

FISCAL YEAR 2021



ADOPTED OPERATING BUDGET



CITY OF
**PALO
ALTO**

July 1, 2020

To the Honorable Mayor and City Council

2021 Fiscal Year Operating & Capital Budget Transmittal

Dear Mayor and Council Members:

In accordance with the City Charter, I am presenting the City of Palo Alto's Fiscal Year 2021 Adopted Operating Budget and Fiscal Year 2021 Adopted Capital Budget along with the Fiscal Year 2021-2025 Capital Improvement Program (CIP) Plan. The operating budget totals \$796.8 million and the capital budget totals \$300.0 million in FY 2021 and \$772.4 million over the five-year CIP. As required by the City Municipal Code, the Planning and Transportation Commission (PTC) reviewed the 2021-2025 CIP in May 2020 to evaluate the program's compliance with the Updated Comprehensive Plan which was adopted by City Council in November 2017. This Adopted budget reflects the significant and difficult work that the staff and City Council completed in May and June 2020 to address the significant impacts on revenues and expenses as a result of the novel coronavirus (COVID-19) and is the start of continuing to manage the long-term fiscal sustainability in light of the global health crisis.

This FY 2021 Adopted budget was developed as the world grappled with the novel coronavirus (COVID-19), a global pandemic. Through both government and industry, society continues to respond to slow the spread and contain the virus in order to safeguard as many lives as possible. The financial implications of this public health emergency are unknown in exact magnitude. However, they are significant, with regional, national and global impacts on economies in response to Shelter-In-Place orders required by the State of California and the County of Santa Clara and related social distancing restrictions. Santa Clara County Ordered a Shelter-In-Place on March 16, 2020 and Palo Alto has seen retail stores, many hotels, and restaurants close their doors completely as the community struggles to adapt to this extraordinary challenge. The City's daytime population dropped as workers and visitors shelter in place, telework, and limit their movements to slow the spread of the virus. These impacts have been stark and immediate.

On March 12, 2020 the City Manager, acting as the Director of Emergency Services, issued a Proclamation of Local Emergency regarding the presence and community spread of COVID-19 in Santa Clara County and our region which was later ratified by the City Council on March 16, 2020. The Proclamation allows the City to exercise extraordinary police powers, should these be needed; provides immunity for emergency actions; authorizes issuance of certain necessary orders and regulations; activates pre-established emergency processes; and is a prerequisite for requesting state or federal assistance related to the emergency. The Emergency Operations Center was activated and managed virtually through a cross-functional multi-departmental team.

Due to the immediate constraints on social activities, severe impacts to transient occupancy taxes, sales tax, documentary transfer tax, and revenue from licenses, permits, and charges for services are ongoing. Staff has seen hotel tax receipts fall over 90 percent from prior year levels and many restaurants and retail establishments remain closed while Shelter-in-Place Orders and social distancing practices remain in effect. The financial outlook beyond the current environment is also unknown as unemployment claims have reached unprecedented levels and the financial markets remain volatile. The State of California and the County of Santa Clara Public

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Health Orders now provide phases for reopening, however, metrics at both the local and State levels indicate that the public health emergency will extend for many months to come.

On May 4, 2020, the City Council began a process that spanned more than a month to address the financial impacts of this public health emergency and provided direction to staff to assume a more conservative revenue estimate. This revised revenue estimate reflects a loss of \$39 million in General Fund tax revenues in FY 2021. In a series of public hearings, the City Council reviewed the FY 2021 Proposed Operating Budget along with City Manager's Reports #11322 (www.cityofpaloalto.org/civicax/filebank/documents/76585), #11376 (www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=76803), and other materials and provided tentative approvals, changes, and areas for further follow up. Staff compiled all the feedback gained during May and, in response, brought forward the final adoption of the FY 2021 budget that the City Council approved on June 22, 2020.

The unprecedented circumstances of this extended public health emergency forced the City to take a hard look at our operating and capital budgets and this FY 2021 budget reflects tough choices that we would prefer not to be outlining. Service impacts are unavoidable when more than 60 percent of the City's General Fund budget is attributed to the outstanding workforce delivering the City's services on a daily basis. The City has been forced to prioritize essential services and pare back discretionary services as part of this adopted budget.

In the months since COVID-19 was detected and found to be spread via community transmission, City staff have taken, and continue to take, numerous actions to promote community safety and address existing and potential impacts on City services and operations. Staff has consistently proven adaptive and responsive as our community and state grapple with reopening phases and continued monitoring of progress of the virus' spread. The City has transitioned a majority of its workforce to remote (telework) status and expects to maintain this at least for a large portion of FY 2021, while maintaining essential services such as fire, police, public works, and utilities.

While mindful of the unprecedented circumstances at hand, this Budget Message includes the following sections to outline the City's resource allocations for the year ahead and beyond:

- City Council Priorities
- Council Adopted Budget Principles
- Continuing Fiscal Sustainability Actions
- Fiscal Reality and Budget Priorities
- Summary of Other Funds (including the FY 2021-2025 Capital Improvement Plan)
- Acknowledgments

City Council Priorities

In February of this year, the City Council held a retreat and selected three priorities to focus on in 2020. The priorities include:

- Housing with an emphasis on affordable housing
- Sustainability, in the context of the changing climate
- Improving mobility for all

Two of these priorities, mobility, and sustainability, relate to City Council priorities from 2019. For the City Council Retreat staff report highlighting past Council priorities and community input gained to help inform this discussion, go here:

www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=62811.92&BlobID=75033

Council Adopted Budget Principles

As part of the FY 2021 - FY 2030 Long Range Financial Forecast, the City Council approved budget guidelines that have driven development of the FY 2021 operating and capital budgets. The budget principles include:

1. Develop a structurally balanced budget that brings ongoing revenues and expenses into alignment. Develop a plan for any structural imbalance to ensure that the City maintains its fiscal sustainability over the short, medium, and long-term.
2. Allocate one-time resources for one-time needs rather than committing one-time resources to ongoing services. Examine appropriate uses of revenue surpluses that exceed forecasted levels including planning for recession needs.
3. Ensure appropriate resource allocation for City Council's existing priorities.
4. Focus on business process redesign to enhance quality, flexibility, and cost effectiveness of service delivery (include examining opportunities to streamline, simplify, reorganize, and reallocate resources to avoid duplication of effort).
5. Explore alternative service delivery models (such as partnerships with non-profits or other public/private sector groups) to minimize overlap, maximize cost share, and effectively use resources.
6. Continue to thoroughly analyze non-personnel/equipment/other costs, such as contract services, for cost savings opportunities.
7. Explore the expansion of existing revenue sources or the addition of new revenue sources, including the alignment of existing charges for services and the opportunity to establish new fees, when appropriate.
8. Continue to analyze and prioritize resource augmentations, seeking to offset augmentations with reductions elsewhere for net-zero impacts to the budget whenever possible.

The FY 2021 - FY 2030 Long Range Financial Forecast can be found here:

www.cityofpaloalto.org/civicax/filebank/documents/74907

As we have all been reading in the current news, it is expected that society will remain susceptible to restrictions and a possible resurgence of the infections of COVID-19 for the foreseeable future. As we continue to grapple with these unknown effects and the uncertain timeline, we established a set of Budget and Fiscal Recovery Priorities, adding to the City Council's adopted Budget Principles highlighted above, to help guide our work to balance this significant change and continue to evolve through these difficult times. These include:

- Support Economic Recovery through changes to our policies and programs

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- Focus on resiliency over the long-term while making service reductions and changes, ensuring that any services eliminated can be restored in future years
- Seek new ways to conduct our work through efficiencies and a learning environment
- Apply a citywide approach to reductions, balancing impacts to the community, where possible
- Use temporary solutions to bridge extreme revenue losses expected in the short-term

Recognizing that some of the necessary measures may not be sustainable in the long-term, some deferrals of longstanding priorities will be necessary to respond to the downturn and allow for an economic recovery before resuming. We must assume this may take years, as the actual duration is unknown.

Continuing Fiscal Sustainability Actions

The FY 2021 Adopted Budget significantly impacts services delivery levels, however, this budget ensures that the City continues to proactively pay for long-term liabilities, continues capital investments in our most critical infrastructure, provides resources for the City to successfully adapt from 'shelter in place' to future service delivery models, and establishes funding to ensure those service delivery transitions.

As a balanced budget, the assumptions contained herein continue to follow conservative proactive fiscal management across all funds and sets aside funds that enable the City to adapt and respond to the public health emergency. Significant progress towards ongoing cost containment over the past several years and the reductions that have been made across the organization have set the foundation through which the City was able to effectively respond to the financial impacts of COVID-19. It shows the continued push to proactively fund liabilities by maintaining the City Council approved additional annual payments to the City's irrevocable IRS Section 115 Pension Trust Fund ("Pension Trust Fund") (\$3.4 million General Fund, \$5.5 million all funds) and additional payments to the City's OPEB Trust (approximately \$3.0 million annually all funds).

Investment in capital infrastructure has been a key priority as well and is funded by approval of two (2) Transient Occupancy Tax rate changes as well as a transfer from the General Fund to the Capital Improvement Fund for the catch-up and keep-up priorities identified by the Infrastructure Blue Ribbon Commission (IBRC). This capital budget continues to prioritize the 2014 Council approved Infrastructure Plan in the General Capital Improvement Fund. In order to accomplish this, some of the larger projects previously planned in the five-year CIP have been pushed out beyond the 2021-2025 timeframe.

This prioritization of fiscal sustainability did not come without impacts. The ability to maintain these financial investments in capital and sustain proactive payments towards long-term liabilities, while funding Council priorities over the years, has resulted in service and staffing reductions and service delivery changes such as the animal shelter transition to a public/private partnership with Pets in Need. The FY 2020 Adopted Budget and this FY 2021 Adopted Budget contain reductions previously approved in the Fire Department, position eliminations in the Library Department and Public Works, as well as ongoing expense reductions in the Office of

the City Clerk, the City Manager's Office, the Office of Emergency Services, and Information Technology. Additional significant reductions across all services in order to grapple with the estimated \$39 million loss in revenues are approved in this budget and outlined in this letter and attachments.

Staff released the "City Services Guide" in December 2019 to assist in further conversations about the exceptional services provided by the City and the resources necessary to provide them.

You can find the City Services Guide and the appendix here:

www.cityofpaloalto.org/civicax/filebank/documents/74888

www.cityofpaloalto.org/civicax/filebank/documents/74176

Fiscal Reality and Revised Budget Approach

This year's budget recognizes the need to set new priorities in light of the significant uncertainty the City faces. Depending on the length and depth of this current public health emergency, the magnitude and severity of the financial ramifications remains unknown. As discussed previously, the City Council provided direction to build the FY 2021 budget assuming a loss of \$39.0 million in General Fund tax revenues in FY 2021. In prior years, Sales Tax and Transient Occupancy Taxes (TOT) alone made up nearly 30 percent of the General Fund revenues, both of which are expected to see significant declines. In addition, CalPERS will not meet their expected investment returns this year. It is expected that these costs will materialize in the City's FY 2022-2023 retirement rates and continue through a 20-year period. The budget is balanced assuming that these major tax revenues meet the restated target; staff will continue to monitor these economically sensitive resources to ensure that the City maintains balanced operating and capital budgets during the fiscal year.

Overall, the City's General Fund is recommended to collect \$197.0 million in revenues and \$197.0 million in expense, a balanced budget for FY 2021. These funding levels reflect a nearly 20 percent reduction from the FY 2021 Proposed Budget (released on April 20) and a 15 percent reduction compared to the FY 2020 Adopted Operating Budget. The City's Capital Improvement Plan reflects a \$300.0 million FY 2021 budget, and a \$772.4 million plan over the five-year CIP (FY 2021- FY 2025). Of this, the General Capital Improvement Fund reflects expected expenses of \$174.4 million in the FY 2021 budget and \$296.8 million over the five-year CIP. Overall, this includes a reduction of 83 full-time staff (equivalent of 76.50 FTE) and 107 part-time staff (equivalent of 26.18 FTE) resulting in a workforce of 958.35 FTE full-time positions and 80.14 FTE part-time positions. In the General Fund, full-time staffing is reduced from 574.43 FTE to 509.91 FTE (a reduction of 64.52 FTE) and part-time staffing is reduced from 81.31 FTE to 55.61 FTE (a reduction of 25.70 FTE). It is also important to note that the Management/Professional employees and the City's Public Safety labor Groups (Police Officers Association, Police Management Association, International Association of Fire Fighters, Fire Chief's Association) agreed upon concessions of which the savings are part of this FY 2021 Adopted Budget. This budget ensures the City will focus on maintaining outdoor recreation and open space preserves, recognizing that outdoor options are critical during this time and provide an especially high value to the community during COVID-19. Sworn police officers will focus on patrol and other

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collateral duties, while administrative procedures are completed through more cost effective civilian staffing. All five libraries will remain open, however, on reduced schedules - three of the five libraries will operate as “neighborhood” libraries (open 3 days a week) and two libraries will operate as “full-service” libraries (open 6 days a week). The City will support resident and the business community through minimal to no rate increases in various utility enterprise fees.

Citywide Strategies

Citywide Cost Containment: Continuing a hiring freeze and freezing all nonessential travel, eliminating current vacancies and reducing future vacancies through attrition, and/or implementing furloughs with corresponding service reductions such as reduced walk-in office hours. The FY 2021 Adopted Budget includes reductions for the Management and Professionals Group, an unrepresented bargaining unit with employees across the organization. This 10 percent compensation reduction generated \$2.3 million in savings in the General Fund and approximately \$3.5 million in all funds.

City General Capital Infrastructure Fund Transfer Suspension: The City’s General Fund transfers upwards of \$30 million annually to the General Capital Infrastructure Fund, consisting of a base-line transfer as well as the allocation of TOT receipts as designated by the City Council. Funding for these capital investments are significantly impacted by the losses in TOT revenues and a reduction in the General Fund transfer bridges operating budget impacts. Both will significantly reduce the capacity for capital investments in the near term. The FY 2021 - 2025 capital plan prioritizes investments in essential capital projects and also the Public Safety Building, 2014 City Council approved Infrastructure Plan, Parks improvements such as Birch Street, the newly acquired property adjacent to Boulware Park, and various transportation projects including but not limited to grade separations.

Proactive Funding of Long-Term Liabilities: The City Council approved a proactive funding strategy to contribute to the City’s Pension Trust Fund assuming a normal cost for contributions with a 6.2 percent discount rate. This resulted in additional annual contribution of \$5.0 million in all funds, \$3.0 million in the General Fund.

Support of Economic Recovery through Changes to our Policies and Programs: The City has initiated Business Roundtables and other programs and services to continue supporting the business community. Support that is focused towards businesses in the University Avenue district is also funded in this budget. Initiatives include marketing and outreach programs, modifications that support the County’s health guidelines, modifications to streets and sidewalks for outdoor dining, the implementation of our new online permit system to ensure review of planning and permitting processes even while sheltering in place and policy changes to support businesses in the City.

Department Specific Strategies

Public Safety: Suspended specialized police units such as the traffic enforcement unit and investigation unit to maintain minimal police patrol services and shift the priority of police services to focus on urgent calls and reduce the level of service and ability to respond to non-urgent calls for services. Reduced officer training, promotional testing, uniform purchases and eliminate or change to full cost recovery for non-essential programming such as school resource officers. Reduced emergency incident response and training and work to adopt fees for first responder and ambulance subscription. Reduced a staff vacancy in the Office of Emergency Services.

Community & Library Services: Reduced library hours at all branches, neighborhood libraries (Children's, Downtown, and College Terrace) open three days a week and full-service branches (Mitchell Park and Rinconada) open six days per week. This includes greater cost-recovery through changes in service delivery, charges for services, and/or limiting operating hours, for facilities such as the new Junior Museum and Zoo (JMZ), community center, the Children's Theatre, and the Art Center. Reduced operating hours for Community Services facilities such as community centers, museums, theaters or open space preserves. Reduced or eliminated programming such as special events, art exhibits, and teen programs.

Planning & Infrastructure: Understanding that this could delay services to our development community, reorganized building inspection and plan review which will result in longer lead times for inspections, delay progress on the Energy Reach Code, and next day inspections. Reduced current planning and Development Services front count support, causing delays in customer service response times.

Reduced code enforcement staffing, eliminated the Crosstown and Embarcadero shuttle programs and redesigning the delivery of this service to reduce costs. Implementing license plate recognition for efficiencies in parking enforcement, and initiating a paid parking program to increase revenues. Reduced funding for tree trimming and vehicle replacement and suspended rate changes in various utility enterprise funds for the coming year(s).

Internal Services & Council Appointed Officers: Internal Services departments include the Information Technology, Human Resources, and Administrative Services Departments as well as the Council and appointed officers (City Manager, City Attorney, City Auditor and City Clerk). Reductions in these areas align with the changes in services, increasing timeframes for assistance and review in areas such as recruitments, procurements, and risk management. Technology solutions will be constrained to only essential contracts and systems and support equipment needs as majority of our workforce continues to work from home. Eliminated the City Council, Innovation and Special Events, and Human Recourses contingency accounts. At the direction of the City Council, we have also changed the Municipal Code to now allow a Council member to waive their right to compensation.

Once again, we must recognize that many of these budget balancing strategies are not sustainable over the long term. However, these, or similar solutions, are necessary to bridge the gap created by a steep economic downturn, contain costs, and support our economic recovery.

Summary of Other Funds

The City's Enterprise and other funds, including the General Capital Fund reflect the priorities from the FY 2020 budget development with updates for FY 2021 rates and limited adjustments for the zero to minimal rate increases approved for FY 2021. The capital budgets have been updated for the current status and cost estimates of projects based on engineering designs and prioritize investments of limited resources, including deferral of some large projects beyond the five year CIP. The City will continue to maintain services and facilities for the community and the region, such as Utilities, Palo Alto Airport, and Wastewater Collection and Treatment plant. Suspension of rate changes for electric, water, wastewater, and refuse are assumed in this budget with minimal rate changes assumed for fiber, stormwater, and gas to avoid compromising the integrity of utility systems. Parking permit prices are also recommended to increase by 2.6 percent, consistent with most other fees, except for resident permits which are recommended to remain at \$50. Significant changes in the various parking funds, including transitioning to License Plate Reader (LPR) enforcement, virtual permitting, and various policy and operational changes are anticipated to enable the Residential Preferential Parking program (RPP) to return the General Fund's investment into the program. Reduction in the Transportation Management Association (TMA) funding and reallocation of these funds to support business recovery as a result of impacts from COVID-19 is also included.

The City's Capital Improvement Plan reflects a \$300.0 million budget in FY 2021 and \$772.4 million plan over the five-year capital plan (FY 2021 – FY 2025). Major investments continue in the Wastewater Treatment Plant's capital program, with approximately 64 percent of the expenses reimbursed by five contributing partner agencies outside of the City of Palo Alto, The general Capital Improvement Fund is the largest single fund in the 2021-2025 CIP with \$269.8 million planned for 87 projects. Responsible investments and essential infrastructure are prioritized in this budget and will be necessary as the uncertainty of economically sensitive TOT revenue remains.

As part of the budget hearing process, the City Manager and the Director of Public Works reviewed all General Fund projects in the proposed CIP, and confirmed that with the reduced General Fund transfer, the remaining funding levels sustain investment in essential infrastructure. Based on this review, the revised proposed CIP provides a minimal, while responsible, investment in the City's essential infrastructure with several specific objectives:

- Reduce carryover funding to “keep up” spending on essential infrastructure rather than fall behind and require new funding sources or levels to “catch up” in upcoming years;
- Position shovel-ready projects to take advantage of the favorable construction market pricing typical of a recession;
- Minimize near-term funding of discretionary projects; and,
- Ensure a steady flow of projects that minimizes peaks and valleys in project delivery staffing needs, as this would reduce efficiency and introduce bottlenecks in productivity.

In total, the City Council approved reducing the transfer from the General Fund to the Capital Improvement Fund in Fiscal Year 2021 by \$19.1 million, from \$30.7 million to \$11.6 million.

Acknowledgments

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

A budget document takes countless hours of teamwork, collaboration, and patience to produce. I would like to offer special thanks to Kiely Nose, our Chief Financial Officer and the dedicated Office of Management and Budget Team - Christine Paras, Paul Harper, Steve Guagliardo, Jessie Deschamps, Alexandra Harris, Kayla Shapiro, and Chaitali Paliwal. Completing this budget could not have been accomplished without the skill, dedication, and professionalism of this team. Their willingness to work through these unique circumstances and sacrifice countless hours are a testament to their commitment to this organization and to the community. Thanks are also due to David Ramberg, Assistant Director, Administrative Services Department, and Tarun Narayan, Treasury Manager. I am also grateful to the Department Directors of our Executive Leadership Team and the department personnel who worked on the material. There are too many to list here by name, but the budget could not have been produced without the senior/management analysts, division managers, administrative assistants, and others throughout the organization who helped produce this budget.

Respectfully submitted,



Ed Shikada
City Manager

Attachment A: Fiscal Year 2021 Budget Balancing

The FY 2021 Operating Budget of \$796.8 million reflects a 10.1 percent increase from the FY 2020 Operating Budget of \$723.8 million. The increase primarily reflects the year-over-increase in programmed costs in the Capital Improvement Plan (CIP). The CIP expenses budgeted in FY 2020 were \$191.5 million; FY 2021 includes programmed expenses of \$300.0 million. The General Fund has \$197.0 million in budgeted expenses and represents 24.7 percent of the City's total expenditures.

The FY 2021 Adopted Budget reflects a balancing strategy that has prioritized essential services, maintains investments in the City's most critical infrastructure, and continues to proactively fund long term obligations against impacted resources due to the severity of COVID-19. As a balanced budget, the assumptions contained therein continue to follow conservative proactive fiscal management across all funds, while including resources in the General Fund to ensure that the City successfully adapts and responds to the current public health emergency.

Revenue estimates contained in this budget have been considered alongside the current state of the economy. This budget begins what staff expects to be an ongoing conversation and difficult work ahead to plan for the return or recovery period once the shelter in place order is slowly lifted and the impacts of COVID-19 continue to materialize financially. It is expected that these deliberations will require resetting expectations and many shared sacrifices as outlined in this adopted budget and moving forward through FY 2021.

This FY 2021 Adopted Budget includes concessions for the Management and Professionals Group, unrepresented employees across the organization. In total, these concessions generated \$3.5 million in savings citywide (\$2.3 million in the General Fund). Additional agreements were reached with safety groups including the Police officers Association (POA), Police Management Association (PMA), International Association of Fire Fighters (IAFF), and Fire Chief's Association (FCA) that generated approximately \$1.1 million in savings. These savings have provided attrition ramps, delaying the potential separation of the newest employees in these forces pending additional vacancies through attrition. Additional information relating to concessions is included in the Salary section of Attachment B.

General Fund

The FY 2021 Adopted Operating Budget is balanced through aligning reduced available resources that are impacted by COVID-19 with service delivery reductions throughout the organization. Prioritizing essential services and reducing or eliminating discretionary services is reflected in this budget and was achieved through compiling feedback throughout the May and June budget sessions with the City Council. Notwithstanding the service delivery reductions reflected in this budget, the budget balancing strategy ensures that the City continues to proactively pay for long term liabilities, maintains capital investments in our most critical infrastructure, provides resources for the City to successfully adapt from “shelter in place” to future service delivery models, and establishes funding to ensure those service delivery transitions. The FY 2021 Adopted Budget includes revenues of \$197.0 million in the General Fund, representing a 14.7 percent decrease over the FY 2020 Adopted Budget of \$232.1 million. General Fund expenses are budgeted at \$197.0 million in FY 2021, representing a decrease of 14.7 percent from the FY 2020 Adopted Budget of \$230.8 million.

The FY 2020 Budget Stabilization Reserve (BSR) is anticipated to be \$33.0 million, which is 16.8 percent of General Fund expenses and \$3.4 million below the City Council target level of \$36.4 million, or 18.5 percent of General Fund expenses. While the FY 2021 Adopted Budget reflects a balanced budget, the estimated BSR balance anticipates an \$11.7 million draw on this reserve due to the financial impact of the current shelter in place health order; this action was approved by Council in June 2020 and reflects the best estimates that that time. Staff continues to monitor revenues and judiciously mitigate expenses through the end of FY 2020, to minimize the draw on the BSR to the extent possible.

General Fund Balancing Strategy

REVENUES

Revenues of \$197.0 million in the General Fund represent a more conservative revenue estimate that reflects the severity of the current public health emergency and its impacts on the City's financial situation. On May 4, 2020, the City Council provided direction to staff to assume a \$39 million revenue loss in the General Fund (Staff Report #11315, www.cityofpaloalto.org/civicax/filebank/documents/76481). The FY 2021 Adopted Budget assumes the COVID-19 shelter-in-place order is lifted halfway through the fiscal year. The FY 2021 adopted revenue budget represents an overall \$34.1 million decrease compared to the FY 2020 Adopted Budget. Tax revenue constitutes 60 percent of General Fund resources and therefore fluctuations in this category significantly impact the City's financial outlook. Overall, major tax revenue in the FY 2021 Adopted Budget totals \$107.2 million, a 22.5 percent decrease compared to \$138.2 million in the FY 2020 Adopted Budget. It should be noted, that staff brought forward downward adjustments to the FY 2020 Adopted Budget revenues estimates of \$23.7 million for City Council approval on June 16, 2020, in recognition of the impacts of the public health emergency during the March through June 2020 period (Staff Report #11328, www.cityofpaloalto.org/civicax/filebank/documents/77256). Estimates for the major tax revenues listed below will be refined as additional data and information become available. Even at the time of printing this Adopted Budget, staff expects further revisions to TOT and Sales Tax estimates due to expected prolonged social distancing and shelter in place orders and public sentiment.

- Sales Tax is projected to decrease by 40.3 percent (from \$34.3 million to \$20.5 million),
- Property Tax is estimated to increase by 6.9 percent (from \$48.6 million to \$52.0 million),
- Transient Occupancy Tax (TOT) is anticipated to decrease by 49.2 percent (from \$29.3 million to \$14.9 million)
- Utilities Users Tax is expected to decrease by 14.1 percent (from \$17.6 million to \$15.1 million), and
- Documentary Transfer Tax estimated to decrease by 43.8 percent (from \$8.4 million to \$4.7 million).

The City will continue to monitor current revenues and analyze the economic and fiscal impacts of COVID-19. Additionally, funding from other sources, such as Measure B and SB1, are included in this budget to provide resources for Capital Infrastructure. Impacts to these revenues are discussed in the FY 2021-FY 2025 Adopted Capital Budget. Impacts on external funding sources, such as these, will be monitored and potentially adjusted as the fiscal year progresses.

EXPENSES

The City's FY 2021 General Fund expense budget is \$197.0 million and reflects a 15 percent reduction compared to the FY 2020 Adopted Budget. As a service-driven organization, salaries and benefits, including the City's proactive pension funding contributions, represent 58.2 percent of total General Fund expenses. Following staffing costs, the next largest expense in the General Fund is contract services, which is decreasing 6.3 percent from \$23.4 million to \$22.0 million. This category includes a variety of services including legal counsel, staffing for Planning and Development Services, facility maintenance and citywide landscaping. The third largest cost in the General Fund is transfers to other funds, which was previously the second largest

cost in the General Fund, is decreasing 51.9 percent from \$36.8 million to \$17.7 million. This cost category includes the transfer to infrastructure that is associated with TOT revenues. Due to the severe decline in TOT revenue and other major tax revenue sources, the transfer to infrastructure is \$11.6 million and accounts for the \$19.1 million reduction in transfers to other funds to align with the loss in TOT revenue and overall available reprioritization of resources in the General Fund. As discussed during budget hearings with City Council, the level of infrastructure investment in the FY 2021 Adopted Budget reflects a responsible investment in the City's essential infrastructure to maximize the availability of operating funds to retain services in the General Fund.

Significant service delivery impacts include but are not limited to: changes in the space available at the Cubberley facility as a result of a new lease agreement; changes in operating hours and program availability at Community Centers, including increases in fees to aid in cost recovery levels; reduced Children's Theatre productions; reduction in library hours across the five library branches; a brownout flexible staffing model for fire services resulting in reduced capacity when staff is out on leave; elimination of shuttle services; and restructuring of the Residential Preferential Parking Permit Program (RPP). The FY 2021 Adopted Budget ensures that the City will focus on maintaining outdoor recreation and open space preserves, providing the highest value to the community for the duration of the COVID-19 pandemic when outdoor options are critical during this time. Very limited one-time funding was included in the FY 2021 Adopted Budget, such as an expense for the November 2020 election in the Non-Departmental section of the Budget. The City is responsible for paying its proportional share of election costs, which is administered by Santa Clara County.

The FY 2021 Adopted Budget reflects a 61.77 reduction in full-time equivalent (FTE) positions. These positions were defunded and frozen in this budget reducing the General Fund FTE from 573.68 to 511.91 FTE. In addition to these full-time staff reductions, 25.70 part-time FTEs were also reduced in FY 2021. All changes to positions included in the FY 2021 Adopted Budget are discussed in Attachment B of the transmittal letter along with more detail regarding salary and benefit changes.

The General Fund also sets aside funds to assist the community and organization with recovery and restoration efforts related to COVID-19. Details for these reserves can be found in the Non-Departmental section of this book.

All Funds

In addition to prioritizing essential services, critical infrastructure improvements, and reducing discretionary costs in the General Fund, operations and capital projects in non-General Funds were scrutinized. Revenue estimates contained in this budget here revised to ensure a balanced budget in several funds with economically sensitive revenues. Major activities in non-general funds the FY 2021 Adopted Budget are described below.

Wastewater Treatment Fund

The FY 2021 Adopted Budget includes significant funding for the Wastewater Treatment plant's seven system improvement capital projects programmed through the FY 2021 - FY 2025 Capital Improvement plan. \$32.7 million is budgeted in FY 2021 for these projects, including \$14.1 million for the Primary Sedimentation Tank Replacement, and \$7.8 million for the Outfall Line Construc-

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tion project. Through the five-year CIP, expenses of \$146.4 million are programmed across the seven projects. It is important to note that approximately 65 percent of expenditures in the Wastewater Treatment Fund are reimbursed by five contributing partner agencies outside of the City of Palo Alto, based on each agency's expected capacity share. Details of these capital projects and expenses can be found in the Wastewater Treatment Fund section of the FY 2021 - FY 2025 Adopted Capital Budget.

Airport Fund

Revenues in the Airport Fund are anticipated to be \$24.7 million with corresponding expenses of \$26.0 million in FY 2021. While part of the Airport's increase in revenues are attributed to fees and charges that are scheduled to increase by 2.5 percent, \$22.7 million comes from the Federal Aviation Administration (FAA), which provides a grant to cover 90 percent of Airport's major construction projects. In addition to the grant, the Airport is seeking a full grant from the FAA to complete Phase III of the Apron project, if unsuccessful, staff will look at a state loan to bridge any matching contribution requirements. The Airport continues to seek alternatives to ensure that there is sufficient funding for operating costs and continued services with minimal service delivery impact. In the past, the Airport Fund has received loans from the General Fund, totaling \$3.1 million in principal since the City took over operations. The Airport Fund began repayment to the General Fund in FY 2020 in the amount of \$272,000 annually for the next fifteen years as part of its commitment to fiscal sustainability and financial viability.

Various Parking Funds

This FY 2021 Adopted Budget includes minimal changes to staffing levels. It includes the extension of one limited-term position to provide customer support services during the implementation and transition to the new parking management software system expected to begin August of 2020. Similarly, capital improvement investments are relatively low due to the reprioritization of new projects and extension of timelines for existing projects. As a result of the recommended changes in various parking programs, this budget includes significant changes to the RPP program including a transition to License Plate Reader (LPR) enforcement and virtual permitting, a policy change to no longer provide a first permit free to residents (with limited exceptions), as well as other program updates such as the department's work to fix the 'no reparking' signage issue. These programmatic changes are expected to work to allow the RPP to return the subsidy to the General Fund and remain financially solvent. Corresponding Municipal Fee Schedule adjustments are recommended to reflect the policy change to no longer provide the first annual residential parking permit free, although the annual cost of such permits is not recommended to change in FY 2021. Staff expects to return to the City Council for program change reviews and implementation timeframes in the new fiscal year.

Increases to parking permit revenue estimates to reflect the anticipated opening of the new California Avenue parking garage (345 parking spaces) and addition of a residential parking district in Old Palo Alto. Parking permit prices are also recommended to increase by 2.6 percent, consistent with most other fees, with the exception of resident permits which are recommended to remain at \$50. A more detailed presentation of the FY 2021 Budget for the University Avenue Parking District Fund and California Avenue Parking District Fund are available at the end of the Special Revenue Funds Overview section.

In the Downtown Parking Permit Fund and consistent with City Council direction, funding to the Palo Alto Transportation Management Association (TMA) is reduced by \$750,000. This savings is reallocated to be used to support business recovery as a result of impacts from COVID-19.

Stormwater Management Fund

In FY 2021, the Stormwater Management fee is scheduled to increase by 2.5 percent as approved by the voters in 2017 to keep fund revenues consistent with inflationary cost increases and to provide sufficient funds for planned Stormwater Management capital and operating expenditures. The Stormwater Management fee was approved by property owners through a ballot measure in April 2017. The projects and infrastructure component of this fee has a sunset date of June 1, 2032 unless extended through a subsequent ballot measure. This fee provides financial resources for a number of projects and infrastructure components as outlined in the Storm Drain Blue Ribbon Committee's recommendations, which identified 13 Capital Improvement projects. Work on those projects began in FY 2019 and is programmed in the FY 2021 Adopted Capital Budget.

UTILITY RATE CHANGES

Due to the COVID-19 pandemic, the City Council aimed to provide economic relief for residential and commercial customers by directing staff to maintain flat rates without compromising the safety and integrity of the utility systems. The FY 2021 Adopted Budget assumes the following rate changes as adopted by the City Council in June 22, 2020.

- 0% rate change for Wastewater;
- 0% rate change for Water;
- 2.5% CPI increase for Fiber;
- 0% rate change for Electric;
- 0% rate change for Refuse;
- 2.5% CPI increase for Stormwater;
- 2.0% rate increase for Gas.

Council approved of the 2.5 percent CPI increase for Fiber to enable the City to expand the dark fiber network for new commercial and residential customers. A 2.0 percent increase for Gas was approved to enable continuation of the cross-bore safety inspection program and PVC gas main replacement project.

Attachment B:

Fiscal Year 2021 Salaries, Benefits, and Position Details

The most significant asset the City has in serving the community is its employees. Local government services are primarily delivered by employees, whether they are police officers, utility linemen, librarians, or planners. Therefore, it should not be surprising that nearly 60 percent of the FY 2021 General Fund Budget is attributable to salaries and benefits. The City has negotiated labor agreements with SEIU that extends through FY 2021 and anticipates developing new labor agreements with UMPAPA whose contract expired June 30, 2020. Discussed in more detail below, the City reached agreements with the management and safety groups that extend the terms of the existing Memorandum of Agreements (MOA's) and reduce or postpone negotiated increases and other forms of compensation one year. With these extensions, agreements expire June 30, 2021 and June 30, 2022 respectively. As in prior years, the FY 2021 Budget presumes funding for those units consistent with City Council authority.

This budget includes actions during the public hearing process for the FY 2021 Adopted Budget to significantly reduce revenue and expense appropriations due to economic uncertainties surrounding the COVID-19 pandemic. While there is no change to authorized staffing levels year over year, significant reductions were made through position freezes, labor concessions, and other staffing changes. These actions are discussed in detail below and in the individual sections of the budget document where the transactions occur, including the Staffing Tables and Budget Adjustments sections of the respective departments, and the Table of Organization.

Position Changes

The FY 2021 budget maintains FY 2020 staffing levels of 1,034.85 FTE, with minor changes to the allocation of staffing across the various funds. However, once adjusted for the extensive staffing freezes, the City's authorized staffing level is 958.35 full time positions. The table below summarizes the changes in full-time positions and is followed by a more detailed discussion.

Position Changes FY 2020 Adopted to FY 2021 Adopted Budget

	General Fund	Enterprise Funds	Other Funds*	Total
Fiscal Year 2020 Adopted Budget	574.93	358.61	101.31	1,034.85
Fiscal Year 2020 Approved Adjustments	-	-	-	-
Fiscal Year 2020 Modified Budget	574.93	358.61	101.31	1,034.85
Fiscal Year 2021 Increase	3.00	1.00	-	4.00
Fiscal Year 2021 Decrease	(3.00)	(1.00)	-	(4.00)
Fiscal Year 2021 Reallocation	(0.50)	0.13	0.37	-
Fiscal Year 2021 Adopted Budget	574.43	358.74	101.68	1,034.85
Net Difference	(0.50)	0.13	0.37	-
Fiscal Year 2021 Position Freezes**	(64.52)	(4.35)	(7.63)	(76.50)
Revised Fiscal Year 2021 Adopted Budget	509.91	354.39	94.05	958.35

NOTE: This Table does not include part-time/hourly positions

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

** Not presented in the chart above, 26.18 FTE part-time/hourly positions were frozen in FY 2021 out of a total 106.32 FTE, resulting in revised staffing levels of 80.14 FTE citywide. The majority of these freezes were in the General Fund, reducing staffing levels from 81.31 FTE to 55.61 FTE.

In the General Fund, 3.0 FTE eliminations are offset by the addition of 3.00 FTE, and 0.50 FTE have been reallocated to the Enterprise and Cubberley Capital Fund. In the Enterprise Funds, 1.0 FTE elimination is offset by the addition of 1.00 FTE in the Utility department. Position Changes recommended in this budget include eliminations, additions, reclassifications, and reallocation/realignment of staff:

Eliminations

- Elimination of 1.0 Division Manager in the Community Services Department, reflecting a shift of responsibilities to the existing management resources.
- Scheduled elimination of a limit-dated 1.0 Principal Management Analyst in Planning and Development Services that was authorized on a one-time basis for FY 2020 to assist in the merge of Planning and Community Environment and Development Services.

TRANSMITTAL LETTER

- Elimination of 1.0 Planning Manager in Planning and Development Services as part of a staffing reorganization to add staffing resources for inspection services.
- Elimination of 1.0 Lineperson Cablesplicer in the Utilities Department as part of a staffing reorganization to add staffing resources for inspection services.

Additions, reclassifications, and realignments

- Addition of 1.00 Producer of Arts and Sciences in the Community Services Department and reclassification of 1.0 Program Assistant I to 1.00 Program Assistant II for the reopening of the Junior Museum and Zoo (JMZ), reflecting the need for higher level oversight of operations, guest services, and animal care. Not included in the table above, an additional 5.79 part-time staff is requested as part of this action (CMR 11222, www.cityofpaloalto.org/civicax/filebank/documents/76565).
- Addition of 1.00 Compliance Technician in the Utilities Department to meet operational needs and increased inspection levels. This action is offset by the reduction of 1.0 Lineperson Cablesplicer position described in the preceding section for eliminations.
- Addition of 2.00 Building Inspector Specialist positions, one for a limited one-year term, increasing total inspection staff from 4.00 to 6.00 and providing additional resources to support service levels. This action is partially offset by the reduction of 1.00 Planning Manager described in the preceding section for eliminations.
- Reclassification of 6.70 FTE Heavy Equipment Operators in the Utilities fund to 4.70 Water, Gas, Wastewater (WGW) Heavy Equipment Operators and 2.00 Electric Heavy Equipment Operators, in accordance with labor agreement terms that distinguished the activities of this classification (CMR 10214).
- Reclassification of 1.0 Program Assistant I to 1.0 Program Assistant II in the Community Services Department to facilitate the development of a therapeutics program.
- Reclassification of 1.0 Performance Auditor II to 1.0 Senior Performance Auditor to align with personnel actions.
- Reclassification of 1.0 Senior Project Manager to 1.0 Senior Engineer in the Public Works Department to align the Parks and Open Space division with the management structure of other workgroups.
- Realignment in the Community Services Department to shift 1.0 Administrative Associate III from general administration to the recreation and youth science division and minor adjustments to various staff to better align with the organizational needs and programs in the department. An additional adjustment is recommended to realign building service staff to the Cubberley Fund (This action results in a net 0.25 FTE decrease in the General Fund and a net 0.25 FTE increase in the Cubberley Capital Fund).
- Realignment of 1.0 Performance Auditor II from the City Auditor Office to the Administrative Services Department to align staff with the shift the City's annual Performance Report, which was produced by the City Auditor Office in prior years.
- Realignment of 0.75 Management Analyst from the City Manager's Office to the Public Works Department, reflecting the transition of the Office of Sustainability to Public Works.

- A net addition of 6.60 part-time positions, inclusive of the positions requested for JMZ mentioned above. These part-time position changes are discussed in greater detail in individual department sections of this document.

In addition, this Budget includes position freezes of 83 full-time positions (equivalent of 76.50 FTE) and 107 part-time positions (equivalent of 26.18 FTE), recognizing savings equivalent to various positions throughout the organization in different departments. Frozen positions will be held vacant through the duration of FY 2021 and are expected to be two-year freezes while the organization assesses the financial impacts to the City due to the COVID-19 pandemic. This is beyond the normal vacancy savings presumed by the City as part of its regular budget process and generated approximately \$16.0 million in one-time cost savings in FY 2021, primarily in the General Fund. These positions are identified with “(Freeze)” following the job classification title in the department section Staffing Tables and the citywide Table of Organization. Additional information relating to position freezes is available in the individual department section Organizational Chart and Budget Adjustment summaries.

Salary & Benefits

SALARIES

During the budget hearing process, the City engaged with the various labor groups and successfully negotiated concessions to generate cost savings in FY 2021 with some of its labor groups. This budget includes compensation reductions in the unrepresented Management and Professionals Group at the equivalent of a 10 percent ‘give-back’ that consists of a wage freeze, furlough, and reduced flexible management benefits. In total, this generated savings of \$3.5 million in savings citywide (\$2.3 million in the General Fund). Agreements with safety groups include a deferral of wage increases for one year in the Fire Chief’s Association (FCA), Police Management Association (PMA), and Palo Alto Peace Officers’ Association (PAPOA), and deferral of wage and step increases for one year in the International Association of Fire Fighters (IAFF) Group. The savings achieved in the safety groups were used to fund retirement incentives and offset an attrition period that allows the Fire and Police Departments to delay the separation of filled positions identified to be held vacant in FY 2021 (position freezes). As separations occur during the attrition period, due to retirement incentives or the normal course of attrition, employees in frozen positions will move into vacant positions. This strategy avoids the layoff of more recently-hired police officers and firefighters, who would otherwise be subject to union seniority rules, and retains the investments that have gone into the hiring, training, and equipping of these staff.

PENSION

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

- Continued employee payment of the CalPERS employee contribution for all bargaining groups.
- Employees contributing an additional amount between 1 percent and 4 percent of the employer portion of CalPERS consistent with current contract terms.

TRANSMITTAL LETTER

- Employees sharing the cost of health plans with almost all bargaining units receiving a flat-rate medical benefit.
- Implementing a less costly second-tier pension plan, parallel to the state's implementation of a third tier that went into effect January 1, 2013. As expected, new employees are hired into the lower tiers as existing employees retire, thereby lowering the City's overall pension liability.

This budget reflects the required employer pension contributions determined in the CalPERS actuarial valuation as of June 30, 2018 (CMR 10641, www.cityofpaloalto.org/civicax/filebank/documents/73356). The actuarial reports provide an update on the funding status, the results of assumption changes such as rate of return (ROR) which impacts the discount rate assumption, the new fiscal year Actuarial Determined Contribution (ADC) and the projected future ADC as a percentage of payroll. Discussed in more detail below, the contribution rates are highly dependent on the investment returns that CalPERS achieves. Therefore, there are potential significant impacts to the City's pension liability resulting from the COVID-19 pandemic and associated market volatility. Most recently, CalPERS reported a 4.7 percent investment return for fiscal year 2019-20, 2.3 percent below the 7.0 percent target. Actuarial reports are completed two years in arrears therefore impacts from losses or other factors will materialize beginning in the June 30, 2020 valuation which will be included in the FY 2023 budget. The City will continue to work to understand the ramifications and strategize appropriate actions that address long-term pension obligations.

CalPERS has taken a number of steps over the past few years that are intended to mitigate future impacts to cities even as they result in greater near-term costs. In December 2016, the CalPERS board voted to lower the discount rate (used in calculating investment returns) from 7.5 percent to 7.0 percent, phasing in the reduction over three years. This phase-in began in 2019 and reaches the final phase in this FY 2021 Adopted Budget. The discount rate used by CalPERS to calculate the City's FY 2021 Actuarially Determined Contribution (ADC) was 7.00 percent, down from 7.25 percent used in FY 2020. When compared to FY 2020, FY 2021 employer contribution rates increased in line with previous CalPERS projections.

- The Miscellaneous Plan increased by 2.8 percentage points, an increase of 7.9 percent year-over-year, from 35.6 percent of payroll in FY 2020 to 38.4 percent of payroll in FY 2021.
- The Safety plan increased by 5.9 percentage points, an increase of 9.9 percent year-over-year, from 59.4 percent of payroll in FY 2020 to 65.3 percent of payroll in FY 2021.

CalPERS projected pension rates through FY 2026 are included in the table below (expressed in percent):

Pension Rates By Plan (Fiscal Year) - CalPERS

FY	2020	2021	2022	2023	2024	2025	2026
Miscellaneous (%)	35.6	38.4	40.3	41.7	42.3	42.8	40.2
Safety (%)	59.4	65.3	69.4	72.7	74.4	75.6	75.6
Discount Rate (%)	7.25	7.0	7.0	7.0	7.0	7.0	7.0

As the above table indicates, the City's pension costs will continue to increase through FY 2025 and decrease or stabilize in 2026. The decrease and stabilization present in 2026 are attribut-

able to the ramp policy that increases (ramps up) and decreases (ramps down) gains and losses over five years.

Employer pension rates are greatly impacted by the discount rate set by CalPERS and investment returns achieved. CalPERS use of a 7.0 percent discount rate results in greater costs than when a higher discount rate (7.5 percent) was used. This is representative of CalPERS' efforts to meet its investment return more frequently. In a given year, if CalPERS meets or exceeds its investment return, the City's Unfunded Accrued Liability would shrink. This is because CalPERS provides, as part of its ADC to cities, not only a Normal Cost (NC), which represents the 'pay-as-you-go' portion and an Unfunded Accrued Liability (UAL) payment calculation which represents the 'catch-up' payment. Thus, if CalPERS investment target is met in a given year, the normal cost would cover the 'pay-as-you-go' portion, and the UAL payment lessens the long-term liability. Thus, if CalPERS investment target is met in a given year, the normal cost would cover the 'pay-as-you-go' portion, and the UAL payment lessens the long-term liability.

Conversely, in a year when CalPERS does not meet its investment return, the UAL of the City would grow. In order to address this potential gap, the City Council directed that the City of Palo Alto fundamentally change its budgeting practice. Beginning in FY 2020, rather than use the CalPERS ADC (which is the standard practice for calculating pension costs in a given year) the City Council directed that the City use a discount rate of 6.2 percent, effectively decreasing the City's sensitivity to lower CalPERS returns.

This additional normal cost (pay as you go) is included in the FY 2021 budget and will be sent to the City's irrevocable section 115 trust. The FY 2021 budget transmits a total of \$5.0 million from all funds (\$3.0 million General Fund) to the 115 Pension Trust Fund, managed by PARS. This brings total contributions through FY 2021 to \$32.3 million (\$21.0 million General Fund) since the trust was created in FY 2017. This funding represents important contributions towards addressing the City's long-term pension liability and will help insulate the City against potential future increases to the UAL. In comparison to the \$50.1 million in CalPERS projected pension costs, this additional pay-as-you-go cost of \$5.0 million is roughly 10 percent of the City's annual pension costs. Of note, the contribution levels from FY 2020 to FY 2021 decreased \$1.2 million, from \$6.2 million to \$5.0 million, primarily due to the change in CalPERS discount rate from 7.25 percent to 7.00 percent; narrowing the funding gap to meet the 6.2 percent target. Approximately \$500,000 (\$400,000 in the General Fund) of this decrease is due to concessions and staff freezes that resulted in lower pension costs; normal cost, employee share of pension, and supplemental pension costs are assessed as a percentage of payroll.

During FY 2020, Staff met with the Finance Committee and City Council to review and discuss options and elements to establish a Pension Funding Policy (CMR 10645 www.cityofpaloalto.org/civicax/filebank/documents/73639, CMR 11407 www.cityofpaloalto.org/civicax/filebank/documents/77075). Four scenarios were evaluated that included different timelines, mechanisms, and options available to reach a target funded status of 100 percent. Ultimately, the City Council recommended a draft policy that suggests a fifteen-year timeframe to reach a 90 percent funding level. Staff anticipates returning to the City Council to formally adopt the Pension Funding Policy and report back on the progress towards meeting these funding goals in the fall of 2020.

TRANSMITTAL LETTER

Additional information regarding the City's plan for proactively addressing escalating pension costs, and the discussions that the City Council has already conducted to date, can be found in the Employee Information section of this document.

RETIREE HEALTHCARE

Consistent with past practice, this budget assumes the full payment of the Actuarial Determined Contribution (ADC) for not only retiree pension but also healthcare costs. With the payment of the ADC it is assumed that, all else being equal, the City will fully pay off its obligations for retiree healthcare costs. The City's outside actuarial consultant (Bartel Associates) performs an actuarial analysis of the City's Other Post Employment Benefits (OPEB) funding every two years. The most recent report was completed in May 2020 to inform both the FY 2021 and FY 2022 Operating Budgets (CMR 11284, www.cityofpaloalto.org/civicax/filebank/documents/76465). This study captured investment gains for the Retiree Healthcare Trust Fund as of June 30, 2019, lowered the assumed investment returns from 6.75 percent to 6.25 percent in determining annual funding contributions and restated the City's Fiscal Year 2021 annual Actuarial Determined Contribution (ADC).

Retiree Healthcare Annual Required Contributions (by Fiscal Year)

Fund	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
General Fund	10.5	10.2	10.5	10.8	11.1	11.5	11.8	12.2	12.6	13.0	13.4
Non-General Funds	6.0	5.8	5.9	6.1	6.3	6.5	6.7	6.9	7.1	7.3	7.6
TOTAL	16.5	15.9	16.4	16.9	17.4	18.0	18.5	19.1	19.7	20.3	20.9

The FY 2021 Budget for Retiree Healthcare decreased to \$15.9 million, representing a 0.3 percent decrease from the FY 2020 Adopted Budget of \$16.5 million. This primarily reflects the change in funding status that the trust has experienced from the June 30, 2017 to June 30, 2019, lower than anticipated premium costs and caps, and increased Medicare eligibility among plan participants.

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



CITY OF
**PALO
ALTO**

Fiscal Year 2021 Adopted Operating Budget

City Council

Adrian Fine, Mayor

Tom DuBois, Vice Mayor

Alison Cormack

Eric Filseth

Liz Kniss

Lydia Kou

Greg Tanaka

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Kiely Nose, Director of Administrative Services/Chief Financial Officer

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Christine Paras, Assistant Director of Administrative Services

Paul Harper, Budget Manager, Office of Management and Budget

Greg Tanaka, Finance Committee Chair

CITY OF PALO ALTO

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

Our Values



Quality

Superior delivery of services

Courtesy

Providing service with respect and concern

Efficiency

Productive, effective use of resources

Integrity

Straight-forward, honest and fair relations

Innovation

Excellence in creative thought and implementation

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CITY OF
**PALO
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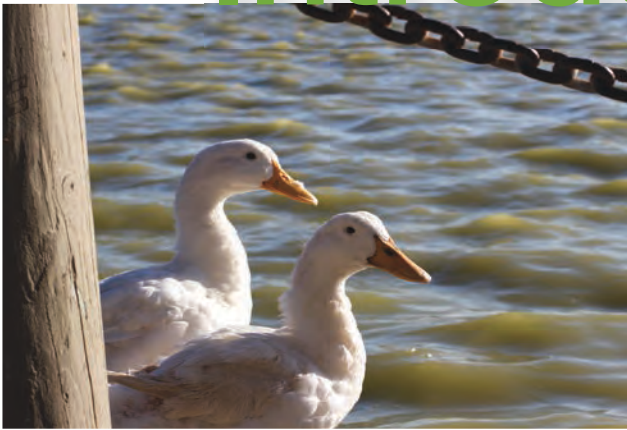
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Introduction





CITY OF
**PALO
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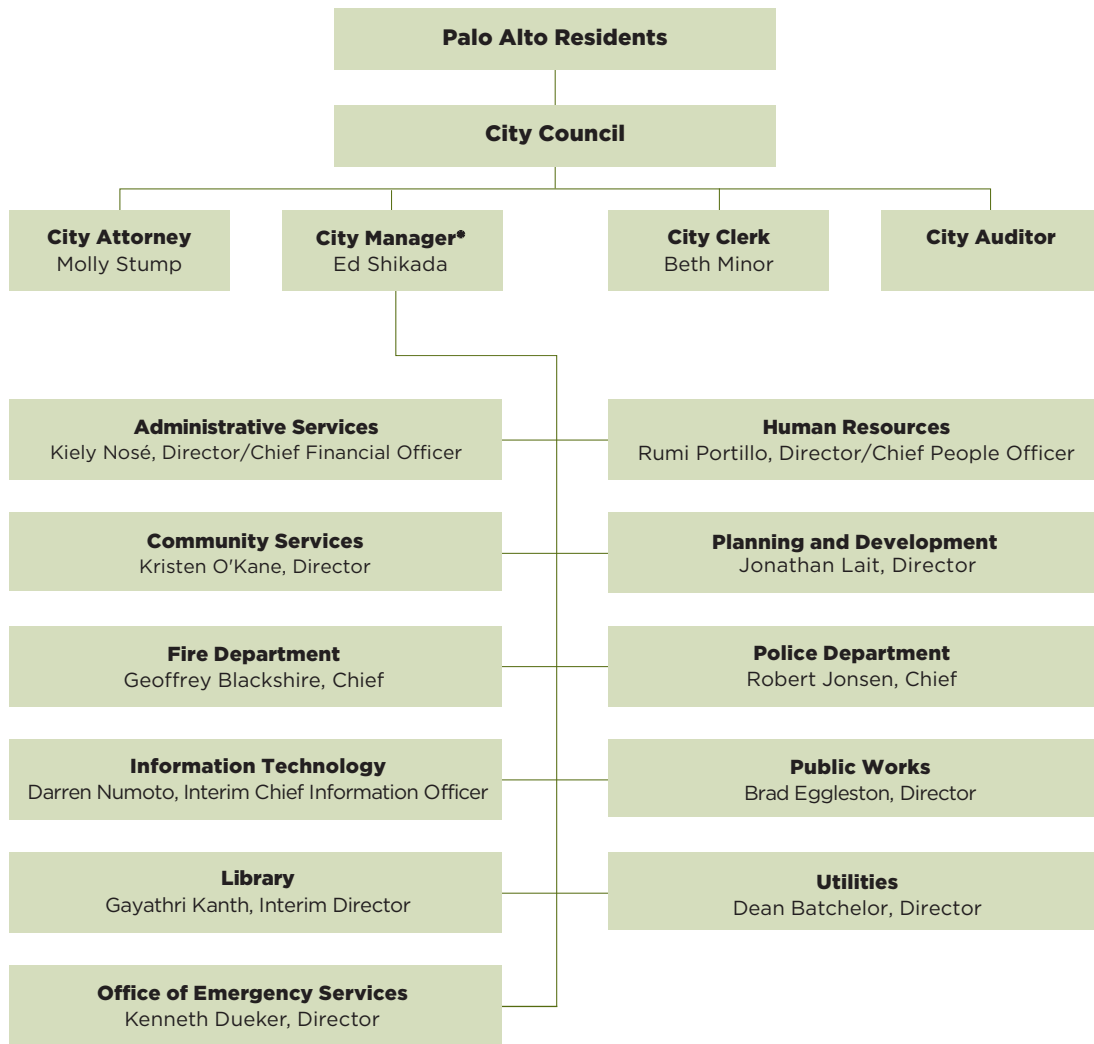
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CITY OF
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City of Palo Alto Organizational Chart

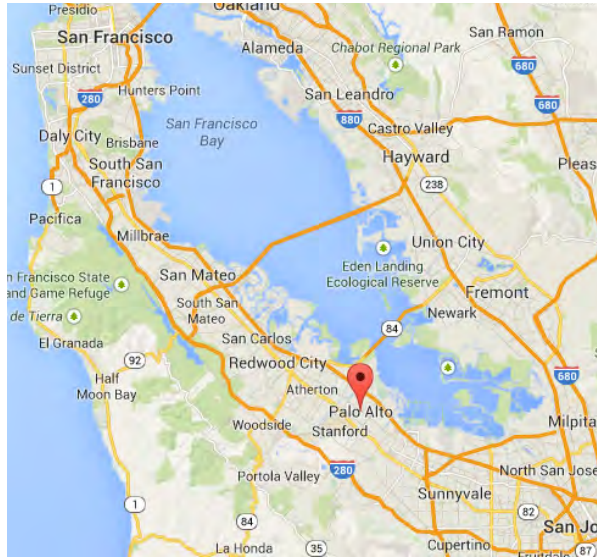


*The Office of Transportation is situated in the City Manager's Office.



CITY OF
**PALO
ALTO**

Palo Alto at a Glance



INCORPORATION

April 23, 1894

GOVERNMENT

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

COUNTY

Santa Clara County

www.sccgov.org

SCHOOL DISTRICT

Palo Alto Unified School District

www.pausd.org

LOCATION

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

CLIMATE

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

AREA

25.85 square miles

ELEVATION

30 feet above sea level

PARKS, PRESERVES AND OPEN SPACE

4,385 acres

CREDIT RATING

AAA

PALO ALTO AT A GLANCE

POPULATION

Palo Alto's population was 67,019 in 2019. This represents a 0.1 percent decrease over the previous year and a 13.2 percent increase since 2000. Approximately 23.6 percent of the population is under the age of 18, and the median age is 41.9. Approximately 50.9 percent of the population is female, and 49.1 percent of the population is male.



EDUCATION

Palo Alto has one of the most outstanding educational systems in the nation and was recently named one of California's most educated cities. Over 97.4 percent of Palo Alto residents aged 25 or over have received a high school diploma. Over 81.9 percent have obtained a bachelor's degree or higher and 53.4 percent have earned a post-graduate or professional degree.



School enrollments in Palo Alto decreased to 11,938 from 12,230, or by 3.2 percent, between 2010 and 2019. In school-year 2018-19, Palo Alto and Gunn high schools had a average SAT scores of 1,331 and 1,377 on a scale of 1,600. The average scores for the United States and California were 1,059 and 1,065, respectively.

INCOME

In 2018, Palo Alto's median household income was \$147,537 and the per capita income was \$82,576. As of 2018, 64.9 percent of all households in Palo Alto had an annual income of greater than \$100,000.

PERSONS PER HOUSEHOLD

The average number of persons per household in Palo Alto owner-occupied and renter occupied homes was 2.5 in 2018, compared to 2.3 per household in 2000.



HOUSING UNITS

In 2018, 55.1 percent of the 26,212 housing units were owner-occupied and 44.9 percent were renter-occupied. In 2000, there were 26,048 housing units, 55.4 percent owner-occupied, 41.4 percent renter-occupied, and 3.2 percent were vacant. There were 0.6 percent more total housing units from 2000 to 2018.

DEVELOPMENT

The City issued approximately 2,395 residential and 525 commercial building permits in Fiscal Year (FY) 2019. The combined valuation for all permits was \$435.9 million.

OFFICE AND INDUSTRIAL RENTAL ACTIVITY

Palo Alto's net rentable office space totaled approximately 7.2 million square feet as of the fourth quarter of 2019. The vacancy rate during this same time period was 4.4 percent compared to 6.0 percent for the Silicon Valley market. Average asking rents in Palo Alto and the Silicon Valley were, respectively, \$9.39 and \$5.45 per square foot, as of the fourth quarter of 2019.

Net rentable square footage for industrial facilities in Palo Alto was 1.1 million, with a vacancy rate of 1.6 percent and average asking rent of \$2.20 per square foot for manufacturing and \$2.85 per square foot for warehouse. The Silicon Valley market had an average vacancy rate of 3.4 percent and asking rent averaged \$1.19 per square foot for manufacturing and \$1.10 for warehouse.

Net rentable space for Research and Development (R&D) facilities in Palo Alto totaled 10.3 million square feet with a vacancy factor of 7.2 percent and average asking rent of \$6.47 per square foot. The vacancy rate for the Silicon Valley market was 7.1 percent with an average asking rent of \$2.73 per square foot.



Top 25 Major Sales/Use Tax Contributors, FY 2019

Anderson Honda	Lucile Packard Children's Hospital	Tencent
Apple Stores	Macy's Department Store	Tesla
Audi Palo Alto	Magnussen's Toyota of Palo Alto	Tesla Lease Trust
Bloomingdales	McLaren San Francisco	Tiffany & Company
Bon Appétit Management Co.	Neiman Marcus Department Store	Urban Outfitters
Hermes	Nest Labs	Varian Medical Systems
Houzz Shop	Nordstrom Department Stores	Volvo Cars Palo Alto
Hp Enterprise Services	Shell Service Stations	
Integrated Archive Systems	Stanford Outpatient Clinic Pharmacy	

RETAIL SALES AND SALES TAX REVENUE

Sales and use tax totaled \$36.5 million in FY 2019 an increase of \$5.4 million, or 17.3 percent, due to combination of economic performance in sectors such as auto sales, leasing factors and restaurants. In FY 2018 the California Department of Tax and Fee Administration (CDTFA) was established. CDTFA introduced a new technology and a revamped collection

process, which initially delayed distribution of FY 2018 sales tax. This resulted in lower sales tax in FY 2018 and higher sales tax in FY 2019. Included in the receipts are continued erosion of brick and mortar receipts that is resulting from steady growth in on-line retail sales. However, increase receipts from the county pool which includes a growing number of on-line retailers collecting sales and use tax, has been offsetting these losses.

Principal Property Taxpayers, FY 2019

Rank	Taxpayer	Taxable Assessed Value
1	Leland Stanford Jr. University	\$5,446,309
2	Loral Space and Communications	\$248,247
3	Google Inc.	\$213,982
4	395 Page Mill LLC	\$118,303
5	ARE-San Francisco 69 LLC	\$114,575
6	SVF Sherman Palo Alto Corporation	\$97,856
7	Hohbach Realty Co. LP	\$94,642
8	SI 45 LLC	\$81,145
9	Gwin Property Inc.	\$78,540
10	BVK Hamilton Avenue LLC	\$73,189
	Total	\$6,566,788

PALO ALTO BUSINESSES

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

Palo Alto continues to be a desirable place to live due to its economy, climate and natural beauty, parks and recreational activities, excellent public school system, university presence, proximity to three major airports (Oakland, San Jose and San Francisco), rail service, world-class medical facilities, excellent retail centers and restaurants, and its highly acclaimed City services.

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

EMPLOYMENT

The City had 32,287 employed residents in 2019. Due to its location on the Peninsula and the presence of Stanford University, the City is a job importer versus exporter with a total of 99,420 jobs citywide. Palo Alto's unemployment rate was 2.1 percent in 2019, which was considerably lower than the nation (3.7 percent), state (4.0 percent), and county (2.6 percent), during the same period.

LARGEST EMPLOYERS

Palo Alto's top ten employers as of June 30, 2019 reflect jobs in industries ranging from education and healthcare to technology and research and development.



Principal Employers, FY 2019

Rank	Employer	Number of Employees
1	Stanford Healthcare	5,500
2	Lucile Packard Children's Hospital	5,700
3	Stanford University	4,500
4	Veteran's Affairs Palo Alto Healthcare System	3,900
5	VMware, Inc.	3,500
6	SAP Labs Inc.	3,500
7	Space Systems/Loral	2,800
8	Hewlett-Packard Company	2,500
9	Palo Alto Medical Foundation	2,200
10	Varian Medical Systems	1,400
	Total	35,500

Parks, Recreation & Community Centers

Item (FY 2019)	Number
Parks	36
Parks Acreage	174
Dog Parks	4
Playgrounds	30
Community Centers & Museums	5
Zoo	1
Golf Courses	1
Gymnasiums/Fitness Rooms	6
Youth Centers	1
Walking/Biking Trails (Miles)	41



Libraries

Item (FY 2019)	Number
Library Branches	5
Items Checked Out (Circulation)	1,467,038
Books (Inventory)	247,030
eBooks & eMusic (Inventory)	191,449
Audio/Visual - DVD/CDs (Inventory)	46,678
Reference Questions	14,924

Public Safety

Item (FY 2019)	Number
Police	
Police Stations	1
Sworn Police Personnel	90
Police Vehicles	29
Motorcycles	3
Canine Units	2
Number of Calls for Service	54,979
Item (FY 2019)	Number
Fire	
Fire Stations	7
Sworn Fire Personnel	96
Fire Engines	9
Fire Trucks	2
Ambulances	6
Number of Calls for Service	9,086



Infrastructure, Maintenance & Development Activity

Item (FY 2019)	Number
Street Miles	471
Lane Miles Resurfaced Annually	9.8
Building Permits Issued Annually	2,918
Number of Fire Inspections	10,984
Active Capital Improvement Projects	231
Capital Improvement Projects Exp.	\$103.3 million
Miles of Water Municipal Mains	235.3
Gallons of Water Delivered Daily	9.0 million
Miles of Municipal Wastewater Mains	216
Gallons of Wastewater Treated	7.0 million
Miles of Gas Mains	211
Miles of Overhead Electrical Line	211
Miles of Underground Electrical Line	267
Miles of Fiber Optic Backbone	48



Sustainability

Item (FY 2019)	Number
Total Tons of Material Recycled or Composted	55,900
Total Megawatt-hours Purchased from Eligible Renewable Sources*	560,245
Percent of Electric Portfolio Purchased from Eligible Renewable Sources	62%
Percent of Electric Portfolio Purchased from Carbon Neutral Sources**	100%

* FY 2019 "Eligible Renewable Sources" are wind, solar, small hydroelectric, and biogas generators whose output is directly purchased by the City under a power purchase agreement.

** FY 2019 "Carbon Neutral Sources" include eligible renewable (62%) and large hydroelectric power (62%). Due to the bountiful hydro conditions in 2019, the City was able to sell surplus carbon neutral electricity supplies to other utilities.

SOURCES:

POPULATION:

U.S. Census Bureau, 2018 American Community Survey, Demographic and Housing Estimates, 5-Year Estimates, Table DP05. 2020 Official City Data Set.

EDUCATION:

U.S. Census Bureau, 2018 American Community Survey, Social Characteristics in United States, Educational Attainment, 5-Year Estimates, Table DP02.

City of Palo Alto 2018-2019 CAFR (Demographic and Economic Statistics- Last Ten Fiscal Years).

2019 average SAT scores on Prescholar.com for National and State level SAT scores. Data collected from College Board 2019 SAT reports.

INCOME:

2018 American Community Survey 5-Year Estimates, Selected Economic Characteristics, Table DP03.

PERSONS PER HOUSEHOLD AND HOUSING UNITS:

2018 American Community Survey 5-Year Estimates, Selected Housing Characteristics, Tables, DP04.

DEVELOPMENT:

City of Palo Alto Planning and Development Services Department

OFFICE AND INDUSTRIAL RENTAL ACTIVITY:

CBRE Silicon Valley MarketView Q4 2019

RETAIL SALES AND SALES TAX REVENUE:

City of Palo Alto Sales Tax Digest Summary 2019 (Office of the City Auditor)

City of Palo Alto 2018-2019 CAFR

TOP 25 MAJOR SALES/USE TAX CONTRIBUTORS:

City of Palo Alto Sales Tax Digest Summary Second Quarter Sales (April-June- 2019)-Top 25 Major Sales/Use Tax Contributors.

PRINCIPAL PROPERTY TAXPAYERS:

City of Palo Alto 2018-2019 CAFR- Principal Property Taxpayers-Current Year and Nine Years Ago.

EMPLOYMENT:

2020 Official City Data Set. California Employment Development Department- Labor Market Information Division for State and County unemployment rate, US Department of Labor-Bureau of Labor Statistics for Nation unemployment rate.

PALO ALTO BUSINESSES:

City of Palo Alto Economic Development

LARGEST EMPLOYERS:

City of Palo Alto 2018-2019 CAFR

The Budget Process and Document

Basis for Budget Development

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

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

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

City Council Top Priorities

The City is committed to providing high quality, cost effective services that reflect the City's core values and strategic goals. In addition, each year the City Council establishes top priorities, which are topics or service areas that will receive particular, unusual, and significant attention during the year. The top priorities guide both budget development and department priority-setting. The following are the City Council's top priorities for 2020, adopted in February 2020:

- Housing
- Sustainability
- Mobility

Operating and Capital Budgets - Calendar of Activities

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

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

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

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

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

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

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

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

THE BUDGET PROCESS AND DOCUMENT

BUDGET HEARINGS* With City Council FY 2021 Budget			
Date	Description	Location	Description
Monday, April 20	City Council	Teleconference	City Manager comments reviewing the proposed Capital and Operating Budgets and notices the start of public budgetary discussions in May
Monday, May 11	City Council	Teleconference	City Council Budget Hearing
Tuesday, May 12	City Council	Teleconference	City Council Budget Hearing
Wednesday, May 13	City Council	Teleconference	City Council Budget Hearing
Tuesday, May 26	City Council	Teleconference	City Council Budget Hearing
Monday, June 22	City Council	Teleconference	Public Hearing - Budget Approval & Adoption

*Public meetings were held by virtual teleconference pursuant to the provisions of California Governor’s Executive Order N-29-20, issued on March 17, 2020. To prevent the spread of COVID-19, these meetings were held by virtual teleconference only, with no physical location. These meetings were broadcast on Cable TV Channel 26, live on YouTube at www.youtube.com/c/cityofpaloalto, and Midpen Media Center at www.midpenmedia.org. Members of the public who wished to participate by computer or phone could access the meeting by going to www.zoom.us/join and entering meeting ID 362 027 238. If they called from a land line or non-smart phone they were able to call 1-669-900-6833 to join the meeting.

Understanding the Budget Document

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

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

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

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

Capital Funds: Revenues and expenses for capital projects are also accounted for in a separate fund. Capital projects are those that have a minimum cost of \$50,000 for each standalone or combined project. Additionally, the project must have a useful life of at least five to seven years and/or extend the life of an existing asset or provide a new use for an existing asset for at least five years. The City produces a standalone budget document for capital projects with detailed information about each project.

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

Debt Service Funds: Debt financing is occasionally undertaken for the purchase, replacement, or rehabilitation of capital assets. A separate fund is established to account for these non-operating expenses.

Open Budget

In order to facilitate understanding and transparency of the budget document, the City provides budget information through OpenGov, an online tool that provides users with different views of the City's budget data by fund, department, revenues, and expenditures. The tool can be accessed by visiting www.paloalto.opengov.com. The City invites you to use the online tool to:

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

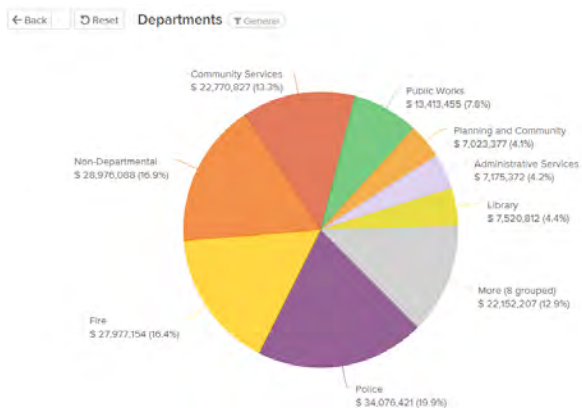
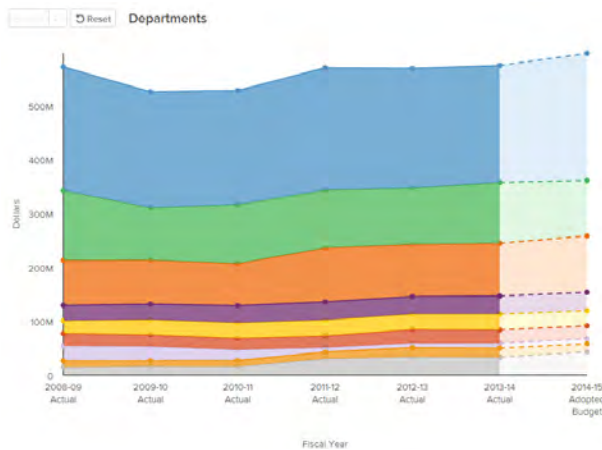
HOW DOES IT WORK?

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

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



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



Department and Enterprise Fund Information

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

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

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

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

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

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

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






Workload Measures: identifies key quantifiable department outputs.

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

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

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

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

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

BUDGETARY BASIS

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

FUND STRUCTURE AND ACCOUNTING BASIS

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

Governmental Fund Types

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

Proprietary Fund Types

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

Fiduciary Fund Types

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

THE BUDGET PROCESS AND DOCUMENT

Agency Fund Types

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

*California Society of
Municipal Finance Officers*

Certificate of Award

***Operating Budget Excellence Award
Fiscal Year 2019-2020***

Presented to the

City of Palo Alto

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

January 31, 2020



Steve Heide

*Steve Heide
CSMFO President*

Yolanda Rodriguez

*Yolanda Rodriguez, Chair
Recognition Committee*

Dedicated Excellence in Municipal Financial Reporting



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
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PRESENTED TO

**City of Palo Alto
California**

For the Fiscal Year Beginning

July 1, 2019

Christopher P. Morill

Executive Director



The Government Finance Officers Association
of the United States and Canada

presents this

CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION

to

**Office of Management & Budget
City of Palo Alto, California**

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

Christopher P. Morill

Executive Director

Date **March 03, 2020**





CITY OF
**PALO
ALTO**

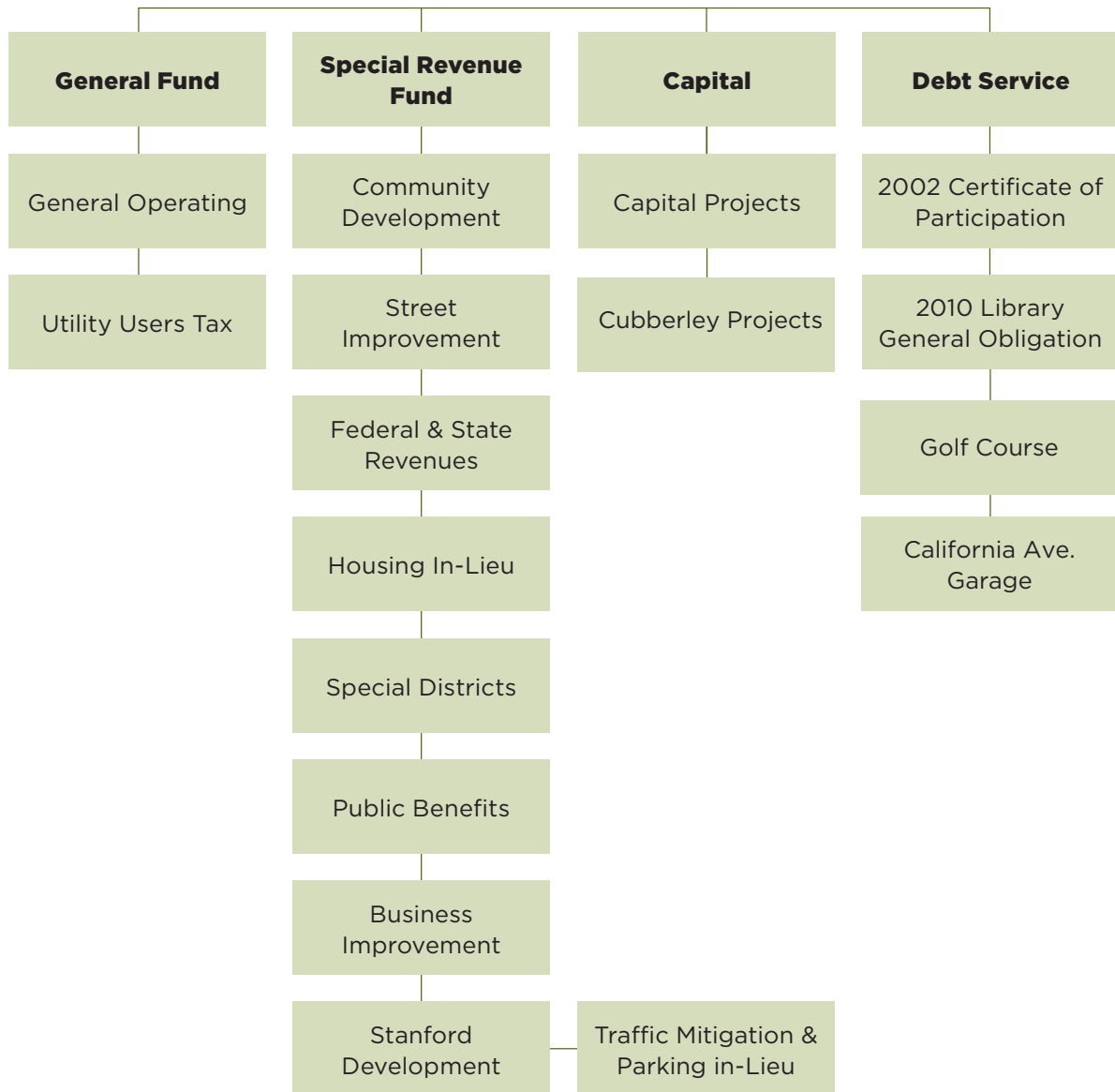
Citywide Funds



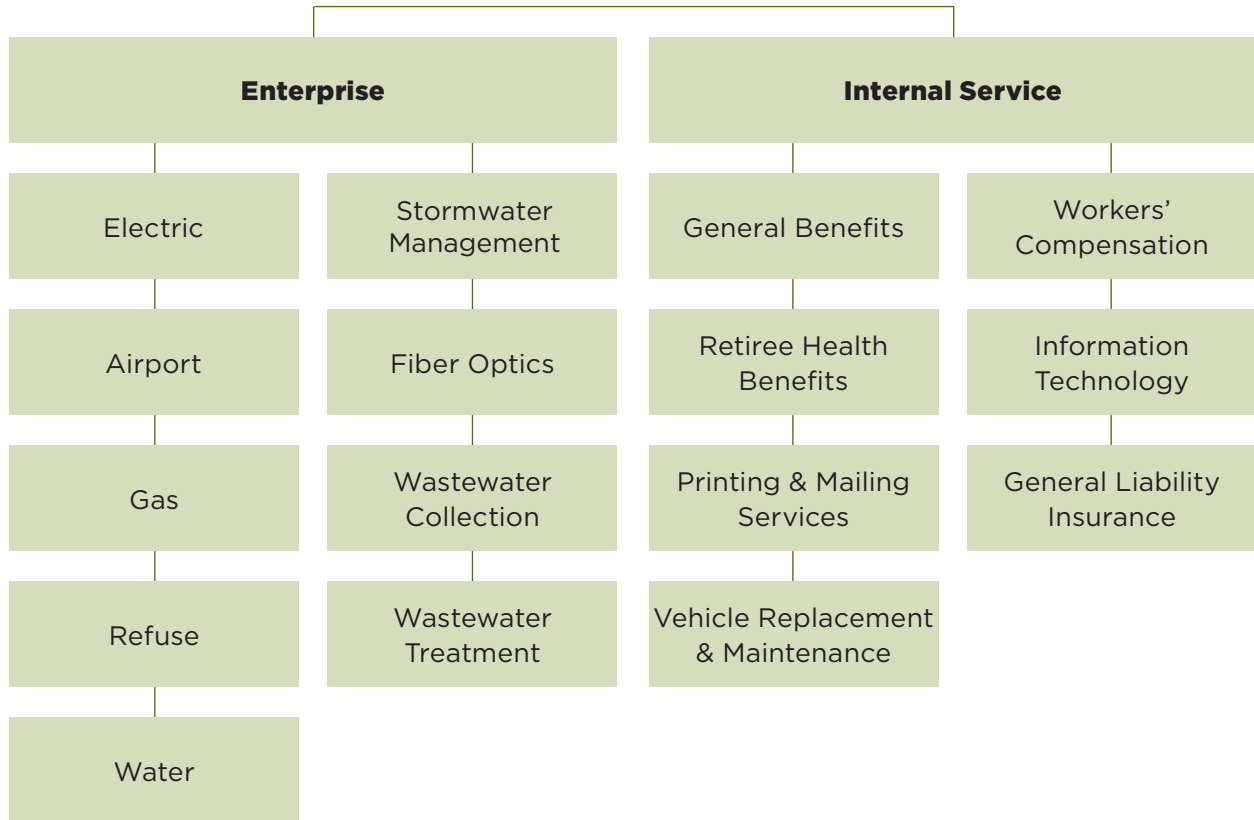


CITY OF
**PALO
ALTO**

Fund Structure



Fund Structure

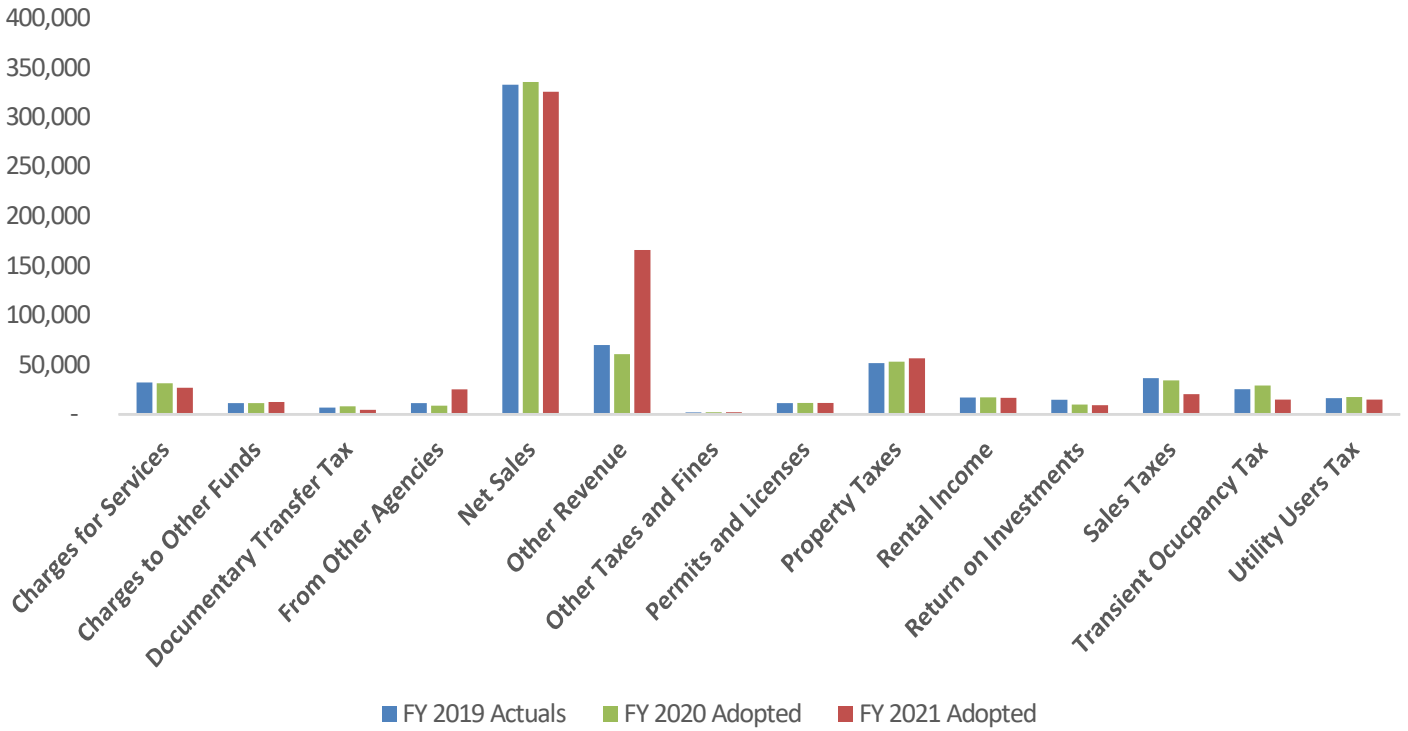


Total Citywide Revenue by Category

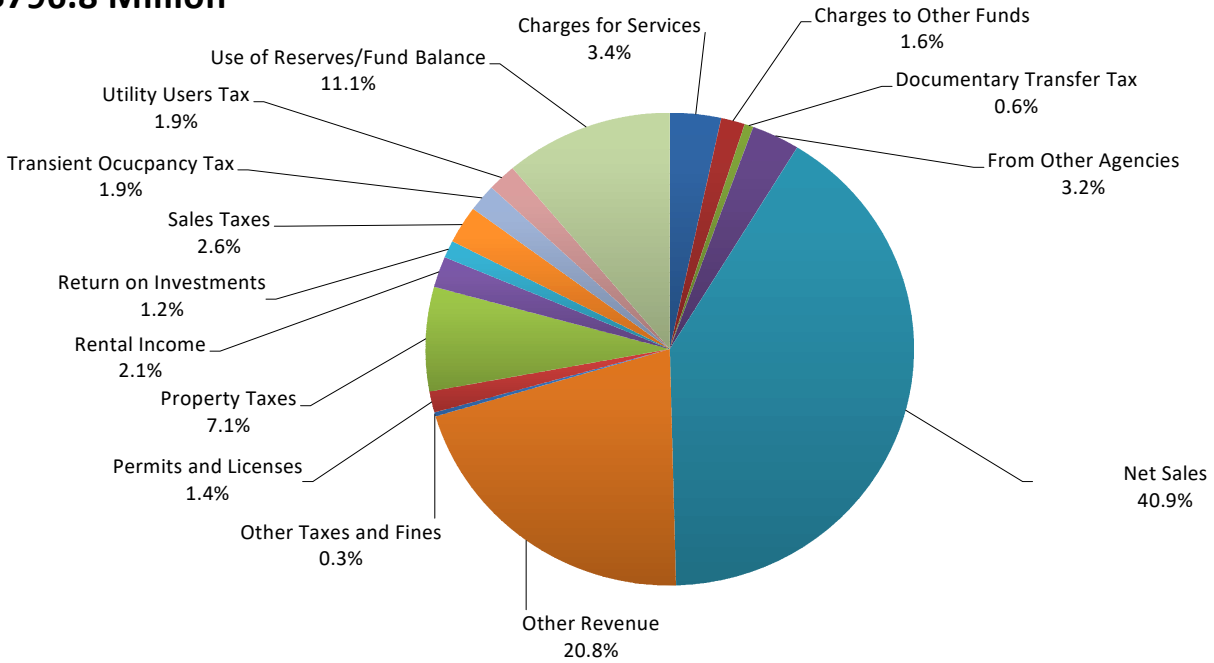
(\$000s)	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Charges for Services	28,699	32,298	31,440	26,980	(4,460)	(14.2)%
Charges to Other Funds	12,706	11,361	11,477	12,589	1,112	9.7%
Documentary Transfer Tax	9,229	6,923	8,369	4,700	(3,669)	(43.8)%
From Other Agencies	17,820	11,492	8,691	25,351	16,660	191.7%
Net Sales	316,038	332,564	335,525	325,499	(10,026)	(3.0)%
Other Revenue	42,968	69,846	60,864	165,844	104,980	172.5%
Other Taxes and Fines	2,477	2,029	2,372	2,192	(180)	(7.6)%
Permits and Licenses	11,294	11,415	11,725	11,516	(209)	(1.8)%
Property Taxes	47,242	51,776	53,217	56,699	3,482	6.5%
Rental Income	16,507	17,059	17,186	16,832	(354)	(2.1)%
Return on Investments	9,150	14,768	10,057	9,417	(640)	(6.4)%
Sales Taxes	31,091	36,508	34,346	20,500	(13,846)	(40.3)%
Transient Occupancy Tax	24,937	25,649	29,309	14,900	(14,409)	(49.2)%
Utility Users Tax	15,414	16,402	17,581	15,100	(2,481)	(14.1)%
Total	585,572	640,090	632,159	708,119	75,960	12.0%

CITYWIDE FUNDS OVERVIEW

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



FY 2021 Sources \$796.8 Million



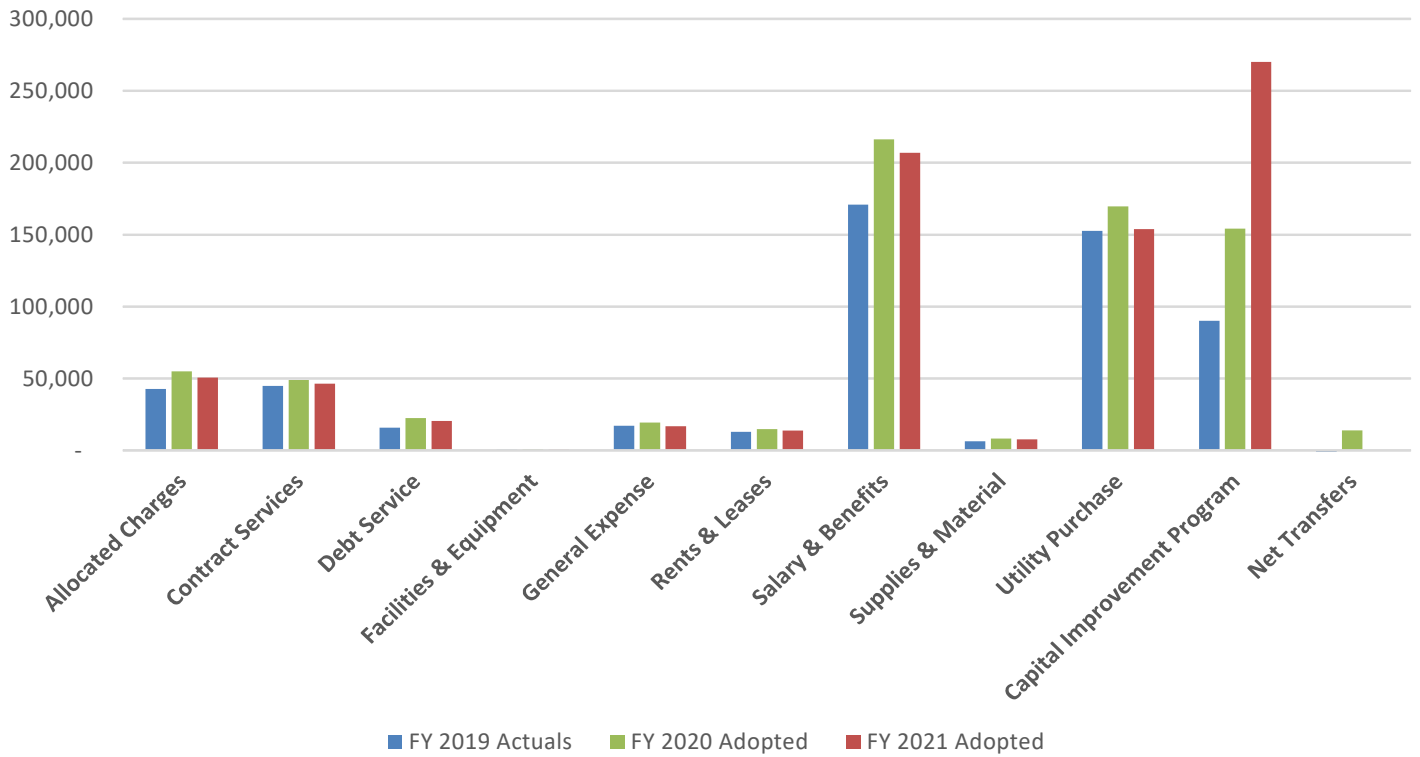
Total Citywide Expense by Category

	FY 2018 Actuals*	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Allocated Charges	43,024	42,770	54,911	50,669	(4,242)	(7.7)%
Contract Services	36,473	44,806	48,993	48,338	(2,655)	(5.4)%
Debt Service	17,693	15,894	22,553	20,387	(2,166)	(9.6)%
Facilities & Equipment	437	613	904	478	(426)	(47.1)%
General Expense	32,491	17,225	19,408	16,913	(2,495)	(12.9)%
Rents & Leases	12,659	12,908	14,792	13,735	(1,057)	(7.1)%
Salary & Benefits	184,306	170,951	216,144	206,881	(9,263)	(4.3)%
Supplies & Material	6,514	6,457	8,302	7,825	(477)	(5.7)%
Utility Purchase	154,157	152,748	169,713	153,811	(15,902)	(9.4)%
Capital Improvement Program	89,582	90,147	154,257	270,122	115,865	75.1%
Net Transfers	(1,264)	(6,592)	13,860	9,600	(4,260)	(30.7)%
Total	576,072	547,927	723,837	796,759	72,922	10.1%

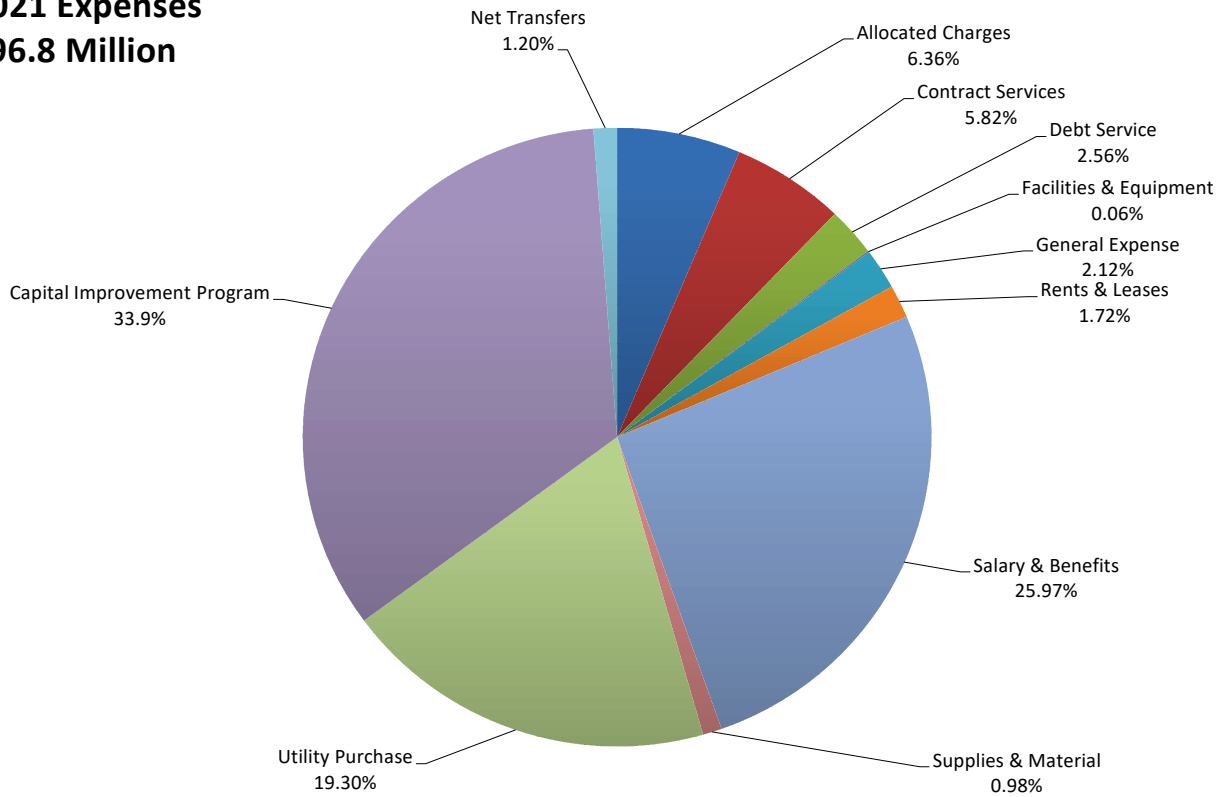
* FY 2018 Actuals as they appeared in the FY 2020 Adopted Budget inadvertently included an accounting transaction that should be excluded for budgetary purposes. The numbers in the table above correctly reflect the budgetary actuals for FY 2018.

CITYWIDE FUNDS OVERVIEW

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



FY 2021 Expenses \$796.8 Million



Citywide Projected Operating Fund Balance

	ENDING FUND BALANCE 6/30/20	ESTIMATED REVENUES	NET FUND TRANSFERS	ESTIMATED EXPENDITURES	ENDING FUND BALANCE 6/30/21
GENERAL FUND					
General Fund	33,045	175,614	3,558	179,172	33,045
Total General Fund	33,045	175,614	3,558	179,172	33,045
CAPITAL FUNDS					
Capital Improvement Fund	46,798	119,359	23,891	174,389	15,659
Cubberley Property Infrastructure Fund	4,171	0	1,864	2,187	3,848
Total Capital Funds	50,969	119,359	25,755	176,576	19,508
DEBT SERVICE FUNDS					
2018 Golf Course 2002B Refinancing	248	0	530	530	248
2019 California Ave Parking Garage	18	0	2,380	2,380	18
Library Bonds	3,660	4,589	0	4,645	3,604
Total Debt Service Funds	3,926	4,589	2,910	7,555	3,870
ENTERPRISE FUNDS					
Electric Fund	65,330	157,343	(10,884)	169,873	41,916
Fiber Optics Fund	31,536	5,563	(102)	4,243	32,754
Gas Fund	(583)	38,822	(7,529)	41,177	(10,467)
Wastewater Collection Fund	(4,956)	22,005	(279)	23,619	(6,849)
Water Fund	15,899	46,958	421	57,320	5,958
Refuse Fund	8,806	33,727	(57)	32,353	10,122
Stormwater Management Fund	(932)	7,909	(5)	9,867	(2,895)
Wastewater Treatment Fund	(16,898)	60,134	0	59,737	(16,502)
Airport Fund	(3,262)	21,813	(272)	21,087	(2,808)
Total Enterprise Funds	94,939	394,274	(18,707)	419,276	51,230
INTERNAL SERVICE FUNDS					
General Benefits Fund	4,545	76,859	(2,347)	73,875	5,182
Retiree Health Benefit Fund	2,469	13,641	2,347	15,986	2,471
Workers' Compensation Fund	2,918	5,553	0	6,947	1,524
Liability Insurance Fund	1,756	3,101	5	4,146	716

CITYWIDE FUNDS OVERVIEW

Citywide Projected Operating Fund Balance

	ENDING FUND BALANCE 6/30/20	ESTIMATED REVENUES	NET FUND TRANSFERS	ESTIMATED EXPENDITURES	ENDING FUND BALANCE 6/30/21
Printing and Mailing Services Fund	0	1,633	0	1,541	92
Technology Fund	18,353	12,889	1,309	16,982	15,569
Vehicle Replacement and Maintenance Fund	8,729	7,680	(816)	11,976	3,617
Total Internal Service Funds	38,770	121,356	498	131,453	29,171
SPECIAL REVENUE FUNDS					
Community Development Fund	13,781	1,009	(6,035)	0	8,755
Street Improvement Fund	75	2,843	(2,954)	0	(36)
Federal and State Revenue Funds	5,919	939	0	1,145	5,713
Housing In-Lieu and BMR Fund	52,260	2,817	0	358	54,719
Special Districts Funds	6,598	5,910	170	5,016	7,662
Traffic Mitigation & Parking In-Lieu Fund	12,268	536	(400)	0	12,404
Downtown Business Improvement District	106	140	0	148	98
Stanford Development Agreement (SUMC)	19,918	370	(3,250)	0	17,038
Public Art Funds	1,684	216	170	202	1,868
Total Special Revenue Funds	112,609	14,780	(12,299)	6,869	108,221
TOTAL OPERATING FUND BALANCE	334,258	829,972	1,715	920,901	245,044

Citywide Average Salary

Category	Mgmt/ Prof	Utilities Mgmt/ Prof	Fire Chief Asscn.	Fire Fighters	Police Mgmt Asscn.	PAPOA	SEIU	Total/ Average
Full-Time Equivalent (FTE)								
Authorized Positions	211.85	47.50	4.00	80.00	7.00	72.00	537.00	959.35
Frozen Positions ⁽¹⁾	17.90	2.00	-	8.00	-	11.00	36.60	75.50
Total Full-Time Equivalent	229.75	49.50	4.00	88.00	7.00	83.00	573.60	1,034.85
% of City	22.2%	4.8%	0.4%	8.5%	0.7%	8.0%	55.2%	100.0%
Salary (\$) ⁽²⁾	137,865	178,871	195,873	135,272	219,018	142,837	100,166	119,882
In-Lieu Holiday (\$)	N/A	N/A	N/A	5,867	N/A	4,386	284	1,400
Incentive Pay (\$) ⁽³⁾	N/A	N/A	N/A	943	N/A	1,226	394	552
Overtime (Average) (\$)	N/A	N/A	N/A	21,945	N/A	16,795	4,940	8,271
Management Leave (80 Hours) (\$)	5,302	6,880	7,534	N/A	8,424	N/A	N/A	5,677
Pension Employer Portion (\$) Misc 38.37%; Safety 65.33%	52,895	68,628	127,967	88,376	143,089	93,319	38,431	52,790
Medicare (\$)	1,999	2,594	2,840	1,961	3,176	2,071	1,452	1,738
Medical (\$)	18,888	20,21	24,114	19,506	22,111	19,394	18,171	18,680
Dental/Vision (\$)	1,956	2,179	2,274	2,129	2,166	1,971	1,897	1,952
Retiree Medical (\$) ⁽⁴⁾	7,249	7,180	13,927	11,090	13,369	13,074	6,002	7,415
Workers' Comp (\$)	3,869	3,555	N/A	11,670	N/A	9,237	3,869	4,907
LIFE/LTD/SUI (\$)	667	667	667	667	667	667	667	667
Non-salary Benefits (\$) ⁽⁵⁾	2,154	4,387	4,846	1,734	3,387	3,108	569	1,443
Average Salary & Benefits (\$)	232,845	294,961	380,042	301,161	415,407	308,085	176,841	225,374
City's Proactive Contributions to Long-Term Pension Liabilities (Margin for using a 6.2% Discount Rate to calculate the Normal Cost)	5,094	6,672	13,346	9,492	15,216	9,649	3,736	5,257
Isolate Holiday Pay from Salary								
Salary, includes holidays (\$)	137,865	178,871	195,873	135,272	219,018	142,837	100,166	119,882
Holidays (assumes 11, 9 hour days) (\$)	6,562	8,514	9,323	6,438	10,424	6,799	4,767	5,706
Salary, excludes holidays (\$)	131,303	170,358	186,550	128,834	208,594	136,039	95,398	114,176

Notes:

(1) The FY 2021 budget includes position freezes that reduce funding equivalent to holding a position vacant. The FTE allocations of the frozen positions remain in the table of organization; therefore, the associated reductions have been excluded from the calculations and averages reflect the salaries and benefits of all 1,034.85 FTE.

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

Citywide Average Salary

Category	Mgmt/ Prof	Utilities Mgmt/ Prof	Fire Chief Asscn.	Fire Fighters	Police Mgmt Asscn.	PAPOA	SEIU	Total/ Average
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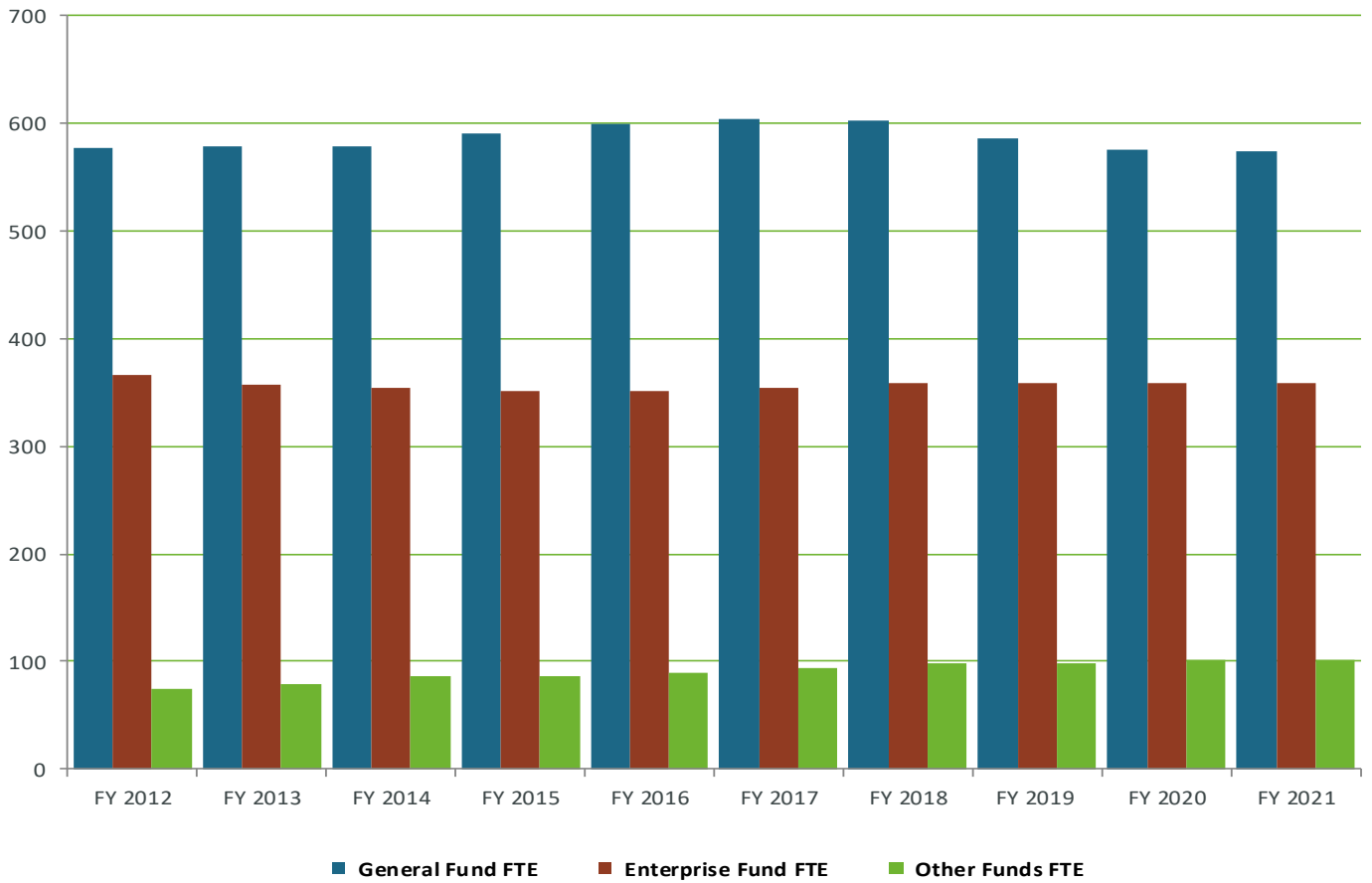
(3) Incentive pay includes: Fair Labor and Standards Act Charges and Night Shift Differential pay.

(4) The Miscellaneous groups will pick up 1% of the employer share of pension and Safety groups will pick up 3% to 4% (IAFF/PAFCA: 4%, PAPOA: 3.5%, PAPMA: 3%)

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

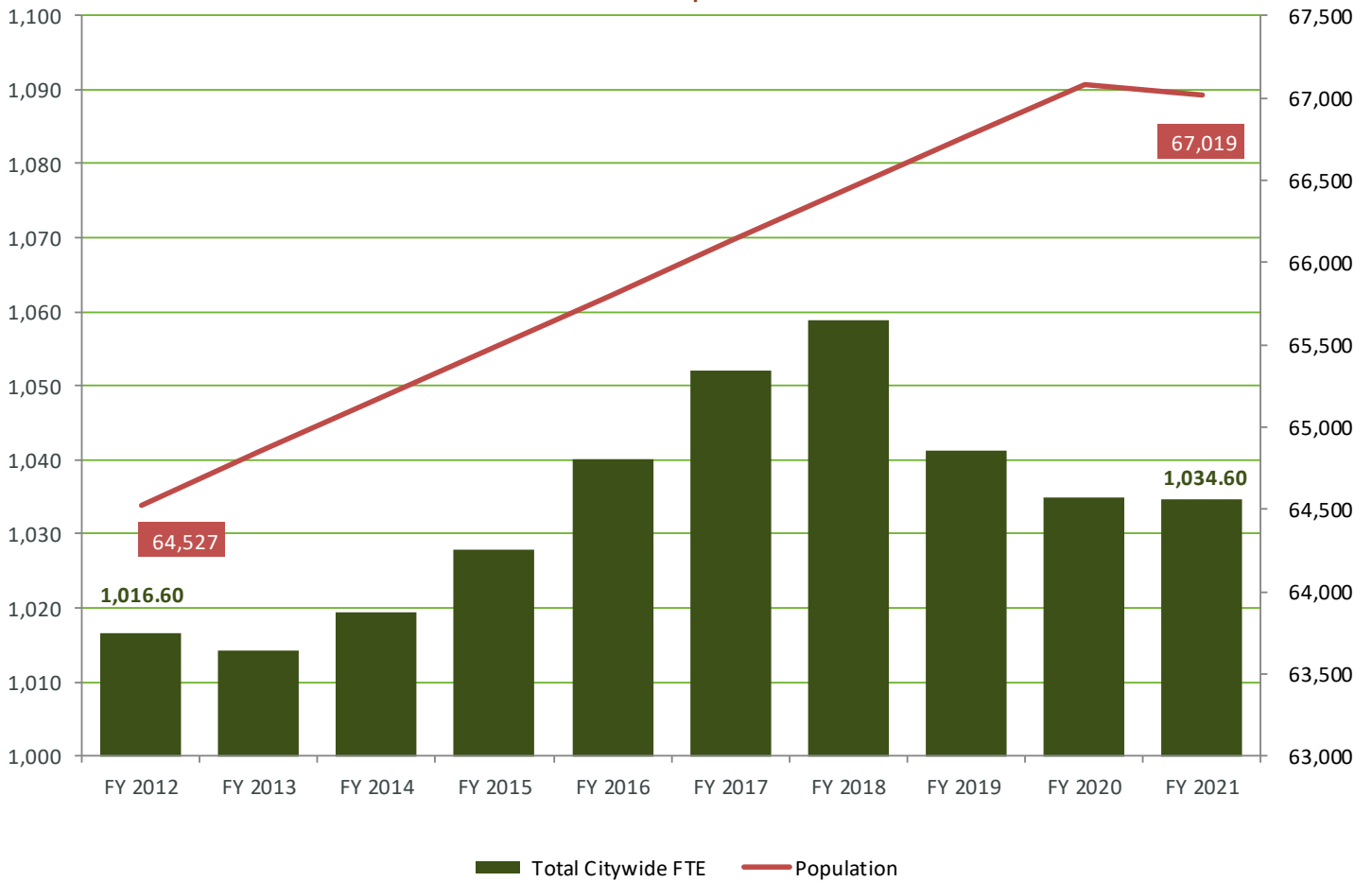
(6) Non-salary Benefits include professional development for Mgmt, Utilities Mgmt, FCA and PMA; tuition reimbursement for FCA and PMA; and management excess benefit for Mgmt, Utilities Mgmt, FCA and PMA. Does not include administrative fees for General Benefits and Workers' Compensation Funds.

