



CITY OF  
**PALO  
ALTO**

**CITY OF PALO ALTO  
Finance Committee  
Regular Meeting  
Tuesday, May 21, 2024**

<b>Agenda Item</b>
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1. Discussion on the Fiscal Year (FY) 2025 Budget Wrap-Up and Recommended FY 2025 Budget including the FY 2025 Municipal Fee Schedule for City Council Adoption *Late Packet Report, Presentation, Public Comment*



CITY OF  
**PALO  
ALTO**

## **Finance Committee Staff Report**

**Report Type: ACTION ITEMS**

**Lead Department: Administrative Services**

**Meeting Date: May 21, 2024**

Report #:2405-3019

### **TITLE**

Discussion on the Fiscal Year (FY) 2025 Budget Wrap-Up and Recommended FY 2025 Budget including the FY 2025 Municipal Fee Schedule for City Council Adoption

### **BACKGROUND**

This report will be a special late packet release on Thursday, May 16, 2024.

### **APPROVED BY:**

Lauren Lai, Administrative Services Director



CITY OF  
**PALO  
ALTO**

## Finance Committee Staff Report

**From: City Manager**

**Report Type: ACTION ITEMS**

**Lead Department: Administrative Services**

**Meeting Date: May 21, 2024**

Report #:2402-2664

### TITLE

Discussion on the Fiscal Year (FY) 2025 Budget Wrap-Up and Recommended FY 2025 Budget including the FY 2025 Municipal Fee Schedule for City Council Adoption

### RECOMMENDATION

This memorandum will be used to facilitate the discussion of the Finance Committee (“Committee”) budget wrap-up work for the FY 2025 Budget.

- 1) Staff recommends the Finance Committee:
  - a. Review and discuss:
    - i. Additional information provided as requested by the Committee or staff
    - ii. Summary of current budget adjustments to the Fiscal Year 2025 Proposed Operating and Capital Budgets and Municipal Fee Schedule in alignment with the work completed by the Committee May 7, and 8, 2024 and the full Council May 13, 2024; and
  - b. Recommend to the City Council:
    - i. Adoption of the FY 2025 Proposed Operating and Capital Budgets and Municipal Fee Schedule (Staff Report 2402-2587<sup>1</sup>), amended by the actions outlined in this report in ‘Table: Summary of Parking Lot Items for Potential Adjustments to the FY 2025 Proposed Budget,’ and as further amended in the wrap-up discussion; and
    - ii. Approve the FY 2025-2029 Capital Improvement Plan, amended by the actions outlined in this report and as further amended in the wrap-up discussion.

### EXECUTIVE SUMMARY

This memorandum follows the Committee review of the FY 2025 Proposed Operating and Capital Budgets and Municipal Fee Schedule and includes additional information and

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<sup>1</sup> May 8, 2024; Finance Committee;

<https://cityofpaloalto.primegov.com/api/compilemeetingattachmenthistory/historyattachment/?historyId=bd4434c1-37fa-440d-8e01-71211721b2ed>

recommended changes for further review in this Committee “wrap up” session, to submit formal Committee adjustments to the City Council for their June 17 FY 2025 budget adoption.

Staff has completed further financial and operational analysis on the Committee “Parking Lot” items, resulting in recommendations for the revised Parking Lot listing included in this memorandum. This report also incorporates the fiscal impact of the recently published actuarial report for retiree health benefits. Taking all of this into consideration and based upon the revised Parking Lot items, the General Fund projected FY 2025 expenses increase by \$4.9 million to \$308.4 million, and the use of reserves will increase by \$1.4 million for \$8.3 million total use of reserves in FY 2025. The General Fund projected FY 2026 expenses increase by \$3.7 million for a total of \$308.9 million, and net deficit increases by \$3.6 million for a total net deficit of \$8.6 million in FY 2026. Staff forecasts this FY 2026 projected deficit of \$8.6 million significantly exceeds any anticipated operating one-time savings/surplus, which would prompt difficult decisions to balance the budget and impact service levels. Moreover, the budget stabilization reserve (BSR) is projected to continue to fall below the policy target of 18.5% and continue to diminish as a ratio of operating budget, thereby reducing the available funds to resolve financial shortfalls. The BSR at 18.5% policy target level requires \$1.0 million of additional funding in FY 2025 and \$3.1 million in FY 2026.

To illustrate the potential fiscal impact, Table 3 and Table 4 summarize the General Fund projected FY 2025 through FY 2030 financial results, highlighting significant deficits at this projected spending/investment level, greater use of uncertainty reserve in FY 2025 and declining budget stabilization reserve.

During this budget wrap up session, Committee is requested to provide budget recommendations to amend and balance the FY 2025 budget. Committee will direct items be moved from the “Parking Lot” list to the “Committee Budget Adjustments” list for FY 2025 budget. The current Parking Lot listing of investment would place an inordinate financial strain on City financial stability and prompt difficult decisions in FY 2026 budget development and beyond. Balancing the budget should not be limited to consideration of only FY 2025 but broadly to the next several years as recommended in budgetary best practices and also consider the potential Council priorities that are currently unfunded. Budget balancing strategies primarily focus upon fulfilling the City vision, Council priorities, City policies and core services, balancing non-core services and programs within limited financial resources.

This memo also includes the following attachments, of note is the administrative oversight by the Stormwater Management and staff recommended technical adjustments.

Attachment A: Parking Lot Items for Potential Adjustments to the FY 2025 Proposed Budget

Attachment B: Additional Staff Recommended Technical Adjustments

Attachment C: Stormwater Management Oversight Review of the FY 2025 Capital Budget

Attachment D: Reference: Finance Committee FY 2025 Proposed Budget Review (actions & references)

**BACKGROUND**

The FY 2025 Proposed Budgets were transmitted to the City Council at the May 6, 2024 meeting. On May 7<sup>th</sup> and 8<sup>th</sup>, the Committee spent approximately 20 hours reviewing the budget materials and supplemental memorandums including the FY 2025 Proposed Operating Budget, Capital Budget, and Municipal Fee Schedule. After reviewing the \$1.03 billion proposed budget, which includes the \$304 million General Fund and \$360 million capital budget, the Committee created a “Parking Lot” of items as potential adjustments to be refined by staff and discussed as part of this meeting for recommendation to the City Council for Adoption on June 17. The proposed budget continues a two-year balancing strategy that leverages one-time surplus funding to bridge shortfalls in FY 2025 and partially offset estimated deficits in FY 2026 while continuing to invest in priority services, infrastructure, and savings for long-term liabilities. Staff remains cautious of mixed economic indicators that suggest potential economic risk, and seeks to provide a budget that proposes a measured approach to using one-time surplus and limiting ongoing costs to mitigate the potential for exacerbating future deficits.

During budget deliberations on May 7<sup>th</sup> and 8<sup>th</sup>, the Committee completed a detailed review of the FY 2025 Proposed Budget with public comment incorporated for each service area to provide opportunities for community input in the decision-making process. The Committee reviewed individual budget sections by Department for tentative approval of the budget, moved potential amendments to the Parking Lot, and requested additional information to aid in their review. A majority of the additional information was provided by staff during the hearings as part of the recap presentations to the committee. This report provides the status of the Committee’s review as well as feedback from a check-in with the full City Council on May 13, 2024 that focused on the Committee’s parking lot items. The Committee will finalize recommended amendments to the Proposed Operating and Capital Budgets and Municipal Fee Schedule to be included at the June 17<sup>th</sup> City Council meeting for budget adoption.

For reference, a complete list of the parking lot items created by the Finance Committee as of the May 8<sup>th</sup> meeting can be found in **Attachment A**. This list included approximately twenty additional expense proposals, totaling \$3.4 million (\$1.8 million ongoing) in the General Fund. To offset the increased expenses, the Committee also recommended utilizing additional funding sources in the General Fund totaling \$3.3 million (\$1.2 million ongoing). A number of items in Attachment A in both the expenses and sources were placeholder values that have since been refined by staff and included in the revised parking lot displayed later in this memorandum in Table 1 and 2. In addition, several expense items were requests from outside organizations that were displayed with the amount of the requests, but with the intention of returning as part of the wrap-up discussion for the Committee to determine the final amounts, if any, to be recommended to the Council for adoption.

## ANALYSIS

The Committee Parking Lot items represent valued investments and great services; however, with limited financial resources and further analysis, Staff recommends or support all of them. Since the Committee and Council budget meetings of May 6, 7, 8, and 13, Staff analyzed the fiscal impacts, updated the “placeholder” figures, and evaluated the operational implications of the Parking Lot items. Moreover, Staff received the updated actuarial report for retiree health benefits which significantly impacts this budget balancing by \$2.4 million and is reflected in the table as “Other Post Employment Benefits (OPEB).

To facilitate the Committee budget wrap up session, the Parking Lot items are organized in Table 1 Uses/Expense and Table 2 Sources/Revenues into the following categories:

- **Clarifications** – items that need clarification and/or confirmation
- **Grants** – items that relate to grants to other organizations
- **Not Recommended** – items that Staff analyzed and determined negative impact(s)
- **Policy/Priority/Vision** – items that relate to City policy, Council Priorities and/or City Vision
- **Reconsideration in FY 2026** – items deferred due primarily to budget balancing constraints
- **Staff Workplan** – items that Staff will work on during FY 2025, subject to Council approval

**Table 1: Summary of Revised Parking Lot Uses / Expenses**

Dept	GENERAL FUND – Uses / Expenses Potential Adjustments to the FY 2025 Proposed Budget	FY 2025	Ongoing	Category
NON	Other Post Employment Benefit (OPEB)	(2,400,000)	(2,600,000)	Policy/Priority/Vision
CIP	California Avenue Interim Improvements	(450,000)	-	Policy/Priority/Vision
CIP	Car-free Streetscape Design for Ramona Street	250,000	-	Policy/Priority/Vision
CIP	Additional funding for Roth Building Rehabilitation (PF-23001) * (revise terms and conditions of the tenant work letter) Organization request \$1M partially offset with \$0.2M interest earnings	(1,000,000) 200,000	-	Grants
NON	Establish a Citywide Special Events & Programming (\$230k total program) [Requested UNAFF \$45k, 3rd Thursdays \$40k, Neighbors Abroad \$30k, Magical Bridge \$150k, cultural events] *	(200,000)	(200,000)	Grants
NON	Ability Path Matching Gift *	(250,000)	-	Grants
OOT	Palo Alto Transportation Mgmt. Assoc. (PATMA) increase to \$400,000 *	(200,000)	(200,000)	Grants
CSD	Environmental Volunteers Foothills Nature Preserve Program *	(11,000)	-	Grants
CSD	Administrative Support for new Citywide Special Events & Programming (1 FTE)		(125,000)	Grants
CSD	JMZ additional staffing, new ticketing system and promotion	(613,000)	(780,000)	Clarification
FIR	Upstaff Fire Engine 62 with 3 Sworn Staff instead of Overtime	(60,000)	(80,000)	Clarification
PWD	Public Services Streets 311 Requests to support catch-up and keep-up	(100,000)	(100,000)	Clarification
UTL	Sustainability Program Customer Service Support (1.0 position Electric Fund)	-	-	Clarification
OOT	Review an alternative service approach for PA Link with reduced net costs (proposed FY2025 budget funds \$900,000)	400,000	400,000	Clarification

Dept	GENERAL FUND – Uses / Expenses Potential Adjustments to the FY 2025 Proposed Budget	FY 2025	Ongoing	Category
CIP	Study of artificial turf replacement with grass at up to 4 fields (recommend use of current CIP to fund a study)	-	-	Clarification
	<b>Subtotal Uses (Expenses)</b>	<b>\$(4,934,000)</b>	<b>\$(3,696,000)</b>	
* ask from outside agency, FY25 contribution TBD				

**Table 2: Summary of Revised Parking Lot Sources / Revenues**

Dept	GENERAL FUND – Sources / Uses Potential Adjustments to the FY 2025 Proposed Budget	FY 2025	Ongoing	Category
NON	Increase Gas Transfer to General Fund in FY25 to 14.5% (from 11.9%) & in FY26 to 18% (previously scheduled in FY27)	2,000,000	900,000	Clarification
NON	Use BSR to balance FY 2025 - Reduce BSR from 18.8% to 18.5%	1,000,000	-	Policy/Priority/Vision
NON	Use Uncertainty Reserve to balance FY 2025	1,400,000	-	Policy/Priority/Vision
NON	Increase JMZ ticket prices from \$10 to \$14, during peak periods	350,000	350,000	Clarification
CSD	Account for Los Altos & Los Altos Hills contribution for animal control services CMR#2403-2827	198,000	198,000	Clarification
	<b>Subtotal Sources (Revenue)</b>	<b>\$4,948,000</b>	<b>\$1,448,000</b>	
	<b>Potential Fund Remaining Surplus/(Deficit)</b>	<b>\$14,000</b>	<b>\$(2,248,000)</b>	

To illustrate the potential fiscal impact, Table 3 and Table 4 summarize the General Fund projected FY 2025 through FY 2030 financial results, highlighting significant deficits at this projected spending/investment level, greater use of uncertainty reserve in FY 2025 and declining budget stabilization reserve.

