Environmental Protection

The peaceful Duck Pond at the Palo Alto Baylands

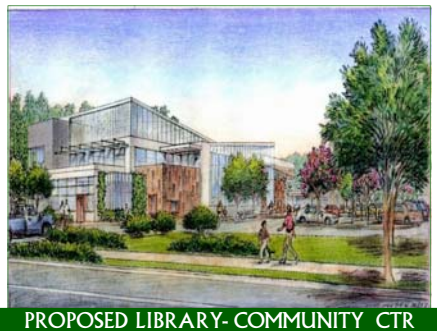
Civic Engagement for the Common Good

CITY COUNCIL MEETINGS

FIRE FIGHTERS SCHOOL PROGRAMS

Economic Health of the City

CITY HALL



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CITY BUSINESSES

CITY OF PALO ALTO

Fiscal Years 2010 and 2011

ADOPTED OPERATING BUDGET

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CITY OF PALO ALTO

Fiscal Years 2010 - 2011

ADOPTED OPERATING BUDGET

CITY COUNCIL

Peter Drekmeier, ***Mayor***

Jack Morton, ***Vice Mayor***

John Barton Patrick Burt

Sid Espinosa Yoriko Kishimoto

Larry Klein Greg Schmid

Yiaway Yeh

James Keene
City Manager

Steve Emslie
Deputy City Manager

Lalo Perez
Director of Administrative Services

David Ramberg
Assistant Director of Administrative Services

Joe Saccio
Deputy Director of Administrative Services

Pat Burt
Finance Committee Chair

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

The City of Palo Alto's Values

Quality - Superior delivery of service.
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.

It's a Matter of Pride!

CITY OF PALO ALTO
FY 2010 - 2011
BUDGET ACKNOWLEDGEMENTS

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City Attorney's Office
Stacy Lavelle

City Auditor's Office
Patricia Hilaire

City Clerk's Office
Beth Minor

City Manager's Office
Kelly Morariu, Katie Whitley

Community Services Department
Lam Do

Fire Department
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Police Department
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BAY AREA
GREEN BUSINESS PROGRAM

Budget Awards

California Society of Municipal Finance Officers

Certificate of Award
For
Excellence in Operating Budgeting

Fiscal Year 2007-2009

The California Society of Municipal Finance Officers (CSMFO) proudly presents this certificate to

City of Palo Alto

For meeting the criteria established to achieve the Excellence Award in the OPERATING BUDGET CATEGORY.

March 5, 2008

Brad Grant
CSMFO President

Cindy Guziak, Chair
Budgeting & Financial Reporting

The Government Finance Officers Association of the United States and Canada

presents this

CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION

to

Budget Division
Administrative Services Department
City of Palo Alto, California

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

Executive Director

Date November 19, 2007

Budget Awards

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Palo Alto

California

For the Biennium Beginning

July 1, 2007

President

Executive Director

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Message

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Transmittal Letter

April 27, 2009

Honorable City Council

Palo Alto, California

Attention: Finance Committee

Dear Mayor and Council Members:

Introduction

The City of Palo Alto, along with other local jurisdictions, the states, and the federal government (and business and non-profits) is facing an exceptionally challenging economic environment. The credit crisis, stock market plunge, sharp housing downturn, business bankruptcies, unemployment increases, and eroding consumer confidence have led to deteriorating revenue streams. For us, sharp declines in sales, transient occupancy, and documentary transfer taxes, as well as permit revenues, serve as the unfortunate backdrop for this budget message. As a consequence, the City is faced with the necessity of making painful decisions that will affect employees, residents, and businesses alike. I can assure you we are not alone in this situation as surrounding jurisdictions are continuously revising their revenue projections downward and having to adjust their current and future budgets. To say that our economic and revenue environment is fluid is an understatement.

As we had expected, revenue projections have had to be revised repeatedly as each data wave showed steeper declines. For example, sales taxes in the 3rd quarter (July - September) 2008 showed a 10 percent drop from the prior year period. This was followed by a 15 percent decline in this 4th quarter (October - December) 2008 compared to the prior year quarter. Transient Occupancy Tax (TOT) and Documentary Transfer tax receipts reveal similar patterns. Controlling for the 2 percent rate increase through the first half of fiscal year 2009, TOT revenues were 17 percent below the prior year period. In January and February 2009 the decline steepened to nearly 33 percent. Similarly, monthly Documentary Transfer tax receipts through December 2008 moved from 20 percent plus declines to high 40 percent declines since January 2009. Clearly, there has been, and may continue to be, revenue stream declines that could require further downward budget adjustments.

The City Manager Proposed Budget assumes that this decline in the economy and revenues is bottoming out, but will only slowly rebound. We have tried to build in flexibility, though, should our assumptions prove too optimistic.

Balancing FY 2010 Budget: $10 million Deficit

As a result of the severity of the downturn and the likely prospect of more economic and revenue uncertainty, this budget has been developed differently than in the past. Specifically, it presents a balanced budget for Fiscal Year 2010 and a $3.1 million deficit in Fiscal Year 2011. To balance the expected $10 million deficit in 2010 budget, three strategies have been deployed. Three categories of savings have been identified, two are ongoing or structural and one is a one-time or "bridge" solution. This approach was developed in recognition of a $10 million budget chasm that may be too challenging to close in one year because it could result in unacceptably deep City service cuts.

To address the expected $10 million deficit in 2010, I propose:

Savings 1: $3 million in employee compensation and benefit reductions. Yet to be negotiated, these could include employee contributions to health care and pension plans, the elimination of the current variable management compensation plan, and potential reductions in public safety pay increases slated to begin July 1, 2009.

Please be aware that the Proposed Budget already presumes no pay increases for the Management and Professional group of employees and SEIU. If those groups received pay increases proportionate to a normal year, the City's deficit would swell to $12 million.

Savings 2: $2.8 million in department and service reductions. This includes the elimination of 20.3 Full-Time equivalent (FTE) and additional limited and SEIU hourly General Fund positions and affects services provided by City departments. These position reductions affect managerial and rank and file staff. Of the 20.3 positions, 17.4 are currently vacant, 1.9 are pending retirement in June and 1 would require a layoff due to the funding reduction for the Family Resources Program. A summary of the effected positions appears at the end of this letter on page #xvi.

Savings 3: The third category consists of $3 million in temporary funding reductions for the City's infrastructure effort and unfunded future retiree medical obligation (bridging option).

In addition, proposed increases from other funds to the General fund of $1.4 million close the gap.

Additional information on the proposed reductions is available in the budget document.

Recognizing that the City must meet the fiduciary and capital obligations cited in Savings 3 (bridging option), this recommendation is reluctantly made in light of the difficult budget dilemma facing us. While staff is not sanguine about the economy recovering in FY 2010, the Savings 3 "bridge" solution allows time to better determine the extent of ongoing service reductions necessary to solve our structural deficit. This approach leads to a less certain budget solution and a $3.1 million deficit in 2011, but it buys time to evaluate the need for further and steeper service cuts.

I believe we are in extraordinary times, full of uncertainty and with no assured models from the past we can presently use to predict the future. Also, I believe we are not simply experiencing a recessionary interlude in the business cycle but some fundamental restructuring in the (now) global economy. As such, we need to make structural budget adjustments as much as possible. We have designed this budget to keep the Council's options open; to offer you choices and alternatives as much as possible as you review and recommend the final FY 2010 and FY 2011 Budget.

Deeper Service Cuts and Savings Strategy

Should the three-fold strategy approach be problematic as the Council reviews the Proposed Budget, or as the fiscal year unfolds, staff has prepared a list of additional and ongoing reductions the Council may choose to consider.

These include such services as:

- Contracting out park and golf maintenance efforts
- Eliminating the City's Police traffic team
- Ending City shuttle service
- Elimination of the Police School Resource Officer program
- Eliminating the tree trimming contract (non-utilities)

These and other reductions cited in the document could lead to a total of $2.4 million in savings and would include the elimination of an additional 21 General Fund FTE, and would necessitate the possibility of layoffs. Making

these cutbacks in 2010 would have the effect of reducing the need for the "bridge" solutions in 2010 and of reducing the remaining $3 million deficit in 2011.

Additionally, review of contracting out of building maintenance could be studied for next year and harder review of opportunities for consolidation/ regionalizing some city services can be explored. Adequate analysis has not been done on the savings and impacts of these options for fiscal inclusion in the Proposed Budget.

Although difficult decisions and perhaps contentious discussions lie ahead, I am confident the Council, community, and employees will develop sustainable solutions to maintain the City's financial viability.

Reporting on Council Priorities

On a positive note, the City Council's Top 3 priorities of Environmental Protection, Civic Engagement for the Common Good and the Economic Health of the City, are supported in this budget. The City's commitment to Environmental Protection is evidenced by the increased participation in PaloAltoGreen Energy purchases; a citywide carbon footprint reduction plan; and the creation of the Community Environmental Action Partnership (CEAP) between the City of Palo Alto and community groups. The CEAP's mission is to bring various segments of the community together to share knowledge, build mutual understanding, leverage resources, and both create and implement innovative environmental solutions. Progress is planned for meeting our Zero Waste goals, and we expand our efforts for supporting local food consumption with the Farm Shop pilot.

Civic Engagement opportunities have emerged from a joint citizen-staff group redesigning the City's website; a new task force to explore and recommend composting options; and an upcoming series of meetings with citizens to obtain their input for the proposed budget. In addition, the City has instituted Open City Hall, an on-line forum for civic engagement. Citizens are invited to read other residents' statements on important Palo Alto issues and post their own views. Additionally the SEE-IT website, now in final design, will support more civic involvement through enhanced City transparency and accountability.

As discussed, the most immediate and pressing priority is the City's economic health. While the economy and budget are at center stage, efforts to maintain and enhance our revenue base continue. Maintaining our auto dealerships,

attracting tourists through Destination Palo Alto, and pursuing a Business License tax are among many efforts to assure the City's economic health. Unfortunately, Stanford's decision to withdraw the application for the expansion of the shopping center may have devastating impacts on the city's economic health and the quality of city services.

While temporarily side tracked by the recession, the City is dedicated to enhancing the infrastructure necessary for a vital economy. This will place new strategic demands upon the city for planning and action.

Enterprise Funds and Service Rate Changes

Turning to the City's utilities, which recently had three current debt issues upgraded to Triple A credit status by Standard and Poor's, the following utility rate changes are proposed for Fiscal Year 2010 and 2011:

- Gas service rate decrease of 10 percent in FY 2010 due to the deferral of a system infrastructure project and, a 15 percent increase in FY 2011 due to increasing commodity costs.
- Electric service rate increases of 10 percent in FY 2010 and 15 percent in FY 2011 due to increasing supply and transmission costs.
- Water service rate increases of 5 percent in FY 2010 and 7 percent in FY 2011 to fund infrastructure needs and wholesale water rate increases.
- Wastewater collection service rate increases of 5 percent in FY 2010 and 2011 due to increases in treatment costs.
- Refuse service rate increase of 17 percent in FY 2010 due to increasing changes for the new waste hauling contract and Zero Waste program costs.
- Storm Drainage rate increases are adjusted annually based on a consumer price index (CPI) change approved by property owners in the last fee election. The CPI showed zero growth so there is no proposed rate change for FY 2010.

The cited rate changes will increase the overall average residential utility bill by 1.4 percent or $4.44.

Although rates are moving higher, principally due to outside commodity cost pressures, Palo Alto Utilities continue to provide value and reliable service delivery for residents and businesses. Of note, is the Utilities' continuous effort to upgrade their infrastructure such as the replacement of gas and water mains, refurbishing electric substations, and building storm drain pump stations. As the country's infrastructure has deteriorated, Palo Alto has made a steady effort to recognize and repair both its utility and General Fund asset bases.

Conclusion: Looking Forward and Final Thoughts

Since my arrival, I have been struck by the enthusiasm and involvement of citizens, Council members, and employees in City activities. The City has an ambitious and worthy agenda driven by its desire to excel in all areas. There is much to look forward to such as building a new Mitchell Park library, expanding the Main library, refurbishing the downtown library, and constructing a new Community Center. Moreover, the City is embarking on building an underground reservoir to ensure our water supply.

Likewise, there are many challenges that lie ahead of us. These include, for example:

- Creating a sustainable, green environment in which the City's carbon footprint is reduced and the City expands its Green Tech economic footprint.
- Finding the financial wherewithal to provide new public safety space; funding the operating and maintenance expenses of the new facilities; erasing our infrastructure backlog; and funding pension and retiree medical commitments.
- Fully engaging the passion, creativity, and commitment of citizens in civic affairs.

Amid all the challenges we now face, I am optimistic that residents, businesses, Council, and staff will harness the energy and will to make Palo Alto a better place to live and work.

I must admit that we are in the midst of the most significant economic/fiscal change environment in my 30-year career in local government. Buffeted by a series of terrible decisions and policies in the global financial markets, our local governments in California are at special risk, due to the accumulation of various voter initiatives over the past generation and the state's own sizable structural deficit and governance problems. In addition, driven by market competition over the past decade, local governments have provided combinations of salary increases, pension enhancements and other benefit increases as applied today that are not sustainable into the future as our workforce changes, particularly in a re-shaped economy.

I have been through individual budget years with more dramatic cost cutting and position and service reductions. But at those times, we believed we were managing through a business downturn and that our actions were laying the groundwork for an eventual return to normal.

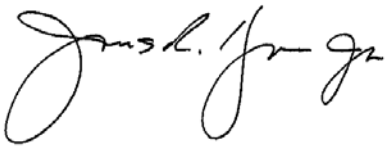
This year, we are faced with managing through a severe downturn. But the real difference is that we shouldn't (and can't) be planning for a return to normal. Instead, in our budget and other decisions, we need to be laying the foundations for a 21st century, sustainable future-and acknowledge and confront the challenges of an increasingly competitive global economy and the planetary impacts of our choices on the quality of life for people in Palo Alto, and of course, the world. Increasingly, whether we like it or not, we recognize we can't with any clear conscience, expect our children or grandchildren to "pick up the tab" for our own avoidance or indecisiveness. I am thankful our Council understands what is at stake.

Acknowledgments

A special thank you goes to the entire City staff team involved in preparing the Fiscal Year 2010 and 2011 Proposed Budgets. Lalo Perez, Director of Administrative Services; David Ramberg, Assistant Director of Administrative Services; and Joe Saccio, Deputy Director of Administrative Services, have coordinated a wonderful team through an especially challenging task. Special acknowledgement goes to the Budget Team and their countless hours of analysis and creative thought. They include Sharon Bozman, Budget Manager, and her staff: Amy Javelosa-Rio, Dale Wong, Christine Paras, Mimi Nguyen and Cherie McFadden. Staff throughout the city, in particular Department Budget Coordinators (see acknowledgment page for names) are recognized for their hard work in developing the FY 2010 and 2011 Proposed Budget.

And, this year, thanks to the Department Directors who comprise the Executive Leadership Team (ELT) of the city, who has worked more closely as a team to identify cost savings and budget reduction strategies.

Respectfully Submitted,



James Keene

City Manager

Positions Proposed for Elimination General Fund

City of Palo Alto
Adopted Budget Fiscal Years 2010 and 2011
Positions Proposed for Elimination
General Fund

Department	Positions for Elimination	FTE
City Manager	Communications Mgr	1.00
City Manager	Sr Administrator	1.00
Administrative Services	Accounting Specialist	1.00
Administrative Services	Stores - Warehouse	1.00
Community Services	Golf Maintenance Person	1.00
Community Services	Producer, Arts/Science	0.50
Community Services	Program Asst I	1.00
Fire	EMS Battalion Chief	1.00
Fire	Emergency Med Tech	1.00
Fire	Emergency Med Tech	1.00
Fire	Emergency Med Tech	1.00
Library	Senior Librarian	0.50
Library	Coordinator, Library Programs	1.00
Planning/Comm Env	Asst Director, PCE	1.00
Planning/Comm Env	Plan Check Engineer	1.00
Planning/Comm Env	Admin Associate II	1.00
Planning/Comm Env	Inspector/Specialist	1.00
Planning/Comm Env	Building/Plan Tech	1.00
Police	Police Officer	1.00
Police	Police Record Specialist	1.00
Police	Volunteer Coordinator	0.50
Public Works	Engineering Tech III	0.90
Public Works	Engineer	0.90
		21.30

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Introduction

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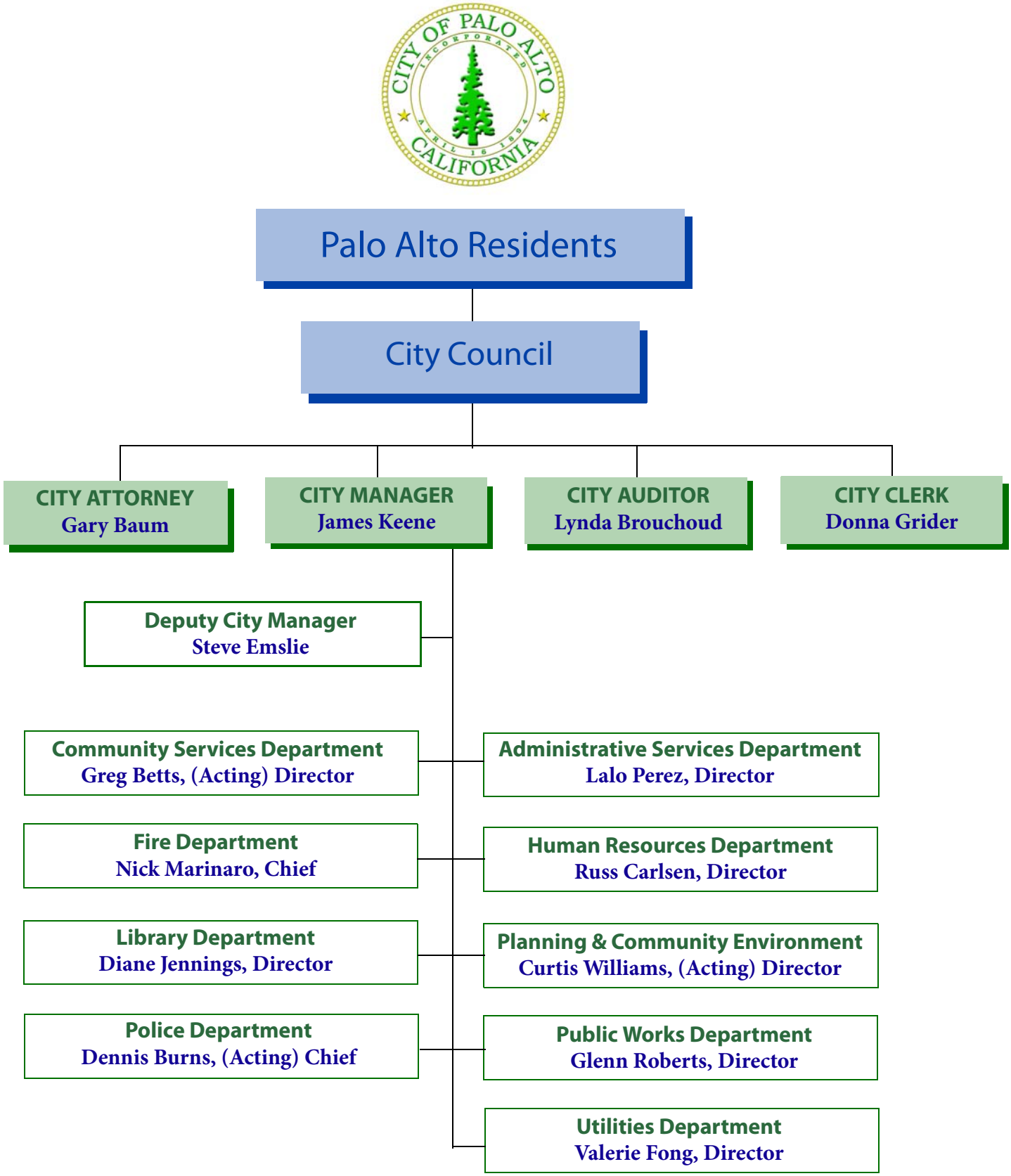
City of Palo Alto Organization Chart



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The Budget Process and Document

The budget is a spending management plan for the City's financial resources. Through the use of these resources, services are provided to meet the needs and desires of Palo Alto's residents and businesses. The budget is also at the heart of the political process, in which resources are allocated based on City Council priorities. The review of the proposed budget is structured around public hearings by the Finance Committee, which further incorporates public opinion into the process. The budget is therefore the vehicle for responding to the community's wishes, as well as an instrument for balancing inflows and outflows (revenues and expenditures) of funds.

CITY COUNCIL TOP THREE PRIORITIES

At the start of the City's budget process, the City Council determines its main focus for the following one-year period. Through an open Council dialogue, the priorities guide both budget development and department priority-setting. The public has the opportunity to provide input into this process as well as during the budget review by the Finance Committee. The following are the Top Three City Council priorities for Fiscal Year 2010:

- Environmental Protection
- Civic Engagement for the Common Good
- Economic Health of the City

OPERATING BUDGET PROCESS

BUDGET PREPARATION

The City's annual budget process begins in November and concludes in June. The operating and capital budgets are developed by the City Manager, in consultation with senior management and the Director of Administrative Services, utilizing the following main sources of information:

- Community input
- City Council Top Three Priorities
- Findings from the City's Long Range Financial Forecast, which is updated annually and presented to the Finance Committee prior to the budget process
- Comprehensive Plan containing the City's official policies on land use and community design, transportation, housing, natural environment, business and economics, and community services

This information is used to develop the budget request guidelines, which provide direction to City departments as they prepare their budget requests.

The Budget Process and Document

OPERATING BUDGET CALENDAR

November: Operating budget preparation begins with determination of the base budget for the following year, which excludes one-time revenue and expenses from the prior year. Input from the Long Range Financial Forecast (LRFF) determines the broad financial picture facing City operations in the upcoming period. Budget guidelines and instructions are finalized and distributed. Municipal Fee Schedule change parameters are also provided.

December /January: Critical to their planning process for the upcoming year, departments are allowed to reallocate staffing and non-salary resources to meet the changing demands placed on service delivery. This step results in no net change to the amount of resources allocated to the department overall.

February: Changes to the base budget are submitted to the Budget Division for analysis and may include requests for additional funding to meet program needs for the upcoming year. Textual elements of the budget document, including benchmarking measures are also finalized.

March: Recommendations on the base budget requests are made by Budget Division staff to the Director of Administrative Services, both in terms of their conformance to budget guidelines as well as their individual merits. Internal budget hearings are held to discuss Budget Division analysis of department funding requests, along with alternative funding options to meet the department's needs. Cost-benefit analysis is performed on both base operations as well as new funding requests.

April: Final decisions are made by the City Manager, on the proposed operating budget requests, along with the general message to the City Council. The proposed budget document is compiled, edited, and formally presented by the City Manager to the City Council. Proposed changes to the Municipal Fee Schedule are finalized and reviewed by the Office of the City Attorney.

May/June: the City Manager presents the proposed budget to the Finance Committee in a series of public hearings. The Finance Committee prepares its recommendation to the City Council. Final adoption occurs at a final public hearing in June. All changes made during the public process are incorporated into the adopted budget document which is distributed to City libraries as well as posted on the City's website.

City of Palo Alto
BUDGET HEARINGS SCHEDULE
With City Council and Finance Committee

For 2010 and 2011 Budget

DATE	DESCRIPTION	TIME/LOCATION	DEPARTMENTS ATTENDING
Tuesday, March 31	Finance Committee	7pm Council Chambers	Water, Gas, Electric, Refuse Storm Drain Rates – Noticing for Prop. 218 Process
Tuesday, April 21	Finance Committee	7pm Council Chambers	HSRAP / CDBG
Monday, April 27	City Council City Manager Proposed Budget	7pm Council Chambers	Discussion of Proposed Budget - Study Session
Tuesday, May 5	Finance Committee Budget Review Kick-Off	7pm Council Chambers	Transmittal of 2010 and 2011 General Fund budget – CAO's, Council, Human Resources, ASD, ASD Internal Service Funds
Thursday, May 7	Finance Committee Special Meeting	7pm Council Chambers	Community Services, Library, Planning
Tuesday, May 12	Finance Committee Special Meeting	7pm Council Chambers	Fire, Police Utilities and Utilities CIP
Thursday, May 14	Finance Committee Special Meeting	7pm Council Chambers	General Fund Capital Improvement Infrastructure Program, Public Works General Fund Operating
Tuesday, May 19	Finance Committee	7pm Council Chambers	Public Works- Enterprise Funds (Storm Drain, Refuse, Wastewater Treatment), Internal Service Fund and related CIP
Thursday, May 21	Finance Committee Special Meeting	7pm Council Chambers	Municipal Fee Schedule Contracts Greater than $85k Wrap-Up
Monday, June 8	City Council	7pm Council Chambers	Budget Review and Public Hearing
Monday **June 15**	City Council **Budget Adoption**	7pm Council Chambers	**BUDGET ADOPTION**

The Budget Process and Document

CHANGING THE BUDGET

LEVEL OF CONTROL AND CHANGES TO THE ADOPTED BUDGET

Budgetary control, the level at which expenditures cannot legally exceed the appropriated amount, is implemented at each expense item at the cost center level, the department level, the fund level, and the capital project level. Administrative policies provide guidelines on budget transfers; the authorization necessary to implement transfers and appropriations after the budget is adopted. Generally there are two types of budget transfers:

Budget Adjustment: Budgetary control, the level at which expenditures cannot legally exceed the appropriated amount, is exercised at the fund level, the department level, and the capital project level.

Budget Amendment: This is an adjustment to the total appropriated amount within a fund or department which was not included in the original adopted budget. These supplemental appropriations are presented to City Council in an agenda report and require for approval, the passage by a two-thirds vote of the City Council. Unexpended appropriations automatically lapse at the end of the fiscal year and are included in the ending fund balance calculations within each fund.

Reasons for initiating a Budget Amendment Ordinance (BAO) include:

- Recognizing unanticipated revenue, which were not projected in the budget, and to appropriate associated expenditures in the year it is received
- Appropriating additional funds from reserves
- Transferring dollars from the operating budget to the capital budget or vice versa
- Transferring between funds, departments, or projects
- Amending the official "Table of Organization" (staffing changes) during the year
- Amending the Municipal Fee Schedule during the year

UNDERSTANDING THE DOCUMENT LAYOUT

DOCUMENT ORGANIZATION

The budget document contains the General Fund, Enterprise Funds, Internal Service Funds, Debt Service Funds, and Special Revenue Funds.

Funds: Local government budgets are made up of funds which help to organize and account for restricted resources. Each fund is considered a separate accounting entity. Enterprise Funds are set up as self-supporting units similar to those in a business. They account for the operation and maintenance of facilities and services that are entirely paid for by rates charged to residents or, in the case of Internal Service Funds, to City departments. The City of Palo Alto owns and operates its own utilities, with the

exception of refuse hauling and collection, which is contracted with an outside firm. The budget document is divided into fund and department sections, each containing the following components:

- Fund/Department Overview - identifies key goals to be achieved during period
- Program Update - reports on accomplishments in any new program/activity undertaken during the past two years
- Financial Summaries - revenues and expenditures by functional area and expense category
- Council Priority Implementation - specifically cites activities related to City Council's top three priorities
- Resource Level Changes - identifies major resource changes from the base budget
- Service Level Changes - describes changes to service delivery in the upcoming period

Financial and narrative information is provided in each of these areas. This format allows the reader to review a fund budget at different levels of detail ranging from an overview of the fund as a whole, to specific department program funding requests.

Positions: Specific information related to the number of positions within a particular department or fund, can be found on the Full Time Equivalent (FTE) line of each financial summary. Historical information on how these numbers have changed is detailed under the Staffing tab and within the Table of Organization. At the fund and department levels, the number of personnel in each functional area is shown. A detailed listing of regular, permanent positions and total cost is shown at the beginning of each department/fund, with the specific classifications noted in the Table of Organization at the end of this document.

UNDERSTANDING THE DETAILS

FINANCIAL SUMMARIES

Reflected in this document are actual revenues and expenditures for Fiscal Year 2007-08; the 2008-09 Adjusted Budget; the 2009-10 Proposed Budget; and the 2010-11 Proposed-in-Concept Budget. The main focus of this discussion along with the dollar amounts in the “Budget Change” column is to compare the 2008-09 Adjusted Budget with the 2009-10 Proposed Budget. This describes the changes from the prior year's numbers and is the recommended method of showing budgetary change by the Government Accounting Standards Board (GASB).

Revenues: Total revenues are displayed for each department and fund. In each department, revenues are shown as either internal or external depending on their source. Revenues include fees collected for cost-recovery purposes by the department or fund for specific services to the public (external revenues), as well as revenues received from other funds (internal revenues). An example of internal revenue includes the Electric Fund reimbursing the Attorney's Office for legal services. The principal sources of external revenues are described in the Resource Level narratives within each department.

The Budget Process and Document

Expenditures: Expenditures are displayed at the fund summary as well as the department summary level. For example, the budget shows funding dedicated to the Building Division in the Planning and Community Environment Department.

Basis of Accounting and Budgeting: All governmental fund-type annual budgets are presented on a basis consistent with the general purpose financial statements prepared in accordance with generally accepted accounting principles. The City's Fiscal Year 2008 Comprehensive Annual Financial Report (CAFR) was prepared in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34 and provides the government-wide financial statements in addition to the fund financial statements. The accounting and financial reporting treatment applied to fund financial statements is determined by the measurement focus of the individual fund.

The City's Governmental Fund (General Fund, Special Revenue Fund, and Capital Project Fund) and Proprietary Fund Budgets (Enterprise Funds) are developed using a modified accrual basis of accounting. While the Governmental Fund is accounted for using the modified accrual basis, the Proprietary Fund is accounted for using the full accrual basis of accounting. Both of these bases are generally accepted accounting principles (GAAP).

Modified accrual basis of accounting recognizes revenues when measurable and available and records expenses when incurred, while the full accrual basis of accounting, records revenues when earned and recognizes expenses when incurred, regardless of when the related cash flows take place.

Fund/Department Administration: The budget document includes an administration function within each department-level financial summary. Typical administration expense includes core staff that work on department-wide priorities, as well as allocated costs from internal service funds.

RATES AND RESERVES

The General Fund (GF) has one main reserve - the Budget Stabilization Reserve (BSR). City Reserve Policy has placed a cap of 18.5 percent of GF Expenditures on the BSR, with any excess going to the Infrastructure Reserve (IR). Financial Policy allows flexibility in determining the BSR cap amount within a range of between 15 and 20 percent of expense.

The Infrastructure Reserve (IR) is located in the General Capital Projects Fund. Annual interest of approximately $1 million accrues to this fund. The budgeted General Fund transfer for Fiscal Year 2010 is $10.9 million for infrastructure projects.

In the Enterprise Funds, rates are the charges to customers for services provided, such as electric and gas services. The total revenue generated by the rates covers expenditures on an ongoing basis. Utility rate increases or decreases are typically staggered to minimize volatility from one year to the next. When budgeted revenues are not sufficient to cover budgeted expenditures in years between planned rate increases, or in the case of emergencies or unforeseen changes in either revenues or expenses, reserves are used to cover the difference. Council has adopted a policy specifying the appropriate levels of reserves in each Enterprise Fund. Typically, the budget will reflect either increasing or decreasing the reserves to within Council-approved ranges. A reserves summary table is located at the beginning of the Enterprise Funds section and within each individual fund summary.

SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues with certain restrictions on their usage. 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 funds in this category include: assessments for parking lot bond payments, parking permit revenues and Community Development Block Grants (CDBG) from the federal government. Also included are development impact fees related to libraries, parks, and community centers.

INTERNAL SERVICE FUNDS

Internal Service Funds provide printing and mailing, vehicle replacement and maintenance, technology, and general benefits administration services to City departments. These services are rendered on a cost recovery basis through user charges. The Vehicle Replacement and Maintenance Fund manages citywide maintenance and replacement of vehicles and equipment. The Printing and Mailing Services fund accounts for central duplicating and printing/mailing services, while the General Benefits and Insurance Fund accounts for the administration of employee benefits, the City's self-insured workers' compensation, payroll, and general liability programs. The Technology Fund includes activities such as personal computer desktop, software application, and technology infrastructure replacement and maintenance.

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General Fund

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General Fund Revenues

The City's "2009-19 Long Range Financial Forecast" (LRFF) was presented to the Finance Committee in December 2008 (CMR: 467:08). The LRFF, with its ten-year revenue and expense forecast, is the foundation upon which this budget is constructed.

The LRFF reflects a weakening economy during Fiscal Years 2009 and 2010 with a corresponding decline in several major revenue sources. Economically sensitive revenue sources such as sales, transient occupancy, and documentary transfer taxes are trending downward. Sales taxes in the City of Palo Alto and surrounding cities have weakened in recent quarters; hotel days are moving downward; and growth in assessed property values is slowing. Based on these trends, Fiscal Year 2009 revenues were reduced $5.2 million or 4 percent at midyear. The adopted budget for Fiscal Year 2010 and Fiscal Year 2011 reflect a continuing revenue decline from the Fiscal Year 2009 Adopted Budget. The LRFF anticipated the start of an economic recovery in the latter half of Fiscal Year 2011, but the extent of that recovery is unknown at this time.

Overall, City revenues, excluding transfers in, are expected to decrease by $1.5 million (1.2 percent) in Fiscal Year 2010 compared to the Fiscal Year 2009 Adjusted Budget and then increase by $2.9 million in Fiscal Year 2011. Total General Fund revenues are projected to increase $0.4 million in Fiscal Year 2010 and $1.9 million in Fiscal Year 2011. The following sections discuss the City's major revenue sources and their projected levels for Fiscal Years 2010 and 2011.

SALES TAX

Sales tax revenues are projected at $19.6 million in Fiscal Year 2010, a decline of the $0.6 million or 3.0 percent over Fiscal Year 2009 adjusted budget. A slight increase of $0.4 million is anticipated in the latter half of Fiscal Year 2011.

Heavily dependent on Bay Area job and income growth and consequent consumer spending, sales tax performance has declined as a consequence of the recession. Tax receipts from the third and fourth calendar quarters of 2008 (whose receipts fall within Fiscal Year 2009) showed 9.7 and 14.9 percent declines, respectively, over prior year quarters. It is expected that first quarter receipts will be especially weak. The economic segments contributing to the revenue falloff are automobile dealers and department stores. With high unemployment, low consumer confidence, and falling home values, sales tax receipts are expected to be depressed in Fiscal Year 2010 and in the first half of Fiscal Year 2011.

PROPERTY TAX

For Fiscal Year 2010, property tax revenues are anticipated, at this time, to reach $25.7 million, a $0.7 million or 2.6 percent increase over the Fiscal Year 2009 adjusted budget. Although Palo Alto's assessed values remained relatively healthy in Fiscal Year 2009, growth for assessed values is anticipated to moderate significantly in Fiscal Year 2010. It is likely that a midyear adjustment will be necessary in Fiscal Year 2010. Fiscal Year 2011 property tax revenues are projected to increase $0.4 million.

General Fund Revenues

TRANSIENT OCCUPANCY TAX (TOT)

Compared to the Fiscal Year 2009 adjusted budget, TOT receipts are projected to decline by $0.7 million or 9 percent in Fiscal Year 2010 for a total of $7 million in revenue. Due to cutbacks in business and tourist travel, occupied hotel days have dropped by 16 percent or nearly 53,000 days in the July through February period of this fiscal year compared to the same prior year period. This dramatic drop has caused daily hotel rates to move downward as well. TOT revenue in Fiscal Year 2011 shows a slight increase of $0.3 million.

UTILITY USERS TAX (UUT)

UUT revenues are anticipated to increase by $0.2 million in Fiscal Year 2010, a 2.1 percent increase over the Fiscal Year 2009 adjusted budget. This increase is attributable to higher Utility rates due to higher commodity and capital costs. Of the $0.2 million increase, $0.1 million is generated by the tax on telephone use. Fiscal Year 2011 UUT revenues are projected to increase $1.1 million based on proposed Utility rate changes.

OTHER TAXES AND FINES

This revenue category is comprised of motor vehicle in-lieu fees, documentary transfer taxes, and fines and penalties.

Documentary Transfer taxes are anticipated to decline to $2.8 million in Fiscal year 2010, a $0.5 million or 15.2 percent decline over the Fiscal Year 2009 adjusted budget. Revenues from July through March are nearly 45 percent below the same prior year period. Reflecting the credit crisis, lack of demand, and softening real estate prices, transactions are declining. This soft market is expected to continue into the first half of Fiscal Year 2011 and revenues are projected to remain essentially flat.

CHARGES FOR SERVICES

This revenue category is mainly comprised of external reimbursements and fee-for-service payments generated by General Fund departments such as Stanford University's payment for fire protection services ($7.8 million), paramedic fees ($1.6 million), and plan checking fees ($1.7 million). As compared to the Fiscal Year 2009 adjusted budget, this category is projected to increase slightly, $0.3 million due to an increase in the Stanford fire contract and decreases for plan checking fees.

FEES, PERMITS AND LICENSES

Revenue in this category is primarily derived from construction-related activity. In Fiscal Year 2010, revenue in this area is decreasing $0.1 million due to the downward trend in housing starts and construction activity.

RETURN ON INVESTMENT

During Fiscal Year 2010, the City's portfolio yield is estimated to range between 3.75 to 4.15 percent. Staff projects interest income of $1.9 million in Fiscal Years 2010 and 2011, or no change from the Fiscal Year

2009 adjusted budget. Yields on new investments have fallen in the past year due to the recession and the Federal Reserve Board's rate decreases. These events, combined with the maturing of the City's older and higher yielding investments as well as the City's "laddered" portfolio, will result in lower interest income. Return on Investment revenue will be adjusted during the Fiscal Year 2010 midyear process. Toward the end of 2011, rates are expected to increase as the economy gradually improves.

RENTAL INCOME

Primarily comprised of rent charged to enterprise funds for use of City land, this revenue category is increasing $0.5 million in Fiscal Year 2010 as compared to the Fiscal Year 2009 adjusted budget. This is due to revised rental values as updated annually.

CHARGES TO OTHER FUNDS

This revenue category is the reimbursement received by the General Fund for the provision of administrative services to enterprise and internal services funds. The General Fund charges these funds for legal, human resources, finance, and general administration services. This revenue is decreasing $0.4 million in Fiscal Year 2010 compared to the Fiscal Year 2009 adjusted budget. This is due to departmental expenditure reductions that have been recommended in response to declining revenues.

OPERATING TRANSFERS-IN

The equity transfer from the enterprise funds is the largest component of this revenue category, totaling $16.4 million. The equity transfer represents the return on the initial investment the City made when the Utility Department, and its utility business, was created more than 100 years ago. A recommendation to change the methodology for calculating the equity transfer was presented to the Finance Committee on March 31, 2009 (CMR: 190:09) and was presented again on May 26, 2009 (CMR: 260:09). The change in methodology was adopted by the City Council on June 15, 2009 as part of the budget adoption. The transfer for Fiscal Year 2010 represents a $1.4 million increase from Fiscal Year 2009.

OTHER REVENUE

This revenue category is mainly comprised of Animal Services revenue from neighboring cities, Palo Alto Unified School District's (PAUSD) share of maintenance for athletic fields, and one-time revenue sources. This revenue is decreasing $0.6 million in Fiscal Year 2010 compared to the Fiscal Year 2009 adjusted budget due to one-time grant revenues received in Fiscal Year 2009.

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General Fund Expenditures

Total Total General Fund expense is projected to be $142.1 million in Fiscal Year 2010 a $3.4 million (2.4 percent) decrease from Fiscal Year 2009 adjusted budget figures. In Fiscal Year 2011 General Fund expense will increase $4.6 million. The main elements of these changes include:

- Salary Expense: Fiscal Year 2010 includes a $0.9 million increase in negotiated salary increases for the International Association of Fire Fighters (IAFF) and the Fire Chiefs Association (FCA). Fiscal Year 2010 also includes a $2.2 million decrease, budgeted as a placeholder for anticipated employee compensation reductions yet to be negotiated. The Fiscal Year 2010 Adopted Budget presumes no pay increases for the Management and Professional group as well as SEIU employees. Fiscal Year 2011 includes a budgeted $3 million (3 percent) increase for all employee groups.
- Benefit Expense: Overall benefit costs increased $3.5 million in Fiscal Year 2010. This is due to a $3 million reduction in budgeted benefit cost allocations to the General Fund in Fiscal Year 2009 that was not continued in Fiscal Year 2010. Fiscal Years 2009 and 2010 also include the suspension of $1.9 and $0.2 million for the General Fund portion of the future Retiree Medical liability. These were one-time budget balancing bridges that were not continued in Fiscal Year 2011.
- The Capital Fund transfer from the General Fund is $9.9 million for Fiscal Year 2010, a 32.2 percent decrease from the Fiscal Year 2009 adjusted budget of $14.6 million which included $3.4 million for the design phase of the Public Safety Building. Included in the Fiscal Year 2010 transfer is, $6.1 million transfer for Infrastructure CIP, $1.6 million for other capital projects and, $2.2 million for the final installment payment on the purchase of the Los Altos Treatment Plant (LATP) site. The transfer for Fiscal Year 2010 removes the $2 million year-end transfer to the Infrastructure Reserve that is typically included in the budget rather than making it contingent on year-end surpluses. This is a one-time budget balancing bridge and the $1 million year-end transfer is included in the Fiscal Year 2011 budgeted transfer amount of $10.2 million.

Departments were given the opportunity to reallocate resources within department budgets which addressed the need to adjust spending in certain areas as a result of shifting operational needs. Additionally, Departments recommended $2.8 million in net expenditure reductions as a response to declining revenues. The details of the departmental expenditure reductions can be found in the General Fund Service Level Changes summary and in the individual department narratives.

INCREASING SALARY EXPENSE - NEGOTIATED CONTRACT INCREASES

The FY 2010 Adopted Budget contains funding for previously negotiated salary increases for the following labor groups:

International Association of Fire Fighters (IAFF) negotiated salary increase - $0.9 million. The four year contract, renewed with an effective date of July 2006, will expire June 2010. Increases for Fiscal Year 2010 include 4 percent for all represented classes, except for Fire Captains,

which receive a 5 percent increase. Beginning in January 2010 the employees will pay the 9% employee PERS contribution, with an offsetting pay increase of 9.989 percent.

The Fire Chiefs Association (FCA) negotiated salary increase - $25 thousand. The four year contract, renewed with an effective date of July 2006, will expire June 2010. Fiscal Year 2010 includes a 4 percent increase.

The Palo Alto Peace Officers Association (PAPOA) voted to defer their negotiated salary increase for FY 2010 to FY 2011. This resulted in $0.8 million of salary and benefit savings for the General Fund in FY 2010.

The Fiscal Year 2010 Adopted Budget presumes no pay increases for the Management and Professional group as well as SEIU employees.

NON-DEPARTMENTAL EXPENDITURES

Payments to Palo Alto Unified School District (PAUSD):

This involves costs not associated with a particular department such as the direct support of the PAUSD of $6.7 million as part of the lease and covenant not to develop the Cubberley Community Center.

CONTINGENCY SPENDING

Contingencies are budget dollars eventually transferred to another department in order to fund unexpected expense. This includes City Manager and City Council contingency spending as well as compensation adjustments that may be allocated to department budgets later in the year. Fiscal Year 2010 includes a new contingency account created for the City Attorney's Office in the amount of $0.3 million for unforeseen legal expenditures.

OPERATING TRANSFERS-OUT

The General Fund maintains obligations to other funds such as the Storm Drainage Fund, Capital Project Fund and Debt Service Funds. Operating transfers are a means of moving resources between funds. General Fund operating transfers out are projected to be $11 million in Fiscal Year 2010 and $11.3 million for Fiscal Year 2011. Some of the larger transfers in Fiscal Year 2010 include $9.9 million to the Capital Project Fund for infrastructure and $1.1 million to the Debt Service Fund for debt financing expense.

RESERVES

The Budget Stabilization Reserve (BSR) is projected to be at 15.6 percent of expenditures, approximately $22 million in Fiscal Year 2010. This is the lower limit of the reserve policy guideline range which is 15 to 20 percent of General Fund expenditures. The BSR for Fiscal Year 2011 (adopted in-concept budget) is currently projected to be 13.3 percent of expenditures, approximately $20 million. This is below the reserve policy guideline and additional expenditure reductions will be made prior to the Fiscal Year 2011 budget adoption, in June 2010 . It is anticipated that once the City starts to experience recovery from the current recession, the BSR will return to the target level of 18.5 percent of expenditures.

LONG RANGE FINANCIAL FORECAST (LRFF)

As presented to the Finance Committee in December 2008, the LRFF plays a critical role in the development of much of the fundamental analysis in this budget presentation. The LRFF reflects the weakening economy and its anticipated effects on General Fund revenues and expenditures. The model in this document has been updated with the Fiscal Year 2007 actual revenues and expenditures as well as projections for Fiscal Years 2009 through 2019.

CITYWIDE OPERATING FUND BALANCES STATEMENT

An organization-wide operating fund statement is included in the financial summaries that follow this discussion. Internal service fund activities are not listed separately as the expenses surrounding these activities have been allocated to all funds receiving the service and included as expense within those funds. Capital Project Fund activities are captured as a net transfer of fund balance and also are not included in this operating statement. Here are the highlights from the Fiscal Year 2010-2011 summary:

Total City revenues are projected to be $512 million in FY 2010 and $453 million in FY 2011

Total City expenditures are projected to be $499 million in FY 2010 and $463 million in FY 2011

Total fund balances are projected to be $217 million in FY 2010 and $207 million in FY 2011

City Council's Top Three Priorities

Department budget sections include a list of activities that further the Council's Top Three Priorities. The following is a summary of activities, services and programs that are included in the Fiscal Year 2010 and 2011 Adopted Budget. Along with these items are estimates of budget dollars needed to deliver the service or perform the activity. As the budget is structured around specific department missions, staff time and other costs related to the delivery of Council priority-related services are therefore estimated.

This summary is meant to depict the commitment of resources where estimates are available. Additional department activities for which dollar estimates are not easily obtained can be found in the individual department sections. A summary of CIP expenses related to the Council's Top Three Priorities can be found in the Fiscal Year 2010 and 2011 CIP Adopted Budget document.

ENVIRONMENTAL PROTECTION $21,228,000

City Attorney's Office - $73,000

Analyze and evaluate various environmental protection issues and ordinances.

Planning and Community Environment Department - $1,174,000

Promote alternative transportation options by maintaining the City's shuttle program, implementing the Bicycle Plan, and administering the commute alternatives program.

Continue to develop and expand the City's Green Building Program including implementing a revised Construction and Demolition Debris Diversion ordinance and adopting any necessary revisions to the green building ordinance.

Public Works Department - $166,000

Provide on-going maintenance to City facility systems to obtain optimal and efficient conditions.

Refuse Fund - $1,800,000

Implement programs defined in Zero Waste operational plan. Minimize hazardous waste through collection efforts. Minimize solid waste through waste reduction and recycling programs.

Water Quality Control Plant - $18,000,000

Operate, maintain and monitor the Regional Water Quality Control Plant to ensure compliance with regulations and to protect the San Francisco Bay and the environment from biological waste.

Dedicated to reducing pollution to local waterways, maintains pretreatment and regulation programs to control industrial and commercial discharges and a pollution prevention group active in industrial, commercial, and public outreach.

Other City Department Contributions:

Human Resouces Department - $10,000

Administrative Services Department - $5,000

CIVIC ENGAGEMENT FOR THE COMMON GOOD $116,000

City Attorney's Office - $86,000

Provide legal assistance to board/commission liasions as requested and assisted in the formation of the Peninsula Cities Consortium.

Human Resources Department- $20,000

Continued collaboration with the City Manager's Office and other departments in matters of civic engagement and outreach.

Other Department Contributions

Administrative Services Department - $10,000

ECONOMIC HEALTH OF THE CITY $1,437,000

City Attorney's Office - $91,000

Evaluate legality of proposals for revenue enchancements and increases and assist with and provide legal advice regarding labor negotiations.

Administrative Services Department - $884,000

Monitor and promote expansion of the City's revenue base and make recommendations for necessary adjustments to expenditure levels in order the maintain a balanced General Fund budget.

Planning and Community Environment Department- $462,000

Continue business outreach efforts, participate in business retention efforts to targeted businesses, assist businesses with planning and building entitlement issues, and participate in local and regional economic development efforts.

Continue to support and foster the Downtown Business Improvement District and Destination Palo Alto, initiated by the business community and staff to enhance the City's economic base.

City Council's Top Three Priorities

Update zoning and other development regulations to encourage revenue-enhancing businesses, particularly retail and hotels, to remain in or locate in Palo Alto.

SUMMARY

Overall, the Fiscal Year 2010 and 2011 Adopted Budget includes committed estimated resources related to Council's Top Three Priorities as follows:

Environmental Protection:	$21.2 million
Civic Engagement for the Common Good:	0.1 million
Economic Health of the City:	1.4 million
TOTAL:	**$22.7 million**

General Fund Service Level Changes

The adopted General Fund budget for Fiscal Years 2010 and 2011 includes $2.8 million of ongoing net reductions in the expense base. These reductions include the elimination of 21.3 FTE and additional hourly positions among other department reductions.

Below is a summary of the major service reductions that are a result of the cost reductions included in this budget. Additional detail on service reductions is included in the department sections within the budget document.

CITY ATTORNEY: ($0.1 MILLION REDUCTION)

Reduction in Outside Counsel funding: may result in a reduction in services to City departments and specialized outside counsel may be unavailable.

ADMINISTRATIVE SERVICES DEPARTMENT: ($0.3 MILLION REDUCTION)

Elimination of 1 FTE Storekeeper: necessitating service level reductions in delivery operations to allow the Warehouse to cover core functions. Services targeted for reduction are the delivery of library books, inter-departmental mail, and supplies.

Elimination of 1 FTE Accounting Specialist: may result in the processing delays of Accounts Payable, Accounts Receivable and other daily accounting functions.

COMMUNITY SERVICES: ($0.5 MILLION REDUCTION)

Elimination of 0.5 FTE Producer Arts/Science position: This will result in the suspension of the Brown Bag concert series.

Restructure Children's Theatre middle school outreach: Program will be presented as a 3-day weekend festival in partnership with Palo Alto Unified School District (PAUSD) and will be promoted as a community event. The partnership will reduce production costs and it is expected to increase overall attendance.

Close Baylands Interpretive Center on Sundays: Center will remain open on Saturdays with visitor access to programs, exhibits and the hands-on ecology laboratory.

Shorten exhibit installation periods at the Art Center: Staff will focus on planning community events and programs in conjunction with exhibitions to expand participation.

Reduce summer staffing at the Foothills Park entrance station.

Reduce maintenance of Open Space restrooms, picnic areas and campgrounds to once a week.

Reduce onsite staff at Foothills Park and the Baylands Nature Preserve.

Eliminate Seasonal Worker program: The goal of this program will be accomplished through the City's support of the Downtown Streets project.

General Fund Service Level Changes

HUMAN RESOURCES DEPARTMENT: ($0.1 MILLION REDUCTION)

Reduction in employee recognition events.

Reduction in employee development training: Employee training will be focused on mandatory safety, new employee orientation and essential policy and procedures.

LIBRARY DEPARTMENT: ($0.3 MILLION REDUCTION)

Elimination of 1 FTE Library Coordinator: This will reduce collaboration with PAUSD and the delivery of programs to students at the schools.

Elimination of 0.5 FTE Library Assistant: The checkout of back issues of magazines will be discontinued.

Elimination of 1.44 FTE hourly library clerks associated with the closure of the College Terrace library during the FY 2010 renovation.

Reduction of library collection expenditures by 5 percent.

PLANNING AND COMMUNITY ENVIRONMENT ($0.3 MILLION REDUCTION)

Elimination of 4 FTE in the Building Division: Plan Check Engineer, Administrative Associate II, Inspector Specialist, Building/Planning Technician. The service level impacts for these eliminations are expected to be mitigated by reduced service demands due to the current recession, technology enhancements and the use of contract staff.

Extension of Comprehensive Plan Amendment: Increase the time period from 2 years to 3 years for this project. This will extend the timeframe for implementation of Comprehensive Plan changes by an additional year.

PUBLIC WORKS DEPARTMENT ($0.2 MILLION REDUCTION)

Elimination of 1.8 FTE related to plan reviews and permit checking. Engineering Technician III, and Engineer. The service level impacts for these eliminations are expected to be mitigated by reduced service demands due to the current recession.

POLICE DEPARTMENT ($0.2 MILLION REDUCTION)

Elimination of 0.5 FTE Volunteer Coordinator: The elimination of this position will eliminate the marketing, recruitment, and training of new volunteers for the Police department. The number of volunteers and hours donated may be reduced.

Elimination of 1 FTE Police Records Specialist: The hours the Records department is open to the public will be reduced one day a week, or the equivalent hours over the entire week. The Records department is currently open to the public Monday through Friday 8:00 am to 5:00 pm.

Elimination of 1 FTE Police Officer- School Resource Officer: This will reduce the School Resource Officer (SRO) program to one officer and will eliminate proactive services in the middle schools and reduce the time dedicated to the high schools.

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General Fund Summary

FUND SUMMARY

($000)	2007-08 Actuals	2008-09 Adopted Budget	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Revenues							
Sales Tax	22,622	22,402	20,265	19,650	(615)	20,050	400
Property Tax	23,107	23,510	25,098	25,752	654	26,102	350
Transient Occupancy Tax	7,976	8,424	7,700	7,000	(700)	7,300	300
Utility Users Tax	10,285	10,783	11,024	11,250	226	12,304	1,054
Other Taxes and Fines	7,847	8,816	6,116	5,633	(483)	5,737	104
Charges for Services	18,922	20,849	19,918	20,238	321	20,596	357
Permits and Licenses	5,221	5,767	5,180	5,056	(123)	5,131	75
Return on Investment	4,480	2,348	1,900	1,900	0	1,900	0
Rental Income	13,591	13,426	13,121	13,655	533	13,655	0
From other agencies	229	86	144	92	(52)	92	0
Charges to Other Funds	10,914	10,952	10,999	10,643	(356)	10,957	313
Other Revenue	2,316	1,531	2,207	1,605	(603)	1,502	(102)
TOTAL REVENUES	**$127,509**	**$128,894**	**$123,672**	**$122,474**	**$(1,198)**	**$125,326**	**$2,851**
Operating Transfers-In	17,228	17,677	17,677	19,664	1,987	18,709	(955)
TOTAL SOURCE OF FUNDS	**$144,738**	**$146,571**	**$141,349**	**$142,138**	**$789**	**$144,035**	**$1,896**

General Fund Summary

FUND SUMMARY

($000)	2007-08 Actuals	2008-09 Adopted Budget	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Expenses							
City Attorney	2,665	2,778	2,775	2,569	(207)	2,614	46
City Auditor	870	931	898	999	100	1,020	21
City Clerk	1,344	1,260	1,329	1,512	184	1,227	(285)
City Council	234	315	328	296	(32)	271	(25)
City Manager	2,249	2,231	1,964	2,395	431	2,395	0
Administrative Services	7,301	7,153	9,054	6,761	(2,293)	6,889	128
Community Services	21,234	21,600	20,883	21,876	993	22,272	396
Fire	23,981	24,260	24,384	25,166	783	26,161	995
Human Resources	2,706	2,822	2,849	2,837	(13)	2,898	61
Library	6,821	6,570	6,385	6,385	0	6,521	136
Planning and Community Environment	9,658	10,419	10,222	9,858	(365)	9,745	(113)
Police	29,425	29,831	29,694	29,998	304	31,328	1,330
Public Works	12,923	13,859	13,526	13,484	(42)	13,768	284
Non-Departmental	7,417	7,980	5,429	6,925	1,495	8,230	1,306
TOTAL EXPENSES	**$128,829**	**$132,009**	**$129,722**	**$131,061**	**$1,339**	**$135,341**	**$4,280**
Operating Transfers Out	1,121	1,169	1,169	1,128	(41)	1,122	(6)
Transfer to Infrastructure	11,807	12,131	14,648	9,900	(4,747)	10,248	348
TOTAL USE OF FUNDS	**$141,758**	**$145,308**	**$145,538**	**$142,089**	**$(3,449)**	**$146,711**	**$4,621**
NET SURPLUS (DEFICIT)	**$2,980**	**$1,263**	**$(4,189)**	**$49**	**$4,238**	**$(2,676)**	**$(2,725)**

EXPENDITURES BY CATEGORY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Salaries and Benefits	91,307,769	88,230,249	92,717,073	4,486,824	96,361,039	3,643,966
Contract Services	9,406,906	12,565,775	9,075,564	(3,490,211)	9,804,411	728,847
Supplies and Materials	3,026,398	3,572,545	3,546,939	(25,606)	3,479,839	(67,100)
General Expense	9,176,091	9,433,128	10,192,501	759,373	9,869,501	(323,000)
Rents and Leases	741,460	702,907	740,486	37,579	740,486	0
Facilities and Equipment Purchases	465,163	430,401	472,104	41,703	472,104	0
Allocated Charges	14,705,553	14,786,596	14,316,318	(470,278)	14,613,245	296,927
Operating Transfers Out	1,121,406	1,168,991	1,128,274	(40,717)	1,121,819	(6,455)
Transfer to Infrastructure	11,806,905	14,647,577	9,900,212	(4,747,365)	10,248,460	348,248
TOTAL EXPENDITURES	**$141,757,651**	**$145,538,169**	**$142,089,471**	**$(3,448,698)**	**$146,710,904**	**$4,621,433**

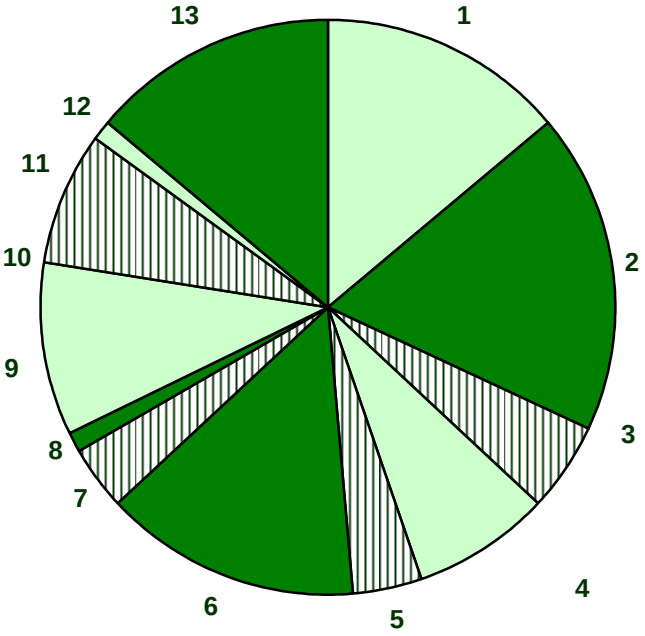
RESERVES

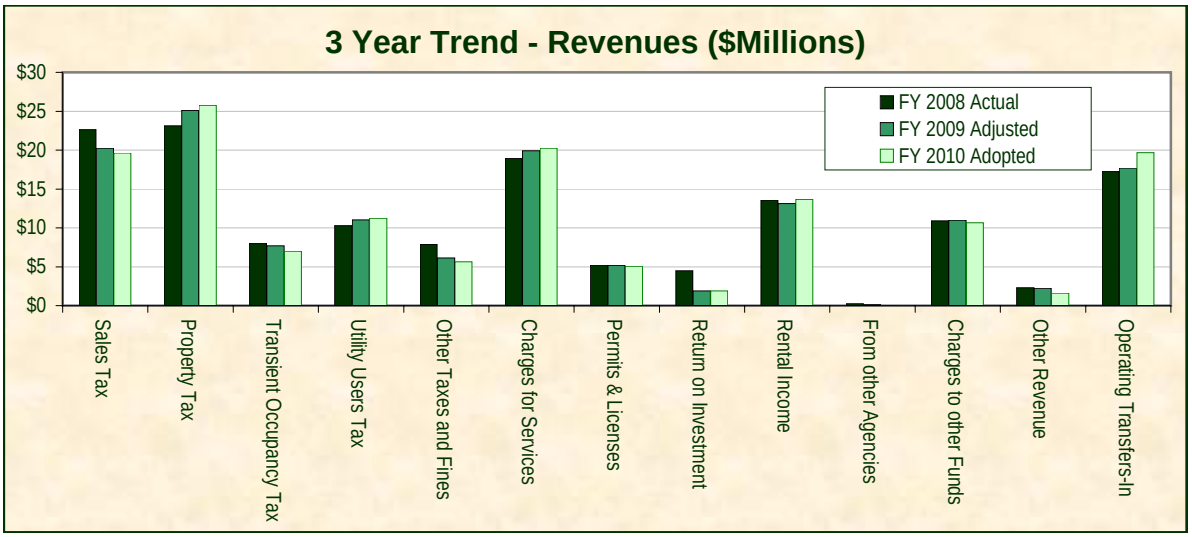
($000)	2007-08 Actuals	2008-09 Adopted Changes	2008-09 BAO's	Projected 06/30/09	2009-10 Projected Changes	Projected 06/30/10	2010-11 Projected Changes	Projected 06/30/11
Reserves								
Budget Stabilization Reserve (BSR) Activity:								
BSR	26,102	263	(4,189)	22,176	49	22,225	(2,676)	19,549
Other Reserve Activity:								
Public Safety Building		1,000	(1,000)	0		0		0
Encumbrance & Reappropriation	4,464			4,464		4,464		4,464
Equity Transfer Stabilization	3,528			3,528		3,528		3,528
Inventory of Materials & Supplies	2,999			2,999		2,999		2,999
Notes Receivable & Prepaid Items	4,287			4,287		4,287		4,287
TOTAL RESERVES	**$41,380**	**$1,263**	**$(5,189)**	**$37,454**	**$49**	**$37,503**	**$(2,676)**	**$34,827**

General Fund — Revenues by Type

$142.1 Million / Adopted FY 2010

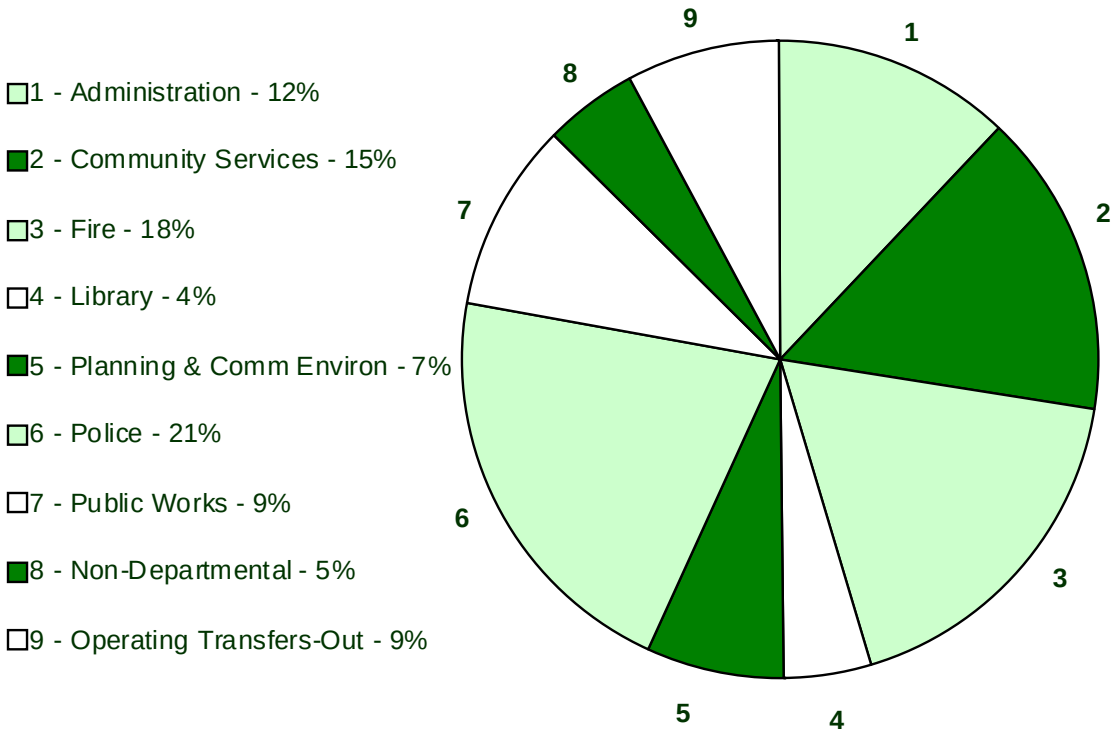
- 1 - Sales Tax - 14%
- 2 - Property Tax - 18%
- 3 - Transient Occupancy Tax - 5%
- 4 - Utility Users Tax - 8%
- 5 - Other Taxes and Fines 4%
- 6 - Charges for Services - 14%
- 7 - Permits & Licenses - 4%
- 8 - Return on Investment - 1%
- 9 - Rental Income - 10%
- 10-From other Agencies - < 1%
- 11-Charges to other Funds - 7%
- 12-Other Revenue - 1%
- 13-Operating Transfers-In - 14%