10 Year Trend - Citywide FTE by Fund



CITYWIDE FUNDS OVERVIEW

10 Year Trend - Citywide FTE Positions vs. Population Growth

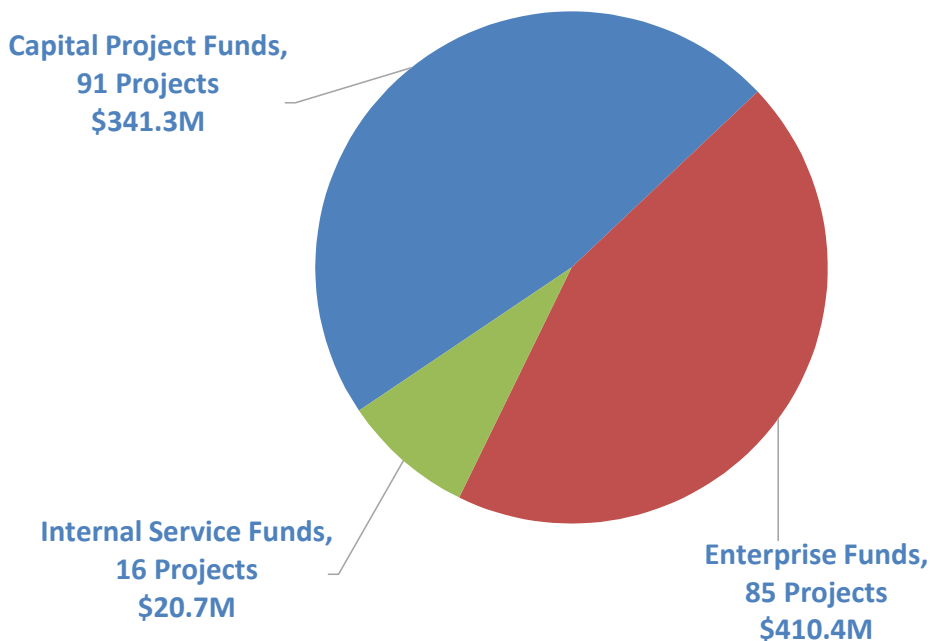


MAJOR CAPITAL PROJECTS

Description

The combined Fiscal Year 2021 Adopted Capital Budget, which includes the Capital Improvement Funds, Enterprise Funds, and Internal Service Funds, is \$299.9 million, an increase of \$108.4 million, or 56.6 percent, compared to the Fiscal Year 2020 Adopted Capital Budget of \$191.5 million. The overall 2021-2025 Capital Improvement Program (CIP) is \$772.4 million, a decrease of \$21.6 million, or 2.9 percent, compared to the 2020-2024 CIP of \$750.8 million.

2021-2025 CIP PLANNED FUNDING BY FUND TYPE (\$772.4 MILLION)



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

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

For a detailed discussion of the City's Fiscal Year 2021 Adopted Capital Budget, please visit the City's website at www.cityofpaloalto.org/budget.

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2021 Budget	Five-Year CIP Cost	Total Project Cost
Airport Fund: Airfield Electrical Improvements (AP-19001)	\$0	\$5,266,500	\$5,266,500

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

Operating Impact

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

Airport Fund: Airport Apron Reconstruction (AP-16000)	\$19,367,600	\$19,418,600	\$44,573,116
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This project provides funding for the design and reconstruction of the Palo Alto Airport apron in multiple phases within the existing footprint.

Operating Impact

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

Capital Improvement Fund: Art In Public Spaces (AC-86017)	\$1,615,424	\$2,748,081	Recurring
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This project provides funding for innovative public art for both interior and exterior public spaces in accordance with the City Council-approved Art in City Capital Improvement Projects ordinance.

Operating Impact

Annual funding in the amount of \$30,000 for public art maintenance is allocated to the Community Services Department in the General Fund.

Capital Improvement Fund: Bicycle and Pedestrian Transportation Plan Implementation (PL-04010)	\$1,273,595	\$7,323,595	\$16,616,736
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This project provides funding for the design and construction of bicycle boulevards, enhanced bikeways, shared-use paths, bicycle parking, and pedestrian improvements in accordance with the Palo Alto Bicycle and Pedestrian Transportation Plan, which was adopted by City Council in 2012.

Operating Impact

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

Capital Improvement Fund: Birch Street Improvements (PE-19003)	\$0	\$2,400,000	\$5,120,000
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This project provides funding for conversion of an undeveloped lot recently purchased by the City into a park facility and removal of Ash Street and reconfiguration of Chestnut Avenue to link the existing Boulware Park with this additional parcel.

Operating Impact

The maintenance cost of the project would be approximately \$25,000 annually and will need major renovations every 20 years after its opening to replace equipment and park amenities.

Capital Improvement Fund: Byxbee Park Completion (PE-18006)	\$2,881,146	\$2,881,146	\$3,240,044
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This project provides funding for the remaining improvements to Byxbee Park per the conceptual plan developed in the Baylands Comprehensive Conservation Plan. The conceptual plan for additional native planting islands, park seating, interpretive signage and an expanded parking lot.

Operating Impact

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

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2021 Budget	Five-Year CIP Cost	Total Project Cost
Capital Improvement Fund: Charleston/Arastradero Corridor Project (PE-13011)	\$5,800,000	\$5,800,000	\$19,554,490

This project provides funding for the reconfiguration of the Charleston/Arastradero corridor, including engineering design and construction of new landscaped median islands, bulb outs, enhanced bike lanes, new street trees, and lighting. During the design phase, opportunities for including "green infrastructure" features such as infiltration basins and porous hardscape surfaces were explored. The conceptual design and California Environmental Quality Act (CEQA) review for the entire corridor was completed in September 2015 and the National Environmental Protection Act (NEPA) was completed in October 2016. Final design for the corridor was completed in Fall 2017.

Operating Impact

Landscaping and irrigation maintenance is estimated to increase by \$52,000 in FY 2021 and by 3% annually thereafter. Tree trimming maintenance is estimated to be \$20,000 per year.

Capital Improvement Fund: Churchill Avenue Enhanced Bikeway (PL-14000)	\$3,159,466	\$3,159,466	\$3,580,681
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This project includes planning, design and construction of a shared-use path along the north side of Churchill Avenue between the existing shared-use path at Castelleja Avenue and the Stanford Perimeter Trail. It also includes intersection improvements at Churchill Avenue and El Camino Real, which will include a new dedicated westbound right-turn lane.

Operating Impact

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

Capital Improvement Fund: Churchill Avenue/Alma Street Railroad Crossing Safety Improvements (PL-20000)	\$4,636,200	\$4,636,200	\$5,036,200
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This project includes design and construction of pedestrian and bicycle safety improvements on the west side of the Churchill Avenue and Alma Street railroad crossing intersection. Design includes, but is not limited to, traffic signal modifications, street lighting improvements, roadway resurfacing, sidewalk realignment and/or widening, drainage improvements, utility relocations, signage and striping, innovative bicycle treatments, traffic calming elements, and way-finding improvements.

Operating Impact

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

Capital Improvement Fund: Downtown Automated Parking Guidance Systems, Access Controls, and Revenue Collection Equipment (PL-15002)	\$2,726,860	\$2,726,860	\$2,857,336
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This project addresses infrastructure and capital improvements for parking facilities. This project includes design and installation of new downtown parking guidance systems, access controls and revenue collection equipment. This project includes cameras in garages for added security for patrons.

Operating Impact

The ongoing operating costs for cameras and other equipment is not known at this time; however, as these costs are quantified, adjustments will be brought forward in the next budget cycle.

Capital Improvement Fund: El Camino Real Pedestrian Safety and Streetscape Project (PL-18000)	\$2,954,181	\$6,505,931	\$6,662,520
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The El Camino Real Pedestrian Safety and Streetscape Project will install improvements focused on pedestrian safety at controlled and uncontrolled crosswalks, enhanced bus operations at two existing major transit stops, and new urban design amenities between Stanford Avenue and Sheridan Avenue. The project includes: curb extensions; median refuges; median shade trees; pedestrian scale lighting and potential bus enhancement.

Operating Impact

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2021 Budget	Five-Year CIP Cost	Total Project Cost
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The maintenance costs are unknown at this time; however, as these costs are quantified, adjustments will be brought forward in the next budget cycle.

Capital Improvement Fund: Fire Station 4 Replacement (PE-18004)	\$700,000	\$9,850,000	\$10,200,000
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This project provides funding to replace Fire Station 4 at the corner of Middlefield Road and East Meadow Drive. The replacement facility will be based on the prior Replacement Study and Needs Assessment prepared in 2005.

Operating Impact

This project is anticipated to impact operating expenses in the future. Maintenance is estimated to increase by \$9,200 in FY 2024 and by 3% annually thereafter.

Capital Improvement Fund: Junior Museum and Zoo (JMZ) Renovation (AC-18001)	\$2,231,551	\$2,231,551	\$4,474,913
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This project provides funding to relocate the Palo Alto Junior Museum & Zoo (JMZ) for two years to the Cubberley Community Center to facilitate construction of a new JMZ at the current site. This project also includes funding for permit and inspection fees related to the JMZ rebuild project, new exhibitions (including temporary staffing to design and prototyping), deck construction costs (partial), park signage (partial), furniture and equipment costs, payment and performance bonds, re-opening marketing and outreach expenses.

Operating Impact

This project is anticipated to impact operating expenses in the future. Additional staffing, exhibit, maintenance, and custodial costs are expected to have a net impact of approximately \$340,000 in FY 2021 and ongoing. Additional information about costs associated with opening the JMZ can be found in the Community Services Department section of the FY2021 Operating budget.

Capital Improvement Fund: Magical Bridge Playground Rubber and Synthetic Turf Resurfacing (PE-21003)	\$404,050	\$867,300	\$867,300
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This project provides funding for the replacement of all rubberized and synthetic turf surfacing in the playground and play equipment.

Operating Impact

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

Capital Improvement Fund: Municipal Service Center A, B, and C Roof Replacement (PF-17000)	\$2,169,800	\$2,169,800	\$2,169,800
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This project provides funding for a fluid, reinforced waterproofing application over the existing roof. The existing asphalt and gravel roof is nearing the end of its useful life and needs to be rehabilitated. If the existing roof is allowed to deteriorate beyond a certain point, the fluid applied system cannot be used and a full replacement of the roofing system would be required. The application will meet current cool roofing codes to optimize energy efficiency.

Operating Impact

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

Capital Improvement Fund: Municipal Service Center Lighting, Mechanical, and Electrical Improvements (PF-16006)	\$6,038,732	\$6,038,732	\$7,226,945
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This project provides funding for the replacement of original mechanical and electrical systems and lighting installed in 1966 in the Municipal Service Center's (MSC) Buildings A, B, and C. The project also includes the renovation of office space and shop areas in Building C.

Operating Impact

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

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2021 Budget	Five-Year CIP Cost	Total Project Cost
Capital Improvement Fund: New Downtown Parking Garage (PE-15007)	\$0	\$5,103,000	\$6,583,943

This project provides funding for a new public parking garage in the University Avenue commercial area at existing Parking Lot D at the corner of Hamilton Avenue and Waverley Street. The project will evaluate the feasibility of including retail and stacked parking as part of the new structure. Design and environmental consultant services will be needed, including the development of preliminary plans and cost estimates, and completion of the project's environmental review.

Operating Impact

This project is anticipated to impact operating expenses in the future. Custodial and maintenance costs are estimated to be \$94,000 in FY 2025 and increase 3% annually thereafter.

Capital Improvement Fund: New Public Safety Building (PE-15001)	\$102,800,000	\$106,600,000	\$118,007,021
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This project provides funding for the design and construction of a new Public Safety Building on Lot C-6 in the California Avenue commercial area. Design and environmental consultant services will be needed, including the development of preliminary plans, cost estimates and special studies as part of an Environmental Impact Report (EIR), and site evaluation for the approximately 44,500 square foot facility. The size and programming of the new facility were developed by the 2006 Blue Ribbon Task Force.

Operating Impact

This project is anticipated to impact operating expenses in the future. Custodial and maintenance costs are estimated to be \$335,000 in FY 2024 and increase by 3% annually thereafter.

Capital Improvement Fund: Newell Road/San Francisquito Creek Bridge Replacement (PE-12011)	\$6,017,111	\$12,371,411	\$16,188,313
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This project will provide funding to remove and replace the Newell Road bridge over San Francisquito Creek. Design considerations include a clear span over the creek to allow the channel to convey a flow consistent with the San Francisquito Joint Powers Authority's (JPA) initial flood protection project as well as bicycle and pedestrian traffic.

Operating Impact

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

Capital Improvement Fund: Quarry Road Improvements and Transit Center Access (PL-16000)	\$928,400	\$5,030,300	\$6,318,351
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This project provides funding for the planning, design and construction of bicycle and pedestrian improvements along Quarry Road between El Camino Real and Welch Road, including, but not limited to, upgraded bicycle lanes and crosswalks, innovative intersection treatments for bicyclists, and improved access to transit stops. Planning, design, and construction of a new bicycle, pedestrian, and transitway between the Palo Alto Transit Center bus depot and the intersection of Quarry Road and El Camino Real has been completed.

Operating Impact

Street and landscaping maintenance of the street connection would be supported by the Public Works Department's operations fund. Costs are still being determined and will be brought forward as part of the next budget cycle.

Capital Improvement Fund: Railroad Grade Separation (PL-17001)	\$4,260,625	\$9,268,225	\$13,075,721
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This project, Connecting Palo Alto, is a community-based process to advance the railroad grade crossing circulation study and context sensitive solutions study envisioned by the City Council. It will also fund the preparation of Project Study Report and environmental analysis that will be required for the City to realize its goals of advancing grade separations.

Operating Impact

Operating impacts, if any, will depend upon the grade separation alternative selected.

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2021 Budget	Five-Year CIP Cost	Total Project Cost
Capital Improvement Fund: Rinconada Park Improvements (PE-08001)	\$2,495,229	\$6,107,329	\$8,752,380

Upon completion of the Rinconada Park Long Range Plan (LRP) adopted in 2017, funding was secured to begin these park improvements, Phase 1 improvements at Rinconada Park will be implemented in the western half of the park in fall 2020 and would include funding to safety, site amenities, playground facilities, irrigation, drainage, restroom , and accessibility improvements.

Operating Impact

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

Capital Improvement Fund:Roth Building Maintenance (PF-07011)	\$31,973	\$31,973	\$67,870
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This project provides funding for window repairs, waterproofing of foundation walls, installation of electrical service, and a new ventilation system at the Roth building. In addition, roofing repairs will be done on an as needed basis until such time that the building is leased and occupied.

Operating Impact

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

Capital Improvement Fund: Street Maintenance (PE-86070)	\$5,435,543	\$24,835,243	Recurring
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This project provides funding for annual resurfacing, slurry sealing, crack sealing, and reconstruction of various City streets.

Operating Impact

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

Capital Improvement Fund: Traffic Signal and Intelligent Transportation Systems (PL-05030)	\$1,172,355	\$5,051,655	Recurring
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This project provides funding for the design and construction of traffic signals, traffic signal communications networks, signal performance/surveillance projects for transportation use, and maintenance of the City's traffic signal central management system. The project includes the replacement of traffic signal controllers/cabinets, video detection systems, and other field equipment.

Operating Impact

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

Cubberley Property Infrastructure Fund: Cubberley Repairs (CB-17001)	\$831,778	\$1,266,878	Recurring
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This project provides funding to make repairs and minor improvements at the Cubberley Community Center. Work completed under this project may include items such as painting, sidewalk repairs, breezeway pavement resurfacing, landscaping improvements, minor equipment replacement, and improvements to interior finishes.

Operating Impact

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

Electric Fund: Colorado Power Station Equipment Upgrades (EL-19001)	\$900,000	\$6,700,000	\$10,832,970
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This project will replace aging peripheral equipment used on the substation transformer banks at the Colorado Power Station. The Colorado Power Station is the 115kV/60kV transmission side of the Colorado Substation, which transforms the electricity to a lower sub-transmission voltage that feeds the individual for distribution stations around the city.

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2021 Budget	Five-Year CIP Cost	Total Project Cost
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Operating Impact

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

Electric Fund: Colorado/Hopkins System Improvement (EL-15000)	\$0	\$3,000,000	\$3,000,000
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This project will replace deteriorating equipment, which will increase system capacity and improve service reliability for the areas served by the Hopkins and Colorado substations and adjacent substations.

Operating Impact

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

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

Operating Impact

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

Electric Fund: Electric System Improvements (EL-98003)	\$2,504,700	\$12,562,400	Recurring
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This project provides funding, as needed, to improve the Electric Distribution System. Typical activities include: increasing system capacity for load growth, replacing deteriorated capital facilities, reconfiguring/adding to the system to improve service reliability, repairing and replacing storm damaged equipment, and making general improvements to the system.

Operating Impact

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

Electric Fund: Facility Relocation for Caltrain Modernization (EL-17007)	\$2,723,631	\$2,723,631	\$3,127,417
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This project allows for the relocation of overhead Utility Electric and Fiber Optic lines to provide adequate clearance from new electric lines being installed by the Peninsula Corridor Joint Powers Board (Caltrain) to convert their commuter trains from diesel to electric power.

Operating Impact

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

Electric Fund: Foothills Rebuild (Fire Mitigation) (EL-21001)	\$2,000,000	\$4,000,000	\$4,000,000
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Devastating wildfires throughout the State of California have prompted electric utilities throughout the state to identify areas within their jurisdiction that are susceptible to power-line ignited wildfires and to take steps to prevent their occurrence.

Operating Impact

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

Electric Fund: Hopkins Substation 4/12kV Conversion (EL-20000)	\$0	\$4,110,000	\$4,110,000
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This project will fund the conversion of the distribution system connected to the Hopkins Substation from 4kV to 12kV.

Operating Impact

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

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2021 Budget	Five-Year CIP Cost	Total Project Cost
Electric Fund: Smart Grid Technology Installation (EL-11014)	\$5,000,000	\$19,000,000	\$19,697,399

This project will implement portions of the Smart Grid Road Map that can be cost effectively applied to the City's Electric, Gas, and Water utility systems resulting in operating cost savings, environmental benefits, plus an increased quality of life and productivity for the residents and businesses of Palo Alto.

Operating Impact

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

Electric Fund: Substation 60kV Breaker Replacement (EL-17002)	\$600,000	\$3,018,000	\$3,980,650
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This project funds the purchase and replacement of high voltage circuit breakers that interconnect the nine electric substations and two power switching stations. There are 25 circuit breakers reaching the end of their recommended reliable useful life expectancy and/or are now underrated for the use.

Operating Impact

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

Electric Fund: Substation Physical Security (EL-16003)	\$1,865,852	\$2,695,852	\$3,248,572
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The electric substations are a key element of the Electric Distribution System used to provide electricity to residents and customers of Palo Alto. This project will evaluate options for protecting electric substations from outside vandalism and intrusion. If necessary, fences and other protections will be repaired.

Operating Impact

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

Electric Fund: Underground District 46 - Charleston/El Camino Real (EL-12001)	\$1,021,531	\$1,021,531	\$3,499,992
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This project includes the costs to underground the existing overhead Electrical Distribution System in the area along the 400 block of West Charleston and El Camino Real.

Operating Impact

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

Electric Fund: Wood Pole Replacement (EL-19004)	\$2,975,000	\$9,020,000	Recurring
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This project will fund the annual replacement of deteriorated wood poles.

Operating Impact

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

Fiber Optics Fund: Fiber Optics System Rebuild (FO-16000)	\$1,075,000	\$1,075,000	\$1,242,165
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This system capacity improvement project rebuilds portions of the fiber system around Palo Alto, which, in turn, licenses dark fiber to companies providing telecommunication services to residents and businesses in Palo Alto. The rebuild projects will install new aerial duct or substructures (conduit and boxes) and additional fiber backbone cable to increase capacity for sections of the system that are at or near capacity. This will allow the Utilities Department to meet customer requests for service connections. The main rebuild project areas are the Stanford Research Park, the Palo Alto Internet Exchange (PAIX) at 529 Bryant Street, and the downtown business district.

Operating Impacts

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

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2021 Budget	Five-Year CIP Cost	Total Project Cost
Gas Fund: Gas Main Replacement - Projects 23 to 25 (GS-13001, GS-14003, GS-15000)	\$7,620,046	\$29,620,046	\$30,064,572

These projects replace leaking, inadequately-sized, and structurally deficient gas mains and services located on various streets throughout the City. Staff identifies problematic mains/services by researching maintenance and leak histories, analyzing performance of the entire gas distribution system, and considering risk ratings of the Distribution Integrity Management Plan.

Operating Impacts

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

Gas Fund: Gas System, Customer Connections (GS-80017)	\$1,082,688	\$5,831,880	Recurring
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This funding allows for the Gas Distribution System to be extended in order to provide gas service to new customers and augment service to customers with increased natural gas demands. Improvements include new mains, services, valves, regulators, meters, and accessories.

Operating Impacts

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

Stormwater Management Fund: Corporation Way System Upgrades and Pump Station (SD-21000)	\$1,879,186	\$3,741,333	\$3,972,333
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This project provides funding for the design of a new small pump station with 25 cubic feet per second capacity and the upgrade of 700 linear feet of storm drain pipe to 30-inch High Density Polyethylene.

Operating Impacts

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

Stormwater Management Fund: Storm Drainage System Replacement And Rehabilitation (SD-06101)	\$2,069,475	\$3,567,475	Recurring
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This project provides funding for annual replacement and rehabilitation projects, identified by a previous condition assessment, to help maintain the integrity of the storm drain system, including the replacement or rehabilitation of deteriorated storm drain pipes, manholes, and storm drain inlets.

Operating Impacts

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

Technology Fund: Enterprise Resource Planning Upgrade (Reserve) (TE-19000)	\$0	\$2,029,000	\$4,950,000
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This project provides funding to upgrade the existing Enterprise Resource Planning (ERP) system and Customer Information System (CIS) to better meet the City's needs.

Operating Impact

Annual licensing fees of \$0.4 million are anticipated to begin in FY 2021 for this project once the ERP system is upgraded, which is approximately \$0.1 million more than the current licensing costs.

Vehicle Replacement Fund: Scheduled Vehicle and Equipment Replacement - Fiscal Years 2019 to 2025 (VR-19000, VR-20000, VR-21000, VR-23000, VR-25000)	\$5,011,000	\$11,495,000	\$14,722,770
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These projects provide funding for the scheduled replacement of existing City fleet vehicles and equipment.

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2021 Budget	Five-Year CIP Cost	Total Project Cost
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Operating Impacts

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

Wastewater Collection Fund: Sewer Lateral/Manhole Rehabilitation and Replacement (WC-99013)	\$876,000	\$4,226,500	Recurring
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This project will replace defective sewer laterals, cleanouts, and manholes; install backwater devices; and purchase equipment to support these activities in order to maintain the Wastewater Collection System. Information collected during routine annual maintenance activities is used to prioritize work. Defective laterals, for example, will be replaced to re-establish existing services, reduce maintenance expenses, and eliminate ground water intrusion. Backwater devices will be installed to reduce backflows of sewage. New manholes will be installed or rehabilitated to improve structural integrity.

Operating Impacts

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

Wastewater Collection Fund: Wastewater Collection System Rehabilitation/Augmentation Projects 24 to 33 (WC-16001, WC-17001, WC-19001)	\$2,675,424	\$15,025,424	\$15,638,890
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These projects fund the design and construction of high priority main and lateral replacement work, which reduces inflow of rainfall and ground water into the collection system, for various streets throughout the City. These projects will be comprised of laterals identified in video inspection work or through maintenance records identified as deficient and in need of replacement. Priority will be given to areas identified by Public Works as targeted work zones ensuring infrastructure coordination among different City departments.

Operating Impacts

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

Wastewater Treatment Fund: Advanced Water Purification Facility (WQ-19003)	\$448,000	\$21,564,000	\$24,229,000
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This project provides funding for an Advanced Water Purification Facility to further improve the quality of the tertiary-treated recycled water by microfiltration or ultrafiltration followed by reverse osmosis to reduce the level of total dissolved solids (TDS).

Operating Impacts

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

Wastewater Treatment Fund: Headworks Facility Replacement (WQ-16002)	\$0	\$20,268,000	\$20,268,000
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This project provides funding for replacing influent pumping, including the suction and discharge piping, pipe manifolds, valves, the electrical and controls system, screening equipment, grit handling equipment, the force main to the primaries and modifying headworks building, and yard piping.

Operating Impacts

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

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2021 Budget	Five-Year CIP Cost	Total Project Cost
Wastewater Treatment Fund: New Laboratory and Environmental Services Building (WQ-14002)	\$1,503,460	\$23,167,460	\$24,191,995

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

Operating Impacts

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

Wastewater Treatment Fund: Plant Repair, Retrofit, and Equipment Replacement (WQ-19002)	\$7,332,834	\$21,514,834	Recurring
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This project provides funding for the assessment, repair, and retrofit of the RWQCP's concrete and metal structures; the replacement of necessary RWQCP equipment and ancillary facilities to maintain treatment reliability and existing infrastructure; and the replacement of large diameter flow meters built into the wastewater treatment system on sewers, pipes, and water lines.

Tasks and funding previously budgeted in three separate maintenance related projects, WQ-80021, WQ-80022, and WQ-04011, will now be consolidated and budgeted in this one recurring project.

Operating Impacts

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

Wastewater Treatment Fund: Outfall Line Construction (WQ-19000)	\$7,775,000	\$8,886,000	\$8,926,000
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This project consists of the construction of a new parallel outfall pipe to convey final plant effluent to San Francisco Bay.

Operating Impacts

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

Wastewater Treatment Fund: Primary Sedimentation Tank Rehabilitation (WQ-14003)	\$14,068,800	\$19,654,800	\$20,681,850
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This project provides funding for new protective coatings on each of the four concrete primary sedimentation tanks and replacement of worn rotating parts. The tanks, installed in 1972, are 220 feet long by 41 feet wide and remove settleable solids and grease. The coating ensures reinforcing steel bars within the concrete are protected from penetrating corrosive sewer gases and extends the concrete's life another 30 years.

Operating Impacts

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

Wastewater Treatment Fund: Secondary Treatment Upgrades (WQ-19001)	\$1,552,300	\$31,362,300	\$32,831,980
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This project provides funding for upgrades to the Secondary Treatment process at the Regional Water Quality Control Plant. The existing Secondary Treatment process has two main components; the Fixed Film Reactors (FFR) and the Activated Sludge (AS) Process. This project includes the reconstruction of the AS Process, rehabilitation of the AS Aeration Basins and the elimination of the FFRs. The AS Aeration Basins will be subdivided with concrete walls creating different zones where different pollutants can be treated. One of the zones will then operate without oxygen, treating nitrogen and cutting the nitrogen in the treated wastewater in half. The project will not only reduce organics and ammonia in the existing processes, but will also reduce total nitrogen, the next pollutant being regulated.

Operating Impacts

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

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2021 Budget	Five-Year CIP Cost	Total Project Cost
Water Fund: Water, Gas, Wastewater Utility GIS Data (WS-02014)	\$905,862	\$2,930,528	Recurring

This project covers the annual maintenance and support contract to improve the ability of Utilities Department staff to use the Geographic Information System (GIS). As with other GIS activities, continuing the completion of data-related tasks is the primary emphasis. Because field personnel still need accurate paper maps in the field, standard map books will be produced to meet their specific needs. Funding is also included to improve the GIS user interface to better serve the unique requirements of Utility Department users.

Operating Impacts

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

Water Fund: Water Main Replacement - Projects 26 to 32 (WS-13001, WS-14001, WS-15002)	\$3,085,107	\$20,935,107	\$25,652,633
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These projects will fund the design and replacement of structurally deficient water mains and appurtenances throughout the City. Mains are selected by researching the maintenance history of the system and identifying those that are undersized, corroded, and subject to breaks.

Operating Impacts

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

Water Fund: Water System Customer Connections (WS-80013)	\$850,000	\$4,524,300	Recurring
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This project allows for improvements that include new main extensions, valves, domestic services, meters on upgraded services, backflow devices, fire services, and fire hydrants.

Operating Impacts

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

Water Fund: Water Tank Seismic Upgrade and Rehabilitation (WS-09000)	\$7,093,000	\$11,993,000	\$15,642,385
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This project will provide tank rehabilitation, seismic upgrades, and/or tank replacement structural reinforcement for the Corte Madera, Park, Boronda, and Dahl reservoirs in order to improve earthquake resistance in compliance with the American Society of Civil Engineers (ASCE 7) seismic codes. Work at the reservoir sites will also include the installation of: new seismic shut off valves between the reservoirs and valve vaults, new plug valves, piping and pipe supports in the valve vaults, and recoating of the interior and exterior reservoir walls.

Operating Impacts

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

General Fund





CITY OF
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GENERAL FUND OVERVIEW

Overview

The Long Range Financial Forecast (LRFF) marks the beginning of the annual budget process and is produced to project the City's General Fund financial position in the near-term and long-term horizon. The LRFF presents the fiscal health of the General Fund, based on City Council approved service levels, as well as alternative financial scenarios.

The Fiscal Year (FY) 2021-2030 LRFF was accepted by the Finance Committee on December 3, 2019 and was accepted by the City Council on February 3, 2020. The forecast continues to incorporate direction from the City Council to budget pension costs more conservatively than CalPERS projections. The base forecast projected a \$1.1 million General Fund surplus, followed by annual gaps where expenses outpace forecasted revenue growth ranging from a deficit of \$2.4 million in FY 2023, that tapers to \$1.1 million in FY 2025, before reaching significant surpluses in the final years of the forecast. The base forecast provided a preliminary baseline that assists in gauging effects of major policy changes against a "status quo" version of the future. It also assumed that the economy and world events continue to change and unfold in line with current expectations. It is shown below.

FY 2021 - FY 2030 Long Range Financial Forecast

Base Case

	Adopted 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Revenue	232,101	241,527	248,358	255,808	263,083	271,318	280,028	289,307	299,625	310,488	321,728
		4.1%	2.8%	3.0%	2.8%	3.1%	3.2%	3.3%	3.6%	3.6%	3.6%
Total Expenditures	230,809	240,447	250,168	258,194	265,396	272,465	277,743	283,366	291,169	298,276	304,382
		4.2%	4.0%	3.2%	2.8%	2.7%	1.9%	2.0%	2.8%	2.4%	2.0%
Net One-Time Surplus/(Gap)	\$1,292	\$1,080	(\$1,810)	(\$2,386)	(\$2,313)	(\$1,147)	\$2,284	\$5,941	\$8,457	\$12,212	\$17,347
Cumulative Net Operating Margin (One-Time)											\$39,664
Net Operating Margin		\$1,080	(\$2,890)	(\$576)	\$73	\$1,166	\$3,431	\$3,657	\$2,516	\$3,755	\$5,135
Cumulative Net Operating Margin											\$17,347

Assumes that the annual shortfalls are solved with ongoing solutions and annual surpluses are spent for ongoing expenditures.

The LRFF was developed at a time when national, state, and local economic indicators were mixed. Unemployment remained low, job growth slowed, and international trade had negative impacts on economic data. The nation continued to operate at "full employment" level with 3.6 percent unemployment as of October 2019. The Bay Area region boasted a 2.2 percent unemployment rate for the same month. Those levels have not occurred in 20 years, last appearing at the height of the Dot.Com Boom. Consumer consumption, government spending, and exports contributed to Growth Domestic Product (GDP) which grew by 1.9 percent in the third (calendar) quarter of 2019, which was expected to slow as real income and job growth further slowed in 2020. In addition to these indicators, economically sensitive revenue sources, such as tran-

GENERAL FUND OVERVIEW

sient occupancy tax and documentary transfer tax, showed declines, while sales tax growth remained stable. The forecast continued the assumption that the strong foundations of the local economy – stable housing market, diverse and favorable mix of business segments lead by professional and technology industries, and academic and medical properties – would moderate the financial impact of a severe economic downturn. Tax revenues were modeled in correspondence with the health of the local economy and were projected to be \$9.8 million, or 7.0 percent, above the FY 2020 Adopted Budget.

While the LRFF is a valuable tool for extrapolating “status quo” financial scenarios and modeling the impacts of potential policy or economic changes, it is not meant to comprehensively forecast all impacts to the City’s finances. The list below includes several projects, factors, and data points, the fiscal impact of which were not contemplated in the FY 2021-2030 LRFF. This list is not intended to be comprehensive nor in any priority order; it is provided as qualitative context.

- Labor negotiations and changes to employee compensation in years where there is no agreement
- Operating costs associated with Capital Projects
- Rail grade separation
- Parks Master Plan funding strategy
- Capital improvement projects
- Additional capital or operating investments for city owned assets operated by non-profit organizations
- Cubberley Community Center Concept Plan
- General Fund loans for special projects
- Legislative updates at the state and federal level
- Greater CalPERS contributions
- Tax revenue alignment with updated Comprehensive Plan
- Unknown changes in the local, regional, and national economy

Based on the LRFF, staff continued to review and refine estimates to establish the FY 2021 Base Budget. FY 2021 Budget Development Guidelines were transmitted to Council together with the LRFF. The Guidelines were used as part of the City’s efforts to strategically plan and prioritize spending to ensure financial stability. World events have since redirected the City’s outlook, fiscal and otherwise, towards the measures necessary to contain the spread of COVID-19. The economic impacts and disruptions to communities caused by COVID-19 are widespread and significant. Performance and volatility of markets contribute to an unprecedented challenge of minimizing the risk to our community while ensuring that crucial services continue uninterrupted. As a result of these uncertainties and challenges the General Fund budget represents, in large part, adjustments to service levels in FY 2021 to address economic impacts experienced as a result of COVID-19. The adjustments reflect critical changes to service delivery to mitigate near term revenue declines as well as planning for estimated longer term depressed revenue.

FISCAL YEAR 2021 GENERAL FUND BUDGET

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

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

The FY 2021 Adopted Budget assumes revenue totaling \$197.0 million, a 14.7 percent, or \$34.1 million decrease compared to the FY 2020 Adopted Budget, and General Fund expenditures totaling \$197.0 million, a 14.7 percent, or \$33.8 million, decrease from the FY 2020 Adopted Budget of \$230.8 million.

The Budget Stabilization Reserve (BSR) is estimated to be \$33.0 million, or 16.8 percent of the FY 2021 Adopted Budget. As discussed in the Reserves section of the General Fund Overview, the Adopted Budget has a net \$0 impact to the BSR. With this funding level, the BSR would be within the 15.0-20.0 percent reserve level set by policy, and \$3.5 million, or 1.7 percent below the 18.5 percent target. The following sections discuss the General Fund's major revenue and expense categories in the FY 2021 Adopted Budget compared to the FY 2020 Adopted Budget.

REVENUES

Revenues for the FY 2021 Adopted Budget were based on reduced revenue assumptions as a result of COVID-19's economic impacts as communicated through conversations with the City Council as part of the public hearing process for the adoption of the FY 2021 Budget. Prior to COVID-19, the Bay Area economy had sustained better performance than the state and the nation with strong foreign trade; however, challenges with expected slowdown in job growth and potential impacts to local housing markets posed uncertainty with predicting whether robust growth could be expected throughout the forecast. Tax revenues constitute 60 percent of General Fund resources and therefore fluctuations in this category may significantly impact the City's financial outlook. The FY 2021 Adopted Budget assumes the shelter in place order as a result of COVID-19 is lifted halfway through the fiscal year, and recessionary levels of activity continue with long-term constraints on discretionary spending and corresponding tax revenues of both businesses and consumers alike causing an overall \$35.6 million, 15.4 percent, decrease compared to the FY 2020 Adopted Budget.

SALES TAX

The FY 2021 Adopted Budget assumes sales tax revenue of \$20.5 million, a 40.4 percent, or \$13.9 million decrease compared to the FY 2020 Adopted Budget. Revenue from this source totals \$20.5 million in the FY 2021. This estimate was developed assuming a shelter in place order due to COVID-19 with a very slow phased lifting of that order through the end of calendar

GENERAL FUND OVERVIEW

year 2020. This would result in continued social distancing and corresponding restrictions on travel, gatherings, and events; continued closure of populous locations, including local economically significant areas such as the downtown core, California Avenue district, and Stanford Shopping Center; and significant continuing impacts to other business activities. In addition, the State has offered certain businesses the option to defer sales tax payments through interest-free payment plans. This plan allows large businesses to delay their sales and use tax remittance for 90 days and small businesses to defer remittance over 12 months. The sales tax revenue assumptions in this budget also assume that this program will continue.

As the nation transitions from a shopping center country to online sales, a surge in online retail sales will partially displace tax revenue from traditional industry segments to state and county pools. Online sales data that cannot be tracked to a specific county jurisdiction are allocated to the Santa Clara County sales tax pool and then distributed to local jurisdictions based on local tax percentage. Palo Alto's average proportion of county pool sales tax allocation is approximately 7.3 percent. These trends will be monitored as the shift in consumer spending habits transition from brick and mortar to online and as economic impacts resulting from COVID-19 unfold.

PROPERTY TAX

Property tax revenue is the General Fund's largest revenue source and represents 26.5 percent of total revenues. Property tax grew 20.2 percent from FY 2017 levels of \$39.4 million to \$47.3 million in FY 2019 due to higher assessed values. These higher assessed values reflect continued robust commercial and residential real estate markets during those periods. The FY 2021 Adopted Budget assumes \$52.0 million in property tax revenue, a \$3.4 million or 7.0 percent increase, compared to FY 2020 Adopted Budget level of \$48.6 million. Unlike other tax revenue property taxes, are not estimated to be impacted as severely from COVID-19.

In addition, FY 2017, FY 2018, and FY 2019 included receipts of \$0.7 million, \$1.4 million, and \$2.7 million, respectively, for excess Educational Revenue Augmentation Fund (ERAF) distributions from the County of Santa Clara. ERAF is the fund used to collect and disburse property taxes that are shifted to/from cities, the County, and special districts prior to their reallocation to K-14 school agencies. When the state shifts more local property tax than required to support schools these funds are returned and known as excess ERAF. Due to the uncertainty of whether local agencies will continue to receive excess ERAF funds, it is not considered a permanent local revenue source. The FY 2021 Adopted Budget assumes \$2.8 million in excess ERAF revenue.

TRANSIENT OCCUPANCY TAX (TOT)

In FY 2021, TOT revenue is estimated to be \$14.9 million, a \$14.4 million, or 49.1 percent, decrease compared to the FY 2020 Adopted Budget. This estimate assumes significant impacts to this segment as a result of COVID-19 and the shelter in place order that restricted the travel and hotel businesses. This decrease corresponds with assumptions of a very slow phased lifting of the shelter in place order through the end of calendar year 2020. This would result in continued restrictions on travel and other related impacts as a result of social distancing. During the fourth quarter of FY 2020 the average occupancy rate has been below 25 percent and the average daily room rate has declined by over 60 percent.

DOCUMENTARY TRANSFER TAX (DTT)

The FY 2021 Adopted Budget assumes \$4.7 million in DTT revenue, which is significantly lower than levels seen in recent years. This revenue source is challenging to forecast since it is highly dependent on property sales volume and the mix of commercial and residential sales. The number of transactions for FY 2020 (500) are lower than FY 2019 (579). Though the Palo Alto housing market remains strong, as discussed in the Property Taxes section, the residential median sales price in Palo Alto has declined. In addition, DTT in the fourth quarter of FY 2020 declined by 40.9 percent and the number of sales declined 28.2 percent.

UTILITY USERS' TAX (UUT)

The UUT is levied on electric, gas, and water consumption, as well as on telephone usage. In total, The FY 2021 Adopted Budget assumes \$15.1 million in UUT revenue, a \$2.5 million, or 14.1 percent, decrease compared to the FY 2020 Adopted Budget revenue of \$17.6 million. Lower business consumption of utilities is anticipated as a result of COVID-19 restrictions.

OTHER TAXES AND FINES

The FY 2021 Adopted Budget assumes \$1.9 million in other taxes and fines, which is generally consistent with the FY 2020 Adopted Budget. The primary component of this revenue category is parking citation revenue. Staff anticipates evaluating and recommending any necessary adjustments to this budget category as a result of COVID-19 with the City Council as any impacts become more clear in FY 2021.

CHARGES FOR SERVICES

This revenue category consists of charges to Stanford for fire services and paramedic services, fees related to the City's golf course, arts and science classes, and plan check fees. The FY 2021 Adopted Budget assumes \$25.4 million in charges for services revenue, \$4.3 million, or 14.5 percent decrease, compared to the FY 2020 Adopted Budget. The FY 2020 Adopted Budget levels for each category included reductions of revenue related to Animal Shelter services that were previously provided by the Police Department but are now provided by the City's non-profit partner Pets-in-Need. Golf course revenues trends were also reviewed as part of the FY 2020 budget process. Based on activity and appropriately categorizing costs associated with the golf course, revenue estimates were reduced in FY 2020 and are at a similar level in FY 2021. Development Services continues to be cost neutral in FY 2021.

Some of the revenues in this category offset operating expenses for certain services that the City can not provide as a result of COVID-19 and the shelter in place order. City Council approved expense and corresponding revenue adjustments for service level changes resulting from COVID-19 as part of the public hearing process for the adoption of the FY 2021 Budget.

The budget assumes reimbursement levels consistent with the negotiated fire service agreement with Stanford University; however, the actual reimbursement value may change as a result of updates to the Fire Department budget. City staff will communicate with Stanford to discuss these adjustments. Additional reimbursements from Stanford for Public Safety Dispatch Services are also budgeted, resulting in a net reimbursement of \$7.6 million.

GENERAL FUND OVERVIEW

PERMITS AND LICENSES

Permits and licenses consist of payments to the City for issuance of Building Permits, Fire Permits, and miscellaneous health and safety-related licenses. The FY 2021 Adopted Budget estimates \$8.3 million in permit and license revenue, a \$3.4 million, or 29.1 percent decrease as compared to the FY 2020 Adopted Budget.

RETURN ON INVESTMENT

The return on investment category reflects the interest earnings on the City's investment portfolio. This category is a combination of past investments, new investments at current market rates, and available cash to invest which fluctuates seasonally and annually. The average portfolio rate of return for FY 2020 was 2.2 percent. With interest rates significantly lower, the FY 2021 Adopted Budget return on investment revenue is estimated to be \$1.1 million, \$0.3 million or 20.8 percent, lower than the FY 2020 Adopted Budget.

RENTAL INCOME

Rental income of \$16.0 million primarily reflects rent paid to the General Fund from the City's Enterprise Funds and the Cubberley Community Center. There is a slight decrease in rental income from FY 2020 to FY 2021, which represents the phase-out of payments from the Refuse Fund to the General Fund associated with the Landfill. In FY 2020, the City conducted a Rent Study to analyze the appropriate rates for rental payments from Enterprise Funds. The FY 2021 Operating Budget includes these revised rates and changes are detailed in the respective Enterprise Funds later in this document.

CHARGES TO OTHER FUNDS

The main source of revenues in this category is General Fund administrative cost allocation plan charges to the Enterprise and Internal Service Funds. Internal support departments such as Administrative Services, Human Resources, and Council Appointed Offices provide services to Enterprise and Internal Service Funds. The costs for these services are recovered through the administrative cost allocation plan charges. The FY 2021 estimate for Charges to Other Funds of \$12.0 million reflects growth of 10.0 percent from the FY 2020 Adopted Budget of \$10.9 million; this is primarily attributable to year over year increases in costs for salary and benefits and increased support for non-General Fund activities.

OTHER REVENUE

This revenue category is mainly comprised of Animal Services revenue from neighboring cities; the Palo Alto Unified School District's (PAUSD) share of maintenance for athletic fields; Public, Education, and Government (PEG) revenue from Cable Franchise Fees; and other one-time revenue sources such as grants. Revenues in this category are anticipated to remain flat at \$2.6 million in the FY 2021 Adopted Budget.

OPERATING TRANSFERS-IN

Overall, compared to the FY 2020 Adopted Budget, operating transfers-in increased by \$0.4 million, from \$21.0 million to \$21.4 million. Operating Transfers-in materialize as expenses in other funds throughout the City and as a revenue in the General Fund. This budget category includes the equity transfer from the Electric and Gas funds that represents the return on the

initial investment the City made when the Utilities Department was created more than 100 years ago. In accordance with a methodology approved by the City Council in June 2009, the equity transfer is calculated by applying a rate of return on the capital asset base of the Electric and Gas funds. This rate of return is based on PG&E's rate of return on equity as approved by the California Public Utilities Commission (CPUC). The equity transfer from the Electric and Gas Funds is projected to be \$20.6 million in FY 2021, an increase of \$0.4 million, a 2.0 percent increase compared to FY 2020. In addition, repayment of the loan to the Airport Fund began in FY 2020. The FY 2021 Adopted Budget continues the scheduled repayment of the loan and includes a \$0.3 million transfer from the Airport Fund for that purpose.

EXPENSES

FY 2021 expenditures total \$197.0 million in the Adopted Budget, representing a \$33.8 million, or 14.7 percent, decrease compared to the FY 2020 Adopted Budget. This decrease is attributed to service delivery reductions resulting from the severity of the current public health emergency and its impacts on the City's financial situation. As discussed earlier in this section and in the Transmittal Letter, the FY 2021 Adopted Budget represents service level impacts that prioritize essential services and pare back discretionary services.

SALARY AND BENEFITS

Salary and benefit costs represent 63.2 percent of the FY 2021 Adopted Budget. The salary and benefit budget in the General Fund totals \$124.5 million, a 7.4 percent decrease from the FY 2020 Adopted Budget total of \$134.5 million. This decrease includes salary and benefit changes for the City's Management Group totaling \$2.3 million and positions reductions throughout the General Fund Departments. In addition to labor terms outlined in employee agreements, CalPERS-determined retirement contribution levels, and offsetting attrition savings, the FY 2021 Adopted Budget also assumes \$3.0 million in proactive funding contributions above CalPERS required costs. While this is a decrease of \$0.8 million from the FY 2020 Adopted Budget's proactive pension funding level, it is still a significant investment above and beyond CalPERS' required funding and supports the City's commitment to fiscal sustainability. The budget for the additional pension contributions is based on what the normal cost component would be if the contribution was calculated at a 6.2 percent discount rate instead of 7.0 percent, the current CalPERS discount rate. The level of proactive pension funding budgeted will continue to decrease until the City and CalPERS are aligned in assuming a 6.2 percent discount rate. These funds are transferred to the City's irrevocable pension trust fund, which is estimated to total \$32.4 million at the end of FY 2021, of which \$21.0 million is from the General Fund. Finally, the General Fund budget includes assumed vacancy savings of \$2.0 million that are expected to materialize as positions are vacated and new employees are hired through the normal course of business.

It should be noted that in the "Budget Summary" section of each document, a variance will be seen between FY 2019 Actuals and the FY 2020 Adopted Budget columns in the salary and benefits total expenses. This variance primarily reflects the difference between estimated vacancies and staff costs actually incurred. The variance also includes changes in labor terms from year to year, changes in CalPERS' required contributions, and FY 2020's proactive contributions to address the City's long-term pension liability.

GENERAL FUND OVERVIEW

Salaries: In FY 2021, salaries, including overtime, are projected to decrease \$8.1 million in the General Fund, representing a 10.0 percent decrease compared to prior year. The Adopted Budget includes actions to service delivery impacts that reduce staff costs across the organization. Overall, the General Fund was reduced by 61.77 full-time FTE and 25.7 part-time FTE. These actions include:

- Supporting the transition of Project Safety Net to a non-profit
- Transferring the Animal Services administrative citation function from the Community Services Department to the Police Department
- Aligning the overtime budget with contractually obligated salary increases
- Administrative support staff reductions in a variety of departments
- Children's Theatre, Teen Services, Art Center, Community Center, Open Space and Recreation programming and support reductions
- Reductions in the Fire, Police, and Office of Emergency Services that impact emergency incident and response services; emergency preparedness; and police community relations, patrol, technical services, dispatch, investigations, records, traffic, recruitment, and animal control
- Library staffing reductions that result in reduced branch hours, coverage at Service Desks, and capacity for special projects and events
- Planning and Development Services staff reductions in front counter support, code enforcement, building inspection and plan review
- Reduction of staff in internal support departments and executive offices including Administrative Services, Human Resources, City Manager's Office, and City Attorney's Office

Pension Costs: The General Fund's overall pension costs increased by \$0.5 million, or 2.0 percent, from \$31.5 million to \$32.0 million. Pension costs are driven by primarily by CalPERS and the City Council's direction to budget pension costs more conservatively than CalPERS. CalPERS calculates an Actuarially Determined Contribution (ADC) for the City each year. Excluding FY 2021 staff reductions and proactive contributions to prefund the City's long-term pension liabilities, the General Fund's ADC costs are increasing by 8.8 percent, resulting in a \$2.5 million year-over-year increase; this increase was significantly offset by position reductions that occurred in this year's budget. The CalPERS Board voted in December 2016 to lower the discount rate over three years from 7.5 percent to 7.0 percent. Beginning FY 2019, the discount rate has been lowered from 7.5 percent to 7.375 percent, to 7.25 percent in FY 2020, and 7.0 percent in FY 2021. The FY 2021 CalPERS "blended rate" (includes both the unfunded actuary liability and normal cost) increased from 35.6 percent to 38.4 percent for the miscellaneous group and from 59.4 percent to 65.3 percent for the safety group.

The City budgets its pension contributions more conservatively than CalPERS and transmits the additional funding to the pension trust fund. CalPERS' discount rate for FY 2021 is 7.0 percent and, based on City Council's direction, a 6.2 percent discount rate is use for calculating normal cost. This results in a blended contribution rate of 41.8 percent for the miscellaneous group and 72.0 percent for the safety group. This means that for every \$100,000 of salary, an additional \$3,400 to \$6,700 was budgeted for proactive funding.

Retiree Health: The City is required to perform an actuarial review of its Other Post Employment Benefits (OPEB) every two years. The June 30, 2019 actuarial valuation of the City's retiree healthcare plan recommended a 6.25 percent discount rate to be used in the calculation of annual Actuarial Determined Contribution (ADC). As a result of this study, the City's Other Post-Employment Benefits (OPEB) costs, primarily Retiree Healthcare, are decreasing from \$9.1 million to \$8.7 million, a 4.3 percent decrease.

Healthcare and Other Benefits: The budget includes negotiated increases for healthcare on a calendar year basis and moderate increases, consistent with past experience, for units who will not have a contract in place as of January 2021. Costs for special pays, long-term disability, and Medicare remain generally consistent with FY 2020 levels. This is in large part due to the City's cost containment strategies achieved in labor agreements. As part of the City's overall balancing strategy, the management excess benefit was reduced from \$2,500 to \$1,250.

Workers' Compensation: The City is self-insured for Workers' Compensation. The Workers' Compensation Fund operates as an internal service fund where the costs are centralized and recovered through allocated charges to departments. An outside consultant performs a valuation every year to inform the City's financial planning. Workers' Compensation costs in the General Fund total \$3.4 million, a \$0.3 million decrease, compared to the FY 2020 Adopted Budget.

NON-DEPARTMENTAL EXPENSES

Non-departmental expenses include expenses that are not directly related to the operation of a single department, such as payments to the Palo Alto Unified School District (PAUSD) as part of the Cubberley Community Center lease, or debt service.

The FY 2020 Adopted Budget included several one-time items that were removed from the FY 2021 Adopted Budget. These items are detailed in the Non-Departmental section of this document. The FY 2021 Adopted Budget includes one-time costs for the November 2020 City Council election.

CONTINGENCY ACCOUNTS

Contingency Accounts are budgeted appropriations that are used at the discretion of the City Council, City Manager, City Attorney, or Human Resources Director to fund unanticipated expenses. A \$100,000 ongoing adjustment to reallocate the City Attorney's Contingency Fund from the Non-Departmental Budget to the City Attorney's Office is included this budget. In FY 2020, an early reappropriation was included to shift the \$100,000 of remaining funding in the Sustainability Contingency from FY 2019 to FY 2020. This has been removed from the FY 2021 budget. In addition, to balance the budget, the Council Contingency (\$125,000), Human Resources Contingency (\$50,000), and Innovation and Special Events Contingency (\$50,000) were eliminated in the FY 2021 Adopted Budget.

OPERATING TRANSFERS-OUT

Funds are transferred from the General Fund to various funds throughout the City, including the Capital Infrastructure Fund, the Cubberley Infrastructure Fund, the Debt Service Fund, and the Technology Fund on an annual basis. In FY 2021, a total of \$17.8 million will be transferred, with the majority of this being transferred to the Infrastructure Fund. The transfer to the Capital Fund of totals \$13.5 million decreased by \$15.5 million, of 4.7 percent, from \$29.0 million in the

GENERAL FUND OVERVIEW

FY 2020 Adopted Budget. Transient Occupancy Tax (TOT) revenue losses due to COVID-19 impacted the transfer to the Infrastructure Fund by \$8.5 million and the base transfer to Capital by \$7.0 million as part of the overall General Fund balancing strategy. The General Fund also transfers funds to the University Avenue parking fund to pay for employee parking permits; a total of \$318,000 is included in FY 2021 for this purpose. When parking rates for the University Avenue parking district change, the General Fund's transfer is adjusted accordingly. The General Fund is also responsible for paying the electricity costs associated with streetlights and traffic signals. This is realized as a transfer to the Electric Fund of \$2.1 million in FY 2021.

RESERVES

The City's general reserve is referred to as the Budget Stabilization Reserve (BSR). By policy, the City maintains a reserve level of 15.0-20.0 percent of the General Fund operating budget, with a targeted goal of 18.5 percent. City Council approval is required prior to setting reserves lower than 15.0 percent. The City Manager is authorized to transfer any amount in excess of 18.5 percent to the Capital Projects Infrastructure Reserve at their discretion. The FY 2021 Adopted Budget is projected to have a \$33.0 million BSR balance, which exceeds the 15.0 percent minimum BSR level by \$3.5 million. As discussed earlier, the economic impacts of COVID-19 are widespread and significant. These projections include a \$11.8 million COVID-19 impact to the BSR in FY 2020. The City will continue to revise its projections for FY 2021 ending BSR as the situation develops.

General Fund Reserves

Fund Summary (\$000)	FY 2019 Actuals	FY 2020 Adopted Changes	FY 2020 Net Adjustments	Projected FY 2020 Year-End	FY 2021 Adopted Budget	Projected FY 2021 Year-End
Budget Stabilization Reserve (BSR) Activity:						
BSR	43,511	1,292	(11,758)	33,045	-	33,045
Other Reserve Activity:						
Human Services Resource Allocation Process (HSRAP) Reserve	40	-	-	40	-	40
Encumbrance & Reappropriation	6,489	-	-	6,489	-	6,489
Inventory of Materials & Supplies	4,517	-	-	4,517	-	4,517
Notes Receivable, Prepaid Items, Interfund Advances, & Unrealized Gains and Losses	3,839	-	-	3,839	-	3,839
Total Reserves	58,396	1,292	(11,758)	47,930	-	47,930

1. The BSR is projected to be 16.8 percent of the FY 2021 Adopted Expense Budget at the end of FY 2021.
2. City reserve policy indicates a 15-20 percent range, with an 18.5 percent target.
3. Minimum FY 2021 BSR \$29.5 million (15 percent); Maximum FY 2021 BSR \$39.4 million (20 percent).
4. Target FY 2021 BSR \$36.4 million (18.5 percent)
5. Projected FY 2020 adjustments include BAOs through June 2020.
6. This assumes the Human Services Resource Allocation Process Reserve will not be spent in FY 2020 and is recommended to be carried forward to FY 2021.

General Fund Revenue Descriptions

PROPERTY TAX

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

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

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

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

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

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

SALES AND USE TAX

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

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

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

TRANSIENT OCCUPANCY TAX

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

DOCUMENTARY TRANSFER TAX

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

UTILITY USERS TAX

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

OTHER TAXES AND FINES

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

CHARGES FOR SERVICES

Departmental charges are comprised of fees charged for services which are primarily provided by the following departments: Community Services, Planning and Development Services, Police,

GENERAL FUND OVERVIEW

and Public Works. Charges for Services from departments are approved annually by the City Council through the adoption of the Municipal Fee Schedule.

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

PERMITS AND LICENSES

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

RETURN ON INVESTMENT

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

RENTAL INCOME

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

REVENUE FROM OTHER AGENCIES

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

CHARGES TO OTHER FUNDS

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

OTHER REVENUE

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

OPERATING TRANSFERS-IN

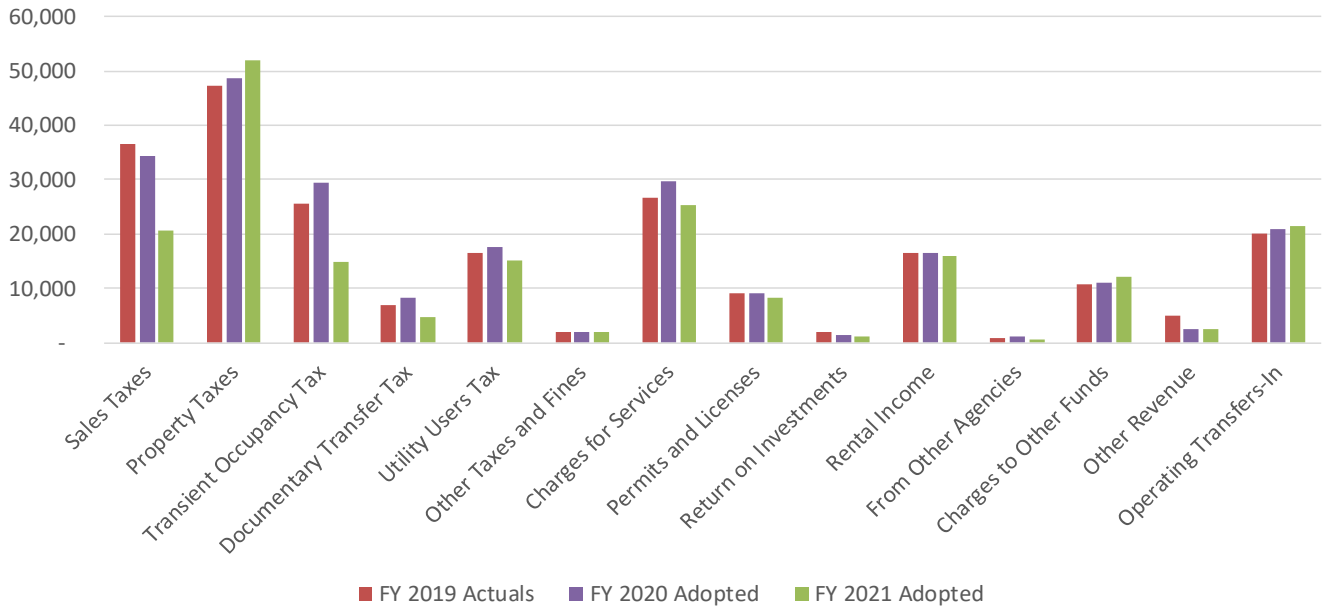
Operating Transfers include the equity transfer from the Electric and Gas Funds. In accordance with a methodology approved by Council in June 2009, the equity transfer is calculated by applying a rate of return to the capital asset base of the Electric and Gas Funds. This rate of return is based on PG&E's rate of return on equity as approved by the California Public Utilities Commission (CPUC).

General Fund Revenues by Category

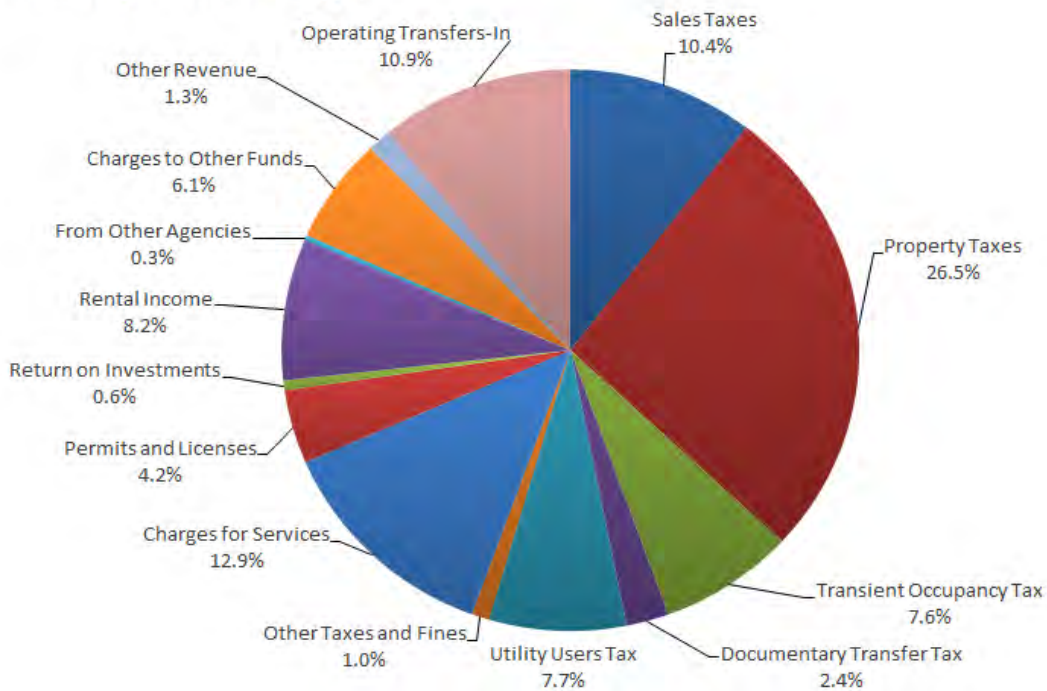
Fund Summary (\$000)	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Charges for Services	26,344	26,669	29,719	25,417	(4,300)	(14.5)%
Charges to Other Funds	11,476	10,684	10,908	11,992	1,084	9.9%
Documentary Transfer Tax	9,229	6,923	8,369	4,700	(3,669)	(43.8)%
From Other Agencies	1,461	951	980	551	(429)	(43.8)%
Other Revenue	2,513	5,084	2,362	2,571	209	8.8%
Other Taxes and Fines	2,141	1,888	2,032	1,925	(107)	(5.3)%
Permits and Licenses	9,035	9,088	9,076	8,336	(740)	8.2%
Property Taxes	42,839	47,327	48,634	52,000	3,366	6.9%
Rental Income	15,969	16,411	16,399	16,022	(377)	(2.3)%
Return on Investments	1,437	2,018	1,388	1,100	(288)	(20.7)%
Sales Taxes	31,091	36,508	34,346	20,500	(13,846)	(40.3)%
Transient Occupancy Tax	24,937	25,649	29,309	14,900	(14,409)	(49.2)%
Utility Users Tax	15,414	16,402	17,581	15,100	(2,481)	(14.1)%
Subtotal	193,886	205,602	211,103	175,114	(35,987)	(17.0)%
Operating Transfers-In	20,385	20,154	20,999	21,359	360	1.7%
Subtotal	214,271	225,756	232,102	196,475	(34,627)	(15.4)%
Development Services Reserve Fund	0	0	0	500	500	N/A
Total	214,271	225,756	232,102	196,973	(34,129)	(14.7)%

GENERAL FUND OVERVIEW

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



\$196.4 Million/FY 2021 Budget



General Fund Expenditures by Department

Fund Summary (\$000)	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Administrative Services	7,680	7,588	8,519	8,362	(157)	(1.8)%
City Attorney	3,307	3,651	3,387	3,485	98	12.9%
City Auditor	1,233	1,183	1,235	828	(407)	(33.0)%
City Clerk	1,171	1,096	1,346	1,245	(101)	(7.5)%
City Council	476	369	498	419	(79)	(15.9)%
City Manager (1)	3,713	3,854	4,546	3,161	(1,385)	(30.5)%
Community Services	27,136	28,977	30,913	28,362	(2,551)	(8.3)%
Fire	33,639	33,642	34,864	33,607	(1,257)	(3.6)%
Human Resources	3,480	3,586	3,945	3,597	(348)	(8.8)%
Library	9,121	9,288	10,314	8,421	(1,893)	(18.4)%
Non-Departmental	6,402	12,177	9,024	8,235	(789)	(8.7)%
Office of Emergency Services	968	1,238	1,728	1,357	(371)	(21.5)%
Office of Transportation	N/A	N/A	2,312	1,904	(408)	(17.6)%
Planning and Development Services (2)	19,882	20,442	20,356	17,386	(2,970)	(14.6)%
Police	39,983	42,177	44,666	40,376	(4,290)	(9.6)%
Public Works (3)	18,396	17,119	19,172	18,427	(745)	(3.9)%
Subtotal	176,587	186,387	196,825	179,172	(17,653)	(9.0)%
Transfer to Infrastructure	24,801	27,514	28,962	13,467	(15,495)	(53.5)%
Operating Transfers-Out	4,734	9,574	5,023	4,334	(689)	(13.7)%
Total	206,122	223,476	230,810	196,973	(33,837)	(14.7)%

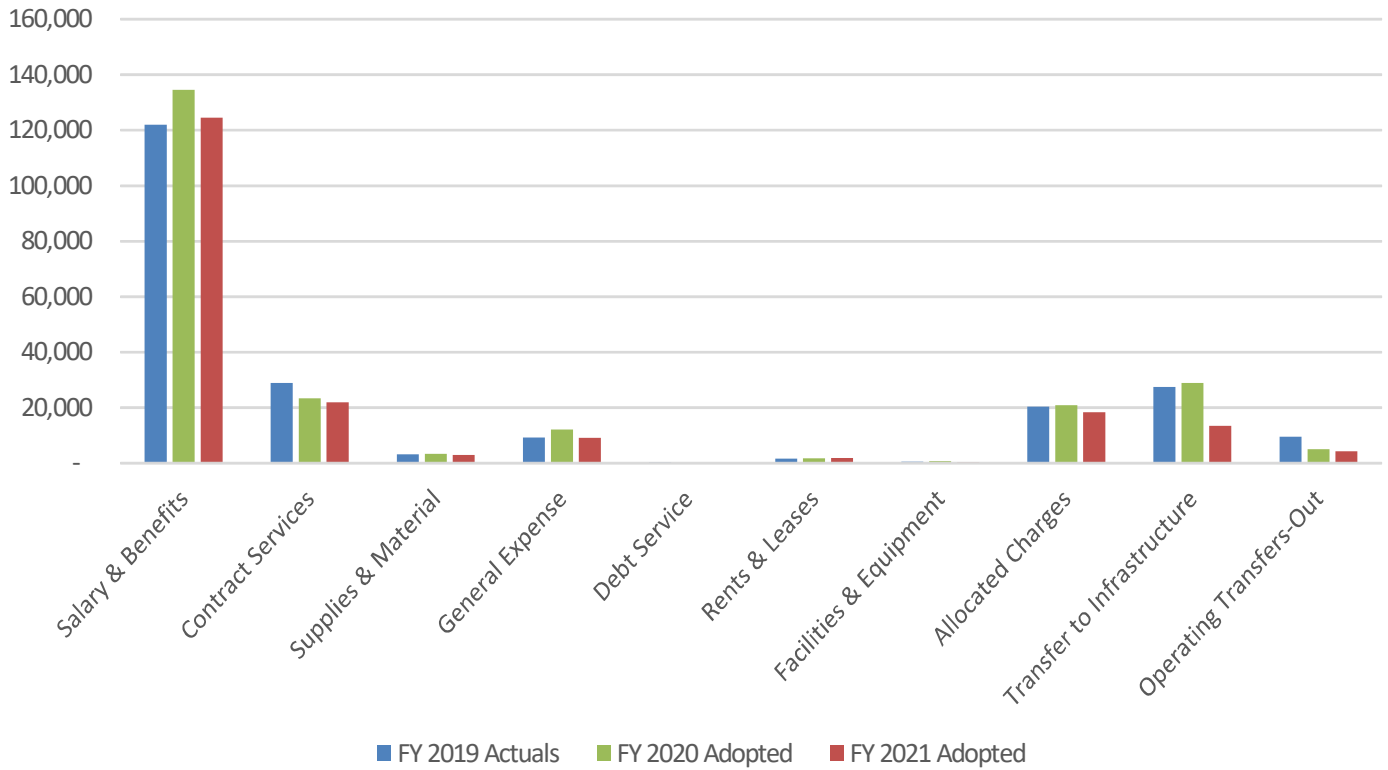
- (1) The Office of Sustainability was combined with the City Manager's Office in FY 2019 and then moved to Public Works in FY 2021.
- (2) The Development Services Department was combined with the Planning and Community Environment Department in FY 2020 and renamed to the Planning and Development Services Department.
- (3) The Office of Sustainability was moved from the City Manager's Office to Public Works in FY 2021.

General Fund Expenditures by Category

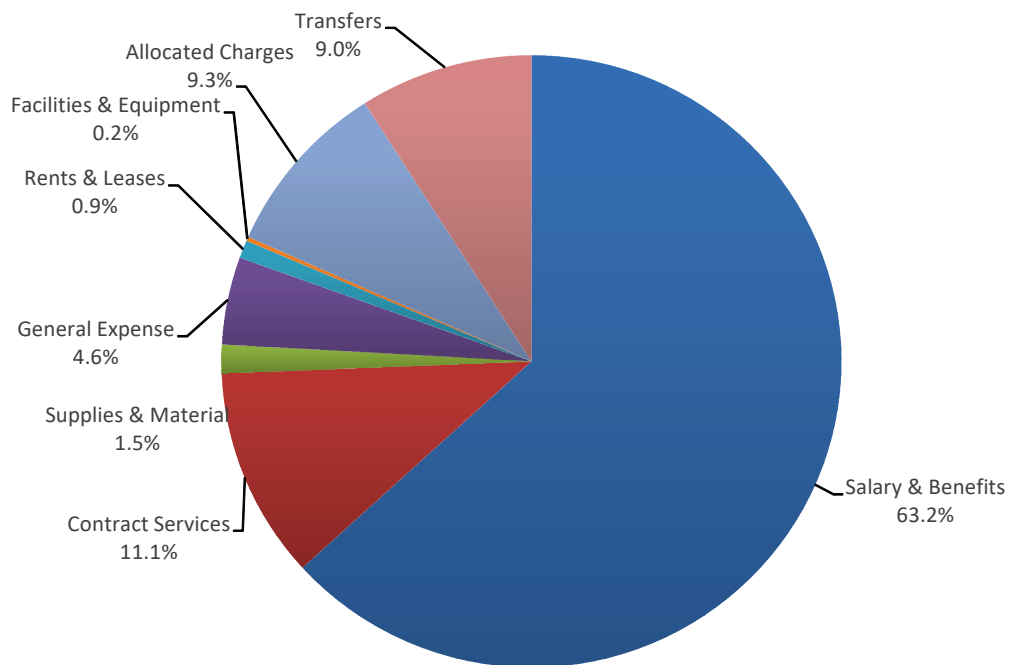
Fund Summary (\$000)	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Allocated Charges	18,842	20,382	20,889	18,311	(2,578)	(12.3)%
Contract Services	21,144	28,966	23,429	21,953	(1,476)	(6.3)%
Debt Service	432	431	—	—	—	—%
Facilities & Equipment	399	576	771	427	(344)	(44.6)%
General Expense	10,062	9,258	12,090	9,103	(2,987)	(24.7)%
Rents & Leases	1,560	1,640	1,734	1,862	128	7.4%
Salary & Benefits	120,798	121,953	134,546	124,541	10,005	-7.4%
Supplies & Material	3,350	3,181	3,366	2,975	(391)	(11.6)%
Subtotal	176,588	186,387	196,825	179,172	(17,653)	-9.0%
Transfer to Infrastructure	24,801	27,514	28,962	13,467	(15,495)	(53.5)%
Operating Transfers-Out	4,734	9,574	5,023	4,334	(689)	(13.7)%
Total	206,122	223,475	230,810	196,973	(33,837)	(14.7)%

GENERAL FUND OVERVIEW

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



\$196.9 Million/FY 2021 Budget





CITY OF
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Enterprise Funds





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ENTERPRISE FUNDS OVERVIEW

Overview

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

REVENUES

The total budgeted revenue of the Enterprise Funds for FY 2021 is \$397.5 million, which represents a \$9.5 million, or 2.4 percent increase from the FY 2020 Adopted Budget of \$388.0 million. Airport Fund revenues are expected to increase by approximately \$19.3 million from FY 2020 as a result of Federal Aviation Administration (FAA) grant funding and state loan for the Apron Reconstruction project, offset by a decrease of \$8.3 million in Electric retail sales due to lower projected load forecast. The FAA provides grants to public agencies for the planning and development of public-use airports and reimburses up to 90 percent of the non-salary cost of eligible projects. Utility services with rate increases for FY 2021 include Fiber Optics, Gas, and Stormwater Management. Electric, Wastewater, Water and Refuse rates will remain the same for FY 2021. Details on these changes are discussed below.

EXPENDITURES

The total budgeted expenditure of the Enterprise Funds for FY 2021 is \$441.2 million, which represents a \$11.0 million, or 2.5 percent increase from the FY 2020 Adopted Budget of \$430.2 million. The primary driver for this year over year change is an increase of \$26.8 million in capital improvement projects from \$87.0 million in FY 2020 to \$113.8 million in FY 2021. In FY 2021, new funding of \$19.0 million was added for the Airport Apron project as a result of FAA grant funding. Utility purchase or commodity costs is \$153.8 million, which represents a decrease of \$15.9 million compared to \$169.7 million in prior year, due to lower usage forecasts and relatively steady market-based supply costs.

UTILITY RATE CHANGES

The FY 2021 Adopted Budget includes utility rate adjustments for Fiber Optics, Gas and Stormwater Management. Due to the COVID-19 pandemic, Council aimed to provide economic relief for residential and commercial customers by directing staff to keep rates flat without compromising the safety and integrity of the utility systems and impacting service delivery. In general, the size and timing of rate adjustments account for current and future revenue requirements, capital projects and reserve levels. They may also smooth the impacts on customer bills by spreading rate adjustments during consecutive or alternate years.

ENTERPRISE FUNDS OVERVIEW

- Electric Fund - No rate adjustment is scheduled for FY 2021. The Electric Fund will draw down a portion of the CIP and Operating reserves to fund continuing capital infrastructure improvements and increasing transmission costs.
- Gas Fund - Scheduled rate increase is 2.0 percent due to increasing construction costs for gas main replacements and continuation of the Crossbore Gas Safety Program.
- Water Fund - No rate adjustment is scheduled for FY 2021 due to no change in supply costs and adequate reserves for capital improvement program.
- Wastewater Collection Fund - No rate adjustment is scheduled for FY 2021.
- Fiber Optics Fund - Scheduled rate increase is 2.5 percent, based on Consumer Price Index (CPI) for All Urban Consumers in the San Francisco Bay Area, for customers on the EDF-1 rate.
- Stormwater Management Fund - Scheduled rate increase of 2.5 percent based on CPI for All Urban Consumers in the San Francisco Bay Area.
- Refuse Fund - No rate adjustment is scheduled for FY 2021.

RENT

Enterprise Funds pay market-based rental fees for the sites needed to conduct their business operations. Rent is adjusted on an annual basis consistent with CPI and recently the City conducted a study to assess the appropriate rent expense for City-owned sites. As a result of that study, FY 2021 rents were adjusted throughout the enterprise funds. Additionally, the Refuse Fund will complete its payments associated with the landfill. As a result of these actions, the net change to rent year-over-year in the Enterprise Funds is a decrease of \$1.2 million, or 9.0 percent, from \$13.1 million to \$11.9 million.

EQUITY TRANSFERS

In FY 2009, the City Council adopted a change to the methodology, beginning in FY 2010, used to calculate the equity transfer from Utilities Funds to the General Fund. Under this methodology, the equity transfers are based on the asset base in the Electric and Gas Funds, along with the rate of return for each utility, which is based on Pacific Gas and Electric's (PG&E) rate of return on equity as approved by the California Public Utilities Commission (CPUC). For FY 2021, the equity transfers from the Electric and Gas Funds are projected to increase by approximately \$0.4 million from \$20.2 million to \$20.6 million.

RESERVES

The financial revenue and expense forecasts are estimates at a single point in time. Some Utilities reserves serve as balancing accounts, which mitigate the risk of commodity price swings and insure against default by the City's wholesale suppliers. Other reserves are used to provide cash for capital infrastructure improvement, replacement parts during an emergency infrastructure failure or serve as temporary parking for planned expenditures. Reserve levels that are above guidelines are returned to customers in the form of lower future rates or used to pay for expenses, which also result in lower future rates.

Based on the actions included in this budget, the total Enterprise Fund Reserve Balances are estimated to decrease by \$43.7 million, or 46.0 percent, from a projected FY 2020 total reserve

balance of \$94.9 million. The use of reserves in FY 2021 has been approved to mitigate impacts of COVID-19 while minimizing utility rate increases as discussed below.

UTILITIES ENTERPRISE FUNDS

The City of Palo Alto Utilities (CPAU) had to rely on its reserves more heavily over the past few years to offset rate increases. In order for CPAU to cover its operating costs while maintaining and continuing to provide safe and reliable utility services to customers, rate increases are projected beyond FY 2021. Rate increases will ensure CPAU has the ability to replenish depleted reserves and provide sufficient funding for continued increasing expenses in commodity costs and repair and replacement of the City's aging utility infrastructure through various capital projects.

Electric

FY 2021 electric rates remain unchanged despite increasing transmission costs and substantial additional capital investment in the aging electric distribution system. Electricity purchase costs have increased substantially as new renewable projects have come online to fulfill the City's environmental goals and as transmission costs continue to increase to make improvements to the California energy grid. Projected capital expenses include relocation of overhead lines for Caltrain, rebuilds of existing underground districts, substation improvements, 4kV to 12kV voltage conversion projects, foothills rebuild for fire mitigation, as well as the continuation of the Advanced Metering Infrastructure (AMI) and smart grid implementation. Once these larger, one-time project cost increases are completed, annual Capital Improvement Program (CIP) projects are anticipated to decline back to levels seen in recent years. The forecast also assumes that smart grid costs are funded from the Electric Special Projects Reserves.

Gas

FY 2021 gas rates are scheduled to increase by 2.0 percent due to increasing capital and operation costs. In the short term, some increases in operations costs are related to the Crossbore Gas Safety Program, but CIP costs have increased substantially as the City resumes a pattern of regular main replacement. While CPAU has historically planned a new gas main replacement project every year, bids were received in amounts that exceeded originally anticipated expenses, resulting in the need to resize and redesign some previously planned projects. Higher bid amounts are attributed to the national and regional focus on gas infrastructure improvements, which drives market demand and increases construction costs. Future estimated CIP project costs have been revised upwards from prior forecasts to reflect higher bids on gas CIP projects.

Water

FY 2021 water rates remain unchanged. The San Francisco Public Utilities Commission (SFPUC) is projecting no increases in water supply rates until FY 2023. Capital projects were deferred in FY 2019 and FY 2020 leading to lower capital costs than budgeted. Many of these deferred capital projects are anticipated to be completed in FY 2021. CIP reserves are established to complete these projects while holding rates steady in future years.

Wastewater Collection

FY 2021 wastewater collection rates remain unchanged. Capital and operating costs are anticipated to increase for the wastewater collection system. In addition, CPAU anticipates treatment costs to rise over the forecast period due to increasing operating costs and capital replacement needs at the Regional Water Quality Control Plant. A cost of service study is expected to be completed in FY 2021.

Fiber Optics

Fiber optics rates are scheduled to increase by 2.5 percent for customers on the EDF-1 rate schedule in FY 2021. CPAU provides commercial dark fiber optic services within the boundaries of the City. In September 2006, the City Council approved the Dark Fiber Licensing Agreement allowing the commercial fiber optic fees charged under the EDF-1 rate schedule to be adjusted annually in accordance with CPI. EDF-1 was a promotional rate and was closed to new dark fiber licenses in 2006. Customer expenses for engineering, construction and connection to the fiber optic backbone are charged under the EDF-2 rates. New fiber customers are enrolled under the Dark Fiber Licensing Services Rate Schedule EDF-3. As CPI increases are implemented for the EDF-1 rate, some customers may voluntarily choose to move from the EDF-1 rate to the EDF-3 rate for cost saving purposes.

PUBLIC WORKS ENTERPRISE FUNDS

Refuse

FY 2021 refuse rates remain unchanged. FY 2022 rates are projected to increase at a rate based on CPI in conjunction with the beginning of a new agreement for garbage processing and disposal. Implementing initiatives from the 2018 Zero Waste Plan will continue to help the City make progress on its Zero Waste goals to divert 95.0 percent or more waste by 2030.

Stormwater Management

FY 2021 Stormwater Management fee is scheduled to increase by 2.5 percent. The Stormwater Management fee was approved by property owners through a ballot measure in April 2017. The projects and infrastructure component of this fee has a sunset date of June 1, 2032 unless extended through a subsequent ballot measure. The Stormwater Management Fund maintains activities that ensure adequate local drainage of the City's storm drainage system. This fund also provides litter reduction, urban pollution prevention programs, and flooding emergency response services with the goals of reducing stormwater runoff and maintaining stormwater quality protection for discharge to creeks and the San Francisco Bay.

Wastewater Treatment

The City's Regional Water Quality Control Plant serves six communities including Palo Alto, East Palo Alto Sanitary District, Mountain View, Stanford, Los Altos, and Los Altos Hills. The Wastewater Treatment Fund works with the City and Partner Cities' regional service area to protect the environment and the public's health while ensuring compliance with regulations protecting the San Francisco Bay. FY 2021 revenues in the Wastewater Treatment Fund are expected to decrease by approximately \$17.6 million or 30.1 percent compared to FY 2020. The majority of the decrease resulted from funding sources programmed for multiple capital improvement projects being postponed to FY 2022.

Airport

The City assumed airport operations from Santa Clara County in August 2014 for the Palo Alto Airport, which ranks among the busiest general aviation airports in the country. Airport Fund revenues from rentals of facilities and tie-downs are projected to increase by approximately \$80,563 in FY 2021. The Airport's fees and charges are scheduled to increase by 2.5 percent, based on CPI. Expenses are also projected to increase due to major construction projects that are 90 percent offset by grants from the Federal Aviation Administration to complete Phase III of the Apron project. The Airport fund received loans from the General Fund, totaling \$3.1 million. Since taking over operations from the County, the Airport Fund began a 15-year loan repayment to the General Fund in FY 2020 in the amount of \$272,000 annually.

ENTERPRISE FUNDS OVERVIEW

Enterprise Funds Summary

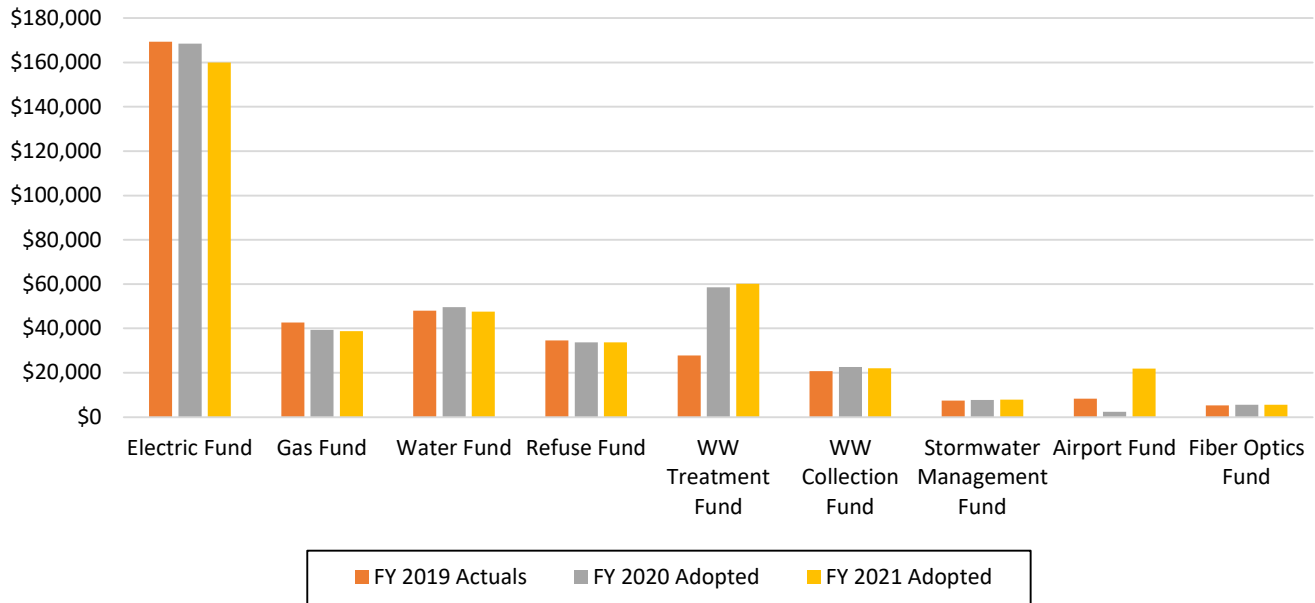
Fund Summary (\$000)	Electric Fund	Gas Fund	Water Fund	Refuse Fund	Waste water Treatment Fund	Wastewater Collection Fund	Stormwater Management Fund	Airport Fund	Fiber Optics Fund	Total
Revenues										
Charges for Services	220	20	10	34	—	10	118	—	—	412
Charges to Other Funds	145	106	90	161	63	33	—	—	—	597
From Other Agencies	—	—	577	—	—	—	—	19,289	—	19,865
Net Sales	145,996	37,161	44,004	30,732	30,852	21,415	7,635	627	4,716	323,139
Operating Transfers-In	2,645	—	557	—	—	—	—	—	—	3,202
Other Revenue	8,918	913	1,288	2,311	28,900	302	—	1,094	200	43,926
Other Taxes and Fines	—	—	—	—	4	—	3	—	—	7
Rental Income	—	—	—	—	—	—	—	801	—	801
Return on Investments	2,064	622	989	489	316	244	153	3	647	5,527
Total	159,988	38,822	47,516	33,727	60,134	22,005	7,909	21,813	5,563	397,477
Expenses										
Allocated Charges	9,417	4,785	4,840	1,649	5,789	2,863	1,298	605	756	32,002
Contract Services	6,377	2,441	800	6,497	3,819	249	915	140	455	21,693
Debt Service	8,443	803	3,223	197	1,469	129	949	—	—	15,212
Equity Transfer	13,479	7,114	—	—	—	—	—	—	—	20,593
Facilities & Equipment	27	2	1	3	8	3	8	—	—	51
General Expense	3,442	778	670	112	432	123	147	36	12	5,753
Operating Transfers-Out	50	415	136	20	—	279	5	272	102	1,279
Rents & Leases	6,389	610	3,396	1,013	22	352	25	12	54	11,872
Salary & Benefits	19,461	7,928	8,431	2,941	13,573	3,421	2,247	878	1,448	60,328
Supplies & Material	924	495	618	143	1,970	381	94	56	9	4,690
Transfer to Infrastructure	—	—	—	37	—	—	—	—	—	37
Utility Purchase	88,084	14,051	20,621	19,799	—	11,256	—	—	—	153,811

Enterprise Funds Summary

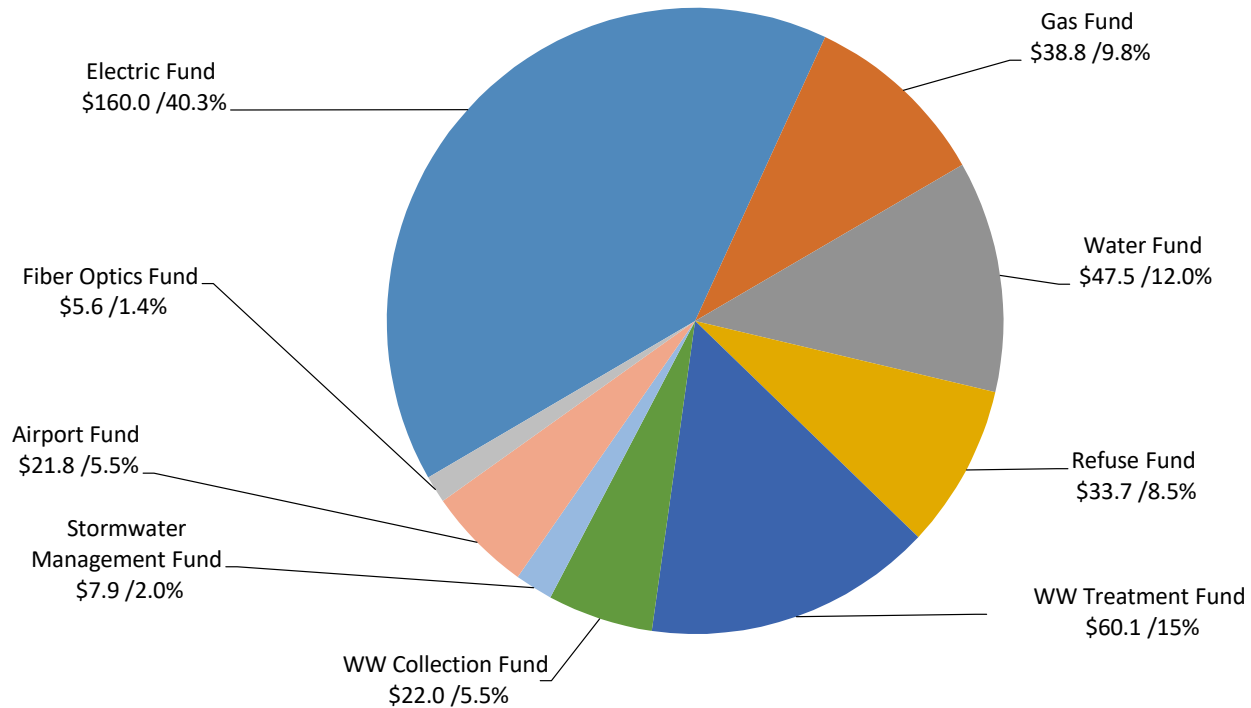
Fund Summary (\$000)	Electric Fund	Gas Fund	Water Fund	Refuse Fund	Waste water Treatment Fund	Wastewater Collection Fund	Stormwater Management Fund	Airport Fund	Fiber Optics Fund	Total
Capital Improvement Program	27,308	9,283	14,719	—	32,657	4,842	4,185	19,360	1,510	113,864
Total	183,402	48,706	57,456	32,411	59,737	23,897	9,872	21,359	4,345	441,185

ENTERPRISE FUNDS OVERVIEW

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

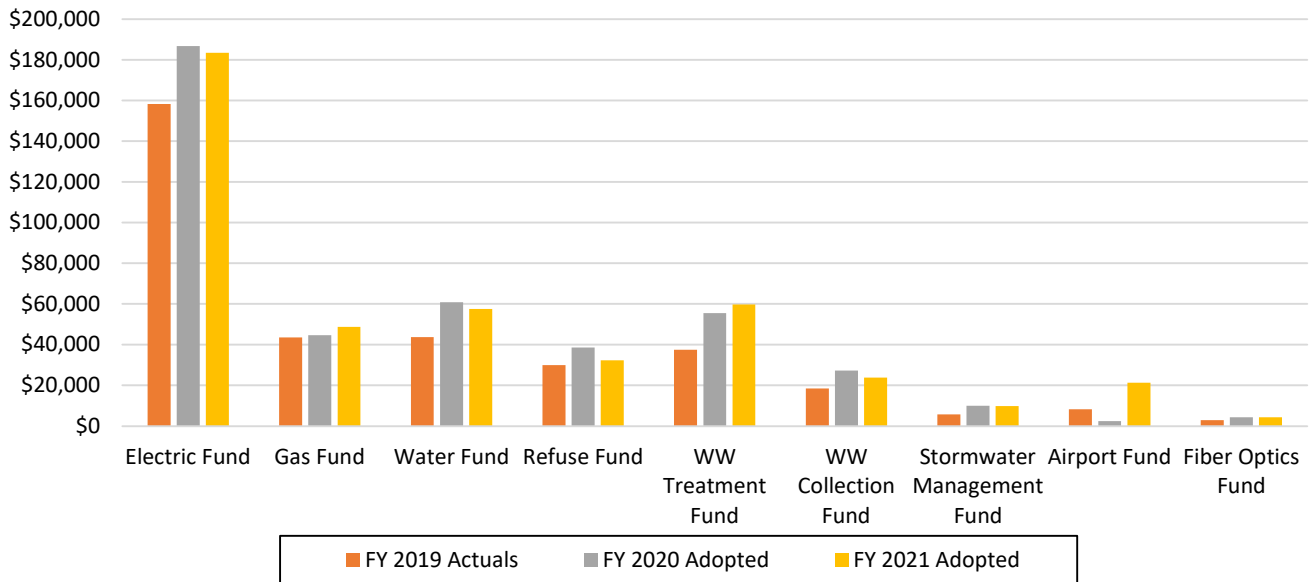


FY 2021 REVENUES/\$397.5 MILLION

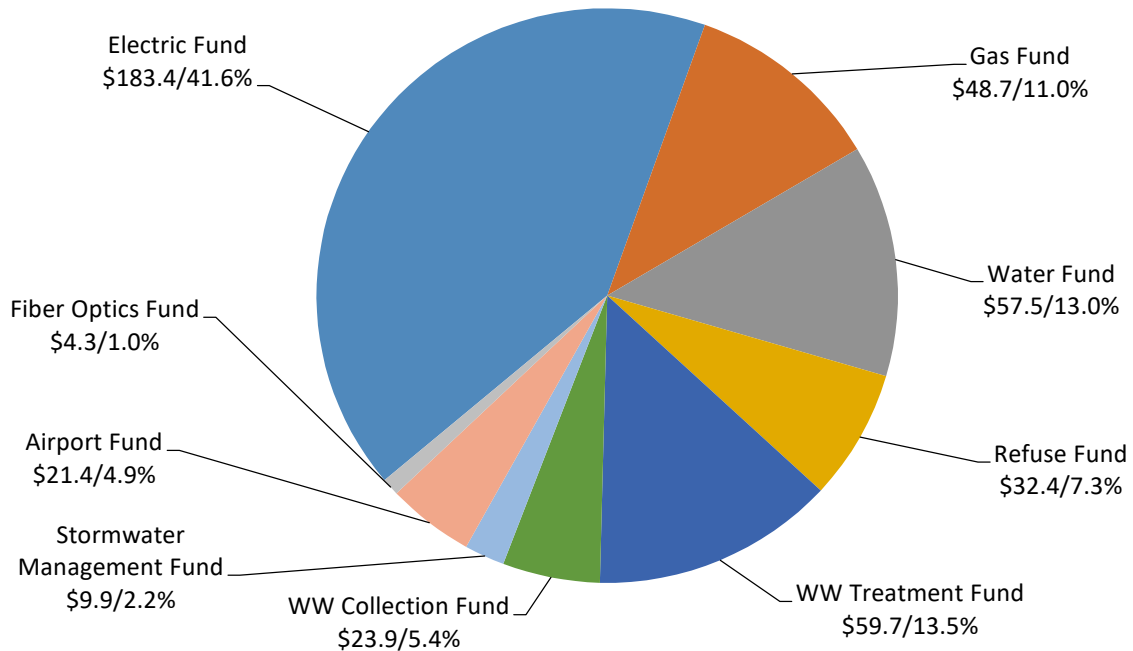


ENTERPRISE FUNDS OVERVIEW

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



FY 2021 EXPENSES /\$441.2 MILLION



ENTERPRISE FUNDS OVERVIEW

Enterprise Fund Reserves

Reserves (\$000)	FY 2020 Projected Ending Balance	FY 2021 Changes	FY 2021 Projected Ending Balance	FY 2021 Reserve Guideline Range
Electric Fund				
Operations	55,327	(28,413)	26,914	30,100 - 60,300
Hydro Stabilization	11,400	0	11,400	
Electric Special Projects	41,665	5,000	46,665	
Public Benefit	810	0	810	
Underground Loan	727	0	727	
CIP Reserves	880	0	880	
GASB 68 Pension Reserve	(31,323)	0	(31,323)	
GASB 75 OPEB Reserve	(14,156)	0	(14,156)	
Subtotal	65,330	(23,413)	41,917	
Gas Fund				
Rate Stabilization	2,534	0	2,534	
Operations	13,117	(6,064)	7,053	8,000 - 16,000
CIP Reserves	3,820	(3,820)	0	
GASB 68 Pension Reserve	(13,824)	0	(13,824)	
GASB 75 OPEB Reserve	(6,230)	0	(6,230)	
Subtotal	(583)	(9,884)	(10,467)	
Wastewater Collection Fund				
Rate Stabilization	342	0	342	
Operations	3,933	(915)	3,018	3,900 - 9,800
CIP Reserves	978	(978)	0	
GASB 68 Pension Reserve	(7,827)	0	(7,827)	
GASB 75 OPEB Reserve	(2,382)	0	(2,382)	
Subtotal	(4,956)	(1,893)	(6,849)	

Enterprise Fund Reserves

Reserves (\$000)	FY 2020 Projected Ending Balance	FY 2021 Changes	FY 2021 Projected Ending Balance	FY 2021 Reserve Guideline Range
Water Fund				
Rate Stabilization	4,069	0	4,069	
Operations	26,526	(9,941)	16,585	9,400-18,900
CIP Reserves	2,726	0	2,726	
GASB 68 Pension Reserve	(13,076)	0	(13,076)	
GASB 75 OPEB Reserve	(4,346)	0	(4,346)	
Subtotal	15,899	(9,941)	5,958	
Refuse Fund				
Rate Stabilization	15,822	1,316	17,138	5,300 - 10,700
Landfill Corrective Action Reserve	741	0	741	
Geng Road Reserves	268	0	268	
GASB 68 Pension Reserve	(5,374)	0	(5,374)	
GASB 75 OPEB Reserve	(2,651)	0	(2,651)	
Subtotal	8,806	1,316	10,122	
Stormwater Management Fund				
Rate Stabilization	3,726	(1,963)	1,763	
GASB 68 Pension Reserve	(3,501)	0	(3,501)	
GASB 75 OPEB Reserve	(1,157)	0	(1,157)	
Subtotal	(932)	(1,963)	(2,895)	
Wastewater Treatment Fund				
Rate Stabilization	7,612	397	8,009	9,800 - 19,600
Emergency Plant Replacement	1,980	0	1,980	
Notes and loans	559	0	559	

ENTERPRISE FUNDS OVERVIEW

Enterprise Fund Reserves

Reserves (\$000)	FY 2020 Projected Ending Balance	FY 2021 Changes	FY 2021 Projected Ending Balance	FY 2021 Reserve Guideline Range
GASB 68 Pension Reserve	(19,716)	0	(19,716)	
GASB 75 OPEB Reserve	(7,333)	0	(7,333)	
Subtotal	(16,898)	397	(16,501)	
Fiber Optics Fund				
Rate Stabilization	32,538	1,218	33,755	700- 1,400
Emergency Plant Replacement	1,000	0	1,000	
GASB 68 Pension Reserve	(2,002)	0	(2,002)	
GASB 75 OPEB Reserve	0	0	0	
Subtotal	31,536	1,218	32,753	
Airport Fund				
Rate Stabilization	(2,147)	454	(1,693)	
GASB 68 Pension Reserve	(684)	0	(684)	
GASB 75 OPEB Reserve	(431)	0	(431)	
Subtotal	(3,262)	454	(2,808)	
TOTAL RESERVES	94,939	(43,709)	51,230	
Summary of Reserves				
Emergency Plant Replacement	2,980	0	2,980	
Hydro Stabilization	11,400	0	11,400	
Rate Stabilization	64,496	1,422	65,918	
Operations	98,902	(45,333)	53,569	
CIP Reserves	8,404	(4,798)	3,606	
Geng Road Reserve	268	0	268	
Electric Special Projects	41,665	5,000	46,665	

Enterprise Fund Reserves

Reserves (\$000)	FY 2020 Projected Ending Balance	FY 2021 Changes	FY 2021 Projected Ending Balance	FY 2021 Reserve Guideline Range
Public Benefit	810	0	810	
Notes and loans	559	0	559	
Underground Loan	727	0	727	
Landfill Corrective Action Reserve	741	0	741	
GASB 68 Pension Reserve	(97,327)	0	(97,327)	
GASB 75 OPEB Reserve	(38,686)	0	(38,686)	
TOTAL RESERVES	94,939	(43,709)	51,230	
Landfill Postclosure Care Liability	6,975	126	7,101	
TOTAL RESERVES AND FULLY-FUNDED LIABILITY	101,914	(43,583)	58,331	

Residential Monthly Utility Cost Information

Utility	Adjusted FY 2020 Bill	FY 2021 Bill ¹	\$ Difference	% Difference
Electric	57.31	57.31	-	0.00%
Gas	64.00	64.53	0.53	0.83%
Water	90.42	90.42	-	0.00%
Wastewater	41.37	41.37	-	0.00%
Refuse	50.07	50.07	-	0.00%
Storm Drain	14.68	15.05	0.37	2.52%
User Tax	10.59	10.61	0.02	0.19%
Total Monthly Bill ²	328.44	329.36	0.92	0.28%

1. FY 2021 Rates are effective July 1, 2020.

2. Rate change displayed is the system average change and impact to individual customers.

Internal Service Funds





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INTERNAL SERVICE FUNDS OVERVIEW

Overview

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

GENERAL BENEFITS FUND

This fund reflects costs for a variety of employee benefits including pension, health, dental, vision, and life insurance. Funds are also included for payments made to employees who elect to waive healthcare coverage under a City plan because they have other coverage. As discussed in the overview of this fund that appears in the 'Employee Information' section, costs for employee health benefits as well as pension benefits are projected to increase in Fiscal Year (FY) 2021 and will be allocated out to departments and funds in proportion to their share. In addition, the FY 2021 Adopted Budget continues to incorporate City Council's direction to make additional contributions to the City's irrevocable IRS Section 115 Pension Trust Fund. The General Benefits Fund displays the total Section 115 Pension Trust Fund contribution.

GENERAL LIABILITIES INSURANCE PROGRAM FUND

This fund reflects costs for the City's General Liability Insurance Program. In FY 2021, costs are projected to increase compared to the FY 2020 Adopted Budget. This increase is based on an actuarial analysis of the City's liability costs over the past few years and provides an 85 percent confidence level in the funding levels of the fund. This will ensure that the General Liabilities Insurance Program fund has the necessary resources to deal with unforeseen claims. The allocation of these charges is reevaluated annually as part of the budget process to ensure that sufficient resources are available and that the fund balance is maintained at an appropriate level.

PRINTING AND MAILING SERVICES FUND

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

RETIREE HEALTH BENEFITS FUND

This fund reflects costs for medical insurance provided to retired City employees. In addition, this fund includes payments for the unfunded liability for future medical benefits that will be provided to current and future retirees. An overview of the Fund is included in the 'Employee Information' section of this document.

INTERNAL SERVICE FUNDS OVERVIEW

TECHNOLOGY FUND

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

VEHICLE REPLACEMENT AND MAINTENANCE FUND

This fund reflects costs for providing maintenance and replacement of vehicles and equipment used by City departments. In FY 2021, \$5.8 million is allocated for vehicles and equipment that are due for replacement. Of the \$5.8 million, \$4.2 million is for the continuation of projects approved by City Council in prior fiscal years. The 2021-2025 Capital Improvement Program (CIP) reflects funding totaling \$16.5 million over the next five years for vehicle replacements. The current reserve balance in the Vehicle Replacement and Maintenance Fund reflects funding allocated from City departments and committed to this five year plan.

WORKERS' COMPENSATION FUND

This fund reflects costs for the City's Workers' Compensation program. In FY 2021, costs are projected to increase compared to the FY 2020 Adopted Budget based on an actuarial analysis of the City's workers' compensation costs over the past few years and in order to provide an 85 percent confidence level in the funding levels of the fund. This will ensure that the Workers' Compensation Fund has the necessary resources to deal with unforeseen claims. The allocation of these charges is reevaluated annually as part of the budget process to ensure that sufficient resources are available and that the fund balance is maintained at an appropriate level.

Internal Service Funds Summary

Fund Summary (\$000)	Vehicle Replacement and Maintenance Fund	Technology Fund	Printing and Mailing Services	General Benefits Fund	Workers' Compensation Program Fund	General Liabilities Insurance Program Fund	Retiree Health Benefit Fund	Total
Revenues								
Charges to Other Funds	7,285	12,322	1,633	—	—	2,892	—	24,132
Operating Transfers-In	50	1,340	—	—	—	5	2,347	3,742
Other Revenue	155	18	—	76,496	5,078	41	13,577	95,365
Return on Investments	239	549	—	363	475	168	64	1,858
Total	7,730	14,229	1,633	76,859	5,553	3,106	15,988	125,096
Expenses								
Allocated Charges	1,176	1,661	363	—	—	—	—	3,200
Contract Services	624	4,653	60	221	7	72	—	5,637
Facilities & Equipment	—	557	—	—	—	—	—	557
General Expense	71	442	302	—	650	4,074	—	5,539
Operating Transfers-Out	121	31	—	2,347	—	—	—	2,499
Rents & Leases	337	401	402	—	—	—	—	1,141
Salary & Benefits	2,138	7,558	240	73,654	6,289	—	15,986	105,865
Supplies & Material	1,465	85	175	—	—	—	—	1,725
Transfer to Infrastructure	745	—	—	—	—	—	—	745
Capital Improvement Program	6,165	1,624	—	—	—	—	—	7,789
Total	12,842	17,013	1,541	76,222	6,947	4,146	15,986	134,697

INTERNAL SERVICE FUNDS OVERVIEW

Internal Service Funds Reserves

	Vehicle Replacement and Maintenance Fund	Technology Fund	Printing and Mailing Services	General Benefits Fund	Workers' Compensation Program Fund	Liability Insurance Fund	Retiree Health Benefit Fund	Total Internal Service Funds
Changes to Unrestricted Assets								
June 30, 2020 Projected Unrestricted Assets	8,729	18,353	0	4,545	2,918	1,756	2,469	38,770
FY 2021 Adopted Changes	(5,113)	(2,784)	92	637	(1,394)	(1,040)	2	(9,600)
June 30, 2021 Projected Unrestricted Assets	3,616	15,569	92	5,182	1,524	716	2,471	29,170

Special Revenue Funds





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SPECIAL REVENUE FUNDS OVERVIEW

Overview

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

PUBLIC ART FUND

Administered by the Community Services Department, the Public Art Fund was created in FY 2014 to support the City's Public Art Program. The program seeks to increase the public's daily exposure to art through the commissioning and acquisition of a diverse range of artworks integrated into the City's urban environment. The Public Art Program strives to build the City's reputation as a dynamic public art locale with works of diverse styles, disciplines, and the highest aesthetic standards. Funding for the Public Art Program is determined by the Municipal Code's direction of 1 percent for Art in Private Development. Construction projects over 10,000 square feet that require Architectural Review and have an estimated construction value of more than \$200,000 have the option of commissioning artwork on the development site equal to the cost of 1 percent of the estimated construction valuation or paying the 1 percent to the Public Art Fund. In FY 2021, the projected revenue for the Public Art Fund is \$200,000 and includes a transfer of \$170,000 from the General Fund to comply with requirements that limit the administration costs that are funded through fees. Additionally, although not accounted for in this fund, the City requires that for specific City-funded capital projects a 1 percent public art expense is set aside (please refer to the Art in Public Space capital project (AC-86017) in the FY 2021 Adopted Capital Budget for further detail).

COMMUNITY DEVELOPMENT FUNDS

Revenue in this category comes from Development Impact Fees for community centers, libraries, parks, public facilities, and transportation. The Development Impact fees collected from new developments provide funding for the City's infrastructure related to community centers, libraries, parks, public safety facilities, general government facilities, and the Charleston-Arastradero Corridor. The projected revenue within the Community Development Impact Fee Funds is \$675,000 in FY 2021, primarily reflecting anticipated receipts in the Park Impact and Parkland Dedication Funds. The FY 2021 Adopted Capital Budget includes transfers of \$6.0 million for the completion of Byxbee Park (\$2.4 million), improvements at Rinconada Park (\$2.4 million), design and construction of a new Public Safety building (\$350,000), installation of restrooms at City parks (\$350,000), an Automated Material Handling (AMH) systems to sort returned Library

SPECIAL REVENUE FUNDS OVERVIEW

materials (\$260,000), building and renovation of dog parks (\$150,000), and renovations to the Junior Museum and Zoo (\$125,500).

Annually, the Administrative Services Department issues a report of the activities in these funds, including the remaining balances within them.

The 2019 annual report ending June 30, 2019, is included in CMR 10796 found here:

www.cityofpaloalto.org/civicax/filebank/documents/74854

STREET IMPROVEMENT FUNDS (SIF)

Revenue in this category comes from the state gas tax, including estimated receipts from the recently approved S.B.1 transportation funds and federal and state grants earmarked for street improvements. These funds are used for transportation and traffic-related capital projects. Preliminary estimates from the State Department of Finance in May 2020 projected revenues at an estimated \$2.8 million. These receipts include adjustments to Highway Users Tax Account (HUTA) allocations and the new S.B. 1 transportation funding bill, effective July 1, 2017. Under S.B. 1, it is anticipated that the City is allocated a total of \$1.2 million in revenue from the Road Maintenance and Rehabilitation Account (RMRA). Repayments from the State General Fund were received over three years at \$80,000 per year, ending FY 2020.

In FY 2021, \$2.6 million is programmed to be transferred to the Capital Improvement Fund for various citywide transportation projects that include projects for street maintenance and safe routes to school. The City achieved its primary goal of reaching a citywide average Pavement Condition Index (PCI) score of 85 in 2018, three years earlier than the initial goal; however, funding is maintained through the 2021 - 2025 Capital Improvement Plan to work towards the City's secondary street maintenance goal of having no streets under a PCI score of 60.