The General Fund projected FY 2025 expenses increase by \$4.9 million to \$308.4 million, and the use of reserves will increase by \$1.4 million for \$8.3 million total use of reserves in FY 2025. The General Fund projected FY 2026 expenses increase by \$3.7 million for a total of \$308.9 million, and net deficit increases by \$3.6 million for a total net deficit of \$8.6 million in FY 2026. Staff forecasts this FY 2026 projected deficit of \$8.6 million significantly exceeds any anticipated operating one-time savings/surplus, which would prompt difficult decisions to balance the budget and impact service levels. Moreover, the budget stabilization reserve (BSR) is projected to continue to fall below the policy target of 18.5% and continue to diminish as a ratio of operating budget, thereby reducing the available funds to resolve financial shortfalls. The BSR at 18.5% policy target level requires \$1.0 million of additional funding in FY 2025 and \$3.1 million in FY 2026.

**Table 3: Summary of General Fund FY 2025 – Proposed Budget vs. Parking Lot (Revised)**

(\$ in millions)	FY 2025 Proposed Budget	FY 2025 Parking Lot (Revised)	Increase / (Decrease)	FY 2026 (Revised)
Revenues	\$303.5	\$308.4	\$5.1	\$300.2
<i>Use of Reserves</i>	6.9	8.3	1.4	3.3
Expenses	303.5	308.4	5.1	308.8
<b>Surplus / (Deficit)</b>	-	-	-	<b>(8.6)</b>
<b>Status of General Fund Reserves</b>				
Uncertainty Reserve at Year-End	\$4.7	\$3.3	\$(1.4)	-
Budget Stabilization Reserve \$	55.0	54.0	(1.0)	54.0
<b>Budget Stabilization Reserve %</b>	<b>18.8%</b>	<b>18.2%</b>	<b>(0.7%)</b>	<b>17.5%</b>
<b>BSR at 18.5% policy target level requires \$1.0M of additional funding in FY25 &amp; \$3.1M in FY26</b>				

**Table 4: Summary of General Fund Projected Multi-Year Financial Forecast and Reserves**

(\$ in millions)	FY 2025 Proposed Budget	FY 2025 Parking Lot (Revised)	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Original Net Surplus/(Deficit)	0	0	(5.0)	(3.4)	(1.7)	(0.5)	6.6
<i>Use of Uncertainty Reserve</i>	6.9	8.3	4.7	-	-	-	-
<b>Revised Net Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>	<b>(8.6)</b>	<b>(6.5)</b>	<b>(4.8)</b>	<b>(3.6)</b>	<b>3.5</b>
<i>Use of Uncertainty Reserve</i>	6.9	8.3	3.3				
<b>Status of General Fund Reserves</b>							
Uncertainty Reserve at Year-End	4.7	3.3	-	-	-	-	-
Budget Stabilization Reserve \$	55.0	54.0	54.0	54.0	54.0	54.0	54.0
<b>Budget Stabilization Reserve % (18.5% target)</b>	<b>18.8%</b>	<b>18.2%</b>	<b>17.5%</b>	<b>17.0%</b>	<b>16.6%</b>	<b>16.1%</b>	<b>16.0%</b>

During this budget wrap up session, Committee is requested to provide budget recommendations to amend and balance the FY 2025 budget. Committee will direct items be moved from the “Parking Lot” list to the “Committee Budget Adjustments” list for FY 2025 budget. Balancing the budget should not be limited to consideration of only FY 2025 but broadly to the next several years as recommended in budgetary best practices and consider also the potential Council priorities that are currently unfunded. Budget balancing strategies



primarily focus upon fulfilling the City vision, Council priorities, City policies and core services, balancing non-core services and programs within limited financial resources.

For context and deliberation, the following “Category Discussions” section discusses the Parking Lot items within each category for further Committee consideration and direction.

**Category: Not recommended**

- *Reduce Capital Funding to Re-appropriate to Other Uses (\$ TBD)*

As part of the original parking lot, Attachment A, the Committee left a placeholder for a potential reduction of the General Fund transfer to the Capital Improvement Fund in FY 2025. After analyzing, staff concluded that the most viable sources of reduction would be either new projects added in the FY 2025 Proposed Capital Budget or recurring projects such as street maintenance, sidewalk repairs, and American Disabilities Act (ADA) improvements. These improvements are essential to the community and moreover, Staff is concerned that significant changes to these types of recurring projects would be disruptive given that there is dedicated staff working in those areas.

**Category: Policy/Priority/Vision**

The Policy/Priority/Vision category includes items that relate to City policy, 2024 Council Priorities (and objectives) and/or City vision. Staff seeks Committee clarification on the FY 2025 amount, if any, to recommend adjusting the FY 2025 budget.

- *Other Post Employment Benefits (OPEB) (FY25: \$2,400,000; Ongoing: \$2,600,000)*

The budget and corresponding department allocated charges for Retiree Healthcare/Other Post-Employment Benefits (OPEB) are based on actuarial consultant studies that are completed bi-annually. The most recent study was completed in May 2024, subsequent to the presentation of the FY 2025 Proposed Budget. Staff anticipates bringing this study forward for Finance Committee review on June 4<sup>th</sup>. Initial findings are that the City required contribution is rising by approximately \$3.7 million in all funds (\$2.4 in the General Fund) over what was considered in the FY 2025 Proposed Budget. This increase is ongoing, with FY 2026 projected to rise by \$4.0 million in all funds (\$2.6 million in the General Fund). Once the report has been reviewed with the Committee, budgetary adjustments will be brought forward for City Council’s approval. The fiscal impacts are incorporated in consideration of the Parking Lot balancing strategy.

- *Use of Budget Stabilization Reserve (BSR) (FY25: \$1,000,000 One-time)*

As part of the FY 2025 Proposed Budget, the BSR was recommended at a level of \$55.0 million or 18.8% of FY 2025 proposed expenses. The BSR is recommended to be set at a level of 15% to 20% of annual expenses with a target level of 18.5%. As part of the budget hearings, the Committee recommended reducing the BSR to the 18.5% target level which would bring the BSR to \$54.0 million and generate \$1.0 million to fund priority services. However, with the potential appropriations in the revised Parking Lot, the projected FY 2025 BSR reserve would be 18.2%, below the 18.5% target, and furthermore declining in the projected multi-year financial forecast towards 16%.

- Use of Uncertainty Reserve (FY25: \$1,400,000; FY26 Only: \$3,289,000)  
At the level of contemplated additional appropriation in the revised Parking Lot, the General Fund would need a budget balancing strategy, and a potential source is the use of Uncertainty Reserve. However, this poses the high risk of depleting funds to balance FY 2026, with the projected net deficit of \$8.6 million, after applying the remaining Uncertainty Reserve (\$3.3 million), and raises the concern of fulfilling the City’s Vision to “sustain superior quality of life in Palo Alto.” Alternatively, items in the revised Parking Lot may be further reduced, eliminated, and/or funded by alternative source(s).
  
- California Avenue Interim Improvements (FY25: \$450,000; Ongoing: M&O costs TBD)  
The California Avenue interim improvements are within the 2024 City Council Priority objectives. Description and funding are specified as part of Supplemental Report # 2405-2969<sup>2</sup>. The estimated cost of \$450,000 includes interim improvements but does not include ongoing maintenance and operations (M&O) costs and/or other long-term improvements.
  
- Car-free Streetscape Design for Ramona Street (FY25: \$250,000; Ongoing: project costs TBD)  
The car-free streetscape design for Ramona Street is within the 2024 City Council Priority objectives. Funding for this action was not specified as part of Supplemental Report # 2405-2969. The estimated cost to include it in the FY 2025 budget is \$250,000. This would cover stakeholder engagement, a feasibility analysis for a car-free street, the development of signage and art concepts reflecting the street’s historic designation, and the development and implementation of outdoor dining guidelines. The project scope does not include any associated legal work for a car-free street, public art, or significant infrastructure improvements.

**Category: Grants**

The Grants category includes items that are potential City contributions to other organizations. Staff seeks Committee clarification on the City grant amount, if any, up to the organization’s request for FY 2025.

- Establish a Funding Level for Citywide Special Events and Programming (\$200,000 Ongoing)  
Council expressed interest in expanding beyond the initial \$35,000 proposed for Family Events in Supplemental Report # 2405-2969. The estimated cost to include this expanded programming in the FY 2025 budget is \$200,000, for a total of \$230,000 when factoring in the \$30,000 already budgeted for Neighbors Abroad. This funding would support events such as the UNAFF Film Festival, 3rd Thursdays on California Ave,

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<sup>2</sup> May 7, 2024; Finance Committee;  
<https://portal.laserfiche.com/Portal/DocView.aspx?id=72129&repo=r-704298fc&searchid=f607c99c-a0b7-4c6e-9217-eeaeb21ee1d7>

Magical Bridge, and other cultural activities. Committee direction is requested including specific organization(s) and grant amount(s), if any, for FY 2025.

- Support for new Citywide Special Events and Programming (FY25: \$0; Ongoing: \$125,000)  
The administrative responsibilities for developing a funding process for these cultural events, including reviewing applications, invoices, receipts, and processing payments, will be managed by staff within the Community Services Department. No additional resources are anticipated for FY 2025. However, if the program expands in future years, additional staff resources may be required to sustain the increased workload, assuming 1.0 Administrative Associate III.
- Palo Alto Transportation Management Association (PATMA) (\$200,000 Ongoing)  
Committee direction is requested for grant amount, if any, for FY 2025. Specifics are included as part of Supplemental Report # 2403-2761<sup>3</sup>.
- Ability Path Matching Gift (FY25: \$250,000 One-time)  
Committee direction is requested for grant amount, if any, for FY 2025. Also, the Ability Path Matching Gift Request may be funded via CDBG and/or HSRAP funds. CDBG funding, if eligible, would be limited and would need to be evaluated in the context of other long-standing program recipients. An option to address this request may also include adding City funds to the CDBG program, increasing funding for programs of this nature. Additionally, the upcoming HSRAP FY 2026 funding cycle may also be considered.”
- Environmental Volunteers Foothills Nature Preserve Program (FY25: \$11,000 One-time)  
Committee direction is requested for grant amount, if any, for FY 2025
- Additional Funding for Roth Building Rehabilitation (PF-23001) (FY25: \$800,000 One-time)  
Committee direction is requested for grant amount, if any, for FY 2025. Specifics are included as part of Supplemental Report # 2405-2969 for the \$1.0 million request from the Palo Alto Museum. As part of the FY 2024 Mid-Year Review (Report #2311-2233<sup>4</sup>), \$0.2 million of interest earnings was appropriated to PF-23001. This interest was earned on previous contributions from the General Fund and the Transfer of Development Rights (TDR) funding used for this project. Staff recommends using this interest funding to partially offset the funding request and reduce the amount to \$0.8 million.

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<sup>3</sup> April 24, 2024; Finance Committee;

<https://portal.laserfiche.com/Portal/DocView.aspx?id=71653&repo=r-704298fc&searchid=da277587-f6b6-4b90-aba4-da79874ca271>

<sup>4</sup> February 12, 2024; City Council Item #11:

<https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=13351>

## **Category: Clarifications**

The clarifications category includes items that seeks Committee clarification on the FY 2025 amount, if any, to recommend adjusting the FY 2025 budget.

