



FINANCE COMMITTEE MEETING

5/25/2021

Placed Before Meeting

Received at Meeting

#1

City of Palo Alto

MEMORANDUM

TO: City Council

DATE: May 25, 2021

SUBJECT: **AGENDA ITEM #1:** Fiscal Year 2022 Budget Wrap-Up Memorandum

Recommendation

Staff recommends that the Finance Committee:

- 1) Review the current budget adjustments to the Fiscal Year 2022 Proposed Operating and Capital Budgets and Municipal Fee Schedule in alignment with the work completed by the Committee May 4, 11, and 12, 2021 and the City Council budget review on May 17, 2021;
- 2) Review additional information provided either at staff's behest or as requested by the Committee and City Council such as the revised General Fund financial forecast scenarios;
- 3) Recommend to the City Council the adoption of the FY 2022 Operating and Capital Budgets, Municipal Fee Schedule, and approve the FY 2022-2025 Capital Improvement Plan as amended by the actions outlined in this report and approved in the wrap-up discussion; and
- 4) Recommend to the City Council adjustments to the FY 2022 Operating Budget in the event the City does not reach agreement with labor groups on concessions estimated at \$1.6 million in the General Fund and \$2.5 million all funds.

Executive Summary

At the conclusion of the May 25, 2021 Budget Wrap-up discussion with the Finance Committee, the Committee is ultimately tasked with providing a recommendation of adjustments to the FY 2022 Proposed Operating, Capital and Municipal Fee Budgets and schedule for the City Council consideration and adoption scheduled for June 21, 2021. After significant deliberations, over the month of May, staff have consolidated all actions in this memorandum for ease of the Committee's final review including:

- 1) Current recommended adjustments to the budgets;
- 2) Items for the Committee to consider recommending to the Council to refer to staff for further work;
- 3) Staff recommended adjustments;
- 4) Additional information provided either at the request of the Council and Committee or at staff's behest; and
- 5) Summary of actions and references

In addition to these items, staff have not yet achieved agreement with any of the City's labor groups for a zero general wage increase for FY 2022, an action that cannot be taken unilaterally. Therefore, staff recommends to the Committee to include in its recommendation to the City Council an alternative balancing strategy should concessions, an estimated savings of \$1.6 million in the General Fund (\$2.5 million all funds), not be achieved. Staff can provide these two plans for City Council adoption for ease in June depending on the outcome of the ongoing labor discussions. Given the nature of the conversation over the past few weeks and willingness to allocate additional funds, staff recommend this prudent planning in the event it is necessary for budget adoption.

1. CURRENT STATUS OF RECOMMENDED ADJUSTMENTS TO BALANCING STRATEGY INCLUDING CITY COUNCIL REVIEW OF FINANCE COMMITTEE ITEMS

During the deliberations with the Finance Committee on May 11 and 12, the Committee reviewed the FY 2022 Operating Budget, Capital Budget, and Municipal Fees. To balance the FY 2022 \$13 million gap, the Proposed Budget included \$7.7 million in net service and capital improvement investment reductions, \$1.0 million use of program specific reserves (e.g. Development Center), an assumed \$1.6 million in labor concessions, and use of \$3.1 million in ARPA funds. Based on the proposed balancing strategy and well as new information made available as part of the committee's deliberations, the Committee's strategy recommends restoration of proposed FY 2022 budget reductions in the following departments: Police, Library, Community Services, Fire, Planning and Development Services, and some additional in adjustments in internal services departments.

On May 17, 2021, the City Council reviewed the current progress of budget deliberations that occurred with the Finance Committee on May 11 and 12, 2021. Staff summarized these proceedings in an [at places](#) memorandum assisting in facilitation of obtaining Council feedback on the assumptions and areas for focus by the Committee in the wrap-up meeting on May 25.

The seven items that the Finance Committee highlighted for the City Council to consider and discuss at the May 17, 2021 Council update are below as modified by the City Council. The items that the City Council revised or added on May 17, 2021, are noted as "revised" or "new" in the list below:

1. Propose lowering the level of the Budget Stabilization Reserve (BSR) by \$2.5 million, below the 18.5 percent target to between 16.6 percent and 17.4 percent of estimated FY 2022 expense levels;
2. Propose a one-year solution where the City will continue to face gaps in FY 2023 if revenues do not grow faster than expenses;
3. **REVISED** Assume a 60-40 split of the receipt and appropriation of American Rescue Plan Act (ARPA) funding of \$13.7 million over a 24-month period (previously 50-50);
4. Consider a moderate increase in the Electric Utility Rate in FY 2022;
5. Request the City Council or their representatives to engage with the school board on cost sharing for services such as, but not limited to: Crossing Guards, Children's Theatre Outreach Productions, Safe Routes to School;
6. Assume the \$1.6 million in labor concessions in the General Fund are achieved;
7. Recommend up to \$1.0 million for the City Council to increase the Uncertainty Reserve, replenish the Budget Stabilization Reserve, and/or allocate towards service restoration.
8. **NEW** Add \$565,000 for the following:
 - Outreach and Summer Hotdog Series Productions by the Children's Theater (\$260,000)
 - Youth Connectedness Initiative (YCI) matching County funds (\$50,000)
 - Restore the Council Contingency to \$100,000 (\$75,000)

- Increase funding to Human Services Resource Allocation Process (HSRAP) (\$150,000)
 - Restore funding for the Twilight Concert Series (\$30,000);
9. **NEW** Reduce funding to the Transportation Management Association (TMA) to \$150,000;
 10. **NEW** Consider an increase to Residential Parking Permit (RPP) fees to 10 percent higher than garages and appropriate fee levels at 2019 or 2020 rates;
 11. **NEW** Return in fall 2021 with a long-range plan for Capital Improvement projects in FY 2023 and beyond to adjust for changes in the budget;
 12. **NEW** Direct the Finance Committee to fund the Roth Building through the combination of impact fees and Stanford University Medical Center (SUMC) funds; and
 13. **NEW** Move forward with Phase 4 of the Charleston/Arastradero Project using funding Option 1 (\$1.2 million SUMC funding; \$1.5 million from the Bike and Pedestrian Plan capital project (PL-04010); and \$300,000 from various street maintenance projects).

The table below summarizes all General Fund actions tentatively approved by Finance Committee and City Council during May. These adjustments total \$1.7 million in savings in FY 2022 and \$2.9 million in ongoing costs.