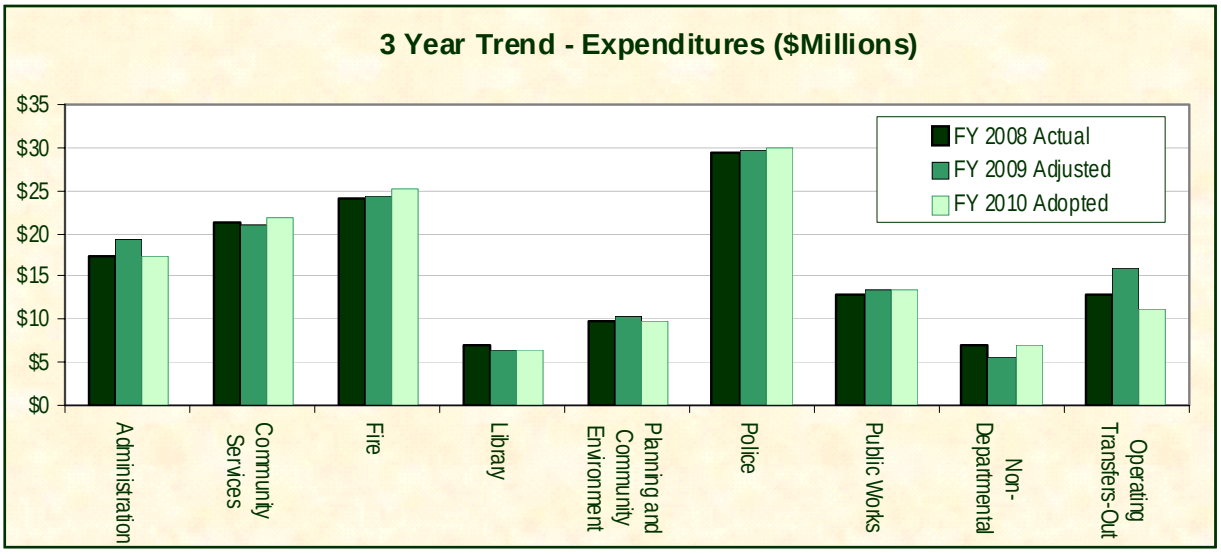




General Fund — Expenditures by Category

$142.1 Million / Adopted FY 2010





Long Range Financial Forecast

($000)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Revenues												
Sales Taxes	22,622	20,265	19,650	20,050	20,802	21,759	22,847	23,989	25,069	26,134	27,114	28,133
Property Taxes	23,084	25,098	25,752	26,102	27,441	29,123	30,914	32,741	34,352	35,785	37,370	39,014
Utility User Tax	10,285	11,024	11,250	12,304	12,991	13,673	14,322	15,007	15,709	16,329	16,940	17,608
Transient Occupancy Tax	7,976	7,700	7,000	7,300	7,702	8,125	8,633	9,173	9,723	10,161	10,542	10,938
Other Taxes, Fines & Penalties	7,870	6,116	5,633	5,737	6,003	6,305	6,673	7,078	7,470	7,886	8,281	8,699
Subtotal: Taxes	**$71,837**	**$70,203**	**$69,285**	**$71,493**	**$74,939**	**$78,985**	**$83,389**	**$87,988**	**$92,322**	**$96,295**	**$100,247**	**$104,392**
Service Fees & Permits	17,140	17,496	17,437	17,536	17,645	17,973	18,496	19,225	19,983	20,770	21,588	22,510
Joint Service Agreements (Stanford University)	6,936	7,602	7,857	8,191	8,532	8,921	9,306	9,737	10,191	10,669	11,168	11,697
Interest Earnings	2,232	1,900	1,900	1,900	1,974	2,053	2,142	2,238	2,346	2,460	2,575	2,696
Other revenues	18,032	15,472	15,352	15,251	15,522	13,768	14,116	14,476	14,845	15,227	15,618	16,021
Reimbursements from Other	11,333	10,999	10,643	10,957	11,245	11,558	11,957	12,442	12,961	13,495	14,052	14,623
TOTAL REVENUES	**$127,510**	**$123,672**	**$122,474**	**$125,326**	**$129,857**	**$133,258**	**$139,406**	**$146,107**	**$152,648**	**$158,916**	**$165,249**	**$171,939**
Transfers from Other Funds	17,228	17,677	19,664	18,709	19,103	19,635	20,309	21,134	22,015	22,922	23,868	24,838
TOTAL SOURCE OF FUNDS	**$144,738**	**$141,349**	**$142,138**	**$144,035**	**$148,959**	**$152,893**	**$159,715**	**$167,240**	**$174,663**	**$181,838**	**$189,119**	**$196,779**
Expenditures												
Salaries & Benefits	91,308	88,230	92,717	96,361	99,414	102,559	106,251	110,799	115,563	120,544	125,740	131,197
Contract Services	9,407	12,566	9,076	9,804	9,910	10,109	10,412	10,828	11,261	11,712	12,180	12,546
Supplies & Materials	3,026	3,572	3,547	3,480	3,547	3,617	3,726	3,875	4,030	4,191	4,359	4,490
General Expense	9,179	9,433	10,193	9,870	9,990	10,239	10,529	10,859	11,144	11,438	11,742	12,054
Rents, Leases, & Equipment	1,134	1,133	1,212	1,212	1,236	1,261	1,299	1,351	1,405	1,461	1,519	1,580
Allocated Expenses	14,779	14,787	14,316	14,613	15,041	15,342	15,802	16,434	17,091	17,775	18,486	19,226
TOTAL EXPENDITURES	**$128,833**	**$129,721**	**$131,061**	**$135,341**	**$139,137**	**$143,127**	**$148,019**	**$154,146**	**$160,495**	**$167,122**	**$174,026**	**$181,092**
Transfers to Other Funds												
GF transfer for Infrastructure CIP	7,086	8,062	6,180	8,501	8,844	9,211	9,604	10,025	10,474	10,955	11,470	12,021
GF transfer for other CIP	4,721	6,585	3,720	1,747	1,799	1,853	1,908	1,964	2,021	2,080	2,141	2,203
Debt Service	1,082	1,082	1,086	1,080	929	752	749	649	763	763	763	763
Other	39	87	42	42	44	45	47	49	51	51	51	51
TOTAL USE OF FUNDS	**$141,758**	**$145,537**	**$142,089**	**$146,711**	**$150,752**	**$154,989**	**$160,327**	**$166,832**	**$173,804**	**$180,972**	**$188,451**	**$196,128**
Drawdown on BSR for BAO		4,188										
NET SURPLUS/(DEFICIT)	**$2,980**	**$0**	**$49**	**$(2,676)**	**$(1,794)**	**$(2,096)**	**$(613)**	**$408**	**$859**	**$865**	**$668**	**$650**

FY 2010 Projected Operating Fund Balances

($000)	Projected Ending Balance 06/30/09	Estimated Revenues	Net Fund Transfers	Estimated Expenditures	Projected Ending Balance 06/30/10
GENERAL FUND	**$22,176**	**$122,474**	**$8,636**	**$131,061**	**$22,225**
CAPITAL FUND	**$5,457**	**$56,289**	**$10,885**	**$67,421**	**$5,210**
DEBT SERVICE					
Golf Course Debt	778	32	529	561	778
Civic Center Debt	375	13	413	426	375
Parking 2002 COPS (Taxable) Debt	253	9	225	234	253
Subtotal	$1,406	$54	$1,167	$1,221	$1,406
ENTERPRISE					
Electric Fund	108,923	129,944	(11,812)	125,267	101,788
Fiber Optics Fund	7,314	2,990	(11)	1,565	8,728
Gas Fund	15,127	45,925	(5,667)	40,186	15,199
Wastewater Collection Fund	5,660	15,988	(97)	16,284	5,267
Water Fund	4,887	66,027	(258)	50,562	20,094
Refuse Fund	7,807	37,083	(333)	36,162	8,395
Storm Drain Fund	400	5,651	(683)	4,941	427
Wastewater Treatment Fund	(4,295)	21,987	(153)	20,305	(2,766)
Subtotal	$145,823	$325,595	$(19,014)	$295,272	$157,132
INTERNAL SERVICE					
General Benefits and Insurance Fund	1,445	*	0	*	1,445
Retiree Health Benefit Fund	719	*	0	*	719
Printing and Mailing Fund	189	*	(74)	*	115
Technology Fund	9,073	*	(645)	*	8,428
Vehicle Replacement and Maintenance	(103)	*	1,981	*	1,878
Subtotal	$11,323	$0	$1,262	$0	$12,585
SPECIAL REVENUE					
Community Development Fund	4,669	770	(82)	0	5,357
Street Improvement Fund	35	1,133	(1,041)	0	127
Federal and State Revenue Funds	3,091	815	(5)	1,844	2,057
Housing In-Lieu and Public Benefit Fund	7,086	2,435	0	2,693	6,828
Special Districts Fund	693	1,149	(1,329)	0	513
Traffic Mitigation & Parking In-Lieu Fund	2,773	632	0	0	3,405
Public Benefits Fund	0	29	0	29	0
Downtown Business Improvement District	113	163	0	161	115
Subtotal	$18,460	$7,126	$(2,457)	$4,727	$18,402
TOTAL OPERATING FUNDS	**$204,645**	**$511,538**	**$479**	**$499,702**	**$216,960**

* allocation to/from other funds

FY 2011 Projected Operating Fund Balances

($000)	Projected Ending Balance 06/30/10	Estimated Revenues	Net Fund Transfers	Estimated Expenditures	Projected Ending Balance 06/30/11
GENERAL FUND	**$22,225**	**$125,326**	**$7,339**	**$135,341**	**$19,549**
CAPITAL FUND	**$5,210**	**$2,225**	**$11,630**	**$17,442**	**$1,623**
DEBT SERVICE					
Golf Course Debt	778	32	528	560	778
Civic Center Debt	375	13	408	421	375
Parking 2002 COPS (Taxable) Debt	253	9	224	233	253
Subtotal	$1,406	$54	$1,160	$1,214	$1,406
ENTERPRISE					
Electric Fund	101,788	146,894	(12,349)	134,597	101,736
Fiber Optics Fund	8,728	2,990	(24)	1,569	10,125
Gas Fund	15,199	52,113	(5,326)	46,339	15,647
Wastewater Collection Fund	5,267	16,720	(565)	16,723	4,699
Water Fund	20,094	33,062	(223)	33,145	19,788
Refuse Fund	8,395	37,458	(313)	43,739	1,801
Storm Drain Fund	427	5,651	(604)	5,059	415
Wastewater Treatment Fund	(2,766)	23,066	(18)	21,671	(1,389)
Subtotal	$157,132	$317,954	$(19,422)	$302,842	$152,822
INTERNAL SERVICE					
General Benefits and Insurance Fund	1,445	*	0	*	1,445
Retiree Health Benefit Fund	719	*	0	*	719
Printing and Mailing Fund	115	*	(69)	*	46
Technology Fund	8,428	*	(1,944)	*	6,484
Vehicle Replacement and Maintenance	1,878	*	2,638	*	4,516
Subtotal	$12,585	$0	$625	$0	$13,210
SPECIAL REVENUE					
Community Development Fund	5,357	770	(300)	0	5,827
Street Improvement Fund	127	1,133	(1,140)	0	120
Federal and State Revenue Funds	2,057	815	(5)	1,847	1,020
Housing In-Lieu and Public Benefit Fund	6,828	2,435	0	2,593	6,670
Special Districts Fund	513	1,149	(1,290)	0	372
Traffic Mitigation & Parking In-Lieu Fund	3,405	632	0	0	4,037
Public Benefits Fund	0	29	0	28	1
Downtown Business Improvement District	115	162	0	160	117
Subtotal	$18,402	$7,125	$(2,735)	$4,628	$18,164
TOTAL OPERATING FUNDS	**$216,960**	**$452,684**	**$(1,403)**	**$461,467**	**$206,774**

* allocation to/from other funds

Total Citywide Revenues by Category

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Net Sales	226,652,108	248,720,714	256,238,275	7,517,561	282,288,990	26,050,715
Sales Taxes	22,621,746	20,265,000	19,650,000	(615,000)	20,050,000	400,000
Property Taxes	23,242,883	25,258,000	25,912,000	654,000	26,262,000	350,000
Transient Occupancy Tax	7,975,906	7,700,000	7,000,000	(700,000)	7,300,000	300,000
Utility Users Tax	10,284,813	11,024,000	11,250,000	226,000	12,304,000	1,054,000
Other Taxes and Fines	7,851,051	6,126,000	5,640,500	(485,500)	5,744,450	103,950
Charges for Services	22,251,022	22,016,336	21,692,674	(323,662)	22,055,173	362,499
Permits and Licenses	6,401,339	6,347,702	6,176,481	(171,221)	6,251,481	75,000
Return on Investments	22,746,736	13,188,200	12,342,079	(846,121)	12,273,646	(68,433)
Rental Income	13,597,420	13,129,800	13,659,764	529,964	13,659,764	0
From Other Agencies	7,866,484	3,677,569	3,160,484	(517,085)	2,874,971	(285,513)
Charges to Other Funds	26,389,935	26,665,301	26,941,839	276,538	28,370,458	1,428,619
Other Revenue	14,411,263	74,232,168	101,874,773	27,642,605	13,249,349	(88,625,424)
TOTAL REVENUES	**$412,292,706**	**$478,350,790**	**$511,538,869**	**$33,188,079**	**$452,684,282**	**$(58,854,587)**

The revenue table above shows total City revenues from all City funds as follows: general fund, enterprise funds, capital fund, internal service funds, debt service, and special revenue funds.

Total Citywide Expenditures by Category

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Utility Purchases and Charges	122,979,269	141,535,630	137,890,425	(3,645,205)	146,565,189	8,674,764
Salaries and Benefits	125,553,705	124,594,963	131,398,102	6,803,139	135,089,016	3,690,914
Contract Services	21,295,462	28,841,074	24,936,958	(3,904,116)	25,845,159	908,201
Supplies and Materials	5,943,734	7,748,825	7,892,154	143,329	7,906,994	14,840
Facilities and Equipment Purchases	781,316	4,144,391	1,039,855	(3,104,536)	1,039,855	0
General Expense	17,921,911	18,768,519	19,250,901	482,382	19,359,067	108,166
Rents and Leases	11,070,028	11,093,533	11,563,150	469,617	11,563,150	0
Allocated Charges	38,406,291	40,490,315	38,924,063	(1,566,252)	39,944,022	1,019,959
Debt Service	12,486,105	14,225,367	13,301,866	(923,501)	14,389,723	1,087,857
Capital Improvement Program	67,506,799	91,972,030	113,504,874	21,532,844	59,765,253	(53,739,621)
Net Transfers	8,236,187	3,517,890	(479,221)	(3,997,111)	1,402,831	1,882,052
TOTAL EXPENDITURES	**$432,180,807**	**$486,932,537**	**$499,223,127**	**$12,290,590**	**$462,870,259**	**$(36,352,868)**
To/(From) Reserves	(19,888,101)	(8,581,747)	12,315,742	20,897,489	(10,185,977)	(22,501,719)

The expense table above shows total City expenditures from all City funds as follows: general fund, enterprise funds, capital fund, internal service funds, debt service, and special revenue funds. The line above labeled "To/(From) Reserves" shows funding from reserves that is used primarily for rate stabilization in the enterprise funds as well as for capital improvement program (CIP) funding.

Total Citywide Expenditures by Category

AVERAGE SALARY & BENEFITS PER EMPLOYEE - BY UNIT

CATEGORY	MGMT	IAFF	FCA	PAPOA	SEIU	TOTAL
FTE	242	109	4	83	617	1,055
% OF City	23%	10%	0%	8%	59%	100%
SALARY	$113,002	$104,878	$138,200	$104,013	$72,662	$92,818,075
Overtime*	$0	$16,001	$0	$17,296	$3,914	$5,593,457
VMC *	?	$0	?	$0	?	?
IN-LIEU HOLIDAY	$0	$5,443	$0	$5,398	$3,771	$3,367,235
MGMT LEAVE	$4,346	$0	$5,316	$0	$0	$1,074,569
PERS EMPLOYER	$19,281	$25,106	$33,082	$24,899	$12,398	$17,255,005
PERS EMPLOYEE	$6,780	$4,495	$12,438	$9,361	$4,360	$5,648,717
MEDICAL	$11,762	$11,762	$11,762	$11,762	$11,762	$12,410,086
DENTAL/VISION	$1,676	$1,676	$1,676	$1,676	$1,676	$1,768,348
WORKER'S COMP	$1,934	$7,053	$0	$9,238	$1,931	$3,195,207
LIFE/LTD/SUI/EAP	$718	$718	$718	$718	$718	$757,562
NON-SAL. BENEFITS	$4,260	$1,255	$4,255	$1,255	$1,383	$2,143,313
TOTAL SAL./ BENEFITS	$163,759	$178,387	$207,447	$185,616	$114,575	$146,031,574

*** Average employee eligible for benefit**

Future Retiree Medical Liability - Estimated Avg Cost per employee $ 2,663

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Supplemental Citywide Information

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City of Palo Alto
FY 2010 Adopted Budget
CITYWIDE SUMMARY BY FUND
($000)

FUND/DEPARTMENT	Revenues	Expenditures	Net Transfers Transfers In (Out)	To/From Reserves	Ending Reserve(s) Balance	FTE
General Fund						
City Attorney	$1,159	$2,569				10.60
City Auditor	755	999				4.00
City Clerk	527	1,512				6.75
City Council	98	296				0.00
City Manager	471	2,395				10.00
Administrative Services	3,134	6,761				41.95
Community Services	7,865	21,876				94.25
Fire	10,645	25,166				122.69
Human Resources	1,352	2,837				16.00
Library	339	6,385				42.25
Planning & Community Environment	5,639	9,858				48.85
Police	5,191	29,998				161.50
Public Works	2,927	13,484				63.67
Non-Departmental	82,372	6,925				0.00
Transfers In/Out			$8,636			
Total General Fund	**$122,474**	**$131,061**	**$8,636**	**$49**	**$22,225**	**622.51**
Capital Fund	$56,289	$67,421	$10,885	($247)	$5,210	24.67
Debt Service Funds	54	1,221	1,167	0	1,406	
Utilities Administration						14.92
Electric Fund	129,944	125,267	(11,812)	(7,135)	101,788	105.98
Fiber Optics Fund	2,990	1,565	(11)	1,414	8,728	5.08
Gas Fund	45,925	40,186	(5,667)	72	15,199	46.79
Wastewater Collection Fund	15,988	16,284	(97)	(393)	5,267	24.68
Water Fund	66,027	50,562	(258)	15,207	20,094	44.16
Refuse Fund	37,083	36,162	(333)	588	8,395	36.47
Storm Drainage Fund	5,651	4,941	(683)	27	427	9.54
Wastewater Treatment Fund	21,987	20,305	(153)	1,529	(2,766)	68.62
Internal Service Funds			1,262	1,262	12,585	50.78
Special Revenue Funds	7,126	4,728	(2,457)	(59)	18,402	1.15
Citywide Grand Total	**$511,538**	**$499,703**	**$479**	**$12,314**	**$216,960**	**1055.35**

General Fund Departmental details can be found on pages 51-230
Capital Fund details can be found in the FY 2010-2011 Adopted Capital Fund Budget document
Debt Service Fund details can be found on pages 385-389
Utility and Enterprise Fund details can be found on pages 232-354
Internal Service Fund details can be found on pages 393-420
Special Revenue Fund details can be found on pages 377-383

City of Palo Alto
REVENUE BY FUND
Five Year Trend
($000)

Fund/Department	FY 2005 Actuals	FY 2006 Actuals	FY 2007 Actuals	FY 2008 Actuals	FY 2009 Adopted	FY 2010 Adopted
General Fund						
Sales Tax	$19,308	$20,316	$22,195	$22,622	$22,402	$19,650
Property Tax	16,700	18,754	21,489	23,107	23,510	25,752
Transient Occupancy Tax	5,686	6,393	6,708	7,976	8,424	7,000
Utility Users Tax	7,267	8,759	9,356	10,285	10,783	11,250
Other Taxes and Fines	7,669	9,265	8,734	7,847	8,816	5,633
Charges for Services	17,145	18,490	19,484	18,922	20,849	20,238
Permits and Licenses	3,453	4,693	5,320	5,221	5,767	5,056
Return on Income	1,593	241	3,132	4,480	2,348	1,900
Rental Income	12,016	12,273	13,105	13,591	13,426	13,655
From other agencies	387	895	752	229	86	92
Charges to Other Funds	9,378	9,426	9,800	10,914	10,952	10,643
Other Revenue	1,374	4,298	1,775	2,316	1,531	1,605
Total General Fund	**$101,976**	**$113,801**	**$121,850**	**$127,509**	**$128,894**	**$122,474**
Capital Fund	$2,801	$4,500	$3,042	$4,540	$1,781	$56,289
Debt Service Funds	167	194	146	95	52	54
Electric Fund	94,981	122,388	111,002	116,005	124,663	129,944
Fiber Optics Fund*					2,909	2,990
Gas Fund	31,830	37,164	42,947	50,361	51,865	45,925
Wastewater Collection Fund	12,487	14,109	15,726	16,627	15,326	15,988
Water Fund	21,798	21,565	26,271	29,290	63,510	66,027
Refuse Fund	23,995	25,158	26,340	29,850	32,835	37,083
Storm Drainage Fund	2,961	5,742	5,346	5,872	5,677	5,651
Wastewater Treatment Fund	16,960	19,465	17,714	23,905	41,250	21,987
External Services Fund**	753	847	792	954		
Special Revenue Funds	4,774	5,212	8,720	7,285	8,645	7,126
Citywide Grand Total	**$315,483**	**$370,145**	**$379,896**	**$412,293**	**$477,408**	**$511,538**

* The Fiber Optics Fund was created in FY 2009 - prior to FY 2009 Fiber Optics activity was reported within the Electric Fund

** The External Services Fund was closed at the end of FY 2008

General Fund, Capital Fund, Debt Service and Special Revenue Fund Transfers-In are netted against Transfers-Out and presented as Net Transfers in the Citywide Expenditures table on page 38.

City of Palo Alto
EXPENDITURES BY CATEGORY
Five Year Trend
($000)

EXPENDITURES BY CATEGORY	FY 2005 Actuals	FY 2006 Actuals	FY 2007 Actuals	FY 2008 Actuals	FY 2009 Adopted	FY 2010 Adopted
Utility Purchases and Charges	$80,494	$97,800	$106,501	$122,979	$135,730	$137,890
Salaries and Beneftis	110,483	115,135	116,369	125,554	127,689	131,398
Contract Services	37,505	15,145	16,407	21,295	27,165	24,937
Supplies and Materials	5,977	7,378	5,557	5,944	7,805	7,892
Facilities and Equipment Purchases	816	3,921	1,113	781	4,116	1,040
General Expense	12,730	11,975	15,940	17,922	16,665	19,251
Rents and Leases	10,102	10,252	11,047	11,070	11,463	11,563
Allocated Charges	30,129	33,636	38,231	38,407	40,252	38,924
Debt Service	9,988	12,436	12,361	12,486	14,225	13,302
Capital Improvement Program	40,600	36,016	53,160	67,507	85,023	113,505
Net Transfers	(26,193)	5,489	1,237	8,236	3,941	(479)
Total Expenditures	**$312,631**	**$349,183**	**$377,923**	**$432,181**	**$474,074**	**$499,223**

General Fund, Capital Fund, Debt Service and Special Revenue Fund Transfers-In are netted against Transfers-Out and presented as Net Transfers

Supplemental Citywide Information

City of Palo Alto
STAFFING BY FUND
Five Year Trend

FUND/DEPARTMENT	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
General Fund						
City Attorney	11.75	12.55	10.40	10.60	10.60	10.60
City Auditor	4.00	4.00	4.00	4.00	4.00	4.00
City Clerk	6.00	6.00	6.75	6.75	6.75	6.75
City Manager	10.50	8.50	9.50	11.50	11.50	10.00
Administrative Services	55.50	50.59	50.65	50.60	49.15	41.95
Community Services	99.75	95.25	99.25	97.25	96.50	94.25
Fire	128.00	126.00	127.00	127.00	126.69	122.69
Human Resources	14.10	14.60	15.35	15.60	16.00	16.00
Library	43.00	44.00	44.25	43.75	43.75	42.25
Planning & Community Environment	54.80	53.30	53.30	53.30	53.30	48.85
Police	167.75	164.50	164.00	163.00	164.00	161.50
Public Works	74.06	67.90	67.90	67.90	69.23	63.67
Total General Fund	**669.21**	**647.19**	**652.35**	**651.25**	**651.47**	**622.51**
Capital Fund	14.42	20.20	20.20	20.00	20.67	24.67
Utilities Administration		11.45	9.65	10.65	11.32	14.92
Electric Fund	120.58	115.48	114.89	108.59	103.67	105.98
Fiber Optics Fund*					5.99	5.08
Gas Fund	46.20	45.11	45.95	46.51	47.01	46.79
Wastewater Collection Fund	27.33	22.11	24.18	25.07	24.21	24.68
Water Fund	39.79	39.75	41.23	44.08	45.74	44.16
Refuse Fund	35.07	34.70	34.70	34.70	34.88	36.37
Storm Drainage Fund	9.90	9.50	9.50	9.50	9.52	9.55
Wastewater Treatment Fund	68.05	68.45	68.45	68.45	68.02	68.49
External Services Fund**	5.70	6.00	6.00	5.80		
Internal Service Funds	53.65	50.26	50.20	50.65	50.90	51.00
Special Revenue Funds	1.20	1.20	1.20	1.20	1.20	1.15
Citywide Grand Total	**1,091.10**	**1,071.40**	**1,078.50**	**1,076.45**	**1,074.60**	**1,055.35**

* The Fiber Optics Fund was created in FY 2009 - prior to FY 2009 Fiber Optics activity was reported within the Electric Fund

** The External Services Fund was closed at the end of FY 2008

CITY OF PALO ALTO
General Fund Revenue - Detail
($000)

REVENUE CATEGORY	Detail	2009 Adopted Budget	2010 Adopted Budget	2010 Budget Change	2011 Adopted In-Concept	2011 Budget Change
Sales Taxes	Sales Taxes	**$22,402**	**$19,650**	**($2,752)**	**$20,050**	**$400**
Property Taxes	Property Taxes	**23,510**	**25,752**	**2,242**	**26,102**	**350**
Utility Users Tax	City Utilities	7,793	8,180	387	9,218	1,038
	Telephone	2,990	3,070	80	3,086	16
		$10,783	**$11,250**	**$467**	**$12,304**	**$1,054**
Transient Occupancy Tax	Transient Occupancy Tax	**$8,424**	**$7,000**	**($1,424)**	**$7,300**	**$300**
Other Taxes and Fines	Vehicle In-Lieu	400	200	(200)	208	8
	Documentary Transfer	5,500	2,800	(2,700)	2,900	100
	Parking Violations	2,200	2,020	(180)	2,020	0
	Other Taxes & Fines	716	613	(103)	609	(4)
		$8,816	**$5,633**	**($3,183)**	**$5,737**	**$104**
Charges for Services	Stanford Fire/Police Service Reimbursement	7,577	7,832	255	8,166	334
	Golf Related Fees	3,159	3,153	(6)	3,153	0
	Class Program Fees	3,152	3,087	(66)	3,087	0
	Paramedic Fees	1,754	1,754	0	1,753	(1)
	Plan Checking Fees	2,307	1,763	(544)	1,788	25
	Cable Franchise	500	600	100	600	0
	Other Fees	2,400	2,050	(350)	2,050	0
		$20,850	**$20,238**	(611)	**$20,596**	**$358**
Permits and Licenses	Street Cut Fee	604	553	(51)	553	0
	Permits	5,086	4,431	(655)	4,506	75
	Licenses	77	72	(5)	72	0
		$5,767	**$5,056**	(711)	**$5,131**	**$75**

General Fund Revenue - Detail - *continued*
($000)

REVENUE CATEGORY	Detail	2009 Adopted Budget	2010 Adopted Budget	2010 Budget Change	2011 Adopted In-Concept	2011 Budget Change
Charges to Other Funds	Cost Plan - General Fund Admin Support to Other Funds	8,667	8,233	(433)	8,404	171
	Communication - Utility Reimbursment for 911 support	512	512	0	512	0
	Public Works Department Admin Support to Parking Dist.	534	563	29	569	6
	Other Reimbursements	1,239	1,335	96	1,472	137
		$10,952	**$10,643**	(308)	**$10,957**	**$314**
Rental Income	Utilities Facility Charges	10,204	10,311	107	10,311	0
	Property Rental - Cubberley Tenants	1,703	1,719	16	1,719	0
	Use of City Facilites	1,412	1,518	106	1,518	0
	Other	106	106	0	106	0
		$13,426	**$13,655**	**$230**	**$13,655**	**$0**
From Other Agencies	From Other Agencies	**86**	**92**	**6**	**92**	0
Return on Investments	Interest Income	**2,348**	**1,900**	**(448)**	**1,900**	0
Other Revenue	Other Revenue	**1,529**	**1,605**	**76**	**1,502**	**(103)**
Total Revenues		**$128,891**	**$122,474**	**($6,416)**	**$125,326**	**$2,851**
Operating Transfers-In	Equity & Utility Transfers	15,690	17,040	1,350	16,502	(538)
	Parking Districts	1,055	1,044	(11)	1,069	25
	Other	935	1,580	645	1,138	(442)
		17,680	**19,664**	**1,984**	**18,709**	**(955)**
Total Source of Funds		**$146,571**	**$142,138**	**($4,433)**	**$144,035**	**$1,897**

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City Attorney's Office

City Attorney's Office

Organizational Chart

CITY ATTORNEY
Gary Baum

1.0-Legal Administrator
2.0-Senior Legal Secretary
1.0-Secretary to City Attorney
0.6-Claims Investigator

2.0-Senior Asst City Attorney
1.0-Assistant City Attorney

2.0-Senior Deputy City Attorney

Fiscal Year 2010 Position Totals: **10.60 Full-time**
0.95 Hourly

OVERVIEW

In Fiscal Years 2010 and 2011, the City Attorney's Office will strive to maintain the high level of customer service it has achieved through reorganization of the department. The Office will continue to focus on providing quality legal advice in a timely and cost-effective fashion while providing a range of options for solutions to challenging problems facing the City. Our goal is to provide the City Council and staff with a variety of legal approaches to support their policy direction.

In order to move forward with the Council's Priority of Environmental Protection, the City Attorney's Office will provide legal support including drafting of an ordinance banning expanded polystyrene and non-recyclable food service containers, legal analysis and defense of the plastic bag ban ordinance, evaluating legality of funding options for energy efficiency retrofit projects and assisting with the examination of sustainable development conditions at the Stanford Medical Center and Stanford Shopping Center. At the time of this Budget publication, development plans for the Stanford Shopping Center have been placed on hold. The Attorney's Office will again assist with the development efforts should they arise in the future.

To encourage the Council's Civic Engagement for the Common Good priority, the City Attorney's Office will assist with formation of the Peninsula Cities Consortium and provide legal advice regarding issues relating to the California High-Speed Rail Authority and provide legal advice to encourage the success of the Open City Hall trial. The City Attorney's Office will also continue to directly respond to Public Records Act requests or provide legal advice to staff on responses as well as assisting with training City staff on responding to Public Records Act requests.

Finally, in support of the Council's priority of Economic Health of the City, the Office of the City Attorney will provide legal research relating to implementation of a possible Business License Tax Ordinance as well as legal advice regarding labor negotiations. The City Attorney's Office will continue to focus on reducing its share of department expenditures and will formulate approaches for full cost recovery for legal services provided for the benefit of third parties.

The City Attorney's Office will continue to develop staff skills by encouraging continuing education and cross training. The Office will strive to keep the City Council informed of significant legal occurrences and provide updates on legal developments and new laws that affect the City.

COUNCIL PRIORITY IMPLEMENTATION

In Fiscal Years 2010 and 2011, the City Attorney's Office will implement the City Council's Top 3 Priorities as follows:

Environmental Protection

- Draft appropriate ordinance to implement Council direction on environmental protection issues
- Assist with the drafting of the ordinance banning expanded polystyrene and non-recyclable food service containers
- Legal support and defense of the plastic bag ban ordinance
- Evaluate legality of funding options for Energy Efficiency Retrofit projects
- Assist with the analysis of sustainable development conditions at the Stanford Medical Center
- Provide legal research for annual update of Green Building Ordinance

City Attorney

- Assist with the annual update of Energy Efficiency Ordinance
- Continue educating departments on how to include climate protection in project's CEQA analysis
- Assist in analysis of composting options
- Assist with community support agriculture pilot program

Civic Engagement for the Common Good

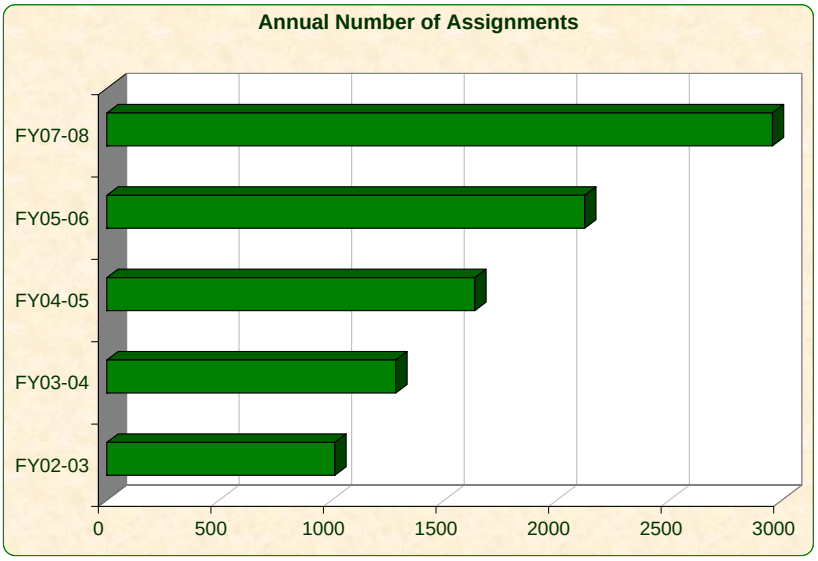
- Provide legal assistance to board/commission liaisons as requested
- Provide training to boards and commission on Civic Engagement issues
- Assist in AB1234 ethics training
- Advise staff on civic engagement proposals
- Assist in the formation of the Peninsula Cities Consortium and provide legal advice regarding issues relating to the California High-Speed Rail Authority
- Provide legal advice relating to the Open City Hall trial
- Advise on Website revisions
- Continue to respond to Public Records Act requests or provide legal advice to staff on responses as well as assist with training City staff on responding to Public Records Act requests
- Advise on Police/Community outreach

Economic Health of the City

- Evaluate legality of all proposals for revenue increases or enhancements
- Continue reduction of City Attorney outside counsel expenses
- Continue review and suggestions on issues related to reduction of general fund expenditures
- Continue efforts for cost recovery of legal services provided for the benefit of third parties
- Assist with adoption and implementation of Business License Tax Ordinance
- Assist with and provide legal advice regarding labor negotiations

DEPARTMENT SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Administration	183,424	188,002	202,501	14,499	8%	204,942	2,441	1%
Consultation and Advisory	1,873,685	1,997,628	1,766,540	(231,088)	(12%)	1,802,893	36,353	2%
Litigation and Dispute Resolution	470,515	452,305	466,250	13,945	3%	470,647	4,397	1%
Official and Administration Duties	137,710	137,482	133,269	(4,213)	(3%)	135,636	2,367	2%
TOTAL EXPENDITURES	$2,665,334	$2,775,417	$2,568,560	$(206,857)	(7%)	$2,614,118	$45,558	2%
TOTAL REVENUES	$1,259,341	$1,221,082	$1,159,170	$(61,912)	(5%)	$1,140,622	$(18,548)	(2%)
INTERNAL REVENUES	1,180,855	1,150,082	1,088,170	(61,912)	(5%)	1,104,622	16,452	2%
EXTERNAL REVENUES	78,486	71,000	71,000	0	0%	36,000	(35,000)	(49%)



INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	2,063,946	1,949,805	2,009,921	2,055,479
Contract Services	457,149	660,850	391,359	391,359
Supplies and Materials	19,738	38,000	38,000	38,000
Facilities and Equipment Purchases	0	2,500	2,000	2,000
General Expense	22,765	30,480	30,480	30,480
Rents and Leases	7,187	5,500	5,500	5,500
Allocated Charges	94,549	88,282	91,300	91,300
TOTAL EXPENDITURES	**$2,665,334**	**$2,775,417**	**$2,568,560**	**$2,614,118**
TOTAL REVENUES	**$1,259,341**	**$1,221,082**	**$1,159,170**	**$1,140,622**
Total Full Time Positions	10.60	10.60	10.60	10.60
Total Temporary Positions	0.95	0.95	0.95	0.95

City Attorney

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of work requests processed (SEA)	2957	2957	2750
2. Number of claims opened and handled (SEA)	160	135	135
3. Number of code enforcement matters referred to City Attorney	6	7	7
Efficiency:			
1. Ratio of work requests per attorney	496	496	496
2. Percent of claims investigations commenced within 7 days of receipt of claim by department	96%	96%	96%
3. Percent of requests for code enforcement legal support responded to within 10 working days	100%	100%	100%
Effectiveness:			
1. Percent of work requests completed within established time frames - time frame varies based on type of work request	97%	97%	97%
2. Percent of claims resolved within 9 months	97%	97%	97%

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Decrease other revenue-Stanford	0	0	0	(35,000)	0	(35,000)
Decrease allocated revenue-internal	(61,912)		(61,912)	16,452		16,452
TOTAL REVENUE CHANGES	**$(61,912)**	**$0**	**$(61,912)**	**$(18,548)**	**$0**	**$(18,548)**
EXPENDITURE CHANGES						
Salary and Benefits						
Personnel Benefit Costs Increase (Note 2)	60,115		60,115	45,560		45,560
Total Salary and Benefits Increase	**$60,115**	**$0**	**$60,115**	**$45,560**	**$0**	**$45,560**
Non-Salary						
Adjustments (Note 1)		67,609	67,609			0
Decrease departments outside counsel	(67,100)		(67,100)	0		0
Allocated Charges increase (Note 3)	3,019		3,019	0		0

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Total Non-Salary Changes	$(64,081)	$67,609	$3,528	$0	$0	$0
TOTAL EXPENDITURE CHANGES	**$(3,966)**	**$67,609**	**$63,643**	**$45,560**	**$0**	**$45,560**
Adjustments (Note 1)		(500)	(500)			0
Adjustments (Note 4)		(270,000)	(270,000)			0
NET EXPENDITURE CHANGES	**$(3,966)**	**$(202,891)**	**$(206,857)**	**$45,560**	**$0**	**$45,560**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Personnel benefit costs changes are primarily due to a reduction in benefit cost allocations in Fiscal Year 2009 that were not continued in Fiscal Year 2010. In Fiscal Year 2011 the increase is due to the return of the General Fund contribution for future Retiree Medical benefits that was suspended in Fiscal Year 2010.

Note 3: Allocated charges are increasing primarily due to an increase in Information Technology allocations.

Note 4: A City Attorney contingency account was created for unforseen legal services.

SERVICE LEVEL CHANGES

The Office of the City Attorney completed its restructuring effort during Fiscal Year 2007. The restructuring effort resulted in a 21 percent reduction in staffing from the Fiscal Year 2003 staffing level. This represents a substantial contribution from the City Attorney's Office to reducing general fund expenditures. The reduction in outside councel budget may result in a reduction in service to City departments. In order to maintain a high level of accurate legal services in a timely fashion, additional service level changes are not recommended.

COMPREHENSIVE PLAN OVERVIEW

The Fiscal Years 2010 and 2011 City Attorney's Office Budget does not request specific resources devoted to implementation of the Comprehensive Plan as it will be accommodated within the Office's existing workplan. Implementation of the Zoning Ordinance Update will be a major activity funded through the Department of Planning and Community Environment.

City Attorney

CONSULTATION AND ADVISORY

To provide legal advice to the City Council, boards, commissions, and City officers and employees acting in their official capacities.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,601,174	1,574,283	1,613,549	1,649,902
Contract Services	234,643	365,657	96,166	96,166
Supplies and Materials	19,535	34,600	34,600	34,600
General Expense	8,280	15,000	15,000	15,000
Rents and Leases	7,187	5,500	5,500	5,500
Allocated Charges	2,866	2,588	1,725	1,725
TOTAL EXPENDITURES	**$1,873,685**	**$1,997,628**	**$1,766,540**	**$1,802,893**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	8.35	8.35	8.31	8.31
Total Temporary Positions	0.95	0.95	0.95	0.95

LITIGATION AND DISPUTE RESOLUTION

To provide civil and administrative representation on pending litigation, disputes and claims for the City, City Council, boards, commissions, and City officers and employees acting in their official capacities.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	262,475	175,912	189,857	194,254
Contract Services	207,884	272,313	272,313	272,313
Supplies and Materials	156	3,400	3,400	3,400
General Expense	0	680	680	680
TOTAL EXPENDITURES	**$470,515**	**$452,305**	**$466,250**	**$470,647**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	1.19	1.19	1.26	1.26
Total Temporary Positions	0.00	0.00	0.00	0.00

City Attorney

OFFICIAL AND ADMINISTRATION DUTIES

To fulfill the independent official and administrative duties of the Office of the City Attorney on behalf of the City.

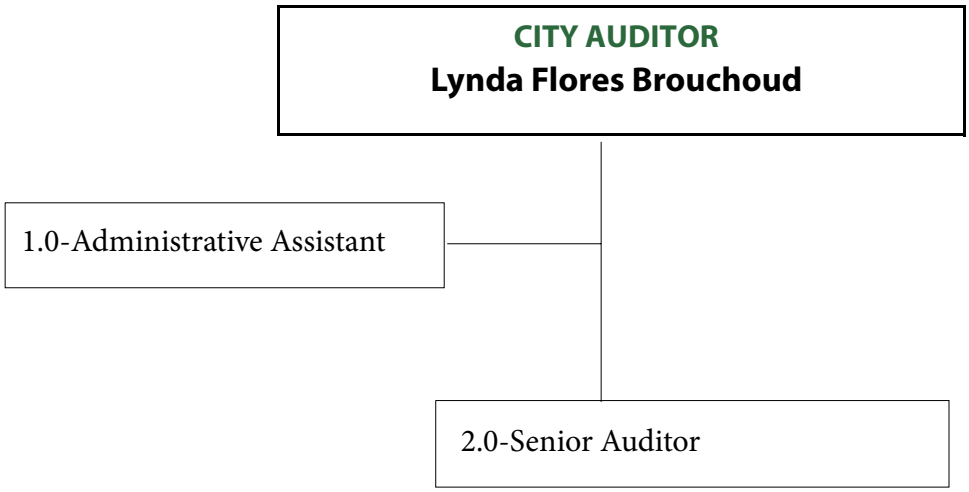
INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	109,770	105,087	101,689	104,056
Contract Services	14,622	20,280	20,280	20,280
Supplies and Materials	47	0	0	0
General Expense	13,271	11,300	11,300	11,300
Allocated Charges	0	815	0	0
TOTAL EXPENDITURES	**$137,710**	**$137,482**	**$133,269**	**$135,636**
TOTAL REVENUES	**$79,736**	**$71,000**	**$71,000**	**$36,000**
Total Full Time Positions	0.56	0.56	0.51	0.51
Total Temporary Positions	0.00	0.00	0.00	0.00

City Auditor's Office

City Auditor's Office

Organizational Chart



Fiscal Year 2010 Position Totals: **4.00 Full-time**
0.32 Hourly

City Auditor

To promote honest, efficient, effective, and fully accountable City Government.

OVERVIEW

The City Auditor's Office conducts performance audits and reviews of City departments, programs, and services. Performance audits provide the City Council, City management, and the public with independent and objective information regarding the economy, efficiency, and effectiveness of City programs and activities. The Office coordinates the annual citizen survey and issues the annual City of Palo Alto Service Efforts and Accomplishments report summarizing costs, workload, and performance results for City services over the last five years.

Each fiscal year, the Auditor's Office presents an annual audit work plan for City Council approval. The Office will continue to report quarterly to the City Council on the status of audit projects and annually on the status of open audit recommendations.

The Office contracts with an independent certified public accountant for the City's annual external financial audit. The Office also conducts and coordinates audits of sales tax, property tax, transient occupancy tax (TOT), utility user's tax (UUT), and other revenues.

COUNCIL PRIORITY IMPLEMENTATION

In Fiscal Years 2010 and 2011, the City Auditor's Office will continue to support implementation of the following City Council's Top 3 Priorities as follows:

Environmental Protection

- Begin to include audit steps, when applicable, to assess auditee's progress in achieving environmental protection goals

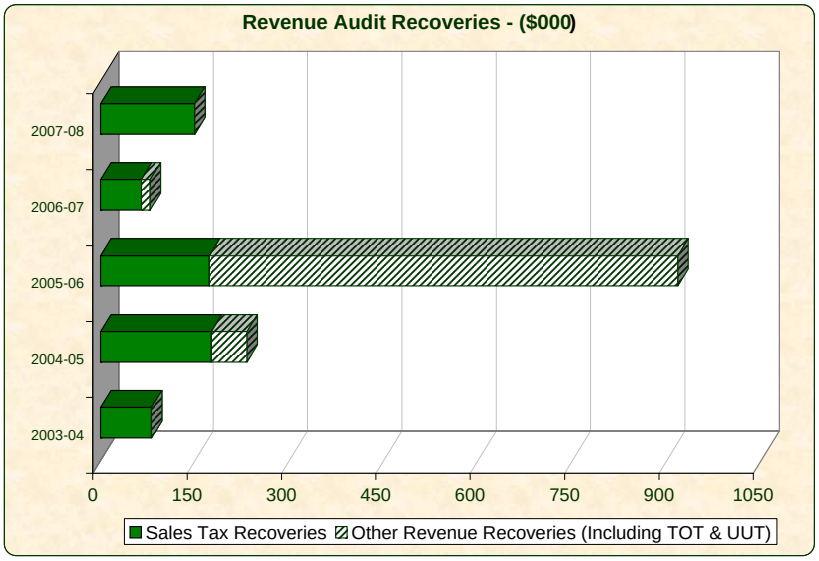
Economic Health of the City

- Continue to provide independent, impartial assessment of City government performance through the Service Efforts and Accomplishments report
- Conduct performance audits focusing on efficiency and effectiveness of City programs and activities
- Continue to ensure the accuracy of financial information through the annual external financial audit
- Conduct on-going revenue audits

DEPARTMENT SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Audit Services	875,745	898,376	998,519	100,143	11%	1,019,538	21,019	2%
TOTAL EXPENDITURES	$875,745	$898,376	$998,519	$100,143	11%	$1,019,538	$21,019	2%
TOTAL REVENUES	$501,600	$499,107	$755,215	$256,108	51%	$768,310	$13,095	2%
INTERNAL REVENUES	351,790	349,107	605,215	256,108	73%	618,310	13,095	2%
EXTERNAL REVENUES	149,810	150,000	150,000	0	0%	150,000	0	0%

City Auditor



INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	642,340	632,167	712,917	728,665
Contract Services	180,785	220,832	239,385	244,656
Supplies and Materials	5,918	5,850	7,350	7,350
General Expense	1,050	1,650	1,150	1,150
Allocated Charges	39,871	37,877	37,717	37,717
Operating Transfers Out	5,781	0	0	0
TOTAL EXPENDITURES	**$875,745**	**$898,376**	**$998,519**	**$1,019,538**
TOTAL REVENUES	**$501,600**	**$499,107**	**$755,215**	**$768,310**
Total Full Time Positions	4.00	4.00	4.00	4.00
Total Temporary Positions	0.32	0.32	0.32	0.32

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of audit reports	12	15	12
2. Number of audit recommendations (SEA)	58	17	40
3. Revenue audit recoveries (SEA)	$149,810	$150,000	$150,000
Efficiency:			
1. Percent of workplan completed	46%	63%	50%
2. Ratio of audit reports per auditor	4.0	4.5	2.0
Effectiveness:			
1. Percent of revenue audit cost recovered	206%	210%	210%
2. Percent of open audit recommendations implemented	8%	55%	40%

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Increase allocated revenue-internal	253,108	0	253,108	13,095	0	13,095
Increase other revenue	3,000	0	3,000	0	0	0
TOTAL REVENUE CHANGES	**$256,108**	**$0**	**$256,108**	**$13,095**	**$0**	**$13,095**
EXPENDITURE CHANGES						
Salary and Benefits						
Personnel Benefit Costs Increase (Note 2)	48,848	0	48,848	15,748		15,748
Total Salary and Benefits Changes	**$48,848**	**$0**	**$48,848**	**$15,748**	**$0**	**$15,748**
Adjustments (Note 1)	31,902		31,902		0	0
NET SALARY AND BENEFITS CHANGES	**$80,750**	**$0**	**$80,750**	**$15,748**	**$0**	**$15,748**
Non-Salary						
Decrease audit and financial	(8,262)		(8,262)	0		0
Increase external audit and financial	10,815		10,815	5,271		5,271
Increase instruction and training	2,000		2,000	0		0
Increase office supplies	3,000		3,000	0		0

City Auditor

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Allocated Charges (decrease) (Note 3)	(160)		(160)	0		0
Total Non-Salary	**$7,393**	**$0**	**$7,393**	**$5,271**	**$0**	**$5,271**
Adjustments (Note 1)		12,000	12,000			
TOTAL EXPENDITURE CHANGES	**$88,143**	**$0**	**$100,143**	**$21,019**	**$0**	**$21,019**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget decreases from the prior year reversed in this year's budget.

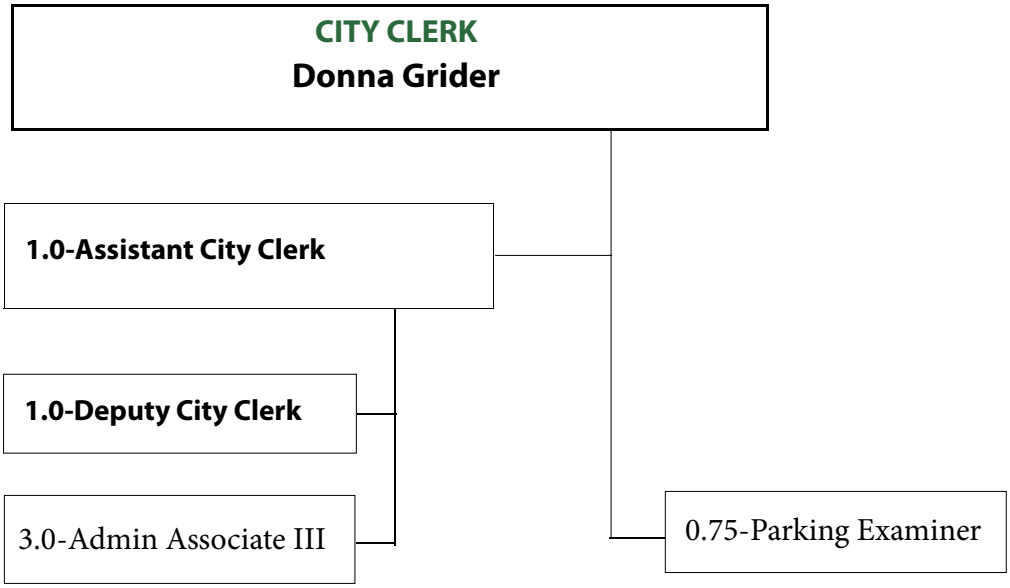
Note 2: Personnel benefit costs changes are primarily due to reduction in benefit cost allocations in Fiscal Year 2009 that were not continued in Fiscal Year 2010. In Fiscal Year 2011 the increase is due to the return of the General Fund contribution for future Retiree Medical benefits that was suspended in Fiscal Year 2010.

Note 3: Allocated charges are decreasing primarily due to the reallocation of print and mail services.

City Clerk's Office

City Clerk's Office

Organizational Chart



Fiscal Year 2010 Position Totals: **6.75 Full-time**
0.48 Hourly

City Clerk

To help administer the laws and services that directly affect the daily lives of our citizens by administering elections, records managment, and is responsible for the legislative process of all City Council meetings. The City Clerk's Office plays a vital role in our democracy.

OVERVIEW

In Fiscal Years 2010 and 2011, the City Clerk's Office will continue to meet the needs of the public, the City Council, and staff in the following areas: City Council support services, agenda packet process, board and commission recruitment, City Council events, City Council minutes, elections, conflict of interest, legislative records management, and oversight of the Administrative Hearings. The City Clerk's Office maintains information provided to the City's website regarding the Clerk's Office and the City Council.

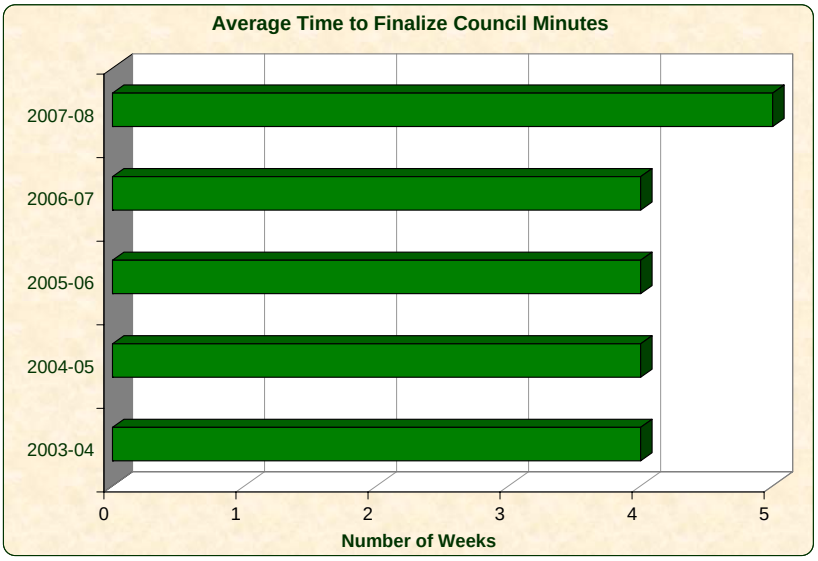
COUNCIL PRIORITY IMPLEMENTATION

The City Clerk's Office is not directly involved in the City Council's Top 3 Priorities. In an administrative capacity, the Clerk's Office will work closely with City staff to ensure the agendas, minutes, packets, and public hearing notices reflect those priorities.

DEPARTMENT SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Administration	106,903	109,386	128,889	19,503	18%	130,140	1,251	1%
Public Information	84,139	120,865	113,021	(7,844)	(6%)	115,306	2,285	2%
Council Support Services	515,846	676,669	615,335	(61,334)	(9%)	624,784	9,449	2%
Election/Conflict of Interest	428,407	183,920	420,616	236,696	129%	117,987	(302,629)	(72%)
Legislative Records Management	70,653	104,755	101,176	(3,579)	(3%)	103,135	1,959	2%
Administrative Citations	137,930	133,150	133,249	99	0%	135,609	2,360	2%
TOTAL EXPENDITURES	$1,343,878	$1,328,745	$1,512,286	$183,541	14%	$1,226,961	$(285,325)	(19%)
TOTAL REVENUES	$463,020	$387,356	$527,296	$139,940	36%	$435,703	$(91,593)	(17%)
INTERNAL REVENUES	462,428	385,406	522,346	136,940	36%	430,753	(91,593)	(18%)
EXTERNAL REVENUES	592	1,950	4,950	3,000	154%	4,950	0	0%

City Clerk



INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	815,383	921,683	965,569	985,244
Contract Services	99,260	187,109	108,771	108,771
Supplies and Materials	2,928	6,199	6,535	6,535
General Expense	321,218	119,196	349,439	44,439
Rents and Leases	0	1,200	0	0
Allocated Charges	105,089	93,358	81,972	81,972
TOTAL EXPENDITURES	**$1,343,878**	**$1,328,745**	**$1,512,286**	**$1,226,961**
TOTAL REVENUES	**$463,020**	**$387,356**	**$527,296**	**$435,703**
Total Full Time Positions	6.75	6.75	6.75	6.75
Total Temporary Positions	1.55	0.67	0.48	0.48

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of City Council agendas posted with City Manager Reports to the website four days prior to council meeting	50	50	50
2. Number of formal public records requests	60	70	70
3. Number of City Council minutes finalized (SEA)	40	45	45
Efficiency:			
1. Average time to post City Council agenda	4 days	4 days	4 days
2. Average time to address formal public records requests	10 days	10 days	10 days
3. Average time to finalize City Council minutes (SEA)	6 weeks	4 weeks	4 weeks
Effectiveness:			
1. Percent of City Council agendas posted	100%	100%	100%
2. Percent of formal public records requests addressed within 10 days	98%	99%	99%

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Increase allocated revenues-internal	136,940		136,940	(91,593)		(91,593)
Increase other revenue	3,000		3,000	0		0
TOTAL REVENUE CHANGES	**$139,940**	**$0**	**$139,940**	**$(91,593)**	**$0**	**$(91,593)**
EXPENDITURE CHANGES						
Salary and Benefits						
Personnel Benefit Costs Increase (Note 2)	43,882		43,882	19,675		19,675
Total Salary and Benefits Changes	**$43,882**	**$0**	**$43,882**	**$19,675**	**$0**	**$19,675**
Non-Salary						
Increase advertising/publising	20,000		20,000			
Increase other contract services	15,000		15,000			
Increase election expense		305,000	305,000			
Allocated Charges (decrease) (Note 3)	(11,386)		(11,386)			

City Clerk

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Total Non-Salary Changes	$23,614	$305,000	$328,614	$0	$0	$0
TOTAL EXPENDITURE CHANGES	**$67,496**	**$305,000**	**$372,496**	**$19,675**	**$0**	**$19,675**
Adjustments (Note 1)		(188,959)	(188,959)		(305,000)	(305,000)
NET EXPENDITURE CHANGES	**$67,496**	**$116,041**	**$183,537**	**$19,675**	**$(305,000)**	**$(285,325)**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Personnel benefit costs changes are primarily due to a reduction in benefit cost allocations in Fiscal Year 2009 that were not continued in Fiscal Year 2010. In Fiscal Year 2011 the increase is due to a return of the General Fund contribution for future Retiree Medical benefits that was suspended in Fiscal Year 2010.

Note 3: Allocated charges are decreasing primarily due to the reallocation of print and mail services.

COMPREHENSIVE PLAN OVERVIEW

The City Clerk's Budget for Fiscal Years 2010 and 2011 includes the following resources directed toward implementing the programs and policies of the Comprehensive Plan:

GOVERNANCE

The City Clerk's Office provides the following information to the public on the City's website: City Clerk Reports, City Council agendas and minutes, Board and Commission information, the Municipal Code, the City Roster, the State of the City Address, and the City's meeting schedules.

PUBLIC INFORMATION

To foster awareness and civic involvement in Palo Alto by bringing the community and government closer in partnership.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	83,688	104,453	113,021	115,306
Contract Services	245	16,412	0	0
General Expense	206	0	0	0
TOTAL EXPENDITURES	**$84,139**	**$120,865**	**$113,021**	**$115,306**
TOTAL REVENUES	**$105**	**$0**	**$0**	**$0**
Total Full Time Positions	0.90	0.90	0.90	0.90
Total Temporary Positions	0.00	0.00	0.00	0.00

City Clerk

COUNCIL SUPPORT SERVICES

To support the administrative needs of the Council: to ensure timely delivery of Council meeting materials, including preparation of minutes, and to administer the boards'/commissions' recruitment outreach.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	386,224	437,059	460,130	469,579
Contract Services	49,027	156,534	90,480	90,480
Supplies and Materials	2,652	2,906	0	0
General Expense	54,404	40,331	40,331	40,331
Allocated Charges	23,539	39,839	24,394	24,394
TOTAL EXPENDITURES	**$515,846**	**$676,669**	**$615,335**	**$624,784**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	3.30	3.30	3.30	3.30
Total Temporary Positions	1.07	0.19	0.00	0.00

ELECTION/CONFLICT OF INTEREST

To administer municipal and special elections and the conflict of interest code ensuring impartiality in the processes.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	92,044	103,610	110,018	112,389
Contract Services	46,321	2,530	2,000	2,000
General Expense	266,190	77,780	308,598	3,598
Allocated Charges	23,852	0	0	0
TOTAL EXPENDITURES	**$428,407**	**$183,920**	**$420,616**	**$117,987**
TOTAL REVENUES	**$275**	**$0**	**$0**	**$0**
Total Full Time Positions	0.70	0.70	0.70	0.70
Total Temporary Positions	0.00	0.00	0.00	0.00

LEGISLATIVE RECORDS MANAGEMENT

To manage City and legislative records as required by State Law, City Charter, or City Ordinance in accordance with approved retention and destruction schedule.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	67,167	93,837	92,566	94,525
Contract Services	3,486	10,708	8,610	8,610
General Expense	0	210	0	0
TOTAL EXPENDITURES	**$70,653**	**$104,755**	**$101,176**	**$103,135**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	0.75	0.75	0.75	0.75
Total Temporary Positions	0.00	0.00	0.00	0.00

ADMINISTRATIVE CITATIONS

To provide a community venue for the unbiased adjudication of Municipal Code violations.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	136,550	130,270	132,649	135,009
Supplies and Materials	0	300	600	600
Rents and Leases	0	1,200	0	0
Allocated Charges	1,380	1,380	0	0
TOTAL EXPENDITURES	**$137,930**	**$133,150**	**$133,249**	**$135,609**
TOTAL REVENUES	**$0**	**$1,000**	**$1,000**	**$1,000**
Total Full Time Positions	0.75	0.75	0.75	0.75
Total Temporary Positions	0.48	0.48	0.48	0.48

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City Council

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City Council

OVERVIEW

In Fiscal Year 2010, the City Council will continue to address the needs of the community through various public meetings and activities. Much of the focus will be on the City Council's Top 3 Priorities which include: Environmental Protection, Civic Engagement for the Common Good, and Economic Health of the City.

The 2010 City Council Budget is primarily comprised of City Council salaries, healthcare benefits, and general expense.

