                        | 7,500                        | —                    | —%                  |
| Allocated Charges                                   | 6,278,028          | 7,309,274          | 7,205,082                    | 6,930,177                    | (274,905)            | (3.8)%              |

# PUBLIC WORKS

## Budget Summary

|   | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|---|-------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| Operating Transfers-Out                             | 14,000            | 26,900            | 16,400                 | —                      | (16,400)          | (100.0)%         |
| Capital Improvement Program                         | 8,344,460         | 27,982,548        | 62,145,232             | 150,840,536            | 88,695,304        | 142.7%           |
| <b>Total Dollars by Category</b>                    | <b>34,292,431</b> | <b>56,807,000</b> | <b>95,079,892</b>      | <b>184,861,693</b>     | <b>89,781,801</b> | <b>94.4%</b>     |
| <b>Revenues</b>                                     |                   |                   |                        |                        |                   |                  |
| Charges to Other Funds                              | 64,841            | 68,228            | 68,057                 | 69,391                 | 1,334             | 2.0%             |
| From Other Agencies                                 | —                 | —                 | —                      | —                      | —                 | —%               |
| Net Sales   | 28,537,631        | 30,389,004        | 39,068,762             | 41,140,405             | 2,071,643         | 5.3%             |
| Other Revenue                                       | 1,380,429         | 821,311           | 48,847,005             | 120,025,155            | 71,178,150        | 145.7%           |
| Other Taxes and Fines                               | 1,000             | —                 | 4,000                  | 4,000                  | —                 | —%               |
| Return on Investments                               | 255,065           | 291,265           | 203,000                | 24,100                 | (178,900)         | (88.1)%          |
| <b>Total Revenues</b>                               | <b>30,238,966</b> | <b>31,569,808</b> | <b>88,190,824</b>      | <b>161,263,051</b>     | <b>73,072,227</b> | <b>82.9%</b>     |
| <b>Positions by Division</b>                        |                   |                   |                        |                        |                   |                  |
| Wastewater Treatment Administration                 | 0.59              | 0.59              | 0.59                   | 0.93                   | 0.34              | 57.6%            |
| Wastewater Treatment Environmental Compliance       | 13.34             | 13.34             | 13.34                  | 13.34                  | —                 | —%               |
| Wastewater Treatment Systems Improvement Operations | 56.16             | 56.64             | 59.88                  | 59.88                  | —                 | —%               |
| CIP Wastewater Treatment Fund                       | 1.30              | 1.30              | 1.30                   | 1.30                   | —                 | —%               |
| <b>Total Positions by Division</b>                  | <b>71.39</b>      | <b>71.87</b>      | <b>75.11</b>           | <b>75.45</b>           | <b>0.34</b>       | <b>0.5%</b>      |

# Staffing

| Job Classification                    | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|---------------------------------------|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Accountant                            | 0.35            | 0.35            | 0.35                   | 0.35                   | —                  | 40,258         |
| 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                   | —                  | 160,983        |
| Assistant Manager WQCP                | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 359,091        |
| Associate Engineer                    | 1.81            | 1.81            | 1.81                   | 1.81                   | —                  | 278,181        |
| Chemist                               | 2.00            | 2.00            | 3.00                   | 3.00                   | —                  | 382,886        |
| Deputy Chief/Fire Marshal             | 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                   | 0.24                   | —                  | 34,070         |
| Fire Marshal                          | —               | 0.04            | 0.04                   | —                      | (0.04)             | —              |
| Hazardous Materials Inspector         | 0.02            | 0.02            | 0.02                   | —                      | (0.02)             | —              |
| 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                   | 0.97                   | 0.40               | 119,835        |
| Manager Environmental Control Program | 1.30            | 1.54            | 1.54                   | 1.54                   | —                  | 280,550        |
| Manager Laboratory Services           | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 164,320        |
| Manager Water Quality Control Plant   | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 233,875        |
| Manager Watershed Protection          | 0.75            | 0.75            | 0.75                   | 0.75                   | —                  | 150,181        |
| 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        |
| Project Engineer                      | 1.00            | 1.00            | 2.00                   | 2.00                   | —                  | 372,570        |

# PUBLIC WORKS

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary      |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|---------------------|
| Project Manager                                 | 0.60            | 0.60            | 0.60                   | 0.60                   | —                  | 82,368              |
| Senior Accountant                               | 0.10            | 0.10            | 0.10                   | 0.10                   | —                  | 13,734              |
| Senior Buyer                                    | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 130,915             |
| Senior Chemist                                  | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 283,587             |
| Senior Engineer                                 | 3.00            | 3.00            | 3.00                   | 3.00                   | —                  | 631,842             |
| 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                   | —                  | 20,925              |
| 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                   | —                  | 190,029             |
| Storekeeper                                     | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 96,242              |
| Supervisor WQCP Operations                      | 3.00            | 3.00            | 3.00                   | 3.00                   | —                  | 454,126             |
| 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>69.45</b>    | <b>72.45</b>           | <b>72.79</b>           | <b>0.34</b>        | <b>\$10,136,607</b> |
| Temporary/Hourly                                | 2.42            | 2.42            | 2.66                   | 2.66                   | —                  | \$247,477           |
| <b>Total Positions</b>                          | <b>71.39</b>    | <b>71.87</b>    | <b>75.11</b>           | <b>75.45</b>           | <b>0.34</b>        | <b>\$10,384,084</b> |

# Budget Reconciliation

|   | Positions    | Expenditures      | Revenues          | Fund Balance<br>Cost/(Savings) |
|---|--------------|-------------------|-------------------|--------------------------------|
| <b>Prior Year Budget</b>                              | <b>75.11</b> | <b>95,079,892</b> | <b>88,190,824</b> | <b>6,889,067</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                       | -            | 1,224,145         | -                 | 1,224,145                      |
| Tributary Agency Partner Contribution                 | -            | -                 | 2,028,243         | (2,028,243)                    |
| Ending of 1999 and 1990 Revenue Bond Payments         | -            | (812,729)         | -                 | (812,729)                      |
| Joint System Revenue for Septic Tank Hauling          | -            | -                 | 43,400            | (43,400)                       |
| Transfer to Technology Fund (Citywide Technology CIP) | -            | (16,400)          | -                 | (16,400)                       |
| Landscape Services                                    | -            | (9,513)           | -                 | (9,513)                        |
| Industrial Waste Discharge Fee Allocated Charges      | -            | -                 | 1,334             | (1,334)                        |
| Laboratory Services                                   | -            | 6,000             | -                 | 6,000                          |
| Memberships and Permit Fees                           | -            | 11,625            | -                 | 11,625                         |
| Rents and Leases Expenditures                         | -            | 30,351            | -                 | 30,351                         |
| Maintenance Materials                                 | -            | 45,300            | -                 | 45,300                         |
| Return on Investments                                 | -            | -                 | (178,900)         | 178,900                        |
| Sludge Treatment                                      | -            | 866,185           | -                 | 866,185                        |
| Capital Improvement Program                           | -            | 88,692,943        | 71,178,150        | 17,514,793                     |
| General Fund Cost Allocation Plan                     | -            | (726,245)         | -                 | (726,245)                      |
| Communications Allocated Charges                      | -            | 62                | -                 | 62                             |
| Grounds Maintenance Allocated Charges                 | -            | 13,807            | -                 | 13,807                         |
| Information Technology Allocated Charges              | -            | 46,727            | -                 | 46,727                         |
| Liability Insurance Allocated Charges                 | -            | 149,895           | -                 | 149,895                        |
| Printing & Mailing Services Allocated Charges         | -            | 32,300            | -                 | 32,300                         |
| Public Works Administration Allocated Charges         | -            | 14,741            | -                 | 14,741                         |
| Stormwater Management Allocated Charges               | -            | 1,184             | -                 | 1,184                          |

## PUBLIC WORKS

# Budget Reconciliation

|   | Positions    | Expenditures       | Revenues           | Fund Balance Cost/(Savings) |
|---|--------------|--------------------|--------------------|-----------------------------|
| Utilities Allocated Charges   | -            | 168,499            | -                  | 168,499                     |
| Vehicle Replacement & Maintenance Allocated Charges                                     | -            | 20,486             | -                  | 20,486                      |
| Workers' Compensation Allocated Charges   | -            | (33,318)           | -                  | (33,318)                    |
| <b>Adjustments to Costs of Ongoing Activities</b>                                       | <b>-</b>     | <b>89,726,046</b>  | <b>73,072,227</b>  | <b>16,653,819</b>           |
| <b>Total FY 2025 Base Budget</b>  | <b>75.11</b> | <b>184,805,938</b> | <b>161,263,052</b> | <b>23,542,886</b>           |
| <b>Budget Adjustments</b>   |              |                    |                    |                             |
| 1. Reallocate Fire Prevention from Planning and Development Services to Fire Department | (0.06)       | (20,864)           | -                  | (20,864)                    |
| 2. Public Works Department Analytic Staffing  | 0.40         | 76,618             | -                  | 76,618                      |
| <b>Total Budget Adjustments</b>   | <b>0.34</b>  | <b>55,755</b>      | <b>-</b>           | <b>55,755</b>               |
| <b>Total FY 2025 Adopted Budget</b>   | <b>75.45</b> | <b>184,861,693</b> | <b>161,263,052</b> | <b>23,598,641</b>           |

# Budget Adjustments

| Budget Adjustments  | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|---|-----------|--------------|----------|-----------------------------|
| 1. Reallocate Fire Prevention from Planning and Development Services to Fire Department | (0.06)    | (20,864)     | -        | (20,864)                    |

This action follows the recommendation of a fire prevention organizational study to reallocate the majority of the Fire Prevention program from Development Services to the Fire Department. Since the last fee study, the program has evolved, and the current structure no longer aligns with the original allocation intent and plan. This action will support the Fire Department in addressing their performance improvement plan with Santa Clara County and expand fire community risk reduction efforts. Specifically, this action involves shifting 7.38 FTE positions from Planning and Development Services and 0.25 FTE positions from Public Works and Utilities Enterprise Funds, along with associated expenses and revenue, to the Fire Department. (Ongoing savings: \$21,382)

**Performance Results**

This action enhances efficiency in addressing fire reduction efforts, while ensuring compliance with Santa Clara County standards.

|  |      |        |   |        |
|--|------|--------|---|--------|
| 2. Public Works Department Analytic Staffing | 0.40 | 76,618 | - | 76,618 |
|--|------|--------|---|--------|

This action adds 1.00 FTE Management Analyst position (0.10 in each of the General, Airport, Capital, and Refuse Funds; 0.4 in the Wastewater Treatment Fund; and 0.2 in the Vehicle Fund). Assisting the Public Works Department’s Director and Senior Management Analyst, the Management Analyst will perform grant/loan management/oversight; Vehicle Fund budgetary restructuring; financial management of Wastewater Treatment Fund capital projects; tracking and financial management of fleet electrification and other S/CAP costs; and Management Analyst Team coverage and training. (Ongoing cost: \$81,732)

**Performance Results**

The additional position will provide the Public Works Department with the appropriate capacity to manage the expanding volume of grants and loans, and the increasing complexity of cross-departmental cost tracking and enterprise/internal service funds budgetary and financial management.

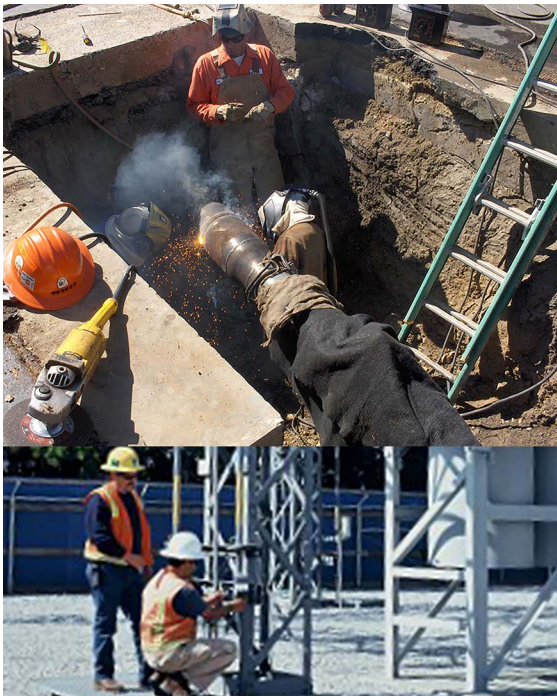


CITY OF  
**PALO  
ALTO**



# 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.

# 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
- 1.00 Cement Finisher
- 3.00 Electrician Assistant I
- 1.00 Electrician-Lead
- 1.00 Electric Equipment Technician
- 1.00 Electric Heavy Equipment Operator
- 10.00 Electric Project Engineer
- 2.00 Electric Underground Inspectors
- 1.00 Electric Underground Inspector-Lead
- 1.00 Engineering Manager-Electric
- 2.00 Engineer Technician III
- 1.00 Heavy Equipment Operator / Installer  
Repairer
- 1.00 Utilities Installer / Repairer
- 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
- 3.00 Meter Reader
- 1.00 Coordinator Utilities Projects

### RESOURCE MANAGEMENT

- 1.00 Assistant Director, Resource  
Management
- 1.00 Administrative Associate II
- 2.00 Associate Sustainability Program  
Administrator
- 1.00 Business Analyst
- 3.00 Key Account Representative
- 2.00 Manager Utilities Program Services
- 5.00 Sustainability Program  
Administrator
- 6.00 Resource Planner
- 6.00 Senior Resource Planner

### FY 2025 POSITION TOTALS

267.00 - Full-time  
12.18 - Hourly

### 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
- 5.00 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
- 5.00 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 Utilities Engineer Estimator
- 14.00 Utilities Installer/Repairer
- 1.00 Utilities Installer/Repairer Assistant
- 6.00 Utilities Install/Rep-Lead
- 3.00 Utilities Install/Rep-Welding
- 3.00 Utilities Install/Rep-Welding-Lead
- 6.00 Utilities Supervisor
- 5.00 WGW Heavy Equipment Operator
- 5.00 WGW Utilities Field Inspector

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 \$350 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

- Established pilot area boundaries for Grid Modernization (Grid Mod) and Fiber-to-the-Premise (FTTP) projects. The pilot will determine the most efficient, least disruptive and most cost-effective way to implement residential electrification and provide fiber-speed internet services in residential neighborhoods. The pilot will serve approximately 1,200 residences. Once the pilot is completed the Grid Mod and FTTP projects will be expanded to approximately 5,000 additional residences.
- Execution of a public/private partnership with Tesla to expedite construction upgrade of Hanover Substation to increase electrical capacity to support new electrical load.
- Awarded \$16.5 million federal grant for Natural Gas Distribution Infrastructure Safety and Modernization to replace existing polyvinyl chloride (PVC) material distribution mains and services (gas main replacement projects).
- Succession planning and concerted efforts are underway to recruit, train, and retain line-workers, system operators, engineers, inspectors to maintain system and respond to outages effectively. Staff have also contracted with third-party contractors to supplement staff to undertake emergency response, maintenance, and capital improvement projects.
- Installed approximately 38,000 or 40% of advanced or smart electric, gas, and water meters as part of the Advanced Metering Infrastructure (AMI) project. The AMI meters will empower customers to more efficiently utilize energy and water, better enable customer adoption of distributed energy resources (DER) such as solar photovoltaics, energy storage, and electric vehicles, and enable the timely detection of water leaks. AMI will also enable Utilities to optimize operations and improve reliability by reducing restoration time for outages.
- New outage management system has substantially improved Utilities' ability to notify customers and mobilize resources in response to electric outages and emergencies.
- Approval of the Reliability and Resiliency Strategic Plan for the Electric Distribution Utility. The plan addresses the need for a modernized electric system with enhanced reliability to support an electrified community and a desire among community members for ways to maintain some level of electric supply during outages, particularly with an electrified home.
- 430 residents have installed or signed contracts to install a heat pump water heater. Nine multi-family (MF) properties representing 415 housing units (about 4% of all multi-family units in Palo Alto) have installed EV chargers facilitated through the City's EV programs.

## Initiatives

- Complete construction of the Grid Mod and FTTP pilot to enable residential electrification and offer Palo Alto Fiber internet service to the 1,200 residences.
- Complete the development of the One Water Plan for Palo Alto to evaluate alternative water supplies, define existing and future uncertainties and supply risks, and identify community needs and priorities and serve as a long-term guide to better prepare for future uncertainties like multi-year drought.
- Add resources in the Development Service Center and continue collaboration with other City departments on efforts to streamline the permitting process related to rooftop solar, energy storage, building electrification, and electric vehicle charging infrastructure.
- Complete the 2023/2024 Sanitary Sewer Management Plan to comply with new state regulations applicable to the management of the City's sewer system.
- Complete deployment of the remaining 43,000 AMI electric, gas and water meters. Enable customers to view their daily interval utility consumption on the Utilities customer account services portal MyCPAU and subscribe to water leak alerts.
- Complete testing to comply with updated state and federal Lead and Copper Rule regulations requiring all water service lines be verified prior to October 2024.
- Commence a natural gas study to evaluate the preferred approach for downsizing the gas system and identifying potential locations to conduct as a proof of concept.
- Issue debt financing and continue to explore grant opportunities to fund phase 1 of the Grid Mod project.
- Continue working with the Utilities Advisory Commission (UAC), City Council, City departments, and community to implement and adopt initiatives and programs on the Sustainability and Climate Action Plan (S/CAP) and Utilities Reliability and Resiliency Strategic Plan.

# 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 2022 Actuals</b>   | <b>FY 2023 Actuals</b> | <b>FY 2024 Adopted Budget</b> | <b>FY 2024 Estimated</b> | <b>FY 2025 Adopted Budget</b> |
| Palo Alto's average residential monthly utility bill above/below the median of neighboring cities | (20)%  | (12)%                  | (10)%                         | (12)%                    | (12)%                         |
| 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 median utility bill for Palo Alto at the end of calendar year 2023 was lower compared to nearby communities (Menlo Park \$421, Redwood City \$388, Mountain View \$346, Hayward \$327, Santa Clara \$248). Palo Alto's monthly average residential utility bill was \$304, and for all the communities combined the average was \$346. Electric rates were significantly lower than PG&E though higher than Santa Clara. Natural gas rates were slightly higher than PG&E due to the price spike in the winter of 2022/23. 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent rating services (electric, gas, wastewater, and water) "Good" or Excellent" | 85%   | 79%             | 85%                    | 79%               | 79%                    |
| 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  | The most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <a href="https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey">https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey</a> . |                 |                        |                   |                        |

## Workload Measures

|   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|---|-----------------|-----------------|------------------------|-------------------|------------------------|
| Total cost of Capital Improvement Program annually (Millions) | \$27.20         | \$35.00         | \$123.60               | \$99.00           | \$68.00                |

# UTILITIES

## Budget Summary

|                                | FY 2022 Actuals      | FY 2023 Actuals      | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$   | FY 2025 Change % |
|--------------------------------|----------------------|----------------------|------------------------|------------------------|---------------------|------------------|
| <b>Dollars by Fund</b>         |                      |                      |                        |                        |                     |                  |
| Electric Fund                  | 191,981,933          | 206,174,744          | 267,028,976            | 281,206,576            | 14,177,600          | 5.3%             |
| Fiber Optics Fund              | 3,695,645            | 3,147,057            | 29,148,398             | 31,689,607             | 2,541,209           | 8.7%             |
| Gas Fund                       | 54,491,097           | 72,639,470           | 76,100,312             | 74,585,345             | (1,514,967)         | (2.0)%           |
| Wastewater Collection Fund     | 19,163,957           | 24,819,213           | 25,375,497             | 25,108,669             | (266,828)           | (1.1)%           |
| Water Fund                     | 47,864,059           | 50,760,603           | 76,757,131             | 63,818,946             | (12,938,184)        | (16.9)%          |
| <b>Total Dollars by Fund</b>   | <b>\$317,196,690</b> | <b>\$357,541,086</b> | <b>\$474,410,315</b>   | <b>\$476,409,144</b>   | <b>\$1,998,829</b>  | <b>0.4%</b>      |
| <b>Revenues</b>                |                      |                      |                        |                        |                     |                  |
| Charges for Services           | 363,196              | 478,018              | 260,000                | 260,000                | —                   | —%               |
| Charges to Other Funds         | 388,740              | 357,665              | 337,970                | 337,970                | —                   | —%               |
| From Other Agencies            | 1,588,358            | 561,362              | 576,632                | 576,632                | —                   | —%               |
| Net Sales                      | 269,707,701          | 333,653,237          | 345,541,823            | 359,968,805            | 14,426,982          | 4.2%             |
| Operating Transfers-In         | 2,613,966            | 4,836,286            | 2,635,966              | 2,466,125              | (169,841)           | (6.4)%           |
| Other Revenue                  | 11,722,006           | 33,734,695           | 35,740,500             | 50,819,000             | 15,078,500          | 42.9%            |
| Return on Investments          | 3,496,674            | 3,858,370            | 4,694,000              | 5,785,500              | 1,091,500           | 23.3%            |
| <b>Total Revenues</b>          | <b>\$289,880,641</b> | <b>\$377,479,633</b> | <b>\$389,786,891</b>   | <b>\$420,214,032</b>   | <b>\$30,427,141</b> | <b>7.8%</b>      |
| <b>Positions by Fund</b>       |                      |                      |                        |                        |                     |                  |
| Electric Fund                  | 113.58               | 121.42               | 121.61                 | 128.65                 | 7.04                | 5.8%             |
| Fiber Optics Fund              | 6.90                 | 6.55                 | 10.55                  | 10.55                  | —                   | —%               |
| Gas Fund                       | 53.57                | 55.35                | 54.86                  | 56.10                  | 1.24                | 2.3%             |
| Utilities Administration Fund  | 19.46                | 20.46                | 22.29                  | 22.15                  | (0.14)              | (0.6)%           |
| Wastewater Collection Fund     | 27.50                | 28.67                | 28.76                  | 28.71                  | (0.05)              | (0.2)%           |
| Water Fund                     | 46.83                | 47.65                | 47.59                  | 49.10                  | 1.51                | 3.2%             |
| <b>Total Positions by Fund</b> | <b>267.84</b>        | <b>280.10</b>        | <b>285.66</b>          | <b>295.26</b>          | <b>9.60</b>         | <b>3.4%</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

- 430 residents have installed or signed contracts to install a heat pump water heater (228 through the full-service Heat Pump Water Heater Pilot Program, 44 residents on their own, receiving a rebate from the City).
- As of June 2024, twelve multifamily properties representing 453 residential units (representing 4% of all multifamily units in Palo Alto) have installed a total of 82 charging ports facilitated through the City's EV programs, with another 15 multifamily projects in the pipeline representing an additional 1,021 multifamily units and 372 charging ports.
- Installed over 13,000 electric Advanced Metering Infrastructure (AMI) total meters as part of the AMI project.
- Overhead to Underground conversion project for wildfire mitigation efforts in the Foothills. This project is to reduce fire risks related to utility infrastructure and support reliability and resiliency. Phase 1 and 2 are completed, Phase 3 of this project is at approximately 70% completion.
- Electric operations launched a fault indicator program to improve reliability and reduce service interruptions. Utilizing fault detection devices and equipment will be a key component for grid modernization. The addition of fault indicators will enhance our grid in reducing outage times and provides engineering with circuit analysis.
- Due to the increased emphasis on the proactive infrastructure replacement program(s) and grid modernization, replacing infrastructure before failure is key to supporting reliability and resiliency. 65 electric utility poles were replaced in FY 2023 and 46 were completed in the FY 2024 cycle.

## UTILITIES

- Completed the 2023 Integrated Resource Plan to ensure Palo Alto will have sufficient resources to reliably meet forecasted customer electrical energy and capacity needs in the most cost-effective way while satisfying environmental and other public policy objectives.
- Council approved extending the current 2009 Long-Term Layoff Agreement for the City's California-Oregon Transmission Project rights for ten years until February 1, 2034. The agreement represents approximately \$13 million in savings for Palo Alto.
- Completed the electric cost of service analysis.
- Added a new long-term contract for a geothermal electricity resource to help diversify the supply portfolio and acquire additional local capacity and round-the-clock renewable electricity.
- Sold 160,000 MWh of PCC1 (in-state) renewable energy credits, swapping them for less expensive PCC3 (out-of-state) renewable energy credits, yielding over \$3 million in net revenue to be applied to local decarbonization programs.