General Fund Adjustments	One-time \$ (savings)/cost	Ongoing \$ (savings)/cost
<i>City Council & Finance Committee Recommendations May 11, 12, & 17</i>		
60-40 split of \$13.7 million American Rescue Plan Act (ARPA) Revenues (\$8.2 million in FY 2022 and \$5.5 million in FY 2021)	(1,950,000)	750,000
Draw on unallocated "Reserve: Remaining American Recovery Act Plan (ARPA) Funding" (proposed Operating Budget page 398)	(3,192,580)	(3,192,580)
Reduce City Council Contingency (from \$125,000 to \$100,000)	(25,000)	-
Draw from Budget Stabilization Reserve (BSR) (funding level approximately 17%)	(2,500,000)	-
Children's Theater Outreach and Summer Hotdog Series*	260,000	260,000
Twilight Concert Series	30,000	30,000
Youth Connectedness Initiative (YCI) Matching County Funds	50,000	-
Human Services Resource Allocation Process (HRSP) Funds (\$200,000 one-time, \$50,000 from SUMC)	150,000	-
Eliminate Finance Committee recommended \$125,000 to CSD at staff's discretion*	(125,000)	-
Reduce JMZ ticket price (\$18 to \$10) and associated revenue	914,000	914,000
Restore Art Center Hours/Program/Fees	208,025	208,025
Restore CSD Admin Support	152,200	152,200
Restore Sports and Recreation Staffing	38,202	38,202
Restore JMZ Marketing (funding of \$150,000 is 75% of initial estimates)	50,000	50,000
Restore Cubberley Theatre Administration	94,123	94,123
Restore Children's Theatre Operations and production	68,224	68,224

General Fund Adjustments	One-time \$ (savings)/cost	Ongoing \$ (savings)/cost
Restore Teen Services/Use of ThinkFunds	55,209	55,209
Restore Baylands Interpretive Center Hours	15,321	15,321
Restore Cubberley Artist Studio Administration	12,173	12,173
Restore Emergency Incident Brown Out at Fire Station 2 (maintains weekday 8am to 8pm staffing)	709,000	709,000
Add Funding for Fire Equity Hiring Initiatives	50,000	-
Restore Patrol Staffing (maintains FY 2021 adopted budget staffing levels)	1,008,737	1,008,737
Restore Crossing Guard Services (maintains full funding for approx. 30 crossings)	304,310	304,310
Restore Lieutenant, previously reallocated to CMO	292,903	292,903
Restore Police Administration Programming	47,450	47,450
Restore Library Hours at College Terrace, Downtown, and Children's (Maintains FY 2021 adopted budget services of 3 days/week)	544,918	544,918
Restore Current Planning Staff	138,146	138,146
Restore Federal Lobbyist Contract Services	40,000	40,000
Restore Minutes Transcription Services	63,000	63,000
Establish a FY 2022 Council Uncertainty Reserve	500,000	-
<i>Subtotal City Council & Finance Committee Recommendations</i>	(\$1,996,579)	\$2,313,711
<i>Staff recommended adjustments to the General Fund in this report (section 3):</i>		
Public Works Facility and Allocated Charges	53,000	53,000
Business Registry Revenue Adjustment	82,000	82,000
Restore Administrative Functions (Section 3)	875,000	495,000
Eliminate General Fund Transitional Reserve (Section 3)	(750,000)	-
<i>Subtotal Staff Recommended General Fund Adjustments</i>	\$260,000	\$630,000
TOTAL	(\$1,736,579)	\$2,943,711

* Staff recommends using the \$125,000 one-time funding tentatively approved by the Finance Committee on May 12 for the Community Services Department for this purpose.

Overall, this table articulates that in FY 2022, revenues and use of reserves are expected to exceed programed expenses by \$1.7 million. This assumes the City reaches agreement with labor groups and achieves approximately \$1.6 million in savings in the General Fund in FY 2022. In FY 2023, this articulates that additional cost, or expense of \$2.9 million would result once one-time adjustments are annualized. Scenarios of the quick calculation of the Long Range Financial Forecast (LRFF) revised is in the Additional Information Section 4 below.

The City Council and Finance Committee also recommended adjustments to non-General Fund activities which are summarized in full below. This table does not include staff recommended additional actions recommended by staff which can be found in section 3 of this document.

Other Fund Adjustments	Fund
<i>City Council & Finance Committee Recommendations May 11, 12, & 17</i>	
Add Phase 4 Charleston/Arastradero Corridor Project in CIP plan +\$3 million (offset by \$1.2 million SUMC funding; \$1.5 million from the Bike and Pedestrian Plan capital project (PL-04010); and \$300,000 from various street maintenance projects)	Capital Improvement Fund & Stanford University Medical Center (SUMC)
Adjust Commodity Purchases in Gas (decrease \$1.6 million)	Gas Operating Fund
Reduce the funding allocated to the Transportation Management Association (TMA) to \$150,000	University Avenue Parking Permit Fund
Fund the ROTH Building Phase 1 rehabilitation (aka “warm shell”) of 300 Homer Ave. estimated at \$4.0 to 4.5 million	To Be Determined

2. FUTURE FOLLOW-UP ITEMS (POTENTIAL REFERRALS)

Various discussions arose around more in-depth review of or summary information regarding topics or service delivery changes not currently included in the FY 2022 Proposed Budget. Staff has noted these items for the Finance Committee consideration to recommend to the City Council as referrals to staff. Staff has also outlined any plans already in the works for context for the Committee’s consideration.

- Review cost sharing options for mutual activities with the Palo Alto Unified School District (PAUSD), such as crossing guards, Children's Theater outreach, and Safe Routes to School.
 - *City / Schools have already begun discussing this at their May 20, 2021 meeting*
- Staff to analyze potential scenarios for Utility Electric Rates and impact to the Electric Fund Reserves. Currently Electric Rate increases are held flat for FY 2022 at 0%, which is estimated to draw down Electric Fund Reserves by \$23 million.
 - *Staff have included in Section 4 of this memorandum, Additional Information, discussing what a 1 percent increase in the Electric Rate would result in.*
- Consider an increase to Residential Parking Permit (RPP) fees to 10 percent higher than garages and appropriate fee levels at 2019 or 2020 rates.
 - *Staff plan on returning after summer recess to City Council on parking permit program rates including the fees for the Residential Parking Permit program.*
- Return in fall 2021 with a long-range plan for Capital Improvement projects in FY 2023 and beyond to adjust for changes in the budget.
 - *Staff expect that long-term multi-year expense needs will be included as a component of the upcoming local ballot measure discussions expected to begin in June 2021 with the Finance Committee.*
- Fund the Roth Building through the combination of impact fees and Stanford University Medical Center (SUMC) funds.
 - *Staff have provided the analysis of available funding later in this report in section 4, Additional Information. Therefore, the Committee may provide direction as part of their recommendation to the City Council for budget adoption at their pleasure.*

3. ADDITIONAL STAFF RECOMMENDED ADJUSTMENTS

In addition to the tentative adjustments outlined by the Finance Committee and City Council, staff recommends adjustments for several items that require technical corrections to align the budget with anticipated activity levels and changes that occurred subsequent to the release of the FY 2022 budget:

GENERAL FUND

Public Works Facility and Custodial Allocated Charges

In staff's review of the actions taken by the Council such as restoration of Library services and the Baylands Interpretive Center open hours, staff identified that the Public Works Department budget assumed \$53,000 in cost savings for facility and custodial services associated with those service reductions and closures. Staff recommends a corresponding action to increase these costs to ensure that sufficient resources are available to support the restored service levels.

