



# FY 2023 PROPOSED OPERATING AND CAPITAL BUDGETS

Finance Committee  
Item #1

May 11, 2022

[www.cityofpaloalto.org/budget](http://www.cityofpaloalto.org/budget)



# Budget Hearing Recap (AS OF MAY 10<sup>th</sup> 3PM)

## Finance Committee Request for Additional Information (Requires Majority Vote)

- 1) Barron Park alley (Cypress Lane) cost estimate and strategy to explore ownership

## Items for Follow-up (Anticipated to be Transmitted with the Wrap-up Memo)

- 1) Plan for Lucie Stern Theater seating replacement
- 2) Overall plan, status, and next steps for the Bike and Pedestrian Project
- 3) Cumulative investments made in Grade Separation
- 4) Summary of capital projects that have transitioned from the IT Capital budget to Operating budget
- 5) S/CAP overview and staffing requests (all departments)

**FY 2023 PROPOSED BUDGET HEARINGS**  
**COMMUNITY AND LIBRARY SERVICES**  
**SERVICE AREA**

**Community Services & Library**  
**Departments**  
**Ops Pg. 183 – 200, 243-252**

# SERVICE AREA SUMMARY

	General Fund FY 2022 Adopted	General Fund FY 2023 Proposed	% change	FY 2022 Adopted General Fund FTE	FY 2023 Proposed General Fund FTE	% change
Community & Library Services Area	\$40.0 M	\$42.9 M	7.3%	158.75 FTE	172.42 FTE	8.6%

Department	General Fund Revenue	General Fund Expenses	General Fund FTE
Community Services	\$12,523,636	\$32,710,174	119.65
Library	\$116,116	\$10,147,470	52.77



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# COMMUNITY SERVICES DEPARTMENT

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Operating Pg. 183 – 200

# FY 2023 BUDGET SUMMARY (COMMUNITY SERVICES)

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## Reinvestment Strategy

Meet community demand by restoring classes and programs, special events and the summer concert series, improving customer service by restoring operating hours and staff at community centers and facilities, adding resources to support Palo Alto's parks and open spaces.

## Major Proposed Changes in General Fund

- Add 1.00 Park Ranger in the Baylands Nature Preserve (\$117,000 exp)
- Restoration of a Program Assistant II at Lucie Stern (\$115,000 exp)
- Children's Theatre Production and Staffing Restoration (\$122,000 exp/\$61,000 rev)
- JMZ and Children's Theatre Ticketing and Membership Software Procurement (\$50,000 exp)
- Art Center Facilities Rental Revenue and Staffing Realignment (\$27,000 exp/\$33,000 rev)

## **FY 2023 DEPARTMENT OUTLOOK (COMM. SVC.)**

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- CSD will strive to meet the community demand for recreation, theater, art and science classes, camps and programs.
- Parks, playgrounds and open space areas will be open with additional staff to maintain safety.
- Programming and opportunities for teens will continue and support youth mental health.
- The JMZ will add new animals and exhibits and an improved ticketing software.
- CSD will continue collaborations with our nonprofit partners and community-based organizations.
- CSD will explore opportunities to provide accessible programs for people with disabilities.





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# Library Services Department

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Operating Pg. 243-252

# FY 2023 BUDGET SUMMARY (LIBRARY)

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## Reinvestment Strategy

- Restore service hours to smaller branches (Children's, Downtown, College Terrace) to four days/week and maintain larger branches (Mitchell Park and Rinconada) at six days/week.
- Increase staffing to support more open hours and implement more events and programming (e.g. cultural celebrations, author events, teen wellness programs, sustainability programs, technical literacy, collaborations with various community groups, etc.)

## Major Proposed Changes in General Fund

- Restore 7.90 FTE to adequately staff the library branches' increased open hours, programming, and services that enhance community wellness.
  - 4 days/week at small branches and 6 days/week at large branches
- Provide professional development opportunities to current and new staff to ensure a trained and skilled workforce.

## FY 2023 DEPARTMENT OUTLOOK (LIBRARY)

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- The Library continues to nurture innovation, discovery and delight through connecting our diverse community through knowledge, resources and opportunities.
- All five branches are open to support patrons.
- Programming and services that enhance community wellness will go back to being offered at close to pre-pandemic levels.
- Continue to provide technology and support for those seeking education and professional development.