## Initiatives

- Continue pursuing federal and state grant opportunities for electric grid modernization, electric vehicle chargers, sustainability and climate initiatives, and electrification programs.
- Develop and implement an electric grid modernization plan to increase system capacity and resiliency and allow community-wide electrification, including a phased roll out plan over the next several years.
- 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 rates compatible with 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.
- Design and identify pilot area for whole residential home electrification and gas decommissioning.
- Enhance and promote the Advanced Heat Pump Water Heater Pilot Program with the goal of reaching at minimum 10 installations per week on average by the end of 2024 (500 per year), and ideally 20 per week (1,000 per year).
- 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 undergrounding the new 12kV Electric and Fiber Optic distribution system in the foothills. This multi-year project will be conducted in one to two miles sections and is scheduled to be completed in FY 2025.
- Rebalance the electric portfolio including reaching a decision regarding the City's Western Resource.
- Conduct a preliminary analysis of the cost of 24x7 carbon-free electricity.
- Add additional carbon-free electric resources to the supply portfolio.

# 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.
- Accelerate network component upgrade (wire, cable, transformers, and substation equipment) to support new electrification load through the Grid Modernization (GMOD) effort.
- 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.
- Implement activities from the Reliability and Resiliency Strategic Plan to maintain and enhance community reliability, resiliency, grid capacity, and grid modernization

## 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.
- Facilitate the acceleration of Electric Vehicle (EV) adoption by both Palo Alto-based and inbound vehicles by providing EV education and outreach, incentives for electric infrastructure upgrades and more charging infrastructure.
- Expand effort to lower greenhouse gas emissions by promoting electrification of buildings in Palo Alto.

# UTILITIES

## 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of retail electric sales volume provided by renewable supply resources under long-term PPAs | 39%  | 39%             | 39%                    | 41%               | 44%                    |
| 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Cumulative installed capacity of photovoltaic (PV) systems measured in megawatts (MW) | 16   | 19              | 16                     | 20                | 21                     |
| 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).   |                 |                        |                   |                        |
| 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. |                 |                        |                   |                        |

## Key Performance Measures

|        |   |
|--------|---|
| Status | In FY 2023, a total of 171 residential PV systems and 5 nonresidential PV systems were installed, bringing the cumulative total to 1,342 residential PV installations and 106 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.   |                 |                        |                   |                        |
|   | FY 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Average duration of customer outages in minutes as reported using industry guidelines | 80  | 115             | 100                    | 120               | 120                    |
| 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  | There were a total of 64 outages experienced in FY 2023, of which 51 outages were weather-related and 13 were equipment failures. As of June 2024, there were 62 outages; of that 32 were weather-related. It is anticipated that the equipment-related outages will decline over time as aged infrastructure are replaced. |                 |                        |                   |                        |

## Workload Measures

|   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|---|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of Customer Accounts (Electric)  | 29,863          | 30,002          | 30,112                 | 30,138            | 30,138                 |
| Number of momentary outages*  | 1               | 0               | 0                      | 1                 | 0                      |
| Percent of residents surveyed who rate the quality of the Electric Utility as "Good" or "Excellent" | 80%             | 74%             | 90%                    | 74%               | 74%                    |
| Total Number of Outages   | 22              | 64              | 25                     | 65                | 40                     |

\*The most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey>.

# UTILITIES

## Budget Summary

|                                     | FY 2022 Actuals    | FY 2023 Actuals    | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|-------------------------------------|--------------------|--------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>          |                    |                    |                        |                        |                   |                  |
| Electric Administration             | 28,896,481         | 30,088,496         | 31,664,859             | 32,596,098             | 931,239           | 2.9%             |
| Electric Customer Service           | 3,100,363          | 3,302,458          | 3,732,402              | 4,086,729              | 354,328           | 9.5%             |
| Electric Demand Side Management     | 2,912,497          | 2,132,738          | 8,556,760              | 8,794,284              | 237,524           | 2.8%             |
| Electric Engineering (Operating)    | 1,811,140          | 2,332,715          | 3,485,905              | 3,574,334              | 88,429            | 2.5%             |
| Electric Operations and Maintenance | 18,246,976         | 20,985,945         | 25,216,701             | 27,152,053             | 1,935,352         | 7.7%             |
| Electric Resource Management        | 124,766,102        | 133,210,196        | 134,520,410            | 129,190,561            | (5,329,849)       | (4.0)%           |
| CIP Electric Fund                   | 12,248,376         | 14,654,304         | 59,851,940             | 75,812,516             | 15,960,576        | 26.7%            |
| <b>Total Dollars by Division</b>    | <b>191,981,933</b> | <b>206,706,852</b> | <b>267,028,976</b>     | <b>281,206,576</b>     | <b>14,177,600</b> | <b>5.3%</b>      |
| <b>Dollars by Category</b>          |                    |                    |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>        |                    |                    |                        |                        |                   |                  |
| Healthcare                          | 2,004,430          | 2,058,002          | 3,070,686              | 3,330,034              | 259,348           | 8.4%             |
| Other Benefits                      | 438,739            | 479,069            | 525,514                | 490,178                | (35,336)          | (6.7)%           |
| Overtime                            | 905,430            | 1,417,928          | 614,247                | 620,519                | 6,272             | 1.0%             |
| Pension                             | 5,594,069          | 6,290,651          | 7,852,895              | 8,434,227              | 581,332           | 7.4%             |
| Retiree Medical                     | 1,558,060          | 1,417,552          | 1,481,709              | 1,792,915              | 311,205           | 21.0%            |
| Salary                              | 12,547,699         | 12,914,702         | 19,681,614             | 21,638,314             | 1,956,701         | 9.9%             |
| Workers' Compensation               | 545,061            | 648,790            | 513,575                | 520,246                | 6,671             | 1.3%             |
| <b>Total Salary and Benefits</b>    | <b>23,593,488</b>  | <b>25,226,692</b>  | <b>33,740,240</b>      | <b>36,826,434</b>      | <b>3,086,194</b>  | <b>9.1%</b>      |
| Utility Purchase                    | 112,702,487        | 120,009,341        | 118,314,626            | 116,602,625            | (1,712,000)       | (1.4)%           |
| Contract Services                   | 6,788,774          | 8,034,155          | 12,982,177             | 12,470,734             | (511,443)         | (3.9)%           |
| Supplies & Material                 | 873,478            | 884,419            | 1,091,907              | 1,206,908              | 115,001           | 10.5%            |
| General Expense                     | 1,874,136          | 1,455,626          | 5,682,557              | 6,320,587              | 638,030           | 11.2%            |
| Rents & Leases                      | 6,164,291          | 6,710,361          | 6,977,836              | 7,150,536              | 172,700           | 2.5%             |

## Budget Summary

|  | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|--|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| Debt Service                           | 7,968,787          | 8,502,755          | 8,379,300                    | 4,874,300                    | (3,505,000)          | (41.8)%             |
| Facilities & Equipment                 | —                  | 12,149             | 16,000                       | 28,500                       | 12,500               | 78.1%               |
| Allocated Charges                      | 7,577,812          | 7,853,128          | 12,050,208                   | 12,791,609                   | 741,401              | 6.2%                |
| Transfer to Infrastructure             | 247,197            | 1,197,948          | 280,000                      | 500,000                      | 220,000              | 78.6%               |
| Operating Transfers-Out                | 87,516             | 219,931            | —                            | —                            | —                    | —%                  |
| Equity Transfer                        | 14,138,000         | 14,534,000         | 15,119,000                   | 15,121,000                   | 2,000                | —%                  |
| Capital Improvement Program            | 9,965,968          | 12,066,347         | 52,395,126                   | 67,313,343                   | 14,918,217           | 28.5%               |
| <b>Total Dollars by Category</b>       | <b>191,981,933</b> | <b>206,706,852</b> | <b>267,028,976</b>           | <b>281,206,576</b>           | <b>14,177,600</b>    | <b>5.3%</b>         |
| <b>Revenues</b>                        |                    |                    |                              |                              |                      |                     |
| Charges for Services                   | 359,715            | 494,865            | 220,000                      | 220,000                      | —                    | —%                  |
| Charges to Other Funds                 | 125,395            | 127,123            | 125,395                      | 125,395                      | —                    | —%                  |
| From Other Agencies                    | 486,876            | 86,502             | —                            | —                            | —                    | —%                  |
| Net Sales                              | 154,544,303        | 191,269,486        | 202,301,744                  | 206,780,287                  | 4,478,543            | 2.2%                |
| Operating Transfers-In                 | 2,291,326          | 3,119,216          | 2,293,766                    | 2,113,525                    | (180,241)            | (7.9)%              |
| Other Revenue                          | 8,358,736          | 32,619,670         | 33,920,805                   | 48,920,805                   | 15,000,000           | 44.2%               |
| Return on Investments                  | 1,597,819          | 1,553,178          | 2,102,200                    | 2,941,400                    | 839,200              | 39.9%               |
| <b>Total Revenues</b>                  | <b>167,764,171</b> | <b>229,270,040</b> | <b>240,963,910</b>           | <b>261,101,412</b>           | <b>20,137,502</b>    | <b>8.4%</b>         |
| <b>Positions by Division</b>           |                    |                    |                              |                              |                      |                     |
| Electric Customer Service              | 11.90              | 13.51              | 13.52                        | 13.56                        | 0.04                 | —%                  |
| Electric Demand Side<br>Management     | 5.64               | 7.54               | 7.94                         | 8.94                         | 1.00                 | 12.6%               |
| Electric Engineering<br>(Operating)    | 6.67               | 8.92               | 8.92                         | 8.92                         | —                    | —%                  |
| Electric Operations and<br>Maintenance | 54.59              | 55.67              | 55.67                        | 58.67                        | 3.00                 | 5.4%                |
| Electric Resource<br>Management        | 9.17               | 10.36              | 10.14                        | 10.14                        | —                    | —%                  |
| CIP Electric Fund                      | 25.61              | 25.42              | 25.42                        | 28.42                        | 3.00                 | 11.8%               |
| <b>Total Positions by Division</b>     | <b>113.58</b>      | <b>121.42</b>      | <b>121.61</b>                | <b>128.65</b>                | <b>7.04</b>          | <b>5.8%</b>         |

# UTILITIES

## Staffing

| Job Classification                                     | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 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                   | —                  | 48,801         |
| Assistant Director Sustainability and Climate Action   | —               | —               | 0.60                   | 0.60                   | —                  | 140,088        |
| Assistant Director Utilities Customer Support Services | 0.40            | 0.40            | 0.40                   | 0.40                   | —                  | 106,396        |
| Assistant Director Utilities Engineering               | 0.40            | 0.40            | 0.40                   | 0.40                   | —                  | 104,308        |
| Assistant Director Utilities Operations                | 0.60            | 0.60            | 0.60                   | 0.60                   | —                  | 169,316        |
| Assistant Director Utilities/Resource Management       | 0.55            | 0.55            | 0.55                   | 0.55                   | —                  | 140,689        |
| Associate Sustainability Program Administrator         | —               | 0.80            | 0.85                   | 1.85                   | 1.00               | 222,813        |
| Business Analyst                                       | 2.10            | 2.10            | 2.10                   | 2.10                   | —                  | 370,668        |
| Cement Finisher  | —               | —               | —                      | 1.00                   | 1.00               | 107,141        |
| Contracts Administrator                                | 0.10            | 0.10            | 0.10                   | 0.10                   | —                  | 14,531         |
| Coordinator Utilities Projects                         | 1.55            | 3.55            | 3.55                   | 3.82                   | 0.27               | 504,069        |
| 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            | 1.00            | 1.00                   | 1.00                   | —                  | 133,536        |
| Electric Project Engineer                              | 3.65            | 6.75            | 6.75                   | 8.75                   | 2.00               | 1,715,168      |
| Electric Underground Inspector                         | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 281,341        |



# Staffing

| Job Classification                        | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Electric Underground Inspector-Lead       | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 150,426        |
| 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        |
| Electrician-Lead                          | —               | —               | —                      | 1.00                   | 1.00               | 145,912        |
| Engineer                                  | —               | —               | 1.00                   | 1.00                   | —                  | 173,118        |
| Engineering Manager - Electric            | 0.55            | 0.55            | 0.55                   | 0.55                   | —                  | 135,884        |
| Engineering Technician III                | 1.40            | 1.40            | 1.40                   | 1.40                   | —                  | 162,431        |
| Environmental Specialist                  | —               | 0.17            | 0.17                   | 0.17                   | —                  | 24,133         |
| Heavy Equipment Operator - Install/Repair | —               | —               | —                      | 1.00                   | 1.00               | 105,997        |
| 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                   | —                  | 69,100         |
| Manager Electric Operations               | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 256,402        |
| Manager Environmental Control Program     | —               | 0.17            | 0.17                   | 0.17                   | —                  | 32,319         |
| Manager Treasury, Debt & Investments      | 0.30            | 0.30            | 0.30                   | 0.30                   | —                  | 55,268         |
| Manager Utilities Compliance              | 0.15            | 0.15            | 0.15                   | 0.15                   | —                  | 30,510         |
| Manager Utilities Credit & Collection     | 0.15            | 0.15            | 0.15                   | 0.15                   | —                  | 27,961         |
| Manager Utilities Program Services        | 0.40            | 1.40            | 1.50                   | 1.50                   | —                  | 273,250        |
| Meter Reader                              | 1.99            | 1.99            | 1.65                   | 1.65                   | —                  | 148,914        |
| Meter Reader-Lead                         | 0.33            | 0.33            | 0.33                   | 0.33                   | —                  | 31,870         |
| Metering Technician                       | 3.00            | 2.00            | 2.00                   | 2.00                   | —                  | 335,254        |

# UTILITIES

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Metering Technician-Lead                        | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 179,400        |
| Offset Equipment Operator                       | 0.48            | 0.48            | 0.48                   | 0.98                   | 0.50               | 78,254         |
| Overhead Underground Troublemaker               | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 406,432        |
| Power Engineer                                  | 1.00            | —               | —                      | —                      | —                  | —              |
| Principal Business Analyst                      | 0.34            | 0.34            | 0.34                   | 0.34                   | —                  | 67,976         |
| Principal Utilities Program Manager             | —               | 0.60            | —                      | —                      | —                  | —              |
| Program Assistant II                            | 0.50            | —               | —                      | —                      | —                  | —              |
| Project Manager                                 | 0.75            | 0.75            | 0.75                   | 0.75                   | —                  | 90,792         |
| Resource Planner                                | 2.80            | 2.80            | 2.90                   | 2.90                   | —                  | 490,884        |
| SCADA Technologist                              | 1.01            | —               | —                      | —                      | —                  | —              |
| Senior Business Analyst                         | 1.02            | 1.02            | 1.02                   | 1.02                   | —                  | 177,663        |
| Senior Electrical Engineer                      | 4.95            | 4.95            | 4.95                   | 4.95                   | —                  | 1,076,781      |
| Senior Engineer                                 | —               | 1.00            | —                      | —                      | —                  | —              |
| Senior Management Analyst                       | 0.10            | 0.10            | 0.10                   | 0.10                   | —                  | 14,319         |
| Senior Resource Planner                         | 3.45            | 3.95            | 3.80                   | 3.80                   | —                  | 835,093        |
| 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            | 1.25            | 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        |
| Sustainability Programs Administrator           | 2.95            | 3.80            | 3.70                   | 3.70                   | —                  | 483,078        |
| Tree Maintenance Person                         | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 105,123        |

# Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 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 Install/Repair                        | —               | —               | —                      | 1.00                   | 1.00               | 124,987             |
| Utilities Key Account Representative            | 1.35            | 1.35            | 2.05                   | 2.05                   | —                  | 276,947             |
| Utilities Locator                               | 1.95            | 1.95            | 1.95                   | 1.95                   | —                  | 240,886             |
| Utilities Safety Officer                        | 0.55            | 0.55            | 0.55                   | 0.55                   | —                  | 85,262              |
| Utilities Supervisor                            | 6.50            | 6.50            | 6.50                   | 6.50                   | —                  | 1,408,191           |
| Utilities System Analyst                        | —               | 1.01            | 1.01                   | 1.01                   | —                  | 178,274             |
| Utilities System Operator                       | 5.00            | 6.00            | 5.00                   | 5.00                   | —                  | 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>110.15</b>   | <b>117.84</b>   | <b>118.20</b>          | <b>125.97</b>          | <b>7.77</b>        | <b>\$21,520,829</b> |
| Temporary/Hourly                                | 3.43            | 3.58            | 3.41                   | 2.68                   | (0.73)             | \$297,628           |
| <b>Total Positions</b>                          | <b>113.58</b>   | <b>121.42</b>   | <b>121.61</b>          | <b>128.65</b>          | <b>7.04</b>        | <b>\$21,818,457</b> |

# UTILITIES

## Budget Reconciliation

|   | Positions     | Expenditures       | Revenues           | Fund Balance Cost/(Savings) |
|---|---------------|--------------------|--------------------|-----------------------------|
| <b>Prior Year Budget</b>  | <b>121.61</b> | <b>267,028,976</b> | <b>240,963,910</b> | <b>26,065,066</b>           |
| <b>One-time Prior Year Budget Adjustments</b>   |               |                    |                    |                             |
| Transfer to Capital Improvement Fund (PF-23000 Electric Charger Infrastructure Installation)  | -             | (280,000)          | -                  | (280,000)                   |
| <b>One-time Prior Year Budget Adjustments</b>   | <b>-</b>      | <b>(280,000)</b>   | <b>-</b>           | <b>(280,000)</b>            |
| <b>Adjustments to Costs of Ongoing Activities</b>   |               |                    |                    |                             |
| Salary and Benefits Adjustments   | -             | 1,828,534          | -                  | 1,828,534                   |
| Debt Service Adjustment   | -             | (3,505,000)        | -                  | (3,505,000)                 |
| Utility Purchases   | -             | (1,712,000)        | -                  | (1,712,000)                 |
| Return on Investments   | -             | -                  | 839,200            | (839,200)                   |
| Resource Management Contract Adjustment   | -             | (142,160)          | -                  | (142,160)                   |
| Cooperatively Owned Back-up Generator Maintenance Adjustment  | -             | (141,376)          | -                  | (141,376)                   |
| Low Carbon Fuel Standards (LCFS) Program Adjustment   | -             | (91,039)           | -                  | (91,039)                    |
| AMI Metering Subscription Adjustment  | -             | 1,846              | -                  | 1,846                       |
| Equity Transfer to the General Fund   | -             | 2,000              | -                  | 2,000                       |
| Bill Print Equipment Contract   | -             | 50,180             | -                  | 50,180                      |
| Contract Services (Tree Clearing)   | -             | 89,106             | -                  | 89,106                      |
| Bankcard Service Charge Adjustment  | -             | 130,030            | -                  | 130,030                     |
| Rents & Leases Expenditure Alignment  | -             | 172,700            | -                  | 172,700                     |
| Streetlight and Traffic Signal Transfer Adjustment  | -             | -                  | (180,241)          | 180,241                     |
| Supplies and Materials Alignment for Grid Modernization   | -             | 365,000            | -                  | 365,000                     |
| Transfer to Capital Improvement Fund (PF-01003 Building Systems Improvements Infrastructure Installation & PE-26001 Electric Operations Office Remodel) | -             | 500,000            | -                  | 500,000                     |
| Capital Improvement Program   | -             | 14,899,460         | 15,000,000         | (100,540)                   |
| General Fund Cost Allocation Plan   | -             | (35,164)           | -                  | (35,164)                    |
| Electric Customer Sales Revenue   | -             | -                  | 4,478,543          | (4,478,543)                 |
| Landscape Maintenance Allocated Charges   | -             | 24,848             | -                  | 24,848                      |

# Budget Reconciliation

|   | Positions     | Expenditures       | Revenues           | Fund Balance Cost/(Savings) |
|---|---------------|--------------------|--------------------|-----------------------------|
| Liability Insurance Allocated Charges               | -             | 87,753             | -                  | 87,753                      |
| Printing & Mailing Allocated Charges                | -             | 9,400              | -                  | 9,400                       |
| Utilities Administration Allocated Charges          | -             | 582,690            | -                  | 582,690                     |
| Vehicle Replacement & Maintenance Allocated Charges | -             | 90,631             | -                  | 90,631                      |
| Workers' Compensation Allocated Charges             | -             | 6,671              | -                  | 6,671                       |
| <b>Adjustments to Costs of Ongoing Activities</b>   | -             | <b>13,214,110</b>  | <b>20,137,502</b>  | <b>(6,923,392)</b>          |
| <b>Total FY 2025 Base Budget</b>                    | <b>121.61</b> | <b>279,963,086</b> | <b>261,101,412</b> | <b>18,861,674</b>           |
| <b>Budget Proposals</b>                             |               |                    |                    |                             |
| 1. Printing and Mailing Staffing Augmentation       | 0.02          | 24,355             | -                  | 24,355                      |
| 2. Utilities Customer Service Support Staffing      | 0.02          | 26,177             | -                  | 26,177                      |
| 3. S/CAP Programs Administrator                     | 1.00          | 148,819            | -                  | 148,819                     |
| 4. Electric Engineering Staffing                    | 1.00          | 174,267            | -                  | 174,267                     |
| 5. Grid Modernization Staffing                      | 5.00          | 869,872            | -                  | 869,872                     |
| <b>Budget Changes</b>                               | <b>7.04</b>   | <b>1,243,490</b>   | <b>-</b>           | <b>1,243,490</b>            |
| <b>Total FY 2025 Adopted Budget</b>                 | <b>128.65</b> | <b>281,206,576</b> | <b>261,101,412</b> | <b>20,105,164</b>           |

# Budget Adjustments

| Budget Adjustments                            | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|---|-----------|--------------|----------|-----------------------------|
| 1. Printing and Mailing Staffing Augmentation | 0.02      | 24,355       | -        | 24,355                      |

This action adds 1.00 FTE Offset Equipment Operator position to the Administrative Services Department Print & Mail Fund, offset by the elimination of two 0.48 FTE Print Shop Assistant - H positions, to enhance print shop service levels. This new position is partially funded by the Utilities Department to allow the management of Utilities bill printing, a complex and time-consuming service. The addition of the Offset Equipment Operator will also provide backup support for the minimally staffed print shop to ensure continuity of service. (Ongoing cost: \$25,500)

**Performance Results**



This action ensures sufficient resources are available for citywide printing and mailing needs, including approximately 30,000 utility bills that are printed and mailed on a monthly basis.

|  |      |        |   |        |
|--|------|--------|---|--------|
| 2. Utilities Customer Service Support Staffing | 0.02 | 26,177 | - | 26,177 |
|--|------|--------|---|--------|

This action adds 1.00 FTE Utilities Project Coordinator to the Customer Service Support division, offset by the elimination of 1.00 FTE Administrative Specialist II. The introduction of this position marks a strategic shift in how technical projects are managed within the division. Instead of rotating Customer Service Representatives (CSRs) to assist with various technical endeavors, the dedicated Utilities Project Coordinator will now oversee these initiatives. The funding for this position will be allocated with a revised split across the Water, Electric, Wastewater, and Gas Funds to better match the operational requirements of each utility. (Ongoing cost: \$27,604)

**Performance Results**



This action will result in dedicated project management oversight and increased customer interaction.

|                                 |      |         |   |         |
|---------------------------------|------|---------|---|---------|
| 3. S/CAP Programs Administrator | 1.00 | 148,819 | - | 148,819 |
|---------------------------------|------|---------|---|---------|

This action adds 1.00 FTE Associate Sustainability Program Administrator to serve as the administrator for various S/CAP programs. Responsibilities of this position include tracking sales and marketing results, engaging in direct customer calls related to both sales and customer experience, primarily focused on the Heat Pump Water Heater Program. (Ongoing cost: \$162,149)

**Performance Results**



This action fulfills the Council's Climate Action priority by supporting programs to drive gas appliance conversion to electrical adoption, reducing greenhouse gases.

|                                  |      |         |   |         |
|----------------------------------|------|---------|---|---------|
| 4. Electric Engineering Staffing | 1.00 | 174,267 | - | 174,267 |
|----------------------------------|------|---------|---|---------|

This action adds 1.00 FTE Electrician-Lead, located at the Development Center to provide counter reviews of electrical plans, pre-installation site visits, and streamline and coordinate electric inspections. The new position at the Development Center will meet the needs of the increased work load from the Heat Pump Water Heater applicants, upcoming Fiber-to-the-Premises pilot and upgrades for electrification such as EV charger and solar photovoltaic installations. (Ongoing cost: \$192,765)

**Performance Results**



This action will result in expedited permit processing and improve customer service at the Development Center's One Stop Shop.