DEPARTMENT SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
City Council Operations	233,916	328,002	296,300	(31,702)	(10%)	271,365	(24,935)	(8%)
TOTAL EXPENDITURES	$233,916	$328,002	$296,300	$(31,702)	(10%)	$271,365	$(24,935)	(8%)
TOTAL REVENUES	$86,555	$122,106	$97,869	$(24,237)	(20%)	$99,283	$1,414	1%
INTERNAL REVENUES	86,555	122,106	97,869	(24,237)	(20%)	99,283	1,414	1%
EXTERNAL REVENUES	0	0	0	0	0%	0	0	0%

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	97,672	166,627	192,665	194,980
Contract Services	96,702	110,990	53,250	26,000
Supplies and Materials	2,907	2,930	2,930	2,930
General Expense	36,178	47,455	47,455	47,455
Allocated Charges	457	0	0	0
TOTAL EXPENDITURES	**$233,916**	**$328,002**	**$296,300**	**$271,365**
TOTAL REVENUES	**$86,555**	**$122,106**	**$97,869**	**$99,283**
Total Full Time Positions	9.00	9.00	9.00	9.00
Total Temporary Positions	0.00	0.00	0.00	0.00

City Council

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Decrease allocated revenues-internal	(24,237)		(24,237)	(1,414)		(1,414)
NET REVENUE CHANGES	**$(24,237)**	**$0**	**$(24,237)**	**$(1,414)**	**$0**	**$(1,414)**
EXPENDITURE CHANGES						
Salary and Benefits						
Personnel Benefit Costs Increase (Note 2)	26,037		26,037	2,315		2,315
Total Salary and Benefits Changes	**$26,037**	**$0**	**$26,037**	**$2,315**	**$0**	**$2,315**
Non-Salary						
Decrease for outside CAO evaluator		(11,000)	(11,000)			
Increase for outside CAO evaluator		27,250	27,250		(27,250)	
Total Non-Salary Changes	**$0**	**$16,250**	**$16,250**	**$0**	**$(27,250)**	**$(27,250)**
TOTAL EXPENDITURE CHANGES	**$26,037**	**$0**	**$42,287**	**$2,315**	**$(27,250)**	**$(24,935)**
Adjustments (Note 1)		(73,990)	(73,990)			
NET EXPENDITURE CHANGES	**$26,037**	**$(57,740)**	**$(31,702)**	**$2,315**	**$(27,250)**	**$(24,935)**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Personnel benefit costs changes are primarily due to a reduction in benefit cost allocations in Fiscal Year 2009 that were not continued in Fiscal Year 2010. In Fiscal Year 2011 the increase is due to the return of the General Fund contribution for future Retiree Medical benefits that was suspended in Fiscal Year 2010.

CITY COUNCIL OPERATIONS

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	97,672	166,627	192,665	194,980
Contract Services	96,702	110,990	53,250	26,000
Supplies and Materials	2,907	2,930	2,930	2,930
General Expense	36,178	47,455	47,455	47,455
Allocated Charges	457	0	0	0
TOTAL EXPENDITURES	**$233,916**	**$328,002**	**$296,300**	**$271,365**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	9.00	9.00	9.00	9.00
Total Temporary Positions	0.00	0.00	0.00	0.00

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City Manager's Office

City Manager's Office

Organizational Chart

CITY MANAGER
James Keene

1.0-Executive Asst to the City Manager

ASSISTANT CITY MANAGER

VACANT

1.0-Administrative Assistant

0.5-Administrative Associate I

DEPUTY CITY MANAGER

1.0-Administrative Associate II

1.0-Public Communication Manager

1.0-Assistant to the City Manager *(Sustainability)*

1.0-Assistant to the City Manager

1.0- Administrative Associate I

Fiscal Year 2010 Position Totals: **10.50 Full-time**
1.03 Hourly

City Manager

To lead the City in providing exemplary service and creating partnerships with citizens in an ever changing environment, in response to City Council priorities.

OVERVIEW

In Fiscal Year 2010, the City Manager's Office will oversee efforts to implement the City Council's Top 3 Priorities: Environmental Protection, Civic Engagement for the Common Good, and Economic Health of the City.

Environmental Protection: The Manager's Office will lead the City's efforts in this area, with the hiring of the new Sustainability Coordinator. This position will be filled towards the end of Fiscal Year 2009 and will allow the City to strategically evaluate and fine tune its sustainability efforts. Much of the year will be spent continuing existing efforts around implementation of the Climate Action Plan and the building the Community Environmental Action Partnership (CEAP) while the Sustainability Coordinator develops an understanding of the City's environmental protection efforts. The Manager's Office will also continue to provide leadership as the work of the Blue Ribbon Task Force on Composting concludes and as recommendations move forward. The Coordinator will work with the City Manager to develop a more strategic view of the City's efforts, thus promoting further collaborations between City departments and with the community.

Civic Engagement for the Common Good: The Manager's Office will provide leadership and direction around the proposed work plan for this Council priority. Staff will focus on the development of a civic action plan that will lay the foundation for an enhanced and more effective relationship between City Hall and the community. Much of the efforts will be focused on building capacity and developing a common language around civic engagement.

Economic Health of the City: During this current economic crisis, the City Manager's Office will provide leadership as the organization faces challenging budget and service reductions. Staff will assist in the development of a sustainable and balanced budget that addresses the current operating deficits while planning for longer term and more systemic service level reductions. The Manager's Office will also work with the Economic Development Manager to develop an overall economic development strategy that sustains current businesses, grows the City's revenue base, and identifies key opportunities for addressing the challenges inherent in the new global economy.

Finally, the Manager's Office will continue its leadership on other key projects, including negotiating the expansion of the Stanford Medical Center, negotiating the expansion of the Stanford Shopping Center, and actively participating in discussions and activities around the high speed rail proposal. At the time of this Budget publication, expansion plans for the Stanford Shopping Center have been placed on hold. The City Manager's Office will again lead the negotiaton efforts should they arise in the future.

Fiscal Year 2010 will also be a key year for organizational transformation given the new leadership in the City Manager's Office. There will be an emphasis on increased transparency and accountability across the organization, leading to enhanced performance and value. The City Manager will focus on building the Leadership Team through new hires and practices.

COUNCIL PRIORITY IMPLEMENTATION

In Fiscal Years 2010 and 2011, the City Manager's Office will continue to support implementation of the City Council's Top 3 Priorities as follows:

City Manager

Environmental Protection

- Following the hire of the Sustainability Coordinator, develop a comprehensive strategy for the City's sustainability efforts
- Provide leadership of the Blue Ribbon Task Force on Composting and any implementation efforts that ensue
- Complete six-month pilot program of the Palo Alto Community Farm Shop on King Plaza
- Continue implementation work on Climate Action Plan

Civic Engagement for the Common Good

- Lead efforts to implement work plan developed for this priority
- Develop staff resource team to assist with enhanced civic engagement activities throughout the organization
- Host community café speaker series around civic engagement to help build common language and definitions of the concepts
- Develop and implement new Leadership Palo Alto program with assistance from community partners

Economic Health of the City

- Lead organization as the City faces challenging budget and service reductions
- Develop a sustainable and balanced budget that addresses the current operating deficits while planning for longer term and more systemic service level reductions
- Lead negotiations for expansions of Stanford Medical Center
- In coordination with Economic Development Manager, develop comprehensive economic development strategy for the City

DEPARTMENT SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Admin and City Management	1,859,286	1,619,922	2,066,677	446,755	28%	2,060,463	(6,214)	0%
Public Communication	209,958	210,386	209,335	(1,051)	0%	213,116	3,781	2%
Sustainability	181,370	135,825	121,198	(14,627)	(11%)	123,638	2,440	2%
TOTAL EXPENDITURES	$2,250,614	$1,966,133	$2,397,210	$431,077	22%	$2,397,217	$7	0%
TOTAL REVENUES	$653,687	$571,028	$471,091	$(99,937)	(18%)	$482,589	$11,498	2%
INTERNAL REVENUES	653,687	571,028	471,091	(99,937)	(18%)	482,589	11,498	2%
EXTERNAL REVENUES	0	0	0	0	0%	0	0	0%

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,771,905	1,455,962	1,951,401	1,951,408
Contract Services	298,042	340,974	272,285	272,285
Supplies and Materials	26,508	19,954	11,113	11,113
Facilities and Equipment Purchases	0	300	300	300
General Expense	52,073	50,239	58,408	58,408
Rents and Leases	93	500	500	500
Allocated Charges	99,954	96,165	101,164	101,164
Operating Transfers Out	2,039	2,039	2,039	2,039
TOTAL EXPENDITURES	**$2,250,614**	**$1,966,133**	**$2,397,210**	**$2,397,217**
TOTAL REVENUES	**$653,687**	**$571,028**	**$471,091**	**$482,589**
Total Full Time Positions	12.38	11.50	10.00	10.00
Total Temporary Positions	0.50	0.25	1.03	1.03

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of City Manager reports (CMRs) issued (SEA)	375	385	372
Effectiveness:			
1. Percent rating public information services as good or excellent (SEA)	75%	76%	76%

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Decrease allocated revenue - internal	(99,937)	0	(99,937)	11,498	0	11,498
TOTAL REVENUE CHANGES	**$(99,937)**	**$0**	**$(99,937)**	**$11,498**	**$0**	**$11,498**
EXPENDITURE CHANGES						
Salary and Benefits						

City Manager

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Eliminate 1.0 FTE Sr Administrator position	(161,520)		(161,520)			0
Add Temporary Management Specialist position	75,000		75,000			0
Add .50 FTE Deputy City Manager position (.50 FTE shared by Planning & Community Environment)	124,223		124,223			0
Personnel Benefits Costs Increase (Note 2)	139,273		139,273	7		7
Total Salary and Benefits Changes	**$176,976**	**$0**	**$176,976**	**$7**	**$0**	**$7**
Adjustments (Note 1)		318,461	318,461			0
NET SALARY AND BENEFITS CHANGES	**$176,976**	**$318,461**	**$495,437**	**$7**	**$0**	**$7**
Non-Salary						
Decrease instruction/training		(58,000)	(58,000)			0
Increase sustainability programs	63,750		63,750			0
Allocated Charges increase (Note 3)	5,000		5,000			0
Total Non-Salary	**$68,750**	**$(58,000)**	**$10,750**	**$0**	**$0**	**$0**
TOTAL EXPENDITURE CHANGES	**$245,726**	**$260,461**	**$506,187**	**$7**	**$0**	**$7**
Adjustments (Note 1)		(75,110)	(75,110)			0
NET EXPENDITURE CHANGES	**$245,726**	**$185,351**	**$431,077**	**$7**	**$0**	**$7**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Personnel benefit cost changes are primarily due to increases in the PERS employee contribution percentage for miscellaneous employees and increases to the Retiree Medical Benefit Liability costs.

Note 3: Allocated charges are increasing primarily due to an increase in Information Technology allocations.

COMPREHENSIVE PLAN OVERVIEW

As summarized below, the Fiscal Years 2010 to 2011 Budget highlights a range of goals and activities that support the implementation of the Comprehensive Plan:

TRANSPORTATION

The Manager's Office will oversee development of various traffic demand management strategies, such as the citywide shuttle, school corridor commute issues, and transportation infrastructure. (T-43)

NATURAL ENVIRONMENT

The City Manager's Office will continue to coordinate departmental efforts on sustainability (various Comprehensive Plan programs), oversee the City's participation in the San Francisquito Creek Joint Powers Authority, and its development of proposals to mitigate flooding. (N-9)

COMMUNITY FACILITIES AND SERVICES

The City Manager's Office will oversee implementation of the City's Infrastructure Management Plan. (C-19, C-20)

The Manager's Office will oversee joint planning for City, school, and community services projects including library and extended shuttle services. (Programs C-2, C-3, C-4, C-5)

GOVERNANCE

The City Manager's Office will continue to provide public outreach in the form of community meetings, newsletters, web-based communications, and other methods, as well as facilitate internal communication through meetings, print, and electronic communication. (Policy G-3 and Program G-4)

City Manager

ADMIN AND CITY MANAGEMENT

To provide administrative direction to all operating departments in order to maintain conformance with the Palo Alto Charter and Municipal Code. To facilitate communications and collaborative problem solving among residents, businesses, and other agencies.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,424,934	1,228,920	1,758,787	1,752,573
Contract Services	257,432	227,529	143,090	143,090
Supplies and Materials	26,369	15,934	7,093	7,093
Facilities and Equipment Purchases	0	300	300	300
General Expense	52,073	48,535	53,704	53,704
Rents and Leases	93	500	500	500
Allocated Charges	96,346	96,165	101,164	101,164
Operating Transfers Out	2,039	2,039	2,039	2,039
TOTAL EXPENDITURES	**$1,859,286**	**$1,619,922**	**$2,066,677**	**$2,060,463**
TOTAL REVENUES	**$653,687**	**$571,028**	**$471,091**	**$482,589**
Total Full Time Positions	8.90	8.90	7.95	7.95
Total Temporary Positions	0.50	0.25	1.03	1.03

PUBLIC COMMUNICATION

To provide ongoing, informative communications to the City's employees, residents, businesses and other agencies about City programs, Council priorities, and key issues facing the City.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	195,113	166,217	165,166	168,947
Contract Services	11,098	38,445	35,445	35,445
Supplies and Materials	139	4,020	4,020	4,020
General Expense	0	1,704	4,704	4,704
Allocated Charges	3,608	0	0	0
TOTAL EXPENDITURES	**$209,958**	**$210,386**	**$209,335**	**$213,116**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	2.05	2.05	1.05	1.05
Total Temporary Positions	0.00	0.00	0.00	0.00

SUSTAINABILITY

To promote a culture of environmental stewardship through leadership and coordination of the City's environmental efforts and initiatives, and strategically plan for increased sustainability through various policies and programs.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	151,858	60,825	27,448	29,888
Contract Services	29,512	75,000	93,750	93,750
TOTAL EXPENDITURES	**$181,370**	**$135,825**	**$121,198**	**$123,638**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	1.43	0.55	1.00	1.00
Total Temporary Positions	0.00	0.00	0.00	0.00

Administrative Services Department

Administrative Services Department

Organizational Chart

ADMINISTRATIVE SERVICES DIRECTOR
Lalo Perez

ADMINISTRATION
1.0-Administrative Assistant
0.5-Sr Financial Analyst
2.0-Sr Business Analyst
1.0-Business Analyst

REAL ESTATE
1.0-Real Property Manager
1.0-Admin Associate III
1.0-Sr Financial Analyst

BUDGET
1.0-Budget Manager
1.0-Graphic Designer
4.0-Sr Financial Analyst

ASSISTANT DIRECTOR
David Ramberg

ACCOUNTING
1.0-Accounting Manager

GENERAL LEDGER
1.0-Senior Accountant
1.0-Staff Accountant
1.0-Lead Account Specialist

ENTERPRISE FUND
1.0-Senior Accountant
1.0-Staff Accountant
2.0-Account Specialist

ACCOUNTS PAYABLE
1.0-Senior Accountant
1.0-Lead Account Specialist
2.0-Account Specialist

PAYROLL
1.0-Senior Accountant
1.0-Staff Accountant
2.0-Payroll Analyst

PURCHASING & CONTRACTS
1.0-Manager, Purch/Contr Admin
3.0-Contract Administrator
1.0-Lead Account Specialist
1.0-Account Specialist
3.0-Buyer

PRINTING & MAIL SERVICES
1.0-Repro & Mail Supervisor
1.0-Offset Equip Operator, Lead
1.0-Offset Equipment Operator
1.0-Mail Services Specialist

CHIEF INFORMATION OFFICER
Glenn Loo

INFORMATION TECHNOLOGY
1.0-Admin Associate II

PROJECT MGMT, APPLICATIONS
1.0-IT Manager
8.0-Sr Technologist
1.0-Technologist

CLIENT SERVICES
1.0-IT Manager
3.0-Sr Technologist
2.0-Technologist
4.0-Desktop Technician
1.0-Business Analyst

OPERATIONS
1.0-IT Manager
3.0-Sr Technologist
1.0-Technologist
1.0-Desktop Technician

DEPUTY DIRECTOR
Joe Saccio

INVESTMENT & DEBT
1.5-Sr Financial Analyst

REVENUE COLLECTIONS
1.0-Sr Financial Analyst
2.0-Lead Acctg Specialist
6.0-Accounting Specialist

STORES WAREHOUSE
1.0-Warehouse Supervisor
1.0-Storekeeper, Lead
3.0-Storekeeper

RISK MANAGEMENT
1.0-Energy Risk Manager

Fiscal Year 2010 Position Totals: **91.00 Full-time**
2.25 Hourly

Administrative Services

To provide proactive administrative and technical support to City departments and decision makers, and to safeguard and facilitate the optimal use of City resources.

OVERVIEW

The Department broadly consists of two major functions: finance and information technology. ASD has identified over 30 active programs that it is supporting throughout the City. For Fiscal Years 2010 and 2011 a description of the major services ASD will provide is detailed below.

Financial Analysis

In Fiscal Years 2010 and 2011, ASD staff will continue to provide analytical, organizational, and administrative support to a wide array of projects. These include: monitoring major tax revenues and expenditures to ensure a balanced General Fund Budget; determining financing for a new public safety facility; transitioning the Palo Alto Airport from County to City control; negotiating for a citywide broadband system network; supporting discussions on the expansion of Stanford University's projects; issuing debt for library and community facilities as well as an underground reservoir. Other future activities include: supporting upcoming labor negotiations; participating in the City's Energy Risk Management Program; preparing updates to the City's Long Range Financial Forecast; and implementing a Business License Tax. Finally, in coordination with the City Manager's Office, ASD will hold semi-annual reviews with departments to assist them in reaching closure on outstanding City Auditor recommendations.

Resource Management

ASD plays a fundamental role in recording, monitoring, and protecting City assets. For example, the budgeting function allows for the planning and control of City revenues and expenditures. Accounting staff record and report on the use of City resources while treasury personnel collect and invest excess cash. In short, ASD collects, monitors, invests, protects, and projects City revenue streams. These essential duties underpin the use of funds to provide City services and programs.

Financial Reporting

Staff will continue to provide essential financial management reports. These include quarterly revenue and expenditure comparisons to budget, midyear budget adjustment recommendations, capital expenditure reports, and the Comprehensive Annual Financial Report (CAFR). A major report is the Long Range Financial Forecast which alerts Council, the public and City management to potential financial issues. Efforts to refine SAP financial reports and assist with implementation of the SAP utility billing module and customer relationship management module are continuing. ASD risk management staff work with the Utilities Department to provide the Utilities Advisory Commission and Council with quarterly reports on the credit worthiness of counterparties and utility financial risks. Staff continues to improve delivery of financial reporting through green practices such as limiting printed copies of the CAFRs and reducing the mailing of pay check stubs via alternative online notification. Staff also supports the Palo Alto/Mountain View Reclaimed Water Pipeline Project by analyzing and reconciling expenditures, grant reimbursements, audit requirements and financial reporting in the CAFR Single Audit Section.

Business Process Re-engineering

The Department will continue to concentrate major resources on SAP upgrades. Planned enhancements include simplified time tracking, project work-order management, and improved system reporting capabilities.

Infrastructure Management Plan

In concert with the Public Works Department, ASD will continue to support efforts to rehabilitate the City's infrastructure. Maintaining and enhancing funding for the replacement and reconditioning of the City's existing infrastructure is a high priority for the City. A minimum funding level of $10 million per year is necessary to keep the City's infrastructure in good condition. With a declining Infrastructure Reserve, identifying resources is both necessary and challenging.

Property Management and Acquisition

Real Estate staff will continue to provide a wide array of unique services to City departments. Staff will be working with the City Manager to explore development of a City-owned 8-acre site at the Cubberley Community Center for a state-of-the-art community college. Other projects include: investigating how the City can run the Palo Alto Airport prior to its lease term with the County expires; continuing efforts to relocate auto dealers to freeway-frontage locations; opening the Palo Alto Depot restrooms to the public; exercising the Palo Alto History Museum lease to begin the remodel of the former Roth Building; completing the sale and transfer of development rights for College Terrace Library and Roth buildings; facilitating the temporary relocation of the child care program at the College Terrace Library; and negotiating for the purchase of an easement in Stanford University's El Camino Park for the emergency water supply reservoir.

Purchasing and Contract Administration

Purchasing and Contract Administration staff will be involved in Council's Environmental Protection priority of by emphasizing sustainability in City purchasing decisions and in facilitating the solicitation and award process of Green Products and Services. They will continue to facilitate the process of selecting and awarding new contracts (which total $237 million dollars over the last two previous fiscal years) and take a leadership role in implementing enhancements to the SAP Materials Management module. Finally, staff will explore and implement as feasible process improvements related to: contract streamlining, contract administration, supplier outreach, communications, and training City Staff in the procurement and contracting process.

Cable Franchising

ASD personnel are responsible for cable and video franchise administration and enforcement for a Joint Powers Authority (JPA), which includes the cities of Palo Alto, East Palo Alto and Menlo Park, the town of Atherton, and portions of San Mateo and Santa Clara counties. ASD will continue to oversee franchise compliance; monitor complaints from customers; manage public, education, and government (PEG) channel resources; collect franchise fees and distribute them to JPA members. JPA has a Community Access Organization agreement with the Media Center which will expire July 1, 2011. ASD will negotiate a new agreement prior to the expiration date. In addition, ongoing management of the Institutional Network (I-Net) is currently active and provides 70 schools, libraries, public buildings, and community centers in the JPA service area with the capability of delivering data, video, and voice communications. To continue the provision of these services, ASD must renegotiate the I-Net agreement between JPA and Comcast. The agreement ends in July 2010.

PROGRAM UPDATE

The Administrative Services Department has accomplished the following during Fiscal Year 2009:

- Updated the 2008-2018 Long Range Financial Forecast (LRFF) and presented the 2009-2019 LRFF to the Finance Committee and Council. The LRFF identifies General Fund revenue and expenditure trends so that appropriate budget adjustments can be made proactively. In this year's report the downturn in the economy has prompted the City to deal with an expected and enduring structural deficit. In conjunction with the City Council, the public, the City Manager's Office and other City departments, budget balancing strategies have been initiated for Fiscal Years 2009 and 2010
- For Measure N, a proposal to voters to issue $76 million in General Obligation bonds to build and refurbish libraries and a community center, ASD staff provided analysis for financing the projects, a FAQ to respond to resident questions about the potential assessment, and for ballot language. Measure N was passed by the required two-third majority. ASD staff will be responsible for issuing the General Obligation bonds and ensuring all debt covenant requirements are met. In addition, the department will provide support for the debt financing of a new public safety facility
- Supported implementation of a major upgrade to the SAP financial system which includes a utility billing system, customer relationship management, and other system improvements. Completed improvements include outstanding audit recommendations such as Employee Self-Service and Management Self-Service to allow online changes to personnel information
- Facilitated the solicitation process for the Solid Waste, Recyclable Materials and Organic Materials Services Agreement and participated in evaluating vendor proposals
- Evaluated alternatives of a new Business License Tax and presented a report to the Finance Committee
- Instituted the Transient Occupancy Tax increase from 10 percent to 12 percent in January 2008, as approved by voters
- Supported ongoing negotiations with a consortium of firms proposing the build out of an ultra-high-speed broadband network

Many of the projects and analysis cited above are ongoing and will continue into Fiscal Year 2010 and beyond. For example, ASD will:

- Continue to support implementation of the upgrade to the SAP financial system
- Continue to evaluate implementation of a new Business License Tax (BLT) per Council direction and approval. If passed, administration of the BLT will fall to ASD
- Update the 2010-2020 Long Range Financial Forecast and present it to the Finance Committee and Council in the winter of 2009

COUNCIL PRIORITY IMPLEMENTATION

For Fiscal Years 2010 and 2011, the Administrative Services Department will support implementation of the City Council's Top 3 Priorities as follows:

Environmental Protection

- Implement green procurement practices following the Fiscal Year 2008 adoption of a sustainability purchasing policy
- Extend the use of direct deposit and online notification in lieu of mailed checks and paystubs

Civic Engagement for the Common Good

- Participate in public outreach efforts regarding the Fiscal Years 2010 and 2011 budget process
- Continue enhancements to the City's website to improve accessibility, appearance, content, and

navigation features

- Participate in public outreach efforts regarding financing options for the public safety building

Economic Health of the City

- Monitor revenue sources and make recommendations for necessary adjustments to expenditure levels in order to maintain a balanced General Fund budget. Provide contracting support for the Infrastructure Management Plan through a comprehensive contract planning and execution process
- Promote expansion of the City's revenue base through negotiations with Stanford on development projects, and with auto dealers to retain them within the City.
- Develop a financing plan for key infrastructure including the Public Safety building, Los Altos Treatment Plant site conversion, and options for the Cubberley site

DEPARTMENT SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Administration	843,176	731,889	649,473	(82,416)	(11%)	654,153	4,680	1%
Accounting	2,076,030	2,060,318	1,757,444	(302,874)	(15%)	1,795,479	38,035	2%
Purchasing	1,293,274	1,257,616	1,276,376	18,760	1%	1,303,321	26,945	2%
Real Estate	578,845	2,530,917	617,174	(1,913,743)	(76%)	628,414	11,240	2%
Treasury	1,439,711	1,474,421	1,577,305	102,884	7%	1,605,241	27,936	2%
Budget	1,070,368	998,725	883,525	(115,200)	(12%)	902,853	19,328	2%
TOTAL EXPENDITURES	$7,301,404	$9,053,886	$6,761,297	$(2,292,589)	(25%)	$6,889,461	$128,164	2%
TOTAL REVENUES	$3,954,060	$3,722,463	$3,134,341	$(588,122)	(16%)	$3,265,034	$130,693	4%
INTERNAL REVENUES	3,895,125	3,710,163	3,122,041	(588,122)	(16%)	3,252,734	130,693	4%
EXTERNAL REVENUES	58,935	12,300	12,300	0	0%	12,300	0	0%

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	6,282,191	6,012,073	5,776,796	5,904,960
Contract Services	286,599	2,311,563	292,698	292,698
Supplies and Materials	50,671	67,129	63,444	63,444
Facilities and Equipment Purchases	846	2,300	3,700	3,700
General Expense	91,856	110,653	140,063	140,063
Rents and Leases	11,153	11,153	11,153	11,153
Allocated Charges	578,088	539,015	473,443	473,443
TOTAL EXPENDITURES	**$7,301,404**	**$9,053,886**	**$6,761,297**	**$6,889,461**
TOTAL REVENUES	**$3,954,060**	**$3,722,463**	**$3,134,341**	**$3,265,034**
Total Full Time Positions	50.47	49.15	41.95	41.95
Total Temporary Positions	3.06	1.40	2.25	2.25

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of accounts payable checks issued (SEA)	14,480	14,500	15,000
2. Number of purchasing documents processed (SEA)	2,549	2,700	2,700
3. Number of real property acquisitions and conveyances (fees, easements, BMR, permits, leases and document transfer tax)	150	190	200
4. Cash and investments (in millions), excluding bond proceeds (SEA)	$375.7	$370.0	$330.0
Efficiency:			
1. Average cost to issue an accounts payable check (estimated)	$26	$26	$27
2. Average cost to process a purchase order/contract (estimated)	$229	$225	$227
3. Average cost to complete each real property acquisition and conveyance (estimated)	$900	$1,200	$1,200
Effectiveness:			
1. Percent of invoices paid within 30 days (estimated) (SEA)	83%	80%	80%
2. Percent of purchases/contracts completed within established timeframes (estimated)	80%	80%	80%
3. Average time (in days) to complete each real property acquisition and conveyance	20	30	45
4. Rate of return on investments compared to the annual average yield on a three-year Treasury note	+4.45%	+1.50%	+2.50%

Administrative Services

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Decrease allocated revenues - internal	(588,122)		(588,122)	130,693		
TOTAL REVENUE CHANGES	**$(588,122)**	**$0**	**$(588,122)**	**$130,693**	**$0**	**$130,693**
EXPENDITURE CHANGES						
Salary and Benefits						
Eliminate 1.0 FTE Accounting Specialist position	(86,767)		(86,767)			0
Eliminate 1.0 FTE Storekeeper position	(90,324)		(90,324)			
Reallocate to Enterprise Funds 0.20 FTE Deputy Director position	(39,642)		(39,642)			0
Reallocate direct costs to Enterprise Funds	(585,393)		(585,393)			
Increase temporary salaries	30,000		30,000			0
Personnel Benefit Costs Increase (Note 2)	133,889		133,889	128,164		
Total Salary and Benefits Changes	**$(638,237)**	**$0**	**$(638,237)**	**$128,164**	**$0**	**$128,164**
Adjustments (Note 1)		402,960	402,960		0	0
NET SALARY AND BENEFITS CHANGES	**$(638,237)**	**$402,960**	**$(235,277)**	**$128,164**	**$0**	**$128,164**
Non-Salary						
Decrease contract services	(62,700)		(62,700)			
Decrease supplies and materials	(16,087)		(16,087)			0
Increase property tax expense	25,000		25,000			0
Decrease other general expenses	(22,050)		(22,050)			
Allocated Charges (decrease) (Note 3)	(59,469)		(59,469)			
Total Non-Salary	**$(135,306)**	**$0**	**$(135,306)**	**$0**	**$0**	**$0**
TOTAL EXPENDITURE CHANGES	**$(773,543)**	**$402,960**	**$(370,583)**	**$0**	**$0**	**$0**
Adjustments (Note 1)		(1,922,006)	(1,922,006)		0	0
TOTAL EXPENDITURE CHANGES	**$(773,543)**	**$(1,519,046)**	**$(2,292,589)**	**$128,164**	**$0**	**$128,164**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Personnel benefit costs changes are primarily due to a reduction in benefit cost allocations in Fiscal Year 2009 that were not continued in Fiscal Year 2010. In Fiscal Year 2011 the increase is due to the return of the General Fund contribution for future Retiree Medical benefits that was suspended in Fiscal Year 2010.

Note 3: General Fund cost plan allocations are lower because departmental expenditure have been reduced as a response to the decline in revenues and transfers from the IT fund that have been reduced due to the extension of replacements from three to four years.

SERVICE LEVEL CHANGES

Elimination of 1.0 FTE Storekeeper necessitating service level reductions in delivery operations to allow the Warehouse to cover core functions. Services targeted for reduction are the delivery of library books, inter-departmental mail, and supplies.

Elimination of 1.0 FTE Accounting Specialist may result in the processing delays of Accounts Payable, Accounts Receivable and other daily accounting functions.

COMPREHENSIVE PLAN OVERVIEW

Fiscal Years 2010 and 2011 Administrative Services Department Budget includes the following resources directed toward implementing the program and policies of the Comprehensive Plan:

TRANSPORTATION

Through implementation of the IT Strategic Plan, the Department will provide technical assistance to expand the range of City services that can be received online. (T-10)

COMMUNITY FACILITIES AND SERVICES

Staff has completed a comprehensive analysis of infrastructure replacement and maintenance needs, and in 1997-98, obtained Council approval for a 10-year Infrastructure Management Plan. The projects emerging from this plan are included in the CIP Budget. In Fiscal Years 2010 and 2011, the Administrative Services Department will continue to pursue new revenue sources to complete funding for the Infrastructure Management Plan. (C-20)

BUSINESS AND ECONOMICS

ASD staff monitors the local economy closely to determine trends that affect City revenues. It is active in supporting the maintenance and attraction of key revenue generating business that generate resources to provide City services. For example, ASD is participating in the formation of a development agreement with the Stanford hospital.

GOVERNANCE

The Department will provide leadership in establishing a liaison system between the City and the community

through the use of electronic media to inform residents of current issues, to conveniently connect citizens to City services, and to facilitate resident feedback to the City Council and staff. (G-4)

ACCOUNTING

To process and record the financial transactions of the City in an accurate and timely manner, and to develop and maintain financial systems that provide pertinent information to all users.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,994,323	2,009,786	1,682,210	1,720,245
Contract Services	16,955	(253)	7,605	7,605
Supplies and Materials	29,810	30,600	28,600	28,600
Facilities and Equipment Purchases	0	500	1,000	1,000
General Expense	1,586	1,400	1,200	1,200
Allocated Charges	33,356	18,285	36,829	36,829
TOTAL EXPENDITURES	**$2,076,030**	**$2,060,318**	**$1,757,444**	**$1,795,479**
TOTAL REVENUES	**$2,240**	**$0**	**$0**	**$0**
Total Full Time Positions	18.71	17.61	12.61	12.61
Total Temporary Positions	0.00	0.00	0.37	0.37

PURCHASING

To provide the City of Palo Alto with goods and services in an efficient, cost-effective, and timely manner.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,243,903	1,189,900	1,218,788	1,245,733
Contract Services	3,018	5,610	6,110	6,110
Supplies and Materials	8,143	9,200	6,713	6,713
Facilities and Equipment Purchases	846	500	1,000	1,000
General Expense	6,613	7,352	6,102	6,102
Allocated Charges	30,751	45,054	37,663	37,663
TOTAL EXPENDITURES	**$1,293,274**	**$1,257,616**	**$1,276,376**	**$1,303,321**
TOTAL REVENUES	**$7,300**	**$6,000**	**$6,000**	**$6,000**
Total Full Time Positions	10.33	10.33	9.18	9.18
Total Temporary Positions	0.00	0.00	0.48	0.48

REAL ESTATE

To manage and efficiently utilize City properties to maximize monetary and non-monetary benefits to the City and community.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	453,654	439,402	494,025	505,265
Contract Services	76,122	2,041,058	48,548	48,548
Supplies and Materials	0	504	606	606
General Expense	35,942	36,180	62,440	62,440
Rents and Leases	11,153	11,153	11,153	11,153
Allocated Charges	1,974	2,620	402	402
TOTAL EXPENDITURES	**$578,845**	**$2,530,917**	**$617,174**	**$628,414**
TOTAL REVENUES	**$22,378**	**$3,400**	**$3,400**	**$3,400**
Total Full Time Positions	2.82	2.87	3.02	3.02
Total Temporary Positions	0.00	0.00	0.00	0.00

TREASURY

To manage the City's money and debt issuance, including placement and safeguarding of investments, billing, cash receipting, collections, and deposits

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,296,483	1,206,378	1,323,963	1,351,899
Contract Services	84,856	176,535	155,535	155,535
Supplies and Materials	10,937	22,925	22,925	22,925
Facilities and Equipment Purchases	0	1,200	1,200	1,200
General Expense	37,034	56,501	56,501	56,501
Allocated Charges	10,401	10,882	17,181	17,181
TOTAL EXPENDITURES	**$1,439,711**	**$1,474,421**	**$1,577,305**	**$1,605,241**
TOTAL REVENUES	**$26,997**	**$2,900**	**$2,900**	**$2,900**
Total Full Time Positions	10.66	10.69	10.49	10.49
Total Temporary Positions	2.60	1.40	1.40	1.40

BUDGET

To prepare financial and policy analyses, to prepare timely, accurate financial reports, and to provide management and Council with accurate financial information and forecasting to support sound resource allocation decisions.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,029,597	956,642	849,902	869,230
Contract Services	26,503	25,100	18,500	18,500
Supplies and Materials	995	400	1,600	1,600
Facilities and Equipment Purchases	0	100	500	500
General Expense	2,141	1,000	2,100	2,100
Allocated Charges	11,132	15,483	10,923	10,923
TOTAL EXPENDITURES	**$1,070,368**	**$998,725**	**$883,525**	**$902,853**
TOTAL REVENUES	**$20**	**$0**	**$0**	**$0**
Total Full Time Positions	6.32	6.32	5.32	5.32
Total Temporary Positions	0.00	0.00	0.00	0.00

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Community Services Department

Community Services Department

Organizational Chart

COMMUNITY SERVICES DIRECTOR
Greg Betts (Acting)

ADMINISTRATION
1.0-Administrative Assistant
1.0-Senior Administrator

CUBBERLEY CENTER & HUMAN SERVICES
1.0-Division Mgr, Cubberley Center & Human Services
2.0-Program Assistant I
2.0-Building Serviceperson-Lead
3.0-Building Serviceperson
1.0-Management Assistant
1.0-Program Assistant II
1.0-Coordinator, Child Care
0.75- Prod Arts/Science Program
1.0 - Coordinator, Recreation Program

RECREATION AND GOLF

ADMINISTRATION
1.0-Division Mgr, Recreation & Golf
0.75-Admin Associate III

GOLF
1.0-Superintendent, Golf Course
1.0-Golf/Parks Crew Lead
4.0-Golf Course Maintenance Person
1.0-Sprinkler System Repair Person
1.0-Golf Course Equipment Mechanic

RECREATION
4.0-Supervisor, Recreation Programs
4.0-Coordinator, Recreation Programs
1.0-Building Service Person
1.75-Program Assistant I
2.0-Admin Associate I

ARTS & SCIENCES

ADMINISTRATION
1.0- Division Mgr, Arts & Sciences
1.0- Program Assistant II

ART CENTER
1.0- Manager, Arts
4.25-Producer Arts
2.0-Program Assistant I
0.5-Volunteer Coordinator

CHILDREN'S & COMMUNITY THEATRE
1.0- Manager, Arts
1.0-Theatre Specialist
1.0-Program Assistant I
4.0-Producer Arts

YOUTH SCIENCES & INTERPRETIVE
1.0- Supervisor, Jr Museum
4.0- Producer Arts/Science Program
1.0-Program Assistant I
2.25 - JMZ Educator

OPEN SPACE & PARKS

ADMINISTRATION
1.0-Division Mgr, Open Space & Parks
1.0-Program Assistant II

OPEN SPACE
2.0-Supervisor, Open Space
5.0-Park Ranger

PARKS

ADMINISTRATION
1.0-Park Superintendent

CITY PARKS & FACILITIES
2.0-Inspector, Field Services
2.0-Sprinkler System Repair Person
1.0-Parks Crew-Lead
5.0-Parks Maintenance Person

ATHLETIC FIELD MAINTENANCE PROGRAM
1.0-Supervisor, Parks
1.0-Parks Crew-Lead
2.0-Sprinkler System Repair Person
6.0-Park Maintenance Person
1.0-Park Maintenance Lead

CAPITAL PROJECTS
1.0 - Program Assistant 1

Fiscal Year 2010 Position Totals: **95.25 Full-time**
52.14Hourly

Community Services

To engage individuals and families in creating a strong and healthy community through parks, recreation, social services, arts, and sciences.

OVERVIEW

In Fiscal Year 2010, the Community Services Department (CSD) will provide the Palo Alto community with the services and programs summarized below both directly and through partnerships with community organizations.

Arts and Sciences Division

The Arts and Sciences Division will provide visual and performing arts, music and dance, and science programs to adults and youth while responding to increased demand for family programs.

The division administers and manages the Art Center, Children's Theatre, Community Theatre, Junior Museum and Zoo, Interpretive Programs, the Public Art Commission, Cubberley Artist Studios, Neighbors Abroad, Sister Cities, and Civic Center Lobby exhibitions.

The division welcomes three new managers to the Art Center, the Junior Museum and Zoo, and the Children's Theatre. Under new leadership both at the division and program level, a focus will be to explore and create cross-programming between divisions as an expanded opportunity and benefit for the community, and to continue the success of existing programs, while working to develop new offerings.

Through public/non-profit partnerships with the Palo Alto Art Center Foundation, Friends of the Palo Alto Children's Theatre, and Friends of the Junior Museum and Zoo, the division will continue to work with the community to develop support and advocate for sustaining programs and facilities.

Open Space and Parks Division

The Open Space and Parks Division is responsible for the conservation and maintenance of more than 4,000 acres of urban and open space parkland. Open Space services will provide ecology and natural history interpretive programs for youth and adults through campfires, special interest nature programs, and guided walks. Ranger staff will continue to provide protection of open space areas and safety to park visitors through patrols, fire prevention, and response to emergency calls for service.

Projects will continue to be implemented to rebuild aging infrastructure by improving tread and drainage problems on trails in the foothills, enhancing picnic areas and camp sites, and restoring the height and width of a Baylands emergency access levee. Staff will continue to partner with volunteer organizations such as Save The Bay, Friends of Foothills Park, and Acterra to restore degraded habitat with native plants. Staff will also collaborate with the Friends of the Palo Alto Parks to plant colorful flower beds, install new park amenities, and develop designs for the renovation of Lytton Plaza in partnership with the Friends of Lytton Plaza.

Staff will use non-toxic methods such as biological agents, grazing goats, and systematic mowing to control non-native weeds and thistle in open space areas. Staff also continues to work with Acterra and Save The Bay in propagating thousands of native plants which are used in creek and habitat restoration projects.

Restoration of the 13-acre Peninsula Open Space Trust property will continue in Fiscal Year 2010 with the planting of 5,000 native plants and grasses along the reach of a recreated riparian corridor running through the property. This project will re-establish a continuous stretch of trees and native plants for the enhancement of wildlife habitat.

Community Services

The implementation of the Foothill Fire Management Plan will commence in Fiscal Year 2010.

Parks Services is coordinating multiple infrastructure park projects scheduled for Greer and Cubberley athletic fields. Other Parks projects include the expansion of Greer Park (Phase IV), providing restrooms at Seale Park, and median landscaping on San Antonio Road. In addition this year at Addison elementary school, Parks Services will continue the Palo Alto Unified School District (PAUSD) athletic field renovation program.

Cubberley Community Center and Human Services Division

The 35-acre community center hosts community artists, dance groups, childcare centers, PAUSD Adult Education, Foothill College, and many non-profit organizations. The thriving center will continue to provide a full array of community facilities including fields, tennis courts, a track, gymnasiums, an auditorium, a theatre and classrooms, all of which are available for public rental.

The division, through its Human Services function, provides assistance to people in need by providing grants to non-profit organizations through the Human Services Resource Allocation Process (HSRAP), and by providing comprehensive information about resources for the entire community through the Family Resources Program.

Through a public/non-profit partnership with the Family Resources Foundation, Human Services will continue to work with the community to develop support and advocacy for Family Resources, a program of civic engagement that disseminate resource information and streghthen community connections. Staff will work with a number of community groups to identify community needs that may be addressed through Human Services. These groups include the Human Relations Commission, the Child Care Advisory Committee, and the Extended School Child Care Directors Group.

The division continues to participate in discussions with Foothill College to consider a plan that would design and build a new Foothill Community College branch at Cubberley Community Center while maintaining the community center venues and functions.

Recreation and Golf Services Division

The Recreation and Golf Services Division will provide a diverse range of programs and activities for the community. During the year, staff will continue to focus on creating a culture of fitness and healthy living in Palo Alto by encouraging the involvement of individuals and families in creative and fun activities. The division will adjust programs and services to reflect changing community demographics, including a sharp rise in the number of adults over the age of 55. The division will help plan and stage the 2009 Senior Games with the Local Organizing Committee and Stanford University. Hosting the Senior Games will provide the City with many legacy benefits including enhancement of way-finding signage for City facilities, service bicycles that will provide alternative transportation for staff, and a data base of volunteers who participate in the Games that can be invited to volunteer for other City programs.

With the projected budget challenges, staff will continue to work diligently to recover additional program costs through fees, partnerships, grants, and donations.

Recreation Services will continue to focus efforts on youth and teen programming as it relates to the Youth Master Plan. The division will pursue collaborative programming efforts with other agencies serving youth to better target quality services for this age group. The division will emphasize customer service, while efficiently marketing new and existing programs and classes. Recreation will measure customer satisfaction through surveys and other evaluation methods. The Recreation Division will continue to encourage program participants to use the Internet-based registration system to facilitate a more efficient registration process.

The construction of a new Mitchell Park Community Center and Library presents an exciting opportunity for residents and will be a focus for staff as this project develops. During the design phase comments, ideas and suggestions from community center stakeholders will be actively solicited and incorporated into the designs. Later, during construction, current programs at the Mitchell Park Community Center will be displaced. This will provide challenges as we seek alternative space to continue services. The displacement of the Teen Center will be a primary focus and staff is currently working with the Palo Alto Unified School District (PAUSD) to explore options to ensure this critical service continues.

Golf Services completed an operational analysis of the current and future golf market, facility conditions, and alternative operating models in 2008. The study recommended several actions for future success of the Golf Course, which included: making relatively minor but strategic investments in the Golf Course infrastructure along with actively participating in the planning of flood control alternatives for San Francisquito Creek to find a balanced flood control / recreational use solution that would benefit the Golf Course. Additional recommendations staff will explore include aligning golf course tenant contracts to expire concurrently and to evaluate options to enhance Golf Course maintenance. The potential cost savings of alternative maintenance models will also be explored in an effort to help meet the budget challenges facing the City General Fund.

The golf operation will update its marketing plan in an effort to enhance the overall customer experience and increase the number of golf rounds played annually. Providing an excellent recreational opportunity while increasing the return on investment will continue to be a priority for golf operations.

Staff continues to work closely with the Golf Advisory Committee to seek feedback from regular customers and visitors in order to ensure that our facilities, programs and services meet or exceed the needs of our patrons.

PROGRAM UPDATE

In Fiscal Year 2009, the Community Services Department has implemented the following program:

- Foothills Park road improvements were made between Vista Hill and Boranda Lake
- Foothills Park maintenance shop remodel was completed to enhance safety, efficiency, and employee effectiveness
- The Palo Alto Unified School District Athletic Field renovation program continued with design and renovation of Nixon Elementary School field irrigation system
- Mitchell Park Teen Center continues to grow in popularity providing a critical afterschool program for middle school students
- Recreation's focus on healthy living for all ages and creating a culture of fitness in Palo Alto continues to drive program and event planning
- Community Services continues to be very supportive in promoting green alternatives, particularly as it relates to alternative transportation such as walking and biking. The Recreation Division launched the LetsGoPaloAlto.org walking and activity challenge website
- The Baylands Master Plan was updated with an up-to-date record of Council approved policies and actions in the Baylands
- The Palo Alto Foothills Fire Management Plan was updated and now includes a Wildland Fire Risk Assessment and Mitigation Program

COUNCIL PRIORITY IMPLEMENTATION

In Fiscal Year 2010, the Community Services Department will support the implementation of the City Council's

Community Services

Top 3 Priorities as follows:

Environmental Protection

- The Open Space and Parks division will support the Council's priority of environmental protection by planting oak trees at the Pearson Arastradero Preserve, reducing the use of two-stroke gasoline engines, and encouraging people to bike, hike or ride to their local parks and open space areas. Staff also will continue to support environmental protection through the conservation of water resources by planting native plants instead of ornamental plants and turf wherever possible
- The Arts and Sciences division will support the Council's priority as the Art Center, working with the Palo Alto Art Center Foundation, includes "green" building considerations in their plans to renovate and expand the Art Center. The Junior Museum and Zoo exhibit for 2010 will be developed with a focus on environmental education
- The Junior Museum and Zoo's current exhibit "Clean, Green, Energy Machines" was developed with a focus on environmental education and energy conservation
- The Recreation and Golf Services division will provide stimulating fee-based classes on energy alternatives and climate protection issues. The theme of this year's Enjoy! catalog will be "Dream Green"

Civic Engagement for the Common Good

- The Open Space and Parks Division will continue to actively support partnerships with a variety of environmental organizations, recreation clubs, sports groups, Acterra, Save The Bay, and the Friends of the Palo Alto Parks in order to provide special interest classes, augment City services, and enhance the facilities and programs offered to the public. In Fiscal Years 2010 and 2011, Park staff will work with neighborhood associations to "adopt-a-park" and encourage volunteers to plant colorful flower beds in their local parks. Staff will work closely with neighbors and interested parties in the design of infrastructure improvements at Rinconada and Greer Parks
- The Arts and Sciences Division will continue to support and solicit input from public/private partnerships, co-sponsorships, and collaborations to enhance and broaden opportunities for engagement in the diverse activities of the division
- The Cubberley Community Center and Human Services Division is participating on the Civic Engagement for the Common Good Task Force to promote civic engagement among city residents
- The Cubberley Community Center and Human Services Division will also initiate and cultivate civic engagement through the Human Relations Commission
- The Recreation and Golf Services Division will continue to work closely with youth leadership groups such as the Youth Council, Teen Advisory Board, and Junior Advisory Board, along with the Palo Alto Recreation Foundation and volunteers, to help shape programs and services to meet current and future community needs

Economic Health of the City

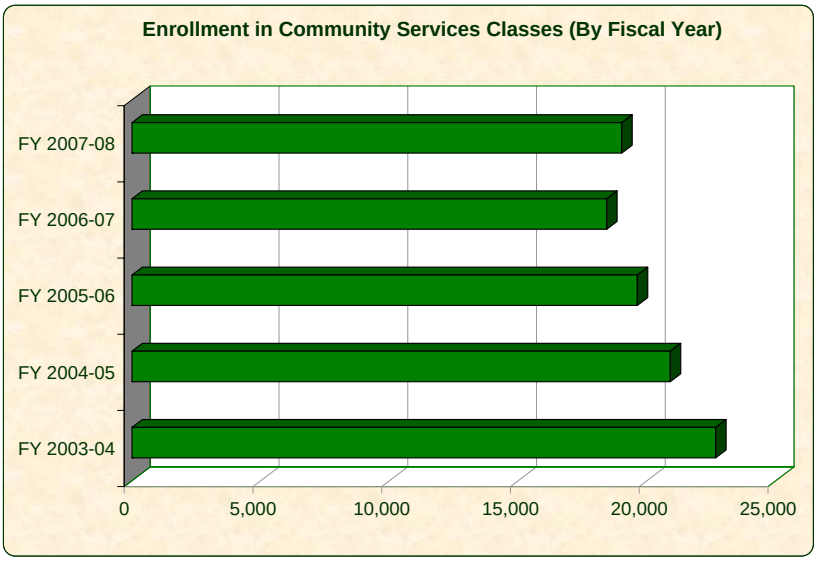
- Community Services is actively seeking private and grant funding for the replacement and renovation of aging infrastructure, the enhancement of park, community and art center facilities, and opportunities for program support
- The Open Space Division will continue to implement trail restoration recommendations from the Arastradero Trail Master Plan using funds from the State Non-motorized Trail Grant Program. A channeled creek that runs through the Arastradero Gateway property will be day-lighted and restored using funds from the State Riverine and Riparian Habitat grant program and donated plant materials from the Acterra native plant nursery. Grant revenues received for infrastructure funding may help relieve the need for City

funding

- The department will continue to implement the cost recovery policy for fee-based classes. Community Services will further explore new models of service delivery in several areas to lower costs while maintaining its high quality service

DEPARTMENT SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Administration	1,181,779	1,081,071	1,360,095	279,024	26%	1,370,841	10,746	1%
Arts and Sciences	4,139,670	4,407,405	4,624,411	217,006	5%	4,710,034	85,623	2%
Cubberley and Human Services	3,508,356	3,321,349	3,363,930	42,581	1%	3,435,412	71,482	2%
Open Space and Parks	6,385,070	6,006,175	6,402,545	396,370	7%	6,539,261	136,716	2%
Recreation and Golf	6,026,145	6,074,323	6,131,866	57,543	1%	6,223,780	91,914	1%
TOTAL EXPENDITURES	$21,241,020	$20,890,323	$21,882,847	$992,524	5%	$22,279,328	$396,481	2%
TOTAL REVENUES	$7,426,448	$7,738,911	$7,864,698	$125,787	2%	$7,864,698	$0	0%
INTERNAL REVENUES	147,200	147,600	147,600	0	0%	147,600	0	0%
EXTERNAL REVENUES	7,279,248	7,591,311	7,717,098	125,787	2%	7,717,098	0	0%



Community Services

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	11,980,333	11,398,797	12,231,478	12,459,102
Contract Services	2,955,501	2,901,078	3,051,204	3,051,204
Supplies and Materials	695,408	854,620	839,140	839,140
Facilities and Equipment Purchases	69,873	45,930	78,700	78,700
General Expense	1,404,998	1,492,134	1,376,774	1,376,774
Rents and Leases	16,095	20,557	23,766	23,766
Allocated Charges	4,111,822	4,170,217	4,274,795	4,443,652
Operating Transfers Out	6,990	6,990	6,990	6,990
TOTAL EXPENDITURES	**$21,241,020**	**$20,890,323**	**$21,882,847**	**$22,279,328**
TOTAL REVENUES	**$7,426,448**	**$7,738,911**	**$7,864,698**	**$7,864,698**
Total Full Time Positions	97.25	96.50	94.25	94.25
Total Temporary Positions	49.44	49.44	52.14	52.14

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of Community Services classes and camps taught (SEA)	874	870	865
2. Number of classes and camps cancelled	164	150	150
Efficiency:			
1. Percentage of registrations online (SEA)	43%	44%	45%
2. Number of classes and camps refunds processed	1,042	910	900
Effectiveness:			
1. Percent rating the range/variety of classes good or excellent in citizen survey (SEA)	87%	90%	90%
2. Percentage of refunds processed by credit cards	87%	88%	89%

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Open Space and Parks						
Increase revenue from PAUSD - reimbursements for field maintenance	94,457		94,457			
Various minor fee increases	1,500		1,500			
Recreation and Golf						
Facility Rental	80,000		80,000			
Increase in Golf Fees	148,170		148,170			
TOTAL REVENUE CHANGES	**$324,127**	**$0**	**$324,127**	**$0**	**$0**	**$0**
Adjustments (Note1)		(198,340)	(198,340)			
NET REVENUE CHANGES	**$324,127**	**$(198,340)**	**$125,787**	**$0**	**$0**	**$0**
EXPENDITURE CHANGES						
Salary and Benefits						
Arts and Sciences						
Eliminate 0.5 FTE Producer, Arts and Science Program	(56,987)		(56,987)			
Reclassify 1.0 FTE Program Assistant 1 to Producer, Arts and Science Program	17,079		17,079			
Reduce temporary salaries and overtime	(70,000)		(70,000)			
Cubberley and Human Services						
Reduce temporary salaries and overtime	(20,000)		(20,000)			
Open Space and Parks						
Reclassify 1.0 FTE Senior Ranger to Supervisor, Open Space	24,096		24,096			
Reduce temporary salaries	(19,560)		(19,560)			
Recreation and Golf						
Eliminate 1.0 FTE Golf Maintenance Person	(88,369)		(88,369)			
Reduce temporary salaries and overtime	(20,000)		(20,000)			
Total Salary and Benefits Changes	**$(233,741)**	**$0**	**$(233,741)**	**$0**	**$0**	**$0**
Personnel Benefit Costs Increase (Note 2)	569,763		569,763	227,624		227,624

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Adjustments (Note 1)		496,659	496,659			0
Total Net Salary and Benefits Changes	**$336,022**	**$496,659**	**$832,681**	**$227,624**	**$0**	**$227,624**
Non-Salary						
Arts and Sciences						
Reduce materials and supplies	(12,000)		(12,000)			
Temporarily suspend Brown Bag concerts	(10,000)		(10,000)			
Reduce contract services due to changes to PAUSD Outreach Program	(35,000)		(35,000)			
Cubberley and Human Services						
Reduce appropriation for HSRAP	(58,000)		(58,000)			
Eliminate Seasonal Worker Program	(83,000)		(83,000)			
Open Space and Parks						
Increase contract services	12,000		12,000			
Increase contract services to cover cost of living adjustment and other adjustments	7,128		7,128			
Facility and maintenance security	15,000		15,000			
Recreation and Golf						
Reduce supplies and materials	(7,000)		(7,000)			
Reduce instructor contracts	(55,000)		(55,000)			
Increase Golf Course expense - cart rental and management fees	39,833		39,833			
Total Non-Salary Changes	**$(186,039)**	**$0**	**$(186,039)**	**$0**	**$0**	**$0**
TOTAL EXPENDITURE CHANGES	**$149,983**	**$496,659**	**$646,642**	**$227,624**	**$0**	**$227,624**
Adjustments (Note 1)		241,303	241,303			
Allocated Charges Increase (Note 3)	104,579		104,579	168,857		168,857
NET EXPENDITURE CHANGES	**$254,562**	**$737,962**	**$992,524**	**$396,481**	**$0**	**$396,481**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Personnel benefit costs changes are primarily due to a reduction in benefit cost allocations in Fiscal Year 2009 that were not continued in Fiscal Year 2010. In Fiscal Year 2011 the increase is due to the return of the General Fund contribution for future Retiree Medical benefits that was suspended in Fiscal Year 2010.

Note 3: Allocated charges are increasing due primarily to an increase in utilities charges.

SERVICE LEVEL CHANGES

In Fiscal Year 2010, the following programs are planned to be accomplished:

- Construction to develop a 1.5 acre addition to Greer Park for passive recreation, children's playground, and the replacement of the existing irrigation system will be completed
- The Palo Alto Unified School District Athletic field renovation program will continue with Addison Elementary School irrigation system being designed and constructed
- Construction of a restroom at Seale Park will be completed
- The "football field" at Cubberley will be converted to synthetic turf to allow for increased play to meet the growing public need for playing fields availability

Due to the economic environment and budget reductions, service level changes within the Community Services Department are as follows:

- The Children's Theatre middle school outreach will be restructured into a 3-day weekend play festival. The partnership will see PAUSD middle school teachers directing each school's production with the Children's Theatre providing technical assistance; sets, costumes, props, etc. All performances will be produced at the Children's Theatre. The partnership will reduce overall production costs. The festival will be promoted as a community event highlighting the PAUSD middle schools. It is expected that overall attendance and community participation will increase with this partnership with the middle school outreach program
- Baylands Interpretive Center will close on Sundays. It is anticipated that this will have an impact with a decline of visitors. However, Saturday will remain open and include programs, exhibits and access to the hands-on ecology laboratory for exploration
- The Art Center will shorten exhibition installation periods, and in effect reduce installation crew hours. In addition, an exhibition of treasures from the Mexican Museum of San Francisco's collection will run for seven months instead of three. Art Center staff will focus planning on a series of community events and programs in conjunction with the exhibition that will expand the educational component and participation with the exhibition
- It is anticipated that the elimination of the 0.5 FTE Producer, Arts and Sciences as an ongoing expenditure change will reduce programming for adult and children music and dance classes, workshops, camps, and programs, with a corresponding reduction in revenue. It is anticipated that it will also impact the temporary suspension of the Brown Bag concerts and possibly eliminating it on a permanent basis. Children's Theatre, Community Theatre, and Art Center staff will take on the added responsibilities for programming in Fiscal Year 2010 and will then assess what the capacity will be for Fiscal Year 2011 in continuing programming
- Summer staffing at the Foothills Park entrance station will be reduced
- Maintenance of restrooms, picnic areas, and campgrounds reduced to once a week service within Open Space areas
- All weed whipping along roadsides, trails, and signs in Open Space will be scheduled two months later than usual

- Reduced staff onsite at Foothills and Baylands resulting in an increase response time to 'calls for service'
- The Recreation and Golf Services Division will seek to strengthen current partnerships and create new partnerships to leverage the considerable community support for recreations services. Staff will continue to evaluate service levels to identify gaps in services and overlapping services in order to better allocate limited resources
- The budget reductions for supplies and materials for recreation programs will provide some new challenges. Staff will pursue additional donations, grants and funding from support groups such as the Palo Alto Recreation Foundation to help address unmet needs
- The budget for the Human Services Resource Allocation Process (HSRAP) will be reduced and the Seasonal Worker Program will be eliminated. Some portions of the Seasonal Worker program will be accomplished through the City's support of the "Downtown Streets Team" project

COMPREHENSIVE PLAN OVERVIEW

In Fiscal Years 2010 and 2011, the Community Services Department will implement elements of the Comprehensive Plan as follows:

LAND USE AND COMMUNITY DESIGN

Arts and Sciences Division will continue to explore, recommend, and commission opportunities for art in community centers and public places through-out the city. (Policies L-15, L-16, L-18, L-19, L-21, L-28, L-47, L-61, L-62, L-64, L-69, L-70, L-72)

The Public Art Commission will work with the Parks Division to initiate parks art projects. Parks operations will complete a variety of infrastructure projects to strengthen and enhance the identity of community "Entry Points" (gateways) and other City-maintained areas with appropriate art and landscaping. (Policies L-72, L-73)

TRANSPORTATION

Parks operations will use infrastructure median capital projects and other landscape projects to establish clear gateways. (Program T-42)

Open Space operations will continue to conduct systematic brush clearing and the repair of trail tread on 95 percent of open space trails and staff will provide regular maintenance of off-road bicycle and pedestrian paths. (Program T-29) Staff will continue to implement the Arastradero Preserve Trail Master Plan by abandoning and restoring inappropriately sloped or sited trails. This will reduce environmental impacts along sensitive riparian corridors. (Program T-29)

HOUSING

The Cubberley Community Center and Human Services Division is a member of the City Manager's Housing Task Force. This task force participates in regional, statewide, and national meetings on housing and human services. Additional resources, collaborations, and outside funding will be increased to address community needs. (Policies H-2, H-12, Programs H-23, H-24, H-25, H-30, and H-32)

NATURAL ENVIRONMENT

Parks operations will implement the Natural Environment element of the Comprehensive Plan with the

following programs: Preservation and protection of heritage trees and native oaks in urban park settings (Policy N-17); irrigation system improvements to maximize conservation and make efficient use of water resources (Policy N-21); Best Management Practices programs related to technologies, operating methods and other measures that control, prevent and reduce pollution (Policies N-28, N-30); implementing "Spare the Air" methodologies within maintenance operations (Goal N-5); and by participating in the San Francisquito Creek resource management and planning. (Programs N-9, N-13)

Both Parks and Golf operations will continue their tree planting programs (Program N-17) and will continue to pursue resources for tree planting (Program N-18); continue maintenance programs to minimize the use of toxic and hazardous materials (Policy N-30); and use recyclable goods for park furnishings and other equipment replacement (Policy N-36). Parks and Golf operations will continue to protect the community from excessive noise impacts (Policies N-40, N-42, N-43, Program N-59).

Open Space will work with specialized contractors to control invasive, non-native plants in open space areas using environmentally safe integrated pest management practices (Policy N-30). Using plants propagated at the Save The Bay and Acterra native plant nurseries staff and volunteers will continue to restore degraded habitat (Goal N-1). A channelized creek on the Arastradero gateway property will be replanted with native plants to restore a 1,100-foot reach of Arastradero Creek. (Goal N-1)

Golf operations will continue environmentally sound maintenance programs to preserve and protect the bay, marshlands, and other natural water and wetland areas. (Policy N-8)

COMMUNITY FACILITIES AND SERVICES

Arts and Sciences will continue to work as a public/private partnership with the Palo Alto Art Center Foundation for the purpose of renovating and expanding the Art Center (Program C-19), and providing art education programs and outreach between Palo Alto and East Palo Alto, working though the PAUSD and Ravenswood School Districts. The Art Center will continue to mount exhibitions and education programs that are accessible to the community on all levels. The Children's Theatre will continue to work cooperatively with the PAUSD and other agencies to design and provide educational programs, classes, and outreach programs appealing to a broad range of ages and educational backgrounds. (Policy C-17)

Arts and Sciences will work with PAUSD to determine ways that schools can be made more available to the community for weekend and evening use. (Program C-4)

The Department will deliver City services in a manner that creates and reinforces positive relationships among City employees, residents, businesses, and other stakeholders. (Policy C-9)

The Department will continue to support provision, funding, and promotion of services and programs for adults, children, and youth. (Policy C-12)

The Department will encourage the continuation and development of after-school, weekend, and evening programs for children, youth, and teen. (Program C-18)

Arts and Sciences will explore ways to expand the space available in the community for art exhibits, classes, and other cultural activities and plan renovation and expansion of the Art Center to provide space for more classes and exhibit. (Policy C-23)

Arts and Sciences will develop improvement plans for the maintenance, restoration and enhancement of community facilities, and keep these facilities as viable community assets. (Program C-19)

Park operations will implement irrigation renovations at City and School District sites (Program C-19) and accessibility issues through playground and infrastructure renovations (Program C-19). In addition Park operations will continue its collaborative relationship with PAUSD in cooperative cost sharing for athletic field maintenance. (Policies C-1, C-4)

Golf operations will continue the quality and affordability of youth and senior services (Goal C-3); continue to implement a customer service evaluation system (related strategies for improving customer service) (Policy C-10); continue staff training in customer service oriented management techniques (Program C-11).