FEDERAL AND STATE REVENUE FUNDS

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

The CDBG action plan for FY 2021 included an allocation of \$1.1 million and was approved by the City Council in June 2020 to be finalized and submitted by the extended August 16, 2020 deadline (CMR 11148). This amount includes agency requests of \$851,000 and a \$295,000 grant from the Coronavirus Aid, Relief, and Economic Security act (CARES) to provide rent relief, food assistance, and COVID-19 testing and equipment.

A more detailed presentation of the FY 2021 Budget for the CDBG Fund is available at the end of the Special Revenue Funds Overview section.

HOUSING IN-LIEU FUNDS

In-lieu housing revenues come from fees required of commercial, industrial, and residential developers. These fees are used to provide housing for the City's Subsidized Housing Program. For FY 2021, \$2.3 million in in-lieu fees are anticipated. These estimates remain constant from FY 2020 and are based on historical tracking and Planning and Development Services (PDS) Department staff projections.

Annually, the Administrative Services Department issues a report of the activities in these funds, including the remaining balances within them. The 2019 annual report ending June 30, 2019, is included in CMR 10796 found here:

www.cityofpaloalto.org/civicax/filebank/documents/74854

As of June 30, 2019, these funds had a balance of \$51.6 million. The majority of this funding is committed to projects in progress.

SPECIAL DISTRICTS FUNDS

Special District Funds reflect the combined financial activity of the following funds: University Avenue Parking District Fund, California Avenue Parking District Fund, and Residential Preferential Parking (RPP) Fund. This grouping does not include Assessment District Funds. Revenue in these funds, generated from parking permits and citations, is used for maintenance, repair, enforcement, and beautification of parking facilities and public areas within the University and California Avenue business districts and RPP districts. As of FY 2021, six neighborhoods are active in the RPP program, which seeks to mitigate parking congestion in Palo Alto neighborhoods: College Terrace, Downtown, Evergreen Park/Mayfield, Crescent Park, Southgate, and Old Palo Alto (approved as a one-year pilot by City Council on October 21, 2019, in staff report 10612).

In FY 2021, the new California Avenue parking garage will be opening to the public. This will add 345 new available employee parking permits, which is enough to accommodate the entire existing waitlist. With this new garage coming online, additional revenue and expenses will occur in the California Avenue Parking Fund. One such additional cost is the increased custodial services needed to maintain the cleanliness of this new public space. A more detailed presentation of the FY 2021 Budget for the California Avenue Parking Fund is available at the end of the Special Revenue Funds Overview section.

The FY 2020 budget established a separate Office of Transportation (OOT) situated in the City Manager's Office. Transportation was previously a division in the Planning and Development Services Department; this change was in recognition of the significant need to develop and implement strategies that address the City Council priority to improve mobility and resolve traffic and transportation challenges. Additional information about the establishment and current operations of OOT can be found in the subsequent section for City Departments within the City Manager's Office.

This FY 2021 budget also includes a 2.6 percent increase, the General Rate of Increase (GRI) for FY 2021, to Employee Parking Permit rates in the University Avenue and Downtown areas. Employee Parking Permit rates are recommended to increase from \$806 to \$830 per year in University Avenue and Downtown RPP district and \$403 to \$620 per year in California Avenue,

SPECIAL REVENUE FUNDS OVERVIEW

Evergreen Park/Mayfield RPP district, and Southgate RPP district. A price increase is not recommended in FY 2021 to annual residential parking permits so these permits will remain at \$50. A policy change to charge for the first residential parking permit is included, as approved by the City Council on May 13, 2020, and discussed in further detail below. A more detailed presentation of parking fees can be found in the FY 2021 Municipal Fee schedule.

During the FY 2021 budget hearings the City Council approved several programmatic changes to the RPP program in order to improve cost recovery and maintain the RPP Fund's solvency. These changes are detailed in this at-places memo, as provided to the City Council on May 13, 2020: www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=86391.49&BlobID=76681. Changes included decreases in ongoing operating expenses due to a shift to License Plate Reader (LPR) parking enforcement in the RPP districts, one-time expenses to purchase necessary equipment to support the implementation of LPR and correct RPP signage, and revenue estimate increases due to increased citations and a policy change to no longer provide a free first residential parking permit.

This FY 2021 Adopted Budget includes the following significant actions:

- Extend the temporary 0.48 part-time Administrative Specialist II to provide customer support services during the implementation and transition to the new parking management software system (6-12 months, \$34,750 one-time);
- Continue to provide funding to the Transportation Management Association (TMA) to support the reduction of single-occupancy vehicles (SOV) rates in Palo Alto. (\$453,000 one-time);
- Provide support to businesses in response to COVID-19 (\$297,000 one-time);
- Increase permit sales revenue estimates by \$5,900 in University Avenue, \$524,900 in California Avenue, and \$110,000 in Residential Preferential Parking Funds to reflect parking permit increases (ongoing);
- Increase permit sales revenue estimates by \$154,000 in the RPP Fund to reflect the FY 2021 policy change to no longer provide the first residential parking permit free (ongoing);
- Increase citation revenue estimates by \$110,000 in the RPP Funds to reflect the enforcement of 'no re-parking' in the RPP districts, (ongoing);
- Reduce contract expenses by net \$256,800 to reflect the programmatic changes brought forward during the FY 2021 budget hearings including decreasing enforcement and permitting contract expenses (-\$486,800, ongoing) and a one-time expense adjustment to purchase License Plate Reader (LPR) equipment and sign overlays necessary to enforce 'no-parking', totaling (\$230,000, one-time); and
- Capital improvement investments in FY 2021 through a transfer of \$100,000 from the University Avenue Parking Fund to the General Capital Improvement Fund for the University Avenue Parking Improvements project. The transfer is relatively low because these funds are supporting no new projects, and several existing projects have had their timelines pushed out. Additional project details can be found in the FY 2021 Adopted Capital Budget.

The ability of these funds to meet future cash flow needs will be significantly impacted by existing projects in the pipeline and the design and complexity of the elements of the com-

prehensive parking strategy, including permit pricing. In the upcoming year, staff will continue to develop and implement potential strategies for the organization and scaling of a comprehensive parking strategy. In order to strategically manage existing projects and programs in the pipeline and to enact a comprehensive parking strategy, a pause on new projects and initiatives is still recommended in the upcoming fiscal year to allow staff to fill critical vacancies and assess the various programs.

A more detailed presentation of the FY 2021 Budget for the University Avenue Parking District Fund and California Avenue Parking District Fund is available at the end of the Special Revenue Funds Overview section.

TRAFFIC MITIGATION AND PARKING IN-LIEU FUNDS

Traffic mitigation fee revenue is derived from fees paid by developers of new, non-residential projects to alleviate additional traffic congestion resulting from new development. Parking in-lieu fees result from commercial projects in assessment district areas, which contribute a fee for parking spaces in lieu of providing the required spaces within the project area itself. In FY 2021, \$275,000 in traffic mitigation and parking in-lieu fees are anticipated. These estimates remain steady with 2020 revenues and are based on historical tracking and Office of Transportation (OOT) staff projections. The FY 2021 - 2025 Capital Improvement Plan includes a transfer of \$400,000 in FY 2021 for improvements to traffic signals.

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

www.cityofpaloalto.org/civicax/filebank/documents/70517

PUBLIC BENEFIT FUNDS

Revenue in these funds is a result of a senior housing project on Hamilton Avenue and contributions and mitigation fees paid for Planned Community Zone approvals. The Hamilton Avenue funds will continue to be used by Avenidas (formerly Senior Coordinating Council) to provide services to seniors.

DOWNTOWN BUSINESS IMPROVEMENT DISTRICT (BID)

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

In 2020 the novel coronavirus (COVID-19) pandemic caused significant economic impacts to local businesses. Concerning these impacts, the City Council adopted a resolution in May 2020 that rescinded the levy of assessments for the BID in calendar year 2020 and reimbursed payments made by businesses during the period (CMR 11219). The PADBPA typically uses fees collected through the BID assessment for programs and activities. With no collections in FY 2020,

SPECIAL REVENUE FUNDS OVERVIEW

a \$70,000 subsidy from the General Fund was required. Staff continues to confirm necessary expenditures and anticipates returning to the City Council with an action plan for the upcoming period for review and approval. The FY 2021 Adopted budget maintains FY 2020 funding levels, and any necessary budget adjustments as a result of the finalized action plan will be brought forward as a budget amendment.

The most recent action plan for FY 2019-20 was included in CMR 10315 and can be found here: www.cityofpaloalto.org/civicax/filebank/documents/72074

STANFORD UNIVERSITY MEDICAL CENTER (SUMC)

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

Annually the Planning and Development Services Department, formerly the Planning and Community Environment Department, issues a report of activities during the prior period for Council review to ensure compliance with the agreement. Staff anticipates bringing forward the annual report for 2017-2018 in FY 2021. The most recent annual report for the 2016-2017 period is included in CMR 8999 found here:

www.cityofpaloalto.org/civicax/filebank/documents/65285

Community Health and Safety: Funds are to be distributed to selected community health programs that benefit residents of the City. The projected beginning balance in this category is \$2.8 million. There are no planned transfers in FY 2021 to the Capital Improvement Fund.

Stanford Hospital Expansion Cost Mitigation: Funds are being held in this category to assure that City costs associated with the project do not exceed revenues to the City and ensure cost neutrality of the development. The projected beginning balance for this category is \$2.9 million. The FY 2021 Adopted Capital Budget includes a \$500,000 transfer for railroad grade separation and safety improvements.

Intermodal Transit: Funds are to enhance the pedestrian and bicycle connection from the Transit Center to the El Camino/Quarry Road intersection. The projected beginning balance in this category is \$1.2 million. There are no planned transfers in FY 2021 to the Capital Improvement Fund.

Quarry Road Improvements: Funds are to improve and enhance the public right-of-way at the pedestrian and bicycle connection from El Camino to Welch Road along Quarry Road. Beginning in FY 2019, there is no longer a fund balance in this category. The remaining funding for Quarry Road Improvements and Transit Center Access will be expended from the Intermodal Transit Fund in future periods, consistent with the development agreement and recognizing cost increases incurred as a result of Quarry Road delays and mobilization of two separate projects rather than one combined project as initially planned.

SPECIAL REVENUE FUNDS OVERVIEW

Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing: Funds in this category are to be used in connection with infrastructure, sustainable neighborhoods and communities, and affordable housing. The projected beginning balance in this category is \$10.9 million. The FY 2021 Adopted Capital Improvement Budget includes a \$1.5 million transfer for the replacement of Fire Station four (\$750,000) and the design and construction of a new Public Safety building (\$800,000).

Climate Change: Funds are to be used for projects and programs for a sustainable community, including programs identified in the City's Climate Action Plan. The projected beginning balance for this category is \$2.8 million. The FY 2021 Adopted Capital Improvement Budget includes a \$1.2 million transfer for the Bicycle and Pedestrian Plan-Implementation Project.

A more detailed presentation of the FY 2021 budget for the Stanford University Medical Center Fund is available at the end of the Special Revenue Funds Overview section.

SPECIAL REVENUE FUNDS OVERVIEW

Special Revenue Summary by Fund Type

Fund Summary (\$000)	Public Art Fund	Com. Dev. Funds	Bus. Improv. District	Housing In-Lieu Funds	Street Improv. Fund	Federal & State Rev. Funds	Special District Funds	Traffic Mitig. & Parking In-Lieu Funds	Stan. Univ. Medical Center Fund	Total
Revenues										
Charges for Services	200	673	—	—	—	—	—	276	—	1,149
From Other Agencies	—	—	—	—	2,834	796	—	—	—	3,631
Net Sales	—	—	—	—	—	—	2,360	—	—	2,360
Operating Transfers-In	170	—	—	—	—	—	400	—	—	570
Other Revenue	—	—	—	2,345	—	136	—	—	—	2,481
Other Taxes and Fines	—	—	—	—	—	—	260	—	—	260
Permits and Licenses	—	—	—	—	—	—	3,180	—	—	3,180
Property Taxes	—	—	140	—	—	—	—	—	—	140
Rental Income	—	—	—	9	—	—	—	—	—	9
Return on Investments	16	337	—	463	9	7	109	260	370	1,571
Total	386	1,010	140	2,817	2,843	939	6,310	536	370	15,351
Expenses										
Allocated Charges	2	—	—	1	—	2	299	—	—	305
Contract Services	—	—	—	247	—	—	2,329	—	—	2,576
General Expense	1	—	148	53	—	1,055	799	—	—	2,056
Operating Transfers-Out	—	—	—	—	364	—	130	—	—	494
Salary & Benefits	199	—	—	57	—	88	1,468	—	—	1,811
Supplies & Material	—	—	—	—	—	—	121	—	—	121
Transfer to Infrastructure	—	6,035	—	—	2,591	—	100	400	3,250	12,376
Total	202	6,035	148	358	2,954	1,145	5,246	400	3,250	19,738

Consolidated Special Revenue Funds

Fund Summary (\$000)	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
REVENUES						
Gas Tax	1,858	2,602	2,891	2,834	(57)	(1.97)%
Federal CDBG	363	687	393	501	108	27.48%
Housing In-Lieu	1,145	5,613	2,150	2,150	—	—
Traffic Mitigation Fees	3,077	2,301	276	276	—	—
Developer Impact Fees	1,296	2,212	673	673	—	—
Parking Mitigation Fees	3,643	4,505	4,728	5,801	1,073	22.69%
BID Assessment	72	58	140	140	—	—
SUMC	11,745	—	—	—	—	—
Interest Income	1,525	1,909	1,185	1,571	386	32.57%
Other Revenue	717	1,117	375	835	460	122.67%
Subtotal Revenue	25,440	21,004	12,811	14,781	1,970	15.38%
Transfers In						
General Fund	426	453	453	489	36	7.95%
Technology Fund	21	24	24	27	3	12.50%
Utility Admin Fund	48	47	47	55	8	17.02%
Subtotal Operating Transfers In	495	524	524	571	47	8.97%
Total Source of Funds	25,935	21,528	13,335	15,352	2,017	15.13%
EXPENDITURES						
General Expense	22,031	8,056	8,439	6,896	(1,570)	(18.60)%
Subtotal Expenditures	22,031	8,056	8,439	6,896	(1,760)	(18.6)%
Transfers Out						
General Fund	739	565	500	494	(6)	(1.30)%
Capital Improvement Fund	10,696	4,886	26,377	12,376	(14,001)	(53.08)%
General Benefits	—	11	13	—	(13)	(100.00)%
Subtotal Operating Transfers Out	11,435	5,462	26,890	12,869	(14,021)	(52.14)%
Total Use of Funds	33,465	13,518	35,329	19,738	(15,591)	(44.13)%
Net To (From) Reserves	(7,530)	8,010	(21,994)	(4,386)	17,608	(80.06)%

SPECIAL REVENUE FUNDS OVERVIEW

Community Development Block Grant

Community Development Block Grant Fund	FY 2020 Adopted Budget	FY 2021 Agency Requests	FY 2021 Adopted Budget
SOURCE OF FUNDS			
Housing & Urban Development, current year	499,868	—	501,355
Housing & Urban Development, prior years	—	—	—
Prior Year Excess/Reallocation (1)	88,661	—	213,167
CDBG Coronavirus (CV) Grant	—	—	294,909
Program Income			
Palo Alto Housing Corporation	136,049	—	136,049
TOTAL SOURCE OF FUNDS	724,578	—	1,145,480
USE OF FUNDS			
Public Service			
Palo Alto Housing Corporation - SRO Resident Support Services	31,831	29,220	29,220
Catholic Charities - Long-Term Care Ombudsman	10,000	10,000	10,000
YWCA/Support Network - Domestic Violence Services	5,000	5,000	5,000
LifeMoves (formerly InnVision) - Opportunity Service Center	31,832	29,220	29,220
Silicon Valley Independent Living - Housing and Emergency Services	12,000	12,000	12,000
Subtotal: Public Service	90,663	85,440	85,440
Planning and Administration			
Project Sentinel/Fair Housing Services	37,940	37,480	37,480
City of Palo Alto - CDBG Administration includes 0.10 FTE & 0.48 Hourly CDBG Administrative Staff	89,243	90,000	90,000
Subtotal: Planning and Administration	127,183	127,480	127,480
Housing, Economic Development, Capital Projects, & Public Facilities			
Downtown Streets Team/Workforce Development	361,473	336,400	236,000
MayView Community Health Center	145,259	—	—
Habitat for Humanity - Minor Home Repair	—	151,301	—
Palo Alto Housing - Alma Place	—	149,950	149,950
Subtotal: Housing, Economic Development & Capital Projects	506,732	637,651	385,950
Rent Relief Assistance			
LifeMoves (formerly InnVision) - Opportunity Service Center	—	—	294,000

Community Development Block Grant

Community Development Block Grant Fund	FY 2020 Adopted Budget	FY 2021 Agency Requests	FY 2021 Adopted Budget
YWCA/Support Network - Domestic Violence Services	—	—	10,000
Silicon Valley Independent Living - Housing and Emergency Services	—	—	75,000
Subtotal: Rent Relief Assistance	—	—	379,000
Food Assistance			
Downtown Streets Team/Food Closet Program	—	—	100,000
Subtotal: Food Assistance	—	—	100,000
COVID-19 Testing and PPE Equipment			
MayView Community Health Center	—	—	67,610
Subtotal: COVID-19 Testing and PPE Equipment	—	—	67,610
TOTAL USE OF FUNDS	724,578	850,571	1,145,480

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

SPECIAL REVENUE FUNDS OVERVIEW

University Avenue Parking Permit Fund

	FY 2020 Adopted	FY 2020 Adjusted	FY 2021 Adopted
Revenues			
Permit Sales	2,372,000	2,277,100	2,358,860
Day Passes	675,000	579,800	580,000
Ticket Machine	215,000	386,900	388,000
Transfer from Other Funds for City Share	380,250	380,250	400,060
Investment Income	68,200	68,200	77,500
Total Revenue	3,710,450	3,692,250	3,804,420
Expenditures			
Administration			
Positions	1.66	1.66	1.66
Salaries & Benefits	249,261	189,728	250,435
Contract Staffing	182,248	173,071	182,248
Parking Occupancy Services	77,031	32,772	35,000
Miscellaneous Supplies	21,048	21,048	21,048
Ticket Machine (bankcard services, transmission, maintenance)	28,100	28,100	20,400
Subtotal Administration	557,688	444,719	509,131
Maintenance			
Positions	3.87	3.87	3.87
Salaries & Benefits	547,542	456,469	526,479
Supplies	60,090	60,090	60,090
Twinkle/Tree Lights	30,000	30,000	30,000
Landscaping	20,090	20,090	78,024
Maintenance (garage, elevator, fire sprinkler)	78,024	78,024	20,593
Custodial (janitorial services, power washing, sweeping)	280,346	280,346	286,537
Steam Cleaning	94,660	94,660	94,660
Subtotal Maintenance	1,110,752	1,019,679	1,096,383

University Avenue Parking Permit Fund

	FY 2020 Adopted	FY 2020 Adjusted	FY 2021 Adopted
Police Patrol			
Positions	0.50	0.50	0.50
Salaries & Benefits	128,598	128,598	130,000
Subtotal Patrols	128,598	128,598	130,000
Other			
Valet Programs (Lots R, CC, CW, & S)	289,972	289,972	289,972
Temporary Valet Programs (garage construction)	—	150,000	—
Downtown Streets Team	118,744	118,744	118,744
Transportation Management Authority (TMA)	750,000	750,000	453,000
COVID-19 Business Support	—	—	297,000
Utilities/Indirect costs	207,986	207,986	196,314
Transfer to CIP Fund	1,135,220	1,135,220	100,000
Subtotal Other	2,501,922	2,651,922	1,455,030
Total Operating Expenses	4,298,960	4,244,918	3,190,544
Income from Operations	(588,510)	(552,668)	613,876

SPECIAL REVENUE FUNDS OVERVIEW

California Avenue Parking Permit Fund

	FY 2020 Adopted	FY 2020 Adjusted	FY 2021 Adopted
Revenues			
Permit Sales	296,625	251,788	821,500
Day Passes	225,000	287,178	290,000
Investment Income	12,000	12,000	12,800
Total Revenue	533,625	550,966	1,124,300
Expenditures			
Administration			
Positions	1.05	1.05	1.05
Salaries & Benefits	151,383	98,935	153,247
Miscellaneous Supplies	35,620	35,620	35,620
Contract Staffing	41,400	39,347	41,400
Parking Occupancy Services	17,545	13,497	17,545
Subtotal Administration	245,948	187,399	247,812
Maintenance			
Positions	0.43	0.43	0.43
Salaries & Benefits	73,601	55,812	71,793
Supplies	7,855	7,855	7,855
Contracts			
Garage maintenance	5,255	5,255	79,106
Sweeping Ted Thompson and Cambridge garages	4,008	4,008	4,008
Fire sprinkler maintenance	1,453	1,453	1,453
Steam Cleaning	7,060	7,060	7,060
Landscaping	10,597	10,597	11,583
Facilities repair	637	637	637
Custodial	—	—	54,650
Street Sweeping	82,101	82,101	82,101
Subtotal Maintenance	192,567	174,778	320,246
Utilities/Indirect costs	38,849	38,849	58,485
Transfer to CIP Fund	138,000	138,000	—
Subtotal Other	176,849	176,849	58,485
Total Operating Expenses	615,364	539,026	626,543
Income from Operations	(81,739)	11,940	497,757

SPECIAL REVENUE FUNDS OVERVIEW

Stanford Development Agreement Fund

	FY 2020 Estimated	FY 2021 Adopted	Change
SOURCE OF FUNDS			
Unrestricted- Community Health and Safety	2,778,889	2,825,721	46,832
Unrestricted- Stanford Hospital Expansion Cost Mitigation	2,865,946	2,914,245	48,299
Unrestricted- Intermodal Transit	1,203,107	1,021,697	(181,410)
Unrestricted- Quarry Road Improvements	—	—	—
Unrestricted- Neighborhoods and Communities and Affordable Housing	10,862,556	11,045,620	183,063
Unrestricted- Climate Change	2,771,602	1,608,199	(1,163,403)
Total Beginning Fund Balance	20,482,100	19,415,482	(1,066,618)
Revenue			
Interest - Community Health and Safety	46,832	53,893	7,062
Interest - Stanford Hospital Expansion Cost Mitigation	48,299	55,582	7,283
Interest - Intermodal Transit	18,590	19,486	896
Interest - Quarry Road Improvements	—	—	—
Interest - Neighborhoods/Communities/Affordable Housing	183,063	210,667	27,603
Interest - Climate Change	36,597	30,672	(5,925)
Total Revenue	333,382	370,300	36,918
TOTAL SOURCE OF FUNDS	20,815,482	19,785,782	(1,029,700)
USE OF FUNDS			
Expenditures			
Transfers Out			
Community Health and Safety: Capital Improvement Fund	—	—	—
Stanford Hospital Expansion Cost Mitigation	—	500,000	—
Intermodal Transit: Capital Improvement Fund	200,000	—	(200,000)
Quarry Road Improvements: Capital Improvement Fund	—	—	—
Neighborhood and Communities and Affordable Housing: Capital Improvement Fund	—	1,550,000	1,550,000
Climate Change: Capital Improvement Fund	1,200,000	1,200,000	—
Total Transfers	1,400,000	3,250,000	1,350,000
Total Expenditures	1,400,000	3,250,000	1,850,000

SPECIAL REVENUE FUNDS OVERVIEW

Stanford Development Agreement Fund

	FY 2020 Estimated	FY 2021 Adopted	Change
Ending Fund Balance			
Unrestricted- Community Health and Safety	2,825,721	2,879,614	53,893
Unrestricted- Stanford Hospital Expansion Cost Mitigation	2,914,245	2,469,827	(444,418)
Unrestricted- Intermodal Transit	1,021,697	1,041,183	19,486
Unrestricted- Quarry Road Improvements	—	—	—
Unrestricted- Neighborhoods and Communities and Affordable Housing	11,045,620	9,706,286	(1,339,333)
Unrestricted- Climate Change	1,608,199	438,871	(1,169,328)
Total Ending Fund Balance	19,415,482	16,535,782	(2,879,700)
TOTAL USE OF FUNDS	20,815,482	19,785,782	(1,029,700)

Debt Service Funds





CITY OF
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DEBT SERVICE FUNDS OVERVIEW

Overview

CITY OF PALO ALTO DEBT POLICY

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

DEBT POLICY GUIDELINES

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

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

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

DEBT SERVICE FUNDS OVERVIEW

B. Minimize borrowing costs by:

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

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

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

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

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

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

LEGAL DEBT LIMIT

Based upon the assessed valuation of \$36.8 billion for the fiscal year ending June 30, 2019, the City is limited to general obligation indebtedness of \$1.4 billion per State law. As of June 30, 2019, the amount of debt applicable to the debt limit was \$60.5 million, which is well below the City's legal debt limit. The debt limit is applicable to voter-approved general obligation (GO) bonds that have been approved in prior years to fund capital improvement projects to renovate and build out the City's libraries including the Mitchell Park Library and Community Center.

DEBT OBLIGATION DESCRIPTIONS

2010A and 2013A General Obligation (GO) Bonds

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

As of June 30, 2020, for the above 2010 and 2013 bonds, \$43.3 million and \$15.5 million principal and \$24.3 million and \$8.0 million interest will be the remaining debt service on the bonds with final payment occurring in Fiscal Year 2041 and Fiscal Year 2042, respectively.

2018 Capital Improvement ("Golf Course") Project and 2002B ("Civic Center Refinancing and Downtown Parking Improvements Project") Refinancing Certificates of Participation (COPs)

On June 5, 2018, the City issued taxable (Green Bonds) COPs of \$8.4 million for the renovation of Palo Alto's Municipal Golf Course and \$0.6 million to refinance the 2002B COPs. Debt service payments are due semi-annually on May 1 and November 1. The 2018 Capital Improvement Project and 2002B refinancing COPs maturity dates and true interest costs are November 2047 and 4.14 percent and November 2022 and 3.11 percent, respectively.

2019 California Avenue Parking Garage Certificates of Participation (COPs)

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

Debt service payments on the \$37.4 million COPs are due semi-annually on May 1 and November 1, with the first payment due on November 1, 2019. The COPs mature in FY 2049 and have a combined true interest cost (TIC) of 3.75 percent with the tax-exempt bonds' TIC being 3.52 percent and taxable bonds' TIC being 4.32 percent.

1995 Utility Revenue Bonds, Series A

On February 1, 1995 the City issued Utility Revenue Bonds to finance certain extensions and improvements to the City's Storm Drainage and Surface Water systems. The bonds are special obligations of the City payable solely from and secured by a pledge of and lien upon the reve-

DEBT SERVICE FUNDS OVERVIEW

nues derived by the City from the funds, services, and facilities of all Enterprise Funds except the Refuse Fund and the Fiber Optics Fund. Principal payments are payable annually on June 1, and interest payments semi-annually on June 1 and December 1. A \$2.9 million 6.3 percent term bond is due June 1, 2020. In lieu of a reserve fund, the Bonds are secured by a Surety Bond issued by AMBAC Indemnity Corporation.

The pledge of future net revenues for the above funds ends upon repayment of the \$0.6 million principal and \$40,313 interest as the remaining debt service on the bonds as of June 30, 2019 with final payment occurring in Fiscal Year 2020.

1999 Utility Revenue and Refunding Bonds, Series A

On June 1, 1999 the City issued Utility Revenue Bonds to refund the 1990 Utility Revenue Refunding Bonds, Series A and the 1992 Utility Revenue Bonds, Series A, and to finance rehabilitation of the Wastewater Treatment System's two sludge incinerators. The 1990 Utility Revenue Refunding Bonds, Series A and the 1992 Utility Revenue Bonds, Series A, were subsequently retired. The 1999 Bonds are special obligations of the City payable solely from and secured by a pledge of, and lien upon, certain net revenues derived by the City's sewer system and its storm and surface water system, the "Stormwater Management System". As of June 30, 2001, the 1999 Bonds had been allocated to and were repayable from net revenues of the following Enterprise Funds: Wastewater Collection (10.2 percent), Wastewater Treatment (64.6 percent) and Stormwater Management (25.2 percent). Principal payments are payable annually on June 1, and interest payments semi-annually on June 1 and December 1. In lieu of a reserve fund, the bonds are secured by a Surety Bond issued by AMBAC Indemnity Corporation.

The pledge of future net revenues for the above funds ends upon repayment of the \$6.7 million principal and \$0.9 million interest as the remaining debt service on the bonds as of June 30, 2020, with final payment occurring in Fiscal Year 2024.

2009 Water Revenue Bonds, Series A

On October 6, 2009, the City issued Water Revenue Bonds in the amount of \$35.5 million to finance certain improvements to the City's Water utility system. Principal payments are due annually on June 1, and interest payments are due semi-annually on June 1 and December 1, from 1.8 percent to 6.0 percent. The final debt service payment will be made in 2035. When these bonds were issued they were designated as 'Direct Payment Build America Bonds' under the provisions of the American Recovery and Reinvestment Act of 2009 ('Build America Bonds'). The City expected to receive a cash subsidy payment from the United States Treasury equal to 35.0 percent of the interest payable on the 2009 bonds, however, due to the United States federal government budget (sequestration) cuts in calendar year 2013, the receipts declined to 32.5 percent in 2013 and were 33.3 percent in calendar year 2018. The lien on the 1995 Bonds on the net revenues is senior to the lien on net revenues securing the 2009 Bonds and the 2002 Bonds. The City received subsidy payments amounting to \$0.5 million, which represents 33.3 percent of the two interest payments due on June 1 and December 1 annually.

The pledge of future net revenues of the above funds ends upon repayment of the \$25.5 million principal and \$13.3 million interest as the remaining debt service on the bonds as of June 30, 2020 with final payment occurring in Fiscal Year 2035.

2011 Utility Revenue Bonds, Series A

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

The pledge of future net revenues ends upon repayment of the \$7.9 million principal and \$0.9 million interest remaining debt service on the bonds as of June 30, 2020 with final payment occurring in Fiscal Year 2026.

2007 Electric System Clean Renewable Energy Tax Credit Bonds

On November 1, 2007 the City issued \$1.5 million of Electric Utility Clean Renewable Energy Tax Credit Bonds (CREBS), 2007 Series A, to finance the City's photovoltaic solar panel project. The bonds do not bear interest. In lieu of receiving periodic interest payments, bondholders are allowed federal income tax credit in an amount equal to a credit rate for such CREBS multiplied by the outstanding principal amount of the CREBS owned by the bondholders. The bonds are payable solely from, and secured solely by, a pledge of the net revenues of the Electric system and other funds pledged therefore under the Indenture.

The pledge of future Electric Fund net revenues ends upon repayment of the \$0.2 million as the remaining debt service on the bonds as of June 30, 2020 with final payment occurring in Fiscal Year 2022.

2007 State Water Resources Loan

In October 2007, the City approved the \$9.0 million loan agreement with State Water Resources Control Board (SWRCB) to finance the City's Mountain View/Moffett Area Reclaimed Water Pipeline Project. Under the terms of the contract, the City agreed to repay \$9.0 million to the State in exchange for receiving \$7.5 million in proceeds to be used to fund the project. The difference between the repayment obligation and proceeds amounts to \$1.5 million and represents in-substance interest on the outstanding balance. Loan proceeds are drawn down as the project progresses and debt service payments commenced on June 30, 2010. Concurrently with the loan, the City entered into various other agreements including a cost sharing arrangement with the City of Mountain View. Pursuant to that agreement, the City of Mountain View agreed to finance a portion of the project with a \$5.0 million loan repayable to the City. This loan has been recorded as 'Due from other government agencies' in the financial statements.

The pledge of future net revenues of the above funds ends upon repayment of the \$4.1 million principal and \$0.7 million in-substance interest as the remaining debt service on the bonds as of June 30, 2020 with final payment occurring in Fiscal Year 2029.

2009 State Water Resources Loan

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

DEBT SERVICE FUNDS OVERVIEW

The pledge of future net revenues of the above funds ends upon repayment of the \$5.3 million principal and \$0.9 million interest as the remaining debt service on the bonds as of June 30, 2020 with final payment occurring in Fiscal Year 2031.

2017 State Water Resources Loan

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

The new facility will dewater the bio-solids and allow the material to be loaded onto trucks and taken to a separate facility for further treatment. The RWQCP provides treatment and disposal for wastewater for Palo Alto, Mountain View, Los Altos, Los Altos Hills, East Palo Alto Sanitary District, and Stanford University. Though Palo Alto is the recipient of the loan, the City's agreement with the partner agencies obliges them to pay their proportionate share of the principal and interest of this loan. Palo Alto's share of the loan payment is 38.2 percent with the partner agencies paying 61.8 percent. As of June 30, 2020, the City is anticipated to incur and draw down \$25.0 million of the project costs from the loan award.

Credit Rating Agencies

Credit rating is a critical component of strong municipal management. According to Moody's Investors Service, reserves are an important factor in the analysis of a municipality's fiscal health and, therefore, a jurisdiction's fiscal policies should include a plan for maintaining reserves. Rating agencies view sound reserves favorably, thus improving a municipality's rating and its ability to obtain low-cost financing for important projects. The City is proud to report that both Moody's and Standard and Poor's (S&P) awarded their highest credit ratings, Triple A, to the City's General Obligation Bonds for library and community center capital improvements in 2010 and 2013 and reaffirmed these ratings a few times, the last one being in May 2020 by Moody's and February 2019 by S&P. These ratings demonstrate that Palo Alto's prudent financial management and fiscal strength are viewed favorably by credit agencies. The four Utility bonds (1995, 1999, 2009, & 2011) that are rated also received S&P's highest credit rating of Triple A. Moody's has rated these Utility bonds with their second highest (Aa1) or third highest (Aa2) ratings.

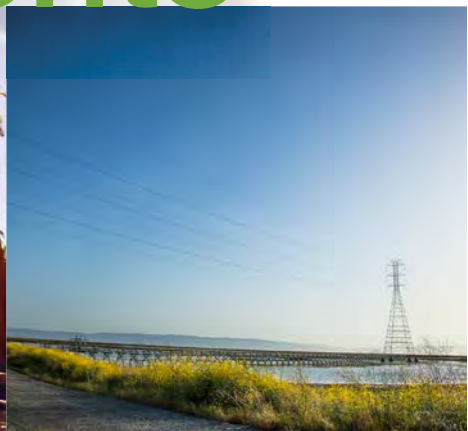
Debt Service Fund

Fund Summary (\$000)	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2021 Adopted	FY 2021 Change \$	FY 2021 Change %
Revenues						
Bond Proceeds	595	301	0	0	0	0.0%
Property Tax	4,331	4,390	4,443	4,558	115	2.6%
Return on Investments	40	142	0	30	30	100.0%
Transient Occupancy Tax	0	0	2,335	2,380	45	1.9%
Subtotal Revenues	4,966	4,833	6,778	6,968	190	2.8%
Operating Transfers In						
General Fund	233	339	530	530	0	0.0%
Capital Projects Fund	0	18	0	0	0	0.0%
Subtotal Operating Transfers	233	357	530	530	0	0.0%
Total Source of Funds	5,199	5,190	7,308	7,498	190	2.6%
Expenses						
Golf Course 2018A Interest	0	320	335	345	10	3.0%
Golf Course 2018A Principal	0	35	35	185	150	428.6%
Library GO Bonds Debt Service	(11)	0	0	0	0	0.0%
Library GO Bonds Interest	2,863	2,787	2,718	3,015	297	10.9%
Library GO Bonds Principal	1,570	1,640	1,725	1,630	(95)	(5.5)%
Parking 2002B COPS Taxable Debt Service	14	0	0	0	0	0.0%
Parking 2002B COPS Taxable/ 2018B Refinancing Interest	77	0	15	0	(15)	(100.0)%
Parking 2002B COPS Taxable/ 2018B Refinancing Principal	975	0	145	0	(145)	(100.0)%
Parking 2019A COPS Tax Exempt Interest	0	0	1,488	1,340	(148)	(9.9)%
Parking 2019B COPS Taxable Interest	0	0	470	410	(60)	(12.8)%
Parking 2019B COPS Taxable Principal	0	0	375	630	255	68.0%
Parking 2019A&B COPS Issuance Expense	0	285	0	0	0	0.0%
Total Use of Funds	5,499	5,067	7,306	7,555	249	3.4%
Net to (from) Reserves	(300)	123	2	(57)	(59)	N/A



CITY OF
**PALO
ALTO**

City Departments





CITY OF
**PALO
ALTO**

CITY ATTORNEY

Mission Statement



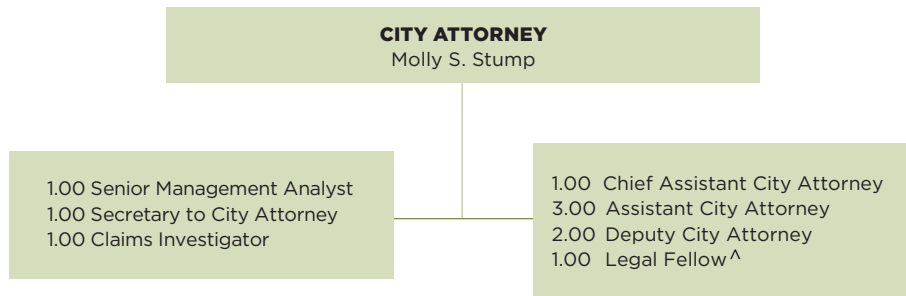
The Office of the City Attorney's mission is to serve Palo Alto and its policymakers by providing legal representation of the highest quality.

Purpose

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



CITY ATTORNEY



FY 2021 POSITION TOTALS
11.00 - Full-time

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

^ These position have been de-funded in FY 2021 and are identified in the Table of Organization with “(Freeze)” following the job classification title. The following positions are frozen in FY 2021: 0.50 FTE Legal Fellow

Description

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

Accomplishments

- Supported City's response to COVID-19 health emergency and recovery, including preparing emergency orders and eviction moratoria, interpreting health orders, and supporting business recovery.
- Supported development and implementation of FY 2021 budget, including program and service impacts and concessionary bargaining.
- Advised and assisted initial discussions regarding black lives matter and race equity movements, including review of police policies and practices, access to City programs and services, and diversity and inclusion in City hiring and promotion.
- Supported the Highway 101 Pedestrian/Bicycle Overpass project, assisting with design issues, construction management, competitive solicitations and contracts, Caltrans requirements and temporary construction easements.
- Supported the upgrade of the City's human resources and finance enterprise computer systems, negotiating and finalizing contracts with vendors.
- Provided legal review and advice on Council-requested updates to the City's objective standards for wireless facilities in the public rights of way.
- Advised and drafted Municipal Code updates to City organization, code enforcement procedures, and Energy Reach Code to support the City's green building and sustainability goals.
- Supported staff in extensive negotiations and drafting of a groundbreaking partnership agreement with Valley Water and City of Mountain View for a long-term effluent transfer from the Regional Water Quality Control Plant (RWQCP) to facilitate water reuse regionally and funding for a local advanced water purification plant at RWQCP.
- Negotiated regulatory agreements to preserve 300+ units of affordable senior housing at the Lytton Gardens complex.
- Supported purchase of Birch Street lot for use as public park.

- Guided resolution of significant contract administration dispute at Fire Station 3, paving the way for successful completion of the project without significant additional cost.
- Supported Council Ad Hoc Committee to update and improve the organization, training and functions of the City's boards and commissions.

Initiatives

- Support ongoing efforts to contain the COVID-19 pandemic and promote business, economic and social recovery.
- Support development and implementation of black lives matter and race equity initiatives in policing and citywide services.
- Complete overhaul of watershed protection ordinances to enhance protection of the environment from industrial discharge and stormwater pollution in furtherance of the Clean Water Act.
- Prepare comprehensive overhaul of Accessory Dwelling Unit (ADU) ordinance to simplify regulations and streamline ADU production in keeping with changes in state law.
- Support the Newell Road Bridge Replacement Project implementation, assisting with the cooperation agreement with East Palo Alto, construction procurement and contracting, and compliance with Caltrans requirements.
- Support the Public Safety Building Project implementation, including prequalification, design, construction administration, competitive solicitations and contracting.
- Contribute to development of handbook and annual training for City boards and commissions.

Goals and Objectives

GOAL 1

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

Objectives:

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

GOAL 2

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

Objectives:

- Thoroughly investigate to promptly and appropriately resolve claims.
- Increase transparency by reporting claim filings and resolutions to the public.
- Advocate effectively in court and before administrative agencies when legal actions are brought against the City.

GOAL 3

Identify and reduce exposure to legal risks.

Objectives:

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

Key Performance Measures

CLAIMS RESOLUTION

Goal	Evaluate all claims and litigation promptly, resolving disputes where appropriate and vigorously defending the City's interests.				
Objective	Thoroughly investigate to promptly and appropriately resolve claims.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of claims resolved within 45 days of filing	98%	91%	98%	96%	98%
Description	This measure tracks the number of claims that are resolved within 45 days of filing.				
Purpose	Thorough investigation to promptly and appropriately resolve claims is a core responsibility of the Office of the City Attorney. This measure is important because timely processing of claims demonstrates responsiveness to residents' concerns and safeguards public resources by reducing unnecessary lawsuits.				
Status	The number of claims resolved within 45 days may go up or down in part due to the complexity of a claim.				

REDUCTION OF LEGAL RISK

Goal	Identify and reduce exposure to legal risks.				
Objective	Provide relevant training to City officials and staff to reduce legal risk exposure.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of surveyed who agree/ strongly agree that the training provided is useful and relevant	N/A	99%	90%	98%	98%
Description	This measure tracks the usefulness and relevance of the training provided by the Office of the City Attorney to City staff.				
Purpose	Training assists in reducing errors thereby reducing the exposure of liability to the City.				
Status	There was not sufficient data in Fiscal Year 2018 for this measure. However, in Fiscal Year 2019, the data reflects that almost 100% of the attendees agree that the training provided was useful and relevant.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of claims handled	84	90	84	95	90

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Administration	553,106	595,602	644,611	593,825	(50,786)	(7.9)%
Consultation and Advisory	1,619,693	1,810,065	1,904,890	1,909,989	5,099	0.3%
Litigation and Dispute Resolution	1,044,767	1,156,868	717,728	886,294	168,566	23.5%
Official and Administration Duties	89,885	113,556	119,725	95,045	(24,680)	(20.6)%
Total	3,307,450	3,676,092	3,386,954	3,485,154	98,200	2.9%
Dollars by Category						
Salary & Benefits						
Healthcare	128,784	120,239	155,397	134,925	(20,472)	(13.2)%
Other Benefits	81,506	80,307	71,484	67,461	(4,024)	(5.6)%
Pension	424,196	451,560	621,851	616,344	(5,507)	(0.9)%
Retiree Medical	152,481	115,560	119,026	113,677	(5,349)	(4.5)%
Salary	1,452,038	1,576,263	1,764,909	1,616,847	(148,062)	(8.4)%
Workers' Compensation	—	42,882	60,951	56,470	(4,482)	(7.4)%
Total Salary & Benefits	2,239,004	2,386,811	2,793,619	2,605,723	(187,896)	(6.7)%
Allocated Charges	123,759	150,152	138,831	116,419	(22,411)	(16.1)%
Contract Services	910,987	1,063,494	372,301	725,250	352,949	94.8%
Facilities & Equipment	—	1,545	1,000	—	(1,000)	(100.0)%
General Expense	13,709	30,831	52,642	17,500	(35,142)	(66.8)%
Operating Transfers-Out	—	24,857	—	—	—	—%
Rents & Leases	1,265	1,245	2,130	1,330	(800)	(37.6)%
Supplies & Material	18,725	17,157	26,432	18,932	(7,500)	(28.4)%
Total Dollars by Expense Category	3,307,450	3,676,092	3,386,954	3,485,154	98,200	2.9%
Revenues						
Charges for Services	—	—	28,052	28,052	—	—%
Charges to Other Funds	1,063,627	1,001,904	704,051	1,578,427	874,375	124.2%
Other Revenue	16,000	2,015	10,789	10,789	—	—%
Total Revenues	1,079,627	1,003,919	742,892	1,617,268	874,375	117.7%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Positions by Division						
Administration	1.47	1.47	1.47	1.47	—	—%
Consultation and Advisory	7.31	6.46	6.46	6.46	—	—%
Litigation and Dispute Resolution	1.86	1.71	1.71	1.71	—	—%
Official and Administration Duties	0.36	0.36	0.36	0.36	—	—%
Total	11.00	10.00	10.00	10.00	—	—%

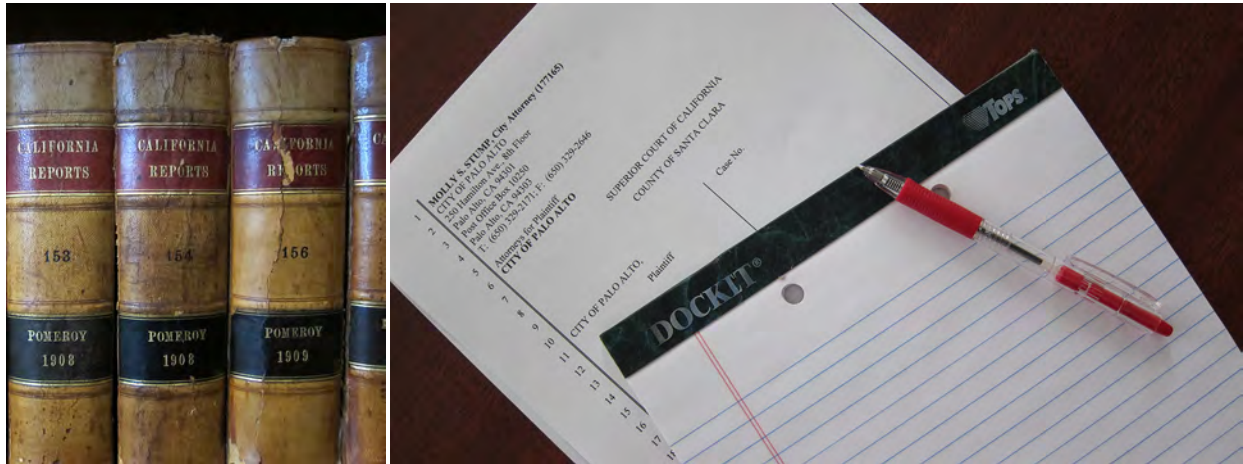
Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Assistant City Attorney	3.00	3.00	3.00	3.00	—	596,024
Chief Assistant City Attorney	1.00	1.00	1.00	1.00	—	254,405
City Attorney	1.00	1.00	1.00	1.00	—	313,414
Claims Investigator	1.00	1.00	1.00	1.00	—	84,989
Deputy City Attorney	1.00	1.00	1.00	1.00	—	142,938
Legal Fellow	1.00	1.00	1.00	0.50	(0.50)	52,208
Legal Fellow (Freeze)	—	—	—	0.50	0.50	52,208
Secretary to City Attorney	1.00	1.00	1.00	1.00	—	77,792
Senior Legal Secretary	1.00	—	—	—	—	—
Senior Management Analyst	1.00	1.00	1.00	1.00	—	116,189
Sub-total: Full-Time Equivalent Positions	11.00	10.00	10.00	10.00	—	1,637,958
Total Positions	11.00	10.00	10.00	10.00	—	1,637,958

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with "(Freeze)" following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	10.00	3,386,954	742,893	2,644,061
One-Time Prior Year Budget Adjustments				
None				
One-Time Prior Year Budget Adjustments				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	74,068	—	74,068
Contract Services for Outside Counsel	—	256,349	—	256,349
General Fund Cost Allocation Plan	—	—	874,375	(874,375)
Information Technology Allocated Charges	—	(27,391)	—	(27,391)
Liability Insurance Allocated Charges	—	4,550	—	4,550
Printing & Mailing Services Allocated Charges	—	430	—	430
Workers' Compensation Allocated Charges	—	(4,482)	—	(4,482)
Adjustments to Costs of Ongoing Activities	—	303,524	874,375	(570,851)
Total FY 2021 Base Budget	10.00	3,690,478	1,617,268	2,073,210
Budget Adjustments				
1 Shift City Attorney's Contingency Funds to City Attorney's Budget	—	100,000	—	100,000
2 Travel, Training, and Supply Expense Reductions	—	(47,342)	—	(47,342)
3 Legal Services Staffing Reduction	—	(81,171)	—	(81,171)
4 Management and Professionals Group Compensation Reduction	—	(176,811)	—	(176,811)
Total Budget Adjustments	—	(205,324)	—	(205,324)
Total FY 2021 Adopted Budget	10.00	3,485,154	1,617,268	1,867,886

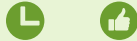


Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Shift City Attorney's Contingency Funds to City Attorney's Budget	0.00	100,000	0	100,000

This ongoing action shifts the City Attorney's contingency funds into the City Attorney's Budget. This funding alignment will streamline operations and decrease administrative work associated with the movement of authorized funding between Council Appointee departmental budgets. This change does not result in any increased expenses or revenue, it is a technical adjustment. (Ongoing costs: \$100,000)

Performance Results



This action aligns the contingency funding with the correct department and will decrease administrative work and increase efficiency.

2 Travel, Training, and Supply Expense Reductions	0.00	(47,342)	0	(47,342)
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This action reduces the department's travel, training, and office supply budget. This will reduce the department's capacity to maintain best practices, training, and pursue professional development opportunities, limit flexibility to take on new administrative projects and duties, and reduce resources available for office work. (Ongoing savings: \$47,342)

Performance Results




This action contributes to cost containment strategies in FY 2021.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
3 Legal Services Staffing Reduction	0.00	(81,171)	0	(81,171)


This action reduces 0.50 FTE Legal Fellow in the City Attorney's Office. This will curtail prosecution of municipal citations, code enforcement support, and public records response, and lengthen response times to new initiatives. (Ongoing savings: \$81,171)

Performance Results 

This action contributes to cost containment strategies in FY 2021.

4 Management and Professionals Group Compensation Reduction	0.00	(176,811)	0	(176,811)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results 

This action contributes to cost containment strategies in FY 2021.



CITY OF
**PALO
ALTO**

CITY AUDITOR

Mission Statement



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

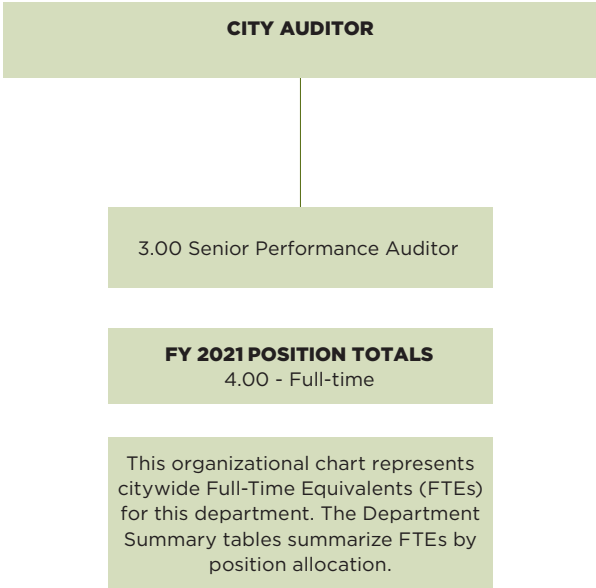
Purpose

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

controls, and compliance with City policies and procedures and regulatory requirements. In addition, the City Auditor's Office ensures that City departments and officers responsible for accounting and financial management activities comply with statutory requirements and accounting standards, and provides other analyses of financial and operating data as directed by the City Council.



CITY AUDITOR



Description

The Office of the City Auditor (OCA) conducts performance audits and reviews of City departments, programs, and services. Performance audits provide the City Council, City management, and public with independent and objective information regarding the economy, efficiency, and effectiveness of City programs and activities.

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

The OCA contracts with an independent certified public accountant for the City's annual external financial audit. The OCA also conducts and coordinates revenue monitoring of sales and use tax.

Accomplishments and Initiatives

Upon the prior City Auditor's retirement in February 2019, the City Council directed the engagement of external experts to assist the City with two scopes of work related to the City Auditor's Office: (1) assist with the continuity of operations and work product in the City Auditor's Office; and (2) conduct a review of internal auditing practices in the public sector and Palo Alto (Report 10109: www.cityofpaloalto.org/civicax/filebank/documents/69382). The City Council approved contracts:

- 1) Senior Consultant Services: After reviewing several firms that provide audit services, the consulting firm of Management Partners was selected to provide a senior consultant to oversee the ongoing work from the City Auditor's Office. The senior consultant's assignment began in March 2019 and continued through mid-November 2019. Once the contract term ended and in the absence of an external senior consultant, the existing City Auditor staff of three fulltime employees continued their assignments in accordance with pre-established workplans.
- 2) Review of Internal Auditing Practices: The City published a public Request for Proposal (RFP) for an Auditor Organizational Review. The RFP invited individuals with the appropriate professional expertise to submit proposals for this work. The Council Appointed Officers (CAO) Committee met in a public session on May 2, 2019 to evaluate and rate the proposals and Kevin Harper CPA & Associates was selected to perform the review. The final report was transmitted to the full Council for public review and was approved February 10, 2020 (Report 11039: www.cityofpaloalto.org/civicax/filebank/documents/75035).

The City Council then directed the Mayor to assign the CAO Committee to develop and issue a specification for the City Auditor function which would focus on consideration of firms (Minutes: www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=68980.89&BlobID=75728). Per City Council direction, the City released a RFP for internal auditing services, but given the nature of the responses received, all proposals were rejected (Memo: www.cityofpaloalto.org/civicax/filebank/documents/76842). In FY 2021 the CAO Committee and City Council will continue the RFP process and City Auditor staff will continue to accomplish assignments in accordance with pre-established workplans. Currently approved workplans can be referenced on the City Auditor's website: www.cityofpaloalto.org/gov/depts/aud/default.asp.

Goals and Objectives

GOAL 1

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

Objectives:

- Focus on the City's highest risks by maintaining an effective, systematic, and documented process that identifies the most significant strategic, operational, financial, and regulatory risks to the achievement of the City's objectives.
- Provide impactful audit services through timely and value-added communication to key stakeholders regarding the effectiveness and efficiency with which City resources are employed; the adequacy of internal controls; and compliance with provisions of laws, regulations, contracts, grant agreements, and City policies and procedures.
- Maintain an effective follow-up process to monitor and evaluate the adequacy, effectiveness, and timeliness of actions taken by management to address audit recommendations and report to the City Council whether City management has implemented the recommendation or has assumed the risk of not taking action.

GOAL 2

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

Objectives:

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

GOAL 3

Maintain efficient and effective audit processes.

Objectives:

- Maintain an efficient and effective system of quality control by regularly performing internal and external assessments and periodically updating the Office of the City Auditor's policies

and procedures to ensure compliance with professional standards and incorporation of applicable leading industry practices.

- Maintain an adequately skilled, knowledgeable, and competent staff of audit professionals.
- Communicate the engagement's objectives, scope, conclusions, and recommendations accurately, objectively, clearly, concisely, constructively, completely, and in a timely manner.

Key Performance Measures

NUMBER OF MAJOR WORK PRODUCTS PER AUDIT STAFF

Goal	Focus on the City's highest risks by maintaining an effective, systematic, and documented process that identifies the most significant strategic, operational, financial, and regulatory risks to the achievement of the City's objectives.				
Objective	Provide impactful audit services through timely and value-added communication to key stakeholders regarding the effectiveness and efficiency with which City resources are employed, the adequacy of internal controls, and compliance with provisions of laws, regulations, contracts, grant agreements, and City policies and procedures.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of major work products per audit staff	1.33	1.75	1.75	TBD*	TBD*
Description	This workload measure indicates the number of major work products generated by each audit staff.				
Purpose	In order to provide timely impactful audit services, the Office of the City Auditor has a target to complete 1.20 major work products per audit staff on an annual basis. It is important to remember that performance audits can vary significantly from one to the next in the amount of time taken to complete them in accordance with Generally Accepted Government Auditing Standards. Factors such as the scope of the audit, the condition of the data to be audited, the availability of appropriate staff, and the possibility of having to expand the scope depending on what is found during the audit all will contribute to the possibility that an audit may take more time than originally estimated. That said, the City Auditor's Office will always strive to perform audits as efficiently and expeditiously as possible, while still meeting required professional standards.				
Status	The number of major work products generated by each audit staff stayed the same (1.75) from the FY 2019 estimate. FY 2019 included five audits and two non-audit activities completed by 4.0 staff members, while in FY 2020 we expect to complete seven major projects carried over from the current year's audit work plan. Additional work products may be added to next year's work plan, which could potentially increase the number of major work products per audit staff above the 1.75 level.				

*The City Auditor's Office service delivery model was under review in FY 2020, continuing into FY 2021, which may impact the data reported here.

PERCENT OF AUDIT RECOMMENDATIONS IMPLEMENTED OVER THE LAST FIVE YEARS

Goal	Add value and improve the City's operations by providing independent, objective analysis and information regarding the stewardship, performance, and/or cost of City policies, programs, and/or operations to assist the City Council and management in making informed decisions.				
Objective	Maintain an effective follow-up process to monitor and evaluate the adequacy, effectiveness, and timeliness of actions taken by management to address the audit recommendations and report to the City Council whether City management has implemented the recommendation or has assumed the risk of not taking action.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of open audit recommendations implemented over the last five years	52%	57%	60%	TBD*	TBD*
Description	This measures the degree to which departments have implemented audit recommendations. Recommendations are effective when they are addressed to parties that have authority to act and when the recommended actions are specific, cost-effective, and measurable.				
Purpose	Each audit recommendation is provided to specifically enhance and improve the effectiveness and efficiency of the respective entity being audited.				
Status	Departments are responsible to follow up on audit recommendations every six months from the date of issuance to the Policy and Services Committee with the goal of encouraging management to implement all audit recommendations in a timely manner. The Office of the City Auditor must sign off on all audit recommendations before they are considered complete. Due to the number of audit recommendations, as well as general capacity of departments, implementation time frames continue to lag.				

*The City Auditor's Office service delivery model was under review in FY 2020, continuing into FY 2021, which may impact the data reported here.

RATIO OF SALES TAX REVENUE RECOVERIES TO COST

Goal	Add value and improve the City's operations by providing independent, objective analysis and information regarding the stewardship, performance, and/or cost of City policies, programs, or operations to assist the City Council and management in making informed decisions.				
Objective	Focus on the City's highest risks by maintaining an effective, systematic, and documented process that identifies the most significant strategic, operational, financial, and regulatory risks to the achievement of the City's objectives.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Ratio of sales tax revenue recoveries to cost.	5:00	5:97	3:00	TBD*	TBD*
Description	This measure is a ratio of sales tax revenue recovered by in-house staff and the City's consultant to the total cost (salary and benefits plus contracted cost).				
Purpose	To determine the effectiveness of cost recovery efforts for sales and use tax revenues.				
Status	The Office of the City Auditor updates the amount of revenue generated on a quarterly basis.				

*The City Auditor's Office service delivery model was under review in FY 2020, continuing into FY 2021, which may impact the data reported here.

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of major work products issued.	6	7	7	TBD*	TBD*

*The City Auditor's Office service delivery model was under review in FY 2020, continuing into FY 2021, which may impact the data reported here.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Audit Services	1,233,315	1,192,633	1,235,450	827,564	(407,886)	(33.0)%
Total	1,233,315	1,192,633	1,235,450	827,564	(407,886)	(33.0)%
Dollars by Category						
Salary & Benefits						
Healthcare	31,468	42,958	51,724	45,498	(6,226)	(12.0)%
Other Benefits	33,253	27,655	24,144	20,076	(4,068)	(16.8)%
Pension	173,254	151,515	202,989	173,084	(29,905)	(14.7)%
Retiree Medical	36,399	44,844	46,189	44,482	(1,707)	(3.7)%
Salary	613,045	522,842	577,387	300,080	(277,308)	(48.0)%
Workers' Compensation	—	17,129	24,256	22,473	(1,783)	(7.4)%
Total Salary & Benefits	887,418	806,944	926,690	605,693	(320,997)	(34.6)%
Allocated Charges	60,540	64,516	63,501	50,612	(12,890)	(20.3)%
Contract Services	248,993	299,786	228,000	155,000	(73,000)	(32.0)%
General Expense	33,817	10,681	14,279	13,279	(1,000)	(7.0)%
Operating Transfers-Out	—	9,505	—	—	—	—%
Supplies & Material	2,547	1,201	2,980	2,980	—	—%
Total Dollars by Expense Category	1,233,315	1,192,633	1,235,450	827,564	(407,886)	(33.0)%
Revenues						
Charges to Other Funds	363,802	318,326	1,012,636	965,884	(46,752)	(4.6)%
Sales Taxes	470,263	189,256	150,000	—	(150,000)	(100.0)%
Total Revenues	834,065	507,582	1,162,636	965,884	(196,752)	(16.9)%
Positions by Division						
Audit Services	5.00	4.00	4.00	3.00	(1.00)	(25.0)%
Total	5.00	4.00	4.00	3.00	(1.00)	(25.0)%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
City Auditor	1.00	1.00	1.00	1.00	—	195,042
Performance Auditor I	1.00	1.00	—	—	—	—
Performance Auditor II	1.00	1.00	2.00	—	(2.00)	—
Senior Performance Auditor	2.00	1.00	1.00	2.00	1.00	274,808
Sub-total: Full-Time Equivalent Positions	5.00	4.00	4.00	3.00	(1.00)	469,850
Total Positions	5.00	4.00	4.00	3.00	(1.00)	469,850

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	4.00	1,235,450	1,162,636	72,814
One-Time Prior Year Budget Adjustments				
None				
One-Time Prior Year Budget Adjustments				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	31,608	—	31,608
General Fund Cost Allocation Plan	—	—	(46,752)	46,752
Contract Services	—	4,000	—	4,000
Information Technology Allocated Charges	—	(13,415)	—	(13,415)
Liability Insurance Allocated Charges	—	1,823	—	1,823
Printing & Mailing Services Allocated Charges	—	(1,297)	—	(1,297)
Workers' Compensation Allocated Charges	—	(1,783)	—	(1,783)
Adjustments to Costs of Ongoing Activities	—	20,936	(46,752)	67,688
Total FY 2021 Base Budget	4.00	1,256,386	1,115,884	140,502
Budget Adjustments				
1 Tax Compliance and National Citizens Survey (Transfer from City Auditor to Administrative Services and City Managers' Office)	—	(77,000)	(150,000)	73,000
2 Reclassification of 1.0 FTE Performance Auditor II to 1.0 FTE Senior Performance Auditor	—	57,555	—	57,555
3 Management and Professionals Group Compensation Reduction	—	(49,365)	—	(49,365)
4 Reduction in the City Auditor's Office	—	(165,000)	—	(165,000)
5 Reallocate 1.0 FTE Performance Auditor II to Administrative Services for Performance Report	(1.00)	(195,011)	—	(195,011)
Total Budget Adjustments	(1.00)	(428,821)	(150,000)	(278,821)
Total FY 2021 Adopted Budget	3.00	827,564	965,884	(138,319)



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Tax Compliance and National Citizens Survey (Transfer from City Auditor to Administrative Services and City Managers' Office)	0.00	(77,000)	(150,000)	73,000

This ongoing action moves tax compliance services and estimated revenue to the Administrative Services Department (\$50,000 in expense, \$150,000 in revenue) and the National Citizen Survey function and funding (\$27,000) to the City Manager's Office. A corresponding action is recommended in the Administrative Services Department and City Managers' Office. (Ongoing net costs: \$73,000)

Performance Results



This action aligns the duties and associated funding of the City Auditor's Office, the Administrative Services Department, and the City Manager's Office.

2 Reclassification of 1.0 FTE Performance Auditor II to 1.0 FTE Senior Performance Auditor	0.00	57,555	0	57,555
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This ongoing action reclassifies a 1.0 FTE Performance Auditor II to a 1.0 FTE Senior Performance Auditor. This will align staffing with current workload needs. (Ongoing costs: \$60,000)

Performance Results



This action aligns the duties of this position with the correct classification and will ensure clear communication and efficient audit support.

3 Management and Professionals Group Compensation Reduction	0.00	(49,365)	0	(49,365)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
4 Reduction in the City Auditor's Office	0.00	(165,000)	0	(165,000)

This action reduces resources in the City Auditor's Office equal to similar internal services reductions. At the direction of the City Council and in coordination with the Council Appointed Officer Committee, staff is currently evaluating the service delivery. (Ongoing savings: \$165,000)

Performance Results



This action contributes to cost containment strategies in FY 2021.

5 Reallocate 1.0 FTE Performance Auditor II to Administrative Services for Performance Report	-1.00	(195,011)	0	(195,011)
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This ongoing action reallocates 1.0 FTE Performance Auditor II from the City Auditor's Office to the Administrative Services Department, Office of Management and Budget (OMB). The move of this position will increase workload capacity and allow OMB to produce the City's annual Performance Report, which was produced by the Auditor's Office in prior years. The City's performance measure data for both the Operating Budget document and the annual Performance Report is stored in the City's budget production software database, so this action will align the City's performance reporting within OMB. A corresponding action is recommended in the Administrative Services Department. (Ongoing savings: \$195,011)

Performance Results



This action aligns the duties and associated funding of the City Auditor's Office and the Administrative Services Department.

CITY CLERK

Mission Statement



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

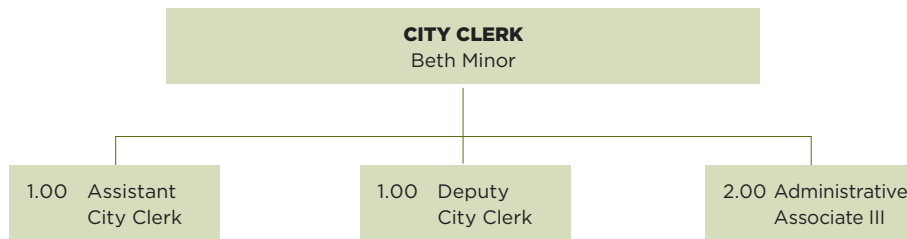


Purpose

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

including friendly customer service, knowledgeable staff, and easy accessibility through technology; elections administration; facilitate the preservation of Palo Alto's legislative history, including approved action minutes; coordination of public records requests, claims against the City, applications for boards and commissions, and update and maintain City Ordinances and the Municipal Code; provide access to legislative meeting information and coordinate Statements of Economic Interest as well as campaign and other financial disclosure related filings.

CITY CLERK



FY 2021 POSITION TOTALS
5.00 - Full-time

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

Description

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

Accomplishments

- Supported the City Council with Zoom meetings during the COVID-19 Pandemic and trained staff and numerous boards and commissions on how to hold and run public meetings on the Zoom platform.
- Held the annual Board and Commission recognition event in the Council Conference Room.
- Successfully managed the annual Council Retreat and the Mayor's State of the City address at the Mitchell Park Community Center.
- Received applications for Board and Commission vacancies resulting in 58 interviews, totaling 10 hours of interviews in calendar year 2019.
- Prepared and published 41 City Council meeting agenda packets, and 21 Finance Committee and Policy and Services Committee agenda packets in calendar year 2019.
- Supported 300 plus hours of Council and Council Standing Committee meetings in calendar year 2019.
- Scheduled and supported 151 administrative and parking citation hearings in calendar year 2019, which included 5 administrative hearings and 9 mail-in hearings.
- Coordinated the responses to 537 Public Records Requests in calendar year 2019.

Initiatives

- Run a successful Council Member election in November 2020.
- Continue to coordinate and manage the transition of public meeting to a virtual format.
- Continue the work with departments to create a Staff Report writing guide.
- Update citywide records management and training program.
- Continue streamlining the citywide records destruction process.
- Continue auditing vital records stored off-site.

- Update the citywide email retention policy.
- Oversee the successful migration of online content to the City's next generation website.
- Explore an online records portal.
- Update the Conflict of Interest Code, with the assistance of every department.
- Continue to explore various online board and commission application solutions.

Goals and Objectives

GOAL 1

Lead the agenda management process and records management program promoting transparency, accountability, and effective service delivery.

Objectives:

- Ensure that preparation and distribution of the Council's agenda packets are timely, accurate and responsive 11 days prior to the Council meeting.
- Transcribe and post Council action minutes within one week of meeting date.
- Effectively manage the records destruction process and maintain the Records Retention Schedule for all City departments.

GOAL 2

Respond to the legislative needs of the City Council, staff, and the community in a timely and effective manner.

Objectives:

- Utilize technology to enhance access to legislative items, such as agendas, reports, recordings, Ordinances, Resolutions, and Minutes on the City Council and City Clerk webpages.
- Continue to manage a successful transition from in-person to virtual teleconference for all City Council and Board and Commissions, as necessary.
- Encourage online filing of campaign statements in compliance with the Fair Political Practices Commission (FPPC) and Municipal Code requirements.
- Encourage staff, City Council, and Board & Commission Members to use online filing of Statement of Economic Interest forms.

GOAL 3

Effectively administer appointments to Boards and Commissions.

Objectives:

- Improve boards and commissions recruitment process, including expanding application accessibility, exploring new methods of advertising, and continuing successful interview processes.
- Create and maintain community partnerships to enhance the public's knowledge of, and interest in serving on boards and commissions.

Key Performance Measures

PERCENTAGE OF ACTION MINUTES POSTED WITHIN ONE WEEK AFTER THE COUNCIL MEETING

Goal	Provide timely reporting of City Council action in support of City operations and transparency to the public.				
Objective	Transcribe and submit Council action minutes for approval within one week of each Council meeting.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percentage of action minutes posted within one week after the Council meeting	96%	97%	98%	98%	98%
Description	After each Council meeting, the City Clerk's Office transcribes the draft actions that the Council took and, within one week, submits these actions to Council for approval.				
Purpose	This supports transparency and informed decision making, by providing the public with Council actions in a timely manner.				
Status	The City Clerk's Office has maintained a high performance level with 96% to 98% of action minutes posted online within one week after each Council meeting and anticipates maintaining the 98% level of performance estimated for FY 2020 into FY 2021.				

PERCENTAGE OF COUNCIL AGENDA PACKET MATERIALS POSTED ON THE THURSDAY, 11 DAYS PRIOR TO THE MONDAY CITY COUNCIL MEETING

Goal	Lead the agenda management process and records management program promoting transparency, accountability, and effective service delivery.				
Objective	Ensure that the preparation and distribution of the Council's agenda packets are timely, accurate, and responsive.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percentage of Council agenda packet materials posted Thursdays, 11 days prior to the Council meeting	98%	98%	98%	98%	98%
Description	The City Clerk's Office strives to distribute agenda packets to the City Council and public on Thursday, 11 days before the Council's Monday meeting in order to maximize the amount of time to review the packet.				
Purpose	Provide the City Council and public with adequate time to review upcoming issues that will be discussed by the City Council, ensuring transparency of Council proceedings.				
Status	Through implementing an 11-day goal for posting City Council agenda packets, the City Clerk's Office coordinates with other City departments to accomplish this at a level of 98% of packets posted 11 days prior to the Council meeting and anticipates maintaining a level of 98% for FY 2021.				

PERCENTAGE OF PUBLIC RECORDS REQUESTS RESPONDED TO WITHIN THE TEN DAYS REQUIRED BY LAW

Goal	Respond to the legislative needs of the City Council, staff, and the community in a timely and effective manner.				
Objective	Provide excellent customer service to the public.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percentage of public records requests responded to within the ten days required by law	98%	98%	99%	98%	98%
Description	Public Records requests are required to be addressed within ten days of receipt. This could be the actual response or a request for an extension of time to gather the requested records.				
Purpose	Provide the public with information that is held by the City and is subject to public disclosure; ensure that a response is received by the requester within the allotted ten days.				
Status	The City is close to meeting the goal adopted for FY 2020 and anticipates meeting the target in FY 2021.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of City Council Meeting Action Minutes posted annually	54	51	50	49	50
Number of weekly agenda packets produced annually	37	40	40	41	42
Number of public records requests received annually	455	537	450	500	525
Number of applications processed for open Board and Commission seats	65	59	60	40	45

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Administration	145,167	497,654	562,057	613,682	51,625	9.2%
Administrative Citations	79,118	55,363	85,634	60,193	(25,441)	(29.7)%
Council Support Services	660,249	384,715	514,672	388,508	(126,164)	(24.5)%
Election/Conflict of Interest	110,879	109,186	120,772	118,203	(2,569)	(2.1)%
Legislative Records Management	90,769	57,457	62,687	64,565	1,878	3.0%
Public Information	84,626	—	—	—	—	—%
Total	1,170,808	1,104,374	1,345,822	1,245,151	(100,671)	(7.5)%
Dollars by Category						
Salary & Benefits						
Healthcare	37,875	33,391	37,961	48,361	10,400	27.4%
Other Benefits	18,649	19,349	22,401	22,273	(128)	(0.6)%
Overtime	2,586	3,842	7,048	7,232	183	2.6%
Pension	139,312	145,547	191,630	191,808	178	0.1%
Retiree Medical	84,602	40,532	41,748	39,540	(2,208)	(5.3)%
Salary	474,887	488,284	539,752	520,507	(19,245)	(3.6)%
Workers' Compensation	10,353	16,186	21,804	20,201	(1,603)	(7.4)%
Total Salary & Benefits	768,264	747,131	862,344	849,921	(12,424)	(1.4)%
Allocated Charges	151,503	144,826	159,999	135,535	(24,464)	(15.3)%
Contract Services	195,124	143,007	254,346	196,961	(57,385)	(22.6)%
General Expense	46,440	56,857	62,640	59,741	(2,899)	(4.6)%
Operating Transfers-Out	—	8,510	—	—	—	—%
Supplies & Material	9,475	4,044	6,493	2,993	(3,500)	(53.9)%
Total Dollars by Expense Category	1,170,808	1,104,374	1,345,822	1,245,151	(100,671)	(7.5)%
Revenues						
Charges for Services	6	135	2,043	2,043	—	—%
Charges to Other Funds	352,022	290,532	671,548	647,391	(24,157)	(3.6)%
Other Revenue	354	524	3,143	3,143	—	—%
Total Revenues	352,382	291,192	676,734	652,577	(24,157)	(3.6)%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Positions by Division						
Administration	0.35	2.85	2.85	2.85	—	—%
Administrative Citations	1.23	0.48	—	—	—	—%
Council Support Services	2.85	1.30	1.30	1.30	—	—%
Election/Conflict of Interest	0.65	0.55	0.55	0.55	—	—%
Legislative Records Management	0.50	0.30	0.30	0.30	—	—%
Public Information	0.65	—	—	—	—	—%
Total	6.23	5.48	5.00	5.00	—	—%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Administrative Associate III	2.00	2.00	2.00	2.00	—	168,064
Assistant City Clerk	1.00	1.00	1.00	1.00	—	117,229
City Clerk	1.00	1.00	1.00	1.00	—	159,182
Deputy City Clerk	1.00	1.00	1.00	1.00	—	86,944
Hearing Officer	0.75	—	—	—	—	—
Sub-total: Full-Time Equivalent Positions	5.75	5.00	5.00	5.00	—	531,419
Temporary/Hourly	0.48	0.48	—	—	—	—
Total Positions	6.23	5.48	5.00	5.00	—	531,419

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	5.00	1,345,822	676,735	669,087
One-Time Prior Year Budget Adjustments				
None				
One-Time Prior Year Budget Adjustments				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	28,206	—	28,206
Association Membership Fees	—	1,601	—	1,601
General Fund Cost Allocation Plan	—	—	(24,157)	24,157
Information Technology Allocated Charges	—	(13,854)	—	(13,854)
Liability Insurance Allocated Charges	—	1,639	—	1,639
Printing & Mailing Services Allocated Charges	—	(12,248)	—	(12,248)
Workers' Compensation Allocated Charges	—	(1,603)	—	(1,603)
Adjustments to Costs of Ongoing Activities	—	3,741	(24,157)	27,898
Total FY 2021 Base Budget	5.00	1,349,563	652,577	696,985
Budget Adjustments				
1 Management and Professionals Group Compensation Reduction	—	(39,026)	—	(39,026)
2 Travel, Training, Supply, and Event Expense Reductions	—	(65,385)	—	(65,385)
Total Budget Adjustments	—	(104,411)	—	(104,411)
Total FY 2021 Adopted Budget	5.00	1,245,151	652,577	592,574



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Management and Professionals Group Compensation Reduction	0.00	(39,026)	0	(39,026)

This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

2 Travel, Training, Supply, and Event Expense Reductions	0.00	(65,385)	0	(65,385)
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This action reduces the department's travel, training, office supply, and special event budget. This will reduce the department's capacity to attend training and maintain best practices and professional development opportunities, limit flexibility to take on new administrative projects and duties, and eliminate all board and commission special events. (Ongoing savings: \$65,385)

Performance Results



This action contributes to cost containment strategies in FY 2021.

CITY COUNCIL

Mission Statement



The City Council's mission is to develop an overall vision for the community as a whole.

Purpose

The City Council is responsible for the scope, direction, and financing of City services; establishing policy based on information provided by staff, advisory boards and commissions, and the general public; and implementing policy through staff under the Council-Manager form of government.



Description

Under the Council-Manager form of government, the City Council is responsible for the legislative functions of the City such as establishing policies and priorities, developing an overall vision, and approving the annual spending plan for the City. The terms of the Mayor and the Vice-Mayor are one year, expiring at the first meeting in January. The terms of Council members are four years, and the General Municipal Election is held in even-numbered years on the first Tuesday after the first Monday in November.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
City Council Operations	475,912	370,419	498,261	419,304	(78,957)	(15.8)%
Total	475,912	370,419	498,261	419,304	(78,957)	(15.8)%
Dollars by Category						
Salary & Benefits						
Healthcare	111,678	90,338	136,904	111,526	(25,378)	(18.5)%
Other Benefits	8,158	8,023	5,729	6,022	293	5.1%
Pension	21,743	18,774	32,634	32,851	218	0.7%
Retiree Medical	87,553	49,156	50,631	48,601	(2,030)	(4.0)%
Salary	108,014	96,474	84,000	84,000	—	—%
Workers' Compensation	—	3,076	5,331	4,939	(392)	(7.4)%
Total Salary & Benefits	337,148	265,842	315,228	287,939	(27,289)	(8.7)%
Allocated Charges	15,871	18,007	17,149	14,435	(2,713)	(15.8)%
Contract Services	80,460	43,233	108,000	108,000	—	—%
General Expense	41,020	39,877	54,955	6,000	(48,955)	(89.1)%
Operating Transfers-Out	—	1,686	—	—	—	—%
Supplies & Material	1,414	1,775	2,930	2,930	—	—%
Total Dollars by Expense Category	475,912	370,419	498,261	419,304	(78,957)	(15.8)%
Revenues						
Charges to Other Funds	138,473	103,376	94,792	155,566	60,774	64.1%
Total Revenues	138,473	103,376	94,792	155,566	60,774	64.1%
Positions by Division						
City Council Operations	9.00	7.00	7.00	7.00	—	—%
Total	9.00	7.00	7.00	7.00	—	—%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
City Council	9.00	7.00	7.00	7.00	—	84,000
Sub-total: Full-Time Equivalent Positions	9.00	7.00	7.00	7.00	—	84,000
Total Positions	9.00	7.00	7.00	7.00	—	84,000

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	7.00	498,261	94,791	403,470
One-Time Prior Year Budget Adjustments				
None				
One-Time Prior Year Budget Adjustments				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	(26,897)	—	(26,897)
General Fund Cost Allocation Plan	—	—	60,774	(60,774)
Information Technology Allocated Charges	—	(3,114)	—	(3,114)
Liability Insurance Allocated Charges	—	401	—	401
Workers' Compensation Allocated Charges	—	(392)	—	(392)
Adjustments to Costs of Ongoing Activities	—	(30,002)	60,774	(90,776)
Total FY 2021 Base Budget	7.00	468,259	155,566	312,694
Budget Adjustments				
1 Travel, Training, Supply and Event Expense Reductions	—	(48,955)	—	(48,955)
Total FY 2021 Adopted Budget	7.00	419,304	155,566	263,739



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Travel, Training, Supply and Event Expense Reductions	0.00	(48,955)	0	(48,955)

This action reduces the department's travel, training, office supply, and special event budget. This will reduce the City Council's capacity to travel for City business and reduce the number of special events that the Council can host. (Ongoing savings: \$48,955)

Performance Results



This action contributes to cost containment strategies in FY 2021.



CITY OF
**PALO
ALTO**

CITY MANAGER

Mission Statement



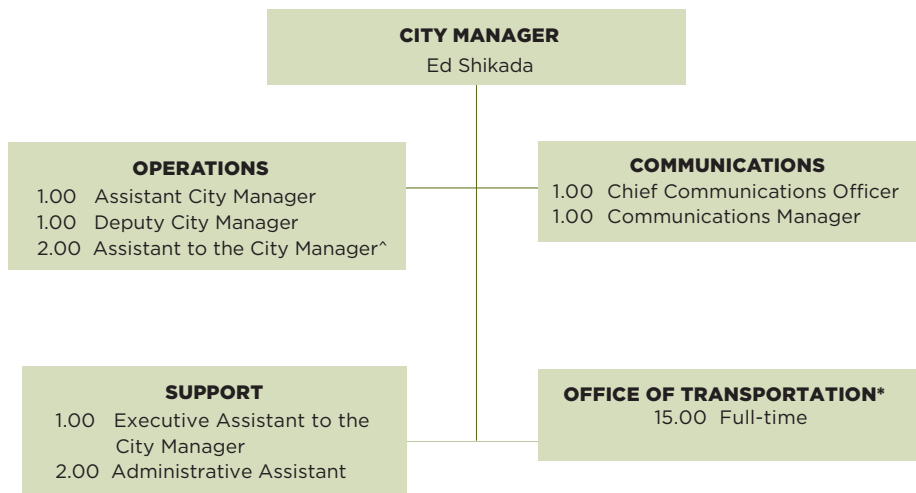
The City Manager's Office provides leadership and professional management to the City government organization and works with the City Council to develop and implement policies to maintain and enhance Palo Alto's quality of life.

Purpose



The City Manager's Office adheres to guiding values that emphasize community, stewardship, and public service to ensure goals and objectives are achieved in a timely manner.

CITY MANAGER



FY 2021 POSITION TOTALS
25.00 - Full-time
0.48 - Hourly

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

^ These position have been de-funded in FY 2021 and are identified in the Table of Organization with “(Freeze)” following the job classification title. The following positions are frozen in FY 2021:
1.00 FTE Assistant to the City Manager

* A detailed breakdown of the organizational structure of the Office of Transportation is included later in this section.

Description

The City Manager's Office (CMO) provides strategic leadership and guidance to the City operations and services for the City of Palo Alto through the following areas (including incubation of new programs):

FACILITATE CITY COUNCIL LEGISLATIVE ACTIONS

The City Council sets policy direction for the City of Palo Alto and confers that direction through legislative actions. To support the Council's work, the City Manager's Office guides the preparation of City Manager Reports, including analysis and recommended City Council action, and directs implementation of City Council actions. The CMO acts on priorities identified by the City Council during the annual City Council Retreat and City Council-initiated policies or programs. The CMO also engages other governments through participation in regional, statewide, and national organizations, and directs state and federal legislative advocacy efforts on behalf of the City.

MANAGE SPECIAL INTERDEPARTMENTAL PROJECTS

Each year, the City tackles special projects that, due to their scale and scope, require extensive interdepartmental coordination, community outreach, and engagement with the community, neighboring communities and public agencies. The City Manager's Office takes responsibility for managing these special projects in order to ensure efficient and effective coordination, implementation, and achievement of the City's goals. Some projects may be planned and identified as City Council priorities in one year or another (such as Grade Separation and Sustainability) and others may arise as the City responds to unfolding events and community concerns, such as racial equity and inclusion. Special long-term projects, such as Transportation, remain an 'Office' within the CMO department for specific attention and coordination. Others, such as Sustainability, move to another department for long-term operational work, though regular reporting and project development may be facilitated and communicated via the CMO.

FACILITATE BUSINESS ENGAGEMENT & ECONOMIC VITALITY

The City Manager's Office maintains collaborative relationships with businesses and residents to facilitate desired economic activity. In addition to addressing issues with individual businesses, local and regional associations serve as leaders and partners in this endeavor. Accordingly, the City Manager assigns staff to these organizations. The CMO acts as an ombudsman for the City, connecting business with appropriate departments, answering questions, and addressing issues that arise. In addition, the CMO leads Palo Alto's participation in Sister Cities, creating meaningful connections with cities around the world.

COORDINATE COMMUNICATIONS & COMMUNITY ENGAGEMENT

Palo Alto stands out as a well-informed and engaged community. The City Manager's Office builds on this strength by proactively communicating public information, creating and supporting community partnerships, and facilitating citizen involvement in order to develop mutual understanding and support between City government and constituents. The CMO achieves this by supporting new community engagement efforts, such as Cool Block, while also promoting

best communication practices throughout the City. In addition, communications staff respond to requests from media and the public, broadcast information on a range of platforms, and assist departments in their communication activities.

DIRECT AND COORDINATE DEPARTMENT OPERATIONS

The City Manager's Office provides strategic leadership and guidance to the City's Executive Leadership Team to ensure the provision of high-quality, cost-effective, and focused services. The CMO ensures City operations demonstrate transparency and fiduciary responsibility to the public. In this capacity, the CMO also provides timely, accurate, and results-oriented financial and operational reports. Through the budget and development of citywide business plans, the CMO ensures resources are allocated to the City Council's policies and priorities.

SUPPORT A PRODUCTIVE AND HEALTHY WORKFORCE

The City Manager's Office maintains a highly qualified, engaged, and effective workforce to successfully attain the City's goals and objectives. Towards that end, the CMO cultivates a strong service culture and provides ongoing, informative communications to City employees regarding key objectives, challenges, and accomplishments. As vacancies occur within the organization, the CMO provides support to maintain service delivery. In addition, the CMO mentors junior and senior staff, developing a pipeline of qualified managers within the organization.

Accomplishments

The City Manager's Office provides leadership and professional management to the City government organization. The accomplishments demonstrated throughout the budget document, within the department chapters, are a consequence of the overall guidance provided by the office. In addition to these many accomplishments, the office completed a series of key projects and activities through its general administration, public communication and economic development duties:

- Supported City Council priority setting and agenda planning while providing leadership and guidance to the organization.
- Advanced organizational excellence through work plans, support for professional development and work/life balance, and performance management through the Executive Leadership Team.
- Supported City departments following departures of several executive leaders by ensuring operations continued and while working to fill vacancies. The City Manager's Office provided this support to the Fire Department, the Public Works Department, the Planning & Development Services Department, the Administrative Services Department, and the Office of Transportation.
- Managed the City's state and federal legislative program to advance City Council and City department goals.
- The City Manager's Office facilitated the City Council and Finance Committee's efforts to achieve fiscal sustainability and complete critical infrastructure projects.

- The City Manager's Office supported the efforts of departments moving forward on infrastructure projects. Construction activity continues for the 101 Pedestrian and Bicycle Bridge, the Charleston/Arastradero Corridor, the California Avenue Garage, and the Public Safety Building. The construction at Fire Station 3 was completed and the station opened in March 2020.
- Supported regular communication and visits with Sister Cities both in person and virtually.
- Supported the citywide emergency response to the COVID-19 pandemic, including the evolution of issues starting with emergency services and community support, to public safety, communications, and economic recovery. This also involved planning throughout fire and winter storm seasons.
- Supported multiple community outreach efforts on a variety of issues aimed at increasing civic participation, feedback and engagement including Grade Separation, Budget, Cool Block, town halls, the Cubberley master planning process, and the North Ventura Coordinated Area Plan.
- Produced and published multi-platform communications content related to City Council and organizational goals and programs; further expanded outreach by launching a monthly newsletter; established a new daily COVID-19 report to inform during the public health emergency; and provided responsive, informed and timely information to community, public, and media stakeholders.
- Partnered with local community groups to host the United Nations Association Film Festival throughout various City locations.
- Advanced efforts to address impacts of air traffic by advocating for and responding to initiatives by the Federal Aviation Administration (FAA) and supported the creation of the Santa Clara Santa Cruz Counties Community Roundtable.
- Continued to support key business districts such as Downtown Palo Alto, California Avenue, Stanford Shopping Center and the Stanford Research Park.
- Participated in the planning and execution of the 10th Annual Bike Palo Alto event in partnership with community partners and the Office of Transportation. Bike Palo Alto is a day of self-guided bike tours and bike education.
- The City's AAA rating for the City's General Obligation (GO) bonds was affirmed by S&P Global Ratings. In addition, the City recently received an AA+ credit rating related to the California Avenue Certificate of Participation (COP) bond issuance. Both ratings are the highest possible for these respective debt obligations.
- Completed usability assessment of current website with internal/external stakeholders in anticipation of website redesign and platform migration.
- Created and launched an internal Leadership Cohort to provide leadership development training, coaching, and mentoring to managers serving the City of Palo Alto. The program's first cohort concluded in 2018 and the second cohort continued in 2019.

Initiatives

- Continue to support the City Council, the priority setting process, and regular, special, and committee meetings.
- Continue to provide leadership and professional management to the City government organization.
- Work with the City Council and the Expanded Community Advisory Panel (XCAP), citizens, and stakeholders to achieve agreement on a grade separation alternative for rail crossings. As a result, the options for grade separation have been reduced from 37 to 8 (it was reduced to 6 and then 2 new ideas were generated by the XCAP); further refinement is being pursued.
- Enhance and advance international programs through the partnership with Neighbors Abroad to create smart city relationships with existing Sister Cities to share knowledge, experience and best practices related to government services and innovation.
- Continue to support the City Council and departments with federal and state legislative priorities and goals.
- Further advance the City's digital engagement and online presence through responsiveness and quality content to both inform and engage the community.
- Launch the City's new website to further the City's communication, transparency and community engagement efforts.
- Provide strategic communications support to departments across the City with a focus on programs and projects under the City Council priorities.
- Provide strategic support for outreach efforts specifically related to grade separation, planning and transportation issues, as well as infrastructure projects including major downtown construction projects.
- Continue partnership with businesses to advance the City's economic development goals and meet business owners' needs regarding concerns such as transportation, parking, and development.
- Transition from emergency response of the public health emergency to lead the recovery of the City and broader community, through planning and reopening of city services, continued business support efforts, small business grants and more.
- Provide support to departments and the community as Palo Alto works to advance racial equity and opportunities for all.

Goals and Objectives

GOAL 1

Implement the City Council's policy direction and ensure their goals and objectives are achieved in a timely manner.

Objectives:

- Provide timely, accurate, and results-oriented financial and operational reports.
- Lead the development of citywide business plans that support achievement of the Council's policies and priorities.
- Maintain a highly qualified, engaged, and effective workforce to successfully attain the City's goals and objectives.

GOAL 2

Lead the City's management team to ensure the provision of quality, cost-effective, equitable, and community-focused services.

Objectives:

- Provide data and analytics to support informed decision-making processes.
- Improve the efficiency of the City's infrastructure, facilities, and equipment to support environmental and fiscal sustainability.
- Facilitate a high level of citizen understanding and satisfaction with City services.

GOAL 3

Maintain an environment that supports a strong local economy, supporting retailers, employees, and employers through sound financial planning and implementation of the City's Operating and Capital Improvement Program (CIP) budgets.

Objectives:

- Advance structural reforms to ensure the City lives within our means.
- Offer different ways for the community to stay informed and engaged on the City's budget process.
- Expand the use of innovation, performance management, and community partnerships to maintain and/or enhance public services.
- Balance and manage economic growth and development initiatives.

GOAL 4

Promote and sustain citizen participation and engagement in public matters.

Objectives:

- Engage public and private partners to advance community initiatives.
- Expand outreach efforts and communications platforms to broaden listening opportunities to encourage citizen participation in local government and community matters.
- Ensure timely and responsive resolution to citizens' inquiries.
- Preserve transparency and enhance communication with the public.

Key Performance Measures

CITIZEN SATISFACTION

Goal	Lead the City's management team to ensure the provision of quality, cost-effective, equitable, and community-focused services.				
Objective	Facilitate a high level of citizen understanding and satisfaction with City services.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of surveyed who rated the Quality of City Services as "Good" or "Excellent"	82%	N/A*	85%	85%	N/A*
Percent of surveyed who rated the Value of Services for the Taxes Paid as "Good" or "Excellent"	58%	N/A*	63%	63%	N/A*
Percent of surveyed who rated the Overall Image/Reputation of the City as "Good" or "Excellent"	83%	N/A*	88%	88%	N/A*
Description	The City participates in the National Citizen Survey (NCS), which is a collaborative effort between National Research Center, Inc. and the International City/County Management Association. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community.				
Purpose	Residents' feedback on the quality of services provided by the City allows staff to evaluate performance and identify improvement opportunities.				
Status	<p>Palo Alto will expand efforts to understand citizen satisfaction measures and ways to continue to meet citizens' evolving interests and priorities. Finding new methods of engaging community participation and feedback will be critical to future success and, one could guess, improved satisfaction.</p> <p>* The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process.</p>				

FACILITATE BUSINESS ENGAGEMENT AND ECONOMIC VITALITY

Goal	Maintain an environment that supports a strong local economy, supporting retailers, employees, and employers through sound financial planning and implementation of the City's Operating and Capital Improvement Program (CIP) budgets.				
Objective	Balance and manage economic growth and development initiatives.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of surveyed who rated Vibrant Downtown and Commercial Areas as "Good" or "Excellent"	71%	N/A*	73%	73%	N/A*
Percent of surveyed who rated Shopping Opportunities as "Good" or "Excellent"	79%	N/A*	80%	80%	N/A*
Percent of surveyed who rated Employment Opportunities as "Good" or "Excellent"	73%	N/A*	73%	73%	N/A*
Absolute value of sales tax revenue	\$31,100,000	\$36,500,000	\$34,346,000	\$30,600,000	\$20,500,000
Year-over-year percentage increase in sales tax revenue	3.90%	17.36%	(5.90)%	(16.16)%	(33.01)%
Description	The City participates in the National Citizen Survey (NCS), which asks residents to rate their perception of economic activities and business and service establishments. The NCS is a collaborative effort between the National Research Center, Inc., and the International City/County Management Association. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community. The City also looks to performance measures such as sales tax revenue and the year-over-year change as indicators of the strength of the local economy and its connection to the City and the services funded by sales and other business-generated taxes. Because the City will not conduct a survey in late 2019/early 2020, these results will be delayed until sometime in 2021.				
Purpose	Understanding the community perception of the business environment allows staff to work with developers and investors to ensure the right composition of business and services in Palo Alto.				
Status	<p>Although Palo Alto continues to rank above the benchmark, the high cost of commercial real estate has had an impact on local services. The City continues to work with business owners to increase parking supply, walkability and enhance public spaces with arts and events to increase customer experience. During the current public health emergency, staff continues to partner with local businesses and identify ways to support business and community recovery.</p> <p>* The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process.</p>				

COORDINATE COMMUNICATIONS AND COMMUNITY ENGAGEMENT

Goal	Promote and sustain citizen participation and engagement in public matters.				
Objective	Preserve transparency and enhance communication with the public.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of surveyed engaged in community issues by attending a local public meeting	25%	N/A*	25%	25%	N/A*
Percent of surveyed who rated the City's website as "Good" or "Excellent"	65%	N/A*	65%	65%	N/A*
Number of subscribers to the City Manager's online newsletter	N/A**	6,422	6,900	6,590	6,700
Number of unique visitors to the City of Palo Alto website	853,343	753,596	851,469	887,068	975,775
Percent of surveyed rating the City's public info services (non-Police) as "Good" or "Excellent"	76%	N/A*	78%	78%	N/A*
Description	The City participates in the National Citizen Survey (NCS), which asks residents to rate their perception of local government media services. The NCS is a collaborative effort between National Research Center, Inc., and the International City/County Management Association. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community. The City tracks additional performance measures that indicate the volume of traffic to our communications resources (website) and the volume of people receiving our newsletter.				
Purpose	Robust levels of community awareness and participation demand communication systems that are timely, accurate, meaningful, and readily accessible.				
Status	<p>Although Palo Alto continues to rank above the benchmark, the City is always seeking opportunities to expand efforts to increase transparency, information sharing, and outreach. The City recently launched new online engagement tools and is progressing towards a launch of a redesigned website in FY 2021. The new website will enhance communication between the City and the community.</p> <p>* The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process.</p> <p>**This is a new performance measure for which FY 2018 data is not available.</p>				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of City Council and City Council Committee meetings	70	92	70	83	82
Total Hours of City Council and City Council Committee meetings	322	350	285	307	326

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Administration and City Management	2,777,772	2,917,905	3,543,655	2,884,827	(658,828)	(18.6)%
Economic Development	163,802	41,253	111,447	25,193	(86,255)	(77.4)%
Public Communication	287,076	234,988	257,136	250,652	(6,484)	(2.5)%
Sustainability	487,332	692,445	635,564	—	(635,564)	(100.0)%
Total	3,715,982	3,886,591	4,547,803	3,160,671	(1,387,131)	(30.5)%
Dollars by Category						
Salary & Benefits						
Healthcare	182,623	179,667	220,033	183,005	(37,028)	(16.8)%
Other Benefits	127,634	110,832	71,067	58,285	(12,782)	(18.0)%
Overtime	210	—	—	—	—	—%
Pension	489,601	490,421	700,537	619,102	(81,435)	(11.6)%
Retiree Medical	131,822	126,770	130,574	115,708	(14,866)	(11.4)%
Salary	1,846,341	1,821,458	1,986,232	1,561,988	(424,243)	(21.4)%
Workers' Compensation	5,188	42,653	69,863	60,210	(9,653)	(13.8)%
Total Salary & Benefits	2,783,419	2,771,802	3,178,306	2,598,299	(580,007)	(18.2)%
Allocated Charges	175,155	175,508	203,839	158,894	(44,945)	(22.1)%
Contract Services	532,169	764,712	1,074,935	338,185	(736,750)	(68.5)%
General Expense	212,202	134,197	77,641	58,391	(19,250)	(24.8)%
Operating Transfers-Out	2,039	31,999	2,039	—	(2,039)	(100.0)%
Rents & Leases	54	45	154	154	—	—%
Supplies & Material	10,945	8,329	10,889	6,639	(4,250)	(39.0)%
Total Dollars by Expense Category	3,715,982	3,886,591	4,547,803	3,160,671	(1,387,131)	(30.5)%
Revenues						
Charges to Other Funds	1,205,312	971,893	1,702,712	1,549,472	(153,240)	(9.0)%
From Other Agencies	42,374	340,807	260,000	—	(260,000)	(100.0)%
Other Revenue	16,487	—	—	—	—	—%
Total Revenues	1,264,173	1,312,699	1,962,712	1,549,472	(413,240)	(21.1)%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Positions by Division						
Administration and City Management	9.35	9.35	9.10	9.10	—	—%
Public Communication	0.90	0.90	0.90	0.90	—	—%
Sustainability	1.96	1.75	0.75	—	(0.75)	(100.0)%
Total	12.21	12.00	10.75	10.00	(0.75)	(6.98)%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Administrative Assistant	1.00	1.00	2.00	2.00	—	178,621
Administrative Associate III	1.00	1.00	—	—	—	—
Assistant City Manager	—	—	1.00	1.00	—	256,838
Assistant City Manager/Utilities General Manager	0.25	0.25	—	—	—	—
Assistant to the City Manager	2.00	2.00	2.00	1.00	(1.00)	164,861
Assistant to the City Manager (Freeze)	—	—	—	1.00	1.00	150,010
Chief Communications Officer	1.00	1.00	1.00	1.00	—	180,003
Chief Sustainability Officer	1.00	1.00	—	—	—	—
City Manager	1.00	1.00	1.00	1.00	—	356,013
Deputy City Manager	2.00	2.00	1.00	1.00	—	220,542
Executive Assistant to the City Manager	1.00	1.00	1.00	1.00	—	107,328
Management Analyst	—	0.75	0.75	—	(0.75)	—
Manager Communications	1.00	1.00	1.00	1.00	—	126,360
Sub-total: Full-Time Equivalent Positions	11.25	12.00	10.75	10.00	(0.75)	1,740,576
Temporary/Hourly	0.96	—	—	—	—	—
Total Positions	12.21	12.00	10.75	10.00	(0.75)	1,740,576

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	10.75	4,547,803	1,962,712	2,585,091
One-Time Prior Year Budget Adjustments				
Recruitment and Retention Initiatives	—	(250,000)	—	(250,000)
Contractual Funding for Office of Sustainability	—	(100,000)	—	(100,000)
Economic Development Funding	—	(72,000)	—	(72,000)
One-Time Prior Year Budget Adjustments	—	(422,000)	—	(422,000)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	(13,340)	—	(13,340)
Office of Sustainability Transition to Public Works	(0.75)	(261,767)	(118,751)	(143,016)
Federal Transit Administration (FTA) Grant Completion	—	(260,000)	(260,000)	—
Transfer to Electric Fund for Canopy Contract	—	(2,039)	—	(2,039)
General Fund Cost Allocation Plan	—	—	(34,489)	34,489
City Manager Relocation Expense Reimbursement	—	24,000	—	24,000
Information Technology Department Allocated Charges	—	(35,715)	—	(35,715)
Liability Insurance Allocated Charges	—	5,361	—	5,361
Printing & Mailing Allocated Charges	—	(11,818)	—	(11,818)
Workers' Compensation Allocated Charges	—	(4,581)	—	(4,581)
Adjustments to Costs of Ongoing Activities	(0.75)	(559,899)	(413,240)	(146,659)
Total FY 2021 Base Budget	10.00	3,565,904	1,549,472	2,016,432
Budget Adjustments				
1 Tax Compliance and National Citizens Survey (Transfer from City Auditor to Administrative Services and City Manager's Office)	—	27,000	—	27,000
2 Travel, Training, and Supply Expense Reductions	—	(32,000)	—	(32,000)
3 Management and Professionals Group Compensation Reduction	—	(181,483)	—	(181,483)
4 Executive Administration Staffing Reduction	—	(218,750)	—	(218,750)
Total Budget Adjustments	—	(405,233)	—	(405,233)
Total FY 2021 Adopted Budget	10.00	3,160,671	1,549,472	1,611,199



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Tax Compliance and National Citizens Survey (Transfer from City Auditor to Administrative Services and City Manager's Office)	0.00	27,000	0	27,000

This ongoing action moves funding and responsibility for the National Citizen Survey to the City Manager's Office from the City Auditor's Office. A corresponding action is recommended in the City Auditor's Office. (Ongoing costs: \$27,000)

Performance Results



This action aligns the duties and associated funding of the City Auditor's Office and the City Manager's Office.

2 Travel, Training, and Supply Expense Reductions	0.00	(32,000)	0	(32,000)
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This action reduces the department's travel, training, and office supply budget. This will reduce the department's capacity to travel for city business such as regulatory and legislative advocacy and interagency coordination, limit flexibility to take on new administrative projects and duties, and reduce resources available for office work. (Ongoing savings: \$32,000)

Performance Results




This action contributes to cost containment strategies in FY 2021.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
3 Management and Professionals Group Compensation Reduction	0.00	(181,483)	0	(181,483)


This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results 

This action contributes to cost containment strategies in FY 2021.

4 Executive Administration Staffing Reduction	0.00	(218,750)	0	(218,750)
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This action reduces 1.0 FTE Assistant to the City Manager in the City Manager's Office. This will adversely impact the department's ability to implement, manage, or coordinate any new initiatives; work on crossdepartmental priorities; respond to Council and community requests; or provide support for public outreach. This position is responsible for special projects, community engagement, and related activities. (Ongoing savings: \$218,750)

Performance Results 

This action contributes to cost containment strategies in FY 2021.



CITY OF
**PALO
ALTO**

OFFICE OF TRANSPORTATION

Mission Statement



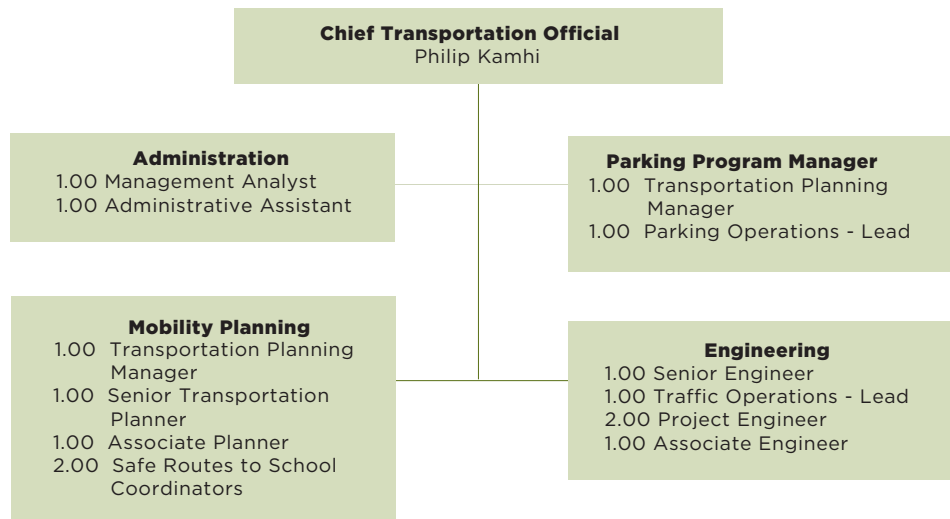
The Office of Transportation’s mission is to preserve and enhance the quality of life for Palo Alto residents, visitors, and businesses by providing efficient and cost-effective transportation services for all modes of transportation.

Purpose

The purpose of the Office of Transportation is to improve the safety of the users of all modes of transportation, reduce reliance on single-occupancy vehicles, address congestion, and reduce through traffic and non-resident parking in Palo



Alto neighborhoods, leading to an integrated transportation system that serves local, regional, and intercity travel.



FY 2021 POSITION TOTALS
 15.00 - Full-time
 0.48 - Hourly^

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

^ These positions have been de-funded in FY 2021 and are identified in the Table of Organization with “(Freeze)” following the job classification title. The following positions are frozen in FY 2021: 0.48 Hourly FTE

Description

The Office of Transportation (OOT) was established in recognition of the scale, complexity, and level of citizen engagement related to transportation. High-profile issues include the separation of at-grade rail crossings, neighborhood traffic safety and bike boulevards, permit parking, traffic mitigation, and the safety of vulnerable road users. The Office is responsible for mobility, engineering, and parking in coordination with other City departments and agencies (such as Valley Transportation Authority, Caltrain, Metropolitan Transportation Commission, California Public Utilities Commission, Palo Alto Unified School District and neighboring cities) through the following:

MOBILITY/PLANNING

Responsible for sustainable transportation systems that aim to reduce traffic congestion and auto emissions through increased pedestrian, bicycle, public transportation use, and other alternative modes of transportation. Programs include:

Bicycle and Pedestrian - This program includes the discrete capital improvement projects and the programmatic elements needed to implement goals of the Palo Alto Bicycle & Pedestrian Transportation Plan, including the Neighborhood Traffic Safety & Bicycle Boulevard project. This program also provides staffing to the Pedestrian and Bicycle Advisory Committee (PABAC).

Palo Alto Shuttle - The Palo Alto Free Shuttle Program is currently suspended due to City-wide budgetary issues. The staff is currently looking for funding opportunities for shuttle or other transit options.

Safe Routes to School - In partnership with the Palo Alto Unified School District (PAUSD) and Palo Alto PTA, this program aims to reduce risk, and educate and encourage more families to safely walk, bicycle, bus, and carpool to school. It also includes the development of capital improvement projects to provide safer routes to schools.

PARKING/PROGRAM MANAGEMENT

Plan, develop, and administer the Residential Permit Parking (RPP) program, parking in the City's garages and lots, and on-street parking in business districts.

ENGINEERING

Oversee the City's traffic and transportation infrastructure investments through long- and short- range plans, corridor plans, traffic studies, and review of proposed private developments; transportation demand management initiatives; traffic impact fees; and regional coordination. Projects include:

Rail Grade Separations: This is a monumental capital improvement to improve safety at existing railroad crossings. This project will span more than a decade to complete planning, environmental review, design, and construction.

Traffic Operations & Capital Improvement Projects: These projects include the monitoring, operations, and modifications of the traffic system; investigation and response to citizen inquiries; and development of plans and funding for capital improvement projects that provide enhanced safety and relieve traffic congestion.

Accomplishments

- Conducted enhanced community engagement for the Rail Grade Separation project by holding twenty-one extended community advisory meetings and three town hall meetings.
- Fully developed concept renderings, animations, and plan views for nine rail grade separation alternatives.
- Implemented Old Palo Alto Residential Preferential Parking Pilot Program in October, 2019.
- Developed an implementation plan for new online parking permit and citation management system, which will be executed in early 2021.
- Increased the percentage of middle and high school students biking to school from 47% in FY 2018 to 55% in FY 2019.
- Completed conversion of transportation impact methodology from Level of Service (LOS) to Vehicle Miles of Travel (VMT) per state law.
- Provided report on completed portions of Phase 1 of the Neighborhood Traffic Safety & Bicycle Boulevard project and initiated prioritization process for remaining segments.
- Implemented signal modifications and improvements at seven intersections and along two corridors.
- Completed Phases 1 and 2 (Clemo Avenue to Foothill Expressway and Middlefield Road to Alma Street, respectively), and initiated Phase 3 (El Camino Real to Alma Street and Middlefield Road to Fabian Way) of the Charleston/Arastradero Corridor Project.
- Initiated design of traffic signal improvements at San Antonio and Charleston.
- Evaluated results of Phase 1 of the Neighborhood Traffic Safety & Bicycle Boulevard project.

Initiatives

- Achieve the following Rail Grade Separation program milestones: select the preferred solution, obtain a commitment for Measure B funds, and start the environmental process.
- Update the community engagement process for transportation projects.
- Start Phase 2 of the Neighborhood Traffic Safety & Bicycle Boulevard project.
- Initiate update of the Bicycle and Pedestrian Transportation Plan.
- Continue to revise the Residential Preferential Parking (RPP) Program to enhance its effectiveness and sustainability.

- Implement the new online parking permit and citation management system.
- Evaluate the Bicycle and Scooter Share Pilot Program.
- Provide a Transportation, Traffic Safety, and Operations Report.
- Research updates to the Parking Ambassador Program to increase garage capacity.
- Develop outcome-based performance measures for all transportation programs with links to the Annual National Citizen Survey where appropriate.
- Enhance professional development for the Office of Transportation to optimize staff abilities and productivity.
- Complete current Palo Alto Safe Routes to School City, Palo Alto Unified School District (PAUSD) and Parent Teacher Association (PTA) Partnership Five-Year Work Plan objectives to help grow and strengthen community-wide support through the Safe Routes to School model for safe, active, healthy, and sustainable school commutes.
- Initiate construction of traffic signal improvements at San Antonio and Charleston.
- Implement Automated Parking Guidance System (APGS) in California Avenue Garage.
- Initiate construction of the enhanced bike-way at Churchill and El Camino Real.