# Budget Adjustments

| Budget Adjustments             | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|--------------------------------|-----------|--------------|----------|-----------------------------|
| 5. Grid Modernization Staffing | 5.00      | 869,872      | -        | 869,872                     |

This request adds five positions to Utilities Electric Engineering and Operations. These positions include 2.00 FTE Electric Project Engineers, 1.00 FTE Heavy Equipment Operator Installer/Repairer, 1.00 FTE Utilities Installer/Repairer, and 1.00 FTE Cement Finisher. The priority and goal is to have the internal resources required to successfully design and build the following citywide priority projects: Grid Modernization, Fiber-to-the-Premise, and Foothills Rebuild (Fire Mitigation). Of these three priorities, the Foothills Rebuild will be completed first, target completion year 2026. The Grid Modernization is a \$300 million project spanning all residential areas of the city with a target completion year of 2030. The Fiber-to-the-Premise and Fiber Backbone Extension will be designed and constructed concurrently to take advantage of economies of scale. (Ongoing cost: \$964,672)

### Performance Results



This action will result in increased staff support for Citywide electrification efforts.



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 first iteration of a fiber management system (FMS) to plan, design, construct, and manage the City's fiber network.
- Dedicated internal resources to implement and coordinate Fiber-to-the-Premise (FTTP) project and Electric Grid Modernization project to implement the pilot.
- Finalized the pilot area for FTTP and Grid Mod at Embarcadero Rd, Louis Rd, Colorado Ave, Greer Rd, and West Bayshore Rd servicing about 1,200 customers.
- Finalized fiber construction drawings, reviewed bids, and awarded contract for the Fiber Hut.
- Secured space at the Equinix data center for FTTP network equipment and connections to Internet providers.

## Initiatives

- Expanding the fiber backbone and undergrounding fiber in the Foothills to provide internet service to residents, wireless communication to City staff, and fiber connectivity for advanced metering infrastructure (AMI) and water reservoir.
- Issue invitations for bids for construction and request for proposals for operations for Phase 1 of FTTP, which may reach an additional 5,000 customers, from 1,200 customers to 6,200.
- Determine best mix of existing resources, new hires and strategic vendors for FTTP.
- Launch FTTP to residents and businesses offering fast speed, reliable, and affordable internet service in the pilot and phase 1 areas.

## UTILITIES

- Begin building a new fiber backbone to support utilities, City departments, dark fiber customers and FTTP.
- Conduct a cost and benefit analysis and market comparison of dark fiber pricing.

# Goals and Objectives

## Goal 1

Increase the value of fiber utility services to customers through the City's Fiber-to-the-Premise (FTTP) business.

### 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

Expand capacity and enhance reliability of the City's fiber network.

### Objectives:

- Ensure sufficient fiber optic cables are available to meet future City and customer needs.
- Reinvest and 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Number of commercial fiber connections | 168  | 169             | 157                    | 164               | 170                    |
| 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 137 commercial customer connections and 32 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.  |                 |                        |                   |                        |

## Workload Measures

|                                     | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|-------------------------------------|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of Customer Accounts (Fiber) | 45              | 42              | 45                     | 41                | 39                     |
| Number of Wholesale re-sellers      | 14              | 12              | 14                     | 13                | 14                     |

# UTILITIES

## Budget Summary

|   | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|---|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>              |                  |                  |                        |                        |                   |                  |
| Fiber Optics Administration             | 300,338          | 382,229          | 1,022,707              | 1,121,627              | 98,920            | 9.7%             |
| Fiber Optics Customer Service           | 611,384          | 1,046,064        | 1,384,917              | 1,964,369              | 579,452           | 41.8%            |
| Fiber Optics Operations and Maintenance | 1,224,652        | 1,257,130        | 898,300                | 1,231,511              | 333,211           | 37.1%            |
| CIP Fiber Optics Fund                   | 1,559,271        | 585,439          | 25,842,473             | 27,372,099             | 1,529,626         | 5.9%             |
| <b>Total Dollars by Division</b>        | <b>3,695,645</b> | <b>3,270,863</b> | <b>29,148,398</b>      | <b>31,689,607</b>      | <b>2,541,209</b>  | <b>8.7%</b>      |
| <b>Dollars by Category</b>              |                  |                  |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>            |                  |                  |                        |                        |                   |                  |
| Healthcare                              | 114,538          | 138,020          | 241,790                | 283,226                | 41,436            | 17.1%            |
| Other Benefits                          | 28,639           | 30,191           | 43,271                 | 58,410                 | 15,139            | 35.0%            |
| Overtime                                | 32,618           | 44,968           | 30,267                 | 30,576                 | 309               | 1.0%             |
| Pension                                 | 285,619          | 368,685          | 481,731                | 796,115                | 314,385           | 65.3%            |
| Retiree Medical                         | —                | 5,821            | (2,309)                | 3,028                  | 5,337             | (231.1)%         |
| Salary                                  | 720,870          | 891,287          | 1,522,763              | 1,996,650              | 473,888           | 31.1%            |
| Workers' Compensation                   | 38,216           | 39,024           | 28,269                 | 47,488                 | 19,220            | 68.0%            |
| <b>Total Salary and Benefits</b>        | <b>1,220,499</b> | <b>1,517,996</b> | <b>2,345,783</b>       | <b>3,215,494</b>       | <b>869,712</b>    | <b>37.1%</b>     |
| Contract Services                       | 127,214          | 302,380          | 242,646                | 249,346                | 6,700             | 2.8%             |
| Supplies & Material                     | 8,149            | 7,939            | 9,000                  | 13,000                 | 4,000             | 44.4%            |
| General Expense                         | 3,648            | 12,978           | 12,500                 | 13,000                 | 500               | 4.0%             |
| Rents & Leases                          | 53,000           | 55,000           | 83,889                 | 85,439                 | 1,550             | 1.8%             |
| Allocated Charges                       | 562,835          | 542,710          | 884,118                | 1,005,852              | 121,734           | 13.8%            |
| Transfer to Infrastructure              | 66,126           | 47,185           | —                      | —                      | —                 | —%               |
| Operating Transfers-Out                 | 107,179          | 280,044          | 102,176                | 102,176                | —                 | —%               |
| Capital Improvement Program             | 1,546,995        | 504,630          | 25,468,287             | 27,005,299             | 1,537,012         | 6.0%             |
| <b>Total Dollars by Category</b>        | <b>3,695,645</b> | <b>3,270,863</b> | <b>29,148,398</b>      | <b>31,689,607</b>      | <b>2,541,209</b>  | <b>8.7%</b>      |
| <b>Revenues</b>                         |                  |                  |                        |                        |                   |                  |

## Budget Summary

|   | FY 2022 Actuals  | FY 2023 Actuals  | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|---|------------------|------------------|------------------------|------------------------|-------------------|------------------|
| Charges for Services                    | 379              | 128              | —                      | —                      | —                 | —%               |
| Net Sales                               | 1,829,128        | 3,081,903        | 3,626,242              | 3,445,069              | (181,173)         | (5.0)%           |
| Other Revenue                           | 1,735,389        | 269              | 200,000                | 200,000                | —                 | —%               |
| Return on Investments                   | 572,952          | 718,539          | 732,500                | 891,100                | 158,600           | 21.7%            |
| <b>Total Revenues</b>                   | <b>4,137,848</b> | <b>3,800,837</b> | <b>4,558,742</b>       | <b>4,536,169</b>       | <b>(22,573)</b>   | <b>—%</b>        |
| <b>Positions by Division</b>            |                  |                  |                        |                        |                   |                  |
| Fiber Optics Customer Service           | 3.38             | 3.38             | 5.38                   | 5.38                   | —                 | —%               |
| Fiber Optics Operations and Maintenance | 3.13             | 1.88             | 3.88                   | 3.88                   | —                 | —%               |
| CIP Fiber Optics Fund                   | 0.39             | 1.29             | 1.29                   | 1.29                   | —                 | —%               |
| <b>Total Positions by Division</b>      | <b>6.90</b>      | <b>6.55</b>      | <b>10.55</b>           | <b>10.55</b>           | <b>—</b>          | <b>—%</b>        |

## Staffing

| Job Classification                                     | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|--|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Administrative Associate II                            | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | 17,980         |
| Assistant Director Utilities Customer Support Services | 0.20            | 0.20            | 1.20                   | 1.20                   | —                  | 297,078        |
| Assistant Director Utilities Engineering               | 0.05            | 0.05            | 0.05                   | 0.05                   | —                  | 13,038         |
| Business Analyst                                       | 0.10            | 0.10            | 0.10                   | 0.10                   | —                  | 17,651         |
| Electric Project Engineer                              | 0.05            | 0.95            | 0.95                   | 0.95                   | —                  | 186,218        |
| Manager Information Technology                         | —               | —               | 1.00                   | 1.00                   | —                  | 169,458        |
| Manager Utilities Compliance                           | 0.10            | 0.10            | 0.10                   | 0.10                   | —                  | 20,340         |
| Manager Utilities Credit & Collection                  | 0.40            | 0.40            | 0.40                   | 0.40                   | —                  | 74,564         |
| Manager Utilities Program Services                     | 0.20            | 0.20            | —                      | —                      | —                  | —              |

# UTILITIES

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| Manager Utilities Telecommunications            | 1.00            | 1.00            | 3.00                   | 3.00                   | —                  | 553,301            |
| Senior Electrical Engineer                      | 0.05            | 0.05            | 0.05                   | 0.05                   | —                  | 11,683             |
| Senior Marketing Analyst                        | —               | —               | 1.00                   | 1.00                   | —                  | 155,355            |
| Street Light, Traffic Signal & Fiber Technician | 2.00            | 1.00            | 1.00                   | 1.00                   | —                  | 160,306            |
| Street Light, Traffic Signal & Fiber-Lead       | 1.00            | 0.75            | 0.75                   | 0.75                   | —                  | 128,700            |
| Utilities Key Account Representative            | 0.80            | 0.80            | —                      | —                      | —                  | —                  |
| Utilities Locator                               | 0.03            | 0.03            | 0.03                   | 0.03                   | —                  | 3,706              |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>6.18</b>     | <b>5.83</b>     | <b>9.83</b>            | <b>9.83</b>            | <b>—</b>           | <b>\$1,809,378</b> |
| Temporary/Hourly                                | 0.72            | 0.72            | 0.72                   | 0.72                   | —                  | \$88,653           |
| <b>Total Positions</b>                          | <b>6.90</b>     | <b>6.55</b>     | <b>10.55</b>           | <b>10.55</b>           | <b>—</b>           | <b>\$1,898,031</b> |

# Budget Reconciliation

|   | Positions | Expenditures | Revenues  | Fund Balance Cost/(Savings) |
|---|-----------|--------------|-----------|-----------------------------|
| <b>Prior Year Budget</b>                          | 10.55     | 29,148,398   | 4,558,742 | 24,589,657                  |
| <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                   | -         | 850,992      | -         | 850,992                     |
| Capital Improvement Program                       | -         | 1,536,234    | -         | 1,536,234                   |
| Return on Investments                             | -         | -            | 158,600   | (158,600)                   |
| Rents & Leases Expenditure Alignment              | -         | 1,550        | -         | 1,550                       |
| Dark Fiber Contracts & Supply Costs               | -         | 10,700       | -         | 10,700                      |
| Fiber Optics Revenue                              | -         | -            | (181,173) | 181,173                     |
| General Fund Cost Allocation Plan                 | -         | 55,583       | -         | 55,583                      |
| Liability Insurance Allocated Charges             | -         | 25,143       | -         | 25,143                      |
| Utilities Administration Allocated Charges        | -         | 41,787       | -         | 41,787                      |
| Workers' Compensation Allocated Charges           | -         | 19,220       | -         | 19,220                      |
| <b>Adjustments to Costs of Ongoing Activities</b> | -         | 2,541,209    | (22,573)  | 2,563,781                   |
| <b>Total FY 2025 Base Budget</b>                  | 10.55     | 31,689,607   | 4,536,169 | 27,153,438                  |
| <b>Budget Proposals</b>                           |           |              |           |                             |
| 1. None   |           |              | -         | -                           |
| <b>Budget Changes</b>                             | -         | -            | -         | -                           |
| <b>Total FY 2025 Adopted Budget</b>               | 10.55     | 31,689,607   | 4,536,169 | 27,153,438                  |



CITY OF  
**PALO  
ALTO**



# 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

- Awarded \$16.5 million from Department of Transportation funding from the Natural Gas Distribution Infrastructure Safety and Modernization program to enhance safety of the City's natural gas distribution infrastructure.
- Implemented winter 2023-24 strategy for mitigating potential gas commodity price spikes.
- Completed the Gas Main Replacement 24A (GS-14003) project around the Stanford Shopping Center, with replacement of approximately 2,500 linear feet of 4" Polyvinyl Chloride (PVC) gas main with 4" Polyethylene (PE) gas main and associated services.
- Retrofitted over 12,000 gas Advanced Metering Infrastructure (AMI) total meters as part of the AMI project.
- Replaced a 400 foot section of steel gas main on Seneca St between Forest Ave and Homer Ave.
- Started construction on Gas Main Replacement 24B (GS-14003) project to replace 18,000 linear feet of PVC gas main with PE gas main in various neighborhoods throughout the City of Palo Alto.

## Initiatives

- Commence a study in FY 2025 to evaluate the preferred approach for downsizing the gas system and identifying potential locations to conduct as a proof of concept.
- Complete the construction of Gas Main Replacement Project 24B (GS-14003) portion of the project, in March of 2025 to replace 18,000 linear feet of gas mains and natural gas service pipelines made of Polyvinyl Chloride (PVC).
- Retrofit the remaining 16,000 gas meters to make them AMI-compatible.
- Apply for subsequent years of the Natural Gas Distribution Infrastructure Safety Modernization multi-year grant to accelerate gas main replacement capital projects and enhance safety of the City's natural gas distribution infrastructure.
- Recommend a long-term gas hedging strategy to Council to mitigate future gas commodity price spikes.

# UTILITIES

- Begin phase IV of the cross-bore verification program to inspect 400-500 sewer laterals in areas with high density and where gas service and sewer lateral are within 15 feet or less.

## 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 Polyvinyl Chloride (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:

- 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 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.  |                 |                        |                   |                        |

## Key Performance Measures

### 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 2022 Actuals   | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 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.   |                 |                        |                   |                        |
| Status  | The department is meeting the requirements and repairing all discovered gas leaks in a timely manner.   |                 |                        |                   |                        |

## Workload Measures

|                                   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|-----------------------------------|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of Customer Accounts (Gas) | 23,781          | 23,837          | 23,818                 | 23,818            | 23,818                 |
| Number of gas leaks repaired      | 102             | 102             | 110                    | 90                | 100                    |

# UTILITIES

## Budget Summary

|                                  | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$  | FY 2025 Change % |
|----------------------------------|-------------------|-------------------|------------------------|------------------------|--------------------|------------------|
| <b>Dollars by Division</b>       |                   |                   |                        |                        |                    |                  |
| Gas Administration               | 11,966,758        | 11,357,000        | 14,029,946             | 17,451,773             | 3,421,826          | 24.4%            |
| Gas Customer Service             | 2,036,072         | 2,109,188         | 2,432,493              | 2,611,011              | 178,518            | 7.3%             |
| Gas Demand Side Management       | 306,331           | 367,636           | 3,661,619              | 3,958,544              | 296,926            | 8.1%             |
| Gas Engineering (Operating)      | 659,207           | 643,884           | 1,242,113              | 878,714                | (363,399)          | (29.3)%          |
| Gas Operations and Maintenance   | 7,046,724         | 7,313,698         | 8,130,115              | 8,644,049              | 513,933            | 6.3%             |
| Gas Resource Management          | 24,771,209        | 46,749,729        | 31,073,302             | 27,480,963             | (3,592,339)        | (11.6)%          |
| CIP Gas Fund                     | 7,704,795         | 4,268,966         | 15,530,724             | 13,560,292             | (1,970,433)        | (12.7)%          |
| <b>Total Dollars by Division</b> | <b>54,491,097</b> | <b>72,810,101</b> | <b>76,100,312</b>      | <b>74,585,345</b>      | <b>(1,514,967)</b> | <b>(2.0)%</b>    |
| <b>Dollars by Category</b>       |                   |                   |                        |                        |                    |                  |
| <b>Salary &amp; Benefits</b>     |                   |                   |                        |                        |                    |                  |
| Healthcare                       | 1,031,043         | 1,028,878         | 1,224,960              | 1,267,786              | 42,826             | 3.5%             |
| Other Benefits                   | 182,941           | 201,243           | 215,468                | 197,693                | (17,775)           | (8.2)%           |
| Overtime                         | 243,585           | 383,529           | 235,024                | 237,424                | 2,400              | 1.0%             |
| Pension                          | 2,537,892         | 2,829,976         | 2,974,417              | 3,095,081              | 120,664            | 4.1%             |
| Retiree Medical                  | 674,796           | 607,501           | 628,678                | 779,844                | 151,167            | 24.0%            |
| Salary                           | 4,947,168         | 5,036,625         | 7,413,507              | 8,022,715              | 609,209            | 8.2%             |
| Workers' Compensation            | 230,670           | 257,386           | 200,583                | 193,730                | (6,853)            | (3.4)%           |
| <b>Total Salary and Benefits</b> | <b>9,848,095</b>  | <b>10,345,138</b> | <b>12,892,635</b>      | <b>13,794,272</b>      | <b>901,637</b>     | <b>7.0%</b>      |
| Utility Purchase                 | 24,103,336        | 45,926,133        | 29,948,157             | 26,265,358             | (3,682,799)        | (12.3)%          |
| Contract Services                | 1,101,067         | 460,911           | 2,634,437              | 2,282,256              | (352,181)          | (13.4)%          |
| Supplies & Material              | 410,514           | 440,885           | 516,816                | 535,816                | 19,000             | 3.7%             |
| General Expense                  | 381,841           | 335,806           | 2,280,961              | 2,491,961              | 211,000            | 9.3%             |
| Rents & Leases                   | 502,382           | 657,433           | 699,956                | 732,206                | 32,250             | 4.6%             |
| Debt Service                     | 109,588           | 87,643            | 802,615                | 802,615                | —                  | —%               |

## Budget Summary

|                                    | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|------------------------------------|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| Facilities & Equipment             | —                  | 1,472              | 1,840                        | 3,090                        | 1,250                | 67.9%               |
| Allocated Charges                  | 3,745,618          | 4,108,104          | 5,839,393                    | 6,111,858                    | 272,465              | 4.7%                |
| Transfer to Infrastructure         | 89,522             | 596,198            | —                            | —                            | —                    | —%                  |
| Operating Transfers-Out            | 390,160            | 94,259             | 171,100                      | 176,300                      | 5,200                | 3.0%                |
| Equity Transfer                    | 7,240,000          | 6,683,000          | 7,707,000                    | 10,917,629                   | 3,210,629            | 41.7%               |
| Capital Improvement Program        | 6,568,973          | 3,073,119          | 12,605,403                   | 10,471,984                   | (2,133,419)          | (16.9)%             |
| <b>Total Dollars by Category</b>   | <b>54,491,097</b>  | <b>72,810,101</b>  | <b>76,100,312</b>            | <b>74,585,345</b>            | <b>(1,514,967)</b>   | <b>(2.0)%</b>       |
| <b>Revenues</b>                    |                    |                    |                              |                              |                      |                     |
| Charges for Services               | 1,093              | 1,072              | 20,000                       | 20,000                       | —                    | —%                  |
| Charges to Other Funds             | 108,598            | 108,167            | 108,167                      | 108,167                      | —                    | —%                  |
| From Other Agencies                | 249,093            | 54,039             | —                            | —                            | —                    | —%                  |
| Net Sales                          | 49,163,754         | 74,915,972         | 65,629,971                   | 70,927,477                   | 5,297,506            | 8.1%                |
| Operating Transfers-In             | —                  | 1,717,070          | —                            | —                            | —                    | —%                  |
| Other Revenue                      | 481,834            | 423,100            | 514,210                      | 514,210                      | —                    | —%                  |
| Return on Investments              | 426,815            | 502,344            | 642,100                      | 753,300                      | 111,200              | 17.3%               |
| <b>Total Revenues</b>              | <b>50,431,186</b>  | <b>77,721,764</b>  | <b>66,914,448</b>            | <b>72,323,154</b>            | <b>5,408,706</b>     | <b>8.1%</b>         |
| <b>Positions by Division</b>       |                    |                    |                              |                              |                      |                     |
| Gas Customer Service               | 9.03               | 10.11              | 9.88                         | 9.90                         | 0.02                 | —%                  |
| Gas Demand Side<br>Management      | 1.29               | 1.24               | 1.04                         | 1.76                         | 0.72                 | 69.2%               |
| Gas Engineering (Operating)        | 1.85               | 1.85               | 1.85                         | 1.85                         | —                    | —%                  |
| Gas Operations and<br>Maintenance  | 27.68              | 27.89              | 27.90                        | 28.40                        | 0.50                 | 1.8%                |
| Gas Resource Management            | 2.00               | 2.34               | 2.39                         | 2.39                         | —                    | —%                  |
| CIP Gas Fund                       | 11.73              | 11.93              | 11.81                        | 11.81                        | —                    | —%                  |
| <b>Total Positions by Division</b> | <b>53.57</b>       | <b>55.35</b>       | <b>54.86</b>                 | <b>56.10</b>                 | <b>1.24</b>          | <b>2.3%</b>         |

# UTILITIES

## Staffing

| Job Classification                                     | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 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                   | —                  | 12,200         |
| Assistant Director Sustainability and Climate Action   | —               | —               | 0.30                   | 0.30                   | —                  | 70,044         |
| Assistant Director Utilities Customer Support Services | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | 53,198         |
| Assistant Director Utilities Engineering               | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | 52,154         |
| Assistant Director Utilities Operations                | 0.15            | 0.15            | 0.15                   | 0.15                   | —                  | 42,329         |
| Assistant Director Utilities/Resource Management       | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | 51,160         |
| Associate Sustainability Program Administrator         | —               | 0.20            | 0.10                   | 0.10                   | —                  | 12,353         |
| Business Analyst                                       | 1.05            | 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                   | —                  | 14,531         |
| Coordinator Utilities Projects                         | 1.26            | 1.26            | 1.26                   | 1.53                   | 0.27               | 201,891        |
| 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                   | —                  | 37,059         |

# Staffing

| Job Classification  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Engineering Manager - WGW                                     | 0.33            | 0.33            | 0.33                   | 0.33                   | —                  | 80,741         |
| Engineering Technician III                                    | 0.70            | 0.70            | 0.70                   | 0.70                   | —                  | 81,216         |
| Environmental Specialist                                      | —               | 0.17            | 0.17                   | 0.17                   | —                  | 24,133         |
| Gas and Water Meter Measurement and Control Technician        | 3.40            | 3.40            | 3.40                   | 3.90                   | 0.50               | 488,667        |
| 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, WGW Utilities Field Svc                            | 2.05            | 2.13            | 2.13                   | 2.13                   | —                  | 294,710        |
| Maintenance Mechanic-Welding                                  | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 125,986        |
| Manager Customer Service                                      | 0.33            | 0.33            | 0.33                   | 0.33                   | —                  | 69,100         |
| Manager Environmental Control Program                         | —               | 0.17            | 0.17                   | 0.17                   | —                  | 32,319         |
| Manager Treasury, Debt & Investments                          | 0.10            | 0.10            | 0.10                   | 0.10                   | —                  | 18,423         |
| Manager Utilities Compliance                                  | 0.25            | 0.25            | 0.25                   | 0.25                   | —                  | 50,851         |
| Manager Utilities Credit & Collection                         | 0.15            | 0.15            | 0.15                   | 0.15                   | —                  | 27,961         |
| Manager Utilities Operations WGW                              | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | 43,980         |
| Manager Utilities Program Services                            | 0.20            | 0.20            | 0.30                   | 0.30                   | —                  | 51,817         |
| Meter Reader  | 1.98            | 1.98            | 1.65                   | 1.65                   | —                  | 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                   | —                  | 65,977         |
| Principal Utilities Program Manager                           | —               | 0.30            | —                      | —                      | —                  | —              |
| Program Assistant I   | 0.33            | 0.33            | 0.33                   | 0.33                   | —                  | 30,099         |

# UTILITIES

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Program Assistant II                            | 0.30            | —               | —                      | —                      | —                  | —              |
| Project Engineer                                | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | 186,285        |
| Resource Planner                                | 0.70            | 0.70            | 0.60                   | 0.60                   | —                  | 101,562        |
| Restoration Lead                                | 0.43            | 0.43            | 0.43                   | 0.43                   | —                  | 57,403         |
| SCADA Technologist                              | 0.10            | —               | —                      | —                      | —                  | —              |
| Senior Business Analyst                         | 0.99            | 0.99            | 0.99                   | 0.99                   | —                  | 172,437        |
| Senior Engineer                                 | 2.35            | 2.35            | 2.35                   | 2.35                   | —                  | 501,916        |
| Senior Mechanic                                 | 0.33            | 0.33            | 0.33                   | 0.33                   | —                  | 43,044         |
| Senior Resource Planner                         | 0.65            | 0.65            | 0.80                   | 0.80                   | —                  | 175,492        |
| 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                   | 0.30                   | —                  | 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         |



# Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| Utilities Safety Officer                        | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | 31,004             |
| Utilities Supervisor                            | 2.12            | 2.12            | 2.12                   | 2.12                   | —                  | 406,134            |
| Utilities System Analyst                        | —               | 0.59            | 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>51.38</b>    | <b>52.24</b>    | <b>51.86</b>           | <b>52.63</b>           | <b>0.77</b>        | <b>\$7,530,293</b> |
| Temporary/Hourly                                | 2.19            | 3.11            | 3.00                   | 3.47                   | 0.47               | \$354,521          |
| <b>Total Positions</b>                          | <b>53.57</b>    | <b>55.35</b>    | <b>54.86</b>           | <b>56.10</b>           | <b>1.24</b>        | <b>\$7,884,815</b> |

# UTILITIES

## Budget Reconciliation

|   | Positions    | Expenditures      | Revenues          | Fund Balance Cost/(Savings) |
|---|--------------|-------------------|-------------------|-----------------------------|
| <b>Prior Year Budget</b>  | <b>54.86</b> | <b>76,100,312</b> | <b>66,914,448</b> | <b>9,185,864</b>            |
| <b>One-time Prior Year Budget Adjustments</b>                             |              |                   |                   |                             |
| Gas Utility Decommissioning Study   | -            | (400,000)         | -                 | (400,000)                   |
| <b>One-time Prior Year Budget Adjustments</b>                             | <b>0.00</b>  | <b>(400,000)</b>  | <b>-</b>          | <b>(400,000)</b>            |
| <b>Adjustments to Costs of Ongoing Activities</b>                         |              |                   |                   |                             |
| Salary and Benefits Adjustments   | -            | 693,439           | -                 | 693,439                     |
| Gas Customer Sales Revenue Adjustments                                    | -            | -                 | 5,297,506         | (5,297,506)                 |
| Utility Purchases   | -            | (3,682,799)       | -                 | (3,682,799)                 |
| Return on Investments   | -            | -                 | 111,200           | (111,200)                   |
| Software Contract Adjustment  | -            | 469               | -                 | 469                         |
| Transfer to Water Fund (WS-02014 Water, Gas, Wastewater Utility GIS Data) | -            | 5,200             | -                 | 5,200                       |
| Bill Print Equipment Contract   | -            | 14,850            | -                 | 14,850                      |
| Materials Cost Increase   | -            | 20,000            | -                 | 20,000                      |
| Rents & Leases Expenditure Alignment                                      | -            | 32,250            | -                 | 32,250                      |
| CARB Fee Adjustment   | -            | 28,000            | -                 | 28,000                      |
| Bankcard Service Charge Adjustment  | -            | 49,500            | -                 | 49,500                      |
| Equity Transfer to the General Fund                                       | -            | 3,210,629         | -                 | 3,210,629                   |
| Capital Improvement Program   | -            | (2,138,973)       | -                 | (2,138,973)                 |
| General Fund Cost Allocation Plan   | -            | (87,010)          | -                 | (87,010)                    |
| Landscape Maintenance Allocated Charges                                   | -            | 6,826             | -                 | 6,826                       |
| Liability Insurance Allocated Charges                                     | -            | 24,082            | -                 | 24,082                      |
| Printing & Mailing Allocated Charges                                      | -            | 24,200            | -                 | 24,200                      |
| Utilities Administration Allocated Charges                                | -            | 260,750           | -                 | 260,750                     |
| Vehicle Replacement & Maintenance Allocated Charges                       | -            | 49,172            | -                 | 49,172                      |
| Workers' Compensation Allocated Charges                                   | -            | (6,853)           | -                 | (6,853)                     |

# Budget Reconciliation

|  | Positions | Expenditures | Revenues   | Fund Balance Cost/(Savings) |
|--|-----------|--------------|------------|-----------------------------|
| <b>Adjustments to Costs of Ongoing Activities</b>                    | 0.00      | (1,496,268)  | 5,408,706  | (6,904,974)                 |
| <b>Total FY 2025 Base Budget</b>                                     | 54.86     | 74,204,044   | 72,323,154 | 1,880,890                   |
| <b>Budget Adjustments</b>  |           |              |            |                             |
| 1. Utilities Customer Service Support Staffing                       | 0.02      | 26,177       | -          | 26,177                      |
| 2. Cross Connection Control Program Staffing                         | 0.50      | 78,082       | -          | 78,082                      |
| 3. Sustainability and Climate Action Plan (S/CAP) Community Outreach | 0.72      | 277,042      | -          | 277,042                     |
| <b>Total Budget Adjustments</b>                                      | 1.24      | 381,301      | -          | 381,301                     |
| <b>Total FY 2025 Adopted Budget</b>                                  | 56.10     | 74,585,345   | 72,323,154 | 2,262,191                   |

# Budget Adjustments

| Budget Adjustments                             | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|--|-----------|--------------|----------|-----------------------------|
| 1. Utilities Customer Service Support Staffing | 0.02      | 26,177       | -        | 26,177                      |

This action adds 1.00 FTE Utilities Project Coordinator to the Customer Service Support division, offset by the elimination of 1.00 FTE Administrative Specialist II. The introduction of this position marks a strategic shift in how technical projects are managed within the division. Instead of rotating Customer Service Representatives (CSRs) to assist with various technical endeavors, the dedicated Utilities Project Coordinator will now oversee these initiatives. The funding for this position will be allocated with a revised split across the Water, Electric, Wastewater, and Gas Funds to better match the operational requirements of each utility. (Ongoing cost: \$27,604)

**Performance Results**



This action will result in dedicated project management oversight and increased customer interaction.

|  |      |        |   |        |
|--|------|--------|---|--------|
| 2. Cross Connection Control Program Staffing | 0.50 | 78,082 | - | 78,082 |
|--|------|--------|---|--------|

This action adds 1.00 FTE Utilities Projects Coordinator and 1.00 FTE Gas and Water Meter Measurement and Control Technician to manage increasing responsibilities in the Cross Connection Control Program. The City has a responsibility to monitor backflow compliance and report it to the State Water Resources Control Board. These duties include performing field audits, and device testing to ensure compliance with our State Regulator. Over the past five years, device testing has surged by more than 30%. With increased regulations, this growth is expected to continue. Additional staffing at this stage will allow us to further develop this program to better serve and protect our drinking water and our customers.(Ongoing cost: \$85,156)

**Performance Results**



This action will result in enhancing the program’s monitoring and compliance efforts.

|                                  |      |         |   |         |
|----------------------------------|------|---------|---|---------|
| 3. S/CAP Implementation Outreach | 0.72 | 277,042 | - | 277,042 |
|----------------------------------|------|---------|---|---------|

This action adds two 0.48 FTE hourly FTE Staff Specialist positions (0.24 FTE in Public Works and 0.72 FTE in Utilities) for outreach efforts targeting multi-family electric vehicle chargers, home and commercial electrification, alternative transportation, and resident electric vehicle adoption. City surveys highlight a lack of familiarity among residents with the S/CAP, underscoring the necessity for expanded outreach efforts beyond electrification initiatives. (Ongoing cost: \$277,042)

**Performance Results**



This action will boost awareness and trust in the program for successful implementation.

# 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 Sanitary Sewer Replacement Project 31 (WC-19001) on time and under budget which consists of replacement of approximately 10,924 linear feet of sanitary sewer mains and associated laterals on El Camino Real between Page Mill Road and Cesano Court.
- Awarded professional services contract to update the 2004 Sewer Master Plan Study of the wastewater collection system. The sewer master plan study will evaluate the City's existing wastewater collection system, flows, and flow patterns to determine the adequacy of the system's hydraulic capacity to meet current and anticipated future wastewater flow demands.

## Initiatives

- Complete replacement of sanitary sewer overflow monitoring units in 39 sewer manholes throughout the City.
- Complete the 2024-2025 Sewer Master Plan Study of the wastewater collection system. The study will consist of flow analysis, recalibration of the sewer system hydraulic model, and prioritize capital improvement projects. The anticipated completion is in the spring of 2025.

## UTILITIES

- Monitor the financial health of the Wastewater Collection Fund and make structural adjustments to replenish reserves and accelerate sewer main replacements from 1 mile to 2.5 miles per year.

## 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percentage of sewer laterals inspected annually | 23%  | 16%             | 17%                    | 13%               | 13%                    |
| 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 has not met the objectives of its SSMP in FY 2024 due to staffing resources. Staff anticipate that staffing levels will return to normal in FY 2025.  |                 |                        |                   |                        |

## Workload Measures

|   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|---|-----------------|-----------------|------------------------|-------------------|------------------------|
| Number of Customer Accounts (Wastewater)  | 22,393          | 22,499          | 22,482                 | 22,482            | 22,482                 |
| Number of miles of sewer lines cleaned/ treated in a fiscal year                          | 82              | 99              | 90                     | 90                | 95                     |
| Percent of sewage spill responses within two hours  | 96%             | 98%             | 100%                   | 95%               | 95%                    |
| Percent of surveyed residents rating the quality of the Sewer Service as good/ excellent* | 95%             | 85%             | 86%                    | 87%               | 90%                    |
| Number of sewage overflows  | 52              | 37              | 50                     | 50                | 50                     |
| Percent of miles of sewer lines replaced  | 0.40%           | 0.00%           | 0.95%                  | 1.00%             | 0.00%                  |

\* The most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey>.

# UTILITIES

## Budget Summary

|  | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$ | FY 2025 Change % |
|--|-------------------|-------------------|------------------------|------------------------|-------------------|------------------|
| <b>Dollars by Division</b>                       |                   |                   |                        |                        |                   |                  |
| Wastewater Collection Administration             | 2,481,181         | 2,870,309         | 3,036,119              | 3,222,881              | 186,762           | 6.2%             |
| Wastewater Collection Customer Service           | 407,448           | 414,032           | 517,509                | 540,186                | 22,677            | 4.4%             |
| Wastewater Collection Engineering (Operating)    | 260,696           | 368,257           | 592,167                | 614,037                | 21,870            | 3.7%             |
| Wastewater Collection Operations and Maintenance | 13,175,389        | 14,838,194        | 17,157,349             | 18,089,166             | 931,817           | 5.4%             |
| CIP Wastewater Collection Fund                   | 2,839,242         | 6,446,039         | 4,072,353              | 2,642,399              | (1,429,954)       | (35.1)%          |
| <b>Total Dollars by Division</b>                 | <b>19,163,957</b> | <b>24,936,832</b> | <b>25,375,497</b>      | <b>25,108,669</b>      | <b>(266,828)</b>  | <b>(1.1)%</b>    |
| <b>Dollars by Category</b>                       |                   |                   |                        |                        |                   |                  |
| <b>Salary &amp; Benefits</b>                     |                   |                   |                        |                        |                   |                  |
| Healthcare                                       | 492,567           | 486,302           | 675,100                | 645,554                | (29,546)          | (4.4)%           |
| Other Benefits                                   | 82,791            | 88,441            | 97,198                 | 88,828                 | (8,370)           | (8.6)%           |
| Overtime   | 207,772           | 238,241           | 183,723                | 185,599                | 1,876             | 1.0%             |
| Pension  | 1,136,303         | 1,328,497         | 1,505,189              | 1,582,782              | 77,594            | 5.2%             |
| Retiree Medical                                  | 260,374           | 244,423           | 261,319                | 192,305                | (69,014)          | (26.4)%          |
| Salary   | 2,605,538         | 3,096,089         | 3,719,508              | 3,999,856              | 280,347           | 7.5%             |
| Workers' Compensation                            | 128,928           | 128,588           | 99,958                 | 100,940                | 982               | —%               |
| <b>Total Salary and Benefits</b>                 | <b>4,914,273</b>  | <b>5,610,581</b>  | <b>6,541,995</b>       | <b>6,795,864</b>       | <b>253,869</b>    | <b>3.9%</b>      |
| Utility Purchase                                 | 9,478,773         | 10,783,733        | 12,428,465             | 13,182,031             | 753,566           | 6.1%             |
| Contract Services                                | 283,251           | 201,094           | 248,986                | 259,406                | 10,420            | 4.2%             |
| Supplies & Material                              | 270,750           | 271,228           | 380,618                | 380,698                | 80                | —%               |
| General Expense                                  | 167,936           | 132,405           | 192,896                | 204,900                | 12,004            | 6.2%             |
| Rents & Leases                                   | 272,755           | 383,415           | 396,728                | 404,028                | 7,300             | 1.8%             |
| Debt Service                                     | 17,869            | 12,055            | 129,001                | 129,001                | —                 | —%               |
| Facilities & Equipment                           | —                 | 2,107             | 3,000                  | 3,000                  | —                 | —%               |



## Budget Summary

|   | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|---|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| Allocated Charges                                   | 1,486,091          | 1,508,732          | 3,268,697                    | 3,495,665                    | 226,968              | 6.9%                |
| Transfer to Infrastructure                          | 47,656             | 471,464            | —                            | —                            | —                    | —%                  |
| Operating Transfers-Out                             | 181,463            | 54,954             | 171,100                      | 176,300                      | 5,200                | 3.0%                |
| Capital Improvement Program                         | 2,043,140          | 5,505,065          | 1,614,011                    | 77,775                       | (1,536,236)          | (95.2)%             |
| <b>Total Dollars by Category</b>                    | <b>19,163,957</b>  | <b>24,936,832</b>  | <b>25,375,497</b>            | <b>25,108,669</b>            | <b>(266,828)</b>     | <b>(1.1)%</b>       |
| <b>Revenues</b>                                     |                    |                    |                              |                              |                      |                     |
| Charges for Services                                | 619                | 600                | 10,000                       | 10,000                       | —                    | —%                  |
| Charges to Other Funds                              | 34,069             | 52,036             | 34,069                       | 34,069                       | —                    | —%                  |
| From Other Agencies                                 | 176,246            | —                  | —                            | —                            | —                    | —%                  |
| Net Sales   | 20,072,932         | 21,133,292         | 23,365,352                   | 25,814,353                   | 2,449,001            | 10.5%               |
| Other Revenue                                       | 197,296            | 224,502            | 152,550                      | 202,550                      | 50,000               | 32.8%               |
| Return on Investments                               | 141,274            | 167,738            | 199,700                      | —                            | (199,700)            | (100.0)%            |
| <b>Total Revenues</b>                               | <b>20,622,436</b>  | <b>21,578,169</b>  | <b>23,761,671</b>            | <b>26,060,972</b>            | <b>2,299,301</b>     | <b>9.7%</b>         |
| <b>Positions by Division</b>                        |                    |                    |                              |                              |                      |                     |
| Wastewater Collection<br>Customer Service           | 2.22               | 2.47               | 2.47                         | 2.42                         | (0.05)               | (2.0)%              |
| Wastewater Collection<br>Engineering (Operating)    | 1.40               | 1.40               | 1.40                         | 1.40                         | —                    | —%                  |
| Wastewater Collection<br>Operations and Maintenance | 14.43              | 15.15              | 15.24                        | 15.24                        | —                    | —%                  |
| CIP Wastewater Collection<br>Fund                   | 9.45               | 9.65               | 9.65                         | 9.65                         | —                    | —%                  |
| <b>Total Positions by Division</b>                  | <b>27.50</b>       | <b>28.67</b>       | <b>28.76</b>                 | <b>28.71</b>                 | <b>(0.05)</b>        | <b>—%</b>           |

# UTILITIES

## Staffing

| Job Classification                        | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 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                   | —                  | 39,115         |
| Assistant Director Utilities Operations   | 0.10            | 0.10            | 0.10                   | 0.10                   | —                  | 28,219         |
| 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                   | —                  | 7,265          |
| Coordinator Utilities Projects            | 1.10            | 1.10            | 1.10                   | 1.30                   | 0.20               | 171,542        |
| 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                   | —                  | 37,059         |
| Engineering Manager - WGW                 | 0.34            | 0.34            | 0.34                   | 0.34                   | —                  | 83,188         |
| Engineering Technician III                | 0.45            | 0.45            | 0.45                   | 0.45                   | —                  | 52,210         |
| Equipment Operator                        | —               | 1.00            | 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, WGW Utilities Field Svc        | 0.96            | 1.04            | 1.04                   | 1.04                   | —                  | 143,896        |
| 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                   | —                  | 27,961         |
| Manager Utilities Operations WGW          | 0.30            | 0.30            | 0.30                   | 0.30                   | —                  | 65,969         |

# Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| 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                   | —                  | 191,780            |
| 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            | 1.58            | 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            | 1.00            | 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                   | —                  | 15,502             |
| Utilities Supervisor                            | 0.72            | 0.72            | 0.72                   | 0.72                   | —                  | 134,441            |
| WGW Heavy Equipment Operator                    | 0.23            | 0.23            | 0.23                   | 0.23                   | —                  | 28,671             |
| <b>Subtotal: Full-Time Equivalent Positions</b> | <b>26.74</b>    | <b>27.82</b>    | <b>27.82</b>           | <b>28.02</b>           | <b>0.20</b>        | <b>\$3,905,963</b> |
| Temporary/Hourly                                | 0.76            | 0.85            | 0.94                   | 0.69                   | (0.25)             | \$51,495           |
| <b>Total Positions</b>                          | <b>27.50</b>    | <b>28.67</b>    | <b>28.76</b>           | <b>28.71</b>           | <b>(0.05)</b>      | <b>\$3,957,458</b> |

# UTILITIES

## Budget Reconciliation

|   | Positions     | Expenditures      | Revenues          | Fund Balance Cost/(Savings) |
|---|---------------|-------------------|-------------------|-----------------------------|
| <b>Prior Year Budget</b>  | <b>28.76</b>  | <b>25,375,497</b> | <b>23,761,671</b> | <b>1,613,826</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   | -             | 238,444           | -                 | 238,444                     |
| Wastewater Collection Net Sales   | -             | -                 | 2,449,001         | (2,449,001)                 |
| Transfer to Water Fund (WS-02014 Water, Gas, Wastewater Utility GIS Data) | -             | 5,200             | -                 | 5,200                       |
| Rents & Leases Expenditure Alignment                                      | -             | 7,300             | -                 | 7,300                       |
| Bankcard Service Charge Adjustment  | -             | 12,004            | -                 | 12,004                      |
| Materials Cost Increase   | -             | 10,500            | -                 | 10,500                      |
| Return on Investments   | -             | -                 | (199,700)         | 199,700                     |
| Wastewater Quality Control Plant Partner Revenue Allocation Adjustment    | -             | 753,566           | -                 | 753,566                     |
| Capital Improvement Program   | -             | (1,541,242)       | 50,000            | (1,591,242)                 |
| General Fund Cost Allocation Plan   | -             | 38,113            | -                 | 38,113                      |
| Liability Insurance Allocated Charges                                     | -             | 16,739            | -                 | 16,739                      |
| Printing & Mailing Allocated Charges                                      | -             | 5,400             | -                 | 5,400                       |
| Utilities Administration Allocated Charges                                | -             | 136,348           | -                 | 136,348                     |
| Vehicle Replacement & Maintenance Allocated Charges                       | -             | 35,375            | -                 | 35,375                      |
| Workers' Compensation Allocated Charges                                   | -             | 982               | -                 | 982                         |
| <b>Adjustments to Costs of Ongoing Activities</b>                         | <b>-</b>      | <b>(281,272)</b>  | <b>2,299,301</b>  | <b>(2,580,573)</b>          |
| <b>Total FY 2025 Base Budget</b>  | <b>28.76</b>  | <b>25,094,225</b> | <b>26,060,972</b> | <b>(966,747)</b>            |
| <b>Budget Proposals</b>   |               |                   |                   |                             |
| 1. Utilities Customer Service Support Staffing                            | (0.05)        | 14,444            | -                 | 14,444                      |
| <b>Budget Changes</b>   | <b>(0.05)</b> | <b>14,444</b>     | <b>-</b>          | <b>14,444</b>               |
| <b>Total FY 2025 Adopted Budget</b>                                       | <b>28.71</b>  | <b>25,108,669</b> | <b>26,060,972</b> | <b>(952,303)</b>            |

# Budget Adjustments

| Budget Adjustments                             | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|--|-----------|--------------|----------|-----------------------------|
| 1. Utilities Customer Service Support Staffing | (0.05)    | 14,444       | -        | 14,444                      |

This action adds 1.00 FTE Utilities Project Coordinator to the Customer Service Support division, offset by the elimination of 1.00 FTE Administrative Specialist II. The introduction of this position marks a strategic shift in how technical projects are managed within the division. Instead of rotating Customer Service Representatives (CSRs) to assist with various technical endeavors, the dedicated Utilities Project Coordinator will now oversee these initiatives. The funding for this position will be allocated with a revised split across the Water, Electric, Wastewater, and Gas Funds to better match the operational requirements of each utility. (Ongoing cost: \$15,174)

**Performance Results**  

This action will result in dedicated project management oversight and increased customer interaction.



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 of Water Main Replacement Project 28 (WS-14001) and replaced approximately 13,700 linear feet of water main pipelines in various locations throughout the City.
- Completed design of Water Main Replacement Project 29 (WS-15002) to replace approximately 8,000 linear feet of water main pipelines in Evergreen Park and Ventura neighborhoods, as well as California Business District. The construction of this project started in November 2023 and the anticipated completion is in August 2024.
- Exchanged or retrofitted over 13,000 water Advanced Metering Infrastructure (AMI) total meters as part of the AMI project.
- Completed the two turnouts (a.k.a. water receiving stations) Project (WS-07000). The work at California Avenue turnout included a seismic retrofit of the facility, replacement of all piping, electrical and SCADA upgrades, added roof access from street, drainage improvements, and lead paint removal. Page Mill Turnout included work to restrain 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. Held two community workshops on community water needs and priorities as well as exploring water supply options. Developing initial results to share with the community in spring/summer 2024. More information and links are available on Palo Alto's One Water Plan website: <https://www.cityofpaloalto.org/Departments/Utilities/Sustainability/Water-Efficiency/One-Water-Plan>

### Initiatives

- Complete the development of the One Water Plan for Palo Alto to evaluate alternative water supplies, define existing and future uncertainties and supply risks, and identify community needs and priorities and serve as a long-term guide to better prepare for future uncertainties like multi-year drought.
- Complete the tests for lead and copper in water service laterals in elementary schools and childcare facilities by Oct 2024 and to comply with the revised Environmental Protection Agency's lead and copper rule.
- Complete construction of Water Main Replacement Project 29 (WS-15002). The project will complete replacement of approximately 8,600 linear feet of water main pipelines and associated services on streets around California Avenue, downtown, and along Park Avenue.
- Complete design of Water Main Replacement Project 30 (WS-15002) to replace approximately 8,000 linear feet of water main pipelines and associated services on streets around Towle Place, Christine Drive, and Lambert Avenue.
- Exchange or retrofit the remaining 13,000 water meters to make them AMI-compatible.
- Allocate more resources to the Backflow Prevention Program to ensure wastewater does not flow back into the potable water distribution system and to comply with the State Water Resource Control Board's backflow program requirements.
- Execute contract for engineering design for the seismic retrofit of Park and Dahl Reservoirs.

### 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.
- Complete the One Water Plan which will identify the best water supply alternatives.



# 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Percent of customer-owned water backflow prevention devices in compliance | 89%  | 90%             | 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 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.             |                 |                        |                   |                        |

## WATER EFFICIENCY

| Goal   | Increase environmental sustainability of the water supply system.  |                 |                        |                   |                        |
|--|--|-----------------|------------------------|-------------------|------------------------|
| Objective  | Increase water conservation and efficiency participation.  |                 |                        |                   |                        |
|  | FY 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
| Annual savings achieved through water efficiency programs as a percentage of total sales | 1.31%  | 1.38%           | 0.70%                  | 1.35%             | 1.40%                  |
| Description  | The department measures specific savings achieved by the installation of water efficiency improvements through the programs that the City offers through the Santa Clara Valley Water District. The California drought greatly affected the City's water savings numbers with the largest amount of savings attributed to the non-residential installation of drought tolerant landscapes and water efficient irrigation hardware. |                 |                        |                   |                        |
| 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 2023, led by savings from the Landscape Conversion Rebate Program.   |                 |                        |                   |                        |

## 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 2022 Actuals  | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 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 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2024 Estimated | FY 2025 Adopted Budget |
|--|-----------------|-----------------|------------------------|-------------------|------------------------|
| Percent of miles of water mains replaced   | 0.20%           | 0.00%           | 0.7%                   | 0.66%             | 0.00%                  |
| Number of Customer Accounts (Water)  | 20,650          | 20,533          | 20,616                 | 20,616            | 20,616                 |
| Percent of surveyed rating the quality of the Drinking Water (Water) as "Good" or "Excellent"* | 91%             | 87%             | 89%                    | 87%               | 90%                    |

\* The most recent Palo Alto Community Survey was completed in September 2023. The full report can be found on the City website: <https://www.cityofpaloalto.org/Departments/City-Manager/Community-Engagement/Palo-Alto-Community-Survey>.