The Cubberley Community Center and Human Services Division will continue supporting the provision of school-age child care services and the allocation of child care subsidy funds to low income families. Human Services continues to support the Child Care Advisory Committee and its implementation of the Child Care Master Plan. (Programs C-13, C-14, Goal C-3, Policies C-11, C-13)

The Cubberley Community Center and Human Services Division, in collaboration with non-profit service providers, continue to play a principal role with the Opportunity Center to serve low-income and homeless people and families. (Policies C-7, C-1)

Recreation will continue implementation of the Youth Master Plan goals and action steps. (Programs C-1, C-18, Policy C-7) Recreation staff will continue to provide programs for families with an emphasis upon programs geared toward preschool, elementary, middle school youth and teens. (Program C-18) The Youth and Teen program will continue to work with at-risk youth and implement programs incorporating mentoring and coaching opportunities combined with a variety of recreational activities. (Program C-1)

The Cubberley Community Center will continue to develop public/private partnerships to improve the interiors of meeting rooms, dance studios, and gymnasiums, and will continue to maintain landscaping. (Program C-19)

The Junior Museum and Zoo will work in close partnership with the Friends of the Junior Museum to develop architectural plans for the remodeling of the Junior Museum that will enhance the provision of educational classes and programs, provide better animal care facilities, and improve the safety and efficiency of the Museum and Zoo. (Program C-19)

BUSINESS AND ECONOMICS

Arts and Sciences will continue to explore, recommend, and commission opportunities for art in public places with particular emphasis on Palo Alto business districts, parks, and City projects. (Program B-3)

Arts and Sciences will encourage the use of public/private partnerships as a means of redeveloping and revitalizing programs and facilities. (Policy B-11)

Arts and Sciences will continue to encourage the private sector to participate in partnerships with nonprofit or public agencies to provide community benefits and services that would not otherwise be made available. (Policy B-12)

Golf operations will promote an attractive, vibrant golf course, and support public/private partnerships for revitalizing golf business operations. (Policy B-11)

Parks operations will improve street corridor landscaping to enhance business district vitality and economic viability (Policy B-19), and will improve El Camino Real landscaping to strengthen the commercial viability and improved environment for pedestrians. (Policy B-25)

Cubberley Community Center will continue to promote increased daytime use of the Center by the business community for workshops, seminars, corporate meetings, and training sessions in order to maximize use of the facilities and increase revenues.

GOVERNANCE

Arts and Sciences will encourage citizen volunteers, including youth and seniors, to provide community services. Where feasible, allocate City staff time and resources to projects initiated by volunteers that could not otherwise be accomplished. (Policy G-10)

Arts and Sciences will continue and expand programs to enhance opportunities for volunteer assistance. (Program G-11)

Arts and Sciences will continue to provide support to the Public Art Commission, Cubberley Artists Studios, and Neighbors Abroad Sister Cities (Policy G-2). Arts and Sciences will work with the Friends of the Children's Theatre, the Palo Alto Art Center Foundation, and the Friends of the Junior Museum and Zoo to develop fund raising alternatives in support of the programs and services offered.

The Cubberley Community Center and Human Services Division will continue to staff the City of Palo Alto's Human Relations Commission and provide support to its Ad-Hoc committees. (Programs G-11, G-12)

Golf operations will continue the resident reservation system and use of advisory bodies to assist staff on policy and operational issues. (Policy G-2)

Parks operations will continue its involvement in community meetings to address design issues related to playgrounds, landscaping and traffic calming projects, and will support the activities of the Parks and Recreation Commission. (Policies G-2, G-5, Program G-3)

The Department will continue to supplement City resources and enhance services through the recruitment and use of volunteers. (Program G-11)

Community Services

ARTS AND SCIENCES

To instill passion for the arts and sciences in all its forms.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	3,096,664	3,130,196	3,449,988	3,517,734
Contract Services	463,018	542,325	460,319	460,319
Supplies and Materials	225,015	269,254	255,631	255,631
Facilities and Equipment Purchases	19,250	23,806	37,221	37,221
General Expense	19,328	84,092	82,337	82,337
Rents and Leases	7,502	11,666	11,666	11,666
Allocated Charges	308,893	346,066	327,249	345,126
TOTAL EXPENDITURES	**$4,139,670**	**$4,407,405**	**$4,624,411**	**$4,710,034**
TOTAL REVENUES	**$1,274,656**	**$1,461,651**	**$1,482,218**	**$1,482,218**
Total Full Time Positions	25.50	25.50	25.00	25.00
Total Temporary Positions	14.20	14.20	14.49	14.49

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of exhibitions at Art Center	4	4	3
2. Number of Children's Theatre class, camp, and workshop registrants (SEA)	407	400	400
Efficiency:			
1. Attendance at Project LOOK! tours and family days (SEA)	6,855	7,000	7,000
2. Youth participants in theatre performances and programs (SEA)	1,107	1,150	1,200
Effectiveness:			
1. Total Art Center attendance (SEA)	69,255	70,000	70,000
2. Attendance at youth theatre performances (SEA)	19,811	20,500	21,000

CUBBERLEY AND HUMAN SERVICES

To promote and sustain a safety net of services to improve the quality of life in the community while enhancing the vitality of Cubberley as a community center.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,469,394	1,460,508	1,509,096	1,538,122
Contract Services	227,932	145,236	196,813	196,813
Supplies and Materials	29,179	31,607	42,197	42,197
General Expense	1,263,475	1,179,875	1,138,125	1,138,125
Allocated Charges	518,376	504,123	477,699	520,155
TOTAL EXPENDITURES	**$3,508,356**	**$3,321,349**	**$3,363,930**	**$3,435,412**
TOTAL REVENUES	**$112,133**	**$102,941**	**$167,941**	**$167,941**
Total Full Time Positions	12.85	12.85	12.85	12.85
Total Temporary Positions	4.17	4.17	3.78	3.78

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of agencies receiving Human Services grants through HSRAP	14	13	13
2. Number of Cubberley facility rental bookings	1,453	1,500	1,500
Efficiency:			
1. Amount of grants to local non-profits (in millions) (SEA)	$1.2	$1.1	$1.1
2. Number of Cubberley facility hours rented (SEA)	32,288	33,000	33,000
Effectiveness:			
1. Percent rating senior services good or excellent in citizen survey (SEA)	81%	82%	83%
2. Total revenue resulting from bookings	$901,606	$927,152	$927,152

OPEN SPACE AND PARKS

To protect and interpret the resources and wildlife entrusted to Palo Alto for the enjoyment of future generations.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	3,668,695	3,242,152	3,540,600	3,606,774
Contract Services	838,215	775,218	892,933	892,933
Supplies and Materials	200,269	219,137	218,130	218,130
Facilities and Equipment Purchases	31,302	19,565	19,365	19,365
General Expense	42,958	138,272	56,740	56,740
Rents and Leases	8,593	8,591	11,800	11,800
Allocated Charges	1,588,048	1,596,250	1,655,987	1,726,529
Operating Transfers Out	6,990	6,990	6,990	6,990
TOTAL EXPENDITURES	**$6,385,070**	**$6,006,175**	**$6,402,545**	**$6,539,261**
TOTAL REVENUES	**$595,080**	**$619,391**	**$579,441**	**$579,441**
Total Full Time Positions	33.35	32.60	31.10	31.10
Total Temporary Positions	6.12	6.12	4.78	4.78

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of visitors at Foothills Park (SEA)	135,001	140,000	140,000
2. Volunteer hours for restorative/resource management projects (SEA)	13,572	14,500	14,500
Efficiency:			
1. Number of Rangers (SEA)	7	7	7
2. Number of native plants planted in restoration projects (SEA)	13,893	14,000	14,000
Effectiveness:			
1. Percent rating availability of paths or walking trails good or excellent in citizen survey (SEA)	74%	77%	80%
2. Percent rating preservation of natural areas good or excellent in citizen survey (SEA)	78%	80%	82%

RECREATION AND GOLF

To enrich people's lives to create a sense of personal growth, physical challenge and fun.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	3,445,042	3,255,865	3,246,868	3,300,800
Contract Services	1,374,764	1,435,749	1,498,589	1,498,589
Supplies and Materials	234,145	323,393	312,654	312,654
Facilities and Equipment Purchases	19,221	2,059	21,614	21,614
General Expense	74,584	76,995	82,922	82,922
Rents and Leases	0	300	300	300
Allocated Charges	878,389	979,962	968,919	1,006,901
TOTAL EXPENDITURES	**$6,026,145**	**$6,074,323**	**$6,131,866**	**$6,223,780**
TOTAL REVENUES	**$5,507,703**	**$5,459,928**	**$5,540,098**	**$5,540,098**
Total Full Time Positions	23.85	23.85	22.60	22.60
Total Temporary Positions	24.50	24.50	28.65	28.65

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Enrollment in recreation classes (SEA)	13,851	13,500	13,500
2. Number of rounds of golf (SEA)	74,630	74,600	76,092
Efficiency:			
1. Percentage of enrollment who are residents (SEA)	85%	86%	87%
2. Golf course operating expenditure (in millions) (SEA)	$2.2	$2.2	$2.3
Effectiveness:			
1. Percent rating recreation programs/classes good or excellent in citizen survey (SEA)	87%	90%	90%
2. Percent rating golf course customer service good or excellent in customer survey	85%	85%	87%

COMMUNITY SERVICES DEPARTMENT BUDGET BY PROGRAM AREA FISCAL YEAR 2009-10

Division	Program	Revenue		Expense
CSD ADMINISTRATION		**$0**		**$1,360,094**
ARTS & SCIENCES		**$1,482,218**		**$4,624,411**
	Arts & Sciences Administration	-		191,574
	Art Center	-		1,301,799
		443,240	Program Fees	
		37,990	Facility Rentals	
		5,144	Supply Sales	
	Subtotal	**486,374**		
	Art in Public Places and Art Commission	-		109,393
	Arts Facility Operations	-		304,231
	Children's Theatre			1,159,421
		103,807	Ticket Sales	
		69,000	Travel Reimbursement	
		95,293	Program Fees	
	Subtotal	**268,100**		
	Community Theatre			263,079
		189,100	Program Fees	
		61,000	Patron Use Fees	
		3,000	Inter-Department Contribution	
	Subtotal	**253,100**		
	Jr. Museum & Zoo			1,132,310
		374,944	Program Fees	
		55,000	Outside Agencies	
	Subtotal	**429,944**		
	Interpretive	44,700		162,604
CUBBERLEY & HUMAN SERVICES		**$2,369,500**		**$3,363,930**
	Cubberley Center (2)			1,647,807
		65,000	Parking Fees	
		1,370,348	Property Leases	

COMMUNITY SERVICES DEPARTMENT BUDGET BY PROGRAM AREA FISCAL YEAR 2009-10

Division	Program	Revenue		Expense
		934,152	Facility Rentals	
		Subtotal **2,369,500**		
	Human Services			1,716,123
OPEN SPACE & PARKS		**$729,441**		**$6,402,545**
	Parks			4,171,452
		24,000	Santa Clara County Medians	
		23,900	Community Garden Fees	
		351,557	PAUSD Field Maintenance	
		70,800	Property Lease	
		41,659	Inter-Department Contribution	
		Subtotal **511,916**		
	Open Space			2,231,093
		150,000	Day Use Parking Fees	
		1,000	Citations	
		13,500	Reservations	
		17,000	Program Fees	
		9,025	Facility Rentals	
		20,000	Donations	
		7,000	Inter-Department Reimbursement	
		Subtotal **217,525**		
RECREATION & GOLF		**$5,602,298**		**$7,099,885**
	Recreation & Golf Administration	-		300,036
	Recreation, Classes, Camps, and Activities			2,054,612
		1,824,128	Program Fees	
		8,900	Miscellaneous Fees	
		1,500	Donations	
		Subtotal **1,834,528**		

COMMUNITY SERVICES DEPARTMENT BUDGET BY PROGRAM AREA FISCAL YEAR 2009-10

Division	Program	Revenue		Expense
	Facilities	449,800	Facility Rentals	1,278,065
	Special Events	7,800		165,611
	Golf Course (3)			3,301,561
		3,156,770	Golf Fees	
		121,200	Property Leases	
		32,200	Interest Income	
	Subtotal	**3,310,170**		
TOTAL		**$10,183,457**		**$22,850,865**

Notes:

(1) This table " Community Services Department Budget By Program Area" is added to the budget document in response to City Council's direction.

(2) Property and facility rental revenues for Cubberley Community Center are shown in the table, but are recognized in Fund 103, Utility Users Tax Fund.

(3) Golf Course revenues and expenses include interest income, debt service, and cost plan charges.

HUMAN SERVICE CONTRACTS

	Adopted Budget 2008-09	Agency Requests 2009-10	Adopted Budget 2009-10		
			Ongoing	One-Time	Total
EXPENDITURE CATEGORY					
Sole Source Contractors					
Avenidas - Senior Services (1)	427,670	-	406,287		406,287
PACCC - Child Care Subsidy and Outreach (1)	433,271	-	411,607		411,607
Second Harvest Food Bank - Operation Brown Bag (1)	7,503	-	7,128		7,128
Sole Source Contractors Subtotal	**868,444**	**0**	**825,022**		**825,022**
HUMAN SERVICES RESOURCE ALLOCATION PROCESS					
Two-Year Contractors					
Abilities United (2)	42,153	56,000	40,045		40,045
Adolescent Counseling Services	93,100	110,000	88,445		88,445
Community Health Awareness Council	10,000	15,000	9,500		9,500
Community Technology Alliance- Subsidized Housing Website	12,700	15,000	12,065		12,065
Downtown Streets Team	37,700	55,000	35,815		35,815
La Comida - Senior Nutrition	34,000	36,000	32,300		32,300

HUMAN SERVICE CONTRACTS

	Adopted Budget 2008-09	Agency Requests 2009-10	Adopted Budget 2009-10		
			Ongoing	One-Time	Total
MayView Health Center - Health Care Food Bank for low-income	18,000	19,740	17,100		17,100
Momentum for Mental Health (3)	27,000	41,000	25,650		25,650
Senior Adult Legal Assistance	9,000	9,300	8,550		8,550
Youth Community Service	16,800	16,800	15,960		15,960
Catholic Charities	-	46,486	-		-
Inn Vision	-	57,500	-		-
Family and Children Services	-	20,000	-		-
Opportunity Health Center	-	37,000	-		-
PARCA	-	20,000	-		-
Pathways	-	19,671	-		-
Stevenson House	-	30,000	-		-
The Health Trust	-	7,500	-		-
Vista Center	-	30,000	-		-
Two-Year Contractors Subtotal	**300,453**	**641,997**	**285,430**		**285,430**
TOTAL	**$1,168,897**	**$641,997**	**$1,110,452**	**$0**	**$1,110,452**

(1) Not part of the Human Services Resource Allocation Process

(2) Name change: from Community Association for Rehabilitation to Abilities United

(3) Name change: from Alliance for Community Care to Momentum for Mental Health

GOLF COURSE FINANCIAL SUMMARY

	2006-07 Actuals	2007-08 Actuals	2008-09 Projected	2009-10 Adopted Budget
Revenues				
Tournament fees	$2,852	$2,227	$2,524	$3,600
Green Fees	2,148,397	2,169,229	2,112,829	2,194,250
Monthly play cards	167,005	161,368	148,909	170,000
Driving range	353,691	346,447	405,343	415,000
Cart/club rentals	311,320	345,656	362,939	370,000
Proshop lease	26,738	28,738	30,253	32,000
Restaurant lease	58,956	58,732	58,732	67,200
Restaurant Utilities	25,920	25,920	25,920	25,920
Interest Income - Debt Service	8,922	33,629	30,000	32,200
Total Revenue	$3,103,801	$3,171,946	$3,177,450	$3,310,170
Expenditures				
Operating Expenses				

GOLF COURSE FINANCIAL SUMMARY

	2006-07 Actuals	2007-08 Actuals	2008-09 Projected	2009-10 Adopted Budget
Salaries	481,416	536,618	461,841	493,493
Benefits	398,093	415,168	385,677	394,422
Miscellaneous				
Supplies and Materials	163,827	129,891	125,000	181,853
General Expense	-	1,944	2,153	1,988
Rents and Leases	-	-	-	300
Facilities and Equipment Purchases	-	4,015	1,056	5,000
Allocated Charges	415,143	424,936	470,000	479,719
Subtotal	1,458,479	1,512,572	1,445,727	1,556,775
Contract Services				
Miscellaneous	40,729	40,352	40,000	72,930
Range fees	132,536	138,579	154,030	157,700
Cart rentals	113,674	131,789	145,176	148,000
Club rentals	6,438	6,473	6,797	6,800
Fixed management fees	337,835	340,435	341,947	345,333
Credit card fees	33,000	33,000	35,000	46,000
Subtotal	664,212	690,628	722,950	776,763
Total Operating Expenses	$2,122,691	$2,203,200	$2,168,677	$2,333,538
Income From Operations	$981,110	$968,746	$1,008,772	$976,632
Debt Expenses				
Debt Service	558,211	559,795	555,686	560,674
Loan payment to General Fund for CIP Projects PG-08001 and PG-07700	-	94,849	94,849	94,849
Subtotal	558,211	654,644	650,535	655,523
Cost Plan Charges	379,884	337,590	329,322	312,500
Net Income (Loss)	$43,015	$(23,488)	$28,916	$8,609

Fire Department

FIRE DEPARTMENT

Organizational Chart

FIRE CHIEF

Nick Marinaro

1.0-Administrative Assistant

EMERGENCY RESPONSE

1.0-Deputy Fire Chief Operations

3.0-Battalion Chief

1.0-EMS Coordinator

30.0-Fire Apparatus Operator

27.0-Fire Captain

45.0-Fire Fighter

2.0-Administrative Asssociate II

ENVIRONMENTAL & SAFETY MANAGEMENT

1.0-Fire Marshal

3.0-Fire Inspector

2.0-Hazardous Materials Inspector

1.0-Hazardous Materials Specialist

1.0-Administrative Asssociate II

TRAINING & PERSONNEL MANAGEMENT

1.0-Deputy Fire Chief Support Serv

1.0-Office of Emergency Services Coord

1.0-Training Captain

1.0-Administrative Asssociate II

FISCAL YEAR 2010 POSITION TOTALS: 123.00 Full-time

3.82 Hourly

Fire

To protect life, property and the environment from fire, hazardous materials, and other disasters through rapid emergency response, proactive code enforcement, modern fire prevention methods, and progressive public safety education for the community.

OVERVIEW

In Fiscal Years 2010 and 2011, the Fire Department will continue to provide confined space training and conduct confined space entry and rescue training exercises, fire extinguisher training, lock-out /tag out training, respiratory mask fit testing and CPR and First Aid to the Public Works and Utilities Departments. The Department will continue to share training resources with other Santa Clara County fire departments, such as the Joint Fire Academy, Live Fire training, confined space and tunnel rescue and will explore new opportunities for the sharing of resources and training.

The department continues to increase proficiency in emergency readiness by training in vacant and donated structures and facilities as well as using existing department training sites. These sites include the vacant Alma Plaza and various single family residences that have been donated for training purposes. Joint training with neighboring departments continues and the Training Division is working with Menlo Park Fire Protection District to conduct joint training exercises utilizing the vacant properties along the El Camino Real and others as they become available. Discussions will be held regarding the formation of a regional tunnel rescue response program involving other local and regional fire resources.

The Department will continue to prepare City staff and the community for major disaster mitigation, preparedness, response, and recovery through the Office of Emergency Services (OES) and the Palo Alto Neighborhood Disaster Activity (PANDA) program. Legally mandated training (ICS 100 and 200) will continue to be provided to City employees and elected officials. Terrorism Awareness (AWR-160) training will be provided to all emergency first responders, Executive Staff, City Council, and Emergency Standby Council officials.

The department will continue to conduct recruitment and outreach efforts to help increase diversity and attract the best qualified candidates for the position of firefighter. A promotional process for Apparatus Operator was recently completed and eight new Apparatus Operators were promoted March 2009.

In Fiscal Year 2009, the department continued to operate the Basic Life Support (BLS) ambulance with non-firefighter limited hourly employees. The program experienced continued growth in revenues from service fees and is now cost neutral to the budget. The BLS ambulance takes lower level calls allowing our Paramedic ambulances to be available for more critical patients requiring a higher level of intervention. When the ALS Paramedic first responders find that a patient can be efficiently transported by our BLS ambulance, the ALS ambulance is placed back in service making it available for more critical patients requiring advanced life support. The BLS ambulance is also available for inter-facility transports and special events.

The Fire Department completed outfitting all of its first line apparatus with Advance Life Support (ALS) - Paramedic equipment including 12 lead cardiac monitors. The department modified its personnel rotations to maximize the number of ALS - Paramedic Engines in service at all times.

In Fiscal Years 2010 and 2011, the Fire Department will continue to actively explore the possibilities for restructuring strategies and opportunities to promote cost-savings and organizational efficiency. The Department will continue the process of placing additional ALS engine companies in service on a more frequent basis. Municipal fees for ALS transport and related services will be increased as needed to remain consistent with the industry standards. Enhancements in the EMS outsource billing contract will be designed to improve administrative efficiencies and increase revenues.

Fire

The Fire Prevention Bureau continues to focus on improving efficiency by providing ongoing cross-training and re-evaluating inspection priorities, implementation of automated data management systems, and the development of new methods to gather and use information for the improvement of emergency response capabilities. A priority will be placed on improving cost recovery through improved verification of compliance with certificate of occupancy and State fire extinguishing system upgrade requirements.

From July through October 2008, the Fire Marshal's Office worked with state agencies to transition the management, oversight and funding of the UNIDOCS Online Hazardous Materials Submission program to the State of California Environmental Protection Agency (Cal/EPA). That transition is scheduled for completion in Fiscal Year 2010. The return of the administration for the Underground Storage Tank (UST) program to Santa Clara County was completed in January 2009. The program transfer will allow the Hazardous Materials Inspector assigned to this project to prioritize work time towards revenue generating activities, such as Use and Occupancy inspections and verification of mandatory UL300 upgrades for fire extinguishing systems, in addition to hazardous materials facilities inspection and oversight. Emphasis will continue to be placed on required and mandated inspections. Previously enhanced established plan check target dates continue to be met.

The Foothills Fire Management Plan update has been completed and has been submitted for approval by City Council in May 2009. In Fiscal Year 2009 in conjunction with other city staff, numerous community outreach efforts were conducted regarding the development and formulation of the plan. Efforts for the future will focus on a systematic approach to plan implementation and resource needs.

PROGRAM UPDATE

The Fire Department has accomplished the following program implementations:

Grant Fund Award

- Self Contained Breathing Apparatus (SCBA)/Thermal Imagers: The Fire Department was awarded a FEMA Assistance to Firefighters Grant in the amount of $235,270 for updating our self-contained breathing apparatus and to purchase four additional thermal imaging cameras. These new additions will comply with National Fire Protection Association (NFPA) standards and enhance the safety and well being of our firefighters and members of the community

FEMA Task Force 3

- Palo Alto Fire Department is a participating agency in the regional FEMA California Urban Search and Rescue (USAR) Task Force coordinated by the Menlo Park Fire Protection Agency. Seven members are assigned to the team as Hazardous Materials Specialist, Rescue, Search and Equipment Support Specialist roles. These members are eligible for deployment to any incident nationwide as part of FEMA's Homeland Security response system. The training they receive brings specialized skills back to the department which can be used to train other department members and for expertise in the event of a local emergency. Cost of deployment and mobilization drills are reimbursed to the city from FEMA. No members were deployed during the Fiscal Year 2009, but all members participated in required monthly drills and activities. Members also participated in Mobilization Exercise (MOBEX) 2009 activation drill of a simulated earthquake and structural collapse in January, 2009

Data Management Systems

- Hazardous Materials: In Fiscal Year 2009, Hazardous Materials Program staff continued collection of electronic inventory and facility information for approximately 400 facilities where hazardous materials are used and stored in Palo Alto. During this period the department relinquished its responsibility as project manager to be transitioned to the State of California for two state-funded projects to further enhance this system
- Run Maps: The Fire Department transitioned to city supported GIS run maps in all department vehicles. This change ensures accurate data and street locations for responding to emergencies and will allow changes to be made easier and more cost efficient. The new GIS system integrates automatic map updates, hazardous materials information and pre-incident facility information for use on mobile data computers in response vehicles

Electronic Patient Care Report (e-PCR)

- In Fiscal Year 2009 the Fire Department implemented a new patient care reporting system. The electronic system collects data and signatures via lap top computer. By collecting the information electronically the department can easily evaluate patient care trends and report required data points to Santa Clara County EMS with more efficiency and less staff time. The electronic data can be transferred to the outsourced billing company eliminating the manual data entry phase. The result should be more accurate billing information, minimization of error, and expedite payment to the City. The Fire Department will continue to work on system refinement and anticipates a fully functional and refined system to be completed in 2010

Emergency Medical Services

- BLS Ambulance Program: The BLS Ambulance Program has continued to provide an improved level of availability for medical downgrade calls in the Palo Alto/Stanford communities. The support it provides to the ALS program results in increased opportunities for ALS ambulance transports. Non-emergency patients are transported to receiving facilities in a more efficient and timely manner

Disaster Preparedness

- Office of Emergency Services (OES): In conjunction with other city departments, OES has continued to facilitate a collaborative public education campaign to assist neighborhoods, businesses and faith-based organizations in developing disaster preparedness plans that identify vulnerable populations and their level of preparedness. OES has coordinated a functional EOC exercise in conjunction with the State, County, and Local Silver Sentinel plan and trained approximately 100 individuals in Community Emergency Response Training (CERT), and continues to offer the course 8 times each year. The Office of Emergency Services has trained the City's Emergency Operations Center (EOC) staff to coordinate information, resources and priorities for a Bay-Area wide earthquake scenario.

Public Education

- "Remembering When" is a fire and fall prevention safety program sponsored by the National Fire Protection Agency (NFPA) that brings awareness to older adults. It is coordinated by a community fire department volunteer with assistance from Palo Alto firefighter volunteers. In Fiscal Year 2009, in conjunction with the local Senior Center, the awareness program was delivered to over 250 older adults in the community and has attracted interest from other surrounding local communities

COUNCIL PRIORITY IMPLEMENTATION

In Fiscal Years 2010 and 2011, the Fire Department will implement the City Council's Top 3 Priorities as follows:

Environmental Protection

The Fire Department will continue to review Environmental Impact Reports and provide guidance for developers and City planning staff for potential impacts of soil and/or groundwater contamination at sites under development.

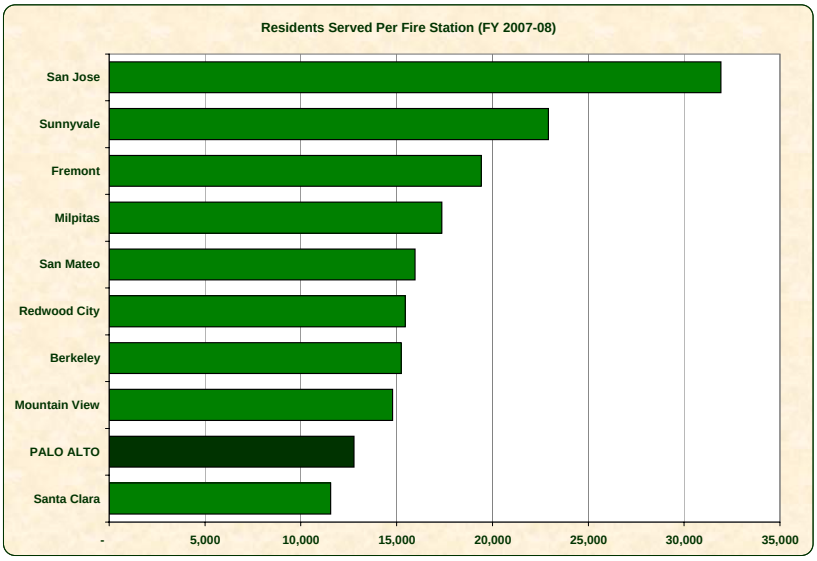
The Fire Department's hazardous materials inspection staff will continue to inspect occupancies and review required facility reports to ensure compliance with federal, state and local hazardous materials requirements.

New Fire Department engines, paramedic ambulances, trucks and rescue vehicles will be equipped with diesel particulate filters to reduce emissions beyond current air quality mandates as well as incorporating the most current best practices for environmental protections and efficiencies.

The Fire Department's Greenhouse Gas reduction plan will result in a 12 percent reduction in carbon dioxide emissions from the 2005 baseline by the end of 2009. The Fire Department is on track to achieve a 17 percent reduction in carbon dioxide emissions by the year 2020.

DEPARTMENT SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Fire Administration	1,635,232	1,378,766	1,492,927	114,161	8%	1,495,186	2,259	0%
Emergency Response	16,658,802	17,374,592	17,614,356	239,764	1%	18,360,680	746,324	4%
Environmental Safety Management	2,423,196	2,400,357	2,497,508	97,151	4%	2,596,149	98,641	4%
Training and Personnel	2,286,741	2,277,319	2,528,858	251,539	11%	2,637,981	109,123	4%
Records and Information Management	977,210	952,643	1,032,759	80,116	8%	1,071,441	38,682	4%
TOTAL EXPENDITURES	$23,981,181	$24,383,677	$25,166,408	$782,731	3%	$26,161,437	$995,029	4%
TOTAL REVENUES	$9,725,082	$10,697,365	$10,645,094	$(52,271)	0%	$10,965,996	$320,902	3%
INTERNAL REVENUES	305,112	337,913	337,913	0	0%	337,913	0	0%
EXTERNAL REVENUES	9,419,970	10,359,452	10,307,181	(52,271)	(1%)	10,628,083	320,902	3%



INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	20,733,953	20,688,158	21,619,512	22,607,404
Contract Services	397,183	516,196	475,144	475,144
Supplies and Materials	268,862	413,700	378,845	378,845
Facilities and Equipment Purchases	202,488	253,413	256,797	256,797
General Expense	35,621	40,965	41,065	41,065
Allocated Charges	2,343,074	2,471,245	2,395,045	2,402,182
TOTAL EXPENDITURES	**$23,981,181**	**$24,383,677**	**$25,166,408**	**$26,161,437**
TOTAL REVENUES	**$9,725,082**	**$10,697,365**	**$10,645,094**	**$10,965,996**
Total Full Time Positions	127.00	126.69	122.69	122.69
Total Temporary Positions	1.05	1.05	3.82	3.82

Fire

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of ordinary hazard facilities inspected for fire safety (SEA)	1,277	1,000	1,000
2. Total responses to emergency calls (SEA)	7,723	7,500	7,500
3. Number of training opportunities through PANDA classes	70	90	90
4. Number of bike safety classes conducted	37	38	38
5. Number of fire safety, bike safety, and disaster preparedness presentation (SEA)	242	250	250
Efficiency:			
1. Average emergency response time for all calls (SEA)	6:48	6:00	6:00
2. Number of PANDA volunteers recruited and trained	65	125	180
3. Number of residents provided with fire safety, bike safety and disaster preparedness training	2,339	10,500	10,500
4. Percent of ordinary hazard facilities inspected annually for fire safety	30%	25%	25%
5. Number of 3rd and 5th graders trained in bicycle safety	1,589	1,600	1,600
Effectiveness:			
1. Percent rating fire services good or excellent (SEA)	96%	90%	90%
2. Percent of PANDA volunteers who completed training	88%	98%	98%
3. Percent of residents rating fire prevention and education good or excellent (SEA)	87%	85%	85%
4. Percent of ordinary hazard fire safety inspections where facility was found in compliance or returned to compliance within department standards	92%	95%	95%
5. Percent of students trained	95%	95%	95%

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Increase hazardous materials inspection fee	40,000		40,000			0
Increase Stanford fire services revenue	238,113		238,113	320,902		320,902
TOTAL REVENUE CHANGES	**$278,113**	**$0**	**$278,113**	**$320,902**	**$0**	**$320,902**
Adjustments (Note 1)		(330,384)	(330,384)			0
NET REVENUE CHANGES	**$278,113**	**$(330,384)**	**$(52,271)**	**$320,902**	**$0**	**$320,902**

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
EXPENDITURE CHANGES						
Salary and Benefits						
Personnel Benefit Costs Increase (Note 2)	413,651		413,651	444,942		444,942
Total Salary and Benefits Changes	**$413,651**	**$0**	**$413,651**	**$444,942**	**$0**	**$444,942**
Salary Increase	928,654		928,654	542,950		542,950
Adjustments (Note 1)		(410,951)	(410,951)			0
Total Net Salary and Benefits Changes	**$1,342,305**	**$(410,951)**	**$931,354**	**$987,892**	**$0**	**$987,892**
Non-Salary						
Reduce contract expense	(20,000)		(20,000)			0
Allocated Charges (Note 3)	(76,200)		(76,200)	7,137		7,137
Total Non-Salary Changes	**$(96,200)**	**$0**	**$(96,200)**	**$7,137**	**$0**	**$7,137**
Adjustments (Note 1)		(52,423)	(52,423)			0
Total Non-Salary Changes	**$(96,200)**	**$(52,423)**	**$(148,623)**	**$7,137**	**$0**	**$7,137**
NET EXPENDITURE CHANGES	**$1,246,105**	**$(463,374)**	**$782,731**	**$995,029**	**$0**	**$995,029**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed and included from this year's budget as planned.

Note 2: Personnel benefit costs changes are primarily due to a reduction in benefit cost allocations in Fiscal Year 2009 that were not continued in Fiscal Year 2010. In Fiscal Year 2011 the increase is due to the return of the General Fund contribution for future Retiree Medical benefits that was suspended in Fiscal Year 2010.

Note 3: As a response to the decline in revenues, departmental expenditures have been reduced. This reduction in departmental expenditures results in a decrease of General Fund cost plan allocations.

COMPREHENSIVE PLAN OVERVIEW

The Fiscal Years 2010 and 2011 Fire Department Budget includes the following resources directed toward implementing the programs and policies of the Comprehensive Plan:

TRANSPORTATION

The Fire Department continues to consider the effects of street modifications on emergency vehicles response time (Program T-34) and encourages extensive educational programs for the safe use of bicycles, mopeds, and motorcycles which includes City-sponsored bicycle education programs in our public schools. (Program T-46)

Fire

NATURAL ENVIRONMENT

The Fire Department will continue to implement the Natural Environment element of the Comprehensive Plan through its hazardous materials programs. The Department will provide current environmental, hazardous materials, and fire safety information to the public (Program N-31, N-44, N-46 and N-78) and to local industry. (Program N-47) The Fire Department continues to meet with neighborhood associations, businesses, and other City departments providing disaster preparedness education. (Program N-82)

GOVERNANCE

The Fire Department continues to meet and work with neighborhood and civic organizations on emergency preparedness and security programs. (Program G-10)

EMERGENCY RESPONSE

To respond to emergency situations in a coordinated and timely manner, and to maintain personnel and equipment in a state of readiness to handle emergency operations.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	15,099,669	15,208,313	15,817,599	16,556,786
Contract Services	317,316	415,814	359,514	359,514
Supplies and Materials	241,063	367,522	273,259	273,259
Facilities and Equipment Purchases	144,611	189,626	155,418	155,418
General Expense	22,681	23,957	23,957	23,957
Allocated Charges	833,462	1,169,360	984,609	991,746
TOTAL EXPENDITURES	**$16,658,802**	**$17,374,592**	**$17,614,356**	**$18,360,680**
TOTAL REVENUES	**$2,190,484**	**$2,078,579**	**$2,078,579**	**$2,078,579**
Total Full Time Positions	94.54	94.45	90.95	90.95
Total Temporary Positions	0.41	0.41	3.13	3.13

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of fire calls (actual fires) (SEA)	192	250	250
2. Number of medical/rescue calls (SEA)	4,552	3,800	3,800
3. Number of hazardous conditions calls (SEA)	169	200	200
4. Number of total responses (SEA)	7,723	7,000	7,000
Efficiency:			
1. Average response time for fire calls (minutes) (SEA)	6:48	6:00	6:00
2. Average response time for medical/rescue calls (minutes) (SEA)	5:24	6:00	6:00
3. Average response time for hazardous conditions calls (minutes)	6:46	7:05	6:00
4. Average emergency response time for all calls	6:48	6:00	6:00
Effectiveness:			
1. Percent response to fire emergencies within 8 minutes (SEA)	79%	90%	90%
2. Percent response to emergency medical requests for service within 8 minutes (urban area response versus Foothills response) (SEA)	93%	90%	90%

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
3. Percent of responses to hazardous conditions emergencies within 8 minutes	90%	94%	90%
4. Percent rating fire services good or excellent (SEA)	96%	90%	90%

ENVIRONMENTAL SAFETY MANAGEMENT

To provide public safety and environmental protection through proactive code development; and to provide preventative measures through education, engineering, and code enforcement.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	2,312,803	2,234,890	2,328,859	2,427,500
Contract Services	26,780	43,133	53,153	53,153
Supplies and Materials	12,554	16,129	16,009	16,009
Facilities and Equipment Purchases	41,458	60,175	60,175	60,175
General Expense	4,201	8,172	8,272	8,272
Allocated Charges	25,400	37,858	31,040	31,040
TOTAL EXPENDITURES	**$2,423,196**	**$2,400,357**	**$2,497,508**	**$2,596,149**
TOTAL REVENUES	**$1,138,620**	**$1,208,588**	**$1,253,588**	**$1,253,588**
Total Full Time Positions	12.78	12.61	12.51	12.51
Total Temporary Positions	0.56	0.56	0.56	0.56

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of ordinary hazard facilities inspected for fire safety (SEA)	1,277	1,000	1,000
2. Total number of hazardous materials inspections (SEA)	406	900	900
3. Number of plan reviews (SEA-Plan Reviews-includes all projects other than the counter)	906	900	900
4. Number of fire safety, bike safety, and disaster preparedness presentations (SEA)	242	200	200
5. Number of bike safety classes conducted	37	38	38
Efficiency:			
1. Percent of ordinary hazard facilities inspected annually for fire safety	30%	20%	20%
2. Percent of annual hazardous materials inspections and underground storage tank facilities inspections (SEA)	81%	50%	60%
3. Number of building construction projects that were plan checked for fire safety within 40 days (Building Plan Check Completion Report)	372	310	340
4. Number of residents provided with fire safety, bike safety, and disaster preparedness training	2,339	10,500	10,500

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
5. Number of students (K-5th) trained in bicycle safety	1,589	1,600	1,600
Effectiveness:			
1. Percent of ordinary hazard fire safety inspections where facility was found in compliance or returned to compliance within department standard	92%	92%	95%
2. Percent of hazardous materials inspections of state regulated facilities where facility was found in compliance or returned to compliance within department standard (Annual Unified Program Inspection Summary Report)	99%	90%	90%
3. Percent of new building construction projects that were plan checked for fire safety within 40 days (Building Plan Check Completion Report)	95%	90%	90%
4. Percent of residents rating fire prevention and education good or excellent (SEA Survey)	87%	85%	85%

TRAINING AND PERSONNEL

To promote professionalism and diversity through comprehensive recruitment, hiring, training and career development; to recruit, hire, promote, and develop the highest quality work force.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	2,236,293	2,233,127	2,390,896	2,500,019
Contract Services	41,874	32,737	45,425	45,425
Supplies and Materials	5,306	6,563	66,091	66,091
Facilities and Equipment Purchases	488	2,850	24,404	24,404
General Expense	2,460	2,042	2,042	2,042
Allocated Charges	320	0	0	0
TOTAL EXPENDITURES	**$2,286,741**	**$2,277,319**	**$2,528,858**	**$2,637,981**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	13.08	13.08	12.98	12.98
Total Temporary Positions	0.08	0.08	0.13	0.13

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of training classes and field exercises conducted annually pertaining to permitted confined space entry as required by OSHA Title 8 mandates	18	18	15
2. Number of training opportunities through PANDA classes	65	75	75
3. Number of City personnel trained in Emergency Operations Center (EOC) positions	147	100	100
4. Number of training hours per firefighter per month	22	22	20
Efficiency:			
1. Percent cost recovery rate from Utilities, Public Works, and Stanford for annual classes and exercises pertaining to confined space entry as required by OSHA Title 8 mandates	97%	97%	97%
2. Number of PANDA volunteers recruited and trained	65	125	180
3. Percent of City personnel trained in Emergency Operations Center (EOC) positions	12%	10%	12%
4. Percent of fire personnel completing mandated training	87%	94%	90%

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Effectiveness:			
1. Percent of personnel completing confined space entry classes and field exercises as required by OSHA Title 8 mandates	96%	95%	95%
2. Percent of PANDA volunteers completing training	88%	98%	98%
3. Percent of City personnel completing EOC training	100%	96%	97%
4. Average score of fire personnel completing mandated training	86%	98%	98%

RECORDS AND INFORMATION MANAGEMENT

To develop and maintain essential Fire Department records and information in accordance with applicable State and local laws and to provide the public with appropriate and timely access to information.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	935,525	912,517	979,575	1,018,257
Contract Services	9,608	2,650	6,650	6,650
Supplies and Materials	8,320	22,251	22,251	22,251
Facilities and Equipment Purchases	14,649	346	12,846	12,846
General Expense	3,436	0	0	0
Allocated Charges	5,672	14,879	11,437	11,437
TOTAL EXPENDITURES	**$977,210**	**$952,643**	**$1,032,759**	**$1,071,441**
TOTAL REVENUES	**$297**	**$0**	**$0**	**$0**
Total Full Time Positions	6.10	6.10	5.80	5.80
Total Temporary Positions	0.00	0.00	0.00	0.00

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of incident reports	7,776	7,800	8,000
2. Number of patient care reports	3,215	2,500	2,500
3. Number of public records requests	81	100	100
Efficiency:			
1. Percent of incident reports completed	98%	99%	99%
2. Number of patient care reports invoiced within 14 days	2,233	2,500	2,500
3. Number of public information requests processed within 10 days	81	100	100
Effectiveness:			
1. Percent of incident reports completed within 30 days	98%	98%	98%
2. Percent of gross collections of ambulance transports	54%	47%	50%
3. Percent of public information requests processed within 10 days	100%	98%	98%

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Human Resources Department

HUMAN RESOURCES DEPARTMENT

ORGANIZATIONAL CHART

HUMAN RESOURCES DIRECTOR

RUSS CARLSEN

1.0-Assistant Director, HR

1.0-Sr. Administrator

1.0-Administrative Assistant

BENEFITS/COMPENSATION

1.0-Administrator-HR

1.0-HR Representative

1.0-HR Assistant

EMPLOYMENT/EMPLOYEE DEVELOPMENT

1.0-Administrator-HR

1.0-HR Representative

1.0-HR Assistant

RISK MANAGEMENT/SAFETY

1.0-Administrator-HR

1.0-HR Assistant

EMPLOYEE/LABOR RELATIONS

2.0-Administrator-HR

2.0-HR Assistant

Fiscal Year 2010 Position Totals: **16.00 Full-time**
0.34 Hourly

Human Resources

To recruit, develop, and retain a diverse, well-qualified, and professional workforce that reflects the high standards of the community we serve, and to provide a high level of support to the City departments.

OVERVIEW

The Human Resources Department provides a wide range of employee and employment services for the City of Palo Alto, including recruitment, new employee orientation, training, professional development, benefits administration, employee safety, and labor relations. In addition, the Department provides support services to City departments related to employee relations, compensation, performance evaluations, job classification, risk management, organizational development, and employee assistance. City departments and employees are the primary customers for the Human Resources Department and the Department is dedicated to supporting them with their core missions.

Specific goals for Fiscal Years 2010 and 2011 include: (1) completing the negotiations of the Service Employees' International Union (SEIU) contracts (expire June 2009) and implementing the contract provisions; (2) initiating contract negotiations with the International Association of Firefighters (IAFF), Palo Alto Police Officers Association (PAPOA), and Fire Chiefs Association (FCA); (3) completing the compensation and classification study for the Management and Professional group; (4) evaluating cost effective alternatives for personnel and benefit costs within the context of applicable policies and procedures; (5) continuing to update the Merit System rules and regulations and other Human Resources policies and procedures; and (6) continuing to partner with other City departments to improve City operations.

PROGRAM UPDATE

The Human Resources Department accomplished the following programs and goals:

Employment

- Evaluated restructuring opportunities prior to authorizing recruitments
- Enhanced the pre-employment background process
- Launched a post-recruitment survey that solicits feedback from new regular employees
- Enhanced the recruitment and hiring process through CalOpps and other venues
- Managed the transition plans for employee retirements and facilitated recruitment and replacement within the succession planning program

Employee Development/Training

- Provided customized training to City staff on safety, mandated safety training, project management, customer service, ethics, and computer skills
- Administered the Management Talent Exchange Program for San Mateo and Santa Clara Counties
- Developed and implemented an enhanced Management Academy
- Reinstituted, redesigned, and implemented the Lead Academy Program

Employee/Labor Relations

- Completed FCA contract negotiation and implemented contractual obligations
- Initiated SEIU classified contract negotiations for the Memorandum of Agreement that expires on June 30, 2009

- Maintained zero discrimination complaints and responded to two Department of Fair Employment and Housing claims against recruitment practices
- Initiated the update of the Merit System Rules and Regulations

Benefits/Compensation

- Completed a benefits audit to update employee benefit records
- Reviewed, updated, and implemented six employee benefit plan contracts
- Received and reviewed salary data pertaining to Management and Professional Classification Study
- Completed the job description updates component of the Management and Professional Classification Study

Risk Management/Safety

- Developed refresher safety training for supervisors to ensure compliance with Cal-OSHA mandated injury and illness prevention program requirements
- Implemented online reporting for Workers' Compensation claims
- Collaborated with City Attorney's Office to develop updated policies and procedures
- Evaluated and updated Third-Party Administrator Services for Workers' Compensation

COUNCIL PRIORITY IMPLEMENTATION

In Fiscal Year 2010, the Human Resources Department will implement the City Council's Top 3 Priorities as follows:

Environmental Protection

- Continuing participation in City-wide environmental initiatives including the organization's Climate Protection Plan
- Implementation of the Human Resources Department's Climate Protection Plan

Civic Engagement for the Common Good

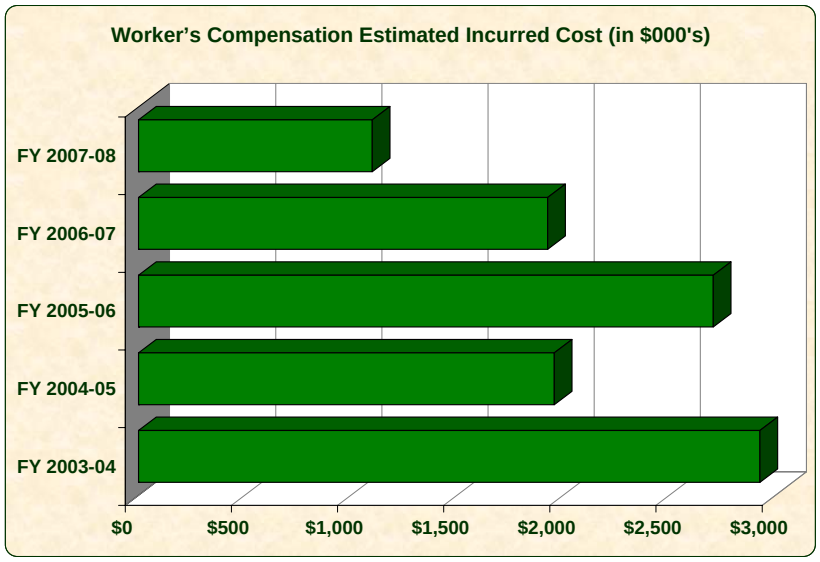
- Human Resources will continue to collaborate with the City Manager and other departments in matters of civic engagement and outreach

Economic Health of the City

- Human Resources will continue to collaborate with all City departments on matters related to restructuring, streamlining, controlling benefit costs, employee safety, and reducing workers' compensation claims

DEPARTMENT SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Administration	309,605	439,835	514,024	74,189	17%	522,762	8,738	2%
Employee/Labor Relations	927,311	924,152	893,862	(30,290)	(3%)	910,554	16,692	2%
Employment/Employee Development	795,385	835,264	792,184	(43,080)	(5%)	809,046	16,862	2%
Risk Management and Employee Benefits	673,372	650,153	636,821	(13,332)	(2%)	655,502	18,681	3%
TOTAL EXPENDITURES	$2,705,673	$2,849,404	$2,836,891	$(12,513)	0%	$2,897,864	$60,973	2%
TOTAL REVENUES	$1,421,337	$1,385,732	$1,351,604	$(34,128)	(2%)	$1,400,888	$49,284	4%
INTERNAL REVENUES	1,390,537	1,374,732	1,351,604	(23,128)	(2%)	1,400,888	49,284	4%
EXTERNAL REVENUES	30,800	11,000	0	(11,000)	(100%)	0	0	0%



Human Resources

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	2,149,858	2,186,829	2,341,135	2,402,108
Contract Services	302,312	337,440	222,535	222,535
Supplies and Materials	14,128	26,880	26,880	26,880
Facilities and Equipment Purchases	3,805	8,989	8,989	8,989
General Expense	33,115	70,159	44,159	44,159
Rents and Leases	43,000	43,000	43,000	43,000
Allocated Charges	159,455	176,107	150,193	150,193
TOTAL EXPENDITURES	**$2,705,673**	**$2,849,404**	**$2,836,891**	**$2,897,864**
TOTAL REVENUES	**$1,421,337**	**$1,385,732**	**$1,351,604**	**$1,400,888**
Total Full Time Positions	16.00	16.00	16.00	16.00
Total Temporary Positions	1.17	0.04	0.34	0.34

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of training hours	9,054	9,718	2,500
2. Number of new hires processed	157	130	120
3. Number of grievances filed	8	12	12
4. Number of labor agreements negotiated	5	2	6
5. Number of Workers' Compensation Claims	138	133	130
Efficiency:			
1. Number of employees who completed a training course	718	650	350
2. Number of sick leave hourse utilized by new hires	572	475	480
3. Number of grievances to arbitration	1	0	0
4. Number of unfair labor practices upheld by Public Employment Relations Board	0	0	0
5. Average cost per Workers' Compensation claim	$3,233	$2,586	$2,198
Effectiveness:			
1. Percent of classes offered and delivered	95%	94%	90%
2. Percentage of first year turnover (SEA)	9%	1%	1%
3. Cost of grievance settlement	$0	$0	$0
4. Number of labor agreements implemented within 90 days of Council authorization	5	1	7

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
5. Number of Workers' Compensation claims closed	149	154	159

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Decrease MTEP program fees (Note 4)	(11,000)		(11,000)			0
Decrease allocated revenues - internal	(23,128)		(23,128)	49,284		49,284
TOTAL REVENUE CHANGES	**$(34,128)**	**$0**	**$(34,128)**	**$49,284**	**$0**	**$49,284**
EXPENDITURE CHANGES						
Salary and Benefits						
Drop 1.0 FTE Manager, Employee Relations	(179,112)		(179,112)			0
Add 1.0 FTE Human Resources Assistant	100,344		100,344			0
Increase temporary salary	30,000		30,000			0
Personnel Benefit Costs Increase (Note 2)	115,812		115,812	60,973		60,973
Total Salary and Benefits Changes	**$67,044**	**$0**	**$67,044**	**$60,973**	**$0**	**$60,973**
Adjustments (Note 1)		87,262	87,262			
NET SALARY AND BENEFITS CHANGES	**$67,044**	**$87,262**	**$154,306**	**$60,973**	**$0**	**$60,973**
Non-Salary						
Suspend non-mandatory training classes	(50,000)		(50,000)			0
Reduce Employee Picnic Expense	(6,000)		(6,000)			0
Transfer citywide costs to ISF	(73,220)		(73,220)			0
Allocated charge decrease (Note 3)	(25,914)		(25,914)			0
Total Non-Salary	**$(155,134)**	**$0**	**$(155,134)**	**$0**	**$0**	**$0**

Human Resources

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Adjustments (Note 1)		(11,685)	(11,685)			0
NET NON-SALARY CHANGES	**$(155,134)**	**$(11,685)**	**$(166,819)**	**$0**	**$0**	**$0**
NET EXPENDITURE CHANGES	**$(88,090)**	**$75,577**	**$(12,513)**	**$60,973**	**$0**	**$60,973**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Personnel benefit costs changes are primarily due to a reduction in benefit cost allocations in Fiscal Year 2009 that were not continued in Fiscal Year 2010. In Fiscal Year 2011 the increase is due to the return of the General Fund contribution for future Retiree Medical benefits that was suspended in Fiscal Year 2010.

Note 3: As a response to the decline in revenues, departmental expenditures have been reduced. This reduction in departmental expenditures results in a decrease of General Fund cost plan allocations.

Note 4: Revenue eliminated due to suspension of MTEP Program.

SERVICE LEVEL CHANGES

There will be a reduction in Human Resources services due to budget cuts that will directly effect employee training as well as other personalized employee services.

Human Resources will continue to evaluate opportunities for creating organizational efficiencies.

Training will focus on mandatory safety and other essential courses such as policy and procedures, performance appraisal, and New Employee Orientation.

Development programs such as Lead Academy, Management Academy, and the Management Talent Exchange Program will be deferred in Fiscal Year 2010 but other professional development alternatives will be explored.

COMPREHENSIVE PLAN OVERVIEW

The Fiscal Years 2010 and 2011Budget includes the following resources directed towards implementing the programs and policies of the Comprehensive Plan:

COMMUNITY FACILITIES AND SERVICES

The review of quality customer service is included in the current performance appraisal systems. Staff will emphasize this factor in ongoing appraisal training. (Program C-9)

The Service Awards Program is evaluated periodically. (Program C-10)

The current training programs will be re-evaluated and updated as necessary. (Program C-11)

GOVERNANCE

Continue to provide customer service training in an effort to provide high quality service. (Program G-19)

EMPLOYEE/LABOR RELATIONS

To provide a professional level of service to employees related to performance and the work environment; to negotiate, implement, and maintain labor agreements and good labor relations; and to manage a competitive compensation and an up-to-date classification system in a manner consistent with departmental and organizational goals.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	746,073	742,532	751,658	768,350
Contract Services	163,228	146,400	127,515	127,515
Supplies and Materials	2,472	3,500	3,500	3,500
Facilities and Equipment Purchases	1,134	2,163	2,163	2,163
General Expense	6,807	26,300	6,300	6,300
Allocated Charges	7,597	3,257	2,726	2,726
TOTAL EXPENDITURES	**$927,311**	**$924,152**	**$893,862**	**$910,554**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	5.80	5.80	3.35	3.35
Total Temporary Positions	0.46	0.02	0.34	0.34

EMPLOYMENT/EMPLOYEE DEVELOPMENT

To coordinate the recruitment, selection, and training of City employees, utilizing processes compatible with departmental and organizational objectives and consistent with City policies, State, and Federal laws.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	643,702	604,578	616,768	633,630
Contract Services	76,033	109,100	84,300	84,300
Supplies and Materials	7,711	14,800	14,900	14,900
Facilities and Equipment Purchases	2,479	4,653	4,653	4,653
General Expense	15,278	27,675	21,675	21,675
Rents and Leases	43,000	43,000	43,000	43,000
Allocated Charges	7,182	31,458	6,888	6,888
TOTAL EXPENDITURES	**$795,385**	**$835,264**	**$792,184**	**$809,046**
TOTAL REVENUES	**$30,800**	**$11,000**	**$0**	**$0**
Total Full Time Positions	5.25	4.75	4.90	4.90
Total Temporary Positions	0.03	0.02	0.00	0.00

RISK MANAGEMENT AND EMPLOYEE BENEFITS

To enchance workplace safety and limit liability by reducing injuries and other losses to the City; and to provide cost effective employee benefit plans that support the organization's goals and department core mission.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	597,066	543,433	600,469	619,150
Contract Services	63,051	81,940	10,720	10,720
Supplies and Materials	3,876	8,480	8,480	8,480
Facilities and Equipment Purchases	192	2,173	2,173	2,173
General Expense	7,055	10,484	10,484	10,484
Allocated Charges	2,132	3,643	4,495	4,495
TOTAL EXPENDITURES	**$673,372**	**$650,153**	**$636,821**	**$655,502**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	3.55	3.55	5.25	5.25
Total Temporary Positions	0.68	0.00	0.00	0.00

Library Department

Library Department

Organizational Chart

LIBRARY DIRECTOR
Diane Jennings

ADMINISTRATION
1.0-Business Analyst
1.0-Administrative Assistant
1.0-Management Assistant

ASSISTANT DIRECTOR

PUBLIC SERVICES

MAIN LIBRARY
2.0-Supervising Librarian
1.0-Coordinator, Library Program
3.0-Senior Librarian
1.0-Librarian
1.0-Library Associate
1.0-Library Specialist
2.0-Library Assistant

CHILDREN'S LIBRARY
1.0-Supervising Librarian
1.0-Senior Librarian
1.0-Librarian
1.0-Library Specialist
1.0-Library Assistant

MITCHELL PARK LIBRARY
1.0-Supervising Librarian
3.0-Senior Librarian
2.0-Librarian
1.0-Library Associate
2.0-Library Specialist
1.0-Library Assistant

COLLEGE TERRACE LIBRARY*
1.0-Library Specialist
1.0-Library Assistant

DOWNTOWN LIBRARY
1.0-Library Specialist
0.5-Library Assistant

DIVISION HEAD
1.0-Collection & Technical Services

COLLECTION & TECHNICAL SERVICES
1.75-Senior Librarian
1.0-Librarian
2.0-Library Associate
2.0-Library Specialist

Fiscal Year 2010 Position Totals:

42.25 Full-time
11.70 Hourly

* Staff will be reassigned to the Main Library during a comprehensive capital improvement project in FY 2010.

Library

To enable people to explore library resources to enrich their lives with knowledge, information, and enjoyment.

OVERVIEW

The Library Department will adjust hours, service levels, collections, and programs in response to a decline in City revenues and to upcoming building improvement projects that will require closures and relocations during construction.

In the Summer of 2009, construction of a major infrastructure improvement project for the College Terrace Library and adjoining childcare center will begin. The facility will be brought into compliance with current seismic and accessibility standards, and all major building components such as heating, roofing, and electrical systems will be upgraded. The renovation of the building, classified as a Category 2 structure on the City's historical building inventory, will comply with the Secretary of Interior's Standards for Rehabilitation and Replacement. The interior layout of the library's service area will be improved. The collection, resized to fit into the updatedfloor plan, will be refreshed with new books as funds permit to better serve the needs of the library's clientele. The library will be closed during construction, scheduled to be completed in the Fall of 2010.

Following the passage of the 2008 Measure N Bond to fund major library facility improvements, design of a new Mitchell Park Library and Community Center and a renovated Downtown Library will continue through the Spring of 2010. Library staff will serve on the staff technical design team and will participate in the activities of the Library Projects Stakeholders Committee, comprised of community members and city staff.

The Downtown Library will be closed for twelve months beginning in the Spring of 2010, necessitating the temporary relocations of the Collection & Technical Services operations and the Library Administration office. When reopened in 2011, Downtown Library will have a new program room, small group study room, children's room, improved lighting, and upgraded mechanical systems. Library Administration will move back to Downtown Library when it reopens. Collection & Technical Services will be permanently located at the new Mitchell Park Library when that facility opens in 2012.

Construction of the Mitchell Park Library and Community Center is scheduled to begin by the Summer of 2010 and last for two years. Staff will finalize plans for an expanded collection in the new facility. A temporary library to serve this area of the City will operate from the Cubberley Community Center while the new facility is under construction.

No temporary libraries will be provided while College Terrace and Downtown libraries are closed for renovation. The total number of weekly library service hours will decline while these branches are closed, and library staffing will be reduced. However, due to a shift in staff assignments, the hours of the Mitchell Park Library will be increased, effective July 2009, to match those of the Main Library.

Library Youth Services staff will continue to offer year-round programming for children and teens, with financial support from the Friends of the Palo Alto Library. Collaboration between Library and Community Service staffs will continue in support of service to youth. The provision of programs to students at Palo Alto's schools and coordination with district staff will continue, but at significantly reduced levels than in recent years. The elimination of one Coordinator of Library Programs position will necessitate the suspension of the school liaison function and a reduction in staffing at the Children's Library.

Library

The Library will continue its annual community-wide reading program in Fiscal Years 2010 and 2011 and will explore grant funding and collaboration with the Children's Theatre to enhance this program. The Library will provide a limited number of programs for adults with funding support from the Friends of the Library.

A two-year pilot project in the LINK+ system, a cooperative borrowing program among more than 50 academic and public libraries that enables customers to borrow books not available in the City's library system, will continue through March 2011. At the conclusion of the pilot, staff will evaluate the cost and benefit of LINK+ and make a recommendation about continued participation in the program.

The Collection & Technical Services Division will implement new performance measures to determine the time it takes to prepare new materials for circulation to identify potential efficiencies. The Division will continue to evaluate new electronic collections that meet customer demand and can be easily accessed on personal computers and mobile devices.

Depending on staffing resources and the availability of capital funding, the Department will begin to implement recommendations of its 2009-13 Library Technology Plan. Staff will recommend a major capital project for Fiscal Year 2011 funding to begin the use of radio frequency identification (RFID) tags for inventory control of the library collection and to install RFID-based automated material handling systems at the three busiest branches. As the City's website is redesigned, the Library will implement recommendations of the 2009 library website assessment conducted as part of the Library Technology Plan. Staff will continue to investigate options to provide an enhanced web catalog that incorporates customer-provided content, customer personalization, and enhances search capabilities.