Goals and Objectives

GOAL 1

Provide, design, and implement transportation services that meet or exceed the expectations of Palo Alto residents; encourage transportation alternatives to single occupancy vehicle (SOV) trips; and improve traffic flow and parking availability

Objectives:

- Improve traffic flow on major streets
- Increase safety and ease of travel by bicycle in Palo Alto
- Increase safety and ease of walking in Palo Alto
- Increase awareness of transit options
- Pilot micro-mobility options (e.g. scooter and bicycle share programs)

GOAL 2

Ensure that services are delivered efficiently and continue to improve

Objectives:

- Institute a revised community engagement process for transportation projects
- Revise the RPP Programs to enhance effectiveness and sustainability
- Increase or add automated data collection systems
- Improve public parking management systems

GOAL 3

Increase the professional capacity of the members of the Office of Transportation

Objectives:

- Work collaboratively with staff to create and institute a professional development plan to optimize the abilities and productivity of the Office of Transportation staff
- Develop a career development plan to promote the retention of Transportation staff

Key Performance Measures**

CITIZEN SURVEY - TRAFFIC FLOW ON MAJOR STREETS

Goal	Provide, design, and implement transportation services that meet or exceed the expectations of Palo Alto residents; encourage transportation alternatives to single occupancy vehicle trips; and improve traffic flow and parking availability.				
Objective	Improve traffic flow on major streets.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent surveyed residents rating the traffic flow on major streets as good or excellent	33%	N/A*	30%	30%	N/A*
Description	The City participates in the National Citizen Survey (NCS) which asks residents to rate their perception of traffic flow on major streets. The NCS is a collaborative effort between the National Research Center and the International City/County Management Association.				
Purpose	To obtain feedback from residents on the traffic flow on major streets to determine the perceived functionality of major streets.				
Status	* The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process. Staff will continue working on managing traffic operations and improving safety.				

CITIZEN SURVEY - EASE OF PUBLIC PARKING

Goal	Provide, design, and implement transportation services that meet or exceed the expectations of Palo Alto residents; encourage transportation alternatives to single occupancy vehicle trips; and improve traffic flow and parking availability.				
Objective	Increase ease of public parking				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent surveyed residents rating the amount of parking as good or excellent	32%	N/A*	38%	38%	N/A*
Description	The City participates in the National Citizen Survey (NCS) which asks residents to rate their perception of the ease of public parking. The NCS is a collaborative effort between the National Research Center and the International City/County Management Association.				
Purpose	To obtain feedback from residents on the ease of public parking to determine if the program's resources are appropriate.				
Status	* The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process. An Automated Parking Guidance System (APGS) will be implemented in the California Avenue Garage and the elimination of employee permit parking in some Residential Preferential Parking districts will begin.				

NUMBER OF SHUTTLE RIDERS

Goal	Provide, design, and implement transportation services that meet or exceed the expectations of Palo Alto residents; encourage transportation alternatives to single occupancy vehicle trips; and improve traffic flow and parking availability.				
Objective	Increase the annual number of riders on the Palo Alto shuttle				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of annual shuttle bus riders	N/A	104,929	145,000	65,000	N/A
Description	This measure tracks the annual usage of the shuttle program.				
Purpose	To track changes in satisfaction and ridership with the shuttle program.				
Status	The Palo Alto Free Shuttle Program has been defunded in FY 2021 therefore shuttle service is no longer being provided. FY 2018 actuals are not available due to issues with data collection. The staff is currently looking for funding opportunities for shuttle or other transit options.				

Workload Measures**

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of transportation inquiries to 311	328	275	275	300	300
Number of households in RPP district	N/A	6,569	7,850	5,900	5,900
Number of students reached through educational programs with Safe Routes to School	N/A	5,442	6,800	5,442	6,735
Number of development projects reviewed	N/A	71	65	75	80
Number of traffic signals maintained	N/A	101	101	101	101

**The Office of Transportation was created in FY 2020. The Key Performance Measures and Workload Measures in this document reflect available information as of June 2020.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Administration	261,621	473,466	624,274	630,126	5,852	0.9%
Engineering and Planning	606,628	499,205	532,481	604,400	71,919	13.5%
Programs	796,624	861,232	1,155,380	669,648	(485,732)	(42.0)%
Total	1,664,873	1,833,902	2,312,134	1,904,173	(407,961)	(17.6)%
Dollars by Category						
Salary & Benefits						
Healthcare	67,804	50,920	121,341	103,177	(18,163)	(15.0)%
Other Benefits	12,328	11,358	24,821	26,528	1,707	6.9%
Overtime	1,459	2,897	7,597	7,795	198	2.6%
Pension	125,212	116,288	295,707	304,620	8,914	3.0%
Retiree Medical	58,534	74,971	77,220	78,098	878	1.1%
Salary	461,605	431,343	854,147	791,163	(62,984)	(7.4)%
Workers' Compensation	—	15,948	17,523	21,922	4,399	25.1%
Total Salary & Benefits	726,942	703,726	1,398,355	1,333,304	(65,052)	(4.7)%
Allocated Charges	121,435	133,778	—	184,424	184,424	—%
Contract Services	624,852	754,971	642,779	132,446	(510,333)	(79.4)%
Facilities & Equipment	—	—	21,000	5,000	(16,000)	(76.2)%
General Expense	189,595	233,380	244,750	228,750	(16,000)	(6.5)%
Operating Transfers Out	—	7,780	—	—	—	—%
Supplies & Material	2,049	267	5,250	20,250	15,000	285.7%
Total Dollars by Expense Category	1,664,873	1,833,902	2,312,134	1,904,173	(407,961)	(17.6)%
Revenues						
Operating Transfers-In	128,000	128,000	128,000	128,000	—	—%
Other Revenue	1,195	—	—	—	—	—%
Permits and Licenses	33,460	13,332	13,332	13,332	—	—%
Total Revenues	162,655	141,332	141,332	141,332	—	—%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Positions by Division						
Administration	0.55	0.50	2.18	2.33	0.15	6.88%
Engineering and Planning	1.90	2.18	1.70	1.70	—	—%
Programs	2.59	2.21	2.80	2.80	—	—%
Total	5.04	4.89	6.68	6.83	0.15	2.25%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Administrative Assistant	—	—	0.50	0.50	—	43,680
Administrative Associate III	0.70	0.30	—	—	—	—
Associate Engineer	0.73	0.65	0.30	0.30	—	37,421
Associate Planner	—	0.24	0.30	0.45	0.15	49,065
Chief Transportation Official	0.37	0.55	0.70	0.70	—	133,006
Coordinator Transportation Systems Management	0.88	0.74	1.25	1.25	—	139,308
Management Analyst	—	0.02	0.50	0.50	—	55,130
Parking Operations - Lead	—	0.10	—	—	—	—
Program Assistant II	0.60	—	—	—	—	—
Project Engineer	0.50	0.50	0.45	0.45	—	68,047
Senior Engineer	—	—	0.20	0.20	—	30,335
Senior Planner	0.15	0.28	0.50	0.50	—	67,309
Traffic Engineering-Lead	0.38	0.65	0.35	0.35	—	55,692
Transportation Planning Manager	0.20	0.36	1.15	1.15	—	170,797
Sub-total: Full-Time Equivalent Positions	4.51	4.39	6.20	6.35	0.15	849,790
Temporary/Hourly	0.53	0.50	0.48	0.48	—	30,122
Total Positions	5.04	4.89	6.68	6.83	0.15	879,912

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	6.68	2,312,134	141,332	2,170,802
One-Time Prior Year Budget Adjustments				
VMT Estimation Tool (one-time surcharge)	—	(14,000)	—	(14,000)
One-Time Prior Year Budget Adjustments	—	(14,000)	—	(14,000)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	0.15	6,072	—	6,072
Peninsula Corridor Joint Powers Board (PCJPB) Shuttle Service Contract Funding Alignment	—	25,000	—	25,000
Information Technology Allocated Charges	—	53,875	—	53,875
Liability Insurance Allocated Charges	—	22,627	—	22,627
Printing & Mailing Services Allocated Charges	—	6,700	—	6,700
Utilities Allocated Charges	—	100,649	—	100,649
Workers' Compensation Allocated Charges	—	4,399	—	4,399
Adjustments to Costs of Ongoing Activities	0.15	118,674	—	118,674
Total FY 2021 Base Budget	6.83	2,416,808	141,332	2,275,476
Budget Adjustments				
1 Parking Services Staffing Reduction	—	(29,678)	—	(29,678)
2 Management and Professionals Group Compensation Reduction	—	(45,845)	—	(45,845)
3 Free Shuttle Service Elimination	—	(538,333)	—	(538,333)
Total Budget Adjustments	—	(613,856)	—	(613,856)
Total FY 2021 Adopted Budget	6.83	1,904,173	141,332	1,762,841



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Parking Services Staffing Reduction	0.00	(29,678)	0	(29,678)

This action reduces 0.48 FTE in part-time staff resources in the Office of Transportation. The department's response times and capacity to review and reconcile parking citation appears in the Residential Preferential Parking (RPP) program will be adversely impacted. (Ongoing savings: \$29,678)

Performance Results



This action contributes to cost containment strategies in FY 2021 and will increase response times for administrative citations in the RPPs.

2 Management and Professionals Group Compensation Reduction	0.00	(45,845)	0	(45,845)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$45,845)

Performance Results



This action contributes to cost containment strategies in FY 2021.

3 Free Shuttle Service Elimination	0.00	(538,333)	0	(538,333)
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This action eliminates the free Crosstown and Embarcadero Shuttles. Staff previously assigned to the shuttle program will be reassigned to other key transportation projects. The shuttles connect the University Avenue/Downtown to South Palo Alto at Charleston Road and provide peak hour service between the University Avenue Caltrain Station and the Baylands Business Parks east of Highway 101/Embarcadero. This action will reduce free alternative transportation options to residents of and visitors to Palo Alto, including senior citizens and local students. The Crosstown and Embarcadero shuttles provided 104,929 rides in FY 2019. (Ongoing savings: \$538,333)

Performance Results



This action contributes to cost containment strategies in FY 2021 and eliminate free shuttle services, reducing the availability of alternative modes of transportation in Palo Alto.

ADMINISTRATIVE SERVICES

Mission Statement



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

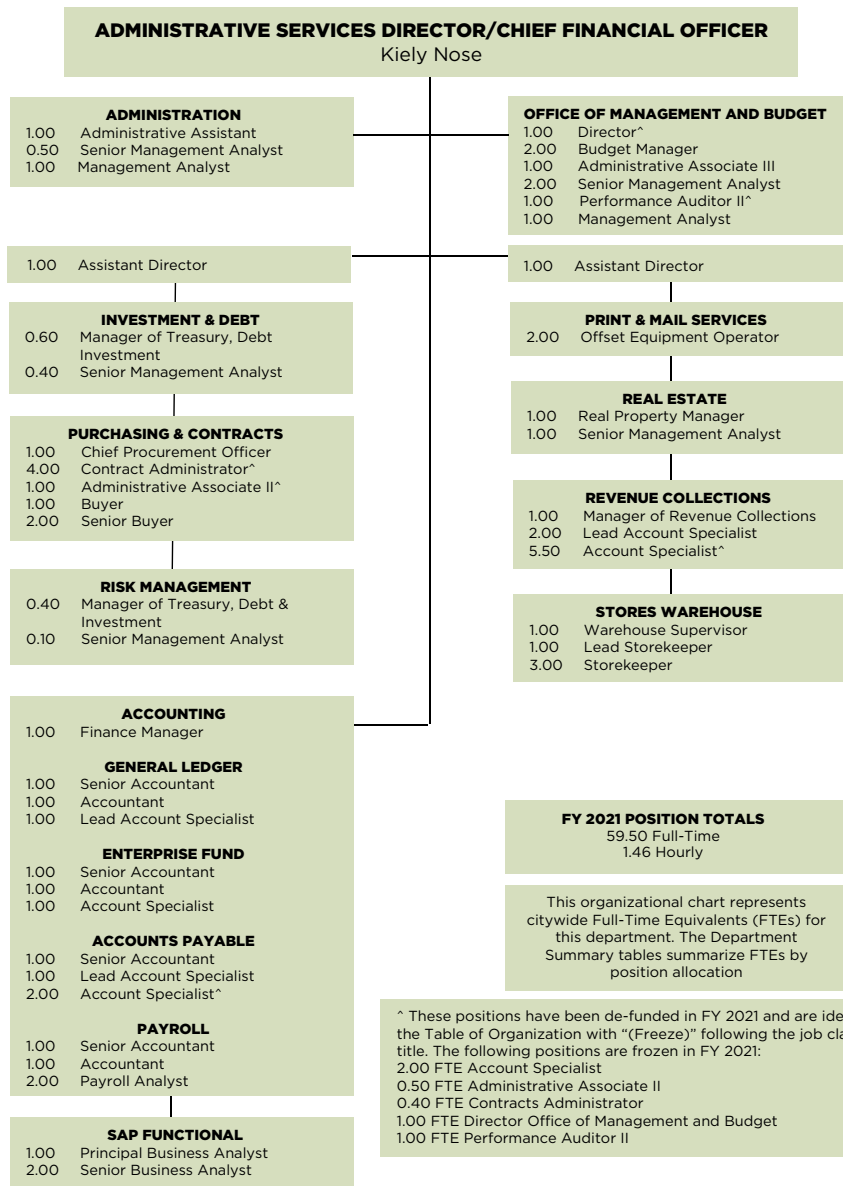
Purpose



The purpose of the Administrative Services Department is to provide excellent customer service to decision-makers, the public, employees, and City departments; provide analytical, organizational, and administrative support for a wide variety

of projects; record, monitor, and protect City assets in a responsible manner; provide essential financial management and forecasting reports; and prepare and present financial reporting to various committees and City Council.

ADMINISTRATIVE SERVICES



Description

The Administrative Services Department (ASD) is responsible for the following functions:

ADMINISTRATION

Provides financial, analytical, budget, strategic, and administrative support services for the department and organization.

ACCOUNTING

Performs financial transactions and provides accurate, timely, and reliable financial information for internal and external customers, including vendor payments, customer billing, payroll, and financial reporting.

PURCHASING AND CONTRACTS

Facilitates negotiations, purchasing, and contracting needs in a timely, efficient, and customer-oriented manner.

OFFICE OF MANAGEMENT AND BUDGET (OMB)

Oversees the citywide operating and capital budget preparation, review, and analysis, performance measures, and budget monitoring. In addition, prepares the long-range financial forecast and provides independent analytical support to the organization.

PROPERTY MANAGEMENT AND ACQUISITION

Provides asset management, acquires property rights, manages the leasing of City properties, prepares real estate agreements, completes easement acquisitions/vacations, negotiates real estate agreements, and provides real estate services citywide.

TREASURY AND REVENUE COLLECTIONS

Treasury safeguards and invests the City's portfolio, forecasts major General Fund tax revenues, issues and manages debt, and performs Utility Risk Management oversight. Revenue Collections collects payment revenue and provides customer support for parking permits and payment transactions. Provides print shop services to departments and warehouse services, including logistics, for the City's Electric, Water, Gas, and Wastewater Utilities, as well as for Public Works and the Regional Water Quality Control Plant.

Accomplishments

- Maintained the City's AAA credit rating, which results in the lowest possible borrowing costs; confirmed in the most recent rating by Standard and Poors in February 2019.
- Continued progress on developing a Pension Funding Policy as part of a comprehensive effort to proactively address the City's long term liabilities.

ADMINISTRATIVE SERVICES

- Contributed \$5.2 million (\$3.5 million from the General Fund) in FY 2020 to the City's Section 115 Pension Trust Fund, bringing the total contributions to \$27.2 million (\$17.8 million from the General Fund).
- Managed the City's real estate leases resulting in revenue of approximately \$4.2 million.
- Acquired a 27,829 square foot portion of 3350 Birch Street for the potential expansion of Boulware Park.
- Acquired tie-back easements for construction of the California Avenue Parking Garage project.
- Participated in citywide emergency preparation and planning to ensure that financial tracking and reporting continue to be included as part of the coordinated emergency response effort for COVID-19.
- Implemented department-wide, technology-focused, core competency training such as: SAP module specific training for support resources and SAP reporting training in the Human Resources and Payroll modules.
- Earned the 'excellence in financial reporting award' from the Government Finance Officers' Associations of United States and Canada (GFOA) for the FY 2019 Comprehensive Annual Financial Report (CAFR).
- Earned the 'capital and operating budget excellence awards' from the California Society of Municipal Finance Officers (CSMFO) and the 'distinguished budget presentation award' and 'certificate of recognition for budget preparation' from GFOA for the Fiscal Year 2020 Adopted Capital and Operating budgets.
- Started a new revenue sharing agreement with the Media Center and cable joint powers partners for public, education, and government (PEG) funds enabling the Media Center to receive PEG revenue in compliance with federal regulations.
- Completed a review of fundraising for the Roth Building rehabilitation project and presented findings to the City Council.
- Implemented a new meals policy for City staff, which satisfied an internal audit recommendation regarding taxable meals.
- Introduced new copier printing software, in partnership with the Information Technology Department, to reduce paper and toner consumption citywide.
- Processed grant payments and disbursed payments for the COVID-19 Small Business Grant Program in partnership with the City Manager's Office.

Initiatives

- Continue implementation of the ASD strategic plan in four focus areas: 1) High-quality customer service, 2) Innovation and continuous improvement, 3) Best practices, and 4) Employee excellence, including customer support resources in purchasing, payroll, and accounting and implementation of electronic forms.
- Maintain employee excellence through training plans designed to improve customer service and responsiveness and incorporating those aspects into the employee rating form.

- Train and educate City staff on the procurement process to improve efficiencies and align with industry best practices. This will ensure the changing workforce is equipped to handle their procurement needs in an expeditious fashion and allow changes in purchasing policies, processes, and requirements to be proactively communicated to key staff.
- Facilitate the implementation of a new online parking permit management system in a phased approach, beginning with residential parking permit programs.
- Expand the paperless office program, currently in the Purchasing Division, to other divisions including Accounting and Real Estate.
- Support the citywide effort to upgrade the SAP Enterprise Resource Planning (ERP) system.
- Prepare and submit reimbursement requests to FEMA for costs associated with the City's response to the COVID-19 emergency.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Fund						
General Fund-Operating	7,680,331	7,653,228	8,519,330	8,362,345	(156,986)	(1.8)%
Printing & Mailing Services Fund	1,638,395	1,608,622	1,730,856	1,541,318	(189,538)	(11.0)%
Total	9,318,726	9,261,850	10,250,186	9,903,663	(346,523)	(3.4)%
Revenues						
Charges for Services	13,890	9,077	187,673	191,266	3,592	1.9%
Charges to Other Funds	4,090,745	3,679,830	3,186,802	3,426,620	239,818	7.5%
Other Revenue	145,266	168,531	171,400	171,400	—	—%
Return on Investments	(1,100)	(1,163)	2,300	—	(2,300)	(100.0)%
Sales Taxes	—	—	—	150,000	150,000	—%
Total Revenues	4,248,801	3,856,274	3,548,175	3,939,285	391,110	11.0%
Positions by Fund						
General Fund	40.06	39.61	40.61	41.61	1.00	2.46%
Printing and Mailing Services	2.10	2.10	2.10	2.10	—	—%
Total	42.16	41.71	42.71	43.71	1.00	2.34%

GENERAL FUND

Goals and Objectives

GOAL 1

- Ensure the City of Palo Alto's short and long-term financial status is healthy and sound.

Objectives:

- Assist with implementation of City Council's 2014 Infrastructure Plan by providing updated financial planning and issuance of debt.
- Review opportunities for new and/or enhanced revenues.
- Analyze additional options for reducing the City's pension and retiree healthcare long-term liabilities.
- Provide long-term recommendations and strategies for the City's real estate assets such as Cubberley, Ventura, and Middlefield Road lots.
- Manage real estate assets effectively to enhance revenue and reduce cost.
- Recommend a strategically balanced budget, maintaining City Council-approved reserve levels, for City Council consideration.
- Assist with ongoing labor negotiations with analysis of labor and City proposals.
- Develop plans for addressing any forecast shortfalls in funding for operations and infrastructure.
- Provide bond financing of major capital projects such as the Wastewater Treatment facility replacements, Public Safety Building, etc.

GOAL 2

- Provide timely and accurate financial reporting and transactions.

Objectives:

- Ensure that payroll processing, vendor payments, budget, and annual financial reporting are clear, timely, accurate, and in compliance with governmental finance standards.
- Enhance financial reporting mechanisms to ensure that departmental financial information is relevant and timely; look for opportunities to improve reporting as part of technology implementation upgrades.
- Increase information availability and transparency using open data tools and dashboards.
- Implement complex new labor agreements including new benefit structures, ensuring timely and accurate payments to employees and governing bodies such as the federal government and CalPERS.

GOAL 3

- Ensure public funds and assets are invested prudently and are well-managed.

Objectives:

- Ensure sufficient cash is always available to meet current expenditures.
- Maintain a reasonable rate of return on investments.
- Invest in sound Environmental, Social, and Governance (ESG) securities, which include green and sustainable bonds, when available and appropriate, in alignment with recently approved changes to the investment policy.

GOAL 4

- Continue implementation of the ASD Strategic Plan in the focus areas of customer service, innovation, best practices, and employee excellence.

Objectives:

- Continue implementing a succession plan for the department.
- Review ASD policies and procedures to continuously update, enhance, and streamline.
- Roll out training and resources for customer support to improve processing time.
- Enhance training plans for employees for job specific training and career development.
- Implement new tools for team collaboration and sharing, such as Office 365 and SharePoint.

Key Performance Measures

ANNUAL PERCENTAGE YIELD ON INVESTMENTS

Goal	Ensure public funds and assets are invested prudently and are well-managed.				
Objective	Maintain a reasonable rate of return on investments.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Annual percentage yield on investments	2.16%	2.29%	2.22%	2.08%	1.92%
Description	This measure tracks the City's annual rate of return on investments while following primary objectives (in priority order) of safety, liquidity, and yield.				
Purpose	A stable rate of return helps to grow the City's investment portfolio and is one component in measuring the City's financial rating.				
Status	With a now declining interest rate environment, the City's adopted goal of 2.40% is being revised downward. In comparison, the State Investment Pool average yield for FY 2019 was 2.29%.				

ADMINISTRATIVE SERVICES

AVERAGE PROCESSING TIME FOR PURCHASE REQUISITIONS

Goal	Implement performance management programs to support and enhance communication, accountability, and positive outcomes.				
Objective	Continue developing and implementing Procurement and Inventory process improvements.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Average time from receipt of a Purchase Requisition to issuance of Purchase Order (Days)	26	22	25	22	25
Description	The City is required to follow procurement rules and regulations as outlined in the Municipal Code and State Law to ensure open and fair competition and the most cost-effective use of tax dollars. In compliance with existing rules and regulations, ASD endeavors to provide goods and services as quickly as possible to City departments.				
Purpose	To measure the average processing time for Purchase Requisitions (PR) in order to identify processing improvements while being compliant with existing rules and regulations.				
Status	The Purchasing Division has maintained efficiency with the use of e-Procurement software that was implemented in FY 2016. Staff anticipates an increase in larger, more complex PRs in FY 2020 due to the volume of capital improvement projects planned over the next several years. This influx of capital projects will result in an increase in estimated cycle time. Over the next year, the Purchasing Division will continue to work with City stakeholders to meet business needs in a timely manner despite this uptick in complex procurements.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of P-card (City credit card) transactions	19,230	18,065	18,000	15,920	16,500
Number of Purchase Orders and Purchase Requisitions processed	1,455	1,380	1,500	1,300	1,400
Total amount of cash and investments - as of June 30 (Millions)	\$526	\$528	\$530	\$530	\$525

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Accounting	2,154,241	2,360,606	2,517,142	2,489,905	(27,237)	(1.1)%
Administration	701,429	654,087	362,163	405,408	43,245	11.9%
Office of Management and Budget	1,471,554	1,380,332	1,515,138	1,412,447	(102,691)	(6.8)%
Purchasing	1,561,940	1,441,582	1,719,881	1,587,025	(132,856)	(7.7)%
Real Estate	567,478	602,957	682,402	652,081	(30,321)	(4.4)%
Treasury	1,223,689	1,213,665	1,722,605	1,815,480	92,874	5.4%
Total	7,680,331	7,653,228	8,519,330	8,362,345	(156,986)	(1.8)%
Dollars by Category						
Salary & Benefits						
Healthcare	659,957	640,224	786,754	695,174	(91,580)	(11.6)%
Other Benefits	164,532	152,448	169,450	159,466	(9,983)	(5.9)%
Overtime	23,104	48,289	35,499	36,422	923	2.6%
Pension	1,185,868	1,176,622	1,661,345	1,655,645	(5,700)	(0.3)%
Retiree Medical	564,670	473,449	487,653	465,417	(22,236)	(4.6)%
Salary	4,146,162	4,070,985	4,198,750	4,105,561	(93,189)	(2.2)%
Workers' Compensation	39,412	108,269	171,647	159,026	(12,621)	(7.4)%
Total Salary & Benefits	6,783,704	6,670,287	7,511,098	7,276,711	(234,386)	(3.1)%
Allocated Charges	405,529	491,501	461,207	375,807	(85,399)	(18.5)%
Contract Services	304,787	238,703	288,148	455,348	167,200	58.0%
Facilities & Equipment	2,570	633	4,200	4,200	—	—%
General Expense	144,980	149,751	207,924	203,524	(4,400)	(2.1)%
Operating Transfers-Out	—	65,146	—	—	—	—%
Rents & Leases	12,856	12,856	12,856	12,856	—	—%
Supplies & Material	25,905	24,351	33,898	33,898	—	—%
Total Dollars by Expense Category	7,680,331	7,653,228	8,519,330	8,362,345	(156,986)	(1.8)%
Revenues						
Charges for Services	13,890	9,077	187,673	191,266	3,592	1.9%
Charges to Other Funds	2,333,469	2,075,728	1,466,507	1,793,879	327,372	22.3%
Other Revenue	145,266	168,531	171,400	171,400	—	—%

ADMINISTRATIVE SERVICES

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Sales Taxes	—	—	—	150,000	150,000	—%
Total Revenues	2,492,625	2,253,336	1,825,580	2,306,544	480,964	26.3%
Positions by Division						
Accounting	13.60	13.52	13.52	13.52	—	—%
Administration	1.60	1.60	1.60	1.60	—	—%
Office of Management and Budget	6.62	6.02	6.02	7.02	1.00	16.61%
Purchasing	8.57	9.05	9.05	9.05	—	—%
Real Estate	2.32	2.32	2.32	2.32	—	—%
Treasury	7.35	7.10	8.10	8.10	—	—%
Total	40.06	39.61	40.61	41.61	1.00	2.46%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Account Specialist	4.88	4.63	4.63	3.13	(1.50)	244,986
Account Specialist (Freeze)	—	—	—	1.50	1.50	117,406
Account Specialist-Lead	3.05	3.45	3.45	3.45	—	289,121
Accountant	3.00	3.00	3.00	3.00	—	306,966
Administrative Assistant	1.00	1.00	1.00	1.00	—	90,480
Administrative Associate II	1.00	1.00	1.00	0.50	(0.50)	39,197
Administrative Associate II (Freeze)	—	—	—	0.50	0.50	39,198
Administrative Associate III	1.00	1.00	1.00	1.00	—	84,032
Assistant Director Administrative Services	1.65	1.65	1.65	1.65	—	330,318
Buyer	1.00	1.00	1.00	1.00	—	104,416
Chief Procurement Officer	1.00	1.00	1.00	1.00	—	149,864
Contracts Administrator	2.70	2.70	2.70	2.30	(0.40)	249,909
Contracts Administrator (Freeze)	—	—	—	0.40	0.40	43,463
Director Administrative Services/ CFO	0.80	0.80	0.80	0.80	—	189,530
Director Office of Management and Budget	1.00	1.00	1.00	—	(1.00)	—

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Director Office of Management and Budget (Freeze)	—	—	—	1.00	1.00	199,035
Management Analyst	—	1.00	2.00	2.00	—	195,104
Manager Accounting	1.00	—	—	—	—	—
Manager Budget	1.00	2.00	2.00	2.00	—	328,640
Manager Real Property	1.00	1.00	1.00	1.00	—	154,523
Manager Revenue Collections	0.62	0.62	0.62	0.62	—	99,041
Manager Treasury, Debt & Investments	0.60	0.60	0.60	0.60	—	93,026
Manager, Finance	—	1.00	1.00	1.00	—	177,923
Payroll Analyst	2.00	2.00	2.00	2.00	—	186,659
Performance Auditor II (Freeze)	—	—	—	1.00	1.00	110,074
Senior Accountant	3.00	3.00	3.00	3.00	—	382,450
Senior Buyer	1.00	1.00	1.00	1.00	—	109,637
Senior Management Analyst	4.90	2.30	2.30	2.30	—	293,632
Storekeeper	1.00	1.00	1.00	1.00	—	79,498
Storekeeper-Lead	0.20	0.20	0.20	0.20	—	17,019
Warehouse Supervisor	0.20	0.20	0.20	0.20	—	20,688
Sub-total: Full-Time Equivalent Positions	38.60	38.15	39.15	40.15	1.00	4,725,833
Temporary/Hourly	1.46	1.46	1.46	1.46	—	101,077
Total Positions	40.06	39.61	40.61	41.61	1.00	4,826,910

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

ADMINISTRATIVE SERVICES

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	40.61	8,519,330	1,825,580	6,693,750
One-Time Prior Year Budget Adjustments				
Administrative Services Staffing Vacancies	—	277,547	—	277,547
One-Time Prior Year Budget Adjustments	—	277,547	—	277,547
Adjustments to Costs of Ongoing Activities				
Salary and Benefits	—	231,700	—	231,700
Business Registry Fee	—	—	3,592	(3,592)
Minimum Wage Compliance	—	15,000	—	15,000
Tax and Fee Consulting Services (CMR 10493)	—	59,700	—	59,700
General Fund Cost Allocation Plan	—	—	288,872	(288,872)
General Liability Insurance Allocated Charges	—	9,585	—	9,585
Information Technology Allocated Charges	—	(82,000)	—	(82,000)
Printing & Mailing Services Allocated Charges	—	7,830	—	7,830
Vehicle Replacement & Maintenance Allocated Charges	—	(20,814)	—	(20,814)
Workers' Compensation Allocated Charges	—	(12,621)	—	(12,621)
Adjustments to Costs of Ongoing Activities	—	208,380	292,464	(84,084)
Total FY 2021 Base Budget	40.61	9,005,257	2,118,044	6,887,213
Budget Adjustments				
1 Reallocate 1.0 FTE Performance Auditor II from City Auditor's Office and Suspend City's Performance Report	1.00	25,668	—	25,668
2 Real Estate Software	—	38,500	38,500	—
3 Tax Compliance (Transfer from City Auditor's Office)	—	50,000	150,000	(100,000)
4 Purchasing Staff Reorganization and Service Reduction	—	(185,582)	—	(185,582)
5 Accounting and Revenue Collections Reorganization	—	(200,538)	—	(200,538)
6 Management and Professionals Group Compensation Reduction	—	(370,960)	—	(370,960)
Total Budget Adjustments	1.00	(642,912)	188,500	(831,412)
Total FY 2021 Adopted Budget	41.61	8,362,345	2,306,544	6,055,801



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Reallocate 1.0 FTE Performance Auditor II from City Auditor's Office and Suspend City's Performance Report	1.00	25,668	0	25,668

This action reallocates 1.0 FTE Performance Auditor II from the City Auditor's Office to the Administrative Services Department, Office of Management and Budget (OMB), and reduces the position as a cost containment strategy. The City's annual Performance Report, which was produced by the Auditor's Office in prior years, will be suspended; however, the move of this position is anticipated to increase workload capacity and allow OMB to produce the report in future years. The City's performance measure data for both the Operating Budget document and the annual Performance Report is stored in the City's budget production software database, so this action will align the City's performance reporting within OMB. A corresponding action to reallocate the position is recommended in the City Auditor's Office. (Ongoing costs: \$25,668)

Performance Results



This action aligns the duties and associated funding of the City Auditor's Office and the Administrative Services Department, and contributes to the City's cost containment strategies in FY 2021 as a result of economic impacts associated with COVID-19.

2 Real Estate Software	0.00	38,500	38,500	0
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This action allocates one-time funding (\$20,000) to purchase and implement new lease administration software as well as ongoing funding for the annual licensing (\$18,500). The costs are offset by recognizing increased lease revenue from outside vendors that rent City owned property. (Ongoing costs: \$18,500)

Performance Results













The software will streamline and automate lease management for the City's various properties that are rented to external vendors as well as internal non General Fund departments. In addition, it will automate the production of GASB 87 reports to standardize reporting of lease related assets and liabilities for the annual Comprehensive Annual Financial Report (CAFR).

3 Tax Compliance (Transfer from City Auditor's Office)	0.00	50,000	150,000	(100,000)
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This action moves one-time funding for contractual tax compliance services and the ongoing estimated revenue generated by the compliance services to the Administrative Services Department. This will align the City's tax revenue services A corresponding action is recommended in the City Auditor's Office. (Ongoing savings: \$150,000)

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
Performance Results  				
This action aligns the duties and associated funding formerly in the City Auditor's Office, in the Administrative Services Department.				
4 Purchasing Staff Reorganization and Service Reduction	0.00	(185,582)	0	(185,582)
This action reduces resources in the procurement division by reducing 0.5 FTE Administrative Associate and 0.4 FTE Contract Administrator. This action will require the review of purchasing policies and requirements to allow for efficiencies in solicitation cycle time, such as changing levels for competitive solicitations or partially decentralizing low dollar items to departments. (Ongoing savings: \$185,582)				
Performance Results   				
This action contributes to the City's cost containment strategies in FY 2021 as a result of economic impacts associated with COVID-19. This may result in delays, decentralization, and increased risk because of a loss in oversight of procurement processes and adherence to the municipal code.				
5 Accounting and Revenue Collections Reorganization	0.00	(200,538)	0	(200,538)
This action reorganizes resources in revenue collections, accounting, and the office of management and budget (OMB). 2.00 FTE Accounting Specialist and 1.00 FTE Director of OMB will be reduced across all funds as a result of this action. Staff will explore shifting revenue collection functions to an electronic or online platform to achieve efficiencies where possible. Printing of checks will happen every two weeks, and payment inquiries from vendors and city staff will take longer to resolve. OMB will restructure and explore options to reallocate duties across the team. (Ongoing savings: \$200,538)				
Performance Results    				
This actions contributes to the City's cost containment strategies in FY 2021 as a result of economic impacts associated with COVID-19. This reduces customer service counter hours, increases internal and external wait times, and impacts the workload capacity of the budget team.				
6 Management and Professionals Group Compensation Reduction	0.00	(370,960)	0	(370,960)
This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)				
Performance Results 				
This action contributes to cost containment strategies in FY 2021.				

PRINTING AND MAILING SERVICES

Accomplishments

- Processed 271,000 utility bills.
- Maintained timelines for producing City Council packets.
- Provided timely printing services for a wide variety of print jobs for City departments.

Initiatives

- Maintain a high level of customer service for Printing and Mailing by listening to customers and, when appropriate, making relevant changes to operations.
- Provide quality printing products that meet the needs of customers.

Goals and Objectives

GOAL 1

- Provide timely and high-quality services for City departments, City Council, and Committees.

Objectives:

- Ensure timely distribution of mail and utility bills.
- Ensure timely creation and distribution of City Council and Committee packets.

ADMINISTRATIVE SERVICES

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Printing and Mailing	1,644,249	1,608,622	1,730,856	1,541,318	(189,538)	(11.0)%
Total	1,644,249	1,608,622	1,730,856	1,541,318	(189,538)	(11.0)%
Dollars by Category						
Salary & Benefits						
Healthcare	28,566	29,760	28,291	31,872	3,581	12.7%
Other Benefits	3,267	3,289	3,359	4,054	695	20.7%
Overtime	4,779	1,582	—	—	—	—%
Pension	30,959	33,209	47,533	41,862	(5,671)	(11.9)%
Retiree Medical	62,960	14,663	15,103	14,004	(1,100)	(7.3)%
Salary	128,064	134,197	142,079	142,940	862	0.6%
Workers' Compensation	462	3,289	5,387	4,991	(396)	(7.4)%
Total Salary & Benefits	259,056	219,990	241,752	239,722	(2,029)	(0.8)%
Allocated Charges	205,990	273,237	360,090	362,756	2,665	0.7%
Contract Services	—	29,083	239,711	60,000	(179,711)	(75.0)%
General Expense	370,562	292,503	286,975	301,600	14,625	5.1%
Operating Transfers-Out	3,154	1,598	9,200	—	(9,200)	(100.0)%
Rents & Leases	640,236	636,515	512,870	402,240	(110,630)	(21.6)%
Supplies & Material	165,252	155,826	80,258	175,000	94,742	118.0%
Total Dollars by Expense Category	1,644,249	1,608,751	1,730,856	1,541,318	(189,538)	(11.0)%
Revenues						
Charges to Other Funds	1,757,276	1,604,102	1,720,295	1,632,741	(87,554)	(5.1)%
Return on Investments	(1,100)	(1,163)	2,300	—	(2,300)	(100.0)%
Total Revenues	1,756,175	1,602,939	1,722,595	1,632,741	(89,854)	(5.2)%
Positions by Division						
Printing and Mailing	2.10	2.10	2.10	2.10	—	—%
Total	2.10	2.10	2.10	2.10	—	—%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Manager Revenue Collections	0.10	0.10	0.10	0.10	—	15,974
Offset Equipment Operator	1.52	1.52	1.52	1.52	—	105,850
Sub-total: Full-Time Equivalent Positions	1.62	1.62	1.62	1.62	—	121,825
Temporary/Hourly	0.48	0.48	0.48	0.48	—	27,256
Total Positions	2.10	2.10	2.10	2.10	—	149,081

ADMINISTRATIVE SERVICES

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Printing and Mailing Services
Prior Year Budget	2.10	1,730,856	1,722,595	8,261
One-Time Prior Year Budget Adjustments				
Transfer to Technology Fund (TE-19001 City Council Chambers Upgrade)	—	(9,200)	—	(9,200)
One-Time Prior Year Budget Adjustments	—	(9,200)	—	(9,200)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	42	—	42
Rents & Leases Expenditure Alignment	—	(35,630)	—	(35,630)
Printer Maintenance and Repair	—	(35,344)	—	(35,344)
Return on Investments	—	—	(2,300)	2,300
General Fund Cost Allocation Plan	—	9,002	—	9,002
General Liability Insurance Allocated Charges	—	301	—	301
Information Technology Allocated Charges	—	(6,637)	—	(6,637)
Printing & Mailing Services Allocated Charges	—	—	22,446	(22,446)
Workers' Compensation Allocated Charges	—	(396)	—	(396)
Adjustments to Costs of Ongoing Activities	—	(68,662)	20,146	(88,808)
Total FY 2021 Base Budget	2.10	1,652,994	1,742,741	(89,747)
Budget Adjustments				
1 Management and Professionals Group Compensation Reduction	—	(1,676)	—	(1,676)
2 Printing Services and Allocated Charges	—	(110,000)	(110,000)	—
Total Budget Adjustments	—	(111,676)	(110,000)	(1,676)
Total FY 2021 Adopted Budget	2.10	1,541,318	1,632,741	(91,423)



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Printing and Mailing Services
1 Management and Professionals Group Compensation Reduction	0.00	(1,676)	0	(1,676)

This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

2 Printing Services and Allocated Charges	0.00	(110,000)	(110,000)	0
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This action restructures the City's printing services through a reduction in costs by \$110,000 as well as a reduction in printing allocated charges across City funds. Staff is evaluating adjustments to the City's copier leases. The General Fund portion of these savings is anticipated to be approximately \$88,000 based on the allocation of printing costs. (Ongoing Net Savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.



CITY OF
**PALO
ALTO**

COMMUNITY SERVICES

Mission Statement



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

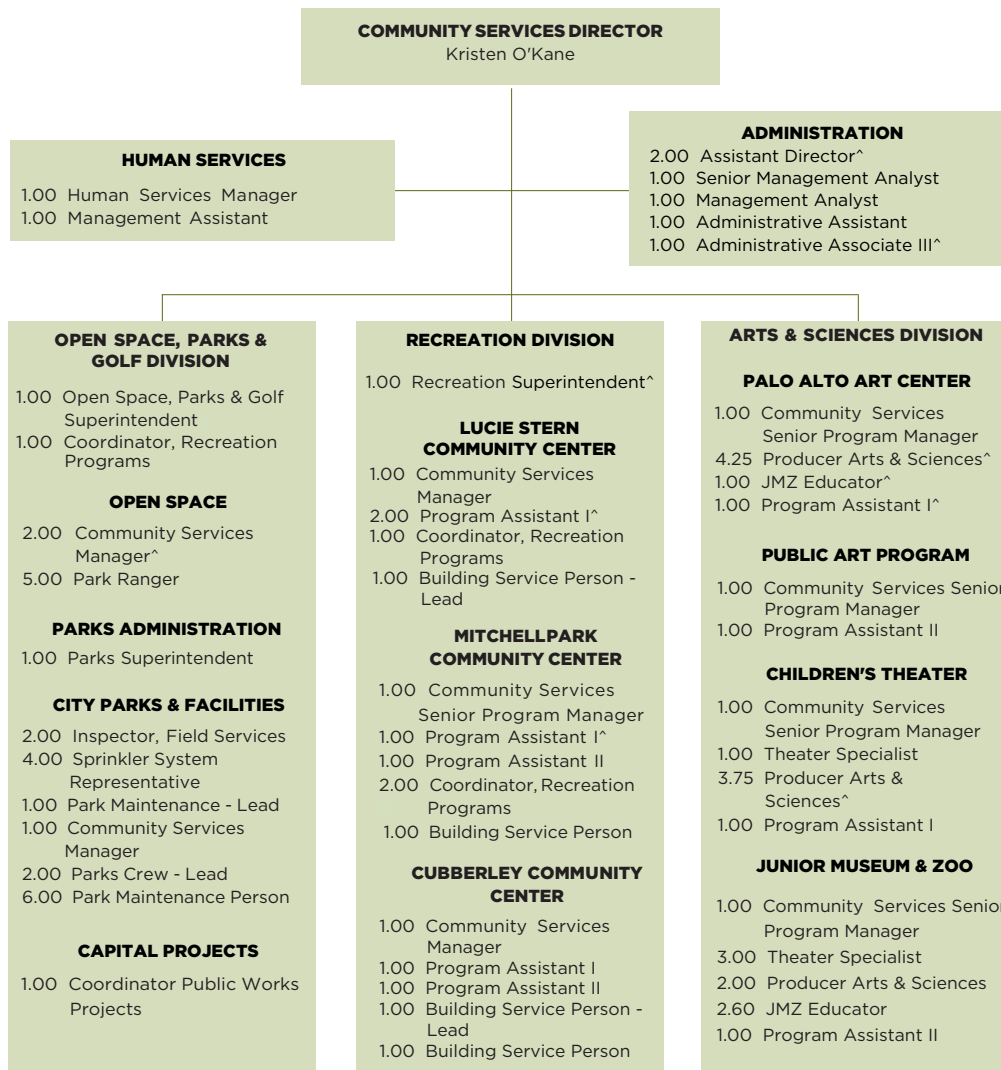
Purpose



The purpose of the Community Services Department is to provide a diverse range of quality programs and services that are highly valued and relevant to the needs of the community. Community Services aims to develop and provide programs for increased knowledge, creativity, artistic

expression, physical activity, social help, and enjoyment of the outdoors; seeks to be responsible stewards of many unique community assets including open space, parks and related interpretive centers, the Animal Shelter, Children's Theatre, Palo Alto Art Center, Junior Museum and Zoo and three community centers at Cubberley, Mitchell Park and Lucie Stern, and the Palo Alto Public Art collection; seeks to provide comfortable, safe, and attractive facilities; strives for sustainable practices that lower the City's carbon footprint; and develops and maintains mutually beneficial partnerships and collaborations with local organizations, businesses, individuals and foundations to achieve its mission.

COMMUNITY SERVICES



FY 2021 POSITION TOTALS

75.37 - Full-time 54.73 - Hourly^

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

^ These positions have been de-funded in FY 2021 and are identified in the Table of Organization with "(Freeze)" following the job classification title. The following positions are frozen in FY 2021:

1.00 FTE Administrative Associate III	1.75 FTE Producer Arts/Science Program
1.00 FTE Assistant Director	4.00 FTE Program Assistant I
0.35 FTE Junior Museum & Zoo Educator	1.00 FTE Superintendent Recreation
1.00 FTE Manager Community Services	10.61 Hourly FTE

Description

The Community Services Department operates three divisions and an Office of Human Services, providing the following services to the community:

ARTS AND SCIENCES

Provides visual and performing arts, music, dance, and science programs to youth and adults, with a focus on family programs. The division manages the Art Center, Junior Museum and Zoo (JMZ), Children's Theatre, Community Theatre, Cubberley Theatre, the Public Art Program, the Cubberley Artist Studios Program, and the MakeX studio.

OPEN SPACE, PARKS, AND GOLF

Maintains nature interpretive centers and operates more than 4,000 acres of open space and urban parkland including 43 miles of trails, 4 community gardens, 4 dog parks, and dozens of sports fields. The division offers programs in ecology and natural history in open space, maintenance of facilities for outdoor recreational use in City parks, and a full-service golf complex.

RECREATION

Provides a diverse range of programs and activities for the community, establishing a culture of health and well-being for families and individuals of all ages. Programs include youth development and enrichment, teen services, summer camps, organized sports, aquatics, special events, and a wide variety of adult recreation classes. The Recreation Division manages and operates three community centers, a teen center, and through a contracted vendor, the Rinconada Pool.

OFFICE OF HUMAN SERVICES

Provides funding and coordinates grants to nonprofit organizations through the Human Services Resource Allocation Process (HSRAP). Provides oversight of the afterschool child care program, the Palo Alto Mediation Program, and the Family Resources database. Serves as a key liaison to local social services organizations and child care providers.

Accomplishments

- Developed and managed new artworks in municipal and private percent for art projects including artwork for the Highway 101 Bike and Pedestrian Bridge, the Public Safety Building, the Charleston/Arastradero corridor, the Junior Museum and Zoo, temporary artworks at the California Avenue Garage site, Avenidas, and 1050 Page Mill Road.
- Engaged in repairs to the Baylands Sailing Station dock to fix critical infrastructure and make it more useable to the community.
- Created an agreement with Palo Alto Christian Reformed Church to develop a new community garden site on the church's property in South Palo Alto.

COMMUNITY SERVICES

- Constructed two new pickleball courts, converted one existing tennis court to four dedicated pickleball courts, and striped two tennis courts for shared pickleball and tennis use at Mitchell Park. This tripled the amount of programming for Pickleball for youth, teens and families, which are all taught by volunteers.
- Engaged in Capital Improvement Projects at Cubberley Community Center to replace the synthetic turf field and to replace the Cubberley track with an all-weather track.
- Partnered with community to create five new pollinator gardens. The gardens were created by converting grass and ivy landscaped areas into valuable habitat and aesthetically attractive areas by planting native plants that support pollinator species.
- Planned approximately 20 Community Service Programs through the Cubberley Artist Studio Program (CASP), which were free and open to all members of the public, including: open studios, solo and group exhibitions, artist panels and lectures, and hands-on workshops.
- The Palo Alto Children's Theatre launched an initiative to create sensory and spectrum friendly experiences for families. This includes sensory-friendly public performances, and spectrum-friendly camps and classes that are enrolled based on developmental age.
- Developed new works commissioned by the Children's Theatre and funded by the Friends of the Palo Alto Children's Theatre that celebrate cultural diversity and serves traditionally under-represented audiences, with a commitment to inclusiveness and a goal of reaching diverse audiences. Current plays in development include an adaptation of the Indian folktale One Grain of Rice; a LGBTQ+ positive fairy-tale drawn from Latin-American folktales; an educational musical for classrooms, Grammaropolis; and a new adaptation of Sleeping Beauty.
- Worked with the Magical Bridge Foundation to add more co-sponsored concerts at the Magical Bridge Playground and collaborating to host an Active-Learning focused pilot programming that would serve individuals with multiple disabilities.
- Collaborated with the Palo Alto Recreation Foundation (PARF) to host The Black & White Ball on Friday, October 4, 2019. The ball honored the City's 125th birthday and was an evening filled with fun including non-stop live musical performances.
- The Junior Museum & Zoo (JMZ) provided expertise and oversight to the construction of the new facility, designed and fabricated new exhibits, prepared to acquire and quarantine new animals, and began the process of organizing staff and materials to move from the temporary facility at Cubberley Community Center to the new facility, which will open in FY 2021.
- Launched an initiative at the Art Center, in collaboration with the JMZ and funded by the Institute of Museum and Library Services, called Working Together, which is intended to provide a ladder of engagement to involve diverse populations in meaningful museum work and volunteer experiences, and advance a culture of inclusiveness at both institutions. The program supports paid teen opportunities, paid undergraduate internships, and paid graduate fellowships for diverse youth.
- The Junior Museum & Zoo launched an eight-month design process for the Friendship Trail Project, which aims to install interpretive exhibits and graphics on two miles of trails and the

new boardwalk in the Palo Alto Baylands. The project will link the Cooley Landing Education Center in East Palo Alto with the Lucy Evans Baylands Nature Center in Palo Alto. The Program is being funded by a partnership between the City of Palo Alto, the State of California, and the Friends of the Palo Alto Parks. Completion is scheduled for December 2020.

- Transitioned to a new vendor for the department's Recreation Management Software to process program registrations, memberships, facility rentals and point of sale transactions across the department. The new system is more user friendly with an improved mobile interface and easier search and filtering options for registrations and facility rentals.
- Entered a public-private partnership with Pets In Need to operate the Palo Alto Animal Shelter. In the first six months of operations with Palo Alto, Pets In Need was able to care for nearly 600 animals, which resulted in nearly 400 adoptions, over 70 lost animals returned to owners and over 40 animals transferred to other agencies for adoption in other communities.
- Beautified the Lucie Stern Community Center which included restoring the redbrick entry of the lobby, enhanced the hallways by removing the carpet and re-staining the original concrete floors, new flooring throughout the rooms and offices as well as fresh paint on the walls.
- Provided over \$75,000 of funding via the Human Services Emerging Needs Fund to eight local nonprofit agencies directly addressing the COVID-19 related basic needs of local residents.
- Provided virtual classes and programs as a response to the COVID-19 pandemic and adapted to the need to make fast changes to the way we engage with our customers and community members. Virtual programs were developed and implemented at the Art Center, the Children's Theater, the Junior Museum & Zoo and throughout the department's recreation division.

Initiatives

- Produce planning and development for Code:ART2, a three-day public art festival in which the Public Art Program will engage residents and commuters by temporarily reframing downtown's underutilized spaces as a laboratory for interactive urban interventions and creative placemaking, sparking dialogue about the future of our downtown.
- Complete the California Avenue Public Art plan, including implementation of temporary installations to draw visitors and shoppers back to the district and help mitigate construction impacts.
- Continue to explore funding strategies for implementation of the Parks, Trails, Natural Open Space and Recreation Master Plan with assistance from the Parks and Recreation Commission.
- The Palo Alto Art Center will celebrate its 50th anniversary and continue ongoing free and fee-based virtual programming to engage the community. From potters'-wheel rental programs, to virtual exhibitions, the Art Center will continue to adjust its offerings to meet

community needs for quality arts programming in the year ahead as a result of COVID-19 related closures.

- The Office of Human Services, with the assistance of the Palo Alto Early Care & Education Committee (PAACECE) and a consultant, conducted an Assessment of the Needs of Families and Young Children in Palo Alto. Staff & PAACECE will create a 3 to 5 year work plan to address the key learnings identified in the Assessment. Key focus areas of the assessment included the quality of life in Palo Alto, the early care & education landscape, access & inclusion, and community services, resources & supports. Due to COVID-19 related closures and operating limitations on child care providers and its resulting effect on families, early work plan goals may center on advocacy and resource provision.
- Engage in several Capital Improvement Projects at a variety of parks including Rinconada, Cameron, and Ramos Parks to replace the playgrounds and other park amenities.
- Further develop the "Youth on Course" program at the Baylands Golf Links. The program encourages youth golf play by reducing fees via a partnership with NCGA Foundation.
- Children's Theatre will provide multi-arts education to thousands of community members. Through its many theatre, music and dance programs in City facilities as well as in local schools.
- Animal Services will continue to expand its pet adoption programs, as well as other community outreach activities. In addition, the short-term facility renovations of the Shelter's medical suite, kennels, and modular unit are expected to be completed in FY 2021.
- The rebuilding project for the Junior Museum and Zoo will be completed in FY 2021. The new JMZ will reopen as a state-of-the-art museum and zoo with a focus on inclusion, accessibility, and the highest standards in animal care. With the rebuilding of the Junior Museum and Zoo complete, new animals will be established and new interactive exhibits will be installed.
- CSD's Recreation Division will provide hundreds of classes and activities to all ages. The Division hosts special events and programs for all ages and abilities and will continue to develop sensory and spectrum friendly experiences for families. CSD will continue to adapt and improve these crucial services to the community by providing virtual programming and continuing to restructure and develop safe in-person programs.

Goals and Objectives

GOAL 1

Provide high-quality, relevant, and diverse services and programs to the public.

Objectives:

- Achieve a high level of customer satisfaction for all programs and services offered by the department.
- Increase public awareness of, and participation in, recreational services.
- Ensure programs are responsive to a broad range of needs within the community.

GOAL 2

Ensure parks and recreational areas are safe and environmentally sensitive.

Objectives:

- Maintain grounds to be in good condition and facilities to be in good repair.
- Protect public land and utilize best management practices for environmental preservation.

GOAL 3

Provide innovative, well-managed programs and services.

Objectives:

- Increase and diversify community involvement and volunteerism.
- Monitor cost recovery to facilitate sustainability of programs and services with a goal to maintain or increase cost recovery levels.
- Explore partnerships with other agencies to maximize services for the public.

Key Performance Measures

COMMUNITY SERVICES DEPARTMENT ONLINE REGISTRATION AND EFFICIENCY

Goal	Provide innovative, well-managed programs and services.				
Objective	Increase online class registration.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of class registrations occurring online	59%	65%	60%	65%	65%
Description	This measure tracks the utilization rate of online class registration service available.				
Purpose	Increase staff productivity and capacity.				
Status	Currently, online class registration is the preferred method of registration.				

COMMUNITY SERVICES

COMMUNITY SERVICES DEPARTMENT OPEN SPACE AND PARKS

Goal	Ensure parks and recreational areas are safe and environmentally sensitive.				
Objective	Protect public land and utilize best management practices for environmental preservation.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of surveyed who rate the City's success in preserving natural areas as "Good" or "Excellent"	83%	N/A*	81%	81%	N/A*
Description	This measure tracks resident responses when asked to rate Palo Alto's preservation of natural areas such as open space and green belts in an annual National Citizen Survey (NCS). The Department maintains and manages 4,029 acres of open space including Foothills Park, Baylands Nature Preserve, Pearson-Arastradero Preserve, and Esther Clark Nature Preserve. The City participates in the NCS, which asks residents to rate their perception of local government services. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinions about the quality of life in the community.				
Purpose	It is important for the City to solicit feedback from and respond to residents regarding the services and programs provided.				
Status	*The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process				

COMMUNITY SERVICES DEPARTMENT PROGRAMS AND SERVICES

Goal	Provide high quality, relevant, and diverse services and programs to the public.				
Objective	Ensure programs are responsive to a broad range of needs within the community.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of surveyed who rate recreation programs/classes as "Good" or "Excellent"	81%	N/A*	88%	88%	N/A*
Description	The Department's motto is "Engage, Create, Enjoy!" to enhance the quality of life. We offer diverse experiences for children, teens, and adults of all ages. This measure tracks resident responses when asked to rate Palo Alto's recreation programs or classes in the annual National Citizen Survey (NCS). The City participates in the NCS, which asks residents to rate their perception of local government services. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinions about the quality of life in the community.				
Purpose	It is important for the City to solicit feedback from and respond to residents regarding the services and programs provided.				
Status	*The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Total Enrollment in classes/camps in arts, sciences, recreation, and open space programs	13,783	13,553	15,500	11,000**	15,500
Average Enrollment in classes/camps in arts, sciences, recreation, and open space programs	15	15	22	12**	17

**In 2020 the novel coronavirus (COVID-19) pandemic caused significant disruption to City and community activities, which may be reflected in FY 2020 data.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Administration and Human Services	4,238,687	4,878,165	5,402,694	4,619,930	(782,764)	(14.5)%
Arts and Sciences	6,207,926	6,413,922	6,865,224	6,218,740	(646,483)	(9.4)%
Open Space, Parks and Golf	10,433,800	11,662,062	12,059,618	11,773,746	(285,872)	(2.4)%
Recreation and Cubberley	6,262,160	6,133,781	6,592,649	5,750,032	(842,617)	(12.8)%
Total	27,142,572	29,087,930	30,920,184	28,362,448	(2,557,736)	(8.3)%
Dollars by Category						
Salary & Benefits						
Healthcare	1,734,186	1,687,053	1,792,800	1,568,607	(224,193)	(12.5)%
Other Benefits	250,676	251,024	260,263	271,793	11,530	4.4%
Overtime	182,169	170,818	107,157	109,916	2,759	2.6%
Pension	1,966,642	2,053,046	2,543,515	2,474,652	(68,864)	(2.7)%
Retiree Medical	998,502	909,817	937,111	892,942	(44,169)	(4.7)%
Salary	8,784,819	8,729,623	9,032,247	7,674,209	(1,358,038)	(15.0)%
Workers' Compensation	84,027	240,516	345,719	320,300	(25,420)	(7.4)%
Total Salary & Benefits	14,001,021	14,041,898	15,018,813	13,312,418	(1,706,395)	(11.4)%
Allocated Charges	5,132,897	5,594,001	5,416,584	5,290,971	(125,613)	(2.3)%
Contract Services	5,279,123	7,664,389	8,661,260	7,882,148	(779,112)	(9.0)%
Facilities & Equipment	33,308	39,356	73,700	57,700	(16,000)	(21.7)%
General Expense	1,981,352	994,865	1,049,787	1,123,456	73,669	7.0%
Operating Transfers-Out	6,990	110,605	6,990	—	(6,990)	(100.0)%
Rents & Leases	19,753	16,858	25,983	12,570	(13,413)	(51.6)%
Supplies & Material	688,129	625,958	667,066	683,185	16,119	2.4%
Total Dollars by Expense Category	27,142,572	29,087,930	30,920,184	28,362,448	(2,557,736)	(8.3)%
Revenues						
Charges for Services	4,356,738	6,792,563	7,594,929	8,607,557	1,012,628	13.3%
Charges to Other Funds	56,230	111,636	197,455	202,581	5,126	2.6%
From Other Agencies	8,324	—	—	43,500	43,500	—%
Other Revenue	650,289	528,085	820,882	936,086	115,205	14.0%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Other Taxes and Fines	770	1,463	1,026	1,026	—	—%
Rental Income	1,204,639	1,383,915	1,107,654	1,089,094	(18,560)	(1.7)%
Total Revenues	6,276,990	8,817,663	9,721,945	10,879,844	1,157,899	11.9%
Positions by Division						
Administration and Human Services	6.24	6.24	10.85	6.79	(4.06)	(37.41)%
Arts and Sciences	46.28	44.42	44.75	52.98	8.23	18.39%
Open Space, Parks and Golf	32.87	30.59	30.59	29.59	(1.00)	(3.27)%
Recreation and Cubberley	59.65	42.85	42.85	41.35	(1.50)	(3.50)%
Total	145.04	124.10	129.04	130.71	1.67	1.30%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Administrative Assistant	1.00	1.00	1.00	1.00	—	95,826
Administrative Associate III	1.00	1.00	1.00	—	(1.00)	—
Administrative Associate III (Freeze)	—	—	—	1.00	1.00	84,032
Assistant Director Community Services	2.00	2.00	2.00	1.00	(1.00)	197,829
Assistant Director Community Services (Freeze)	—	—	—	1.00	1.00	173,638
Building Serviceperson	2.00	1.25	1.25	1.00	(0.25)	64,563
Building Serviceperson-Lead	2.00	0.60	0.60	0.60	—	41,471
Coordinator Recreation Programs	4.00	3.00	4.00	4.00	—	363,834
Director Community Services	1.00	1.00	1.00	1.00	—	222,498
Division Manager Open Space, Parks and Golf	1.00	1.00	1.00	—	(1.00)	—
Heavy Equipment Operator	0.07	0.07	0.07	0.07	—	7,331
Inspector, Field Services	2.00	2.00	2.00	2.00	—	212,618
Junior Museum & Zoo Educator	3.60	3.60	3.60	3.25	(0.35)	264,384
Junior Museum & Zoo Educator (Freeze)	—	—	—	0.35	0.35	28,472
Management Analyst	1.00	1.00	1.00	1.00	—	108,160

COMMUNITY SERVICES

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Management Assistant	1.00	1.00	1.00	1.00	—	85,488
Manager Community Services	5.00	5.00	5.00	4.00	(1.00)	404,914
Manager Community Services (Freeze)	—	—	—	1.00	1.00	94,266
Manager Community Services Senior Program	4.00	4.00	4.00	4.00	—	392,218
Manager Human Services	1.00	1.00	1.00	1.00	—	138,736
Park Maintenance Person	6.00	6.00	6.00	6.00	—	464,131
Park Maintenance-Lead	1.00	1.00	1.00	1.00	—	89,648
Park Ranger	5.00	5.00	5.00	5.00	—	438,880
Parks/Golf Crew-Lead	2.00	2.00	2.00	2.00	—	168,272
Producer Arts/Science Program	11.00	11.00	11.00	9.25	(1.75)	918,918
Producer Arts/Science Program (Freeze)	—	—	—	1.75	1.75	135,621
Producer Arts/Science Programs	—	—	—	1.00	1.00	98,634
Program Assistant I	8.00	8.00	8.00	3.00	(5.00)	238,680
Program Assistant I (Freeze)	—	—	—	4.00	4.00	318,240
Program Assistant II	4.00	4.00	3.00	4.00	1.00	341,952
Project Manager	0.10	0.10	0.10	0.10	—	11,985
Senior Management Analyst	1.00	1.00	1.00	1.00	—	149,427
Sprinkler System Representative	4.00	4.00	4.00	4.00	—	314,579
Superintendent Community Services	2.00	2.00	2.00	2.00	—	269,318
Superintendent Recreation	1.00	1.00	1.00	—	(1.00)	—
Superintendent Recreation (Freeze)	—	—	—	1.00	1.00	127,587
Theater Specialist	2.00	2.00	2.00	2.00	—	210,912
Sub-total: Full-Time Equivalent Positions	78.77	75.62	75.62	75.37	(0.25)	7,277,061
Temporary/Hourly	66.27	48.48	49.29	54.73	5.44	2,916,080
Total Positions	145.04	124.10	124.91	130.10	5.19	10,193,141

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	124.91	30,920,184	9,721,945	21,198,239
One-Time Prior Year Budget Adjustments				
Impact Fee Nexus Study	—	(60,000)	—	(60,000)
One-Time Prior Year Budget Adjustments	—	(60,000)	—	(60,000)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	201,567	—	201,567
Project Safety Net Transition (Year 2)	(0.45)	(196,790)	—	(196,790)
Realignment of Animal Control Staffing to Police Department	(0.48)	(60,663)	—	(60,663)
Youth Community Services Funding Expiration	—	(50,000)	—	(50,000)
Realignment of Cubberley Staffing to Cubberley Fund (CMR #9925, approved by the City Council on December 17, 2018)	(0.25)	(29,662)	—	(29,662)
Eliminate Funding for Downtown Streets Team Park Maintenance	—	(29,124)	—	(29,124)
General Contract Adjustments	—	(12,701)	—	(12,701)
Animal Services Shelter Transition from Police Department to Community Services Department with Pets-In-Need (CMR #9822 Approved by the City Council on November 26, 2018) (Year 2)	—	(6,840)	—	(6,840)
Transfer to Electric Fund for Canopy Contract	—	(6,990)	—	(6,990)
Arastradero Stewardship Consumer Price Index Adjustment	—	2,030	—	2,030
Technical Clean-Up, Arts & Sciences Professional	—	5,369	—	5,369
Supplies and Materials Adjustments	—	9,000	9,000	—
CSD Management Alignment (Year 2) and Net Benefit Adjustments	(1.00)	33,942	—	33,942
Human Services Resource Allocation Program/ Avenidas/PACC (consumer price index)	—	40,713	—	40,713
Golf Course Revenue and Expense (CMR #8848, approved by the City Council on April 6, 2018)	—	41,280	1,440	39,840
Institute of Museum and Library Services (IMLS) Grant for Interns	—	43,500	43,500	—
Glyphosate Elimination at Road Medians Around 6 Schools	—	67,000	—	67,000
Expansion of Special Interest Classes	—	70,500	70,500	—
Recreation Management System Software	—	101,170	101,170	—

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Communication Services Allocated Charges	—	8,600	—	8,600
Information Technology Allocated Charges	—	(220,147)	—	(220,147)
Landscape Maintenance Contract/Allocated Charges	—	—	5,126	(5,126)
Liability Insurance Allocated Charges	—	27,739	—	27,739
Printing & Mailing Services Allocated Charges	—	20,088	—	20,088
Refuse Allocated Charges	—	14,236	—	14,236
Stormwater Management Allocated Charges	—	1,102	—	1,102
Utilities Allocated Charges	—	99,525	—	99,525
Vehicle Replacement & Maintenance Allocated Charges	—	(76,757)	—	(76,757)
Workers' Compensation Allocated Charges	—	(25,420)	—	(25,420)
Adjustments to Costs of Ongoing Activities	(2.18)	72,268	230,736	(158,468)
Total FY 2021 Base Budget	122.73	30,932,452	9,952,681	20,979,771
Budget Adjustments				
1 Art Center Position Request & Contract Funding	0.20	40,205	40,205	—
2 Art Center and Public Art Installation Position Requests	0.38	—	—	—
3 Human Services Funding Adjustments	—	(75,000)	—	(75,000)
4 Middle School Athletics and Adult Sports Leagues Revenue Adjustments	—	—	100,520	(100,520)
5 Community Program and Event Reduction	—	(154,404)	(13,542)	(140,862)
6 Teen Services Reduction	—	(201,590)	(52,000)	(149,590)
7 Open Space and Recreation Reduction	—	(243,905)	—	(243,905)
8 Management and Professionals Group Compensation Reduction	—	(255,557)	—	(255,557)
9 Parks Maintenance Contract Service Reduction	—	(274,844)	—	(274,844)
10 Community Center Reduction	—	(282,695)	—	(282,695)
11 Theater Programming and Support Reduction	—	(710,827)	(283,643)	(427,184)
12 Art Center Programming Reduction	—	(452,084)	(4,623)	(447,461)
13 New Junior Museum and Zoo Operating Plan	6.79	620,464	1,140,247	(519,783)
14 Administrative Staffing Reduction	—	(579,768)	—	(579,768)
Total Budget Adjustments	7.37	(2,570,005)	927,164	(3,497,169)
Total FY 2021 Adopted Budget	130.10	28,362,448	10,879,844	17,482,602

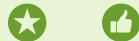


Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Art Center Position Request & Contract Funding	0.20	40,205	40,205	0

This ongoing, cost neutral action adds 0.20 FTE Arts & Sciences Professional I and contract services funding, and recognizes commensurate offsetting revenue from the Palo Alto Art Center Foundation. The Arts & Sciences Professional I will support the Community Services Department's Project Look program. Project Look is a school tour program that provides field trips and educational experiences at the Art Center to local schools with interactive tours led by Art Center volunteers, as well as hands-on activities taught by professional artist educators. The contract services funding will fund the Cultural Kaleidoscope teaching artists. Cultural Kaleidoscope is an artist-in-the-schools program that links the neighboring and diverse communities of Palo Alto, East Palo Alto, and Menlo Park, by building bridges through the arts and partnering with K-5 classrooms. The Arts & Sciences Professional I will be responsible for coordination of these programs and oversight of part-time staff and contracted teaching arts who implement the programs. Previously, this position was employed by the Palo Alto Art Center Foundation, however this action allows the City to hire a staff member directly while being reimbursed by the Foundation. (Ongoing net costs: \$0)

Performance Results



This action will be cost neutral and provides greater flexibility in Art Center staffing to continue to provide these high quality programs.

2 Art Center and Public Art Installation Position Requests	0.38	0	0	0
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This ongoing, cost neutral action realigns staffing for the Palo Alto Art Center and Public Art program through a reallocation of contract dollars to fund one 0.45 FTE Staff Specialist position. 0.07 FTE of this position will be funded by the ongoing capital project Art in Public Spaces, AC-86017, while the other 0.38 will be funded within the General Fund. The Art Center and Public Art program host exhibits and manage art installations annually and skilled support is needed to prepare exhibition spaces and safely transport and handle the artwork. This action will ensure the Art Center and Public Art programs remain in compliance with state and local laws governing this type of work, as well as the insurance policies for valuable artworks. This action will also provide the necessary staffing support for both programs while maintaining service delivery levels by providing greater flexibility for seasonal staffing to assist with exhibition gallery maintenance, preparation, and shipping work. (Ongoing costs: \$0)

Performance Results



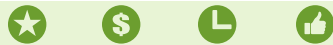
This action will be cost neutral and ensure safe handling of artwork and high quality art exhibit installations.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
3 Human Services Funding Adjustments	0.00	(75,000)	0	(75,000)

This action eliminates the funding provided to the Santa Clara County Reentry Resource Center (\$125,000) and increases one-time funding provided to Youth Community Services' Youth Connectedness Initiative to \$50,000. Human services funding remains available through the Human Services Resource Allocation Process (HSRAP) which is maintained at the funding level detailed in the Human Service Contracts section of the FY 2021 Operating Budget. (Ongoing savings: \$125,000)

Performance Results



This action contributes to cost containment strategies in FY 2021 and results in fewer resources available to support reentry of formerly incarcerated individuals back into Santa Clara County.

4 Middle School Athletics and Adult Sports Leagues Revenue Adjustments	0.00	0	100,520	(100,520)
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This ongoing action increases the revenue from participation fees for Middle School Athletics and Adult Sports Leagues by increasing fees by approximately 25%, from \$260 to \$325 and from \$730 to \$913, respectively. If participation remains steady, this action will generate revenue close to cost recovery for City expenses for these programs. (Ongoing savings: \$100,520)

Performance Results



This action contributes to cost containment strategies in FY 2021.

5 Community Program and Event Reduction	0.00	(154,404)	(13,542)	(140,862)
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This action reduces funding for the Know Your Neighbors Grant (KYNG) program and special events such as May Fete and Chili Cook-Off. The KYNG provides grants up to \$1,000 to dozens of community members annually for events that support community connections, such as block parties. Staff assigned to the management of these programs will be reassigned to other critical work in the department. (Ongoing net savings: \$140,862)

Performance Results

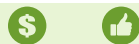


This action contributes to cost containment strategies in FY 2021 and results in reduced opportunities for community events.

6 Teen Services Reduction	0.00	(201,590)	(52,000)	(149,590)
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This action reduces some teen programs and services that are likely infeasible due to continued social distancing requirements. Impacted programs include some summer camps and a temporary closure of The Drop (teen center at Mitchell Park) through December 2020. This action also recognizes the loss of related program revenue, partially offset with new donations from the Palo Alto Parks & Recreation Foundation and new membership and participation fees for teen programs. This action reduces 1.0 Program Assistant I and 1.44 FTE of part-time staff resources. (Ongoing net savings: \$149,590)

Performance Results



This action contributes to cost containment strategies in FY 2021 and results in reduced classes, camps, and services for teens.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
7 Open Space and Recreation Reduction	0.00	(243,905)	0	(243,905)

This action reduces contracted ranger services and coverage in Palo Alto Open Space Preserves and reduces public operating hours of the Lucy Evans Baylands Nature Interpretive Center by 50% (schedule TBD). This includes a reduction of 1.0 Community Services Manager and 0.17 FTE of part-time staff resources. The Interpretive Center is currently open four days per week, houses an array of science and nature exhibits, and is a feature of the curriculum of Palo Alto Unified and Ravenswood School Districts. In FY 2019 Palo Alto's Open Space Preserves received approximately 845,000 visits. This action will result in fewer ranger patrols, delayed response to maintenance such as trail and campsite repairs, decreased capacity for litter removal and group rental site reservation support, and reduced support for science educational opportunities. (Ongoing savings: \$243,905)

Performance Results



This action contributes to cost containment strategies in FY 2021 and results in delayed open space maintenance, reduced ranger coverage in open spaces, and reduced operating hours of the Lucy Baylands Nature Interpretive Center.

8 Management and Professionals Group Compensation Reduction	0.00	(255,557)	0	(255,557)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results

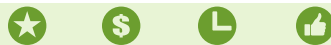


This action contributes to cost containment strategies in FY 2021.

9 Parks Maintenance Contract Service Reduction	0.00	(274,844)	0	(274,844)
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This action reduces contracts for maintenance of parks, athletic fields, courts, roadsides, medians, City buildings, community centers, and other facilities by approximately 25%. This will moderately reduce aesthetic maintenance such as clearing of weeds, turf mowing, and playground washing, while still preserving and prioritizing safety-focused maintenance. (Ongoing savings: \$274,844)

Performance Results

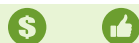


This action contributes to cost containment strategies in FY 2021 and results in reduced aesthetic maintenance of parks and other public spaces.

10 Community Center Reduction	0.00	(282,695)	0	(282,695)
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This action reduces operating hours by approximately one to two days per week (schedule TBD) at Mitchell Park Community Center, Lucie Stern Community Center, Cubberley Community Center, and the Palo Alto Art Center. This will result in diminished services across a wide range of activities including responding to customer inquiries, scheduling facility rentals, providing class and camp programming, oversight of invoice payment, and managing custodial needs. This action reduces 2.0 Program Assistant I and 1.27 of part-time FTE staff resources. (Ongoing savings: \$282,695)

Performance Results



This action contributes to cost containment strategies in FY 2021 and results in reduced public access, programming, and services across all community centers.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
11 Theater Programming and Support Reduction	0.00	(710,827)	(283,643)	(427,184)

This action reduces programming at the Children's Theatre and reduces support for community theater productions. This action also reduces 1.0 Producer Arts/Science Program and 5.09 FTE of part-time staff resources. This reduces programming at the Palo Alto Children's Theatre (PACT) by limiting to two core productions and several smaller productions, and maintaining smaller groups for classes and camps to allow for social distancing. This action also recognizes reduced revenue for productions to reflect reduced audience sizes necessary for social distancing. PACT productions serve roughly 100 participants and bring in over 50,000 audience members annually. The Stern Community Theater is used by three local companies who produce approximately 15 productions annually. This action reduces on-site logistical support for community productions and administrative support to other City theaters. (Ongoing net savings: \$427,184)

Performance Results

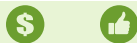


This action contributes to cost containment strategies in FY 2021 and results in fewer productions and smaller group sizes at the Children's Theatre and limited support for other theater programs.

12 Art Center Programming Reduction	0.00	(452,084)	(4,623)	(447,461)
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This action reduces programming at the Palo Alto Art Center such as the scope and frequency of exhibitions, visual arts programming, and educational outreach, while retaining studio programs and classes for youth and adults. This action also recognizes the loss of related program revenue partially offset by additional donations from the Palo Alto Art Center Foundation and implementation of fees to several programs/services to improve cost recovery. The Palo Alto Art Center serves approximately 120,000 people each year through programs like free art exhibitions, educational outreach including school tours for Palo Alto Unified School District, art classes and workshops, and art-based summer camps. This action includes a reduction of 0.35 Junior Museum and Zoo Educator, 0.75 Producer Arts/Science Program, 1.0 Program Assistant, and 2.16 FTE of part-time staff resources. (Ongoing net savings: \$447,461)

Performance Results



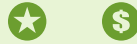
This action contributes to cost containment strategies in FY 2021 and results in reduced public access, programming, and services at the Art Center.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
13 New Junior Museum and Zoo Operating Plan	6.79	620,464	1,140,247	(519,783)

This ongoing action adds 6.79 FTE (3.16 in Animal Care and Experiences, 0.75 in Exhibitions and Museum Maintenance, and 2.88 in Guest Services), reclassifies 1.0 FTE Program Assistant I to a 1.0 FTE Program Assistant II, adds new operating expenses, and recognizes new revenues for ticketed entry and annual memberships. These actions constitute the implementation of the approved operating plan for the newly built Junior Museum and Zoo (JMZ), as approved by Finance Committee (Staff Report 11093), and as amended by City Council for an opening date of March 2021 (Staff Reports 11222 and 11330). It is anticipated that new revenues will offset new expenditures and result in no additional operating costs to the City. Revenues and expenses are pro-rated accordingly for FY 2021 for a March 2021 opening date, and in a full year of operations the JMZ as a whole would be budgeted at 85% cost recovery. The JMZ will reopen as a state-of-the-art museum and zoo built with a focus on inclusion, accessibility and the highest standards in animal care. These actions are recommended in order to ensure a safe and enjoyable experience for users of the new facility. (Ongoing net costs: \$0)

Performance Results



This action will enhance the quality of service and increase customer satisfaction at the Junior Museum and Zoo by expanding exhibit programming and animal collections, providing appropriate staffing levels, expanding hours of operation, and ensuring ongoing maintenance of the new facility.

14 Administrative Staffing Reduction	0.00	(579,768)	0	(579,768)
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This action reduces 1.0 Administrative Associate III, 1.0 Assistant Director of Community Services, 1.0 Recreation Superintendent, and 0.48 FTE in part-time staff resources. This will adversely impact the department's ability to support and respond to City Commissions and public inquiries, reduce capacity for marketing and communications, reduce CivicRec oversight and troubleshooting which could impact customers' experience, limit managerial oversight, and delay development of a therapeutic recreation plan. (Ongoing savings: \$579,768)

Performance Results



This action contributes to cost containment strategies in FY 2021.

CSD Golf Course Financials

	FY 2017 Actuals ¹	FY 2018 Actuals ²	FY 2019 Actuals	FY 2020 Projected ³	FY 2021 Adopted
REVENUES					
Tournament Fees	40	0	211,290	52,676	118,390
Green Fees	0	532,552	2,231,690	1,922,691	2,565,755
Driving Range	227,072	199,251	359,495	293,441	402,850
Cart/Club Rentals	1,236	0	362,810	246,840	449,300
Proshop Lease/Merchandise Sales	13,175	12,677	239,190	160,213	228,355
Restaurant Lease	32,657	2,222	0	48,000	49,440
Restaurant Utilities	16,500	1,500	0	18,000	18,000
Other Fee	4,039	6,738	15,180	8,245	0
Total Revenue	294,719	754,940	3,419,655	2,750,106	3,832,090
EXPENDITURES					
Operating Expenses					
Salaries & Benefits	111,906	117,662	120,590	172,720	134,540
Advertising & Publishing	1,126	7,714	0	0	0
Supplies and Materials	27,008	42,669	0	0	0
General Expense	52	347	1,015	2,332	1,440
Facilities and Equipment Purchases	6,434	18,860	0	0	0
Allocated Charges	156,748	180,057	245,770	262,970	216,600
Subtotal	303,274	367,307	367,375	438,022	352,580
Contract Services					
Golf Maintenance	364,666	750,978	2,522,515	2,538,739	2,648,418
Miscellaneous	49,068	9,437	0	0	0
Range fees	195,631	166,902	0	0	0
Management Fees	30,500	924,477	108,000	111,240	114,577
Contract Contingency	0	0	0	0	27,630
Subtotal	639,865	1,851,795	2,630,515	2,649,979	2,790,625
Total Operating Expenses	943,139	2,219,102	2,997,890	3,088,001	3,143,205
Income From Operations	(648,420)	(1,464,162)	421,765	(337,895)	688,885

CSD Golf Course Financials

	FY 2017 Actuals ¹	FY 2018 Actuals ²	FY 2019 Actuals	FY 2020 Projected ³	FY 2021 Adopted
Debt Expenses					
Debt Service (Refunded)	432,150	432,271	431,154	0	0
Debt Service (New)	0	0	338,886	369,771	373,733
Subtotal	432,150	432,271	770,040	369,771	373,733
Net Income (Loss)	(1,080,570)	(1,896,433)	(348,275)	(707,666)	315,152

1. The Golf Course was closed during FY 2017 due to renovation.
2. The renovated Golf Course opened in May 2018 under the new management.
3. In 2020 the novel coronavirus (COVID-19) pandemic caused significant disruption to City and community activities, which may be reflected in FY 2020 data.

COMMUNITY SERVICES

CSD Human Service Contracts

Human Services Contracts	FY 2020 Adopted	FY 2020 Agency Award	FY 2021 Base Budget	FY 2021 Agency Requests	FY 2021 Adopted Budget
GENERAL HUMAN SERVICES CONTRACTS ⁴					
Avenidas - Senior Services	508,356	508,356	521,065	508,356	521,065
PACCC - Child Care Subsidy and Outreach	515,013	515,013	527,888	515,013	527,888
Mediation Service Provider ⁷	69,223	69,223	70,954	69,223	70,954
County of Santa Clara ^{7,8}	125,000	125,000	125,000	125,000	0
Youth Community Sv. (YCS) - Youth Connectedness Initiative ⁷	50,000	50,000	50,000	50,000	50,000
General Human Service Contracts Subtotal	1,267,592	1,267,592	1,294,907	1,267,592	1,169,907
HUMAN SERVICES RESOURCE ALLOCATION PROCESS CONTRACTS ⁵					
Abilities United	53,757	53,757	53,757	51,739	55,101
Ada's Cafe	5,195	5,195	5,195	50,000	5,325
Adolescent Counseling Services (Outlet Program)	44,157	44,157	44,157	100,000	45,261
Counseling and Support Services for Youth (CASSY)	44,157	44,157	44,157	50,000	45,261
Downtown Streets Team	37,840	37,840	37,840	36,420	38,786
DreamCatchers	25,975	25,975	25,975	25,000	26,624
KARA	22,858	22,858	22,858	22,000	23,429
LifeMoves (formerly InnVision Shelter Network)	81,989	81,989	81,989	132,739	84,039
La Comida de California	48,181	48,181	48,181	46,372	49,386
MayView Community Health Center	41,560	41,560	41,560	40,000	42,599
Palo Alto Housing Corporation	31,170	31,170	31,170	36,000	31,949
Senior Adults Legal Assistance	15,949	15,949	15,949	15,350	16,348
The Health Trust	10,390	10,390	10,390	20,000	10,650
Vista Center for the Blind & Visually Impaired	41,560	41,560	41,560	42,070	42,599
Youth Community Sv. (YCS)	31,170	31,170	31,170	30,000	31,949
Two-Year Contractors Subtotal	535,908	535,908	535,908	697,690	549,306
TOTAL	1,803,500	1,803,500	1,830,815	1,965,282	1,719,213

CSD Human Service Contracts

Human Services Contracts	FY 2020 Adopted	FY 2020 Agency Award	FY 2021 Base Budget	FY 2021 Agency Requests	FY 2021 Adopted Budget
HSRAP Emerging Needs Fund ⁶	50,000	50,000	50,000	50,000	50,000

4. Not part of the Human Services Resource Allocation Process.
5. Human Services Resource Allocation Process (HSRAP) contracts are requested as part of a two-year cycle, and once approved, the agencies receive the same level of funding across each year of the cycle. The Agency Request amounts reflect the request made for each year.
6. Funding is in the Non-Departmental section of this document.
7. These existing contracts have been added to this chart to provide a holistic display of all the General Human Services Contracts in the City. As these contracts are already established, there is no new budgetary impact as a result of their inclusion.
8. FY 2021 funding has been eliminated, consistent with City Council direction during the FY 2021 budget hearings and City Manager's Report 11322.



CITY OF
**PALO
ALTO**

FIRE

Mission Statement



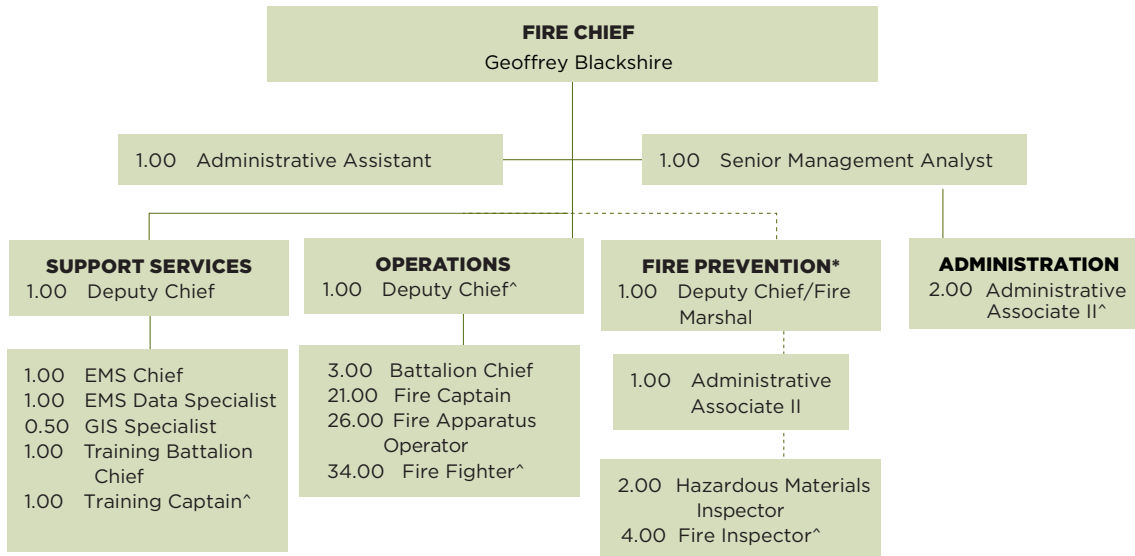
We are a professional team of individuals dedicated to safeguarding and enriching the lives of anyone, anytime, anywhere with compassion and pride.

Purpose

The purpose of the Fire Department is to protect life, property, and the environment from fire, hazardous materials, and other disasters; provide rapid emergency response, proactive code enforcement, modern fire prevention methods, and progressive safety education for our citizens and coworkers; and promote customer satisfaction by maintaining quality, profes-



sional, and friendly service to others.



FY 2021 POSITION TOTALS

103.50 - Full-time
0.55 - Hourly

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

* Fire Prevention is functionally a part of the Planning and Development Services Department. The Fire Department retains administrative oversight over department personnel.

^ These positions have been de-funded in FY 2021 and are identified in the Table of Organization with "(Freeze)" following the job classification title. The following positions are frozen in FY 2021:

- 1.00 FTE Deputy Chief (continued from FY 2020)
- 1.00 FTE Administrative Associate
- 5.00 FTE Fire Fighter
- 1.00 FTE Training Captain
- 2.00 FTE Fire Inspector

Description

The Fire Department provides a wide range of community and employee related services for the City of Palo Alto through the following service programs:

FIRE SUPPRESSION

Maintain a state of readiness to effectively respond to emergency and non-emergency calls. Provide a means for a safer Palo Alto through community outreach, public education, and prevention.

EMERGENCY MEDICAL SERVICES

In an emergency setting, rapid assessment, treatment, and transport of patients to definitive care in a safe and efficient manner.

FIRE PREVENTION BUREAU

Improve the quality of life for the Palo Alto community through risk assessment, code enforcement, fire investigation, public education, and hazardous materials management.

EMPLOYEE FIRE/EMS CERTIFICATION TRAINING

Provide training to certify that staff maintain safe, efficient, and effective practices when responding to emergencies. Ensure personnel are familiar with and able to utilize the most up-to-date and proven techniques. Training specific to required EMT and/or Paramedic re-certification is also incorporated.

Accomplishments

- Hired and successfully graduated six firefighters in the Santa Clara County Joint Fire Academy in 2020.
- Worked with the City Manager's Office and Human Resources Department to conduct a national executive recruitment for Fire Chief; appointed Geo Blackshire as Fire Chief.
- Selected and transitioned to new records management system that seamlessly integrates Fire and Emergency Medical incident reports.
- Developed Apparatus Operator Handbook, and completed testing and training process for four Acting Fire Captains.
- Collaborated with Public Works to replace Fire Station No. 3 on Embarcadero Road with a new, state of the art fire station (part of Council Infrastructure Plan).
- Successful installation of fire station alerting system upgrade that provide more immediate and specialized notifications, improving response times, and communications between crews and dispatchers.
- Achieved annual accreditation compliance with the Center for Public Safety Excellence.

- Established multi-agency workgroup to develop alternative services business plan to prepare for expected 25-24 percent increase in Emergency Medical calls predicted in the Community Health Needs Assessment report.
- Completed first phase of Hydrant Inspection Program, including maintenance and clearing of individual hydrants.
- Responded to 133 fire incidents in Fiscal Year 2019 with 86 percent of responses within eight minutes.
- Responded to 5,490 medical/rescue calls in Fiscal Year 2019; 99 percent of paramedic calls for service were responded to within 12 minutes and 93 percent of emergency medical calls within 8 minutes.
- Continued to increase the number of fire inspections using an improved cataloging system implemented in 2018; conducted 10,888 fire inspections in Fiscal Year 2019.

Initiatives

- Create and implement new deployment strategy, using predictive modeling, to minimize impact of emergency response brown outs to the community.
- Develop business and implementation plan and outreach program for new First Responder Fee and Paramedic Subscription Program Fee; present to Council for consideration and adoption.
- Negotiate impact of service level changes on the Stanford Fire Services Contract.
- Deploy and analyze effectiveness of Emergency Signal Pre-Emption software reducing response times in high traffic areas.
- Complete purchasing process to upgrade Automatic External Defibrillators (AEDs) citywide.
- Support efforts to modernize and replace essential public safety facilities and equipment.

Goals and Objectives

GOAL 1

Arrive at the scene of emergencies safely and in a timely manner within the Department's targeted response times.

Objectives:

- Promote timely adherence to Santa Clara County's clinical protocols and ensure consistent medical care in both Advanced and Basic Life Support (ALS/BLS) to the Palo Alto and Stanford communities.
- Provide the highest level of patient care and response standards by ensuring Palo Alto ambulances respond to all ambulance calls for service.
- Target fire response time within 8 minutes 90 percent of the time.
- Target Advanced Life Support (ALS) response times within 12 minutes 90 percent of the time.

GOAL 2

Ensure reasonable life safety conditions through inspection programs.

Objectives:

- Perform periodic inspections of all facilities within the Department's designated target cycle time.
- Identify and direct abatement of conditions or operating procedures which could cause an increase in probability or severity of a fire or hazardous materials release.

GOAL 3

Develop, maintain, and sustain a comprehensive community risk reduction program that engages the whole community.

Objectives:

- Support the Office of Emergency Services, the Palo Alto and Stanford Citizen Corps Council and the Emergency Services Volunteers in training and preparation in the areas of Medical Disaster Operations, Triage, Fire Suppression, and Light Search and Rescue.
- Complete an Integrated Risk Assessment and Management Plan designed to identify and quantify community risks and mitigation strategies.
- Identify high-risk communities within the City of Palo Alto and design risk reduction programs for the highest risk groups.

GOAL 4

Enhance training and maintain all certifications required by governing agencies such as the State Fire Marshal's Office and Santa Clara County Emergency Medical Services Office.

Objectives:

- Document all training through the Joint Apprenticeship Committee (JAC).
- Maintain the required minimum of 20 hours per month per employee of fire related training.
- Maintain, as mandated, records of training related to Emergency Medical Service (EMS) and Emergency Medical Technician (EMT)/Paramedic certification.

GOAL 5

Internalize commitment to excellence in public service by continuously evaluating the assistance provided, identifying areas needing improvement, and implementing mitigation methods.

Objective:

- Maintain awareness of service quality from a customer perspective of assistance that was provided.

Key Performance Measures

FIRE DEPARTMENT RESPONSE TIMES

Goal	Arrive at the scene of emergencies safely and in a timely manner within the department's targeted response times.				
Objective	Fire and EMS response times will be within 8 minutes, and Advanced Life Support (ALS) response times will be within 12 minutes 90 percent of the time.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of responses to EMS calls within 8 minutes	94%	93%	92%	93%	93%
Percent of responses to paramedic calls within 12 minutes	99%	99%	99%	99%	99%
Percent of responses to fire emergencies within 8 minutes	89%	86%	90%	90%	90%
Description	This measure tracks the percentage of calls for service that are within established response time percentiles.				
Purpose	Quick response times can mean the difference between short and long-term recovery, the extent and severity of injury, and most importantly, the difference between life and death.				
Status	In FY 2019, the Fire Department responded to 99 percent of paramedic calls for service within 12 minutes and responded to 93 percent of emergency medical calls within 8 minutes. The Department responded to 86 percent of fire calls within 8 minutes. The Department continues to focus on ways to reduce response times.				

FIRES CONTAINED TO ROOM OF ORIGIN

Goal	Limit structural fire damage to the room or area of origin.				
Objective	Contain fires to the room or area of origin 90 percent of the time.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of fires contained to the room or area of origin	77%	81%	90%	90%	90%
Description	This measure tracks the percentage of fires that are contained to the room or area of origin.				
Purpose	Containing a fire to the room or area of origin limits damage and spread of the fire.				
Status	In FY 2019, the Department limited 81 percent of fires to the room of origin which was below the goal of 90 percent. This measure can vary significantly from year to year because of the small number of structure fires the Department responds to each year. In the cases where the fires were not contained, the fire had spread throughout the entire structure prior to arriving on scene despite a response time under 8 minutes.				

PERCENT OF SURVEYED RESIDENTS RATING FIRE DEPARTMENT SERVICES GOOD OR EXCELLENT

Goal	Internalize commitment to excellence in public service by continuously evaluating the assistance provided, identifying areas needing improvement, and implementing mitigation methods.				
Objective	Maintain awareness of service quality from a customer perspective of assistance that was provided.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of surveyed residents rating fire services "good" or "excellent"	94%	N/A	95%	95%	N/A
Percent of surveyed residents rating fire prevention services "good" or "excellent"	84%	N/A	85%	85%	N/A
Percent of surveyed residents rating ambulance/EMS services "good" or "excellent"	93%	N/A	95%	95%	N/A
Description	This measure tracks the percent of surveyed residents rating fire and emergency services good or excellent, as well as Fire Prevention Services, as reported monthly from the Customer Satisfaction Survey. Collecting this data allows the Department to compare itself to nationwide benchmarking data prepared by the National Research Center.				
Purpose	Citizen satisfaction with Fire Department services is an important assessment of the overall quality of fire services offered to the community.				
Status	* The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of fire calls for service	189	133	160	150	150
Number of medical/rescue calls for service	5,342	5,490	5,400	5,500	5,500
Number of all other calls for service	3,419	3,220	3,440	3,440	3,440
Total number of calls for service	8,983	8,843	9,000	9,000	9,000
Number of ambulance transports	3,590	3,659	3,800	3,800	3,800
Fire calls average response time (Target: 8:00 Minutes)	5:23	5:51	5:25	5:25	5:25
Medical/rescue calls average response time (Target: 8:00 Minutes)	4:53	5:11	5:00	5:00	5:00

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Administration	1,916,884	2,212,337	2,745,530	2,326,807	(418,724)	(15.3)%
Emergency Response	29,345,212	30,441,361	30,703,654	30,100,130	(603,525)	(2.0)%
Environmental Safety Management	151,752	433,531	558,962	552,015	(6,946)	(1.2)%
Records and Information Management	342,412	384	—	—	—	—%
Training and Personnel	1,882,244	861,339	855,545	627,969	(227,576)	(26.6)%
Total	33,638,504	33,948,953	34,863,692	33,606,921	(1,256,771)	(3.6)%

Dollars by Category						
Salary & Benefits						
Healthcare	1,952,238	1,992,070	2,182,484	1,974,692	(207,792)	(9.5)%
Other Benefits	351,540	339,714	307,559	486,342	178,783	58.1%
Overtime	3,568,300	2,914,480	1,672,872	1,931,121	258,249	15.4%
Pension	6,030,222	6,665,085	8,091,590	8,411,292	319,702	4.0%
Retiree Medical	2,559,706	2,223,229	2,289,926	2,187,049	(102,877)	(4.5)%
Salary	13,191,022	13,685,234	14,211,642	13,612,650	(598,993)	(4.2)%
Workers' Compensation	1,027,998	753,623	1,108,460	1,026,959	(81,501)	(7.4)%
Total Salary & Benefits	28,681,026	28,573,435	29,864,533	29,630,104	(234,429)	(0.8)%
Allocated Charges	3,144,612	3,071,942	3,282,610	2,467,094	(815,516)	(24.8)%
Contract Services	762,479	590,569	566,625	526,000	(40,625)	(7.2)%
Facilities & Equipment	151,244	340,204	327,723	216,723	(111,000)	(33.9)%
General Expense	436,545	628,320	388,800	393,600	4,800	1.2%
Operating Transfers-Out	—	306,850	—	—	—	—%
Supplies & Material	462,598	437,631	433,400	373,400	(60,000)	(13.8)%
Total Dollars by Expense Category	33,638,504	33,948,953	34,863,692	33,606,921	(1,256,771)	(3.6)%

Revenues						
Charges for Services	9,815,952	9,589,264	10,649,581	12,243,794	1,594,213	15.0%
Charges to Other Funds	161,322	163,605	162,610	162,610	—	—%
From Other Agencies	1,093,263	259,946	170,000	175,000	5,000	2.9%
Other Revenue	18,931	410,191	282,000	282,000	—	—%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Other Taxes and Fines	(275)	—	—	—	—	—%
Total Revenues	11,089,193	10,423,007	11,264,190	12,863,403	1,599,213	14.2%

Positions by Division

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Administration	3.00	5.68	5.68	5.68	—	—%
Emergency Response	99.07	89.57	89.57	89.57	—	—%
Environmental Safety Management	0.48	1.15	1.15	1.15	—	—%
Records and Information Management	1.50	—	—	—	—	—%
Training and Personnel	5.15	2.00	2.00	2.00	—	—%
Total	109.20	98.40	98.40	98.40	—	—%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
40-Hour Training Battalion Chief	1.00	1.00	1.00	1.00	—	203,070
40-Hour Training Captain	1.00	1.00	1.00	—	(1.00)	—
40-Hour Training Captain (Freeze)	—	—	—	1.00	1.00	164,486
Administrative Assistant	1.00	1.00	1.00	1.00	—	86,549
Administrative Associate II	2.00	2.20	2.20	1.20	(1.00)	94,074
Administrative Associate II (Freeze)	—	—	—	1.00	1.00	78,395
Battalion Chief	3.00	3.00	3.00	3.00	—	580,420
Business Analyst	0.80	0.80	0.80	0.80	—	124,268
Deputy Chief/Fire Marshal	0.05	0.05	0.05	0.05	—	10,758
Deputy Director Technical Services Division	0.20	0.20	0.20	—	(0.20)	—
Deputy Director Technical Services Division (Freeze)	—	—	—	0.20	0.20	42,898
Deputy Fire Chief	2.00	2.00	2.00	1.00	(1.00)	219,045
Deputy Fire Chief (Freeze)	2.00	2.00	2.00	1.00	1.00	219,045
Emergency Medical Service Director	1.00	1.00	1.00	1.00	—	177,133
Emergency Medical Services Data Specialist	1.00	1.00	1.00	1.00	—	84,032

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Fire Apparatus Operator	30.00	26.00	26.00	26.00	—	3,738,018
Fire Captain	21.00	21.00	21.00	21.00	—	3,343,791
Fire Chief	1.00	1.00	1.00	1.00	—	258,024
Fire Fighter	41.00	34.00	34.00	29.00	(5.00)	3,899,721
Fire Fighter (Freeze)	—	—	—	5.00	5.00	617,635
Fire Inspector	0.80	0.80	0.80	0.40	(0.40)	65,795
Fire Inspector (Freeze)	—	—	—	0.40	0.40	65,795
Geographic Information System Specialist	0.50	0.50	0.50	0.50	—	65,198
Hazardous Materials Inspector	0.30	0.30	0.30	0.30	—	49,346
Senior Management Analyst	1.00	1.00	1.00	1.00	—	154,586
Sub-total: Full-Time Equivalent Positions	108.65	97.85	97.85	97.85	—	14,342,080
Temporary/Hourly	0.55	0.55	0.55	0.55	—	54,739
Total Positions	109.20	98.40	98.40	98.40	—	14,396,820

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	98.40	34,863,692	11,264,190	23,599,502
One-Time Prior Year Budget Adjustments				
Fire Staffing Adjustment	—	352,511	—	352,511
Firefighter New Hire Costs	—	(80,625)	—	(80,625)
Equipment Replacement	—	(48,000)	—	(48,000)
One-Time Prior Year Budget Adjustments	—	223,886	—	223,886
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	629,269	—	629,269
Overtime Adjustments	—	63,958	—	63,958
Stanford Emergency Fire Services Annual Revenue Alignment	—	—	(260,787)	260,787
State Quality Assurance Fee Alignment	—	5,000	5,000	—
Communication Services Allocated Charges	—	14,800	—	14,800
Industrial Waste Discharge Fee Allocated Charges	—	2,910	—	2,910
Information Technology Allocated Charges	—	(275,068)	—	(275,068)
Liability Insurance Allocated Charges	—	28,728	—	28,728
Printing & Mailing Services Allocated Charges	—	(876)	—	(876)
Refuse Allocated Charges	—	(621)	—	(621)
Stormwater Management Allocated Charges	—	(194)	—	(194)
Utilities Allocated Charges	—	5,493	—	5,493
Vehicle Replacement & Maintenance Allocated Charges	—	(623,688)	—	(623,688)
Workers' Compensation Allocated Charges	—	(81,501)	—	(81,501)
Adjustments to Costs of Ongoing Activities	—	(231,790)	(255,787)	23,997
Total FY 2021 Base Budget	98.40	34,855,788	11,008,403	23,847,385
Budget Adjustments				
1 Modified Staffing and Overtime Adjustment	—	209,225	—	209,225
2 Fire Inspection and Plan Review Reduction	—	(93,297)	—	(93,297)
3 Management and Professional Group Compensation Reduction	—	(121,210)	—	(121,210)

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
4 Fire Administrative and Support Services	—	(412,030)	—	(412,030)
5 Emergency Incident Response Services	—	(831,555)	—	(831,555)
6 First Responder and Ambulance Subscriptions Fee	—	—	1,855,000	(1,855,000)
Total Budget Adjustments	—	(1,248,867)	1,855,000	(3,103,867)
Total FY 2021 Adopted Budget	98.40	33,606,921	12,863,403	20,743,518



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Modified Staffing and Overtime Adjustment	0.00	209,225	0	209,225

This one-time action restores Medic 61, recognizes savings of \$353,500, equivalent to 1.0 FTE Deputy Fire Chief position as a temporary measure to create savings for the duration of FY 2021. With additional time to operate with fewer executive management positions in FY 2021, the department will continue to analyze and assess ongoing options for staffing adjustments to continue cost containment and return with recommendations. (Ongoing costs: \$0)

Performance Results

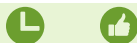


This action is anticipated to help manage medical services call volume and maintain the department's current level of service.

2 Fire Inspection and Plan Review Reduction	0.00	(93,297)	0	(93,297)
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This action reduces 2.0 Fire Inspector positions (0.40 allocated to the Fire Department) and other resources that were budgeted in the Planning and Development Services Department Budget. These reductions are anticipated to delay fire inspections, increase wait times and impact customer service overall. The corresponding fee revenue associated with these services are reduced in the Planning and Development Services Department budget. (Ongoing net savings: \$93,300)

Performance Results



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
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This action may result in delays to response times.

3 Management and Professional Group Compensation Reduction	0.00	(121,210)	0	(121,210)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

4 Fire Administrative and Support Services	0.00	(412,030)	0	(412,030)
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This action reduces staffing resources where functions will be reassessed and reassigned and will result in a reduction of public outreach, training, and strategic planning activities and will be limited based on available resources. The impacted positions include 1.0 Administrative Associate II, 1.0 Training Captain, and 0.2 FTE Deputy Director Technical Services, which is shared with the Police Department. The cost savings assumed in this proposal does not include the Deputy Fire Chief position freeze that was included in the FY 2020 Adopted Budget and in the base budget for FY 2021. (Ongoing savings: \$412,030)

Performance Results



This action may result in a delay in response to administrative support and department response to staff training plans.

5 Emergency Incident Response Services	0.00	(831,555)	0	(831,555)
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This action temporarily reduces units when firefighters are on leave, rather than staffing units with overtime; reduces incident response resources and staffing and moves towards a brownout flexible staffing model. This action includes reducing 5.0 Fire Fighter EMT positions. Response times and ability to handle concurrent calls will be reduced evenings and weekends, resulting in some calls being handled by the County mutual aid partners. This will require renegotiation of the Fire Services contract with Stanford University. (Ongoing savings: \$831,555)

Performance Results



This action is anticipated to reduce response times during evenings and weekends and also may impact resident rating of the Fire Department's services.

6 First Responder and Ambulance Subscriptions Fee	0.00	0	1,855,000	(1,855,000)
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The First Responder Fee would be charged for all EMS calls regardless of transport and would cover cost for initial response for first due engine. This fee would be assessed on insurance companies. The Ambulance Subscription Program is an optional fee for residents and businesses to secure co-pay free ambulance transport. (Ongoing savings: \$1,855,000)

Performance Results



This action recovers cost for services and does not have a direct impact on department performance.



CITY OF
**PALO
ALTO**

HUMAN RESOURCES

Mission Statement



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

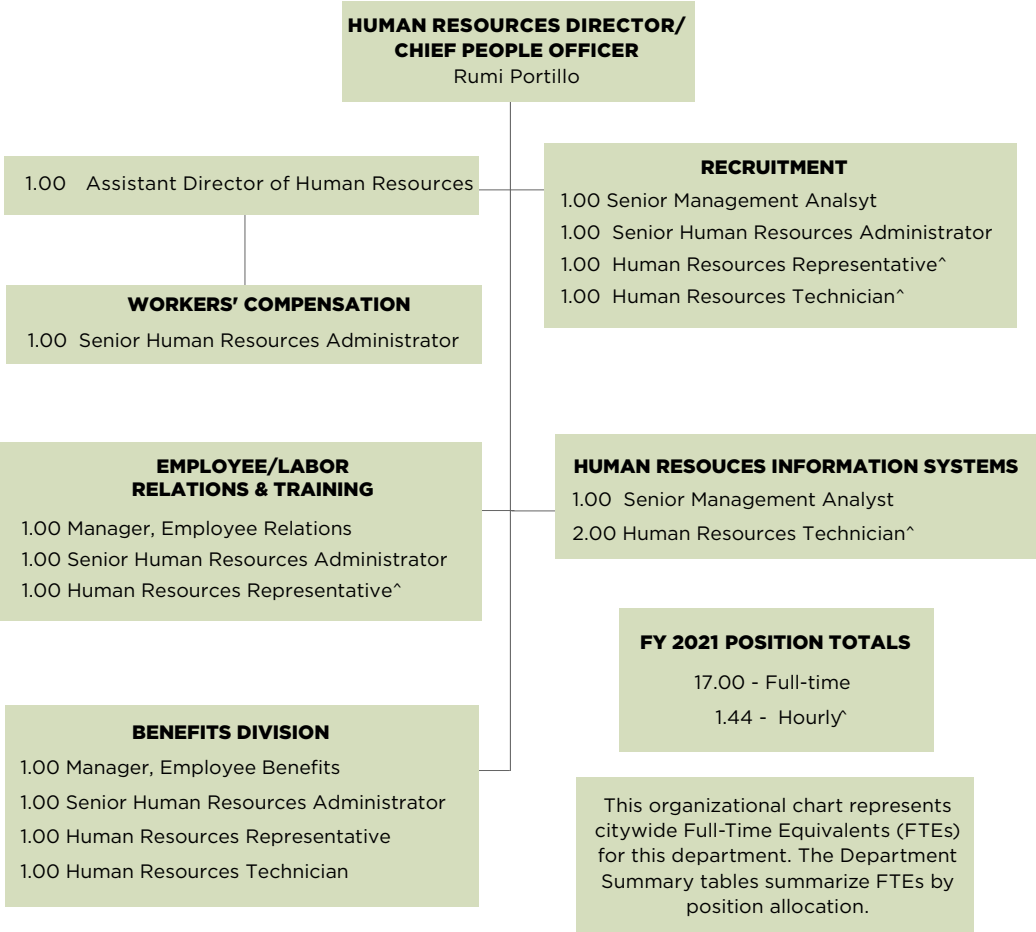


Purpose

The purpose of Human Resources is to support City departments in achieving key goals and objectives; to provide a range of services, including new employee orientation, staffing and recruitment management, talent and skill development, performance assessment, safety and wellness programs; and to support employee relations, compensation, job classification, risk management, and organization development to City departments.

tion, staffing and recruitment management, talent and skill development, performance assessment, safety and wellness programs; and to support employee relations, compensation, job classification, risk management, and organization development to City departments.

HUMAN RESOURCES



^ These positions have been de-funded in FY 2021 and are identified in the Table of Organization with "(Freeze)" following the job classification title. The following positions are frozen in FY 2021:

- 0.50 FTE Human Resources Representative
- 0.50 FTE Human Resources Technician
- 0.96 Hourly FTE

Description

The Human Resources Department provides guidance to City departments in the following areas:

TOTAL COMPENSATION

Administer salary, health, pension, and other benefits.

EMPLOYEE AND LABOR RELATIONS

Provide guidance to City staff to enhance performance, create a positive work environment, and effectively resolve complaints, grievances, and other problems, as well as lead the City through labor contract negotiations.

ORGANIZATION AND EMPLOYEE DEVELOPMENT

Identify and implement training and development opportunities to enhance skills, innovation, and leadership of City staff members.

TALENT MANAGEMENT

Recruit, select, and onboard employees who have a passion for public service and the right knowledge, skills, and abilities to take on increasingly complex public service roles.