# FY 2023 PROPOSED BUDGET HEARINGS

PLANNING & TRANSPORTATION SERVICES AREA

PLANNING & DEVELOPMENT SERVICES  
DEPARTMENT, OFFICE OF TRANSPORTATION, &  
SPECIAL REVENUE FUNDS

OPS PG. 91-92, 97-99, 157-165, 261-275

# FY 2023 PROPOSED BUDGET SUMMARY (MAY 11)

	FY 2022 Adopted	FY 2023 Proposed	% change	FY 2022 Adopted FTE	FY 2023 Proposed FTE	% change
General Fund	\$19.4 M	\$24.1 M	24.2%	60.68	71.84	18.4%
Other Funds	\$25.7M	\$37.1M	44.2%	4.05	4.05	0%

Department	General Fund Revenue	General Fund Expenses	General Fund FTE	All Funds Revenue	All Funds Expenses	All Funds FTE
Planning & Development Services	\$18,333,696	\$22,348,087	66.64	\$20,996,796	\$27,575,318	67.52
Office of Transportation	\$201,332	\$1,710,700	5.20	\$3,399,832	\$9,559,354	8.37



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# PLANNING & DEVELOPMENT SERVICES

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OPERATING PG. 261-275

May 11, 2022

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# FY 2023 BUDGET SUMMARY (PLANNING & DEVELOPMENT SERVICES)

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## **Reinvestment Strategy**

Add staff and consultant resources to improve customer service, advance Council-directed housing and other policy initiatives, and support day-to-day operations.

## **Major Proposed Changes in General Fund**

- Staffing and Resources Additions (\$479,774)
- Consultant Support (\$685,000)
- Technology & Data Investment (\$183,610, fully offset by fee revenue)
- Downtown Housing Plan/MTC Grant (\$150,000)

# FY 2023 DEPARTMENT OUTLOOK (PLANNING AND DEVELOPMENT SERVICES)

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## Focus on Customer Interactions

- Inspection services *(P. 275 #9 – Building Inspection Staffing Increase)*
- Application Processing *(P. 273 #1 – PDS Online Data Enhancements; P. 274 #6 – DS Operational Improvements; P. 275 #9)*
- Baker Tilly audit *(P. 274 #6)*
- Website content and access to information *(P. 273 #2 – Citywide GIS Update)*

## Advance Housing & Other Council Policy Initiatives

- Housing Element Update/Feasibility Studies *(P. 275 #10 – PDS Initiatives & Projects)*
- Electrification Streamlining *(Pgs. 274 #6 and 275 #9)*
- Seismic Ordinance *(P. 275 #10 – PDS Initiatives & Projects)*
- Historic Resource Evaluations / Listing *(P. 275 #10 – PDS Initiatives & Projects)*
- NVCAP *(P. 275 #10 – PDS Initiatives & Projects)*
- MTC grant to begin Downtown Housing Plan *(P. 274 #7 – Downtown Housing Grant)*

## Increase staff resources and implement retention strategies:

- Planner series reclassification *(P. 273 #3 – Current Planning Reorganization)*
- Part-time Code Enforcement Officer *(P. 274 #5 – Code Enforcement Staffing)*
- Consultants services *(P. 274 #8 – Long Range & Current Planning Consultant Support; P. 275 #10 – PDS Initiatives & Projects)*





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# OFFICE OF TRANSPORTATION

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OPERATING PG. 91-92, 97-99, 157-165

May 11, 2022

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# FY 2023 BUDGET SUMMARY (OFFICE OF TRANSPORTATION)

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## **Reinvestment Strategy**

The Office of Transportation continues to pursue new revenue streams, create service efficiencies, and shift resources in order to improve service delivery of its core projects and programming.

## **Major Proposed Changes in General and Special Revenue Fund**

- One-time loan of \$400,000 from the General Fund to the RPP Fund in response to a sustained drop in parking demand during the pandemic

## FY 2023 DEPARTMENT OUTLOOK (OFFICE OF TRANSPORTATION)

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Focus available resources in the following major areas:

- Reduction of single-occupancy vehicle trips
- Parking management including garages and lots, on-street, and residential district parking in business districts
- Railroad crossing/grade separation planning and community engagement
- Monitor operational improvements and modifications of the transportation and traffic systems
- Continue Safe Routes to School education to families to safely walk, bicycle, bus, and carpool to school.