Business Registry Revenue Adjustment

On May 17, 2021, staff brought forward a recommendation to the City Council to waive the Business Registry Certificate (BRC) and Business Improvement District (BID) fees in calendar year 2021 ([CMR 12167](#)). As part of this action, staff recommends an adjustment to reduce the associated fee revenues by \$82,000. This assumes fees will be restored for FY 2023.

Restore Citywide Administrative Support Functions

In the May 17 City Council meeting, staff noted that the organization has been operating with a hiring freeze and expectation for further reductions and constrained resources. Throughout the organization, including internal service departments, there is little to no staff back-up for teams. Therefore, the provision of hiring services and contract services are critical to be done as expeditiously as possible just to ensure continuity of business.

Staff recommends the following adjustments to assist in the administration of continuing services to the community as have been recommended for restoration by the Council. These are modest increases after compounding reductions and therefore, should not be expected to be a rapid response, however, will assist in the expected burst of needs as a result of the current planned restoration and readying the organization for the next recovery phase of the pandemic. In total, these additions reflect less than a 50 percent restoration from the FY 2022 proposed reductions. This is in contrast to the tentative restoration of approximately 65 percent of community facing services.

Staff recommend offsetting these restorations in FY 2021 with the use of the proposed General Fund Transitional Reserve (initial balance of \$750,000) and recommend setting aside an additional \$300,000 for unknown administration needs. The Transition Reserve was previously set aside for a number of costs such as severance, separation timing, and service changes likely to incur one-time transition costs. However, with the current revised proposal, it is not expected to be necessary.

Department	Position/Service Restoration	General Fund Cost	All Funds Cost
Administrative Services	Restore Purchasing 0.50 FTE Administrative Associate and realign staff resources	94,000	94,000
City Attorney's Office	Restore Assistant City Attorney from underfilled Deputy City Attorney	92,000	92,000
City Auditor's Office	Restore Auditor services contract	30,000	40,000
Fire	Add 1.0 FTE Administrative Associate II, eliminate hourly Administrative Specialist II	68,000	68,000
Human Resources	Recruitment support staffing	75,000	75,000
Information Technology	Technology consultant services (one-time)	80,000	200,000
Public Works	Restore 1.0 FTE Facilities Technician	136,000	136,000
Non-Departmental	Reserve for administration support (one-time)	300,000	300,000
TOTAL		\$875,000	\$1,005,000

Considering financial constraints the City is facing, the above list represents a minimum of staff's recommended restorations of administrative and internal support functions that includes a variety of work to ensure that operations continue to be in compliance with state and federal regulations; the City's Charter and Municipal Code; health and safety guidelines and directives; and, through recruitment, that staffing levels are maintained for all of these requirements to be met. Administrative support is critical in ensuring the ability to deliver frontline services across the organization. Without a contract, a service provider cannot teach a class or provide a grant to a non-profit recipient; without staffing, libraries cannot open and classes cannot be offered; and without safe facilities and technology, staff cannot return to the workplace as the organization adjusts to the evolving pandemic. It is important to note that these recommended adjustments reflect resources needed to continue the overall level of resources and service to be provided by the organization. In the next six to twelve months, staff expects a burst of needs especially on technology, staffing, contracts, and facilities in order to set-up the frontline services the Council is recommending be restored. The additional \$300,000 is what staff is recommending be set aside to help with this surge; however, the necessary public processes do take time and staff expects the availability of resources to meter the pace at which departments can react to providing the recommended service restorations.

In total, the recommendations in this report restore 18 full-time staff (15.4 FTE) and 21 part-time staff (5.21 FTE). With these restorations, the City is experiencing an approximate 10 percent vacancy rate in full-time staffing levels (**Attachment A**). Of the part-time staff proposed for restoration, approximately 50 percent are currently vacant. After significant reductions adopted, most back-up and redundancy in staffing has been eliminated, eliminating the organization's ability to quickly pivot should an absence or vacancy occur. Therefore, it is expected with this level of vacancies there will be a "ramp up" period necessary. As outlined in Section 4 of this memorandum, Additional Information, the near-term City financials remain uncertain. It is expected that both staff and potential candidates will see some barriers and resistance to hiring as both seek to avoid any further layoffs or involuntary separations due to financial constraints in the future. This may further delay the time to provide services immediately upon adoption of this FY 2022 budget as staff work through these uncertainties.

SPECIAL REVENUE FUNDS

Community Development Block Grant (CDBG) Adjustment

On May 4, 2021, the City Council approved the FY 2021-22 CDBG annual action plan ([CMR 12014](#)). On May 13, 2021, the department for Housing and Urban Development (HUD) informed the City that they discovered an error in the formula calculations for the CDBG program and revised Palo Alto's annual allocation from \$528,961 to \$536,756, an increase of \$7,795. This funding is recommended to be allocated to the Rebuilding Together Peninsula Safe at Home project, which focuses on critical health and safety related home repair needs for low-income Palo Alto homeowners. Staff recommends that the annual funding is adjusted to align with the revised calculation and final submission of the annual action plan to HUD.

State Gas Tax Funding

The City received an updated Gas Tax revenue estimate for FY 2022 that is \$132,000 lower than the amount assumed in the FY 2022 Proposed Budget. This revenue is generated by state collections of fuel taxes and vehicle registration fees and distributed to local jurisdictions to fund road rehabilitation and maintenance work on local streets and roads. This type of work is budgeted in the ongoing Streets Maintenance Capital Project (PE-86070) in the Capital Improvement Fund. Staff recommends a reduction of \$132,000 in Gas Tax Revenue in the Gas Tax Fund offset by a \$132,000 reduction in funding for the Streets Maintenance Capital Project (PE-86070) in the Capital Improvement Fund.

ENTERPRISE FUNDS

Utilities Position Reclassifications

On May 3, 2021, the City Council approved an updated salary schedule for Water Gas Wastewater (WGW) Field Inspector classifications in accordance with an arbitration decision in January 2021 ([CMR 12156](#)). As a result of this action, 9.00 positions will be reclassified from a Field Service Inspector to a WGW Utilities Field Service Inspector classification beginning in FY 2022. The new classification aligns the role with the specific area of service and includes a 10 percent increase effective October 2016. This action aligns the Table of Organization in FY 2022 with these actions already approved by the City Council.

CAPITAL IMPROVEMENT PROGRAM (CIP) PLAN

Capital Project Reappropriations

The Municipal Code requires City Council authorization to reappropriate fund for capital projects from one year to the next. These amounts are assessed in early spring to develop the FY 2021 Proposed budget and as an amendment to the proposed budget once more refined estimates are available. These adjustments do not change the overall funding levels and "true-up" the budget to the fiscal year that activity is anticipated to occur; projects experiencing delays in the current year will have funding increased and available at the onset of FY 2022 and projects with higher than anticipated expenditure levels in the current year will have funding reduced in FY 2022. Departments have refined current year estimates and staff recommends a total of \$77.6 million to be reappropriated from FY 2021 to FY 2022 across all funds, a \$21 million increase from the \$56.6 million in the Proposed Budget. This re-review of projects results in an increase to the FY 2022 Capital Improvement Fund Budget by \$11.1 million, from \$31.7 million to \$42.8

million. These amounts supersede the reappropriations presented to the Finance Committee at the May 11 at places memo and a detailed presentation of adjustments will be included in the FY 2022 Budget Adoption staff report, tentatively scheduled for City Council review on June 21, 2021. A summary of these adjustments is presented in **Attachment B**.