- Gas Equity Transfer (FY25: \$2,000,000; FY26 Only: \$900,000)  
In accordance with Measure L, the Equity Transfer from the Gas Utility Fund can be up to 18% of annual gross gas retail revenue; however, the City Council has the discretion to set the transfer at a lower percentage of revenue. For FY 2025, the Committee proposed a rate of 14.5% which generates a transfer of \$10.9 million from the Gas Utility Fund to the General Fund, representing an increase of \$2.0 million, or 22.5%, compared to the Proposed FY 2025 Operating Budget. This is expected to increase gas rates from 9.0% to 12.5%. This increases the gas portion of the residential monthly bill from \$5.20 to \$8.80. Staff is reducing the Gas Main Replacement Project #25 (GS-15000) FY 2025 budget from \$5.8 million to \$5.0 million to mitigate further rate increases, with plans to revisit the scope and budget of the GS-15000 project in FY 2026. The Committee tentatively recommended increasing this rate to 18%, beginning in FY 2026 as opposed to FY 2027, which would increase the transfer by an additional \$0.9 million in FY 2026 compared to the 2025-2034 Long-Range Financial Forecast. The Equity Transfer from the Gas Utility Fund will be reassessed as part of the development of the FY 2026 budget process.
- Upstaff Fire Engine 62 with three Sworn Staff instead of Overtime (\$60,000 - \$100,000+ on-going)  
The Fire Department FY 2025 proposal to upstaff Fire Engine 62 on overtime has an approximate net cost of \$645,000. The original proposal adds funding for one daily position on overtime to upstaff Fire Station 2 into a full-service Fire Engine 62 at Fire Station 2. On May 7, 2024, the Finance Committee directed staff to consider three sworn staff instead of overtime. The amended proposal adds \$60,000 more in funding for a total net cost of \$705,000 to upstaff with three sworn staff instead of overtime. In FY 2026, it is approximately \$80,000 more. Additionally, it grows to approximately \$100,000 more in FY 2027. In future years, the gap will continue to increase due to pension and other benefit costs associated with adding sworn staff. Staff anticipates hiring these positions in the fall with the upcoming Fire academy and in the interim, use vacancy savings for overtime to fulfill this service level until the positions are filled.
- Alternative Service Approaches(s) for PA Link with Reduced Costs (\$400,000 reduction on-going)  
The Finance Committee directed staff to propose service reductions and fare increases for Palo Alto Link in order to reduce the City net program cost. Staff proposes continuing the program as a pilot in FY 2025 with \$500,000 of funding to enable exploration of a range of reduced service levels and fare modifications, and to allow additional time for engagement with other agencies to identify potential new revenue streams. The revised pilot would test the reduction of vehicle hours ranging from 25-45%, reduction of service

areas, limitation of ridership, and increase of fares. These modifications are anticipated to reduce efficiency, increase wait times, and increase the average cost per ride. The results of the pilot would be used by staff to re-evaluate whether the service warrants continuation in FY 2026. The Committee also inquired about the traditional shuttle service versus PA Link. The City last operated a shuttle service in FY 2020, with appropriation of \$500,000 which included a subsidy from Caltrain for the Embarcadero shuttle. Staff anticipates that an investigation into renewed shuttle service would take one year to effectuate and a formal request for proposal to gain insight on usage and cost.

- *Increase JMZ Ticket Prices During Peak Attendance (\$350,000 Revenue Ongoing)*  
After performing analysis on various peak ticket pricing scenarios, staff recommends increasing ticket prices to \$14 on weekends and \$14 during weekday mornings (through 12 pm). This adjustment aims to better manage peak attendance times and ensure a quality experience for all visitors. The decision on this pricing structure reflects the staff's determination that it offers a balance of simplicity, avoiding confusion for visitors, while also supporting cost recovery efforts by pegging the cost closer to market rate as identified in the JMZ business plan presented to the Committee on May 7<sup>th</sup>. Ticket prices during non-peak times will remain at \$10 and opportunities to expand access to low-income families will continue to be expanded. It is estimated that this adjustment will increase annual revenue by \$350,00, partially offsetting the staff augmentation request to support the JMZ business plan.
- *Increase JMZ funding - Staffing, Ticketing and Promotion (FY25: \$613,000; \$780,000 Ongoing)*  
The Committee received a presentation on the JMZ business plan and included in the Parking Lot additional staffing to convert four part-time animal care positions to full-time, add two full-time guest services positions, and fund a new ticketing system for FY 2025. Staff is also recommending a programming budget of \$50,000, effective FY 2026.
- *Study Artificial Turf Replacement with Grass at up to Four Fields (FY25: \$0; Ongoing: TBD)*  
The Committee discussed artificial turf replacement and directed staff to analyze it. Based on further review, staff recommends the following course of action regarding the turf replacement projects in Palo Alto. First, it is recommended to pause the turf and infill replacement for the El Camino Park Turf Replacement Capital Project (PG-24000) in FY 2024. Staff also recommends proceeding with the replacement of the synthetic turf and cork infill (or an organic alternative) for the Stanford Palo Alto Playing Fields Turf Replacement Capital Project (PG-26000) in FY 2025. Additionally, a comprehensive study comparing synthetic turf fields to natural grass fields is proposed, assessing environmental and health impacts, field utilization capacity, and the capital and operating costs required for both types of fields. Should the Council direct staff to convert all synthetic turf fields to natural grass, the projects would be phased in the following order: El Camino Park – FY26, Cubberley – FY29, and Stanford Palo Alto Playing Fields – FY33. Finally, it is recommended to fund the study by reallocating funds from

PG-24000 (El Camino Park Turf Replacement). This recommendation addresses the high demand for playing fields in Palo Alto, the critical need to replace the Stanford Palo Alto Fields to prevent closure, ensure player safety, and the necessity for additional analysis due to land ownership considerations.

- Public Service Streets 311 Requests (\$100,000 Ongoing)  
The Committee included in the Parking Lot additional funding for Public Service Streets 311 requests to support catch-up and keep-up.
- Sustainability Program Customer Service Support 1.0 FTE (\$150,000 Ongoing in Electric Fund)  
The Utility Director clarified to the Committee the Sustainability Program Customer Service Support 1.0 FTE general duties, and that it is funded by the Utility Fund. This supports Council S/CAP priority.
- Additional Revenues for Animal Control Services – contract (\$198,000 Ongoing Revenue)  
The proposed FY 2025 budget omitted the Los Altos & Los Altos Hills additional contributions for animal control services CMR 2403-2827 due to the report being reviewed by the Council after the proposed budget documents were released. This clarifies to the Committee that the FY 2025 budget and ongoing revenue assumptions will be adjusted accordingly to include this revenue.

#### **Category: Staff Work Plan**

This category includes items that Staff will work on during FY 2025, subject to Committee recommendation and Council approval.

- Analyze Fire Emergency Medical Response Fee Adjustments (Ongoing Revenue TBD)  
The Committee requested an analysis of Fire Emergency Medical Response Fees to offset the costs of City medical response costs. In FY 2025, the Citywide Cost Allocation Plan and Municipal Fee Study will be fully reviewed, including further analysis of Fire EMS response fees for appropriate alignment to cost recovery levels. Such draft fees will be presented to the Committee and Council for review and approval and take effect in July 2025.
- Fire Emergency Medical Response; Supplemental Resources (\$1,000,000 - \$4,000,000 Ongoing)  
The Committee requested staff analyze different EMS models and associated fiscal impacts that would improve the City's capacity to cover ambulance call volume during peak hours. During the budget hearings, the Committee reviewed this contract option, and recommended the consideration of two different model options to establish a supplemental ambulance unit. One model is an activation through staffing, which can be accomplished through either traditional sworn staffing (i.e. Firefighters) or civilian staffing (i.e. Single Role). This staffing approach would require labor discussions,

includes staffing engines at Fire Stations 2 and 4, and with a multi-year phased-in implementation ultimately costing approximately \$3.2 million to \$4.0 million annually. The second model is an activation through third-party contract services, which would require a robust procurement solicitation (i.e. RFP process), with an informal quotation of \$1.0 million annually. This is an essential service that needs to be implemented correctly, and accordingly, staff proposes to analyze this during FY 2025 and provide the Committee and Council with an in-depth analysis of the two models, fiscal impacts, and feasibility and implementation. Budgetary appropriation would follow such analysis and Council authorization.

- *Review Parks Restroom Prioritization (Specifically Pardee Park (Ongoing capital project costs TBD))*

The Committee requested staff to review parks restroom prioritization with a focus on Pardee Park. Several considerations influence the prioritization of park restroom projects. The Parks, Trails, Natural Open Space and Recreation Master Plan (2017) states, "The City will actively pursue adding park restrooms in parks that are approximately 2 acres or larger, have amenities that encourage visitors to stay in the park, have a high level of use and have no nearby restrooms." Using those criteria, the following *potential* locations were included in the Master Plan: Bol Park, Bowden Park, Eleanor Pardee Park, Johnson Park, Ramos Park, Robles Park, and Terman Park. These are further prioritized by the level of community support, existing amenities in the park that may draw large crowds, timing with other projects in the same park, and other factors such as access to utilities. Additionally, restrooms in other parks may be prioritized above those identified in the Master Plan if a need arises due to an increase in park visitation from adding new amenities such as playgrounds or pickleball courts. The 2025-2029 Capital Improvement Plan includes funding in the Park Restroom Installation project (PG-19000) for the installation of restrooms in City parks every other year. Funding for a restroom was added in FY 2024, while specific parks have not yet been identified for restroom installations in FY 2026 and FY 2028. Staff recommends adding Eleanor Pardee Park to the workplan in FY 2026 and evaluating the workplan for FY 2028 in line with the Foothills Nature Preserve Restroom Replacement project (PE-26000) to align with staff workload capacity to install park restrooms. CSD staff can do some initial outreach starting in Fall 2024 for Eleanor Pardee Park given the previous opposition to restrooms at that location in 2007 and 2013, with the goal of funding it in the FY 2026 Capital budget.

- *Active Recruitment Digital Marketing Services (Contract Services)*

On May 7, 2024, the Committee directed staff to analyze a pilot recruitment digital marketing services for talent attraction to support organizational resilience. While the original estimate is \$250,000, later reduced to \$50,000 placeholder, staff at this time proposes this as an FY 2025 work plan item to analyze a pilot program in collaboration

with city departments and contract vendor(s). No budget appropriation is requested at this time, but should a need arise, staff will update Council at FY 2025 mid-year.

- *Establish Organizational Development & Safety Division (\$135,000 Ongoing; 50% GF/50% ISF)*  
On May 7, 2024, the Committee added 1.0 FTE focused on organizational development and safety division with Human Resources. Staff proposes this to be a FY 2025 work plan item to allow time to analyze and align with the risk function transition currently underway between Human Resources and Administrative Services. Funding for this position would be split equally between the General Fund and the General Liability Fund, but no appropriation is requested for FY 2025.
- *Explore financial, outreach, and policy processes for adding East Palo Alto to resident rates for the golf course (Ongoing revenue reduction TBD)*  
The Committee directed staff to explore providing the discounted residents rates for Palo Alto golf to East Palo Alto (EPA) residents. Staff proposes this to be a FY 2025 work plan and estimates any fiscal impact, if significant, may be incorporated into the FY 2025 mid-year budget update.
- *Increasing Revenue-Generating CSD Programming to Meet Demand (Ongoing cost & revenue TBD)*  
The Committee directed staff to analyze flexibility in increasing CSD classes to meet demand. This will likely entail a review of class demand, procurement, and facility capacity. Staff proposes this to be a FY 2025 work plan, and no budget adjustment is requested at this time.
- *Historical Grants Information*  
The Committee requested additional information regarding historical grant receipts. Staff will provide a summary as part of the FY 2025 Budget Adoption memorandum for the June 17 City Council meeting.

#### **Category: Reconsideration in FY 2026**

This category includes items that Staff proposes to defer due primarily to budget balancing constraints and may be reconsidered in the FY 2026 budget development.

- *Expansion of Library Teen Services (1.0 FTE) (\$135,000 on-going)*  
Staff proposes to defer the addition of one teen services librarian and reconsider it in the FY 2026 budget.

#### **Additional Staff Recommended Adjustments (Attachment B)**

In addition to the Parking Lot items outlined by the Finance Committee, staff recommends adjustments for several items requiring technical corrections to align the budget with anticipated activity levels and changes that occurred following the release of the FY 2025



budget. These relate to municipal fees, utility rate adjustments, capital projects, and Enterprise Funds. Refer to Attachment B for further details.

### **Stormwater Management Oversight Committee Review of the FY 2025 Stormwater Management Fund Budget (Attachment C)**

On April 26, 2024, the Stormwater Management Oversight Committee met to discuss the Fiscal Year 2025 proposed Stormwater Management Fund budget and compared it with the provisions of the Stormwater Management Fee approved by Palo Alto property owners in 2017. The Committee concurred that funding generated by the Storm Water Management Fee will be applied solely to fund the capital improvement projects, green stormwater infrastructure projects, innovative stormwater projects, enhanced maintenance of storm drain system, and stormwater quality protection programs specified for implementation in the ballot measure in Fiscal Year 2025. The Committee submitted a letter (**Attachment C**) for the Finance Committee and City Council's review.