PROGRAM UPDATE

Facilities

- Schematic designs for a new Mitchell Park Library and Community Center, renovated and expanded Main Library, and renovated Downtown Library were completed, and a $76 million library construction bond measure was passed in November 2008 to fund these facility upgrades
- The design of a major infrastructure improvement project for the College Terrace Library was completed, and construction will begin in the first quarter of Fiscal Year 2010
- New public computer workstation furniture was installed at all libraries

Library Collections

- With funding support from the Friends of the Library, electronic resources were expanded to include an electronic multi-language newspaper collection, an e-book library collection of computer and information technology titles, and additional general interest e-books -- some with iPod capability
- The book and media collections were enhanced through joint funding by the City and the Friends of the Library
- The Chinese and Russian language collections were increased
- The collection of Spanish language books for youth was enhanced

Technology

- A Library Technology Plan and a feasibility report on the Library's future use of RFID and materials handling systems were completed
- A Citizens' Technology Advisory group was established to provide input on the Library Technology Plan and assist with the review of the RFID and materials handling report

- The Library joined a regional resource-sharing consortium called LINK+, enabling Palo Alto card holders to borrow from the combined collection of over 5 million books from over 50 member libraries. The Friends of the Library funded half the cost for a two-year pilot of this service
- Staff used a variety of Web 2.0 technologies including wikis, blogs, and RSS feeds to facilitate the delivery of information about library services and resources and to enhance staff development. More than 20 free on-line newsletters and customized booklists geared to particular interests were provided to customers by e-mail or RSS feed
- An online events calendar was introduced that includes features such as automatic notifications about events by type of program and online registrations for programs
- All of the public PCs were replaced with new, faster computers with updated software
- Loaner laptops were added at College Terrace and Downtown libraries, and the original loaner laptops at Main and Mitchell Park libraries were replaced with funding from a Cable Co-op grant to the Friends of the Library
- Library card application via the Web was made available
- Online payment of fines and fees via the Web was made available

Programs

- The Library received a state grant to provide, in partnership with Stanford University, a series of programs targeted for baby boomers
- The School Liaison Librarian coordinated a variety of activities to bring public library programs to students, including book discussions, author visits, library card sign-up campaign, and promotion of the summer reading program
- For the third consecutive year, the Library offered a community-wide reading program featuring a month-long series of events. The program attracted hundreds of participants who read the book and attended a variety of cultural events
- With funding support from the Friends of the Library, the Library developed its first ever Spring Author Series of programs for adults presented by four noted Bay Area authors
- Reference Librarians presented instructional workshops on using electronic resources to perform genealogical research, explore the New York Times archives, and help children succeed in school
- The Baby Story Time program expanded in length from 6 weeks to 8 weeks and continued to rotate between branches to serve young families throughout the city
- The Library's volunteer program was enhanced by the further development of Library Home Connection, an outreach service that brings library materials to customers unable to visit the library in person

COUNCIL PRIORITY IMPLEMENTATION

In Fiscal Years 2010 and 2011, the Library Department will support the implementation of the City Council's priorities as follows:

Environmental Protection

- Continue to work with the Friends of the Library in support of their book sales which support the reuse and recycling of items removed from library collections
- Implement the Department's plan to achieve or exceed the FY 2009 goal of 5 percent reduction of greenhouse gas emissions

Library

Civic Engagement for the Common Good

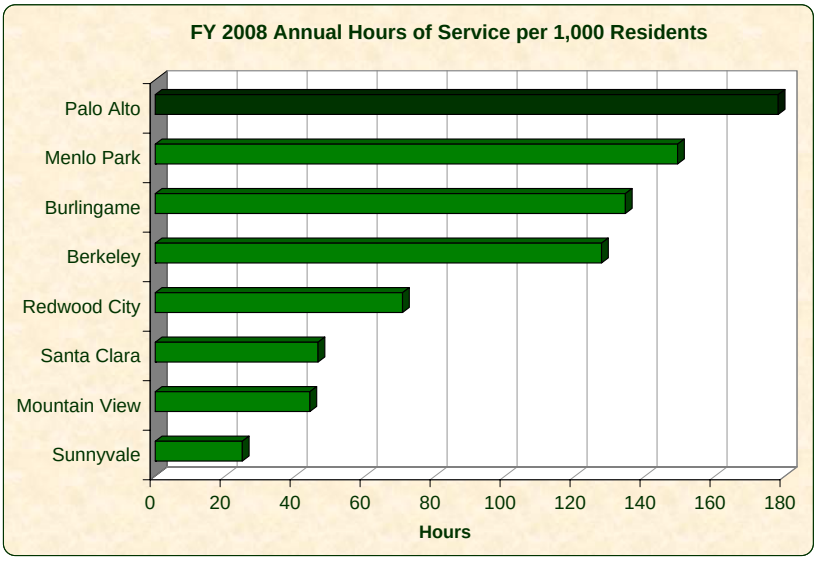
- Assist the Library Advisory Commission in achieving its goal of outreach to the community on library service and the bond measure facility projects
- Work with the Library Projects Stakeholders Steering Committee, consisting of staff and community members, to facilitate the flow of information about the 2008 Measure N Bond projects

Economic Health of the City

- Continue partnerships with the Library Foundation and Friends of the Library to raise funds in support of library programs, services, and facilities beyond the limits of public funds
- Seek new partnerships and grant opportunities in support of service priorities and innovations
- Begin to use the services of a collection agency to reduce the number of uncollected library accounts

DEPARTMENT SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Library Services Administration	471,536	721,763	710,943	(10,820)	(1%)	714,808	3,865	1%
Collection and Technical Services	1,834,441	1,816,194	1,802,899	(13,295)	(1%)	1,758,562	(44,337)	(2%)
Public Services	4,515,407	3,846,791	3,871,195	24,404	1%	4,047,352	176,157	5%
TOTAL EXPENDITURES	$6,821,384	$6,384,748	$6,385,037	$289	0%	$6,520,722	$135,685	2%
TOTAL REVENUES	$304,470	$300,230	$339,080	$38,850	13%	$266,330	$(72,750)	(21%)
INTERNAL REVENUES	0	0	0	0	0%	0	0	0%
EXTERNAL REVENUES	304,470	300,230	339,080	38,850	13%	266,330	(72,750)	(21%)



INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	5,083,211	4,755,403	4,823,618	5,023,963
Contract Services	143,050	128,150	127,724	118,550
Supplies and Materials	816,594	851,119	798,859	731,759
Facilities and Equipment Purchases	120,233	25,631	24,137	24,137
General Expense	29,536	27,195	24,375	24,375
Rents and Leases	28,111	27,895	28,395	28,395
Allocated Charges	600,649	569,355	557,929	569,543
TOTAL EXPENDITURES	**$6,821,384**	**$6,384,748**	**$6,385,037**	**$6,520,722**
TOTAL REVENUES	**$304,470**	**$300,230**	**$339,080**	**$266,330**
Total Full Time Positions	43.75	43.75	42.25	42.25
Total Temporary Positions	12.70	13.45	11.70	11.70

Library

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Percent of citizens who have used libraries or their services more than 12 times during last year (SEA)	31%	34%	32%
Efficiency:			
1. Percent of Palo Alto residents who are cardholders (SEA)	62%	63%	61%
Effectiveness:			
1. Percent of citizens rating quality of public library services good or excellent (SEA)	76%	78%	78%

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Increase revenues from Link+ Program (two-year pilot program)		19,400	19,400			0
Increase library fines and reservation fees due to increase in municipal fees	38,940		38,940			0
Increase (decrease) various revenues to reflect actual revenues	5,510		5,510	(1,950)		(1,950)
Remove revenue from a local agency	(660)		(660)			0
Revenues generated from a collection agency		11,500	11,500		(3,800)	(3,800)
TOTAL REVENUE CHANGES	**$43,790**	**$30,900**	**$74,690**	**$(1,950)**	**$(3,800)**	**$(5,750)**
Adjustments (Note1)		(35,840)	(35,840)		(67,000)	(67,000)
NET REVENUE CHANGES	**$43,790**	**$(4,940)**	**$38,850**	**$(1,950)**	**$(70,800)**	**$(72,750)**
EXPENDITURE CHANGES						
Salary and Benefits						
Reclassify 1.0 FTE Coordinator, Library Programs to Business Analyst	31,850		31,850			
Eliminate 0.5 FTE Sr. Librarian	(53,446)		(53,446)			
Eliminate 1.0 FTE Coordinator, Library Programs	(116,564)		(116,564)			

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Increase (decrease) hourly salaries	(37,904)	(54,979)	(92,883)		54,978	54,978
Increase hourlies in Link+ program (two-year pilot program)		10,318	10,318			0
Personnel Benefit Costs Increase (Note 2)	69,202		69,202	145,367		145,367
Total Salary and Benefits Changes	**$(106,862)**	**$(44,661)**	**$(151,523)**	**$145,367**	**$54,978**	**$200,345**
Adjustments (Note1)		219,738	219,738			0
Total Net Salary and Benefits Changes	**$(106,862)**	**$175,077**	**$68,215**	**$145,367**	**$54,978**	**$200,345**
Non-Salary						
Link + Program - delivery charges and supplies (two-year pilot program)		16,700	16,700		(3,550)	(3,550)
Reduce library collections	(35,806)		(35,806)			
Printing supplies for public internet personal computers (PCs)		6,000	6,000			
Contract services for a collection agency		8,324	8,324		(5,724)	(5,724)
Allocated Charges Increase (decrease) (Note 3)	(11,425)		(11,425)	11,614		11,614
Total Non-Salary Changes	**$(47,231)**	**$31,024**	**$(16,207)**	**$11,614**	**$(9,274)**	**$2,340**
TOTAL EXPENDITURE CHANGES	**$(154,093)**	**$206,101**	**$52,008**	**$156,981**	**$45,704**	**$202,685**
Adjustments (Note1)		(51,719)	(51,719)		(67,000)	(67,000)
NET EXPENDITURE CHANGES	**$(154,093)**	**$154,382**	**$289**	**$156,981**	**$(21,296)**	**$135,685**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Personnel benefit costs changes are primarily due to a reduction in benefit cost allocations in Fiscal Year 2009 that were not continued in Fiscal Year 2010. In Fiscal Year 2011 the increase is due to the return of the General Fund contribution for future Retiree Medical benefits that was suspended in Fiscal Year 2010.

Note 3: Allocated charges are decreasing primarily due to decrease in technology charges and printing and mailing charges in FY 2010. Allocated charges in FY 2011 are increasing primarily due to increase in utilities charges.

Library

SERVICE LEVEL CHANGES

Service Level Increases

- The Library will continue, through March 2011, a two-year pilot project in the LINK+ cooperative book lending system among member libraries. This program is provided through joint funding from the Friends of the Library and the City
- The service hours at the Mitchell Park Library will be increased from 58 to 62 per week to match those of the Main Library

Service Level Decreases

- The College Terrace Library will be closed for a renovation project during Fiscal Year 2010
- Collaboration with staff at district schools and the delivery of programs to students at schools will be significantly scaled back due to the elimination of the Library's School Liaison (Coordinator of Library Programs) position
- The number of items added to the library collection will decrease due to a 5 percent budget reduction for these purchases
- The checkout of back issues of magazines will be discontinued due to the elimination of a half-time Library Assistant position

COMPREHENSIVE PLAN OVERVIEW

In Fiscal Years 2010 and 2011, the Library Department will implement elements of the Comprehensive Plan as follows:

TRANSPORTATION

Continue to implement increased access to electronic resources and information and to library services through enhancements to its website and online catalog and by expanding the collection of e-books and databases. (Program T-10)

COMMUNITY FACILITIES AND SERVICES

Continue cooperative partnerships, although at a reduced level from recent years, with the Palo Alto School District to provide quality library service to the youth in the community. (Programs C-1, C-5)

Conduct periodic customer evaluations of library programs and services. (Program C-10)

Continue to provide quality programs for children and teens. (Policy C-17)

Collaborate with the Public Works and Community Service departments to complete the design of the library bond measure facilities. (Policies C-22, C-27)

Work with the Public Works Department to complete the renovation of the historic College Terrace Library. (Policy C-24)

GOVERNANCE

Continue to provide staff assistance to the City's Library Advisory Commission and provide support for its goals.

(Policy G-2)

Expand the use of electronic newsletters to keep the community informed about library events and services. (Policy G-3)

Upgrade public wireless Internet access at all libraries to current network standards. (Program G-6)

Support the activities of the Library Bond Stakeholders Committee through the design process for the new Mitchell Park Library and Community Center and the renovated Downtown and Main libraries. (Policy G-6)

Continue to provide opportunities for volunteer assistance to supplement library resources and enhance services. (Program G-11)

Provide opportunities in the library facilities and through the Library's website to inform the community about the activities of the Friends of the Palo Alto Library and the Palo Alto Library Foundation. (Program C-12)

COLLECTION AND TECHNICAL SERVICES

To acquire and develop quality collections, manage databases, and provide technology that enhances the community's access to library resources.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	982,061	955,330	1,013,030	1,035,693
Contract Services	74,546	51,300	38,500	38,500
Supplies and Materials	776,602	803,664	748,269	681,269
Facilities and Equipment Purchases	0	3,300	1,000	1,000
General Expense	1,232	2,600	2,100	2,100
TOTAL EXPENDITURES	**$1,834,441**	**$1,816,194**	**$1,802,899**	**$1,758,562**
TOTAL REVENUES	**$67,596**	**$67,000**	**$67,000**	**$0**
Total Full Time Positions	8.87	8.87	9.14	9.14
Total Temporary Positions	2.20	2.20	2.01	2.01

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of new titles/number of new volumes added to the collection	10,794/ 24,692	16,000/ 32,000	14,500/ 27,400
Efficiency:			
1. Number of titles/number of items in the collection per capita	2.68 / 4.33	2.70 / 4.33	2.68 / 4.30
Effectiveness:			
1. Percent rating variety of library materials good or excellent (SEA)	67%	69%	70%

PUBLIC SERVICES

To provide access to library materials, information, and learning opportunities through services and programs.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	4,028,269	3,720,594	3,739,755	3,915,912
Contract Services	58,833	61,450	57,000	57,000
Supplies and Materials	35,887	43,060	45,560	45,560
Facilities and Equipment Purchases	78,546	11,687	19,137	19,137
General Expense	5,982	5,500	4,450	4,450
Rents and Leases	4,716	4,500	5,000	5,000
Allocated Charges	303,174	0	293	293
TOTAL EXPENDITURES	**$4,515,407**	**$3,846,791**	**$3,871,195**	**$4,047,352**
TOTAL REVENUES	**$183,388**	**$163,230**	**$207,880**	**$202,330**
Total Full Time Positions	34.48	34.48	32.71	32.71
Total Temporary Positions	10.50	11.25	9.56	9.56

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of items circulated (SEA)	1,542,116	1,619,222	1,630,000
2. Number of hours open annually (SEA)	11,281	11,871	10,062
3. Number of library programs (SEA)	669	524	430
Efficiency:			
1. Percent of first-time circulations checked out at self-service stations	89%	90%	91%
2. Number of hours of operation per FTE	196	208	186
3. Number of people attending programs (SEA)	37,955	37,200	30,100
Effectiveness:			
1. Number of items circulated per capita (SEA)	24.3	25.3	25.2
2. Number of library visits per hour	78.1	73.6	82.1
3. Number of attendees per program	56.7	71.0	70.0

PROGRAM COST DETAIL

Details of Fiscal Year 2010 budget by library location are as follows:

- Main Library - $1,579,095
- Children's Library - $694,085
- Mitchell Park Library - $1,398,710
- College Terrace Library - $112,294
- Downtown Library - $208,185

Planning and Community Environment

Planning and Community Environment Department

Organizational Chart

PLANNING & COMMUNITY ENVIRONMENT DIRECTOR
Curtis Williams (Acting)

Administration
1.0-Administrator
1.0-Administrative Assistant

Economic Development
1.0-Manager, Economic Development & Redevelopment

Planning & Transportation
1.0-Chief Planning & Transportation Official
1.0-Admin Associate III
1.0-Planning Arborist

Current Planning
1.0-Planning Mgr
1.0-Admin Associate II
3.0-Senior Planner
3.0-Planner
1.0-Assoc Planner
1.0-Planning Technician

Advance Planning
1.0-Planning Manager
2.0-Admin Associate II
3.0-Senior Planner
1.0-Planner (CDBG)
3.0-Planner

Transportation
1.0-Transportation Manager
1.0-Admin Associate II
1.0-Transportation Engineer
1.0-Associate Transportation Engineer
1.0-Engineering Technician II
0.5-Commute Coordinator
1.0-Project Engineer

Building
1.0-Chief Building Official
2.0-Code Enforcement Officer

Plan Check/Counter Services
1.0-Asst Building Official
2.0-Plan Check Engineer
2.0-Building Technician
2.0-Admin Associate I

Inspection Services
1.0-Inspection Services Supervisor
1.0-Building Inspector Specialist
1.0-Building Inspector Specialist
4.0-Building Inspector

Fiscal Year 2010 Position Totals:

50.50 Full-time
1.63 Hourly

Planning and Community Environment

To provide the Council and community with creative guidance on, and effective implementation of, land use development, planning, economic development and redevelopment, transportation, housing and environmental policies, and plans and programs that maintain and enhance the City as a safe, vital, and attractive community.

OVERVIEW

In Fiscal Years 2010 and 2011, the Planning and Community Environment Department (PCE) will provide the Palo Alto community with services and programs summarized below:

Sustainability

The Department continues to implement the City's Green Building Ordinance and will be exploring the adoption of a local Green Building Code to complement the new State Green Building Code that will become effective in January 2011. The green building ordinance requiring commercial and residential private development projects to meet specified levels of green building was adopted by City Council and became effective on July 2, 2008. Certification in green building is encouraged for planning, building, and public works engineering staff and consultants. A LEED accredited staff member was hired for the vacant Construction and Demolition Debris Diversion program coordinator Associate Planner position, to provide expertise needed to implement the green building program and monitoring and to prepare a revised C&D ordinance for Council adoption in 2009 to enhance the program. A Green Building fee is proposed for adoption in 2010 to offset costs in providing staffing needs for the Green Building Program. Several staff members are Green Building professionals and a consultant for the Individual Review Program is now a green point rater. Department staff participate in inter-departmental and inter-agency coordination of green building efforts, such as the City's Climate Protection Plan, and the Santa Clara County Cities Association Green Building Collaborative.

Long-Range Planning and Policy Development

The key focus of the Advance planning staff for the next two years is the Comprehensive Plan Amendment. Work items to be completed during the Fiscal Years 2010 and 2011 period for the amendment include reviewing existing Comprehensive Plan policies, working on concept plans for California Avenue/Fry's and East Meadow Circle/West Bayshore areas, and preparing the environmental impact report. An update to the City's Housing Element and preparing a new Sustainability component will also be completed as part of the Comprehensive Plan amendment during this timeframe. Community outreach and participation for the amendment process include monthly meetings with a Technical Advisory Group for the Housing Element update, community workshops for the concept plans, and several citywide community meetings to discuss community services, transportation, housing, and sustainability issues. The Advance Planning team will also continue to work with the school district to monitor housing development and student generation and to participate in regional governance issues working with ABAG and other outside agencies; during the Fiscal Years 2010 and 2011 period staff will be involved with the 2010 census compilation. Advance planning staff assists with affordable housing development projects such as the projects on the Alma Substation site and at 488 West Charleston Road by overseeing City funding for these projects. Advance Planning also administers the City's CDBG grant funding, which is used primarily to support affordable housing renovation and development. In late 2008, the City Council adopted the 2008 Baylands Master Plan which updated the plan to reflect changes from the past 20 years; staff will continue to monitor projects in the Bayalnds for conformity with the plan. In 2008, the City Council approved changes to the City Below Market Program as a result of a three year comprehensive review of the thirty year old program; approved changes to the program will be implemented in Fiscal Years 2010 and 2011.

Planning and Community Environment

Development Review and Building Inspection

The Planning and Transportation Division continues to lead intensive planning and negotiation efforts regarding development proposals for the Stanford Shopping Center and Stanford Medical Center. At the time of this Budget production, development plans for the Stanford Shopping Center have been placed on hold. The Planning and Transportation Division will again lead the development efforts should they arise in the near future. The Department has held public workshops, several study sessions and meetings with the Architectural Review Board, Planning & Transportation Commission, and City Council. Staff and a consultant team have been preparing the EIR for the project that will be circulated for public review in 2009.

The Division is also reviewing several other significant development projects, including the environmental and zoning review of proposed Library projects. Major private development projects receiving planning entitlements during the past year include: Alma Plaza, the Summerhill residential subdivision and new Elk's Lodge on the 4249 El Camino Real site, addition of a grocery store to Town and Country Village, Google childcare facilities at 3801 East Bayshore Road and 1129 San Antonio Road, retail/office buildings at 278 and 310 University Avenue, the Toll Brothers project at 200 San Antonio Road (45 residential units in Palo Alto, 500 units in Mountain View), and a new retail building at 2805 El Camino Real at the corner of Page Mill Road. Major projects currently under planning review in 2009 include the "Treehouse" affordable residential housing project at 488 West Charleston Road, the mixed use Alma housing and retail project at 801 Alma Street, the redevelopment of the JJ&F market site at 2180 El Camino Real, the Ming's site at 1700 Embarcadero and East Bayshore proposed as a hotel and restaurant, the Palo Alto Bowl site proposed for a hotel and housing, and several other commercial redevelopment projects in the Stanford Research Park and California Avenue areas. In addition, the Building Division is managing several large projects under construction. These include the mixed-use Taube-Koret Campus for Jewish Life project scheduled for completion in the fall of 2009, the Altaire multi-family and BRIDGE senior housing projects on the former Sun Microsystems campus, the Sterling Park, Redwood Gate and Echelon housing developments comprising nearly 200 units, the renovation of the Town & Country shopping center, and the VMWare corporate campus in the Stanford Research Park. Some FY 2010 anticipated projects are: 2995 Middlefield, a new commercial building, and 2690 Hanover, a new office building. Additionally, the Building Division processed local amendments to the California Energy Code that the City Council adopted in December 2008.

The Building Division also accomplished several noteworthy customer service initiatives in 2008. These included publication of a new Residential Inspection Guidelines Book to implement the new Building Codes that went into effect at the beginning of the year, development of a companion Commercial Tenant Improvement Guidelines book, increased processing of over-the-counter plan checks and permits, implementation of pre-application screening meetings with project design team members to improve permit submittal packages, and coordination of improvements to several cross-departmental processes involving the Utilities, Fire, and Public Works Departments. Responsibility for Code Enforcement activities was also transferred to the Building Division in 2008.

Transportation Planning

In Fiscal Years 2008 and 2009, the Transportation section completed several projects to increase safety and improve circulation on local streets and on school commute routes: the approval of the permanent retention of the residential arterial traffic calming project on Charleston Road, completion of the Pepper Avenue traffic calming project, the Maybell/Donald bicycle boulevard project and the College Terrace traffic calming trial evaluation. The plan for the Phase 2 trial of the Charleston/Arastradero Road project on Arastradero Road will be completed by Spring 2009. The Department worked with the Valley Transportation Authority (VTA) on the Community Bus Study for Palo Alto, a comprehensive study of ridership of VTA, Stanford, and Palo Alto bus routes, which resulted in new community bus routes in Palo Alto and a restructuring of the City's Crosstown

shuttle service. Staff has developed input to High Speed Rail and Oregon Expressway projects, both of intense interest to much of the affected community.

In Fiscal Year 2010, the installation of a new traffic signal at Embarcadero Road and Town and Country Village driveway will be completed and safe routes to school projects on North California Avenue and Greer Roads will be pursued. Staff will finalize the plans and specifications for the El Camino Real/Stanford Avenue streetscape project, which will be constructed in Fiscal Year 2011. If approved by Council, staff will initiate the Residential Permit Parking Program for the College Terrace neighborhood in Fiscal Year 2010. Transportation staff will continue to work with the California High Speed Rail Authority, Caltrain Joint Powers Board, and the Peninsula Cities Consortium to ensure that Palo Alto's interests are addressed as the San Francisco to San Jose High Speed Train project proceeds. Staff will also work with Santa Clara County staff on the design of operational and safety improvements at the intersections along Oregon Expressway.

In Fiscal Year 2011, the Arastradero Road trial (Phase 2 of the Charleston/Arastradero Road Corridor Project) will be initiated and the evaluation of the Park Boulevard Bicycle Boulevard project and California Avenue and Greer Road safe routes to school projects will be completed.

Economic Development

The Division continues to focus on outreach to businesses and enhancing the economy of Palo Alto. A variety of tools to assist businesses have been initiated including the Downtown Business Improvement District (Palo Alto Downtown) and Destination Palo Alto. Destination Palo Alto, funded in Fiscal Year 2009 for $240,000, and set to operate as a pilot for an additional year in Fiscal Year 2010, is a partnership between the Silicon Valley/San Mateo County Visitor's Bureau, Palo Alto Chamber of Commerce, and the Palo Alto Weekly and will operate a visitor's center, update the Destination Palo Alto website, and target off-peak hotel nights for occupancy. In addition, several events, including Stanford Admit Weekend and the 2009 Senior Games will be used as vehicles to increase visitorship and transient occupancy revenue to the City, adding to the City's economic vitality.

In addition to these activities, the Economic Development Division maintains relationships and works to advocate on behalf of businesses, property owners, and business associations in Palo Alto. Staff also participates in regional economic development partnerships that enhance the City's economic base and leverages existing City resources.

PROGRAM UPDATE

The Planning and Community Environment Department has accomplished the following in new program and service implementation:

In Fiscal Year 2008, the Department began an amendment to the City's Comprehensive Plan, which will continue through Fiscal Year 2011 and includes several components:

- Concept plans for California Avenue/Fry's and East Meadow Circle/West Bayshore areas
- New Sustainability Chapter
- Revisions to the City's Housing Element
- Review of existing policies and programs
- Development of growth projections through 2020
- Preparation of Environmental Impact Report

Planning and Community Environment

The Baylands Master Plan 2008 update was initiated in 2007 and adopted by the City Council on October 6, 2008.

An annexation application was submitted to the Local Agency Formation Commission (LAFCO) in October 2008. On December 3, 2008, LAFCO approved the City's application to annex the City-owned 13.6 acre site that previously housed the Los Altos Treatment Plant.

The Department has implemented the City's Green Building Program in several ways:

- Revised the green building policy for City buildings in December 2007 to require more projects to achieve a higher level of LEED compliance
- Expanded an Architectural Review Board approval finding requiring green building measures and adding language to allow the City to require green building checklists with planning entitlement applications beginning in October 2007
- Spearheaded adoption of the City's cutting-edge Green Building Ordinance for private developments through the Architectural Review Board, Planning & Transportation Commission, and City Council. The Ordinance, which became effective in July 2008, establishes project thresholds, compliance standards, and verification requirements for both residential and commercial projects.
- Hired a LEED accredited professional in October 2008 to implement and monitor the Green Building Program and administer the C&D Ordinance
- Provided staff training and participated in several public forums to explain the City's green building requirements to private sector designers and contractors
- Developed implementation policies, procedures, forms, and handouts for the Green Building Program

The Department has processed local amendments to the California Energy Code:

- Drafted local energy efficiency standards to synchronize the Energy Code requirements with the Green Building Ordinance and obtained City Council approval in December 2008
- Performed a cost-benefit analysis of the proposed energy efficiency standards in accordance with California Energy Commission requirements
- Processed the local amendments through the California Energy Commission and Building Standards Commission

The Department has instituted several customer service enhancements at the Development Center:

- Publication of a new and expanded Residential Inspection Guidelines Book formatted for the 2007 California Building Code
- Restored afternoon counter hours for permit application submittals
- Increased volume of over-the-counter plan checks and issuance of permits and restored 3-5 day plan review time for simple projects
- Implemented pre-application screening meetings for large and/or complex projects to enhance completeness of permit submittal packages
- Began work on project to implement an automated inspection scheduling (IVR) system targeted for June 2009
- Developed a more user-friendly voice mail system for the Development Center to be implemented in March 2009

COUNCIL PRIORITY IMPLEMENTATION

In Fiscal Years 2010 and 2011, the Planning and Community Environment Department will implement the City Council's Top 3 Priorities as follows:

Environmental Protection

- Continue to develop and expand the City's Green Building Program, including evaluation of a local Green Building Code to become effective January 2011. This would include implementation of a revised Construction and Demolition Debris Diversion ordinance requirement to increase diversion, and adopting any necessary revisions to the green building ordinance and/or resolutions setting methods, systems, thresholds, and levels for green building compliance
- Continue support for affordable housing development and the Below Market Rate Housing Program in order to expand the availability of a range of housing types and affordability within the community
- Adopt the 2009 California Energy Code with local amendments that will make it consistent with the City's Green Building Program regulations
- Enhance facilitation of the use of solar photovoltaic systems and other new energy technologies
- Promote alternatives to automobile use, including maintaining the City's shuttle system, implementing the Bicycle Transportation Plan projects including the Park Boulevard bicycle boulevard, coordinating the commute alternatives program for the City, and implementing traffic calming measures and other safety enhancements to school commute corridors, such as Charleston/Arastradero, to encourage bicycling and walking
- Amend the Comprehensive Plan to include sustainability goals, policies, and programs
- Continue to promote the retention and restoration of historic homes and commercial structures

Civic Engagement for the Common Good

- Actively engage the community in the Comprehensive Plan Amendment process through workshops, forums, and community meetings
- Continue practices of regularly meeting with neighborhood groups, business groups, and other community organizations to keep them apprised of current issues in community planning
- Continue to perform community outreach on major projects or policy efforts. Past examples include: outreach to local contractors and builders for the 2007 California Building Code adoption, community forums related to the Stanford projects, public communication for the Charleston/Arastradero Road project, and outreach on the City's Green Building projects
- Continue to evaluate new technologies for doing surveys and communicating with the public
- Continue to deliver training and outreach to local designers and contractors on local Building Code requirements, green building practices, and other topics of interest
- Continue to engage with the Business Improvement District and the Downtown Streets team
- Enhance the use of the Department’s website to provide more interactive opportunities with the community, and to accommodate online plan submittals and review

Economic Health of the City

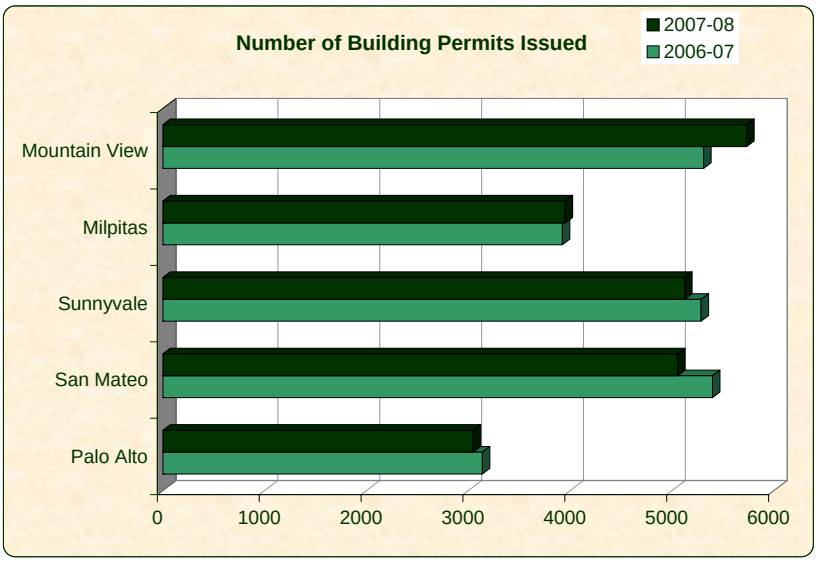
- Provide outreach to local businesses to determine areas in which the City can assist business processes
- Re-invigorate pre-development meetings to assist businesses in anticipating planning and building entitlement requirements and streamlining the process, making outcomes more predictable

Planning and Community Environment

- Through the Destination Palo Alto effort, created to increase visitorship and transient occupancy tax, continue to proactively market and promote Palo Alto hotels and businesses. Events such as the 2009 Senior Games and Stanford events, like Admit Weekend, will be leveraged to enhance Palo Alto business participation
- In partnership with the Business Improvement District (PAD) and the Palo Alto Chamber of Commerce, continue to identify and implement cost savings and streamlining efforts to enhance the Downtown retail and restaurant environment
- Promote smart community planning and green building, to community through increased energy and water efficiency, and reducing dependence on purchasing foreign oil
- Identify and enhance opportunities for green-technology/clean-technology business and job creation

DEPARTMENT SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Administration	595,369	635,018	626,096	(8,922)	(1%)	631,825	5,729	1%
Planning and Transportation	5,208,373	5,674,317	5,649,513	(24,804)	0%	5,711,735	62,222	1%
Building	3,633,328	3,432,881	3,128,814	(304,067)	(9%)	3,183,166	54,352	2%
Economic Development	228,732	487,806	460,946	(26,860)	(6%)	225,550	(235,396)	(51%)
TOTAL EXPENDITURES	$9,665,802	$10,230,022	$9,865,369	$(364,653)	(4%)	$9,752,276	$(113,093)	(1%)
TOTAL REVENUES	$5,808,547	$5,807,512	$5,639,364	$(168,148)	(3%)	$5,739,364	$100,000	2%
INTERNAL REVENUES	171,301	128,000	128,000	0	0%	128,000	0	0%
EXTERNAL REVENUES	5,637,246	5,679,512	5,511,364	(168,148)	(3%)	5,611,364	100,000	2%



INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	6,721,332	6,787,964	6,746,370	6,873,277
Contract Services	1,476,001	2,021,009	1,582,317	1,342,317
Supplies and Materials	64,428	48,417	52,819	52,819
Facilities and Equipment Purchases	15,243	10,874	12,335	12,335
General Expense	387,152	402,623	394,709	394,709
Rents and Leases	288,741	269,047	299,222	299,222
Allocated Charges	705,298	682,481	769,990	769,990
Operating Transfers Out	7,607	7,607	7,607	7,607
TOTAL EXPENDITURES	**$9,665,802**	**$10,230,022**	**$9,865,369**	**$9,752,276**
TOTAL REVENUES	**$5,808,547**	**$5,807,512**	**$5,639,364**	**$5,739,364**
Total Full Time Positions	53.30	53.30	48.85	48.85
Total Temporary Positions	1.15	0.95	1.63	1.63

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of building permits issued (SEA)	3,046	2,867	3,000
2. Number of building inspections completed (SEA)	22,820	21,474	22,500
3. Number of planning applications completed (SEA)	257	233	245
4. Number of zoning plan checks completed	1,106	823	864
5. Number of new code enforcement cases (SEA)	684	600	600
6. Number of Palo Alto Shuttle boardings (SEA)	178,505	127,400	127,400
7. Average number of City employees participating in the City commute program each month (SEA)	114	125	135
Efficiency:			
1. Number of building permits issued (per plan checker/building technician FTE)	554	521	545
2. Number of building inspections (per inspector FTE)	2,282	2,147	2,500
3. Number of planning applications completed (per current planner FTE)	43	39	41
4. Number of zoning plan checks completed (per current planner FTE)	184	137	173
5. Number of code enforcement cases (per code enforcement officer FTE)	342	300	300
6. City's cost per Palo Alto Shuttle rider (SEA)	$1.97	$2.76	$2.76

Planning and Community Environment

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Effectiveness:			
1. Percent of building inspection requests for permitted work responded to within one day - target is 90% (SEA)	98%	98%	90%+
2. Average number of weeks to complete staff-level applications (represents 98% of total volume) (SEA)	12.7 weeks	11.6 weeks	11.6 weeks
3. Percent of zoning plan checks completed within 4 week target	58%	60%	62%
4. Percent of residents surveyed rating the ease of walking in Palo Alto as "good" or "excellent" (SEA survey)	86%	88%	88%
5. Percent of residents surveyed rating the ease of bicycle travel in Palo Alto as "good" or "excellent" (SEA survey)	79%	85%	85%

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Decrease Public Safety Development Impact Fee	(300,000)		(300,000)			0
Decrease Comprehensive Plan Implementation Fee	(40,000)		(40,000)			0
Decrease Current Planning Zoning Plan Check Fee	(86,393)		(86,393)			0
Decrease Current Planning Individual Review Fee	(60,000)		(60,000)			0
Decrease Code Enforcement Administrative Citation	(28,000)		(28,000)			0
Increase revenue for Green Building Program	50,000		50,000			0
Eliminate Transportation Admin - Donations/Contributions	(25,000)		(25,000)			0
Decrease Valet Fees	(25,000)		(25,000)			0
Decrease Plan Check Fees	(156,984)		(156,984)	25,000		25,000
Decrease Building - new construction permit fees	(511,771)		(511,771)	75,000		75,000
TOTAL REVENUE CHANGES	**$(1,183,148)**	**$0**	**$(1,183,148)**	**$100,000**	**$0**	**$100,000**
Adjustments (Note 1)		1,015,000	1,015,000		0	0
NET REVENUE CHANGES	**$(1,183,148)**	**$1,015,000**	**$(168,148)**	**$100,000**	**$0**	**$100,000**
EXPENDITURE CHANGES						
Salary and Benefits						

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Eliminate Plan Check Engineer position	(142,397)		(142,397)			0
Eliminate Administrative Associate II position	(92,696)		(92,696)			0
Eliminate Building Inspector Specialist position	(130,104)		(130,104)			0
Eliminate Building/Planning Technician position	(99,996)		(99,996)			0
Eliminate Assistant Director position	(236,280)		(236,280)			0
Decrease Temporary Salary for building counter services	(4,539)		(4,539)			0
Increase funding for temporary Transportation Engineer position		62,696	62,696			0
Increase for .50 FTE Deputy City Manager position (shared with City Manager Office)	124,223		124,223			0
TOTAL SALARY AND BENEFITS CHANGES	**$(581,789)**	**$62,696**	**$(519,093)**	**$0**	**$0**	**$0**
Non-Salary						
Decrease general office and facilities expenses	(25,247)		(25,247)			0
Decrease various contract services	(70,000)		(70,000)			0
Decrease computer expenses	(5,500)		(5,500)			0
Decrease contract building inspection	(160,333)		(160,333)			0
Decrease for Comp Plan Amendment Extension		(75,000)	(75,000)		(75,000)	(75,000)
Increase Training and Public Info for Green Building Program	12,000		0			0
Increase Destination Palo Alto Program (2nd year Pilot Program)		240,000	240,000			0
Allocated Charges increase (Note 2)	29,051		29,051			0
Total Non-Salary Changes	**$(220,029)**	**$165,000**	**$(67,029)**	**$0**	**$(75,000)**	**$(75,000)**
TOTAL EXPENDITURE CHANGES	**$(801,818)**	**$227,696**	**$(586,122)**	**$0**	**$(75,000)**	**$(75,000)**

Planning and Community Environment

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Adjustments (Note 1)		221,469	221,469		(38,093)	(38,093)
NET EXPENDITURE CHANGES	**$(801,818)**	**$449,165**	**$(364,653)**	**$0**	**$(113,093)**	**$(113,093)**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Allocated charges are increasing due primarily to the reallocation of print and mail services.

SERVICE LEVEL CHANGES

Five vacant FTE's are proposed to be eliminated in the Building Division's budget in Fiscal Year 2010. The five positions are: 1) Assistant Director, 2) Plan Check Engineer, 3) Building Inspector Specialist, 4) Building/Planning Technician, and 5) Administrative Associate II. Service level impacts that may result from the elimination of these positions are expected to be mitigated by a combination of factors including a continuing weak economy that will reduce service demands, implementation of technology enhancements already in progress and reliance upon contract staff to work on several large construction projects currently underway and to support the delivery of plan review and permit services during periods of peak activity.

Additional budget reductions are proposed for the Building Division to reflect the projected decrease in plan review and permit fee revenues. These include reduced funding for overtime, temporary staff support, supplies, records retention, and contract building inspection services. Minimal service level impacts are anticipated due to these funding reductions for the reasons noted above.

Planning staff levels are not proposed to increase, but represent an increased workload of approximately 1.0 FTE (Planner) for green building review and coordination, offset by a similar position reduction in Current Planning, reflecting anticipated decreased permit applications.

There is also a reduction in the Current Planning contract expense budget. The programs affected are the Single Family Individual Review (IR) program consultants and other consultants working on "cost recovery" projects. A $50.00 municipal fee increase is proposed to offset, by 50 percent, the City's cost for the IR program consultant architect's time during an optional, pre-application preliminary meeting.

COMPREHENSIVE PLAN OVERVIEW

The Planning and Community Environment Department Fiscal Years 2010 and 2011 Budgets will implement aspects of the Comprehensive Plan as follows:

LAND USE AND COMMUNITY DESIGN

Begin work on a Comprehensive Plan update to ensure sufficient retail and community service support for housing development and incorporate sustainability concepts into the Comprehensive Plan.

Continue development review and inspection of several major projects, including mixed-use projects at Alma and Edgewood Plazas, housing and community facilities at 901 San Antonio, multi-family projects on El Camino Real, East Meadow Drive, East Meadow Circle, West Bayshore Road, and San Antonio Road, and facilities in the Stanford Research Park. (Goal L-1)

Review development proposals for improvements to Stanford Medical Center. (Policies L-45 and L-26)

Implement updates to the City's Building Code, including incorporation of green building practices. (Policy L-7)

TRANSPORTATION

Complete Phase II of the Charleston/Arastradero Corridor Plan trial. (Goals T-1, T-3, and T-4)

HOUSING

Update the Housing Element.

Affordable Housing: Continue to implement affordable housing development projects on the Alma Substation site between Homer Avenue and Channing Avenue and on the site at 488 West Charleston Road by providing funding and assistance and coordinating with other City departments. (Goal H-1)

BUSINESS AND ECONOMICS

Continue to seek ways to assist auto dealers in expanding or locating in the City, including exploring the viability of the Animal Services Center site for auto dealerships. (Goal B-3)

Develop methods to assist local businesses and developers to predict and navigate the planning and building entitlement processes with tools such as pre-development meetings. (Goal B-4)

Support operation of small and local businesses through efforts like Shop Palo Alto, an initiative developed in partnership with the Chamber of Commerce and local and regional business districts. (Goal B-2)

Continue to provide support and assistance to local business associations including the Business Improvement District, California Avenue Development Association, Midtown businesses and others to enhance the vitality of the districts and of individual businesses. (Goal B-2, B-3, B-5)

Planning and Community Environment

PLANNING AND TRANSPORTATION

To provide professional leadership in planning for Palo Alto's future by recommending and effectively implementing land use, transportation, environmental, housing and community design policies and programs that preserve and improve Palo Alto as a vital and highly desirable place to live, work, and visit.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	3,709,047	3,820,935	4,115,525	4,177,747
Contract Services	1,035,914	1,366,570	970,237	970,237
Supplies and Materials	42,862	32,334	42,170	42,170
Facilities and Equipment Purchases	9,331	6,500	8,035	8,035
General Expense	209,813	241,536	233,838	233,838
Allocated Charges	193,799	198,835	272,101	272,101
Operating Transfers Out	7,607	7,607	7,607	7,607
TOTAL EXPENDITURES	**$5,208,373**	**$5,674,317**	**$5,649,513**	**$5,711,735**
TOTAL REVENUES	**$1,648,234**	**$1,736,557**	**$1,502,164**	**$1,502,164**
Total Full Time Positions	28.55	28.45	29.00	29.00
Total Temporary Positions	0.47	0.27	0.75	0.75

BUILDING

To review construction projects and improvements for compliance with all applicable codes and ordinances in a professional and efficient manner; and to ensure that all subject to the development review process achieve the specified quality and design.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	2,641,260	2,511,050	2,218,908	2,273,260
Contract Services	432,141	385,358	348,341	348,341
Supplies and Materials	21,521	14,803	9,369	9,369
Facilities and Equipment Purchases	5,912	4,374	4,300	4,300
General Expense	162,822	154,617	154,461	154,461
Rents and Leases	288,741	269,047	299,222	299,222
Allocated Charges	80,931	93,632	94,213	94,213
TOTAL EXPENDITURES	**$3,633,328**	**$3,432,881**	**$3,128,814**	**$3,183,166**
TOTAL REVENUES	**$4,160,313**	**$4,070,955**	**$4,137,200**	**$4,237,200**
Total Full Time Positions	22.20	22.30	17.35	17.35
Total Temporary Positions	0.68	0.68	0.88	0.88

ECONOMIC DEVELOPMENT

To provide information and data, on the local economy and business community, that will assist the City Council in decision-making; identify initiatives that will increase City revenues and economic health; and facilitate communication and working relationships within the business community.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	206,241	213,416	193,556	198,160
Contract Services	7,773	267,000	260,200	20,200
Supplies and Materials	45	1,280	1,280	1,280
General Expense	14,517	6,110	5,910	5,910
Allocated Charges	156	0	0	0
TOTAL EXPENDITURES	**$228,732**	**$487,806**	**$460,946**	**$225,550**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	1.00	1.00	1.00	1.00
Total Temporary Positions	0.00	0.00	0.00	0.00

Police Department

Police Department

Organizational Chart

POLICE CHIEF

DENNIS BURNS (ACTING)

Police Personnel Services
1.0-Police Lieutenant
1.0-Police Agent/Officer
1.0-Admin Associate II
1.0-Program Assistant II

Administration
1.0-Assistant Chief of Police
1.0-Senior Administrator
1.0-Administrative Assistant
1.0-Police Agent/Officer

Technical Services
1.0-Coordinator, Technical Serv
1.0-Business Analyst
2.0-Crime Analyst
1.0-Public Safety Dispatcher - Lead
1.0-Code Enforcement Officer
1.0-Communications Technician

Dispatching Services
1.0-Supervisor, Police Services
4.0-Public Safety Dispatcher - Lead
16.0-Public Safety Dispatcher I/II

Information Management
1.0-Supervisor, Police Services
1.0-Police Records Specialist-Lead
7.0-Police Records Specialist II

Field Services
1.0-Police Captain
1.0-Police Agent/Officer
1.0-Admin Associate II

Field Services (Patrol)
3.0-Police Lieutenants
10.0-Police Sergeants
50.0-Police Agent/Officer
0.5-Code Enforcement Officer

Traffic, Parking, & Special Event Services
1.0-Police Lieutenant
2.0-Police Sergeant
5.0-Police Agent/Officer
1.0-Supervisor, Police Services
9.0-Community Service Officer

Investigative Services
1.0-Police Captain
1.0-Admin Associate II
1.0-Court Liaison Officer
1.0-Program Coordinator
2.0-Police Sergeant
11.0-Police Agent/Officer
2.0-Property/Evidence Technician

Animal Services
1.0-Superintendent, Animal Serv
1.0-Supervisor, Animal Serv
1.0-Veterinarian
4.5-Animal Control Officer
1.0-Animal Service Specialist
1.0-Animal Service Specialist II
2.0-Veterinarian Technician
0.5-Volunteer Coordinator

Fiscal Year 2010 Position Totals: **161.50 Full-time**
5.26 Hourly

Police

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

OVERVIEW

In Fiscal Years 2010 and 2011, due to the current economic health of the City, the Police Department will eliminate 2.5 positions, resulting in reduced business hours to the public, on campus services to the middle and high schools, and the reduction of the Police Volunteer Program. A detailed account of the impacts to community can be found in the Service Level Impact section of the budget.

In spite of these service reductions, the Department will continue its efforts in outreach and civic engagement to ensure accountability and increase trust with the community. The Department will continue with a number of community activities both within the City of Palo Alto, and neighboring cities. The Department will continue the plan that calls for enhanced communications with the schools, the community, and faith-based organizations. A more detailed look at the plan can be found in the Council Priority Implementation section of the budget.

In conjunction with the City's Climate Protection Plan (CPP), the Department will continue to recommend measures to reduce greenhouse gas levels. These recommendations will meet the Department's goals for decreased carbon emissions.

In conjunction with the Fire Department, Utilities, Public Works Department and the City Manager's Office, the Police Department will continue to play a key role in coordinating citywide functions of emergency preparedness and response to natural and criminal disasters. The Department will continue to coordinate the City's homeland security planning, training, and regional interactions. Staff will work with other City departments to develop a regular emergency exercise schedule that includes Palo Alto Neighborhoods (PAN) and the business community. In Fiscal Year 2010, the Department is planning to participate in Urban Shield '09, an exercise to assess law enforcement's ability to cope with and manage a large scale natural disaster or terrorism related incident. With the assistance of additional outside funding sources, the deployment of a fully functional Mobile Command Vehicle will enhance field operations and communications capabilities at the scene of an incident, and allow for greater integration of mutual aid resources at the scene of a regional disaster or critical incident. In Fiscal Year 2010, this vehicle will have the capability of being used as a back-up 9-1-1 Center and to support an alternate Emergency Operations Center (EOC).

In collaboration with the City's Information Technology Fund, the Department will continue implementation of its technology strategic plan, including the continued sheduled replacement and upgrade of the City's radio infrastructure; the deployment of Mobile Data Computers (MDC) in all Fire apparatus; complete work on the Automatic Vehicle Location (AVL) mapping system in Police and Fire vehicles; and begin development of a situational awareness component for field commanders and the EOC. The department will complete the design and implementation of a bar coding evidence system that will improve property and evidence processing and management, as well as ensure chain of custody integrity. In a joint interagency project with the cities of Mountain View and Los Altos, the Department will begin replacement of the existing 10-year old Computer Aided Dispatch (CAD) system. This project leverages the resources of all three agencies for a cost effective solution that will ensure stable and seamless communication between the three jurisdictions during emergencies and disasters, as well as during routine police and fire incidents and provide a level of redundancy in case of a catastrophic event.

Traffic safety and calming will continue to be a high priority for the Police Department with continuing focus on speed reduction, red light violations, and bicycle and pedestrian safety. Through the use of State funds, the Department will continue participation in various programs with the goal of reducing the number of victims killed and injured in alcohol-related motor vehicle accidents.

Police

Work will continue on the Public Safety Building project and pursue the relocation of the Palo Alto Animal Service Center to the former Los Altos Treatment Plant (LATP) site.

PROGRAM UPDATE

The Police Department has implemented the following programs:

Civic Engagement

- Instituted monthly meetings with the Police Chief to give the community an opportunity to discuss current issues and police practices and express concerns
- In conjunction with the Human Relations Commission, created the Community Advisory Committee, a diverse group of citizens to advise the Police Chief on police practices and race relations
- Explored enlisting services of the United States Department of Justice (USDOJ) Community Relations Service and Santa Clara County Office of Human Relations (SCCOHR) to engage with the community in Palo Alto and the Peninsula in order to develop trust and create a dialogue on race and police practices
- Identified key command personnel to attend the Tools for Tolerance Executive Leadership Course. This course examines the dimensions of diversity and leadership focusing on the unique challenges in an increasingly democratic and diverse society
- Worked closely with the Independent Police Auditor to review current practices, policies and procedures to ensure that the Department is in compliance and to determine if any policies needed updating or modification
- Continued meeting with student groups from Stanford University, Gunn and Palo Alto High Schools to discuss issues pertaining to race and police practices
- Continued to meet with local churches and clergy to discuss police practices and community issues
- Continued implementation of a five-year strategic plan for the Police Department
- Continued the Parenting Project in conjunction with the Palo Alto Unified School District (PAUSD). This 12-week program assisted over 60 families with troubled or at-risk children. Program is now provided in Spanish as well as English
- The Department continues to compile and report demographic data on police contacts to City Council and meet quarterly with the Human Relations Commission on the report and community outreach
- Partnered with the Humane Society of Silicon Valley to provide local teens with community service as they learn about animal welfare and receive hands-on experience as they work with Animal Services staff in their daily activities
- Provided a mentoring program to local veterinarians interested in improving spay and neuter surgery skills

Emergency Disaster Preparedness

- Participated in the Emergency Preparedness Steering and the Emergency Preparedness Working Groups. These groups develop strategies and objectives to improve cross-departmental response during an emergency. This year the groups continued to develop strategic, city-wide objectives to improve response during an emergency or disaster
- Participated in Silver Sentinel exercise with the business community, Santa Clara County Office of Emergency Services (OES), and City staff. Exercise was based on the response to a major earthquake hours after the event

- Participated in Urban Shield '08, a region-wide, 50-hour exercise to assess law enforcement's ability to cope with and manage large scale natural disasters and terrorism related incidents
- Participated in the Northern California Regional Information Center's (NCRIC) Terrorism Early Warning Group (TEWG). The group's mission is to collect, evaluate, analyze, and disseminate timely information related to terrorist threats, criminal events, organized criminal activity, narcotics organizations, gang activity or serial crime events to government and private agencies. TEWG also provides a platform of interagency cooperation, communication, training, and technical/equipment support to the jurisdictions in the area
- Received initial approval of $150,000 in additional funding from the Anti-Terrorism Approval Authority for State Homeland Security and applied for $150,000 from the Bay Area Urban Area Security Initiative (BAUASI) to enhance the Mobile Command Vehicle CIP and make the project more "interoperable", allowing for greater integration of mutual aid resources at the scene of regional disaster or critical incident
- Developed a Department Emergency Plan to provide staffing, pre-plans, recall of off-duty personnel, critical infrastructure protection and related protocols
- Developed an emergency response plan to provide shelter care for the animals and remain the primary animal care resource for the community in the event of a disaster. Animal Services staff received Community Emergency Response Team (CERT) First Responder training. Animal Services acquired a large container to hold disaster preparedness supplies for animals and staff

Recruitment and Training

- The Wellness Program for sworn personnel has shown a dramatic shift in the general health of the participating officers. Over the course of the four-year program, participants have seen a 46 percent reduction in high cancer risk, a 75 percent reduction in high blood pressure, a 30 percent reduction in high stress, and an 80 percent reduction in smoking

Traffic Safety and Calming Efforts

- Participated in the Santa Clara County "Avoid the 13" Holiday Campaign in which Palo Alto officers made 59 arrests for driving under the influence
- Participated in the month long "Click it or Ticket" Campaign sponsored by Santa Clara County designed to ensure vehicle occupant safety through the use of safety belts. Officers issued 272 seat belt violations during the campaign and achieved 86 percent compliance
- Participated in programs such as "Adopt-A-School" and "Operation Safe Passage" designed to maximize enforcement efforts around the schools to insure pedestrian safety

Crime Suppression/Investigation Efforts

- Received a guilty verdict in Federal Court for a subject who was charged with burning down a commercial building in downtown Palo Alto
- Arrested subjects in connection with a homicide in downtown Palo Alto, a string of street robberies in Palo Alto and surrounding cities, multiple burglaries at elementary schools, and a suspect who had fled out of state after he attempted to run over a police officer while being issued a traffic citation
- Implemented a graffiti tracking system, a centralized, web-based application that helps patrol officers, investigators, and other users document instances of graffiti vandalism, manage investigations, track graffiti removal requests and compile actionable intelligence

Technical Services

- Continued deployment of Automatic Vehicle Location (AVL) mapping system in Police and Fire vehicles and began development of a situational awareness component for field commanders and the Emergency Operations Center (EOC). This system will allow dispatchers to send emergency response personnel based on location and will reduce the response times to emergencies. It will also enhance situational awareness for incident commanders and field supervisors
- Completed training of police officers to perform booking and fingerprinting through the LiveScan System, enhancing our ability to process arrests and identify criminal suspects
- Completed a number of critical radio infrastructure projects including: recabled the 9-1-1 Center to improve equipment access and reliability, upgraded the radio room and installed redundant power for radio equipment, replaced the remote radio desktops at the Municipal Service Center (MSC) for the local government radio channels, upgraded the voter control capabilities and the main/standby switching capabilities
- Completed the installation and testing of the equipment for the county-wide digital microwave system connecting 19 agencies throughout Santa Clara County. This system provides a private public safety network between agencies in Santa Clara County and will provide a pathway for a variety of critical applications and systems
- Replaced the digital imaging system with a new state-of-the-art system and added an additional access workstation in the detective bureau. Officers and investigators use this system to store and retrieve digital photos for documentation and evidence at crime scenes, traffic accidents, and other incidents. This new system provides a large digital image archive database and maintains the images
- Initiated the procurement process to acquire a bar-coding system which will improve the Department's property and evidence processing and management while ensuring the integrity of the chain of custody for evidence

Public Safety Building

- Public Works, Administrative Services, and Police staff continued work on the proposed project. Design plans were presented at the Planning and Transportation Commission (P&TC), the Art Commission, and two ARB meetings. The schematic design effort has been completed and will be followed by the design development and construction document phases
- Assisted Planning in the development of a nexus study and an impact fee ordinance for the new public safety building. The fee study will adhere to the requirements of the Mitigation Fee Act or Government Code 66000, which dictates the circumstances in which cities can charge new development for public facilities

Animal Services Shelter Renovation

- Completed major repair work including replacement of the roof, termite repair, and heating and cooling equipment repair and replacement
- Continued to evaluate plans to pursue the rebuilding of the Animal Shelter at Los Altos Treatment Plant (LAPT) site

COUNCIL PRIORITY IMPLEMENTATION

The Fiscal Years 2010 and 2011 Police Department's Adopted Budget will implement the City Council's Top 3 Priorities as follows:

Environmental Protection

- In conjunction with the City's Climate Protection Plan (CPP), the Department will continue to recommend measures to reduce greenhouse gas emission levels. These recommendations include continuing encouragement of employees to use alternate commute strategies, installing a second battery system in all patrol vehicles to eliminate unnecessary idling at traffic incidents, and replacement of Department vehicles with CNG, where applicable

Civic Engagement for the Common Good

- The Department will begin the fourth year of the five-year strategic plan concentrating on outreach to diverse communities
- With continued support from Palo Alto School Unified District (PAUSD), the Parent Project, designed to assist parents who have troubled or at-risk children, will be expanded
- Continue monthly meetings with the Police Chief to give the community an opportunity to discuss current issues, police practices, and express concerns
- Work with the Community Advisory Group, a diverse group of citizens to advise the Police Chief on police practices and race relations
- Work closely with the Independent Police Auditor to review current practices, policies and procedures to ensure that the Department is in compliance and to determine if any policies need updating or modification
- Continue to meet with student groups from Stanford University, Gunn and Palo Alto High Schools to discuss issues pertaining to race and police practices
- Continue to meet with local churches and clergy to discuss police practices and community issues
- Continue to manage the operation of the Community Alerting and Notification System (CANS) to provide effective and efficient time-sensitive information to the public during emergencies and other incidents
- The Community Relations Officer will continue to liaison with the media and the community for improved relationship, information sharing, and to supervise Public Information Officers who respond to critical incidents and natural disasters
- Through the Student Police Academy, the Department will continue to reach out to the youth of our community. The academy acquaints young people with the objectives of the Department and allow students to gain a more in-depth and personal understanding of law enforcement
- In a collaborative effort with the PAUSD and the PTA, the Department will conduct an education and enforcement campaign geared towards enhancing safe passage of students going to and from school

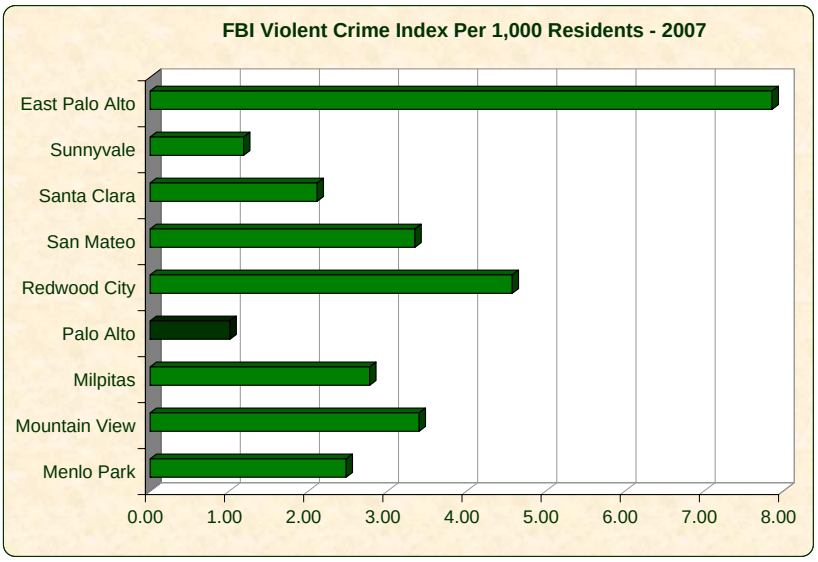
Economic Health of the City

- In an effort to contribute economic health of the City, the Police Department will reorganize around its new Police Chief. The elimination of 2.5 positions and other funding decreases will save $286,000 but will result in reduced business hours to the public, on campus services to middle and high schools, and the reduction of the Police Volunteer Program
- The Department will continue to seek alternative funding sources to enhance police operations

Police

DEPARTMENT SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Administration	484,846	439,255	466,771	27,516	6%	470,498	3,727	1%
Field Services	13,711,237	13,810,279	13,401,085	(409,194)	(3%)	14,289,037	887,952	7%
Technical Services	6,630,843	6,489,549	6,651,516	161,967	2%	6,749,276	97,760	1%
Investigations and Crime Prevention Services	3,335,577	3,085,775	3,578,625	492,850	16%	3,762,042	183,417	5%
Traffic Services	1,660,047	1,620,766	1,882,320	261,554	16%	1,985,846	103,526	5%
Police Personnel Selection	1,062,387	1,038,270	1,018,100	(20,170)	(2%)	1,019,224	1,124	0%
Animal Services	1,698,672	1,748,615	1,731,726	(16,889)	(1%)	1,764,563	32,837	2%
Parking Services	841,632	1,461,948	1,268,173	(193,775)	(13%)	1,287,872	19,699	2%
TOTAL EXPENDITURES	$29,425,241	$29,694,457	$29,998,316	$303,859	1%	$31,328,358	$1,330,042	4%
TOTAL REVENUES	$5,003,839	$5,511,122	$5,191,217	$(319,905)	(6%)	$5,204,214	$12,997	0%
INTERNAL REVENUES	493,250	512,000	512,000	0	0%	512,000	0	0%
EXTERNAL REVENUES	4,510,589	4,999,122	4,679,217	(319,905)	(6%)	4,692,214	12,997	0%



INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	25,156,037	24,843,931	25,176,626	26,521,493
Contract Services	968,177	1,291,796	1,295,852	1,295,852
Supplies and Materials	385,965	407,740	415,530	415,530
Facilities and Equipment Purchases	51,593	74,718	79,500	79,500
General Expense	248,185	307,912	337,415	319,415
Rents and Leases	2,680	2,950	2,950	2,950
Allocated Charges	2,612,604	2,765,410	2,690,443	2,693,618
TOTAL EXPENDITURES	**$29,425,241**	**$29,694,457**	**$29,998,316**	**$31,328,358**
TOTAL REVENUES	**$5,003,839**	**$5,511,122**	**$5,191,217**	**$5,204,214**
Total Full Time Positions	163.00	164.00	161.50	161.50
Total Temporary Positions	5.51	5.51	5.26	5.26

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of total calls for service (SEA)	58,742	60,000	60,000
Efficiency:			
1. Average response time from receipt to on-scene urgent calls (SEA)	7:02	10:00	10:00
2. Average response time from receipt to on-scene emergency calls (SEA)	4:32	6:00	6:00
3. Average response time from receipt to on-scene non-emergency calls (SEA)	24:06	45:00	45:00
Effectiveness:			
1. Percentage of those surveyed rating police services as good or excellent (SEA)	84%	90%	90%

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Reduce parking citation revenue	(180,000)		(180,000)			0

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Increase administrative citation revenue	23,000		23,000			0
Increase misdemeanor fines	50,000		50,000			0
Reduce traffic fines and penalties revenue	(200,000)		(200,000)			0
Increase Stanford communications revenue	17,442		17,442	12,997		12,997
Increase dog license fee	6,000		6,000			0
Increase in spray and neuter programs fees	25,000		25,000			0
Reduce false alarm fee revenue	(50,000)		(50,000)			0
Increase intrusion alarm permit fee revenue	30,000		30,000			0
Reduce applicant permit fees	(10,000)		(10,000)			0
Reduce State Office of Traffic Safety grant revenue	(13,400)		(13,400)			0
Reduce Police Service fee	(70,000)		(70,000)			0
TOTAL REVENUE CHANGES	**$(371,958)**	**$0**	**$(371,958)**	**$12,997**	**$0**	**$12,997**
Adjustments (Note 1)		52,053	52,053			0
NET REVENUE CHANGES	**$(371,958)**	**$52,053**	**$(319,905)**	**$12,997**	**$0**	**$12,997**
EXPENDITURE CHANGES						
Salary and Benefits						
Eliminate 0.5 FTE Volunteer Coordinator	(51,746)		(51,746)			0
Eliminate 1.0 FTE Police Records Specialist II - Records/Front Desk	(82,773)		(82,773)			0
Eliminate 1.0 FTE Police Officer - School Resources Program	(146,515)		(146,515)			0
Deferral of PAPOA salary and benefits increase		(794,068)	(794,068)		794,068	794,068
Personnel Benefit Costs Increase (Note 2)	835,592		835,592	550,799		550,799
Total Salary and Benefits Changes	**$554,558**	**$(794,068)**	**$(239,510)**	**$550,799**	**$794,068**	**$1,344,867**
Salary Increase	466,931		466,931			
Adjustments (Note 1)		105,274	105,274			0
Total Net Salary and Benefits Changes	**$1,021,489**	**$(688,794)**	**$332,695**	**$550,799**	**$794,068**	**$1,344,867**
Non-Salary						

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Lateral incentive program		15,000	15,000			0
Increased contract costs for radio infrastructure maintenance	13,000		13,000			0
Increase for Cal NENA emergency telephone number network		3,000	3,000			0
Increase for Cal ID fingerprint identification services	8,970		8,970			0
Increase for County crime lab expenses	8,423		8,423			0
Reduction for suspension of the Police Volunteer Program	(4,650)		(4,650)			0
Allocated Changes increase (decrease) (Note 3)	(74,967)		(74,967)	3,175		3,175
Total Non-Salary Changes	**$(49,224)**	**$18,000**	**$(31,224)**	**$3,175**	**$0**	**$3,175**
Adjustments (Note 1)		2,388	2,388		(18,000)	(18,000)
Total Net Non-Salary Changes	**$(49,224)**	**$20,388**	**$(28,836)**	**$3,175**	**$(18,000)**	**$(14,825)**
NET EXPENDITURE CHANGES	**$972,265**	**$(668,406)**	**$303,859**	**$553,974**	**$776,068**	**$1,330,042**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed and included from this year's budget as planned.

Note 2: Personnel benefit costs changes are primarily due to a reduction in benefit cost allocations in Fiscal Year 2009 that were not continued in Fiscal Year 2010. In Fiscal Year 2011, the increase is due to the return of the General Fund contribution for future Retiree Medical benefits that was suspended in Fiscal Year 2010.

Note 3: As a response to the decline in revenues, departmental expenditures have been reduced. This reduction in departmental expenditures results in a decrease of General Fund cost plan allocations.