4. ADDITIONAL INFORMATION INCLUDING REVISED GENERAL FUND FINANCIAL FORECAST

During the various meeting with both the Finance Committee and the City Council, additional pieces of information were requested. May have already been presented through various at places memorandum that are linked in the resource section of this document or can be found on the City’s Office of management and Budget website. Below are the final outstanding requests for additional information

Updated near term Financial Forecast (update the Long-Range Financial Forecast for FY 2022-2024 based on current recommended adjustments)

On May 11, 2021, the Finance Committee requested that staff return with a projected financial outlook that incorporates tentative adjustments. During the deliberations, the Finance Committee acknowledged that the tentative FY 2022 balancing strategy includes significant use of one-time funding resources solutions to restore ongoing services and that it will be necessary to structurally balance long-term operating revenues and expenses to mitigate future funding gaps. As directed by the City Council, the FY 2022 Proposed Budget was developed using the Long Range Financial Forecast (LRFF) Scenario B ([CMR 11954](#)) that assumes a three to five year economic recovery.

The City’s financial position over the next five years, assuming tentative service restorations recommended by the Finance Committee and City Council, is modeled below, using the same general assumptions as Scenario B in the LRFF. As discussed earlier in this memorandum, a significant unknown in the current proposed balancing strategy remains, the assumed savings from labor concessions. Staff prepared an alternative model that assumes labor concessions are not achieved. Staff did not do a full refresh of the City’s annual LRFF since the time necessary for a full update would not be completed in time for continued deliberations. Therefore, this represents the incremental adjustments layered on top of the existing LRFF models for the actions currently included in the tentative balancing strategy outlined in section 1 of this report. A full refresh of assumptions will be completed as part of the annual financial planning the City routinely executes.

Baseline Scenario: ARPA 60/40 assumes savings from labor concessions

The baseline scenario aligns with the Finance Committee and City Council recommendations to date.

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Use of Reserves/Fund Balance	\$3,450	\$159	\$0	\$0	\$0
Total Revenue	\$205,691	\$213,002	\$218,366	\$225,186	\$231,642
		3.6%	2.5%	3.1%	2.9%
Total Expenditures	\$207,462	\$221,977	\$232,524	\$240,846	\$243,149
		7.0%	4.8%	3.6%	1.0%
Net One-Time Surplus/(Gap)	\$1,679	(\$8,816)	(\$14,158)	(\$15,661)	(\$11,507)
Cumulative Net Operating Margin (One-Time)					(\$48,463)
Net Operating Margin	\$1,679	(\$10,495)	(\$5,342)	(\$1,503)	\$4,154
Cumulative Net Operating Margin					(\$11,507)

Alternative Scenario 1: ARPA 60/40 does not assume any labor concessions

This alternative scenario aligns with the Finance Committee and City Council recommendations to date and assumes that labor concessions totaling \$1.6 million in the General Fund are not achieved.

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Use of Reserves/Fund Balance	\$3,450	\$159	\$0	\$0	\$0
Total Revenue	\$205,691	\$213,002	\$218,366	\$225,186	\$231,642
		3.6%	2.5%	3.1%	2.9%
Total Expenditures	\$209,062	\$223,484	\$234,030	\$242,350	\$244,647
		6.9%	4.7%	3.6%	0.9%
Net One-Time Surplus/(Gap)	\$79	(\$10,323)	(\$15,664)	(\$17,165)	(\$13,005)
Cumulative Net Operating Margin (One-Time)					(\$56,078)
Net Operating Margin	\$79	(\$10,402)	(\$5,341)	(\$1,501)	\$4,160
Cumulative Net Operating Margin					(\$13,005)

As a point of reference, the baseline scenario and the alternative scenario includes the adjustments that were tentatively approved by the Finance Committee and City Council as outlined in section 1 of this report and includes additional staff recommended adjustments outlined in Section 3 – Additional Staff Recommendations of this report. It also assumes the five-year phase in of the base transfer to the Capital Improvement Fund from \$2.6 million in FY 2022 to \$17.7 million in FY 2026. This is a return to the pre-pandemic base transfer level assumed in FY 2026, as outlined in the LRFF reviewed by the City Council on February 8, 2021.

Junior Museum and Zoo Operating Plan and Fee Sensitivity Impact on Attendance

Staff have estimated annual attendance to the new Junior Museum and Zoo based on Finance Committee’s recommended \$10 ticket fee, facility capacity, standard visitation variability for museums and zoos, and consultation with a management consultant. Staff defined full capacity as “comfortable capacity”, which is less than the maximum defined by fire code but is what JMZ staff estimate will allow for comfortable usage of the space. The estimate assumes the JMZ reaches capacity every weekend and during holiday breaks, and at 50 percent capacity on weekdays. This also assumes visitors stay for two hours. Based on these parameters, and that the new facility is substantially larger than the old facility, staff estimate annual visitation to be 189,000, which slightly higher than the proforma that assumed visitation of 185,000. This estimate does not take into account that higher visitation may occur on weekdays during the summer months. The higher estimated annual visitation assumes that square footage of the museum has increased by 68 percent and the area of the zoo has increased 85 percent; the number of interactive exhibits has increased from 40 to 78.

As was shared with Finance Committee on May 4, JMZ Scenario 5, which includes a \$10 ticket price, is estimated to generate \$1.53 million of costs in excess of the ticket revenue in the General Fund in FY 2022. This is approximately \$914,000 higher than the previously approved business plan, which included an \$18 ticket price, assuming the same annual attendance of 185,000. On May 12, 2021, the Finance Committee also tentatively approved the restoration of \$50,000 of the \$100,000 proposed reduction in the JMZ marketing budget, which adjusts these figures to \$1.6 million and \$964,000, respectively. The cost recovery level of JMZ Scenario 5 is estimated to be 58 percent, which falls within the medium (31.1

percent – 70 percent) cost recovery level, in FY 2022. Feedback from the Friends of the JMZ and the Finance Committee was that 185,000 is an over-estimation of attendance for a higher ticket price. If it is assumed that attendance will decrease as ticket prices increase, the cost impact to the General Fund is expected to be greater than what was identified in the May 4 Finance Committee report for each price point above \$10. The Friends of the JMZ agree that a \$10 admission fee is aligned with other similar facilities.

Utility Electric Rates and impact to the Electric Fund Reserves. Currently Electric Rate increases are held flat for FY 2022 at zero percent, which is estimated to draw down Electric Fund Reserves by \$23 million.