### *Planning and Transportation Commission Review of the New Projects in the 2025-2029 Capital Improvement Plan*

On May 29, 2024, the Planning and Transportation Commission (PTC) will review the 16 new projects in the 2025-2029 Capital Improvement Plan for each of the project's compliance with the City's 2030 Comprehensive Plan. Once the review is complete, the Commission will submit a Letter of Conformance for the City Council's review as part of the Council Adoption staff report on June 17.

### **FISCAL/RESOURCE IMPACT**

The fiscal impact will depend upon Committee adjustments to the FY 2025 budget and subject to final Council adoption of the budget scheduled for June 17, 2024. Balanced budget strategies consider fulfilling the City vision, Council priorities, City policies, and City core services, balancing non-core services and programs within limited financial resources.

### **STAKEHOLDER ENGAGEMENT**

On May 15, 2024, the City conducted a virtual Budget Informational Session with community members to share information about the FY 2025 budget process and receive input from the community for the City Council to consider regarding priorities and service needs.

### **ENVIRONMENTAL REVIEW**

This is not a project under Section 21065 for purposes of the California Environmental Quality Act (CEQA).

### **ATTACHMENTS**

Attachment A: Parking Lot Items for Potential Adjustments to the FY 2025 Proposed Budget  
Attachment B: Additional Staff Recommended Technical Adjustments

Attachment C: Stormwater Management Oversight Review of the FY 2025 Capital Budget  
Attachment D: Reference: Finance Committee FY 2025 Proposed Budget Review (actions & references)

**APPROVED BY:**

Kiely Nose, Assistant City Manager

**Sources (Revenue)**

Dept	Potential Service/Capital Investment	FY25 NetRevenue	Ongoing NetRevenue
CSD	Analyze increasing revenue-generating CSD programming to meet demand (Fee revenues for classes)	-	-
CSD	Explore financial, outreach, and policy processes for adding East Palo Alto to resident rates for the golf course (Potential reduction in fee revenues from lower charges)	\$ (30,000)	\$ (30,000)
FIR	Analyze Fire Emergency Medical Response Fee Adjustments (requires study during FY25, changes not expected before FY26)	TBD	TBD
CSD	JMZ increase ticket prices during peak attendance from \$10 to \$14	\$ 350,000	\$ 350,000
NON	Analyze a reduction of Capital Funding (between \$500,000 and \$1M)	-	-
NON	Reduce BSR from 18.8% to 18.5% of FY25 Proposed General Fund Expenses	\$ 1,000,000	-
NON	Amend Gas Transfer to General Fund in FY25 to 14.5% (from 11.9%) & in FY26 to 18% (previously scheduled in FY27) ~Estimated FY 2025 Gas Utility Rate change from 9% to 12.5%	\$ 2,000,000	\$ 900,000
<b>Subtotal Sources (Revenue)</b>		<b>\$ 3,320,000</b>	<b>\$ 1,220,000</b>

**Uses (Expense)**

Dept	Potential Service/Capital Investment	FY25 Net(Cost)	Ongoing Net(Cost)
CSD-CIP	Study of artificial turf replacement with grass at up to 4 fields (recommend use of current CIP to fund a study)	-	-
CSD-CIP	Review parks restroom prioritization (specifically Pardee Park)	-	-
PWD-CIP	Additional funding for Roth Building Rehabilitation (PF-23001) * (revise terms and conditions of the tenant work letter)	\$ (1,000,000)	-
PWD-CIP	<b>California Avenue Interim Improvements</b> The Council adopted the 2024 priority outcome: Engage Cal Ave merchants on high priority, rapid implementation projects. Staff estimates initial interim improvements to cost \$450,000 to support street paving adjustments, signage, planters, and site furniture. Ongoing costs of maintaining these improvements are unknown at this time.	\$ (450,000)	-
PWD-CIP	<b>Car-free Streetscape Design for Ramona Street</b> The Council adopted the 2024 priority outcome: Initiate preliminary analysis and stakeholder engagement on a car-free streetscape design for Ramona Street. Staff will begin this work within existing recommended resources, however, anticipate that upon completion of scope and timeline, this effort will require consultant resources for both design and feasibility analysis as well as implementation costs. These are unknown at this time pending the initiation of this priority.	\$ (250,000)	-
CSD	JMZ new staffing, contracts, and new ticketing system adds	\$ (613,000)	\$ (946,000)
CSD	<b>Environmental Volunteers Foothills Nature Preserve Program*</b> This action requests \$11,000 for a Foothills Nature Preserve Program staffed by the Environmental Volunteers including an information table on Saturdays (five hours per week, for 50 weeks) and monthly nature walks. Funds would support costs for program management, marketing and promotion, training, and supplies and materials.	\$ (11,000)	\$ (11,000)
CSD	Analyze increasing revenue-generating CSD programming	TBD	TBD
FIR	<b>Fire Emergency Medical Response</b> Adds supplemental resources via contract for services.	\$ (500,000)	\$ (1,000,000)
FIR	<b>Upstaff Fire Engine 62 with 3 Sworn Staff instead of Overtime</b> Adds 3.0 Sworn staff for an additional cost of \$60,000 and a total net cost of \$705,000 in FY 2025 to upstaff Fire Engine 62. In FY 2026, the difference between upstaffing Fire Engine 62 with 3 sworn staff instead of overtime would grow to approximately \$80,000, and in FY 2027, the difference would be approximately \$100,000.	\$ (60,000)	\$ (80,000)
HRD	<b>Establish Organizational Development and Safety Division (1.0 position)</b> Adds 1.0 Human Resources Representative position to support citywide career advancement, next generation preparation, organizational resilience measures, and training needs. This would be funded in the General Liability Fund, approximately 50% funded by the General Fund.	\$ (78,000)	\$ (78,000)
HRD	<b>Active Recruitment Digital Marketing Services (contract services)</b> Add contract services funding for marketing and candidate sourcing expertise for city-wide recruitment, bringing expertise on social media, marketing, and digital advertising. A new position would be requested to maintain this program ongoing.	\$ (50,000)	\$ (50,000)
LIB	<b>Expansion of Library Teen Services (1.0 position)</b> Adds 1.0 Librarian to develop and offer more programming and services to the community, specifically teens, increasing dedicated resources for teen programming in libraries to two positions. These positions support the Teen Library Advisory Board (TLAB) in developing programs/events, mentoring, collection development, materials selection and de-selection, technology development.	\$ (135,000)	\$ (135,000)
NON	Ability Path Matching Gift*	\$ (250,000)	-
NON	Establish a Citywide Special Events & Programming (\$230k total program) (Requested UNAFF \$45k, 3rd Thursdays \$40k, Neighbors Abroad \$30k, Magical Bridge \$150k, cultural events)	\$ (200,000)	\$ (200,000)
OOT	Palo Alto Transportation Mgmt. Assoc. (PATMA) increase to \$400,000*	\$ (200,000)	\$ (200,000)
OOT	Review an alternative service approach for PA Link with reduced costs (proposed budget funds \$900,000 in FY25)	\$ 400,000	\$ 1,160,000
PWD	<b>Public Services Streets 311 Requests to support catch-up and keep-up</b> Add 0.96 FTE, two part-time General Laborer positions, to support work orders generated from Palo Alto 311 street and sidewalk service requests and address an existing backlog. Staff will provide support across teams, encompassing sidewalks, streets, and storm drains; backlog of requests exist in sidewalk replacement hot spots, and curb and gutter fixes.	\$ (100,000)	\$ (100,000)
UTL	<b>Sustainability Program Customer Service Support (1.0 position Electric Fund)</b> Adds 1.0 Associate Sustainability Program Administrator to support tracking sales and marketing results, engage in direct customer calls related to both sales and customer experience, and would assist with customer experience improvement for various S/CAP programs. This would be funded in the Electric Fund.	-	-
<b>Subtotal Uses (Expenses)</b>		<b>\$ (3,497,000)</b>	<b>\$ (1,640,000)</b>

\* = ask from outside agency, FY25 contribution TBD  
\$000's = placeholder, further analysis is needed

## Attachment B

### Additional Staff Recommended Technical Adjustments

In addition to the tentative adjustments outlined by the Finance Committee, staff recommends adjustments for several items requiring technical corrections to align the budget with anticipated activity levels and changes that occurred following the release of the FY 2025 proposed budget documents.

#### MUNICIPAL FEES

- *Affordable Housing Fee Waiver*

Planning Application Fee Waiver: The proposed adjustment is for a new fee to waive City staff costs associated with the processing of one hundred percent (100%) affordable housing planning applications as part of the Housing Element Program Implementation 3.1 under Fee Waivers and Adjustments. The objective of the fee waiver is to support the production of affordable housing in Palo Alto. Approval of this fee is expected to reduce planning application costs by approximately \$5,000 to \$20,000 per affordable housing project that is processed for a planning entitlement. Due to the low volume of one hundred percent affordable housing applications, staff anticipates minimal revenue impact in FY 2025.

#### OTHER FUNDS

##### Various Utility Funds

- *Updated Water Rates*

The San Francisco Public Utilities Commission (SFPUC) is increasing its wholesale water rates by 8.8% due to drought and related water-purchase cutbacks, resulting in an overall water rate increase for City customers of about 9.5%. This approximates to a median residential bill increase of \$9.80 on the water portion when compared to the prior year. Initially, a 10.0% water rate increase was recommended as part of the FY 2025 Proposed Budget; however, to ease the impact on customers, the Finance Committee voted to reduce the proposed distribution rate by utilizing rate stabilization reserve funds.

- *Updated Gas Rates (Equity Transfer)*

As a result of the Finance Committee's recommendation to increase the Equity Transfer to the General Fund from 11.9% to 14.5% of annual gross gas retail revenue, the overall gas rate is recommended to increase from 9% to 12.5%. The median residential customer will see an increase of approximately \$3.60, from \$5.20 to \$8.80 on the gas portion of their utility bill. These adjustments to the transfer and rate along with a reduction to the Gas Main Replacement #25 (GS-15000) project in FY 2025 (discussed further below) are projected to maintain financial stability within the Gas Fund.

- *Water Systems Operations Staffing Augmentation*

Staff recommends removing this proposal from the FY 2025 Operating Budget to allow time for discussions with the Service Employees International Union (SEIU). The proposal sought to

reclassify four Water System Operator II's and two Senior Water System Operators into four Utilities Install/Repairers and two Utility Install/Repairer Leads, respectively. This change encompasses significant modifications to job responsibilities. Staff intend to discuss these changes to compensation and work scope in depth with SEIU. Once an agreement is reached, the new labor contract will be presented to Council for approval.

#### Capital Funds and Enterprise Funds

- *Baylands Boardwalk Piling Repair project (PE-24000)*

The Proposed 2025-2029 Capital Improvement Plan includes \$660,615 for the Baylands Boardwalk Piling Repair project (PE-24000) in FY 2025. An additional \$203,000 is needed in FY 2025 because bids received in early May were higher than the engineer's estimate. If the contract is not awarded at the start of FY 2025, the Baylands Boardwalk will need to be closed. This action would reduce the Infrastructure Reserve by \$203,000 in FY 2025, from \$2.4 million to \$2.2 million.
- *Gas System, Customer Connections project (GS-80017)*

The Proposed 2025-2029 Capital Improvement Plan includes a technical error which added \$147,200 in expenses to the Gas System, Customer Connections project (GS-80017) in FY 2025. Staff recommends reducing the funding in this project in FY 2025 from \$847,200 to the appropriate amount of \$700,000, and return \$147,200 to the Gas Fund.
- *Gas Main Replacement Project #25 (GS-15000)*

The Proposed 2025-2029 Capital Improvement Plan includes work on the Gas Main Replacement #25, which will be reduced by \$735,000 in FY 2025 to mitigate rate increases as part of the recommended increase to the gas equity transfer to the General Fund. This project is still in the design phase for FY 2025, so significant impacts are not expected as a result of this reduction. Additional funding and construction are included in FY 2026 as part of the 2025-2029 CIP.
- *Reappropriations and Technical Adjustments to Capital Projects*

Staff is currently working on the second round of capital reappropriations to recommend shifting unspent funds in capital projects from FY 2024 to FY 2025. These recommended reappropriations will be included as recommended adjustments to the FY 2025 Capital Budget as part of the Council Adoption staff report on June 17. In addition to the reappropriations, several technical adjustments may be needed to some capital projects based on actions that happen at the end of FY 2024. These technical adjustments, if any, will also be included as recommended adjustments to the FY 2025 Capital Budget as part of the Council Adoption staff report on June 17.