**FY 2023 PROPOSED BUDGET  
HEARINGS  
FY 2023 MUNICIPAL FEE SCHEDULE**

Staff Report #14111

**May 11, 2022**

[www.cityofpaloalto.org/budget](http://www.cityofpaloalto.org/budget)

# Background & Fee Adjustment Summary

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## User Fee Cost Recovery Level Policy

Low	Medium	High*
0% - 30%	30.1% - 70%	70.1% - 100%

*\*Certain types of fees not bound by state laws that limit to full cost recovery (e.g. fines, penalties, late charges, or charges for entrance to, use of, purchase, rental, or lease of local government property) may not be restricted by cost recovery levels.*

**General Rate of Increase = 4.6%**

## FY 2023 Proposed Municipal Fee Schedule Summary

- 5 new fees
- 3 deleted fees
- 31 changed fees

# New & Deleted Fees – p. 3-4

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## New Fees

- All Downtown and SOFA Lots and Garages Reduced-Price Annual Parking Permit
- California Avenue Area All Garages and Lots Reduced-Price Annual Parking Permit
- Recycled Water Permit Processing
- Septic Tank & Portable Toilet Waste Disposal Permit Processing
- Zoo Rental

## Deleted Fees

- 3-D Printing
- Thumb Drive
- Senior (w/card) - Golf Fee

# Changed Fees (Attachment A)

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## Examples

### Alignment of Fees to Actual Costs

- CSD: Field Trips, JMZ Attendant, Tennis Courts, Rehearsal Hall, Auditorium and Stage
- PWD: IR Review - Trees, Home Improvement Exception – Trees, Pavement Repair

### Parking Permit Prices

- Annual and daily permit prices updated (CMR 11795, Nov. 2021)

### Impact Fees (Community Center, Library, Park)

- Updated Fees pending Finance Committee recommendation to Council on May 3, 2022

PDS Fee Study: this is in progress and staff expect to bring a separate dedicated agenda item regarding this

**FY 2023 PROPOSED BUDGET  
HEARINGS  
INFRASTRUCTURE AND  
ENVIRONMENT SERVICE AREA**

**Public Works & Utilities Departments**

**Ops Pg. 291-348 & 349-415**

**MAY 11, 2022**

**[www.cityofpaloalto.org/budget](http://www.cityofpaloalto.org/budget)**



# FY 2023 PROPOSED BUDGET SUMMARY (MAY 11)

Infrastructure & Environment	FY 2022 Adopted	FY 2023 Proposed	% change	FY 2022 Adopted FTE	FY 2023 Proposed FTE	% change
General Fund	\$18.8 M	\$19.9 M	6.1%	49.19	49.10	(0.2%)
Other Funds	\$454.0 M	\$637.6 M	40.4%	389.14	402.58	3.5%

Department	General Fund Revenue	General Fund Expenses	General Fund FTE	All Funds Revenue	All Funds Expenses	All Funds FTE
Utilities	\$0	\$0	0.00	\$311.6 M	\$357.6 M	279.10
Public Works	\$3.3 M	\$19.9 M	49.10	\$292.3 M	\$299.9 M	172.58*

\*This table does not reflect positions in the Capital Improvement Fund nor the Cubberley Property Infrastructure Fund.



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# **UTILITIES DEPARTMENT ELECTRIC, FIBER, GAS, WASTEWATER COLLECTION, AND WATER FUNDS**