Staff performed some preliminary calculations on the impact of a 1 percent rate increase. Raising Electric rates from zero to 1 percent could bring in approximately \$1.3 million in additional revenue, from \$124.5 million to \$125.8 million. This would increase the monthly average residential bill by approximately \$0.60 and the commercial bill between \$3 - \$2,500 per month. General Fund impact would be about \$14,000 increase in allocated expenses for electric utilities paid by General Fund departments, roughly 1 percent of the \$1.4 million General Fund allocated expenses for Electric utility.

Fund the Roth Building through the combination of impact fees and Stanford University Medical Center (SUMC) funds

The City Council directed the Finance Committee to review the current partnership with the Palo Alto Museum and necessary funding for the Phase 1 rehabilitation of 300 Homer Avenue, ROTH building. The Council requested looking at use of impact fees and the Stanford University Medical Center Funds. Below is information staff previously provided the City Council in December 2020, updated for the most current information available, including tentative adjustments recommended in the balancing strategy outlined in Section 1 of this memorandum. Currently the estimated cost of the Phase 1 rehabilitation (aka “warm shell”) of the building is \$10.5 million. As shown in the table below, the project has funding of \$6.2 to \$6.5 million, leaving a gap of \$4.0 to 4.3 million needed to fully fund the \$10.5 million Phase 1 rehabilitation.

SUMMARY OF PHASE 1 PROJECT FUNDING

	FUNDING SOURCE	ESTIMATED FUNDING CONTRIBUTION	PROJECTED GAP TO PHASE 1 \$10.5M
AVAILABLE FINANCIAL SUPPORT Funds are either already set aside in city / PAM funds or awarded grants	TDR proceeds and a \$1.0 million contribution from the General Fund	\$4.9 M	
	Grants from the County of Santa Clara (roof replacement \$0.3 million)	\$0.3 M	
	Library impact fees designated for the establishment of the City archives	\$0.3 M	
	PAM cash on hand (MGO reports approximately \$0.8 million available with some needs for operating costs)	\$0.5 M	
	Readily Available Funds	\$6.0 M	(\$4.5 M)
PLEDGES Funds are not received verbal/written donor support	PAM pledges; MGO Audit report estimated \$0.2 million are more likely to be collectable	\$0.2 - \$0.5 M	
	Additional Funds including pledges	\$6.2 - \$6.5 M	(\$4.0 – 4.3M)

As requested by the City Council, staff have focused on Stanford University Medical Fund (SUMC) funds and various impact fee funds for potential funding sources of this project. The tables below show several Impact Fee Funds as well as the Stanford University Medical Center Fund that may be eligible to be allocated in various combinations to cover the \$4.0 to \$4.3 million gap. In the Impact Fee Funds, the available funds are the amounts that are not currently committed to other projects, while the eligible funds are the full amounts that could be used to fund the gap for the Phase 1 rehabilitation; however, full use of these funds would require impacting/defunding other projects. Staff expects that as the Committee deliberates and identifies a certain combination of funding, staff will then confirm eligibility of that strategy with the appropriate agreements and restrictions of funding sources prior to returning will a final recommendation. These are currently provided as estimates to inform the decision making of the Committee on a funding strategy.

**DEVELOPMENT IMPACT FEE AND SUMC FUNDING ELIGIBILITY AND AVAILABILITY
FOR ROTH REHABILITATION**

FUNDING SOURCE	ELIGIBLE?	PURPOSE & AUTHORITY FOR COLLECTION	POTENTIAL USES IDENTIFIED (FOR FUNDING ROTH)	AVAILABLE/ ELIGIBLE FUNDS	ARE THESE FUNDS ALLOCATED TO A DIFFERENT CAPITAL PROJECT IN THE FY 2022-2026 CIP?
IMPACT FEE - COMM. CTR. (211)	Maybe	Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Community Centers. PAMC Ch. 16.58	To use these funds, the Roth Building would need to contain aspects qualifying as a community center (as defined by the nexus study). Potentially eligible funds reflect 19.4% of the building: community room, board room, and education spaces.	\$0.5M / \$2.3M	Yes: Funding beyond \$0.5M in available funds would require defunding Rinconada Improvements (PE-08001, \$2.1M) which coincides with the JMZ upgrade project and upgrade to the entire area for the new JMZ and surrounding areas. These fees would also be a potential funding source for community center improvements such as Cubberley
IMPACT FEE - LIBRARY (212)	Yes	Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Libraries. PAMC ch. 16.58	To use these funds, the Roth Building would need to build additional library space. Eligible funds reflect 6.7% of the building occupied by City archives.	\$0.1M / \$0.8M (\$0.8M eligible funding incl. dedicated \$0.3M)	Yes: Funding beyond \$0.1M in available funds would require defunding Library Automated Mat'l Handling (LB-21000, \$0.9M). The Automated Materials Handling (AMH) machine will automate check-in of Library materials at smaller library branches to increase efficiency. Budgets for FY21 and beyond were created based on the allocation of Impact Fee funds to this AMH project and the Children's Library reopening would be impacted.
IMPACT FEE - PARKS (210)	Yes	Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Parks. PAMC Ch. 16.58	To use these funds, the Roth Building could build a bathroom outfacing and accessible to the park. Assumes average cost to build a new restroom as assumed in the five-year CIP.	\$0.3M / \$0.3M	No

STANFORD UNIVERSITY MEDICAL CENTER (SUMC) CURRENT FUND STATUS SUMMARY (MILLIONS)

Development Agreement Expenditure Category	PRINCIPAL FUNDING	FY 2021 Beginning Balance	FY 2021 Interest (EST)	Planned Commitments FY 2021	Planned Commitments FY 2022-26	NOT Committed
Community Health and Safety	4.0	2.9	0.04	0.5	<u>1.25</u>	<u>1.19</u>
Expansion Cost Mitigation	2.4	3.0	0.03	0.7	0.5	1.83
Intermodal Transit	2.3	1.3	0.02	-	1.5	(0.18)
Quarry Road Impv. "Linkages"	0.4	-	-	-	-	-
Infrastructure and Affordable Housing	23.2	10.4	0.14	0.8	8.9	0.84
Climate Change and Sustainable Communities	12.0	2.9	0.03	0.4	2.0	0.53
	\$44.3	\$20.5	\$0.26	\$2.4	<u>\$14.15</u>	<u>\$4.21</u>

Italicized and underlined figures have been adjusted to account for the current recommended adjustments by the Council and Finance Committee for HSRAP and Charleston/Arastradero Project funding.

Planning and Transportation Commission Review of the New Projects in the 2022-2026 Capital Improvement Plan

On May 12, 2021, the Planning and Transportation Commission reviewed the seven new projects in the 2022-2026 Capital Improvement Plan for each of the project’s compliance with the City’s 2030 Comprehensive Plan. The Commission determined that all seven projects are in compliance with the Comprehensive Plan and submitted a Letter of Conformance (**Attachment C**) for the Finance Committee and the City Council’s review.