## Storm Water Management Oversight Committee

### MEMORANDUM

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**Date:** March 14, 2024

**To:** Honorable Finance Committee of the Palo Alto City Council

**From:** Members of the Storm Water Management Oversight Committee

**Subject:** Review of the Proposed Fiscal Year 2025 Stormwater Management Fund Budget

As directed by the City Council, the Committee met to discuss the Fiscal Year 2025 proposed Stormwater Management Fund budget on Thursday, March 14, 2024. Prior to the meeting, Public Works staff provided informational materials about the approved 2017 ballot measure and the proposed budget for the Committee's review. During the meeting, staff presented information and answered questions from the Committee members.

We have reviewed the proposed budget for Fiscal Year 2025 and compared it with the provisions of the Storm Water Management Fee approved by Palo Alto property owners in 2017. We find that the attached spreadsheet describing the proposed budget for Fiscal Year 2025 fairly describes the relationship between the budget and the ballot measure. Staff and the Committee concur that funding generated by the Storm Water Management Fee will be applied solely to fund the capital improvement projects, green stormwater infrastructure projects, innovative stormwater projects, enhanced maintenance of storm drain system, and storm water quality protection programs specified for implementation in the ballot measure in Fiscal Year 2025. Because funds available for green stormwater infrastructure and innovative projects are not being utilized fully, the Committee supports efforts by staff to continue to identify and promote new projects that meet the goals associated with the ballot measure, such as the proposed Green Stormwater Infrastructure capital improvement project.

Attachment: Fiscal Year 2025 Proposed Budget

**STORMWATER MANAGEMENT PROGRAM**

**Fiscal Year 2025 Budget**

(Amounts in 1000s, as of April 2024)

Adopted Budget Year 6 2023	Adopted Budget Year 7 2024	Current Yr Projection* Year 7 2024	Proposed Budget** Year 8 2025
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**Revenue Collected**

Fee Revenue	8,167	8,568	8,234	8,791
Interest Earnings	110	189	169	228
Development Fees, Violation Fines, Other (Includes Grant Funding)**	84	1,300	6	1,300

<b>Total Revenue</b>	<b>8,361</b>	<b>10,057</b>	<b>8,410</b>	<b>10,319</b>
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<b>Base Components</b>	<b>4,887</b>	<b>5,653</b>	<b>4,996</b>	<b>5,924</b>
Base Program (Incl. Flood Control, Engineering and Administrative Support, Water Quality, Emergency Response)	3,055	3,686	3,158	3,996
Storm Drainage Maintenance	1,832	1,967	1,837	1,928

<b>Project &amp; Infrastructure</b>	<b>6,840</b>	<b>7,900</b>	<b>2,706</b>	<b>4,218</b>
Capital Improvements Program**	4,433	4,986	1,229	2,714
Recurring System Repair (SD-06101)**	953	1,305	1,123	802
Debt Service for Past Capital Projects	949	949	24	-
Capital Program Engineering Support	155	155	190	197
Green Stormwater Infrastructure (GSI)	<b>380</b>	<b>380</b>	<b>102</b>	<b>380</b>
GSI - CIP Design/Construction	150	150		102
GSI - Consulting Services	85	85		278
GSI - Other unassigned tasks	145	145	-	-
Innovative Project	<b>125</b>	<b>125</b>	<b>38</b>	<b>125</b>
Innovative Project - GSI Consulting Services & Outreach	100	100	31	100
Innovative Project - Rebates	25	25	7	25

<b>Total Expenses</b>	<b>11,727</b>	<b>13,553</b>	<b>7,702</b>	<b>10,142</b>
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<b>Net Impact</b>	<b>(3,366)</b>	<b>(3,496)</b>	<b>708</b>	<b>177</b>
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\*FY 2024 Projections and FY 2025 Proposed are subject to change as the current FY and budget development process is still in progress.

\*\*FY 2023 Proposed includes estimated remaining funding and grant revenue anticipated to be reappropriated from FY 2022.



## Summary of Finance Committee Review of FY 2025 Proposed Budget (Actions & References)

Action Minutes to the Finance Committee Hearings can be found on the City's webpage here: <https://www.cityofpaloalto.org/Departments/City-Clerk/City-Council-Standing-Committees/Finance-Committee>. In addition, throughout the Finance Committee Budget Hearings, various memoranda were distributed "At Places" in order to respond to inquiries made by the Committee or provide additional pertinent information at staff's behest. In addition, summary presentations were given at each hearing providing high level overviews of each item. Specific meetings and reference links to materials are outlined below.

### May 6, 2024 City Council Meeting

Action Minutes:

- <https://cityofpaloalto.primegov.com/Public/CompiledDocument?meetingTemplateId=14256&compileOutputType=1>

Presentations:

- FY 2024 Proposed Budget Overview  
<https://cityofpaloalto.primegov.com/api/compilemeetingattachmenthistory/historyattachment/?historyId=a1bcde36-4082-4fef-a620-9bd26a30b04b>
- Video: <https://youtube.com/watch?v=ScbvFc1TAVA?feature=share>

### May 7, 2024 Finance Committee

Action Minutes:

- <https://cityofpaloalto.primegov.com/Public/CompiledDocument?meetingTemplateId=14274&compileOutputType=1>

Presentations:

- FY 2025 Proposed Operating and Capital Budgets:  
<https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=14273>

Video: <https://youtube.com/watch?v=7fRQp6nbN-c?feature=share>

### May 8, 2024 Finance Committee

Action Minutes:

- <https://cityofpaloalto.primegov.com/Public/CompiledDocument?meetingTemplateId=15003&compileOutputType=1>

Presentations:

- FY 2025 Proposed Operating and Capital Budgets Continuation:  
<https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=15002>

Video: <https://youtube.com/watch?v=bLwqCUAgwic?feature=share>



## Summary of Finance Committee Review of FY 2025 Proposed Budget (Actions & References)

### List of Supplemental Information provided during Budget Deliberations

During the Finance Committee hearings and the City Council update, staff provided additional information to Committee members to assist in the review of the Fiscal Year 2025 Proposed Budget. Below is a list of links to those memoranda:

- May 7 [Supplemental Report: Additional Funding Proposal Options for FY 2025 Budget Process Consideration](#)
- May 7 [At Places Memorandum: Capital Reappropriations, staffing & vacancies, and contract spend](#)

### Additional Information Memos from May 7 (provided *at staff's behest*)

In previous years, the City Council has made a variety of requests to provide context and/or additional data points of reference to aid in budget deliberations. Staff compiled and transmitted the following items at the May 7, 2024 budget meeting:

- Capital Fund reappropriations list
- Vacancy report, as of April 2024
- Service Providers with Over \$1M in Spending



**FY 2025 PROPOSED  
OPERATING & CAPITAL  
BUDGETS & MUNICIPAL  
FEE SCHEDULE WRAP-UP**

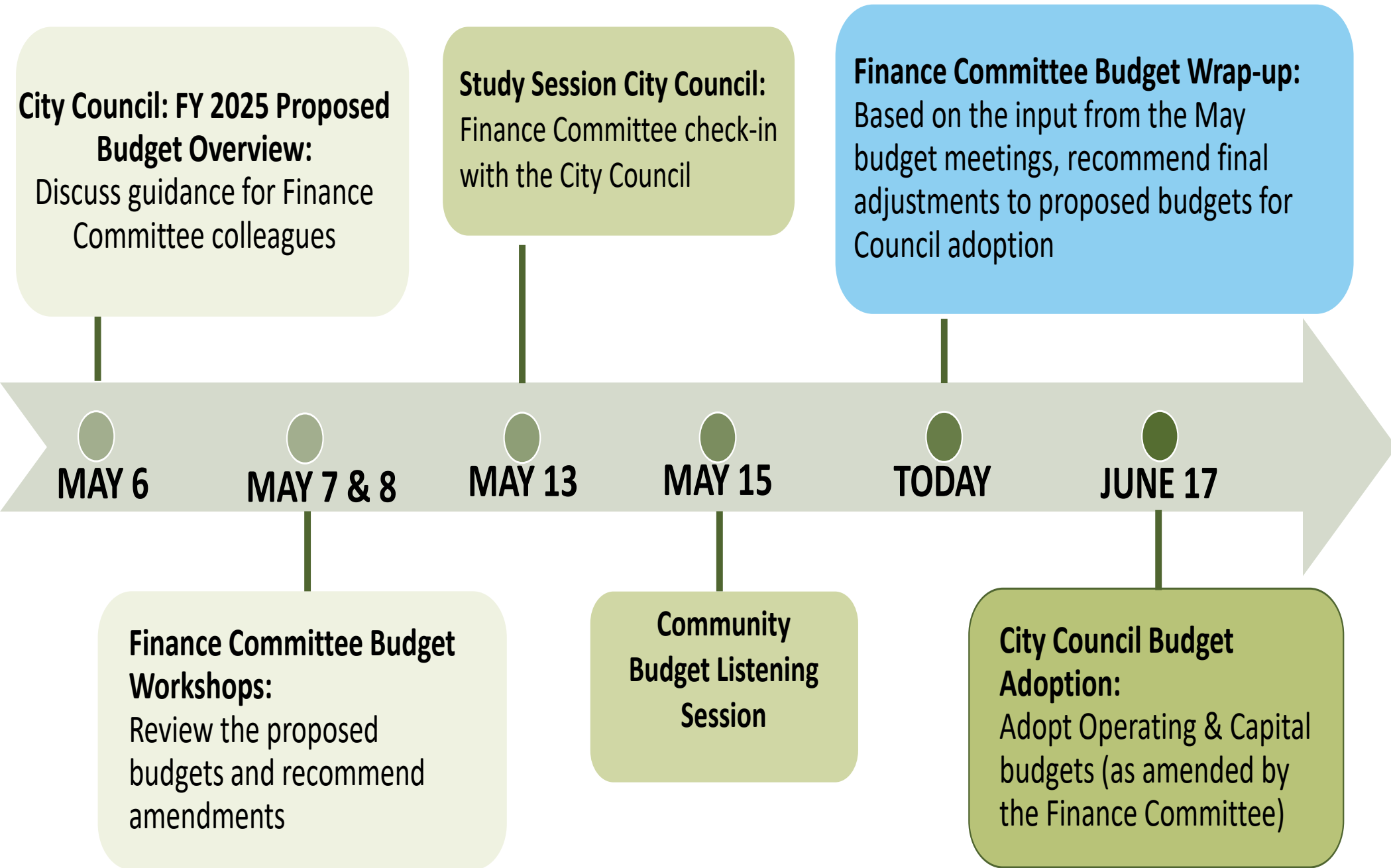
**Finance Committee  
Item #1**



- Finalize Review of the FY 2025 Budget Process
- Budget wrap-up memo provides
  - Summary of Committee deliberations
  - Additional Information for Multi-Year Strategy
  - Revised Parking Lot of Potential Adjustments
  - Staff Work Plan Items
  - Staff Technical Adjustments

**GOAL:** Recommend to City Council balanced FY 2025 Operating & Capital Budgets and a FY 2025 Municipal Fee Schedule for Adoption on June 17, 2024

# BUDGET CONVERSATIONS & CALENDAR



# UPDATES SINCE MAY 8 BUDGET HEARING

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- Received Council feedback (May 13) and additional Staff analysis & information
- Revised Parking Lot
  - Categories for Review
  - Updated Analysis and Cost Estimates
  - Other Post Employment Benefits (OPEB) Funding
- Staff Recommended Technical Adjustments
- Parking Lot items are valued investments & great services, but resources are limited
- Budget balancing strategies primarily focus on fulfilling the City vision, Council priorities, City policies and core services, balancing non-core services and programs within limited financial resources.