SERVICE LEVEL CHANGES

- The elimination of the Volunteer Coordinator will suspend the marketing, recruitment, selection, training and placement of new volunteers in the Police Department. Police will attempt to maintain the existing group of volunteers who are assigned to specific, ongoing tasks but the number of volunteers and hours donated would be significantly reduced. Volunteers have been an essential part of the Police Department's day-to-day operations and a key component to its ongoing community relations efforts since 1983
- The elimination of a Police Records Specialist II would require the reduction in the hours Records is open to the public one day a week or the equivalent hours over the entire week. The Records Unit currently is

staffed Monday through Friday and is open to the public from 8:00 a.m. to 5:00 p.m. to meet the needs of the public and officers. One of the Records Unit primary functions is to process police reports in accordance with legal mandates, liaison with outside law enforcement agencies and input case report information into a variety of databases

- The elimination of a Police Officer - Intermediate would suspend proactive services in the middle schools and drastically cut the amount of time officers spend in each high school, reducing the ability of the Police Department to have a full understanding of the school issues and to effectively deal with those issues in a timely manner. The Department currently has two detectives assigned as School Resource Officers (SRO). The SRO's spend a majority of their time working in the two high schools and three middle schools building relationships with the staff, students, and parents. Some requests for service by the schools would be handled by the Patrol Division on a priority basis. The elimination of this position may inhibit the ability of the Detective Bureau to gather resources in an effective and timely manner, in the event of a critical incident or substantial crime trend

COMPREHENSIVE PLAN OVERVIEW

The Fiscal Years 2010 and 2011 Police Budget includes the following resources directed towards implementing the programs and policies of the Comprehensive Plan:

TRANSPORTATION

Traffic Services will continue to participate in City committees charged with utilizing enforcement and educational tools to improve traffic safety on City roadways. (Policy T-47)

The Police Department continues to contract for crossing guard services at elementary and middle schools. (Program T-45)

NATURAL ENVIRONMENT

The Police Department continues its efforts in the area of consolidated regional services through the use of the Palo Alto/Mountain View SWAT Team with plans to incorporate Los Altos into the team. (Program N-80)

GOVERNANCE

The Police Department continues to operate a number of programs in this area, including Neighborhood Watch and the Family Services Unit, which addresses social and criminal issues and the interrelationship between family members. (Program G-10)

FIELD SERVICES

To provide the public with initial police response to emergency and non-emergency requests for service in a coordinated and timely manner.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	12,953,709	12,721,870	12,417,611	13,305,563
Contract Services	13,160	10,550	10,300	10,300
Supplies and Materials	139,517	156,822	154,880	154,880
General Expense	58,640	126,563	166,400	166,400
Allocated Charges	546,211	794,474	651,894	651,894
TOTAL EXPENDITURES	**$13,711,237**	**$13,810,279**	**$13,401,085**	**$14,289,037**
TOTAL REVENUES	**$314,500**	**$387,954**	**$306,900**	**$306,900**
Total Full Time Positions	73.10	73.10	69.10	69.10
Total Temporary Positions	1.57	1.57	1.32	1.32

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of violent crimes reported (SEA)	71	85	85
2. Number of police officer visits to elementary schools	186	238	238
3. Number of emergency calls requiring police response	811	1,000	1,000
4. Number of Part 1 crimes reported (SEA)	1,843	2,000	2,000
5. Number of urgent calls requiring police response	7,251	6,500	6,500
Efficiency:			
1. Percent of response to emergency calls within 6 minutes from time of receipt to first officer arrival	77%	90%	90%
Effectiveness:			
1. Percent of residents who feel safe from violent crime (SEA)	85%	90%	90%

TECHNICAL SERVICES

To provide quality operational and technical support by delivering reliable dispatching services of Police, Fire, Utilities, Public Works, Animal Services, and Stanford law enforcement personnel, processing police report information in a timely and efficient manner, maintenance of critical radio systems and making use of industry-standard technology and practices to leverage resources and improve the delivery of public safety services to the community.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	4,687,527	4,650,387	4,711,510	4,812,270
Contract Services	233,125	220,783	245,467	245,467
Supplies and Materials	51,287	51,100	55,100	55,100
Facilities and Equipment Purchases	51,245	67,050	75,000	75,000
General Expense	138,988	126,250	108,800	105,800
Allocated Charges	1,468,671	1,373,979	1,455,639	1,455,639
TOTAL EXPENDITURES	**$6,630,843**	**$6,489,549**	**$6,651,516**	**$6,749,276**
TOTAL REVENUES	**$1,205,458**	**$1,197,875**	**$1,195,317**	**$1,208,314**
Total Full Time Positions	38.50	38.50	37.50	37.50
Total Temporary Positions	1.51	1.51	1.37	1.37

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of emergency calls dispatched	811	1,000	1,000
2. Number of urgent calls dispatched (SEA)	7,251	7,500	7,500
3. Number of online reports received	623	800	800
Efficiency:			
1. Percent of emergency calls dispatched in 60 seconds (SEA)	96%	95%	95%
2. Percent of urgent calls dispatched in 90 seconds	74%	95%	95%
3. Percent of online reports entered in records system in 3 business days	93%	90%	90%

INVESTIGATIONS AND CRIME PREVENTION SERVICES

To apprehend and prosecute offenders and/or resolve investigations in a timely and thorough manner.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	3,061,223	2,768,141	3,263,860	3,447,277
Contract Services	161,698	185,917	197,010	197,010
Supplies and Materials	21,044	16,460	17,890	17,890
General Expense	3,730	8,680	12,050	12,050
Rents and Leases	2,680	2,950	2,950	2,950
Allocated Charges	85,202	103,627	84,865	84,865
TOTAL EXPENDITURES	**$3,335,577**	**$3,085,775**	**$3,578,625**	**$3,762,042**
TOTAL REVENUES	**$69,844**	**$223,893**	**$0**	**$0**
Total Full Time Positions	16.35	17.35	19.35	19.35
Total Temporary Positions	0.09	0.09	0.09	0.09

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of sex registrants monitored in Palo Alto	33	30	30
2. Number of elder abuse cases investigated	8	20	20
3. Number of hours spent by School Resource Officers in middle and high schools	625	2,000	1,000
4. Number of Part 1 crimes assigned to investigators	1,839	2,000	2,000
Efficiency:			
1. Percent of sex registrants checked on annual basis	205%	100%	100%
Effectiveness:			
1. Percent of rape cases assigned to investigators cleared/closed	100%	80%	80%
2. Percent of elder abuse cases assigned to investigators cleared/closed	150%	80%	80%
3. Percent of homicide cases assigned to investigators cleared/closed	100%	85%	85%
4. Percent of robbery cases assigned to investigators cleared/closed	104%	40%	40%

TRAFFIC SERVICES

To minimize injury and property damage by promoting a safe and orderly flow of pedestrian, bicycle, and vehicular traffic.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,230,505	1,162,429	1,443,785	1,547,311
Contract Services	322,570	351,800	352,525	352,525
Supplies and Materials	4,552	550	550	550
Facilities and Equipment Purchases	0	7,168	4,000	4,000
General Expense	3,126	1,800	2,000	2,000
Allocated Charges	99,294	97,019	79,460	79,460
TOTAL EXPENDITURES	**$1,660,047**	**$1,620,766**	**$1,882,320**	**$1,985,846**
TOTAL REVENUES	**$416,879**	**$615,900**	**$452,500**	**$452,500**
Total Full Time Positions	7.45	7.45	8.95	8.95
Total Temporary Positions	0.00	0.00	0.00	0.00

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of traffic citations issued by the department (SEA)	6,326	7,000	7,000
2. Number of injury accidents (SEA)	324	375	375
3. Number of DUI arrests (SEA)	343	250	250
4. Number of bicycle/pedestrian accidents (SEA)	84	100	100
Efficiency:			
1. Number of traffic citations issued per traffic officer	603	650	650
Effectiveness:			
1. Ratio of traffic citations issued and DUI arrests to total injury accidents	21:1	20:1	20:1
2. Percent reduction in collisions in "super block" during school hours	24%	15%	15%
3. Percent reduction in bicycle/pedestrian accidents (SEA)	19%	10%	10%
4. Percent rating traffic services good or excellent (SEA)	64%	66%	66%

POLICE PERSONNEL SELECTION

To provide professional public safety services through comprehensive hiring, training, and the development of employees and volunteers.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	796,757	759,126	761,418	777,542
Contract Services	193,967	211,150	181,650	181,650
Supplies and Materials	34,813	29,080	29,080	29,080
General Expense	26,083	23,075	29,925	14,925
Allocated Charges	10,767	15,839	16,027	16,027
TOTAL EXPENDITURES	**$1,062,387**	**$1,038,270**	**$1,018,100**	**$1,019,224**
TOTAL REVENUES	**$112,395**	**$0**	**$0**	**$0**
Total Full Time Positions	5.25	5.25	4.75	4.75
Total Temporary Positions	0.20	0.20	0.34	0.34

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of total officer training hours	12,546	13,500	13,340
2. Number of police officer and dispatcher positions filled	105	109	109
3. Number of citizen complaints filed (SEA)	20	10	10
4. Number of citizen commendations received (SEA)	141	150	150
5. Number of worker's compensation claims filed	11	20	20
Efficiency:			
1. Number of training hours per officer	148	145	145
2. Percent of candidates for police officer and dispatcher positions given conditional job offers within 120 days of processing employment applications	100%	90%	90%
3. Percent of use of force, citizen complaint, and canine investigations completed within 90 days of receipt of information	100%	90%	90%
Effectiveness:			
1. Percent of police officer and dispatcher staffing levels maintained	90%	95%	95%
2. Ratio of citizen commendations to complaints filed	7.1	14:1	14:1

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
3. Percent of worker's compensation claims reduced	39%	10%	10%

ANIMAL SERVICES

To ensure the protection and well-being of animals and people by providing responsive and proactive animal services.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,459,879	1,467,838	1,457,619	1,487,281
Contract Services	35,362	40,200	40,200	40,200
Supplies and Materials	99,848	112,210	112,210	112,210
Facilities and Equipment Purchases	348	500	500	500
General Expense	8,652	9,040	9,040	9,040
Allocated Charges	94,583	118,827	112,157	115,332
TOTAL EXPENDITURES	**$1,698,672**	**$1,748,615**	**$1,731,726**	**$1,764,563**
TOTAL REVENUES	**$1,156,055**	**$1,115,500**	**$1,146,500**	**$1,146,500**
Total Full Time Positions	12.20	12.20	12.20	12.20
Total Temporary Positions	1.22	1.22	1.22	1.22

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of Palo Alto animal service calls (SEA)	3,059	3,000	3,000
2. Number of regional animal service calls (SEA)	1,666	1,700	1,700
3. Number of animals sheltered (SEA)	3,532	3,800	3,800
Efficiency:			
1. Percent of animal calls responded to in 45 minutes (SEA)	91%	93%	93%
2. Percent of regional animal calls responded to in 60 minutes	91%	90%	90%
Effectiveness:			
1. Percent of dogs returned to their owners (SEA)	75%	65%	65%
2. Percent of cats returned to their owners (SEA)	17%	8%	8%

PARKING SERVICES

To manage, enforce, and resolve vehicle parking regulations and issues in an effort to facilitate the timely movement of vehicles and provide for public safety within the City of Palo Alto.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	800,612	1,131,048	952,463	972,162
Contract Services	8,295	271,396	266,000	266,000
Supplies and Materials	3,591	11,285	14,500	14,500
General Expense	0	3,104	0	0
Allocated Charges	29,134	45,115	35,210	35,210
TOTAL EXPENDITURES	**$841,632**	**$1,461,948**	**$1,268,173**	**$1,287,872**
TOTAL REVENUES	**$1,728,708**	**$1,970,000**	**$2,090,000**	**$2,090,000**
Total Full Time Positions	9.15	9.15	8.65	8.65
Total Temporary Positions	0.92	0.92	0.92	0.92

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of parking citations issued (SEA)	50,706	60,000	60,000
2. Number of abandoned and stored vehicle complaints	976	1,000	1,000
Efficiency:			
1. Number of parking citations issued per Parking Enforcement Officer	8,638	7,500	7,500
Effectiveness:			
1. Percent of compliance rate for parking time limits in downtown area	96%	95%	95%
2. Percent of abandoned and stored vehicle complaints processed in 10 working days	97%	90%	90%

Public Works Department

PUBLIC WORKS DEPARTMENT

Organizational Chart

PUBLIC WORKS DIRECTOR
Glenn Roberts

1.0-Administrative Assistant

1.0-Sr Administrator of Public Works

ENGINEERING
1.0-Asst Director/Public Works
1.0-Administrator, IMP
1.0-Admin Associate III
1.0-Admin Associate I

INSPECTIONS/SURVEYS
1.0-Superv Inspections/Survey
1.0-Inspector-Field Serv
1.0-Surveyor
1.0-Surveying Asst

PROJECT MANAGEMENT
2.0-Sr Engineer
3.0-Project Engineer
3.0- Engineer
1.0-Engineering Tech III
1.0-Architect/Park Planner
1.0-Project Mgr

PRIVATE DEVELOPMENT
1.0-Sr Project Mgr
1.0-Supervising Project Engineer
3.0-Engineering Tech III

STORM DRAIN
1.0-Sr. Engineer
1.0 Project Engineer

EQUIPMENT MANAGEMENT
1.0-Fleet Manager
1.0-Admin Associate III
1.0-Asst Fleet Manager
1.0-Sr Fleet Services Coordinator
2.0-Fleet Services Coordinator
2.0-Equipment Maint Serv Person
7.0-Motor Equipment Mechanic II
1.0-Mobile Service Technician

FACILITIES MANAGEMENT
1.0-Mgr Facility Maint. & Proj
1.0-Project Engineer
1.0-Admin Associate II

FACILITIES REHABILITATION
1.0-Project Mgr
1.0-Admin Associate I
1.0-Engineering Tech III

FACILITIES MAINTENANCE
1.0-Supv, Facilities Mgt
0.5-Admin Associate I
2.0-Facilities Maint-Lead
6.0-Facilities Mechanic
2.0-Facilities Painter
1.0-Facilities Carpenter
1.0-Electrician

BUILDING SERVICES
1.0-Supv, Facilities Mgt
2.0-Bldg Svc Person-Lead
4.0-Bldg Service Person

WATER QUALITY CONTROL PLANT
1.0-Water Quality Control Plant Mgr
2.0-Admin Associate II

WATER QUALITY CONTROL OPERATIONS
1.0-Sr Engineer
5.0-Supervisor WQC Operations
6.0-Sr Operator, WQC
16.0-Plant Operator II

LABORATORY SERVICES
1.0-Manager Laboratory Services
1.0-Sr Chemist
3.0-Chemist
2.5-Lab Technician

WQC PLANT MAINTENANCE
1.0-Asst Manager WQCP
1.0-Electrician-Lead
3.0-Electrician
1.0-Sr Mechanic
7.0-Maintenance Mechanic
1.0-Business Analyst
1.0-Project Engineer

ENVIRONMENTAL COMPLIANCE
1.0-Mgr. Environmental Compliance
1.0-Program Assistant I

ENVIRONMENTAL CONTROL PROGRAMS
2.0-Mgr. Environmental Ctrl Prgrm
1.0-Program Assistant II
1.0-Environmental Specialist
3.0-Associate Engineer
2.0-Industrial Waste Investigator
1.0-Industrial Waste Inspector
1.0-Engineer Technician III
1.0-Industrial Waste Asst Investigator

OPERATIONS AND REFUSE
1.0-Assistant Director, Public Works
1.0-Admin Associate II

STREETS
1.0-Superintendent, Operations
1.0-Traf Control Maint-Lead
3.0-Traf Control Maint II
2.0-Traf Control Maint I
1.0-Heavy Equip Oper-Lead
2.0-Heavy Equip Oper
4.0-Equip Oper

TREES
1.0-Managing Arborist
2.0-Project Manager (75 Utl Line Clr)
1.0-Admin Associate I
2.0-Tree Maint Person (1.0 Utl Line Clr)
1.0-Tree Trim/Line Clear-Lead
8.0-Tree Trim/Line Clear

LANDFILL OPERATIONS
1.0-Supv Public Works
1.0-Landfill Technician
4.0-Refuse Disposal Attendant
1.0-Heavy Equip Oper-Lead
4.0-Heavy Equip Oper

SIDEWALKS
1.0-Mgr Maint Oper
1.0-Associate Engineer
1.0-Engineering Tech III
1.0-Cement Finisher-Lead
3.0-Cement Finisher

STREET SWEEPING OPERATIONS
1.0-Mgr. Maint Ops
7.0-Str Sweeper Operator
1.0-Heavy Equip Oper-Lead
1.0-Heavy Equip Operator
2.0-Street Maint Assistant

STORM DRAIN OPERATIONS
1.0-Electrician-Lead
1.0-HeavyEquip Oper-Lead
1.0-HeavyEquip OperatorRefuse -Solid Waste Ops/Recycle
1.0-Mgr Solid Waste
1.0-Mgr Environmental Controls
1.0-Senior Engineer
1.0-Environmental Specialist
2.0-Executive Assistant
2.0-Recycling Coordinator
1.0-Program Assistant I
1.0-Admin Associate II
1.0-Administrator

Fiscal Year 2010 Position Totals:

215.00 Full-time
3.29 Hourly

Public Works

To provide efficient, cost effective and enviornmentally sensitive construction, maintenance, and management of Palo Alto streets, sidewalks, parking lots, buildings, and other public facilities; to provide appropriate maintenance, replacement, and utility line clearing of City trees; and to ensure timely support to other City departments in the area of engineering services.

OVERVIEW

Besides managing the Engineering, Facilities Management, and Operations Divisions of the General Fund, the Public Works Department also includes three Enterprise Funds - Refuse, Storm Drainage, and Wastewater Treatment. The Department is also responsible for the Vehicle Replacement and Maintenance Fund, an Internal Service Fund responsible for managing the City fleet.

In Fiscal Year 2009, staff applied for approximately $1.2 million in American Recovery & Reinvestment "stimulus" funding to supplement the annual street maintenance project. Staff will continue to look for stimulus and other funding opportunities in Fiscal Year 2010.

Public Works will continue to implement significant projects during Fiscal Year 2010. With the success of the Library Bond Measure N, design of Mitchell Park Library and Community Center and Downtown Library Improvements began in Fiscal Year 2009 with construction to commence in Fiscal Year 2010. Other major initiatives are the next phase of the Civic Center Infrastructure Improvements; the continuation of the implementation of the Zero Waste Plan and the new Refuse collection and hauling contract; construction of the Ultraviolet Disinfection Facility; and Storm Drain capital projects.

In Fiscal Year 2010, Public Works Engineering will continue to focus on CIP projects. These include the annual street maintenance program and completion of the design of Mitchell Park Library and Community Center and Downtown Library Improvements. Construction on these projects will commence in Spring 2010. In addition the Engineering Division will begin construction of Greer Park Irrigation System Replacement and Phase IV.

The Division will also continue supporting Palo Alto private development activity including issuance of street opening and encroachment permits, certificates of compliance under the Subdivision Map Act, and support of the Planning Department with plan review of grading and drainage issues.

The Public Works Facilities Management Division maintains and operates City facilities with a commitment to sustainability, energy efficiency, and "green" maintenance practices. In Fiscal Year 2010, its efforts will be focused on the continued delivery of custodial, maintenance, and rehabilitation services to achieve maximum life expectancy of the City's buildings and building systems. Implementation of CIP projects will also be a priority, with projects in Fiscal Year 2010 including continuing with the multi- year Civic Center Infrastructure Improvements, Rinconada Pool Plaster repair; accessibility upgrades; interior refurbishment; and roof replacement.

In the Operations Division of Public Works, sidewalk repair program activities will continue in order to reduce the current backlog. Street and sign repairs and painting continue to be done as needed.

The City of Palo Alto proudly maintains one of the highest frequency sweeping schedules in the Bay Area. Staff will be providing continued street sweeping service to the residents and businesses of Palo Alto to maintain the aesthetic quality of the City's streets and neighborhoods and to meet federal, state, and local requirements for pollution prevention. The Council-approved program to limit curbside parking for one hour/one day per week in specified areas has been placed on hold until enforcement issues can be resolved.

The Tree Section of the Operations Division will be updating the street tree management plan and was given a grant by the State to assist in information gathering. Since then, all State grants have been put on hold pending resolution of budget issues. Staff is also continuing to assist the City Manager's Office with preparation of the Urban Forest Master Plan.

Public Works Enterprise and Internal Service Funds are located in separate sections of this document.

PROGRAM UPDATE

In Fiscal Year 2009, the Library Bond Measure N was approved by the voters and work began on the design of the new Mitchell Park Library and Community Center and Downtown Library improvements with construction to commence in Fiscal Year 2010. Design of the Main Library expansion and renovations is scheduled to begin in Fiscal Year 2011. In addition design was completed and construction began on the College Terrace Library and Child Care Center Improvements with construction commencing at the end of Fiscal Year 2009.

Also in Fiscal Year 2009, the annual Street Maintenance project was expanded due to staff successfully obtaining $2.0 million in grant funding. Additional infrastructure work included renovations of major systems at the Civic Center.

Public Works Engineering's Private Development section provided review support for the Campus for Jewish Life and Arbor Real development projects. Staff implemented a cost recovery fee for review of improvement plans and Planning Department reviews in Fiscal Year 2007. Staff developed the business process and has been billing and receiving the fees. Due to the downturn in the economy and it's effects upon the development community the estimated revenue budget was reduced at midyear Fiscal Year 2009 and subsequently for Fiscal Year 2010.

COUNCIL PRIORITY IMPLEMENTATION

In Fiscal Year 2010, the Public Works Department will implement the City Council's Top 3 Priorities as follows:

Environmental Protection

- Continue to evaluate city operations and identify opportunities to reduce greenhouse gasses and increase carbon sequestration by: purchasing greener products, chemicals, construction materials, and landscape materials; increasing equipment efficiency; designing greener City facilities; purchasing low-emission vehicles and equipment; and planting trees and shrubs
- Maintain City facilities at optimal and efficient operating condition by providing on-going operations and maintenance
- Continue to research and evaluate all options for alternative fuel usage and consumption
- Implement the Zero Waste Plan with the start of the new refuse collection contract
- Set a Leadership in Energy and Environmental Design (LEED) Gold certification goal for the Mitchell Park Library and Community Center project

Economic Health of the City

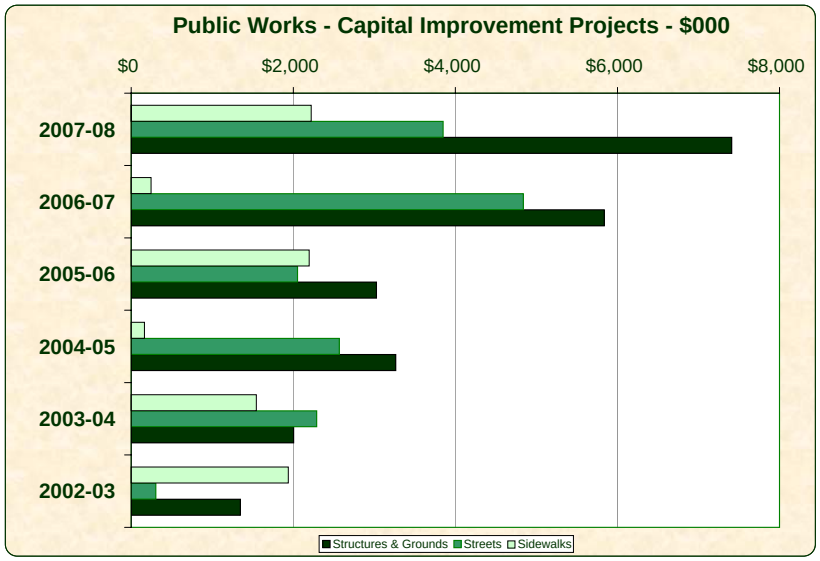
- Continue to pursue grant and outside sources of funding for Capital Improvement Plan projects and maintenance programs (e.g., rubberized asphalt, rubberized sidewalks, and tree grants)
- Continue to streamline and coordinate street resurfacing processes to achieve maximum value for budgetary expenditures
- On-going coordination efforts between Public Works and other City departments to coordinate project

activities to minimize impacts to the natural life of the City streets

- Review and evaluate opportunities to conserve energy and electricity in City facilities when upgrades are in process
- On-going coordination of in-house and contract sidewalk replacement to maximize funding
- Review opportunities to reduce the size of the vehicle fleet through employing new measures to track and verify equipment utilization (Vehicle Fund- ISF)

DEPARTMENT SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Administration	1,154,497	1,056,340	1,125,489	69,149	7%	1,137,890	12,401	1%
Streets	2,246,451	2,450,350	2,500,123	49,773	2%	2,532,482	32,359	1%
Trees	2,300,506	2,278,201	2,334,270	56,069	2%	2,368,713	34,443	1%
Structures and Grounds	5,096,809	5,679,663	5,844,113	164,450	3%	6,013,726	169,613	3%
Engineering	2,141,515	2,077,839	1,696,630	(381,209)	(18%)	1,731,916	35,286	2%
TOTAL EXPENDITURES	$12,939,778	$13,542,393	$13,500,625	$(41,768)	0%	$13,784,727	$284,102	2%
TOTAL REVENUES	$2,702,033	$3,104,826	$2,927,371	$(177,455)	(6%)	$2,973,534	$46,163	2%
INTERNAL REVENUES	1,952,523	2,548,326	2,409,871	(138,455)	(5%)	2,456,034	46,163	2%
EXTERNAL REVENUES	749,510	556,500	517,500	(39,000)	(7%)	517,500	0	0%



Public Works

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	7,457,541	7,430,850	7,581,997	7,759,956
Contract Services	1,746,145	1,951,788	1,963,040	1,963,040
Supplies and Materials	672,343	830,007	905,494	905,494
Facilities and Equipment Purchases	1,082	5,746	5,646	5,646
General Expense	26,911	40,344	33,229	33,229
Rents and Leases	204,400	170,000	170,000	170,000
Allocated Charges	2,814,782	3,097,084	2,824,645	2,930,788
Operating Transfers Out	16,574	16,574	16,574	16,574
TOTAL EXPENDITURES	**$12,939,778**	**$13,542,393**	**$13,500,625**	**$13,784,727**
TOTAL REVENUES	**$2,702,033**	**$3,104,826**	**$2,927,371**	**$2,973,534**
Total Full Time Positions	68.23	69.23	63.67	63.67
Total Temporary Positions	2.56	1.37	1.19	1.19

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Increase plan checking fee	52,500		52,500			
Increase building-new construction permit	30,000		30,000			
Decrease street opening permit	(121,500)		(121,500)			
Increase (decrease) allocated revenue-internal	(138,455)		(138,455)	46,163		46,163
TOTAL REVENUE CHANGES	**$(177,455)**	**$0**	**$(177,455)**	**$46,163**	**$0**	**$46,163**
EXPENDITURE CHANGES						
Salary and Benefits						
Eliminate 0.9 FTE vacant Engineering Tech III	(93,871)		(93,871)			0
Eliminate 0.9 FTE vacant Engineer	(131,976)		(131,976)			0
Reallocate 1.0 FTE Administrator, Public Works to Capital Projects Fund	(142,554)		(142,554)			0

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Reallocate 1.0 FTE Administrative Associate III to Capital Projects Fund	(99,340)		(99,340)			0
Reallocate 1.8 FTE Administrative Associate I to Capital Projects Fund	(153,540)		(153,540)			0
Reallocate 0.2 FTE Administrative Associate II to Storm Drainage Fund	(18,539)		(18,539)			0
Reallocate 0.16 FTE Senior Financial Analyst from Administrative Services Department	23,392		23,392			0
Reallocate 0.04 FTE Account Specialist from Administrative Services Department	3,470		3,470			0
Reallocate 0.02 FTE Staff Accountant from Administrative Services Department	2,389		2,389			0
Reallocate 0.02 FTE Senior Accountant from Administrative Services Department	2,924		2,924			0
Personnel Benefit Costs Increase (Note 2)	325,406		325,406	177,958		177,958
Total Salary and Benefits Changes	**$(282,239)**	**$0**	**$(282,239)**	**$177,958**	**$0**	**$177,958**
Adjustments (Note 1)		433,385	433,385			0
NET SALARY AND BENEFITS CHANGES	**$(282,239)**	**$433,385**	**$151,146**	**$177,958**	**$0**	**$177,958**
Non-Salary						
Increase supplies and materials for graffiti removal	4,000		4,000			0
Increase in facility maintenance contract expense for backflow device testing and repair	15,000		15,000			0
Increase for facility maintenance supplies	67,500		67,500			0
Allocated Charges Increase (decrease) (Note 3)	(303,888)		(303,888)	106,144		106,144
Total Non-Salary Changes	**$(217,388)**	**$0**	**$(217,388)**	**$106,144**	**$0**	**$106,144**

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Adjustments (Note 1)		24,474	24,474			0
TOTAL EXPENDITURE CHANGES	**$(499,627)**	**$457,859**	**$(41,768)**	**$284,102**	**$0**	**$284,102**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Personnel benefit costs changes are primarily due to a reduction in benefit cost allocations in Fiscal Year 2009 that were not continued in Fiscal Year 2010. In Fiscal Year 2011 the increase is due to the return of the General Fund contribution for future Retiree Medical benefits that was suspended in Fiscal Year 2010.

Note 3: Allocated charges are decreasing primarily due to decreases in vehicle replacement charges and utility charges.

COMPREHENSIVE PLAN OVERVIEW

In Fiscal Years 2010 and 2011, the Public Works Department will work towards implementing the programs and policies of the Comprehensive Plan in the following areas:

LAND USE AND COMMUNITY DESIGN

Staff will enhance the street and parks tree maintenance systems through trimming services and containment of treatable infestations. (Policy L-70)

Staff will provide timely plan review and assistance with construction oversight to the 901 San Antonio Bridge Urban Infill Land Development (BUILD), Elks Club/Summerhill, and Alma Plaza (formerly Albertsons) developments. (Policy L-25)

Public Works Engineering will continue to implement park improvements, including those for Peers, Monroe, and Scott Parks, as identified in the Capital Improvement Program. (Policies C-22, C-24, C-26, C-32 and Program C-19)

TRANSPORTATION

Public Works Engineering will continue to maintain City streets through the annual street maintenance program. (Policy T-24)

The Refuse Fund will continue performing off-road bicycle and pedestrian path sweeping on a regular basis. (Program T-29)

Staff will continue working with the Chamber of Commerce on enhancing maintenance in the downtown areas. (Program T-30)

NATURAL ENVIRONMENT

Canopy, a non-profit advocate for Palo Alto's community trees, will work with the City on the program to educate residents about newly planted trees. (Program N-16)

Staff will continue the green building/sustainability policy for new City buildings. (Program N-65)

Monthly household hazardous waste collection events will continue. (Program N-48)

Street sweeping will be performed on a regular basis in the residential and business areas. (Program N-30)

COMMUNITY FACILITIES AND SERVICES

Staff will continue to maintain sidewalks in areas with high levels of pedestrian use. (Program C-21)

Staff will continue to address the infrastructure backlog through the Capital Improvement Program projects as funding allows. (Program C-24)

STREETS

To develop and maintain the structural integrity and ride quality of streets to maximize the effective life of the pavement and traffic control clarity of streets and to facilitate the safe and orderly flow of vehicles, bicycles, and pedestrians.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,271,914	1,279,016	1,418,092	1,450,053
Contract Services	7,973	33,510	33,510	33,510
Supplies and Materials	329,994	402,400	405,099	405,099
General Expense	2,500	6,910	4,210	4,210
Allocated Charges	634,070	728,514	639,212	639,610
TOTAL EXPENDITURES	**$2,246,451**	**$2,450,350**	**$2,500,123**	**$2,532,482**
TOTAL REVENUES	**$236,842**	**$368,832**	**$278,832**	**$278,832**
Total Full Time Positions	13.36	13.36	13.48	13.48
Total Temporary Positions	0.48	0.00	0.48	0.48

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of potholes repaired (SEA)	1,977	1,670	1,670
2. Number of signs repaired or replaced	1,289	1,620	1,620
Efficiency:			
1. Potholes filled per hour	1.8	1.2	1.2
2. Number of signs repaired or replaced per hour	1.2	1.2	1.2
Effectiveness:			
1. Percent potholes repaired within 15 days (SEA)	78%	80%	80%
2. Number of calls reporting damaged/faded signs	51	50	50

TREES

To manage a sustainable urban forest by selecting appropriate species and providing timely maintenance and replacement of City trees as well as providing utility line clearing for front and rear easements.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,340,618	1,366,709	1,522,771	1,557,214
Contract Services	545,975	387,095	386,095	386,095
Supplies and Materials	33,299	48,511	53,000	53,000
Facilities and Equipment Purchases	0	1,500	2,500	2,500
General Expense	0	4,200	200	200
Allocated Charges	364,040	453,612	353,130	353,130
Operating Transfers Out	16,574	16,574	16,574	16,574
TOTAL EXPENDITURES	**$2,300,506**	**$2,278,201**	**$2,334,270**	**$2,368,713**
TOTAL REVENUES	**$12,180**	**$15,000**	**$67,500**	**$67,500**
Total Full Time Positions	14.21	14.21	14.01	14.01
Total Temporary Positions	0.48	0.00	0.00	0.00

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of tree related services completed	6,579	6000	6000
2. Number of trees pruned and removed (SEA)	4,946	5,000	5,000
3. Number of trees line cleared	8,246	6,800	6,800
Efficiency:			
1. Percent of requests responded to within 10 days	90%	80%	80%
2. Percent of street trees pruned	14%	12%	12%
3. Percent of total trees line cleared	27%	25%	25%
4. Person hours per tree for all services	1.8	2.2	2.2
Effectiveness:			
1. Average number of days to respond to requests	5	5	5
2. Number of electrical service disruptions caused by trees	9	0	0

STRUCTURES AND GROUNDS

To build, maintain, renovate, and operate City-owned and leased structures, parking lots, grounds, parks, and open space to achieve maximum life expectancy of the facilities.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	2,308,250	2,413,863	2,635,741	2,699,609
Contract Services	1,070,084	1,377,226	1,389,478	1,389,478
Supplies and Materials	290,770	350,751	419,050	419,050
Facilities and Equipment Purchases	1,082	4,246	3,146	3,146
General Expense	6,005	8,269	7,854	7,854
Rents and Leases	204,400	170,000	170,000	170,000
Allocated Charges	1,216,218	1,355,308	1,218,844	1,324,589
TOTAL EXPENDITURES	**$5,096,809**	**$5,679,663**	**$5,844,113**	**$6,013,726**
TOTAL REVENUES	**$920,561**	**$1,012,017**	**$985,944**	**$1,025,907**
Total Full Time Positions	23.25	24.25	23.57	23.57
Total Temporary Positions	0.25	0.25	0.25	0.25

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Custodial: Total square footage cleaned by Custodial Section	1,219,008	1,219,008	1,219,008
2. Maintenance: Total square footage maintained by Maintenance Section	1,616,171	1,616,171	1,616,171
3. CIP Support: Number of projects assigned in given fiscal year	7	6	8
Efficiency:			
1. Custodial: Cost per square foot for Custodial Services	$1.12	$1.15	$1.15
2. Maintenance: Cost per square foot for Maintenance work	$1.52	$1.52	$1.52
3. CIP Support: Number of projects bid and awarded in the year budgeted	7	7	8
Effectiveness:			
1. Custodial: Number of customer callbacks for regularly scheduled cleaning	22	10	10
2. Maintenance: Percent of repairs completed in 3 weeks	90%	90%	90%

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
3. CIP Support: Percent of projects completed on time	71%	100%	100%

ENGINEERING

To construct, renovate, and maintain City-owned infrastructure through the City's Capital Improvement Program; to ensure safety, comfort, and maximum life expectancy and value of City structures, facilities, and streets; to provide engineering support to City Departments and private development through the expeditious review and inspection of projects to ensure compliance with applicable regulations and conformance with approved plans and specifications.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,953,756	1,836,274	1,458,334	1,493,620
Contract Services	120,540	151,257	151,257	151,257
Supplies and Materials	16,460	25,595	25,595	25,595
General Expense	15,030	17,065	17,065	17,065
Allocated Charges	35,729	47,648	44,379	44,379
TOTAL EXPENDITURES	**$2,141,515**	**$2,077,839**	**$1,696,630**	**$1,731,916**
TOTAL REVENUES	**$1,017,343**	**$1,174,500**	**$1,032,350**	**$1,032,350**
Total Full Time Positions	14.51	14.51	9.71	9.71
Total Temporary Positions	1.35	1.12	0.46	0.46

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Structures and Grounds: Total dollar value of Capital Improvement Program projects accomplished	$6,226,957	$5,117,570	$235,000
2. Street Maintenance: Total dollar value of Capital Improvement Program projects accomplished	$3,849,423	$1,875,000	$1,875,000
3. Private Development: Number of plans reviewed	348	350	350
4. Private Development: Number of permits issued	338	250	250
5. Parks & Open Space: Total dollar value of Capital Improvement Program projects accomplished	$2,717,393	$1,223,000	$1,000,000
Efficiency:			
1. Structures and Grounds: Total dollar value per FTE	$1,197,492	$950,000	$950,000
2. Street Maintenance: Total dollar value per FTE	$1,673,662	$950,000	$950,000
3. Private Development: Number of plans reviewed within four weeks	177	200	200
4. Private Development: Number of permits per FTE	112	77	77
5. Parks & Open Space: Dollar value per FTE	$1,358,697	$611,500	$500,000

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Effectiveness:			
1. Structures and Grounds: Percent of Capital Improvement Program projects within planned budget	100%	100%	100%
2. Street Maintenance: Percent of streets not in need of maintenance (good or better condition on the Pavement Maintenance Management System)	64%	66.5%	71%
3. Private Development: Revenues received-plan review	$96,469	$100,000	$100,000
4. Private Development: Revenues received-permits	$218,375	$200,000	$200,000
5. Parks & Open Space: Percentage of Capital Improvement Program projects within planned budget	100%	100%	100%

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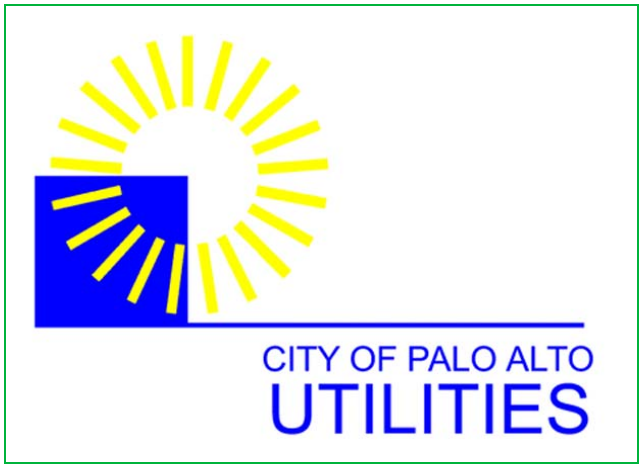
Enterprise Funds



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Enterprise Funds

UTILITIES DEPARTMENT

Organizational Chart

DIRECTOR OF UTILITIES

VALERIE FONG

ELECTRIC & WGW ENGINEERING

1.0-Asst Director Util Engineering
1.0-Engineering Mgr - Electric
4.0-Sr Electric Project Engineer
3.0-Electric Project Engineer
2.0-Power Engineer
5.0-Util Engr Estimator
1.0-Util Engr Estimator-Lead
3.0-Engr Tech III
1.0-Engineering Mgr - WGW
3.0-Admin Associate II
1.0-Coordinator, Utilities Project
4.0-Sr Project Engineer
6.0-Project Engineer
4.0-Engineer
3.0-Inspector, Field Svc

UTILITIES ADMINISTRATION

1.0-Administrative Asst
1.0-Sr Administrator
2.0-Business Analyst
2.0-Program Assistant
1.0-Sr Business Analyst
1.0-Mgr Utilities Telecommunications

ELECTRIC & WGW OPERATIONS

1.0-Asst Director Utility Operations
1.0-Program Assistant
1.0-Coord Util Safety & Security
1.0-Mgr Electric Operations
1.0-Admin Associate I
2.0-Admin Associate II
5.0-Supv Elect Systems
1.0-Underground Inspector-Lead
6.0-Electrician-Lead
14.0-Electrician
5.0-Elec Asst I
2.0-Elec Undgd Inspec
4.0-Lineper/Cable Spl-Lead
11.0-Lineper/Cable Spl
10.0-Heavy Equip Oper
1.0-Util Comp Tech-Lead
2.0-Util Comp Tech
2.0-Util Locator
5.0-Util Syst Operator
1.0-Mgr Utility Operations WGW
3.0-Coord Utility Proj
5.0-Supv WGW
1.0-Supv Water Trans
2.0-Sr Water Sys Oper
1.0-Cathodic Tech
5.0-Water Sys Oper II
2.0-Wtr Mtr Crs Cn Technician
1.0-Inspector, Field Svc
1.0-Gas System Tech
1.0-Equip Operator
1.0-Maint Mech
1.0-Maintenance Mechanic Welding
1.0-Cement Finisher
1.0-Util Locator
5.0-Util Install/Rep-Lead
2.0-Util Install/Rep-L-Welding
11.0-Util Install/Rep
2.0 -Util Install/Rep-Welding
1.0- Util Install/Rep Assistant
1.0- Sr Utility Field Service Rep
6.0- Field Service Rep
1.0- Sr Mechanic
1.0 Restoration Lead
1.0 Meter Shops Lead

RESOURCE MANAGEMENT

1.0-Assist Director, Resource Mgmt
1.0-Admin Associate II
1.0-Sr Resource Originator
5.0-Sr Resource Planner
4.0-Resource Planner
1.0-Associate Resource Planner

CUSTOMER SUPPORT SERVICES

1.0-Asst Dir Utl/Cust Support Svc
1.0 Admin Assoc I
1.0-Admin Associate II
1.0-Mgr Utility Rates
1.0-Mgr Util Mkt Svcs
1.0-Sr Market Analyst
1.0-Mgr Cust Svcs and Meter Reading
2.0-Customer Svr Spec-Lead
5.0-Customer Svc Rep
2.0-Customer Svc Spec
1.0-Util Credit/Col Spec
1.0-Meter Reader-Lead
6.0-Meter Reader
3.0-Util Key Account Rep
1.0-Marketing Engineer
3.0-Util Account Rep
1.0-Sr Resource Planner

Fiscal Year 2010 Positions

Totals: 229.00 Full-time
9.66 Hourly

Enterprise Funds Overview

The City of Palo Alto's utility and public works operations are comprised of the Electric, Fiber Optics, Gas, Water, Wastewater Collection, Refuse, Wastewater Treatment, and Storm Drainage Funds. A financial summary of the funds follows this overview and includes discussion and pertinent information in each fund section.

REVENUES

The total combined budgeted revenues of the Enterprise Funds for Fiscal Year 2010 is $325.6 million; $22.6 million or 7.4 percent higher than the previous fiscal year. The increase is primarily attributed to anticipated proceeds from utility revenue bonds of $35 million in the Water Fund (which were previously included in the Fiscal Year 2009 Adopted Budget), a decrease of $20 million in reimbursements for CIP projects from state and local agencies, increases in utility rate charges totaling $12 million, and decreases in other income of $3 million. Investment income is expected to slightly decline.

In Fiscal Year 2010, utility revenue bonds of $35 million will provide a funding source for the emergency water supply capital project which is estimated to be constructed in four years. Issuance of these bonds had previously been planned for Fiscal Year 2009. These bonds are now anticipated to be issued in the autumn of 2009. Details of this capital project are discussed further in the Fiscal Year 2010 Adopted Capital Budget document.

A number of factors contribute to trigger a utility rate increase. These factors include increases in expenditures and maintaining the reserves balance at a certain level. The "Utility Rate Changes" and "Reserve" section that follow these discussions describe in detail the reasons for the utility rate increases in Fiscal Year 2010.

EXPENDITURES

Aggregated budgeted expenditures of the Enterprise Funds for Fiscal Year 2010 are $314.3 million, when compared to $329.8 million in Fiscal Year 2009, a decrease of $15.5 million.

A decrease in capital expenditures of $16.6 million is the primary factor contributing to the decrease in expenditures (more information may be found in the Fiscal Year 2010 Adopted Capital Budget document). Decreases in commodity costs for the Electric and Gas Funds are virtually offset by increases in commodity costs for the Water Fund and an increase for the new waste hauling contract in the Refuse Fund. Salaries and benefits are increasing by $2.3 million primarily due to increases in pension, health care, and future retiree medical benefit costs (GASB 45).

"Operating transfers out" also decreased by $3.6 million when compared to the prior year. The variance is due to decreased contributions to the Technology Fund for the capital project to upgrade SAP.

Allocated charges declined slightly by $0.5 million when compared to Fiscal Year 2009. A major component of allocated charges includes General Fund costs shared by the Enterprise Funds. General Fund expenditures have been reduced as a response to declining General Fund revenues.

UTILITY RATE CHANGES

This Fiscal Year 2010 Adopted Budget includes a number of utility rate adjustments. The average monthly residential Utilities bill is expected to increase by $4.42 or 1.4 percent for combined utility services, including the Utility Users Taxes.

The size and timing of rate adjustments take into account current and future revenue requirements and reserve levels. They may also cushion the impacts on customer bills by spreading rate adjustments during consecutive or alternate years. Details of each rate adjustment are further discussed in the overview and within each fund's section.

- Electric Fund - Rate increases of 10 percent effective July 1, 2009, and 15 percent effective July 1, 2010, due to increasing supply and transmission costs.
- Gas Fund - Rate decrease of 10 percent effective July 1, 2009, due to decreases in capital expenditures, and a rate increase of 15 percent effective July 1, 2010, due to increasing commodity costs.
- Water Fund- Rate increases of 5 percent effective July 1, 2009, and 7 percent effective July 1, 2010 due to infrastructure needs and wholesale water rate increases.
- Wastewater Collection Fund- Rate increases of 5 percent effective July 1, 2009, and 5 percent effective July 1, 2010 due to increases in treatment costs.
- Storm Drainage Fund - No rate increase for inflation based on CPI as allowed by the approved ballot measure because the change in CPI was zero.
- Refuse Fund - a rate increase of 17 percent effective July 1, 2009, due to increasing operating costs.

RENT

Enterprise Funds pay market-based rental fees for the sites needed to conduct their business operations. The rent paid for City-owned sites is adjusted annually after conducting an independent appraisal of all sites.

EQUITY TRANSFERS

A recent review of the methodologies for the water, gas, and electric equity transfers resulted in the changes discussed below. In Fiscal Year 2010, the equity transfers from the Electric and Gas Funds to the General Fund will be based on the Utilities Enterprise Methodology (UEM). In prior years, the equity transfers had been increased three percent per year. Under the UEM, the equity transfers are based on a rate of return on the asset base. In addition, the equity transfer from the Water Fund will cease in Fiscal Year 2010.

RESERVES

Since no revenue or expense forecast is perfect, some Utilities Reserves serve as "balancing accounts" which mitigate the risk of commodity price swings and insure against default by our wholesale suppliers. Other Reserves are used to provide cash for 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 higher expenses, which also result in lower future rates.

The total Enterprise Fund Reserve Balances (Supply and Distribution Rate Stabilization, Emergency Plant Replacement, etc.) are increasing by $11.3 million in Fiscal Year 2010. The increase is largely due to the anticipated proceeds from the bond issuance for the emergency water supply project.

UTILITIES DEPARTMENT OVERVIEW

The City of Palo Alto Utilities (CPAU) plans to focus on customer service, infrastructure reliability, and cost containment - priorities outlined in the Department's strategic plan. In addition, the marketing of energy efficiency programs and the increasing of renewable energy supplies will be focal points, especially in light of Council's environmental protection priority and state-mandated energy-efficiency goals.

The Utilities Department continues to adapt to the changing regulatory and legislative landscape, including developments in related transmission markets, greenhouse gas reduction regulations and requirements to maintain reliable utility system operations.

UTILITIES DEPARTMENT EXPENDITURE HIGHLIGHTS

Due to a combination of factors, including higher electric supply costs associated with the expiration of the long-term Western Area Power Administration (WAPA) electric contract, and higher transmission costs from the California Independent System Operator (CAISO), costs have increased considerably since 2004.

The City continues to face legal costs for regulatory proceedings and for contract review and negotiation in electric, gas, and water services. However, legal activity is expected to be lower in Fiscal Year 2010, and therefore, expenditure levels for legal matters are expected to be lower in the Fiscal Year 2010 budget than those levels reflected in the Fiscal Year 2009 budget.

Overall, water commodity costs are expected to increase steadily over the next 10-15 years based on projections provided by the San Francisco Public Utilities Commission, which supplies water to Palo Alto. In the past few years, actual consumption levels were lower than forecasted; thus, annual revenues have not kept pace with the fixed expenses of the water distribution system.

Palo Alto's share of wastewater treatment costs-which are allocated among the five partners that use the system--will increase by about $0.4 million in Fiscal Year 2010.

Enterprise Funds Overview

CPAU CAPITAL IMPROVEMENT PROGRAM (CIP)

CPAU continues to invest in its infrastructure, replacing deteriorated or aging facilities with new technologies, to ensure reliable delivery of services in the future.

In Fiscal Year 2010, planned CIP expenditures for the Electric Fund total $8.6 million. New CIP projects include rebuilding and replacing certain underground electric systems and electric distribution system conversions from 4kV to 12kV.

Fiscal Year 2010 Gas Fund planned CIP expenditures are $2.4 million. Significant amount of capital expenditures are appropriated for the gas main replacements projects. Planned expenditures are lower in Fiscal Year 2010 compared to the prior year due to the rescheduling of the construction phase of a gas main replacement project to occur in Fiscal Year 2011 instead of Fiscal Year 2010.

The Wastewater Collection Fund has budgeted $3.9 million for Fiscal Year 2010 CIP expenditures. Included are projects to rehabilitate collection systems and manholes, and to reduce groundwater and rainfall seepage into the pipelines.

In Fiscal Year 2010, $27.4 million is budgeted in Water Fund for CIP expenditures. Water Fund CIP primarily involves the water main replacements and other projects focused on reliability. A significant CIP is the Emergency Water Supply Project estimated to cost $40 million during a four-year construction period.

The Fiscal Year 2010 Adopted Capital Budget document discuss in details the capital projects of all Utilities Department Enterprise Funds.

UTILITIES DEPARTMENT PROGRAM HIGHLIGHTS

The PaloAltoGreen Program offers "new" renewable energy (as defined by the California Energy Commission) to customers for a premium of 1.5 cents per kilowatt-hour over their applicable electric rate schedule. Introduced in July 2003, this program had a five-year goal of 2,000 participants. As of March 2009, there are 5,992 active participants in the PaloAltoGreen Program which represent 21 percent of all electric accounts. The PaloAltoGreen Program has achieved the nation's highest participation rate, according to the National Renewable Energy Laboratory.

Given recent state legislation and Council's priority to address environmental protection, the Utilities Department will be undertaking additional efforts to promote energy efficiency and the use of alternative resources. The specific state laws include:

- SB1 (2006), also known as the "Million Solar Roofs Bill", requires publicly-owned utilities to offer rebates for photovoltaic systems similar to those offered by investor-owned utilities like PG&E. This legislation sets a statewide goal to create 3,000 megawatts of new, solar-produced electricity by 2017. By lowering the cost of solar systems to consumers, SB1 aims to put California on pace to build a million solar roofs over the next ten years.
- SB1037 (2005) established a statewide "loading order" for electric power resources, specifying the following preference hierarchy:

- first, energy efficiency and demand reduction
- second, renewable energy
- third, conventional power supply

- SB1037 requires publicly-owned utilities to adopt this loading order and to report annually to customers and the California Energy Commission (CEC) on programs, expenditures, and energy savings results.
- AB2021 (2006), built on SB1037, adds new and very specific long-term planning, reporting, and review requirements with specific deadlines, and a requirement to "treat efficiency as procurement investments…without regard to previous minimum investments". AB 2021 requires the Utilities Department to develop and submit 10-year energy efficiency plans to the CEC on a three-year cycle with annual reports to customers and the CEC.
- AB32 (2006), "California Global Warming Solutions Act of 2006", sets state goals to reduce greenhouse gas emissions to 1990 levels by 2020. AB32 requires publicly-owned utilities to report greenhouse gas emissions, and empowers the State Air Resources Board to determine the 1990 baseline emissions, to establish emission reduction targets and regulations for reporting, and to adopt regulations for market-based compliance mechanisms.

In Fiscal Year 2010, approximately $2.7 million is devoted to incentives and programs to comply with these laws.

ELECTRIC UTILITY CHALLENGES

Since the December 2004 expiration of the City's 40-year contract with the Western Area Power Administration (WAPA) which had supplied most of the City's electric supply needs, the Electric Utility has worked diligently to address the resulting supply gap. Significant progress has been made in developing a long-term energy efficiency plan, purchasing wind and landfill gas renewable power, obtaining market-based contracts, and plans for improving the transmission infrastructure.

RISK MANAGEMENT

CPAU will continue to develop, implement, and work under approved risk management policies and guidelines. Staff from several departments continue to work together to ensure that strategies and implementation plans meet all risk management policies, guidelines, and procedures.

GAS UTILITY CHALLENGES

The Gas Utility's commodity-hedging program, with a three-year "laddering" approach to purchasing gas, has helped stabilize prices in spite of marketplace volatility. Staff will continue to pursue supply strategies that mitigate price swings. In addition, the Gas Utility will be focused on promoting energy efficiency and on capital projects that increase the infrastructure's reliability and safety.

Enterprise Funds Overview

WATER UTILITY CAPITAL WORK

The City's water supplier, the San Francisco Public Utilities Commission (SFPUC), has embarked on a series of capital projects to upgrade its aqueducts and water transmission system, which will result in annual increases in the City's wholesale water rates for the next 10-15 years.

Comprised of the cities, water districts, and private companies that purchase water from SFPUC, the Bay Area Water Supply and Conservation Agency (BAWSCA) will provide financing for the SFPUC's capital projects. As a participating member, Palo Alto will participate in the planning, design, and construction of capital projects that will improve the reliability of the regional water supply infrastructure. Though these infrastructure improvements are costly, they will greatly increase the reliability of the system which provides Palo Alto, and many neighboring communities, with one of the highest quality sources of drinking water in the nation.

In addition, the Utility is planning capital projects in Fiscal Year 2010 that include water main replacements, continued installation and upgrading of customer services and meters, and the accelerated implementation of the recommendations of the 1999 Water Wells, Regional Storage, and Distribution Study.

PUBLIC WORKS UTILITY FUNDS

REFUSE

The Refuse Fund continues to exceed the State of California's solid waste diversion requirement, which mandates cities and counties to divert 50 percent of all solid waste from landfills.

Effective July 1, 2009, a new agreement begins with GreenWaste of Palo Alto for the collection and processing of solid waste, recyclable materials, organic materials, and other services. Due to the new agreement with GreenWaste, implementation of the Zero Waste Operational Plan programs, rising costs at the Sunnyvale Materials Recovery and Transfer (SMaRT) Station, the revised closure cost for the City landfill, and the need to bring reserve balances in alignment with Council-approved guidelines, a rate increase of 17 percent will be necessary in Fiscal Year 2010.

As directed by the City Council, staff is also undertaking efforts to achieve Zero Waste goals. The goal of Zero Waste is to reduce the amount of waste going to landfills by 90 percent or more.

STORM DRAIN

The Storm Drainage Fee increase approved by property owners in April 2005 continues to provide funding for high-priority storm drain capital improvements. In Fiscal Year 2010, efforts will include Channing Avenue/Lincoln Avenue Storm Drain Improvements and continued implementation of citywide system repairs.

WASTEWATER TREATMENT

Revenues in the Wastewater Treatment Fund will show a decrease of $19.3 million in Fiscal Year 2010, primarily due to one-time CIP reimbursements from State and local agencies totaling about $20.0 million in Fiscal Year 2009. Contract cities revenue is expected to rise by $0.9 million. An estimated $1.7 million in capital improvement is planned in Fiscal Year 2010. CIP projects include Plant Equipment Replacement as well as work on the Plant Master Plan.