5. SUMMARY OF FINANCE COMMITTEE REVIEW OF FY 2022 PROPOSED BUDGET (ACTIONS & REFERENCES)

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

May 4, 2021 Finance Committee

Action Minutes:

- <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/finance-committee/2021/05-04-21-fcm-action-minutes.pdf>

Presentations:

- Junior Museum and Zoo (JMZ) Operating Plan: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/item-presentations/2021/05-04-21-fcm-presentation-item-1.pdf>

- Stanford University Medical Center (SUMC) Fund Status:
<https://www.cityofpaloalto.org/files/assets/public/administrative-services/city-budgets/fy-2022-city-budget/fcm-budget-hearings/sumc-ppt.-item-2-fc-5.4.21.pdf>
- FY 2022 Proposed Budget Overview:
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/item-presentations/2021/05-04-21-fcm-presentation-item-3.pdf>

Video: <https://www.youtube.com/watch?v=HPZZuhIXEB4>

May 11, 2022 Finance Committee

Action Minutes: pending

Presentations:

- FY 2021-2022 Proposed Operating and Capital Budgets:
<https://www.cityofpaloalto.org/files/assets/public/administrative-services/city-budgets/fy-2022-city-budget/fcm-budget-hearings/may-12-2021/05-11-2021-fcm-budget-hearing-presentation-final.pdf>

Video: <https://www.youtube.com/watch?v=HPZZuhIXEB4>

May 12, 2022 Finance Committee

Action Minutes: pending

Presentations:

- FY 2021-2022 Proposed Operating and Capital Budgets Continuation:
https://www.cityofpaloalto.org/files/assets/public/administrative-services/city-budgets/fy-2022-city-budget/fcm-budget-hearings/may-12-2021/05.12.21-budget-hearing-presentation_updated.pdf

Video: <https://youtu.be/t4I5XP4jsz4>

May 17, 2022 City Council Meeting

Action Minutes: pending

Presentations:

- FY 2021-2022 Finance Committee Review with City Council:
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/item-presentations/2021/05-17-21-ccm-presentation-item-11.pdf>

Video: <https://youtu.be/xcz2LMrNZlg>

List of Supplemental Information provided during Budget Deliberations

During the Finance Committee hearings and the City Council update, staff provided additional information to Committee members to assist in the review of the Fiscal Year 2022 Proposed Budget. Below is a list of links to those memoranda:

- May 11 [At Places Memorandum: Additional Information](#)
- May 12 [At Places Memorandum: Palo Alto Transportation Management Association](#)
- May 12 [At Places Memorandum: Additional Information and Clarification](#)
- May 17 [At Places Memorandum: Continued Discussion of the Fiscal Year 2022 Budget](#)
- May 17 [At Place Memorandum: Palo Alto Museum \(PAM\) at the Roth Building](#)

Additional Information and Clarification Memos from May 11 and 12 (provided at staff's behest)

In previous years, the City Council has made a variety of requests to provide context and/or additional

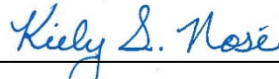
data points of reference to aid in budget deliberations. Staff compiled and transmitted the following items at the May 11 and 12, 2021 budget meetings:

- Capital Fund reappropriations list
- Vacancy report, as of May 2021
- City's list of lease information
- Service provider spend report
- Department organization charts
- Responses to City Council questions from May 4 Overview Meeting
- Crossing Guard Locations
- Community Budget Survey Results

Community Budget Survey Results

The City released an online survey on May 5, 2021 to facilitate community feedback on the FY 2022 budget, including prioritization of service areas, proposed reductions, and alternative funding sources. Staff included preliminary survey results in the May 12 Finance Committee meeting, and updated survey results in the May 17 City Council meeting. Final survey results are available on the City's [Budget website](#) as the survey closed on May 21, 2021 at 12pm. For ease of reference, initial results through May 11 can be found [here](#) on slides 4-6. Updated results through May 17 can be found [here](#) on slides 3-5. Final results can be found on the Budget website.

DEPARTMENT HEAD:



KIELY NOSE

Director, Administrative Services/CFO

CITY MANAGER:



ED SHIKADA

City Manager

List of Attachments

- Attachment A:** Vacancy List as of May 2021, Revised for Recommendations
Attachment B: Capital Projects Reappropriations FY 2021 to FY 2022
Attachment C: Planning and Transportation Commission Review of the New Projects in the 2022-2026 Capital Improvement Plan

	Vacancy Date	General Fund	Enterprise Funds	Other Funds	Total
Administrative Services					
Accountant*	6/22/2018	-	1.00	-	1.00
Administrative Assistant*	07/31/2020	1.00	-	-	1.00
Administrative Associate II (RESTORED BY STAFF)	08/01/2020	0.50	-	-	0.50
Buyer (TENTATIVELY APPROVED)	N/A	1.00	-	-	1.00
Contracts Administrator*	03/27/2021	0.30	0.70	-	1.00
Management Analyst	10/17/2020	1.00	-	-	1.00
Offset Equip Op	10/29/2020	-	-	1.00	1.00
Offset Equip Op*	12/28/2019	-	0.48	0.52	1.00
Senior Accountant*	04/26/2021	1.00	-	-	1.00
City Attorney's Office					
Assistant City Attorney*	11/14/2020	1.00	-	-	1.00
City Clerk's Office					
Administrative Associate III	12/04/2020	1.00	-	-	1.00
City Manager's Office					
Assistant City Manager	03/13/2021	1.00	-	-	1.00
Assistant to City Manager	10/09/2020	1.00	-	-	1.00
Manager Communications*	09/26/2020	1.00	-	-	1.00
Community Services					
Administrative Assistant (RESTORED)	01/01/2021	1.00	-	-	1.00
Jr Museum & Zoo Educator (RESTORED)	7/31/2020	0.65	-	-	0.65
Mgr Comm Svc/ Supervising Ranger (TENTATIVELY APPROVED)	5/1/2020	1.00	-	-	1.00
Prod Arts/Sci Prog - Jr. Museum & Zoo*	07/01/2020	1.00	-	-	1.00
Senior Management Analyst*	11/07/2020	1.00	-	-	1.00
Fire Department					
Hazardous Materials Inspector EMT	07/03/2020	1.00	-	-	1.00
Human Resources Department					
Human Resources Technician	10/23/2020	0.75	-	-	0.75
Information Technology Department					
Director Information Technology (TENTATIVELY APPROVED)	12/14/2018	1.00	-	-	1.00
Library Department					
Librarian (RESTORED)	12/28/2020	1.00	-	-	1.00
Library Specialist (RESTORED)	01/30/2021	1.00	-	-	1.00
Library Specialist (RESTORED)	04/12/2021	1.00	-	-	1.00
Library Specialist	11/12/2020	1.00	-	-	1.00
Planning & Development Services					
Administrative Associate III	10/09/2020	1.00	-	-	1.00
Assistant Building Official*	1/29/2021	1.00	-	-	1.00
Assoc Planner (RESTORED)	10/10/2020	1.00	-	-	1.00
Bldg Inspector Spec*	03/24/2021	1.00	-	-	1.00
Principal Planner	6/8/2019	1.00	-	-	1.00
Police Department					
Police Agent/Adv*	04/10/2021	1.00	-	-	1.00
Police Officer-Inter (RESTORED)	12/05/2020	1.00	-	-	1.00
Police Officer-Inter (RESTORED)	01/06/2021	1.00	-	-	1.00
Public Safety Dispatcher II*	03/02/2021	1.00	-	-	1.00
Public Works Department					
Administrative Assistant	10/02/2020	0.50	-	0.50	1.00
Assistant Director Public Works	11/16/2020	0.45	0.15	0.40	1.00
Assoc Engineer	03/29/2021	-	1.00	-	1.00
Cement Finisher	06/01/2020	1.00	-	-	1.00
Coord Pub Wks Proj	07/01/2000	0.80	-	0.20	1.00
Electrician-Lead*	10/01/2020	-	1.00	-	1.00
Equip Maint Serv Per	07/01/2020	-	-	1.00	1.00
Equip Operator	04/01/2021	1.00	-	-	1.00
Equip Operator	08/04/2020	0.55	0.45	-	1.00
Facilities Maint-L*	02/08/2021	-	1.00	-	1.00
Facilities Technician (RESTORED BY STAFF)	2/8/2021	1.00	-	-	1.00
Facilities Technician	2/14/2020	-	0.50	-	0.50
Heavy Equip Oper*	03/18/2019	0.90	0.10	-	1.00
Heavy Equip Oper-L	02/20/2021	-	1.00	-	1.00
Management Analyst	11/6/2020	0.75	-	-	0.75
Management Analyst*	12/05/2020	-	1.00	-	1.00
Manager Environmental Control Program	10/15/2020	-	1.00	-	1.00
Motor Equipment Mechanic II	05/16/2020	-	-	1.00	1.00
Program Assistant II	12/01/2020	-	1.00	-	1.00
Project Engineer	10/4/2020	-	-	1.00	1.00
Project Manager	10/23/2020	-	-	1.00	1.00
Traf Cont Maint I	12/28/2020	0.94	0.06	-	1.00
Traf Cont Maint li	08/15/2020	1.00	-	-	1.00
Utilities Department					