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Operating Pg. 349-415

Capital Pg. 287-395, 427-450, 487-526

# FY 2023 RECOMMENDED RATES & 5-YEAR OUTLOOK

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Electric Utility	\$0.00 <b>0.0%</b>	\$2.87 <b>5.0%</b>	\$3.61 <b>6.0%</b>	\$3.83 <b>6.0%</b>	\$4.06 <b>6.0%</b>	\$4.30 <b>6.0%</b>
Gas Utility <sup>1</sup>	\$1.60 <b>3.0%</b>	\$2.62 <b>4.0%</b>	\$2.73 <b>4.0%</b>	\$2.84 <b>4.0%</b>	\$2.95 <b>4.0%</b>	\$2.30 <b>3.0%</b>
Wastewater	\$2.00 <b>3.0%</b>	\$1.30 <b>3.0%</b>	\$2.23 <b>5.0%</b>	\$2.34 <b>5.0%</b>	\$2.46 <b>5.0%</b>	\$2.58 <b>5.0%</b>
Water Utility	\$0.00 <b>0.0%</b>	\$8.05 <b>8.9%</b>	\$6.70 <b>6.8%</b>	\$2.42 <b>2.3%</b>	\$2.47 <b>2.3%</b>	\$0.00 <b>0.0%</b>
Refuse	\$0.00 <b>0.0%</b>	\$0.00 <b>0.0%</b>	\$1.50 <b>3.0%</b>	\$1.55 <b>3.0%</b>	\$1.59 <b>3.0%</b>	\$1.64 <b>3.0%</b>
Storm Drain <sup>2, 3</sup>	\$0.30 <b>2.0%</b>	\$0.64 <b>4.2%</b>	\$0.48 <b>3.0%</b>	\$0.49 <b>3.0%</b>	\$0.51 <b>3.0%</b>	\$0.52 <b>3.0%</b>
<b>Monthly Bill Change <sup>4</sup></b>	<b>\$3.90</b> <b>1.2%</b>	<b>\$15.48</b> <b>4.7%</b>	<b>\$17.25</b> <b>4.9%</b>	<b>\$13.47</b> <b>3.7%</b>	<b>\$14.05</b> <b>3.7%</b>	<b>\$11.35</b> <b>2.9%</b>

<sup>1</sup> Gas rate changes shown with commodity rates held constant. Actual gas commodity rates vary monthly.

<sup>2</sup> Storm Drain fees increase by CPI or 6.0%, whichever is lower, annually per approved 2017 ballot measure.

<sup>3</sup> Fiber EDF-1 rates increase by CPI, which is 4.2% for FY 2023.

<sup>4</sup> Based on FY 2022 total monthly bill of \$332.75.

# FY 2023 BUDGET SUMMARY (UTILITIES – ELECTRIC)

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## **Balancing Strategy**

Proposing 5% rate increase for increasing transmission costs and capital investment for sustainability electrification. Consumption currently 10% below long-term consumption trends but anticipated to stabilize by FY 2025.

## **Major Proposed Changes in Electric Fund**

- Net +2.90 FTE proposed to support building electrification, S/CAP, advanced metering infrastructure, and staffing alignments
- FY 2023 rate increase requires activation of temporary Hydro Rate Adjuster and use of Hydro Stabilization and Electric Special Project reserves
- \$1.9 M for building electrification programs (water heating, space heating, cooking)
- Electric distribution system and grid modernization assessment

# FY 2023 DEPARTMENT OUTLOOK (UTL – ELECTRIC)

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- Cost of service analysis including electrification and Time of Use rates
- Increasing investment in infrastructure in anticipation of electrification and S/CAP implementation ~ \$150 M in the outer years of the forecast
- Estimated rate increase of 6% starting in FY 2024 to fund grid modernization and electrification projects
- 31 vacancies or 35% in Engineering and Operations; work with Human Resources and Council on new recruitment and retainment strategies

# FY 2023 BUDGET SUMMARY (UTILITIES – FIBER)

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## Balancing Strategy

FY 2023 CPI rate increase of 4.2% proposed for EDF-1 rate per contractual agreement. Majority of Fiber customers (90%) are on EDF-3 rates and unaffected by CPI increase. Fiber Fund reserves of approximately \$33.6 M may be drawn for Fiber expansion efforts.