RISK MANAGEMENT, SAFETY, AND WORKERS COMPENSATION

Support workplace safety, reduce injuries, and actively manage risk and other potential liabilities.

Accomplishments

- Implemented emergency telework for 400 nonessential employees to work from home. Implementation included assisting departments to identify impacted employees, providing citywide communication, protocols, approval workflow and oversight for employees to gather equipment, assignments, and instructions to work from home.
- Assisted with the implementation of workplace safety protocols and COVID-19 exposure response for the workplace, including for first responders, in accordance with federal Centers for Disease Control (CDC) and Santa Clara County Health Department guidelines.
- Implemented an emergency paid administrative leave program for employees who were unable to work due to facility shutdowns, stoppage of work, childcare impacts or medial restrictions resulting from the shelter-in-place health order.
- Staffed the Emergency Operations Center (EOC) for a newly created EOC Human Resources section, by participating in daily briefings, conducting research on workforce-related issues, and tracking emergency work.
- Implemented a citywide hiring freeze by coordinating communications to hiring managers and candidates. Identified critical vacancies for exemption from the freeze and adapted to a

HUMAN RESOURCES

virtual hiring process for those critical vacancies, including adjusting pre-employment screening and onboarding.

- Created an employee resource portal with online information to support employees and their families, including health and safety, wellness, financial resources, training, counseling resources, benefits and policies.
- Launched an employee redeployment center to match assignments to displaced staff.
- Negotiated with unions to bargain for concessions, including requests for a wage freeze, furloughs and other cost-savings measures.
- Initiated and implemented Families First Coronavirus Response Act (FFCRA) and Coronavirus Aid, Relief, and Economic Security (CARES) Act per federal mandates.
- Recruited and filled 230 positions, including Assistant City Manager, Fire Chief, Fire Battalion Chief, Communications Officer, Chief Transportation Official, Police Officers, Firefighters, City Planners and Utilities field staff.
- Enhanced recruitment social media presence, automated advertising for job postings and expanded diversity outreach.
- Conducted a pilot for virtual interviews on a new system using one-time money granted by Council to improve hiring processes.
- Developed 2-Year Master Plan for citywide employee training, expanded leadership academy training, implemented training in managing personal finances and greatly expanded Mindfulness training for employee wellness.
- Completed a public selection process for a new benefits broker.
- Supported the City's Enterprise Resource Planning (ERP) system upgrade by providing workflow, business process, and testing of employee data, payroll, and other personnel related functions.
- Completed a streamlining project for paperless Personnel Action Forms (PAF), as well as an on-line Employee Verification process which were previously processed manually.

Initiatives

- Continue to support the emergency response to the COVID-19 pandemic and ongoing recovery efforts as it unfolds.
- Develop labor strategies that are responsive to the changing economic factors, increased liabilities, and evolving workforce and organizational needs.
- Explore options to expand Employee Assistance Program services to include online and mobile therapy services.
- Expand the development of online interviewing software to support virtual hiring and candidate skills assessments.
- Redesign the New Employee Orientation (NEO) process to be conducted virtually.
- Implement a virtual open enrollment and benefits fair in Fall 2020.

- Implement new and revised federal or state laws in response to COVID-19.
- Continue to support the City's Enterprise Resource Planning (ERP) upgrade through full implementation.
- Continue to update report configurations that ensure accurate reporting of pensionable compensation to CalPERS.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Fund						
General Fund-Operating	3,479,721	3,614,677	3,945,119	3,596,503	(348,616)	(8.8)%
Liability Insurance	2,647,980	4,481,136	2,971,622	4,146,146	1,174,524	39.5%
Worker's Compensation	3,513,168	6,233,418	6,738,337	6,946,942	208,605	3.1%
Total	9,640,869	14,329,231	13,655,078	14,689,590	1,034,513	7.6%
Revenues						
Charges to Other Funds	2,842,356	3,901,219	4,333,860	4,806,659	472,799	10.9%
Operating Transfers-In	5,000	5,000	5,000	5,000	—	—%
Other Revenue	2,025,670	4,595,511	5,522,040	5,119,040	(403,000)	(7.3)%
Return on Investments	541,650	602,871	708,600	642,900	(65,700)	(9.3)%
Total Revenues	5,414,677	9,104,601	10,569,500	10,573,599	4,099	—%
Positions by Fund						
General Fund	17.20	16.96	16.96	16.96	—	—%
Workers' Compensation Program Fund	1.00	1.00	1.48	1.48	—	—%
Total	18.20	17.96	18.44	18.44	—	—%

GENERAL FUND

Goals and Objectives

GOAL 1

Implement a Comprehensive Talent Management Program that will enable the City to attract, develop, and retain a committed workforce.

Objectives:

- Invigorate the recruitment process to decrease 'time to fill' and increase quality of hires.
- Reduce turnover with higher quality of hires and improved performance coaching.

GOAL 2

Enhance City culture of engagement and innovation.

Objectives:

- Ensure employee attendance rate is high.
- Enhance learning opportunities through a comprehensive employee training program.
- Increase employee communication through all media, including an enhanced HR department website.
- Continue to champion a Wellness Program with a target of 15 percent employee participation.

GOAL 3

Implement improvements to the department's operational systems especially employment, leave of absence, and benefit administration to ensure responsiveness and effectiveness of Human Resources staff performance.

Objectives:

- Strengthen oversight of benefit plan costs and processes.
- Improve Human Resources ability to meet customer needs and provide superior customer service.

Key Performance Measures

EMPLOYEE ATTENDANCE

Goal	Enhance City culture of employee engagement and innovation.				
Objective	Maintain high employee attendance rate.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Attendance	95%	96%	95%	96%	90%
Description	This measure will track the attendance of employees in terms of percentage of time present.				
Purpose	Attendance is a proxy metric for engagement and productivity. Absenteeism hinders City operations, and results in inefficiency when employees assume additional responsibilities because of unexpected absences. The Department of Labor benchmark for attendance is 96 percent, allowing for absenteeism rate of 4 percent. Under this standard, absenteeism is defined to include unscheduled time away from work (not including vacations or holidays and scheduled/approved Workers Compensation, ADA or FMLA leave).				
Status	Employee attendance in prior years is in line with expectations and anticipated to remain stable through FY 2020. This rate has been decreased in FY 2021 in anticipation that more absences due to COVID-19 will result in less attendance.				

RECRUITMENT

Goal	Implement a comprehensive Talent Management Program that will enable the City to attract, develop, and retain a committed workforce.				
Objective	Invigorate the recruitment process to decrease time to fill and increase quality of hires.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Recruitment - Days to fill a position	103	98	100	98	110
Description	This measure will provide the average number of days to fill a position from requisition approval until a hiring decision is made.				
Purpose	A strong recruitment strategy is the foundation of talent management and should be accomplished in a focused, timely manner to provide departments with quality candidates as expeditiously as possible. This measure aligns with the International City/County Management Association's (ICMA) human resource metrics and is a standard tool as defined in the Society of Human Resource Management.				
Status	As the City continues to compete for talent and hard to fill positions, the Days to Fill decreased by emphasizing efficiency and increasing resources to the efforts. Due to COVID-19, an online recruitment process was instituted and with revised hiring practices, it is expected that days to fill will increase in FY 2021.				

TURNOVER

Goal	Implement a Comprehensive Talent Management Program that will enable the City to attract, develop, and retain a committed workforce.				
Objective	Reduce turnover with higher quality of hires and improved performance coaching.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Turnover - Voluntary Turnover	4.66%	5.60%	5.75%	4.73%	4.50%
Turnover - Total Turnover	9.42%	12.05%	12.20%	8.50%	9.50%
Turnover - Involuntary Turnover	0.84%	0.74%	0.70%	0.65%	1.50%
Turnover - Retirement Turnover	3.93%	5.71%	5.75%	3.12%	4.50%
Description	This metric provides data to identify trends when there is turnover, including voluntary exits, involuntary separations and retirements.				
Purpose	Employees who are qualified, are a good match for the organization, and who are actively engaged with work, are not expected to leave the City. If turnover is high, the City incurs additional costs of hiring new staff. Initiatives, such as offering a robust training program, provide employees with skills and knowledge to keep productivity at an optimal level.				
Status	Turnover in prior years is in line with expectations. This rate is anticipated to be lower in FY 2020 due to economic uncertainties of COVID-19 and higher in FY 2021 as a result of adopted position reductions and potentially improved economic conditions.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Employee personnel transactions ^a	5,000	4,500	4,500	4,000	3,500
Percentage of employees participating in Citywide training program ^b	84%	95%	90%	95%	100%

a. The number in personnel transaction decreased in FY 2020 due to COVID-19 shelter in place orders that resulted in a remote workforce. It is anticipated that personnel transactions will decrease in FY 2021 due to labor concessions to defer compensation adjustments.

b. During FY 2020, staff successfully enhanced an e-learning platform, and due to various regulatory and mandatory requirements, the City is expected to achieve 100% training participation for all City employees in FY 2021.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Administration, Employee Org Development and HR Systems	1,214,231	1,352,856	1,245,888	1,178,595	(67,294)	(5.4)%
Benefits and Compensation	435,416	457,524	516,904	492,960	(23,944)	(4.6)%
Employee and Labor Relations	1,180,702	1,156,530	1,339,974	1,225,159	(114,814)	(8.6)%
Recruitment	375,727	424,826	484,318	401,762	(82,557)	(17.0)%
Risk Mgmt, Safety, Workers' Compensation	273,645	222,940	358,034	298,027	(60,007)	(16.8)%
Total	3,479,721	3,614,677	3,945,119	3,596,503	(348,616)	(8.8)%
Dollars by Category						
Salary & Benefits						
Healthcare	237,758	260,430	314,498	273,193	(41,305)	(13.1)%
Other Benefits	75,229	85,945	94,705	81,546	(13,159)	(13.9)%
Overtime	1,147	2,638	—	—	—	—%
Pension	482,170	532,637	702,839	705,374	2,535	0.4%
Retiree Medical	201,668	190,587	196,305	187,814	(8,490)	(4.3)%
Salary	1,746,388	1,860,870	1,956,231	1,786,285	(169,946)	(8.7)%
Workers' Compensation	—	55,727	70,466	65,285	(5,181)	(7.4)%
Total Salary & Benefits	2,744,360	2,988,834	3,335,044	3,099,497	(235,546)	(7.1)%
Allocated Charges	155,613	193,988	218,126	186,056	(32,070)	(14.7)%
Contract Services	462,714	311,923	285,309	205,309	(80,000)	(28.0)%
Facilities & Equipment	—	—	4,150	4,150	—	—%
General Expense	58,875	40,192	43,098	42,098	(1,000)	(2.3)%
Operating Transfers-Out	—	28,209	—	—	—	—%
Rents & Leases	43,000	43,000	43,000	43,000	—	—%
Supplies & Material	15,159	8,532	16,392	16,392	—	—%
Total Dollars by Expense Category	3,479,721	3,614,677	3,945,119	3,596,503	(348,616)	(8.8)%
Revenues						
Charges to Other Funds	1,067,356	976,010	1,856,860	1,914,659	57,799	3.1%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Other Revenue	41,593	—	—	—	—	—%
Total Revenues	1,108,949	976,010	1,856,860	1,914,659	57,799	3.1%

Positions by Division

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Administration, Employee Org Development and HR Systems	5.56	5.56	5.56	5.56	—	—%
Benefits and Compensation	2.44	2.20	2.20	2.20	—	—%
Employee and Labor Relations	5.00	5.00	5.00	5.00	—	—%
Recruitment	2.60	2.60	2.60	2.60	—	—%
Risk Mgmt, Safety, Workers' Compensation	1.60	1.60	1.60	1.60	—	—%
Total	17.20	16.96	16.96	16.96	—	—%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Assistant Director Human Resources	1.00	1.00	1.00	1.00	—	201,448
Director Human Resources/CPO	1.00	1.00	1.00	1.00	—	237,806
Human Resources Representative	3.00	3.00	3.00	2.50	(0.50)	231,954
Human Resources Representative (Freeze)	—	—	—	0.50	0.50	46,391
Human Resources Technician	4.00	4.00	4.00	3.50	(0.50)	270,707
Human Resources Technician (Freeze)	—	—	—	0.50	0.50	38,672
Manager Employee Benefits	1.00	1.00	1.00	1.00	—	149,968
Manager Employee Relations	1.00	1.00	1.00	1.00	—	163,051
Senior Human Resources Administrator	3.00	3.00	3.00	3.00	—	321,651
Senior Management Analyst	2.00	2.00	2.00	2.00	—	287,914
Sub-total: Full-Time Equivalent Positions	16.00	16.00	16.00	16.00	—	1,949,563

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Temporary/Hourly	1.20	0.96	0.96	0.96	—	103,324
Total Positions	17.20	16.96	16.96	16.96	—	2,052,888

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	16.96	3,945,119	1,856,860	2,088,259
One-Time Prior Year Budget Adjustments				
Candidate Screening Tools	—	(80,000)	—	(80,000)
One-Time Prior Year Budget Adjustments	—	(80,000)	—	(80,000)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	213,908	—	213,908
General Fund Cost Allocation Plan	—	—	57,799	(57,799)
Liability Insurance Allocated Charges	—	6,921	—	6,921
Information Technology Allocated Charges	—	(27,641)	—	(27,641)
Printing & Mailing Services Allocated Charges	—	(11,350)	—	(11,350)
Workers' Compensation Allocated Charges	—	(5,181)	—	(5,181)
Adjustments to Costs of Ongoing Activities	—	176,657	57,799	118,858
Total FY 2021 Base Budget	16.96	4,041,776	1,914,659	2,127,117
Budget Adjustments				
1 Management and Professionals Group Compensation Reduction	—	(209,272)	—	(209,272)
2 Human Resources Services Staffing Reductions	—	(236,001)	—	(236,001)
Total Budget Adjustments	—	(445,273)	—	(445,273)
Total FY 2021 Adopted Budget	16.96	3,596,503	1,914,659	1,681,844



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Management and Professionals Group Compensation Reduction	0.00	(209,272)	0	(209,272)

This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

2 Human Resources Services Staffing Reductions	0.00	(236,001)	0	(236,001)
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This action reduces the equivalent of 1.0 FTE staff resources from the Human Resources Department. This will result in reduced administrative and analytical support for assigned programs and functions in the recruitment, employee relations and training, and information systems divisions. (Ongoing savings: \$236,001)

Performance Results



This action may result in delays to process employee personnel transactions.

GENERAL LIABILITIES INSURANCE PROGRAM

Description

The City's General Liability Program provides funding to cover flood, property, and various other insurance policies for City-owned equipment and machinery. The City is self-insured for the first \$1.0 million in losses per occurrence and participates in a Joint Powers Authority for coverage up to \$55 million per occurrence. This program uses an 85 percent confidence level, calculated by an outside actuarial consultant, for financial planning to ensure adequate resources are available for anticipated expenses.

Accomplishments

- Revised and improved the City's interactive process for handling reasonable accommodation for Americans with Disabilities Act (ADA) cases.

Initiatives

- Review and monitor reopening plans for City facilities and provide recommendations to promote health and safety in accordance with County, State, and Federal guidelines.

Goals and Objectives

GOAL 1

Reduce liability exposure to the City.

Objectives:

- Reduce liability exposure to the City for employee-involved vehicle collision.
- Review Department of Motor Vehicle (DMV) records on an annual basis for all employees whose job duties require that they drive City vehicles.
- Provide a proactive defensive driving course to all employees involved in vehicle collisions involving City vehicles regardless of fault.

- Reduce the number of claims related to City vehicle collision losses.

Key Performance Measures

CITY VEHICLE COLLISION LOSS

Goal	Reduce liability exposure to the City.				
Objective	Reduce the number of claims related to City vehicle collision losses.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Annual number of claims related to City vehicle collision losses	11	7	8	6	6
Description	This measure will provide data to identify trends.				
Purpose	Analyzing claim trends will assist risk management staff in developing programs designed to reduce employee involved vehicle collisions.				
Status	The total number of employee involved collisions was lower than expected in FY 2019. Vehicle collisions loss cases are expected to trend similarly in FY 2020 and FY 2021.				

DEFENSIVE DRIVING TRAINING

Goal	Reduce liability exposure to the City.				
Objective	Provide defensive driver training.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Attendance at defensive driver training	14	214	50	100	150
Description	This measure tracks the number of employees completing proactive and/or mandatory defensive driving class.				
Purpose	Providing supplemental training will increase knowledge and awareness about safe driving behavior in order to protect employee and public safety, in addition to preventing future claims against the City.				
Status	The total number of employees who were trained in driver safety-related training increased significantly in FY 2019 due to an online class provided to employees. This number is expected to decrease and stabilize in FY 2020 - 2021 following the initial cycle of employees that completed training.				

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Non-Departmental	2,647,980	4,481,136	2,971,622	4,146,146	1,174,524	39.5%
Total	2,647,980	4,481,136	2,971,622	4,146,146	1,174,524	39.5%
Dollars by Category						
Salary & Benefits						
Total Salary & Benefits	—	—	—	—	—	—%
Contract Services	52,139	41,938	71,820	71,820	—	—%
General Expense	2,595,841	4,439,116	2,899,802	4,074,326	1,174,524	40.5%
Rents & Leases	—	81	—	—	—	—%
Total Dollars by Expense Category	2,647,980	4,481,136	2,971,622	4,146,146	1,174,524	39.5%
Revenues						
Charges to Other Funds	1,775,000	2,925,209	2,477,000	2,892,000	415,000	16.8%
Operating Transfers-In	5,000	5,000	5,000	5,000	—	—%
Other Revenue	42,900	536,912	41,040	41,040	—	—%
Return on Investments	126,629	141,817	168,200	168,200	—	—%
Total Revenues	1,949,529	3,608,938	2,691,240	3,106,240	415,000	15.4%
Positions by Division						
Total	—	—	—	—	—	—%

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Liabilities Insurance Program
Prior Year Budget	—	2,971,622	2,691,240	280,382
One-Time Prior Year Budget Adjustments				
None	—	—	—	—
One-Time Prior Year Budget Adjustments	—	—	—	—
Adjustments to Costs of Ongoing Activities				
Charges to Other Funds	—	—	415,000	(415,000)
Umbrella Excess Liability Insurance Increase	—	896,704	—	896,704
Property Loss Insurance Increase	—	121,820	—	121,820
General Liability Insurance Claims	—	156,000	—	156,000
Adjustments to Costs of Ongoing Activities	—	1,174,524	415,000	634,524
Total FY 2021 Base Budget	—	4,146,146	3,106,240	1,039,906
Budget Adjustments				
None	—	—	—	—
Total Budget Adjustments	—	—	—	—
Total FY 2021 Adopted Budget	—	4,146,146	3,106,240	1,039,906

WORKERS' COMPENSATION FUND

Description

The Workers' Compensation Program provides wage and medical benefits for employees who sustain an injury or develop an occupational illness within the course and scope of employment. This program uses an 85 percent confidence level, calculated by an outside actuarial consultant, for financial planning to ensure adequate resources are available for anticipated expenses.

Accomplishments

- Developed safe work protocol to protect employees' health by minimizing close contact and maintaining social distance.
- Established guidance to assess risk factors for COVID-19 employee exposures to determine appropriate steps in accordance with Santa Clara County Health Department and the Centers for Disease Control (CDC) guidance.

Initiatives

- Establish a citywide protocol in accordance with new state law establishing occupational COVID-19 illnesses to be covered under the City's Workers' Compensation program.

Goals and Objectives

GOAL 1

Provide a safe environment for employees.

Objectives:

- Provide workplace safety training for all departments.
- Comply with all requirements of the Occupational Safety and Health Act (OSHA).

GOAL 2

Minimize loss of productivity and disruption of services.

Objectives:

- Facilitate early return to work program.
- Reduce the number of costly lost time claims filed and days away from work.

Key Performance Measures

DOLLAR AMOUNT OF CLAIMS PAID

Goal	Minimize loss of productivity and disruption of services.				
Objective	Reduce the number of costly lost time claims filed and days away from work.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Total dollar amount of claims paid	1,827,485	2,804,300	2,000,000	2,600,000	2,500,000
Description	This measure tracks the total cost paid for work-related illness and injury claims in a given fiscal year. As claims develop, prior year total costs paid are revised.				
Purpose	Effective workplace safety and loss control programs lessen the use of public funds for work-related employee injuries and illness.				
Status	The total cost of workers' compensation claims increased in FY 2019 compared to the prior year due to a higher than anticipated increase in cases. The claims cost in FY 2020 and FY 2021 are estimates of current conditions but due to the COVID-19 event, the number of workers' compensation costs may vary in FY 2020 and FY 2021.				

NUMBER OF CLAIMS

Goal	Minimize loss of productivity and disruption of services.				
Objective	Reduce the number of costly lost time claims filed and days away from work.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of Workers' Compensation Claims Filed	79	92	75	97	97
Description	This measure tracks the total employee workers' compensation claim volume filed each fiscal year.				
Purpose	Effective workplace safety and injury prevention program lessen the use of public funds for work-related injuries and illness. In addition to claim costs, the expense of paying overtime or hiring additional staff is mitigated.				
Status	The total numbers of claims increased in FY 2019 and the trend in FY 2020 is expected to remain stable. Due to the COVID-19 event, the numbers of workers' compensation cases in FY 2020 and FY 2021 may vary significantly.				

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Non-Departmental	3,513,168	6,233,418	6,738,337	6,946,942	208,605	3.1%
Total	3,513,168	6,233,418	6,738,337	6,946,942	208,605	3.1%
Dollars by Category						
Salary & Benefits						
Healthcare	10,020	10,183	11,166	10,310	(856)	(7.7)%
Other Benefits	198,412	280,276	251,514	250,327	(1,187)	(0.5)%
Pension	35,757	37,780	52,034	46,993	(5,041)	(9.7)%
Salary	124,472	125,882	161,746	155,435	(6,311)	(3.9)%
Workers' Compensation	2,704,248	5,190,579	5,604,340	5,826,340	222,000	4.0%
Total Salary & Benefits	3,072,909	5,644,701	6,080,800	6,289,405	208,605	3.4%
Contract Services	4,750	6,750	7,079	7,079	—	—%
General Expense	432,049	580,155	650,458	650,458	—	—%
Operating Transfers-Out	3,460	1,813	—	—	—	—%
Total Dollars by Expense Category	3,513,168	6,233,418	6,738,337	6,946,942	208,605	3.1%
Revenues						
Other Revenue	1,941,177	4,058,599	5,481,000	5,078,000	(403,000)	(7.4)%
Return on Investments	415,022	461,055	540,400	474,700	(65,700)	(12.2)%
Total Revenues	2,356,199	4,519,654	6,021,400	5,552,700	(468,700)	(7.8)%
Positions by Division						
Non-Departmental	1.00	1.00	1.48	1.48	—	—%
Total	1.00	1.00	1.48	1.48	—	—%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Senior Human Resources Administrator	1.00	1.00	1.00	1.00	—	127,566
Sub-total: Full-Time Equivalent Positions	1.00	1.00	1.00	1.00	—	127,566
Temporary/Hourly	—	—	0.48	0.48	—	29,163
Total Positions	1.00	1.00	1.48	1.48	—	156,730

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Workers' Compensatio n Fund
Prior Year Budget	1.48	6,738,337	6,021,400	716,937
Base Adjustments				
Workers' Compensation Program Temporary Staffing	(0.48)	(30,386)	—	(30,386)
One-Time Prior Year Budget Adjustments	(0.48)	(30,386)	—	(30,386)
Adjustments to Costs of Ongoing Activities				
Salary and Benefit Adjustments	—	1,039	—	1,039
Charges to Other Funds	—	—	(403,000)	403,000
Workers' Compensation Insurance Claims Adjustments	—	222,000	—	222,000
Investment Income Adjustment	—	—	(65,700)	65,700
Adjustments to Costs of Ongoing Activities	—	223,039	(468,700)	691,739
Total FY 2021 Base Budget	—	6,930,990	5,552,700	1,378,290
Budget Adjustments				
1 Workers' Compensation Program Temporary Staffing	0.48	29,586	—	29,586
2 Management and Professionals Group Compensation Reduction	—	(13,635)	—	(13,635)
Total Budget Adjustments	0.48	15,951	—	15,951
Total FY 2021 Adopted Budget	1.48	6,946,941	5,552,700	1,394,241

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Workers' Compensation Fund
1 Workers' Compensation Program Temporary Staffing	0.48	29,586	0	29,586

This action extends a 0.48 FTE Management Specialist for an additional one-year term to assist with workload in workers' compensation and risk management administration. This request will add capacity to maintain ongoing operations and assist with correct salary continuation for injured workers and accuracy of department timecard coding, tracking injured worker and return-to-work status and maintaining Human Resources claim files. This position will also assist in completing reporting for Community facilities special event insurance, and scheduling annual hearing audiogram testing as time permits. Staff will continue to assess the needs in risk management loss control and bring forward recommendations for ongoing support as part of future budget cycles. (Ongoing costs: \$0)

Performance Results



This action provides resources necessary to implement audit recommendations that streamline the workers' compensation reporting process and improve the accuracy and completeness of claim forms.

2 Management and Professionals Group Compensation Reduction	0.00	(13,635)	0	(13,635)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

Workers' Compensation Fund

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Estimated	FY 2021 Adopted
Workers' Compensation Fund				
Claims Paid	1,827,485	5,108,087	2,989,402	5,703,000
Change in Estimated Self-Insurance Liability	766,339	-	-	-
CSAC Excess Insurance Premium	432,049	579,259	486,966	649,458
Actuarial Services	4,750	6,750	6,750	7,079
TPA Administrator Fees	193,122	275,005	241,109	246,240
State Self-Insurance fees	110,423	82,492	111,297	122,340
In-House Administration	170,000	181,825	221,622	217,825
Workers' Compensation Fund Subtotal	3,513,168	6,233,418	4,057,146	6,946,942



CITY OF
**PALO
ALTO**

INFORMATION TECHNOLOGY

Mission Statement



The Information Technology Department's mission is to provide innovative technology solutions that support City departments in delivering quality services to the community.

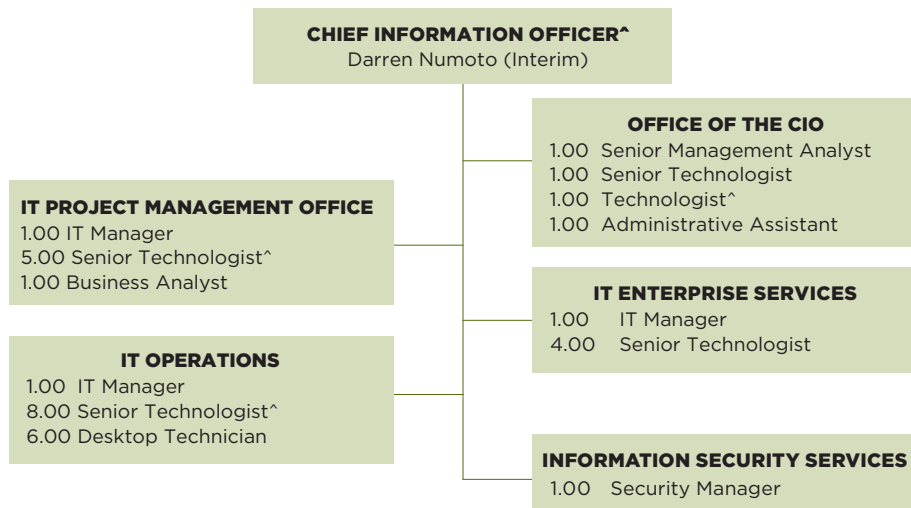
Purpose

The purpose of the Information Technology Department is to champion an inspiring and forward-leaning vision for citywide technology that reflects the unique role of the City of Palo Alto as a global leader in technology innovation; to provide a broad range of high-quality technology-related solutions to employees, departments, council members, and the community in

order for each to meet their respective goals; to support and continuously improve essential technology infrastructure for enabling the day-to-day operations of the City; and to create and maintain an exciting workplace for the Information Technology Department team that inspires high-performance and provides career growth opportunities.



INFORMATION TECHNOLOGY



FY 2021 POSITION TOTALS
33.00 - Full-time
0.48 - Hourly

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

^ These positions have been de-funded in FY 2021 and are identified in the Table of Organization with "(Freeze)" following the job classification title. The following positions are frozen in FY 2021:
1.00 FTE Director Information Technology/CIO
2.00 FTE Senior Technologist
1.00 FTE Technologist

Description

The Information Technology Department's vision statement is to build and enable a leading smart and digital city. A digital city broadly adopts innovative internet-based technologies to enable quality services and processes among City employees, citizens, visitors, and businesses. A smart city integrates technology and digital capabilities with the physical environment to improve livability, workability, and sustainability.

Beginning Fiscal Year 2013, the Information Technology Department embarked on a multi-year journey to transform itself into being a provider of higher-value information technology solutions and make steady progress towards building a leading digital city.

The Information Technology Department provides a wide range of services for the City of Palo Alto through the following operational divisions:

OFFICE OF THE CIO (OCIO)

Provides leadership and strategic direction for the City of Palo Alto's use of technology. OCIO provides advisory services to City departments regarding opportunities to leverage technology to improve government services. In addition, the division sets IT policies and directions for the IT Department and the City. This division is often the public-facing component of the team and is responsible for fostering mutually beneficial public-private, technology-related partnerships. The core services include IT strategic planning, financial management, contract management, communications, work force development, overall department administration, and data analytics.

IT PROJECT MANAGEMENT OFFICE (PMO)

The IT PMO ensures successful execution of technology projects in a consistent and cost-conscious manner. Through IT project governance the department maintains project awareness and manages the project assessment lifecycle. The IT PMO is the City's center of excellence for technology projects, within IT and all other City departments, through the promotion of standards, awareness, and education.

IT OPERATIONS

Maintains and supports all deployed back-end and front-end City technologies, including the process of retiring products and services. The team also ratifies standards working alongside other IT divisions. Services include enterprise architecture, service desk, infrastructure support,

server hosting, office automation software support, technical training and support, and asset management.

IT ENTERPRISE SERVICES

Maintains a core set of large enterprise systems such as the Enterprise Resource Planning (ERP), Utility Billing & Customer Information System (CIS), Customer Relationship Management (CRM), Business Intelligence & Warehouse systems (BI/BW) for supporting Financial, Human Resource, Utilities business processes, information flow, reporting, data analytics, and enterprise data governance for the City.

These services include all aspects of enterprise systems management such as planning, architecture, development, integration, administration, support, maintenance, governance, and change management.

INFORMATION SECURITY SERVICES

Develops and implements the citywide information security program that includes the preservation of the availability, integrity, and confidentiality of the City's information resources. These services include security policy and procedures, legal compliance, risk management, disaster recovery, and security audit.

Accomplishments

- Began the City's Enterprise Resource planning (ERP) upgrade project by obtaining licensing; selected implementation consultant.
- Selected vendor and began implementation of the Next Generation City Website.
- Implemented infrastructure enhancements to increase network availability.
- Implemented CyberSecurity enhancements to further protect the City's infrastructure.
- Implemented new Geographic Information System (GIS) OpenData portal leveraging the ESRI software platform.
- Migrated select departments to modern SharePoint.
- Deployed new Windows 10 computers to half of City staff as part of the computer replacement project.
- Completed Police vehicle computer replacement project.
- Completed migrating the Business Intelligence / Business Warehouse (BI/BW) platform to modern hardware and software.

Initiatives

- Continue implementation of the upgrade for the City's Enterprise Resource Planning (ERP) system.
- Continue implementation of the new Geographic Information System (GIS).
- Continue implementation of a citywide Data Strategy, Standardization, and Governance.

- Continue deployment of new computers as part of the computer replacement project.
- Continue with the support for the design of the new Public Safety Building.
- Deploy upgraded Business Intelligence system.
- Launch the Next Generation City website.
- Review and refine the Information Technology Three-Year Strategic Plan.

Goals and Objectives

GOAL 1

Support a multiyear roadmap to significantly increase the City's adoption of digital services and smart city capabilities.

Objectives:

- Develop, enhance, and provide IT services that will increase the community's access to mobile services.
- Deploy and maintain enterprise-wide platforms and processes for supporting open and participative government to enrich our community.
- Maintain an ongoing program of civic innovation activities in government technology and include broad participation from innovators in the public and private sectors.
- Formalize an Urban Innovation Network to bring together innovators, entrepreneurs, and organizations in the local area to collaborate.

GOAL 2

Enhance IT service delivery to provide excellent customer service to all City departments.

Objectives:

- Support high-quality, consistent, and efficient services by organizing around a standardized delivery framework based on the Information Technology Infrastructure Library (ITIL).
- Mature the established citywide IT governance processes based on an industry-recognized model.
- Deploy new tools to support higher quality service and knowledge management.
- Formalize career path and succession planning for the City's technology staff.
- Review and refresh IT position descriptions, roles, and responsibilities.
- Baseline current IT capabilities and identify targeted improvements based on a model such as the IT Capability Maturity Framework.

GOAL 3

Strengthen the City's technology infrastructure and communication systems.

Objectives:

- Reduce the City's data center footprint by utilizing a hybrid cloud approach.
- Virtualize and decommission systems as necessary to reclaim office space.
- Implement unified communications to optimize business processes and increase user productivity and collaboration.
- Standardize data storage approach and solutions.
- Execute the 2017 adopted GIS Strategy Plan which includes the implementation of the new GIS system and added capabilities.

GOAL 4

Enhance and improve information security to ensure confidentiality, integrity, and availability of information across all City systems.

Objectives:

- Enhance Cybersecurity awareness processes throughout the City.
- Implement additional annual Cybersecurity training for all City employees.
- Ensure a fully-tested disaster recovery and continuity program for mission critical services.
- Continue to identify and invest in innovative tools in order to appropriately protect City systems and data as conditions dictate.

GOAL 5

Design and formalize a citywide data strategy to leverage the high value of our City data.

Objectives:

- Implement citywide Data Governance based on a recognized, industry standard framework such as DM-BOK.
- Mature our Open Data initiative to address data-driven decision making.
- Deploy a defined set of citywide data capabilities for departments.

Key Performance Measures

PERCENT OF SURVEY RESPONDENTS RATING THE SERVICES PROVIDED BY THE INFORMATION TECHNOLOGY DEPARTMENT AS EXCELLENT

Goal	Increase customer satisfaction on the services provided by the Information Technology Department.				
Objective	Establish clear division processes, staff responsibilities, and performance measures.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of survey respondents rating the services provided by the Information Technology Department as excellent.	N/A	93%	93%	93%	94%
Description	This measure identifies the overall level of satisfaction internal customers have with telephone, network, application, and desktop support services.				
Purpose	This measure is an important qualitative assessment of how well IT is supporting its internal customers and whether they feel IT is meeting their needs.				
Status	The FY 2018 survey was put on hold as they survey process was being reviewed. Ongoing outreach and customer relationship management is being employed to ensure high customer satisfaction. Programs such as "Customer Shadowing" have provided excellent feedback and relationship building.				

PERCENT OF SERVICE DESK REQUESTS RESOLVED BY RESOLUTION TIME

Goal	Track the overall time it takes to resolve service desk work orders.				
Objective	Establish clear division processes, staff responsibilities, and performance measures.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of service desk requests resolved at time of call	28%	28%	30%	30%	31%
Percent of service desk requests resolved within 4 hours	25%	23%	23%	23%	22%
Percent of service desk requests resolved within 8 hours	6%	5%	5%	5%	5%
Percent of service desk requests resolved within 5 days	29%	27%	28%	26%	27%
Percent of service desk requests resolved beyond 5 days	13%	15%	14%	16%	15%
Description	These measures track the time it takes to resolve service desk work orders.				
Purpose	Ensuring that IT staff are resolving work orders in a timely manner provides a quantitative measurement of one of the important services the department provides.				
Status	There were minor fluctuations of actuals for help desk work order resolution times; however, with the implementation of self-service and cloud automation tools to address lower level Tier 1 requests, staff will be available to work on more complex work orders. This may result in higher first call resolution times.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of closed help desk requests	8,224	8,097	9,572	8,790	8,997
Number of datasets published on open data platforms	91	94	95	94	95

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
CIP Technology Fund	2,094,809	590,523	7,892,514	1,623,537	(6,268,977)	(79.4)%
Enterprise Systems	3,115,197	3,039,401	3,460,217	3,358,027	(102,190)	(3.0)%
Office of the CIO	2,599,009	2,754,666	3,562,652	2,787,604	(775,048)	(21.8)%
Operations	6,782,791	6,761,641	8,506,210	7,455,210	(1,051,001)	(12.4)%
Project Services	1,653,497	1,696,765	2,014,474	1,788,562	(225,911)	(11.2)%
Total	16,245,303	14,842,997	25,436,067	17,012,940	(8,423,127)	(33.1)%

Dollars by Category						
Salary & Benefits						
Healthcare	752,469	772,301	877,401	721,919	(155,482)	(17.7)%
Other Benefits	185,468	184,640	188,658	163,649	(25,009)	(13.3)%
Overtime	3,913	3,439	19,564	20,073	509	2.6%
Pension	1,316,033	1,376,049	2,046,081	1,796,963	(249,118)	(12.2)%
Retiree Medical	314,799	347,609	358,038	340,208	(17,830)	(5.0)%
Salary	4,500,068	4,614,661	5,206,438	4,388,414	(818,024)	(15.7)%
Workers' Compensation	7,873	92,201	137,314	127,218	(10,096)	(7.4)%
Total Salary & Benefits	7,080,624	7,390,900	8,833,494	7,558,444	(1,275,050)	(14.4)%
Allocated Charges	998,111	1,436,029	1,721,906	1,661,357	(60,549)	(3.5)%
Contract Services	4,361,775	3,913,285	5,140,131	4,653,184	(486,947)	(9.5)%
Facilities & Equipment	644,357	549,739	868,296	556,869	(311,427)	(35.9)%
General Expense	452,063	417,447	475,179	442,179	(33,000)	(6.9)%
Operating Transfers-Out	161,418	99,746	30,590	31,150	560	1.8%
Rents & Leases	362,749	374,357	388,957	401,220	12,263	3.2%
Supplies & Material	49,732	45,335	85,000	85,000	—	—%
Capital Improvement Program	2,134,475	619,097	7,892,514	1,623,537	(6,268,977)	(79.4)%
Total Dollars by Expense Category	16,245,303	14,845,934	25,436,067	17,012,940	(8,423,127)	(33.1)%

Revenues						
Charges to Other Funds	13,774,906	14,570,588	14,409,229	12,321,660	(2,087,568)	(14.5)%
From Other Agencies	—	15,000	—	—	—	—%
Operating Transfers-In	2,031,612	1,365,708	2,137,482	1,340,005	(797,477)	(37.3)%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Other Revenue	—	318,973	103,264	17,713	(85,551)	(82.8)%
Return on Investments	488,765	561,304	644,400	549,200	(95,200)	(14.8)%
Total Revenues	16,295,283	16,831,573	17,294,375	14,228,578	(3,065,797)	(17.7)%

Positions by Division

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Enterprise Systems	9.50	9.00	9.00	9.00	—	—%
Office of the CIO	6.10	6.10	5.10	5.10	—	—%
Operations	14.48	14.48	14.48	14.48	—	—%
Project Services	7.00	7.00	8.00	8.00	—	—%
Total	37.08	36.58	36.58	36.58	—	—%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Administrative Assistant	1.00	1.00	1.00	1.00	—	95,826
Assistant Director Administrative Services	0.10	0.10	0.10	0.10	—	21,509
Business Analyst	1.00	1.00	1.00	1.00	—	155,334
Desktop Technician	6.00	6.00	6.00	6.00	—	558,605
Director Information Technology/ CIO	1.00	1.00	1.00	—	(1.00)	—
Director Information Technology/ CIO (Freeze)	—	—	—	1.00	1.00	220,085
Manager Information Technology	4.00	3.00	3.00	3.00	—	490,194
Manager Information Technology Security	1.00	1.00	1.00	1.00	—	167,086
Principal Business Analyst	1.00	1.00	1.00	1.00	—	165,027
Senior Business Analyst	2.00	2.00	2.00	2.00	—	300,893
Senior Management Analyst	1.00	1.00	1.00	1.00	—	147,264
Senior Technologist	17.00	18.00	18.00	16.00	(2.00)	2,331,784
Senior Technologist (Freeze)	—	—	—	2.00	2.00	299,499
Technologist	1.00	1.00	1.00	—	(1.00)	—

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Technologist (Freeze)	—	—	—	1.00	1.00	155,334
Sub-total: Full-Time Equivalent Positions	36.10	36.10	36.10	36.10	—	5,108,440
Temporary/Hourly	0.98	0.48	0.48	0.48	—	46,056
Total Positions	37.08	36.58	36.58	36.58	—	5,154,497

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Technology Fund
Prior Year Budget	36.58	25,436,067	17,294,375	8,141,692
One-Time Prior Year Budget Adjustments				
None				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits	—	79,067	—	79,067
Return on Investments & Other Revenue	—	—	(94,753)	94,753
Contract Adjustments & Equipment Cost Changes	—	(6,933)	—	(6,933)
Rents and Leases	—	12,263	—	12,263
Transfer from the General Fund-Technology Surcharge	—	—	29,523	(29,523)
Charges to Other Funds-Information Technology Services	—	—	308,682	(308,682)
Capital Improvement Funding	—	(6,268,977)	(913,000)	(5,355,977)
General Fund Cost Allocation Plan	—	(61,200)	—	(61,200)
Communication Services Allocated Charges	—	1,500	—	1,500
General Liability Insurance Allocated Charges	—	10,320	—	10,320
Printing & Mailing Services Allocated Charges	—	(1,768)	—	(1,768)
Refuse Allocated Charges	—	31	—	31
Utilities Allocated Charges	—	(6,530)	—	(6,530)
Vehicle Replacement & Maintenance Allocated Charges	—	(2,903)	—	(2,903)
Workers' Compensation Allocated Charges	—	(10,096)	—	(10,096)
Adjustments to Costs of Ongoing Activities	—	(6,255,226)	(669,548)	(5,585,678)
Total FY 2021 Base Budget	36.58	19,180,841	16,624,827	2,556,014
Budget Adjustments				
1 Reduction in Software and Equipment Support	—	(790,880)	(1,472,993)	682,113
2 Position Eliminations, Deferral of Hiring, and Reduction in Department Training	—	(923,256)	(923,256)	—
3 Management and Professional Group Compensation Reduction	—	(453,765)	—	(453,765)
Total Budget Adjustments	—	(2,167,901)	(2,396,249)	228,348
Total FY 2021 Adopted Budget	36.58	17,012,940	14,228,578	2,784,362



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Technology Fund
1 Reduction in Software and Equipment Support	0.00	(790,880)	(1,472,993)	682,113

This action reduces the Citywide allocation for software replacement and may result in use of reserves or a resource impact to a department where replacement costs have not fully amortized. This reduction also contains costs that are no longer needed due to the City moving to an alternative platform, equipment being taken out of service, or alternative service delivery models being utilized. (Ongoing savings: \$302,000)

Performance Results



This action will not impact performance but will have an impact on fund reserves.

2 Position Eliminations, Deferral of Hiring, and Reduction in Department Training	0.00	(923,256)	(923,256)	0
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This action reduces and defers the hiring of staff including 1.0 Director, Information Technology, 2.0 Senior Technologists, and 1.0 Technologist. This budget impact will result in decreased response time for internal work orders and delays in projects support and management across the organization. (Ongoing savings: \$923,256)

Performance Results



This action will result in decreased response time.

3 Management and Professional Group Compensation Reduction	0.00	(453,765)	0	(453,765)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.



CITY OF
**PALO
ALTO**

LIBRARY

Mission Statement



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

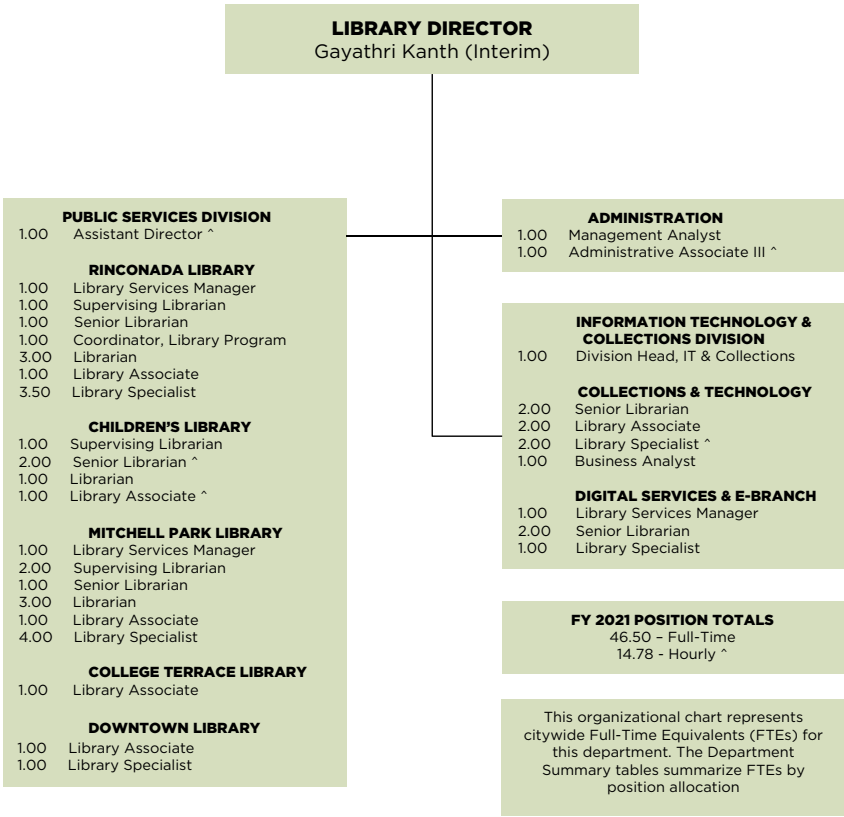
Purpose

The purpose of the Library Department is to provide exceptional, responsive public service to Palo Alto residents and employees; promote exploration of library resources to support learning, recreation, and personal enrichment; foster a love of reading, creative expression, and community engagement for all ages; and develop library facilities, technology, and staff to

create a welcoming, inclusive environment in which to share valuable resources and skilled expertise.



LIBRARY



^ These positions have been de-funded in FY 2021 and are identified in the Table of Organization with "(Freeze)" following the job classification title. The following positions are frozen in FY 2021:

- 1.00 FTE Administrative Associate III
- 1.00 FTE Assistant Director
- 2.00 FTE Senior Librarian
- 1.00 FTE Library Associate
- 1.00 FTE Library Specialist
- 10.41 Hourly FTE

Description

The Library provides a wide range of public services for the City of Palo Alto through the following:

PUBLIC SERVICES & PROGRAMS

Offers a variety of programs free of charge to library users of all ages, interests, and abilities, to provide educational, self-help, recreational, technological, and multi-lingual outreach. When appropriate, partners with other civic, non-profit, business, and educational organizations to present these programs.

INFORMATION, TECHNOLOGY, & COLLECTIONS

Library collections include a diverse selection of print and non-print materials, and digital resources such as electronic books, magazines, and media, to meet the educational, informational, and recreational needs of its clientele, reflecting the variety of languages, cultures, and interests of our community. Provides opportunities (sometimes through experimental partnerships with other agencies) for the public to access a variety of technologies both inside and outside library facilities, including hardware devices, online databases, free WiFi, mobile applications.

BUILDINGS, SUPPORT, & ADMINISTRATION

Provides information, training, and support for City employees and the public, and ensures that all aspects of library services and policies are delivered with the highest degree of public stewardship in mind. By funding major facility renovations and improvements to three libraries through a dedicated library bond and two previous renovation projects, Palo Alto has modern libraries offering comfortable, inviting, and flexible spaces for everyone in our community to gather and learn.

Accomplishments

- Won the Urban Library Council's Top Innovator 2019 Award for providing educational programming for youth and families using robots.
- Recipient of California Center for the Book's Book to Action 2020 Grant. The focus of Palo Alto City Library's Book to Action programming was Alzheimer's Disease and its effect on the community. Activities include a documentary screening and a featured talk by TED Fellow Alanna Shaikh (both postponed to August 2020 due to Public Health Emergency Shelter in Place Restrictions). There is also a book discussion and community service project component to be planned in FY 2021.
- Recipient of a grant from the Pacific Library Partnership, the Palo Alto City Library launched the Vintage Media Lab on September 26, 2019. This new service provides equipment to digitize old formats, including slides, VHS Tapes, 8mm Video Tapes (Video8/Hi8/Handycam), Super 8 or 8mm Movie Film, with more equipment coming soon to digitize

photos, cassettes, and vinyl albums. Volunteers or Staff assist customers during their one-hour sessions every Thursday, and since launching, there have been over 50 sessions.

- Participated in the YMCA's Welcome Week initiative (September 12-22), highlighting special events and services around Palo Alto that support the contributions of New Americans. The Library co-hosted a potluck with the YMCA and Kafenia Peace Collective at the Mitchell Park Community Center on September 21, 2019.
- Continued effort to Celebrate Cultures, including successful Diwali and Lunar New Year events. The Library hosted its 3rd annual Diwali event at the Mitchell Park Community on November 3, attracting 525 attendees, who enjoyed the performances, crafts, food and celebrating this event with their larger community. The Library hosted its annual Lunar New Year event on February 1, at the Art Center Auditorium. This year 175 attendees, including many children, came out to see a martial arts demonstration by Studio Kicks, and made several crafts, including puppets, lanterns and jegis.
- Launched several popular virtual programs on social media including story times, crafts, book discussions and a Spring into Reading program.
- The Teen Library Advisory Board (TLAB) teamed up with Art Center Teen Leadership to develop and paint a 4-canvas mural for the Teen Zone at Mitchell Park Library. The mural, entitled "Rhythm of Time," was unveiled on December 5 and was inspired by the groups' desire to bring the outside in and offer a calming and inspirational piece of artwork for teens to enjoy while studying in the library.

Initiatives

- Coordinate with Public Works on the Library Automated Materials Handling capital project (LB-21000) to install Automated Materials Handling (AMH) Machines at all City libraries, starting with the Children's Library. Automated Materials Handling Machines in place at Rinconada and Mitchell Park Library branches sort up to 4,000 library materials per hour.
- Explore and develop efficiencies in cash handling processes to reduce staff time spent processing revenue collections.
- Explore and develop new virtual programming to engage the community.
- Develop new opportunities for revenue generation to capitalize on library strengths. New revenue explorations include using the library as space rental for events and photoshoots, and providing exam proctoring services.
- Integrate technology into more programming and library projects, including the exploration of robot gardening in libraries.
- Continue to offer free and open access for the public to emerging technologies through workshops and displays.
- Explore creative ways to extend Library open hours by exploring the possibility of piloting Library book vending machines and holds pickup lockers that can be placed outside the library or in the community to access outside of typical library hours.

Goals and Objectives

GOAL 1

Be the place where everyone can learn anything.

Objectives:

- Provide and promote opportunities to read for learning and for pleasure.
- Create learning opportunities for community members to be able to make sense of and succeed in our changing society.
- Provide a portal to American culture, language, and civic life.
- Ensure that the library's collections, technology, and buildings support the evolving requirements of 21st Century lifelong learning.
- Provide tools for improving all types of literacy.
- Provide early childhood literacy programs based on current research in child development and learning.

GOAL 2

Be the partner of choice for community organizations.

Objectives:

- Support Project Safety Net's programs to promote youth well-being and implement the 41 Developmental Assets.
- Increase collaboration with Palo Alto's public and private schools and their school librarians.
- Support library stakeholders in their advocacy and fundraising activities.
- Connect staff to community organizations in order to support their goals and collaborate in their activities.
- Encourage relationships with community organizations that enhance library services and programs.
- Develop partnerships to enhance customers' digital experiences.

GOAL 3

Connect community members to exchange and share stories, interests, and skills, with particular emphasis on intergenerational opportunities.

Objectives:

- Provide a forum to explore current events and issues of community interest.
- Engage community members in library services as volunteers and program advisors.
- Connect community members to exchange and share stories, interests, and skills.
- Encourage reading, writing, and other forms of creative expression among community members.

GOAL 4

Leverage technology to integrate the library into the lives of community members.

Objectives:

- Enhance and preserve unique and local collections.
- Plan and implement a social media strategy.
- Produce web content that is relevant to the needs and interests of our diverse audiences.
- Facilitate access for library users to resources that enable them to create content.
- Provide staff training and technology infrastructure to support digital projects.
- Keep abreast of emerging technologies and trends and of library-specific applications.

GOAL 5

Provide a richer library experience for our community because of the expertise and effort of our dynamic staff.

Objectives:

- Attract and retain the most skilled and knowledgeable staff.
- Motivate and recognize staff through opportunities to innovate and be creative.
- Create opportunities for staff members to bring their talents and interests to work.
- Explore opportunities for improving employee work-life balance.
- Support and promote efforts to make it possible for staff to live in or near Palo Alto.

Key Performance Measures

NUMBER OF TEENS WHO PARTICIPATE IN THE LIBRARY'S PROGRAMS FOR TEENS, INCLUDING THE SUMMER READING PROGRAM

Goal	Develop and provide library services and programs supporting the 41 Developmental Assets for Adolescents Model.				
Objective	Encourage adolescents between the ages of 12 and 18 to read for pleasure three or more hours a week (Developmental Asset #25).				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of teens	5,653	2,619	6,430	7,350	7,497
Description	This measure tracks the level of interest and participation in the library's recreational reading programs.				
Purpose	Adolescents who enjoy reading are more likely to grow up into healthy, caring, and responsible adults.				
Status	The Teen Library Advisory Board (T-LAB) works with staff to implement and guide program development. A Teen Librarian position, vacant for most of FY19, was filled in FY20 leading to an increase in programming and teen participation.				

PERCENT OF SURVEYED RESIDENTS RATING SATISFACTION WITH LIBRARY DEPARTMENT SERVICES AS GOOD OR EXCELLENT

Goal	Connects Palo Alto's diverse community through knowledge, resources, and opportunities.				
Objective	Maintain and enhance the community's satisfaction with library services.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Variety of Library Materials	88%	N/A*	89%	89%	N/A*
Neighborhood Branch Libraries	92%	N/A*	93%	93%	N/A*
Public Library Services	93%	N/A*	94%	94%	N/A*
Recommend Palo Alto's Libraries to Friends	92%	N/A*	93%	93%	N/A*
Description	These measures track the percent of residents rating overall library services to the community as good or excellent. This data is collected as part of the National Citizen's Survey that is conducted annually by the International City/County Management Association (ICMA) and allows the City to compare itself to other municipalities.				
Purpose	Community satisfaction with the Library Department is an important assessment of the quality of services provided to the City and its residents.				
Status	* The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Meeting Room Reservations	14,155	14,648	14,726	17,408	17,756
Visits to library branches	1,045,282	1,009,639	1,181,530	962,250	1,181,530
Virtual visits to the library**	889,343	809,014	887,548	696,656	710,589
Checkouts of library materials	1,538,118	1,467,038	1,600,104	1,597,412	1,629,360
Annual turnover rate of library collections	4.51	4.60	4.30	4.94	4.30

**Use of ad blockers on Google Analytics causes lower numbers when counting virtual visits. Ad blockers and incognito browsing make virtual visits difficult to track. This is a trend seen across library systems in California.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Administration	1,164,911	1,244,458	1,187,866	812,581	(375,285)	(31.6)%
Collection and Technical Services	2,591,757	2,785,373	2,817,967	2,579,780	(238,187)	(8.5)%
Public Services	5,364,455	5,318,107	6,308,195	5,028,932	(1,279,263)	(20.3)%
Total	9,121,123	9,347,938	10,314,028	8,421,293	(1,892,735)	(18.4)%
Dollars by Category						
Salary & Benefits						
Healthcare	892,788	845,474	990,332	752,158	(238,174)	(24.0)%
Other Benefits	127,532	119,568	132,680	129,376	(3,304)	(2.5)%
Overtime	12,020	10,079	72,406	74,289	1,883	2.6%
Pension	1,096,212	1,087,781	1,484,589	1,444,034	(40,555)	(2.7)%
Retiree Medical	458,425	444,128	457,452	434,938	(22,514)	(4.9)%
Salary	4,329,080	4,302,479	4,624,038	3,511,210	(1,112,828)	(24.1)%
Workers' Compensation	3,107	100,737	148,509	137,589	(10,919)	(7.4)%
Total Salary & Benefits	6,919,165	6,910,246	7,910,006	6,483,595	(1,426,412)	(18.0)%
Allocated Charges	1,024,363	1,132,770	1,259,768	1,030,752	(229,016)	(18.2)%
Contract Services	379,141	405,532	337,993	293,185	(44,808)	(13.3)%
Facilities & Equipment	24,131	1,599	9,900	9,900	—	—%
General Expense	97,546	62,219	88,430	58,380	(30,050)	(34.0)%
Operating Transfers-Out	—	59,859	—	—	—	—%
Supplies & Material	676,778	775,713	707,931	545,481	(162,450)	(22.9)%
Total Dollars by Expense Category	9,121,123	9,347,938	10,314,028	8,421,293	(1,892,735)	(18.4)%
Revenues						
Charges for Services	22,988	20,240	25,461	25,461	—	—%
Operating Transfers-In	—	15,000	—	—	—	—%
Other Revenue	37,029	63,504	60,123	51,400	(8,723)	(14.5)%
Other Taxes and Fines	95,675	91,614	124,433	39,255	(85,178)	(68.5)%
Total Revenues	155,691	190,358	210,017	116,116	(93,901)	(44.7)%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Positions by Division						
Administration	0.40	0.40	0.40	0.40	—	—%
Collection and Technical Services	13.24	13.55	13.55	13.59	0.04	0.3%
Public Services	49.94	48.63	47.33	47.29	(0.04)	(0.04)%
Total	63.58	62.58	61.28	61.28	—	—%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Administrative Associate III	1.00	1.00	1.00	—	(1.00)	—
Administrative Associate III (Freeze)	—	—	—	1.00	1.00	84,032
Assistant Director Library Services	1.00	1.00	1.00	—	(1.00)	—
Assistant Director Library Services (Freeze)	—	—	—	1.00	1.00	173,326
Business Analyst	1.00	1.00	1.00	1.00	—	155,334
Coordinator Library Programs	1.00	1.00	1.00	1.00	—	92,706
Director Libraries	1.00	1.00	1.00	1.00	—	237,994
Division Head Library Services	1.00	1.00	1.00	1.00	—	161,824
Librarian	7.00	7.00	6.00	6.00	—	489,840
Library Associate	7.00	7.00	7.00	6.00	(1.00)	440,170
Library Associate (Freeze)	—	—	—	1.00	1.00	73,362
Library Specialist	12.50	11.50	11.50	10.50	(1.00)	728,801
Library Specialist (Freeze)	—	—	—	1.00	1.00	69,410
Management Analyst	1.00	1.00	1.00	1.00	—	92,248
Manager Library Services	4.00	4.00	3.00	3.00	—	364,104
Senior Librarian	9.00	9.00	8.00	6.00	(2.00)	556,234
Senior Librarian (Freeze)	—	—	—	2.00	2.00	185,411
Supervising Librarian	2.00	2.00	4.00	4.00	—	389,314
Sub-total: Full-Time Equivalent Positions	48.50	47.50	46.50	46.50	—	4,294,108
Temporary/Hourly	15.08	15.08	14.78	14.78	—	776,881
Total Positions	63.58	62.58	61.28	61.28	—	5,070,989

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	61.28	10,314,028	210,017	10,104,011
One-Time Prior Year Budget Adjustments				
Pacific Library Partnership (PLP) Grant Funds Distribution	—	(8,723)	(8,723)	—
One-Time Prior Year Budget Adjustments	—	(8,723)	(8,723)	—
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	148,028	—	148,028
Library Equipment Maintenance Expenses Adjustment	—	13,915	—	13,915
General Liability Insurance Allocated Charges	—	10,215	—	10,215
Information Technology Allocated Charges	—	(198,486)	—	(198,486)
Printing & Mailing Allocated Charges	—	(3,893)	—	(3,893)
Refuse Allocated Charges	—	10,868	—	10,868
Stormwater Management Allocated Charges	—	60	—	60
Utilities Allocated Charges	—	(47,436)	—	(47,436)
Vehicle Replacement & Maintenance Charges	—	(345)	—	(345)
Workers Compensation Allocated Charges	—	(10,919)	—	(10,919)
Adjustments to Costs of Ongoing Activities	—	(77,992)	—	(77,992)
Total FY 2021 Base Budget	61.28	10,227,313	201,294	10,026,019
Budget Adjustments				
1 Elimination of Library Late Fines for Overdue Adult Materials	—	—	(85,178)	85,178
2 Management and Professionals Group Compensation Reduction	—	(151,494)	—	(151,494)
3 Travel, Training, and Materials Expense Reductions	—	(241,500)	—	(241,500)
4 Reduced Library Hours and Services	—	(694,616)	—	(694,616)
5 Administrative and Library Staffing Reductions	—	(718,410)	—	(718,410)
Total Budget Adjustments	—	(1,806,020)	(85,178)	(1,720,842)
Total FY 2021 Adopted Budget	61.28	8,421,293	116,116	8,305,177

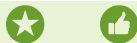


Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Elimination of Library Late Fines for Overdue Adult Materials	0.00	0	(85,178)	85,178

This ongoing action eliminates budgeted revenue from library late fines for overdue adult materials. This action aligns the budget with the updated policy to no longer charge these fines. This change is recommended in response to industry trends towards removing barriers to access, implementation of automatic renewals, and the recommendation of the Library Advisory Commission on August 22, 2019. Eliminating adult library late fines will also decrease administrative work associated with the collection and enforcement of fines. (Ongoing costs: \$85,178)

Performance Results



This elimination of late fines for overdue adult materials will align the budget with Library policy, reduce barriers to access, and reduce administrative work.

2 Management and Professionals Group Compensation Reduction	0.00	(151,494)	0	(151,494)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
3 Travel, Training, and Materials Expense Reductions	0.00	(241,500)	0	(241,500)

This action reduces the department's travel and training budget and contracts and reduces the department's new material (books) acquisition budget for two years. This will reduce the department's capacity to attend conferences and pursue other professional development opportunities, decrease the number of new books that can be purchased in response to patron or commission requests, and increase wait time customers experience for new books. Physical book circulation has been trending downward since 2018 while electronic resource utilization is trending upward. (Ongoing savings: \$241,500)

Performance Results

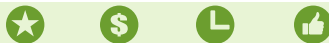


This action contributes to cost containment strategies in FY 2021.

4 Reduced Library Hours and Services	0.00	(694,616)	0	(694,616)
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This action reduces operating hours and/or days at all Library branches. Neighborhood Libraries (Children's, Downtown and College Terrace) will be open 3 days per week and full service libraries (Mitchell Park and Rinconada) will be open 6 days per week. Evening hours will also be eliminated at Rinconada Library, which will close at 6pm every day as opposed to remaining open until 9pm Monday - Thursday. Children's Library will also transition to providing Neighborhood Branch level of service, which includes fewer programs and special events, similar to service levels at the Downtown Library. In FY 2019, the Libraries conducted about 770 program events for Youth ages 0-12; this action is anticipated to result in approximately 200 fewer annual youth programs. The reduced hours of Rinconada Library are expected to increase wait times for community meeting rooms and increase utilization and crowds at Mitchell Park between 6pm - 9pm. This action includes a reduction of 1.0 Library Associate, 2.0 Senior Librarian and 6.27 FTE of part-time staff resources. (Ongoing savings: \$694,616)

Performance Results

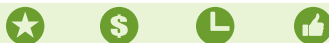


This action contributes to cost containment strategies in FY 2021.

5 Administrative and Library Staffing Reductions	0.00	(718,410)	0	(718,410)
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This action reduces staffing for administrative support, information technology, and customer service. This action will decrease availability of Library staff and services such as reference services, readers advisory, public programs, and book clubs; decrease administrative support; increase time for re-circulating materials and responding to customer service inquiries; decrease coverage at Service Desks from two to one staff member; and limit the Library's ability to manage special projects. This action reduces 1.0 Administrative Associate III, 1.0 Assistant Director of Library Services, 1.0 Library Specialist, and 4.14 FTE of part time staff resources. (Ongoing savings: \$718,410)

Performance Results



This action contributes to cost containment strategies in FY 2021.

OFFICE OF EMERGENCY SERVICES

Mission Statement

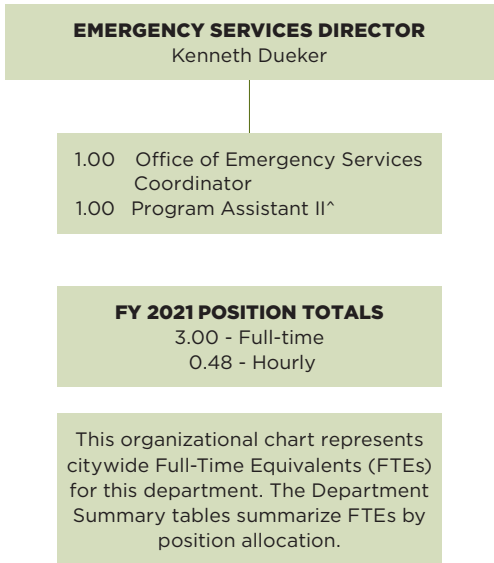


The mission of the Office of Emergency Services is to prevent, prepare for, mitigate, respond to, and recover from all hazards.

Purpose

The purpose of the Office of Emergency Services is to develop, maintain, and sustain a citywide, comprehensive, all-hazard, risk-based emergency management program that engages the whole community.





^The 1.00 FTE Program Assistant II position has been de-funded in FY 2021 and is identified in the Table of Organization with "(Freeze)" following the job classification title.

Description

The Office of Emergency Services (OES) develops, maintains, and sustains a citywide, comprehensive, all-hazard, risk-based emergency management program that engages the whole community.

Accomplishments

- Led the City's response to the COVID-19 incident in March 2020, operated a virtual Emergency Operations Center (EOC) for three months (March 17 to June 15), and supported the City's recovery efforts.
- Provided OES staff member support to the Town of Gilroy EOC following the active shooter incident and the deployment of the Mobile EOC (MEOC) for the town's public safety vigil event.
- Coordinated and executed a Silicon Valley Safety and Preparedness Day at the Stanford Shopping Center July 27, 2019 with support from a wide variety of public safety agencies, community organizations, and the shopping center, which was well attended by the public.
- Awarded a \$200,000 grant to procure a mobile emergency solar generator platform. Completed the Request for Proposal (RFP) process with a vendor selection.
- Continued to develop the Emergency Services Volunteer (ESV) program and general community public safety awareness through ongoing public education sessions, trainings, and exercises; during the COVID-19 incident, activated the ESV Program to assist in the communication flow of information to city neighborhoods, and welfare checks of our residents.
- Continued to work with regional public safety partners on a wide range of planned and special events, ranging from visits by dignitaries to mass-gatherings and high-risk events. The Mobile Emergency Operations Center (MEOC) and other specialized OES vehicles were deployed in support of such events.

Initiatives

- Coordinate regional planning for wildland fire response and evacuations and restore the Foothills Fire Station fire camera.
- Explore new technologies, including resilient power for key sites and critical systems and bring online a mobile solar generator platform.
- Partner with and advise the Public Works, Police, and Fire Departments on the design/build of the new Public Safety Building (PSB); participate in routine planning meetings and projects to maintain the construction schedule.
- Continue to work with the IT and Utilities Departments to deploy a new Public Safety Wireless Network.

- Maintain the Intrusion Detection System (IDS); develop a service agreement with system vendor.

Goals and Objectives

GOAL 1

Promote operational readiness of the City to implement the emergency management cycle (mitigate, prepare, respond, recover).

Objectives:

- Execute a training and exercise plan for designated staff assigned to the Emergency Operations Center (EOC), Mobile Emergency Operations Center (MEOC), Department Operations Center, and other assignments.
- Maintain emergency management facilities, critical infrastructure, and essential equipment to ensure they are fully mission capable.
- Coordinate development of new technologies for emergency management.
- Acquire grant funding to improve capabilities of preparedness and response resources.

GOAL 2

Engage the whole community to prepare for all hazards.

Objectives:

- Administer the City Emergency Services Volunteer Program (ESV) to provide a cadre of trained volunteers in residential neighborhoods.
- Coordinate with the private sector and non-governmental organizations to promote continuity of business operations.
- Administer outreach to the citizenry to encourage emergency preparedness.

GOAL 3

Maintain policies and plans related to disasters, critical incidents, and City safety.

Objectives:

- Lead a process to identify threats and hazards and to assess risks the City faces.
- Maintain awareness of threats through coordination with law enforcement agencies and other public safety partners.
- Participate in regional planning efforts.
- Revise the Emergency Operations Plan and associated plans and annexes through an adaptive planning process.

Key Performance Measures

READINESS OF OFFICE OF EMERGENCY SERVICES (OES) RESOURCES

Goal	Promote operational readiness of the City to implement the emergency management cycle (mitigate, prepare, respond, recover).				
Objective	Maintain OES emergency management facilities, critical infrastructure, and equipment fully mission capable.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of Office of Emergency Services resources that are able to respond effectively to hazards	98%	99%	95%	95%	95%
Description	OES must be able to implement response procedures to an all-hazards threat matrix at any time. OES strives to maintain fully mission capable status to respond effectively to all hazards. However, given the specialized and discrete inventory of equipment, it is not feasible to maintain all systems to a 100 percent readiness standard. Therefore, the goal is to meet a 95 percent readiness rate, allowing some flexibility for unscheduled equipment maintenance during the year.				
Purpose	Critical resources will improve the City's ability to manage a response.				
Status	The Emergency Operations Center (EOC) is functioning as an information intelligence center hub and staffed during the day on a regular basis. Other assets, such as the Mobile Emergency Operations Center (MEOC) and support vehicles and equipment were also maintained at a near fully operational rate and involved in a number of deployments in FY 2020.				

NUMBER OF ANNUAL REPORTED INCIDENTS WITHIN THE CALTRAIN RIGHT-OF-WAY

Goal	Promote operational readiness of the City to implement the emergency management cycle (mitigate, prepare, respond, recover).				
Objective	Coordinate development of new technologies for emergency management.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of annual reported incidents within the CalTrain right-of-way	N/A*	N/A*	N/A*	N/A*	50
Description	This measure provides the number of Intrusion Detection System (IDS) incidents reported events by the G4S monitoring center, and other public safety reported incidents outside of the IDS coverage area.				
Purpose	Over time, OES expects to reduce the number of annual reported incidents as the department becomes more aware of the causality of these incidents.				
Status	* This is a new performance measure beginning in FY 2021 and will provide a baseline for the following years.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of presentations, training sessions, and exercises	216	163	150	130	150
Number of deployments of the Emergency Operations Center, Mobile EOC, and Incident Command Post	62	35	35	86	35

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Emergency Services	968,477	1,243,411	1,728,080	1,356,976	(371,104)	(21.5)%
Total	968,477	1,243,411	1,728,080	1,356,976	(371,104)	(21.5)%
Dollars by Category						
Salary & Benefits						
Healthcare	35,781	37,365	42,910	31,703	(11,206)	(26.1)%
Other Benefits	12,098	13,831	14,719	13,617	(1,102)	(7.5)%
Overtime	2,283	5,300	—	—	—	—%
Pension	101,659	113,636	138,382	144,829	6,447	4.7%
Retiree Medical	54,299	49,844	51,339	50,986	(353)	(0.7)%
Salary	383,382	395,155	420,657	341,417	(79,240)	(18.8)%
Workers' Compensation	1,596	16,272	22,402	21,574	(828)	(3.7)%
Total Salary & Benefits	591,098	631,402	690,409	604,125	(86,283)	(12.5)%
Allocated Charges	54,407	104,411	116,550	185,722	69,172	59.3%
Contract Services	114,993	304,689	559,500	400,508	(158,992)	(28.4)%
Facilities & Equipment	134,493	122,131	277,000	82,000	(195,000)	(70.4)%
General Expense	28,788	29,276	34,700	34,700	—	—%
Operating Transfers-Out	—	5,631	—	—	—	—%
Supplies & Material	44,699	45,872	49,922	49,922	—	—%
Total Dollars by Expense Category	968,477	1,243,411	1,728,080	1,356,976	(371,104)	(21.5)%
Revenues						
Charges to Other Funds	94,623	96,336	95,589	95,589	—	—%
From Other Agencies	2,600	—	200,000	—	(200,000)	(100.0)%
Total Revenues	97,223	96,336	295,589	95,589	(200,000)	(67.7)%
Positions by Division						
Emergency Services	3.48	3.48	3.48	3.48	—	—%
Total	3.48	3.48	3.48	3.48	—	—%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Director Office of Emergency Services	1.00	1.00	1.00	1.00	—	167,794
Office of Emergency Services Coordinator	1.00	1.00	1.00	1.00	—	142,189
Program Assistant	1.00	—	—	—	—	—
Program Assistant II	—	1.00	1.00	—	(1.00)	—
Program Assistant II (Freeze)	—	—	—	1.00	1.00	85,488
Sub-total: Full-Time Equivalent Positions	3.00	3.00	3.00	3.00	—	395,470
Temporary/Hourly	0.48	0.48	0.48	0.48	—	35,942
Total Positions	3.48	3.48	3.48	3.48	—	431,413

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	3.48	1,728,080	295,589	1,432,491
One-Time Prior Year Budget Adjustments				
Mobile Solar Energy Generation and Storage Trailer	—	(200,000)	(200,000)	—
One-Time Prior Year Budget Adjustments	—	(200,000)	(200,000)	—
Adjustments to Costs of Ongoing Activities				
Salary and Benefits	—	45,343	—	45,343
Contract Services Realignment (Shift to Communication Services and Utilities Allocation)	—	(93,992)	—	(93,992)
Communication Services Allocated Charges	—	9,400	—	9,400
Information Technology Allocated Charges	—	(24,079)	—	(24,079)
Liability Insurance Allocated Charges	—	1,643	—	1,643
Printing & Mailing Services Allocated Charges	—	1,554	—	1,554
Utilities Allocated Charges	—	84,492	—	84,492
Vehicle Replacement & Maintenance Allocated Charges	—	(3,839)	—	(3,839)
Workers' Compensation Allocated Charges	—	(828)	—	(828)
Adjustments to Costs of Ongoing Activities	—	19,695	—	19,695
Total FY 2021 Base Budget	3.48	1,547,775	95,589	1,452,186
Budget Adjustments				
1 Management and Professionals Group Compensation Reduction	—	(32,594)	—	(32,594)
2 Intrusion Detection Systems (IDS) Reduction	—	(60,000)	—	(60,000)
3 Emergency Preparedness Staffing Reduction	—	(98,204)	—	(98,204)
Total Budget Adjustments	—	(190,798)	—	(190,798)
Total FY 2021 Adopted Budget	3.48	1,356,977	95,589	1,261,388



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Management and Professionals Group Compensation Reduction	0.00	(32,594)	0	(32,594)

This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

2 Intrusion Detection Systems (IDS) Reduction	0.00	(60,000)	0	(60,000)
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This action reduces funding for IDS camera systems along the Caltrain corridor from \$440,000 to \$380,000; maintaining fiber and monitoring services, and reducing maintenance. (Ongoing savings: \$60,000)

Performance Results



This action is not anticipated to impact service delivery levels.

3 Emergency Preparedness Staffing Reduction	0.00	(98,204)	0	(98,204)
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This action reduces 1.0 Program Assistant II in the Office of Emergency Services. This reduction will result in fewer resources to support the critical infrastructure program, which includes establishing key community contacts, conducting assessments, and maintaining an essential database. Scaling back this program will impact the preparedness of the community and will result in a shortage of trained personnel to perform essential functions during an activation. Staff also anticipates that without a dedicated resource to manage Intrusion Detection Systems (IDS) that performance will decline over time. (Ongoing savings: \$98,204)

Performance Results



This action may impact the readiness of the community in an emergency response.

PLANNING AND DEVELOPMENT SERVICES

Mission Statement



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

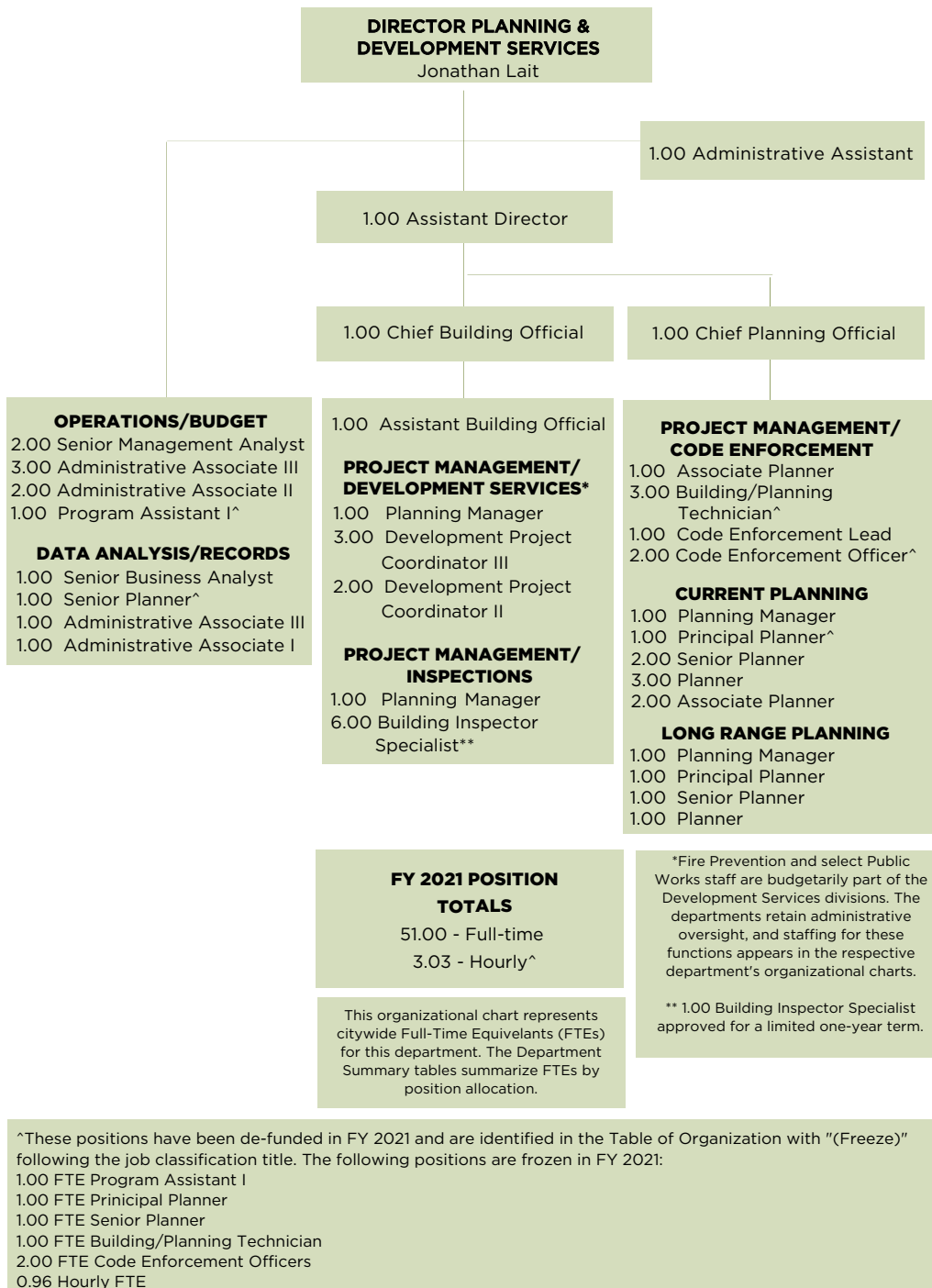


Purpose

The Planning and Development Services Department is responsible for a range of actions aimed at preserving and enhancing the quality of life in Palo Alto, protecting

the public health, safety, and general welfare while facilitating land use and development decisions through consistent and transparent processes.

PLANNING AND DEVELOPMENT SERVICES



Description

The Planning and Development Services (PDS) Department is responsible for the following functions:

ADMINISTRATION

Provides personnel, contract, budget, operations, and project support, including managing and measuring performance metrics and responding to data requests for the department. The division also supports the Planning and Transportation Commission, Architectural Review Board, Historic Resources Board, and other public meetings.

CODE ENFORCEMENT

Responsible for enforcement of code requirements and conditions of approval.

CURRENT PLANNING

Responsible for the review of public and private projects pursuant to the California Environmental Quality Act (CEQA), the City's Zoning Ordinance, and the Comprehensive Plan. Activities include the review of applications submitted for planning entitlements, review of applications for building permits, and providing general information to the public regarding the City's zoning and Comprehensive Plan provisions.

DEVELOPMENT SERVICES

Responsible for taking in applications for entitlements and permits, routing and coordinating with other departments such as Public Works, Fire, and Utilities to ensure that the proposed and completed construction complies with all state and local code requirements, including Green Building requirements.

LONG RANGE PLANNING

Responsible for updating and maintaining the City's Comprehensive Plan, including its Housing Element. The division also prepares zoning ordinance amendments and site-specific plans and is responsible for data and analysis to support a wide variety of planning projects.

Accomplishments

- Established the Planning and Development Services (PDS) Department through the merging of the Planning and Community Environment (PCE) Department and Development Services Department (DSD) to create one cohesive unit focused on entitlements, permitting, code enforcement, and land use visioning.
- Accelerated a pilot program for an online permit system for application intake and permit processing, enabling services to continue during the Development Services Center's temporary physical closure due to COVID-19.
- Adopted Phase I of the 2019 Energy Reach Code Ordinance to require all-electric designs for new low-rise residential building construction.

PLANNING AND DEVELOPMENT SERVICES

- Presented an ordinance for City Council to adopt new 2019 California Code of Regulations, Title 24, Part 1-12.
- Supported the 100% affordable housing project at Wilton Court (3705 El Camino) through an additional \$10.5 million loan, for a total of \$20.5 million in contributions towards the project.
- Provided a comprehensive revision to accessory dwelling unit (ADU) regulations to comply with State law.
- Successfully applied for the Challenge Grant for Housing Protection and Preservation and was granted a two-year fellowship to advance the Council-directed rental protection study.
- Successfully applied for and received funding for the SB 2 Planning Grant Program from the State of California Housing and Community Development Department.
- Amended the Municipal Code to provide more opportunities to install Electrical Vehicle (EV) chargers in multifamily and commercial parking lots.
- Progressed on the North Ventura Coordinated Area Plan (NVCAP) through community outreach and study sessions to advance the project objectives.

Initiatives

- Continue to support the Summer Street's Initiative and develop long term policies to support businesses related to street closures, parklet dining, public spaces and recommend supportive business regulations in response to COVID-19.
- Continue to advance the housing work program to enhance housing protection, preservation and production.
- Engage in a new fee study to align department-wide fees with the evolved structure of the newly combined Development Services and Planning and Community Environment Departments.
- Explore administrative and procedural changes to streamline the application process.
- Create an appointment-based system at the development center to reduce wait times.
- Adopt and implement Phase II and Phase III of the Energy Reach Code Ordinance to require all-electric designs for new commercial, high-rise residential and ADU construction to comply with current codes.
- Begin work on updating the City's Housing Element, a mandatory element of the City's Comprehensive Plan, to plan to meet the existing projected housing needs of all economic segments of the community.
- In response to the code enforcement audit, integrate the 311 Customer Relationship Manager with Accela to provide a more streamlined real-time reporting, tracking, and responses for customer service calls.
- Continue to integrate Planning and Development Services into a cohesive department.

Goals and Objectives

GOAL 1

Provide a high level of customer service and optimize application review, processing, and permit issuance times.

Objectives:

- Optimize number of days to issue a permit.
- Optimize the number of over-the-counter plan checks that result in a permit issuance.
- Interpret and apply building codes through inspection and enforcement.

GOAL 2

Deliver ongoing programs that improve people's lives, including code enforcement, housing, development services, historic preservation, and community block grant programs.

Objectives:

- Manage the City's Community Development Block Grant (CDBG) and Below Market Rate (BMR) housing programs.
- Exemplify the City's commitment to well-enforced building codes, health, safety, and general welfare and improve the City's Insurance Services Office (ISO) rating.
- Respond to citizen complaints and effectively abate zoning and building code violations.

GOAL 3

Work collaboratively with City departments to set fees at full cost recovery while monitoring activity levels to ensure costs and revenues are aligned. This requires monitoring of activities and revenues to ensure rates are set at the appropriate levels and the applicant receives the service established by said fees.

Objectives:

- Complete regular fee studies to ensure revenues cover expenditures in each of the departments that collaborate with Development Services.
- Monitor and track real-time activity levels from each of the departments to ensure activities are aligned with expenditures.
- Share and publish goals, metrics, and accomplishments with all stakeholders to ensure the department is on track with established goals and fees are in line with activity levels.

Key Performance Measures

AVERAGE NUMBER OF DAYS FROM ISSUANCE TO FINAL

Goal	Provide a high level of customer service and decrease the total time to approve the construction phase of a commercial tenant improvement.				
Objective	Decrease number of days from permit issuance to final inspection.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Average number of days between permit issuance and temporary occupancy or final inspection	186	191	176	197	200
Description	This measure tracks the amount of days it takes to inspect and approve commercial tenant improvement for occupancy.				
Purpose	Moving new tenants into their space as quickly as possible is essential for the financial health and long-term success of new businesses. It is also important in promoting the general economic vitality of the City by reducing the number of days commercial spaces stay vacant and out of production. The goal is to provide the necessary information and coordination early in the construction phase, which results in a positive outcome for the business owner while enhancing the economy of Palo Alto. Meanwhile, inspectors need to ensure construction complies with ever increasing requirements added to the building and green codes.				
Status	This measure is impacted by the contractor's performance and their ability to complete projects in a timely manner after receiving approved plans from the City. This measure is impacted by the ability of developers to finance projects, find qualified contractors, and perform on schedule. Targets in FY 2021 have been increased based on experience in prior years.				

CODE ENFORCEMENT

Goal	Deliver ongoing programs that improve people's lives, including code enforcement, housing, development services, historic preservation, and community block grant.				
Objective	Respond to citizen complaints and effectively abate zoning and building code violations.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of surveyed residents rating the quality of code enforcement as "good" or "excellent"	55%	N/A*	60%	60%	N/A*
Description	This measure tracks residents' opinions through data collected in the National Citizen Survey (NCS).				
Purpose	This measure can be used to measure changes in satisfaction as service enhancements to the code enforcement function are implemented.				
Status	*The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process.				

BUILDING PLAN CHECKS

Goal	Increase the public's trust in the City's planning functions, reaffirming the role of the Comprehensive Plan as the City's fundamental land use and transportation policy document, maintaining transparency and objectivity, and providing ample data and a reasonable basis for recommendations.				
Objective	Improve the review times for building permit applications.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of Planning Review of building plan checks completed within 30 days of application intake	74%	N/A	80%	N/A	N/A
Description	This measure tracks the percentage of building plan checks completed within an expected time frame.				
Purpose	Staff level reviews of building plan checks ensure compliance with land use and development standards.				
Status	At the timing of the development of the FY 2021 budget, data for FY 2019 and FY 2020 Estimated was not available. The department will reassess this measure in FY 2021 and recommend an alternative measure that is more reflective of the Development Center performance as a whole.				

INSURANCE SERVICES OFFICE (ISO) RATING

Goal	Exemplify the City's commitment to well-enforced building codes, health, safety, and general welfare.				
Objective	Obtain and maintain the highest rating (Class 1).				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Insurance Services Office (ISO) Rating	1	3	1	3	3
Description	ISO administers the Building Code Effectiveness Grading Schedule (BCEGS) program for the property/casualty insurance industry. The BCEGS program assesses the building codes in effect in a particular community and how the community enforces its building codes, assigning each municipality a class of 1 (exemplary commitment to building code enforcement) to 10.				
Purpose	Municipalities with well-enforced, up-to-date codes demonstrate less property damage due to fire and natural disasters. This can be reflected in the citizens' insurance rates. BCEGS helps communities by: 1. Improving building codes (by encouraging the adoption of the most current codes), building departments, and code enforcement; 2. Promoting construction of better, more catastrophe-resistant buildings; 3. Reducing property losses from catastrophes; and 4. Reducing the economic and social disruption that results from catastrophes' serious and widespread destruction.				
Status	In FY 2019 and 2020, the department's ISO rating declined from a Class 1 to a Class 3 as a result of a few factors such as loss of tenured staff and lower training and certifications of new staff. ISO reviews a community's classification on an approximate five year cycle or as requested by the City. Over the next few fiscal years, the department will strive to make progress towards achieving a Class 1 rating.				

PLANNING AND DEVELOPMENT SERVICES

PERCENT OF PERMITS ISSUED ON TIME

Goal	Work collaboratively with City departments, which support development services, to adequately staff and respond to workload demands and achieve excellent customer service outcomes.				
Objective	Provide customers with clear, succinct, and consistent guidelines.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of permits initiated within a given period where all department reviews are completed	54%	48%	80%	84%	70%
Description	This measure tracks the percentage of building permit plan reviews that are completed by the estimated due date provided to the customer at the time of permit submittal. This includes projects that are submitted for the standard 30-day review period and require multi-departmental review. This measure is a result of the collaborative approach with all involved departments. A project is not deemed on-time unless every review stage is completed on time.				
Purpose	Customers depend upon the accuracy and dependability of estimated due dates to plan their construction projects. They may move out of their house or enter into a lease on a commercial tenant space based on the estimated timeline provided by Development Services. Being successful at adhering to timelines reduces costs for developers and property owners and has a direct correlation to the economic vitality of the City.				
Status	In FY 2020, staff updated the measure to exclude non-working days (weekends and holidays) from the calculation and excluded voided and canceled permits. Industry best practices call for an 80% on-time plan review, which the department expects to meet in the current fiscal year. The department will continue to aim to meet the industry standard of 80%; however, the target has been decreased in FY 2021 to 70% to reflect potential economic impacts from COVID-19 that may affect this metric over the next fiscal year.				

PERCENT OF PERMITS ISSUED OVER THE COUNTER

Goal	Provide a high level of customer service and decrease application review, processing, and permit issuance times.				
Objective	Increase the number of over-the-counter (OTC) plan checks that result in same day permit issuance.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of permits that are reviewed and approved by all necessary departments over-the-counter	67%	61%	65%	64%	65%
Description	This measure tracks the percentage of building permits that can be successfully reviewed and approved by all the affected City departments (over-the-counter) while the customer waits. This requires that Public Works, Planning, Utilities, and the Fire Prevention Bureau also review and approve the application for permit issuance. Without complete approval, the permit cannot be issued.				
Purpose	To streamline the process so customers make as few trips as possible to the Development Center to obtain a permit. It is also beneficial to City staff, resulting in less reviewing and processing time than if the plans were taken in for review. This process also reduces waste as fewer plans are created and distributed for various departmental reviews.				
Status	The department tries to issue as many permits over-the-counter as possible. This measure is a function of all divisions being able to review and approve projects. Approval rates are impacted by program and policy decisions, availability of customer education programs and materials, staff training, and staffing levels. The department is currently piloting an online permit system in response to COVID-19 impacts on business operations, including the temporary closure of the Development Services Center. Staff anticipates that approvals for over-the-counter permits will fluctuate greatly in the next year based on the development of online processes.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of building permit applications	3,938	3,424	3,903	3,594	3,200
Number of building permits issued	3,105	2,918	3,336	2,556	2,500
Number of planning and Architectural Review Board applications completed (including staff level)	342	327	300	275	330
Average number of days for Planning to first review building permit applications	20	24	20	24	20
Average number of days from Individual Review application to approval*	68	69	80	60	60
Number of fire permit inspections	2,350	1,961	2,352	1,341	1,900
Number of walk-in customer interactions	22,085	22,307	22,550	15,973	11,000
Number of building inspections	26,893	24,316	27,752	18,510	20,000

* Beginning in FY 2019, the measure was revised to consider only the time it takes staff in the review process and exclude time that is dependent on information or follow up from the applicant.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Administration	4,337,696	4,371,624	4,943,202	4,783,923	(159,279)	(3.2)%
Building	5,635,155	5,403,597	5,128,576	4,692,863	(435,713)	(8.5)%
Fire	2,073,943	2,423,849	2,454,984	2,125,367	(329,617)	(13.4)%
Green Building	386,349	200,378	304,000	187,730	(116,270)	(38.2)%
Planning Counter Support	644,137	634,305	789,567	623,019	(166,548)	(21.1)%
Planning	4,230,918	4,607,829	5,492,973	3,963,683	(1,529,291)	(27.8)%
Public Works	942,688	1,096,344	1,249,830	1,009,815	(240,015)	(19.2)%
Total	18,250,886	18,737,926	20,363,132	17,386,399	(2,976,733)	(14.6)%

Dollars by Category						
Salary & Benefits						
Healthcare	1,018,091	965,048	1,334,024	1,008,021	(326,004)	(24.4)%
Other Benefits	193,234	182,876	217,265	219,055	1,790	0.8%
Overtime	287,343	144,855	97,854	100,398	2,544	2.6%
Pension	2,105,557	1,985,454	2,852,430	2,802,482	(49,948)	(1.8)%
Retiree Medical	664,519	645,983	665,362	631,148	(34,214)	(5.1)%
Salary	6,415,444	6,064,343	7,293,386	6,309,217	(984,169)	(13.5)%
Workers' Compensation	101,488	172,769	241,480	218,037	(23,443)	(9.7)%
Total Salary & Benefits	10,785,675	10,161,329	12,701,803	11,288,359	(1,413,444)	(11.1)%
Allocated Charges	1,647,953	2,056,715	2,198,509	1,705,192	(493,317)	(22.4)%
Contract Services	4,161,066	4,682,121	3,634,699	2,460,296	(1,174,403)	(32.3)%
Facilities & Equipment	2,405	13,483	15,650	15,650	—	—%
General Expense	468,571	452,650	522,514	519,284	(3,230)	(0.6)%
Operating Transfers-Out	33,933	121,412	7,607	—	(7,607)	(100.0)%
Rents & Leases	1,092,015	1,216,867	1,241,381	1,356,650	115,269	9.3%
Supplies & Material	59,268	33,349	40,969	40,969	—	—%
Total Dollars by Expense Category	18,250,886	18,737,926	20,363,132	17,386,399	(2,976,733)	(14.6)%

Revenues						
Charges for Services	10,467,921	8,791,258	9,803,816	8,234,718	(1,569,097)	(16.0)%
Charges to Other Funds	362,500	761,268	21,797	22,364	567	2.6%

PLANNING AND DEVELOPMENT SERVICES

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Other Revenue	270,931	17,884	3,413	3,413	—	—%
Other Taxes and Fines	120,133	381,153	25,637	25,773	136	0.5%
Permits and Licenses	8,055,975	7,582,819	8,209,915	7,548,178	(661,736)	(8.1)%
Total Revenues	19,277,459	17,714,382	18,064,577	15,834,447	(2,230,131)	(12.3)%
Positions by Division						
Administration	12.16	12.01	13.44	13.74	0.30	2.23%
Building	17.81	17.28	15.60	17.60	2.00	12.82%
Fire	7.08	6.88	6.88	6.88	—	—%
Planning Counter Support	5.09	5.09	4.50	4.25	(0.25)	(5.56)%
Planning	19.66	19.94	19.45	17.25	(2.20)	(11.31)%
Public Works	4.81	5.50	5.50	4.80	(0.70)	(12.73)%
Total	66.61	66.70	65.37	64.52	(0.85)	(1.30)%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Administrative Assistant	2.00	2.00	1.00	1.00	—	79,830
Administrative Associate I	1.00	1.00	1.00	1.00	—	72,176
Administrative Associate II	3.00	2.80	2.80	2.80	—	213,287
Administrative Associate III	3.30	3.29	4.00	4.00	—	330,491
Assistant Chief Building Official	1.00	1.00	1.00	1.00	—	151,258
Assistant Director PCE	1.00	1.00	1.00	1.00	—	190,549
Associate Engineer	0.02	0.02	0.22	0.20	(0.02)	24,948
Associate Planner	1.00	3.03	3.15	3.00	(0.15)	327,101
Building Inspector Specialist	4.00	4.00	4.00	6.00	2.00	705,120
Building/Planning Technician	3.00	3.00	3.00	2.00	(1.00)	176,842
Building/Planning Technician (Freeze)	—	—	—	1.00	1.00	88,421
Business Analyst	1.00	1.00	—	—	—	—
Chief Building Official	1.00	1.00	1.00	1.00	—	189,530
Chief Planning Official	1.00	1.00	1.00	1.00	—	167,752

PLANNING AND DEVELOPMENT SERVICES

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Chief Transportation Official	0.06	0.09	—	—	—	—
Code Enforcement Officer	2.00	2.00	2.00	—	(2.00)	—
Code Enforcement Officer (Freeze)	—	—	—	2.00	2.00	211,494
Code Enforcement-Lead	1.00	1.00	1.00	1.00	—	113,110
Deputy Chief/Fire Marshal	0.80	0.80	0.80	0.80	—	172,124
Development Project Coordinator II	2.00	2.00	2.00	2.00	—	192,150
Development Project Coordinator III	3.00	3.00	3.00	3.00	—	317,928
Development Services Director	1.00	1.00	—	—	—	—
Director Planning/Community Environment	1.00	1.00	1.00	1.00	—	245,523
Engineer	0.64	0.64	0.64	0.52	(0.12)	73,062
Engineering Technician III	1.78	1.78	1.78	1.50	(0.28)	147,826
Fire Inspector	3.20	3.20	3.20	1.60	(1.60)	263,178
Fire Inspector (Freeze)	—	—	—	1.60	1.60	263,178
Hazardous Materials Inspector	1.60	1.60	1.60	1.60	—	263,178
Industrial Waste Inspector	0.01	0.01	0.01	—	(0.01)	—
Industrial Waste Investigator	0.35	0.35	0.35	0.35	—	38,293
Inspector, Field Services	0.68	0.68	0.68	0.68	—	72,290
Landscape Architect Park Planner	—	0.50	0.50	0.50	—	59,509
Management Analyst	1.99	1.79	0.01	—	(0.01)	—
Manager Development Center	1.00	1.00	—	—	—	—
Manager Environmental Control Program	0.10	0.10	0.10	—	(0.10)	—
Manager Planning	4.00	3.00	5.00	4.00	(1.00)	570,212
Manager Urban Forestry	0.04	0.04	0.04	—	(0.04)	—
Planner	4.00	4.00	4.00	4.00	—	458,598
Planning Arborist	0.29	—	—	—	—	—
Planning Division Manager	—	1.00	—	—	—	—
Principal Management Analyst	—	—	1.00	—	(1.00)	(159,500)
Principal Planner	—	1.00	2.00	1.00	(1.00)	122,803
Principal Planner (Freeze)	—	—	—	1.00	1.00	122,803
Program Assistant	—	—	1.00	—	(1.00)	—
Program Assistant I (Freeze)	—	—	—	1.00	1.00	79,560

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Project Engineer	0.03	0.33	0.13	0.10	(0.03)	15,122
Senior Business Analyst	—	—	1.00	1.00	—	158,746
Senior Engineer	0.46	0.46	0.46	0.40	(0.06)	69,888
Senior Industrial Waste Investigator	0.01	0.01	0.01	—	(0.01)	—
Senior Management Analyst	2.00	1.88	2.00	2.00	—	293,571
Senior Planner	6.60	3.60	3.60	2.60	(1.00)	350,006
Senior Planner (Freeze)	—	—	—	1.00	1.00	134,618
Supervisor Inspection and Surveying	0.27	0.27	0.27	0.25	(0.02)	34,133
Transportation Planning Manager	—	0.05	—	—	—	—
Sub-total: Full-Time Equivalent Positions	62.23	62.32	62.45	61.60	(0.85)	7,416,620
Temporary/Hourly	4.38	4.38	2.92	2.92	—	267,394
Total Positions	66.61	66.70	65.37	64.52	(0.85)	7,684,014

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	65.37	20,363,132	18,064,577	2,298,555
One-Time Prior Year Budget Adjustments				
Planning and Development Services Department Vacancies	—	152,393	—	152,393
Planning and Development Services Department Staffing Reorganization	(1.00)	(267,683)	—	(267,683)
One-Time Prior Year Budget Adjustments	(1.00)	(115,290)	—	(115,290)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits	(0.15)	266,917	—	266,917
Rent and Lease Expenditure (office space lease at 526 Bryant St)	—	115,269	—	115,269
On-Call Contracts Increase	—	165,200	—	165,200
Revenue Adjustment (align with cost recovery levels)	—	—	397,354	(397,354)
Utilities Transfer for Electric Services	—	(7,607)	—	(7,607)
Communication Services Allocated Charges	—	800	—	800
Information Technology Allocated Charges	—	(219,050)	—	(219,050)
Liability Insurance Allocated Charges	—	4,167	—	4,167
Printing & Mailing Services Allocated Charges	—	(96,293)	—	(96,293)
Utilities Allocated Charges	—	(131,613)	—	(131,613)
Vehicle Replacement & Maintenance Allocated Charges	—	(51,328)	—	(51,328)
Workers' Compensation Allocated Charges	—	(23,443)	—	(23,443)
Adjustments to Costs of Ongoing Activities	(0.15)	23,019	397,354	(374,335)
Total FY 2021 Base Budget	64.22	20,270,860	18,461,931	1,808,929
Budget Adjustments				
1 Building Inspection and Plan Review Reorganization	1.00	(401,295)	(1,335,306)	934,011
2 Planning and Development Services Fee Study	—	110,000	—	110,000
3 Public Works Development Services Alignment	(0.70)	(208,853)	(207,162)	(1,691)
4 Fire Inspection and Plan Review Reduction	—	(531,561)	(529,424)	(2,137)
5 Green Building Program Reduction	—	(105,548)	(68,985)	(36,563)
6 Current Planning and Development Services Front Counter Reduction	—	(736,897)	(486,607)	(250,290)

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
7 Code Enforcement Reduction	—	(264,546)	—	(264,546)
8 Management and Professionals Group Compensation Reduction	—	(295,070)	—	(295,070)
9 Administration and Program Assistance Staffing Reduction	—	(450,691)	—	(450,691)
Total Budget Adjustments	0.30	(2,884,461)	(2,627,484)	(256,977)
Total FY 2021 Adopted Budget	64.52	17,386,399	15,834,447	1,551,952



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Building Inspection and Plan Review Reorganization	1.00	(401,295)	(1,335,306)	934,011

This action reduces 1.0 Planning Manager and consultant inspection services by 50 percent, and adds 2.0 Building Inspector Specialists (1.0 for a one-year term). This will result in longer lead times for inspections, delayed progress on the Energy Reach Code, and less participation in collaborative efforts such as sustainability, waste reduction, and other priorities. Next day inspections will no longer be an option for most projects. A corresponding reduction is recommended for associated fee revenue. (Ongoing net costs: \$934,011)

Performance Results



This action may result in delays to response times and progress towards sustainability goals.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
2 Planning and Development Services Fee Study	0.00	110,000	0	110,000

This action provides one-time funding for a fee analysis of Planning and Development Services Department fees. In Fiscal Year 2020, the Planning and Community Environment Department (PCE) and Development Services Department (DSD) merged into a single Planning and Development Services (PDS) Department. With this merge, staff recommends a study of municipal fees to determine staff time and related costs spent on each fee-related activity. Adjustments to Planning and Development Services Department fees, and potential establishment of new fees, will be brought forward for City Council consideration during Fiscal Year 2021 or as part of the Fiscal Year 2022 Proposed Municipal Fee Schedule. (Ongoing costs: \$0)

Performance Results



This action will ensure that fees are set at proper levels and will allow the City Council and the community to be informed about the cost recovery level for fee-related activities.

3 Public Works Development Services Alignment	-0.70	(208,853)	(207,162)	(1,691)
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This action reduces \$74,000 in consultant services to process applications and reallocates staff (equivalent to 0.70 FTE) from the Public Works division to various funds citywide. This reallocation of staff is recommended to better align with workloads anticipated in FY 2021. A corresponding reduction is recommended for associated fee revenue. (Ongoing net savings: \$1,691)

Performance Results



This action ensures that appropriate staffing levels are available to support Public Works activities.

4 Fire Inspection and Plan Review Reduction	0.00	(531,561)	(529,424)	(2,137)
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This action reduces 2.0 Fire Inspector positions (0.40 allocated to the Fire Department), 0.48 FTE part-time staffing resources, and consultant services by \$78,000 in the Fire Prevention Bureau, which is anticipated to delay fire inspections, increase wait times and impact customer service overall. A corresponding reduction is recommended for associated fee revenue. (Ongoing net savings: \$2,137)

Performance Results



This action may result in delays to response times.

5 Green Building Program Reduction	0.00	(105,548)	(68,985)	(36,563)
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This action reduces consulting services for green building programs, energy programs, and customer support. Progress towards these programs are anticipated to slow as a result. A corresponding reduction is recommended for associated fee revenue. (Ongoing net savings: \$36,563)

Performance Results



This action may result in delays to response times and progress towards sustainability goals.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
6 Current Planning and Development Services Front Counter Reduction	0.00	(736,897)	(486,607)	(250,290)

This action reduces 1.0 Principal Planner, 1.0 Building/Planning Technician, and \$436,000 in contract services that process applications (including over the counter permit approval), provide customer service, and schedule projects before the Planning and Transportation Committee (PTC), Architectural Review Board (ARB), and Historic Resources Board (HRB). Significant delays in application processing and customer service response times are expected. Modification to local zoning regulations may be required to streamline application review, reducing the amount of time staff spends on each project and with public engagement. A corresponding reduction is recommended for associated fee revenue. (Ongoing net savings: \$250,290)

Performance Results



This action may result in delays to response times.

7 Code Enforcement Reduction	0.00	(264,546)	0	(264,546)
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This action reduces 2.0 Code Enforcement Officer positions, resulting in limited responses to the highest priority health and safety-related cases, and response times will slow. Implementation of the Code Enforcement Audit recommendations will not be prioritized. (Ongoing savings: \$264,546)

Performance Results



This action may result in delays to response times.

8 Management and Professionals Group Compensation Reduction	0.00	(295,070)	0	(295,070)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

9 Administration and Program Assistance Staffing Reduction	0.00	(450,691)	0	(450,691)
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This action reduces 1.0 Program Assistant I, 1.0 Senior Planner, a 0.48 FTE of part-time staffing resources, and \$180,000 in consultant services in the administrative divisions of Planning and Development Services. Staff's ability to provide administrative, project management, and customer support will be reduced and responses to public record requests delayed. Reductions in other programs and strategic planning are anticipated as workloads are assumed by existing staff. (Ongoing savings: \$450,691)

Performance Results



This action may result in delays to response times.

POLICE

Mission Statement

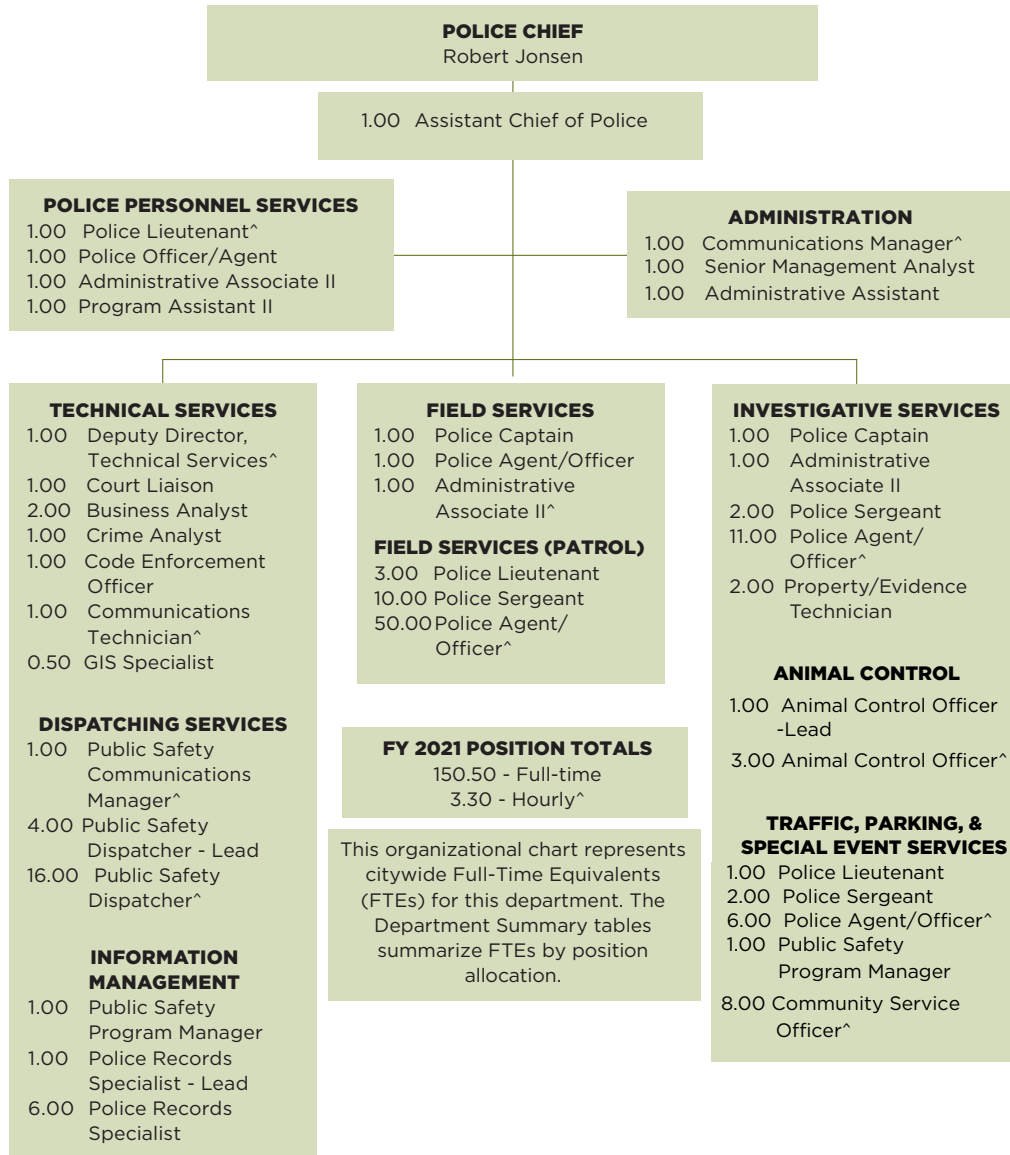


To proudly serve and protect the public with respect and integrity.