City of Palo Alto Full-time Position Vacancies
(as of May 2021)

ATTACHMENT A

	Vacancy Date	General Fund	Enterprise Funds	Other Funds	Total
Assistant Director Utilities Engineering (TENTATIVELY APPROVED)	10/29/2016	-	1.00	-	1.00
Business Analyst (TENTATIVELY APPROVED)	09/16/2020	-	1.00	-	1.00
Cement Finisher*	04/24/2021	-	1.00	-	1.00
Elec Asst I	11/21/2020	-	1.00	-	1.00
Lineper/Cable Spl*	01/18/2020	-	1.00	-	1.00
Lineper/Cable Spl*	03/05/2020	-	1.00	-	1.00
Lineper/Cable Spl*	07/06/2019	-	1.00	-	1.00
Lineper/Cable Spl*	06/29/2019	-	1.00	-	1.00
Lineper/Cable Spl-L*	06/09/2018	-	1.00	-	1.00
Lineper/Cable Spl-L*	11/17/2019	-	1.00	-	1.00
Lineper/Cable Spl-L*	12/26/2018	-	1.00	-	1.00
Manager, Utilities Credit & Collection	04/30/2021	-	1.00	-	1.00
Mgr Electric Oprns*	9/10/2020	-	1.00	-	1.00
Mgr Util Telecomm	6/1/2020	-	1.00	-	1.00
Overhead Underground Troubeman*	02/02/2019	-	1.00	-	1.00
Overhead Underground Troubeman*	02/17/2018	-	1.00	-	1.00
Power Engr*	02/01/2021	-	1.00	-	1.00
Program Assistant I*	10/29/2020	-	1.00	-	1.00
Project Engineer	12/25/2020	-	1.00	-	1.00
Project Engineer*	08/22/2020	-	1.00	-	1.00
Senior Engineer - U*	12/30/2020	-	1.00	-	1.00
Sr Mech	01/05/2021	-	1.00	-	1.00
Sr. Business Analyst	7/31/2020	-	1.00	-	1.00
Street Light Traffic Signal & Fiber Tech	10/17/2020	-	1.00	-	1.00
Substation Electrician Lead*	4/9/2021	-	1.00	-	1.00
Substation Electrician*	06/27/2018	-	1.00	-	1.00
Substation Electrician (TENTATIVELY APPROVED)	10/3/2019	-	1.00	-	1.00
Sustainability Programs Administrator*	04/05/2021	-	1.00	-	1.00
Utilities Chief Operating Officer (TENTATIVELY APPROVED)	5/11/2019	-	1.00	-	1.00
Util Comp Tech*	10/16/2020	-	1.00	-	1.00
Util Comp Tech*	01/17/2020	-	1.00	-	1.00
Util Install/Rep-L*	12/24/2020	-	1.00	-	1.00
Util Syst Oper*	4/3/2021	-	1.00	-	1.00
Util Syst Oper*	01/16/2014	-	1.00	-	1.00
Utilities Supervisor*	12/27/2018	-	1.00	-	1.00
Utilities Supervisor (TENTATIVELY APPROVED)	2/20/2020	-	1.00	-	1.00
Utility Safety Officer	04/24/2021	-	1.00	-	1.00
		39.09	47.44	6.62	93.15

- This list excludes positions that were frozen in FY 2021 and eliminated in the FY 2022 Base Budget

- (*) indicates that the position is in the recruitment process

- Italicized indicates that the position is eliminated in the FY 2022 Proposed Budget

Approximate Vacancy Rate (%) 8% 13% 7% 10%

Attachment B: Capital Improvement Plan FY 2021 Reappropriations to FY 2022 as of May 2021