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FY 2010 Enterprise Fund Summary

FUND SUMMARY ($000)	Electric Fund	Fiber Optic Fund	Gas Fund	Wastewater Collection Fund	Water Fund	Refuse Fund	Storm Drainage Fund	Wastewater Treatment Fund	Total
Revenues									
Net Sales	113,765	2,734	44,222	14,443	28,948	32,415	5,366	21,485	263,377
Interest Income	5,024	256	1,010	552	1,265	487	217	423	9,234
Other Income	11,155	0	693	994	814	4,181	68	80	17,984
Bond Proceeds	0	0	0	0	35,000	0	0	0	35,000
TOTAL SOURCE OF FUNDS	**$129,944**	**$2,990**	**$45,925**	**$15,988**	**$66,027**	**$37,083**	**$5,651**	**$21,987**	**$325,595**
Expenditures									
Utility Purchases and Charges	77,697	0	26,859	7,933	10,354	15,047	0	0	137,890
Salaries and Benefits	11,343	635	4,370	1,791	5,411	4,586	1,034	9,363	38,532
Contract Services	4,274	115	802	246	593	6,931	374	1,979	15,313
Supplies and Materials	776	18	521	227	490	460	99	1,755	4,345
Facilities and Equipment Purchases	99	0	63	5	10	19	12	10	218
General Expense	3,592	19	595	59	330	385	148	251	5,379
Rents and Leases	3,762	15	326	210	2,193	4,310	6	0	10,823
Allocated Charges	7,331	363	3,316	1,737	2,992	3,817	619	4,432	24,606
Debt Service	7,859	0	947	129	775	607	949	816	12,081
Subtotal	$116,732	$1,165	$37,797	$12,338	$23,147	$36,162	$3,240	$18,606	$249,188
Equity Transfer	11,120	0	5,300	0	0	0	0	0	16,420
Capital Improvement Program	8,535	400	2,389	3,946	27,414	0	1,700	1,700	46,084
Operating Transfers Out	692	11	367	97	258	333	683	153	2,594
TOTAL USE OF FUNDS	**$137,079**	**$1,577**	**$45,853**	**$16,381**	**$50,819**	**$36,495**	**$5,624**	**$20,458**	**$314,285**
TO/FROM RESERVES	**$(7,135)**	**$1,414**	**$72**	**$(393)**	**$15,207**	**$588**	**$27**	**$1,529**	**$11,309**

FY 2011 Enterprise Fund Summary

FUND SUMMARY ($000)	Electric Fund	Fiber Optic Fund	Gas Fund	Wastewater Collection Fund	Water Fund	Refuse Fund	Storm Drainage Fund	Wastewater Treatment Fund	Total
Revenues									
Net Sales	129,790	2,734	50,448	15,165	30,973	32,415	5,366	22,559	289,449
Interest Income	5,024	256	1,010	552	1,265	487	217	423	9,234
Other Income	12,081	0	655	1,003	824	4,556	68	84	19,270
TOTAL SOURCE OF FUNDS	**$146,894**	**$2,990**	**$52,113**	**$16,720**	**$33,062**	**$37,458**	**$5,651**	**$23,066**	**$317,953**
Expenditures									
Utility Purchases and Charges	84,015	0	27,356	8,330	12,067	14,797	0	0	146,565
Salaries and Benefits	11,353	636	4,373	1,793	5,416	4,593	1,042	9,374	38,579
Contract Services	4,373	115	832	246	593	6,931	374	2,029	15,492
Supplies and Materials	776	18	521	227	490	460	99	1,837	4,427
Facilities and Equipment Purchases	99	0	63	5	10	19	12	10	218
General Expense	3,986	19	668	64	375	385	152	261	5,910
Rents and Leases	3,762	15	326	210	2,193	4,310	6	0	10,823
Allocated Charges	7,390	366	3,346	1,757	3,054	3,987	631	4,798	25,329
Debt Service	8,953	0	947	129	775	607	950	815	13,176
Subtotal	$124,707	$1,169	$38,430	$12,762	$24,972	$36,089	$3,266	$19,123	$260,519
Equity Transfer	11,530	0	4,930	0	0	0	0	0	16,460
Capital Improvement Program	9,890	400	7,908	3,960	8,173	7,650	1,792	2,550	42,323
Operating Transfers Out	819	24	396	565	223	313	603	18	2,962
TOTAL USE OF FUNDS	**$146,946**	**$1,593**	**$51,665**	**$17,287**	**$33,368**	**$44,052**	**$5,661**	**$21,692**	**$322,264**
TO/FROM RESERVES	**$(52)**	**$1,397**	**$448**	**$(568)**	**$(306)**	**$(6,594)**	**$(11)**	**$1,374**	**$(4,311)**

Enterprise Fund Reserves

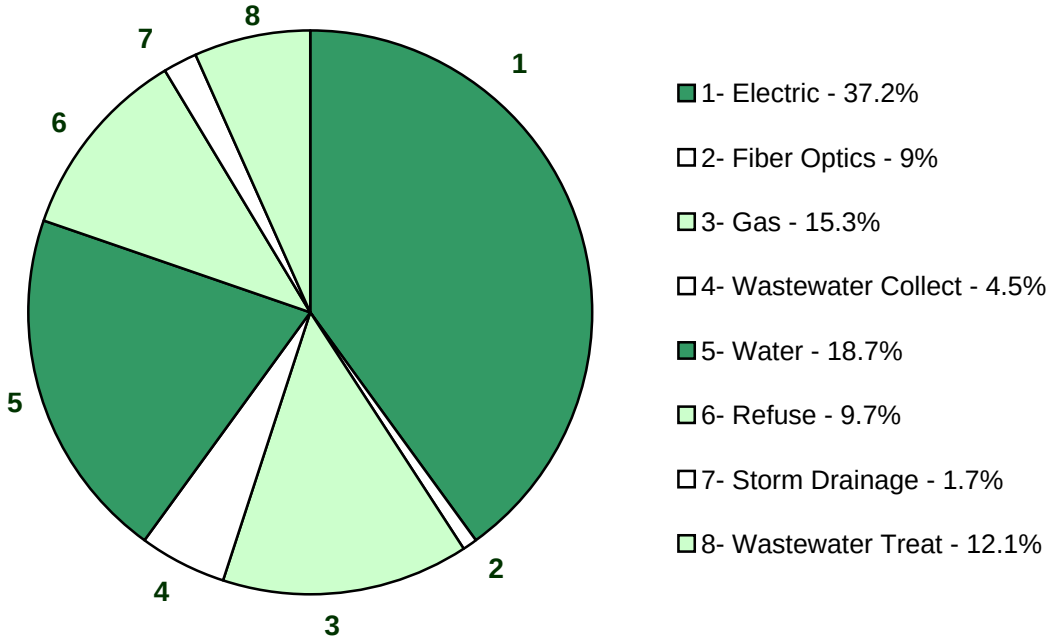
RESERVES ($000)	2009-10 Projected Beginning Balance	2009-10 Changes	2009-10 Projected Ending Balance	2010-11 Changes	2010-11 Projected Ending Balance	2009-10 Reserve Guideline Range	2010-11 Reserve Guideline Range
Electric Fund							
Emergency Plant Replacement	1,000	0	1,000	0	1,000	1,000 (min.)	1,000 (min.)
Distribution Rate Stabilization	6,703	2,057	8,760	2,473	11,233	6,872 - 13,745	7,322 - 14,643
Supply Rate Stabilization	34,285	(8,866)	25,419	(2,909)	22,510	38,849 - 77,697	42,008 - 84,015
Calaveras	64,535	(326)	64,209	384	64,593	0	0
Public Benefit	1,669	0	1,669	0	1,669		
Central Valley O&M	22	0	22	0	22		
Underground Loan	709	0	709	0	709		
Subtotal	$108,923	$(7,135)	$101,788	$(52)	$101,736		
Gas Fund							
Emergency Plant Replacement	1,000	0	1,000	0	1,000	1,000 (min.)	1,000 (min.)
Distribution Rate Stabilization	4,662	1,347	6,009	(16)	5,993	2,684 -5,368	3,282 - 6,564
Supply Rate Stabilization	8,513	(1,275)	7,238	464	7,702	6,715 - 13,430	6,839 - 13,678
Debt Service Reserve	952	0	952	0	952		
Subtotal	$15,127	$72	$15,199	$448	$15,647		
Wastewater Collection Fund							
Emergency Plant Replacement	1,000	0	1,000	0	1,000	1,000 (min.)	1,000 (min.)
Rate Stabilization	4,660	(393)	4,267	(568)	3,699	2,151 - 4,303	2,259 - 4,518
Subtotal	$5,660	$(393)	$5,267	$(568)	$4,699		
Water Fund							
Emergency Plant Replacement	1,000	0	1,000	0	1,000	1,000 (min.)	1,000 (min.)
Rate Stabilization	3,107	10,907	14,014	3,194	17,208	4,317 -8,634	4,621 -9,242
Bond Proceeds (Restricted)	0	4,300	4,300	(3,500)	800		
Debt Service Reserve	780	0	780	0	780		
Subtotal	$4,887	$15,207	$20,094	$(306)	$19,788		
Refuse Fund							
Rate Stabilization	(736)	290	(446)	(192)	(638)	3,242 - 6,483	3,242 - 6,483
Landfill Closure and Postclosure Care Liability	7,907	298	8,205	(6,402)	1,803		

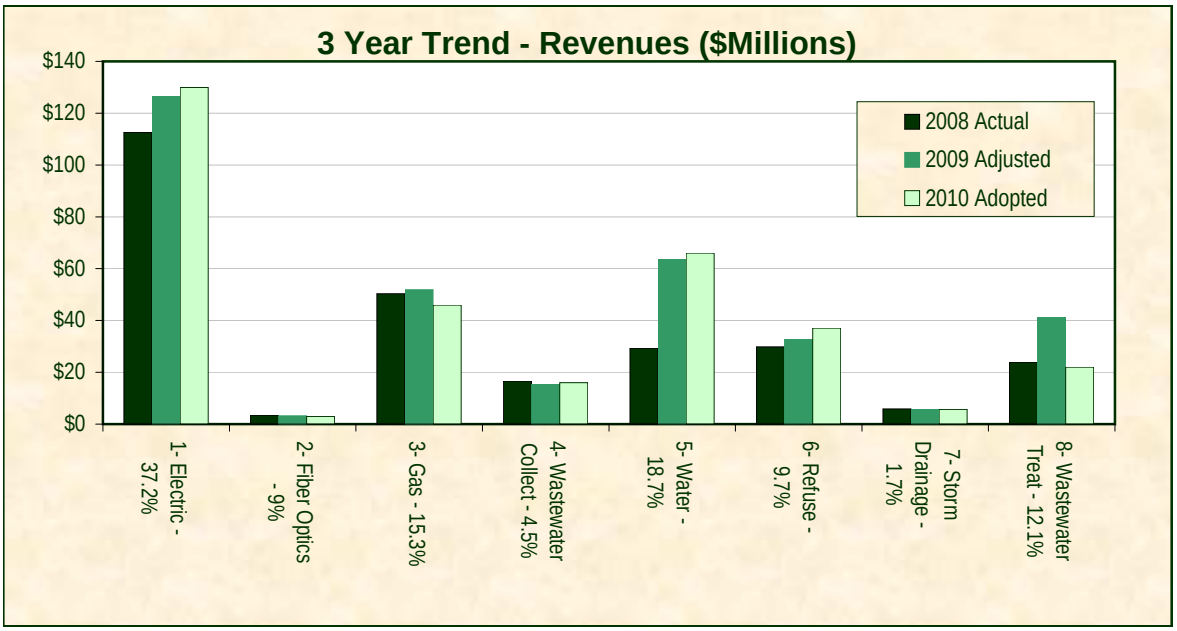
Enterprise Fund Reserves

RESERVES ($000)	2009-10 Projected Beginning Balance	2009-10 Changes	2009-10 Projected Ending Balance	2010-11 Changes	2010-11 Projected Ending Balance	2009-10 Reserve Guideline Range	2010-11 Reserve Guideline Range
Landfill Corrective Action Reserve	636	0	636	0	636		
Subtotal	$7,807	$588	$8,395	$(6,594)	$1,801		
Storm Drainage Fund							
Rate Stabilization	400	27	427	(11)	416		
Subtotal	$400	$27	$427	$(11)	$416		
Wastewater Treatment Fund							
Emergency Plant Replacement	2,160	0	2,160	0	2,160	2,160 (max.)	2,160 (max.)
Rate Stabilization	(6,464)	1,529	(4,935)	1,374	(3,561)	3,199 - 6,397	3,358 - 6,717
Bond Proceeds (Restricted)	9	0	9	0	9		
Subtotal	$(4,295)	$1,529	$(2,766)	$1,374	$(1,392)		
Fiber Optics Fund							
Emergency Plant Replacement	1,000	0	1,000	0	1,000	1,000 (min.)	1,000 (min.)
Rate Stabilization	6,314	1,414	7,728	1,397	9,125	547 - 1,367	547 - 1,367
Subtotal	$7,314	$1,414	$8,728	$1,397	$10,125		
TOTAL RESERVES	**$145,823**	**$11,309**	**$157,132**	**$(4,312)**	**$152,820**		
Emergency Plant Replacement	7,160	0	7,160	0	7,160		
Rate Stabilization	61,444	7,037	68,481	5,206	73,687		
Bond Proceeds (Restricted)	9	4,300	4,309	(3,500)	809		
Debt Service Reserve	1,732	0	1,732	0	1,732		
Calaveras	64,535	(326)	64,209	384	64,593		
Public Benefit	1,669	0	1,669	0	1,669		
Central Valley O&M	22	0	22	0	22		
Underground Loan	709	0	709	0	709		
Shasta Rewind Loan	0	0	0	0	0		
Conservation Loan	0	0	0	0	0		
Landfill Corrective Action Reserve	636	0	636	0	636		
Landfill Closure and Postclosure Care Liability	7,907	298	8,205	(6,402)	1,803		
TOTAL RESERVES	**$145,823**	**$11,309**	**$157,132**	**$(4,312)**	**$152,820**		

Enterprise Revenues by Fund

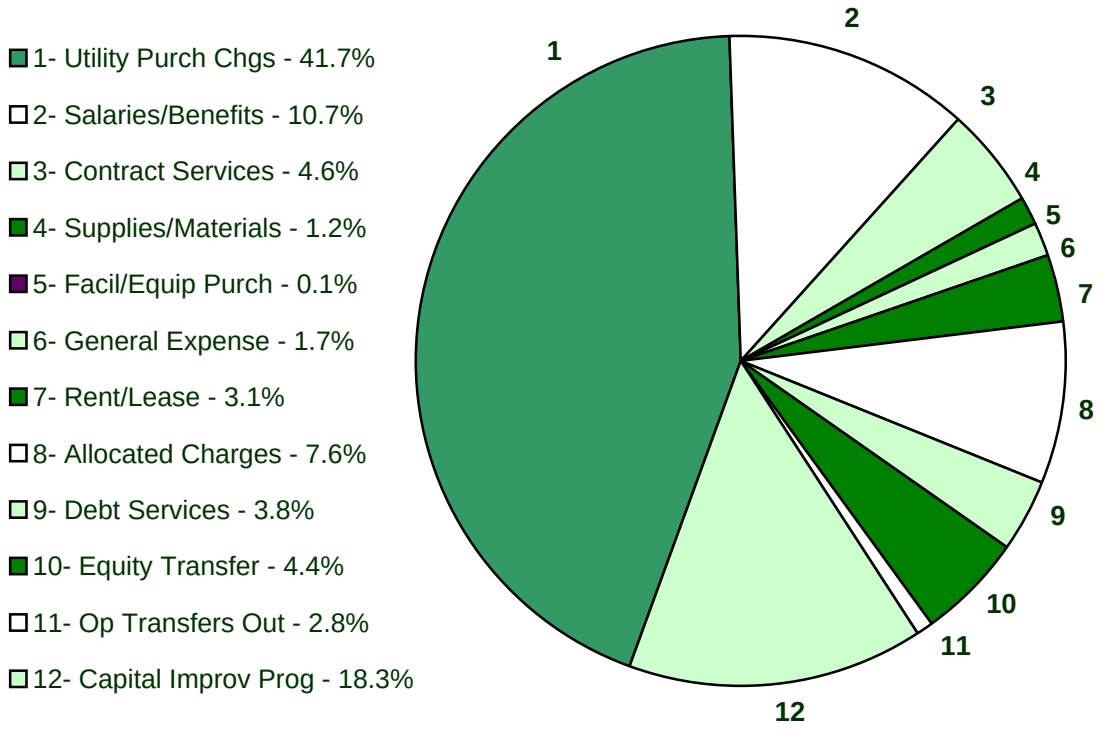
$325.6 Million / Adopted FY 2010

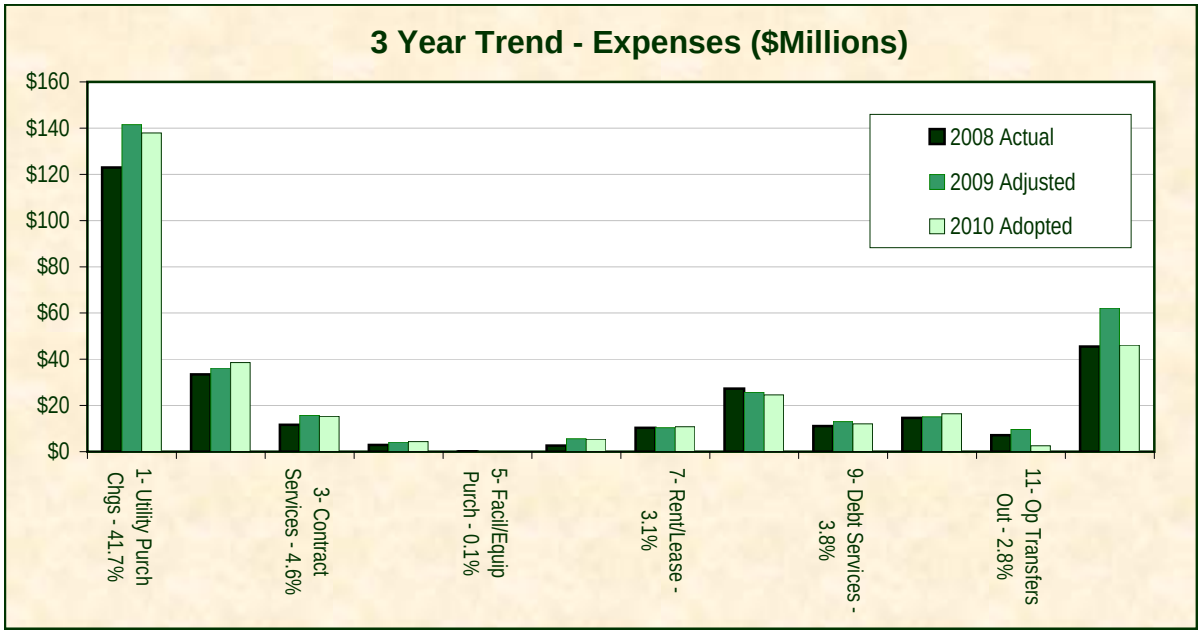




Enterprise Expenditures by Category

$314.3 Million / Adopted FY 2010





Average Residential Monthly Utility Bill

Utility	Current 2008-09 Bill	Adopted 2009-10 Bill	$ Difference	% Difference	Adopted 2010-11 Bill	$ Difference	% Difference
Electric (650KWH)	69.38	76.33	6.95	10.0%	87.78	11.45	15.0%
Water (14CCF)	68.79	72.01	3.22	4.7%	77.05	5.04	7.0%
Gas (100/30TH)	110.71	99.42	(11.29)	-10.2%	114.33	14.91	15.0%
Sewer	23.48	24.65	1.17	5.0%	25.88	1.23	5.0%
Refuse	26.58	31.00	4.42	16.6%	31.00	-	0.0%
Storm Drain	10.95	10.95	-	0.0%	10.95	-	0.0%
User Tax	12.44	12.39	(0.05)	-0.4%	14.25	1.86	15.0%
TOTAL MONTHLY BILL	**$322.33**	**$326.75**	**$4.42**	**$1.4%**	**$361.24**	**$34.49**	**$10.6%**

COMMENTS:

FY 2010 Electric average increase is 10%, effective 7-1-09

FY 2010 Water average increase is 5%, effective 7-1-09

FY 2010 Gas System average decrease is 10%, effective 7-1-09

FY 2010 Sewer average increase is 5%, effective 7-1-09

FY 2010 Refuse average increase is 17%, effective 7-1-09

FY 2011 Electric average increase is 15%, effective 7-1-10

FY 2011 Water average increase is 7%, effective 7-1-10

FY 2011 Gas System average increase is 15%, effective 7-1-10

FY 2011 Sewer average increase is 5%, effective 7-1-10

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Electric Fund

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Electric Fund

To provide valued utility services to customers and dependable returns to the City

OVERVIEW

In Fiscal Year 2010, the City of Palo Alto's Utilities (CPAU) Electric Division plans to focus on increasing infrastructure reliability, increasing the percent of electric supply obtained from renewable energy supplies, and maintaining a supply cost advantage as measured against the California wholesale electric market.

Infrastructure Reliability

The integrity of the infrastructure required for achieving a high level of reliability and value for our customers is of paramount importance to CPAU. Capital projects in Fiscal Year 2010 include completing construction of Underground District 45, beginning the multiyear system rebuilding projects encompassing the old Underground Districts 17, 22, 19 and 24, making ongoing system improvements and upgrades, installing transformers and meters for new customers, upgrading existing services, making utility site security enhancements, and converting the primary electric distribution system in the East Meadow/ Alma/Loma Verde area from 4kV to 12kV.

Supply

Staff will devote a significant amount of time in the coming year to developing and managing a diversified, reliable, cost-effective, and renewable portfolio consistent with the Council-approved Long-term Electric Acquisition Plan (LEAP) Guidelines. The LEAP Guidelines include preference for efficiency, renewable supply goals, risk management, incentives for locally sited, ultra-clean local generation, demand reduction programs and consistency with the Council-adopted Climate Protection Plan.

Due to the long-term contract with the Western Area Power Administration for hydro power and other low-cost supply contracts, overall costs for electricity are less than market costs. Nevertheless, supply and transmission expenses present significant challenges as those costs continue to fluctuate. Wholesale electric costs rose to very high levels in the summer of 2008, then fell precipitously and are at relatively low levels now. Highly volatile energy prices mean that high prices could return. Although electric costs have declined from their heights in the summer of 2008, persistent dry weather has reduced hydroelectric generation requiring CPAU to purchase replacement energy, driving up costs.

Actions taken by the Federal Energy Regulatory Commission (FERC) and the California Independent System Operator (CAISO) to promote changes to the industry's structure will result in greater complexity and, most likely, increased costs for both transmission and for maintaining the required local (Bay Area) generating capacity. Currently, CPAU's access to local generating capacity is very limited and it costs more to acquire power from more distant resources.

CPAU has made significant progress in mitigating increased costs for longer-distance generation by developing programs to stay on target with the approved long-term energy efficiency plan. CPAU is also purchasing geothermal, wind and landfill gas renewable power. Other efforts include obtaining market-based contracts and reviewing improvements to transmission infrastructure and CPAU's connections to the electric transmission grid system. Finally, CPAU is investigating customer-sited generation and cogeneration options. Plans call for the procurement of additional renewable energy supplies during the fiscal year to meet the Council-approved targets of 30 percent by Fiscal Year 2012 and 33 percent by Fiscal Year 2015.

Electric Fund

The LEAP (Long-term Electric Acquisition Plan) reflects a planning methodology for managing the City's supply portfolio begins with Council-approved portfolio planning objectives and risk management policies. By clearly identifying and capturing supply needs and risks, staff recommends long-term portfolio elements and short-term power purchases. During Fiscal Year 2010, implementation of the LEAP initiatives will continue. LEAP initiatives include energy efficiency, ultra-clean small-scale distributed generation, renewable resource power, transmission upgrades, market-based contracts, and climate protection.

Since the passage of Senate Bill 1(2003), Senate Bill 1037(2005), and Assembly Bill 2021(2006), CPAU is required to consider cost-effective energy efficiency as our primary supply option, followed by renewable energy, and then by conventional generating sources. As a result, in addition to the existing Demand-side Management programs, there will be increased funding of energy efficiency programs.

The City is a member of the Northern California Power Agency (NCPA). It is likely that changes to the membership arrangements may impact the cost to members such as Palo Alto. Staff will be involved in monitoring and participating in those NCPA strategies that continue to enhance the value the agency provides the City.

Sales, Marketing and Customer Service

The Electric Utility's Public Benefits program continues to see significant expansion to reach broader markets. The California Solar Initiative (Senate Bill 1) allowed the Photovoltaic (PV) Partners program to offer additional funding for rebates to those in Palo Alto who install solar electric panels. Customers continue to take advantage of efficiency and PV rebates, which help the City meet its Climate Protection Plan goals. The results of these programs are evaluated by a third party consultant, as required, and reported to the state.

Scheduled for completion in May 2009, the upgrade of the Utilities Customer Information System software from "BANNER" to SAP/Utilities will be integrated with the City's current SAP financial system. The upgrade will result in even greater system functionality including more accurate meter inventories, more efficient maintenance scheduling, and consolidation of other functions currently residing in multiple databases.

Rates

For the Electric Utility, a 10 percent rate increase is planned for Fiscal Year 2010 and a 15 percent rate increase is planned for Fiscal Year 2011. During the budget process for Fiscal Year 2011, this rate increase will be re-evaluated based on current revenue requirements, reserve balances, and risk assessment.

Reserves

Rate stabilization reserves (RSR) are maintained and managed in accordance with Council-approved guidelines. The RSR provides a cushion for sudden changes in commodity costs and other operating expenses, to reduce the frequency of rate adjustments, and absorb any sudden cost increases. Additionally, the Council-approved LEAP Implementation Plan specifies the need to maintain adequate supply rate stabilization reserves to ensure stable rates in an environment of uncertainty. The reserves are not used to solve long-term financial needs or to address major catastrophic events. Rates are established such that revenues adequately cover current operating, capital, and financial obligations. Reserves may be above the maximum guideline level or below the minimum guideline level for a particular year as long as the levels are projected to move back to between the minimum and maximum over the five-year financial forecast planning horizon.

In Fiscal Year 2007, Council approved changes to certain utilities reserve guidelines and established the requirement to perform annual risk assessments for the Rate Stabilization Reserves (RSRs). Target reserve levels reflect the risk assessment of the RSRs. Risks for the Electric Supply RSR include exposure to hydrological conditions, market price fluctuations for electricity, changes in sales volumes, risks related to legislative and regulatory initiatives, and credit risks related to CPAU's energy suppliers. The target level for the Electric Distribution RSR is based on a risk assessment that includes potential revenue shortfalls from declining sales and requirements for Capital Improvement Programs.

With an electric rate increase of 10 percent planned in Fiscal Year 2010, the Budget results in a total reserve balance of approximately $101.8 million. The Electric Supply RSR ending balance is projected to end Fiscal Year 2010 at $25.4 million, which is below the minimum guideline of $38.9 million. The ending Electric Distribution RSR is projected to be $8.8 million as of the end of Fiscal Year 2010, which is above the minimum guideline of $6.9 million.

With an electric rate increase of 15 percent planned in Fiscal Year 2011, the Budget results in a total reserve balance of approximately $101.7 million. The Electric Supply RSR ending balance is projected to end Fiscal Year 2011 at $22.5 million, which is below the minimum guideline of $42.0 million. The ending Electric Distribution RSR is projected to be $11.2 million as of the end of Fiscal Year 2011, which is above the minimum guideline of $7.3 million.

The Calaveras Reserve is maintained to cover the amount that certain electric assets are projected to cost above their market value in the future, or "stranded costs." In February 2009, staff provided Council with an updated assessment of stranded costs and alerted them that there could be more funds in the Calaveras Reserve than needed to cover stranded costs. In February 2009, Council directed staff to work with the Utilities Advisory Commission to review possible Capital Improvement Program (CIP) projects that would benefit electric ratepayers for consideration of funding from these funds. The projected Calaveras Reserve balance is $64.2 million at the end of Fiscal Year 2010, and $64.6 million at the end of Fiscal Year 2011.

PROGRAM UPDATE

As of February 2009, 320 photovoltaic systems have been installed, representing over 2,120 kW of pollution-free electric generation on the rooftops of Palo Alto businesses and residents.

In addition, PaloAltoGreen remains the number one voluntary renewable energy program in the country. PaloAltoGreen currently boasts a participation rate greater than 20 percent. Since the City of Palo Alto has increased its participation in PaloAltoGreen and the City has engaged in many other renewable and sustainable practices, the Environmental Protection Agency (EPA) has designated Palo Alto as a "Green Power Community" for the second year in a row.

The "5 CFLs for $1" program was run for a second time in 2008 and involved 4,550 residents (18% of our electric customers) who purchased 22, 256 compact fluorescent lamps (CFLs) which will save them 12.5 million kilowatt hours of electricity over the lifetime of those CFLs. (This translates into a 19.2 million pounds of carbon emissions reduction, equivalent to taking 1,595 cars off the road every year.)

The City received several awards and recognitions that were supported or achieved by the Electric Fund, including:

- Department of Energy Green Power Program of the Year
- California Climate Action Registry Climate Action Leader
- Community Service/Resource Efficiency Award from the California Municipal Utilities Association for PaloAltoGreen

- Qualified for admission to EPA's Green Power Leadership Club
- Made2Manage Value Chain Award for superior device connectivity and network services Value Chain Award

COUNCIL PRIORITY IMPLEMENTATION

Environmental Protection

In August 2006, Council endorsed the California Publicly Owned Electric Utilities' Principles Addressing Greenhouse Reduction Goals, which commits the Electric Fund to develop a greenhouse gas reduction plan consistent with the State's reduction goals. In December 2006, Council approved a Resolution joining International Cities for Local Environmental Initiatives (ICLEI)'s "Cities for Climate Protection Campaign", committing to undertake actions to reduce greenhouse gas emissions throughout the community. In March 2007, Council approved new Long-term Electric Acquisition Plan Objectives and Guidelines, which include the guideline to develop a Climate Action Plan that recognizes the Mayor's Green Ribbon Task Force recommendations and the ICLEI campaign milestones, and revised guidelines that accelerate and expand the City's renewable energy goals, set the stage for expanded and enhanced energy efficiency programs, and promote local small-scale and ultra-clean distributed generation and cogeneration. More details are in the Palo Alto Climate Protection Plan approved by Council in December 2007.

In 2008 the City completed its third California Climate Action Registry greenhouse gas inventory and certification for year 2007, retaining the designation of "Climate Action Leader." Estimated community-wide CO2 emissions from CPAU-provided electricity were higher in 2007 (198,314 metric tons) than in base year 2005 (145,007 metric tons), despite increases in power deliveries from renewable resources. The higher emissions were a result of the purchase of market based brown electricity to make up for the loss of hydro electricity production due to California's drought conditions.

PaloAltoGreen continues to maintain the highest participation rate of any green pricing program in the nation, with over 20 percent of electric customers continuing with the program. As a result, CPAU purchases an additional 5 percent of its annual energy supply from wind and solar resources on top of the renewable supplies purchased to meet the Council-approved renewable portfolio targets.

One new Bay Area landfill generation facility is now on-line and a second one will be operational by mid-2009, increasing renewable energy supplies to almost 18 percent of annual energy use by the end of 2009. Contracts for additional renewable resources, obtained as part of our progress toward the City's accelerated renewable energy goals, are expected to be presented to Council as negotiations are completed. Costs for these new resources are included in the electric supply budget for Fiscal Year 2010 and Fiscal Year 2011.

All of the Electric Fund's residential and commercial energy and demand-side management programs and incentives contribute to the Council's priority of "Environmental Protection." Since the City itself is also a top customer for the Utilities energy efficiency programs, these programs also contribute to the Council's "Economic Health" priority by lowering the operating costs of City facilities and parks. The Electric Fund is beginning a pilot project to study Light Emitting Diode (LED) street lights, which should use less energy and can be disposed of without concern about releasing mercury into the atmosphere.

Fiscal Year 2010 will see continued funding for efficiency, renewable energy and other demand-side management activities as required by the State of California's Public Benefits guidelines. This $2.9 million annual funding is mandated through billing surcharges based on 2.85% of utility revenues. Supplemental annual funding of $2.5 million for Fiscal Year 2010 will be provided through the Resource Supply budget to comply with various state legislative requirements, including those of Senate Bill 1, the California "million solar roofs" legislation.

Residential programs addressing Environmental Protection in Fiscal Year 2010 include:

- Smart Energy Program (includes rebates for ENERGY STAR® appliances, insulation, furnaces, and other equipment)
- Residential Energy Assistance Program (REAP) for low income efficiency installations
- Refrigerator recycling program
- Online Home Energy Analysis
- PV Partners for Photovoltaic installation rebate program
- Community event sponsorship to promote participation in residential efficiency programs
- PAUSD Grant Program, $50,000 grant for efficiency education
- PaloAltoGreen-renewable energy supply source option
- New construction incentive program
- Lighting incentive programs
- In-home energy audits (provided by Acterra)
- Blue Line Monitoring System through in-home energy audits

Commercial programs addressing Environmental Protection in Fiscal Year 2010 include:

- Commercial Advantage Program with rebates for many efficiency equipment installations
- Consultant assistant for resource efficiency (Commercial Energy Audits)
- PV Partners (Solar Electric Rebate Program)
- Right Lights+ Program (small commercial lighting installation program)
- Data center efficiency program
- Meter Links website program to show the customer's prior-day load profile
- Institutional Audit program to pursue energy and water audits at all reasonable facilities. This also qualifies for the Council Priority "Economic Health" as City facilities are audited to lower their utility costs.
- Efficiency training for City facilities staff and customers
- PLUG-In ultra-clean small-scale distributed generation and cogeneration
- Efficiency programs are reviewed by a third party agency to ensure that savings are being appropriate evaluated, measured, and verified, as required by Assembly Bill 2021

Electric Fund

FUND SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Net Sales	91,252,342	104,403,287	113,765,304	9,362,017	9%	129,789,675	16,024,371	14%
Interest Income	9,952,970	6,111,300	5,024,100	(1,087,200)	(18%)	5,024,100	0	0%
Other Income	11,356,850	15,918,201	11,154,548	(4,763,653)	(30%)	12,080,548	926,000	8%
TOTAL FUND REVENUES	$112,562,162	$126,432,788	$129,943,952	$3,511,164	3%	$146,894,323	$16,950,371	13%
Administration	5,978,795	5,960,673	6,024,113	63,440	1%	6,074,674	50,561	1%
General Services								
CIP	232,315	(37,439)	210,000	247,439	(661%)	915,000	705,000	336%
Operations	1,430,531	1,852,250	1,267,588	(584,662)	(32%)	1,268,268	680	0%
Resource Management								
Purchases	71,064,824	86,967,397	77,697,251	(9,270,146)	(11%)	84,015,364	6,318,113	8%
Operations	1,232,023	3,105,321	4,995,524	1,890,203	61%	4,996,989	1,465	0%
Customer Support Services	1,572,923	1,624,532	1,703,400	78,868	5%	1,704,688	1,288	0%
Distribution System								
Systems Improvement(CIP)	10,010,265	7,504,435	6,315,000	(1,189,435)	(16%)	7,075,000	760,000	12%
Customer Design and Connection Services(CIP)	2,895,324	2,319,611	2,009,999	(309,612)	(13%)	1,899,999	(110,000)	(5%)
Operations	8,437,411	10,047,238	10,655,798	608,560	6%	10,719,556	63,758	1%
Demand-side Management (DSM)	2,820,567	5,028,683	3,031,003	(1,997,680)	(40%)	3,476,002	444,999	15%
Debt Service	8,554,050	8,992,000	7,859,000	(1,133,000)	(13%)	8,953,000	1,094,000	14%
Equity Transfer	8,997,757	9,267,689	11,120,000	1,852,311	20%	11,530,000	410,000	4%
Rent	3,438,265	3,252,664	3,498,101	245,437	8%	3,498,101	0	0%
Operating Transfers Out	3,890,341	3,336,836	692,072	(2,644,764)	(79%)	819,340	127,268	18%
TOTAL FUND EXPENDITURES	$130,555,391	$149,221,890	$137,078,849	$(12,143,041)	(8%)	$146,945,981	$9,867,132	7%
TO/FROM RESERVES	$(17,993,229)	$(22,789,102)	$(7,134,897)	$15,654,205		$(51,658)	$7,083,239	

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Utility Purchases and Charges	71,064,824	86,967,397	77,697,251	84,015,364
Salaries and Benefits	10,822,903	10,675,568	11,342,950	11,352,980
Contract Services	1,225,345	3,748,192	4,273,552	4,372,526
Supplies and Materials	518,829	789,120	775,677	775,677
Facilities and Equipment Purchases	1,004	112,280	99,080	99,080
General Expense	1,671,377	4,169,583	3,591,771	3,986,106
Rents and Leases	3,714,148	3,531,484	3,761,501	3,761,501
Allocated Charges	6,956,909	7,845,134	7,330,996	7,390,408
Debt Service	8,554,050	8,992,000	7,859,000	8,953,000
Equity Transfer	8,997,757	9,267,689	11,120,000	11,530,000
Capital Improvement Program	13,137,904	9,786,607	8,534,999	9,889,999
Operating Transfers Out	3,890,341	3,336,836	692,072	819,340
TOTAL EXPENDITURES	**$130,555,391**	**$149,221,890**	**$137,078,849**	**$146,945,981**
Total Full Time Positions	107.43	103.67	105.98	105.98
Total Temporary Positions	3.90	3.76	3.50	3.50

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Average purchase cost per MWH (SEA)	$76.84	$92.15	$82.94
2. Percent of electricity from Palo Alto Green Program (SEA)	5.0%	5.1%	6%
3. Percent of customers enrolled in Palo Alto Green Program (SEA)	19.7%	20%	25%
4. Number of total participants in the Rate Assistance Program (RAP)	1,000	1,200	1,300
5. Amount of annual assistance from RAP for 25% discount of Electric bills	$148,254	$165,000	$180,000
6. Number of service orders (for high meter reads, meter problems, and other investigations from customers or staff that require a field visit)	14,500	14,800	15,000
7. Reading accuracy for the Meter Reading group will be equivalent or higher than industry standards.	99.88	99.88	99.90
8. Achieve percentage of customers in PAG as shown in City's adopted Sustainability Policy	21.82%	25%	25%
9. Achieve 10 Year Energy Efficiency Goals in kWh- Residential	1,990,809	1,000,000	1,200,000
10. Achieve 10 Year Energy Efficiency Goals in kWh- Business	3,507,815	2,500,000	2,700,000
11. Number of Palo Alto School District students attending class presentations for solar, electricity, and water education	1,850	1,850	1,850

Electric Fund

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Efficiency:			
1. Average wait time for customers calling the Customer Service Center will be 70 seconds or less.	75 sec	70 sec	<70 sec
2. Customer outages will be equal to or less than 60 minutes in duration as reported in the nationally recognized electric System Average Interruptible Duration Index (SAIDI) (SP-C2.1)	47.99	<60 minutes/ cus/yr	<60 minutes/ cus/yr
3. The number of customer outages will be equal to or less than 3 per customer per year as reported in the nationally recognized System Average Interruption Frequency Index (SAIFI)	<3	<3	<3
4. Bank Drafting- Increase the participating customers to greater then 25% of total	23%	25%	>25%
5. Increase residents involved in low-income efficiency program (REACH) by 10%	72%	79%	87%
Effectiveness:			
1. The Standard & Poor's revenue bond credit rating will be AA- or higher.(SP-F2.1)	AA-	AAA	AAA
2. The customer satisfaction rating from an outside rating agency, measured against other California utilities will be equal to or greater than the state average. The scale is from one to ten with ten being the highest (SP-C1.1)	8.6	8.6	7.7
3. Citizen survey- percent rating electric utility good or excellent (SEA)	85%	>85%	>85%
4. Increase annual purchase of electricity from renewable fuel sources to meet Council-directed targets of (1) 20% renewable power by 2008 (2) 30% renewable power by 2012 and (3) 33% renewable power by 2015	14.0%	20.0%	25.0%
5. Uncollectable Revenue (Write-Off) will be less than 0.068 percent of Fund Net Revenue. (new)	N/A	0.047%	0.068%
6. Reduce days lost due to workplace injury to 5 or less	<5%	<5%	<5%
7. Increase kW of solar electric (PV) systems installed in PV Partners Program to level in City's 10 Year Plan	700	1,000	1,200

RESERVES

($000)	2009-10 Projected Beginning Balance	2009-10 Changes	2009-10 Projected Ending Balance	2010-11 Changes	2010-11 Projected Ending Balance	2009-10 Reserve Guideline Range	2010-11 Reserve Guideline Range
Emergency Plant Replacement	1,000	0	1,000		1,000	1,000 (min.)	1,000 (min.)
Distribution Rate Stabilization	6,703	2,057	8,760	2,473	11,233	6,872 - 13,745	7,322 - 14,643
Supply Rate Stabilization	34,285	(8,866)	25,419	(2,909)	22,510	38,849 - 77,697	42,008 - 84,015
Calaveras	64,535	(326)	64,209	384	64,593		
Public Benefit	1,669		1,669		1,669		

RESERVES

($000)	2009-10 Projected Beginning Balance	2009-10 Changes	2009-10 Projected Ending Balance	2010-11 Changes	2010-11 Projected Ending Balance	2009-10 Reserve Guideline Range	2010-11 Reserve Guideline Range
Central Valley O&M	22		22		22		
Underground Loan	709		709		709		
TOTAL RESERVES	**$108,923**	**$(7,135)**	**$101,788**	**$(52)**	**$101,736**		

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES ($000)						
Increase net sales (Note 2)	9,362		9,362	16,024		16,024
Increase (decrease) surplus energy revenue	(1,753)		(1,753)	1,011		1,011
Increase connection charges	0		0	50		50
Increase (decrease) CIP reimbursements from customers	(745)		(745)	5		5
Increase other revenue	35		35			0
Increase (decrease) interest income	(1,087)		(1,087)			0
Decrease in operating transfers from other Enterprise Funds (Note 3)	(331)		(331)	(140)		(140)
Decrease Central Valley Project loan repayments (Note 4)	(200)		(200)			0
TOTAL REVENUE CHANGES	**$5,281**	**$0**	**$5,281**	**$16,950**	**$0**	**$16,950**
Adjustments (Note 1)		(1,770)	(1,770)			0
NET REVENUE CHANGES	**$5,281**	**$(1,770)**	**$3,511**	**$16,950**	**$0**	**$16,950**
EXPENDITURE CHANGES ($000)						
Salary and Benefits						
Reclassify 0.76 FTE from Utility Field Service Representative to Customer Service Specialist Lead (including FTE reallocation from Gas and Water Funds to Electric Fund)	71		71			0
Salary Adjustments	55		55			0

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Personnel Benefits Costs Increase (Note 5)	516		516	14		14
Total Salary and Benefits Changes	**$642**	**$0**	**$642**	**$14**	**$0**	**$14**
Adjustments (Note 1)		(30)	(30)			0
Net Salary and Benefits Changes	**$642**	**$(30)**	**$612**	**$14**	**$0**	**$14**
Non-Salary						
Increase (decrease) electric commodity (Note 6)	(3,270)		(3,270)	6,318		6,318
Decrease Central Valley Project loan advances (Note 4)	(200)		(200)			0
Increase (decrease) debt service	(1,133)		(1,133)	1,094		
Decrease legal expense	(100)		(100)			0
Increase rate studies	25		25			0
Decrease energy risk management cost	(7)		(7)			0
Decrease alternative resource programs related to state legislation SB1, SB1037, AB2021, and AB32	(39)		(39)			0
Decrease expense for engineering and operations	(62)		(62)			0
Increase maintenance contract with tree trimmer for lineclearing	182		182	49		
Increase expense for customer support services	20		20			0
Increase bankcard charges	10		10			0
Increase contract services for demand-side management programs	114		114	50		50
Increase demand-side management program incentives	319		319	394		394
Decrease rent and leases	(99)		(99)			0
Increase (decrease) capital improvement program (Note 7)	(1,161)		(1,161)	1,351		1,351
Allocated Charges Increase (decrease) (Note 8)	(192)		(192)	60		60
Increase rate of return transfer to General Fund	1,852		1,852	410		410
Decrease operating transfer to General Fund (Note 9)			0	(333)		(333)

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Increase operating transfer to Capital Projects Fund	4		4	108		108
Increase (decrease) operating transfer to Gas Fund	4		4	(16)		(16)
Increase (decrease)Operating transfer to Technology Fund (Note 10)	(1,596)		(1,596)	368		368
Total Non-Salary Changes	**$(5,329)**	**$0**	**$(5,329)**	**$9,853**	**$0**	**$9,853**
TOTAL EXPENDITURE CHANGES	**$(4,687)**	**$(30)**	**$(4,717)**	**$9,867**	**$0**	**$9,867**
Adjustments (Note 1)		(7,426)	(7,426)			0
NET EXPENDITURE CHANGES	**$(4,687)**	**$(7,456)**	**$(12,143)**	**$9,867**	**$0**	**$9,867**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed and included from this year's budget as planned.

Note 2: Increase in net sales is due to a 10 percent rate increase in Fiscal Year 2010 and a 15 percent increase in Fiscal Year 2011.

Note 3: Decrease in operating transfers from other Enterprise Funds reflects correction of transfer amounts in the base budget.

Note 4: Loan advances to Central Valley Projects and payment back to the fund. The difference between the amount loaned and the payment received is due to timing.

Note 5: Personnel benefit cost changes are primarily due to increases in the PERS employee contribution percentage for miscellaneous employees and increases to the Retiree Medical Benefit Liability costs.

Note 6: Changes in electric commodity costs are due to expected changes in supply and transmission expenses.

Note 7: Projected CIP expenditures for the Electric Fund are $8.6 million in Fiscal Year 2010 and $9.9 million in Fiscal Year 2011.

Note 8: Decrease in allocated charges is primarily due to an decrease in cost plan charges and vehicle replacement charges.

Note 9: Decrease in operating transfer to General Fund in Fiscal Year 2011 reflects end of payments for retiree medical catch-up plan.

Note 10: Changes in transfers to Technology Fund are due primarily to the costs of the SAP upgrade/Utilities billing system.

SERVICE LEVEL CHANGES

Energy efficiency and renewable energy programs

These programs continue to be expanded and enhanced to follow the requirements of both state legislation and the City's Climate Protection Plan goals. New efficiency programs have focused on the underserved markets of small commercial and residential low income customers, as well as providing greater incentives to motivate owners and builders to look at "greener" and more efficient designs for new construction. The solar electric PV Partners program was redesigned to closely match the new statewide solar program, which requires that funding levels and other requirements, including efficiency, new system inspection and reporting be increased.

Changes to solar water heating program and rationale for eliminating electric discounts

California natural gas utilities were legislatively-mandated to implement a new solar water heating program for customers. CPAU introduced our new program during 2008 to encourage additional reduction in natural gas consumption. The program incentive is an upfront rebate applied towards the installed cost of a new system. Staff will be increasing the marketing and contractor participation in this program to increase the customer participation levels.

Our previous solar water heating program operated between 1980 and 1987 (at which point the program was closed to new participants). The program incentive (now eliminated) was a 10% discount applied to electricity costs (top tier electric rate was $0.02 per kWh in 1980), and was applied to single-family homes where the utilities customer received the discount, or multi-family units, where each tenant received the discount if a single system was installed.

Projections made at the start of the program anticipated an equipment operating life of 20 years, and systems installed under the CPAU original solar water heating program have either been removed from service, or, after a period between 21 and 28 years, are no longer the original system but have been extensively repaired or refurbished. If still operating, they remain highly cost-effective since in almost all cases the original installed cost has been recovered after such a lengthy period through natural gas savings, electric savings, and tax credits that were available when the system was installed (top tier electric rate was $0.15 per kWh in 2008).

COMPREHENSIVE PLAN OVERVIEW

The Fiscal Year 2010 and Fiscal Year 2011 Budget includes the following resources directed towards implementing the programs and policies of the Comprehensive Plan:

LAND USE AND COMMUNITY DESIGN

As in previous years, a significant portion of the budget is designated for the undergrounding of utility distribution lines. Benefits of undergrounding include system improvement, higher reliability, reduced tree trimming costs, and improved aesthetics. During Fiscal Year 2010 and Fiscal Year 2011, the focus will be on completing construction for Underground Conversion District Number 45, starting the design for Middlefield Rd projects, and the rebuilding of Districts 19 and 24. The Utility is continuing to use construction practices that minimize the impacts on tree roots and planting areas. The Utilities Department is continuing discussions with manufacturers on possible visual design enhancements for transformers and switches with current specifications calling for smaller sizes. In addition, the Department is consulting with the City's design consultant on above-ground equipment placement to minimize visual impact. (Programs L-80 and L-81)

TRANSPORTATION

Starting in Fiscal Year 2004, the Electric Utility assumed the full cost of operating and maintaining the City's traffic signals and street lights. Staff and funds are dedicated to this purpose. (Policies T-24 and T-39)

A pilot CIP will study the feasibility of replacing the street lights with Light Emitting Diode (LED) lights. (Policy T-22)

NATURAL ENVIRONMENT

New this year will be funding for a pilot capital project to study the replacement of the City's streelights with Light Emitting Diode (LED) lights. They will use less energy and can be disposed of without concern about releasing mercury into the atmosphere. (Goal N-9, Policies N-44 and N-46)

CPAU is pursuing adequate low-cost supplies by participating in cost-effective programs offered by Western Area Power Administration and other suppliers and marketers of energy. Staff purchases low cost supplies through Western and other sources. PaloAltoGreen (PAG) has achieved the number one ranking among all green power program in the country by participation percentage. At present now over 20 percent of customers subscribe to PaloAltoGreen, and the recent addition of the City of Palo Alto as a customer of the program led to the City becoming the fourth city in the nation to achieve the US EPA's Green Power Community milestone. (Goal N-9, Policies N-44 and N-46)

As part of the Electric and Gas Utilities, "Demand-Side Management programs" provide staff support and technical assistance in energy conservation and demand-side management to architects, developers, schools, and utility customers. Consultant contracts have been executed, rebate programs are continuing, and technical assistance is being provided to customers on an ongoing basis. (Policy N-47)

To maintain service reliability, funds are included for line-clearing of trees around utility lines. Funds are included to expand the implementation of the Utility "A Right Tree in the Right Place" program to target areas of high maintenance and high reliability to reduce line-clearing costs and improve reliability. Also, in order to reduce or defer the use of air conditioning in buildings, Utility Public Benefit funds are available to reimburse replacement costs of City-owned trees that qualify under the Shade Tree Program. (Programs N-14 and N-18)

The Department will continue its ongoing implementation of utility rate structures that encourage energy conservation and are in balance with other rate-making objectives, such as providing competitive rates. Rates are set to achieve a balance between actual service costs, market prices, and the goal of promoting conservation and efficient use, and will continue to provide a baseline service rate. (Program N-63)

The Electric Fund Public Benefits program continues to provide direct incentives to Palo Alto residents, businesses, and institutional customers such as schools and City facilities to use energy wisely. Since June 1999, programs have been marketed and progressively implemented. Public education addressing energy conservation continues through the use of bill inserts, customer contacts, and other sources of information. Since the passage of AB1890 and the institution of a Public Benefits charge on all customer bills, staff is monitoring and evaluating cost-effective ways to fund investments in alternative energy sources. The Utility has an ongoing photovoltaic program that provides residents with incentives as well as cost/benefit information on this alternative fuel source. (Programs N-63 and N-67, Policy N-48)

COMMUNITY FACILITIES AND SERVICES

Due to the ongoing level of construction and redevelopment activity occurring in the City, the CIP for services, transformers, and meters has been increased to accommodate this need. (Policy C-9)

Electric Fund

The reliability of the distribution system continues to be a high priority. Staff will continue to focus efforts on replacing and maintaining the aging infrastructure and improving reliability. Specific projects will address the continuing need for accelerated maintenance and replacement of deteriorated overhead facilities and rebuilding underground facilities that are near the end of their useful life. The utility will continue to respond to ongoing new customer service connection requests. (Policy C-9)

GENERAL SERVICES

To design, construct, operate, maintain, and improve the traffic signal, street lighting and communication systems to ensure adequate, safe, economic, reliable, environmentally sound, and efficient delivery of these services to our customers.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,220,285	1,179,491	779,388	780,068
Contract Services	51,721	279,740	149,900	149,900
Supplies and Materials	15,856	152,000	140,200	140,200
Facilities and Equipment Purchases	0	34,000	33,000	33,000
General Expense	0	9,800	9,000	9,000
Rents and Leases	0	4,900	4,900	4,900
Allocated Charges	142,669	192,319	151,200	151,200
Capital Improvement Program	232,315	(37,439)	210,000	915,000
TOTAL EXPENDITURES	**$1,662,846**	**$1,814,811**	**$1,477,588**	**$2,183,268**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	11.27	9.27	6.22	6.22
Total Temporary Positions	0.00	0.00	0.00	0.00

CUSTOMER SUPPORT SERVICES

To provide responsive customer service, advance customer relations, implement energy efficiency programs, and ensure revenue is available to cover financial obligations.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,335,081	1,335,972	1,420,760	1,422,048
Contract Services	16,208	52,700	78,870	78,870
Supplies and Materials	30,859	39,320	48,270	48,270
Facilities and Equipment Purchases	873	1,280	1,280	1,280
General Expense	48,517	53,880	24,680	24,680
Rents and Leases	0	420	0	0
Allocated Charges	141,385	140,960	129,540	129,540
Operating Transfers Out	(340,000)	0	0	0
TOTAL EXPENDITURES	**$1,232,923**	**$1,624,532**	**$1,703,400**	**$1,704,688**
TOTAL REVENUES	**$55,520**	**$55,520**	**$55,520**	**$55,520**
Total Full Time Positions	10.56	10.32	11.10	11.10
Total Temporary Positions	1.28	1.24	1.40	1.40

DISTRIBUTION SYSTEM

To design, construct, operate, maintain, and improve the Electric Distribution System to ensure adequate, safe, economic, reliable, environmentally sound, and efficient delivery of service to our customers.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	5,445,588	5,808,059	6,533,885	6,539,818
Contract Services	1,376,331	1,896,423	2,057,520	2,106,494
Supplies and Materials	423,535	509,000	514,857	514,857
Facilities and Equipment Purchases	131	73,000	60,800	60,800
General Expense	(12,759)	48,771	54,681	54,681
Rents and Leases	275,883	273,500	258,500	258,500
Allocated Charges	928,702	1,438,485	1,175,555	1,184,406
Capital Improvement Program	12,905,589	9,824,046	8,324,999	8,974,999
TOTAL EXPENDITURES	**$21,343,000**	**$19,871,284**	**$18,980,797**	**$19,694,555**
TOTAL REVENUES	**$2,649,136**	**$2,233,782**	**$918,210**	**$973,210**
Total Full Time Positions	73.06	71.46	75.56	75.56
Total Temporary Positions	1.35	1.25	1.23	1.23

DEMAND-SIDE MANAGEMENT (DSM)

To fund and implement programs, consistent with the provisions of Assembly Bill 1890, in the areas of demand-side management, research development and demonstration, renewable resources, and low income assistance.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	597,888	651,494	721,691	722,355
Contract Services	530,570	865,517	986,950	1,036,950
Supplies and Materials	18,924	21,000	27,350	27,350
General Expense	1,523,918	3,461,132	1,272,410	1,666,745
Allocated Charges	149,267	29,540	22,602	22,602
Operating Transfers Out	340,000	3,000	0	0
TOTAL EXPENDITURES	**$3,160,567**	**$5,031,683**	**$3,031,003**	**$3,476,002**
TOTAL REVENUES	**$4,213,559**	**$2,885,100**	**$3,131,000**	**$3,576,000**
Total Full Time Positions	4.56	4.47	5.05	5.05
Total Temporary Positions	0.98	0.98	0.78	0.78

RESOURCE MANAGEMENT

Preserve a supply cost advantage compared to the market price and to develop and manage electric commodity services to the benefit of the ratepayers, citizens, and businesses in Palo Alto.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Utility Purchases and Charges	71,064,824	86,967,397	77,697,251	84,015,364
Salaries and Benefits	1,016,476	1,584,315	1,557,546	1,559,011
Contract Services	82,592	643,812	990,312	990,312
Supplies and Materials	15,495	67,800	45,000	45,000
Facilities and Equipment Purchases	0	4,000	4,000	4,000
General Expense	111,565	596,000	2,191,000	2,191,000
Allocated Charges	5,895	209,394	207,666	207,666
TOTAL EXPENDITURES	**$72,296,847**	**$90,072,718**	**$82,692,775**	**$89,012,353**
TOTAL REVENUES	**$4,938,373**	**$8,196,287**	**$8,039,252**	**$8,084,364**
Total Full Time Positions	6.98	8.15	8.05	8.05
Total Temporary Positions	0.29	0.29	0.09	0.09

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Fiber Optics Fund

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Fiber Optics Fund

To be the premier utility of fiber optic services in the City of Palo Alto with a high level of commitment to the community. Offered services will have high customer value with Quality of Service that exceeds our customers' expectations.

OVERVIEW

Launched in 1996, the City of Palo Alto Utilities (CPAU) Commercial Fiber Optics Enterprise Fund provides a high level of expertise in the design, construction, and operation of "dark fiber optic" network services to the Palo Alto business community. Dark fiber optics service is characterized as the fiber optics cabling, splice points, service connections and other infrastructure which provide the high-capacity bandwidth needed to transport very large quantities of data. It does not include, however, the transmitters, receivers or data itself, which are supplied and controlled by each customer.

The CPAU Fiber Optics system is comprised of a 40.6-mile "dark fiber optics backbone ring" within Palo Alto, to which individual customers are connected via fiber optics "service connections". Service is provided through approximately 173 connections including the City of Palo Alto. Fiber Optics customers are comprised of businesses, schools, and home-based businesses. This includes fiber optics connectivity provided to telecommunication service resellers. Several City departments and sections of City government also use the fiber optics network including Libraries, Foothills Park Interpretive Center, traffic signals, and the Wastewater Treatment Plant. New customers pay the construction fees required to connect to the fiber optics backbone.

In 1996, the Electric Enterprise Fund provided initial financial resources to the fledgling enterprise in the form of loans for capital (infrastructure) and operating expenses. These funds were used to construct the fiber optics backbone within the City. At the end of Fiscal Year 2008, the fiber optics business completed the loan repayment to the Electric Enterprise Fund for all capital and operating expenses from the beginning of the project. A separate Fiber Optics Enterprise Fund, capable of maintaining its own capital and operating budgets and financial operating reserve, was also created.

In Fiscal Year 2009, the CPAU Fiber Optisc staff concentrated on connecting new customers, or expanding service to existing customers, in a timely manner. Restructuring of rates and pricing options has continued to drive customer growth, with an increase of approx.13.7% in annual revenue in the last twelve months. As with any maturing industry, customers both enter and leave the system for a variety of business reasons. The effects of the breadth and depth of the current economic downturn on the Fiber Optics Enterprise Fund are unknown at this time, but CPAU fiber optics service for current and potential customers remains highly competitive.

In Fiscal Year 2010, the CPAU Fiber Optics staff will increase marketing efforts to add customers and to increase system utilization and revenues.

Infrastructure Reliability- Engineering and Operations

A capital project exists to extend the "dark" fiber network around Palo Alto. This network in turn, is licensed to parties providing telecommunication services to citizens and businesses in Palo Alto. Included in the project are increases in system capacity, development of fiber sub-rings, and general improvements to the fiber system. This project promotes the formation of a competitive market for telecommunications in Palo Alto, while limiting the negative impacts on Palo Alto's environment by using pre-existing conduit and poles. A second capital project provides funds for the installation of fiber optic infrastructure for new service connections. These services are fully reimbursed by the customer.

Utility operations staff continues to monitor the integrity of the system and make any necessary repairs.

Fiber Optics Fund

Customer Service and Marketing

During Fiscal Year 2010, operating revenue is projected to increase by 13.7 percent. In that same time period, the number of service connections is projected to increase by 10.2 percent.

Over the past two years, operating revenue increased by 22.7 percent. Over the last year the number of service connections grew by 9.6 percent.

Continuous improvements are being made to CPAU fiber optic business processes to reduce customer cost-to-connect, streamline and improve data management, and coordinate internal workloads to increase efficiency.

Rates and Reserves

New customers take service under Fiber Optics Rate Schedule EDF-3, based on the most recently completed cost of service study. Some existing customers with earlier, unexpired agreements take service under Fiber Optics rate Schedule EDF-1, the cost of which is adjusted annually by the Consumer Price Index.

The Fiber Optics Enterprise Fund has been created and this fund has fully repaid the initial loan and subsequent operating expenses which were taken from the Electric Enterprise Fund to design and build the dark fiber ring servicing the City. A Fiber Optics Enterprise Fund Rate Stabilization Reserve (RSR) was established in Fiscal Year 2009 with guidelines for minimum and maximum reserve levels. The Fiber Optics RSR level is projected to be $7.7 million for Fiscal Year 2010 and $9.1 million for Fiscal Year 2011. These levels are above the RSR maximum guideline level of $1.4 million for Fiscal Years 2010 and 2011. Staff is exploring the utilitzation of Fiber Optics Fund reserves to independently proceed with a phased build-out of the existing backbone to achieve the City's vision of a universally fiber-connected City.

By providing competitively-priced fiber optics services to commercial customers, customers are retained within the City, economic development efforts are enhanced, and the City is able to expand a valuable community asset.

PROGRAM UPDATE

The Commercial Fiber Optic cable network ("backbone ring") has been installed in all the areas planned in the original proposal.

A Capital Improvement Project (CIP) is funded annually for the replacement of system components that have reached the end of usable life, and to make backbone enhancements based on customer demand for services.

Connections to the backbone at individual splice points are performed as required for customers requesting fiber optic service and paid by customers in advance of the work.

In Fiscal Year 2009, marketing efforts were enhanced and there are now a total of 173 customer connections established. CPAU will continue to actively promote this service in Fiscal Year 2010 among commercial customers.

Fiber Optics Fund

FUND SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Net Sales	2,995,484	2,959,196	2,733,859	(225,337)	(8%)	2,733,859	0	0%
Interest Income	444,877	226,900	256,300	29,400	13%	256,300	0	0%
Other Income	3,102	0	0	0	0%	0	0	0%
TOTAL FUND REVENUES	$3,443,463	$3,186,096	$2,990,159	$(195,937)	(6%)	$2,990,159	$0	0%
Administration	409,323	822,810	499,319	(323,491)	(39%)	502,579	3,260	1%
Planning, Marketing, and Contracts	193,539	251,855	216,338	(35,517)	(14%)	216,439	101	0%
Operations and Maintenance	42,508	428,061	435,384	7,323	2%	435,773	389	0%
Customer Design and Construction (CIP)	411,488	501,200	399,999	(101,201)	(20%)	399,999	0	0%
Rent	0	12,902	14,268	1,366	11%	14,268	0	0%
Operating Transfers Out	2,859	14,273	11,192	(3,081)	(22%)	23,890	12,698	113%
TOTAL FUND EXPENDITURES	$1,059,717	$2,031,101	$1,576,500	$(454,601)	(22%)	$1,592,948	$16,448	1%
TO/FROM RESERVES	$2,383,746	$1,154,995	$1,413,659	$258,664		$1,397,211	$(16,448)	

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	397,113	735,031	635,443	636,062
Contract Services	6,356	414,800	114,800	114,800
Supplies and Materials	6,839	18,000	18,000	18,000
General Expense	1,882	19,000	19,000	19,000
Rents and Leases	917	13,902	15,268	15,268
Allocated Charges	232,263	314,895	362,798	365,929
Capital Improvement Program	411,488	501,200	399,999	399,999
Operating Transfers Out	2,859	14,273	11,192	23,890
TOTAL EXPENDITURES	**$1,059,717**	**$2,031,101**	**$1,576,500**	**$1,592,948**
Total Full Time Positions	0.68	5.99	5.08	5.08
Total Temporary Positions	0.00	0.00	0.46	0.46

Fiber Optics Fund

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of Customers (SEA)	45	45	47
2. Service Connection Fiber Miles (SEA)	173	175	175
3. Dollar amount of gross sales revenue	$2,485,000	$2,600,000	$2,634,402

RESERVES

($000)	2009-10 Projected Beginning Balance	2009-10 Changes	2009-10 Projected Ending Balance	2010-11 Changes	2010-11 Projected Ending Balance	2009-10 Reserve Guideline Range	2010-11 Reserve Guideline Range
Emergency Plant Replacement	1,000	0	1,000	0	1,000	1,000 (min.)	1,000 (min.)
Fiber Optic RSR	6,314	1,414	7,728	1,397	9,125	547 - 1,367	547 - 1,367
TOTAL RESERVES	**$7,314**	**$1,414**	**$8,728**	**$1,397**	**$10,125**		

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES ($000)						
Increase net sales		52	52			0
Increase interest income		29	29			0
TOTAL REVENUE CHANGES	**$0**	**$81**	**$81**	**$0**	**$0**	**$0**
Adjustments (Note 1)		(277)				0
NET REVENUE CHANGES	**$0**	**$(196)**	**$(196)**	**$0**	**$0**	**$0**
EXPENDITURE CHANGES ($000)						
Salary and Benefits						
Salary adjustments (Note 2)	(79)		(79)			0
Increase in temporary salaries	34		34			0
Personnel Benefits Costs Decrease (Note 3)	(38)		(38)	1		1
Total Salary and Benefits Changes	**$(83)**	**$0**	**$(83)**	**$1**	**$0**	**$1**

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Non-Salary						
Increase rent and leases	1		1			0
Increase operating transfer to Capital Projects Fund	4		4	7		7
Increase operating transfer to Technology Fund	4		4	8		8
Decrease operating transfer to General Fund			0	(3)		(3)
Decrease capital improvement program (Note 4)	(17)		(17)			0
Allocated Charges Increase (Note 5)	117		117	3		3
Total Non-Salary Changes	**$109**	**$0**	**$109**	**$15**	**$0**	**$15**
TOTAL EXPENDITURE CHANGES	**$26**	**$0**	**$26**	**$16**	**$0**	**$16**
Adjustments (Note 1)		(481)	(481)			0
NET EXPENDITURE CHANGES	**$26**	**$(481)**	**$(455)**	**$16**	**$0**	**$16**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed and included from this year's budget as planned.

Note 2: Salary adjustments are primarily due to reallocation of FTEs from the Electric Fund.

Note 3: Personnel benefit cost changes are primarily due to increases in the PERS employee contribution percentage for miscellaneous employees and increases to the Retiree Medical Benefit Liability costs.

Note 4: Projected CIP expenditures for the Fiber Optics Fund are $400,000 in Fiscal Year 2010 and $400,000 in Fiscal Year 2011.

Note 5: Increase in allocated charges is due to an increase in cost plan charges.

COMPREHENSIVE PLAN OVERVIEW

The Fiscal Year 2010 and Fiscal Year 2011 Budget includes the following resources directed towards implementing the programs and policies of the Comprehensive Plan:

BUSINESS AND ECONOMICS

Begun in 1996 and completed in 1998, the Fiber Optics Ring around the City completes the plan of the Telecommunciations Strategy Study of 1996. Funds are included in the CIP and Operating budgets to allow customers splicing points to provide service. The fiber optic cable network has been installed in all the areas

planned in the original proposal. Completion of work at splicing points is being done as required to provide service to customers. System enhancements and extensions are incrementally added based on customer demand for services. In Fiscal Year 2006, CPAU implemented a simpler rate structure to improve customer service and enhance revenues. In Fiscal Year 2010, staff will continue to enhance marketing efforts for the Fiber Optic services. (Program B-4)

Gas Fund

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Gas Fund

To provide valued utility services to customers and dependable returns to the City.

OVERVIEW

In Fiscal Year 2010, the City of Palo Alto Utilities (CPAU) Gas Fund plans to focus on: increasing infrastructure reliability; lower CIP expenditure, the marketing of energy efficiency programs; and maintaining an excellent safety record.

Infrastructure Reliability

Capital projects planned in Fiscal Year 2010 include the design phase of Gas Main Replacement Project 20. In Fiscal Year 2011, the design phase of Project 21 begins. Also starting in Fiscal Year 2011 is the construction phase of Gas Main Replacement Project 20 to replace leaking, inadequately sized, and structurally deficient Acrylonitrile-Butadiene-Styrene (ABS) gas mains and services, ongoing system improvements and upgrades, and installation of services and meters for new customers. Gas Station 3 will undergo a rebuild in Fiscal Year 2010.

Supply

Staff is guided by the Council-approved Gas Utility Long-term Plan (GULP) objectives, guidelines, and implementation recommendations. The primary objectives of GULP are to hedge volatile wholesale energy prices and to provide stable prices to retail customers. In response to the extreme volatility of gas prices and feedback from customers, staff developed a commodity-hedging program that aims to stabilize costs for residential and small commercial customers. Council has approved Gas Enabling Master Agreements with several suppliers that allow the City to diversify credit risk.

The latest Council-approved revisions in February 2008 to the GULP implementation recommendations brought GULP into alignment with the Climate Protection Plan and the 10-year Energy Efficiency Plan. Initiatives for Fiscal Year 2010 include expanding the voluntary green energy program, PaloAltoGreen, to include gas. Non-fossil gas resources are being evaluated for this program. Staff will also seek economical gas storage opportunities that allow the purchase of additional gas in the summer for withdrawal from storage in the higher-priced winter season. Finally, staff seeks to evaluate the potential for and complexities of entering into a long-term contract to purchase gas at a discount. However, the economic environment and difficult credit environment will delay that implementation of that initiative.

A three-year laddering strategy has been utilized to guide the gas purchasing strategy. This strategy has kept natural gas rates relatively stable despite the rapid upward and downward swings in natural gas and oil prices.

Marketing and Customer Service

Natural gas efficiency is viewed as an alternative to purchasing gas supply. This will expand the breadth of natural gas efficiency programs that can be offered to Palo Alto customers. The new solar water heating rebate program encourages customers to use less natural gas by harnessing the heat of the sun for hot water. Staff is researching additional efficiency programs to encourage customers to install and use more efficient equipment, thus reducing consumption. During Fiscal Year 2008, 0.11% natural gas efficiency savings were achieved.

In spite of the availability of alternative suppliers in the deregulated market, the City's largest commercial and industrial gas customers have remained steadfast buyers of natural gas from CPAU. Large customers can choose between a market-based rate and a CPAU "contract" rate that locks in their usage at guaranteed prices for either a 12-month or 24-month period. Staff provides critical market information to help customers make the best possible gas supply choices.

Rates

For the Gas Utility, a 10 percent decrease for Fiscal Year 2010 and a 15 percent increase for Fiscal Year 2011 are planned.

Reserves

Rate stabilization reserves (RSR) are maintained and managed in accordance with Council-approved guidelines. The RSR provides a cushion for sudden changes in commodity costs and other operating expenses. The aim is to reduce the frequency of rate adjustments and absorb any sudden cost increases. The reserves are not used to solve long-term financial needs or to address major catastrophic events. Rates are established such that revenues adequately cover current operating, capital, and financial obligations. Reserves may be above the maximum guideline level or below the minimum guideline level for a particular year as long as the levels are projected to move back to between the minimum and maximum over the five-year financial forecast planning horizon.

In Fiscal Year 2007, Council approved changes to certain utilities reserve guidelines and established the requirement to perform annual risk assessments for the Rate Stabilization Reserves (RSRs). Target reserve levels reflect the risk assessment of the RSRs. Risks for the Gas Supply RSR include exposure to market prices for gas, changes in sales volumes, and risks related to legislative and regulatory initiatives. The target level for the Gas Distribution RSR is based on a risk assessment that includes potential revenue shortfalls from declining sales and requirements for Capital Improvement Programs.

With a gas rate decrease of 10 percent planned in Fiscal Year 2010, the Budget results in a total reserve balance of approximately $15.2 million. The Gas Supply RSR ending balance is projected to end Fiscal Year 2010 at $7.2 million, which is above the minimum guideline of $6.7 million. The ending Distribution RSR is projected to be $6.0 million, which is above the minimum guideline of $2.7 million.

With a gas rate increase of 15 percent planned in Fiscal Year 2011, the Budget results in a total reserve balance of approximately $15.6 million. The Gas Supply RSR ending balance is projected to end Fiscal Year 2011 at $7.7 million, which is above the minimum guideline of $6.8 million. The ending Distribution RSR is projected to be $6.0 million, which is above the minimum guideline of $3.3 million.