# CATEGORIES

Items in the Parking Lot are organized into the following categories for further consideration:

CATEGORIES	DESCRIPTION
<b>Clarifications</b>	items that need clarification and/or confirmation
<b>Grants</b>	items that relate to grants to other organizations
<b>Not Recommended</b>	items that Staff analyzed and determined negative impact(s)
<b>Policy/Priority/Vision</b>	items that relate to City policy, Council Priorities and/or City Vision
<b>Reconsideration in FY 2026</b>	items deferred due primarily to budget balancing constraints
<b>Staff Workplan</b>	items that Staff will work on during FY 2025, subject to Council

# REVISED PARKING LOT – EXPENSES (Table 1)

Dept	Parking Lot Items	FY25 Amount (cost)/source	Ongoing	Category
NON	Other Post Employment Benefits (OPEB)	(2,400,000)	(2,600,000)	Policy/Priority/ Vision
CIP	California Avenue Interim Improvements	(450,000)	0	Policy/Priority/ Vision
CIP	Car-free Streetscape Design for Ramona Street	(250,000)	0	Policy/Priority/ Vision
CIP	Additional funding for Roth Building Rehabilitation (PF-23001)* (revise terms and conditions of the tenant work letter) Organization request \$1M partially offset with \$0.2M interest earnings	(1,000,000)  200,000	0	Grants
NON	Establish a Citywide Special Events & Programming (\$230k total program) * [Requested UNAFF \$45k, 3rd Thursdays \$40k, Neighbors Abroad \$30k, Magical Bridge \$150k, cultural events] *	(200,000)	(200,000)	Grants
NON	Ability Path Matching Gift *	(250,000)	0	Grants
OOT	Palo Alto Transportation Mgmt. Assoc. (PATMA) increase to \$400,000 *	(200,000)	(200,000)	Grants
CSD	Environmental Volunteers Foothills Nature Preserve Program *	(11,000)	0	Grants

\* = ask from outside agency, FY25 contribution TBD

# REVISED PARKING LOT – EXPENSES (Table 1) (CONT'D.)

Dept	Parking Lot Items	FY25 Amount (cost)/source	Ongoing	Category
CSD	Administrative Support for new Citywide Special Events & Programming (1.0 FTE)	0	(125,000)	Grants
CSD	JMZ additional staffing, new ticketing system and promotion	(613,000)	(780,000)	Clarification
FIR	Upstaff Fire Engine 62 with 3 Sworn Staff instead of Overtime	(60,000)	(80,000)	Clarification
PWD	Public Services Streets 311 Requests to support catch-up & keep-up	(100,000)	(100,000)	Clarification
UTL	Sustainability Program Customer Service Support (1.0 position Electric Fund)	0	0	Clarification
OOT	Review an alternative service approach for PA Link with reduced net costs (proposed budget funds \$900,000 in FY25)	400,000	400,000	Clarification
CIP	Study of artificial turf replacement with grass at up to 4 fields (recommend use of current CIP to fund a study)	0	0	Clarification
<b>Subtotal Expense (&amp;/or use of funding)</b>		<b>(\$4.9 M)</b>	<b>(\$3.7M)</b>	



# REVISED PARKING LOT – REVENUE (TABLE 2)

Dept	Parking Lot Items	FY25 Amount		Category
		(cost)/source	Ongoing	
NON	Increase Gas Transfer to General Fund in FY25 to 14.5% (from 11.9%) & in FY26 to 18% (previously scheduled in FY27) ~Estimated FY 2025 Gas Utility Rate change from 9% to 12.5%	2,000,000	900,000	Clarification
NON	Use BSR to balance FY 2025 - Reduce from 18.8% to 18.5%	1,000,000	0	Policy/Priority/ Vision
NON	Use Uncertainty Reserve to balance FY 2025	1,400,000		Policy/Priority/ Vision
NON	Increase JMZ ticket prices from \$10 to \$14, during peak periods	350,000	350,000	Clarification
NON	Account for Los Altos & Los Altos Hills contribution for animal control services (Report #2403-2827)	198,000	198,000	Clarification
<b>Subtotal Revenue (&amp;/or source of funding)</b>		<b>\$4.9M</b>	<b>\$1.5M</b>	
<b>Potential Funds Remaining surplus / (deficit)</b>		<b>\$0</b>	<b>(\$2.2 M)</b>	

# CATEGORIES – Not on Tables 1 & 2

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- **Not Recommended:**
  - Reduce Capital Funding to Re-appropriate to Other Uses (\$ TBD)
- **Staff Workplan**
  - Fire Emergency Medical Response Fee Adjustments (Ongoing Revenue TBD)
  - Fire Emergency Medical Response; Supplemental Resources (\$1.0-\$4.0M Ongoing)
  - Review Parks Restroom Prioritization Specifically Pardee Park (Ongoing costs TBD)
  - Active Recruitment Digital Marketing Services (Ongoing costs TBD)
  - Organizational Development & Safety Division (\$0.1M Ongoing; 50% GF/50% ISF)
  - Historical Grants Information
- **Defer for reconsideration in FY 2026**
  - Expansion of Library Teen Services (1.0 FTE) (\$0.1M Ongoing)

# GENERAL FUND BUDGET BALANCING WITH 'PARKING LOT' ITEMS (TABLE 3)

(\$ in millions)	Proposed FY 2025	With Revised Parking Lot	Increase/ (Decrease)	FY 2026 (Revised)
Revenues	303.5	308.4	\$5.1	\$300.2
Use of Reserves	\$7.6	\$8.3	\$1.4	\$3.3
Expenditures	303.5	308.4	\$5.1	\$308.8
<b>Surplus / (Deficit)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$8.6)</b>

Status of General Fund Reserves				
Uncertainty Reserve for FY 2026	\$4.7	\$3.3	(\$1.4)	\$0
Budget Stabilization Reserve \$	\$55.0	\$54.0	(\$1.0)	\$54.0
<i>Budget Stabilization Reserve %</i>	18.8%	18.2%	(0.7%)	17.5%
<b>BSR at 18.5% target level requires \$1.0M of additional funding in FY25 &amp; \$3.1M in FY26</b>				

# GENERAL FUND BUDGET BALANCING

## PROJECTED MULTI-YEAR FINANCIAL FORECAST (TABLE 4)

**Table 4: Summary of General Fund Projected Multi-Year Financial Forecast and Reserves**

(\$ in millions)	FY 2025 Proposed Budget	FY 2025 Parking Lot (Revised)	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Original Net Surplus/(Deficit)	0	0	(5.0)	(3.4)	(1.7)	(0.5)	6.6
<i>Use of Uncertainty Reserve</i>	6.9	8.3	4.7	-	-	-	-
<b>Revised Net Surplus/(Deficit)</b>	<b>0</b>	<b>0</b>	<b>(8.6)</b>	<b>(6.5)</b>	<b>(4.8)</b>	<b>(3.6)</b>	<b>3.5</b>
<i>Use of Uncertainty Reserve</i>	6.9	8.3	3.3				
<b>Status of General Fund Reserves</b>							
Uncertainty Reserve at Year-End	4.7	3.3	-	-	-	-	-
Budget Stabilization Reserve \$	55.0	54.0	54.0	54.0	54.0	54.0	54.0
<b>Budget Stabilization Reserve % (18.5% target)</b>	<b>18.8%</b>	<b>18.2%</b>	<b>17.5%</b>	<b>17.0%</b>	<b>16.6%</b>	<b>16.1%</b>	<b>16.0%</b>

Balancing the budget is a multi-year approach that also considers potential unfunded Council priorities.

**POLICY:** Retiree Benefits Funding Policy Assumptions (Adopted February 6, 2023, Report #2212-0513)

- Fund OPEB at 5.75% discount rate, down from “Baseline” 6.25%
- Target: 90% funding by FY 2036
- Bi-annual actuarial report for OPEB Trust status
- 15 Year Amortization period (effective with the 2021 Valuation)
- Actuarial Determined Contribution (“ADC”) and Supplemental/Pre-Funding

## 2021 VALUATION vs. 2023 VALUATION ACTUARIAL REPORT

- **Information Available:** at the time of each valuation
- **Investment Return Volatility:** Target of 6.25%
  - 2020-21 investment gain of 27.5%
  - 2021-22 investment loss of -13.5%
  - 2022-23 investment gain of 6.4%
- **Projected Payroll:** Higher salary growth # of employees;
- **Health Premiums:** Higher healthcare premiums (especially COVID and inflation impacts);
- **Amortization:** Funding policy set a 15-year period, two years later there are 13 years remaining.  
(This accounts for the change in General Fund budget adjustment from \$3.3M instead of \$2.4M.)

## Fiscal Impact Summary of incorporating the new 2023 Valuation Actuarial Report

- Disregard Policy Level (Not Recommended)
- Fund at 1-year Phase In
- Fund at 2-year Phase-In, consistent with pre-funding pension policy phase-in

OPEB Alternative Funding Levels (\$M)	FY 2025 General Fund	FY 2025 Other Funds	FY 2025 All Funds Total	FY 2026 All Funds Total
<i>2025 Proposed Budget OPEB Pre-Funding Included</i>	\$8.8	\$5.2	\$14.0	\$14.6
<i>2025 Pre-funding Policy</i>	+\$3.3	+\$1.9	+\$5.2	+\$5.1
<i>2025 Pre-Funding 2- Year Phase In *</i>	+\$1.65	+\$0.95	+\$2.6	+\$5.1

\* Impacts to long term liability OPEB costs and future year annual amortized costs `from a Phase-In approach would need to be recalculated for the 2026-2035 LRF

# COMMITTEE RECOMMENDATIONS - MOVE ITEMS FROM “YELLOW” TO “GREEN”

Dept	Finance Committee Adjustments to Budget	FY 2025 GF (cost)/savings or rev	Ongoing	Category
	<b>Beginning Balance</b>	\$ -	\$ -	
	<i>Subtotal Sources (Revenue)</i>	\$ -	\$ -	
	<i>Subtotal Use (Expense)</i>	\$ -	\$ -	
	<b>Potential Funds Remaining surplus/(deficit)</b>	\$ -	\$ -	



Dept	Parking Lot Items	Amount (cost)/source	Ongoing	Category
NON	Increase Gas Transfer to General Fund in FY25 to 14.5% (from 11.9%) & in FY26 to 18% (previously scheduled in FY27)	2,000,000	900,000	Clarification
NON	Use BSR to balance FY 2025 - Reduce BSR from 18.8% to 18.5%	1,000,000	-	Policy/Priority / Vision
	<i>Subtotal Sources (Revenue)</i>	\$ 4,948,000	\$ 1,448,000	
NON	Other Post Employment Benefit (OPEB)	(2,400,000)	(2,600,000)	Policy/Priority / Vision
CIP	California Avenue Interim Improvements	(450,000)	-	Policy/Priority / Vision
NON	Ability Path Matching Gift *	(250,000)	-	Grants
NON	Palo Alto Transportation Management Association (PATMA) increase to \$400,000 *	(200,000)	(200,000)	Grants
CSD	Environmental Volunteers Foothills Nature Preserve Program *	(11,000)	(11,000)	Grants
CSD	JMZ additional staffing, new ticketing system and promotion	\$ (613,000)	\$ (780,000)	Clarification
FIR	Upstaff Fire Engine 62 with 3 Sworn Staff instead of Overtime	(60,000)	(80,000)	Clarification
	<i>Subtotal Uses (Expense)</i>	\$ (4,934,000)	\$ (3,696,000)	
	<b>Potential Funds Remaining surplus/(deficit)</b>	\$ 14,000	\$ (2,248,000)	

Date	FY 2025 Council Contingency	
7-May	Beginning Balance	\$ 125,000
	<b>Remaining:</b>	\$ 125,000

Budget Stabilization Reserve FY 2025 est = \$55.0M or @ 18.8% target (as of 5/7/24)  
(\$1.0M above the 18.5% target)  
Council range is 15% to 20% of Adopted expenses, currently estimated at \$292.4M



Align the budget with anticipated activity levels and changes that occurred following the release of the FY 2025 proposed budget documents (see **Attachment B** for more detail)

- New Affordable Housing Fee Wavier
- Utility Rate Updates for Gas (9.0% to 12.5%) and Water (10.0% to 9.5%)
- Undo Water System Operations Staffing Reclassification
- Various Capital Project Adjustments
  - Baylands Boardwalk Piling Repair (PE-24000) +\$0.2M
  - Gas System Customer Connections (GS-80017) -\$0.7M
  - Gas Main Replacement Project #25 (GS-15000) -\$0.7M



# RECOMMENDED ACTION



## DRAFT MOTION:

Recommend to the City Council:

1. Adoption of the FY 2025 Operating and Capital Budgets and Municipal Fee Schedule, amended by:
  - a. the Table of Finance Committee Adjustments to the Budget, including the Staff technical adjustments
2. Approve the FY 2025-2029 Capital Improvement Plan, amended by
  - a. Changes approved in the wrap-up discussion

Budget and meeting details listed at [www.cityofpaloalto.org/budget](http://www.cityofpaloalto.org/budget)

**From:** [Shannon Griscom](#)  
**To:** [Council, City](#)  
**Cc:** [Shannon Close Griscom](#)  
**Subject:** Bathroom at Eleanor Pardee Park  
**Date:** Thursday, May 16, 2024 10:22:20 AM

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[Some people who received this message don't often get email from shannonclosegriscom@gmail.com. Learn why this is important at <https://aka.ms/LearnAboutSenderIdentification> ]

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Dear City council members: I wrote a letter to each of you in February, 2024. The letter was also published in the Palo Alto Weekly. I have NEVER received any response from any of your council members. NOT ONE EMAIL or response. I am writing again to urge the installation of a bathroom at Eleanor Pardee Park, a place where large numbers of children, adults, and seniors use the park and the neighboring community gardens. At present, Palo Alto citizens are forced to relieve themselves behind bushes and trees, a very unsanitary and ridiculous situation considering the taxes and budget of this community.