## Major Proposed Changes in Fiber Fund

- Net change (0.10) FTE proposed to add engineering support and remove a fiber technician
- Adding fiber conduit in foothills in conjunction with the Foothills Rebuild (Fire Mitigation) capital project (EL-21001)
- Joint Council/UAC study session for Fiber-to-the-Home (FTTH) business plan scheduled for August 2022

# FY 2023 DEPARTMENT OUTLOOK (UTL – FIBER)

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- Launched Palo Alto Fiber hub site:  
[fiber.cityofpaloalto.org/](https://fiber.cityofpaloalto.org/)
- Conduct residential and commercial broadband survey in May/June 2022
- Develop a business plan and financing model for Fiber to the Home (FTTH)
- Explore governance model for FTTH

# FY 2023 BUDGET SUMMARY (UTILITIES - GAS, WASTEWATER, WATER)

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## Balancing Strategy

Gas Proposing 4% rate increase

Wastewater Proposing 3% rate increase

Water Proposing 9% rate increase for first year of commodity pass through

## Major Proposed Changes in Gas, Water, & Wastewater Collection Funds

- Net +2.78 FTE proposed to support building electrification, S/CAP, advanced metering infrastructure, and staffing alignments
- 4% rate increases through FY 2026 to bring reserves back to target guidelines (Gas Fund)
- Regional Water Quality Control Plant rehabilitation resulting in ~7.7% annual increase in treatment costs from FY 2021 to FY 2027 (Wastewater Collection Fund)
- SFPUC projects rate increase of 15.9% due to water use reduction and capital investment (Water Fund)



# FY 2023 DEPARTMENT OUTLOOK (UTL - WGW)

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- Gas Main Replacement #23 will be carried forward to FY 2023
- Phase 3 of the crossbore inspection program is scheduled to be completed in September 2022; Phase 4 to start in FY 2023
- Evaluate number of miles per sewer main replacement project and impact to rates; life expectancy of clay pipe is ~ 100 years
- Purchase of emergency generators for pump station and reservoir in foothills as part of the wildfire mitigation plan
- Completion of Corte Madera Reservoir evaluate rehabilitation or replacement of Park Reservoir and Dahl Reservoir



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## **PUBLIC WORKS**

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Operating Pg. 291-348

Capital Pg. 51-239, 241-257, 261-285, 397-426, 451-486, 557-581

# FY 2023 BUDGET SUMMARY (PUBLIC WORKS)

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## Reinvestment Strategy

The strategy for reinvestment in Public Works services evaluated the balance of in-house work and staff capacity, capital improvement program construction work, and contractor work to identify services that could and should be restored most urgently.

## Major Proposed Changes in General Fund

- Base budget restoration of the tree trimming contract to pre-pandemic level funding, resulting in a 7-year cycle (exp \$687,000).
- Restore 1.0 FTE Engineer in the Capital Improvement Fund for Transportation, Streets, and Sidewalks activities (exp \$170,000).
- Replace gas powered leaf blowers with electric models (exp \$32,000). (Citywide effort coordinated with Community Services Department)

# FY 2023 DEPARTMENT OUTLOOK (PUBLIC WORKS)

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- Facilities will continue to provide maintenance and custodial services for City Buildings emphasizing COVID-19 recovery, with the goal to return to pre-pandemic service and response times.
- Sidewalks and Streets groups will work to begin to return to pre-pandemic workloads after two years of budget and corresponding service reductions.
- Continue working toward the goals and objectives identified in the Urban Forest Master Plan, with an emphasis on updates to the tree protection ordinance.
- Work on the S/CAP will be a priority, with a department-level emphasis on planning for electrification of the Fleet and City Buildings.

# FY 2023 BUDGET SUMMARY (PUBLIC WORKS – OTHER FUNDS)

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## Reinvestment Strategy

Refuse Fund is not proposing a rate increase for FY 2023. A FY 2023 rate increase of 4.2% is proposed for the Stormwater Management Fund.

## Major Proposed Changes in Enterprise and Internal Service Funds

- Restore the budget for vehicle replacements to pre-pandemic level (exp \$1.8M).
- Convert a 0.48 FTE Administrative Specialist in the Airport Fund to a 1.0 FTE Administrative Associate (exp \$67,000).
- Add a 1.0 FTE Facilities Technician in the Airport Fund (exp \$128,000).
- EV charging station installation at the LATP site (Refuse Fund exp \$390,000).
- Energy procurement for organic waste per SB1383 (Refuse Fund exp \$400,000).
- Domestic mixed paper processing (Refuse Fund exp \$700,000).