Purpose

In line with the six pillars of the Department of Justice Implementation Guidebook on 21st Century Policing, the purpose of the Police Department is to: build trust and legitimacy; provide for policy and oversight; implement modern technology solutions and social media platforms; focus on community policing and crime reduction; implement officer training and education; and ensure officer safety and wellness.





^These positions have been de-funded in FY 2021 and are identified in the Table of Organization with "(Freeze)" following the job classification title. The following positions are frozen in FY 2021:

- | | |
|--|---|
| 1.00 FTE Administrative Associate II | 11.00 FTE Police Officers |
| 1.00 FTE Animal Control Officer | 1.00 FTE Public Safety Communications Manager |
| 1.00 FTE Communications Manager | 4.00 FTE Public Safety Dispatchers |
| 1.00 FTE Communications Technician | 2.28 Hourly FTE |
| 2.00 FTE Community Services Officer | |
| 1.00 FTE Deputy Director Technical Services Division | |
| 1.00 FTE Police Lieutenant | |

Description

The Police Department provides a wide range of public safety services for the City of Palo Alto through the following divisions:

FIELD SERVICES

Responsible for police response, critical incident resolution, regional assistance response, and police services for special events.

TECHNICAL SERVICES

Provides 911 dispatch services for Police, Fire, Utilities, Public Works, Stanford, and Police information technology management.

INVESTIGATIONS

Conducts police investigations, oversees storage and maintenance of evidence, and coordinates some youth services activities.

TRAFFIC SERVICES

Responsible for traffic enforcement, complaint resolution, and school safety.

PARKING SERVICES

Responsible for parking enforcement, parking citations and adjudication, and abandoned vehicle abatement.

POLICE PERSONNEL SERVICES

Oversees police hiring, retention, personnel records, and training.

ANIMAL CONTROL

Provides regional animal control and enforcement.

Accomplishments

- Reduced collisions in numerous traffic-related categories by 16%.
- Added a Sergeant to directly work with and supervise the Traffic Team.
- Reached safe resolution in a 29 hour stand-off.
- Resolved threats of violence on schools campuses.
- Sent officers to regional task forces to combat regional crime trends including narcotics sales, illegal weapons, stolen property sales and stolen vehicles used in burglaries locally.
- Transitioned out of Animal Shelter operations in February of 2019 in accordance with operating agreement with Pets in Need (PIN).
- Completed a successful Community Service Officer (CSO) pilot period and transitioned the team into a regular program, taking 341 reports in calendar year 2019.

- Transitioned several gasoline fueled police vehicles into hybrids.
- Implemented text to 9-1-1 capabilities.
- Partnered with Public Works to finish the design and building plans for the Public Safety Building (PSB).

Initiatives

- Reduce the rise in robbery, sexual assaults, and auto burglaries.
- Continue to partner with Public Works on the Public Safety Building project as plans are submitted for review for building permits.
- Explore new technology in an effort to enhance police services to the community.
- Implement online crime reporting for documentation of minor crime reports.
- Purchase and implement a Records Management System.
- Identify resources for fulfilling new Public Records Requests as a result of SB-1421 and AB-748.

Goals and Objectives

GOAL 1

Building Trust and Legitimacy: In line with pillar one of the Department of Justice Implementation Guidebook on 21st Century Policing, the Police Department will embrace a guardian mindset to build public trust and legitimacy.

Objectives

- Reduce crime rates, traffic violations, and accidents.
- Respond promptly to urgent calls for service.
- Apprehend and assist with prosecution of offenders.
- Provide assistance, enforcement, and guidance to the community regarding animal control.
- Continue development of the Public Safety Building.

GOAL 2

Policy and Oversight: In line with pillar two of the Department of Justice Implementation Guidebook on 21st Century Policing, the Department will collaborate with community members in developing policies that impact them.

Objectives:

- Continue Office of Independent Review as per contract.
- Increase quality and timeliness of response to citizens' complaints regarding use of force and other internal affairs matters.
- Continue to train to address emerging social issues and situations.

- Create opportunities for increased communication, visibility, and interaction with community members.
- Maintain and enhance the community's satisfaction with police services.
- Engage the Chief's Advisory Group on key policies and procedures.

GOAL 3

Technology and Social Media: In line with pillar three of the Department of Justice Implementation Guidebook on 21st Century Policing, the Department will continue to use Department and Regional technology solutions to enhance services, as well as leveraging social media platforms to fully engage and educate our community.

Objectives:

- Enhance the Department's open data initiative efforts by providing additional information to the public, including implementing compliance with SB-1421 and AB-748.
- Engage the community through outreach programs.
- Continue the regional Records Management System project.
- Implement online reporting.
- Enhance technology applications in alignment with national initiatives.

GOAL 4

Community Policing and Crime Reduction: In line with pillar four of the Department of Justice Implementation Guidebook on 21st Century Policing, the Department will continue to engage the community through its cultural mindset that focuses on community policing and community partnerships.

Objectives:

- Contribute to the Safe Routes to School Program by contracting crossing guards at major intersections for Palo Alto Unified School District.
- Continue to seek input from the Citizens Advisory Group to enhance resident safety.

GOAL 5

Officer Training and Education: In line with pillar five of the Department of Justice Implementation Guideline on 21st Century Policing, the Department will continue to enhance in-service officer training in the areas of fair and impartial policing; de-escalation; legal updates; and community relations. The Department will exceed minimum standards with regard to continuing education standards.

Objectives:

- Continue to train and educate all employees in fair and impartial policing philosophies.
- Ensure all officers receive Crisis Intervention Training.
- Implement Crisis Intervention Training for Dispatchers.
- Partner with Santa Clara County Behavioral Health Services to explore a Psychiatric Evaluation Response Team (PERT).

GOAL 6

Officer Safety and Wellness: In line with pillar six of the Department of Justice Implementation Guideline on 21st Century Policing, the Department will ensure that wellness and safety efforts occur at every level of the organization.

Objectives:

- Ensure that critical incident defusing and debriefings occur as needed.
- Enhance employee assistance resources including urgent or emergency access to a psychologist and employee assistance program referrals for employees and their families.
- Build the resiliency of the employee in stressful situations through mindfulness training.
- Stress policies related to safety, in-line with the "Below 100" initiatives, a national initiative to reduce police officer fatalities to under 100 per year: www.below100.org.
- Enhance the Department's peer support program.

Key Performance Measures

ANIMAL CONTROL RESPONSE TIMES

Goal	Protect and serve the public through proactive and effective policing, animal control, and emergency preparedness.				
Objective	Respond promptly to animal calls for service.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of Palo Alto live animal calls responded to within 45 minutes	90%	89%	90%	90%	90%
Description	A 45-minute response time to live animal calls is the threshold of service set by the Animal Control Division.				
Purpose	Live animal calls require the most timely response because they are generally life threatening or represent higher danger crimes in progress.				
Status	The department has met or nearly met the target response time of 90% in prior years. In FY 2021, the department will monitor the ability to achieve this goal with one less Animal Control Officer on staff (1.0 FTE Animal Control Officer reduction in FY 2021).				

PERCENT OF SURVEYED RESIDENTS RATING POLICE DEPARTMENT SERVICES GOOD OR EXCELLENT

Goal	Cultivate, enhance, and foster trustworthy relationships with the community.				
Objective	Maintain and enhance the community's satisfaction with police services.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Animal Control Services	75%	*N/A	80%	80%	*N/A
Crime Prevention Services	78%	*N/A	80%	80%	*N/A
Traffic Enforcement Services	53%	*N/A	60%	60%	*N/A
Overall Police Services	89%	*N/A	90%	90%	*N/A
Description	These measures track the percent of residents rating overall and division specific police services to the community as "good" or "excellent". This data is collected as part of the National Citizen's Survey that is conducted annually by the International City/County Management Association (ICMA) and allows the City to compare itself to other municipalities.				
Purpose	Community satisfaction with the Police Department is an important assessment of the quality of services provided to the City and its residents.				
Status	*The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process.				

POLICE DEPARTMENT RESPONSE TIMES

Goal	Respond promptly to urgent calls for service.				
Objective	Protect and serve the public through proactive and effective policing, animal control, and emergency preparedness.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of urgent calls responded to within 10 minutes	72%	72%	90%	72%	90%
Percent of emergency calls responded to within 6 minutes	70%	65%	90%	70%	90%
Description	Percent of emergency calls responded to within 6 minutes and percent of urgent calls responded to within 10 minutes.				
Purpose	Emergency and urgent calls require the most timely police response because they are generally life threatening or represent higher danger crimes in progress.				
Status	The year-over-year percentage of instances an officer arrives to a priority 1 (emergency) and priority 2 (urgent) call within the targeted response time has remained relatively consistent, near 70%. The goal remains at 90% and the Department will continue to strive to meet that goal.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of police calls for service	55,480	54,979	54,000	54,000	54,000
Number of Part I crimes	1,764	1,883	1,600	1,600	1,600
Number of Part II crimes	2,674	2,531	2,600	2,600	2,600
Average response time for emergency calls (Goal: within 6 minutes)	5:10	5:23	6:00	5:30	6:00
Average response time for urgent calls (Goal: within 10 minutes)	8:39	8:31	8:00	8:30	8:00
Total number of Palo Alto animal control calls	2,659	2,550	2,300	2,400	2,400
Number of regional animal control calls (Los Altos and Los Altos Hills)	719	570	425	500	425

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Administration	1,306,311	1,703,481	1,253,980	667,239	(586,740)	(46.8)%
Animal Control	1,591,383	1,392,255	888,578	574,995	(313,583)	(35.3)%
Field Services	20,053,299	21,122,982	22,695,327	22,269,199	(426,128)	(1.9)%
Investigations and Crime Prevention Services	4,651,584	5,013,053	5,359,118	4,725,683	(633,434)	(11.8)%
Parking Services	1,517,466	1,670,222	1,751,550	1,568,360	(183,190)	(10.5)%
Police Personnel Selection	1,431,168	1,392,010	1,483,792	978,274	(505,518)	(34.1)%
Technical Services	8,414,141	9,026,838	9,729,426	8,438,977	(1,290,449)	(13.3)%
Traffic Services	1,017,739	1,254,156	1,504,711	1,152,801	(351,910)	(23.4)%
Total	39,983,091	42,574,997	44,666,482	40,375,528	(4,290,954)	(9.6)%
Dollars by Category						
Salary & Benefits						
Healthcare	2,779,207	2,739,511	3,231,563	2,570,737	(660,826)	(20.4)%
Other Benefits	1,027,281	1,111,984	752,408	716,646	(35,762)	(4.8)%
Overtime	2,286,527	2,604,366	1,842,231	944,186	(898,044)	(48.7)%
Pension	7,108,339	7,930,395	10,147,394	10,570,770	423,376	4.2%
Retiree Medical	2,805,449	2,575,256	2,652,514	2,532,285	(120,229)	(4.5)%
Salary	16,950,029	18,094,964	19,030,233	16,822,420	(2,207,813)	(11.6)%
Workers' Compensation	421,542	840,707	1,157,437	1,071,516	(85,922)	(7.4)%
Total Salary & Benefits	33,378,375	35,897,184	38,813,780	35,228,560	(3,585,221)	(9.2)%
Allocated Charges	3,202,873	3,626,937	3,511,437	2,964,098	(547,339)	(15.6)%
Contract Services	2,397,033	1,612,777	1,365,894	1,467,830	101,936	7.5%
Facilities & Equipment	48,871	56,860	34,500	34,500	—	—%
General Expense	450,935	462,074	446,089	369,600	(76,490)	(17.1)%
Operating Transfers-Out	—	398,383	—	—	—	—%
Rents & Leases	3,335	3,408	3,560	4,960	1,400	39.3%
Supplies & Material	501,670	517,375	491,221	305,981	(185,241)	(37.7)%
Total Dollars by Expense Category	39,983,091	42,574,997	44,666,482	40,375,528	(4,290,954)	(9.6)%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Revenues						
Charges for Services	1,211,543	1,161,326	1,379,804	1,037,540	(342,264)	(24.8)%
Charges to Other Funds	481,000	481,000	481,000	641,850	160,850	33.4%
From Other Agencies	258,639	304,391	349,900	332,900	(17,000)	(4.9)%
Other Revenue	256,417	327,531	28,899	176,300	147,401	510.1%
Other Taxes and Fines	1,890,505	1,360,237	1,881,255	1,859,358	(21,897)	(1.2)%
Permits and Licenses	289,090	242,505	230,302	151,998	(78,304)	(34.0)%
Rental Income	400	150	1,067	—	(1,067)	(100.0)%
Total Revenues	4,387,594	3,877,140	4,352,227	4,199,946	(152,281)	(3.5)%

Positions by Division						
Administration	5.30	5.30	5.30	5.30	—	—%
Animal Control	10.56	10.56	4.00	4.48	0.48	12.00%
Field Services	73.55	73.55	73.55	73.55	—	—%
Investigations and Crime Prevention Services	16.38	16.38	16.38	16.38	—	—%
Parking Services	7.75	8.75	8.75	8.75	—	—%
Police Personnel Selection	4.10	4.10	4.22	4.22	—	—%
Technical Services	37.00	37.00	37.00	37.00	—	—%
Traffic Services	3.74	2.74	2.62	2.62	—	—%
Total	158.38	158.38	151.82	152.30	0.48	0.32%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Administrative Assistant	1.00	1.00	1.00	1.00	—	72,779
Administrative Associate II	3.00	3.00	3.00	2.00	(1.00)	156,790
Administrative Associate II (Freeze)	—	—	—	1.00	1.00	78,395
Animal Control Officer	3.00	3.00	3.00	2.00	(1.00)	148,470
Animal Control Officer (Freeze)	—	—	—	1.00	1.00	74,235
Animal Control Officer-Lead	1.00	1.00	1.00	1.00	—	79,435
Animal Services Specialist II	2.00	2.00	—	—	—	—

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Assistant Police Chief	1.00	1.00	1.00	1.00	—	212,243
Business Analyst	1.20	1.20	1.20	1.20	—	186,401
Code Enforcement Officer	1.00	1.00	1.00	1.00	—	105,747
Communications Manager	1.00	1.00	1.00	—	(1.00)	—
Communications Manager (Freeze)	—	—	—	1.00	1.00	131,997
Communications Technician	1.00	1.00	1.00	—	(1.00)	—
Communications Technician (Freeze)	—	—	—	1.00	1.00	108,326
Community Service Officer	7.50	7.50	7.50	5.63	(1.87)	454,832
Community Service Officer (Freeze)	—	—	—	1.87	1.87	151,072
Court Liaison Officer	1.00	1.00	1.00	1.00	—	105,123
Crime Analyst	1.00	1.00	1.00	1.00	—	105,123
Deputy Director Technical Services Division	0.80	0.80	0.80	—	(0.80)	—
Deputy Director Technical Services Division (Freeze)	—	—	—	0.80	0.80	171,592
Geographic Information System Specialist	0.50	0.50	0.50	0.50	—	65,198
Police Agent	19.00	19.00	19.00	19.00	—	3,010,405
Police Captain	2.00	2.00	2.00	2.00	—	466,877
Police Chief	1.00	1.00	1.00	1.00	—	278,658
Police Lieutenant	5.00	5.00	5.00	4.00	(1.00)	851,292
Police Lieutenant (Freeze)	—	—	—	1.00	1.00	214,957
Police Officer	50.00	50.00	50.00	39.00	(11.00)	5,458,177
Police Officer (Freeze)	—	—	—	11.00	11.00	1,546,586
Police Records Specialist II	6.00	6.00	6.00	6.00	—	468,998
Police Records Specialist-Lead	1.00	1.00	1.00	1.00	—	83,637
Police Sergeant	14.00	14.00	14.00	14.00	—	2,491,923
Program Assistant II	1.00	1.00	1.00	1.00	—	85,488
Property Evidence Technician	2.00	2.00	2.00	2.00	—	161,699
Public Safety Communications Manager	1.00	1.00	1.00	—	(1.00)	—
Public Safety Communications Manager (Freeze)	—	—	—	1.00	1.00	136,677
Public Safety Dispatcher	16.00	16.00	16.00	12.00	(4.00)	1,398,405

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Public Safety Dispatcher (Freeze)	—	—	—	4.00	4.00	461,469
Public Safety Dispatcher-Lead	4.00	4.00	4.00	4.00	—	534,061
Public Safety Program Manager	2.00	2.00	2.00	2.00	—	264,160
Senior Management Analyst	1.00	1.00	1.00	1.00	—	123,635
Superintendent Animal Services	1.00	1.00	—	—	—	—
Veterinarian	1.00	1.00	—	—	—	—
Veterinarian Technician	2.00	2.00	—	—	—	—
Sub-total: Full-Time Equivalent Positions	155.00	155.00	149.00	149.00	—	20,444,863
Temporary/Hourly	3.38	3.38	2.82	3.30	0.48	306,676
Total Positions	158.38	158.38	151.82	152.30	0.48	20,751,539

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	151.82	44,666,482	4,352,227	40,314,255
One-Time Prior Year Budget Adjustments				
CAD Reporting System Update	—	(45,000)	—	(45,000)
One-Time Prior Year Budget Adjustments	—	(45,000)	—	(45,000)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits	—	1,899,302	—	1,899,302
Overtime Adjustment	—	51,537	—	51,537
Animal Services Revenue Alignments/Adjustments	—	—	(369,157)	369,157
SVRIA Subscription Fee Adjustments	—	197,550	46,300	151,250
Staffing Vacancies Alignment	—	88,636	—	88,636
Animal Services Staffing Realignment	0.48	35,000	—	35,000
Contractual Increases	—	15,400	—	15,400
Revenue Alignments	—	—	(13,000)	13,000
Crossing Guards (CMR #8952 approved June 25, 2018)	—	7,806	—	7,806
Stanford Emergency Communication Services Revenue	—	—	64,098	(64,098)
Task Force Reimbursement	—	—	130,000	(130,000)
Communication Services Allocated Charges	—	—	160,850	(160,850)
Information Technology Allocated Charges	—	(391,239)	—	(391,239)
Liability Insurance Allocated Charges	—	66,212	—	66,212
Printing & Mailing Services Allocated Charges	—	1,209	—	1,209
Utilities Allocated Charges	—	(3,749)	—	(3,749)
Vehicle Replacement & Maintenance Allocated Charges	—	(219,772)	—	(219,772)
Workers' Compensation Allocated Charges	—	(85,923)	—	(85,923)
Adjustments to Costs of Ongoing Activities	0.48	1,661,969	19,091	1,642,878
Total FY 2021 Base Budget	152.30	46,283,451	4,371,318	41,912,133
Budget Adjustments				
1 Reduce Information Management and Records	—	(24,129)	—	(24,129)
2 Suspend Parent Project	—	(60,000)	—	(60,000)
3 Reduce Police Reserve Program	—	(75,449)	—	(75,449)
4 Reduce Animal Control Program	—	(139,863)	(40,372)	(99,491)
5 Reduce Training	—	(103,901)	—	(103,901)

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
6 Management and Professionals Group Compensation Reduction	—	(146,116)	—	(146,116)
7 Reduction in Police Relations	—	(196,465)	—	(196,465)
8 Reallocate Position from Police to City Manager's Office	—	(296,190)	—	(296,190)
9 Reduce Police Investigations	—	(345,649)	—	(345,649)
10 Reduce Technical Services Support	—	(391,139)	—	(391,139)
11 Reduce Recruitment	—	(444,039)	—	(444,039)
12 Suspend Traffic Program	—	(539,134)	—	(539,134)
13 Reduce Dispatch Services	—	(1,323,353)	(131,000)	(1,192,353)
14 Reduce Patrol Operations	—	(1,822,497)	—	(1,822,497)
Total Budget Adjustments	—	(5,907,924)	(171,372)	(5,736,552)
Total FY 2021 Adopted Budget	152.30	40,375,527	4,199,946	36,175,581



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Reduce Information Management and Records	0.00	(24,129)	0	(24,129)

This action reduces 0.29 FTE in part-time staffing resources in the information and records management division related to reporting to other agencies. It is anticipated that all other services will remain intact. (Ongoing savings: \$24,129)

Performance Results



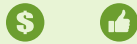
This action may result in reporting and customer service delays.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
2 Suspend Parent Project	0.00	(60,000)	0	(60,000)

This action suspends the Parent Project program. As a result, staff anticipates increased calls for service at homes with domestic disturbances and runaways as families will no longer be referred to the program. (Ongoing savings: \$60,000)

Performance Results

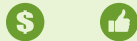


This action fully suspends the program and may result in lower resident approval rates for services.

3 Reduce Police Reserve Program	0.00	(75,449)	0	(75,449)
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This action reduces 0.72 FTE of part-time staffing resources (six positions) in the Police reserve program that provide services at special events throughout the City. (Ongoing savings: \$75,449)

Performance Results



This action reduces the program and may result in lower resident approval rates for services.

4 Reduce Animal Control Program	0.00	(139,863)	(40,372)	(99,491)
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This action reduces 1.0 Animal Control Officer, 0.48 FTE in part-time staffing resources, and \$5,000 in supplies in the Animal Control division. As a result, some overnight services may be reduced. Collection of fees and fines related to enforcement will be impacted. A corresponding reduction in revenue is recommended for these reductions. (Ongoing net savings: \$99,491)

Performance Results



This action may result in longer response times.

5 Reduce Training	0.00	(103,901)	0	(103,901)
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This action reduces training from the current 78 total designated hours down to only the mandatory 32 hours of training. Firearm training and qualification will be reduced by 50 percent. (Ongoing savings: \$103,901)

Performance Results



This action contributes to cost containment strategies in FY 2021.

6 Management and Professionals Group Compensation Reduction	0.00	(146,116)	0	(146,116)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
7 Reduction in Police Relations	0.00	(196,465)	0	(196,465)

This action reduces 1.0 Communications Manager in the Police Department. This will result in the elimination of proactive news releases (for all cases but those that present danger to public safety), completion of the PAPD annual report, Basic and Advanced Citizens Police Academy, and participation in National Night Out. Significant time delays are anticipated for responses to routine press inquiries. (Ongoing savings: \$196,465)

Performance Results



This action may result in delayed response times to inquiries and news releases.

8 Reallocate Position from Police to City Manager's Office	0.00	(296,190)	0	(296,190)
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This action reallocates 1.0 Police Lieutenant from the Police Department to the City Manager's Office. This resource will be redeployed to evaluate critical staffing gaps and potential recruitments of new employees during the upcoming year. (Ongoing savings: \$296,190)

Performance Results



This action aligns resources with the City Manager's Office to support recruitment efforts and improve overall services.

9 Reduce Police Investigations	0.00	(345,649)	0	(345,649)
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This action reduces 2.0 Police Officer positions and 0.08 FTE part-time staffing in the detective division. Staff's ability to follow-up on criminal investigations, conduct surveillance and undercover crime suppression operations, participate in region-wide investigative meetings, and collaborate with other local police agencies will be delayed or suspended. Little to no impact is anticipated to the property and evidence unit. (Ongoing savings: \$345,649)

Performance Results

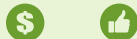


This action may result in longer response times.

10 Reduce Technical Services Support	0.00	(391,139)	0	(391,139)
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This action reduces 1.0 Deputy Director (0.20 allocated to the Fire Department) and 1.0 Communications Technician in technical support functions. Administrative and personnel management will be significantly delayed or not occur for this division. Resources that manage radio repairs, inventories, and replacement schedules will no longer be available and potentially need to be outsourced to an outside consultant. (Ongoing savings: \$391,139)

Performance Results



This action may result in delays to technical support functions.

11 Reduce Recruitment	0.00	(444,039)	0	(444,039)
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This action reduces 1.0 Police Lieutenant position, 0.22 FTE in part-time staffing (two positions), and \$103,000 in other expenses in the recruitment division. This will delay the current 18-month recruiting and training cycle for a new sworn employee. (Ongoing savings: \$444,039)

Performance Results



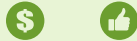
This action contributes to cost containment strategies in FY 2021.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
12 Suspend Traffic Program	0.00	(539,134)	0	(539,134)

This action reduces 3.0 Police Officer positions and suspends the specialized traffic program. This will result in a loss of personnel assigned full-time to targeted enforcement of traffic laws, which may result in higher instances of traffic collisions, increased dangerous driving behavior and a reduced police presence in residential neighborhoods. (Ongoing savings: \$539,134)

Performance Results



This action fully suspends the program and may result in lower resident approval rates for services.

13 Reduce Dispatch Services	0.00	(1,323,353)	(131,000)	(1,192,353)
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This action reduces 4.0 Public Safety Dispatcher positions, 1.0 Communications Manager, 0.49 FTE in part-time staffing (five positions), and \$500,000 in overtime expenses for Police dispatch operations. This is anticipated to reduce services to 80% of their current levels. This will result in potential impacts to the span of control, longer answer times for 911, and potential outsourcing of non-emergency calls. Time constraints will reduce the ability to provide Emergency Medical Dispatch (EMD) instructions and notifications to specialty teams. Extended answer times for administrative, Utility, and Public Works customers are anticipated and after hours call-outs will be limited to emergencies. A corresponding reduction to revenue is recommended for dispatch services provided to Stanford. (Ongoing net savings: \$1,192,353)

Performance Results



This action may result in longer response times for non-emergency activities.

14 Reduce Patrol Operations	0.00	(1,822,497)	0	(1,822,497)
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This action reduces 6.0 Police Officer positions, 2.0 Community Service Officers (0.13 allocated to the Residential Parking Permit Fund), 1.0 Administrative Associate II position, reduces overtime expense by \$500,000, and reduces contract services by \$57,000 in Police patrol operations. Patrol's ability to positively impact crime rates, address traffic safety issues, and meet key performance measures for proposed response times to urgent and emergency calls for service will be impacted. Urgent and emergency calls will remain the priority for timely police response to ensure safety during potentially life threatening or higher danger crimes in progress. Patrols response to non-emergency calls for service, directed patrol checks, generalized traffic enforcement activities, and special community engagement events will be eliminated or significantly reduced. Other sworn police personnel will be reassigned to backfill patrol vacancies as they arise to cover staffing shortages. (Ongoing savings: \$1,822,497)

Performance Results



This action may result in longer response times and lower participation levels in other community activities.



CITY OF
**PALO
ALTO**

PUBLIC WORKS

Mission Statement



To preserve and enhance the quality of life for Palo Alto residents and visitors by providing efficient, safe, and cost effective services in partnership with our citizens while maintaining City assets and being environmental stewards of the community.

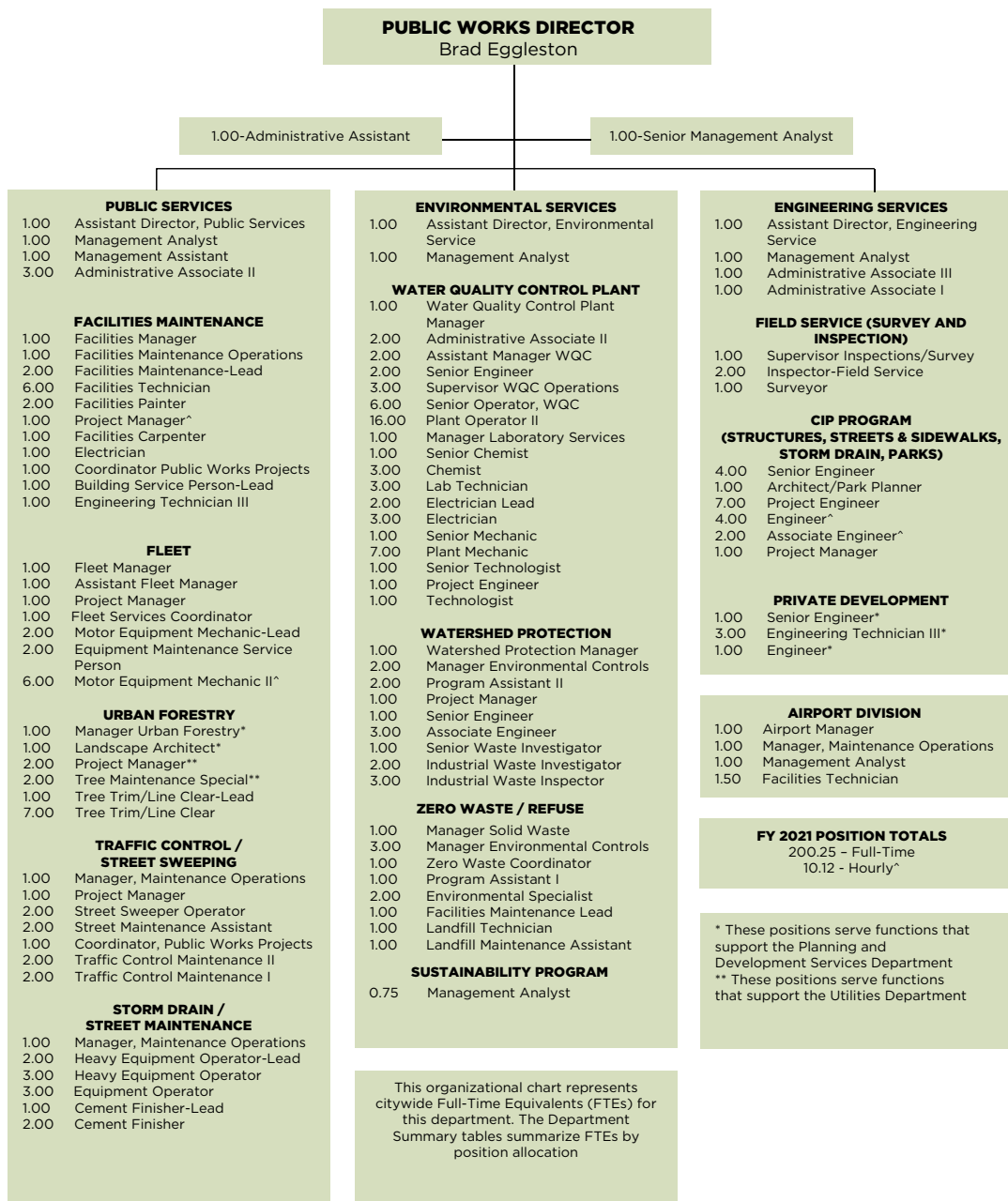
Purpose



The purpose of the Public Works Department is to ensure the City's valuable infrastructure is well-maintained and available well into the future; promote the protection and enhancement of Palo Alto's urban forest; enhance the quality of life for resi-

dents and visitors by preventing pollution of the creeks and bay, promoting reuse and recycling, and encouraging use of alternative fuel vehicles; ensure continuous operation of the Regional Water Quality Control Plant; provide efficient and cost effective garbage, recyclables, and compostables collection, processing, and disposal; deliver timely support to City departments in the area of engineering services; operate a safe and financially sustainable general aviation airport; and effectively manage the City's Capital Improvement Fund, including the Council Infrastructure Plan.

PUBLIC WORKS



^ These positions have been de-funded in FY 2021 and are identified in the Table of Organization with "(Freeze)" following the job classification title. The following positions are frozen in FY 2021:
 1.00 FTE Project Manager
 1.00 FTE Engineer
 1.00 FTE Associate Engineer
 1.00 FTE Motor Equipment Mechanic II
 0.48 Hourly FTE

Description

The Public Works Department is responsible for operations and capital projects in the following areas:

ENGINEERING SERVICES

Designs and constructs City-owned facilities, streets, sidewalks, storm drains, parks, and airport infrastructure; and provides engineering support to City departments for construction in the public right of way.

PUBLIC SERVICES

Maintains and renovates City-owned and leased structures, streets, sidewalks, storm drains, street signage and parking lots; manages the City's urban forest; manages the street sweeping program; and maintains the City's fleet.

ENVIRONMENTAL SERVICES

Operates and maintains the Regional Water Quality Control Plant; maintains a pretreatment program for control of industrial and commercial dischargers; provides pollution and waste prevention and stormwater management information and programs to residents and businesses; leads implementation of sustainability programs through the Office of Sustainability; manages the City's zero waste programs, household hazardous waste program, and the post-closure maintenance and monitoring of the City's closed landfill.

AIRPORT OPERATIONS

Operates the Palo Alto Airport; maintains airport facilities and grounds; manages agreements with airport tenants; serves as liaison with the Federal Aviation Administration (FAA) and the Palo Alto flying community; and maintains compliance with FAA regulations.

Accomplishments

- Continued implementation of the 2014 Council Infrastructure Plan. Completed construction of Fire Station No. 3 Replacement project. Completed 90% of construction of the new California Avenue Area Parking Garage project. Started construction on the Highway 101 Bicycle and Pedestrian Overcrossing project.
- Certified the Environmental Impact Report for the Newell Road Bridge Replacement project.
- Completed improvements at the Animal Shelter, including new modular building and renovations to the medical suite.
- Planted 200 new trees in addition to replacement trees.
- Signed an agreement with Valley Water and Mountain View to secure funding for an Advanced Water Purification Facility with a 1 million gallons per day (MDG) capacity to produce enhanced recycled water while reserving half of the wastewater flows for a future regional purification plant up to 9 MGD managed by Valley Water.

- Received an A score, for the second year in a row, for reporting on climate-related data to the Carbon Disclosure Project (CDP). Among the 800 cities reviewed, the City of Palo Alto joined 43 other cities in the CDP Leadership Scoring band for demonstrating best practice standards. Some of the criteria reviewed were adaptation, mitigation, making progress towards achieving ambitious but realistic goals, and having strategic plans in place to ensure the actions being taken will reduce climate impacts to citizens, businesses, and organizations residing in the City.
- Received approval by City Council of the 2019-2020 Sustainability Work Plan to guide the City on sustainability initiatives through 2020.

Initiatives

- Continue managing the 2014 Council Infrastructure Plan (IP) projects as a program and develop a funding strategy that will allow for the completion of the IP projects while maintaining funding in the Capital Improvement Fund for other citywide capital needs.
- Continue working toward the goals and objectives identified in the Urban Forest Master Plan, with a FY 2021 focus on utilizing geographic information system tools to analyze canopy coverage trends, and determine tree protection needed at construction sites during the permitting process.
- Continue to build the Infrastructure Management System (IMS) to capture street and sidewalk maintenance conducted by the Public Services Division and begin using the IMS to report to Council on the status of Palo Alto's infrastructure.
- Complete Municipal Services Center mechanical and electrical improvements and roofing replacements.
- Implement Stormwater Blue Ribbon Committee recommendations on the high priority storm drain infrastructure improvements and implement the completed Green Stormwater Infrastructure Plan.
- Continue to increase the number of Electric Vehicles (EV)s and alternative fuel vehicles within the fleet through scheduled replacements. By the end of FY 2021, 23% of passenger vehicles within the fleet will be Electric, Hybrid or Compressed Natural Gas (CNG).
- Complete Phase III of the Airport Apron Reconstruction project.
- Conduct an electric vehicle charger and location study to determine future locations of electric vehicle chargers at City facilities in support of Fleet electrification initiatives.
- Evaluate the fleet electrification pilot program of Plug-in Hybrid electric pick-up trucks on performance, operational compatibility, maintenance and repair needs, fuel efficiency, product availability, and total cost of ownership.
- Continue development of the 2020 Sustainability and Climate Action Plan (S/CAP) Update, consistent with the Council's adoption of "Sustainability, in the context of climate change" as one of the top three priorities for 2020, to help the City meet its sustainability goals, including reducing greenhouse gas (GHG) emissions 80 percent below 1990 levels by 2030.

- Embed S/CAP goals and actions into department work plans, program goals, objectives, and operations, and support interdepartmental S/CAP implementation teams.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Fund						
Airport Enterprise Fund	11,884,689	8,211,989	2,447,323	21,359,009	18,911,686	772.8%
General Fund-Operating	18,412,469	17,213,301	19,188,318	18,427,090	(761,229)	(4.0)%
Refuse Fund - Operating	28,300,353	29,985,449	38,600,779	32,410,760	(6,190,019)	(16.0)%
Stormwater Management - Operating	9,873,062	5,684,038	9,944,891	9,871,984	(72,907)	(0.7)%
Vehicle Replacement & Maintenance Fund	10,718,000	8,754,905	14,075,104	12,842,044	(1,233,061)	(8.8)%
Wastewater Treatment - Operating	39,920,647	37,482,291	55,434,126	59,737,415	4,303,289	7.8%
Total	119,109,220	107,331,972	139,690,541	154,648,301	14,957,760	10.7%
Revenues						
Charges for Services	202,666	166,454	199,208	199,208	—	—%
Charges to Other Funds	13,390,921	12,413,563	11,762,186	9,663,623	(2,098,563)	(17.8)%
From Other Agencies	13,333,527	5,869,673	—	19,288,640	19,288,640	—%
Net Sales	65,334,402	66,097,248	69,427,158	69,845,759	418,601	0.6%
Operating Transfers-In	222,433	196,107	196,107	246,107	50,000	25.5%
Other Revenue	5,491,951	4,775,942	30,938,300	32,466,020	1,527,720	4.9%
Other Taxes and Fines	900	2,475	6,500	6,500	—	—%
Permits and Licenses	656,944	1,248,297	622,096	622,096	—	—%
Rental Income	527,173	631,362	778,100	801,443	23,343	3.0%
Return on Investments	1,113,433	1,229,925	1,414,100	1,200,100	(214,000)	(15.1)%
Total Revenues	100,274,350	92,631,046	115,343,755	134,339,496	18,995,741	16.5%
Positions by Fund*						
Airport Fund	5.46	5.46	5.94	5.94	—	—%
General Fund	56.66	52.49	50.45	51.65	1.20	2.38%
Refuse Fund	15.65	15.65	15.93	15.93	—	—%
Stormwater Management Fund	13.55	13.55	13.55	13.55	—	—%
Vehicle Replacement and Maintenance Fund	17.26	16.53	16.01	16.01	—	—%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Wastewater Treatment Fund	71.26	71.26	71.26	71.39	0.13	0.18%
Total	179.84	174.94	173.14	174.47	1.33	0.77%

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

GENERAL FUND

Goals and Objectives

GOAL 1

Ensure the City's assets and infrastructure inventory are updated and well-maintained.

Objectives:

- Use an Infrastructure Management System (IMS) to support planning, budgeting, and accountability for the City's assets in accordance with the Infrastructure Blue Ribbon Commission's recommendations.
- Maintain and enhance the overall condition of the City's streets while effectively communicating the program's accomplishments to the public.
- Begin implementing repairs identified in the completed Sidewalk Program Evaluation Study.
- Begin developing a citywide facilities assessment plan to identify facility conditions and prioritize improvement needs.

GOAL 2

Provide high quality, cost-effective oversight of the City's capital improvement and facilities maintenance programs.

Objectives:

- Continue implementation of the 2014 City Council approved Infrastructure Plan for key infrastructure needs, managing the projects as a program.
- Provide cost-effective custodial and facilities maintenance services that meet the expectations of the public and provide clean and safe buildings.
- Continue to evaluate and implement the recommendations identified in the Facilities Work Group Organizational Study, which includes data collection, performance standards, benchmarking, and customer satisfaction surveys.

GOAL 3

Preserve the public's health and safety to ensure a vibrant, sustainable community for future generations.

Objectives:

- Complete planning entitlements, obtain regulatory permits, and prepare construction documents necessary to proceed with the Newell Road Bridge Replacement project.
- Ensure compliance with all applicable regulations related to the public's health and safety.
- Increase the total number of City trees by committing to plant a total of 200 new and replacement trees annually while maintaining the health of the City's urban forest and ensuring proper tree clearance of all utility lines.

PUBLIC WORKS

- Modernize City building systems to reduce energy consumption by including LED lighting conversions, roofing replacement upgrades, water efficient fixtures, more efficient mechanical equipment, computer controls of lighting and heating, ventilation and air conditioning (HVAC) systems.

Key Performance Measures

CITIZEN SURVEY - QUALITY OF SIDEWALK MAINTENANCE

Goal	Ensure the City's assets and infrastructure inventory are updated and well maintained.				
Objective	Increase rating given by residents for quality of sidewalk maintenance.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of citizens rating the quality of sidewalk maintenance as "good" or "excellent"	61%	N/A*	65%	65%	N/A*
Description	The City participates in the National Citizen Survey (NCS), which asks residents to rate their perception of sidewalk maintenance. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community.				
Purpose	Obtain feedback from residents on whether sidewalks are being maintained adequately in order to determine if the program's resources are appropriate.				
Status	The Department had estimated that a 65% rating would be reached in FY 2020 for sidewalk maintenance. *The National Citizen's Survey was not completed in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process.				

CITIZEN SURVEY - STREET MAINTENANCE

Goal	Ensure the City's assets and infrastructure inventory are updated and well maintained.				
Objective	Increase rating given by residents for quality of street maintenance.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of citizens rating the quality of street repair as "good" or "excellent"	46%	N/A*	54%	54%	N/A*
Description	The City participates in the National Citizen Survey (NCS), which asks residents to rate their perception of street maintenance. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community.				
Purpose	Obtain feedback from residents on whether streets are being maintained adequately in order to determine if the program's resources are appropriate.				
Status	The Department had estimated that a 54% rating would be reached in FY 2020 for street maintenance. *The National Citizen's Survey was not completed in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process.				

CITIZEN SURVEY - STREET TREE MAINTENANCE

Goal	Preserve the public's health and safety to ensure a vibrant, sustainable community for future generations.				
Objective	Increase rating given by residents for quality of street tree maintenance.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of citizens rating street tree maintenance "good" or "excellent"	72%	N/A	72%	72%	N/A
Description	The City participates in the National Citizen Survey (NCS), which asks residents to rate their perception of street tree maintenance. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community.				
Purpose	Obtain feedback from residents on whether street trees are being maintained adequately in order to determine if the program's resources are appropriate.				
Status	*The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY22 budget process.				

PAVEMENT CONDITION SCORE

Goal	Ensure the City's assets and infrastructure inventory are updated and well maintained.				
Objective	Maintain and enhance the overall condition of the City's streets.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Pavement Condition Score	84	85	85	84	82
Description	This measure tracks the condition of the City's streets based on Pavement Condition Index (PCI) published by the Metropolitan Transportation Commission (MTC) as well as changes in that PCI score. The PCI scores are rated as follows: 80+ = very good or excellent, 70-79 = good, 60-69 = fair, 50-59 = at risk, 25-49 = poor, 0-24 = failed.				
Purpose	Improving the condition of the City's streets reduces overall maintenance costs and increases ride satisfaction.				
Status	The City Council set a goal of raising the citywide average PCI score to 85 by FY 2019 and the Department achieved this goal. Annual reports by the MTC indicate that Palo Alto now has one of the highest citywide average PCI scores in Santa Clara and San Mateo Counties. The PCI dipped slightly in FY 2020 and is anticipated to reduce further in the coming years given reductions in the City's capital program due to budget priority adjustments in FY 2021 to address impacts from COVID-19.				

RESPONSE TO POTHOLE NOTIFICATION

Goal	Ensure the City's assets and infrastructure inventory are updated and well maintained.				
Objective	Maintain a standard timeframe for pothole repairs.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of potholes repaired within 15 days of notification	80%	85%	80%	82%	80%
Description	This measure records the number of potholes that are repaired within 15 days of the Department being notified of the problem.				
Purpose	The Department has a goal of repairing potholes within 15 days to ensure streets are maintained and repaired in a timely manner.				
Status	The Department has been making repairs within 15 days 82% of the time. FY 2021 percentages will lower to 80% due to a previous reduction in workforce impacting timeliness of job completion. Increased inspection of adjacent areas to increase cost effectiveness and increase PCI scores has resulted in additional work. Since implementation of Palo Alto 311, the number of notifications related to potholes continue to be significant and impact response times.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Square feet of sidewalk replaced or permanently repaired	38,557	66,662	64,250	34,100	44,130
Number of lane miles resurfaced	31	10	28	27	19
Percent of lane miles resurfaced	6.50%	2.00%	6.00%	5.70%	4.00%
Total square footage of facilities maintained	1,659,028	1,815,298	1,815,298	1,815,298	1,903,280
Cost per square foot for custodial services	\$2.11	\$1.82	\$1.88	\$1.88	\$1.89
Cost per square footage for maintenance services	\$2.21	\$2.11	\$2.29	\$2.29	\$2.16
Number of facilities work order requests completed	7,291	6,162	7,400	6,500	6,200
Number of trees trimmed annually	8,762	7,758	5,220	4,941	4,000
Total of trees maintained by the City	36,378	36,813	36,545	36,270	36,478
Number of tree related electrical service disruptions	8	6	8	18	12
Number of publicly available electric vehicle chargers in garages and city facilities	53	57	79	57	90

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
General Fund Administration	1,543,614	1,462,803	1,653,749	1,398,906	(254,843)	(15.4)%
General Fund Engineering Services	1,257,574	1,198,656	1,095,381	1,233,122	137,740	12.6%
General Fund Public Services: Streets	3,763,354	3,191,234	3,878,053	3,912,930	34,878	0.9%
General Fund Public Services: Structures and Grounds	7,655,871	7,117,954	8,029,740	7,834,494	(195,246)	(2.4)%
General Fund Public Services: Trees	4,192,056	4,242,654	4,531,396	3,796,332	(735,064)	(16.2)%
Sustainability	—	—	—	251,305	251,305	—%
Total	18,412,469	17,213,301	19,188,318	18,427,090	(761,229)	(4.0)%
Dollars by Category						
Salary & Benefits						
Healthcare	1,116,308	1,004,852	1,137,805	1,087,944	(49,861)	(4.4)%
Other Benefits	151,664	137,372	146,112	167,027	20,915	14.3%
Overtime	239,717	265,771	167,886	172,251	4,365	2.6%
Pension	1,491,805	1,388,663	1,804,560	1,879,915	75,355	4.2%
Retiree Medical	949,314	825,828	850,603	841,486	(9,117)	(1.1)%
Salary	5,094,927	4,641,204	4,920,549	4,999,491	78,942	1.6%
Workers' Compensation	127,270	133,352	199,115	188,991	(10,125)	(5.1)%
Total Salary & Benefits	9,171,005	8,397,042	9,226,630	9,337,106	110,476	1.2%
Allocated Charges	3,425,459	3,422,668	3,840,817	3,444,579	(396,237)	(10.3)%
Contract Services	4,688,287	4,392,507	4,879,358	4,406,565	(472,793)	(9.7)%
Facilities & Equipment	2,000	—	2,146	2,146	—	—%
General Expense	67,588	58,001	125,009	137,659	12,650	10.1%
Operating Transfers-Out	16,574	94,518	16,574	—	(16,574)	(100.0)%
Rents & Leases	210,191	168,978	227,974	227,974	—	—%
Supplies & Material	831,365	679,589	869,811	871,061	1,250	0.1%
Total Dollars by Expense Category	18,412,469	17,213,301	19,188,318	18,427,090	(761,229)	(4.0)%
Revenues						
Charges for Services	77,881	47,778	47,320	47,320	—	—%
Charges to Other Funds	3,796,696	3,331,386	2,355,516	2,155,112	(200,405)	(8.5)%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Operating Transfers-In	196,107	196,107	196,107	196,107	—	—%
Other Revenue	46,345	119,557	54,500	6,000	(48,500)	(89.0)%
Permits and Licenses	656,944	1,248,297	622,096	622,096	—	—%
Total Revenues	4,773,973	4,943,125	3,275,539	3,026,635	(248,905)	(7.6)%

Positions by Division

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
General Fund Administration	3.05	3.05	3.05	3.05	—	—%
General Fund Engineering Services	5.29	4.92	3.38	3.79	0.41	12.13%
General Fund Public Services: Streets	18.22	15.74	15.74	15.74	—	—%
General Fund Public Services: Structures and Grounds	17.31	15.83	15.33	15.33	—	—%
General Fund Public Services: Trees	12.79	12.95	12.95	12.99	0.04	0.31%
Sustainability	—	—	—	0.75	0.75	—%
Total	56.66	52.49	50.45	51.65	1.20	2.38%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Administrative Assistant	1.00	1.00	1.00	1.00	—	93,205
Administrative Associate I	0.60	0.60	0.10	0.10	—	7,218
Administrative Associate II	2.65	2.65	2.65	2.65	—	207,747
Administrative Associate III	0.01	0.01	0.01	0.01	—	840
Assistant Director Public Works	0.87	0.87	0.73	0.73	—	138,014
Associate Engineer	0.30	0.30	—	—	—	—
Building Serviceperson	1.00	—	—	—	—	—
Building Serviceperson-Lead	1.00	1.00	1.00	1.00	—	69,118
Cement Finisher	3.00	2.00	2.00	2.00	—	190,154
Cement Finisher-Lead	0.26	0.26	0.26	0.26	—	26,440
Coordinator Public Works Projects	1.50	1.50	1.50	1.50	—	129,420
Director Public Works/City Engineer	1.00	1.00	1.00	1.00	—	221,478
Electrician	0.80	0.80	0.80	0.80	—	89,507
Engineer	0.66	0.66	0.36	0.48	0.12	67,442

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Engineering Technician III	1.47	1.47	1.47	1.75	0.28	172,463
Equipment Operator	3.46	2.46	2.46	2.46	—	215,264
Facilities Carpenter	1.00	1.00	1.00	1.00	—	95,077
Facilities Maintenance-Lead	1.85	1.85	1.85	1.85	—	227,147
Facilities Painter	1.75	1.75	1.75	1.75	—	166,384
Facilities Technician	4.05	4.05	4.05	4.05	—	400,224
Heavy Equipment Operator	2.33	2.33	2.33	2.33	—	244,016
Heavy Equipment Operator-Lead	0.85	0.85	0.85	0.85	—	95,189
Inspector, Field Services	0.11	0.11	0.11	0.11	—	11,694
Landscape Architect Park Planner	0.10	0.60	0.60	0.60	—	73,482
Management Analyst	0.70	0.70	0.70	1.45	0.75	172,132
Manager Facilities	0.90	0.90	0.90	0.90	—	141,317
Manager Maintenance Operations	1.20	1.20	1.20	1.20	—	168,605
Manager Urban Forestry	0.96	0.96	0.96	1.00	0.04	163,197
Manager Watershed Protection	0.05	0.05	0.05	0.05	—	8,060
Planning Arborist	0.71	—	—	—	—	—
Project Engineer	0.50	0.50	—	—	—	—
Project Manager	2.65	2.65	2.65	2.00	(0.65)	221,672
Project Manager (Freeze)	—	—	—	0.65	0.65	72,008
Senior Engineer	0.79	0.79	0.59	0.60	0.01	104,832
Senior Management Analyst	1.11	1.11	1.11	1.11	—	144,172
Senior Project Manager	0.10	0.10	—	—	—	—
Supervisor Inspection and Surveying	0.10	0.10	0.10	0.10	—	13,653
Surveyor, Public Works	0.33	0.33	0.33	0.33	—	35,507
Traffic Controller Maintainer I	1.94	1.94	1.94	1.94	—	166,613
Traffic Controller Maintainer II	2.00	2.00	2.00	2.00	—	159,078
Tree Maintenance Person	1.00	1.00	1.00	1.00	—	88,150
Tree Trim/Line Clear	7.00	7.00	7.00	7.00	—	607,443
Tree Trim/Line Clear-Lead	1.00	1.00	1.00	1.00	—	92,810
Sub-total: Full-Time Equivalent Positions	54.66	51.45	49.41	50.61	1.20	5,300,774

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Temporary/Hourly	2.00	1.04	1.04	1.04	—	87,826
Total Positions	56.66	52.49	50.45	51.65	1.20	5,388,600

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	50.45	19,188,318	3,275,539	15,912,779
One-Time Prior Year Budget Adjustments				
None				
One-Time Prior Year Budget Adjustments				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	216,404	—	216,404
Urban Forestry (Contract Alignment and Tree Mitigation Fee)	—	(152,845)	(48,500)	(104,345)
Vacancy Factor Adjustment	—	(40,510)	—	(40,510)
Transfer to Electric Fund (Canopy Contract)	—	(16,574)	—	(16,574)
Contract Services Alignment (Facilities Maintenance)	—	31,176	—	31,176
Charges to Other Funds for Engineering Services	—	—	(40,874)	40,874
Custodial Contract (Amendment #2 and Year 4 Adjustments)	—	128,305	—	128,305
Office of Sustainability (OOS) Transition	0.75	261,767	(2,516)	264,283
General Fund Cost Allocation Plan	—	—	(130,717)	130,717
Communication Services Allocated Charges	—	5,370	—	5,370
Liability Insurance Allocated Charges	—	34,921	—	34,921
Information Technology Allocated Charges	—	(185,753)	—	(185,753)
Printing & Mailing Services Allocated Charges	—	6,001	—	6,001
Public Works Administration Allocated Charges	—	—	(26,297)	26,297
Refuse Allocated Charges	—	(4,888)	—	(4,888)
Stormwater Management Allocated Charges	—	748	—	748
Utilities Allocated Charges	—	(196,097)	—	(196,097)
Vehicle Replacement & Maintenance Allocated Charges	—	(88,984)	—	(88,984)
Workers' Compensation Allocated Charges	—	(15,196)	—	(15,196)
Adjustments to Costs of Ongoing Activities	0.75	(16,154)	(248,904)	232,750
Total FY 2021 Base Budget	51.20	19,172,165	3,026,635	16,145,529
Budget Adjustments				
1 San Francisquito Creek Joint Powers Authority (SFCJPA) Membership	—	123,000	—	123,000
2 Public Works Development Services Alignment	0.45	80,109	—	80,109

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
3 Buildings and Facilities Reductions	—	(110,642)	—	(110,642)
4 Management and Professionals Group Compensation Reduction	—	(183,143)	—	(183,143)
5 Urban Forestry (Tree Trimming Services)	—	(654,399)	—	(654,399)
Total Budget Adjustments	0.45	(745,075)	—	(745,075)
Total FY 2021 Adopted Budget	51.65	18,427,090	3,026,635	15,400,454

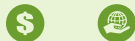


Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 San Francisquito Creek Joint Powers Authority (SFCJPA) Membership	0.00	123,000	0	123,000

This action includes a one-time increase of \$94,000 to cover consultant fees for an environmental assessment on an upstream project, and will increase expenses ongoing for the City of Palo Alto's membership fee (\$29,000) with the San Francisquito Creek Joint Powers Authority (SFJPA) which allows the City to participate in the decision-making process for a series of projects to provide flood protection for local residents. The SFJPA is an independent regional government agency founded by three cities and two countywide agencies divided by San Francisquito Creek and united by its watershed and floodplain. This joint agency leads projects along the creek and S.F. Bay to reduce flood threat, enhance ecosystems and recreational opportunities, and connect communities. (Ongoing cost: \$29,000)

Performance Results



This allows the City to continue to participate in the decision-making process for a series of projects to provide flood protection for local residents.

2 Public Works Development Services Alignment	0.45	80,109	0	80,109
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This action recognizes the reallocation of staffing from the Planning and Development Services Department's Public Works division to the Public Works Department. This reallocation of staff will align the position with the anticipated workload for the position. (Ongoing cost: \$80,109)

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
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Performance Results



This action ensures that appropriate staffing levels are available to support Public Works activities.

3 Buildings and Facilities Reductions	0.00	(110,642)	0	(110,642)
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This action reduces 1.0 Project Manager across all funds (0.65 FTE in the General Fund). This position manages facilities maintenance contracts and facilities related capital projects. This will realign work capacity while ensuring continued management of facilities contracts like the citywide custodial contract, and sufficient staff time is appropriated to manage the remaining capital projects. (Ongoing savings: \$110,642)

Performance Results



This action is commensurate with the funding reductions in the Capital Improvement Fund and contributes to cost containment strategies in FY 2021.

4 Management and Professionals Group Compensation Reduction	0.00	(183,143)	0	(183,143)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

5 Urban Forestry (Tree Trimming Services)	0.00	(654,399)	0	(654,399)
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This action will reduce contractual funding for tree trimming services citywide by 50%. Although this reduction will significantly reduce the number of trees trimmed in FY 2021 and FY 2022, it is not anticipated to adversely impact the City's goal of a 7-year average tree trimming cycle because the City is currently ahead of schedule. Management of the contract to maximize tree trimming may result in deferral of other activities such as stump grindings and plantings of replacement trees. (Ongoing savings: \$654,399)

Performance Results



This action contributes to cost containment strategies in FY 2021. If the reduction is continued for more than two years, it would impact the cycle time over the medium and long-term.

AIRPORT FUND

Description

The Palo Alto Airport serves as a general aviation reliever airport to the Bay Area's major air carrier airports. It is the fourth busiest airport in the Bay Area, averaging 150,000 annual operations; open 24 hours each day, 365 days annually; and has a Federal Aviation Administration-staffed air traffic control tower.

Accomplishments

- Completed Phase II of the Airport Apron Reconstruction Project. Prior to paving, the pavement was in poor condition with a Pavement Condition Index (PCI) score of 36. The score is anticipated to improve when the next PCI evaluation is conducted after Phase III of the project is completed. The Airport has received grant funding for Phase III and the City has received bids for this project.
- Completed the Airport Facilities Assessment, and determined the repairs and safety needs for the Airport buildings.

Initiatives

- Develop an Airport Business Plan to establish goals, objectives, and action plans that will frame the day-to-day operation and management of the airport as well as identify capital improvements and inform staffing decisions.
- Complete the Apron Reconstruction Project by completing Phase III of the project to improve the pavement condition of the airport and bring the apron to current FAA safety standards.

Goals and Objectives

GOAL 1

Operate a safe and viable airport.

Objectives:

- Maintain compliance with federal and state requirements for airfield conditions.
- Continue to follow industry standards and trends in staff training and education.
- Maintain sufficient staff to provide coverage during the FAA air traffic control tower operating hours of 7:00 am to 9:00 pm.

GOAL 2

Provide high quality, cost-effective oversight of the airport’s capital improvement program (CIP).

Objectives:

- Continue management of FAA-sponsored CIP projects at the airport.
- Submit grant applications to the FAA for multi-phase projects that ensure efficiency and airfield safety.
- Maintain grant funding eligibility by submitting a Five-Year Airport CIP work plan to the FAA annually.

GOAL 3

Manage a financially sustainable and self-sufficient airport enterprise fund.

Objectives:

- Adopt and implement an Airport Business Plan to guide future development and ensure fund stability.
- Control expenses and generate sufficient revenues to accommodate the needs of the Palo Alto Airport, including loan repayment to the General Fund.

Key Performance Measures

AIRCRAFT OPERATIONS

Goal	Operate a safe and viable airport.				
Objective	Provide a safe, aesthetically pleasing, and profitable airport.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of aircraft operations	149,000	152,479	160,000	130,000	120,000
Description	The Palo Alto Airport (PAO) is owned and operated by the City of Palo Alto and is a general aviation field. The Federal Aviation Administration defines workload measures for airports with an air traffic control tower by the number of aircraft operations (sum of landings and takeoffs). In addition to being the twelfth busiest airport in California, PAO is a reliever to three Bay Area airports. PAO's significant air traffic must be accommodated by the one paved runway which measures 2,443 x 70 feet.				
Purpose	Providing a safe, well maintained and attractive airport will appeal to the tenants, pilots, visitors, outside agencies, residents, and the flying community at large.				
Status	Total operations were 149,000 in FY 2018 and 152,479 in FY 2019 and estimated to be 130,000 in FY 2020 and 120,000 in FY 2021. Operations were affected by construction, weather, and training schools in the area as well as the shelter in place order issued by Santa Clara County in FY 2020 in response to COVID-19 which is expected to continue in FY 2021.				

PERCENTAGE OF TIE-DOWNS LEASED

Goal	Manage a financially sustainable and self-sufficient airport enterprise fund.				
Objective	Increase tenant occupancy by providing a safe and well maintained airport that is also cost recoverable.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percentage of Tie-downs Leased	72%	64%	75%	89%	90%
Description	The City of Palo Alto operates and maintains the Palo Alto Airport and provides airport users with safe transportation options and a high level of airport services. The airport has a total of 510 tie-down spaces, including spaces under construction or maintenance. Out of the total number spaces, 347 are available for rent.				
Purpose	Maximizing tie-down space occupancy increases revenue and provides funding to revitalize the Palo Alto Airport without changing or increasing the current airport footprint. Tie-down and apron areas that are in disrepair are not available for leasing and unsightly. Providing a safe, well maintained, and attractive airport appeals to the tenants, pilots, visitors, outside agencies, residents, and the flying community at large.				
Status	Airport staff is responsible for maintaining 102.4 acres of airport facilities, infrastructure and equipment; and managing over 250 tenants and 329 leased tie-down spaces. In FY 2018 the percentage of leased rentable tie-downs was 72%. In FY 2019 it decreased to 64% due to the Airport Apron Reconstruction project, causing some airport tenants to temporarily move to other airports during construction. The percentage of leased rentable tie-downs has increased to 89% in FY 2020. Due to an apron shift as result of FAA standards and construction, only 347 tie-downs are available for rent at this time. However, the tie-down number will increase as construction is completed for Phase III of the Apron Reconstruction Project.				

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Airport Administration	893,430	890,348	1,058,650	934,946	(123,704)	(11.7)%
Airport Operations	620,616	673,141	1,042,477	1,063,943	21,467	2.1%
CIP Airport Fund	10,370,643	6,648,126	346,196	19,360,120	19,013,924	5,492.2%
Total	11,884,689	8,211,615	2,447,323	21,359,009	18,911,686	772.8%
Dollars by Category						
Salary & Benefits						
Healthcare	101,705	99,225	131,582	109,120	(22,462)	(17.1)%
Other Benefits	18,545	21,246	21,521	21,564	43	0.2%
Overtime	11,972	24,407	—	—	—	—%
Pension	136,462	155,080	217,892	201,977	(15,916)	(7.3)%
Retiree Medical	11,804	43,990	45,310	42,835	(2,475)	(5.5)%
Salary	531,225	574,373	632,325	628,838	(3,487)	(0.6)%
Workers' Compensation	—	14,961	20,763	19,236	(1,527)	(7.4)%
Total Salary & Benefits	811,714	933,283	1,069,393	1,023,570	(45,823)	(4.3)%
Allocated Charges	647,135	637,851	669,891	604,614	(65,277)	(9.7)%
Contract Services	100,229	51,014	140,700	139,900	(800)	(0.6)%
General Expense	89,588	96,890	36,480	36,480	—	—%
Operating Transfers-Out	11,231	7,471	281,200	272,000	(9,200)	(3.3)%
Rents & Leases	10,322	6,123	11,630	11,630	—	—%
Supplies & Material	29,947	10,458	56,472	56,472	—	—%
Capital Improvement Program	10,184,522	6,468,900	181,556	19,214,343	19,032,786	10,483.1%
Total Dollars by Expense Category	11,884,689	8,211,989	2,447,323	21,359,009	18,911,686	772.8%
Revenues						
From Other Agencies	9,333,527	5,869,673	—	19,288,640	19,288,640	—%
Net Sales	641,868	667,142	654,767	626,767	(28,000)	(4.3)%
Other Revenue	1,145,804	1,155,324	1,008,800	1,094,020	85,220	8.4%
Rental Income	593,303	631,362	778,100	801,443	23,343	3.0%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Return on Investments	20,629	22,874	21,400	2,500	(18,900)	(88.3)%
Total Revenues	11,735,131	8,346,376	2,463,067	21,813,370	19,350,303	785.6%
Positions by Division						
Airport Administration	2.00	2.00	2.48	2.48	—	—%
Airport Operations	2.21	2.21	2.71	2.71	—	—%
CIP Airport Fund	1.25	1.25	0.75	0.75	—	—%
Total	5.46	5.46	5.94	5.94	—	—%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Facilities Technician	1.50	1.50	1.50	1.50	—	148,231
Management Analyst	1.00	1.00	1.00	1.00	—	121,098
Manager Airport	1.00	1.00	1.00	1.00	—	174,907
Manager Maintenance Operations	1.00	1.00	1.00	1.00	—	121,930
Sub-total: Full-Time Equivalent Positions	4.50	4.50	4.50	4.50	—	566,166
Temporary/Hourly	0.96	0.96	1.44	1.44	—	86,676
Total Positions	5.46	5.46	5.94	5.94	—	652,842

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Airport Fund
Prior Year Budget	5.94	2,447,323	2,463,067	(15,744)
One-Time Prior Year Budget Adjustments				
None				
One-Time Prior Year Budget Adjustments				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	28	—	28
Revenue Adjustments	—	—	80,563	(80,563)
Return on Investments	—	—	(18,900)	18,900
Transfer to Technology Fund (TE-19001 Council Chambers Project)	—	(9,200)	—	(9,200)
Capital Improvement Projects and FAA Grant Funding	—	17,034,600	17,288,640	(254,040)
General Fund Cost Allocation Plan	—	(91,898)	—	(91,898)
Industrial Waste Discharge Fee Allocated Charges	—	582	—	582
Information Technology Allocated Charges	—	(5,910)	—	(5,910)
Liability Insurance Allocated Charges	—	3,653	—	3,653
Printing & Mailing Services Allocated Charges	—	(1,632)	—	(1,632)
Public Works Administration Allocated Charges	—	(2,630)	—	(2,630)
Refuse Allocated Charges	—	49,564	—	49,564
Utilities Allocated Charges	—	(25,560)	—	(25,560)
Vehicle Replacement & Maintenance Allocated Charges	—	5,941	—	5,941
Workers' Compensation Allocated Charges	—	(1,527)	—	(1,527)
Adjustments to Costs of Ongoing Activities	—	16,956,011	17,350,303	(394,292)
Total FY 2021 Base Budget	5.94	19,403,334	19,813,370	(410,036)
Budget Adjustments				
1 Department of Transportation (DOT) Loan	—	2,000,000	2,000,000	—
2 Management and Professionals Group Compensation Reduction	—	(44,325)	—	(44,325)
Total Budget Adjustments	—	1,955,675	2,000,000	(44,325)
Total FY 2021 Adopted Budget	5.94	21,359,009	21,813,370	(454,361)



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Airport Fund
1 Department of Transportation (DOT) Loan	0.00	2,000,000	2,000,000	0

This one-time cost-neutral action recognizes the acceptance of a \$2,000,000 loan from the Department of Transportation (DOT), increasing both expenses and revenues by a commensurate amount. This loan will help support the Airport Apron Reconstruction Project (AP-16000) funding Phase III of the project. This is a 17-year loan with annual debt service payments beginning in FY 2022. (Ongoing Costs: \$146,307)

Performance Results



This action will ensure that the Airport has adequate resources to support operations and implementation of the Airport Apron Project (AP-16000) in FY 2021.

2 Management and Professionals Group Compensation Reduction	0.00	(44,325)	0	(44,325)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

REFUSE FUND

Description

Public Works provides refuse-related services on a user charge basis to Palo Alto's residents and businesses. The Refuse Fund goals are to minimize waste generation, maximize recycling and reuse to meet and exceed the City's Zero Waste goals, protect the environment by safely collecting and disposing of household hazardous waste, and maintain and monitor the City's closed landfill.

Accomplishments

- Developed outreach strategies on the new Disposable Foodware Ordinance, provided outreach on requirements to the community, food service establishments, and farmer's markets, and began initial compliance assessments. Required some City events to use reusable foodware as an effort towards the transition.
- Developed outreach for the new Deconstruction and Construction Materials Management Ordinance and provided information on requirements to the community and the affected projects. GreenWaste of Palo Alto, the City's collector, began preparations to provide new collection services of smaller containers that will accommodate projects with compact footprints.
- Expanded the Household Hazardous Waste Reuse Zone to encourage the public to participate in donating and showcasing the reuse of good quality, gently used household products that would otherwise be discarded.
- Continued active engagement with commercial customers by conducting additional inspections and requiring more accurate sorting of commercial recyclables to clean up the City's recyclable materials so that they can be marketed beneficially, and improve waste diversion from landfills.
- Implemented a new enhanced curbside Clean Up Day service with a focus on collection of reusable items and recyclable materials. Created and executed an outreach and educational plan to ensure successful communication and transition for the community.
- Completed developing and implementing the clean recyclables outreach campaign with the goal for Palo Alto's recyclables to meet new market demands for cleaner material.

Initiatives

- Issue a Request for Proposals (RFP) and select the facility to process Palo Alto's garbage and the disposal destination. This new contract will either continue the current SMaRT Station agreement with the cities of Sunnyvale and Mountain View or lead to a new contract with another independent entity.
- Implement a new process for reviewing and approving deconstruction projects required to meet the new Deconstruction and Construction Materials Management Ordinance effective July 2020.
- Develop and conduct outreach on the new ordinance requirement effective July 2020 for color coded bags to visually ease sorting of waste materials designed for custodial services.
- Assess compliance of food service establishments with the new Foodware Ordinance that bans specific single plastic items and requires compostable alternatives.
- Conduct community engagement to obtain input to further expand the Foodware Ordinance to prohibit additional single-use foodware and prioritize more environmentally friendly alternatives.
- Conduct community engagement to require food waste prevention and edible food recovery measures for commercial food generators.

Goals and Objectives

GOAL 1

Minimize waste generation and maximize recycling and reuse programs to achieve zero waste to landfills by 2030.

Objectives:

- Promote waste prevention, reuse, recycling, and composting through educational programs and outreach to increase public participation.
- Reduce waste sent to landfills by implementing new programs and enforcing existing requirements such as the recycling and composting ordinance.
- Develop and recommend new innovative policies and programs to minimize and divert waste and other problem materials.

GOAL 2

Protect the environment by providing convenient, weekly, and local household hazardous waste collection services to residents and small businesses.

Objectives:

- Increase participation in the City's Household Hazardous Waste collection services through educational programs and outreach.
- Promote the reuse of good household products to residents at the City's Household Hazardous Waste Station.

GOAL 3

Effectively manage the City’s closed landfill to meet all regulatory requirements and minimize the impacts of postclosure maintenance on Byxbee Park users.

Objectives:

- Perform annual repairs of settled landfill areas to minimize the impacts of periodic larger repairs to park users.
- Maintain a comprehensive preventative maintenance program for the landfill environmental control systems.

Key Performance Measures

NUMBER OF HOUSEHOLDS SERVICED THROUGH THE HOUSEHOLD HAZARDOUS WASTE PROGRAM ON AN ANNUAL BASIS

Goal	Protect the environment by providing convenient, weekly, and local household hazardous waste collection services to residents and small businesses.				
Objective	Increase participation with the City's Household Hazardous Waste collection services through educational programs and outreach. Promote the reuse of good household products to residents at the City's Household Hazardous Waste Station reuse storage cabinets.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of households participating in the Household Hazardous Waste program	5,814	5,523	5,800	5,660	5,700
Description	The number of households serviced at the Household Hazardous Waste Station is a direct measurement of the usage of the program which indirectly measures the convenience and public awareness of the program.				
Purpose	The more the residents use the Household Hazardous Waste collection program, the less likely unused hazardous products may be disposed in the garbage or down the drain.				
Status	The City's Household Hazardous Waste Program continues to have one of the highest public participation rates in the state at 18.9% in FY 2019. By comparison, the County of Santa Clara Household Hazardous Waste Program had a participation rate of 5.4%. The State did not generate data for FY 2019, but historically the participation rate has been between 4-5% statewide.				

PERCENTAGE OF HOUSEHOLDS WITH MINI-CAN GARBAGE SERVICE

Goal	Minimize waste generation and maximize recycling and reuse programs in order to achieve zero waste to landfills by 2030.				
Objective	Promote recycling, composting, and reuse through educational programs and outreach in order to increase public participation.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of households with mini-can garbage service	42%	43%	45%	44%	45%
Description	The percentage of households with mini-can garbage service measures reductions in residential garbage generation. As more residents participate in the City's Zero Waste programs and elect smaller mini-can garbage service, their garbage volume will be reduced. This increases the City's diversion from landfill disposal and helps the community meet its zero waste and sustainability goals.				
Purpose	Verify if residents are reducing their garbage generation to achieve zero waste to landfills by 2030.				
Status	Residents continued the trend of downsizing their garbage carts and decreasing the amount of garbage landfilled by diverting their recyclable and compostable materials.				

PERCENTAGE OF WASTE DIVERTED FROM LANDFILLS

Goal	Minimize waste generation and maximize recycling and reuse programs to achieve zero waste to landfills by 2030.				
Objective	Promote recycling, composting, and reuse through educational programs and outreach to increase public participation.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percentage of waste diverted from landfills	80%	82%	82%	82%	84%
Description	The percent of waste diverted from landfills is derived from both the amount of waste sent to landfills in the previous calendar year based on data from CalRecycle and the per capita disposal rate in landfills and it measures the effectiveness of Zero Waste programs.				
Purpose	Track waste generation and verify the City is meeting its zero waste goals.				
Status	The City's waste diversion percentage increased to 82% from FY 2018 to FY 2019. This is due to a decrease in the amount of waste landfilled by residents and businesses.				

PERCENTAGE OF COMMERCIAL ACCOUNTS WITH COMPOST SERVICE

Goal	Minimize waste generation and maximize recycling and reuse programs in order to achieve zero waste to landfills by 2030.				
Objective	Reduce landfilled waste by implementing new programs such as the recycling and composting ordinance approved by Council in January 2016.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percentage of commercial accounts with compost service	97%	100%	100%	100%	100%
Description	The percentage of commercial customers with compost service measures commercial customer participation in the City's Zero Waste programs, and compliance with the Recycling and Composting Ordinance. As more customers order compost service and sort their waste properly, additional food scraps and soiled paper will be diverted from landfills, thereby advancing the City's goals.				
Purpose	Tracking commercial customer compost service usage provides insight to levels at which they are reducing garbage generation and verifies compliance with the City's Recycling and Composting Ordinance.				
Status	Since FY 2019, all commercial accounts have compost service and are compliant with the City's refuse ordinance. The next step is to improve waste sorting and minimize contamination of materials by conducting inspections and waste audits to ensure compliance. As commercial customers improve their waste sorting capabilities, an increase in waste diverted from landfill disposal should be evident. This performance measure will be replaced by a new workload measure that reports on the number of inspections and waste audits conducted to review compliance.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Tons of materials recycled or composted	57,744	55,900	60,000	56,500	57,000
Number of inspections performed annually on recycling and compost sorting compliance	NEW	NEW	NEW	NEW	150
Number of complete deconstruction of structures	NEW	NEW	NEW	NEW	100

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Refuse Administration	3,771,780	3,486,653	3,652,067	2,261,310	(1,390,757)	(38.1)%
Refuse Collection, Hauling and Disposal: Operations	4,501,196	20,978,767	29,749,071	24,988,260	(4,760,811)	(16.0)%
Refuse Collection, Hauling and Disposal: Payment to GreenWaste	15,264,971	—	—	—	—	—%
Refuse Solid Waste: Operations	3,476,378	4,195,810	3,710,915	3,731,992	21,077	0.6%
Refuse Street Sweeping	1,286,027	1,324,218	1,488,727	1,429,198	(59,529)	(4.0)%
Total	28,300,353	29,985,449	38,600,779	32,410,760	(6,190,019)	(16.0)%

Dollars by Category						
Salary & Benefits						
Healthcare	226,357	252,782	293,415	290,025	(3,390)	(1.2)%
Other Benefits	44,742	49,162	53,426	56,321	2,895	5.4%
Overtime	41,215	39,379	43,990	45,134	1,144	2.6%
Pension	409,227	445,520	650,896	591,767	(59,129)	(9.1)%
Retiree Medical	380,709	219,089	225,662	214,998	(10,663)	(4.7)%
Salary	1,551,087	1,448,451	1,699,773	1,685,997	(13,777)	(0.8)%
Workers' Compensation	29,936	41,152	60,728	56,263	(4,465)	(7.4)%
Total Salary & Benefits	2,683,274	2,495,535	3,027,889	2,940,505	(87,385)	(2.9)%
Allocated Charges	1,841,980	1,974,933	1,863,189	1,648,930	(214,259)	(11.5)%
Contract Services	6,103,675	6,921,151	6,355,681	6,497,221	141,540	2.2%
Debt Service	155,637	196,299	195,864	196,509	645	0.3%
Facilities & Equipment	—	—	3,000	3,000	—	—%
General Expense	29,660	14,730	112,275	112,275	—	—%
Operating Transfers-Out	62,283	42,586	55,100	20,125	(34,975)	(63.5)%
Rents & Leases	2,277,759	2,191,696	2,161,066	1,013,231	(1,147,835)	(53.1)%
Supplies & Material	86,334	92,335	142,805	142,805	—	—%
Transfer to Infrastructure	—	—	73,000	37,250	(35,750)	(49.0)%
Utility Purchase	15,059,752	16,056,182	24,610,909	19,798,909	(4,812,000)	(19.6)%
Total Dollars by Expense Category	28,300,353	29,985,449	38,600,779	32,410,760	(6,190,019)	(16.0)%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Revenues						
Charges for Services	70,804	65,897	34,000	34,000	—	—%
Charges to Other Funds	251,309	160,552	160,552	160,552	—	—%
Net Sales	31,202,240	31,070,886	30,662,000	30,732,000	70,000	0.2%
Other Revenue	3,186,411	2,704,985	2,311,000	2,311,000	—	—%
Other Taxes and Fines	(1,300)	(425)	—	—	—	—%
Rental Income	(66,129)	—	—	—	—	—%
Return on Investments	428,095	612,423	517,800	489,100	(28,700)	(5.5)%
Total Revenues	35,071,430	34,614,317	33,685,352	33,726,652	41,300	0.1%

Positions by Division

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Refuse Administration	0.43	0.43	0.43	0.43	—	—%
Refuse Collection, Hauling and Disposal: Operations	1.00	1.00	1.00	1.00	—	—%
Refuse Solid Waste: Operations	11.54	11.54	11.82	11.82	—	—%
Refuse Street Sweeping	2.68	2.68	2.68	2.68	—	—%
Total	15.65	15.65	15.93	15.93	—	—%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Account Specialist	0.10	0.10	0.10	0.10	—	7,827
Accountant	0.10	0.10	0.10	0.10	—	9,707
Assistant Director Public Works	0.35	0.35	0.35	0.35	—	71,531
Deputy Chief/Fire Marshal	0.03	0.03	0.03	0.03	—	6,455
Environmental Specialist	2.00	2.00	2.00	2.00	—	231,795
Facilities Maintenance Lead	1.00	1.00	1.00	1.00	—	107,453
Hazardous Materials Inspector	0.02	0.02	0.02	0.02	—	3,290
Landfill Technician	1.00	1.00	1.00	1.00	—	107,453
Management Analyst	0.43	0.43	0.43	0.43	—	48,910
Manager Environmental Control Program	3.00	3.00	3.00	3.00	—	400,275
Manager Maintenance Operations	0.46	0.46	0.46	0.46	—	60,881

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Manager Solid Waste	1.00	1.00	1.00	1.00	—	161,096
Program Assistant I	1.00	1.00	1.00	1.00	—	79,560
Project Manager	0.20	0.20	0.20	0.20	—	22,156
Senior Accountant	0.10	0.10	0.10	0.10	—	13,237
Senior Management Analyst	0.08	0.08	0.08	0.08	—	10,899
Street Maintenance Assistant	1.00	1.00	1.00	1.00	—	73,382
Street Sweeper Operator	1.63	1.63	1.63	1.63	—	142,363
Zero Waste Coordinator	1.00	1.00	1.00	1.00	—	101,650
Sub-total: Full-Time Equivalent Positions	14.50	14.50	14.50	14.50	—	1,659,921
Temporary/Hourly	1.15	1.15	1.43	1.43	—	70,743
Total Positions	15.65	15.65	15.93	15.93	—	1,730,664

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Refuse Fund
Prior Year Budget	15.93	38,600,779	33,685,352	4,915,427
One-Time Prior Year Budget Adjustments				
Refuse Hauling Fleet Replacement	—	(7,100,000)	—	(7,100,000)
One-Time Prior Year Budget Adjustments	—	(7,100,000)	—	(7,100,000)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	2,436	—	2,436
Refuse Hauling Fleet Replacement	—	1,850,000	—	1,850,000
Residential and Commercial Refuse Hauling and Processing Services	—	543,540	—	543,540
Rents & Leases	—	64,645	—	64,645
Return on Investments	—	—	(28,700)	28,700
Debt Service: City of Sunnyvale Solid Waste Revenue Refunding Bonds	—	645	—	645
Transfers to Technology Fund (Citywide Technology CIP)	—	(34,975)	—	(34,975)
Transfers to Infrastructure Fund (City facilities CIP)	—	(35,750)	—	(35,750)
Postclosure Landfill Rent	—	(1,212,480)	—	(1,212,480)
General Fund Cost Allocation Plan	—	(71,244)	—	(71,244)
Communication Services Allocated Charges	—	4,850	—	4,850
General Liability Insurance Allocated Charges	—	10,684	—	10,684
Industrial Waste Discharge Fee Allocated Charge	—	3,423	—	3,423
Information Technology Allocated Charges	—	(80,890)	—	(80,890)
Printing & Mailing Services Allocated Charges	—	5,141	—	5,141
Public Works Administration Allocated Charges	—	(5,259)	—	(5,259)
Refuse Allocated Charges	—	—	70,000	(70,000)
Stormwater Management Allocated Charges	—	41	—	41
Utilities Allocated Charges	—	(12,588)	—	(12,588)
Vehicle Replacement & Maintenance Allocated Charges	—	(68,418)	—	(68,418)
Workers' Compensation Allocated Charges	—	(4,465)	—	(4,465)
Adjustments to Costs of Ongoing Activities	—	959,336	41,300	918,036
Total FY 2021 Base Budget	15.93	32,460,115	33,726,652	(1,266,537)
Budget Adjustments				

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Refuse Fund
1 Landfill Compressor Replacement	—	25,000	—	25,000
2 Zero Waste Program Implementation	—	11,000	—	11,000
3 Management and Professionals Group Compensation Reduction	—	(85,355)	—	(85,355)
Total Budget Adjustments	—	(49,355)	—	(49,355)
Total FY 2021 Adopted Budget	15.93	32,410,760	33,726,652	(1,315,892)



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Refuse Fund
1 Landfill Compressor Replacement	0.00	25,000	0	25,000

This one-time action provides funding for the replacement of the landfill compressor nearing the end of its useful life. The compressor is used at the landfill to comply with federal, state, and local requirements for landfill leachate extraction operations. The compressor is a vital part of the landfill leachate collection system, supplying air to power the 24 pneumatic pumps within the leachate extraction wells. (Ongoing costs: \$0)

Performance Results



This action ensures the necessary equipment is available to maintain compliance with federal, state, and local requirements and proper operation at the City's landfill.

2 Zero Waste Program Implementation	0.00	11,000	0	11,000
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This action increases the expense budget to fund initiatives identified in the City's Zero Waste Plan. Funding will support the continuation and expansion of the ReThink Disposable program, which provides tools to identify and redesign wasteful practices, products, and packaging, and promotes the purchase more environmentally preferred products. (Ongoing costs: \$11,000)

Performance Results




Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Refuse Fund
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This action aligns funding with the City's Zero Waste goals outlined in the Zero Waste Plan.

3 Management and Professionals Group Compensation Reduction	0.00	(85,355)	0	(85,355)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results 

This action contributes to cost containment strategies in FY 2021.

STORMWATER MANAGEMENT FUND

Description

The City's stormwater management services are funded through user fees charged to property owners of developed parcels in Palo Alto. Stormwater management activities include inspection, clean-up, operation, maintenance, replacement of and improvement to the storm drainage system to ensure adequate local drainage and reduce stormwater runoff impacts consistent with the 2015 Stormwater Master Plan and the 2019 Green Stormwater Infrastructure Plan. The Fund also provides litter reduction, urban pollution prevention programs, commercial and residential rebates, and flooding emergency-response services with the goals of reducing stormwater runoff and maintaining stormwater quality protection for discharge to creeks and San Francisco Bay.

Accomplishments

- Completed design of the Loma Verde Avenue Trunk Line Improvements project (SD-19000), the first of the 13 high-priority projects included in the 2017 Storm Water Management Fee ballot measure.
- Awarded a design contract for three Capital Improvement Projects identified in the 2017 Storm Water Management Fee ballot measure including the Corporation Way System Upgrades and Pump Station project (SD-21000), West Bayshore Road Pump Station project (SD-20000), and West Bayshore Road Trunk Line Improvements project (SD-23000).
- Completed design for the Oregon Expressway Box Culvert Rehabilitation Project.
- Finalized the Green Stormwater Infrastructure Plan.

Initiatives

- Continue implementing the 13 high-priority stormwater management projects outlined in the Storm Water Management Fee ballot measure passed in April 2017.

- Continue to assist the San Francisquito Creek Joint Powers Authority (SFCJPA) with public outreach, environmental documents, and plan review for the San Francisquito Creek: Upstream to Highway 101 project.
- Continue planning efforts for the Newell Road Bridge Replacement project, which will improve multi-modal access and increase creek channel capacity to contain future 70-year storm event flows.
- Continue to assist Valley Water with the public outreach associated with the Flood Basin Tide Gate replacement project.
- Implement the Green Stormwater Infrastructure (GSI) Plan recommendations, including understanding and improving the maintenance of GSI features, developing GSI design standards, and researching potential funding options.
- Implement the City's Long-Term Trash Reduction Plan to achieve 100% reduction by July 2022 in the volume of trash entering local creeks and San Francisco Bay through local storm drains.

Goals and Objectives

GOAL 1

Effectively manage the storm drain system to ensure adequate local drainage.

Objectives:

- Systematically clean storm drain lines to prevent backups and ponding on City streets.
- Complete the 13 high-priority stormwater management projects, Green Stormwater Infrastructure Plan improvements, and the Storm Drain Blue Ribbon Committee's recommendation for stormwater management programs outlined in the Storm Water Management Fee ballot measure passed in April 2017.
- Assist with inter-agency projects such as the San Francisquito Creek: Upstream to Highway 101 project, Flood Basin Tide Gate Replacement project, and planning for Sea Level Rise through the SAFER feasibility report and Valley Water's Shoreline Study Phase II Study.

GOAL 2

Reduce stormwater runoff and protect the quality of waters discharged to creeks and San Francisco Bay.

Objectives:

- Continue to comply with the 2015 Municipal Regional Stormwater Discharge Permit.
- Conduct regular inspections of commercial facilities, industrial facilities, and construction sites to ensure compliance with stormwater discharge regulations.
- Develop ordinance requirements that improve water quality during construction and at existing facilities as required in the Municipal Regional Stormwater Discharge Permit.

Key Performance Measures

CITIZEN SURVEY - STORM DRAIN

Goal	Effectively manage the storm drainage system to ensure adequate local drainage.				
Objective	Measure ratings from residents on the quality of storm drainage.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of respondents rating the quality of storm drainage as good or excellent	71%	N/A*	80%	80%	N/A*
Description	The City participates in the National Citizen Survey (NCS), which asks residents to rate their perception of storm drain management. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community.				
Purpose	Obtain feedback from residents on whether storm drains are being maintained adequately in order to determine if the program's resources are appropriate.				
Status	The quality of storm drainage has been achieving between 71% and 81% satisfaction since FY 2016. The City is estimating to achieve and maintain an 80% rating. *The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for the FY 2022 budget process.				

PERCENT OF INSPECTIONS IN COMPLIANCE WITH STORMWATER REGULATIONS

Goal	Reduce stormwater runoff and protect the quality of waters discharged to creeks and San Francisco Bay.				
Objective	Conduct regular inspections to ensure compliance.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of inspections in compliance with stormwater regulations	92%	89%	85%	90%	90%
Description	Watershed Protection staff conducts a comprehensive program of public outreach and education, site inspections, and enforcement actions to prevent pollutants from contaminating stormwater runoff. Inspections are conducted at industrial facilities, commercial facilities, construction sites, and other outdoor activities.				
Purpose	Stormwater pollution prevention activities are required by the Municipal Regional Stormwater Discharge Permit issued to the City by the San Francisco Bay Regional Water Quality Control Board. Controlling pollutant discharges to the storm drain system helps to improve the water quality in local creeks and San Francisco Bay.				
Status	Watershed Protection staff conducts inspections at commercial and industrial facilities, food facilities, construction projects, and stormwater treatment measures, and investigates reported illicit discharges to ensure compliance with the City's stormwater regulations. Staff anticipates attaining a compliance rate of 90% in FY 2021 based on the inspections conducted and associated compliance to date.				

NUMBER OF CAPITAL PROJECTS ON THE STORM WATER MANAGEMENT FEE BALLOT MEASURE COMPLETED

Goal	Effectively manage the stormwater system to ensure adequate local drainage.				
Objective	Manage a capital improvement program that utilizes annual revenues and staff resources in an efficient manner to complete capital improvement projects resulting from Stormwater Management ballot measures.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of 2005 ballot measure capital projects completed - as of June 30*	6	7	7	7	7
Number of 2017 ballot measure capital projects completed - as of June 30	0	0	0	0	1
Description	Public Works Engineering Services staff manages a capital improvement program to increase the capacity and maintain the condition of the storm system infrastructure in accordance with Storm Ballot Measures.				
Purpose	The storm drain system must be improved and maintained on a regular basis so that it will continue to provide service to the community.				
Status	Thirteen capital improvement projects were identified in the 2017 Storm Water Management Fee ballot measure. Construction for the first project in the 2017 Storm Water Management Fee ballot measure is scheduled to be completed in Summer 2020. Design for three of the thirteen projects will begin early FY 2021, and the construction of these projects will be phased over FY 2021 through FY 2024.				

*All seven projects in the 2005 ballot measure have been completed, therefore this Performance Measure this will be deleted in the FY 2022 Budget Document.

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of inspections performed annually (Stormwater Management)	532	671	800	439	600

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
CIP Stormwater Management Fund	5,551,183	1,675,333	4,505,895	4,184,617	(321,278)	(7.1)%
Stormwater Environmental Compliance	935,125	982,027	1,156,254	1,224,907	68,653	5.9%
Stormwater Management Administration	1,768,546	1,394,876	1,934,221	1,993,755	59,535	3.1%
Stormwater Operations and Maintenance	1,425,879	1,425,569	1,646,677	1,765,337	118,660	7.2%
Stormwater Systems Improvement Flood Control	192,330	206,232	701,845	703,368	1,523	0.2%
Total	9,873,062	5,684,038	9,944,891	9,871,984	(72,907)	(0.7)%
Dollars by Category						
Salary & Benefits						
Healthcare	236,012	210,877	242,292	252,378	10,086	4.2%
Other Benefits	35,186	37,409	43,837	47,825	3,988	9.1%
Overtime	17,655	35,883	52,032	53,385	1,353	2.6%
Pension	406,962	404,257	605,953	578,952	(27,001)	(4.5)%
Retiree Medical	66,895	144,909	149,256	146,627	(2,629)	(1.8)%
Salary	1,287,106	1,271,169	1,512,516	1,598,242	85,727	5.7%
Workers' Compensation	94,896	28,410	53,111	49,206	(3,905)	(7.4)%
Total Salary & Benefits	2,144,712	2,132,914	2,658,997	2,726,615	67,618	2.5%
Allocated Charges	1,089,398	969,252	1,059,274	1,297,963	238,689	22.5%
Contract Services	474,599	376,615	907,899	915,379	7,480	0.8%
Debt Service	298,580	258,899	949,300	949,300	—	—%
Facilities & Equipment	7,881	—	7,621	7,621	—	—%
General Expense	11,059	12,164	145,960	146,960	1,000	0.7%
Operating Transfers-Out	34,722	25,403	36,700	4,550	(32,150)	(87.6)%
Rents & Leases	47,482	45,211	50,468	25,031	(25,437)	(50.4)%
Supplies & Material	63,949	87,720	94,726	93,726	(1,000)	(1.1)%
Transfer to Infrastructure	330,000	330,000	—	—	—	—%
Capital Improvement Program	5,370,680	1,445,861	4,033,947	3,704,840	(329,107)	(8.2)%
Total Dollars by Expense Category	9,873,062	5,684,038	9,944,891	9,871,984	(72,907)	(0.7)%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Revenues						
Charges for Services	53,980	52,779	117,888	117,888	—	—%
Charges to Other Funds	—	1,806	—	—	—	—%
Net Sales	6,911,617	7,194,560	7,449,209	7,635,439	186,230	2.5%
Other Revenue	129	44	—	—	—	—%
Other Taxes and Fines	2,200	1,900	2,500	2,500	—	—%
Return on Investments	153,636	126,469	225,900	153,400	(72,500)	(32.1)%
Total Revenues	7,121,562	7,377,559	7,795,497	7,909,227	113,730	1.5%
Positions by Division						
CIP Stormwater Management Fund	2.37	2.37	2.37	2.37	—	—%
Stormwater Environmental Compliance	4.59	4.59	4.59	4.59	—	—%
Stormwater Management Administration	0.80	0.80	0.80	0.80	—	—%
Stormwater Operations and Maintenance	5.00	5.00	5.00	5.00	—	—%
Stormwater Systems Improvement Flood Control	0.79	0.79	0.79	0.79	—	—%
Total	13.55	13.55	13.55	13.55	—	—%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Account Specialist	0.10	0.10	0.10	0.10	—	7,827
Accountant	0.05	0.05	0.05	0.05	—	4,854
Administrative Associate I	0.10	0.10	0.10	0.10	—	7,218
Administrative Associate II	0.15	0.15	0.15	0.15	—	11,759
Administrative Associate III	0.10	0.10	0.10	0.10	—	8,403
Assistant Director Public Works	0.30	0.30	0.30	0.30	—	59,172
Associate Engineer	1.19	1.19	1.19	1.19	—	148,438
Electrician	0.10	0.10	0.10	0.10	—	11,188
Electrician-Lead	1.00	1.00	1.00	1.00	—	119,808
Engineer	0.90	0.90	0.90	0.90	—	126,454

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Engineering Technician III	0.25	0.25	0.25	0.25	—	24,638
Equipment Operator	0.54	0.54	0.54	0.54	—	47,253
Heavy Equipment Operator	0.90	0.90	0.90	0.90	—	94,255
Heavy Equipment Operator-Lead	1.15	1.15	1.15	1.15	—	128,785
Industrial Waste Inspector	0.40	0.40	0.40	0.40	—	38,954
Industrial Waste Investigator	1.00	1.00	1.00	1.00	—	109,408
Management Analyst	0.30	0.30	0.30	0.30	—	34,409
Manager Environmental Control Program	0.70	0.70	0.70	0.70	—	90,709
Manager Maintenance Operations	0.50	0.50	0.50	0.50	—	67,309
Manager Watershed Protection	0.20	0.20	0.20	0.20	—	32,240
Program Assistant II	0.60	0.60	0.60	0.60	—	51,293
Project Engineer	0.83	0.83	0.83	0.83	—	125,509
Project Manager	0.55	0.55	0.55	0.55	—	66,238
Senior Accountant	0.10	0.10	0.10	0.10	—	13,237
Senior Engineer	0.76	0.76	0.76	0.76	—	119,256
Senior Industrial Waste Investigator	0.10	0.10	0.10	0.10	—	12,474
Surveyor, Public Works	0.12	0.12	0.12	0.12	—	12,912
Technologist	0.30	0.30	0.30	0.30	—	46,600
Traffic Controller Maintainer I	0.06	0.06	0.06	0.06	—	5,153
Sub-total: Full-Time Equivalent Positions	13.35	13.35	13.35	13.35	—	1,625,752
Temporary/Hourly	0.20	0.20	0.20	0.20	—	8,320
Total Positions	13.55	13.55	13.55	13.55	—	1,634,072

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Stormwater Management Fund
Prior Year Budget	13.55	9,944,891	7,795,497	2,149,394
One-Time Prior Year Budget Adjustments				
None				
One-Time Prior Year Budget Adjustments				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	123,169	—	123,169
Return on Investments	—	—	(72,500)	72,500
Contractual Adjustments	—	7,480	—	7,480
Rents & Leases Expenditures	—	(25,437)	—	(25,437)
Stormwater Rate Adjustment (CPI increase of 2.5%)	—	—	175,960	(175,960)
Transfers to Technology Fund (Citywide Technology CIP)	—	(32,150)	—	(32,150)
Capital Improvement Program	—	(330,941)	—	(330,941)
General Fund Cost Allocation Plan	—	147,166	—	147,166
Communication Services Allocated Charge	—	2,250	—	2,250
Information Technology Allocated Charges	—	(50,661)	—	(50,661)
Liability Insurance Allocated Charges	—	9,345	—	9,345
Printing & Mailing Services Allocated Charges	—	(1,833)	—	(1,833)
Public Works Administration Allocated Charges	—	(3,945)	—	(3,945)
Stormwater Management Allocated Charges	—	—	10,270	(10,270)
Utilities Allocated Charges	—	234,017	—	234,017
Vehicle Replacement & Maintenance Allocated Charges	—	(95,816)	—	(95,816)
Workers' Compensation Allocated Charges	—	(3,905)	—	(3,905)
Adjustments to Costs of Ongoing Activities	—	(21,261)	113,730	(134,991)
Total FY 2021 Base Budget	13.55	9,923,630	7,909,227	2,014,403
Budget Adjustments				
1 Management and Professionals Group Compensation Reduction	—	(51,646)	—	(51,646)
Total Budget Adjustments	—	(51,646)	—	(51,646)
Total FY 2021 Adopted Budget	13.55	9,871,984	7,909,227	1,962,757

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Stormwater Management Fund
1 Management and Professionals Group Compensation Reduction	0.00	(51,646)	0	(51,646)

This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

VEHICLE REPLACEMENT AND MAINTENANCE FUND

Description

The Vehicle Replacement and Maintenance Fund is an internal service fund providing fleet management services for City vehicles and heavy equipment. Timely maintenance and replacement of vehicles and equipment ensures safe, reliable, and efficient use of resources. This program also provides for safe, efficient fuel storage and dispensing facilities while pursuing alternative fuel technologies, and minimizing the pollution and carbon footprint generated by the City's vehicle fleet.

Accomplishments

- Delivered 23 vehicles and 4 pieces of equipment in FY 2020 to maintain safe, reliable, and efficient use of resources.
- Developed a 5-year vehicle replacement plan in the Police Department to achieve 15% hybrid units out of Police vehicles assigned.
- Identified 4 trailer mounted portable air compressors as surplus, helping to reduce the size of the City Fleet.
- Awarded a contract for AssetWorks GPS monitoring services.

Initiatives

- Perform a review of underutilized vehicles annually and remove vehicles from the fleet that do not meet the minimum usage requirements per policy.
- Continue to reduce the backlog of older vehicles that need to be replaced with more efficient vehicles/equipment to reduce the City's carbon footprint.
- Continue increasing the number of electric and alternative fuel vehicles/equipment in the fleet where possible.

- Continue to implement recommendations from the fleet cost recovery study.
- Award a contract for citywide generator maintenance and repair services.
- Conduct an electric vehicle charger and location study to determine future locations of electric vehicle chargers at City facilities in support of Fleet electrification initiatives.
- Evaluate the fleet electrification pilot program of Plug-in Hybrid electric pick-up trucks on performance, operational compatibility, maintenance and repair needs, fuel efficiency, product availability, and total cost of ownership.
- Continue implementation of the updated Vehicle and Equipment Use, Maintenance, and Replacement Policy, including the efforts to evaluate and limit idling time for City vehicles.

Goals and Objectives

GOAL 1

Ensure the City's vehicles, equipment, and fuel storage/dispensing facilities are safe, reliable, and energy efficient to reduce Greenhouse Gas (GHG) emissions.

Objectives:

- Continue seeking opportunities to increase the number of electric and alternative fuel vehicles/equipment, thereby reducing fuel consumption.
- Continue providing staff training for safe operation and maintenance of vehicles/equipment and fueling stations.
- Annually review and update the 5-year vehicle/equipment replacement Capital Improvement Program to maximize cost-effectiveness, reduce GHG emissions, and explore opportunities to reduce the fleet.

GOAL 2

Provide cost-effective preventive maintenance and repair services.

Objectives:

- Perform fleet utilization analyses annually to ensure the City has an appropriately sized fleet.
- Continue replacing the oldest, least efficient vehicles first; replacing with electric or alternative fuel vehicles when possible.
- Continue providing staff education and training.
- Annually assess rates for Compressed Natural Gas (CNG), shop and commercial maintenance and repairs, and parts to ensure cost-recovery.

Key Performance Measures

PERCENT OF NON-EMERGENCY VEHICLES IN FLEET THAT ARE USING ALTERNATE FUEL OR TECHNOLOGIES

Goal	Ensure the City's vehicles, equipment, and storage/dispensing facilities are safe, reliable, and energy efficient.				
Objective	Increase the usage of alternative fuels.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of alternative fuel consumed by non-emergency vehicles	32%	43%	52%	44%	50%
Description	The City fleet is comprised of vehicles and equipment that are primarily gasoline, diesel, and compressed natural gas (CNG).				
Purpose	To move toward lower emissions goals, the City needs to increase the use of alternative fuel vehicles/equipment.				
Status	The City's fleet used a total of 345,932 gallons of fuel in FY 2019 among unleaded, diesel, and natural gas. It used 149,129 gallons of compressed natural gas, which equates to 43% of alternative fuel use. Actuals for FY 2020 and Estimates for FY 2021 will see an increase due to Green Waste adding nine CNG vehicles that refuel at the City of Palo Alto.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of vehicles and equipment that are alternatively fueled or electric	51	46	51	50	55
Number of vehicle repair and preventative maintenance work orders	3,674	3,307	3,400	3,300	3,200
Total number of vehicles and equipment in the City's fleet	557	558	562	558	554

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
Vehicle Operations and Maintenance	5,399,075	5,264,698	7,389,956	6,676,769	(713,188)	(9.7)%
Vehicle Replacement and Additions	5,318,926	3,490,206	6,685,148	6,165,275	(519,873)	(7.8)%
Total	10,718,000	8,754,905	14,075,104	12,842,044	(1,233,061)	(8.8)%
Dollars by Category						
Salary & Benefits						
Healthcare	302,081	318,880	335,879	281,327	(54,552)	(16.2)%
Other Benefits	48,298	49,631	49,456	54,031	4,575	9.2%
Overtime	9,277	14,935	59,592	61,141	1,549	2.6%
Pension	394,672	430,641	577,445	532,217	(45,228)	(7.8)%
Retiree Medical	91,489	148,359	152,810	145,803	(7,007)	(4.6)%
Salary	1,296,957	1,365,098	1,447,511	1,422,653	(24,858)	(1.7)%
Workers' Compensation	69,959	38,855	57,764	53,517	(4,247)	(7.4)%
Total Salary & Benefits	2,212,733	2,366,399	2,680,456	2,550,689	(129,768)	(4.8)%
Allocated Charges	1,287,670	1,415,931	1,262,711	1,176,366	(86,345)	(6.8)%
Contract Services	437,272	379,511	517,748	623,940	106,192	20.5%
Facilities & Equipment	126,894	(1,550)	—	—	—	—%
General Expense	82,805	78,267	70,630	70,630	—	—%
Operating Transfers-Out	38,394	142,786	184,769	120,569	(64,200)	(34.7)%
Rents & Leases	188,086	194,454	202,467	337,068	134,600	66.5%
Supplies & Material	1,218,310	1,028,759	1,427,924	1,464,938	37,014	2.6%
Transfer to Infrastructure	—	—	1,460,000	745,000	(715,000)	(49.0)%
Capital Improvement Program	5,125,837	3,150,348	6,268,399	5,752,845	(515,554)	(8.2)%
Total Dollars by Expense Category	10,718,000	8,754,905	14,075,104	12,842,044	(1,233,061)	(8.8)%
Revenues						
Charges to Other Funds	9,305,728	8,875,562	9,192,300	7,285,440	(1,906,860)	(20.7)%
Operating Transfers-In	26,326	—	—	50,000	50,000	—%
Other Revenue	346,482	429,638	155,000	155,000	—	—%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Return on Investments	203,870	220,163	260,000	239,100	(20,900)	(8.0)%
Total Revenues	9,882,406	9,525,363	9,607,300	7,729,540	(1,877,760)	(19.5)%
Positions by Division						
Vehicle Operations and Maintenance	15.86	14.28	13.61	13.61	—	—%
Vehicle Replacement and Additions	1.40	2.25	2.40	2.40	—	—%
Total	17.26	16.53	16.01	16.01	—	—%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Administrative Associate III	1.00	1.00	—	—	—	—
Assistant Director Public Works	0.25	0.25	0.25	0.25	—	46,930
Assistant Fleet Manager	1.00	1.00	1.00	1.00	—	112,882
Equipment Maintenance Service Person	2.00	2.00	2.00	2.00	—	141,690
Fleet Services Coordinator	2.00	2.00	1.00	1.00	—	90,459
Management Analyst	0.20	0.20	0.20	0.20	—	25,172
Management Assistant	—	—	1.00	1.00	—	91,312
Manager Fleet	1.00	1.00	1.00	1.00	—	138,382
Motor Equipment Mechanic II	6.00	6.00	6.00	5.00	(1.00)	502,008
Motor Equipment Mechanic II (Freeze)	—	—	—	1.00	1.00	100,402
Motor Equipment Mechanic-Lead	2.00	2.00	2.00	2.00	—	214,822
Project Manager	1.00	1.00	1.00	1.00	—	108,077
Senior Management Analyst	0.08	0.08	0.08	0.08	—	10,899
Sub-total: Full-Time Equivalent Positions	16.53	16.53	15.53	15.53	—	1,583,035
Temporary/Hourly	0.73	—	0.48	0.48	—	21,935
Total Positions	17.26	16.53	16.01	16.01	—	1,604,970

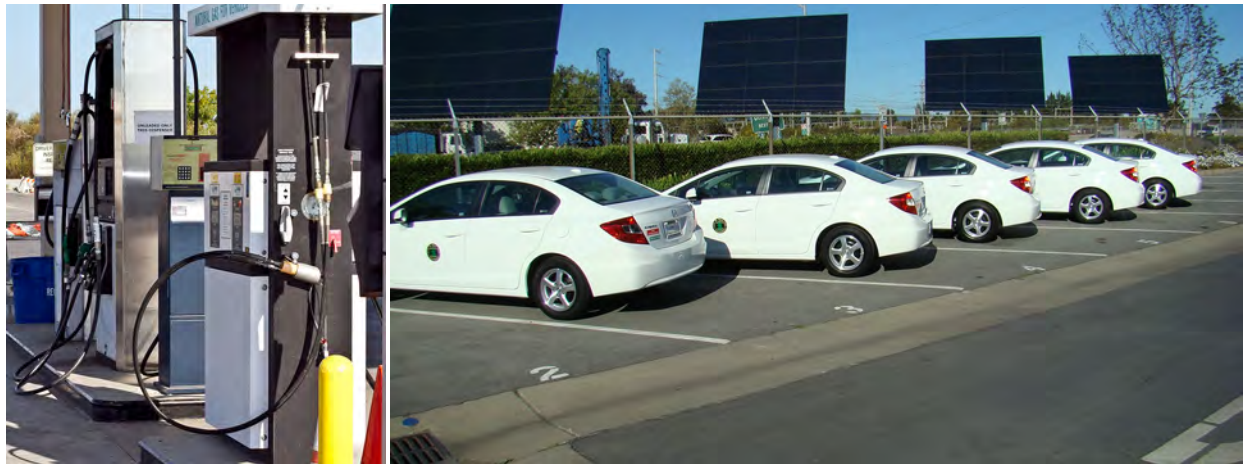
This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Vehicle Replacement and Maintenance Fund
Prior Year Budget	16.01	14,075,104	9,607,300	4,467,804
One-Time Prior Year Budget Adjustments				
None				
One-Time Prior Year Budget Adjustments				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	48,903	—	48,903
Rents & Leases Expenditure	—	134,600	—	134,600
Vehicle Parts and Fuel Contractual and Managed Services	—	41,566	—	41,566
Return on Investments	—	—	(20,900)	20,900
Contract Services Alignment	—	1,640	—	1,640
Transfer to Infrastructure Fund (Citywide Facilities CIP)	—	(715,000)	—	(715,000)
Capital Improvements Program	—	1,267,759	—	1,267,759
Transfer to Technology Fund (Citywide Technology CIP)	—	(64,200)	—	(64,200)
General Fund Cost Allocation Plan	—	(30,320)	—	(30,320)
Communication Services Allocated Charges	—	1,150	—	1,150
Industrial Waste Discharge Fee Allocated Charges	—	582	—	582
Information Technology Allocated Charges	—	(97,016)	—	(97,016)
Liability Insurance Allocated Charges	—	10,163	—	10,163
Printing & Mailing Services Allocated Charges	—	(488)	—	(488)
Public Works Administration Allocated Charges	—	(9,204)	—	(9,204)
Utilities Allocated Charges	—	41,476	—	41,476
Vehicle Replacement & Maintenance Allocated Charges	—	—	235,800	(235,800)
Workers' Compensation Allocated Charges	—	(4,247)	—	(4,247)
Adjustments to Costs of Ongoing Activities	—	627,364	214,900	412,464
Total FY 2021 Base Budget	16.01	14,702,468	9,822,200	4,880,268
Budget Adjustments				

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Vehicle Replacement and Maintenance Fund
1 Vehicle Maintenance & Replacement Services Reduction	—	(1,913,067)	(2,142,660)	229,593
2 Electric Vehicle Charger and Location Study	—	100,000	50,000	50,000
3 Management and Professionals Group Compensation Reduction	—	(47,357)	—	(47,357)
Total Budget Adjustments	—	(1,860,424)	(2,092,660)	232,236
Total FY 2021 Adopted Budget	16.01	12,842,044	7,729,540	5,112,504

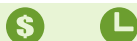


Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Vehicle Replacement and Maintenance Fund
1 Vehicle Maintenance & Replacement Services Reduction	0.00	(1,913,067)	(2,142,660)	229,593

This action will reduce vehicle replacements and maintenance resources, including 1.0 Motor Equipment Mechanic II, for FY 2021 and FY 2022. The amount of annual replacement funding will be reduced by approximately 50% in the FY 2021 and FY 2022 vehicle replacement capital projects. Vehicle maintenance work capacity will be impacted as a result of the Motor Equipment Mechanic II reduction. Allocated charges revenue from other City funds for vehicle maintenance and replacement services will also be reduced as a result of service reductions. (Ongoing net costs: \$229,539)

Performance Results



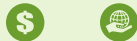
This will limit vehicle replacements to regulatory or serious maintenance issues, resulting in an increase in backlog and the need to catch up to the replacement schedule in the future.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Vehicle Replacement and Maintenance Fund
2 Electric Vehicle Charger and Location Study	0.00	100,000	50,000	50,000

This one-time action adds funding to conduct a study assessing current and potential future locations of electric vehicle chargers at City facility sites. The study will also explore the standardization of chargers to support fueling for existing and new City vehicles. With the expansion of electric vehicles in the City's fleet, the number of chargers must also expand. Funding for this study is supported by the Vehicle Replacement and Maintenance Fund Reserve (\$50,000) and the Utilities Department (\$50,000) through a transfer from the Electric Fund. A corresponding action is proposed in the Electric Fund. (Ongoing costs: \$0)

Performance Results



This action supports the Sustainability and Climate Action Plan goal of expanding the electric vehicle deployment of the City's fleet.