I have lived here in Palo Alto since 1965, and currently own two houses here. I participate in Tai Chi practice at Eleanor park, and I can see the use of that park and the need for a bathroom there. I voted for several of the current city council members, and I am very disappointed to be ignored by the Council.

Sincerely,  
Shannon Griscom  
815 Melville Ave  
Palo Alto, CA 94301  
508-237-1883

**From:** [Wendy Sinton](#)  
**To:** [Council, City](#)  
**Subject:** Bathrooms at Pardee Park  
**Date:** Friday, May 17, 2024 5:31:43 PM

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Dear City Council Members,

We have lived near Eleanor Pardee Park for 40 years. We have attended T-Ball games, soccer games, birthday parties and playground dates there. We have been waiting for a bathroom for forty years.

With modern technology, a bathroom can be locked automatically at 8:00 p.m. and unlocked at 8:00 a.m..This would serve our needs.

Wouldn't all the UPS drivers who gather at 5 o'clock every afternoon appreciate a bathroom? Wouldn't all the grandparents and nannies who spend mornings at the playgrounds appreciate a bathroom? And all the gardeners, who spend hours at the wonderful gardens, would definitely appreciate a bathroom.

Currently, the bushes around the edges of the park are used as toilets. This is not a good idea.

Thank you,

Wendy and Doug Sinton  
1393 Forest Ave.

**From:** [Sara Ajayi-Dopemu](#)  
**To:** [Council, City](#); [ParkRec Commission](#); [City Mgr](#); [Parks](#); [Administrative Services](#)  
**Subject:** Community outreach for Eleanor Pardee Park restrooms  
**Date:** Monday, May 13, 2024 6:00:49 PM

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Dear City Council,

Restrooms are drastically needed at Eleanor Pardee Park as soon as possible. Thank you for the positive response at the recent budget meeting.

How can the greater community of park users be included in the proposed outreach? What information can be provided to skeptical neighbors to help them understand there is a genuine need by the greater Palo Alto community that uses the park regularly and that there is unlikely to be an increase of crime simply from adding restrooms?

There is a genuine need everyday for bathrooms at heavily used parks. I would like to share my experience at the Gamble Garden this Sunday as an example. There were several families with young children enjoying the flowers. There were several groups picnicking on the lawns in and around the garden. As I approached the restroom area at least 3 of these families tried to take their young children to the restrooms. But they were closed In the middle of the day!

Imagine this scenario taking place at Eleanor Park every day, not just in 5 minutes. How many frustrated parents have had to cut their trip short because someone needed a restroom. Add to that the community gardeners and master gardeners there throughout the day. Also add the participants to master gardener classes and sports events on weekends.

Perhaps if the neighbors hear from real users at the park they too will recognize the greater need for restrooms for our community.

Sincerely,  
Sara Ajayi-Dopemu, Community Gardener  
2450 West Bayshore Rd #4  
Palo Alto, CA 94303

**From:** [Reid Kleckner](#)  
**To:** [Council, City](#); [ParkRec Commission](#)  
**Subject:** Concessions at city parks  
**Date:** Thursday, May 16, 2024 4:36:00 PM

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Honourable City Council members & Parks & Rec commissioners,

I heard that the city has been working on improving bathrooms at city parks, which I greatly appreciate as a parent of a three year old child who regularly needs to use the bathroom. Building on that good work, I would like you all to consider issuing permits or licenses to sell concessions at our parks. In particular, there is no food or drink for sale anywhere in the community center district near the Junior Museum & Zoo.

Selling concessions at parks is a common practice all over the world, and I think it will enhance and enliven our parks. As a parent who hangs out in Robles Park every evening and spends a lot of time packing snacks for kids, it would be nice to have some fallback snack options conveniently available at the park. It would also be great to invite a friend to meet up for coffee in the park, instead of having to get coffee elsewhere and relocate to a park. I think we can see Ada's Cafe as a great example of what adding a small cafe near a park looks like.

Permitting concession sales creates a local opportunity that can support our small businesses, which stimulates local business activity and recirculates dollars in our backyard.

Finally, this is a minor revenue source for park maintenance and improvement. I have no sense of the relative income and budget, but this upside can't be ignored.

Thanks for your consideration,  
Reid

**From:** [Penny Proctor](#)  
**To:** [Council, City](#); [ParkRec Commission](#); [City Mgr](#); [Parks](#); [Administrative Services](#)  
**Subject:** Eleanor FY 2026 Restroom - Thank You!!  
**Date:** Monday, May 20, 2024 4:53:22 PM

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Dear Members of the City Council, Finance Committee, Parks and Recreation Committee, and City Staff,

Thank you all so very much for the recommendation that a restroom be added to Eleanor Pardee Park in FY 2026! Wonderful! It is desperately needed, and we are grateful.

Penny Proctor  
Community Gardener  
Greer Road

On May 12, 2024, at 19:56, Penny Proctor <plumbago1927@gmail.com> wrote:

Dear Members of the City Council, Finance Committee, Parks and Recreation Commission, and City Staff,

I was grateful and encouraged by the thoughtful discussion of a possible restroom for Eleanor Pardee Park at last Tuesday's Finance Committee meeting! Thank you council members Burt, Veenker, and Lauing!

Please ensure that the planned community outreach this fall includes the park users (many come from across town,) as well as the park's close neighbors.

I really appreciate Councilmember Burt saying this should be a City Council decision, not a Staff decision.

Several of the bathrooms going in are *additional* bathrooms - Rinconada, Mitchell, and Cubberley, when Pardee, a nearly 10 acre, very popular, park, has no bathroom, and people use the bushes.

One of our community gardeners shared with me that he just turned 86, and is a bladder cancer survivor. He has to bring a container, and discretely urinate in his car frequently while gardening. He has an apartment with no balcony, and loves his garden plot.

He, and most of the 72 other community gardeners, put in many extra hours weeding, and planting roses, wildflowers, and plants for butterflies, hummingbirds and other birds; berries, squash, and cherry tomatoes, outside the fences to make the garden pleasant for visitors. Most of us are old, and no

bathroom is a problem.

I remember well the discouraging community meeting 15-20 years ago about a possible bathroom. Many neighbors probably feel differently, but those in attendance then were vehemently opposed, saying the park was too crowded, overused, and being prematurely worn out. They said a bathroom would allow visitors from across town to comfortably stay longer, making the park more crowded. And they were very concerned that “people from San Jose” would come if there were a restroom. (Surely there are many nice parks in San Jose that its residents prefer?) They said they were very concerned about crime.

A police officer had data from several other parks that had recently added bathrooms, comparing before and after crime data. As I recall, there was no significant difference.

Please prioritize a bathroom for Eleanor Pardee Park! We need it!

Thank you for your hard work serving Palo Alto!

Sincerely,  
Penny Proctor

On May 5, 2024, at 10:04, Penny Proctor <plumbago1927@gmail.com> wrote:

Dear Members of the City Council, Finance Committee, Parks and Recreation Committee, and City Staff;

Please add Eleanor Pardee Park to the list of parks in line to get a restroom in the next 5 years. We really need one!

Eleanor is Palo Alto’s second largest neighborhood park, and is enjoyed by large numbers of individuals and groups. The field has kids soccer and other games, and the large picnic area has many birthday parties and other groups. There are two busy children’s play areas.

I have been a community gardener for 36 years. It is Palo Alto’s second largest community garden, after Rinconada, which is near the library bathrooms. We have 94 plots, and 63% of the gardeners are over 60. Some have young children. Many of us come from across town to garden. One of our handicapped gardeners gave up her plot of 27 years, that she loved, because she could no longer manage with no bathroom. Another gardener, with a medical issue, built a tiny tent in her plot for privacy to use her camping toilet. Otherwise she could not garden. She lived in an apartment, and adored her garden.

The Master Gardeners come from all over Palo Alto and surrounding cities to volunteer for hours every week. Their free classes for the public are attended by people from a wide area. They would like to

have school programs, but cannot, because a bathroom is required.

As part of our community garden workdays maintaining the area outside the fences, near our gardens, we weed and pick up trash. There is frequently toilet paper and human solid waste. Most unhealthy!

I was a toddler when my mother, Helen Norman Proctor, designed the park. She wanted to include a restroom then, but was told no.

With lots of children and old people, many large picnic parties, and large numbers of people coming to the park from across town for hours, Eleanor Pardee Park desperately needs a bathroom!

Thank you for all the work you do to keep Palo Alto a wonderful place to live.

Sincerely,  
Penny Proctor



**From:** [Barbara Platt](#)  
**To:** [Council, City](#)  
**Subject:** Fire Department services  
**Date:** Monday, May 13, 2024 8:17:22 PM

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Dear Council of Palo Alto

I am a resident of Palo Alto residing in the Green Meadow area Since 1990.

I am extremely concerned about lack of fire department coverage. I have recently learned that our city fire department staff and equipment are currently less than is needed to respond to a fire in one of the homes in my area.

It is widely known that our houses are not well insulated, have some highly flammable material and are known to be a quick burn—approximately three minutes for total loss.

It is urgent that the Council respond to the lack of personnel and equipment to serve our area immediately by expending every effort to grow the fire department personnel and acquire appropriate fire response equipment.

I look forward to learning that this matter will be taken under advisement urgently.

Thank you for your attention

Barbara Platt  
490 El Capitan Pl., Palo Alto  
[Plattbs@gmail.com](mailto:Plattbs@gmail.com)

**From:** [Evan Reade](#)  
**To:** [Council, City](#); [Stone, Greer](#); [Kou, Lydia](#); [Burt, Patrick](#); [Lauing, Ed](#); [Lythcott-Haims, Julie](#); [Tanaka, Greg](#); [Veenker, Vicki](#)  
**Cc:** [Shikada, Ed](#); [Do, Lam](#)  
**Subject:** Fw: Restrooms at Eleanor Pardee Park  
**Date:** Sunday, May 19, 2024 3:47:48 PM

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Resending to correct City Council address, individual Council members, and Mr. Do in lieu of Mr. Anderson.

----- Forwarded Message -----

**From:** Evan Reade <[evanreade@aol.com](mailto:evanreade@aol.com)>  
**To:** [citycouncil@cityofpaloalto.org](mailto:citycouncil@cityofpaloalto.org) <[citycouncil@cityofpaloalto.org](mailto:citycouncil@cityofpaloalto.org)>  
**Cc:** Ed Shikada <[ed.shikada@cityofpaloalto.org](mailto:ed.shikada@cityofpaloalto.org)>; [daren.anderson@cityofpaloalto.org](mailto:daren.anderson@cityofpaloalto.org) <[daren.anderson@cityofpaloalto.org](mailto:daren.anderson@cityofpaloalto.org)>  
**Sent:** Sunday, May 19, 2024, 03:31:54 PM PDT  
**Subject:** Restrooms at Eleanor Pardee Park

Dear Members of the Palo Alto City Council:

Please add our names to the list of neighbors who are firmly opposed to installing restrooms at Eleanor Pardee Park. Our home backs up directly to and shares a fence with the park. Our reasons for opposing the installation of restrooms include the following:

1) The park was intended to be and designed as a neighborhood park, not a regional park. We are very happy to see the park used on a regular basis by people who come from beyond a several block radius (as evidenced by the number of cars sometimes parked on Channing, Center, and on other nearby side streets.) But installing restrooms would potentially bring people from even further afield changing the nature and use of the park.

2) As a former Palo Alto police officer, I've seen first hand the type of unintended activities that take place in and around restrooms in other parks. They attract the unhoused, including those with mental health issues. They can also attract people with criminal intentions, be it illicit narcotics use or worse. Unless these facilities are regularly monitored the potential for behavior dangerous to children, the elderly, and others exists. We have also seen recent examples of the city's inability or unwillingness to address the problem of unhoused individuals who decide to make public spaces their homes. Vans and RVs parked on our streets are but one example. And at the Lucy Stern Community Center just several blocks away, an unhoused woman basically took up residence for several months on a bench directly adjacent to the front door of the Children's Theatre. Calling this to the attention of both staff at the Community Center and to the Police Department resulted in no resolution for weeks. Prior to that, another person used to park her car in the Community Center's driveway and run an extension cord to a plug nearby. This went on for weeks. Again, complaints to the Police Department met with no discernible response. We cannot tolerate a similar situation in a neighborhood park. Once someone decides to make a picnic table their home, how long will it take for them and their belongings to be removed?