# FY 2023 DEPARTMENT OUTLOOK (PW-OTHER FUNDS)

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- Fleet will continue to coordinate with departments to prioritize vehicle replacements in response to supply chain constraints.
- Implementation of Fleet EV opportunities and charger infrastructure needs identified in the completed study.
- The Airport will complete the Airport Layout Plan and begin the Temporary Office Buildings and Zero Emission Vehicle Replacement projects.
- Initiatives to rebuild the RWQCP will continue with commencement of two significant capital projects.
- Complete construction on the second high priority Stormwater Management project.

**FY 2023 PROPOSED  
BUDGET HEARINGS**

**INTERNAL SERVICE DEPT,  
COUNCIL APPOINTED OFFICERS, &  
NON-DEPARTMENTAL**

**OPS PG. 115-156, 167-182, 211-242, 417-424**

# FY 2023 PROPOSED BUDGET

Department	General Fund			All Funds		
	Revenue	Expenses	FTE	Revenue	Expenses	FTE
City Attorney	\$1,587,167	\$4,213,233	10.00	\$1,587,167	\$4,213,233	10.00
City Auditor	\$441,638	\$978,604	0.00	\$441,638	\$978,604	0.00
City Clerk	\$675,507	\$1,424,193	5.00	\$675,507	\$1,424,193	5.00
City Council	\$190,709	\$439,640	7.00	\$190,709	\$439,640	7.00
City Manager	\$1,313,273	\$4,052,460	12.00	\$1,313,273	\$4,052,460	12.00
Administrative Srvcs	\$4,535,070	\$9,670,132	40.13	\$6,115,070	\$11,505,995	44.34
Human Resources	\$1,956,623	\$4,757,335	15.96	\$15,106,363	\$19,365,271	17.44
Information Technology	\$0	\$0	0.00	\$16,857,934	\$22,992,471	31.58



# FY 2023 PROPOSED BUDGET



Administration and Governance	FY 2022 Adopted	FY 2023 Proposed	% change	FY 2022 Adopted FTE	FY2023 Proposed FTE	% change
General Fund	\$22.8 M	\$25.5 M	11.8%	85.13	90.09	5.8%
Other Funds	\$34.8 M	\$39.0 M	12.1%	35.27	37.27	5.8%

Department	Revenue	Expenses	FTE	Revenue	Expenses	FTE
City Attorney	\$1,587,167	\$4,213,233	10.00	\$1,587,167	\$4,213,233	10.00
City Auditor	\$441,638	\$978,604	0.00	\$441,638	\$978,604	0.00
City Clerk	\$675,507	\$1,424,193	5.00	\$675,507	\$1,424,193	5.00
City Council	\$190,709	\$439,640	7.00	\$190,709	\$439,640	7.00
City Manager	\$1,313,273	\$4,052,460	12.00	\$1,313,273	\$4,052,460	12.00
Administrative Srvcs	\$4,535,070	\$9,670,132	40.13	\$6,115,070	\$11,505,995	44.34
Human Resources	\$1,956,623	\$4,757,335	15.96	\$15,106,363	\$19,365,271	17.44
Information Technology	\$0	\$0	0.00	\$16,857,934	\$22,992,471	31.58



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# Administrative Services Department

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Operating Pg. 167 - 182

# FY 2023 BUDGET SUMMARY (ADMINISTRATIVE SERVICES)

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## **Reinvestment Strategy**

ASD plans to focus on Council priorities such as fiscal sustainability efforts and internally, focus on an investment in improving the procurement process to facilitate contract management and solicitation workflow. Resourcing and investing in the services performed by ASD through recruiting, training, and resolve safety concerns.

## **Major Proposed Changes in General Fund**

- Improve procurement processes: limited term staffing and software (\$140,000)
- Warehouse Staffing (\$109,000)
- Grant Support Consultant Services (\$25,000)

## FY 2023 DEPARTMENT OUTLOOK (ASD)

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- Implementation of hybrid work schedule approach while maintain team cohesion
- Engage in Purchasing Redesign project
- Provide continued support to the City's Fiscal Sustainability Conversation: Ballot Measures
- Cross-train and hire necessary staff to continue high level of citywide support
- Financial reporting including quarterly financial and investment reporting, the Annual Financial Report, Long Range Financial forecast, Mid-Year and Fiscal Year Budget adoption
- Continue support in Property Management, Treasury Services, Purchasing, Accounting, and general administration



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# Human Resources Department

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Operating Pg. 211 - 230

# FY 2023 BUDGET SUMMARY (HUMAN RESOURCES)

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## **Reinvestment Strategy**

Council restored 1 Full-time and 2 Part-time positions at Midyear to support critical HR services. For the new FY, one-time funds of \$400k are requested to contract for outside expertise for update salary surveys, project work with benefits brokers, and negotiations support for 7 union contracts that expire during the fiscal year.