# Budget Summary

|                                  | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$   | FY 2025 Change % |
|----------------------------------|-------------------|-------------------|------------------------|------------------------|---------------------|------------------|
| <b>Dollars by Division</b>       |                   |                   |                        |                        |                     |                  |
| Water Administration             | 8,063,722         | 8,612,030         | 9,881,206              | 9,698,610              | (182,596)           | (1.8)%           |
| Water Customer Service           | 2,058,662         | 2,316,086         | 3,059,539              | 3,196,897              | 137,358             | 4.5%             |
| Water Engineering (Operating)    | 492,438           | 666,669           | 986,810                | 1,021,262              | 34,453              | 3.5%             |
| Water Operations and Maintenance | 7,189,421         | 7,531,468         | 10,380,861             | 10,998,215             | 617,354             | 5.9%             |
| Water Resource Management        | 22,510,165        | 23,334,970        | 26,728,920             | 26,378,599             | (350,321)           | (1.3)%           |
| CIP Water Fund                   | 7,549,651         | 8,533,379         | 25,719,795             | 12,525,363             | (13,194,432)        | (51.3)%          |
| <b>Total Dollars by Division</b> | <b>47,864,059</b> | <b>50,994,603</b> | <b>76,757,131</b>      | <b>63,818,946</b>      | <b>(12,938,184)</b> | <b>(16.9)%</b>   |
| <b>Dollars by Category</b>       |                   |                   |                        |                        |                     |                  |
| <b>Salary &amp; Benefits</b>     |                   |                   |                        |                        |                     |                  |
| Healthcare                       | 895,798           | 891,528           | 1,116,073              | 1,173,300              | 57,227              | 5.1%             |
| Other Benefits                   | 172,610           | 180,898           | 195,176                | 178,136                | (17,040)            | (8.7)%           |
| Overtime                         | 244,335           | 278,848           | 334,543                | 337,959                | 3,416               | 1.0%             |
| Pension                          | 2,219,300         | 2,378,283         | 2,636,198              | 2,750,972              | 114,774             | 4.4%             |
| Retiree Medical                  | 426,143           | 427,963           | 558,796                | 647,278                | 88,482              | 15.8%            |
| Salary                           | 5,813,933         | 6,007,519         | 6,593,314              | 7,078,866              | 485,552             | 7.4%             |
| Workers' Compensation            | 223,618           | 237,210           | 178,569                | 169,640                | (8,929)             | (5.0)%           |
| <b>Total Salary and Benefits</b> | <b>9,995,737</b>  | <b>10,402,249</b> | <b>11,612,669</b>      | <b>12,336,151</b>      | <b>723,482</b>      | <b>6.2%</b>      |
| Utility Purchase                 | 21,248,651        | 21,744,025        | 25,349,342             | 25,003,230             | (346,112)           | (1.4)%           |
| Contract Services                | 204,535           | 636,719           | 726,386                | 849,744                | 123,358             | 17.0%            |
| Supplies & Material              | 429,843           | 390,325           | 621,207                | 627,307                | 6,100               | —%               |
| General Expense                  | 630,110           | 671,908           | 1,204,709              | 1,097,481              | (107,228)           | (8.9)%           |
| Rents & Leases                   | 2,276,921         | 2,555,492         | 3,684,973              | 3,445,223              | (239,750)           | (6.5)%           |
| Debt Service                     | 1,415,438         | 1,339,703         | 3,222,606              | 3,222,606              | —                   | —%               |
| Facilities & Equipment           | —                 | 1,711             | 1,150                  | 4,900                  | 3,750               | 326.1%           |
| Allocated Charges                | 4,416,019         | 4,550,281         | 6,092,926              | 6,270,112              | 177,186             | 2.9%             |

# UTILITIES

## Budget Summary

|                                    | FY 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$   | FY 2025 Change % |
|------------------------------------|-------------------|-------------------|------------------------|------------------------|---------------------|------------------|
| Transfer to Infrastructure         | 96,932            | 843,205           | —                      | —                      | —                   | —%               |
| Operating Transfers-Out            | 40,971            | (120,912)         | —                      | —                      | —                   | —%               |
| Capital Improvement Program        | 7,108,902         | 7,979,897         | 24,241,163             | 10,962,193             | (13,278,970)        | (54.8)%          |
| <b>Total Dollars by Category</b>   | <b>47,864,059</b> | <b>50,994,603</b> | <b>76,757,131</b>      | <b>63,818,946</b>      | <b>(12,938,184)</b> | <b>(16.9)%</b>   |
| <b>Revenues</b>                    |                   |                   |                        |                        |                     |                  |
| Charges for Services               | 1,389             | 1,332             | 10,000                 | 10,000                 | —                   | —%               |
| Charges to Other Funds             | 120,678           | 70,339            | 70,339                 | 70,339                 | —                   | —%               |
| From Other Agencies                | 676,143           | 420,822           | 576,632                | 576,632                | —                   | —%               |
| Net Sales                          | 44,097,585        | 42,876,672        | 50,618,514             | 53,001,619             | 2,383,105           | 4.7%             |
| Operating Transfers-In             | 322,640           | —                 | 342,200                | 352,600                | 10,400              | 3.0%             |
| Other Revenue                      | 948,751           | 1,079,279         | 952,935                | 981,435                | 28,500              | 3.0%             |
| Permits and Licenses               | —                 | —                 | —                      | —                      | —                   | —%               |
| Return on Investments              | 757,814           | 916,572           | 1,017,500              | 1,199,700              | 182,200             | 17.9%            |
| <b>Total Revenues</b>              | <b>46,925,000</b> | <b>45,365,016</b> | <b>53,588,120</b>      | <b>56,192,325</b>      | <b>2,604,205</b>    | <b>4.9%</b>      |
| <b>Positions by Division</b>       |                   |                   |                        |                        |                     |                  |
| Water Customer Service             | 9.38              | 10.96             | 10.98                  | 10.99                  | 0.01                | —%               |
| Water Engineering (Operating)      | 2.33              | 2.33              | 2.33                   | 2.33                   | —                   | —%               |
| Water Operations and Maintenance   | 26.99             | 26.23             | 26.35                  | 27.85                  | 1.50                | 5.7%             |
| Water Resource Management          | 2.79              | 2.59              | 2.45                   | 2.45                   | (0.00)              | —%               |
| CIP Water Fund                     | 5.34              | 5.54              | 5.48                   | 5.48                   | —                   | —%               |
| <b>Total Positions by Division</b> | <b>46.83</b>      | <b>47.65</b>      | <b>47.59</b>           | <b>49.10</b>           | <b>1.51</b>         | <b>3.2%</b>      |

## Staffing

| Job Classification                                     | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 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                   | —                  | 23,348         |
| Assistant Director Utilities Customer Support Services | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | 53,198         |
| Assistant Director Utilities Engineering               | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | 52,154         |
| Assistant Director Utilities Operations                | 0.15            | 0.15            | 0.15                   | 0.15                   | —                  | 42,329         |
| Assistant Director Utilities/Resource Management       | 0.15            | 0.15            | 0.15                   | 0.15                   | —                  | 38,370         |
| Associate Sustainability Program Administrator         | —               | —               | 0.05                   | 0.05                   | —                  | 6,177          |
| Business Analyst                                       | 1.00            | 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                   | —                  | 14,531         |
| Coordinator Utilities Projects                         | 1.09            | 1.09            | 1.09                   | 2.35                   | 1.26               | 310,095        |
| 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                   | —                  | 37,059         |
| Engineering Manager - WGW                              | 0.33            | 0.33            | 0.33                   | 0.33                   | —                  | 80,741         |
| Engineering Technician III                             | 0.45            | 0.45            | 0.45                   | 0.45                   | —                  | 52,210         |

# UTILITIES

## Staffing

| Job Classification  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Gas and Water Meter Measurement and Control Technician        | 0.60            | 0.60            | 0.60                   | 1.10                   | 0.50               | 137,829        |
| 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, WGW Utilities Field Svc                            | 1.74            | 1.83            | 1.83                   | 1.83                   | —                  | 253,202        |
| Maintenance Mechanic-Welding                                  | 0.80            | 0.80            | 0.80                   | 0.80                   | —                  | 100,788        |
| Manager Customer Service                                      | 0.34            | 0.34            | 0.34                   | 0.34                   | —                  | 71,194         |
| Manager Utilities Compliance                                  | 0.50            | 0.50            | 0.50                   | 0.50                   | —                  | 101,702        |
| Manager Utilities Credit & Collection                         | 0.15            | 0.15            | 0.15                   | 0.15                   | —                  | 27,961         |
| Manager Utilities Operations WGW                              | 0.50            | 0.50            | 0.50                   | 0.50                   | —                  | 109,949        |
| Manager Utilities Program Services                            | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | 34,545         |
| Meter Reader  | 2.03            | 2.03            | 1.70                   | 1.70                   | —                  | 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                   | —                  | 65,977         |
| Principal Utilities Program Manager                           | —               | 0.10            | —                      | —                      | —                  | —              |
| Program Assistant I   | 0.33            | 0.33            | 0.33                   | 0.33                   | —                  | 30,099         |
| Program Assistant II  | 0.20            | —               | —                      | —                      | —                  | —              |
| Project Engineer  | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | 372,570        |
| Resource Planner  | 0.60            | 0.60            | 0.60                   | 0.60                   | —                  | 101,562        |
| Restoration Lead  | 0.31            | 0.31            | 0.31                   | 0.31                   | —                  | 41,383         |
| SCADA Technologist  | 0.89            | —               | —                      | —                      | —                  | —              |
| Senior Business Analyst                                       | 0.99            | 0.99            | 0.99                   | 0.99                   | —                  | 172,437        |

# Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|----------------|
| Senior Engineer                                 | 1.74            | 1.74            | 1.74                   | 1.74                   | —                  | 353,397        |
| Senior Mechanic                                 | 0.34            | 0.34            | 0.34                   | 0.34                   | —                  | 44,349         |
| Senior Resource Planner                         | 1.60            | 1.60            | 1.60                   | 1.60                   | —                  | 327,608        |
| 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                   | 1.00                   | —                  | 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            | 0.45                   | 0.45                   | —                  | 60,793         |
| Utilities Locator                               | 0.34            | 0.34            | 0.34                   | 0.34                   | —                  | 42,001         |

# UTILITIES

## Staffing

| Job Classification                              | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Salary     |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|--------------------|
| Utilities Safety Officer                        | 0.15            | 0.15            | 0.15                   | 0.15                   | —                  | 23,253             |
| Utilities Supervisor                            | 2.66            | 2.66            | 2.66                   | 2.66                   | —                  | 496,857            |
| Utilities System Analyst                        | —               | 0.40            | 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>44.78</b>    | <b>44.68</b>    | <b>44.70</b>           | <b>46.46</b>           | <b>1.76</b>        | <b>\$6,748,468</b> |
| Temporary/Hourly                                | 2.05            | 2.97            | 2.89                   | 2.64                   | (0.25)             | \$223,112          |
| <b>Total Positions</b>                          | <b>46.83</b>    | <b>47.65</b>    | <b>47.59</b>           | <b>49.10</b>           | <b>1.51</b>        | <b>\$6,971,580</b> |



# Budget Reconciliation

|  | Positions    | Expenditures        | Revenues          | Fund Balance Cost/(Savings) |
|--|--------------|---------------------|-------------------|-----------------------------|
| <b>Prior Year Budget</b>   | <b>47.59</b> | <b>76,757,131</b>   | <b>53,588,120</b> | <b>13,768,916</b>           |
| <b>One-time Prior Year Budget Adjustments</b>  |              |                     |                   |                             |
| Lead and Copper Testing Requirements   | -            | (150,000)           | -                 | (150,000)                   |
| <b>One-time Prior Year Budget Adjustments</b>  | <b>-</b>     | <b>(150,000)</b>    | <b>-</b>          | <b>(150,000)</b>            |
| <b>Adjustments to Costs of Ongoing Activities</b>  |              |                     |                   |                             |
| Salary and Benefits Adjustments  | -            | 470,878             | -                 | 470,878                     |
| Water Customer Sales Revenue   | -            | -                   | 2,383,105         | (2,383,105)                 |
| Utility Purchases Adjustment   | -            | (346,112)           | -                 | (346,112)                   |
| Return on Investments  | -            | -                   | 182,200           | (182,200)                   |
| Rents & Leases Expenditure Alignment   | -            | (239,750)           | -                 | (239,750)                   |
| Transfer From Wastewater and Gas Fund (WS-02014 Water, Gas, Wastewater Utility GIS Data) | -            | -                   | 10,400            | (10,400)                    |
| AMI Software Subscription Costs  | -            | 526                 | -                 | 526                         |
| Bill Print Equipment Contract  | -            | 8,890               | -                 | 8,890                       |
| Bankcard Service Charge Adjustment   | -            | 19,713              | -                 | 19,713                      |
| Supplies and Materials Adjustments   | -            | 23,100              | -                 | 23,100                      |
| Capital Improvement Program  | -            | (13,282,242)        | 28,500            | (13,310,742)                |
| General Fund Cost Allocation Plan  | -            | (144,068)           | -                 | (144,068)                   |
| Landscape Maintenance Allocated Charges  | -            | 3,323               | -                 | 3,323                       |
| Liability Insurance Allocated Charges  | -            | 18,393              | -                 | 18,393                      |
| Printing & Mailing Allocated Charges   | -            | (27,000)            | -                 | (27,000)                    |
| Utilities Administration Allocated Charges   | -            | 263,859             | -                 | 263,859                     |
| Vehicle Replacement & Maintenance Allocated Charges                                      | -            | 65,952              | -                 | 65,952                      |
| Workers' Compensation Allocated Charges  | -            | (8,929)             | -                 | (8,929)                     |
| <b>Adjustments to Costs of Ongoing Activities</b>  | <b>-</b>     | <b>(13,173,467)</b> | <b>2,604,205</b>  | <b>(15,777,672)</b>         |
| <b>Total FY 2025 Base Budget</b>   | <b>47.59</b> | <b>63,433,663</b>   | <b>56,192,325</b> | <b>(2,158,756)</b>          |

# UTILITIES

## Budget Reconciliation

|  | Positions    | Expenditures      | Revenues          | Fund Balance Cost/(Savings) |
|--|--------------|-------------------|-------------------|-----------------------------|
| <b>Budget Proposals</b>                        |              |                   |                   |                             |
| 1. Utilities Customer Service Support Staffing | 0.01         | 24,501            | -                 | 24,501                      |
| 2. Lead and Copper Testing Requirements        | -            | 120,000           | -                 | 120,000                     |
| 3. Cross Connection Control Program Staffing   | 1.50         | 240,782           | -                 | 240,782                     |
| <b>Budget Changes</b>                          | <b>1.51</b>  | <b>385,283</b>    | <b>-</b>          | <b>385,283</b>              |
| <b>Total FY 2025 Adopted Budget</b>            | <b>49.10</b> | <b>63,818,946</b> | <b>56,192,325</b> | <b>7,626,621</b>            |

# Budget Adjustments

| Budget Adjustments                             | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|--|-----------|--------------|----------|-----------------------------|
| 1. Utilities Customer Service Support Staffing | 0.01      | 24,501       | -        | 24,501                      |

This action adds 1.00 FTE Utilities Project Coordinator to the Customer Service Support division, offset by the elimination of 1.00 FTE Administrative Specialist II. The introduction of this position marks a strategic shift in how technical projects are managed within the division. Instead of rotating Customer Service Representatives (CSRs) to assist with various technical endeavors, the dedicated Utilities Project Coordinator will now oversee these initiatives. The funding for this position will be allocated with a revised split across the Water, Electric, Wastewater, and Gas Funds to better match the operational requirements of each utility. (Ongoing cost: \$25,828)

**Performance Results**



This action will result in dedicated project management oversight and increased customer interaction.

|   |   |         |   |         |
|---|---|---------|---|---------|
| 2. Lead and Copper Testing Requirements | 0 | 120,000 | - | 120,000 |
|---|---|---------|---|---------|

This one-time action will add \$120,000 to the Lead and Copper Rule Revisions (LCRR) program to complete the lead & copper test through October 2024, address any inquiries from the state, and close out any follow up items to finish out the initial testing portion of the program. On January 15, 2021, the U.S. Environmental Protection Agency issued revisions to federal LCRR rule with implementation guidance released in August 2022. The EPA's new LCRR aims to strengthen the LCR to better protect communities and children in elementary schools and childcare facilities from the impacts of lead exposure. All community and non-transient noncommunity water systems must complete and submit their inventory by October 24, 2024. (Ongoing cost: \$0)

**Performance Results**



This action will ensure the City is in compliance with the program.

|  |     |         |   |         |
|--|-----|---------|---|---------|
| 3. Cross Connection Control Program Staffing | 1.5 | 240,782 | - | 240,782 |
|--|-----|---------|---|---------|

This action adds 1.00 FTE Utilities Projects Coordinator and 1.00 Gas and Water Meter Measurement and Control Technician to manage increasing responsibilities in the Cross Connection Control Program. The City has a responsibility to monitor backflow compliance and report it to the State Water Resources Control Board. These duties include performing field audits, and device testing to ensure compliance with our State Regulator. The last 5 years have shown skyrocketing growth in this area of Utilities with our monitored devices increasing over 30%. With increased regulations, this growth is expected to continue. Additional staffing at this stage will allow us to further develop this program to better serve and protect our drinking water and our customers.(Ongoing cost: \$262,725)

**Performance Results**



This action will result in enhancing the program's monitoring and compliance efforts.



CITY OF  
**PALO  
ALTO**

# 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.

A \$14.0 million Budget Uncertainty Reserve was established as part of the FY 2023 Mid-Year Review (Report # 2212-0515) to fund anticipated shortfalls starting in FY 2024. This budget draws down approximately \$6.1 million from the remaining \$9.6 million in the Uncertainty Reserve to fund services approved by the Council in FY 2025 and ongoing. This budget also recommends using \$2.6 million from the Budget Stabilization Reserve (BSR) to increase the Uncertainty Reserve for the FY 2026 budget process. The remaining \$6.1 million in the Budget Uncertainty Reserve will be saved for future use and budget planning.

The FY 2025 budget shows continued increases of major tax revenues with Property Tax and Sales Tax being the largest contributors. The revenues estimated in FY 2025 are above pre-pandemic levels in all categories, and revenue of \$4.8 million from the voter approved Business Tax is estimated to be collected to fund the three key areas identified by the City Council: public safety, traffic and transportation safety upgrades, and affordable housing.

The FY 2025 budget reflects \$1.0 million of Real Property Investment Reserve to fund potential annual costs related to property purchases around the City. Also, the FY 2025 budget includes a \$2.0 million transfer from the General Benefit Fund to the General Fund to be used as one-time solution to fund services and bridge financing in the multi-year budget strategy.

The FY 2025 budget also reflects loans totaling to \$2.0 million to the California Avenue Parking Fund (\$0.8 million), University Avenue Parking Fund (\$0.7 million), and Residential Parking Permit (RPP) Fund (\$0.5 million) resulting from 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 2022 Actuals   | FY 2023 Actuals   | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$  | FY 2025 Change % |
|---|-------------------|-------------------|------------------------|------------------------|--------------------|------------------|
| <b>Dollars by Division</b>                            |                   |                   |                        |                        |                    |                  |
| Non-Departmental                                      | 22,300,759        | 39,873,934        | 44,984,370             | 52,740,650             | 7,756,280          | 17.2%            |
| Cubberley - Lease Payments to PAUSD                   | 179,043           | 3,323,514         | 3,489,000              | 3,323,800              | (165,200)          | (4.7)%           |
| <b>Total Dollars by Division</b>                      | <b>22,479,802</b> | <b>43,197,449</b> | <b>48,473,370</b>      | <b>56,064,450</b>      | <b>7,591,080</b>   | <b>15.7%</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 and Special Events                        | —                 | —                 | 50,000                 | 50,000                 | —                  | —%               |
| Project Homekey Operations (Year 1 of 7)              | —                 | —                 | —                      | 1,000,000              | 1,000,000          | 100.0%           |
| Reserve: Budget Uncertainty                           | —                 | —                 | 10,116,586             | 6,100,969              | (4,015,617)        | (39.7)%          |
| Reserve: Real Property Investment                     | —                 | —                 | —                      | 1,000,000              | 1,000,000          | 100.0%           |
| Reserve: Utilities Transfer Litigation                | —                 | —                 | —                      | 3,108,350              | 3,108,350          | 100.0%           |
| <b>Total Contingent Accounts &amp; Reserves</b>       | <b>—</b>          | <b>—</b>          | <b>10,591,586</b>      | <b>11,684,319</b>      | <b>1,092,733</b>   | <b>10.3%</b>     |
| <b>Salary &amp; Benefits</b>                          |                   |                   |                        |                        |                    |                  |
| Temporary Salaries                                    | 6,725             | 1,807             | —                      | —                      | —                  | —%               |
| General Fund Vacancy Factor                           | —                 | —                 | —                      | (2,240,000)            | (2,240,000)        | —%               |
| <b>Total Salary and Benefits</b>                      | <b>6,725</b>      | <b>1,807</b>      | <b>—</b>               | <b>(2,240,000)</b>     | <b>(2,240,000)</b> | <b>—%</b>        |
| <b>Dollars by Category</b>                            |                   |                   |                        |                        |                    |                  |
| Allocated Charges                                     | 8,348             | 3,434             | 3,500                  | 8,900                  | 5,400              | 154.3%           |
| Contract Services                                     | 643,627           | 641,812           | 70,000                 | 1,897,800              | 1,827,800          | 2,611.1%         |

# Budget Summary

|                                  | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change \$ | FY 2025<br>Change % |
|----------------------------------|--------------------|--------------------|------------------------------|------------------------------|----------------------|---------------------|
| General Expense                  | 3,491,922          | 3,520,941          | 4,010,000                    | 5,640,650                    | 1,630,650            | 40.7%               |
| Operating Transfers-Out          | 5,497,946          | 12,341,641         | 5,042,757                    | 6,313,821                    | 1,271,064            | 25.2%               |
| Rents & Leases                   | 206,500            | —                  | 218,000                      | 233,000                      | 15,000               | 6.9%                |
| Supplies & Material              | —                  | 168                | —                            | —                            | —                    | —%                  |
| Transfer to Infrastructure       | 12,624,734         | 26,687,645         | 28,537,527                   | 32,525,960                   | 3,988,433            | 14.0%               |
| <b>Total Dollars by Category</b> | <b>22,473,077</b>  | <b>43,195,642</b>  | <b>37,881,784</b>            | <b>46,620,131</b>            | <b>8,738,347</b>     | <b>23.1%</b>        |
| <b>Total Expenses</b>            | <b>22,479,802</b>  | <b>43,197,449</b>  | <b>48,473,370</b>            | <b>56,064,450</b>            | <b>7,591,080</b>     | <b>15.7%</b>        |
| <b>Revenues</b>                  |                    |                    |                              |                              |                      |                     |
| Charges for Services             | 499,799            | 246,601            | —                            | —                            | —                    | —%                  |
| Charges to Other Funds           | —                  | —                  | 67,334                       | 64,306                       | (3,028)              | (4.5)%              |
| Documentary Transfer Tax         | 11,990,088         | 5,750,550          | 5,919,579                    | 7,259,923                    | 1,340,344            | 22.6%               |
| From Other Agencies              | 8,298,255          | 5,532,207          | —                            | —                            | —                    | —%                  |
| Operating Transfers-In           | 21,822,417         | 21,625,000         | 23,237,000                   | 28,452,629                   | 5,215,629            | 22.4%               |
| Other Revenue                    | 1,159,430          | 953,797            | 729,162                      | 729,921                      | 758                  | —%                  |
| Other Taxes and Fines            | 78,161             | 70,214             | 1,659,500                    | 4,762,500                    | 3,103,000            | 187.0%              |
| Property Taxes                   | 59,353,109         | 63,128,828         | 63,785,000                   | 68,623,000                   | 4,838,000            | 7.6%                |
| Rental Income                    | 12,282,280         | 13,091,364         | 14,531,700                   | 14,754,600                   | 222,900              | 1.5%                |
| Return on Investments            | 1,325,254          | 2,529,141          | 1,846,048                    | 3,263,900                    | 1,417,852            | 76.8%               |
| Sales Taxes                      | 32,704,761         | 36,926,100         | 36,122,000                   | 39,427,000                   | 3,305,000            | 9.1%                |
| Transient Occupancy Tax          | 16,946,050         | 25,485,060         | 26,833,868                   | 27,857,115                   | 1,023,247            | 3.8%                |
| Utility Users Tax                | 15,598,693         | 18,763,255         | 18,456,816                   | 19,943,419                   | 1,486,604            | 8.1%                |
| <b>Total Revenues</b>            | <b>182,058,295</b> | <b>194,102,118</b> | <b>193,188,007</b>           | <b>215,138,314</b>           | <b>21,950,307</b>    | <b>11.4%</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.