3) We believe the cost estimates we've seen in the newspapers reporting on this issue are inaccurate. Do they account for the daily maintenance, cleaning, and monitoring these facilities will require to keep them clean, sanitary, and inviting for use by children and others? How much will that cost, who will do it, and who will pay for this? The City has already cut way back or has contracted out routine

maintenance services such as landscaping in the parks, street sweeping, road maintenance/regular stripping, custodial services, etc., etc. Sadly, we have no confidence in the City's ability to adequately care for and maintain these facilities once they are installed.

4) We are doubtful that if installed they will even be used. Our residence is located very close to one of the very attractive playgrounds at the park with a large hedge nearby. The area between the hedge and our fence is a frequently used "relief station" for children using the playground. In fact, we've even seen a parent of one unfortunate young soccer player encouraging him to relieve himself in our neighbor's front yard! So you would think we would be strong supporters of installing a restroom. We are not. Even if the restroom is installed far from our property line, human nature will dictate that most parents if given the choice of telling their kids to trek across the park to use a restroom that may be locked or dirty or out of order or occupied or being loitered around will just opt to tell them to go behind the nearby bush. This situation is even all the more likely if the parent or sitter is watching several children and doesn't want to send one off alone or take the whole crew with him/her on an expedition to the restroom. Putting in a restroom will not lessen the number of kids who use the bushes.

Finally, we'd like to note our concern with this whole process. We've received absolutely no notification from the City that this issue is once again being considered. We get notices if a neighbor a block away wants to cut down a tree but hear nothing from the City on an issue that you know is of significant and immediate concern to us?!? We would be grateful to be notified of any hearings or meetings at which the subject of restrooms at Eleanor Pardee Park will be discussed so that we may appear in person to express our concerns and opposition. This includes hearings/meetings held by Commissions that might be discussing this matter.

Many thanks, and very sincerely,

Evan G. Reade  
Mary Rose N. Reade

**From:** [Shannon Griscom](#)  
**To:** [Council, City](#); [Shannon Griscom](#)  
**Subject:** Fwd: Letter about Eleanor Park  
**Date:** Friday, May 17, 2024 3:37:05 PM

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This is a copy of the letter I sent to each council member last February 2024, and also to the Palo Alto Online.

----- Forwarded message -----

**From:** Shannon Griscom <[shannonclosegriscom@gmail.com](mailto:shannonclosegriscom@gmail.com)>  
**Date:** Wed, Feb 21, 2024 at 9:19 AM  
**Subject:** Letter about Eleanor Park  
**To:** <[swright@embarcaderopublishing.com](mailto:swright@embarcaderopublishing.com)>

Dear Editor:

I moved here in the summer of 1965, and I still have the same phone number that I received in that time. I have moved within the city, but always remained within Palo Alto, a place where I have raised my children, supported the schools, churches, and businesses. Because of my long affection for the city, I am writing to urge my fellow residents to plead for a bathroom at Eleanor Pardee Park.

I know that some of the surrounding neighbors opposed having a bathroom with the excuse that it would encourage unhoused people to stay in that park. However, I urge the elected members of our local government to be wiser and more generous in your decision to place a bathroom in that park. It is a large area, and also has a community garden adjacent to it. Many children and their parents and caregivers use the play area. Many others, especially the elderly local residents, use the walking areas. Many local residents use the community gardens. My Tai chi group, also elderly, use the paved circle area every Monday. In short, the many residents who use the park need a bathroom. Otherwise, without a toilet facility, children and others are forced to relieve themselves behind bushes and trees, an unhealthy, unnecessary alternative indeed.

Palo Alto has always prided itself as an enlightened, caring community. Please continue that culture in urging the city council to provide a basic facility that any local park or recreation area deserves, and please do it as soon as possible.

Sincerely,

Shannon Griscom

815 Melville Ave.

Palo Alto, CA 94301

**From:** [Keith Buck](#)  
**To:** [Council, City](#)  
**Cc:** [Shuning Wang Buck](#)  
**Subject:** Please prioritize bathrooms at Eleanor Pardee Park  
**Date:** Thursday, May 16, 2024 11:33:27 AM

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Hello councilmembers,

I hope you're doing well!

I am writing to implore you to prioritize bathrooms at Eleanor Pardee Park. My wife and I are homeowners in Palo Alto, and this is our closest park. We have a 2-year-old son who we are in the midst of potty training. Unfortunately, this situation is very difficult with no bathrooms available in this park, especially since the park is about a 20-minute walk away from our home. We very much enjoy the opportunity to visit this park and the opportunity for our child to play and socialize, but the lack of restrooms is a clear gap.

We hope you will consider this feedback prioritize/expedite bathroom facilities for those of us visiting this beautiful park.

Thank you for your time and consideration.

Keith & Sophia  
Crescent Park homeowners

**From:** [Chris Cummings](#)  
**To:** [Evan Reade](#)  
**Cc:** [Council, City](#); [Stone, Greer](#); [Kou, Lydia](#); [Burt, Patrick](#); [Lauing, Ed](#); [Lythcott-Haims, Julie](#); [Tanaka, Greg](#); [Veenker, Vicki](#); [Shikada, Ed](#); [Do, Lam](#)  
**Subject:** Re: Fw: Restrooms at Eleanor Pardee Park  
**Date:** Monday, May 20, 2024 11:28:03 AM

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If there is a more formal way to add our names, we are happy to, but for now, please count

Chris Cummings  
Michelle Cooper

on list of opposed.

Thank you for the work you do. Best,  
Chris

On Sun, May 19, 2024 at 3:47 PM Evan Reade <[evanreade@aol.com](mailto:evanreade@aol.com)> wrote:

Resending to correct City Council address, individual Council members, and Mr. Do in lieu of Mr. Anderson.

----- Forwarded Message -----

**From:** Evan Reade <[evanreade@aol.com](mailto:evanreade@aol.com)>  
**To:** [citycouncil@cityofpaloalto.org](mailto:citycouncil@cityofpaloalto.org) <[citycouncil@cityofpaloalto.org](mailto:citycouncil@cityofpaloalto.org)>  
**Cc:** Ed Shikada <[ed.shikada@cityofpaloalto.org](mailto:ed.shikada@cityofpaloalto.org)>; [daren.anderson@cityofpaloalto.org](mailto:daren.anderson@cityofpaloalto.org) <[daren.anderson@cityofpaloalto.org](mailto:daren.anderson@cityofpaloalto.org)>  
**Sent:** Sunday, May 19, 2024, 03:31:54 PM PDT  
**Subject:** Restrooms at Eleanor Pardee Park

Dear Members of the Palo Alto City Council:

Please add our names to the list of neighbors who are firmly opposed to installing restrooms at Eleanor Pardee Park. Our home backs up directly to and shares a fence with the park. Our reasons for opposing the installation of restrooms include the following:

1) The park was intended to be and designed as a neighborhood park, not a regional park. We are very happy to see the park used on a regular basis by people who come from beyond a several block radius (as evidenced by the number of cars sometimes parked on Channing, Center, and on other nearby side streets.) But installing restrooms would potentially bring people from even further afield changing the nature and use of the park.

2) As a former Palo Alto police officer, I've seen first hand the type of unintended activities that take place in and around restrooms in other parks. They attract the unhoused, including those with mental health issues. They can also attract people with criminal intentions, be it illicit narcotics use or worse. Unless these facilities are regularly monitored the potential for behavior dangerous to children, the elderly, and others exists. We have also seen recent examples of the city's inability or unwillingness to address the problem of unhoused individuals who decide to make public spaces their homes. Vans and RVs parked on our streets are but one example. And at the Lucy Stern Community Center just several blocks away, an unhoused woman basically took up residence for

several months on a bench directly adjacent to the front door of the Children's Theatre. Calling this to the attention of both staff at the Community Center and to the Police Department resulted in no resolution for weeks. Prior to that, another person used to park her car in the Community Center's driveway and run an extension cord to a plug nearby. This went on for weeks. Again, complaints to the Police Department met with no discernible response. We cannot tolerate a similar situation in a neighborhood park. Once someone decides to make a picnic table their home, how long will it take for them and their belongings to be removed?

3) We believe the cost estimates we've seen in the newspapers reporting on this issue are inaccurate. Do they account for the daily maintenance, cleaning, and monitoring these facilities will require to keep them clean, sanitary, and inviting for use by children and others? How much will that cost, who will do it, and who will pay for this? The City has already cut way back or has contracted out routine maintenance services such as landscaping in the parks, street sweeping, road maintenance/regular stripping, custodial services, etc., etc. Sadly, we have no confidence in the City's ability to adequately care for and maintain these facilities once they are installed.

4) We are doubtful that if installed they will even be used. Our residence is located very close to one of the very attractive playgrounds at the park with a large hedge nearby. The area between the hedge and our fence is a frequently used "relief station" for children using the playground. In fact, we've even seen a parent of one unfortunate young soccer player encouraging him to relieve himself in our neighbor's front yard! So you would think we would be strong supporters of installing a restroom. We are not. Even if the restroom is installed far from our property line, human nature will dictate that most parents if given the choice of telling their kids to trek across the park to use a restroom that may be locked or dirty or out of order or occupied or being loitered around will just opt to tell them to go behind the nearby bush. This situation is even all the more likely if the parent or sitter is watching several children and doesn't want to send one off alone or take the whole crew with him/her on an expedition to the restroom. Putting in a restroom will not lessen the number of kids who use the bushes.

Finally, we'd like to note our concern with this whole process. We've received absolutely no notification from the City that this issue is once again being considered. We get notices if a neighbor a block away wants to cut down a tree but hear nothing from the City on an issue that you know is of significant and immediate concern to us?!? We would be grateful to be notified of any hearings or meetings at which the subject of restrooms at Eleanor Pardee Park will be discussed so that we may appear in person to express our concerns and opposition. This includes hearings/meetings held by Commissions that might be discussing this matter.

Many thanks, and very sincerely,

Evan G. Reade  
Mary Rose N. Reade



**From:** [Elizabeth Trumbull](#)  
**To:** [Council, City](#)  
**Subject:** Restrooms needed at Eleanor Pardee Park  
**Date:** Tuesday, May 14, 2024 11:49:46 AM

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Palo Alto City Council,

Prompted by [Palo Alto Online's recent article about park restrooms](#), I am urging you to add restrooms to Pardee Park.

As a resident of the Crescent Park/Duveneck neighborhoods for the past 10 years, I find it embarrassing and shameful that we do not have public toilets available at Pardee Park.

Despite having play structures for both younger and older children, Pardee Park is aggressively unwelcoming to families and children since there are no restroom facilities available. Like other commenters, I also have witnessed children having to go in the bushes because it will take too long to return home.

Supposed security concerns seem like creative excuses to reduce the use of a PUBLIC park. We need restroom facilities at all PA parks with playgrounds for children, not only for families and children, but also to serve everyone who wants to enjoy our parks.

Thank you for your consideration,

Elizabeth Trumbull

**From:** [Sara Ajayi-Dopemu](#)  
**To:** [Council, City](#); [ParkRec Commission](#); [City Mgr](#); [Parks](#); [Administrative Services](#)  
**Subject:** Thank You for adding Eleanor Park restrooms to FY2026  
**Date:** Tuesday, May 21, 2024 8:09:26 AM

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Dear Staff and City Council,

Thank You,

Restrooms at Eleanor Pardee Park are desperately needed by those of us who use the park everyday and those with special needs for restrooms close at hand. Thank you for adding restrooms at Eleanor park to the FY 2026 budget!

This is a win for full community inclusion at our city parks.

Thank you again,  
Sara Ajayi-Dopemu  
Community Gardener

**From:** [Nancy Kawakita](#)  
**To:** [ParkRec Commission](#); [Council, City](#)  
**Subject:** Thank you for the Pardee Park restroom to the CIP process  
**Date:** Saturday, May 18, 2024 2:19:54 PM

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Thank you City Council for adding Pardee Park to the community Outreach restroom process with plans to take the 2026 funding slot.

We were so happy to read this incredible news. Thank you. My bladder and many children's bladders thank you .

Nancy K