## **Major Proposed Changes in General Fund**

### One-time Labor Negotiations Funding (\$400,000)

- Updated Salary Surveys
- Negotiations support for expiring union contracts
- Expanded scope of work with Benefits Brokers

# FY 2023 DEPARTMENT OUTLOOK (HR)

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- **Streamline the hiring process to expedite the time to hire.**
  - HR implemented a virtual hiring platform and working to expand its use to streamline hiring and improve diversity outreach.
  - HR has designed an expedited hiring model which is now in a pilot phase with Public Works, Police, and CSD. Additional improvements and more depts will be added.
- **Implement Recruitment and Retention Strategies that improves the City's ability to attract and retain top talent.**
  - All 7 union contracts expire in FY 23 and HR will be in active bargaining to reach agreements that support recruitment and retention initiatives.
  - HR is partnering with depts to reduce turnover through improved performance coaching and employee training.
- **Improve the City's ability to manage a hybrid workforce.**
  - HR has partnered with the City's audit firm Baker Tilly on a project to identify jobs that are suitable for hybrid work and identify best management practices.
- **Continue to focus on a safe work environment.**
  - HR serves in a lead role for workplace safety and pandemic response. Efforts will continue through the next phase of adaptive recovery.



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# Information Technology

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Operating Pg. 231 - 242



# FY 2023 BUDGET SUMMARY (INFORMATION TECHNOLOGY)

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## **Reinvestment Strategy**

Invest in further Citywide Geographic Information System (GIS) projects to enhance City services and to retire the legacy GIS platform. Funding will support new applications, improvements, data migration and integrations.

## **Major Proposed Changes in the Information Technology Fund**

- Geographic Information System Modernization (\$350,000)

# FY 2023 DEPARTMENT OUTLOOK (IT)

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- GIS modernization
- Cybersecurity strategic planning and implementation
- Enterprise Resource Planning Phase 2
- IT risk management
- Technology infrastructure/cloud investments
- Encouraging workplace innovation to drive new ideas and improve efficiencies



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# City Attorney's Office

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Operating Pg. 115-122

# FY 2023 BUDGET SUMMARY (CITY ATTORNEY'S OFFICE)

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## Reinvestment Strategy

- The additional resources will allow the City Attorney's Office access to research, training, and educational resources to cross-train attorneys and prepare to effectively address complex emerging municipal law issues such as electrification, state housing mandates, and fiber development.

## Major Proposed Changes in General Fund

- Restore departmental operating expenses that were reduced in prior years for cross-training, continuing education, professional memberships, and reference materials, which will provide the department with the resources necessary to provide high-quality legal services. (\$47,000)
- Increase to contract services for integrated online research information system that attorneys use for specialized legal content. (\$21,000)

# FY 2023 DEPARTMENT OUTLOOK (ATTORNEY)

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- Support development of ballot measures that Council may propose to the voters in November 2022
- Support development and approval of Housing Element update; draft no-net-loss housing policy and other legislation promoting housing
- Assist City to advance electrification and other sustainability programs
- Support leveraging of public-private partnerships to deliver community services, programs, and facilities
- Support planning and implementation of major infrastructure projects: Fire Station 4, Newell Bridge, RWQCP rehab, Public Safety Bldg



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# City Auditor's Office

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Operating Pg. 123-130

# FY 2023 BUDGET SUMMARY (CITY AUDITOR'S OFFICE)

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## **Reinvestment Strategy**

- The City plans to renew the contract with Baker Tilly to serve as the City Auditor.

## **Major Proposed Changes in General Fund**

- The budget for services from Baker Tilly does not have a major change to the FY23 budget.