3 Management and Professionals Group Compensation Reduction	0.00	(47,357)	0	(47,357)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

WASTEWATER TREATMENT FUND

Description

The City's Regional Water Quality Control Plant (RWQCP) operates 24 hours a day to treat all wastewater from the City of Palo Alto and the City's five partner agency regional service areas (Mountain View, Los Altos, Los Altos Hills, Stanford, and East Palo Alto Sanitary District) to ensure compliance with regulations protecting the San Francisco Bay and the environment.

Accomplishments

- Began operation of the sludge dewatering and truck loadout facility (WQ-14001).
- Successfully retired the two sludge-burning incinerators in Fall 2019.
- Completed the Northwest County Recycled Water Strategic Plan, which assessed the feasibility of the reuse options for the RWQCP's effluent including non-potable reuse, indirect potable reuse, and direct potable reuse.
- Signed an agreement with Valley Water and Mountain View to secure funding for the Advanced Water Purification Facility (WQ-19003) to produce enhanced recycled water as payment to reserve half of the wastewater flows for a larger regional purification plant managed by Valley Water.
- Completed environmental review of the Advanced Water Purification Facility (WQ-19003).

Initiatives

- Begin construction of the Primary Sedimentation Tank Rehabilitation project (WQ-14003) and the Outfall Line Construction project (WQ-19000).
- Initiate design of the Advanced Water Purification Facility (WQ-19003), a 1-2 million gallons per day (MGD) salt removal facility, which will include microfiltration/ultrafiltration and reverse osmosis treatment systems.
- Initiate the development of a One Water Plan in partnership with the Utilities Department.

Goals and Objectives

GOAL 1

Protect the environment and the public's health.

Objectives:

- Conduct regular inspections of commercial permittees to ensure compliance with all regulations.
- Complete new capital improvement projects to ensure the RWQCP's reliability.
- Conduct ongoing operation and maintenance.

GOAL 2

Operate high quality, cost-effective, and visually neutral facilities.

Objectives:

- Mitigate cost increases through effective maintenance of equipment and analysis of potential operational efficiencies.
- Follow the Palo Alto Baylands Nature Preserve Design Guidelines and the Architectural Review Board's recommendation when planning and constructing new facilities and buildings.

GOAL 3

Expand recycled water use.

Objectives:

- Improve recycled water quality through source control of salt water intrusion into sanitary sewers and potential future advanced treatment for recycled water.
- Conduct ongoing research on potential regional expansion of recycled water usage in the RWQCP's service areas.

Key Performance Measures

DISCHARGE TESTS IN COMPLIANCE

Goal	Protect the environment and the public's health.				
Objective	Maintain 99% discharge test compliance.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of wastewater treatment discharge tests in compliance	100%	100%	99%	99%	99%
Description	The plant has numerous effluent limits and requirements to meet as part of its National Pollutant Discharge Elimination System (NPDES) discharge permit for water discharged to the south San Francisco Bay. 99% or higher compliance with these limits is the goal of the RWQCP.				
Purpose	Measure compliance of the RWQCP treatment system's final water discharged compared to the limits established in the NPDES discharge permit.				
Status	Over 99% of discharge tests are expected to be in compliance with discharge limits in FY 2020 and FY 2021.				

PERCENT OF PASSED FISH ACUTE TOXICITY BIOASSAY TESTS

Goal	Protect the environment and the public's health.				
Objective	Obtain fish acute toxicity bioassays with 100% survival.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Fish toxicity test (percent survival)	100%	100%	100%	100%	100%
Description	Percent of acute fish toxicity bioassay tests passed.				
Purpose	Fish survival in the bioassay is an indicator that the RWQCP discharges to the Bay are safe for receiving water marine life.				
Status	In FY 2019, all acute toxicity bioassay tests passed with 100% survival rate. This trend is expected to continue in FY 2020 and FY 2021.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Millions of gallons of recycled water delivered	260	214	260	250	250
Number of inspections performed annually (Wastewater Treatment)	406	503	550	382	530
Millions of gallons processed by the Palo Alto Regional Water Quality Control Plant	6,464	6,958	6,422	6,988	7,000

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
CIP Wastewater Treatment Fund	16,876,892	14,088,055	28,282,159	32,656,997	4,374,837	15.5%
Wastewater Treatment Administration	633,281	780,836	4,188,831	4,664,745	475,914	11.4%
Wastewater Treatment Environmental Compliance	4,865,706	4,290,281	3,801,407	3,825,085	23,678	0.6%
Wastewater Treatment Systems Improvement Operations	17,544,767	18,323,119	19,161,729	18,590,589	(571,139)	(3.0)%
Total	39,920,647	37,482,291	55,434,126	59,737,415	4,303,289	7.8%
Dollars by Category						
Salary & Benefits						
Healthcare	1,311,044	1,226,483	1,459,350	1,423,717	(35,633)	(2.4)%
Other Benefits	175,441	186,828	206,957	237,367	30,410	14.7%
Overtime	310,868	332,744	326,462	334,950	8,488	2.6%
Pension	1,986,062	2,003,517	3,059,763	2,827,412	(232,351)	(7.6)%
Retiree Medical	858,810	853,066	878,658	836,103	(42,554)	(4.8)%
Salary	6,788,334	6,715,499	7,802,750	7,992,380	189,630	2.4%
Workers' Compensation	102,448	195,136	277,378	256,983	(20,395)	(7.4)%
Total Salary & Benefits	11,533,008	11,513,272	14,011,318	13,908,913	(102,405)	(0.7)%
Allocated Charges	6,659,425	6,907,185	5,593,553	5,788,994	195,441	3.5%
Contract Services	2,524,990	2,442,785	3,738,908	3,818,758	79,850	2.1%
Debt Service	406,136	366,808	1,468,851	1,468,851	—	—%
Facilities & Equipment	—	3,210	7,500	7,500	—	—%
General Expense	452,963	713,092	389,029	431,829	42,800	11.0%
Operating Transfers-Out	210,478	107,065	156,100	—	(156,100)	(100.0)%
Rents & Leases	—	1,496	—	21,700	21,700	—%
Supplies & Material	1,391,491	1,500,930	2,069,754	1,969,754	(100,000)	(4.8)%
Capital Improvement Program	16,742,155	13,926,447	27,999,113	32,321,116	4,322,004	15.4%
Total Dollars by Expense Category	39,920,647	37,482,291	55,434,126	59,737,415	4,303,289	7.8%
Revenues						
Charges to Other Funds	37,189	44,257	53,818	62,519	8,701	16.2%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
From Other Agencies	4,000,000	—	—	—	—	—%
Net Sales	26,578,677	27,164,660	30,661,182	30,851,553	190,371	0.6%
Other Revenue	766,779	366,393	27,409,000	28,900,000	1,491,000	5.4%
Other Taxes and Fines	—	1,000	4,000	4,000	—	—%
Return on Investments	307,203	247,996	389,000	316,000	(73,000)	(18.8)%
Total Revenues	31,689,848	27,824,306	58,517,000	60,134,072	1,617,072	2.8%
Positions by Division						
CIP Wastewater Treatment Fund	1.30	1.30	1.30	1.30	—	—%
Wastewater Treatment Administration	0.59	0.59	0.59	0.59	—	—%
Wastewater Treatment Environmental Compliance	13.21	13.21	13.21	13.34	0.13	0.98%
Wastewater Treatment Systems Improvement Operations	56.16	56.16	56.16	56.16	—	—%
Total	71.26	71.26	71.26	71.39	0.13	0.18%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Account Specialist	0.10	0.10	0.10	0.10	—	7,827
Accountant	0.25	0.25	0.25	0.25	—	24,268
Administrative Associate II	2.00	2.00	2.00	2.00	—	156,790
Assistant Director Public Works	0.65	0.65	0.65	0.65	—	137,174
Assistant Manager WQCP	2.00	2.00	2.00	2.00	—	297,398
Associate Engineer	1.80	1.80	1.80	1.81	0.01	225,775
Chemist	3.00	3.00	3.00	3.00	—	317,616
Deputy Chief/Fire Marshal	0.04	0.04	0.04	0.04	—	8,606
Electrician	2.90	2.90	2.90	2.90	—	324,461
Electrician-Lead	1.00	1.00	1.00	1.00	—	119,808
Hazardous Materials Inspector	0.02	0.02	0.02	0.02	—	3,290
Industrial Waste Inspector	2.59	2.59	2.59	2.60	0.01	253,203
Industrial Waste Investigator	0.15	0.15	0.15	0.15	—	16,411

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Laboratory Technician WQC	3.00	3.00	3.00	3.00	—	284,107
Management Analyst	0.57	0.57	0.57	0.57	—	62,742
Manager Environmental Control Program	1.20	1.20	1.20	1.30	0.10	170,331
Manager Laboratory Services	1.00	1.00	1.00	1.00	—	149,386
Manager Water Quality Control Plant	1.00	1.00	1.00	1.00	—	192,733
Manager Watershed Protection	0.75	0.75	0.75	0.75	—	120,900
Plant Mechanic	7.00	7.00	7.00	7.00	—	722,904
Program Assistant II	1.40	1.40	1.40	1.40	—	119,683
Project Engineer	1.00	1.00	1.00	1.00	—	151,216
Project Manager	0.60	0.60	0.60	0.60	—	74,431
Senior Accountant	0.10	0.10	0.10	0.10	—	13,237
Senior Buyer	1.00	1.00	1.00	1.00	—	109,637
Senior Chemist	1.00	1.00	1.00	1.00	—	117,603
Senior Engineer	3.00	3.00	3.00	3.00	—	475,197
Senior Industrial Waste Investigator	0.89	0.89	0.89	0.90	0.01	112,264
Senior Management Analyst	0.13	0.13	0.13	0.13	—	17,340
Senior Mechanic	1.00	1.00	1.00	1.00	—	113,298
Senior Operator WQC	6.00	6.00	6.00	6.00	—	706,867
Senior Technologist	1.00	1.00	1.00	1.00	—	158,746
Storekeeper	1.00	1.00	1.00	1.00	—	79,498
Supervisor WQCP Operations	3.00	3.00	3.00	3.00	—	375,981
Technologist	0.70	0.70	0.70	0.70	—	108,734
WQC Plant Operator II	16.00	16.00	16.00	16.00	—	1,662,003
Sub-total: Full-Time Equivalent Positions	68.84	68.84	68.84	68.97	0.13	7,991,465
Temporary/Hourly	2.42	2.42	2.42	2.42	—	216,177
Total Positions	71.26	71.26	71.26	71.39	0.13	8,207,642

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Wastewater Treatment Fund
Prior Year Budget	71.26	55,434,125	58,517,000	(3,082,875)
One-Time Prior Year Budget Adjustments				
None				
One-Time Prior Year Budget Adjustments				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	129,967	—	129,967
FY 2020 Municipal Fee Revenue Adjustment	—	—	(75,000)	75,000
Return on Investments	—	—	(73,000)	73,000
Source Control Program Increases	—	42,700	—	42,700
Strategic Plan (Revenue from Santa Clara Valley Water District) Recycled Water Year 3	—	(9,000)	(9,000)	—
Water Quality Control Plant (WQCP) Operations Alignment	—	(11,150)	—	(11,150)
Tributary Agency Partner Contribution	—	—	243,591	(243,591)
Transfer to Technology Fund (Citywide Technology CIP)	—	(156,100)	—	(156,100)
Capital Improvements Projects	—	4,321,082	1,500,000	2,821,082
General Fund Cost Allocation Plan	—	412,416	—	412,416
Communication Services Allocated Charge	—	1,150	—	1,150
Industrial Waste Discharge Fee Allocated Charges	—	—	7,497	(7,497)
Information Technology Allocated Charges	—	222,390	—	222,390
Liability Insurance Allocated Charges	—	48,801	—	48,801
Printing & Mailing Services Allocated Charges	—	1,792	—	1,792
Public Works Administration Allocated Charges	—	(5,259)	—	(5,259)
Refuse Allocated Charges	—	(1,946)	—	(1,946)
Stormwater Management Allocated Charges	—	249	—	249
Utilities Allocated Charges	—	(457,647)	—	(457,647)
Vehicle Replacement & Maintenance Allocated Charges	—	(25,583)	—	(25,583)
Wastewater Treatment Allocated Charges	—	—	22,984	(22,984)
Workers' Compensation Allocated Charges	—	(20,394)	—	(20,394)
Adjustments to Costs of Ongoing Activities	—	4,493,468	1,617,072	2,876,396
Total FY 2021 Base Budget	71.26	59,927,593	60,134,072	(206,479)

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Wastewater Treatment Fund
Budget Adjustments				
1 Public Works Development Services Alignment	0.13	27,184	—	27,184
2 Trailer Rental Lease	—	21,700	—	21,700
3 Management and Professionals Group Compensation Reduction	—	(239,062)	—	(239,062)
Total Budget Adjustments	0.13	(190,178)	—	(190,178)
Total FY 2021 Adopted Budget	71.39	59,737,415	60,134,072	(396,657)

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Wastewater Treatment Fund
1 Public Works Development Services Alignment	0.13	27,184	0	27,184

This action recognizes the reallocation of staffing from the Planning and Development Services Department's Public Works division to the Public Works Department. This reallocation of staff will better align the positions' funding source with the workload performed.

Performance Results



No impacts to performance are anticipated as a result of this action.

2 Trailer Rental Lease	0.00	21,700	0	21,700
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This action increases the department's expenses by \$21,700 for costs associated with a rental trailer used for temporary office space for City employees and contractors implementing Capital Improvement Program (CIP) projects at the Regional Water Quality Control Plant (RWQCP) where office spaces and work stations are at full capacity. The contractor currently leasing the trailer will complete their work in early FY 2021, so the department will take over the trailer lease on a month to month basis. The department will continue to analyze ongoing options for the temporary office space and will return with recommendations. (Ongoing costs: \$0)

Performance Results



This action will continue to provide temporary office space for City employees during planned rehabilitation and replacement of buildings at the RWQCP.

3 Management and Professionals Group Compensation Reduction	0.00	(239,062)	0	(239,062)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

UTILITIES

Mission Statement



The City of Palo Alto Utilities' mission is to provide safe, reliable, environmentally sustainable, and cost-effective services.

Purpose

The purpose of the City of Palo Alto Utilities is to provide high quality, cost-effective electric, gas, fiber optics, water and wastewater collection services; promote effective energy and water efficiency programs; proactively manage infrastructure needs and replace deteriorated or aging facilities with new technologies to ensure safe and reliable delivery of services; and ensure the City's utilities are in sound financial condition.



UTILITIES

UTILITIES DIRECTOR Dean Batchelor

ELECTRIC ENGINEERING & OPERATIONS

2.00 Administrative Associate II
 1.00 Assistant Director Utilities Operations
 1.00 Business Analyst
 1.00 Coordinator Utilities Projects
 3.00 Electrician Assistant I
 1.00 Electric Equipment Technician
 2.00 Electric Heavy Equipment Operator
 4.00 Electric Project Engineer
 2.00 Electric Underground Inspectors
 1.00 Electric Underground Inspector-Lead
 1.00 Engineering Manager – Electric
 2.00 Engineer Technician III
 10.00 Lineperson / Cable Splicer
 4.00 Lineperson / Cable Splicer-Lead
 1.00 Manager Electric Operations
 3.00 Metering Technician
 1.00 Metering Technician- Lead
 2.00 Overhead/Underground Troubleshooter
 1.00 Power Engineer
 2.00 SCADA Technologist
 4.00 Senior Electrical Engineer
 5.00 Street Light, Traffic Signal & Fiber Technician
 2.00 Street Light, Traffic Signal & Fiber Technician-Lead
 6.00 Substation Electrician^
 2.00 Substation Electrician-Lead
1.00 Supervisor, Electric Project Engineer
 3.00 Utilities Comp Tech
 1.00 Utilities Comp Tech-Lead
 3.00 Utilities Engineer Estimator
 1.00 Utilities Engineer Estimator-Lead
 3.00 Utilities Locator
 6.00 Utilities Supervisor
 5.00 Utilities System Operator

UTILITIES ADMINISTRATION

1.00 Administrative Assistant
 1.00 Administrative Associate II
 2.00 Business Analyst
 1.00 Chief Operating Officer^
 1.00 Compliance Manager
 1.00 Coordinator, Utilities Projects
 1.00 Manager Communications
 1.00 Manager Utilities Telecom
 1.00 Principal Business Analyst
 0.50 Program Assistant
1.00 Safety Officer
 3.00 Senior Business Analyst
 1.00 Senior Resource Planner
 1.00 Strategic Business Manager

WGW ENGINEERING & OPERATIONS

2.00 Administrative Associate II
 1.00 Assistant Director Utilities Engineering^
 2.00 Business Analyst^
 1.00 Cathodic Protection Tech-Asst
 1.00 Cathodic Technician
 2.00 Cement Finisher
 4.00 Coordinator Utilities Projects
 4.00 Engineer
 1.00 Engineering Manager – WGW
1.00 Engineering Technician III
 1.00 Gas & Water Meter Measurement and Control Technician - Lead
 4.00 Gas & Water Meter Measurement and Control Technician
 4.00 Heavy Equipment Operator / Installer Repairer
 5.00 Inspector, Field Services
 2.00 Maintenance Mechanic Welding
 1.00 Manager WGW Operations
 1.00 Program Assistant
 5.00 Project Engineer
 1.00 Restoration Lead
 5.00 Senior Project Engineer
 1.00 Senior Mechanic
 1.00 Senior Utilities Field Service Rep
 2.00 Senior Water System Operator
 2.00 Utilities Engineer Estimator
 5.00 Utilities Field Service Rep
 10.00 Utilities Installer/Repairer
1.00 Utilities Installer/Repairer Assistant
 5.00 Utilities Install/Rep-Lead
 3.00 Utilities Install/Rep-Welding
 2.00 Utilities Install/Rep-Welding-Lead
 6.00 Utilities Supervisor^
 4.00 Water Systems Operator II
 5.00 WGW Heavy Equipment Operator

CUSTOMER SUPPORT SERVICES

1.00 Assistant Director Utilities Customer Support Services
 2.00 Credit and Collections Specialist
 2.00 Customer Service Specialist-Lead
 7.00 Customer Service Representative
 2.00 Customer Service Specialist
 1.00 Manager Customer Service
 1.00 Manager, Utilities Credit and Collections
 6.00 Meter Reader
 1.00 Meter Reader-Lead

RESOURCE MANAGEMENT

1.00 Assistant Director, Resource Management
 1.00 Administrative Associate II
 1.00 Business Analyst
 3.00 Key Account Representative
 1.00 Manager, Utility Program Services
 4.00 Marketing Program Administrator
 1.00 Program Assistant II
 5.00 Resource Planner
 5.5 Senior Resource Planner

FY 2021 POSITION TOTALS

245.0 - Full-time
 9.46 - Hourly

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

^ These positions have been de-funded in FY 2021 and are identified in the Table of Organization with "(Freeze)" following the job classification title. The following positions are frozen in FY 2021:

1.0 FTE Assistant Director Utilities Engineering (WGW)
 1.0 FTE Business Analyst (WGW)
 1.0 FTE Substation Electrician (Electric)
 1.0 FTE Utilities Chief Operating Officer
 1.0 FTE Utilities Supervisor (WGW)

Description

Palo Alto is the only city in California that offers a full array of utility services to its citizens and businesses. Because of this, the City has a unique opportunity to partner with the Palo Alto community to enjoy the benefits and achievements of reliable, home-grown, and environmentally-focused utilities. Palo Alto has a tradition of over 100 years of successful public utility operations. It is a tradition that continues to provide the Palo Alto community with safe and reliable utilities service, local decision-making over policies, utility rate-making, environmental programs, and customized services.

The City of Palo Alto Utilities (CPAU) continues to focus on customer service, infrastructure reliability, regulatory compliance, and cost containment. CPAU also supports the City's sustainability goals by building a low-carbon energy supply through the use of renewable energy and offsets and by promoting programs to help customers use energy and water more efficiently, reduce their carbon footprint, and help them integrate new technologies.

At CPAU, our people empower tomorrow's ambitions while caring for today's needs. We make this possible with our outstanding professional workforce, leading through collaboration, and optimizing resources to ensure a sustainable and resilient Palo Alto.

ADMINISTRATION

Utilities Administration is responsible for the overall management of the CPAU including communication, regulatory compliance, strategic planning, budget coordination, legislation and regulatory policy analysis, and personnel and administrative support to the entire Department.

CUSTOMER SUPPORT SERVICES

Customer Support Services annually bills \$250 million for the City's electric, natural gas, water, commercial fiber optic, wastewater collection (operated by CPAU), storm drain, and refuse (operated by Public Works) services; operates the Customer Service Call Center with 75,000 annual customer interactions; reads 90,000 utility meters per month; and implements Credit and Collection policies and financial assistance programs.

ENGINEERING

Engineering is responsible for managing all phases of CPAU's capital improvement projects which include providing new or upgrading existing service to customers and replacing and rehabilitating the City's electric, fiber, gas, water, and wastewater distribution systems.

OPERATIONS

Utilities Operations is responsible for the operations, maintenance, and emergency response for the electric, fiber, gas, water, and wastewater distribution systems.

RESOURCE MANAGEMENT

Resource Management is responsible for the long-term resource acquisition plan for, electricity, natural gas, and water; contract negotiations to acquire renewable resources; financial planning; rate development; energy efficiency and water conservation programs; and management of key accounts.

Accomplishments

- Hosted the first Bay Area Home Electrification Expo partnering with cities, energy providers and environmental agencies in Santa Clara and San Mateo counties to learn about building electrification.
- Launched MyCPAU- the new City of Palo Alto Utilities online account management service. New features include usage charts, customer alerts, efficiency programs and recurring payments.
- Replaced 115kV transformer, 60kV breaker and aging peripheral equipment at Colorado Power Station to enhance system capacity and reliability.
- Partnered with Mountain View and Santa Clara Valley Water District to implement Advanced Resilient Water Reuse Programs including a local advanced treatment facility for recycled water and potential for a regional advanced water purification center.
- Deployed mobile workforce application which provides real-time service orders for field staff to enhance operational efficiency.
- Partnered with VMware to develop a microgrid at its campus which could provide a charging site for the City's emergency command vehicles during major emergencies.
- Deployed mobile workforce application for field staff to enhance operational efficiency.
- Collaborated with IT Department to develop new user interface with the new GIS ESRI platform.
- Participated in several career job fairs at local colleges, trade schools and high schools.
- Received National Energy Innovator Award and Smart Energy Provider Award from American Public Power Association (APPA) for City's Home Efficiency Genie program. The Genie House Call provides a professional, in-home energy and water assessment and recommendations.

Initiatives

- Launch new Efficiency Action Platform (Home Energy / Water Reports and Online Marketplace) and implement single sign-on with MyCPAU for customers to adopt new energy and water measures, reduce their utility bills and improve sustainability.
- Begin design and construction of a new 12kV Electric and Fiber Optic distribution system in the foothills.
- Complete citywide meter survey (75,000 meters) in preparation for the new advanced metering infrastructure (AMI) and utilities billing systems.
- Implement the new Energy Reach Code to reduce greenhouse gas emissions. Partner with Planning and Development Services Department to enhance education, outreach and programs for building electrification.
- Continue to work with the Utilities Advisory Commission (UAC) and community on a Utilities Resilience workplan that includes communication, education and project prioritization.
- Begin construction of a new 1.5 million gallon Corte Madera Reservoir.
- Implement new turnkey direct-install energy efficiency program for small and medium businesses.
- Upgrade the City's SAP Enterprise Resource Planning (ERP) and Business Intelligence (BI) reporting systems.
- Complete phase 1 design of the City's fiber network expansion plan to support AMI, Supervisory Control and Data Acquisition (SCADA), and internal wireless communication for Public Safety and City staff.
- Award contracts for equipment, software and services for the City's AMI project.

Key Performance Measures

COMPARABLE AND COST-EFFECTIVE SERVICES

Goal	Ensure fiscally sound and cost-effective services.				
Objective	Reduce the cost of delivering services through best management practices.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Palo Alto's average residential monthly utility bill above/below the median of neighboring cities	(8.25)%	(9.20)%	(12.00)%	(14.00)%	(10.00)%
Description	This compares the average residential monthly utility bill which includes electricity, gas, water, and wastewater services to the nearby communities (Menlo Park \$292, Mountain View \$223, Santa Clara \$164, Hayward \$214, Redwood City \$280).				
Purpose	This measure compares the City's average utility rates charged to residents to other comparable cities (e.g., similar size, similar commodity purchase options, similar geography).				
Status	The monthly average residential utility bill in FY 2020 for Palo Alto was lower compared to the nearby communities described above. Palo Alto's monthly average residential utility bill was \$201, and for all the communities combined the average was \$234. Electric rates were significantly lower than PGE and slightly higher than Santa Clara. Natural gas rates were lower due to PGE's increased distribution rates for capital improvement and maintenance. Water rates were higher primarily due to differing system characteristics, levels of infrastructure investment, and sources of supply. Palo Alto's water supply comes from the San Francisco Public Utilities Commission (SFPUC), which is undergoing a \$4.6 billion improvement project, and Palo Alto is also investing more than other communities in improving local distribution pipelines and enhancing the emergency water supply system.				

CUSTOMER SATISFACTION

Goal	Provide excellent customer service.				
Objective	Maintain a high level of customer satisfaction, equal to or greater than 83 percent of Palo Alto citizens rating satisfaction of utility services as "Excellent" or "Good" in the National Citizen Survey.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent rating services (electric, gas, wastewater, and water) "Good" or Excellent"	84.75%	N/A	86.00%	86.00%	N/A
Description	The National Citizen Survey (NCS) is a collaborative effort between National Research Center, Inc. (NRC) and the International City/County Management Association (ICMA). The NCS was developed by NRC to provide a statistically valid survey of opinions about community and services provided by local governments. There are ten California communities participating in the survey.				
Purpose	To get feedback on whether customers are satisfied with the nature, extent and delivery of services provided, using random-selection survey processes that include a good cross-section of the customer base.				
Status	Results are statistically weighted to reflect the proper demographic composition of the entire community. In FY 2019 a total of 614 completed surveys were obtained, providing an overall response rate of 21 percent. Typically, response rates obtained on citizen surveys range from 25 percent to 40 percent. From FY 2018 to FY 2019, Utilities has met its target of 83 percent and anticipates this continuing through FY 2021.				
	* The National Citizen's Survey was not completed in time for the printing of this document. Survey data is anticipated to be available for the FY 2022 budget process.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Total cost of Capital Improvement Program annually (Millions)	\$24.10	\$35.42	\$51.50	\$33.60	\$47.40

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Fund						
Electric Fund - Operating	51,443,024	56,124,382	76,606,602	81,054,023	4,447,421	5.8%
Electric Supply	108,624,454	102,141,767	110,086,193	102,347,623	(7,738,570)	(7.0)%
Fiber Optics	3,377,476	2,885,744	4,325,932	4,345,287	19,355	0.4%
Gas Fund - Operating	22,120,579	26,250,191	26,707,978	32,174,633	5,466,655	20.5%
Gas Supply	14,110,302	17,293,927	17,866,764	16,531,287	(1,335,476)	(7.5)%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Wastewater Collection - Operating	17,880,581	18,413,480	27,310,057	23,897,257	(3,412,801)	(12.5)%
Water Fund - Operating	46,737,022	43,707,332	60,843,556	57,456,171	(3,387,385)	(5.6)%
Total	265,293,438	266,816,823	323,747,082	317,806,280	(5,940,801)	(1.8)%
Revenues						
Charges for Services	459,431	509,624	420,000	260,000	(160,000)	(38.1)%
Charges to Other Funds	841,410	470,943	354,717	374,310	19,593	5.5%
From Other Agencies	500,773	488,052	576,632	576,632	—	—%
Net Sales	248,735,959	264,444,785	264,139,740	253,293,473	(10,846,268)	(4.1)%
Operating Transfers-In	3,977,536	3,873,979	3,163,724	3,202,109	38,385	1.2%
Other Revenue	9,785,634	11,348,937	11,719,065	11,620,946	(98,119)	(0.8)%
Rental Income	5,000	10,000	—	—	—	—%
Return on Investments	4,131,918	4,908,650	5,160,700	4,565,900	(594,800)	(11.5)%
Total Revenues	268,437,661	286,054,971	285,534,578	273,893,369	(11,641,209)	(4.1)%
Positions by Fund						
Electric Fund	111.23	111.33	110.95	111.34	0.39	0.35%
Fiber Optics Fund	7.60	7.60	7.50	7.10	(0.40)	(5.33)%
Gas Fund	53.11	53.83	53.83	53.83	—	—%
Utilities Administration	19.21	19.21	19.46	19.46	—	—%
Wastewater Collection Fund	29.00	29.16	29.16	28.50	(0.66)	(2.26)%
Water Fund	47.90	46.92	46.94	47.61	0.67	1.43%
Total	268.05	268.05	267.84	267.84	—	—%

ELECTRIC FUND

Description

On January 16, 1900, the City of Palo Alto began operation of its own electric system. A steam engine was the initial source of the City's electricity and was replaced by a diesel engine in 1914. As demand for electricity and the population continued to grow, the City of Palo Alto Utilities (CPAU) connected to the Pacific Gas and Electric distribution system and purchased power from additional sources.

The integrity of the infrastructure required for achieving a high level of reliability and value for customers is of paramount importance to CPAU. The Electric Fund strives to enhance the customer service connection experience, increase energy efficiency participation, and increase the percentage of electric supply obtained from renewable energy supplies. The City has entered into a number of contracts with producers of wind, landfill gas, and solar energy for more than 15-year terms.

Accomplishments

- Launched an enhanced electric vehicle (EV) technical assistance and incentive program to promote EV chargers in multi-family dwellings, schools and local nonprofits.
- Replaced 115kV transformer, 60kV breaker and aging peripheral equipment at Colorado Power Station to enhance system capacity and reliability.
- Issued request for proposal (RFP) for Advanced Metering Infrastructure project including equipment, software and professional services to implement a smart grid network for the City.
- Collaborated with Fire, Public Works, Community Services, and Office of Emergency Services to develop a wildfire mitigation plan to minimize the risk of overhead electric lines causing wildfires.
- Hosted a successful Bay Area Home Electrification Expo with over 300 attendees partnering with cities, energy providers and environmental agencies to learn about building electrification for cooking, heating and home appliances.

UTILITIES

- Completed energization of a new wing at Stanford Hospital which includes installation of three miles of primary conductor.
- Developed an electric panel upgrade guide for customers considering EV chargers or building electrification.
- Updated the Carbon Neutral Plan to implement hourly carbon emissions accounting standards and sales of renewable energy certificates to support electrification.
- Launched an induction cooktop loan program to familiarize people with induction cooking.
- Developed a work plan for encouraging adoption of new technologies that create electric grid flexibility, such as battery storage, smart EV chargers, and flexible heat pump water and space heating.

Initiatives

- Launch a new electric efficiency program providing customers with online efficiency and usage comparison tools, a marketplace, and an energy challenge platform.
- Reconstruct the City's electric distribution system along the railway to facilitate the electrification of the Caltrain system, converting commuter trains from diesel to electric power.
- Evaluate options with PG&E and California Independent System Operator for a second connection point and transmission line to Palo Alto.
- Partner with the City's Planning and Development Services Department, and the community to expand education and outreach of building electrification for new and existing buildings.
- Design a new 12kV electric distribution line to replace the existing overhead system in the foothills as part of the City's wildfire mitigation plan.
- Rebuild and replace aging underground electric system that have exceeded their expected life of 30 years.
- Launch a new cash rebate program with Low Carbon Fuel Standard funding to encourage purchase of new electric vehicles.
- Replace undersized 60kV high voltage circuit breakers that interconnect the substations and power stations.
- Evaluate and implement new programs to encourage building electrification including customer education, pilots, rebate incentives and on-bill financing.

Goals and Objectives

GOAL 1

Provide safe and reliable delivery of electric services to customers.

Objectives:

- Develop a plan to complete a second electric transmission line source to improve service reliability.
- Implement activities outlined in the Utilities Wildfire Mitigation Plan to reduce the possibility of fires in the western foothills of Palo Alto caused by overhead electric lines.
- Increase emphasis on the proactive infrastructure replacement program, replacing infrastructure before failure, to support reliability and resiliency.
- Enhance planned maintenance programs for all utilities through clearly defined maintenance plans, improved management reporting, and developing innovative ways to ensure efficient completion of all maintenance.

GOAL 2

Increase environmental sustainability and promote efficient use of resources.

Objectives:

- Achieve the ten-year goal for electric energy efficiency of 5.7 percent of the electric load by 2027.
- Accelerate Electric Vehicle (EV) penetration for both Palo Alto-based and inbound vehicles by providing more charging infrastructure.
- Expand effort to lower greenhouse gas emissions through electrification of the transportation sector such as encouraging adoption of electric vehicles.

Key Performance Measures

ENVIRONMENTAL SUSTAINABILITY

Goal	Support environmental sustainability and promote efficient use of resources.				
Objective	Achieve Renewable Portfolio Standard (RPS) of at least 50 percent by 2030.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of retail electric sales volume provided by renewable supply resources under long-term PPAs	61%	61%	60%	39%	35%
Description	This measures the fraction of the City's retail electric sales volume that is provided by renewable supply resources that are under long-term agreement.				
Purpose	The Clean Energy and Pollution Reduction Act (SB 350) of 2015 raised the state's renewable portfolio standard (RPS) to 50 percent by 2030 and required a doubling of energy efficiency savings by 2030.				
Status	The FY 2020 estimated RPS level is lower than historical levels due to the sale of 216,000 Renewable Energy Credits (RECs) that had exceeded the City's annual load in calendar year 2020. Due to a wet year, hydro generation provided 57% of the City's annual retail sales volume, and the City had a significant amount of surplus renewable energy supply. For FY 2021, the City is anticipated to sell all of its in-state renewable generation amount in excess over the minimum needed for RPS compliance. An estimated 272,000 RECs will be sold. Having lower-cost, out-of-state RECs will reduce electric supply costs.				

SYSTEM RELIABILITY

Goal	Provide safe and efficient delivery of electric services to customers.				
Objective	Provide exceptional system reliability.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Average duration of customer outages in minutes as reported using industry guidelines	87.98	121.79	60.00	60.00	60.00
Description	System Average Interruptible Duration Index (SAIDI) is a measure of outage duration. It measures the number of minutes over the year that the average customer is without power.				
Purpose	Reliability indices were introduced in order to keep track of utility performance. This information will help Utilities prioritize capital and operating spending so that reliability can be improved without increasing costs.				
Status	The goal to attain 60 minutes or less in overall response time to restore outages was impacted in FY 2019 due to staffing vacancies and abnormally stormy weather causing a cluster of outages that resulted in longer response times. The Electric Utility had 27 sustained outages affecting a range of customers from 48 to 3,365 customers. Of the 27 outages, 19 were storm related and 8 non-storm. The non-storm outages were attributed to various types of equipment failure throughout the distribution system.				

ENVIRONMENTAL SUSTAINABILITY - SOLAR

Goal	Support environmental sustainability and promote efficient use of resources.				
Objective	Increase the penetration of local solar installations.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Cumulative installed capacity of photovoltaic (PV) systems measured in megawatts (MW)	11.80	13.00	14.00	14.10	14.10
Description	This represents the cumulative installed capacity of PV systems in Palo Alto, measured in MW. It includes PV systems installed prior to the passage of California Senate Bill 1 (SB1), which enacted the Million Solar Roofs Initiative and expands upon the current California Solar Initiative (CSI) and the Energy Commission's New Solar Homes Partnership (NSHP).				
Purpose	This measure supports the City's goal of achieving a 100 percent carbon neutral electric supply portfolio, meeting 4 percent of the City's electricity needs through local solar by 2023, and complying with California Senate Bill 1 (SB1) to increase PV installations. Increasing the cumulative installed capacity of PV systems will also benefit the environment and expand the flexibility of the City's electric generation portfolio.				
Status	California Senate Bill 1 (SB1) became effective in 2006 and required all California electric utilities to achieve a Statewide goal of adding 3,000 MW of new PV systems over ten years. The City of Palo Alto's portion of this statewide goal was to achieve 3.0 MW cumulative installed capacity of PV systems by FY 2016. The City exceeded this goal in FY 2016 and installed 7.70 MW of PV systems. With the costs of installing PV systems steadily decreasing, staff anticipates an increase of PV installations to 14.108 MW in FY 2020 primarily in residential and commercial construction projects.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of Customer Accounts (Electric)	29,475	29,600	29,746	29,746	29,834
Number of momentary outages	2	0	0	0	1
Percent of residents surveyed who rate the quality of the Electric Utility as "Good" or "Excellent"	88%	N/A*	88%	88%	N/A*
Total Number of Outages	35	42	28	32	27

* The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
CIP Electric Fund	10,315,316	15,615,817	23,765,466	27,308,142	3,542,677	14.9%
Electric Administration	24,586,157	23,218,636	27,176,349	27,202,398	26,048	0.1%
Electric Customer Service	2,292,027	2,294,092	2,665,595	2,682,485	16,890	0.6%
Electric Demand Side Management	3,958,743	3,716,457	6,991,511	7,052,872	61,361	0.9%
Electric Engineering (Operating)	1,790,943	1,843,389	2,415,964	2,482,242	66,278	2.7%
Electric Operations and Maintenance	11,664,339	11,606,585	16,103,804	17,008,182	904,378	5.6%
Electric Resource Management	105,459,953	99,971,173	107,574,106	99,665,325	(7,908,781)	(7.4)%
Total	160,067,478	158,266,150	186,692,795	183,401,646	(3,291,149)	(1.8)%
Dollars by Category						
Salary & Benefits						
Healthcare	1,949,617	1,820,670	2,475,451	2,330,631	(144,820)	(5.9)%
Other Benefits	304,713	318,143	373,996	455,345	81,349	21.8%
Overtime	929,360	1,017,707	517,920	531,386	13,466	2.6%
Pension	3,103,244	3,214,302	5,290,653	5,296,009	5,356	0.1%
Retiree Medical	1,617,277	1,555,185	1,601,840	1,532,993	(68,847)	(4.3)%
Salary	10,816,735	10,846,696	13,384,300	14,884,804	1,500,504	11.2%
Workers' Compensation	123,558	292,351	441,673	409,199	(32,475)	(7.4)%
Total Salary & Benefits	18,844,505	19,065,053	24,085,834	25,440,367	1,354,533	5.6%
Allocated Charges	5,506,903	4,253,400	10,434,079	9,416,874	(1,017,205)	(9.7)%
Contract Services	3,096,678	2,786,957	7,615,180	6,377,366	(1,237,814)	(16.3)%
Debt Service	8,770,695	8,368,513	8,476,576	8,442,678	(33,898)	(0.4)%
Equity Transfer	12,887,000	12,973,000	13,129,000	13,479,000	350,000	2.7%
Facilities & Equipment	2,174	18,379	64,155	27,300	(36,855)	(57.4)%
General Expense	2,135,223	2,258,230	3,441,967	3,441,967	—	—%
Operating Transfers-Out	560,572	297,973	—	50,000	50,000	—%
Rents & Leases	5,612,918	5,784,139	6,276,636	6,389,015	112,379	1.8%
Supplies & Material	474,977	533,907	924,207	924,207	—	—%
Transfer to Infrastructure	—	199,167	—	—	—	—%
Utility Purchase	94,659,116	89,680,963	95,678,373	88,084,000	(7,594,373)	(7.9)%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Capital Improvement Program	7,516,715	12,058,775	16,566,787	21,328,871	4,762,084	28.7%
Total Dollars by Expense Category	160,067,478	158,278,458	186,692,795	183,401,646	(3,291,149)	(1.8)%

Revenues						
Charges for Services	310,863	375,880	380,000	220,000	(160,000)	(42.1)%
Charges to Other Funds	460,890	193,480	139,712	145,401	5,689	4.1%
Net Sales	145,962,397	154,155,483	154,329,190	145,996,103	(8,333,087)	(5.4)%
Operating Transfers-In	3,465,100	3,334,701	2,615,588	2,644,849	29,261	1.1%
Other Revenue	7,508,222	8,797,973	8,928,000	8,918,000	(10,000)	(0.1)%
Rental Income	5,000	10,000	—	—	—	—%
Return on Investments	1,941,997	2,431,950	2,158,000	2,063,800	(94,200)	(4.4)%
Total Revenues	159,654,470	169,299,467	168,550,490	159,988,153	(8,562,337)	(5.1)%

Positions by Division						
CIP Electric Fund	31.90	31.90	31.90	24.35	(7.55)	(23.67)%
Electric Customer Service	11.70	12.00	11.90	11.90	—	—%
Electric Demand Side Management	6.17	6.17	5.59	5.59	—	—%
Electric Engineering (Operating)	4.98	4.98	4.98	6.67	1.69	33.94%
Electric Operations and Maintenance	48.10	48.10	48.10	54.35	6.25	12.99%
Electric Resource Management	8.38	8.18	8.48	8.48	—	—%
Total	111.23	111.33	110.95	111.34	0.39	0.35%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Account Specialist	0.31	0.31	0.31	0.31	—	24,264
Administrative Associate II	3.90	3.90	3.30	3.30	—	258,704
Assistant Director Administrative Services	0.20	0.20	0.20	0.20	—	36,462
Assistant Director Utilities Customer Support Services	0.40	0.40	0.40	0.40	—	81,178

UTILITIES

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Assistant Director Utilities Engineering	0.40	0.40	0.40	—	(0.40)	—
Assistant Director Utilities Engineering (Freeze)	—	—	—	0.40	0.40	86,969
Assistant Director Utilities Operations	0.60	0.60	0.60	0.60	—	136,307
Assistant Director Utilities/Resource Management	0.50	0.50	0.50	0.50	—	104,447
Business Analyst	1.94	1.60	1.60	1.35	(0.25)	209,701
Business Analyst (Freeze)	—	—	—	0.25	0.25	38,834
Contracts Administrator	0.10	0.10	0.10	0.10	—	10,113
Coordinator Utilities Projects	1.55	1.55	1.55	1.55	—	148,385
Customer Service Representative	1.87	1.87	1.87	1.87	—	145,277
Customer Service Specialist	0.66	0.66	0.66	0.66	—	56,381
Customer Service Specialist-Lead	0.58	0.58	0.58	0.58	—	52,985
Electric Heavy Equipment Operator	—	—	—	2.00	2.00	217,318
Electric Project Engineer	1.95	1.95	3.25	3.65	0.40	580,788
Electric Underground Inspector	2.00	2.00	2.00	2.00	—	228,883
Electric Underground Inspector-Lead	1.00	1.00	1.00	1.00	—	122,387
Electrical Equipment Technician	1.00	1.00	1.00	1.00	—	116,958
Electrician Assistant I	3.00	3.00	3.00	3.00	—	272,563
Engineering Manager - Electric	0.55	0.55	0.55	0.55	—	118,244
Engineering Technician III	1.40	1.40	1.40	1.40	—	137,971
Heavy Equipment Operator	2.00	2.00	2.00	—	(2.00)	—
Inspector, Field Services	0.25	0.25	0.25	0.25	—	26,577
Lineperson/Cable Specialist	11.00	11.00	11.00	10.00	(1.00)	1,574,352
Lineperson/Cable Specialist-Lead	4.00	4.00	4.00	4.00	—	673,837
Manager Customer Service	0.33	0.33	0.33	0.33	—	52,070
Manager Electric Operations	1.00	1.00	1.00	1.00	—	192,546
Manager Treasury, Debt & Investments	0.30	0.30	0.30	0.30	—	46,513
Manager Utilities Compliance	0.15	0.15	0.15	0.15	—	29,531
Manager Utilities Credit & Collection	0.15	0.15	0.15	0.15	—	23,902
Manager Utilities Program Services	0.40	0.40	0.40	0.40	—	61,718

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Meter Reader	1.99	1.99	1.99	1.99	—	145,286
Meter Reader-Lead	0.33	0.33	0.33	0.33	—	25,781
Metering Technician	3.00	3.00	3.00	3.00	—	409,157
Metering Technician-Lead	1.00	1.00	1.00	1.00	—	145,974
Offset Equipment Operator	0.48	0.48	0.48	0.48	—	33,426
Overhead Underground Troublemaker	2.00	2.00	2.00	2.00	—	330,720
Power Engineer	2.30	2.30	1.00	1.00	—	150,030
Principal Business Analyst	0.34	0.34	0.34	0.34	—	62,064
Program Assistant II	—	—	0.60	0.60	—	51,293
Project Manager	0.75	0.75	0.75	0.75	—	81,806
Resource Planner	3.85	3.65	2.85	2.85	—	409,091
SCADA Technologist	1.00	1.00	1.00	1.01	0.01	154,031
Senior Business Analyst	0.68	1.02	1.02	1.02	—	161,921
Senior Electrical Engineer	3.95	3.95	3.95	3.95	—	766,016
Senior Management Analyst	0.10	0.10	0.10	0.10	—	12,881
Senior Resource Planner	3.06	3.06	3.36	3.36	—	600,182
Senior Utilities Field Service Representative	0.10	0.10	0.10	0.10	—	11,588
Street Light, Traffic Signal & Fiber Technician	3.00	3.00	3.00	3.00	—	391,310
Street Light, Traffic Signal & Fiber-Lead	1.00	1.00	1.00	1.00	—	139,610
Substation Electrician	5.50	5.50	5.50	4.50	(1.00)	640,505
Substation Electrician (Freeze)	—	—	—	1.00	1.00	142,334
Substation Electrician-Lead	2.00	2.00	2.00	2.00	—	304,595
Supervising Electric Project Engineer	1.00	1.00	1.00	1.00	—	162,968
Tree Maintenance Person	1.00	1.00	1.00	1.00	—	88,150
Utilities Compliance Technician	2.00	2.00	2.00	3.00	1.00	472,306
Utilities Compliance Technician-Lead	1.00	1.00	1.00	1.00	—	168,459
Utilities Credit/Collection Specialist	2.00	2.00	2.00	2.00	—	201,469
Utilities Engineer Estimator	3.25	3.25	3.25	3.23	(0.02)	422,605
Utilities Field Services Representative	0.50	0.50	0.50	0.50	—	54,184

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Utilities Key Account Representative	1.35	1.35	1.35	1.35	—	162,106
Utilities Locator	1.95	1.95	1.95	1.95	—	203,652
Utilities Marketing Program Administrator	1.60	1.90	2.70	2.70	—	307,981
Utilities Safety Officer	0.55	0.55	0.55	0.55	—	72,781
Utilities Supervisor	5.00	5.00	5.00	5.00	—	851,822
Utilities System Operator	5.00	5.00	5.00	5.00	—	881,400
Utility Engineering Estimator - Lead	1.00	1.00	1.00	1.00	—	141,336
Sub-total: Full-Time Equivalent Positions	107.12	107.22	107.52	107.91	0.39	15,226,987
Temporary/Hourly	4.11	4.11	3.43	3.43	—	290,926
Total Positions	111.23	111.33	110.95	111.34	0.39	15,517,913

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Electric Fund
Prior Year Budget	110.95	186,692,795	168,550,490	18,142,305
One-time Prior Year Budget Adjustments				
Elwell Court Improvements	—	(170,791)	—	(170,791)
Administrative Services Staffing Vacancies	—	19,968	—	19,968
One-time Prior Year Budget Adjustments	—	(150,823)	—	(150,823)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	1,628,807	—	1,628,807
Electric Commodity Purchase Adjustments	—	(7,846,935)	5,969,877	(13,816,812)
Contract Services Alignment (Overhead Line Maintenance)	—	(937,814)	—	(937,814)
Transfer from the General Fund (Traffic Signal and Streetlight Electric Costs)	—	—	62,471	(62,471)
Radio Subscription Fees	—	(36,855)	—	(36,855)
Utility Payment Processing	—	—	5,689	(5,689)
Transfer to General Fund (Canopy Contract)	—	—	(33,210)	33,210
Utilities Capital Staffing Alignment	0.39	92,220	—	92,220
Return on Investments	—	—	(94,200)	94,200
Surplus Energy Revenue	—	—	(249,524)	249,524
Rents & Leases Expenditure Alignment	—	283,170	—	283,170
Equity Transfer to the General Fund	—	350,000	—	350,000
Electric Customer Sales Revenue (0% Rate Change)	—	—	(14,053,440)	14,053,440
Capital Improvement Program	—	4,753,821	(170,000)	4,923,821
General Fund Cost Allocation Plan	—	218,681	—	218,681
General Liability Insurance Allocated Charges	—	28,732	—	28,732
Print & Mail Allocated Charges	—	10,696	—	10,696
Public Works Engineering & Inspection Allocated Charges	—	(3,382)	—	(3,382)
Utilities Administration Allocated Charges Adjustment	—	(826,083)	—	(826,083)
Vehicle Replacement & Maintenance Charges	—	(218,923)	—	(218,923)
Workers' Compensation Allocated Charges	—	(32,475)	—	(32,475)
Adjustments to Costs of Ongoing Activities	0.39	(2,536,339)	(8,562,337)	6,025,998
Total FY 2021 Base Budget	111.34	184,005,633	159,988,153	24,017,480
Budget Adjustments				

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Electric Fund
1 Electric Vehicle Chargers and Location Study	—	50,000	—	50,000
2 Compliance Group Staffing Realignment	—	0	—	0
3 Management and Professionals Group Compensation Reduction	—	(20,043)	—	(20,043)
4 Staffing Resource Reduction and Concessions	—	(633,944)	—	(633,944)
Total Budget Adjustments	—	(603,987)	—	(603,987)
Total FY 2021 Adopted Budget	111.34	183,401,646	159,988,153	23,413,493

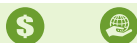


Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Electric Fund
1 Electric Vehicle Chargers and Location Study	0.00	50,000	0	50,000

This one-time action adds funding to conduct a study assessing current and potential future locations of electric vehicle chargers at City facility sites. The study will also explore the standardization of chargers to support fueling for existing and new City vehicles. With the expansion of electric vehicles in the City's fleet, the number of chargers must also expand. Funding for this study is supported by the Vehicle Replacement and Maintenance Fund Reserve (\$50,000) and the Utilities Department (\$50,000) through a transfer from the Electric Fund. A corresponding action is proposed in the Vehicle Replacement and Maintenance Fund. (Ongoing cost: \$0)

Performance Results



This action supports the Sustainability and Climate Action Plan goal of expanding the electric vehicle deployment of the City's fleet.

2 Compliance Group Staffing Realignment	0.00	0	0	0
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This ongoing action will add one vacant 1.0 FTE Compliance Technician and drop one vacant 1.0 FTE Linerperson Cablesplicer position to reallocate resources from the Linerperson group to the Compliance group. The Compliance group is responsible for inspecting and coordinating electrical line construction, including construction by contractors. Reallocating resources to the Compliance group aligns with the current business operational needs to meet the growing amount of inspections being conducted and will have minimal impact to the Linerperson group, which receives additional support through a third party contractor. (Ongoing cost: \$0)

Performance Results



Reallocating resources from the Linerperson group to the Compliance group will help meet the current business operational needs with minimal to no impact to costs and service delivery.

3 Management and Professionals Group Compensation Reduction	0.00	(20,043)	0	(20,043)
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This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

4 Staffing Resource Reduction and Concessions	0.00	(633,944)	0	(633,944)
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This action reduces the Electric Fund's respective portion of the following positions which are budgeted throughout the Utilities Funds: 0.40 Assistant Director, Utilities Engineering; 0.25 Business Analyst; 1.0 Substation Electrician. Minimal short-term impacts, however, may delay some building electrification and other carbon reduction efforts. The City will also have to defer some underground rebuild capital improvement projects to maintain reserves at the target level. (Ongoing savings: \$633,944)

Performance Results



This action contributes to cost containment strategies in FY 2021.

FIBER OPTICS FUND

Description

In 1996, the City built a dark fiber ring around Palo Alto capable of supporting multiple network developers and service providers with significant growth potential. The fiber backbone network was routed to pass by and provide access to key City facilities and the Palo Alto business community, including research centers and commercial properties.

Dark fiber optics service consists of providing the fiber optics cabling, splice points, service connections, and other infrastructure providing high-capacity bandwidth needed to transport large quantities of data. This service excludes the transmitters, receivers, and data itself, which are owned and operated by each customer.

Accomplishments

- Completed design of the new fiber backbone from Park Boulevard Substation to the Stanford Research Park area.
- Awarded contract for phase 1 design of the City's fiber network expansion plan to support AMI, Supervisory Control and Data Acquisition (SCADA), and internal wireless communication for Public Safety and City staff.
- Developed scope of work to include installation of fiber from Dahl Reservoir to Montebello Reservoir to enable full remote-control valves at Montebello, installation of new weather station and improvement of radio coverage in the foothills area for the wildfire mitigation plan.

Initiatives

- Provide high-quality and competitively-priced fiber optic utility services to City departments and commercial customers in the City of Palo Alto.
- Install substructure and dark fiber cable from Park Boulevard Substation to the Stanford Research Park area to enhance network capacity to enable future expansion opportunities for licensing dark fiber for commercial purposes.

- Conduct a comprehensive asset inventory of Palo Alto's current fiber-optic network infrastructure data to determine its usefulness for supporting current and future AMI, Smart Grid, SCADA, and wireless communications applications.
- Create a high-level fiber network design that incorporates current City needs and supports a future fiber-to-the-premise platform.
- Develop local ordinances (i.e. Dig Once, One Touch Make Ready, Multi-unit Housing Access) to reduce construction costs and implementation time associated with a fiber network expansion

Goals and Objectives

GOAL 1

Increase the value of fiber utility services to customers.

Objectives:

- Provide high-quality and competitively-priced fiber optic utility services to City departments and commercial customers in the City of Palo Alto.
- Manage costs and add new dark fiber license agreements with commercial customers.

GOAL 2

Improve capacity and reliability of the Dark Fiber System.

Objectives:

- Ensure sufficient fiber optic cables are available to meet future City and customer needs.
- Make system enhancements to prevent damage from outside sources and improve reliability.

Key Performance Measures

CUSTOMER SATISFACTION

Goal	Provide excellent customer service.				
Objective	Provide high-quality and competitively-priced fiber optic utility services to City departments and commercial customers in the City of Palo Alto.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of commercial fiber connections completed	198	207	215	215	219
Description	This measure shows the growth of the Fiber Enterprise based on customers and connections. Estimates are based on analyzing the number of upcoming developments, anticipating how many customers would sign on for Fiber, and taking into account how many existing connections may result in disconnections such as companies leaving. Some customers may also have multiple fiber connections at various locations.				
Purpose	The purpose of this measure is to add value to companies doing business in Palo Alto by providing a cost-effective, world class telecommunications system. The goal is to build out and fully leverage the fiber network to add value to the business and other communities as needed.				
Status	The Fiber enterprise continues to build out the network to provide more service options to our ever expanding customer base. These expansions will also help provide fiber access to previously unserved areas, for example, the fiber network currently under construction for the Palo Alto Unified School District will not only serve the schools, but provide fiber access to surrounding areas.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of Customer Accounts (Fiber)	93	96	98	98	100
Number of Wholesale re-sellers	13	14	15	15	15

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
CIP Fiber Optics Fund	1,047,968	791,530	1,525,441	1,509,517	(15,924)	(1.0)%
Fiber Optics Administration	188,357	205,681	919,370	897,311	(22,060)	(2.4)%
Fiber Optics Customer Service	678,580	633,076	1,241,621	1,232,615	(9,006)	(0.7)%
Fiber Optics Operations and Maintenance	1,462,572	1,255,457	639,500	705,843	66,344	10.4%
Total	3,377,476	2,885,744	4,325,932	4,345,287	19,355	0.4%
Dollars by Category						
Salary & Benefits						
Healthcare	163,825	152,237	171,660	138,139	(33,521)	(19.5)%
Other Benefits	24,736	23,681	29,786	33,590	3,805	12.8%
Overtime	21,055	20,229	25,521	26,184	664	2.6%
Pension	242,846	247,607	358,230	327,788	(30,442)	(8.5)%
Salary	1,007,041	884,605	967,733	984,062	16,329	1.7%
Workers' Compensation	666	19,047	30,967	28,690	(2,277)	(7.4)%
Total Salary & Benefits	1,460,169	1,347,406	1,583,895	1,538,453	(45,443)	(2.9)%
Allocated Charges	542,597	412,690	747,422	756,042	8,621	1.2%
Contract Services	161,241	173,912	454,646	454,646	—	—%
Facilities & Equipment	—	1,224	2,457	—	(2,457)	(100.0)%
General Expense	2,430	2,125	12,000	12,000	—	—%
Operating Transfers-Out	129,531	123,557	102,176	102,176	—	—%
Rents & Leases	75,375	77,787	82,360	53,531	(28,829)	(35.0)%
Supplies & Material	8,738	1,661	9,000	9,000	—	—%
Transfer to Infrastructure	5,700	15,218	—	—	—	—%
Capital Improvement Program	991,695	730,163	1,331,975	1,419,438	87,463	6.6%
Total Dollars by Expense Category	3,377,476	2,885,744	4,325,932	4,345,287	19,355	0.4%
Revenues						
Charges for Services	37,224	26,712	—	—	—	—%
Charges to Other Funds	135,895	—	—	—	—	—%
Net Sales	4,356,872	4,566,484	4,594,824	4,716,421	121,597	2.6%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Other Revenue	66,032	163	200,000	200,000	—	—%
Return on Investments	582,095	683,895	749,500	646,700	(102,800)	(13.7)%
Total Revenues	5,178,117	5,277,254	5,544,324	5,563,121	18,797	0.3%
Positions by Division						
CIP Fiber Optics Fund	0.79	0.79	0.79	0.39	(0.40)	(50.63)%
Fiber Optics Customer Service	3.68	3.68	3.58	3.58	—	—%
Fiber Optics Operations and Maintenance	3.13	3.13	3.13	3.13	—	—%
Total	7.60	7.60	7.50	7.10	(0.40)	(5.33)%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Administrative Associate II	0.20	0.20	0.20	0.20	—	15,679
Assistant Director Utilities Customer Support Services	0.20	0.20	0.20	0.20	—	40,589
Assistant Director Utilities Engineering	0.05	0.05	0.05	—	(0.05)	—
Assistant Director Utilities Engineering (Freeze)	—	—	—	0.05	0.05	10,871
Business Analyst	0.30	0.30	0.30	0.30	—	46,600
Electric Project Engineer	0.05	0.05	0.45	0.05	(0.40)	7,956
Manager Utilities Compliance	0.10	0.10	0.10	0.10	—	19,687
Manager Utilities Credit & Collection	0.40	0.40	0.40	0.40	—	63,740
Manager Utilities Program Services	0.20	0.20	0.20	0.20	—	30,859
Manager Utilities Telecommunications	1.00	1.00	1.00	1.00	—	154,586
Power Engineer	0.40	0.40	—	—	—	—
Senior Electrical Engineer	0.05	0.05	0.05	0.05	—	9,637
Street Light, Traffic Signal & Fiber Technician	2.00	2.00	2.00	2.00	—	260,874
Street Light, Traffic Signal & Fiber- Lead	1.00	1.00	1.00	1.00	—	139,610

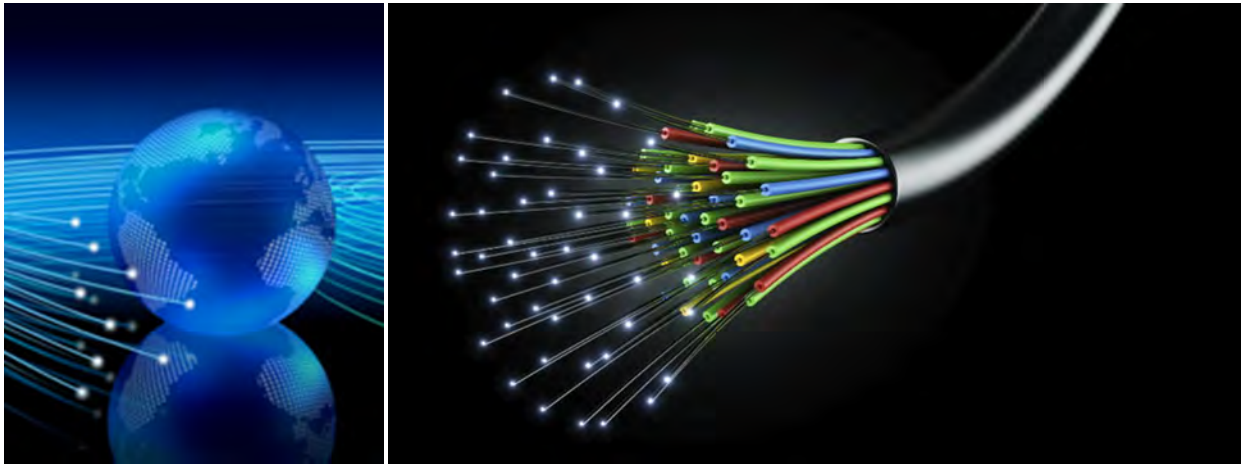
Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Utilities Key Account Representative	0.80	0.80	0.80	0.80	—	96,063
Utilities Locator	0.03	0.03	0.03	0.03	—	3,133
Sub-total: Full-Time Equivalent Positions	6.78	6.78	6.78	6.38	(0.40)	899,882
Temporary/Hourly	0.82	0.82	0.72	0.72	—	74,506
Total Positions	7.60	7.60	7.50	7.10	(0.40)	974,388

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Fiber Optics Fund
Prior Year Budget	7.50	4,325,932	5,544,324	(1,218,392)
One-time Prior Year Budget Adjustments				
None				
One-time Prior Year Budget Adjustments				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	65,568	—	65,568
Fiber Optics Revenue (Rate Increase of 2.5% CPI for EDF-1)	—	—	121,597	(121,597)
Utilities Capital Staffing Alignment	(0.40)	(93,626)	—	(93,626)
Rents & Leases Expenditure Alignment	—	(28,829)	—	(28,829)
Radio Subscription Fees	—	(2,457)	—	(2,457)
Return on Investments	—	—	(102,800)	102,800
Capital Improvement Program	—	87,300	—	87,300
General Fund Cost Allocation Plan	—	31,697	—	31,697
Liability Insurance Allocated Charges	—	2,015	—	2,015
Utilities Administration Allocated Charges	—	(24,928)	—	(24,928)
Workers' Compensation Allocated Charges	—	(2,277)	—	(2,277)
Adjustments to Costs of Ongoing Activities	(0.40)	34,462	18,797	15,665
Total FY 2021 Base Budget	7.10	4,360,394	5,563,121	(1,202,727)
Budget Adjustments				
1 Staffing Resource Reduction	—	(15,107)	—	(15,107)
Total Budget Adjustments	—	(15,107)	—	(15,107)
Total FY 2021 Adopted Budget	7.10	4,345,287	5,563,121	(1,217,834)



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Fiber Optics Fund
1 Staffing Resource Reduction	0.00	(15,107)	0	(15,107)

This action reduces the Fiber Fund's respective portions of the following staff resources that are budgeted throughout the Utility Funds: 0.05 Assistant Director. These changes are anticipated to have minimal short-term impact to this fund. (Ongoing savings: \$15,107)

Performance Results



This action contributes to cost containment strategies in FY 2021.

GAS FUND

Description

The municipal natural gas system began operations in 1917 when Palo Alto acquired a privately-owned gas business. During the early years, gas was manufactured from coal tar. This was replaced in the 1920s by natural gas from Pacific Gas and Electric. Today, gas is purchased from several sources. The Gas Utility services include Crossbore Safety, Gas Main Replacements, and Home Energy Audits. The Gas utility infrastructure and its crews maintain an excellent safety record. The gas fund is responsible for planning, designing, budgeting, and constructing major capital improvements to the City's gas distribution system.

Accomplishments

- Completed replacement of 114 natural gas service laterals made of Acrylonitrile Butadiene Styrene (ABS) or Tenite to ensure safe delivery of natural gas, preserve reliable customer service and reduce maintenance costs.
- Implemented a new alternating year gas main replacement strategy to increase bidding competition and obtain better pricing for larger scale capital improvement project.
- Established a new process to address gas meter Abnormal Operating Conditions (AOC) by notifying property owners and initiating a coordinated effort to relocate the gas meter classified as an AOC. These notifications resulted in a 50% response rate.
- Finalized design of the Gas Main Replacement 23 project within business districts to replace approximately 27,000 linear feet of natural gas mains and 350 natural gas service pipelines made of Polyvinyl Chloride (PVC).
- Completed inspection of 300 of the 1250 sanitary sewer laterals to be inspected in year one under the Phase II Crossbore Gas Safety Program. The Crossbore Gas Safety Program is to inspect existing sanitary sewer laterals for damages caused during the installation of natural gas main and service pipelines.

Initiatives

- Begin Phase II of the Advanced Metering Infrastructure (AMI) / Smart Grid project including selection of AMI network, meter data management system (MDMS) and replacement of up to 11,906 gas meters.

- Launch a new gas efficiency program that will provide customers with online efficiency and usage comparison tools, a marketplace and an energy challenge platform.
- Begin construction of the Gas Main Replacement 23 project within business districts to replace approximately 27,000 linear feet of natural gas mains and 350 natural gas service pipelines made of Polyvinyl Chloride (PVC).
- Implement new turnkey direct-install gas efficiency program for small and medium businesses.
- Continue Phase II of the Crossbore Gas Safety Program to inspect high priority sanitary sewers for the presence of natural gas lines.

Goals and Objectives

GOAL 1

Provide safe and efficient delivery of natural gas to customers.

Objectives:

- Continue repairing 100 percent of laterals damaged by crossbore within 24 hours.
- Remove and replace the remaining PVC pipe from the gas system.
- Complete a walking gas leak survey for 50 percent of the City and a mobile gas leak survey of services in business districts and 100 percent of the City's gas mains on an annual basis.

GOAL 2

Increase environmental sustainability and promote efficient use of natural gas resources.

Objectives:

- Ten-year goal for natural gas efficiency is a reduction in expected gas use of 2.85 percent by 2023 (base year 2013).
- Reduce the carbon intensity of the gas portfolio in accordance with the Sustainability and Climate Action Plan (S/CAP) using offsets.

Key Performance Measures

GAS LEAKS REPAIRED

Goal	Provide safe and efficient delivery of natural gas to customers.				
Objective	Respond to and repair all Grade 1 gas leaks immediately.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percentage of Grade 1 leaks responded to within 24 hours	100%	100%	100%	100%	100%
Description	This measures the total response time to Grade 1 leaks found during the walking and mobile (vehicle) surveys and any reported leaks classified as Grade 1. The City's policy is to respond and repair Grade 1 leaks within 24 hours. Grade 1 leaks are hazardous leaks that pose an immediate hazard to persons or property and require continuous action until conditions are no longer hazardous.				
Purpose	Leaks are assigned priority gradings according to location, extent of migration, gas concentration, potential for concentration, ignition sources, and potential hazard to the public and property. These priority grades are intended only as guidelines.				
Status	Utilities Operations responds immediately to Grade 1 leaks. The average repair time can vary depending on the size and location of the gas leak.				

GAS SAFETY

Goal	Provide safe and efficient delivery of natural gas to our customers.				
Objective	Complete a walking gas leak survey for 50 percent of the City and a mobile gas leak survey of services in business districts and 100 percent of the City's gas mains on an annual basis.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percentage of gas system surveyed by walking	100%	100%	50%	100%	100%
Percentage of gas system surveyed by mobile (vehicle)	100%	100%	100%	100%	100%
Description	A walking survey is conducted to check for gas leaks on service/gas meters and covers one-half of the City (approximately 105 miles of gas mains and 36 miles of service lines) every year, so that the entire City's gas service system can be reviewed in a two-year period. The Federal Department of Transportation (DOT) regulations require a survey of the entire City once every five years. In addition to a walking survey, a mobile (vehicle) survey of all gas mains and some gas service lines (services in the business district) are conducted annually.				
Purpose	To ensure the safety of all who live and work in Palo Alto and to comply with Federal DOT requirements.				
Status	The department is meeting the requirements and repairing all discovered gas leaks in a timely manner.				

INCREASE ENVIRONMENTAL SUSTAINABILITY AND PROMOTE EFFICIENT USE OF NATURAL GAS RESOURCES

Goal	Support environmental sustainability and promote efficient use of natural gas resources.				
Objective	Increase gas efficiency participation.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Natural gas savings achieved annually through efficiency programs (therms)	249,725	301,000	316,000	316,000	314,000
Description	The department measures specific savings achieved from the installation of natural gas efficiency improvements, which are tracked through energy efficiency incentive programs. The Department can also track overall savings by customer class. Much of the non-residential savings were achieved through third party contractors who help large customers give their buildings a tune-up known as retrocommissioning.				
Purpose	The carbon intensity of the natural gas portfolio is a function of where and how the gas is acquired and how much of it is burned in use. Improving gas efficiency directly reduces the gas-related carbon footprint in Palo Alto.				
Status	Gas savings declined partially as a result of savings decay claimed from home energy reports, but there were overall fewer savings from the Commercial and Industrial program, despite no changes to how the program is run.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of Customer Accounts (Gas)	23,395	23,629	23,665	23,593	23,629
Number of gas leaks repaired	81	126	80	112	75

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
CIP Gas Fund	5,504,869	9,145,930	3,342,737	9,283,062	5,940,325	177.7%
Gas Administration	11,065,620	10,587,695	13,182,008	12,930,871	(251,137)	(1.9)%
Gas Customer Service	1,529,936	1,558,608	1,911,680	1,922,079	10,399	0.5%
Gas Demand Side Management	828,561	536,424	1,567,605	1,578,651	11,046	0.7%
Gas Engineering (Operating)	350,902	400,087	670,487	613,019	(57,468)	(8.6)%
Gas Operations and Maintenance	4,673,257	4,957,368	7,101,687	7,538,469	436,782	6.2%
Gas Resource Management	13,277,736	16,358,006	16,798,537	14,839,770	(1,958,767)	(11.7)%
Total	37,230,881	43,544,118	44,574,742	48,705,920	4,131,179	9.3%
Dollars by Category						
Salary & Benefits						
Healthcare	883,093	911,670	1,143,407	1,074,047	(69,359)	(6.1)%
Other Benefits	120,687	134,145	176,172	199,862	23,689	13.4%
Overtime	200,797	192,593	198,165	203,318	5,152	2.6%
Pension	1,333,372	1,428,625	2,310,105	2,125,769	(184,336)	(8.0)%
Retiree Medical	625,662	667,617	687,645	663,940	(23,705)	(3.4)%
Salary	4,151,790	4,384,864	5,432,855	5,928,585	495,730	9.1%
Workers' Compensation	90,119	124,864	186,916	173,173	(13,743)	(7.4)%
Total Salary & Benefits	7,405,521	7,844,377	10,135,265	10,368,694	233,428	2.3%
Allocated Charges	2,690,914	2,527,804	5,033,119	4,785,034	(248,086)	(4.9)%
Contract Services	617,044	542,232	2,463,313	2,441,313	(22,000)	(0.9)%
Debt Service	203,683	179,933	802,615	802,615	—	—%
Equity Transfer	6,699,000	6,601,000	7,106,000	7,114,000	8,000	0.1%
Facilities & Equipment	2,027	8,570	19,039	1,840	(17,199)	(90.3)%
General Expense	421,873	358,847	762,991	778,491	15,500	2.0%
Operating Transfers-Out	972,491	713,892	410,403	414,965	4,562	1.1%
Rents & Leases	735,359	757,276	851,539	610,121	(241,418)	(28.4)%
Supplies & Material	344,184	355,647	488,816	495,316	6,500	1.3%
Transfer to Infrastructure	5,700	84,833	—	—	—	—%
Utility Purchase	12,921,050	15,957,533	16,012,329	14,051,296	(1,961,033)	(12.2)%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Capital Improvement Program	4,212,033	7,617,592	489,312	6,842,237	6,352,925	1,298.3%
Total Dollars by Expense Category	37,230,881	43,549,535	44,574,742	48,705,920	4,131,179	9.3%

Revenues						
Charges for Services	28,560	34,269	20,000	20,000	—	—%
Charges to Other Funds	115,229	111,459	100,622	105,529	4,907	4.9%
Net Sales	35,794,564	40,955,173	37,278,530	37,161,478	(117,051)	(0.3)%
Other Revenue	1,109,304	1,023,183	1,124,303	913,000	(211,303)	(18.8)%
Return on Investments	568,475	596,995	802,300	621,800	(180,500)	(22.5)%
Total Revenues	37,616,132	42,721,079	39,325,755	38,821,807	(503,947)	(1.3)%

Positions by Division						
CIP Gas Fund	15.80	15.80	15.80	11.73	(4.07)	(25.76)%
Gas Customer Service	9.03	9.13	9.03	9.03	—	—%
Gas Demand Side Management	1.94	1.54	1.54	1.54	—	—%
Gas Engineering (Operating)	1.40	1.40	1.40	1.85	0.45	32.14%
Gas Operations and Maintenance	23.98	24.30	24.30	27.92	3.62	14.90%
Gas Resource Management	0.96	1.66	1.76	1.76	—	—%
Total	53.11	53.83	53.83	53.83	—	—%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Account Specialist	0.23	0.23	0.23	0.23	—	18,002
Administrative Associate II	0.85	0.85	0.60	0.60	—	47,037
Assistant Director Administrative Services	0.05	0.05	0.05	0.05	—	9,116
Assistant Director Utilities Customer Support Services	0.20	0.20	0.20	0.20	—	40,589
Assistant Director Utilities Engineering	0.20	0.20	0.20	—	(0.20)	—
Assistant Director Utilities Engineering (Freeze)	—	—	—	0.20	0.20	43,484

UTILITIES

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Assistant Director Utilities Operations	0.15	0.15	0.15	0.15	—	34,077
Assistant Director Utilities/Resource Management	0.25	0.25	0.25	0.25	—	52,224
Business Analyst	1.48	1.15	1.15	0.90	(0.25)	139,801
Business Analyst (Freeze)	—	—	—	0.25	0.25	38,834
Cathodic Protection Technician Assistant	1.00	1.00	1.00	1.00	—	106,621
Cathodic Technician	1.00	1.00	1.00	1.00	—	130,853
Cement Finisher	0.68	0.68	0.68	0.68	—	64,652
Contracts Administrator	0.10	0.10	0.10	0.10	—	10,113
Coordinator Utilities Projects	1.26	1.26	1.26	1.26	—	144,092
Customer Service Representative	1.87	1.87	1.87	1.87	—	145,277
Customer Service Specialist	0.68	0.68	0.68	0.68	—	58,089
Customer Service Specialist-Lead	0.58	0.58	0.58	0.58	—	52,985
Engineer	2.00	2.00	2.00	2.00	—	281,008
Engineering Manager - Electric	0.15	0.15	0.15	0.15	—	32,248
Engineering Manager - WGW	0.33	0.33	0.33	0.33	—	66,540
Engineering Technician III	0.70	0.70	0.70	0.70	—	68,985
Gas and Water Meter Measurement and Control Technician	3.20	3.20	3.20	3.40	0.20	345,326
Gas and Water Meter Measurement and Control Technician - Lead	0.80	0.80	0.80	0.80	—	86,944
Heavy Equipment Operator	2.52	2.52	2.52	—	(2.52)	—
Heavy Equipment Operator - Install/Repair	0.65	0.65	0.65	0.65	—	68,635
Inspector, Field Services	1.42	1.42	1.42	2.05	0.63	217,933
Maintenance Mechanic-Welding	1.00	1.00	1.00	1.00	—	106,538
Manager Customer Service	0.33	0.33	0.33	0.33	—	52,070
Manager Treasury, Debt & Investments	0.10	0.10	0.10	0.10	—	15,504
Manager Utilities Compliance	0.25	0.25	0.25	0.25	—	49,218
Manager Utilities Credit & Collection	0.15	0.15	0.15	0.15	—	23,902
Manager Utilities Operations WGW	0.20	0.20	0.20	0.20	—	37,041
Manager Utilities Program Services	0.20	0.20	0.20	0.20	—	30,859

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Meter Reader	1.98	1.98	1.98	1.98	—	144,556
Meter Reader-Lead	0.33	0.33	0.33	0.33	—	25,781
Principal Business Analyst	0.33	0.33	0.33	0.33	—	60,238
Program Assistant I	0.33	0.33	0.33	0.33	—	26,255
Program Assistant II	—	—	0.25	0.25	—	21,372
Project Engineer	1.00	1.00	1.00	1.00	—	151,216
Resource Planner	(0.05)	0.65	0.45	0.45	—	64,593
Restoration Lead	0.43	0.43	0.43	0.43	—	48,530
SCADA Technologist	0.20	0.20	0.20	0.10	(0.10)	15,251
Senior Business Analyst	0.66	0.99	0.99	0.99	—	157,158
Senior Engineer	2.70	2.70	2.70	2.35	(0.35)	400,449
Senior Mechanic	0.33	0.33	0.33	0.33	—	37,388
Senior Resource Planner	0.46	0.46	0.56	0.56	—	97,650
Senior Utilities Field Service Representative	0.41	0.41	0.41	0.41	—	47,509
Substation Electrician	0.10	0.10	0.10	0.25	0.15	35,584
Utilities Engineer Estimator	0.85	0.85	0.85	0.73	(0.12)	91,288
Utilities Field Services Representative	1.75	1.75	1.75	1.75	—	189,644
Utilities Install Repair-Lead-Welding Certified	1.30	1.30	1.30	0.77	(0.53)	90,859
Utilities Install Repair-Welding Certified	1.95	1.95	1.95	1.43	(0.52)	141,077
Utilities Install/Repair	3.85	3.85	3.85	4.56	0.71	481,828
Utilities Install/Repair Assistant	0.65	0.65	0.65	0.65	—	58,244
Utilities Install/Repair-Lead	1.98	1.98	1.98	1.93	(0.05)	205,564
Utilities Key Account Representative	0.50	0.50	0.50	0.50	—	60,039
Utilities Locator	0.29	0.29	0.29	0.29	—	30,287
Utilities Marketing Program Administrator	1.00	0.70	0.90	0.90	—	102,660
Utilities Safety Officer	0.20	0.20	0.20	0.20	—	26,466
Utilities Supervisor	2.37	2.37	2.37	1.87	(0.50)	281,691
Utilities Supervisor (Freeze)	—	—	—	0.50	0.50	81,328
Water System Operator II	0.66	0.66	0.66	0.66	—	65,345

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
WGW Heavy Equipment Operator	—	—	—	2.50	2.50	263,484
Sub-total: Full-Time Equivalent Positions	51.14	51.54	51.64	51.64	—	6,121,931
Temporary/Hourly	1.97	2.29	2.19	2.19	—	121,205
Total Positions	53.11	53.83	53.83	53.83	—	6,243,137

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Gas Fund
Prior Year Budget	53.83	44,574,742	39,325,755	5,248,987
One-time Prior Year Budget Adjustments				
Elwell Court Improvements	—	(67,452)	—	(67,452)
One-time Prior Year Budget Adjustments	—	(67,452)	—	(67,452)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	517,953	—	517,953
Gas Commodity Purchase Adjustments	—	(1,960,908)	—	(1,960,908)
Rents & Leases Expenditure Alignment	—	(173,966)	—	(173,966)
Utilities Capital Staffing Alignment	—	(47,798)	—	(47,798)
Radio Subscription Fees	—	(17,199)	—	(17,199)
Transfer to the Water Fund	—	4,562	—	4,562
Equity Transfer to the General Fund	—	8,000	—	8,000
Gas Customer Sales Revenue Adjustments (2% Rate Increase)	—	—	(112,145)	112,145
Return on Investments	—	—	(180,500)	180,500
Capital Improvement Program	—	6,349,273	(211,303)	6,560,576
General Fund Cost Allocation Plan	—	205,498	—	205,498
General Liability Insurance Allocated Charges	—	12,159	—	12,159
Printing & Mailing Allocated Charges	—	2,371	—	2,371
Public Works Engineering & Inspection Allocated Charges	—	(4,595)	—	(4,595)
Utilities Administration Allocated Charges Adjustment	—	(290,519)	—	(290,519)
Vehicle Replacement & Maintenance Charges	—	(169,474)	—	(169,474)
Workers' Compensation Allocated Charges	—	(13,743)	—	(13,743)
Adjustments to Costs of Ongoing Activities	—	4,421,613	(503,948)	4,925,561
Total FY 2021 Base Budget	53.83	48,928,903	38,821,807	10,107,096
Budget Adjustments				
1 Management and Professionals Group Compensation Reduction	—	(3,685)	—	(3,685)
2 Staffing Resource Reduction	—	(219,298)	—	(219,298)
Total Budget Adjustments	—	(222,983)	—	(222,983)
Total FY 2021 Adopted Budget	53.83	48,705,920	38,821,807	9,884,114



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Gas Fund
1 Management and Professionals Group Compensation Reduction	0.00	(3,685)	0	(3,685)

This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

2 Staffing Resource Reduction	0.00	(219,298)	0	(219,298)
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This action reduces the Gas Fund's respective portions of the following staff resources that are budgeted throughout the Utility Funds: 0.20 Assistant Director, Utilities Engineering; 0.25 Business Analyst; 0.50 Utilities Supervisor. These changes are anticipated to have minimal short-term impact to this fund, however, this may delay implementation of gas meter replacements and other capital improvement projects. (Ongoing savings: \$219,298)

Performance Results



This action contributes to cost containment strategies in FY 2021.

WASTEWATER COLLECTION FUND

Description

In 1898, Palo Alto approved \$28,000 in bond money to fund construction of the City's first sewer network, which was completed in 1899. Private cesspools and privies were banned, and the City Health Officer had residents connected to the sewer system within a few years.

Wastewater Collection's staff is responsible for design, construction, operation, and maintenance of approximately 216 miles of sewer mains and over 18,000 City-owned laterals. Staff continues overlapping the design and construction elements of rehabilitation and augmentation projects. Wastewater Collection's priorities are: maintaining infrastructure reliability; identifying problems in mains and service laterals through expanded use of video technology; complying with all regulatory requirements; and maintaining its excellent safety record.

Accomplishments

- Completed construction of Sanitary Sewer Replacement (SSR) Project Part B (SSR 28) to replace approximately 7,655 feet of sewer pipes, 77 service laterals, and 12 manholes on Oregon Expressway and rehabilitate 2,000 linear feet of sewer main pipelines on lower Page Mill Road and Colorado Avenue.
- Completed design of Sanitary Sewer Replacement Project (SSR 29) to replace approximately 8,952 linear feet of sanitary sewer mains, 154 service laterals, as well as replacement and rehabilitation of 41 sewer manholes in the Charleston Meadows neighborhood.
- Completed the Wastewater Cost of Service Study to calculate the cost of service-based wastewater collection rates to ensure continued compliance with Proposition 218.

Initiatives

- Begin construction of Sanitary Sewer Replacement Project (SSR 29) to replace approximately 8,952 linear feet of sanitary sewer mains in the Charleston Meadows neighborhood.
- Implement a new asset management software platform for Operations to generate work orders, schedule planned or unplanned maintenance work and prioritize capital pipeline replacement projects.
- Design Sanitary Sewer Replacement Project (SSR 30) to replace approximately 12,066 linear feet of sanitary sewer mains in the Ventura and Research Parks neighborhood.

Goals and Objectives

GOAL 1

Maintain and provide reliable and cost-effective wastewater services to customers.

Objectives:

- Clean and maintain sewer mains in commercial areas on a quarterly basis.
- Clean and video a minimum of 17 percent, or 3,060, of the City-owned laterals annually to comply with the City's Sewer Overflow Reduction Plan.
- Maintain a low level of inflow and infiltration of saltwater into the City's wastewater system.
- Maintain the integrity of the City's wastewater collection system by replacing mains and laterals as identified in the Wastewater Collection System Rehabilitation/Augmentation Capital Improvement Project plan.
- Minimize sanitary sewer overflows and stoppages.
- Maintain a fleet of dependable vehicles to provide high quality cleaning and servicing of the sewer system.

Key Performance Measures

MAINTAIN AND PROVIDE RELIABLE SERVICES

Goal	Maintain and provide a reliable wastewater system to customers.				
Objective	Clean and video a minimum of 17 percent of the City-owned laterals annually to comply with the City's Sewer Overflow Reduction Plan.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percentage of sewer laterals inspected annually	19%	21%	18%	19%	18%
Description	The purpose of the Sewer System Management Plan (SSMP) is to maintain and improve the condition of the collection system infrastructure; control infiltration and provide appropriate sewer capacity; and minimize the number and impact of sanitary sewer overflows. The goal is to perform sewer main cleaning of the entire collection system every 30 months (81.6 miles per year). This measures inspections and maintenance of 17 percent of City-owned laterals annually using closed-circuit television (CCTV) inspection data, including results of the on-going crossbore lateral inspection program, to target sewer mains and lower laterals for rehabilitation and replacement.				
Purpose	To prevent blockage, sewer overflows, and to comply with the City's SSMP, all the City's sewer mains must be cleaned within 30 months.				
Status	The City is meeting the objectives of its SSMP; through the implementation of an aggressive sewer main cleaning, the number of blockages and overflows has decreased. The division is on target to complete inspection of 19 percent, or 3,528, laterals of 18,141 in the City.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of sewage spill responses within two hours	98%	98%	100%	100%	100%
Number of Customer Accounts (Wastewater)	21,979	22,599	22,216	22,216	22,010
Number of miles of sewer lines cleaned/treated in a fiscal year	134	162	75	125	75
Percent of surveyed residents rating the quality of the Sewer Service as good/excellent	85%	N/A*	86%	86%	N/A*
Number of sewage overflows	65	67	58	60	60
Percent of miles of sewer lines replaced	0.04%	1.00%	1.00%	0.01%	1.00%

* The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
CIP Wastewater Collection Fund	2,948,288	3,328,061	8,257,990	4,842,433	(3,415,557)	(41.4)%
Wastewater Collection Administration	2,024,750	1,755,355	3,038,712	2,914,040	(124,671)	(4.1)%
Wastewater Collection Customer Service	283,291	304,021	355,693	367,727	12,034	3.4%
Wastewater Collection Engineering (Operating)	345,136	328,587	560,183	425,122	(135,061)	(24.1)%
Wastewater Collection Operations and Maintenance	12,279,116	12,697,456	15,097,480	15,347,934	250,454	1.7%
Total	17,880,581	18,413,480	27,310,057	23,897,257	(3,412,801)	(12.5)%
Dollars by Category						
Salary & Benefits						
Healthcare	530,834	521,663	659,170	591,131	(68,038)	(10.3)%
Other Benefits	65,624	66,144	88,978	101,915	12,937	14.5%
Overtime	204,273	200,097	154,911	158,939	4,028	2.6%
Pension	748,942	777,467	1,271,815	1,144,899	(126,916)	(10.0)%
Retiree Medical	143,626	259,629	267,418	256,185	(11,232)	(4.2)%
Salary	2,238,681	2,307,005	3,192,081	3,194,454	2,373	0.1%
Workers' Compensation	19,139	68,779	104,473	96,792	(7,682)	(7.4)%
Total Salary & Benefits	3,951,119	4,200,783	5,738,846	5,544,315	(194,530)	(3.4)%
Allocated Charges	1,173,511	925,975	3,043,020	2,863,022	(179,997)	(5.9)%
Contract Services	95,622	142,314	248,986	248,986	—	—%
Debt Service	38,190	33,560	129,001	129,001	—	—%
Facilities & Equipment	—	4,897	12,828	3,000	(9,828)	(76.6)%
General Expense	67,985	91,013	122,900	122,900	—	—%
Operating Transfers-Out	442,062	340,672	274,068	278,630	4,562	1.7%
Rents & Leases	432,531	420,220	480,121	351,729	(128,391)	(26.7)%
Supplies & Material	270,575	236,250	380,618	380,618	—	—%
Transfer to Infrastructure	—	47,444	—	—	—	—%
Utility Purchase	9,559,183	9,842,738	11,233,922	11,255,702	21,780	0.2%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Capital Improvement Program	1,849,801	2,129,686	5,645,748	2,719,352	(2,926,396)	(51.8)%
Total Dollars by Expense Category	17,880,581	18,415,551	27,310,057	23,897,257	(3,412,801)	(12.5)%
Revenues						
Charges for Services	22,450	21,253	10,000	10,000	—	—%
Charges to Other Funds	30,107	30,890	31,693	33,238	1,545	4.9%
Net Sales	18,026,146	20,129,208	21,106,047	21,415,012	308,965	1.5%
Other Revenue	229,212	313,720	1,082,534	302,000	(780,534)	(72.1)%
Return on Investments	169,663	201,076	297,700	244,400	(53,300)	(17.9)%
Total Revenues	18,477,578	20,696,146	22,527,974	22,004,650	(523,324)	(2.3)%
Positions by Division						
CIP Wastewater Collection Fund	12.52	12.52	12.52	9.82	(2.70)	(21.57)%
Wastewater Collection Customer Service	2.22	2.22	2.22	2.22	—	—%
Wastewater Collection Engineering (Operating)	1.40	1.40	1.40	1.40	—	—%
Wastewater Collection Operations and Maintenance	12.86	13.02	13.02	15.06	2.04	15.66%
Total	29.00	29.16	29.16	28.50	(0.66)	(2.26)%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Account Specialist	0.23	0.23	0.23	0.23	—	18,002
Administrative Associate II	0.40	0.40	0.40	0.40	—	31,358
Assistant Director Utilities Engineering	0.15	0.15	0.15	—	(0.15)	—
Assistant Director Utilities Engineering (Freeze)	—	—	—	0.15	0.15	32,613
Assistant Director Utilities Operations	0.10	0.10	0.10	0.10	—	22,718
Business Analyst	0.75	0.75	0.75	0.50	(0.25)	77,667
Business Analyst (Freeze)	—	—	—	0.25	0.25	38,834

UTILITIES

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Cement Finisher	0.76	0.76	0.76	0.76	—	72,258
Contracts Administrator	0.05	0.05	0.05	0.05	—	5,056
Coordinator Utilities Projects	1.10	1.10	1.10	1.10	—	125,794
Customer Service Representative	1.45	1.45	1.45	1.45	—	112,648
Customer Service Specialist-Lead	0.25	0.25	0.25	0.25	—	22,838
Engineer	1.00	1.00	1.00	1.00	—	140,504
Engineering Manager - Electric	0.15	0.15	0.15	0.15	—	32,248
Engineering Manager - WGW	0.34	0.34	0.34	0.34	—	68,556
Engineering Technician III	0.45	0.45	0.45	0.45	—	44,348
Heavy Equipment Operator	0.23	0.23	0.23	—	(0.23)	—
Heavy Equipment Operator - Install/Repair	3.15	3.15	3.15	3.15	—	315,006
Industrial Waste Investigator	0.50	0.50	0.50	0.50	—	54,704
Inspector, Field Services	1.68	1.68	1.68	0.96	(0.72)	102,056
Maintenance Mechanic-Welding	0.20	0.20	0.20	0.20	—	21,308
Manager Utilities Credit & Collection	0.15	0.15	0.15	0.15	—	23,902
Manager Utilities Operations WGW	0.30	0.30	0.30	0.30	—	55,561
Program Assistant I	0.34	0.34	0.34	0.34	—	27,050
Project Engineer	2.00	2.00	2.00	2.00	—	302,432
Restoration Lead	0.26	0.26	0.26	0.26	—	29,344
Senior Engineer	1.30	1.30	1.30	0.91	(0.39)	148,083
Senior Mechanic	0.33	0.33	0.33	0.33	—	37,388
Utilities Engineer Estimator	0.47	0.47	0.47	0.56	0.09	68,831
Utilities Field Services Representative	1.25	1.25	1.25	1.25	—	135,460
Utilities Install Repair-Lead-Welding Certified	0.24	0.24	0.24	0.58	0.34	68,439
Utilities Install Repair-Welding Certified	0.36	0.36	0.36	0.63	0.27	67,816
Utilities Install/Repair	4.25	4.25	4.25	4.00	(0.25)	422,656
Utilities Install/Repair-Lead	2.00	2.00	2.00	2.00	—	230,589
Utilities Locator	0.39	0.39	0.39	0.39	—	40,730
Utilities Safety Officer	0.10	0.10	0.10	0.10	—	13,233
Utilities Supervisor	1.72	1.72	1.72	1.72	—	253,660

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
WGW Heavy Equipment Operator	—	—	—	0.23	0.23	24,241
Sub-total: Full-Time Equivalent Positions	28.40	28.40	28.40	27.74	(0.66)	3,287,933
Temporary/Hourly	0.60	0.76	0.76	0.76	—	50,339
Total Positions	29.00	29.16	29.16	28.50	(0.66)	3,338,272

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Wastewater Collection Fund
Prior Year Budget	29.16	27,310,057	22,527,974	4,782,083
One-time Prior Year Budget Adjustments				
Elwell Court Improvements	—	(48,087)	—	(48,087)
One-time Prior Year Budget Adjustments	—	(48,087)	—	(48,087)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	45,741	—	45,741
Wastewater Collection Customer Sales Revenue (0% Rate Increase)	—	—	308,965	(308,965)
Utilities Capital Staffing Alignment	(0.66)	(141,273)	—	(141,273)
Rents & Leases Expenditure Alignment	—	(80,304)	—	(80,304)
Facilities and Equipment Alignment	—	(9,828)	—	(9,828)
Utility Payment Processing	—	—	1,545	(1,545)
Transfer to Water Fund (WS-02014 Water, Gas, Wastewater Utility GIS Data)	—	4,562	—	4,562
Wastewater Treatment Expenses	—	21,780	—	21,780
Return on Investments	—	—	(53,300)	53,300
Capital Improvement Program	—	(2,929,392)	(780,534)	(2,148,858)
General Fund Cost Allocation Plan	—	136,368	—	136,368
Liability Insurance Allocated Charges	—	6,796	—	6,796
Printing & Mailing Allocated Charges	—	(329)	—	(329)
Public Works Services Allocated Charges	—	(27,721)	—	(27,721)
Utilities Administration Allocated Charges	—	(175,443)	—	(176,988)
Vehicle Replacement & Maintenance Allocated Charges	—	(116,672)	—	(116,672)
Workers' Compensation Allocated Charges	—	(7,682)	—	(7,682)
Adjustments to Costs of Ongoing Activities	(0.66)	(3,273,397)	(523,324)	(2,750,073)
Total FY 2021 Base Budget	28.50	23,988,573	22,004,650	1,983,923


Budget Reconciliation

	Positions	Expenditures	Revenues	Net Wastewater Collection Fund
Budget Adjustments				
1 Management and Professionals Group Compensation Reduction	—	(842)	—	(842)
2 Staffing Resource Reduction	—	(90,474)	—	(90,474)
Total Budget Adjustments	—	(91,316)	—	(91,316)
Total FY 2021 Adopted Budget	28.50	23,897,257	22,004,650	1,892,607

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Wastewater Collection Fund
1 Management and Professionals Group Compensation Reduction	0.00	(842)	0	(842)


This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results 

This action contributes to cost containment strategies in FY 2021.

2 Staffing Resource Reduction	0.00	(90,474)	0	(90,474)
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This action reduces the Wastewater Collection Fund's respective portions of the following staff resources that are budgeted throughout the Utility Funds: 0.15 Assistant Director, Utilities Engineering; 0.25 Business Analyst. These changes are anticipated to have minimal short-term impact in this fund. (Ongoing savings: \$90,474)

Performance Results 

This action contributes to cost containment strategies in FY 2021.

WATER FUND

Description

From 1895 until 1928, the City's water supply came from deep wells. When the groundwater supply started to decline, water was purchased from the San Francisco Regional Water System to supplement the local water system. Since 1962, when Palo Alto's wells were discontinued as the primary water system, 100 percent of the water has come from the Regional Water System: 85 percent derived from snow melt flowing into the Hetch Hetchy Reservoir and the balance from runoff stored in San Francisco Bay Area reservoirs. The Water Fund focuses on increasing infrastructure reliability and responsiveness to meet the City's water supply needs during an emergency; maintaining high-quality and reliable sources of water; updating water efficiency goals; and implementing water efficiency programs and services. Additionally, the engineering division is implementing a seismic upgrade to the existing reservoirs, wells and receiving stations to increase supply reliability during catastrophic emergencies.

Accomplishments

- Partnered with Mountain View and Santa Clara Valley Water District to implement Advanced Resilient Water Reuse Programs including a local advanced treatment facility for recycled water and potential for a regional advanced water purification center.
- Completed construction of Water Main Replacement project (WMR 27) to replace approximately 5,032 linear feet of water main pipelines, 35 new water services, 11 new fire hydrants and associated services in Oak Creek and Leland Manor/Garland neighborhoods.
- Repaired water main transmission pipeline on Old Page Mill Road and installed associated hydrants and valves.
- Completed the El Camino Real Pump Station and Mayfield Pump Station modifications to the system and control programs to improve operational flexibility and system resiliency.
- Received Moody's credit rating of Aa1 for Palo Alto Water; the second highest possible rating. Key factors that support this rating include a low debt profile, a large system size and an exceedingly healthy financial position.

- Started development of the Water Infrastructure Risk and Resilience Assessment document as required by America’s Water Infrastructure Act of 2018 (AWIA 2018). AWIA 2018 requires community water systems serving 3,300 or more persons to conduct a risk and resilience assessment and develop an emergency response plan that must be actively updated every five years.

Initiatives

- Begin design-build project to replace the 1.5 million gallons Corte Madera tank that was constructed in 1969 and is now approaching the end of its useful life.
- Launch a new water efficiency program providing customers with online efficiency and usage comparison tools, and a marketplace.
- Begin phase 2 of the Advanced Metering Infrastructure (AMI) / Smart Grid project including selection of AMI network, meter data management system (MDMS) and replacement of up to 8,562 water meters.
- Evaluate conceptual potable and non-potable water reuse options in the Northwest County Recycled Water Strategic Plan.
- Complete the Mayfield Reservoir Upgrade project including seismic rehabilitation of the reservoir and construction of a new pump station.
- In collaboration with the Regional Water Quality Control Plant, begin design of 1.125 million gallons per day advanced water purification system with building space to accommodate expansion.
- Complete the Water Infrastructure Risk and Resilience Assessment document as required by America’s Water Infrastructure Act of 2018 by December 2020.
- Design of Water Main Replacement project (WMR 28) to replace approximately 14,000 linear feet of water main pipelines and associated services in Duveneck/St. Francis and Barron Park neighborhoods.

Goals and Objectives

GOAL 1

Provide safe and clean drinking water for customers.

Objectives:

- Ensure drinking water meets all regulatory standards.
- Maintain and update water infrastructure to ensure reliable service.
- Educate customers about backflow prevention as part of the City’s Cross Connection Control Program.
- Ensure adequate water supplies are available to meet existing and future water demands.
- Complete storage and supply upgrades to water system (e.g. reservoirs, receiving stations, and wells).

GOAL 2

Increase environmental sustainability of the water supply system.

Objective:

- Increase water conservation and efficiency participation.
- Develop programs to facilitate the use of non-traditional, non-potable water resources (e.g. storm water, recycled water, gray water).
- Collaborate with the Regional Water Quality Control Plant and the Santa Clara Valley Water District to evaluate multiple water reuse opportunities to meet both near and long-term water demands.

Key Performance Measures

PROVIDE SAFE AND CLEAN DRINKING WATER FOR OUR CUSTOMERS

Goal	Provide safe and clean drinking water for customers.				
Objective	Ensure drinking water meets all regulatory standards.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Number of customer-owned water backflow prevention devices in compliance	90%	92%	92%	93%	92%
Description	Customer-owned and maintained backflow devices are an integral part of the City's Cross Connection Control Program, which began in early 2010. The devices help to ensure that no contaminants of any kind (e.g. chemicals, debris, reclaimed water) enter the potable water system.				
Purpose	The California Department of Public Health provides regulations for the City and its customers through California Code of Regulations, Title 17. These regulations specify the types of hazards that require backflow devices.				
Status	The City is achieving a compliance rate of up to 90-95 percent on an annual basis. There are 3,961 backflow devices in compliance. This number is growing every year as current codes require backflow installation for residences as well as commercial properties.				

WATER EFFICIENCY

Goal	Increase environmental sustainability of the water supply system.				
Objective	Increase water conservation and efficiency participation.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Annual savings achieved through water efficiency programs as a percentage of total sales	1.07%	0.52%	0.91%	0.91%	0.92%
Description	The department measures specific savings achieved by the installation of water efficiency improvements through the programs that the City offers through the Santa Clara Valley Water District. The California drought greatly affected the City's water savings numbers with the largest amount of savings attributed to the non-residential installation of drought tolerant landscapes and water efficient irrigation hardware.				
Purpose	Improving water efficiency for homes and businesses can result in water supply, water operations, and wastewater processing savings. This measure supports the Water Fund's ten-year goal to reduce expected water use by 20 percent by 2020.				
Status	Water savings are anticipated to increase in FY 2021 compared to prior years as the City began claiming savings associated with the City's green building ordinance. The business process was updated in FY 2019 to enable the City to collect water savings data more efficiently, which also resulted in a significant impact to the total claimable savings.				

WATER QUALITY

Goal	Ensure the provision of safe and clean drinking water for customers.				
Objective	Safe testing of drinking water to meet all regulatory standards.				
	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percentage of samples passed from all sampling stations	100%	100%	100%	100%	100%
Description	The City of Palo Alto (CPA) regularly collects and tests water samples from connection points between the San Francisco Public Utilities Commission/City of Palo Alto (SFPUC/CPA), storage reservoirs, emergency wells, residential areas, and sample station locations within the distribution system to ensure that the water quality meets all California Department of Public Health (CDPH) and U.S. Environmental Protection Agency (EPA) prescribed regulations that limit the amount of contaminants in the drinking water. The City has 18 sampling stations and collects 84-105 samples monthly to test levels of chlorine residual, coliform and pH levels are within regulatory guidelines. All sample results are reported to CDPH on a monthly basis.				
Purpose	Complying with regulations guarantees the City maintains its high standards of water quality and avoids fines.				
Status	Palo Alto drinking water continues to be in complete compliance with all existing county, state, and federal standards for water quality.				

Workload Measures

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2020 Estimated	FY 2021 Adopted
Percent of miles of water mains replaced	2.00%	0.01%	1.00%	1.00%	1.00%
Number of Customer Accounts (Water)	20,000	20,012	20,219	20,219	20,220
Percent of surveyed rating the quality of the Drinking Water (Water) as "Good" or "Excellent"	87%	N/A*	88%	88%	N/A*

* The National Citizen's Survey was not complete in time for the printing of this document. Survey data is anticipated to be available for FY 2022 budget process.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Division						
CIP Water Fund	8,504,410	6,039,680	16,973,334	14,719,292	(2,254,043)	(13.3)%
Water Administration	7,639,414	7,482,882	9,042,889	9,154,922	112,033	1.2%
Water Customer Service	1,625,334	1,624,947	2,443,155	2,472,510	29,355	1.2%
Water Engineering (Operating)	354,598	384,551	641,946	688,274	46,328	7.2%
Water Operations and Maintenance	5,732,995	5,999,504	8,371,072	8,598,172	227,100	2.7%
Water Resource Management	22,880,271	22,175,768	23,371,160	21,823,001	(1,548,158)	(6.6)%
Total	46,737,022	43,707,332	60,843,556	57,456,171	(3,387,385)	(5.6)%
Dollars by Category						
Salary & Benefits						
Healthcare	821,267	822,482	1,021,133	943,198	(77,935)	(7.6)%
Other Benefits	119,660	125,716	164,802	193,501	28,698	17.4%
Overtime	199,089	196,939	282,078	289,412	7,334	2.6%
Pension	1,246,740	1,306,588	2,091,774	1,996,127	(95,647)	(4.6)%
Retiree Medical	300,042	427,827	440,662	419,287	(21,374)	(4.9)%
Salary	4,959,173	5,266,306	5,372,634	5,646,382	273,749	5.1%
Workers' Compensation	92,187	118,581	181,202	167,879	(13,323)	(7.4)%
Total Salary & Benefits	7,738,159	8,264,439	9,554,284	9,655,786	101,502	1.1%
Allocated Charges	3,702,043	3,404,874	5,220,481	4,840,165	(380,316)	(7.3)%
Contract Services	190,454	386,318	819,002	799,502	(19,500)	(2.4)%
Debt Service	1,697,010	1,632,435	3,222,606	3,222,606	—	—%
Facilities & Equipment	—	—	16,711	1,150	(15,561)	(93.1)%
General Expense	511,796	480,190	658,077	670,077	12,000	1.8%
Operating Transfers-Out	698,113	551,820	136,335	136,335	—	—%
Rents & Leases	1,906,700	1,983,270	3,144,502	3,396,161	251,660	8.0%
Supplies & Material	451,691	390,121	610,982	618,482	7,500	1.2%
Transfer to Infrastructure	5,700	93,339	—	—	—	—%
Utility Purchase	21,957,711	21,210,399	22,177,643	20,621,296	(1,556,347)	(7.0)%
Capital Improvement Program	7,877,646	5,313,905	15,282,934	13,494,610	(1,788,323)	(11.7)%
Total Dollars by Expense Category	46,737,022	43,711,111	60,843,556	57,456,171	(3,387,385)	(5.6)%

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Revenues						
Charges for Services	60,334	51,511	10,000	10,000	—	—%
Charges to Other Funds	99,288	135,114	82,690	90,142	7,452	9.0%
From Other Agencies	500,773	488,052	576,632	576,632	—	—%
Net Sales	44,595,981	44,638,437	46,831,149	44,004,458	(2,826,691)	(6.0)%
Operating Transfers-In	512,436	539,278	548,136	557,260	9,124	1.7%
Other Revenue	872,864	1,213,898	384,228	1,287,946	903,718	235.2%
Return on Investments	869,689	994,735	1,153,200	989,200	(164,000)	(14.2)%
Total Revenues	47,511,365	48,061,024	49,586,035	47,515,638	(2,070,397)	(4.2)%
Positions by Division						
CIP Water Fund	8.03	8.03	8.03	5.34	(2.69)	(33.49)%
Water Customer Service	9.66	9.66	9.58	9.58	—	—%
Water Engineering (Operating)	1.35	1.35	1.35	2.33	0.98	72.59%
Water Operations and Maintenance	25.34	24.85	24.85	27.23	2.38	9.58%
Water Resource Management	3.52	3.02	3.12	3.12	—	—%
Total	47.90	46.92	46.94	47.61	0.67	1.43%

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Account Specialist	0.23	0.23	0.23	0.23	—	18,002
Administrative Associate II	0.65	0.65	0.50	0.50	—	39,198
Assistant Director Utilities Customer Support Services	0.20	0.20	0.20	0.20	—	40,589
Assistant Director Utilities Engineering	0.20	0.20	0.20	—	(0.20)	—
Assistant Director Utilities Engineering (Freeze)	—	—	—	0.20	0.20	43,484
Assistant Director Utilities Operations	0.15	0.15	0.15	0.15	—	34,077
Assistant Director Utilities/Resource Management	0.25	0.25	0.25	0.25	—	52,224
Business Analyst	1.53	1.20	1.20	0.95	(0.25)	147,568

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Business Analyst (Freeze)	—	—	—	0.25	0.25	38,834
Cement Finisher	0.56	0.56	0.56	0.56	—	53,243
Contracts Administrator	0.10	0.10	0.10	0.10	—	10,113
Coordinator Utilities Projects	1.09	1.09	1.09	1.09	—	124,651
Customer Service Representative	1.81	1.81	1.81	1.81	—	140,615
Customer Service Specialist	0.66	0.66	0.66	0.66	—	56,381
Customer Service Specialist-Lead	0.59	0.59	0.59	0.59	—	53,899
Electric Project Engineer	—	—	0.30	0.30	—	47,736
Engineer	1.00	1.00	1.00	1.00	—	140,504
Engineering Manager - Electric	0.15	0.15	0.15	0.15	—	32,248
Engineering Manager - WGW	0.33	0.33	0.33	0.33	—	66,540
Engineering Technician III	0.45	0.45	0.45	0.45	—	44,348
Gas and Water Meter Measurement and Control Technician	0.80	0.80	0.80	0.60	(0.20)	60,940
Gas and Water Meter Measurement and Control Technician - Lead	0.20	0.20	0.20	0.20	—	21,736
Heavy Equipment Operator	1.95	1.95	1.95	—	(1.95)	—
Heavy Equipment Operator - Install/Repair	0.20	0.20	0.20	0.20	—	21,086
Inspector, Field Services	1.65	1.65	1.65	1.74	0.09	184,977
Maintenance Mechanic-Welding	0.80	0.80	0.80	0.80	—	85,230
Manager Customer Service	0.34	0.34	0.34	0.34	—	53,648
Manager Utilities Compliance	0.50	0.50	0.50	0.50	—	98,436
Manager Utilities Credit & Collection	0.15	0.15	0.15	0.15	—	23,902
Manager Utilities Operations WGW	0.50	0.50	0.50	0.50	—	92,602
Manager Utilities Program Services	0.20	0.20	0.20	0.20	—	30,859
Meter Reader	2.03	2.03	2.03	2.03	—	148,206
Meter Reader-Lead	0.34	0.34	0.34	0.34	—	26,562
Power Engineer	0.30	0.30	—	—	—	—
Principal Business Analyst	0.33	0.33	0.33	0.33	—	60,238
Program Assistant I	0.33	0.33	0.33	0.33	—	26,255
Program Assistant II	—	—	0.15	0.15	—	12,823
Project Engineer	2.00	2.00	2.00	2.00	—	302,432

UTILITIES

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Resource Planner	1.20	0.70	0.70	0.70	—	100,479
Restoration Lead	0.31	0.31	0.31	0.31	—	34,987
SCADA Technologist	0.80	0.80	0.80	0.89	0.09	135,730
Senior Business Analyst	0.66	0.99	0.99	0.99	—	157,158
Senior Engineer	1.00	1.00	1.00	1.74	0.74	285,652
Senior Mechanic	0.34	0.34	0.34	0.34	—	38,521
Senior Resource Planner	1.68	1.68	1.78	1.78	—	322,997
Senior Utilities Field Service Representative	0.49	0.49	0.49	0.49	—	56,780
Senior Water Systems Operator	2.00	2.00	2.00	2.00	—	224,640
Substation Electrician	0.40	0.40	0.40	0.25	(0.15)	35,584
Utilities Engineer Estimator	0.43	0.43	0.43	0.48	0.05	60,037
Utilities Field Services Representative	1.50	1.50	1.50	1.50	—	162,552
Utilities Install Repair-Lead-Welding Certified	0.46	0.46	0.46	0.65	0.19	76,699
Utilities Install Repair-Welding Certified	0.69	0.69	0.69	0.94	0.25	96,201
Utilities Install/Repair	1.90	1.90	1.90	1.44	(0.46)	152,156
Utilities Install/Repair Assistant	0.35	0.35	0.35	0.35	—	31,362
Utilities Install/Repair-Lead	1.02	1.02	1.02	1.07	0.05	114,631
Utilities Key Account Representative	0.35	0.35	0.35	0.35	—	42,027
Utilities Locator	0.34	0.34	0.34	0.34	—	35,509
Utilities Marketing Program Administrator	0.40	0.40	0.40	0.40	—	45,627
Utilities Safety Officer	0.15	0.15	0.15	0.15	—	19,849
Utilities Supervisor	2.91	2.91	2.91	2.41	(0.50)	378,102
Utilities Supervisor (Freeze)	—	—	—	0.50	0.50	81,328
Water System Operator II	3.34	3.34	3.34	3.34	—	330,687
WGW Heavy Equipment Operator	—	—	—	1.97	1.97	207,625
Sub-total: Full-Time Equivalent Positions	45.29	44.79	44.89	45.56	0.67	5,661,105

Staffing

Job Classification	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Salary
Temporary/Hourly	2.61	2.13	2.05	2.05	—	171,414
Total Positions	47.90	46.92	46.94	47.61	0.67	5,832,519

This budget includes position freezes that reduce the funding equivalent to holding a position vacant. These positions are identified with “(Freeze)” following the job classification title in the department section staffing tables and the Citywide table of organization. Additional information relating to position freezes is available in the department section organizational chart and budget adjustment summaries.