# NON-DEPARTMENTAL

## Budget Reconciliation

|   | Positions   | Expenditures        | Revenues           | Fund Balance Cost/(Savings) |
|---|-------------|---------------------|--------------------|-----------------------------|
| <b>Prior Year Budget</b>  | <b>0.00</b> | <b>48,473,370</b>   | <b>193,188,007</b> | <b>(144,714,637)</b>        |
| <b>One-Time Prior Year Budget Adjustments</b>                     |             |                     |                    |                             |
| Reserve: Budget Uncertainty                                       | -           | (10,116,586)        | -                  | (10,116,586)                |
| LifeMove Construction HomeKey Facility (PE-24005)                 | -           | (2,500,000)         | -                  | (2,500,000)                 |
| California Avenue Parking Fund Loan                               | -           | (450,000)           | -                  | (450,000)                   |
| Childcare Pilot Program   | -           | (400,000)           | -                  | (400,000)                   |
| Fire Department Utility Task Vehicles                             | -           | (80,000)            | -                  | (80,000)                    |
| Residential Parking Permit (RPP) Fund Loan                        | -           | (50,000)            | -                  | (50,000)                    |
| Chamber of Commerce Funding                                       | -           | (50,000)            | -                  | (50,000)                    |
| Homekey Operations Funding (\$7M, 1M annually FY 2025-2031)       | -           | 1,000,000           | -                  | 1,000,000                   |
| <b>One-Time Prior Year Budget Adjustments</b>                     | <b>0.00</b> | <b>(12,646,586)</b> | <b>-</b>           | <b>(12,646,586)</b>         |
| <b>Adjustments to Costs of Ongoing Activities</b>                 |             |                     |                    |                             |
| Property Taxes  | -           | -                   | 4,838,000          | (4,838,000)                 |
| Sales Tax   | -           | -                   | 3,305,000          | (3,305,000)                 |
| Equity Transfer   | -           | -                   | 3,212,629          | (3,212,629)                 |
| Business Tax (Measure K)  | -           | -                   | 3,103,000          | (3,103,000)                 |
| Reserve: Utility Transfer Litigation (Settlement Installment Two) | -           | (3,091,650)         | -                  | (3,091,650)                 |
| General Fund Vacancy Factor (3% to 5%)                            | -           | (2,240,000)         | -                  | (2,240,000)                 |
| Utility Users Tax   | -           | -                   | 1,486,604          | (1,486,604)                 |
| Return on Investments   | -           | -                   | 1,417,852          | (1,417,852)                 |
| Documentary Transfer Tax  | -           | -                   | 1,340,344          | (1,340,344)                 |
| Transient Occupancy Taxes   | -           | -                   | 1,023,247          | (1,023,247)                 |
| Rents and Leases  | -           | -                   | 222,900            | (222,900)                   |
| Transfer to Electric Fund for Streetlight and Traffic Signal      | -           | (180,241)           | -                  | (180,241)                   |
| Cubberley Lease Payment   | -           | (165,200)           | -                  | (165,200)                   |
| Transfer from University Avenue Parking Fund (Police Patrol)      | -           | -                   | 3,000              | (3,000)                     |



# Budget Reconciliation

|  | Positions   | Expenditures      | Revenues           | Fund Balance Cost/(Savings) |
|--|-------------|-------------------|--------------------|-----------------------------|
| Transfer to Debt Service Fund (Golf Course Project)                    | -           | (1,695)           | -                  | (1,695)                     |
| Other Revenue  | -           | -                 | 759                | (759)                       |
| Property Tax Administration  | -           | 3,000             | -                  | 3,000                       |
| General Fund Cost Allocation Plan                                      | -           | -                 | (3,028)            | 3,028                       |
| Print & Mail Allocated Charges   | -           | 5,400             | -                  | 5,400                       |
| Adjustment for El Camino Park Lease                                    | -           | 15,000            | -                  | 15,000                      |
| Transfer to Technology Fund (Technology Surcharge)                     | -           | 33,000            | -                  | 33,000                      |
| Downtown Streets Team (Shifted from Planning and Development Services) | -           | 183,000           | -                  | 183,000                     |
| November 2024 Election Costs   | -           | 200,000           | -                  | 200,000                     |
| Childcare Pilot Program (FY 2024 Early Reappropriation)                | -           | 240,000           | -                  | 240,000                     |
| Residential Parking Permit (RPP) Fund Loan                             | -           | 500,000           | -                  | 500,000                     |
| University Avenue Parking Fund Loan                                    | -           | 700,000           | -                  | 700,000                     |
| California Avenue Parking Fund Loan                                    | -           | 800,000           | -                  | 800,000                     |
| Reserve: Utility Transfer Litigation (FY 2024 Early Reappropriation)   | -           | 6,200,000         | -                  | 6,200,000                   |
| Transfer to Capital Improvement Fund                                   | -           | 6,488,433         | -                  | 6,488,433                   |
| Reserve: Budget Uncertainty (FY 2024 Early Reappropriation)            | -           | 9,556,586         | -                  | 9,556,586                   |
| <b>Adjustments to Costs of Ongoing Activities</b>                      | <b>0.00</b> | <b>19,245,633</b> | <b>19,950,307</b>  | <b>(704,674)</b>            |
| <b>Total FY 2025 Base Budget</b>                                       | <b>0.00</b> | <b>55,072,417</b> | <b>213,138,314</b> | <b>(158,065,897)</b>        |
| <b>Budget Adjustments</b>  |             |                   |                    |                             |
| 1. Reserve: Budget Uncertainty   | -           | (3,455,617)       | -                  | (3,455,617)                 |
| 2. General Fund Transfer   | -           | -                 | 2,000,000          | (2,000,000)                 |
| 3. Ramona Street Car-free Streetscape Design                           | -           | 50,000            | -                  | 50,000                      |
| 4. Childcare Pilot Program (2nd Year)                                  | -           | 60,000            | -                  | 60,000                      |
| 5. Citywide Special Events and Programming                             | -           | 246,000           | -                  | 246,000                     |
| 6. Reserve: Real Property Investment                                   | -           | 1,000,000         | -                  | 1,000,000                   |

## NON-DEPARTMENTAL

# Budget Reconciliation

|   | Positions   | Expenditures      | Revenues           | Fund Balance Cost/(Savings) |
|---|-------------|-------------------|--------------------|-----------------------------|
| 7. Utility Transfer Litigation Settlement Installment Two | -           | 3,091,650         | -                  | 3,091,650                   |
| <b>Total Budget Adjustments</b>                           | <b>0.00</b> | <b>992,033</b>    | <b>2,000,000</b>   | <b>(1,007,967)</b>          |
| <b>Total FY 2025 Adopted Budget</b>                       | <b>0.00</b> | <b>56,064,450</b> | <b>215,138,314</b> | <b>(159,073,864)</b>        |

# Budget Adjustments

| Budget Adjustments             | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|--------------------------------|-----------|--------------|----------|-----------------------------|
| 1. Reserve: Budget Uncertainty | -         | (3,455,617)  | -        | (3,455,617)                 |

This use of \$3.5 million of the Budget Uncertainty Reserve reflects the net impact of two actions, first, a draw of \$6.1 million from the Budget Uncertainty Reserve (\$9.6 million) in FY 2025 to support the difference in projected revenues and expenses to maintain services and commitments offset by second, the addition of \$2.6 million from the Budget Stabilization Reserve (BSR) to prepare in part for a forecast shortfall of \$11.0 million in FY 2026. The Uncertainty Reserve would have a balance of \$6.1 million to partially fund the FY 2026 projected deficit, leaving a remaining projected deficit of \$4.9 million. The BSR is projected at 18.5% of the FY 2025 General Fund expenses. (One-time reserve balance: \$6,100,000)

### Performance Results



This action allows the City to manage its financial resources effectively through the allocation of funding for future needs.

|                          |   |   |           |             |
|--------------------------|---|---|-----------|-------------|
| 2. General Fund Transfer | - | - | 2,000,000 | (2,000,000) |
|--------------------------|---|---|-----------|-------------|

This one-time action increases transfers to the General Fund by \$2.0 million. This is a partial refund of allocated charges paid from General Fund departments into the General Benefits Fund in prior years that has accumulated in fund balance. 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. This is not anticipated to impact service or benefit levels, but will result in fewer resources available for items such as additional discretionary payments to the Section 115 Trust fund. However, use of these funds is recommended to continue to support critical investments and priority projects throughout the City. (Ongoing savings: \$0)

### Performance Results



This action is proposed as a cost-saving measure to increase resources available for City programs and services.

|  |   |        |   |        |
|--|---|--------|---|--------|
| 3. Ramona Street Car-free Streetscape Design | - | 50,000 | - | 50,000 |
|--|---|--------|---|--------|

This action provides \$50,000 in one-time funding to begin engagement with stakeholders about the future of Ramona Street as a car-free street. Funding will be used to onboard consultant resources that will be responsible for conducting stakeholder engagement, designing alternatives, considering legal strategies for permanent status as a car-free street, and addressing potential impacts for Ramona as a historic district. (Ongoing cost: \$0)

### Performance Results





This action supports efforts to enhance community experience and economic vibrancy.

# Budget Adjustments

| Budget Adjustments                    | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|---------------------------------------|-----------|--------------|----------|-----------------------------|
| 4. Childcare Pilot Program (2nd Year) | -         | 60,000       | -        | 60,000                      |


This action in combination with reappropriation of funding from FY 2024 provides funding to continue the childcare subsidy program for qualified City of Palo Alto employees. Services provided in this program include, but are not limited to: childcare or after school care using a Palo Alto childcare provider. This action provides funding to continue to study a pilot program for a second year; 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; to support the priority of organizational resilience.

|  |   |         |   |         |
|--|---|---------|---|---------|
| 5. Citywide Special Events and Programming | - | 246,000 | - | 246,000 |
|--|---|---------|---|---------|


This action provides \$246,000 in funding for the following citywide events and programming: United Nations Association Film Festival (\$45,000), 3rd Thursdays (\$40,000), and Magical Bridge (\$150,000) as well as one-time funding for Environmental Volunteers Foothills Nature Preserve (\$11,000). In FY 2025, staff will develop a process to evaluate and allocate the ongoing funding for citywide events and programming annually. (Ongoing cost: \$235,000)

**Performance Results** 

This action provides funding for community-building events.

|                                      |   |           |   |           |
|--------------------------------------|---|-----------|---|-----------|
| 6. Reserve: Real Property Investment | - | 1,000,000 | - | 1,000,000 |
|--------------------------------------|---|-----------|---|-----------|


This action creates the Real Property Investment Reserve to fund potential ongoing costs related to property purchases around the City. (Ongoing costs: \$1,000,000)

**Performance Results** 

This action proactively reserves funding for the City to invest in future real property purchases.

|   |   |           |   |           |
|---|---|-----------|---|-----------|
| 7. Utility Transfer Litigation Settlement Installment Two | - | 3,091,650 | - | 3,091,650 |
|---|---|-----------|---|-----------|

This action appropriates \$3.1 million from the Utility Transfer Legal Cost Reserve to the General Fund for the second set of refunds issued to class members as a result of the Green v. City of Palo Alto (Santa Clara Superior Court, Case No. 1-16-CV-300760) settlement. The reserve will retain a balance of \$3.1 million that will be appropriated based on the third and final set of settlement payments in FY 2026. (Ongoing cost in FY 2026 only: \$3,091,650)

**Performance Results** 

This action ensures funding is appropriated to fund the City’s settlement costs.



CITY OF  
**PALO  
ALTO**



# 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 2025, expenditures in the General Benefits Fund are increasing by \$10.5 million or 10.6% over prior-year levels, from \$98.4 million to \$108.9 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 2024 Adopted Budget does not include City Council actions to amend staffing levels approved in the FY 2024 Mid-Year Budget Review (CMR 2311-2233). These positions appear as a base adjustment in the FY 2025 Budget. In total net 1.00 full-time position was approved and included in the FY 2025 Base Budget. This FY 2025 Budget recommends a net addition of 29.00 full-time and a reduction of net 1.83 FTE across 14 part-time positions compared to FY 2024 Adopted levels, including those added in the FY 2024 Mid-Year review.

Overall, actions in this budget increase full-time staffing levels from 1,063.10 FTE (586.06 FTE in the General Fund) to 1,092.10 FTE (602.57 FTE in the General Fund), a 29.00 FTE or 2.7% 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 2025 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 2023, nearly 55% of employees are in PEPRA plans.

### 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 Deter-

## GENERAL BENEFITS FUND

mined 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 2023 for the valuation period ending June 30, 2022 (CMR 2308-1860). This report does not consider the preliminary 5.8% return on investments for the period ending June 30, 2023 (6.8% target); this investment return will be included in the report issued in fall 2024 and incorporated in the FY 2026 budget. The total ADC for FY 2025 is \$64.9 million (\$42.3 million for the Miscellaneous Plan and \$22.6 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: Blended cost increase of 2.6 percentage points, from an employer contribution rate of 44.8% to 47.4% (5.8% growth).
- Safety plan: Blended cost increase of 9.1 percentage points, from an employer contribution rate of 74.0% to 83.1% (12.3% 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 decreasing by 0.4 percentage points, from 11.7% to 11.3%, for Miscellaneous and by 0.4 percentage points, from 22.6% to 22.2%, for Safety. These rates are anticipated to decrease in the forecast as new employees in 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 \$553.3 million (\$340.5 million for the Miscellaneous plan and \$212.8 million for the Safety plan), a \$161.4 million or 41.2% increase over the prior year. The annual UAL payment calculated by CalPERS and assumed in the development of the FY 2025 budget is \$48.7 million (\$32.2 million for the Miscellaneous Plan and \$16.5 million for the Safety Plan). The budget assumes pre-payment of the UAL portion of the annual pension cost which confers \$1.6 million in savings across the organization. These savings are calculated by CalPERS. The City's current funded status is 65.8% for the Miscellaneous plan and 60.0% for the Safety plan.

### 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 2025 Budget includes approximately \$14.1 million (\$8.9 million in the General Fund) in supplemental contributions to the City's Pension Trust. In FY 2025, the City is using a 5.3% discount rate for supplemental contributions to the Pension Trust. This rate more closely aligns with the most recent CalPERS asset liability management (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). 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 Section 115 Pension Trust Fund. Most recently, the City Council allocated an additional \$5.7 million during the FY 2024 Mid-Year Budget Review (CMR 2311-2233). Through FY 2024, a total of \$73.3 million in principal contributions have been made to the Pension Trust (approximately 65% 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 Committee 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 ALM and Experience Studies
- Include a recalculation of the amortization schedule for the UAL at the lower discount rate

## GENERAL BENEFITS FUND

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 2036-2037 (Safety plan); the City's practice of transmitting excess one-time savings will help reach the City's 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 2025 budget for healthcare is based on the health plan choices employees made for calendar year 2024. 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 protects from maximum exposure to rising health costs. For calendar year 2025, 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.

In FY 2025, 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 \$2.9 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 in the Retiree Health Benefits Fund section of this document.

## Budget Summary

|  | FY 2022 Actuals     | FY 2023 Actuals     | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$   | FY 2025 Change % |
|--|---------------------|---------------------|------------------------|------------------------|---------------------|------------------|
| Healthcare                               | 17,579,075          | 18,099,296          | 24,394,650             | 25,299,878             | 905,228             | 3.7%             |
| Other Benefits                           | 587,224             | 583,990             | 1,145,247              | 1,145,226              | (22)                | —%               |
| Pensions                                 | 50,746,924          | 56,491,070          | 72,576,043             | 80,126,786             | 7,550,743           | 10.4%            |
| Implied Subsidy                          | (2,619,000)         | (3,025,000)         | (3,073,000)            | (2,999,500)            | 73,500              | 2.4%             |
| Salary                                   | 112,668             | 539,077             | 75,685                 | 74,201                 | (1,484)             | (2.0)%           |
| <b>Total Salary and Benefits</b>         | <b>\$66,406,891</b> | <b>\$72,688,434</b> | <b>\$95,118,626</b>    | <b>\$103,646,592</b>   | <b>\$8,527,966</b>  | <b>9.0%</b>      |
| Contract Services                        | 150,590             | 97,478              | 220,795                | 220,795                | —                   | —%               |
| General Expense                          | (21)                | —                   | —                      | —                      | —                   | —%               |
| Operating Transfers-Out                  | 2,619,000           | 3,025,000           | 3,073,000              | 4,999,500              | 1,926,500           | 62.7%            |
| <b>Total Dollars by Expense Category</b> | <b>\$69,176,459</b> | <b>\$75,810,912</b> | <b>\$98,412,421</b>    | <b>\$108,866,887</b>   | <b>\$10,454,466</b> | <b>10.6%</b>     |
| Operating Transfers-In                   | 1,000,000           | 5,000,000           | —                      | —                      | —                   | —%               |
| Other Revenue                            | 77,051,267          | 86,461,887          | 98,168,762             | 106,181,164            | 8,012,402           | 8.2%             |
| Return on Investments                    | 161,897             | 198,202             | 454,800                | 552,200                | 97,400              | 21.4%            |
| <b>Total Revenues</b>                    | <b>\$78,213,164</b> | <b>\$91,660,089</b> | <b>\$98,623,562</b>    | <b>\$106,733,364</b>   | <b>\$8,109,802</b>  | <b>8.2%</b>      |

# GENERAL BENEFITS FUND

## Budget Reconciliation

|  | Positions   | Expenditures       | Revenues           | Fund Balance Cost/(Savings) |
|--|-------------|--------------------|--------------------|-----------------------------|
| <b>Prior Year Budget</b>   | <b>0.48</b> | <b>98,412,421</b>  | <b>98,623,562</b>  | <b>(211,141)</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  | -           | (1,506)            | -                  | (1,506)                     |
| Department Charges for General Benefits  | -           | -                  | 8,012,402          | (8,012,402)                 |
| Investment Income  | -           | -                  | 97,400             | (97,400)                    |
| PARs Contributions and Expenses (Normal Cost Calculated at 5.3% Discount Rate) | -           | 1,056,455          | -                  | 1,056,455                   |
| Citywide Dental Insurance  | -           | 141,354            | -                  | 141,354                     |
| Citywide Vision Insurance  | -           | 1,399              | -                  | 1,399                       |
| Citywide Healthcare Insurance  | -           | 507,976            | -                  | 507,976                     |
| Citywide Pension   | -           | 6,748,788          | -                  | 6,748,788                   |
| <b>Adjustments to Costs of Ongoing Activities</b>                              | <b>-</b>    | <b>8,454,466</b>   | <b>8,109,802</b>   | <b>344,663</b>              |
| <b>Total FY 2025 Base Budget</b>   | <b>0.48</b> | <b>106,866,887</b> | <b>106,733,364</b> | <b>133,522</b>              |
| <b>Budget Adjustments</b>  |             |                    |                    |                             |
| 1. General Fund Transfer   | -           | 2,000,000          | -                  | 2,000,000                   |
| <b>Total Budget Adjustments</b>  | <b>-</b>    | <b>2,000,000</b>   | <b>-</b>           | <b>2,000,000</b>            |
| <b>Total FY 2025 Adopted Budget</b>  | <b>0.48</b> | <b>108,866,887</b> | <b>106,733,364</b> | <b>2,133,522</b>            |

# Budget Adjustments

| Budget Adjustments       | Positions | Expenditures | Revenues | Fund Balance Cost/(Savings) |
|--------------------------|-----------|--------------|----------|-----------------------------|
| 1. General Fund Transfer | -         | 2,000,000    | -        | 2,000,000                   |

This one-time action increases transfers to the General Fund by \$2.0 million. This is a partial refund of allocated charges paid from General Fund departments into the General Benefits Fund in prior years that has accumulated in fund balance. 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. This is not anticipated to impact service or benefit levels, but will result in fewer resources available for items such as additional discretionary payments to the Section 115 Pension Trust fund. However, use of these funds is recommended to continue to support critical investments and priority projects throughout the City. (Ongoing costs: \$0)

### Performance Results



This action is a cost-saving measure to increase resources available for City programs and services.

# 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 covers the period ending June 30, 2023. It was completed in May 2024, was reviewed by the Finance Committee (CMR 2402-2673) and accepted by the City Council (CMR 2406-3140). The City continues to select a Strategy 1 asset allocation, currently projected at a 6.25% discount rate, for the California Employers' Retirement Benefit Trust (CERBT) Fund, managed by CalPERS.

Consistent with City Council direction and the proactive funding strategies in the Retiree Benefit Funding Policy, the FY 2025 Budget 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 maintains the closed amortization period of 15 years through 2036 to proactively fund the City's retiree healthcare trust. The City Council elected a two-year phase-in of financial impacts of the June 30, 2023 valuation report. This mitigates the immediate impacts of this report's expense escalation and supports financial flexibility for the provision of services while continuing to proactively prefund long-term obligations.