## FY 2023 DEPARTMENT OUTLOOK (AUDITOR)

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- Fulfill the mission of the Office of the City Auditor, which furthers the City Council's commitment to internal auditing, transparency, and accountability in government.
- The annual budget accounts for annual external audit services, including the City's audited financials, single audit services, and other initiatives.





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# City Clerk's Office

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Operating Pg. 131-139

# FY 2023 BUDGET SUMMARY (CITY CLERK'S OFFICE)

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## **Reinvestment Strategy**

Invest in meeting and record management innovations to increase public access and participation, promote transparency, and efficient service delivery; invest in staff development for department rebuilding and continuity of operations

## **Major Proposed Changes in General Fund**

- Legal and public notices expansion opportunity
- Transcription services innovation
- Municipal Code codification services adaption
- Increased training for staff development

## FY 2023 DEPARTMENT OUTLOOK (CLERK)

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- Implementation of an enterprise-wide agenda and meeting management solution
- Activation of new record management system and public portal launch
- Increase community engagement opportunities as a recruitment strategy
- 2022 Election facilitation and development of Council Member onboarding
- Ongoing support network for public meetings, expanding hybrid options
- Revision of record management policies incorporating new business practices



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# City Council

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Operating Pg. 141-144

# FY 2023 BUDGET SUMMARY (CITY COUNCIL OFFICE)

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## **Reinvestment Strategy**

Restore service levels for Council/Community engagement with minimal impacts to overall City finances.

## **Major Proposed Changes in General Fund**

Restoration of eliminated funds during COVID for special events, meeting support and Council activities. (\$13,995)

## FY 2023 DEPARTMENT OUTLOOK (CCO)

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- The City Council will continue to provide leadership and management to the City government organization while working with the Council Appointed Officers Offices to maintain and enhance Palo Alto's quality of life.
- Focus on current Council Priorities
  - Economic Recovery & Transition
  - Housing for Social and Economic Balance
  - Community Health and Safety
  - Climate Change – Protection and Adaptation



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# City Manager's Office

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Operating Pg. 145-156

# FY 2023 BUDGET SUMMARY (CITY MANAGER'S OFFICE)

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## **Reinvestment Strategy**

The additional resources will allow the City Manager's Office to complete and progress important City Council priorities, including further advancing workforce retention and equity and inclusion goals. Investments also include support for economic vitality efforts as directed by the City Council and allow the department to effectively fulfill duties related to the City's Sister Cities and Sibling City.

## **Major Proposed Changes in General Fund**

- Adding a Senior Management Analyst to serve as the City's Equity and Inclusion Official. This position will help organize and operationalize equity in and through City Services and serve an important role in helping the City continue its equity and inclusion efforts. (\$199,345)



# FY 2023 DEPARTMENT OUTLOOK (CMO)

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## **Major Proposed Changes in General Fund (continued)**

- Adding to continue support of Neighbors Abroad, a Palo Alto based non-profit that works to foster a sense of connectedness with the City's eight international Sister Cities and a first-of-its-kind domestic Sibling City relationship with Bloomington, Indiana. (\$30,000; 2-year limited term)
- Included in Mid-Year: Adding an Economic Development Manager (Assistant to the City Manager) and restoring an Assistant to the City Manager position who will focus on housing service coordination and related community partnerships.



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# Non-Departmental

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Operating Pg. 417-424

# FY 2023 BUDGET SUMMARY (NON-DEPARTMENTAL)

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## Balancing Strategy

Non-Departmental includes things not associated with specific departments like the payments associated with the month-to-month Cubberley Lease to PAUSD and the Transfer to Infrastructure as well as contingencies for various departments.

## Major Proposed Changes in General Fund

- Reserve: Utilities Transfer Litigation (Equity Transfer) (\$8.6M)
- Reserve: FY 2023 Service Reinvestments (2nd year) (\$3.7M)
- Reserve: Supplemental Trust Fund Contributions (\$1.3M)
- Reserve: Project Homekey (\$1.0M)
- Reserve: Labor and Inflation (\$0.9M)
- Residential Parking Permit (RPP) Loan (\$0.4M)

## FY 2023 DEPARTMENT OUTLOOK (Non-Dept.)

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- The City will continue to monitor the endemic recovery as service restorations are implemented and place an emphasis on emerging economic trends such as high inflation and low unemployment.