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Water Fund
Prior Year Budget	46.94	60,843,556	49,586,035	11,257,521
One-time Prior Year Budget Adjustments				
Elwell Court Improvements	—	(69,643)	—	(69,643)
One-time Prior Year Budget Adjustments	—	(69,643)	—	(69,643)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	145,360	—	145,360
Water Commodity Purchases	—	(1,556,347)	—	(1,556,347)
Revenue from Water System Customer Connections	—	—	328,718	(328,718)
Radio Subscription Fees	—	(15,561)	—	(15,561)
Transfer From Wastewater and Gas Fund (WS-02014 Water, Gas, Wastewater Utility GIS Data)	—	—	9,124	(9,124)
Return on Investment	—	—	(164,000)	164,000
Utilities Capital Staffing Alignment	0.67	190,447	—	190,447
Rents & Leases Expenditure Alignment	—	321,303	—	321,303
Water Customer Sales Revenue (0% Rate Increase)	—	—	(2,819,239)	2,819,239
Capital Improvement Program	—	(1,790,341)	575,000	(2,365,341)
General Fund Cost Allocation Plan	—	78,472	—	78,472
Liability Insurance Allocated Charges	—	11,788	—	11,788
Printing & Mailing Services Allocated Charges	—	3,083	—	3,083
Public Works Services Allocated Charges	—	(3,458)	—	(3,458)
Utilities Administration Allocated Charges	—	(267,368)	—	(267,368)
Utilities Allocated Charges	—	(72,535)	—	(72,535)
Vehicle Replacement & Maintenance Allocated Charges	—	(128,280)	—	(128,280)
Workers' Compensation Allocated Charges	—	(13,323)	—	(13,323)
Adjustments to Costs of Ongoing Activities	0.67	(3,096,760)	(2,070,397)	(1,026,363)
Total FY 2021 Base Budget	47.61	57,677,153	47,515,638	10,161,515
Budget Adjustments				
1 Management and Professionals Group Compensation Reduction	—	(1,684)	—	(1,684)
2 Staffing Resource Reduction	—	(219,298)	—	(219,298)
Total Budget Adjustments	—	(220,982)	—	(220,982)
Total FY 2021 Adopted Budget	47.61	57,456,171	47,515,638	9,940,533



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Water Fund
1 Management and Professionals Group Compensation Reduction	0.00	(1,684)	0	(1,684)

This action recognizes salary and benefits savings associated with a 10 percent compensation 'give-back' for the unrepresented Management and Professionals Group. These savings are achieved through a wage freeze, furlough, and reduced flexible management benefits. In total, this concession generates \$3.5 million in savings Citywide (\$2.3 million in the General Fund). (Ongoing savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

2 Staffing Resource Reduction	0.00	(219,298)	0	(219,298)
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This action reduces the Water Fund's respective portions of the following staff resources that are budgeted throughout the Utility Funds: 0.20 Assistant Director, Utilities Engineering; 0.25 Business Analyst; 0.50 Utilities Supervisor. These changes are anticipated to have minimal short-term impact to this fund, however, this may delay implementation of water meter replacements and other capital improvement projects.(Ongoing savings: \$219,298)

Performance Results



This action contributes to cost containment strategies in FY 2021.



CITY OF
**PALO
ALTO**

NON-DEPARTMENTAL

Description

The General Fund Non-Departmental budget includes revenue and expenditure appropriations that are not related to a specific department or function. These costs typically benefit the City as a whole and include such items as Cubberley lease payments to Palo Alto Unified School District (PAUSD). The Non-Departmental budget may also include estimated provisions or placeholders for certain revenues and expenditures that have not yet materialized or distributed at the time the budget is developed or adopted. These items can be one-time or ongoing depending on the nature and frequency of the item.

Various one-time items that appeared in the Fiscal Year 2020 Budget have been removed in FY 2021 including contractual services for sea level rise and efforts related to airplane noise, transfers to various funds to subsidize expenses for parking and business improvement, as well as reserves that were established in FY 2020 for recruitment and retention and budget operations.

This Adopted FY 2021 budget includes various adjustments in the Non-Departmental section, such as aligning costs for the City's lease agreement with the Palo Alto Unified School District at the Cubberley Community Center, a litigation reserve proactively setting aside funds for dispute resolution, and funding for costs associated with the 2020 election. The election is administered by the County Clerk and the City is charged a proportional share of expenses.

As a result of impacts from COVID-19, a number of actions were taken in the FY 2021 Adopted Budget to reduce costs as well as set aside funds to address needs related to COVID-19 city-wide. Cost savings are recognized through a reduced transfer to the Capital Improvement Fund and one-time reductions of several contingency accounts. Funding has been set aside for a number of COVID-19 Recovery activities including business and communications support, contact tracing, and workplace restoration. These items are discussed in further detail below.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Category						
Cubberley - Lease Payments to PAUSD	5,737,855	5,830,103	6,284,437	3,694,522	(2,589,915)	(41.2)%
Contingent Accounts						
City Manager	—	—	200,000	200,000	—	—%
City Council	—	—	125,000	—	(125,000)	(100.0)%
City Attorney	—	—	100,000	—	(100,000)	(100.0)%
Human Resources	—	—	50,000	—	(50,000)	(100.0)%
Human Services Resource Allocation Process (HSRAP)	10,000	—	50,000	50,000	—	—%
Innovations & Special Events	—	—	50,000	—	(50,000)	(100.0)%
Sustainability	—	—	100,000	—	(100,000)	(100.0)%
Budget Uncertainty Reserve	—	—	1,625,899	1,799,000	173,101	10.6%
Other						
Contract Services	2,200	5,693,384	170,000	2,195,000	2,025,000	1,191.2%
Debt Service	432,271	431,154	—	—	—	—%
General Expense	42,026	44,931	91,326	93,700	2,374	2.6%
Operating Transfers-Out	4,674,446	8,298,952	4,990,118	4,333,734	(656,384)	(13.2)%
Rents & Leases	177,786	177,127	177,127	203,000	25,873	14.6%
Transfer to Infrastructure	24,800,953	27,513,960	28,961,724	13,467,248	(15,494,476)	(53.5)%
Total Dollars by Expense	35,877,536	47,989,612	42,975,631	26,036,205	(16,939,426)	(39.4)%

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	—	42,975,631	—	42,975,631
One-Time Prior Year Budget Adjustments				
Reserve: Budget Operations Reserve	—	(1,125,899)	—	(1,125,899)
Residential Parking Permit Program Operating Deficit Transfer to RPP Fund	—	(683,810)	—	(683,810)
Reserve: Recruitment and Retention Initiatives	—	(500,000)	—	(500,000)
Airplane Noise Funding	—	(100,000)	—	(100,000)
Sea Level Rise Study Funding	—	(50,000)	—	(50,000)
Transfer to Business Improvement District Funding	—	(17,000)	—	(17,000)
One-Time Prior Year Budget Adjustments	—	(2,476,709)	—	(2,476,709)
Adjustments to Costs of Ongoing Activities				
Traffic and Streetlight Electricity Costs Adjustment	—	62,472	—	62,472
CPI Adjustment for El Camino Park Lease	—	25,873	—	25,873
Transfer to University Avenue Parking Fund (Employee Parking Permits)	—	16,470	—	16,470
Property Tax Administration	—	2,374	—	2,374
Transfer to Public Art Fund	—	2	—	2
Transfer to Technology Fund (Technology Surcharge)	—	(34,477)	—	(34,477)
Sustainability Contingency	—	(100,000)	—	(100,000)
Adjustments to Costs of Ongoing Activities	—	(27,326)	—	(27,326)
Total FY 2021 Base Budget	—	40,471,596	—	40,471,596
Budget Adjustments				
1 Implementation Costs Associated with Balancing Strategy	—	1,055,000	—	1,055,000
2 Litigation Reserve	—	1,000,000	—	1,000,000
3 COVID-19 Council Reserve	—	744,000	—	744,000
4 COVID-19 Recovery: Contact Tracing	—	450,000	—	450,000
5 COVID-19 Recovery: Workplace Restoration	—	350,000	—	350,000
6 November 2020 Elections	—	225,000	—	225,000
7 COVID-19 Recovery: Business and Communications Support	—	150,000	—	150,000
8 Human Resources Contingency	—	(50,000)	—	(50,000)
9 Innovation and Special Events Contingency	—	(50,000)	—	(50,000)

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
10 Shift City Attorney's Contingency Funds to City Attorney's Budget	—	(100,000)	—	(100,000)
11 City Council Contingency	—	(125,000)	—	(125,000)
12 Cubberley Lease Adjustment	—	(2,589,915)	—	(2,589,915)
13 Reduce General Fund Transfer to Capital	—	(15,494,476)	—	(15,494,476)
Total Budget Adjustments	—	(14,435,391)	—	(14,435,391)
Total FY 2021 Adopted Budget	—	26,036,205	—	26,036,205

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Implementation Costs Associated with Balancing Strategy	0.00	1,055,000	0	1,055,000

This action appropriates \$1.1 million in FY 2021 since some actions cannot be fully implemented immediately, especially it is expected that employee separations will continue into the first quarter of FY 2021. (Ongoing cost: \$0)

Performance Results



This action bridges the cost associated with position reductions with employee separation dates.

2 Litigation Reserve	0.00	1,000,000	0	1,000,000
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This action establishes a litigation reserve of \$1.0 million in keeping with the City's practice of proactively setting aside funds for dispute resolution. (Ongoing cost: \$0)

Performance Results



This action ensures adequate funding for dispute resolution and supports resources to minimize potential losses as a result of litigation.

3 COVID-19 Council Reserve	0.00	744,000	0	744,000
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This reserve is to set aside funds for future COVID-19 impacts that are not yet addressed in the FY 2021 Adopted Budget. These funds require Council action to be utilized. Options will be presented to Council at a later date to determine their use, if needed. (Ongoing cost: \$0)

Performance Results





This action establishes a reserve for future use to address COVID-19 impacts.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
4 COVID-19 Recovery: Contact Tracing	0.00	450,000	0	450,000

This action recognizes \$450,000 in one-time funding to support efforts in tracing the contacts of those who have been diagnosed with COVID-19 as requested by the Santa Clara County. The County has requested staffing assistance for these efforts as we move into the different phases of recovery. This estimate for funding equates to 50% of the most conservative cost estimate. (Ongoing cost: \$0)

Performance Results  

This action is to provide continued support to the COVID-19 pandemic.

5 COVID-19 Recovery: Workplace Restoration	0.00	350,000	0	350,000
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This action appropriates funding for restoring the workplace to ensure it is a safe environment for customers and employees. These funds will ensure that the City can align with the directives of the County Health Order, including social distancing, to address the COVID-19 public health emergency. (Ongoing cost: \$0)

Performance Results  

This action supports employee safety when employees return to the workplace.

6 November 2020 Elections	0.00	225,000	0	225,000
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This one-time action provides funding for the administration of the General FY 2020 Election. The City is responsible for paying the County for costs associated with the election. (Ongoing cost: \$0)

Performance Results 

This funding supports the City's efforts to conduct elections in an open and transparent manner, improving the quality of the election.

7 COVID-19 Recovery: Business and Communications Support	0.00	150,000	0	150,000
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This action appropriates funding for three to six months of business and communications support to help navigate the expected near-term impacts of the COVID-19 Public Health Emergency. (Ongoing cost: \$0)

Performance Results  

This action supports community outreach efforts and is anticipated to result in a more informed community.

8 Human Resources Contingency	0.00	(50,000)	0	(50,000)
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This action eliminates the Human Resources Contingency for one year. (Ongoing savings: \$0)

Performance Results 

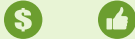
This action is anticipated to help contain costs for FY 2021.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
9 Innovation and Special Events Contingency	0.00	(50,000)	0	(50,000)

This action eliminates the Innovation and Special Events Contingency for one year. (Ongoing savings: \$0)

Performance Results

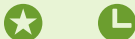


This action is anticipated to help contain costs for FY 2021.

10 Shift City Attorney's Contingency Funds to City Attorney's Budget	0.00	(100,000)	0	(100,000)
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This ongoing action shifts the City Attorney's contingency funds from non-departmental into the City Attorney's departmental budget. This funding alignment will streamline operations and decrease administrative work associated with the movement of authorized funding to the City Attorney's departmental budget throughout the year. This change does not result in any increased cost; it is a technical adjustment. A corresponding action appears in the City Attorney's department section. (Ongoing savings: \$100,000)

Performance Results

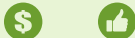


This action ensures the continued quality of work products from the City Attorney's Office and decreases the cycle time of those products.

11 City Council Contingency	0.00	(125,000)	0	(125,000)
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This action eliminates the City Council Contingency for one year. (Ongoing savings: \$0)

Performance Results



This action is anticipated to help contain costs for FY 2021.

12 Cubberley Lease Adjustment	0.00	(2,589,915)	0	(2,589,915)
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The City leases 27 acres from the Palo Alto Unified School District (PAUSD) and offers various services and resources through those facilities including short term and long-term rentals, fields, gyms, and theater, as well as an auditorium. This would require the City and PAUSD to renegotiate the lease and reduce the City's payments and corresponding use of some of these facilities. The City has already begun initial conversations with PAUSD. Currently the balancing strategy is assuming a net savings of \$2.5 million, however this is subject to conversations and final agreement between the two parties. (Ongoing savings: \$2,500,000)

Performance Results

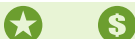


This action would result in ongoing savings and a corresponding reduction of space used at the facility.

13 Reduce General Fund Transfer to Capital	0.00	(15,494,476)	0	(15,494,476)
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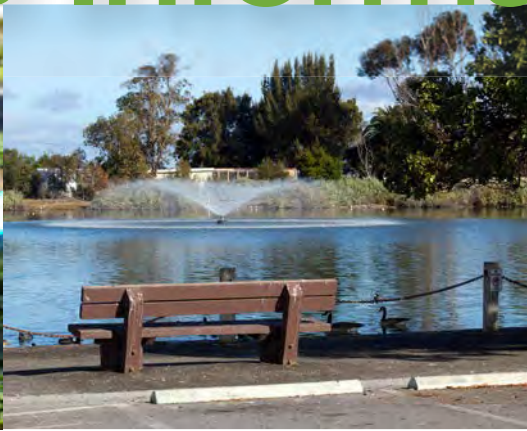
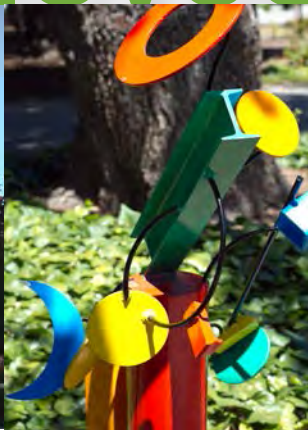
This action reduces the General Fund Base transfer to Capital by approximately 50% and includes the additional \$2.6 M in reductions in the General Fund Transfer to Capital directed by City Council during the Budget Hearings, as well as \$0.7M for sidewalks program. Consistent with City Council actions on May 4, 2020, Transient Occupancy Tax (TOT) Transfer to Capital will be reduced with the reduced TOT revenue estimate. (Ongoing savings: \$0)

Performance Results



This action reduces the amount of funding available to maintain or rehabilitate the City's general infrastructure.

Employee Information





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EMPLOYEE INFORMATION

General Benefits Fund Overview

The General Benefits Fund includes funding for employee pension benefits, health benefits (medical, dental, and vision) for current City employees and several other benefits, such as life insurance, the employee assistance program, and the employee commute program. Funding for retired employees' healthcare costs is reflected in the Retiree Health Benefits Fund, discussed elsewhere in this document.

In FY 2021, there is a net \$143,000 decrease, or -0.2 percent, in costs in the General Benefits Fund over FY 2020 Adopted levels of \$76.4 million to \$76.2 million. This decrease is primarily due to concessions taken in the Management and Professional Group in FY 2021, which generated savings of \$3.5 million (\$2.3 million in the General Fund). Of this amount, \$406,000 (\$258,000 in the General Fund) is attributable to pension costs that are calculated as a percentage of payroll, including normal cost, employee share of pension expense, and supplemental pension contributions. The General Benefits Fund acts as a pass-through for pension costs; therefore the department allocation and associated expenses for pension were reduced. Additional actions are included in the FY 2021 Budget to freeze positions and recognize savings equivalent to holding positions vacant. In total, this generated an approximate \$16.0 million in salary and benefit savings on a one-time basis in FY 2021 (primarily in the General Fund). The corresponding action to reduce the department allocations and the associated healthcare and pension savings in the General Benefits Fund is estimated at \$3.2 million and is not included in the FY 2021 Budget. This action will be brought forward in a subsequent budget process and will not impact the fund balance since the fund acts as a pass-through.

Additional information relating to position changes can be found in Attachment B of the Transmittal Letter and in the individual sections of the budget document where the transactions occur, including the Staffing Tables and Budget Adjustment sections of the respective departments and the Citywide Table of Organization.

PENSION COSTS

The City of Palo Alto provides a defined pension benefit to its employees through the State of California Pension Retirement System (CalPERS), which manages and administers the program. The CalPERS program maintains two trust accounts: 1) a plan for safety employees (sworn fire and police personnel), and 2) a plan for miscellaneous employees (all other non-safety personnel employed by the City such as field personnel, administrative support, and managers). With the passage of the California Public Employees' Pension Reform Act (PEPRA), the City has three retirement benefit tiers for Miscellaneous and Safety Plans. As of 2020, approximately 53 percent of the City's employees are either in Tier 2 or Tier 3, which confer a lesser benefit than Tier 1.

EMPLOYEE INFORMATION

Annually, CalPERS provides actuarial reports detailing the latest status of the City of Palo Alto Pension trust plans for employees and retirees. These actuarial reports are used to calculate the Actuarial Determined Contribution (ADC) which reflects the blended or combined cost of both the Normal Cost (NC) and Unfunded Accrued Liability (UAL) used in the annual billing of employer contributions to the trust for pension obligations. Staff transmits the CalPERS Annual Valuation Reports to the Finance Committee for review and discussion in the fall time-frame. The most recent report was brought forward to the full City Council in September 2019 for the valuation period ending June 30, 2018 (CMR 10641). The total ADC for FY 2021 is \$50.1 million (\$33.4 million for the Miscellaneous Plan and \$16.7 million for the Safety Plan). This reflects the blended cost of both the NC (percentage of payroll) and UAL (flat-rate) as outlined in more detail below:

- Miscellaneous plan: There is a blended cost increase of 2.8 percentage points, from an employer contribution rate of 35.6 percent to 38.4 percent (7.9 percent growth).
- Safety plan: Blended cost increase of 5.9 percentage points, from an employer contribution rate of 59.4 percent to 65.3 percent (9.9 percent growth).

Normal Costs: The NC reflects the employer contribution for the plan retirement benefits provided to current employees assessed as a percentage of payroll. The CalPERS calculated normal cost is increasing by 0.8 percentage points, from 10.7 percent to 11.5 percent, for Miscellaneous and by 1.4 percentage points, from 20.2 percent to 21.6 percent, for Safety.

Unfunded Accrued Liability: The UAL represents the employer's amortization of unfunded accrued liability and is assessed as a flat rate. The City's current net UAL is \$455.6 million (\$284.9 million for the Miscellaneous Plan and \$170.7 million for the Safety Plan), a \$40.7 million, or 9.8 percent, increase over the prior year.

The annual UAL payment calculated by CalPERS and assumed in the development of the FY 2021 budget is \$33.6 million (\$22.7 million for the Miscellaneous Plan and \$10.9 million for the Safety Plan). The budget assumes pre-payment of the UAL portion of the annual pension cost, which confers \$1,150,000 in savings across the organization (\$700,000 realized in the General Fund). These savings are calculated by CalPERS.

The City's current funded status is 65.8 percent for the Miscellaneous Plan and 62.2 percent for the Safety Plan.

Timeline of the City's Pension Discussions:

The City has been diligent in its discussion and planning efforts to address the costs both known and forecasted for pension benefits. Below is a brief timeline of notable discussions or actions CalPERS and/or the City has taken in recent years.

- In December 2016, the CalPERS board voted to lower actuarial assumptions for the discount rate (assumed rate of return on investments) from 7.50 percent to 7.00 percent using a three-year phase-in beginning in FY 2019 and ending in FY 2021. The annual valuation report (using data as of June 30, 2018) was used for FY 2021 budget development and assumes a discount rate of 7.00 percent.
- During FY 2017 and FY 2018, the City staff and Council acted to establish an irrevocable IRS Section 115 Pension Trust Fund and began contributing funds above the ADC as additional

funding was available. By the close of FY 2018, \$5.4 million had been contributed to this trust citywide.

- As part of the FY 2019 Adopted Budget, the City Council approved a reduction of \$4.0 million in budgeted expenses in the General Fund to proactively address pension obligations by assuming the normal cost at a more conservative discount rate and contributing proceeds above the CalPERS ADC to the pension trust fund. Staff developed two plans to address this referral: 1) "immediate action" and 2) "strategic action". The immediate action was completed in December 2018 with the approval of \$4.0 million in one-time and structural reductions in the FY 2019 budget.
- During FY 2019, the City Council directed staff to develop the Long Range Financial Forecast to include a base case that reflected a more conservative discount rate and adopted "Fiscal Sustainability" as one of four priorities in 2019, including initiatives to develop a policy that addresses unfunded liability.
- In April 2019, staff brought forward a Fiscal Sustainability Workplan that included strategic actions to address pension funding for review, feedback, and discussion. Included was a recommendation to use a 6.2 percent discount rate for the normal cost of pensions in financial planning and a referral for the Finance Committee to look at ways to address the unfunded pension liability portion of the budget.
- Beginning with the FY 2020 Adopted Budget, staff implemented a practice to include a normal cost pension expense of 6.2 percent as part of financial planning. This resulted in budgeted retirement costs above required CalPERS levels of \$6.2 million (\$3.8 million General Fund). An additional one-time contribution of \$2.3 million was made in FY 2020 to align other funds with the General Fund's contributions to date.
- During FY 2020, Staff returned to the Finance Committee and the City Council to review and discuss the options for a Pension Funding Policy and elements to consider in the establishment of a Pension Funding Policy. Four scenarios were presented that included different timelines, mechanisms, and options available to reach a target funded status of 100 percent. Ultimately, the City Council recommended a draft policy that includes a fifteen-year time-frame to reach a 90 percent funding level.
- This FY 2021 Adopted Budget continues the practice to include a normal cost pension expense of 6.2% as part of financial planning for all funds. This results in budgeted retirement costs above required CalPERS levels of \$5.0 million (\$3.0 million General Fund) in FY 2021. The contributions levels from FY 2020 to FY 2021 decreased by \$1.2 million, from \$6.2 million to \$5.0 million, primarily due to the change in CalPERS discount rate from 7.25 percent to 7.00 percent; narrowing the gap to meet the 6.2 percent target. Approximately \$500,000 (\$400,000 in the General Fund) of this decrease is due to management concessions and staff freezes.

In total, planned contributions (principal) of \$32.3 million to the pension Trust Fund will have been made since inception in FY 2017 through FY 2021 (\$21.0 million, or 65 percent of the total, is from the General Fund), an average annual contribution of \$6.5 million.

As discussed above, one-time surpluses resulting from excess revenues or expense savings at year-end continue to be brought forward for City Council consideration as potential contribu-

EMPLOYEE INFORMATION

tions to the Trust Fund. During FY 2020, a total of \$5.2 million (\$3.5 million General Fund) from FY 2019 savings was contributed to the trust. In the prior year, a total contribution of \$2.0 million (\$1.3 million General Fund) was made from FY 2018 savings.

The City continues to strive to contain costs with measures such as cost-sharing with employees. New labor agreements with the Safety Units that extend through FY 2021 include employee contributions up to 4.0 percent. It is anticipated that additional cost-share agreements with the miscellaneous units, who currently pick-up 1.0 percent of the employer share, will also be explored through current and future negotiations.

Staff anticipates returning to the City Council to adopt and report back on the progress towards meeting the funding goals outlined in the Pension Funding Policy. This policy is an evergreen policy, subject to modification at the City Council's direction, and is intended to identify a path forward for the City to address its pension obligations on an ongoing basis, ensure prudent and proactive financial planning, and avoid service-delivery crowd-out.

HEALTHCARE COSTS

The FY 2021 budget for healthcare is based on the health plan choices employees made for Calendar Year 2020. Increases for the various bargaining units' healthcare costs are included in the memoranda of agreements and these costs are modeled appropriately throughout the budget per these terms. All bargaining units are now on a flat rate medical plan, with UMPAPA converting from a 90/10 contribution structure to a flat rate plan in Fall 2018. The flat rate medical plan helps the City's efforts to contain benefit costs as it provides a maximum exposure level to rising health costs. For the calendar year 2021, the budget models a four percent annual increase in flat rate medical costs.

Consistent with the FY 2020 Adopted Budget and Government Accounting Standards Board pronouncements that require government agencies to recognize the true cost of medical health care by active employees and retirees, an implied subsidy for retiree healthcare was calculated. Health care premiums are contracted at a blended rate, they are the same regardless of age or active versus retired status, with the exception of Medicare premiums. Despite the contractually blended rate, the implied subsidy is calculated in order to recognize the higher cost of medical services for retirees, which is reduced from the active employees' health care costs and identified as a retiree medical cost.

In FY 2021, the City's full cost of active employee healthcare is budgeted in the various City departments and collected in the General Benefits Fund to be paid to CalPERS. In order to account for the implied subsidy, health care costs for active employees have been reduced in the General Benefits Fund by \$2.3 million, and a corresponding transfer from the General Benefits Fund to the Retiree Health Benefits Fund has been continued to reflect the full payment of the City's Actuarial Determined Contribution (ADC) for Retiree Healthcare in the Retiree Health Benefits Fund. Additional discussion of Retiree Healthcare costs and the ADC is located in the Retiree Health Benefits Fund section of this document.

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Category						
Salary & Benefits						
Healthcare	18,505,699	17,663,571	19,662,524	21,049,492	1,386,968	7.1%
Other Benefits	611,652	588,334	1,118,496	1,118,483	(13)	(0.0)%
Pension	32,031,449	35,854,780	53,141,658	51,462,822	(1,678,836)	(3.2)%
Salary	570,924	274,627	23,882	22,963	(919)	(3.8)%
Total Salary & Benefits	51,719,725	54,381,312	73,946,560	73,653,760	(292,800)	(0.4)%
Contract Services	214,103	148,275	220,795	220,795	—	—%
General Expense	14,110	115,507	—	—	—	—%
Operating Transfers-Out	2,444,000	2,197,000	2,197,000	2,347,000	150,000	6.8%
Supplies & Material	—	3,540	—	—	—	—%
Total Dollars by Expense Category	54,391,938	56,845,634	76,364,355	76,221,555	(142,800)	(0.2)%
Revenues						
Charges for Services	535	—	—	—	—	—%
Operating Transfers-In	1,427,044	5,991,729	—	—	—	—%
Other Revenue	56,428,791	57,060,208	75,701,183	76,496,296	795,113	1.1%
Return on Investments	197,653	152,730	433,000	362,600	(70,400)	(16.3)%
Total Revenues	58,054,023	63,204,667	76,134,183	76,858,896	724,713	1.0%

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Benefit Fund
Prior Year Budget	0.48	76,364,355	76,134,183	230,172
One-Time Prior Year Budget Adjustments				
None				
One-Time Prior Year Budget Adjustments				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits	—	(931)	—	(931)
PARs Contributions and Expenses (Normal Cost Calculated at 6.2 Percent Discount Rate)	—	(3,005,290)	(3,005,290)	—
Citywide Pension	—	4,079,049	—	4,079,049
Citywide Vision Insurance	—	75,764	—	75,764
Citywide Healthcare Insurance	—	(842,549)	—	(842,549)
Return on Investments	—	—	(70,400)	70,400
Citywide Dental Insurance	—	(43,248)	—	(43,248)
Department Charges for General Benefits	—	—	4,205,998	(4,205,998)
Adjustments to Costs of Ongoing Activities	—	262,795	1,130,308	(867,513)
Total FY 2021 Base Budget	0.48	76,627,150	77,264,491	(637,341)
Budget Adjustments				
1 Health Benefit Expense	—	37,000	—	37,000
2 Retirement Expense/Charges to Other Funds	—	(405,595)	(405,595)	—
3 Transfer To Retiree Health Benefits Fund	—	(37,000)	—	(37,000)
Total Budget Adjustments	—	(405,595)	(405,595)	—
Total FY 2021 Adopted Budget	0.48	76,221,555	76,858,896	(637,341)

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Benefit Fund
1 Health Benefit Expense	0.00	37,000	0	37,000

This action increases active employee healthcare costs in the General Benefit Fund to align the implied subsidy with the most recent actuarial valuation performed by Bartel Associates that reduced the subsidy from \$2.38M to \$2.35M in FY 2021 (CMR 11284). The implied subsidy recognizes the higher cost of medical services for retirees, which is reduced from the active employees' health care costs in the General Benefits Fund and transferred to the Retiree Health Benefit fund for retiree medical costs. A corresponding reduction to the transfer is also recommended in this budget. (Ongoing costs: \$37,000)

Performance Results



This action aligns expenditures with more recent actuarial estimates and no performance impacts are anticipated.

2 Retirement Expense/Charges to Other Funds	0.00	(405,595)	(405,595)	0
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This one-time action decreases the estimate for charges to other funds by \$406,000 due to labor concessions in the Management group in FY 2021. In total, the Management concessions generate salary and benefit savings of \$3.5M (\$2.3M in the General Fund). Of this amount, \$406,000 (\$258,000 in the General Fund) is attributable to pension costs that are calculated as a percentage of payroll, including normal cost, employee share, and supplemental contributions. The General Benefits Fund acts as a pass-through for pension costs; therefore, a reduction to the department allocation and the associated expense for pension is recommended. Corresponding actions distributed savings across the City. (Ongoing net savings: \$0)

Performance Results



This action contributes to cost containment strategies in FY 2021.

3 Transfer To Retiree Health Benefits Fund	0.00	(37,000)	0	(37,000)
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This action decreases the transfer from the General Benefit Fund to the Retiree Healthcare Fund to align the implied subsidy with the most recent actuarial valuation performed by Bartel Associates that reduced the subsidy from \$2.38M to \$2.35M in FY 2021 (CMR 11284). The implied subsidy recognizes the higher cost of medical services for retirees, which is reduced from the active employees' health care costs in the General Benefits Fund and transferred to the Retiree Health Benefit fund for retiree medical costs. A corresponding increase to active employee healthcare costs is also recommended in this budget. (Ongoing savings: \$37,000)

Performance Results



This action aligns expenditures with more recent actuarial estimates and no performance impacts are anticipated.

Retiree Health Benefit Fund Overview

In addition to providing pension benefits, the City participates in the California Public Employees' Medical and Hospital Care Act (PEMHCA) program to provide certain health care benefits for retired employees. This fund reflects costs for this program as well as payments for the unfunded liability for future medical benefits that will be provided to current and future retirees. The City uses actuarial studies, completed on a biennial basis by Bartel Associates, to inform the development of annual operating budgets. The most recent report was completed in May 2020 to inform both the FY 2021 and FY 2022 Operating Budgets. This study captured investment gains for the Retiree Healthcare Trust Fund as of June 30, 2019, lowered the assumed investment returns from 6.75 percent to 6.25 percent and restated the City's Fiscal Year 2021 annual Actuarial Determined Contribution (ADC).

The City's ADC for FY 2021 is \$15.9 million, or a 3.0 percent decrease from FY 2020 (\$16.4 million). This decrease aligns with actuarial expectations in the most recent report. Though the ADC assumed for the FY 2021 budget is \$15.9 million, the charges to the City's funds are budgeted at \$13.6 million. The difference of \$2.3 million represents the City's implied subsidy for retiree healthcare. This is the same subsidy briefly mentioned in the General Benefits Fund Overview section preceding this. There is a requirement, first imposed in FY 2017, that government agencies must recognize the true cost of medical health care of active employees and retirees. The health care premiums are the same regardless of age or active status with the exception of Medicare premiums. The new requirement is intended to recognize that as people age, their medical costs increase; therefore, an actuarial calculation has been performed to recognize the higher cost of medical services for retirees, which is reduced from the active employees' health care costs. This difference is known as the 'implied subsidy'. In FY 2021, the full cost of active employee healthcare is budgeted in the various City departments and collected in the General Benefits Fund to be paid to CalPERS. In order to account for the implied subsidy, healthcare costs for active employees have been reduced in the General Benefits Fund by \$2.3 million, and a transfer from the General Benefits Fund of \$2.3 million to the Retiree Health Benefits Fund has been established. This transfer reflects the full payment of the City's annual ADC for Retiree Healthcare in the Retiree Health Benefits Fund.

RETIREE HEALTH BENEFIT FUND OVERVIEW

Budget Summary

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change \$	FY 2021 Change %
Dollars by Category						
Salary & Benefits						
Other Benefits	42,599	24,221	61,560	61,560	—	—%
Retiree Medical	16,867,362	15,997,000	16,410,999	15,924,000	(486,999)	(3.0)%
Total Salary & Benefits	16,909,962	16,021,221	16,472,559	15,985,560	(486,999)	(3.0)%
Total Dollars by Expense Category	16,909,962	16,021,221	16,472,559	15,985,560	(486,999)	(3.0)%
Revenues						
Operating Transfers-In	2,444,000	2,197,000	2,197,000	2,347,000	150,000	6.8%
Other Revenue	14,526,970	13,800,000	14,213,999	13,577,000	(636,999)	(4.5)%
Return on Investments	69,691	93,008	46,900	63,800	16,900	36.0%
Total Revenues	17,040,661	16,090,008	16,457,899	15,987,800	(470,099)	(2.9)%

RETIREE HEALTH BENEFIT FUND OVERVIEW

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Retiree Health Fund
Prior Year Budget	—	16,472,559	16,457,899	14,660
One-Time Prior Year Budget Adjustments				
None				
One-Time Prior Year Budget Adjustments				
Adjustments to Costs of Ongoing Activities				
Citywide Retiree Health Benefits Adjustment/ Charges to Other Funds	—	376,001	376,001	—
Return on Investments	—	—	16,900	(16,900)
Adjustments to Costs of Ongoing Activities	—	376,001	392,901	(16,900)
Total FY 2021 Base Budget	—	16,848,560	16,850,800	(2,240)
Budget Adjustments				
1 Retirement Expense/Charges to Other Funds	—	(826,000)	(826,000)	—
2 Health Benefit Expense/Transfer From General Benefits Fund	—	(37,000)	(37,000)	—
Total Budget Adjustments	—	(863,000)	(863,000)	—
Total FY 2021 Adopted Budget	—	15,985,560	15,987,800	(2,240)

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Retiree Health Fund
1 Retirement Expense/Charges to Other Funds	0.00	(826,000)	(826,000)	0

This action decreases the estimate for charges to other funds by \$826,000 (\$527,000 in the General Fund) to align department allocations for Retiree Healthcare costs with the most recent actuarial valuation performed by Bartel Associates. Consistent with the direction approved by the Finance Committee on May 5, 2020 the allocated charges will now be aligned with funding contributions presuming a 6.25 percent Discount Rate (CMR 11284). Corresponding actions are recommended in this budget to distribute savings across the City. (Ongoing net savings: \$0)

Performance Results



This action aligns expenditures with more recent actuarial estimates and no performance impacts are anticipated.

2 Health Benefit Expense/Transfer From General Benefits Fund	0.00	(37,000)	(37,000)	0
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This action decreases the transfer from the General Benefit Fund to the Retiree Healthcare Fund to align the implied subsidy with the most recent actuarial valuation performed by Bartel Associates that reduced the subsidy from 2.38M to \$2.35M in FY 2021 (CMR 11284). The implied subsidy recognizes the higher cost of medical services for retirees, which is reduced from the active employees' health care costs in the General Benefits Funds and transferred to the Retiree Health Benefits fund for retiree medical costs. A corresponding reduction to retiree healthcare costs is also recommended in this budget. (Ongoing net savings: \$0)

Performance Results



This action aligns expenditures with more recent actuarial estimates and no performance impacts are anticipated.



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TABLE OF ORGANIZATION

Table of Organization^a

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
General Fund						
Administrative Services						
Account Specialist	4.88	4.63	4.63	3.13	-1.50	(32.40)%
Account Specialist (Freeze)	0.00	0.00	0.00	1.50	1.50	0.00%
Account Specialist-Lead	3.05	3.45	3.45	3.45	0.00	0.00%
Accountant	3.00	3.00	3.00	3.00	0.00	0.00%
Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Administrative Associate II	1.00	1.00	1.00	0.50	-0.50	(50.00)%
Administrative Associate II (Freeze)	0.00	0.00	0.00	0.50	0.50	0.00%
Administrative Associate III	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant Director Administrative Services	1.65	1.65	1.65	1.65	0.00	0.00%
Buyer	1.00	1.00	1.00	1.00	0.00	0.00%
Chief Procurement Officer	1.00	1.00	1.00	1.00	0.00	0.00%
Contracts Administrator	2.70	2.70	2.70	2.30	-0.40	(14.81)%
Contracts Administrator (Freeze)	0.00	0.00	0.00	0.40	0.40	0.00%
Director Administrative Services/CFO	0.80	0.80	0.80	0.80	0.00	0.00%
Director Office of Management and Budget	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Director Office of Management and Budget (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Management Analyst	0.00	1.00	2.00	2.00	0.00	0.00%
Manager Accounting	1.00	0.00	0.00	0.00	0.00	0.00%
Manager Budget	1.00	2.00	2.00	2.00	0.00	0.00%
Manager Real Property	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Revenue Collections	0.62	0.62	0.62	0.62	0.00	0.00%
Manager Treasury, Debt & Investments	0.60	0.60	0.60	0.60	0.00	0.00%
Manager, Finance	0.00	1.00	1.00	1.00	0.00	0.00%
Payroll Analyst	2.00	2.00	2.00	2.00	0.00	0.00%
Performance Auditor II (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Principal Management Analyst	0.00	0.00	0.00	0.00	0.00	0.00%
Senior Accountant	3.00	3.00	3.00	3.00	0.00	0.00%
Senior Buyer	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Management Analyst	4.90	2.30	2.30	2.30	0.00	0.00%
Storekeeper	1.00	1.00	1.00	1.00	0.00	0.00%
Storekeeper-Lead	0.20	0.20	0.20	0.20	0.00	0.00%
Warehouse Supervisor	0.20	0.20	0.20	0.20	0.00	0.00%
Total Administrative Services	38.60	38.15	39.15	40.15	1.00	2.55%
City Attorney						
Assistant City Attorney	3.00	3.00	3.00	3.00	0.00	0.00%

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	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Chief Assistant City Attorney	1.00	1.00	1.00	1.00	0.00	0.00%
City Attorney	1.00	1.00	1.00	1.00	0.00	0.00%
Claims Investigator	1.00	1.00	1.00	1.00	0.00	0.00%
Deputy City Attorney	1.00	1.00	1.00	1.00	0.00	0.00%
Legal Fellow	1.00	1.00	1.00	0.50	-0.50	(50.00)%
Legal Fellow (Freeze)	0.00	0.00	0.00	0.50	0.50	0.00%
Principal Attorney	0.00	0.00	0.00	0.00	0.00	0.00%
Secretary to City Attorney	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Assistant City Attorney	0.00	0.00	0.00	0.00	0.00	0.00%
Senior Deputy City Attorney	0.00	0.00	0.00	0.00	0.00	0.00%
Senior Legal Secretary	1.00	0.00	0.00	0.00	0.00	0.00%
Senior Management Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Total City Attorney	11.00	10.00	10.00	10.00	0.00	0.00%
City Auditor						
Administrative Assistant	0.00	0.00	0.00	0.00	0.00	0.00%
City Auditor	1.00	1.00	1.00	1.00	0.00	0.00%
Performance Auditor I	1.00	1.00	0.00	0.00	0.00	0.00%
Performance Auditor II	1.00	1.00	2.00	0.00	-2.00	(100.00)%
Senior Performance Auditor	2.00	1.00	1.00	2.00	1.00	100.00%
Total City Auditor	5.00	4.00	4.00	3.00	-1.00	(25.00)%
City Clerk						
Administrative Associate III	2.00	2.00	2.00	2.00	0.00	0.00%
Assistant City Clerk	1.00	1.00	1.00	1.00	0.00	0.00%
City Clerk	1.00	1.00	1.00	1.00	0.00	0.00%
Deputy City Clerk	1.00	1.00	1.00	1.00	0.00	0.00%
Hearing Officer	0.75	0.00	0.00	0.00	0.00	0.00%
Total City Clerk	5.75	5.00	5.00	5.00	0.00	0.00%
City Manager						
Administrative Assistant	1.00	1.00	2.00	2.00	0.00	0.00%
Administrative Associate III	1.00	1.00	0.00	0.00	0.00	0.00%
Assistant City Manager	0.00	0.00	1.00	1.00	0.00	0.00%
Assistant City Manager/Utilities General Manager	0.25	0.25	0.00	0.00	0.00	0.00%
Assistant to the City Manager	2.00	2.00	2.00	1.00	-1.00	(50.00)%
Assistant to the City Manager (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Chief Communications Officer	1.00	1.00	1.00	1.00	0.00	0.00%
Chief Sustainability Officer	1.00	1.00	0.00	0.00	0.00	0.00%

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	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
City Manager	1.00	1.00	1.00	1.00	0.00	0.00%
Deputy City Manager	2.00	2.00	1.00	1.00	0.00	0.00%
Executive Assistant to the City Manager	1.00	1.00	1.00	1.00	0.00	0.00%
Management Analyst	0.00	0.75	0.75	0.00	-0.75	(100.00)%
Manager Communications	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Economic Development	0.00	0.00	0.00	0.00	0.00	0.00%
Total City Manager	11.25	12.00	10.75	10.00	-0.75	(6.98)%
Community Services						
Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Administrative Associate III	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Administrative Associate III (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Assistant Director Community Services	2.00	2.00	2.00	1.00	-1.00	(50.00)%
Assistant Director Community Services (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Building Serviceperson	2.00	1.25	1.25	1.00	-0.25	(20.00)%
Building Serviceperson-Lead	2.00	0.60	0.60	0.60	0.00	0.00%
Coordinator Recreation Programs	4.00	3.00	4.00	4.00	0.00	0.00%
Director Community Services	1.00	1.00	1.00	1.00	0.00	0.00%
Division Manager Open Space, Parks and Golf	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Heavy Equipment Operator	0.07	0.07	0.07	0.07	0.00	0.00%
Inspector, Field Services	2.00	2.00	2.00	2.00	0.00	0.00%
Junior Museum & Zoo Educator	3.60	3.60	3.60	3.25	-0.35	(9.72)%
Junior Museum & Zoo Educator (Freeze)	0.00	0.00	0.00	0.35	0.35	0.00%
Management Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Management Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Community Services	5.00	5.00	5.00	4.00	-1.00	(20.00)%
Manager Community Services (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Manager Community Services Senior Program	4.00	4.00	4.00	4.00	0.00	0.00%
Manager Human Services	1.00	1.00	1.00	1.00	0.00	0.00%
Park Maintenance Person	6.00	6.00	6.00	6.00	0.00	0.00%
Park Maintenance-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Park Ranger	5.00	5.00	5.00	5.00	0.00	0.00%
Parks/Golf Crew-Lead	2.00	2.00	2.00	2.00	0.00	0.00%
Producer Arts/Science Program	11.00	11.00	11.00	9.25	-1.75	(15.91)%
Producer Arts/Science Program (Freeze)	0.00	0.00	0.00	1.75	1.75	0.00%

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	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Producer Arts/Science Programs	0.00	0.00	0.00	1.00	1.00	0.00%
Program Assistant I	8.00	8.00	8.00	3.00	-5.00	(62.50)%
Program Assistant I (Freeze)	0.00	0.00	0.00	4.00	4.00	0.00%
Program Assistant II	4.00	4.00	3.00	4.00	1.00	33.33%
Project Manager	0.10	0.10	0.10	0.10	0.00	0.00%
Senior Management Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Sprinkler System Representative	4.00	4.00	4.00	4.00	0.00	0.00%
Superintendent Community Services	2.00	2.00	2.00	2.00	0.00	0.00%
Superintendent Recreation	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Superintendent Recreation (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Theater Specialist	2.00	2.00	2.00	2.00	0.00	0.00%
Total Community Services	78.77	75.62	75.62	75.37	-0.25	(0.33)%
Fire						
40-Hour Training Battalion Chief	1.00	1.00	1.00	1.00	0.00	0.00%
40-Hour Training Captain	1.00	1.00	1.00	0.00	-1.00	(100.00)%
40-Hour Training Captain (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Administrative Associate II	2.00	2.20	2.20	1.20	-1.00	(45.45)%
Administrative Associate II (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Battalion Chief	3.00	3.00	3.00	3.00	0.00	0.00%
Business Analyst	0.80	0.80	0.80	0.80	0.00	0.00%
Deputy Chief/Fire Marshal	0.05	0.05	0.05	0.05	0.00	0.00%
Deputy Director Technical Services Division	0.20	0.20	0.20	0.00	-0.20	(100.00)%
Deputy Director Technical Services Division (Freeze)	0.00	0.00	0.00	0.20	0.20	0.00%
Deputy Fire Chief	2.00	2.00	2.00	1.00	-1.00	(50.00)%
Deputy Fire Chief (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Emergency Medical Service Director	1.00	1.00	1.00	1.00	0.00	0.00%
Emergency Medical Services Data Specialist	1.00	1.00	1.00	1.00	0.00	0.00%
Fire Apparatus Operator	30.00	26.00	26.00	26.00	0.00	0.00%
Fire Captain	21.00	21.00	21.00	21.00	0.00	0.00%
Fire Chief	1.00	1.00	1.00	1.00	0.00	0.00%
Fire Fighter	41.00	34.00	34.00	29.00	-5.00	(14.71)%
Fire Fighter (Freeze)	0.00	0.00	0.00	5.00	5.00	0.00%
Fire Inspector	0.80	0.80	0.80	0.40	-0.40	(50.00)%
Fire Inspector (Freeze)	0.00	0.00	0.00	0.40	0.40	0.00%
Geographic Information System Specialist	0.50	0.50	0.50	0.50	0.00	0.00%

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	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Hazardous Materials Inspector	0.30	0.30	0.30	0.30	0.00	0.00%
Police Chief	0.00	0.00	0.00	0.00	0.00	0.00%
Senior Management Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Total Fire	108.65	97.85	97.85	97.85	0.00	0.00%

Human Resources						
Administrative Assistant	0.00	0.00	0.00	0.00	0.00	0.00%
Assistant Director Human Resources	1.00	1.00	1.00	1.00	0.00	0.00%
Director Human Resources/CPO	1.00	1.00	1.00	1.00	0.00	0.00%
Human Resources Representative	3.00	3.00	3.00	2.50	-0.50	(16.67)%
Human Resources Representative (Freeze)	0.00	0.00	0.00	0.50	0.50	0.00%
Human Resources Technician	4.00	4.00	4.00	3.50	-0.50	(12.50)%
Human Resources Technician (Freeze)	0.00	0.00	0.00	0.50	0.50	0.00%
Manager Employee Benefits	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Employee Relations	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Human Resources Administrator	3.00	3.00	3.00	3.00	0.00	0.00%
Senior Management Analyst	2.00	2.00	2.00	2.00	0.00	0.00%
Total Human Resources	16.00	16.00	16.00	16.00	0.00	0.00%

Library						
Administrative Associate III	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Administrative Associate III (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Assistant Director Library Services	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Assistant Director Library Services (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Business Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Coordinator Library Programs	1.00	1.00	1.00	1.00	0.00	0.00%
Director Libraries	1.00	1.00	1.00	1.00	0.00	0.00%
Division Head Library Services	1.00	1.00	1.00	1.00	0.00	0.00%
Librarian	7.00	7.00	6.00	6.00	0.00	0.00%
Library Associate	7.00	7.00	7.00	6.00	-1.00	(14.29)%
Library Associate (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Library Specialist	12.50	11.50	11.50	10.50	-1.00	(8.70)%
Library Specialist (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Management Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Library Services	4.00	4.00	3.00	3.00	0.00	0.00%
Senior Librarian	9.00	9.00	8.00	6.00	-2.00	(25.00)%
Senior Librarian (Freeze)	0.00	0.00	0.00	2.00	2.00	0.00%
Supervising Librarian	2.00	2.00	4.00	4.00	0.00	0.00%

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	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Total Library	48.50	47.50	46.50	46.50	0.00	0.00%
Office of Emergency Services						
Director Office of Emergency Services	1.00	1.00	1.00	1.00	0.00	0.00%
Office of Emergency Services Coordinator	1.00	1.00	1.00	1.00	0.00	0.00%
Program Assistant II	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Program Assistant II (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Total Office of Emergency Services	3.00	3.00	3.00	3.00	0.00	0.00%
Office of Transportation^b						
Administrative Assistant	0.00	0.00	0.50	0.50	0.00	0.00%
Administrative Associate III	0.70	0.30	0.00	0.00	0.00	0.00%
Associate Engineer	0.73	0.65	0.30	0.30	0.00	0.00%
Associate Planner	0.00	0.24	0.30	0.45	0.15	50.00%
Chief Transportation Official	0.37	0.55	0.70	0.70	0.00	0.00%
Coordinator Transportation Systems Management	0.88	0.74	1.25	1.25	0.00	0.00%
Management Analyst	0.00	0.02	0.50	0.50	0.00	0.00%
Parking Operations - Lead	0.00	0.10	0.00	0.00	0.00	0.00%
Program Assistant II	0.60	0.00	0.00	0.00	0.00	0.00%
Project Engineer	0.50	0.50	0.45	0.45	0.00	0.00%
Senior Engineer	0.00	0.00	0.20	0.20	0.00	0.00%
Senior Planner	0.15	0.28	0.50	0.50	0.00	0.00%
Traffic Engineering-Lead	0.38	0.65	0.35	0.35	0.00	0.00%
Transportation Planning Manager	0.20	0.36	1.15	1.15	0.00	0.00%
Total Office of Transportation	4.51	4.39	6.20	6.35	0.15	2.42%
Planning and Development Services^c						
Administrative Assistant	2.00	2.00	1.00	1.00	0.00	0.00%
Administrative Associate I	1.00	1.00	1.00	1.00	0.00	0.00%
Administrative Associate II	3.00	2.80	2.80	2.80	0.00	0.00%
Administrative Associate III	3.30	3.29	4.00	4.00	0.00	0.00%
Assistant Chief Building Official	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant Director PCE	1.00	1.00	1.00	1.00	0.00	0.00%
Associate Engineer	0.02	0.02	0.22	0.20	-0.02	(9.09)%
Associate Planner	1.00	3.03	3.15	3.00	-0.15	(4.76)%
Building Inspector Specialist	4.00	4.00	4.00	6.00	2.00	50.00%
Building/Planning Technician	3.00	3.00	3.00	2.00	-1.00	(33.33)%
Building/Planning Technician (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Business Analyst	1.00	1.00	0.00	0.00	0.00	0.00%

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	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Chief Building Official	1.00	1.00	1.00	1.00	0.00	0.00%
Chief Planning Official	1.00	1.00	1.00	1.00	0.00	0.00%
Chief Transportation Official	0.06	0.09	0.00	0.00	0.00	0.00%
Code Enforcement Officer	2.00	2.00	2.00	0.00	-2.00	(100.00)%
Code Enforcement Officer (Freeze)	0.00	0.00	0.00	2.00	2.00	0.00%
Code Enforcement-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Deputy Chief/Fire Marshal	0.80	0.80	0.80	0.80	0.00	0.00%
Development Project Coordinator II	2.00	2.00	2.00	2.00	0.00	0.00%
Development Project Coordinator III	3.00	3.00	3.00	3.00	0.00	0.00%
Development Services Director	1.00	1.00	0.00	0.00	0.00	0.00%
Director Planning/Community Environment	1.00	1.00	1.00	1.00	0.00	0.00%
Engineer	0.64	0.64	0.64	0.52	-0.12	(18.75)%
Engineering Technician III	1.78	1.78	1.78	1.50	-0.28	(15.73)%
Fire Inspector	3.20	3.20	3.20	1.60	-1.60	(50.00)%
Fire Inspector (Freeze)	0.00	0.00	0.00	1.60	1.60	0.00%
Hazardous Materials Inspector	1.60	1.60	1.60	1.60	0.00	0.00%
Industrial Waste Inspector	0.01	0.01	0.01	0.00	-0.01	(100.00)%
Industrial Waste Investigator	0.35	0.35	0.35	0.35	0.00	0.00%
Inspector, Field Services	0.68	0.68	0.68	0.68	0.00	0.00%
Landscape Architect Park Planner	0.00	0.50	0.50	0.50	0.00	0.00%
Management Analyst	1.99	1.79	0.01	0.00	-0.01	(100.00)%
Manager Development Center	1.00	1.00	0.00	0.00	0.00	0.00%
Manager Environmental Control Program	0.10	0.10	0.10	0.00	-0.10	(100.00)%
Manager Planning	4.00	3.00	5.00	4.00	-1.00	(20.00)%
Manager Urban Forestry	0.04	0.04	0.04	0.00	-0.04	(100.00)%
Planner	4.00	4.00	4.00	4.00	0.00	0.00%
Planning Arborist	0.29	0.00	0.00	0.00	0.00	0.00%
Planning Division Manager	0.00	1.00	0.00	0.00	0.00	0.00%
Principal Management Analyst	0.00	0.00	1.00	0.00	-1.00	(100.00)%
Principal Planner	0.00	1.00	2.00	1.00	-1.00	(50.00)%
Principal Planner (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Program Assistant I	0.00	0.00	1.00	0.00	-1.00	(100.00)%
Program Assistant I (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Project Engineer	0.03	0.33	0.13	0.10	-0.03	(23.08)%
Senior Business Analyst	0.00	0.00	1.00	1.00	0.00	0.00%
Senior Engineer	0.46	0.46	0.46	0.40	-0.06	(13.04)%
Senior Industrial Waste Investigator	0.01	0.01	0.01	0.00	-0.01	(100.00)%
Senior Management Analyst	2.00	1.88	2.00	2.00	0.00	0.00%
Senior Planner	6.60	3.60	3.60	2.60	-1.00	(27.78)%

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Senior Planner (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Supervisor Inspection and Surveying	0.27	0.27	0.27	0.25	-0.02	(7.41)%
Traffic Engineering-Lead	0.00	0.00	0.10	0.10	0.00	0.00%
Transportation Planning Manager	0.00	0.05	0.00	0.00	0.00	0.00%
Total Planning and Community Environment	62.23	62.32	62.45	61.60	-0.85	-1.36%
Police						
Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Administrative Associate II	3.00	3.00	3.00	2.00	-1.00	(33.33)%
Administrative Associate II (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Animal Control Officer	3.00	3.00	3.00	2.00	-1.00	(33.33)%
Animal Control Officer (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Animal Control Officer-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Animal Services Specialist II	2.00	2.00	0.00	0.00	0.00	0.00%
Assistant Police Chief	1.00	1.00	1.00	1.00	0.00	0.00%
Business Analyst	1.20	1.20	1.20	1.20	0.00	0.00%
Code Enforcement Officer	1.00	1.00	1.00	1.00	0.00	0.00%
Communications Manager	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Communications Manager (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Communications Technician	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Communications Technician (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Community Service Officer	7.50	7.50	7.50	5.63	-1.87	(24.93)%
Community Service Officer (Freeze)	0.00	0.00	0.00	1.87	1.87	0.00%
Court Liaison Officer	1.00	1.00	1.00	1.00	0.00	0.00%
Crime Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Deputy Director Technical Services Division	0.80	0.80	0.80	0.00	-0.80	(100.00)%
Deputy Director Technical Services Division (Freeze)	0.00	0.00	0.00	0.80	0.80	0.00%
Geographic Information System Specialist	0.50	0.50	0.50	0.50	0.00	0.00%
Police Agent	19.00	19.00	19.00	19.00	0.00	0.00%
Police Captain	2.00	2.00	2.00	2.00	0.00	0.00%
Police Chief	1.00	1.00	1.00	1.00	0.00	0.00%
Police Lieutenant	5.00	5.00	5.00	4.00	-1.00	(20.00)%
Police Lieutenant (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Police Officer	50.00	50.00	50.00	39.00	-11.00	(22.00)%
Police Officer (Freeze)	0.00	0.00	0.00	11.00	11.00	0.00%
Police Records Specialist II	6.00	6.00	6.00	6.00	0.00	0.00%
Police Records Specialist-Lead	1.00	1.00	1.00	1.00	0.00	0.00%

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	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Police Sergeant	14.00	14.00	14.00	14.00	0.00	0.00%
Program Assistant II	1.00	1.00	1.00	1.00	0.00	0.00%
Property Evidence Technician	2.00	2.00	2.00	2.00	0.00	0.00%
Public Safety Communications Manager	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Public Safety Communications Manager (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Public Safety Dispatcher	16.00	16.00	16.00	12.00	-4.00	(25.00)%
Public Safety Dispatcher (Freeze)	0.00	0.00	0.00	4.00	4.00	0.00%
Public Safety Dispatcher-Lead	4.00	4.00	4.00	4.00	0.00	0.00%
Public Safety Program Manager	2.00	2.00	2.00	2.00	0.00	0.00%
Senior Management Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Superintendent Animal Services	1.00	1.00	0.00	0.00	0.00	0.00%
Veterinarian	1.00	1.00	0.00	0.00	0.00	0.00%
Veterinarian Technician	2.00	2.00	0.00	0.00	0.00	0.00%
Total Police	155.00	155.00	149.00	149.00	0.00	0.00%
Public Works						
Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Administrative Associate I	0.60	0.60	0.10	0.10	0.00	0.00%
Administrative Associate II	2.65	2.65	2.65	2.65	0.00	0.00%
Administrative Associate III	0.01	0.01	0.01	0.01	0.00	0.00%
Assistant Director Public Works	0.87	0.87	0.73	0.73	0.00	0.00%
Associate Engineer	0.30	0.30	0.00	0.00	0.00	0.00%
Building Serviceperson	1.00	0.00	0.00	0.00	0.00	0.00%
Building Serviceperson-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Cement Finisher	3.00	2.00	2.00	2.00	0.00	0.00%
Cement Finisher-Lead	0.26	0.26	0.26	0.26	0.00	0.00%
Coordinator Public Works Projects	1.50	1.50	1.50	1.50	0.00	0.00%
Director Public Works/City Engineer	1.00	1.00	1.00	1.00	0.00	0.00%
Electrician	0.80	0.80	0.80	0.80	0.00	0.00%
Engineer	0.66	0.66	0.36	0.48	0.12	33.33%
Engineering Technician III	1.47	1.47	1.47	1.75	0.28	19.05%
Equipment Operator	3.46	2.46	2.46	2.46	0.00	0.00%
Facilities Carpenter	1.00	1.00	1.00	1.00	0.00	0.00%
Facilities Maintenance-Lead	1.85	1.85	1.85	1.85	0.00	0.00%
Facilities Painter	1.75	1.75	1.75	1.75	0.00	0.00%
Facilities Technician	4.05	4.05	4.05	4.05	0.00	0.00%
Heavy Equipment Operator	2.33	2.33	2.33	2.33	0.00	0.00%
Heavy Equipment Operator-Lead	0.85	0.85	0.85	0.85	0.00	0.00%
Inspector, Field Services	0.11	0.11	0.11	0.11	0.00	0.00%

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	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Landscape Architect Park Planner	0.10	0.60	0.60	0.60	0.00	0.00%
Management Analyst	0.70	0.70	0.70	1.45	0.75	107.14%
Manager Facilities	0.90	0.90	0.90	0.90	0.00	0.00%
Manager Maintenance Operations	1.20	1.20	1.20	1.20	0.00	0.00%
Manager Urban Forestry	0.96	0.96	0.96	1.00	0.04	4.17%
Manager Watershed Protection	0.05	0.05	0.05	0.05	0.00	0.00%
Planning Arborist	0.71	0.00	0.00	0.00	0.00	0.00%
Project Engineer	0.50	0.50	0.00	0.00	0.00	0.00%
Project Manager	2.65	2.65	2.65	2.00	-0.65	(24.53)%
Project Manager (Freeze)	0.00	0.00	0.00	0.65	0.65	0.00%
Senior Engineer	0.79	0.79	0.59	0.60	0.01	1.69%
Senior Management Analyst	1.11	1.11	1.11	1.11	0.00	0.00%
Senior Project Manager	0.10	0.10	0.00	0.00	0.00	0.00%
Supervisor Inspection and Surveying	0.10	0.10	0.10	0.10	0.00	0.00%
Surveyor, Public Works	0.33	0.33	0.33	0.33	0.00	0.00%
Traffic Controller Maintainer I	1.94	1.94	1.94	1.94	0.00	0.00%
Traffic Controller Maintainer II	2.00	2.00	2.00	2.00	0.00	0.00%
Tree Maintenance Person	1.00	1.00	1.00	1.00	0.00	0.00%
Tree Trim/Line Clear	7.00	7.00	7.00	7.00	0.00	0.00%
Tree Trim/Line Clear-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Total Public Works	54.66	51.45	49.41	50.61	1.20	2.43%
Total General Fund	602.92	582.28	574.93	574.43	-0.50	-0.09%
Enterprise Fund						
Public Works						
Account Specialist	0.30	0.30	0.30	0.30	0.00	0.00%
Accountant	0.40	0.40	0.40	0.40	0.00	0.00%
Administrative Associate I	0.10	0.10	0.10	0.10	0.00	0.00%
Administrative Associate II	2.15	2.15	2.15	2.15	0.00	0.00%
Administrative Associate III	0.10	0.10	0.10	0.10	0.00	0.00%
Assistant Director Public Works	1.30	1.30	1.30	1.30	0.00	0.00%
Assistant Manager WQCP	2.00	2.00	2.00	2.00	0.00	0.00%
Associate Engineer	2.99	2.99	2.99	3.00	0.01	0.33%
Chemist	3.00	3.00	3.00	3.00	0.00	0.00%
Deputy Chief/Fire Marshal	0.07	0.07	0.07	0.07	0.00	0.00%
Electrician	3.00	3.00	3.00	3.00	0.00	0.00%
Electrician-Lead	2.00	2.00	2.00	2.00	0.00	0.00%
Engineer	0.90	0.90	0.90	0.90	0.00	0.00%
Engineering Technician III	0.25	0.25	0.25	0.25	0.00	0.00%

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	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Environmental Specialist	2.00	2.00	2.00	2.00	0.00	0.00%
Equipment Operator	0.54	0.54	0.54	0.54	0.00	0.00%
Facilities Maintenance Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Facilities Technician	1.50	1.50	1.50	1.50	0.00	0.00%
Hazardous Materials Inspector	0.04	0.04	0.04	0.04	0.00	0.00%
Heavy Equipment Operator	0.90	0.90	0.90	0.90	0.00	0.00%
Heavy Equipment Operator-Lead	1.15	1.15	1.15	1.15	0.00	0.00%
Industrial Waste Inspector	2.99	2.99	2.99	3.00	0.01	0.33%
Industrial Waste Investigator	1.15	1.15	1.15	1.15	0.00	0.00%
Laboratory Technician WQC	3.00	3.00	3.00	3.00	0.00	0.00%
Landfill Technician	1.00	1.00	1.00	1.00	0.00	0.00%
Management Analyst	2.30	2.30	2.30	2.30	0.00	0.00%
Manager Airport	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Environmental Control Program	4.90	4.90	4.90	5.00	0.10	2.04%
Manager Laboratory Services	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Maintenance Operations	1.96	1.96	1.96	1.96	0.00	0.00%
Manager Solid Waste	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Water Quality Control Plant	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Watershed Protection	0.95	0.95	0.95	0.95	0.00	0.00%
Plant Mechanic	7.00	7.00	7.00	7.00	0.00	0.00%
Program Assistant I	1.00	1.00	1.00	1.00	0.00	0.00%
Program Assistant II	2.00	2.00	2.00	2.00	0.00	0.00%
Project Engineer	1.83	1.83	1.83	1.83	0.00	0.00%
Project Manager	1.35	1.35	1.35	1.35	0.00	0.00%
Senior Accountant	0.30	0.30	0.30	0.30	0.00	0.00%
Senior Buyer	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Chemist	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Engineer	3.76	3.76	3.76	3.76	0.00	0.00%
Senior Industrial Waste Investigator	0.99	0.99	0.99	1.00	0.01	1.01%
Senior Management Analyst	0.21	0.21	0.21	0.21	0.00	0.00%
Senior Mechanic	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Operator WQC	6.00	6.00	6.00	6.00	0.00	0.00%
Senior Technologist	1.00	1.00	1.00	1.00	0.00	0.00%
Storekeeper	1.00	1.00	1.00	1.00	0.00	0.00%
Street Maintenance Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Street Sweeper Operator	1.63	1.63	1.63	1.63	0.00	0.00%
Supervisor WQCP Operations	3.00	3.00	3.00	3.00	0.00	0.00%
Surveyor, Public Works	0.12	0.12	0.12	0.12	0.00	0.00%
Technologist	1.00	1.00	1.00	1.00	0.00	0.00%

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	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Traffic Controller Maintainer I	0.06	0.06	0.06	0.06	0.00	0.00%
WQC Plant Operator II	16.00	16.00	16.00	16.00	0.00	0.00%
Zero Waste Coordinator	1.00	1.00	1.00	1.00	0.00	0.00%
Total Public Works	101.19	101.19	101.19	101.32	0.13	0.13%
Utilities						
Account Specialist	1.70	1.70	1.70	1.70	0.00	0.00%
Accountant	0.60	0.60	0.60	0.60	0.00	0.00%
Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Administrative Associate II	7.00	7.00	6.00	6.00	0.00	0.00%
Assistant City Manager/Utilities General Manager	0.75	0.75	0.00	0.00	0.00	0.00%
Assistant Director Administrative Services	0.25	0.25	0.25	0.25	0.00	0.00%
Assistant Director Utilities Customer Support Services	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant Director Utilities Engineering	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Assistant Director Utilities Engineering (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Assistant Director Utilities Operations	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant Director Utilities/Resource Management	1.00	1.00	1.00	1.00	0.00	0.00%
Business Analyst	7.00	6.00	6.00	5.00	-1.00	(16.67)%
Business Analyst (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Cathodic Protection Technician Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Cathodic Technician	1.00	1.00	1.00	1.00	0.00	0.00%
Cement Finisher	2.00	2.00	2.00	2.00	0.00	0.00%
Contracts Administrator	0.70	0.70	0.70	0.70	0.00	0.00%
Coordinator Utilities Projects	6.00	6.00	6.00	6.00	0.00	0.00%
Customer Service Representative	7.00	7.00	7.00	7.00	0.00	0.00%
Customer Service Specialist	2.00	2.00	2.00	2.00	0.00	0.00%
Customer Service Specialist-Lead	2.00	2.00	2.00	2.00	0.00	0.00%
Deputy Chief/Fire Marshal	0.08	0.08	0.08	0.08	0.00	0.00%
Deputy City Attorney	1.00	1.00	1.00	1.00	0.00	0.00%
Director Administrative Services/CFO	0.20	0.20	0.20	0.20	0.00	0.00%
Electric Heavy Equipment Operator	0.00	0.00	0.00	2.00	2.00	0.00%
Electric Project Engineer	2.00	2.00	4.00	4.00	0.00	0.00%
Electric Underground Inspector	2.00	2.00	2.00	2.00	0.00	0.00%
Electric Underground Inspector-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Electrical Equipment Technician	1.00	1.00	1.00	1.00	0.00	0.00%
Electrician Assistant I	3.00	3.00	3.00	3.00	0.00	0.00%

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	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Engineer	4.00	4.00	4.00	4.00	0.00	0.00%
Engineering Manager - Electric	1.00	1.00	1.00	1.00	0.00	0.00%
Engineering Manager - WGW	1.00	1.00	1.00	1.00	0.00	0.00%
Engineering Technician III	3.00	3.00	3.00	3.00	0.00	0.00%
Gas and Water Meter Measurement and Control Technician	4.00	4.00	4.00	4.00	0.00	0.00%
Gas and Water Meter Measurement and Control Technician - Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Hazardous Materials Inspector	0.06	0.06	0.06	0.06	0.00	0.00%
Heavy Equipment Operator	6.70	6.70	6.70	0.00	-6.70	(100.00)%
Heavy Equipment Operator - Install/ Repair	4.00	4.00	4.00	4.00	0.00	0.00%
Industrial Waste Investigator	0.50	0.50	0.50	0.50	0.00	0.00%
Inspector, Field Services	5.00	5.00	5.00	5.00	0.00	0.00%
Lineperson/Cable Specialist	11.00	11.00	11.00	10.00	-1.00	(9.09)%
Lineperson/Cable Specialist-Lead	4.00	4.00	4.00	4.00	0.00	0.00%
Maintenance Mechanic-Welding	2.00	2.00	2.00	2.00	0.00	0.00%
Manager Communications	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Customer Service	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Electric Operations	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Treasury, Debt & Investments	0.40	0.40	0.40	0.40	0.00	0.00%
Manager Utilities Compliance	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Utilities Credit & Collection	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Utilities Operations WGW	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Utilities Program Services	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Utilities Strategic Business	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Utilities Telecommunications	1.00	1.00	1.00	1.00	0.00	0.00%
Meter Reader	6.00	6.00	6.00	6.00	0.00	0.00%
Meter Reader-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Metering Technician	3.00	3.00	3.00	3.00	0.00	0.00%
Metering Technician-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Offset Equipment Operator	0.48	0.48	0.48	0.48	0.00	0.00%
Overhead Underground Troubleshooter	2.00	2.00	2.00	2.00	0.00	0.00%
Power Engineer	3.00	3.00	1.00	1.00	0.00	0.00%
Principal Business Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Program Assistant I	1.50	1.50	1.50	1.50	0.00	0.00%
Program Assistant II	0.00	0.00	1.00	1.00	0.00	0.00%
Project Engineer	5.00	5.00	5.00	5.00	0.00	0.00%
Project Manager	0.75	0.75	0.75	0.75	0.00	0.00%
Resource Planner	6.00	6.00	5.00	5.00	0.00	0.00%

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	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Restoration Lead	1.00	1.00	1.00	1.00	0.00	0.00%
SCADA Technologist	2.00	2.00	2.00	2.00	0.00	0.00%
Senior Accountant	0.70	0.70	0.70	0.70	0.00	0.00%
Senior Business Analyst	2.00	3.00	3.00	3.00	0.00	0.00%
Senior Electrical Engineer	4.00	4.00	4.00	4.00	0.00	0.00%
Senior Engineer	5.00	5.00	5.00	5.00	0.00	0.00%
Senior Management Analyst	0.70	0.70	0.70	0.70	0.00	0.00%
Senior Mechanic	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Performance Auditor	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Resource Planner	6.00	6.00	6.50	6.50	0.00	0.00%
Senior Utilities Field Service Representative	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Water Systems Operator	2.00	2.00	2.00	2.00	0.00	0.00%
Storekeeper	1.00	1.00	1.00	1.00	0.00	0.00%
Storekeeper-Lead	0.80	0.80	0.80	0.80	0.00	0.00%
Street Light, Traffic Signal & Fiber Technician	5.00	5.00	5.00	5.00	0.00	0.00%
Street Light, Traffic Signal & Fiber-Lead	2.00	2.00	2.00	2.00	0.00	0.00%
Substation Electrician	6.00	6.00	6.00	5.00	-1.00	(16.67)%
Substation Electrician (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Substation Electrician-Lead	2.00	2.00	2.00	2.00	0.00	0.00%
Supervising Electric Project Engineer	1.00	1.00	1.00	1.00	0.00	0.00%
Tree Maintenance Person	1.00	1.00	1.00	1.00	0.00	0.00%
Utilities Chief Operating Officer	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Utilities Chief Operating Officer (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Utilities Compliance Technician	2.00	2.00	2.00	3.00	1.00	50.00%
Utilities Compliance Technician-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Utilities Credit/Collection Specialist	2.00	2.00	2.00	2.00	0.00	0.00%
Utilities Director	0.00	0.00	1.00	1.00	0.00	0.00%
Utilities Engineer Estimator	5.00	5.00	5.00	5.00	0.00	0.00%
Utilities Field Services Representative	5.00	5.00	5.00	5.00	0.00	0.00%
Utilities Install Repair-Lead-Welding Certified	2.00	2.00	2.00	2.00	0.00	0.00%
Utilities Install Repair-Welding Certified	3.00	3.00	3.00	3.00	0.00	0.00%
Utilities Install/Repair	10.00	10.00	10.00	10.00	0.00	0.00%
Utilities Install/Repair Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Utilities Install/Repair-Lead	5.00	5.00	5.00	5.00	0.00	0.00%
Utilities Key Account Representative	3.00	3.00	3.00	3.00	0.00	0.00%
Utilities Locator	3.00	3.00	3.00	3.00	0.00	0.00%

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	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Utilities Marketing Program Administrator	3.00	3.00	4.00	4.00	0.00	0.00%
Utilities Safety Officer	1.00	1.00	1.00	1.00	0.00	0.00%
Utilities Supervisor	12.00	12.00	12.00	11.00	-1.00	(8.33)%
Utilities Supervisor (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Utilities System Operator	5.00	5.00	5.00	5.00	0.00	0.00%
Utility Engineering Estimator - Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Warehouse Supervisor	0.80	0.80	0.80	0.80	0.00	0.00%
Water System Operator II	4.00	4.00	4.00	4.00	0.00	0.00%
WGW Heavy Equipment Operator	0.00	0.00	0.00	4.70	4.70	0.00%
Total Utilities	256.67	256.67	257.42	257.42	0.00	0.00%
Total Enterprise Fund	357.86	357.86	358.61	358.74	0.13	0.04%
Other Funds						
Capital Project Fund						
Administrative Assistant	0.00	0.00	0.15	0.15	0.00	0.00%
Administrative Associate I	0.80	0.80	0.80	0.80	0.00	0.00%
Administrative Associate III	0.89	1.09	0.89	0.89	0.00	0.00%
Assistant Director Public Works	0.58	0.58	0.72	0.72	0.00	0.00%
Associate Engineer	2.96	3.04	2.50	1.50	-1.00	(40.00)%
Associate Engineer (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Associate Planner	0.00	0.31	0.30	0.30	0.00	0.00%
Building Serviceperson	0.00	0.75	0.75	1.00	0.25	33.33%
Building Serviceperson-Lead	0.00	1.40	1.40	1.40	0.00	0.00%
Cement Finisher-Lead	0.74	0.74	0.74	0.74	0.00	0.00%
Chief Transportation Official	0.52	0.36	0.30	0.30	0.00	0.00%
Contracts Administrator	0.60	0.60	0.60	0.60	0.00	0.00%
Coordinator Public Works Projects	1.30	1.30	1.30	1.30	0.00	0.00%
Coordinator Transportation Systems Management	0.62	0.76	0.75	0.75	0.00	0.00%
Engineer	2.80	2.80	3.10	2.10	-1.00	(32.26)%
Engineer (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Engineering Technician III	0.50	0.50	0.50	0.50	0.00	0.00%
Facilities Technician	1.50	1.50	1.50	1.50	0.00	0.00%
Inspector, Field Services	1.21	1.21	1.21	1.21	0.00	0.00%
Landscape Architect Park Planner	0.90	0.90	0.90	0.90	0.00	0.00%
Management Analyst	0.79	0.82	0.94	0.95	0.01	1.06%
Manager Facilities	0.10	0.10	0.10	0.10	0.00	0.00%
Manager Maintenance Operations	0.65	0.65	0.65	0.65	0.00	0.00%
Parking Operations-Lead	1.00	0.35	0.40	0.40	0.00	0.00%

TABLE OF ORGANIZATION

Table of Organization^a

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Program Assistant II	0.40	0.00	0.00	0.00	0.00	0.00%
Project Engineer	7.14	6.84	7.59	7.62	0.03	0.40%
Project Manager	1.15	1.15	1.15	0.80	-0.35	(30.43)%
Project Manager (Freeze)	0.00	0.00	0.00	0.35	0.35	0.00%
Senior Engineer	1.99	1.99	2.99	4.04	1.05	35.12%
Senior Management Analyst	0.60	0.72	0.60	0.60	0.00	0.00%
Senior Planner	0.85	0.72	0.50	0.50	0.00	0.00%
Senior Project Manager	0.90	0.90	1.00	0.00	-1.00	(100.00)%
Supervisor Inspection and Surveying	0.63	0.63	0.63	0.65	0.02	3.17%
Surveyor, Public Works	0.55	0.55	0.55	0.55	0.00	0.00%
Traffic Engineering-Lead	0.62	0.35	0.55	0.55	0.00	0.00%
Transportation Planning Manager	0.50	0.35	0.35	0.35	0.00	0.00%
Total Capital Project Fund	33.79	34.76	36.40	36.77	0.37	1.02%

Printing and Mailing Services

Manager Revenue Collections	0.10	0.10	0.10	0.10	0.00	0.00%
Offset Equipment Operator	1.52	1.52	1.52	1.52	0.00	0.00%
Total Printing and Mailing Services	1.62	1.62	1.62	1.62	0.00	0.00%

Special Revenue Funds

Account Specialist	1.62	1.87	1.87	1.37	-0.50	(26.74)%
Account Specialist (Freeze)	0.00	0.00	0.00	0.50	0.50	0.00%
Account Specialist-Lead	0.95	0.55	0.55	0.55	0.00	0.00%
Administrative Assistant	0.00	0.00	0.35	0.35	0.00	0.00%
Administrative Associate II	0.20	0.20	0.20	0.20	0.00	0.00%
Administrative Associate III	0.00	0.21	0.00	0.00	0.00	0.00%
Associate Planner	0.00	0.42	0.25	0.25	0.00	0.00%
Chief Transportation Official	0.05	0.00	0.00	0.00	0.00	0.00%
Community Service Officer	0.50	0.50	0.50	0.37	-0.13	(26.00)%
Community Service Officer (Freeze)	0.00	0.00	0.00	0.13	0.13	0.00%
Coordinator Public Works Projects	0.20	0.20	0.20	0.20	0.00	0.00%
Electrician	0.20	0.20	0.20	0.20	0.00	0.00%
Facilities Maintenance-Lead	0.15	0.15	0.15	0.15	0.00	0.00%
Facilities Painter	0.25	0.25	0.25	0.25	0.00	0.00%
Facilities Technician	0.45	0.45	0.45	0.45	0.00	0.00%
Management Analyst	0.02	0.17	0.35	0.35	0.00	0.00%
Manager Community Services Senior Program	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Maintenance Operations	0.19	0.19	0.19	0.19	0.00	0.00%
Manager Revenue Collections	0.28	0.28	0.28	0.28	0.00	0.00%

Table of Organization^a

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Parking Operations-Lead	0.00	0.55	0.60	0.60	0.00	0.00%
Senior Planner	0.40	0.40	0.40	0.40	0.00	0.00%
Street Maintenance Assistant	2.00	2.00	2.00	2.00	0.00	0.00%
Street Sweeper Operator	0.37	0.37	0.37	0.37	0.00	0.00%
Transportation Planning Manager	0.30	0.24	0.50	0.50	0.00	0.00%
Total Special Revenue Funds	9.13	10.20	10.66	10.66	0.00	0.00%

Technology Fund						
Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant Director Administrative Services	0.10	0.10	0.10	0.10	0.00	0.00%
Business Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Desktop Technician	6.00	6.00	6.00	6.00	0.00	0.00%
Director Information Technology/CIO	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Director Information Technology/CIO (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Manager Information Technology	4.00	3.00	3.00	3.00	0.00	0.00%
Manager Information Technology Security	1.00	1.00	1.00	1.00	0.00	0.00%
Principal Business Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Business Analyst	2.00	2.00	2.00	2.00	0.00	0.00%
Senior Management Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Technologist	17.00	18.00	18.00	16.00	-2.00	(11.11)%
Senior Technologist (Freeze)	0.00	0.00	0.00	2.00	2.00	0.00%
Technologist	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Technologist (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Total Technology Fund	36.10	36.10	36.10	36.10	0.00	0.00%

Vehicle Replacement and Maintenance Fund						
Administrative Associate III	1.00	1.00	0.00	0.00	0.00	0.00%
Assistant Director Public Works	0.25	0.25	0.25	0.25	0.00	0.00%
Assistant Fleet Manager	1.00	1.00	1.00	1.00	0.00	0.00%
Equipment Maintenance Service Person	2.00	2.00	2.00	2.00	0.00	0.00%
Fleet Services Coordinator	2.00	2.00	1.00	1.00	0.00	0.00%
Management Analyst	0.20	0.20	0.20	0.20	0.00	0.00%
Management Assistant	0.00	0.00	1.00	1.00	0.00	0.00%
Manager Fleet	1.00	1.00	1.00	1.00	0.00	0.00%
Motor Equipment Mechanic II	6.00	6.00	6.00	5.00	-1.00	(16.67)%
Motor Equipment Mechanic II (Freeze)	0.00	0.00	0.00	1.00	1.00	0.00%
Motor Equipment Mechanic-Lead	2.00	2.00	2.00	2.00	0.00	0.00%

TABLE OF ORGANIZATION

Table of Organization^a

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2021 Change FTE	FY 2021 Change %
Project Manager	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Management Analyst	0.08	0.08	0.08	0.08	0.00	0.00%
Total Vehicle Replacement and Maintenance Fund	16.53	16.53	15.53	15.53	0.00	0.00%
Workers' Compensation Program Fund						
Senior Human Resources Administrator	1.00	1.00	1.00	1.00	0.00	0.00%
Total Workers' Compensation Program Fund	1.00	1.00	1.00	1.00	0.00	0.00%
Total Other Funds	98.17	100.21	101.31	101.68	0.37	0.37%
Total Citywide Positions	1,058.95	1,040.35	1,034.85	1,034.85	0.00	0.00%

a. The Table of Organization includes position freezes recommended in the FY 2021 Adopted Operating Budget memo (CMR 11330). These positions have been de-funded in FY 2021 and are identified in the Table of Organization with "(Freeze)" following the job classification title. Job classifications impacted by freezes are summarized in two rows, one to reflect the total FTE authorized (less freezes), and one to reflect the total FTE freezes.

b. The Office of Transportation was created within the City Manager's Office in FY 2020 through the reallocation of staff and resources from the Planning and Development Services Department (previously the Planning and Community Environment Department). For demonstrative purposes, prior years in the Office of Transportation have been restated to include Transportation staff.

c. The Planning and Development Services Department was established in FY 2020 through the merging of the Development Services Department and the Planning and Community Environment Department and the reallocation of resources to create a dedicated Office of Transportation within the City Manager's Office. For demonstrative purposes, prior years have been restated to include staffing of the prior Development Services Department and the Planning and Community Environment Department.

Supplemental Information





CITY OF
**PALO
ALTO**

BUDGET ADOPTION ORDINANCE

Budget Adoption Ordinance

As discussed in the 'Budget Process' section of this document, the review of the operating and capital budgets is structured around public hearings conducted by the Finance Committee and City Council prior to adoption of the budget. These hearings are conducted in part to incorporate community input into the decision making process. The ordinance to adopt the Fiscal Year 2021 Budget is included below. This ordinance was approved and adopted by the City Council on June 22, 2020.

BUDGET ADOPTION ORDINANCE

DocuSign Envelope ID: 4327A002-4DF6-4C8C-92FC-2ABC5C21AE8C

ORDINANCE NO. 5499

Ordinance of the Council of the City of Palo Alto Adopting the Budget for Fiscal Year 2021

SECTION 1. The Council of the City of Palo Alto finds and determines as follows:

A. Pursuant to the provisions of Section 6(g) of Article IV of the Charter of the City of Palo Alto and Chapter 2.28 of the Palo Alto Municipal Code, the City Manager has prepared and submitted to the City Council, by letter of transmittal, a budget proposal for Fiscal Year 2021; and

B. Pursuant to the provisions of Section 12 of Article III of the Charter, the Council did, on June 22, 2020, hold public hearings on the budget after publication of notice in accordance with Section 2.28.070 of the Palo Alto Municipal Code; and

C. In accordance with the provisions of Chapter 8 of Division 1, of Title 7, commencing with Section 66016 of the Government Code, as applicable, the Council did on June 22, 2020, hold a public hearing on the proposed amendments to the Municipal Fee Schedule, after publication of notice and after availability of the data supporting the amendments was made available to the public at least 10 days prior to the hearing.

SECTION 2. Pursuant to Chapter 2.28 of the Palo Alto Municipal Code, the following documents, collectively referred to as “the budget” are hereby approved and adopted for Fiscal Year 2021:

- (a) The budget document (Exhibit “1”) containing the proposed operating and capital budgets submitted on April 20, 2020, by the City Manager for Fiscal Year 2021, entitled “City of Palo Alto - City Manager’s Fiscal Year 2021 Proposed Budget” covering General Government Funds, Enterprise Funds, Special Revenue Funds, and Internal Service Funds, a copy of which is on file in the Department of Administrative Services, to which copy reference is hereby made concerning the full particulars thereof, and by such reference is made a part hereof; and
- (b) The Amendments to the City Manager’s Fiscal Year 2021 Proposed Budget, attached hereto as Exhibit “2”, Exhibit “3”, and Exhibit “4” and made a part hereof; and
- (c) Changes and revised pages in the Table of Organization, as displayed on pages 339 through 356 in “Exhibit 1,” and amended in Exhibit “5” made a part hereof; and
- (d) Fee changes of the Municipal Fee Schedule attached hereto as Exhibit “6”.

DocuSign Envelope ID: 4327A002-4DF6-4C8C-92FC-2ABC5C21AE8C

SECTION 3. The sums set forth in the budget for the various departments of the City, as herein amended, are hereby appropriated to the uses and purposes set forth therein.

SECTION 4. All expenditures made on behalf of the City, directly or through any agency, except those required by state law, shall be made in accordance with the authorization contained in this ordinance and the budget as herein amended.

SECTION 5. Appropriations for the Fiscal Year 2020 that are encumbered by approved purchase orders and contracts for which goods or services have not been received or contract completed, and/or for which all payments have not been made, by the last day of the Fiscal Year 2020 shall be carried forward and added to the fund or department appropriations for Fiscal Year 2021.

SECTION 6. The City Manager is authorized and directed to make changes in the department and fund totals and summary pages of the budget necessary to reflect the amendments enumerated and aggregated in the budget as shown in Exhibit "2", Exhibit "3", and Exhibit "4" and the Fiscal Year 2020 appropriations carried forward as provided in Section 5.

SECTION 7. As specified in Section 2.04.320 of the Palo Alto Municipal Code, a majority vote of the City Council is required to adopt this ordinance.

SECTION 8. As specified in Section 2.28.140(b) of the Palo Alto Municipal Code, the Council of the City of Palo Alto hereby delegates the authority to invest the City's funds to the Director of Administrative Services, as Treasurer, in accordance with the City's Investment Policy for Fiscal Year 2021.

SECTION 9. The Council of the City of Palo Alto adopts the changes to the Municipal Fee Schedule as set forth in Exhibit "6". The amount of the new or increased fees and charges is no more than necessary to cover the reasonable costs of the governmental activity, and the manner in which those costs are allocated to a payer bears a fair and reasonable relationship to the payer's burden on, or benefits received from, the governmental activity. All new and increased fees shall go into effect immediately; provided that pursuant to Government Code Section 66017, all Planning & Community Environment Department fees relating to a "development project" as defined in Government Code Section 66000 shall become effective sixty (60) days from the date of adoption.

SECTION 10. Fees in the Municipal Fee Schedule are for government services provided directly to the payor that are not provided to those not charged. The amount of this fee does not exceed the reasonable costs to the City of providing the services. Consequently, pursuant to Art. XIII C, Section 1(e)(2), such fees are not a tax.

BUDGET ADOPTION ORDINANCE

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SECTION 11. As provided in Section 2.04.330 of the Palo Alto Municipal Code, this ordinance shall become effective upon adoption.

SECTION 12. The Council of the City of Palo Alto hereby finds that this is not a project under the California Environmental Quality Act and, therefore, no environmental impact assessment is necessary.

INTRODUCED AND PASSED: June 22, 2020

AYES: CORMACK, DUBOIS, FILSETH, FINE, KNISS

NOES: KOU, TANAKA

ABSENT:

ABSTENTIONS:

NOT PARTICIPATING:

ATTEST:

DocuSigned by:
Beth Minor
2735211774650413
City Clerk

DocuSigned by:
Adrian Fine
2892182891E446
Mayor

APPROVED AS TO FORM:

DocuSigned by:
Ed Shikada
F2DCA19CC88D3F9
City Manager

APPROVED:

DocuSigned by:
Molly Stump
39A473B653574439
City Attorney

DocuSigned by:
Kelly S. Nesi
D513D7E38B4209
Director of Administrative Services

APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

Fiscal Year 2021 Appropriations Limit Resolution and Calculation

The City of Palo Alto complies with Article XIII B of the Constitution of the State of California, which mandates that the City may not appropriate any proceeds of taxes in excess of its appropriations limit. The limit is calculated annually to adjust for inflation and population changes. The resolution determining the Calculation of the Appropriations Limit for Fiscal Year 2021 is included below. This resolution was adopted by the City Council on June 22, 2020.

APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

DocuSign Envelope ID: 04452397-9721-4BD3-B416-DC02A0ACF0C1

RESOLUTION NO. 9900

Resolution of the Council of the City of Palo Alto Determining the Calculation of the Appropriations Limit for Fiscal Year 2021

WHEREAS, under Article XIII B of the Constitution of the State of California, the City of Palo Alto (City) may not appropriate any proceeds of taxes in excess of its appropriations limit (Limit); and

WHEREAS, since fiscal year 1991, the City is permitted to annually adjust its Limit in accordance with inflation and population adjustment factors; and

WHEREAS, pursuant to Government Code Section 37200, the calculation of the Limit and the total appropriations subject to the limit were set forth in the annual budget of the City for Fiscal Year 2021, which was adopted by ordinance of the Council on June 22, 2020; and

WHEREAS, pursuant to Government Code sections 7901 and 7910, the final calculation of the Limit has been determined, and the adjustment factors on which the calculation is based are a 3.73% percent change in California per capita income and a 0.37% percent change in the population growth for the County of Santa Clara; and

WHEREAS, the documentation used in the determination of the Limit has been made available to the general public for fifteen (15) days prior to the date of adoption of this resolution; and

WHEREAS, according to the final calculation, the City's net appropriations subject to limitation are approximately \$113.06 million.

NOW, THEREFORE, the Council of the City of Palo Alto does RESOLVE as follows:

SECTION 1. The Council of the City of Palo Alto hereby finds that, for Fiscal Year 2021, the final calculation of the Appropriations Limit of the City of Palo Alto has been determined in accordance with the adjustment factors referred to above, the documentation used in the determination of the calculation has been made available to the general public for the period of fifteen days as required by law, and the City's appropriations subject to limitation are under the Limit by approximately \$66.81 million.

SECTION 2. The Council hereby adopts the final calculation of the Appropriations Limit of the City for Fiscal Year 2021, a copy of which is attached hereto as Exhibit 1.

//

APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

DocuSign Envelope ID: 04452397-9721-4BD3-B416-DC02A0ACF0C1

SECTION 3. The Council finds that the adoption of this resolution does not constitute a project under the California Environmental Quality Act, and, therefore, no environmental assessment is necessary.

INTRODUCED AND PASSED: June 22, 2020

AYES: CORMACK, DUBOIS, FILSETH, FINE, KNISS, KOU, TANAKA

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

DocuSigned by:
Beth Minor

City Clerk

APPROVED AS TO FORM:

DocuSigned by:
Molly Stump

City Attorney

APPROVED:

DocuSigned by:
Adrian Fine

Mayor

DocuSigned by:
Ed Shikada

City Manager


DocuSigned by:
Kelly S. Rose

Administrative Services Director

APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

DocuSign Envelope ID: 04452397-9721-4BD3-B416-DC02A0ACF0C1

Exhibit 1

APPROPRIATIONS LIMITATION COMPLIANCE CALCULATION FOR FISCAL YEAR 2021 ADOPTED BUDGET (\$ IN MILLIONS)						
Total Budgeted Appropriations	General Fund	Capital Projects Funds	Special Revenue Funds	Debt Service Fund	Combined Funds	
FY 2021 Adopted Budget	\$ 196.97	\$ 179.05	\$ 19.43	\$ 7.56	\$ 403.01	
Less:						
Interfund Transfers	\$ (17.80)	\$ 2.38	\$ (12.87)	\$ -	\$ (28.29)	
Allocated Charges	\$ (18.31)	\$ -	\$ -	\$ -	\$ (18.31)	
Non-Proceeds	\$ (49.20)	\$ (175.68)	\$ (10.98)	\$ (7.50)	\$ (243.35)	
Net Appropriations Subject to Limit	\$ 111.66	\$ 5.75	\$ (4.41)	\$ 0.06	\$ 113.06	
	FY 2021 Per Capita Income Change (CA Department of Finance)				3.73%	
	<i>Factor A</i>				1.0373	
	FY 2021 Population Change (Santa Clara County)				0.37%	
	<i>Factor B</i>				1.0037	
	FY 2020 Adopted Appropriations Limit				\$ 172.76	
	Factor A x Factor B				1.0411	
	FY 2021 Adopted Appropriations Limit				\$ 179.86	
	Net Appropriations Subject to Limit				\$ 113.06	
	Amount Under the Limit				\$ 66.81	
	<p>The City of Palo Alto remains well within its appropriations limit in FY 2021. Future year limit trends can be made based on the average change in regional population and income growth. The appropriations subject to limitation includes proceeds of taxes from the General Fund, Capital Projects Fund, and Special Revenue Funds.</p>					
Fiscal Year	Per Capita Income Factor	Population Change Factor	Total Adjustment Factor	Appropriations Limit	Appropriations Subject to Limit	Amount Under the Limit
2020	1.0385	1.0033	1.0419	\$ 171.75	\$ 127.42	\$ 45.34
2019	1.0367	1.0040	1.0408	\$ 164.83	\$ 114.94	\$ 50.87
2018	1.0369	1.0082	1.0454	\$ 158.36	\$ 131.49	\$ 26.88
2017	1.0537	1.0130	1.0674	\$ 151.48	\$ 109.51	\$ 41.97
2016	1.0382	1.0113	1.0499	\$ 141.92	\$ 100.60	\$ 41.31
2015	0.9977	1.0150	1.0127	\$ 135.17	\$ 82.93	\$ 52.24
2014	1.0512	1.0157	1.0677	\$ 133.48	\$ 90.28	\$ 43.20
2013	1.0377	1.0124	1.0506	\$ 125.01	\$ 96.73	\$ 28.28
2012	1.0251	1.0089	1.0342	\$ 119.00	\$ 89.00	\$ 30.00
2011	0.9746	1.0144	0.9886	\$ 115.06	\$ 78.94	\$ 36.12

On November 6, 1979, California voters approved Proposition 4, an initiative that added Article XIII B to the state Constitution. The provisions of this article place limits on the amount of revenue that can be appropriated by all entities of government. The Appropriations Limit is based on actual appropriations during the 1978-1979 fiscal year, as increased each year using specified population and inflationary growth factors.

Reserve Policies

One of the key components of a financially stable organization is the adherence to a policy of maintaining an appropriate level of reserves. The Government Finance Officers Association (GFOA) recommends, at a minimum, that general purpose governments, regardless of size, maintain reserves (unrestricted fund balance) in their General Fund of no less than two months of operating revenues or expenditures, or a minimum of approximately 16.6 percent of General Fund operating expenditures. The GFOA further recommends that reserve levels be directly related to the degree of uncertainty the local government faces; specifically, the greater the uncertainty, the greater the financial resources necessary. Since reserves are used to mitigate risk, during these uncertain economic times, it is crucial that the City continue its practice of adhering to this GFOA guidance. This will provide the City with resources to cope with unforeseen expenditures, unanticipated events, or revenue shortfalls.

General Fund Budget Stabilization Reserve

The City’s Budget Stabilization Reserve (BSR) serves as the primary General Fund reserve. By policy, the BSR is maintained in the range of 15.0 to 20.0 percent of General Fund operating expenditures, with a target of 18.5 percent. Any reduction to the reserve below 15.0 percent requires City Council approval. At the discretion of the City Manager, any BSR balance above 18.5 percent may be transferred to the Infrastructure Reserve (IR), which was established to provide funding for maintenance and rehabilitation of the City’s capital assets. The BSR is used to fund unanticipated one-time costs as opposed to ongoing or recurring operating expenditures. The City’s intent is to fund ongoing programs and services with ongoing dollars.

The City has held a long-standing practice of maintaining a BSR balance of no less than 15.0 percent of General Fund operating expenses. The table below depicts the BSR balances for seven years, the last five years of actual ending BSR balances, and two years of budgeted ending BSR balances. As discussed in this document, the Fiscal Year 2021 Budget assumes a BSR ending balance of \$33.0 million or 16.8 percent. This is within the targeted range of 15 to 20 percent, although it does remain below the City Council goal of 18.5 percent by \$3.5 million.

	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Actuals	FY 2018 Actuals	FY 2019 Adopted	FY 2020 Adopted	FY 2021 Adopted
Ending BSR Balance (in millions)	\$48.2	\$49.5	\$48.1	\$52.8	\$41.0	\$42.7	\$33.0
% of Total Expenses	25.96%	24.06%	22.87%	25.63%	19.16%	18.50%	16.75%

Over the years, the City’s BSR has served as a repository for unspent operating funds at year-end and to fund one-time unexpected needs that arise outside of the regular budget preparation process. Prudent financial management practices dictate that the BSR not be used to fund or solve on-going, recurring financial needs. The City has adhered to this practice and has not used the BSR to provide ongoing budget stabilization during periods of economic downturns.

HUMAN SERVICES RESOURCE ALLOCATION PROCESS (HSRAP) RESERVE

In Fiscal Year 2015, the City Council set aside an earmarked reserve for the Human Resource Allocation Process (HSRAP) in the amount of \$50,000 to be used during future budget cycles. In FY 2019, \$10,000 was spent on the Heart and Home Collaborative leaving \$40,000 in this Reserve. These funds were unspent at the conclusion of Fiscal Year 2020, and it is recommended that this reserve be carried forward to Fiscal Year 2021 for future HSRAP needs.

Credit Rating Agencies

Credit rating agencies view General Fund reserves as a critical component of strong municipal management. According to Moody's Investors Service, reserves are an important factor in the analysis of a municipality's fiscal health and, therefore, a jurisdiction's fiscal policies should include a plan for maintaining reserves. Rating agencies view sound reserves favorably, thus improving a municipality's rating and its ability to obtain low-cost financing for important projects. The City is proud to report that both Moody's and Standard and Poor's (S&P) awarded their highest credit ratings, Triple A, to the City's General Obligation Bonds for library and community center capital improvements in 2010 and 2013, and reaffirmed those ratings in February 2019 by S&P and July 2019 by Moody's. These ratings demonstrate that Palo Alto's prudent financial management and fiscal strength are viewed most favorably by credit agencies.

The four Utility bonds that are rated by S&P also received their highest credit rate of Triple A. Moody's has rated these Utility bonds with either their second highest (Aa1) or third highest (Aa2) ratings.

Capital Fund Reserve

Infrastructure Reserve (IR)

The Infrastructure Reserve (IR) provides a mechanism for financing the City's infrastructure maintenance and rehabilitation requirements and allows the City to apply for reimbursable infrastructure grants and respond to urgent infrastructure needs. The primary purpose of the IR is to fund projects which are critical to the maintenance of existing infrastructure. Unspent monies from General Fund capital projects are returned to the IR and retained within the Capital Fund along with investment income from this reserve to fund future capital project needs.

Other Policies

Debt Policy

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

The City's Debt Policy establishes the guidelines to support the decision-making process for issuing debt. These guidelines were adopted by the City Council on May 13, 1997 (City Manager's Report 210:97). Staff revised the guidelines at the April 11, 2017 City Council meeting to explicitly comply with the recently passed SB 1029 amendments to Government Code section 8855. A summary of the Debt Service guidelines, including more information on the new reporting requirements, is in the Debt Service Fund Overview section.

Investment Policy

The basic principles underlying Palo Alto's investment philosophy are to ensure the safety of public funds, provide that sufficient money is always available to meet current expenditures, and achieve a reasonable rate of return on its investments. Safety is the top priority, followed by liquidity, and yield.

The City pools cash from all sources and funds - except restricted bond proceeds with fiscal agents and/or with a trust - and invests its pooled idle cash in accordance with state law and the City's charter. The City follows the "Prudent Investor Standard" cited in State Government Code (Section 53600.3). Under this standard, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of the City are trustees and, therefore, fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with the same care, skill, prudence and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiarity with those matters would use in the same circumstances to safeguard the principal and maintain the liquidity needs of the agency. Prevailing circumstances include, but are not limited to, economic conditions and the anticipated needs of the agency.

The City's preferred and chief practice is to buy securities and to hold them to their date of maturity rather than trade or sell securities prior to maturity. The City may, however, elect to sell a security prior to its maturity date should there be a significant financial need. If securities are purchased and held to their maturity date, then any changes in the market value of those securities during their life will have no effect on the principal value. Under a buy and hold philosophy, the City is able to protect its invested principal. The economy, money markets and various financial institutions (such as the Federal Reserve System) are monitored carefully to make prudent investments and assess the condition of the City's portfolio.

A detailed explanation of investment objectives, applicability, and general investment guidelines can be found on the City's website. The Investment Policy also delineates authorized investments, authorized investment personnel, and administrative procedures.

City staff is evaluating possible recommendations to the City Council for changes to the Investment Policy and other financial practices to encourage investments that support sound environmental, social, and governance (ESG) investing. This includes encouraging investments in entities that support community well-being through safe and environmentally sound practices and fair labor practices and equality of rights. Also, administratively, staff doesn't invest in entities that manufacture tobacco products, firearms, or nuclear weapons and production and/or drilling of fossil fuels. Staff will be looking at making a recommendation to formalize this practice in the Investment Policy.



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Key Budget Terms

Accrual Accounting: A method of accounting that recognizes expenses when incurred and revenues when earned rather than when payment is made or received

Adopted Budget: The budget that is approved and enacted by the City Council annually on or before June 30th.

Appropriation: The allocation of an expense budget for a particular project or program usually for a specific period of time.

Balanced Budget: A balanced budget exists when total revenues are equal to, or greater than, total expenses.

Bond: A debt investment in which an investor loans money to an entity (governmental or otherwise) that borrows the money for a defined period of time at a fixed interest rate to pay for a variety of projects.

Budget Stabilization Reserve (BSR): The BSR was established as a prudent measure to maintain the City's fiscal stability in the event that unanticipated events reduce revenue or create obligations that significantly impact the current-year budget. Examples of such events include a downturn in the economy, a natural disaster or actions that may be taken by another governmental agency that reduce revenues and/or increase expenses for the City.

Capital Budget: A plan of proposed capital outlays and the means of financing them for the current fiscal period. In a two-year budget, the second year of the Capital Improvement Program is adopted-in-concept.

Capital Improvement Program (CIP): The City's plan for current and future projects related to the acquisition, expansion, or rehabilitation of buildings, equipment, parks, streets, and other public infrastructure.

Capital Projects Fund: A fund created to account for all resources to be used for the construction or acquisition of designated fixed assets by a governmental unit except those financed by proprietary or fiduciary funds.

City Manager's Report (CMR): Staff reports for City Council meetings as well as boards and commissions that are prepared by City staff and submitted through the City Manager's Office.

Comprehensive Plan: The Palo Alto Comprehensive Plan contains the City's official policies on land use and community design; transportation; natural environment; safety; community services and facilities; and business and economics. Its focus is on the physical form of the City and is applicable to both public and private properties. The Budget integrates the 2030 Comprehensive Plan into the budget process.

Cost Accounting: The branch of accounting that provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, carry on an activity or operation, or complete a unit of work or a specific job.

Enterprise Funds: Funds used to account for services that are provided to the public on a user charge basis, similar to the operation of a commercial business. The City's enterprise funds include the gas, electric, water, fiber optics and wastewater collection and treatment funds.

GLOSSARY

Fiduciary Fund: A fund used to account for assets held by the City acting in a fiduciary capacity for other individuals or entities. These funds are operated to carry out the specific actions required by the trust agreements, ordinances and other governing regulations.

Fiscal Agent: A bank or other corporate fiduciary that performs the function of paying, on behalf of the governmental unit, or other debtor, interest on debt or principal of debt when due.

Fiscal Year: A 12-month period of time to which the annual budget applies and at the end of which a governmental unit determines its financial position and the results of operations. Palo Alto's fiscal year begins on July 1st and ends on June 30th.

Fixed Assets: Assets such as land, structures and improvements, furniture and/or equipment that are expected to last and/or be used for more than one year.

Full-Time Equivalent (FTE): Used to quantify staffing hours for permanent and temporary employees. A 1.00 FTE employee works full time; a 0.50 FTE employee works half-time.

Fund Balance: An excess of the assets of a fund over its liabilities.

General Fund: The primary fund used to account for the City's general purpose revenues such as sales, property, utility users and transient occupancy taxes. General Fund revenues typically pay for citywide services such as public safety, community development, recreation, libraries and parks. The General Fund is distinguished from Special Funds in that the latter are used to account for revenues that have restricted uses (e.g. gas tax funds that must be used for street maintenance or repair).

Governmental Funds: A generic classification used to refer to all funds other than proprietary and fiduciary funds. Governmental funds include the general fund, capital fund, special revenue funds and debt service funds.

Infrastructure Assets: Roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems installed for the common good.

Infrastructure Management Plan (IMP): A portion of the General Fund capital improvement program which focuses on rehabilitating the City's infrastructure. In 1998-99, an outside consultant on the City's infrastructure prepared a report known as the Adamson report. Within this report the City's infrastructure was cataloged and ranked based on when the infrastructure needed to be upgraded or replaced and the cost for each item. At that time, the City Council decided to establish a plan using the Adamson report as a guide for both timeline and cost.

Internal Service Funds: These funds provide services to City departments and recover their costs through user charges. For example the Vehicle Replacement Fund is an Internal Service Fund managing the replacement and maintenance of the City fleet.

Method of Accounting: The City's General Fund budget is developed using a modified accrual basis of accounting, with revenues being recorded when measurable and available, and expenditures recorded when the liability is incurred. Enterprise Funds and Internal Service Funds are budgeted on a generally accepted accounting principles (GAAP) basis, which for Proprietary Funds is on a full accrual accounting basis.

Operating Transfer: Amounts transferred between funds, not considered a revenue or expense. For example, legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

Pay-As-You-Go-Basis: A term used to describe the financial policy of a governmental unit that finances all of its capital outlays from current revenues rather than by borrowing.

Proposed Budget: The proposed budget is the preliminary version of the budget that is sent to the Finance Committee and City Council by the City Manager. The proposed budget is reviewed by the Finance Committee and the City Council, updated with any changes, and then adopted by the City Council prior to the beginning of the next fiscal year.

Proprietary Funds: A generic classification used to refer to all funds other than governmental funds or fiduciary funds. Proprietary funds include internal service funds and enterprise funds.

Reimbursements: Inter-fund transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it but that properly apply to another fund. For example, the Enterprise Funds reimburse the Technology Fund for CIP projects from which the Enterprise Funds benefit.

Reserve: Represents the portion of fund balance set aside for financing future financing needs and addressing one-time emergency or unanticipated events.

Revenues: Revenues include compensation received by the project for specific services to the public (external revenues), as well as revenues received from other funds (internal revenues).

Special Revenue Funds: These funds account for the proceeds derived from specific revenue sources that are legally restricted to expenditures for specified purposes. The Street Improvement Fund (SIF) is a Special Revenue Fund that derives its funding from state gas tax revenues. Capital appropriations from the SIF must be spent on the construction and maintenance of the road network system of the City.



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AMERICANS WITH DISABILITIES ACT



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IN COMPLIANCE WITH
AMERICANS WITH DISABILITIES ACT (ADA) OF 1990,
THIS DOCUMENT MAY BE PROVIDED
IN OTHER ACCESSIBLE FORMATS.

For information contact:

ADA Coordinator
City of Palo Alto
285 Hamilton Ave
(650) 329-2550



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PALO ALTO

Spanish explorers named the area for the tall, twin-trunked redwood tree they camped beneath in 1769. Palo Alto incorporated in 1894 and the State of California granted its first charter in 1909. The City has long been known for its innovative people and its exploration of ideas that have changed the world. In Palo Alto, our history has always been about the future.

CITY OF PALO ALTO

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