In FY 2025, the ADC (adjusted for the two-year phase-in adopted by the City Council noted above) is \$19.4 million, a \$2.6 million increase from FY 2024 levels of \$16.8 million. Though the ADC assumed for the FY 2025 budget is \$19.4 million, the charges to the City's funds are budgeted at \$16.4 million. The difference of \$2.9 million represents the City's implied subsidy for retiree healthcare (adjusted in alignment with the ADC phase-in). This is the same subsidy mentioned in the General Benefits Fund Overview section. 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 2025, 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 \$2.9 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 2022 Actuals     | FY 2023 Actuals     | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change \$  | FY 2025 Change % |
|--|---------------------|---------------------|------------------------|------------------------|--------------------|------------------|
| Other Benefits                           | 28,533              | 38,372              | 61,560                 | 61,560                 | —                  | —%               |
| Retiree Medical                          | 17,761,076          | 16,326,563          | 16,799,000             | 19,638,874             | 2,839,874          | 16.9%            |
| <b>Total Salary and Benefits</b>         | <b>\$17,789,609</b> | <b>\$16,364,935</b> | <b>\$16,860,560</b>    | <b>\$19,700,434</b>    | <b>\$2,839,874</b> | <b>16.8%</b>     |
| <b>Total Dollars by Expense Category</b> | <b>\$17,789,609</b> | <b>\$16,364,935</b> | <b>\$16,860,560</b>    | <b>\$19,700,434</b>    | <b>\$2,839,874</b> | <b>16.8%</b>     |
| Operating Transfers-In                   | 2,619,000           | 3,025,000           | 3,073,000              | 2,999,500              | (73,500)           | (2.4)%           |
| Other Revenue                            | 13,799,000          | 13,298,000          | 13,726,000             | 16,639,374             | 2,913,374          | 21.2%            |
| Return on Investments                    | 44,998              | 40,345              | 27,400                 | 32,300                 | 4,900              | 17.9%            |
| <b>Total Revenues</b>                    | <b>\$16,462,998</b> | <b>\$16,363,345</b> | <b>\$16,826,400</b>    | <b>\$19,671,174</b>    | <b>\$2,844,774</b> | <b>16.9%</b>     |

# RETIREE HEALTH BENEFIT FUND

## Budget Reconciliation

|   | Positions | Expenditures | Revenues   | Fund Balance Cost/(Savings) |
|---|-----------|--------------|------------|-----------------------------|
| <b>Prior Year Budget</b>                          | -         | 16,860,560   | 16,826,400 | 34,160                      |
| <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       | -         | 2,839,874    | 2,839,874  | -                           |
| Investment Income                                 | -         | -            | 4,900      | (4,900)                     |
| <b>Adjustments to Costs of Ongoing Activities</b> | -         | 2,839,874    | 2,844,774  | (4,900)                     |
| <b>Total FY 2025 Base Budget</b>                  | -         | 19,700,434   | 19,671,174 | 29,260                      |
| <b>Budget Adjustments</b>                         |           |              |            |                             |
| 1. None   | -         | -            | -          | -                           |
| <b>Total Budget Adjustments</b>                   | -         | -            | -          | -                           |
| <b>Total FY 2025 Adopted Budget</b>               | -         | 19,700,434   | 19,671,174 | 29,260                      |



# TABLE OF ORGANIZATION

|  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Change % |
|--|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| <b>General Fund</b>                        |                 |                 |                        |                        |                    |                  |
| <b>Administrative Services</b>             |                 |                 |                        |                        |                    |                  |
| Account Specialist                         | 4.13            | 4.13            | 4.13                   | 4.13                   | —                  | —%               |
| Account Specialist-Lead                    | 3.45            | 3.45            | 3.45                   | 3.45                   | —                  | —%               |
| Accountant                                 | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | —%               |
| Administrative Assistant                   | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | —%               |
| Administrative Associate II                | 0.50            | 0.50            | 1.00                   | 1.00                   | —                  | —%               |
| Administrative Associate III               | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | —%               |
| Assistant Director Administrative Services | 1.65            | 1.65            | 1.65                   | 1.65                   | —                  | —%               |
| Buyer                                      | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | —%               |
| Chief Procurement Officer                  | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | —%               |
| Contracts Administrator                    | 1.70            | 2.70            | 3.70                   | 3.70                   | —                  | —%               |
| 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                   | 3.00                   | 1.00               | 50.0%            |
| 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                   | —                  | —%               |
| 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            | 2.00            | 2.00                   | 2.00                   | —                  | —%               |
| Storekeeper-Lead                           | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | —%               |

# TABLE OF ORGANIZATION

|   | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change<br>FTE | FY 2025<br>Change % |
|---|--------------------|--------------------|------------------------------|------------------------------|--------------------------|---------------------|
| Warehouse Supervisor                    | 0.20               | 0.20               | 0.20                         | 0.20                         | —                        | —%                  |
| <b>Total Administrative Services</b>    | <b>37.15</b>       | <b>39.15</b>       | <b>40.65</b>                 | <b>41.65</b>                 | <b>1.00</b>              | <b>2.5%</b>         |
| <b>City Attorney</b>                    |                    |                    |                              |                              |                          |                     |
| Assistant City Attorney                 | 3.00               | 4.00               | 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               | —                  | 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>10.50</b>                 | <b>10.50</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               | 2.00                         | 2.00                         | —                        | —%                  |
| City Clerk                              | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Deputy City Clerk                       | 1.00               | 1.00               | —                            | —                            | —                        | —%                  |
| <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               | 3.00                         | 3.00                         | —                        | —%                  |
| Assistant City Manager                  | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Assistant to the City Manager           | 1.00               | 3.00               | 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                         | —                        | —%                  |

## TABLE OF ORGANIZATION

|   | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change<br>FTE | FY 2025<br>Change % |
|---|--------------------|--------------------|------------------------------|------------------------------|--------------------------|---------------------|
| Management Fellow**                       | —                  | —                  | —                            | 1.00                         | 1.00                     | —%                  |
| Manager Communications                    | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Senior Management Analyst                 | —                  | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| <b>Total City Manager</b>                 | <b>9.00</b>        | <b>12.00</b>       | <b>13.00</b>                 | <b>14.00</b>                 | <b>1.00</b>              | <b>7.7%</b>         |
| <b>Community Services</b>                 |                    |                    |                              |                              |                          |                     |
| Administrative Assistant                  | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Animal Caretaker**                        | —                  | —                  | —                            | 4.00                         | 4.00                     | —%                  |
| Assistant Director Community Services     | 1.00               | 1.00               | 2.00                         | 2.00                         | —                        | —%                  |
| Building Serviceperson                    | 1.00               | 1.00               | 2.00                         | 2.00                         | —                        | —%                  |
| Building Serviceperson-Lead               | 0.60               | 0.60               | 2.00                         | 2.00                         | —                        | —%                  |
| Coordinator Recreation Programs           | 4.00               | 4.00               | 5.75                         | 5.75                         | —                        | —%                  |
| Director Community Services               | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Division Manager Open Space, Parks & Golf | —                  | —                  | 1.00                         | 1.00                         | —                        | —%                  |
| Inspector, Field Services                 | 2.00               | 2.00               | 2.00                         | 2.00                         | —                        | —%                  |
| Junior Museum & Zoo Educator              | 3.25               | 4.10               | 4.85                         | 4.85                         | —                        | —%                  |
| 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                         | —                        | —%                  |
| Park Maintenance-Lead                     | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Park Ranger                               | 5.00               | 6.00               | 6.00                         | 6.00                         | —                        | —%                  |
| Parks/Golf Crew-Lead                      | 2.00               | 2.00               | 2.00                         | 2.00                         | —                        | —%                  |
| Producer Arts/Science Program             | 11.00              | 12.25              | 9.50                         | 9.50                         | —                        | —%                  |
| Program Assistant I                       | 3.00               | 3.00               | 3.75                         | 4.75                         | 1.00                     | 26.7%               |
| Program Assistant II                      | 4.00               | 4.00               | 4.00                         | 4.00                         | —                        | —%                  |

# TABLE OF ORGANIZATION

|   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Change % |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| 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                   | —                  | —%               |
| Theater Specialist                                  | 2.00            | 2.00            | 5.00                   | 5.00                   | —                  | —%               |
| WGW Heavy Equipment Operator                        | 0.07            | 0.07            | 0.07                   | 0.07                   | —                  | —%               |
| <b>Total Community Services</b>                     | <b>67.02</b>    | <b>70.12</b>    | <b>78.02</b>           | <b>83.02</b>           | <b>5.00</b>        | <b>6.4%</b>      |
| <b>Fire</b>   |                 |                 |                        |                        |                    |                  |
| 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                   | 3.00                   | 0.80               | 36.4%            |
| Administrative Associate III                        | —               | 0.20            | 0.20                   | 1.00                   | 0.80               | 400.0%           |
| Assistant Fire Marshal (Previously 40-Hour Captain) | —               | 0.20            | 0.20                   | 1.00                   | 0.80               | 400.0%           |
| 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            | —               | —                      | —                      | —                  | —%               |
| Deputy Director Technical Services Division         | —               | 0.20            | 0.20                   | 0.20                   | —                  | —%               |
| Deputy Fire Chief                                   | 1.00            | 2.00            | 2.00                   | 2.00                   | —                  | —%               |
| 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  | 20.00           | 20.00           | 20.00                  | 20.00                  | —                  | —%               |
| Fire Chief  | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | —%               |
| Fire Fighter  | 29.00           | 34.00           | 34.00                  | 37.00                  | 3.00               | 8.8%             |
| Fire Fighter Trainee                                | —               | 3.00            | 3.00                   | 3.00                   | —                  | —%               |

## TABLE OF ORGANIZATION

|  | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change<br>FTE | FY 2025<br>Change % |
|--|--------------------|--------------------|------------------------------|------------------------------|--------------------------|---------------------|
| Fire Inspector                           | 0.40               | 0.40               | 2.40                         | 3.20                         | 0.80                     | 33.3%               |
| Fire Marshal                             | —                  | 0.05               | 0.05                         | 0.75                         | 0.70                     | 1,400.0%            |
| Geographic Information System Specialist | 0.50               | 0.50               | 0.50                         | 0.50                         | —                        | —%                  |
| Hazardous Materials Inspector            | 0.30               | 0.70               | 0.70                         | 3.93                         | 3.23                     | 461.4%              |
| Plans Check Engineer                     | —                  | —                  | —                            | 0.50                         | 0.50                     | —%                  |
| Senior Management Analyst                | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| <b>Total Fire</b>                        | <b>90.25</b>       | <b>100.25</b>      | <b>102.25</b>                | <b>112.88</b>                | <b>10.63</b>             | <b>10.4%</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           | 2.00               | 2.00               | 4.00                         | 4.00                         | —                        | —%                  |
| Human Resources Technician               | 3.00               | 4.00               | 2.00                         | 2.00                         | —                        | —%                  |
| Manager Employee Benefits                | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Manager Employee Relations               | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Recruitment Division Manager**           | —                  | —                  | —                            | 1.00                         | 1.00                     | —%                  |
| Senior Human Resources Administrator     | 3.00               | 3.00               | 4.00                         | 4.00                         | —                        | —%                  |
| Senior Management Analyst                | 2.00               | 2.00               | 2.00                         | 2.00                         | —                        | —%                  |
| <b>Total Human Resources</b>             | <b>14.00</b>       | <b>15.00</b>       | <b>16.75</b>                 | <b>17.75</b>                 | <b>1.00</b>              | <b>6.0%</b>         |
| <b>Library</b>                           |                    |                    |                              |                              |                          |                     |
| Administrative Assistant                 | —                  | —                  | 1.00                         | 1.00                         | —                        | —%                  |
| Administrative Associate III             | —                  | 1.00               | —                            | —                            | —                        | —%                  |
| Assistant Director Library Services      | —                  | 1.00               | —                            | —                            | —                        | —%                  |
| Business Analyst                         | 1.00               | 1.00               | —                            | —                            | —                        | —%                  |
| Coordinator Library Programs             | 1.00               | 2.00               | 5.00                         | 5.00                         | —                        | —%                  |
| Director Libraries                       | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |

## TABLE OF ORGANIZATION

|   | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change<br>FTE | FY 2025<br>Change % |
|---|--------------------|--------------------|------------------------------|------------------------------|--------------------------|---------------------|
| Division Head Library Services                | 1.00               | 1.00               | 2.00                         | 2.00                         | —                        | —%                  |
| Librarian                                     | 6.00               | 7.00               | 4.00                         | 4.00                         | —                        | —%                  |
| Library Associate                             | 6.00               | 6.00               | 10.00                        | 10.00                        | —                        | —%                  |
| Library Specialist                            | 10.50              | 12.50              | 8.00                         | 8.00                         | —                        | —%                  |
| 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                              | 6.00               | 6.00               | 8.00                         | 8.00                         | —                        | —%                  |
| Supervising Librarian                         | 4.00               | 4.00               | 5.00                         | 5.00                         | —                        | —%                  |
| <b>Total Library</b>                          | <b>40.50</b>       | <b>46.50</b>       | <b>49.00</b>                 | <b>49.00</b>                 | <b>—</b>                 | <b>—%</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               | 2.00                         | 2.00                         | —                        | —%                  |
| <b>Total Office of Emergency Services</b>     | <b>2.00</b>        | <b>2.00</b>        | <b>3.00</b>                  | <b>3.00</b>                  | <b>—</b>                 | <b>—%</b>           |
| <b>Office of Transportation</b>               |                    |                    |                              |                              |                          |                     |
| Administrative Assistant                      | 0.60               | 0.60               | 0.60                         | 0.60                         | —                        | —%                  |
| Associate Engineer                            | 0.35               | 0.35               | 0.35                         | 0.35                         | —                        | —%                  |
| Associate Planner                             | 0.40               | 0.40               | 0.40                         | 1.40                         | 1.00                     | 250.0%              |
| Chief Transportation Official                 | 0.70               | 0.70               | 0.70                         | 0.70                         | —                        | —%                  |
| Coordinator Transportation Systems Management | 0.65               | 0.65               | 0.65                         | —                            | (0.65)                   | (100.0)%            |
| Management Analyst                            | 0.50               | 0.50               | —                            | —                            | —                        | —%                  |
| Parking Operations-Lead                       | 0.05               | 0.05               | 0.05                         | 0.05                         | —                        | —%                  |
| Planner                                       | —                  | —                  | —                            | 0.40                         | 0.40                     | —%                  |
| Project Engineer                              | 0.25               | 0.25               | 0.25                         | 0.25                         | —                        | —%                  |
| Senior Engineer                               | 0.20               | 0.55               | 0.55                         | 0.55                         | —                        | —%                  |
| Senior Management Analyst                     | —                  | —                  | 0.50                         | 0.50                         | —                        | —%                  |

## TABLE OF ORGANIZATION

|  | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change<br>FTE | FY 2025<br>Change % |
|--|--------------------|--------------------|------------------------------|------------------------------|--------------------------|---------------------|
| Senior Planner                           | 0.15               | 0.15               | 1.40                         | 1.65                         | 0.25                     | 17.9%               |
| Traffic Engineering-Lead                 | 0.35               | —                  | —                            | —                            | —                        | —%                  |
| Transportation Planning Manager          | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| <b>Total Office of Transportation</b>    | <b>5.20</b>        | <b>5.20</b>        | <b>6.45</b>                  | <b>7.45</b>                  | <b>1.00</b>              | <b>15.5%</b>        |
| <b>Planning and Development Services</b> |                    |                    |                              |                              |                          |                     |
| 40-Hour Captain                          | —                  | 0.80               | 0.80                         | —                            | (0.80)                   | (100.0)%            |
| Administrative Assistant                 | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Administrative Associate I               | 1.00               | 1.00               | —                            | —                            | —                        | —%                  |
| Administrative Associate II              | 2.80               | 2.80               | 0.80                         | —                            | (0.80)                   | (100.0)%            |
| Administrative Associate III             | 3.00               | 4.80               | 7.80                         | 6.00                         | (1.80)                   | (23.1)%             |
| Assistant Chief Building Official*       | 1.00               | 2.00               | 2.00                         | 1.00                         | (1.00)                   | (50.0)%             |
| Assistant Director PCE                   | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Associate Engineer                       | —                  | —                  | 0.50                         | 0.50                         | —                        | —%                  |
| Associate Planner                        | 3.25               | 1.25               | 1.25                         | 1.25                         | —                        | —%                  |
| Building Inspector Specialist            | 6.00               | 8.00               | —                            | —                            | —                        | —%                  |
| Building/Planning Technician             | 2.00               | 2.50               | 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)                   | (100.0)%            |
| Code Enforcement Officer                 | —                  | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Code Enforcement-Lead                    | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Deputy Chief/Fire Marshal                | 0.80               | —                  | —                            | —                            | —                        | —%                  |
| 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                         | —                        | —%                  |
| Division Manager Planning*               | —                  | —                  | —                            | 1.00                         | 1.00                     | —%                  |
| Engineer                                 | 0.52               | 0.52               | 0.52                         | 0.52                         | —                        | —%                  |
| Engineering Technician III               | 1.50               | 1.50               | 1.00                         | 1.00                         | —                        | —%                  |

## TABLE OF ORGANIZATION

|  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Change % |
|--|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| Fire Inspector                                 | 1.60            | 1.60            | 1.60                   | 0.80                   | (0.80)             | (50.0)%          |
| Fire Marshal                                   | —               | 0.80            | 0.80                   | 0.25                   | (0.55)             | (68.8)%          |
| Hazardous Materials Inspector                  | 1.60            | 3.20            | 3.20                   | 0.07                   | (3.13)             | (97.8)%          |
| 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                   | —                  | —%               |
| Plan Review Manager**                          | —               | —               | —                      | 1.00                   | 1.00               | —%               |
| Planner  | 4.00            | 5.00            | 5.00                   | 5.00                   | —                  | —%               |
| Plans Check Engineer                           | —               | 1.00            | 1.00                   | 0.50                   | (0.50)             | (50.0)%          |
| Principal Planner                              | 1.00            | 2.00            | 2.00                   | 3.00                   | 1.00               | 50.0%            |
| Project Manager                                | —               | 0.50            | 0.50                   | 0.50                   | —                  | —%               |
| Senior Building Inspector                      | —               | —               | 8.00                   | 8.00                   | —                  | —%               |
| Senior Business Analyst                        | 1.00            | 1.00            | 1.00                   | —                      | (1.00)             | (100.0)%         |
| Senior Engineer                                | 0.40            | 0.45            | 0.45                   | 0.45                   | —                  | —%               |
| Senior Management Analyst                      | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | —%               |
| Senior Plan Check Engineer                     | —               | —               | 2.00                   | 3.00                   | 1.00               | 50.0%            |
| Senior Planner*                                | 3.65            | 4.65            | 7.65                   | 8.75                   | 1.10               | 14.4%            |
| Senior Program Manager**                       | —               | —               | —                      | 1.00                   | 1.00               | —%               |
| Senior Technologist                            | —               | —               | —                      | 1.00                   | 1.00               | —%               |
| Supervisor Inspection and Surveying            | 0.25            | 0.25            | 0.25                   | 0.25                   | —                  | —%               |
| Supervisor of Code Enforcement                 | —               | —               | 1.00                   | 1.00                   | —                  | —%               |
| Technologist                                   | —               | —               | —                      | 1.00                   | 1.00               | —%               |
| Traffic Engineering-Lead                       | 0.05            | —               | —                      | —                      | —                  | —%               |
| Transportation Planning Manager                | 0.05            | 0.05            | 0.05                   | 0.05                   | —                  | —%               |
| <b>Total Planning and Development Services</b> | <b>54.00</b>    | <b>65.20</b>    | <b>71.20</b>           | <b>67.92</b>           | <b>(3.28)</b>      | <b>(4.6)%</b>    |



## TABLE OF ORGANIZATION

|   | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change<br>FTE | FY 2025<br>Change % |
|---|--------------------|--------------------|------------------------------|------------------------------|--------------------------|---------------------|
| <b>Police</b>                               |                    |                    |                              |                              |                          |                     |
| Administrative Assistant                    | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Administrative Associate II                 | 2.00               | 2.00               | 3.00                         | 3.00                         | —                        | —%                  |
| Animal Control Officer                      | 2.00               | 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               | 2.20               | 2.20                         | 2.20                         | —                        | —%                  |
| Code Enforcement Officer                    | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Community Service Officer                   | 5.63               | 5.63               | 5.63                         | 4.69                         | (0.94)                   | (16.7)%             |
| Court Liaison Officer                       | 1.00               | 1.00               | 2.00                         | 2.00                         | —                        | —%                  |
| Crime Analyst                               | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Deputy Director Technical Services Division | —                  | 0.80               | 0.80                         | 0.80                         | —                        | —%                  |
| Forensic Coordinator**                      | —                  | —                  | —                            | 1.00                         | 1.00                     | —%                  |
| Forensic Specialist**                       | —                  | —                  | —                            | 1.00                         | 1.00                     | —%                  |
| 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                           | 4.00               | 4.00               | 4.00                         | 5.00                         | 1.00                     | 25.0%               |
| Police Officer                              | 39.00              | 43.00              | 45.00                        | 45.00                        | —                        | —%                  |
| 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                         | —                        | —%                  |
| Property Evidence Technician                | 2.00               | 2.00               | 2.00                         | —                            | (2.00)                   | (100.0)%            |
| Public Safety Communications Manager        | —                  | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Public Safety Dispatcher                    | 12.00              | 14.00              | 16.00                        | 16.00                        | —                        | —%                  |

## TABLE OF ORGANIZATION

|                                     | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change<br>FTE | FY 2025<br>Change % |
|-------------------------------------|--------------------|--------------------|------------------------------|------------------------------|--------------------------|---------------------|
| Public Safety Dispatcher-Lead       | 4.00               | 4.00               | 4.00                         | 4.00                         | —                        | —%                  |
| Public Safety Program Manager       | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Senior Management Analyst           | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| <b>Total Police</b>                 | <b>124.33</b>      | <b>133.13</b>      | <b>139.13</b>                | <b>139.19</b>                | <b>0.06</b>              | <b>0.0%</b>         |
| <b>Public Works</b>                 |                    |                    |                              |                              |                          |                     |
| Administrative Assistant            | 0.50               | 0.50               | 0.50                         | 0.50                         | —                        | —%                  |
| Administrative Associate II         | 2.65               | 2.65               | 2.65                         | 2.65                         | —                        | —%                  |
| 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                         | 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               | 1.80                         | 1.80                         | —                        | —%                  |
| Environmental Specialist            | —                  | 0.33               | 0.33                         | 0.33                         | —                        | —%                  |
| Equipment Operator                  | 2.46               | 2.46               | 2.46                         | 2.46                         | —                        | —%                  |
| Facilities Carpenter                | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| 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               | 5.05                         | 5.05                         | —                        | —%                  |
| Heavy Equipment Operator            | 2.10               | 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                         | —                        | —%                  |

## TABLE OF ORGANIZATION

|                                       | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Change % |
|---------------------------------------|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| Landscape Architect Park Planner      | 0.60            | 0.60            | 0.60                   | 0.60                   | —                  | —%               |
| Management Analyst                    | 1.45            | 0.70            | 0.70                   | 0.80                   | 0.10               | 14.3%            |
| Manager Environmental Control Program | —               | 0.33            | 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                       | 2.00            | 2.50            | 2.85                   | 2.85                   | —                  | —%               |
| 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      | 1.00            | 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                   | 0.23                   | —                  | —%               |
| <b>Total Public Works</b>             | <b>48.35</b>    | <b>49.26</b>    | <b>51.11</b>           | <b>51.21</b>           | <b>0.10</b>        | <b>0.2%</b>      |
| <b>Total General Fund</b>             | <b>506.80</b>   | <b>552.81</b>   | <b>586.06</b>          | <b>602.57</b>          | <b>16.51</b>       | <b>2.8%</b>      |
| <b>Enterprise Fund</b>                |                 |                 |                        |                        |                    |                  |
| <b>Public Works</b>                   |                 |                 |                        |                        |                    |                  |
| Accountant                            | 0.70            | 0.70            | 0.70                   | 0.70                   | —                  | —%               |
| Administrative Associate I            | —               | 1.00            | 1.00                   | 1.00                   | —                  | —%               |
| Administrative Associate II           | 2.15            | 2.15            | 2.15                   | 2.15                   | —                  | —%               |
| Administrative Associate III          | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | —%               |
| Airport Specialist II                 | —               | —               | 2.50                   | 2.50                   | —                  | —%               |

## TABLE OF ORGANIZATION

|                                       | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Change % |
|---------------------------------------|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| 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            | 3.05                   | 3.05                   | —                  | —%               |
| Chemist                               | 2.00            | 2.00            | 3.00                   | 3.00                   | —                  | —%               |
| Deputy Chief/Fire Marshal             | 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            | 1.90                   | 1.90                   | —                  | —%               |
| Engineering Technician III            | 0.25            | 0.25            | 0.20                   | 0.20                   | —                  | —%               |
| Environmental Specialist              | 2.00            | 2.33            | 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            | 2.50            | —                      | —                      | —                  | —%               |
| Fire Marshal                          | —               | 0.07            | 0.07                   | —                      | (0.07)             | (100.0)%         |
| Hazardous Materials Inspector         | 0.04            | 0.04            | 0.04                   | —                      | (0.04)             | (100.0)%         |
| 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                   | —                  | —%               |
| 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            | 2.00                   | 2.00                   | —                  | —%               |
| Management Analyst                    | 2.30            | 2.30            | 2.30                   | 2.90                   | 0.60               | 26.1%            |
| Manager Airport                       | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | —%               |
| Manager Environmental Control Program | 5.00            | 5.33            | 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                   | —                  | —%               |

## TABLE OF ORGANIZATION

|                                      | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Change % |
|--------------------------------------|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| 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            | 2.83                   | 2.83                   | —                  | —%               |
| 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                       | 2.00            | 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            | —                      | —                      | —                  | —%               |
| 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>103.98</b>   | <b>106.98</b>          | <b>107.47</b>          | <b>0.49</b>        | <b>0.5%</b>      |

# TABLE OF ORGANIZATION

|  | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Change % |
|--|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| <b>Utilities</b>                                       |                 |                 |                        |                        |                    |                  |
| Account Specialist                                     | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | —%               |
| Accountant   | 1.30            | 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                   | 2.00                   | —                  | —%               |
| 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            | 2.00                   | 2.00                   | —                  | —%               |
| 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                   | 2.00                   | 1.00               | 100.0%           |
| 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                   | 3.00                   | 1.00               | 50.0%            |
| Contracts Administrator                                | 0.70            | 0.70            | 0.70                   | 0.70                   | —                  | —%               |
| Coordinator Utilities Projects                         | 6.00            | 8.00            | 8.00                   | 10.00                  | 2.00               | 25.0%            |
| 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            | —               | —                      | —                      | —                  | —%               |
| Deputy City Attorney                                   | 1.00            | —               | 0.50                   | 0.50                   | —                  | —%               |
| Director Administrative Services/CFO                   | 0.20            | 0.20            | 0.20                   | 0.20                   | —                  | —%               |