Fund Name	Project Title	Proj. No.	Revenue Reappropriation Adjustment	Expense Reappropriation Adjustment
Capital Improvement Fund	Americans With Disabilities Act Compliance	PF-93009		372,076
	Animal Shelter Renovation	PE-19002		1,196,195
	Art In Public Spaces	AC-86017		1,287,607
	Automated External Defibrillator Replacement	FD-21000		200,000
	Baylands Boardwalk Improvements	PE-14018		8,630
	Bicycle and Pedestrian Transportation Plan Implementation	PL-04010	-	1,030,642
	Boulevard Park Improvements (merged with Birch Street Project PE-19003)	PE-17005		308,843
	Building Systems Improvements	PF-01003		558,037
	Byxbee Park Completion	PE-18006	2,400,000	2,381,146
	California Avenue District Gateway Signs	PE-17004		141,238
	Cameron Park Improvements	PG-14002		160,000
	Charleston/Arastradero Corridor Project	PE-13011		4,600,000
	Churchill Avenue Enhanced Bikeway	PL-14000		2,826,104
	Churchill Avenue/Alma Street Railroad Crossing Safety Improvements	PL-20000	3,996,000	3,996,000
	City Bridge Improvements	PE-20001		5,630
	City Hall Space Planning	PE-19000		575,000
	Civic Center Electrical Upgrade & EV Charger Installation	PE-17010	114,000	479,311
	Civic Center Waterproofing Study and Repairs	PE-15020		561,856
	Dog Park Installation and Renovation	PG-18001	150,000	150,000
	Emergency Vehicle Traffic Signal Preemption System Pilot	PL-19000		26,400
	Facility Interior Finishes Replacement	PF-02022	169,000	590,000
	Fire Station 4 Replacement	PE-18004	750,000	849,999
	Foothills Park Boronda Lake Dock Replacement	OS-18000		210,000
	Highway 101 Pedestrian/Bicycle Overpass Project	PE-11011	1,958,023	97,556
	Library Automated Material Handling	LB-21000	170,000	170,000
	Magical Bridge Playground Rubber and Synthetic Turf Resurfacing	PE-21003		367,750
	Municipal Service Center A, B, & C Roof Replacement	PF-17000		168,533
	Municipal Service Center Lighting, Mechanical, and Electrical Improvements	PF-16006	1,654,632	5,976,326
	New California Avenue Area Parking Garage	PE-18000		1,010,336
	New Downtown Parking Garage	PE-15007		10,600
	New Public Safety Building	PE-15001		5,636,041
	Newell Road/San Francisquito Creek Bridge Replacement	PE-12011	(7,381)	320,088
Park Restroom Installation	PG-19000	350,000	343,439	
Performing Arts Venues Seat Replacement	AC-18000		340,000	
Railroad Grade Separation and Safety Improvements	PL-17001		3,942,133	
Ramos Park Improvements	PG-14000		137,000	
Roofing Replacement	PF-00006		140,494	
Safe Routes To School	PL-00026	459,677	860,728	
Transportation and Parking Improvements	PL-12000		75,000	
University Avenue Parking Improvements	PF-14003	72,400	72,400	
Water, Gas, Wastewater Office Remodel	PE-19001	654,000	614,423	
Capital Improvement Fund Total			12,890,351	42,797,561
Cubberley Property Infrastructure	Cubberley Field Restroom	CB-17002		318,724
	Cubberley Repairs	CB-17001		236,747
	Cubberley Roof Replacements	CB-16002		436,520
Cubberley Property Infrastructure Fund Total				991,991
Airport Fund	Airport Apron Reconstruction	AP-16000	-	441,940
	Airport Facilities Electrical Improvements	AP-20000		75,795
Airport Fund Total			-	517,735
Electric Fund	115 kV Electric Intertie	EL-06001		128,481
	Capacitor Bank Installation	EL-16002		345,616
	Colorado Power Station Equipment Upgrades	EL-19001		640,003
	Colorado Substation Site Improvements	EL-19002		588,570
	Electric Utility Geographic Information System	EL-02011		222,100
	Facility Relocation for Caltrain Modernization Project	EL-17007		556,286
	Foothills Rebuild (Fire Mitigation)	EL-21001		1,878,351
	Inter-substation Line Protection Relay	EL-17005		281,483
	Rebuild Underground District 15	EL-11003		50,000
	Rebuild Underground District 16	EL-13003		357,995
	Rebuild Underground District 24	EL-10006		526,294
	Rebuild Underground District 26	EL-16000		281,890
	Reconfigure Quarry Feeders	EL-14005		10,306
	SCADA System Upgrades	EL-02010		5,675
	Substation 60kV Breaker Replacement	EL-17002		608,066
	Substation Physical Security	EL-16003		1,153,447
	Underground District 46 - Charleston/El Camino Real	EL-12001		235,000
Wood Pole Replacement	EL-19004		1,489,927	
Electric Fund Total				9,359,490

Attachment B: Capital Improvement Plan FY 2021 Reappropriations to FY 2022 as of May 2021

Fund Name	Project Title	Proj. No.	Revenue Reappropriation Adjustment	Expense Reappropriation Adjustment
Gas Fund	Gas Main Replacement - Project 23	GS-13001		460,996
Gas Fund Total				460,996
Wastewater Collection Fund	Wastewater Collection System Rehabilitation/Augmentation Project 29	WC-16001		350,000
	Wastewater Collection System Rehabilitation/Augmentation Project 30	WC-17001		130,000
	Wastewater General Equipment and Tools	WC-13002		70,000
Wastewater Collection Fund Total				550,000
Wastewater Treatment Fund	New Laboratory And Environmental Services Building	WQ-14002	2,060,000	2,119,872
	Outfall Line Construction	WQ-19000	7,700,000	7,700,000
	Plant Repair, Retrofit, and Equipment Replacement	WQ-19002		5,412,411
	Primary Sedimentation Tank Rehabilitation	WQ-14003	13,102,000	600,000
	Secondary Treatment Upgrades	WQ-19001	37,555	37,555
Wastewater Treatment Fund Total			22,899,555	15,869,838
Water Fund	Water Main Replacement - Project 28	WS-14001		388,485
	Water Regulation Station Improvements	WS-07000		645,830
Water Fund Total				1,034,315
Stormwater Management Fund	Corporation Way System Upgrades and Pump Station	SD-21000		1,476,012
	Storm Drainage System Replacement And Rehabilitation	SD-06101		728,163
	West Bayshore Road Trunk Line Improvements	SD-23000		5,796
Stormwater Management Fund Total				2,209,971
Technology Fund	Development Center Blueprint Technology Enhancements	TE-12001		292,228
	Infrastructure Management System	TE-13004		29,960
	Public Safety Records Management System (RMS) Replacement	TE-21000		339,400
	Radio Infrastructure Replacement	TE-05000		259,924
Technology Fund Total				921,512
Vehicle Replacement & Maintenance Fund	Scheduled Vehicle and Equipment Replacement - Fiscal Year 2019	VR-19000		691,294
	Scheduled Vehicle and Equipment Replacement - Fiscal Year 2020	VR-20000		1,513,636
	Scheduled Vehicle and Equipment Replacement - Fiscal Year 2021	VR-21000		693,202
Vehicle Replacement & Maintenance Fund Total				2,898,132

May 13, 2021

Honorable City Council
C/O City of Palo Alto
250 Hamilton Avenue
Palo Alto, CA 94301

RE: PTC Review of 2022-2026 Proposed Capital Improvement Plan (CIP)

Dear Mayor and Members of the Palo Alto City Council,

The Planning and Transportation Commission (PTC) reviewed the 2022-2026 proposed Capital Improvement Plan at its regular meeting on Wednesday, May 12, 2021, determined that all of the seven new Capital Improvement Projects included in the 2022-2026 Capital Budget are consistent with the adopted Comprehensive Plan, and recommended forwarding this finding to the City Council and Finance Committee. The motion was made by Commissioner Michael Alcheck and seconded by Commissioner Bryna Chang. The motion was approved by a vote of 7-0.

Respectfully submitted,



Bart Hechtman, Chair
Planning and Transportation Commission