## TABLE OF ORGANIZATION

|   | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change<br>FTE | FY 2025<br>Change % |
|---|--------------------|--------------------|------------------------------|------------------------------|--------------------------|---------------------|
| Electric Heavy Equipment Operator                             | 2.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Electric Project Engineer                                     | 4.00               | 8.00               | 8.00                         | 10.00                        | 2.00                     | 25.0%               |
| 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                         | —                        | —%                  |
| Electrician-Lead  | —                  | —                  | —                            | 1.00                         | 1.00                     | —%                  |
| Engineer  | 4.00               | 4.00               | 5.00                         | 5.00                         | —                        | —%                  |
| 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                         | 0.34                         | —                        | —%                  |
| Equipment Operator  | —                  | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Fire Marshal  | —                  | 0.08               | 0.08                         | —                            | (0.08)                   | (100.0)%            |
| Gas and Water Meter Measurement and Control Technician        | 4.00               | 4.00               | 4.00                         | 5.00                         | 1.00                     | 25.0%               |
| 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)                   | (100.0)%            |
| Heavy Equipment Operator - Install/Repair                     | 4.00               | 4.00               | 4.00                         | 5.00                         | 1.00                     | 25.0%               |
| Human Resources Representative                                | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Industrial Waste Investigator                                 | 0.50               | 0.50               | 0.50                         | 0.50                         | —                        | —%                  |
| Inspector, WGW Utilities Field Svc                            | 5.00               | 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                         | 1.00                         | —                        | —%                  |
| Manager Communications  | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |

## TABLE OF ORGANIZATION

|                                       | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Change % |
|---------------------------------------|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| 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                   | 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            | 2.00            | 2.00                   | 2.00                   | —                  | —%               |
| Manager Utilities Strategic Business  | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | —%               |
| Manager Utilities Telecommunications  | 1.00            | 1.00            | 3.00                   | 3.00                   | —                  | —%               |
| Meter Reader                          | 6.00            | 6.00            | 5.00                   | 5.00                   | —                  | —%               |
| Meter Reader-Lead                     | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | —%               |
| Metering Technician                   | 3.00            | 2.00            | 2.00                   | 2.00                   | —                  | —%               |
| Metering Technician-Lead              | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | —%               |
| Offset Equipment Operator             | 0.48            | 0.48            | 0.48                   | 0.98                   | 0.50               | 104.2%           |
| Overhead Underground Troubleshooter   | 2.00            | 2.00            | 2.00                   | 2.00                   | —                  | —%               |
| Power Engineer                        | 1.00            | —               | —                      | —                      | —                  | —%               |
| Principal Business Analyst            | 1.00            | 1.00            | 1.00                   | 1.00                   | —                  | —%               |
| Principal Utilities Program Manager   | —               | 1.00            | —                      | —                      | —                  | —%               |
| Program Assistant I                   | 1.50            | 1.50            | 2.00                   | 2.00                   | —                  | —%               |
| Program Assistant II                  | 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            | —               | —                      | —                      | —                  | —%               |



## TABLE OF ORGANIZATION

|   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Change % |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| Senior Accountant                               | 0.70            | 0.70            | 0.70                   | 0.70                   | —                  | —%               |
| Senior Business Analyst                         | 3.00            | 3.00            | 3.00                   | 3.00                   | —                  | —%               |
| Senior Electrical Engineer                      | 5.00            | 5.00            | 5.00                   | 5.00                   | —                  | —%               |
| Senior Engineer                                 | 5.00            | 6.00            | 5.00                   | 5.00                   | —                  | —%               |
| 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 Resource Planner                         | 6.50            | 7.00            | 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            | 4.00            | 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                   | —                  | —%               |
| Sustainability Programs Administrator           | 4.00            | 5.00            | 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            | 3.00            | 3.00                   | 3.00                   | —                  | —%               |

## TABLE OF ORGANIZATION

|  | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change<br>FTE | FY 2025<br>Change % |
|--|--------------------|--------------------|------------------------------|------------------------------|--------------------------|---------------------|
| Utilities Install Repair-Welding Certified | 3.00               | 3.00               | 3.00                         | 3.00                         | —                        | —%                  |
| Utilities Install/Repair                   | 10.00              | 10.00              | 10.00                        | 11.00                        | 1.00                     | 10.0%               |
| Utilities Install/Repair Assistant         | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Utilities Install/Repair-Lead              | 5.00               | 4.00               | 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 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                         | 2.00                         | —                        | —%                  |
| Utilities System Operator                  | 5.00               | 6.00               | 5.00                         | 5.00                         | —                        | —%                  |
| 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>267.60</b>      | <b>273.60</b>                | <b>283.96</b>                | <b>10.36</b>             | <b>3.8%</b>         |
| <b>Total Enterprise Fund</b>               | <b>358.74</b>      | <b>371.58</b>      | <b>380.58</b>                | <b>391.43</b>                | <b>10.85</b>             | <b>2.9%</b>         |
| <b>Other Funds</b>                         |                    |                    |                              |                              |                          |                     |
| <b>Capital Project Fund</b>                |                    |                    |                              |                              |                          |                     |
| Administrative Assistant                   | 0.65               | 0.65               | 0.65                         | 0.65                         | —                        | —%                  |
| Administrative Associate III               | 0.80               | 0.80               | 0.80                         | 0.80                         | —                        | —%                  |
| Assistant Director Public Works            | 0.72               | 0.72               | 0.72                         | 0.72                         | —                        | —%                  |
| Associate Engineer                         | 1.65               | 1.65               | 1.65                         | 1.65                         | —                        | —%                  |
| Associate Planner                          | 0.35               | 0.35               | 0.35                         | 0.35                         | —                        | —%                  |
| Building Serviceperson                     | 1.00               | 1.00               | —                            | —                            | —                        | —%                  |
| Building Serviceperson-Lead                | 1.40               | 1.40               | —                            | —                            | —                        | —%                  |
| Cement Finisher-Lead                       | 0.74               | 0.74               | 0.74                         | 0.74                         | —                        | —%                  |
| Chief Transportation Official              | 0.30               | 0.30               | 0.30                         | 0.30                         | —                        | —%                  |

## TABLE OF ORGANIZATION

|   | FY 2022 Actuals | FY 2023 Actuals | FY 2024 Adopted Budget | FY 2025 Adopted Budget | FY 2025 Change FTE | FY 2025 Change % |
|---|-----------------|-----------------|------------------------|------------------------|--------------------|------------------|
| 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           | 1.35            | 1.35            | 1.35                   | —                      | (1.35)             | (100.0)%         |
| Engineer  | 2.10            | 3.10            | 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            | 0.80                   | 0.90                   | 0.10               | 12.5%            |
| Manager Facilities                                      | 0.10            | 0.10            | 0.10                   | 0.10                   | —                  | —%               |
| Manager Maintenance Operations                          | 0.65            | 0.65            | 0.65                   | 0.65                   | —                  | —%               |
| Parking Operations-Lead                                 | 0.30            | 0.30            | 0.30                   | 0.30                   | —                  | —%               |
| Planner   | —               | —               | —                      | 0.60                   | 0.60               | —%               |
| Project Engineer  | 7.92            | 7.92            | 7.92                   | 7.92                   | —                  | —%               |
| Project Manager   | 0.80            | 0.80            | 1.45                   | 1.45                   | —                  | —%               |
| Senior Engineer   | 4.04            | 4.64            | 4.64                   | 4.64                   | —                  | —%               |
| Senior Management Analyst                               | 0.60            | 0.60            | 0.75                   | 0.75                   | —                  | —%               |
| Senior Planner  | 0.80            | 0.80            | 1.55                   | 2.30                   | 0.75               | 48.4%            |
| 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                                | 0.60            | —               | —                      | —                      | —                  | —%               |
| Transportation Planning Manager                         | 0.45            | 0.45            | 0.45                   | 0.45                   | —                  | —%               |
| <b>Total Capital Project Fund</b>                       | <b>35.48</b>    | <b>36.48</b>    | <b>35.48</b>           | <b>35.58</b>           | <b>0.10</b>        | <b>0.3%</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>1.00</b>            | <b>1.00</b>            | <b>—</b>           | <b>—%</b>        |

# TABLE OF ORGANIZATION

|  | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change<br>FTE | FY 2025<br>Change % |
|--|--------------------|--------------------|------------------------------|------------------------------|--------------------------|---------------------|
| <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                         | 2.02                         | 0.50                     | 32.9%               |
| <b>Total Printing and Mailing Services</b> | <b>1.62</b>        | <b>1.62</b>        | <b>1.62</b>                  | <b>2.12</b>                  | <b>0.50</b>              | <b>30.9%</b>        |
| <b>Special Revenue Funds</b>               |                    |                    |                              |                              |                          |                     |
| Account Specialist                         | 1.37               | 1.37               | 1.37                         | 1.37                         | —                        | —%                  |
| Account Specialist-Lead                    | 0.55               | 0.55               | 0.55                         | 0.55                         | —                        | —%                  |
| Administrative Assistant                   | 0.25               | 0.25               | 0.25                         | 0.25                         | —                        | —%                  |
| Administrative Associate II                | 0.20               | 0.20               | 0.20                         | 0.20                         | —                        | —%                  |
| Community Service Officer                  | 0.37               | 0.37               | 0.37                         | 0.31                         | (0.06)                   | (16.2)%             |
| 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                         | —                        | —%                  |
| 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               | —                            | —                            | —                        | —%                  |
| 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                    | 0.65               | 0.65               | 0.65                         | 0.65                         | —                        | —%                  |
| Senior Management Analyst                  | —                  | —                  | 0.35                         | 0.35                         | —                        | —%                  |
| Senior Planner                             | 0.40               | 0.40               | 0.40                         | 0.30                         | (0.10)                   | (25.0)%             |
| 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>9.73</b>        | <b>9.73</b>        | <b>9.73</b>                  | <b>9.57</b>                  | <b>(0.16)</b>            | <b>(1.6)%</b>       |

## TABLE OF ORGANIZATION

|   | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change<br>FTE | FY 2025<br>Change % |
|---|--------------------|--------------------|------------------------------|------------------------------|--------------------------|---------------------|
| <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                         | —                        | —%                  |
| Assistant Director Information Technology**     | —                  | —                  | —                            | 1.00                         | 1.00                     | —%                  |
| Business Analyst                                | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Desktop Technician                              | 6.00               | 6.00               | 6.00                         | 4.00                         | (2.00)                   | (33.3)%             |
| 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                         | —                        | —%                  |
| Senior Business Analyst                         | 2.00               | 2.00               | 2.00                         | 2.00                         | —                        | —%                  |
| Senior Management Analyst                       | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Senior Technologist                             | 14.00              | 16.00              | 17.00                        | 17.00                        | —                        | —%                  |
| Technologist                                    | —                  | —                  | —                            | 2.00                         | 2.00                     | —%                  |
| <b>Total Technology Fund</b>                    | <b>29.10</b>       | <b>31.10</b>       | <b>33.10</b>                 | <b>34.10</b>                 | <b>1.00</b>              | <b>3.0%</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            | 1.00               | 1.00               | 2.00                         | 2.00                         | —                        | —%                  |
| Fleet Services Coordinator                      | 1.00               | 1.00               | 2.00                         | 2.00                         | —                        | —%                  |
| Management Analyst                              | 0.20               | 0.20               | 0.20                         | 0.40                         | 0.20                     | 100.0%              |
| Management Assistant                            | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Manager Fleet                                   | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| Motor Equipment Mechanic II                     | 5.00               | 5.00               | 5.00                         | 5.00                         | —                        | —%                  |
| Motor Equipment Mechanic-Lead                   | 2.00               | 2.00               | 1.00                         | 1.00                         | —                        | —%                  |

## TABLE OF ORGANIZATION

|   | FY 2022<br>Actuals | FY 2023<br>Actuals | FY 2024<br>Adopted<br>Budget | FY 2025<br>Adopted<br>Budget | FY 2025<br>Change<br>FTE | FY 2025<br>Change % |
|---|--------------------|--------------------|------------------------------|------------------------------|--------------------------|---------------------|
| 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<br/>Maintenance Fund</b> | <b>13.53</b>       | <b>13.53</b>       | <b>14.53</b>                 | <b>14.73</b>                 | <b>0.20</b>              | <b>1.4%</b>         |
| <b>Workers' Compensation Program Fund</b>                 |                    |                    |                              |                              |                          |                     |
| Senior Human Resources Administrator                      | 1.00               | 1.00               | 1.00                         | 1.00                         | —                        | —%                  |
| <b>Total Workers' Compensation Program<br/>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>90.46</b>       | <b>93.46</b>       | <b>96.46</b>                 | <b>98.10</b>                 | <b>1.64</b>              | <b>1.7%</b>         |
| <b>Total Citywide Positions</b>                           | <b>956.00</b>      | <b>1,017.85</b>    | <b>1,063.10</b>              | <b>1,092.10</b>              | <b>29.00</b>             | <b>2.7%</b>         |

\*The FY 2024 Adopted Budget does not include City Council actions to amend staffing levels approved in the FY 2024 Mid-Year Budget Review (CMR 2311-2233). These positions appear as a base adjustment in the FY 2025 Budget.

\*\*The FY 2025 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 and Document 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 2025 Budget is included below. This ordinance was approved and adopted by the City Council on June 17, 2024.

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 2025 budget adoption ordinance (Report# 2406-3140). This report can be found on the City's website: [www.city-ofpaloalto.org/City-Hall/City-Council/Council-Agendas-Minutes](http://www.city-ofpaloalto.org/City-Hall/City-Council/Council-Agendas-Minutes) under the June 17, 2024 meeting agenda.

# BUDGET ADOPTION ORDINANCE

DocuSign Envelope ID: 8EF35CB9-0186-46BB-B740-DC4C9092E74D

## ORDINANCE NO. 5629

### ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO ADOPTING THE BUDGET FOR FISCAL YEAR 2025

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 2025; and

B. Pursuant to the provisions of Section 12 of Article III of the Charter, the Council did, on June 17, 2024, 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 17, 2024, 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 2025:

- (a) The budget document (Exhibit “1”) containing the proposed operating and capital budgets submitted on May 6, 2024, by the City Manager for Fiscal Year 2025, entitled “City of Palo Alto - City Manager’s Fiscal Year 2025 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 2025 Proposed Budget, attached hereto as Exhibit “2” and Exhibit “3” and made a part hereof; and
- (c) Changes and revised pages in the Table of Organization, as displayed on pages 503 through 524 in “Exhibit 1,” and amended in Exhibit “4” made a part hereof; and

DocuSign Envelope ID: 8EF35CB9-0186-46BB-B740-DC4C9092E74D

- (d) Fee changes of the Municipal Fee Schedule attached hereto as Exhibit “5” including changes to Impact and In-Lieu Fees attached hereto as Exhibit “6”.

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 2024 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 2024 shall be carried forward and added to the fund or department appropriations for Fiscal Year 2025.

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” and Exhibit “3” and the Fiscal Year 2024 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 2025.

SECTION 9. The Council of the City of Palo Alto adopts the changes to the Municipal Fee Schedule as set forth in Exhibit “5” including changes to Impact and In-Lieu Fees in Exhibit “6”. 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

DocuSign Envelope ID: 8EF35CB9-0186-46BB-B740-DC4C9092E74D

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 17, 2024

AYES: BURT, KOU, LAUING, LYTHCOTT-HAIMS, STONE, VEENKER

NOES: TANAKA

ABSENT:

ABSTENTIONS:

NOT PARTICIPATING:

ATTEST:

DocuSigned by:  
*Mahealani Ali Ufer*  
196901E5928F6400...  
City Clerk

DocuSigned by:  
*Greer Stone*  
174753172A9C49D...  
Mayor

APPROVED AS TO FORM:

DocuSigned by:  
*Ed Shikada*  
F2DCA19CC8D4F9...  
City Manager

APPROVED:

DocuSigned by:  
*Molly Stump*  
39A473B85374A9...  
City Attorney

DocuSigned by:  
*[Signature]*  
6B23BE5C202848C...  
Director of Administrative Services

# APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

## Fiscal Year 2025 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 2025 is included below. This resolution was adopted by the City Council on June 17, 2024.

# APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

DocuSign Envelope ID: 01007953-C6CB-46BA-82BD-63E6C82F629F

## RESOLUTION NO. 10172

Resolution of the Council of the City of Palo Alto Establishing the City's Appropriations Limit for Fiscal Year 2025

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 2025, which was adopted by ordinance of the Council on June 17, 2024; 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 3.62% percent change in California per capita income and a 0.02% 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 \$173.10 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 2025, 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 \$46.64 million.

SECTION 2. The Council hereby adopts the final calculation of the appropriations limit of the City for Fiscal Year 2025, a copy of which is attached hereto as Exhibit 1.

# APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

DocuSign Envelope ID: 01007953-C6CB-46BA-82BD-63E6C82F629F

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 17, 2024

AYES: BURT, KOU, LAUING, LYTHCOTT-HAIMS, STONE, VEENKER

NOES: TANAKA

ABSENT:

ABSTENTIONS:

NOT PARTICIPATING:

ATTEST:

DocuSigned by:  
*Makalani Ali Umar*  
009101E3898F653C  
\_\_\_\_\_  
City Clerk

APPROVED:

DocuSigned by:  
*Greg Stone*  
174753172A9C49D  
\_\_\_\_\_  
Mayor

APPROVED AS TO FORM:

DocuSigned by:  
*Molly Stump*  
3978173B65357479  
\_\_\_\_\_  
City Attorney


DocuSigned by:  
*Ed Shikada*  
F2DCA19CCC8D4F9...  
\_\_\_\_\_  
City Manager

DocuSigned by:  
*[Signature]*  
00238E0C20284BC...  
\_\_\_\_\_  
Director of Administrative Services

# APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

DocuSign Envelope ID: 01007953-C6CB-46BA-82BD-63E6C82F629F

Exhibit 1

| APPROPRIATIONS LIMITATION COMPLIANCE CALCULATION<br>FOR FISCAL YEAR 2025 ADOPTED BUDGET<br>(\$ IN MILLIONS)               |   |                          |                         |                      |                                 |                        |
|---|---|--------------------------|-------------------------|----------------------|---------------------------------|------------------------|
| Total Budgeted Appropriations   | General Fund  | Capital Projects Funds   | Special Revenue Funds   | Debt Service Fund    | Combined Funds                  |                        |
| <b>FY 2025 Adopted Budget</b>   | \$ 306.63   | \$ 135.13                | \$ 23.08                | \$ 12.00             | \$ 476.84                       |                        |
| <b>Less:</b>  |   |                          |                         |                      |                                 |                        |
| Interfund Transfers   | \$ (38.84)  | \$ (7.42)                | \$ (17.04)              | \$ -                 | \$ (63.31)                      |                        |
| Allocated Charges   | \$ (26.95)  | \$ (0.34)                | \$ (0.53)               | \$ -                 | \$ (27.82)                      |                        |
| Non-Proceeds  | \$ (63.74)  | \$ (129.40)              | \$ (7.32)               | \$ (12.14)           | \$ (212.60)                     |                        |
| <b>Net Appropriations Subject to Limit</b>  | \$ 177.10   | \$ (2.04)                | \$ (1.81)               | \$ (0.14)            | \$ 173.10                       |                        |
|  <p>CITY OF<br/><b>PALO<br/>ALTO</b></p> | FY 2024 Per Capita Income Change (CA Department of Finance)   |                          |                         |                      | <b>3.62%</b>                    |                        |
|   | Factor A  |                          |                         |                      | 1.0362                          |                        |
|   | FY 2024 Population Change (County of Santa Clara)   |                          |                         |                      | <b>0.02%</b>                    |                        |
|   | Factor B  |                          |                         |                      | 1.0002                          |                        |
|   | <b>FY 2024 Adopted Appropriations Limit</b>   |                          |                         |                      | <b>\$ 212.02</b>                |                        |
|   | Factor A x Factor B   |                          |                         |                      | 1.0364                          |                        |
|   | <b>FY 2025 Adopted Appropriations Limit</b>   |                          |                         |                      | <b>\$219.74</b>                 |                        |
|   | Net Appropriations Subject to Limit   |                          |                         |                      | \$ 173.10                       |                        |
|   | <b>Amount Under the Limit</b>   |                          |                         |                      | <b>\$46.64</b>                  |                        |
|   | <p>The City of Palo Alto remains well within its appropriations limit in FY 2025. 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 |
| 2024*   | 1.0444  | 0.9975                   | 1.0418                  | \$ 212.02            | \$ 157.94                       | \$ 54.08               |
| 2023*   | 1.0755  | 1.0007                   | 1.0763                  | \$ 203.52            | \$ 138.39                       | \$ 65.13               |
| 2022*   | 1.0573  | 0.9944                   | 1.0514                  | \$ 189.10            | \$ 127.09                       | \$ 62.01               |
| 2021  | 1.0373  | 1.0037                   | 1.0411                  | \$ 179.86            | \$ 113.06                       | \$ 66.80               |
| 2020  | 1.0385  | 1.0033                   | 1.0419                  | \$ 172.75            | \$ 127.42                       | \$ 45.33               |
| 2019  | 1.0367  | 1.0099                   | 1.0470                  | \$ 165.80            | \$ 114.94                       | \$ 50.86               |
| 2018  | 1.0369  | 1.0082                   | 1.0454                  | \$ 158.36            | \$ 131.49                       | \$ 26.87               |
| 2017  | 1.0537  | 1.0130                   | 1.0674                  | \$ 151.49            | \$ 109.51                       | \$ 41.98               |
| 2016  | 1.0382  | 1.0113                   | 1.0499                  | \$ 141.92            | \$ 100.60                       | \$ 41.32               |
| 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               |

\* FY 2022-2024 Appropriation Limits restated to correct for Total Adjustment Factor calculation error in those fiscal years.

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% 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% of General Fund operating expenditures, with a target of 18.5%. Any reduction to the reserve below 15.0% requires City Council approval. At the discretion of the City Manager, any BSR balance above 18.5% 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% 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 2025 Budget assumes a BSR ending balance of \$54.4 million or 18.5%. This is within the targeted range of 15 to 20%, and exceeds the City Council goal of 18.5% to reserve funding for potential economic uncertainty.

|                                     | 2019<br>Actuals | 2020<br>Actuals | 2021<br>Actuals | 2022<br>Actuals | 2023<br>Actuals | 2024<br>Adopted | 2025<br>Adopted |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Ending BSR Balance<br>(in millions) | \$41.0          | \$42.7          | \$33.0          | \$36.0          | \$45.6          | \$54.3          | \$54.4          |
| % of Total Expenses                 | 19.16%          | 18.40%          | 16.74%          | 17.19%          | 18.40%          | 20.20%          | 18.5%           |

## 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 2024, and are to be carried forward to Fiscal Year 2025 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 May 2022 by S&P and March 2024 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.

In addition to and subordinate to the Safety, Liquidity, and Yield investment objectives, investments that support sound environmental, social and governance (ESG) objectives are also considered. While the City’s portfolio is not classified as an ESG portfolio, investments in entities that support community well-being

## FINANCIAL POLICIES

through practices that emphasize safe and environmentally sound objectives; fair labor practices; and equality of rights regardless of sex, race, age, disability, or sexual orientation, is encouraged. Direct investments in entities that manufacture tobacco products, firearms, and engage in direct production or drilling of fossil fuels is discouraged.

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.

### RETIREE BENEFIT FUNDING POLICY

On February 6th, 2023, City adopted a Revised Retiree Benefit Funding Policy (Formerly 'Pension Funding Policy') for the Financial Planning of Employee Pension and Other Post-Employment Benefits (OPEB)/ Retiree Healthcare Plans (Report#2212-0513). The policy identifies a path forward for the City to address its pension obligations on an ongoing basis, ensures prudent and proactive financial planning, and avoids significant impacts to service delivery. 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. Revisions include reducing 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, modifying investment strategy from Moderately Conservative to a Balanced portfolio which offers higher expected returns. The policy will implement more conservative investment allocations once plans are 75-80% funded or the City's actuary recommends disbursements. Reporting will be extended from 3 to 4 years to align with CalPERS Asset Liability Management (ALM) and Experience Studies to ensure timely reporting and opportunity to realign the City's policy as needed, with the most current actuary assumptions and experiences. There will be a recalculation of actuary reporting of the amortization schedule for the Unfunded Accrued Liability (UAL) at the lower discount rate. The City will work to proactively monitor its pension funding position, through not only its CalPERs and OPEB actuary reports, but also by continuing to use outside actuary consultant to model different scenarios. This outside actuary will also provide an update on the City's progress of reaching its goal of 90% funded status by FY 2036. The City will continue to transmit the CalPERs reports on an annual basis and OPEB actuary reports on a bi-annual basis.

## 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.

**Audit:** Independent review and examination of records and activities to assess the adequacy of system controls, to ensure compliance with established policies and operational procedures.

**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.

## GLOSSARY

**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.

**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 0.50 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:  
Chief Building Official/ADA Coordinator  
City of Palo Alto  
285 Hamilton Ave, Suite 100  
(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.

**[CITYOFPALOALTO.ORG](http://CITYOFPALOALTO.ORG)**

**CITY OF PALO ALTO • 250 HAMILTON AVENUE, PALO ALTO, CA 94301 • 650.329.2100**