Staff believes that the projected Gas Supply RSR balance is sufficient to meet the risk assessment requirement for Fiscal Year 2010, but future supply-related rate increases may be necessary if changes occur in the wholesale gas market. Withdrawals of Gas Distribution RSR funds have taken place over the last several years to mitigate the increase in customer supply costs and additional expenses such as allocated Workers' Compensation and retiree medical liabilities. However, staff will continue to evaluate the Gas Distribution RSR balance on an ongoing basis.

COUNCIL PRIORITY IMPLEMENTATION

Environmental Protection

In December 2006, Council approved a resolution joining the International Council for Local Environmental Initiatives' (ICLEI) Cities for Climate Protection Campaign, committing to undertake actions to reduce

greenhouse gas emissions throughout the community. Supporting this goal, the Gas Utility Long-term Plan Guideline #4 is to pursue cost-effective energy efficiency investments, reflected in the Utilities Ten-Year Energy Efficiency Portfolio Plan. Consistent with the City's Climate Protection Plan, all of the Gas Fund's energy and demand-side management programs and incentives contribute to the Council's Top Three Priority of Environmental Protection. Since the City is also a top customer for these programs, the Utilities energy efficiency programs also contribute to Council's priority for Economic Health, since City facilities and parks costs are lowered. Funding for supply-funded incentives and analysis will continue into Fiscal Year 2010, as a result of state legislation addressing energy efficiency and solar water heating. This supply funding is in addition to the already funded Demand-side Management (DSM) programs. Funding for the DSM programs is based on 1 percent of revenue sales.

The City has been reporting the natural gas related greenhouse gas emissions for the period 2005-2007 to the California Climate Action Registry and has earned the designation of "Climate Action Leader." Estimated community-wide CO2 emission from CPAU-provided natural gas in 2007 was 168,000 metric tons (compared to 165,000 metric tons in 2006 and 166,000 tons in year 2005). City government operations use of natural gas was 5504 tons in 2007 (compared to an estimated 3,953 tons in 2006 and 6,499 tons in 2005). The emissions variation is primarily due to natural gas used at the RWQCP and landfill gas collected and used by the RWQCP.

In the Gas Fund, under the Council Priority relating to environmental protection, there are programs for both residential and commercial customers. These programs and other new initiatives are described in detail in the Utilities Chapter of the Palo Alto Climate Protection Plan, approved by Council in December 2007. This year we will continue to evaluate options to obtain non-fossil alternatives to natural gas, such as pipeline quality gas made from biomass, and if feasible, to implement a voluntary program similar to PaloAltoGreen for gas customers.

Residential programs addressing Environmental Protection in Fiscal Year 2010 include:

- Smart Energy Program (including rebates for high efficiency appliances, furnaces, boilers, insulation, and other items)
- Residential Energy Assistance Program (REAP) for low income efficiency installations
- Community event sponsorship to promote participation in residential efficiency programs
- PAUSD Grant Program, $50,000 grant for efficiency education in local schools
- New construction incentive programs
- PLUG-IN (Cogeneration)
- Retro-commissioning training for City facilities staff

Commercial programs addressing Environmental Protection include:

- Commercial Advantage Program (Commercial Prescriptive Rebate Program)
- Consultant Assistance for Resource Efficiency (Commercial Energy Audits)
- Meter Links to show the customer's prior-day load profile
- Institutional programs to pursue energy and water audits of all reasonable facilities, including City facilities
- Efficiency bidding to select vendors servicing customers that bid both on price and the energy savings
- Third party delivered efficiency programs

Gas Fund

FUND SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Net Sales	48,100,128	50,347,000	44,222,000	(6,125,000)	(12%)	50,448,000	6,226,000	14%
Interest Income	1,341,995	735,700	1,009,500	273,800	37%	1,009,500	0	0%
Other Income	918,882	782,680	693,398	(89,282)	(11%)	655,398	(38,000)	(5%)
TOTAL FUND REVENUES	$50,361,005	$51,865,380	$45,924,898	$(5,940,482)	(11%)	$52,112,898	$6,188,000	13%
Administration	3,578,674	3,017,037	2,816,970	(200,067)	(7%)	2,841,989	25,019	1%
Resource Management								
Purchases	27,219,686	27,899,673	26,858,750	(1,040,923)	(4%)	27,355,569	496,819	2%
Operations	506,913	1,158,914	1,132,002	(26,912)	(2%)	1,162,515	30,513	3%
Customer Support Services	974,584	1,131,032	1,226,738	95,706	8%	1,227,698	960	0%
Distribution System								
Systems Improvement(CIP)	4,646,359	6,759,143	1,699,002	(5,060,141)	(75%)	7,208,002	5,509,000	324%
Customer Design and Connection Services(CIP)	947,942	665,861	690,000	24,139	4%	700,000	10,000	1%
Operations	3,438,000	4,002,655	4,019,784	17,129	0%	4,026,662	6,878	0%
Demand-side Management (DSM)	332,465	505,545	581,001	75,456	15%	654,001	73,000	13%
Debt Service	534,671	948,517	946,716	(1,801)	0%	946,613	(103)	0%
Equity Transfer	3,043,938	3,135,257	5,300,000	2,164,743	69%	4,930,000	(370,000)	(7%)
Rent	161,492	204,560	215,371	10,811	5%	215,371	0	0%
Operating Transfers Out	838,422	1,723,266	366,678	(1,356,588)	(79%)	396,343	29,665	8%
TOTAL FUND EXPENDITURES	$46,223,146	$51,151,460	$45,853,012	$(5,298,448)	(10%)	$51,664,763	$5,811,751	13%
TO/FROM RESERVES	$4,137,859	$713,920	$71,886	$(642,034)		$448,135	$376,249	

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Utility Purchases and Charges	27,219,686	27,899,673	26,858,750	27,355,569
Salaries and Benefits	3,829,899	3,987,166	4,369,546	4,373,424
Contract Services	946,195	862,680	801,770	831,770
Supplies and Materials	441,462	497,504	520,584	520,584
Facilities and Equipment Purchases	35,394	37,590	62,590	62,590
General Expense	148,095	579,628	595,210	668,191
Rents and Leases	267,373	301,470	325,781	325,781
Allocated Charges	3,323,710	3,753,705	3,316,385	3,345,896
Debt Service	534,671	948,517	946,716	946,613
Equity Transfer	3,043,938	3,135,257	5,300,000	4,930,000
Capital Improvement Program	5,594,301	7,425,004	2,389,002	7,908,002
Operating Transfers Out	838,422	1,723,266	366,678	396,343
TOTAL EXPENDITURES	**$46,223,146**	**$51,151,460**	**$45,853,012**	**$51,664,763**
Total Full Time Positions	44.99	47.01	46.79	46.79
Total Temporary Positions	1.43	1.38	2.19	2.19

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Percent of class one gas leaks repaired within Department of Transportation (DOT) Timelines	100%	100%	100%
2. Miles of gas main replaced during year (SEA)	5.7	5.7	5.7
3. Average purchase cost (per therm)	$0.70	$0.83	$0.85
4. Number of participants in the total Rate Assistance Program (RAP)	1,000	1,200	1,300
5. Amount of annual assistance for RAP for Gas bills	$62,000	$75,000	$80,000
6. Number of service orders (for high meter reads, meter problems, and other investigations from customers or staff that require a field visit)	13,000	13,500	14,000
7. Reading accuracy for meter reading will be equivalent or higher than industry standards	99.88%	99.88%	99.90
8. Therms saved by Energy Efficiency Programs- Residential	34,479	35,000	40,000
9. Therms saved by Energy Efficiency Programs- Business	578	1,500	7,500
10. Number of hot water solar systems (new)	N/A	50	50

Gas Fund

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Efficiency:			
1. Average wait time for customers calling the Customer Service Center will be 70 seconds or less.	75 sec	70 sec	<70 sec
2. Bank Drafting- Increasing the participating customers to greater then 25% of total	23%	>25%	>25%
Effectiveness:			
1. The Standard & Poor's revenue bond credit rating will be AA- or higher. (SP-F2.1)	AA-	AAA	AAA
2. The customer satisfaction rating from an outside rating agency, measured against other California utilities will be equal to or greater than the state average. The scale is from one to ten with ten being the highest. (SP-C1.1)	8.6	8.6	8.6
3. Citizen survey- percent rating gas utility good or excellent (SEA)	84%	>84%	>84%
4. Uncollectable Revenue (Write-Off) will be less than 0.068 percent of Fund Net Revenue. (new)	NA	0.047%	0.068%
5. Reduce days lost due to workplace injury to 5 or less	<5%	<5%	<5%

RESERVES

($000)	2009-10 Projected Beginning Balance	2009-10 Changes	2009-10 Projected Ending Balance	2010-11 Changes	2010-11 Projected Ending Balance	2009-10 Reserve Guideline Range	2010-11 Reserve Guideline Range
Emergency Plant Replacement	1,000	0	1,000		1,000	1,000 (min.)	1,000 (min.)
Distribution Rate Stabilization	4,662	1,347	6,009	(16)	5,993	2,684 -5,368	3,282 - 6,564
Supply Rate Stabilization	8,513	(1,275)	7,238	464	7,702	6,715 - 13,430	6,839 - 13,678
Debt Service Reserve	952		952		952		
TOTAL RESERVES	**$15,127**	**$72**	**$15,199**	**$448**	**$15,647**		

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES ($000)						
Increase (decrease) net sales (Note 2)	(6,125)		(6,125)	6,226		6,226
Increase interest income	274		274			0

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Increase (decrease) other income	(100)		(100)	10		10
Increase (decrease) in operating transfers from other Enterprise Funds	11		11	(48)		(48)
TOTAL REVENUE CHANGES	**$(5,940)**	**$0**	**$(5,940)**	**$6,188**	**$0**	**$6,188**
Adjustments (Note 1)			0			0
NET REVENUE CHANGES	**$(5,940)**	**$0**	**$(5,940)**	**$6,188**	**$0**	**$6,188**
EXPENDITURE CHANGES ($000)						
Salary and Benefits						
Reclassify 0.43 FTE Equipment Operator to Restoration Lead	7		7			0
Salary Adjustments	75		75			0
Personnel Benefits Costs Increase (Note 3)	310		310	6		6
Total Salary and Benefits Changes	**$392**	**$0**	**$392**	**$6**	**$0**	**$6**
Adjustments (Note 1)		24	24			0
Net Salary and Benefits Changes	**$392**	**$24**	**$416**	**$6**	**$0**	**$6**
Non-Salary						
Decrease program and project consultants- alternative resource	(16)		(16)			0
Decrease supply-funded energy efficiency incentives	(91)		(91)			0
Decrease in debt service	(2)		(2)			0
Increase in rate studies	25		25			0
Decrease in other supplies	(1)		(1)			0
Decrease in other general expense	(2)		(2)			0
Increase in bankcard service charges	4		4			0
Increase program and project consultants- demand-side management programs	56		56			0
Increase program and project consultants- resource management			0	30		30
Increase demand-side management incentives	25		25	73		73

Gas Fund

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Increase rents and leases	11		11			0
Increase (decrease) rate of return transfer to General Fund	2,165		2,165	(370)		(370)
Increase (decrease) gas commodity	(1,035)		(1,035)	497		497
Increase (decrease) capital improvement program (Note 4)	(4,860)		(4,860)	5,517		5,517
Increase (decrease) operating transfer to Technology Fund (Note 5)	(842)		(842)	223		223
Increase (decrease) operating transfer to Capital Projects Fund	(51)		(51)	14		14
Increase operating transfer to Water Fund	12		12			0
Decrease operating transfer to Electric Fund	(32)		(32)	(70)		(70)
Decrease operating transfer to General Fund (Note 6)			0	(137)		(137)
Allocated Charges Increase (decrease) (Note 7)	(616)		(616)	29		29
Total Non-Salary Changes	**$(5,250)**	**$0**	**$(5,250)**	**$5,806**	**$0**	**$5,806**
TOTAL EXPENDITURE CHANGES	**$(4,858)**	**$24**	**$(4,834)**	**$5,812**	**$0**	**$5,812**
Adjustments (Note 1)		(464)	(464)			0
NET EXPENDITURE CHANGES	**$(4,858)**	**$(440)**	**$(5,298)**	**$5,812**	**$0**	**$5,812**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Increase in net sales is due to a 10 percent rate decrease in Fiscal Year 2010 and a 15 percent rate increase in Fiscal Year 2011.

Note 3: Personnel benefit cost changes are primarily due to increases in the PERS employee contribution percentage for miscellaneous employees and increases to the Retiree Medical Benefit Liability costs.

Note 4: Projected CIP expenditures for the Gas Fund are $2.4 million in Fiscal Year 2010 and $7.9 million in Fiscal Year 2011.

Note 5: Changes in transfers to Technology Fund are due primarily to the costs of the SAP upgrade/Utilities billing system.

Note 6: Decrease in operating transfer to General Fund in Fiscal Year 2011 reflects end of payments for retiree medical catch-up plan.

Note 7: Decrease in allocated charges is primarily due to an decrease in cost plan charges and vehicle replacement charges.

COMPREHENSIVE PLAN OVERVIEW

The Fiscal Year 2010 and Fiscal Year 2011 Gas Fund Budget includes the following resources directed towards implementing the programs and policies of the Comprehensive Plan:

LAND USE AND COMMUNITY DESIGN

Changes in land use, the development of unimproved properties, and the redevelopment of existing sites require the Gas Utility to adapt to meet the needs of the customers. While new customer growth remains stable, requests for new and augmented gas service to customers continues. Funds are included in the CIP Budget for the ongoing replacement of leaking, inadequately sized, and structurally deficient Acrylonitrile-Styrene (ABS) gas mains and services as a first priority. By researching the maintenance and leak histories of the mains in the gas distribution system, staff identifies mains and services with these problems. (Programs L-79, L-81)

NATURAL ENVIRONMENT

The Department will continue gas rate structures that encourage energy conservation and are in balance with other rate-making objectives, such as providing competitive rates. Rates are set to achieve a balance between actual service costs, market prices, and the goal of promoting conservation and efficient use. CPAU will continue to provide an inverted (progressive) rate structure with a baseline service rate. This structure applies ascending prices for rising usage levels. (Programs N-63, N-64, N-65, N-66)

Efficiency measures for residential and commercial customers will continue to be promoted through a variety of Utilities programs and services (N-9, N-44, N-48, N-67). Residential customers will continue to be informed of the cost benefits of additional insulation, new generations of appliances, and efficient space and water heating technologies. Commercial customers will have access to specialized consulting services, while residential customers will see the launch of a new on-line energy survey tool to assist them in identifying additional efficiency opportunities. In February 2008, Council approved an updated Gas Utility Long-term Plan (GULP) objectives and guidelines, which address purchasing strategies and energy efficiency investments. (Goal N-9, Policies N-44 and N-48, Program N-67)

The Demand-side Management program continues to be offered to interested parties. Consultant contracts have been executed and implementation details are being evaluated. Since June 1999 programs have been marketed and progressively implemented. (Policy N-47)

COMMUNITY FACILITIES AND SERVICES

The reliability of the distribution system continues to be a high priority. Utility staff will continue to focus on the accelerated Gas Main Replacement Projects to rehabilitate the system. Over $10 million are included in the Capital Budget in Fiscal Year 2010 and Fiscal Year 2011 for this purpose. Funds are also included to customer system extensions. (Policy C-9)

BUSINESS AND ECONOMICS

Commercial customers also have the option of "locking-in" natural gas supplies for fixed prices during 12-month or 24-month fixed terms. This allows price certainty for customer budgeting purposes. (Policies B-4, B-10)

CUSTOMER SUPPORT SERVICES

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	877,447	919,402	1,038,785	1,039,745
Contract Services	14,318	64,200	63,700	63,700
Supplies and Materials	6,570	21,220	21,620	21,620
Facilities and Equipment Purchases	0	4,340	4,340	4,340
General Expense	17,700	16,800	4,700	4,700
Rents and Leases	0	210	210	210
Allocated Charges	58,549	104,860	93,383	93,383
TOTAL EXPENDITURES	**$974,584**	**$1,131,032**	**$1,226,738**	**$1,227,698**
TOTAL REVENUES	**$62,080**	**$62,080**	**$62,080**	**$62,080**
Total Full Time Positions	8.10	8.15	8.02	8.02
Total Temporary Positions	0.33	0.28	0.52	0.52

DISTRIBUTION SYSTEM

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	2,214,648	2,483,107	2,614,892	2,617,278
Contract Services	91,292	180,400	135,990	135,990
Supplies and Materials	430,662	450,284	468,964	468,964
Facilities and Equipment Purchases	35,394	28,250	53,250	53,250
General Expense	13,816	43,250	37,650	37,650
Rents and Leases	105,881	96,700	110,200	110,200
Allocated Charges	546,307	720,664	598,838	603,330
Capital Improvement Program	5,594,301	7,425,004	2,389,002	7,908,002
Operating Transfers Out	0	10,000	0	0
TOTAL EXPENDITURES	**$9,032,301**	**$11,437,659**	**$6,408,786**	**$11,934,664**
TOTAL REVENUES	**$825,784**	**$742,500**	**$690,000**	**$700,000**
Total Full Time Positions	33.98	35.83	35.82	35.82
Total Temporary Positions	1.10	1.10	1.57	1.57

DEMAND-SIDE MANAGEMENT (DSM)

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	54,474	23,506	22,841	22,860
Contract Services	130,586	223,000	191,000	191,000
Supplies and Materials	0	4,500	4,500	4,500
General Expense	75,357	249,405	362,660	435,641
Allocated Charges	72,048	5,134	0	0
TOTAL EXPENDITURES	**$332,465**	**$505,545**	**$581,001**	**$654,001**
TOTAL REVENUES	**$143,180**	**$0**	**$0**	**$0**
Total Full Time Positions	0.44	0.18	0.15	0.15
Total Temporary Positions	0.00	0.00	0.10	0.10

Gas Fund

RESOURCE MANAGEMENT

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Utility Purchases and Charges	27,219,686	27,899,673	26,858,750	27,355,569
Salaries and Benefits	389,943	472,054	521,422	521,935
Contract Services	71,466	390,080	406,080	436,080
Supplies and Materials	4,230	21,500	25,500	25,500
Facilities and Equipment Purchases	0	5,000	5,000	5,000
General Expense	41,222	270,173	174,000	174,000
Allocated Charges	52	107	0	0
TOTAL EXPENDITURES	**$27,726,599**	**$29,058,587**	**$27,990,752**	**$28,518,084**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	2.47	2.85	2.80	2.80
Total Temporary Positions	0.00	0.00	0.00	0.00

Wastewater Collection Fund

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Wastewater Collection Fund

To provide valued utility services to customers and dependable returns to the City.

OVERVIEW

In Fiscal Year 2010 and Fiscal Year 2011, the Wastewater Collection Utility plans to focus on maintaining infrastructure reliability, identifying problems in mains and service laterals through expanded use of video technology, and maintaining its excellent safety record.

Consistent with the department-wide goal of focusing on reliability, staff will continue the design and construction stages of several major capital improvement projects (CIP) based on the 1989 Wastewater Collection System Master Plan (WWCMP) and 2004 WWCMP update. The Master Plans targeted top priority work in its CIP recommendations.

Over the past 19 years most of the top priority CIP work has been completed. In Fiscal Year 2010, staff will continue overlapping the design and construction elements of rehabilitation and augmentation projects. Specifically, construction will begin for Wastewater Collection System Rehabilitation/Augmentation Project 22 after advertisement, and design will begin for Wastewater Collection System Rehabilitation/ Augmentation Project 23. In Fiscal Year 2011, design will begin for Wastewater Collection System Rehabilitation/Augmentation Project 24 with construction starting in Fiscal Year 2012. Since current technology allows for the dynamic modeling of collection systems, the model will be used to provide engineering staff with data for planning future CIP projects. This higher quality dynamic analysis may reduce the need for future CIP expenditures.

A contract to provide services to customers with sewer blockages will continue in Fiscal Year 2010. This program has resulted in better customer service and reduced overtime. Success of this program is thoroughly evaluated using a survey of customers served by the contractor.

Rates

For the Wastewater Collection Utility, rate increases of 5 percent for Fiscal Year 2010 and 5 percent for Fiscal Year 2011 are planned.

Reserves

Rate stabilization reserves (RSR) are maintained and managed in accordance with Council-approved guidelines. The RSR provides a cushion for sudden changes in commodity costs and other operating expenses, to reduce the frequency of rate adjustments, and absorb any sudden cost increases. The reserves are not used to solve long-term financial needs or to address major catastrophic events. Rates are established such that revenues adequately cover current operating, capital, and financial obligations. Reserves may be above the maximum guideline level or below the minimum guideline level for a particular year as long as the levels are projected to move back to between the minimum and maximum over the five-year financial forecast planning horizon.

In Fiscal Year 2007, Council approved changes to certain utilities reserve guidelines and established the requirement to perform annual risk assessments for the RSRs. Target reserve levels reflect the risk assessment of the RSRs. The target level for the Wastewater Collection RSR is based on a risk assessment that includes potential revenue shortfalls from declining sales and requirements for Capital Improvement Programs.

With a wastewater rate increase of 5 percent in Fiscal Year 2010, the Wastewater Collection RSR ending balance is projected to be approximately $4.3 million, which is above the minimum guideline level of $2.2 million and at the maximum guideline of $4.3 million.

Wastewater Collection Fund

With a wastewater rate increase of 5 percent in Fiscal Year 2011, the Wastewater Collection RSR ending balance is projected to be approximately $3.7 million, which is above the minimum guideline level of $2.3 million and below the maximum guideline level of $4.5 million.

PROGRAM UPDATE

In order to improve service to our customers, the Department contracted with an outside vendor for wastewater calls. Customer surveys assist in the monitoring of this contract to ensure continued customer satisfaction. Implementation of this contract has allowed staff to increase activities in capital and operating services to customers with favorable customer satisfaction results.

FUND SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Net Sales	14,105,874	13,708,652	14,442,683	734,031	5%	15,165,417	722,734	5%
Interest Income	818,401	469,500	551,500	82,000	17%	551,500	0	0%
Other Income	1,703,140	1,148,200	993,600	(154,600)	(13%)	1,002,600	9,000	1%
TOTAL FUND REVENUES	$16,627,415	$15,326,352	$15,987,783	$661,431	4%	$16,719,517	$731,734	5%
Administration	1,284,401	1,422,191	1,343,702	(78,489)	(6%)	1,355,184	11,482	1%
Customer Support Services	76,483	182,792	288,569	105,777	58%	288,796	227	0%
Collection System								
Treatment Plant Charges	7,055,856	7,538,646	7,933,408	394,762	5%	8,330,078	396,670	5%
Systems Improvement(CIP)	3,848,715	3,015,667	2,985,000	(30,667)	(1%)	3,070,000	85,000	3%
Customer Design & Connection(CIP)	388,936	951,882	961,000	9,118	1%	890,000	(71,000)	(7%)
Operations	2,414,959	2,558,213	2,529,078	(29,135)	(1%)	2,544,457	15,379	1%
Debt Service	72,549	128,534	129,003	469	0%	129,266	263	0%
Rent	85,633	108,645	114,536	5,891	5%	114,536	0	0%
Operating Transfers Out	481,616	668,259	96,620	(571,639)	(86%)	564,741	468,121	484%
TOTAL FUND EXPENDITURES	$15,709,148	$16,574,829	$16,380,916	$(193,913)	(1%)	$17,287,058	$906,142	6%
TO/FROM RESERVES	$918,267	$(1,248,477)	$(393,133)	$855,344		$(567,541)	$(174,408)	

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Utility Purchases and Charges	7,055,856	7,538,646	7,933,408	8,330,078
Salaries and Benefits	1,972,040	1,621,448	1,791,048	1,792,630
Contract Services	(301,589)	301,800	246,440	246,440
Supplies and Materials	193,671	146,010	227,470	227,470
Facilities and Equipment Purchases	0	11,150	5,150	5,150
General Expense	36,434	56,300	58,500	63,500
Rents and Leases	156,406	204,945	210,436	210,436
Allocated Charges	1,804,514	1,930,188	1,736,841	1,757,347
Debt Service	72,549	128,534	129,003	129,266
Capital Improvement Program	4,237,651	3,967,549	3,946,000	3,960,000
Operating Transfers Out	481,616	668,259	96,620	564,741
TOTAL EXPENDITURES	**$15,709,148**	**$16,574,829**	**$16,380,916**	**$17,287,058**
Total Full Time Positions	26.71	24.21	24.68	24.68
Total Temporary Positions	1.29	1.24	1.46	1.46

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of miles of sewer lines cleaned/treated annually (SEA)	80	101	101
2. Number of total participants in the Rate Assistance Program (RAP)	1,000	1,200	1,300
Efficiency:			
1. Average wait time for customers calling the Customer Service Center will be 70 seconds or less	75 sec	70 sec	<70 sec
2. Responses to notification of reportable incidents of sewer overflow will be within 2 hours for 95 percent of the time	95%	95%	95%
3. Bank Drafting- Increase the participating customers to greater than 25% of total	23%	>25%	27%
Effectiveness:			
1. The Standard & Poor's revenue bond credit rating will be AA- or higher (SP-F2.1)	AA-	AAA	AAA
2. A satisfaction survey regarding the contractor's response to wastewater backups will have a 75 percent approval rating	75%	75%	80%
3. Citizen survey- percent rating quality of sewer services good or excellent (SEA)	81%	>81%	>81%

Wastewater Collection Fund

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
4. Uncollectable Revenue (Write-Off) will be less than 0.068 percent of Fund Net Revenue (new)	N/A	0.047%	0.068%

RESERVES

($000)	2009-10 Projected Beginning Balance	2009-10 Changes	2009-10 Projected Ending Balance	2010-11 Changes	2010-11 Projected Ending Balance	2009-10 Reserve Guideline Range	2010-11 Reserve Guideline Range
Emergency Plant Replacement	1,000	0	1,000	0	1,000	1,000 (min.)	1,000 (min.)
Rate Stabilization	4,660	(393)	4,267	(568)	3,699	2,151 - 4,303	2,259 - 4,518
TOTAL RESERVES	**$5,660**	**$(393)**	**$5,267**	**$(568)**	**$4,699**		

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES ($000)						
Increase net sales (Note 2)	656		656	717		717
Increase interest income	82		82			0
Increase (Decrease) other income (Note 3)	(77)		(77)	15		15
TOTAL REVENUE CHANGES	**$661**	**$0**	**$661**	**$732**	**$0**	**$732**
Adjustments (Note 1)			0			0
NET REVENUE CHANGES	**$661**	**$0**	**$661**	**$732**	**$0**	**$732**
EXPENDITURE CHANGES ($000)						
Salary and Benefits						
Reclassify 0.26 FTE from Equipment Operator to Restoration Lead	4		4			0
Salary Adjustments	44		44			0
Personnel Benefits Costs Increase (Note 4)	51		51	3		3
Total Salary and Benefits Changes	**$99**	**$0**	**$99**	**$3**	**$0**	**$3**

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Adjustments (Note 1)		(4)	(4)			0
Net Salary and Benefits Changes	**$99**	**$(4)**	**$95**	**$3**	**$0**	**$3**
Non-Salary						
Increase treatment plant charges	395		395	397		397
Increase rent and leases	6		6			0
Decrease instruction and training	(1)		(1)			0
Decrease other contract services	(1)		(1)			0
Decrease other general expense	(1)		(1)			0
Decrease non-capital office machinery and furniture	(1)		(1)			0
Increase Monroe Park wastewater charge from Mt. View	6		6	5		5
Decrease operating transfer to Captial Projects Fund	(56)		(56)	7		7
Increase operating transfer to Water Fund	12		12			0
Increase (decrease) operating transfer to Gas Fund	4		4	(16)		(16)
Increase (decrease) operating transfer to Refuse Fund (Note 5)	(62)		(62)	375		375
Increase (decrease) operating transfer to Technology Fund (Note 6)	(285)		(285)	102		102
Increase (decrease) capital improvement program (Note 7)	(46)		(46)	13		13
Allocated Charges Increase (decrease) (Note 8)	(54)		(54)	20		20
Total Non-Salary Changes	**$(84)**	**$0**	**$(84)**	**$903**	**$0**	**$903**
TOTAL EXPENDITURE CHANGES	**$15**	**$(4)**	**$11**	**$906**	**$0**	**$906**
Adjustments (Note 1)		(205)	(205)			0
NET EXPENDITURE CHANGES	**$15**	**$(209)**	**$(194)**	**$906**	**$0**	**$906**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Increase in net sales reflects rate increases of 5 percent in Fiscal Year 2010 and 5 percent in Fiscal Year 2011.

Note 3: Change in other income is due primarily to an increase in revenue from connection charges in Fiscal Year 2010, and a decrease in Fiscal Year 2011.

Note 4: Personnel benefit cost changes are primarily due to increases in the PERS employee contribution percentage for miscellaneous employees and increases to the Retiree Medical Benefit Liability costs.

Note 5: Increase in transfer to Refuse Fund reflects reimbursement for CIP RF-10003 Drying Beds, Material Storage and Transfer Area.

Note 6: Changes in transfers to Technology Fund are due primarily to the costs of the SAP upgrade/Utilities billing system.

Note 7: Projected CIP expenditures for the Wastewater Collection Fund are $3.9 million in Fiscal Year 2010 and $3.9 million in Fiscal Year 2011.

Note 8: Decrease in allocated charges in Fiscal Year 2010 is due primarily to a decrease in vehicle replacement charges. Increases in Fiscal Year 2011 are due to increases in electric charges and increases in cost plan charges.

COMPREHENSIVE PLAN OVERVIEW

The Fiscal Year 2010 and Fiscal Year 2011 Wastewater Collection Fund Budget includes the following resources directed towards implementing the programs and policies of the Comprehensive Plan:

LAND USE AND COMMUNITY DESIGN

Changes in land use, the development of unimproved properties, and the redevelopment of existing sites require the Wastewater Collection Utility to adapt to meet the needs of the customers. While new customer growth remains stable, requests for new and augmented sewer service to customers continue. In addition, existing sewer service laterals become cracked and broken by tree roots, ground movement, and third party excavation damage, requiring that they be replaced. (Program L-81)

NATURAL ENVIRONMENT

Outreach programs with our customers, such as utility bill inserts, encourage safe and responsible ways to maintain the customer's sections of the sewer lines. (Policy N-21)

CUSTOMER SUPPORT SERVICES

To provide responsive customer service, advance customer relations, and ensure revenue is available to cover the Wastewater Collection Fund's financial obligations.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	59,694	125,020	236,240	236,467
Supplies and Materials	520	8,160	8,160	8,160
Facilities and Equipment Purchases	0	650	650	650
General Expense	6,410	4,900	0	0
Rents and Leases	0	100	100	100
Allocated Charges	9,859	43,962	43,419	43,419
TOTAL EXPENDITURES	**$76,483**	**$182,792**	**$288,569**	**$288,796**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	1.45	1.35	2.15	2.15
Total Temporary Positions	0.17	0.12	0.12	0.12

Wastewater Collection Fund

COLLECTION SYSTEM

To plan, engineer, construct, operate, and maintain improvements to the Wastewater Collection System that will provide our customers with safe, economic, and reliable service.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Utility Purchases and Charges	7,055,856	7,538,646	7,933,408	8,330,078
Salaries and Benefits	1,539,686	1,467,911	1,482,448	1,483,803
Contract Services	89,848	241,800	186,440	186,440
Supplies and Materials	193,151	137,850	219,310	219,310
Facilities and Equipment Purchases	0	10,500	4,500	4,500
General Expense	30,024	51,400	53,600	58,600
Rents and Leases	70,773	96,200	95,800	95,800
Allocated Charges	491,477	552,552	486,980	496,004
Capital Improvement Program	4,237,651	3,967,549	3,946,000	3,960,000
Operating Transfers Out	0	20,000	0	0
TOTAL EXPENDITURES	**$13,708,466**	**$14,084,408**	**$14,408,486**	**$14,834,535**
TOTAL REVENUES	**$1,385,515**	**$889,000**	**$721,000**	**$730,000**
Total Full Time Positions	25.26	22.86	22.53	22.53
Total Temporary Positions	1.12	1.12	1.34	1.34

Water Fund

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Water Fund

To provide valued utility services to customers and dependable returns to the City.

OVERVIEW

In Fiscal Year 2010 and Fiscal Year 2011, Palo Alto's Water Utility plans to focus 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, and marketing water efficiency programs and services.

Engineering and Operations

Capital projects planned in Fiscal Year 2010 include the design and construction phases of water main replacement projects to replace structurally deficient water mains; system improvements and upgrades for underground vaults and above-ground water regulation facility locations; and continued installation and upgrading of services and meters for customers. Specifically, work will begin on the design phase of Water Main Replacement (WMR) Project 23, the construction phase of WMR Projects 21 & 22, and coating improvements to the water reservoirs.

To address the critical need for ensuring sufficient water supplies during emergency situations, the City of Palo Alto Utilities (CPAU) has accelerated the implementation of the recommendations of the 1999 Water Wells, Regional Storage, and Distribution Study. This study was commissioned to evaluate ways to improve the operation and reliability of the City's water distribution system, particularly during emergency situations. The study identified a series of recommended projects. In 2007, Council certified the Environmental Impact Report (EIR) and voters overwhelmingly approved a ballot measure to use the space beneath El Camino Park for a new reservoir, pump station, and well. The design and construction of the El Camino project is running concurrently with the design phase of the other study-recommended projects. Predesign of two new emergency wells and the construction of a third was already undertaken during Fiscal Year 2009 and these projects will continue in Fiscal Year 2010. Significant funding increases appear in the Fiscal Year 2010 budget, with the expectation of bond financing.

Supply

Palo Alto's water supplier, the San Francisco Public Utilities Commission (SFPUC), has provided rate projections indicating that the City's wholesale costs will steadily increase over the next eight years. This is due to the adopted construction program to repair and upgrade the SFPUC's regional water delivery system. Palo Alto has supported these system improvements and has advocated for prompt implementation of the SFPUC's Water System Improvement Program (WSIP). On October 30, 2008, the SFPUC adopted the WSIP and the San Francisco Planning Commission certified the Final Program Environmental Impact Report for the WSIP. These major milestones for the WSIP indicate that the risks to human health and safety from a major lengthy disruption of water supplies from the regional water system are being addressed.

Although, staff has concluded that SFPUC supplies are sufficient in normal water years, additional supplies are needed in drought years. Other water supply options are therefore under evaluation. In Fiscal Year 2009, a Recycled Water Facility Plan was completed. The plan identified a project to extend pipelines to deliver recycled water to the Stanford Research Park area. However, the project is very expensive and staff is seeking outside funding in order to make it cost effective

Water Fund

Palo Alto is a member of the Bay Area Water Supply and Conservation Agency (BAWSCA), an agency which represents all the water agencies that purchase water from the SFPUC. WSIP contained a limitation on water sales from the regional water system. In response to this water supply limitation, the potential for increasing efficiency programs is being re-assessed by BAWSCA. By the end of Fiscal Year 2009, BAWSCA is expected to finalize a plan to implement new efficiency programs. The plan will identify all cost-effective efficiency programs and recycled water projects and determine how to implement those programs. Palo Alto is actively participating in the development of the plan and will begin implementation of the plan's recommended programs and projects in Fiscal Year 2010.

Sales and Marketing

Water efficiency continues to play an important role in the goals for CPAU. The cost sharing water efficiency contract with the Santa Clara Valley Water District will continue the vast array of water efficiency projects that are currently available to Palo Alto customers.

In light of current drought conditions and in anticipation of likely mandatory water restrictions, CPAU will place great emphasis on helping customers reduce water usage. In particular, reduction of outdoor irrigation watering will be targeted as a primary conservation measure, since this is the single largest water end use and the place where the greatest reductions can be readily achieved.

Rates

For the Water Utility, rate increases of 5 percent for Fiscal Year 2010 and a 7 percent for Fiscal Year 2011 are planned.

Reserves

Rate stabilization reserves (RSR) are maintained and managed in accordance with Council-approved guidelines. The RSR provides a cushion for sudden changes in commodity costs and other operating expenses, to reduce the frequency of rate adjustments, and absorb any sudden cost increases. The reserves are not used to solve long-term financial needs or to address major catastrophic events. Rates are established such that revenues adequately cover current operating, capital, and financial obligations. Reserves may be above the maximum guideline level or below the minimum guideline level for a particular year as long as the levels are projected to move back to between the minimum and maximum over the five-year financial forecast planning horizon.

In Fiscal Year 2007, Council approved changes to certain utilities reserve guidelines and established the requirement to perform annual risk assessments for the RSRs. An update of these reserve guidelines was approved by Council in Fiscal Year 2009. Target reserve levels reflect the risk assessment of the RSRs. The target level for the Water RSR is based on a risk assessment that includes potential revenue shortfalls from declining sales and requirements for Capital Improvement Programs.

With a water rate increase of 5 percent in Fiscal Year 2010, the Water RSR ending balance is projected to be approximately $14.0 million, which is above the minimum guideline level of $4.3 million.

With a water rate increase of 7 percent in Fiscal Year 2011, the Water RSR ending balance is projected to be approximately $17.2 million, which is above the minimum guideline level of $4.6 million.

PROGRAM UPDATE

In partnership with the Santa Clara Valley Water District (SCVWD), CPAU is participating in several water conservation "Best Management Practices" (BMP) programs. These programs enable Palo Alto to meet its water conservation obligations.

BMPs include residential, commercial, industrial, and institutional efficiency measures for domestic water use, process use, and irrigation. Staff is looking for ways to enhance marketing of these programs as the state continues through its third dry year and mandatory water use restrictions are likely to be imposed. In addition, staff will administer the "Landscape Standards" of the Palo Alto Municipal Code, and expand promotion of dedicated irrigation water meters for use by commercial customers.

COUNCIL PRIORITY IMPLEMENTATION

Environmental Protection

All of the Water Fund's demand-side management programs and incentives contribute to the Council's Top Three Priority of Environmental Protection, and are consistent with the Green Ribbon Task Force's recommendations. Since the City is also a top customer for these programs, water efficiency programs contribute as well to the Council priority "Economic Health," since City facilities and Parks costs are lowered when water use is reduced. Funding for demand side management programs is based on 1.25 percent of revenue sales for Fiscal Year 2010.

In the Water Fund, there are programs for both residential and commercial customers. Almost all of the programs include a cost sharing arrangement with the Santa Clara Valley Water District (SCVWD). The exceptions are the new construction rebate programs, marketing promotions at City-sponsored events and the Palo Alto Unified School District (PAUSD) $50,000 grant for energy and water efficiency education.

Residential programs addressing Environmental Protection in Fiscal Year 2010 include:

- Water-Wise House Call Program (includes free water-saving device delivery)
- Evapotranspiration (ET) or Weather-Based Controller Rebate Program
- Residential High Efficiency Toilet Rebate Program
- Residential Clothes Washer Rebate Program
- Residential Irrigation System Hardware Rebate Program
- Landscape Rebate Program
- New Construction rebate in coordination with the City's Build it Green Ordinance.

Commercial programs addressing Environmental Protection in Fiscal Year 2010 include:

- Commercial Clothes Washer Rebate Program
- Irrigation Technical Assistance Program (ITAP)
- Water Efficient Technologies (WET)
- Irrigation System Hardware Rebate Program (ISHRP)
- Weather-Based Irrigation Controller Program
- Commercial High-Efficiency Toilet/Urinal Installation Program
- Large Commercial Indoor Water Survey Program
- Landscape Rebate Program
- New Construction Rebate Program
- Institutional programs pursue performing energy and water audits for all facilities where it is cost-effective to do so. This also qualifies for the Council Priority "Economic Health," as the City facilities are audited to lower utility costs for the City.

Water Fund

FUND SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Net Sales	25,996,196	26,516,951	28,947,500	2,430,549	9%	30,972,500	2,025,000	7%
Interest Income	1,628,482	1,015,200	1,265,200	250,000	25%	1,265,200	0	0%
Other Income	1,665,415	977,434	813,934	(163,500)	(17%)	823,934	10,000	1%
Bond Proceeds	0	35,000,000	35,000,000	0	0%	0	(35,000,000)	(100%)
TOTAL FUND REVENUES	$29,290,093	$63,509,585	$66,026,634	$2,517,049	4%	$33,061,634	$(32,965,000)	(50%)
Administration	1,996,996	2,311,272	2,451,446	140,174	6%	2,484,407	32,961	1%
Resource Management								
Purchases	8,362,964	8,701,000	10,354,000	1,653,000	19%	12,067,000	1,713,000	17%
Operations	350,098	646,888	744,454	97,566	15%	754,867	10,413	1%
Customer Support Services	1,174,257	1,414,763	1,546,222	131,459	9%	1,582,198	35,976	2%
Distribution System								
Systems Improvement(CIP)	3,389,208	13,025,466	27,013,999	13,988,533	107%	7,762,999	(19,251,000)	(71%)
Customer Design and Connection Services(CIP)	477,177	346,025	400,001	53,976	16%	410,001	10,000	2%
Operations	3,919,744	5,045,122	5,169,185	124,063	2%	5,201,499	32,314	1%
Debt Service	437,458	776,059	774,586	(1,473)	0%	774,501	(85)	0%
Equity Transfer	2,589,278	2,666,956	0	(2,666,956)	(100%)	0	0	0%
Rent	1,787,894	1,919,052	2,107,405	188,353	10%	2,107,405	0	0%
Operating Transfers Out	459,693	2,255,809	258,050	(1,997,759)	(89%)	223,127	(34,923)	(14%)
TOTAL FUND EXPENDITURES	$24,944,767	$39,108,412	$50,819,348	$11,710,936	30%	$33,368,004	$(17,451,344)	(34%)
TO/FROM RESERVES	$4,345,326	$24,401,173	$15,207,286	$(9,193,887)		$(306,370)	$(15,513,656)	

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Utility Purchases and Charges	8,362,964	8,701,000	10,354,000	12,067,000
Salaries and Benefits	4,107,254	5,211,807	5,410,948	5,415,529
Contract Services	119,187	496,756	592,801	592,801
Supplies and Materials	396,182	436,700	489,800	489,800
Facilities and Equipment Purchases	1,082	10,010	10,010	10,010
General Expense	230,646	244,708	330,357	375,357
Rents and Leases	1,884,528	2,004,878	2,193,231	2,193,231
Allocated Charges	2,490,110	2,932,238	2,991,565	3,053,648
Debt Service	437,458	776,059	774,586	774,501
Equity Transfer	2,589,278	2,666,956	0	0
Capital Improvement Program	3,866,385	13,371,491	27,414,000	8,173,000
Operating Transfers Out	459,693	2,255,809	258,050	223,127
TOTAL EXPENDITURES	**$24,944,767**	**$39,108,412**	**$50,819,348**	**$33,368,004**
Total Full Time Positions	44.19	45.74	44.16	44.16
Total Temporary Positions	1.99	1.94	2.63	2.63

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Average cost per 100 Cubic Feet (CCF)	$1.36	$1.47	$1.70
2. The Standard & Poor's revenue bond credit rating will be AA- or higher (SP-F2.1)	AA-	AAA	AAA
3. Total number of service orders (for high meter reads, meter problems, and investigations from customers or staff that require a field visit)	11,100	11,200	11,500
4. Reading accuracy for meter reading will be equivalent or higher than industry standards	99.88%	99.88%	99.90%
5. Number of Water Surveys for Single-and- Multi Family Residential Customers, Single Family (SF) Audits	198	200	225
6. Number of Water Surveys for Single-and- Multi Family Residential Customers , Multi-Family (MF) Audits	300	30	50

Water Fund

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Efficiency:			
1. Average wait time for customers calling the Customer Service Center will be 70 seconds or less	75 sec	70 sec	<70 sec
2. A comparision of the annual CPAU water system losses (unaccounted-for losses) will be less than the BMP (Best Management Practice) guideline of the California Urban Water Conservation Council (CUWCC) of under 10%.	10.90%	8.80%	<10.0%
3. Bank Drafting- Increase the participating customers to greater then 25% of total	23%	>25%	>25%
Effectiveness:			
1. The customer satisfaction rating from an outside rating agency, measured against other California utilities will be equal to or greater than the state average. The scale is from one to ten with ten being the highest. (SP-C1.1)	8.6	8.6	8.6
2. Citizen survey- percent rating water utility good or excellent (SEA)	87%	>87%	>87%
3. The percent of water main breaks responded to within one hour will be 95 percent or greater. (revised due to data availability)	100%	100%	100%
4. Compliance with all required California Department of Health Services and EPA testing for water quality will be 100 percent. This indicates that the Water System Operators (Class 5) have a perfect record. (SEA)	100%	100%	100%
5. Uncollectable Revenue (Write-Off) will be less than 0.068 percent of Fund Net Revenue. (new)	N/A	0.047%	0.068%
6. Reduce days lost due to workplace injury to 5 or less	<5 days	<5 days	<5 days
7. Number of Key/Major/Institutional customers contacted each quarter will be equal to 95%.	95%	95%	95%

RESERVES

($000)	2009-10 Projected Beginning Balance	2009-10 Changes	2009-10 Projected Ending Balance	2010-11 Changes	2010-11 Projected Ending Balance	2009-10 Reserve Guideline Range	2010-11 Reserve Guideline Range
Emergency Plant Replacement	1,000	0	1,000	0	1,000	1,000 (min.)	1,000 (min.)
Rate Stabilization	3,107	10,907	14,014	3,194	17,208	4,317 -8,634	4,621 -9,242
Bond Proceeds (Restricted)	0	4,300	4,300	(3,500)	800		
Debt Service Reserve	780		780		780		
TOTAL RESERVES	**$4,887**	**$15,207**	**$20,094**	**$(306)**	**$19,788**		

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES ($000)						
Increase net sales (Note 2)	2,431		2,431	2,025		2,025
Increase interest income	250		250			0
Decrease other income (Note 3)	(188)		(188)	10		10
Increase operating transfer from Gas Fund	12		12			0
Increase operating transfer from Wastewater Collection Fund	12		12			0
TOTAL REVENUE CHANGES	**$2,517**	**$0**	**$2,517**	**$2,035**	**$0**	**$2,035**
Adjustments (Note 1)			0		(35,000)	(35,000)
NET REVENUE CHANGES	**$2,517**	**$0**	**$2,517**	**$2,035**	**$(35,000)**	**$(32,965)**
EXPENDITURE CHANGES ($000)						
Salary and Benefits						
Reclassify 0.33 FTE from Gas System Tech to Meter Shops Lead (Gas Fund to Water Fund)	25		25			0
Reclassify 0.31 FTE from Equipment Operator to Restoration Lead	5		5			0
Salary Adjustments	(35)		(35)			0
Personnel Benefits Costs Increase (Note 4)	256		256	6		6
Total Salary and Benefits Changes	**$251**	**$0**	**$251**	**$6**	**$0**	**$6**
Adjustments		(37)	(37)			0
Net Salary and Benefits Changes	**$251**	**$(37)**	**$214**	**$6**	**$0**	**$6**
Non-Salary						
Increase water commodity	1,653		1,653	1,713		1,713
Increase in program and project consultants for water conservation programs	75		75			0
Increase in program and project consultants to coordinate for water conservation efforts with Bay Area Water Supply and Conservation Agency (BAWSCA)	85		85			0

Water Fund

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Increase city membership expense in BAWSCA	18		18	10		10
Increase other expenses for demand-side management programs	61		61	35		35
Decrease debt service	(1)		(1)			0
Decrease general expenses	(1)		(1)			0
Decrease contract services	(1)		(1)			0
Decrease other supplies	(1)		(1)			0
Increase supplies and materials			0			0
Increase rent and leases	188		188			0
Increase (decrease) operating transfer to Technology Fund (Note 5)	(523)		(523)	144		144
Increase (decrease) operating transfer to Capital Projects Fund	(56)		(56)	7		7
Increase (decrease) operating transfer to Gas Fund	4		4	(16)		(16)
Decrease operating transfer to Electric Fund (Note 6)	(298)		(298)	(70)		(70)
Decrease rate of return transfer to General Fund	(2,667)		(2,667)			0
Decrease operating transfer to General Fund (Note 7)			0	(100)		(100)
Increase (decrease) capital improvement program (Note 8)	14,054		14,054	(19,242)		(19,242)
Allocated Charges Increase (Note 9)	51		51	62		62
Total Non-Salary Changes	**$12,641**	**$0**	**$12,641**	**$(17,457)**	**$0**	**$(17,457)**
TOTAL EXPENDITURE CHANGES	**$12,892**	**$(37)**	**$12,855**	**$(17,451)**	**$0**	**$(17,451)**
Adjustments (Note 1)		(1,144)	(1,144)			0
NET EXPENDITURE CHANGES	**$12,892**	**$(1,181)**	**$11,711**	**$(17,451)**	**$0**	**$(17,451)**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed and included from this year's budget as planned.

Note 2: Increase in net sales is due to a 5 percent rate increase in Fiscal Year 2010 and 7 percent rate increase in Fiscal Year 2011.

Note 3: Decrease in other income is due to a decrease in revenue from connection charges.

Note 4: Personnel benefit cost changes are primarily due to increases in the PERS employee contribution percentage for miscellaneous employees and increases to the Retiree Medical Benefit Liability costs.

Note 5: Changes in transfers to Technology Fund are due primarily to the costs of the SAP upgrade/Utilities billing system.

Note 6: Decrease in transfers to Electric Fund reflects correction of transfer amount in the base budget.

Note 7: Decrease in transfers to General Fund in Fiscal Year 2011 reflects end of payments to the General Fund for retiree medical catch-up plan.

Note 8: Capital Improvement Program expenditures include project costs for emergency water supply, water main replacements, and other distribution system improvements.

Note 9: Increase in allocated charges is primarily due to an increase in electric charges and cost plan charges.

COMPREHENSIVE PLAN OVERVIEW

The Fiscal Year 2010 and Fiscal Year 2011 Water Fund Budget includes the following resources directed towards implementing the programs and policies of the Comprehensive Plan:

LAND USE AND COMMUNITY DESIGN

The Utilities Department is designing above-ground equipment placement to minimize visual impact. Compact designs for backflow preventers are included in City backflow standards. (Program L-81)

NATURAL ENVIRONMENT

All of the Water Fund's demand-side management programs and incentives contribute to the Council's Top 3 Priority of Environmental Protection and are consistent with the Green Ribbon Task Force's recommendations as well as the City's Comprehensive Plan. There are programs for both residential and commercial customers that include a cost sharing arrangement with the Santa Clara Valley Water District (SCVWD).

Santa Clara Valley Water District continues to work on identifying groundwater recharge areas in Palo Alto. Additonally, CPAU staff continues to work with the State Department of Health Services to identify improvements necessary to the City's wellhead protection program. Five proposed projects are included in the Capital budget to address the recommendations of the Water Wells, Regional Storage, and Distribution System Study (the study was completed in December 1999). The five projects will rehabilitate existing wells and construct three new wells. Also, a new water reservoir and pump station will be constructed in order to provide emergency supplies for an eight-hour period. More specifically, funding is included in the Capital budget to begin the design and construction of a new 2.5 million-gallon reservoir and pump station, three new wells, the rehabilitation of up to five existing wells, and the rebuild of the Mayfield Pump Station. Utilities staff continues to look for opportunities to work with the District to examine alternate pipeline connections that would improve supply reliability at a reasonable cost. (Program N-22)

Water Fund

Council's Sustainability Policy supports the development of recycled water, specifically in the Policy's statement to "reduce resource use and pollution in a cost-effective manner while striving to protect and enhance the quality of the air, water, land, and other natural resources." Specifically, a program addresses the use of recycled water, namely implementing incentives for the use of drought-tolerant landscaping and recycled water for landscape irrigation. (Goal N-4, Program N-26)

Consistent with Council policy, CPAU will continue exploring expanded use of recycled water in Palo Alto. The Council has supported this goal by its approval of the Water Integrated Resources Plan (WIRP) Guidelines in December 2003 [CMR: 547:03], specifically, WIRP Guideline #3: Actively participate in development of cost-effective regional recycled water plans. With approval from the UAC and Council this year, staff will conduct a recycled water facility study and apply for a Water Recycling Facilities Planning Grant from the State Water Resources Control Board in the amount of $75,000. The study will allow the preparation of a facility plan and of environmental documents for expanding the recycled water distribution system in Palo Alto. (Goal N-4)

As federal, state, and other agencies promulgate new policies and standards for water efficiency, the City incorporates these measures into applicable codes, regulations, and procedures, where practical. The City has adopted City Code provisions for water efficiency standards applicable to commercial landscaping (Ordinance 4162). Also, Utility Rules and Regulations prohibit water waste. (Goal N-4)

Water rate structures continue to reflect conservation pricing in the form of an inverted rate structure, which applies ascending prices for rising usage levels. (Program N-23)

The City has adopted California Urban Water Conservation Council's "Best Management Practices" (BMPs). The Utilities Department has contracted with the Santa Clara Valley Water District for assistance in increasing penetration of BMP measures in Palo Alto. (Policy N-20)

Regulation and education have taken the place of incentives for the use of drought-tolerant landscaping and recycled water for landscape irrigation. This is an ongoing task implemented in the commercial market sector through the City's "Landscape Water Efficiency Standards." (Programs N-24 and N-28)

Water utility personnel continue to be active participants in Green Building charettes and design efforts for the proposed Public Safety Building and Library. (Policy N-20, Program N-24)

CPAU works with businesses and schools to implement energy efficiency programs and rebates aimed at saving valuable water resources as well as creating a benefit to businesses. (Policy N-20)

RESOURCE MANAGEMENT

To develop and manage water commodity resources to the benefit of the ratepayers, citizens, and businesses in Palo Alto.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Utility Purchases and Charges	8,362,964	8,701,000	10,354,000	12,067,000
Salaries and Benefits	176,094	437,608	433,804	434,217
Contract Services	3,647	16,500	102,500	102,500
Supplies and Materials	1,137	3,000	4,000	4,000
General Expense	168,907	189,780	204,150	214,150
Allocated Charges	313	0	0	0
TOTAL EXPENDITURES	**$8,713,062**	**$9,347,888**	**$11,098,454**	**$12,821,867**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	2.30	2.00	2.15	2.15
Total Temporary Positions	0.00	0.00	0.00	0.00

CUSTOMER SUPPORT SERVICES

To provide responsive customer service, advance customer relations, implement resource efficiency programs, and insure revenue is available to cover Water Fund financial obligations.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	861,307	1,052,675	1,053,450	1,054,426
Contract Services	193,386	255,659	329,359	329,359
Supplies and Materials	1,961	6,790	8,790	8,790
Facilities and Equipment Purchases	0	2,860	2,860	2,860
General Expense	47,025	23,553	75,532	110,532
Rents and Leases	0	126	126	126
Allocated Charges	70,578	73,100	76,105	76,105
TOTAL EXPENDITURES	**$1,174,257**	**$1,414,763**	**$1,546,222**	**$1,582,198**
TOTAL REVENUES	**$58,400**	**$58,400**	**$58,400**	**$58,400**
Total Full Time Positions	7.89	9.14	8.02	8.02
Total Temporary Positions	0.91	0.86	0.76	0.76

DISTRIBUTION SYSTEM

To plan, engineer, operate, maintain, and construct improvements to the water distribution system that will provide customers with safe, economic, and reliable service.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	2,831,020	3,587,917	3,715,087	3,718,279
Contract Services	68,034	224,597	160,942	160,942
Supplies and Materials	393,084	426,910	477,010	477,010
Facilities and Equipment Purchases	1,082	7,150	7,150	7,150
General Expense	14,714	31,375	42,375	42,375
Rents and Leases	96,634	85,700	85,700	85,700
Allocated Charges	515,176	681,473	680,921	710,043
Capital Improvement Program	3,866,385	13,371,491	27,414,000	8,173,000
Operating Transfers Out	0	900,000	0	0
TOTAL EXPENDITURES	**$7,786,129**	**$19,316,613**	**$32,583,185**	**$13,374,499**
TOTAL REVENUES	**$1,586,777**	**$35,941,334**	**$35,682,000**	**$692,000**
Total Full Time Positions	34.00	34.60	33.99	33.99
Total Temporary Positions	1.08	1.08	1.87	1.87

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Refuse Fund

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Refuse Fund

To manage the solid, hazardous waste, and street sweeping programs to minimize waste generation and maximize recycling to not only comply with all regulatory requirements but also to far exceed them in pursuit of the Zero Waste goals.

OVERVIEW

In Fiscal Year 2010, a 17 percent rate increase is proposed due to the following:

- New agreement with GreenWaste of Palo Alto for the collection and processing of solid waste, recyclable materials, organic materials, and other services to begin July 1, 2009
- Implementation of the Zero Waste Operational Plan programs
- Rising costs at the Sunnyvale Materials Recovery and Transfer (SMaRT) Station
- The landfill no longer accepting commercial waste
- Revised closure cost for the City landfill
- The need to maintain the target reserve balance set by Council

The new GreenWaste of Palo Alto services will implement the following zero waste programs:

- Expanded organic materials collection for the commercial sector
- Expanded recyclable materials collection curbside
- Expanded clean-up day collection for reuse and recycling
- Phased-in mandatory recycling and composting programs
- Increased construction and demolition recycling
- Enhanced commercial recycling

The SMaRT Station recently re-tooled its materials recovery line which took approximately 17 months to complete. Recovery of recyclables at the station, prior to the re-tooling was 18 percent (i.e., 18 percent of the garbage and materials processed was recycled). During the re-tool project recovery at the station was at nine percent. With the re-tooling project complete, recovery is expected to be 25 percent. Recyclable materials markets remain a concern during the recent economic downturn.

On March 1, 2009, commercial waste stopped being accepted at the city landfill at Council's direction. Staff estimates this will result in a loss of revenue of $1.7 million to the City.

State regulations require final plans for landfills be developed and submitted to the State to finalize closure plans no later than two years prior to the projected closure date. This process was completed by staff and closure cost projections increased due to new stricter gas regulations requiring added maintenance expenses and more costly alternative materials need for landfill cover.

In January 2009, Council approved a blue-ribbon task force to evaluate and recommend alternatives to address composting needs in Palo Alto. The task force is expected to return to Council with recommendations in Fall 2009.

In Fiscal Year 2010, the rate stabilization reserve is expected to have a negative ending balance of $0.7 million due to accounting rules which require the recording of a liability for estimated landfill closure and postclosure care costs. The rate stabilization reserve will return to a positive balance as the liability is reduced over time.

Refuse Fund

PROGRAM UPDATE

The Zero Waste Operational Plan (ZWOP) was approved by Council in September 2007. The initial projects that are in process include:

- Expanding the use of recycling receptacles in the downtown areas
- Hiring of an administrator to oversee zero waste activities and to work on financial forecasts
- Involvement with the Community Environmental Action Partnership
- Creating a grant program to promote reuse and recycling for local businesses
- Working with City departments on incorporating zero waste initiatives in purchasing and contract language

COUNCIL PRIORITY IMPLEMENTATION

Environmental Protection

- Continue implementation of projects for the ZWOP including expanding the use of recycling receptacles in the downtown areas, hiring needed staffing to meet zero waste goals, expanding the Zero Waste outreach campaign, and creating a grant program to promote reuse and recycling for businesses locally
- Minimize hazardous waste in the City through collection of City-generated and household hazardous waste
- Minimize solid waste through waste reduction and recycling programs
- New waste collection and hauling agreement with GreenWaste of Palo Alto to begin July 1, 2009

FUND SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Net Sales	23,465,410	27,573,660	32,414,927	4,841,267	18%	32,414,927	0	0%
Interest Income	824,446	485,800	487,300	1,500	0%	487,300	0	0%
Other Income	5,559,859	4,775,235	4,180,896	(594,339)	(12%)	4,556,162	375,266	9%
TOTAL FUND REVENUES	$29,849,715	$32,834,695	$37,083,123	$4,248,428	13%	$37,458,389	$375,266	1%
Administration	1,521,133	1,537,319	1,745,183	207,864	14%	1,772,008	26,825	2%
Solid Waste								
Systems Improvement(CIP)	9,356	2,050,000	0	(2,050,000)	(100%)	7,650,000	7,650,000	0%
Operations	6,080,925	7,098,182	7,647,381	549,199	8%	7,796,689	149,308	2%
Collection, Hauling and Disposal								
Payment to PASCO	9,275,939	10,428,914	15,047,016	4,618,102	44%	14,797,178	(249,838)	(2%)
Operations	4,984,249	5,738,501	4,824,144	(914,357)	(16%)	4,824,309	165	0%
Street Sweeping	1,783,117	2,144,072	2,002,263	(141,809)	(7%)	2,003,454	1,191	0%
Debt Service	398,126	398,126	606,897	208,771	52%	606,897	0	0%
Rent	4,288,747	4,288,747	4,288,747	0	0%	4,288,747	0	0%
Operating Transfers Out	1,052,733	1,291,311	333,205	(958,106)	(74%)	313,148	(20,057)	(6%)
TOTAL FUND EXPENDITURES	$29,394,325	$34,975,172	$36,494,836	$1,519,664	4%	$44,052,430	$7,557,594	21%
TO/FROM RESERVES	$455,390	$(2,140,477)	$588,287	$2,728,764		$(6,594,041)	$(7,182,328)	

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Utility Purchases and Charges	9,275,939	10,428,914	15,047,016	14,797,178
Salaries and Benefits	3,533,596	4,058,844	4,585,749	4,593,254
Contract Services	6,466,305	7,550,612	6,931,044	6,931,044
Supplies and Materials	271,472	479,096	459,596	459,596
Facilities and Equipment Purchases	3,230	19,300	19,300	19,300
General Expense	381,308	387,495	384,995	384,995
Rents and Leases	4,303,507	4,310,447	4,310,447	4,310,447
Allocated Charges	3,698,753	4,001,027	3,816,587	3,986,571
Debt Service	398,126	398,126	606,897	606,897
Capital Improvement Program	9,356	2,050,000	0	7,650,000
Operating Transfers Out	1,052,733	1,291,311	333,205	313,148
TOTAL EXPENDITURES	**$29,394,325**	**$34,975,172**	**$36,494,836**	**$44,052,430**
Total Full Time Positions	34.45	34.88	36.47	36.47
Total Temporary Positions	0.43	0.43	1.11	1.11

Refuse Fund

RESERVES

($000)	2009-10 Projected Beginning Balance	2009-10 Changes	2009-10 Projected Ending Balance	2010-11 Changes	2010-11 Projected Ending Balance	2009-10 Reserve Guideline Range	2010-11 Reserve Guideline Range
Rate Stabilization Reserve	(736)	290	(446)	(192)	(638)	3,242 - 6,483	3,242 - 6,483
Landfill Closure and Postclosure Care Liability	7,907	298	8,205	(6,402)	1,803		
Landfill Corrective Action Reserve	636		636		636		
TOTAL RESERVES AND FULLY-FUNDED LIABILITY	**$7,807**	**$588**	**$8,395**	**$(6,594)**	**$1,801**		

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES (000)						
Increase net sales (Note 2)	4,841		4,841			0
Increase interest income	2		2			0
Increase special revenue from GreenWaste (Note 3)	630		630			0
Decrease in disposal fee revenue (Note 4)	(1,200)		(1,200)			0
Increase in revenue from street sweeping reimbursement from State of California	14		14			0
Increase in operating transfer from parking districts for street sweeping	24		24			0
Increase (decrease) in operating transfer from Wastewater Collection Fund (Note 5)	(63)		(63)	375		375
TOTAL REVENUE CHANGES	**$4,248**	**$0**	**$4,248**	**$375**	**$0**	**$375**
Adjustments (Note 1)			0			0
NET REVENUE CHANGES	**$4,248**	**$0**	**$4,248**	**$375**	**$0**	**$375**
EXPENDITURE CHANGES (000)						
Salary and Benefits						

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Reallocation of 0.08 FTE Senior Financial Analyst from Administrative Services Department	12		12			0
Reallocation of 0.20 FTE Account Specialist from Administrative Services Department	18		18			0
Reallocation of 0.10 FTE Staff Accountant from Administrative Services Department	12		12			0
Reallocation of 0.10 FTE Senior Accountant from Administrative Services Department	14		14			0
Balance of salaries and benefits for 1.0 FTE Administrator, Public Works added at midyear 2009	95		95			0
Increase in Temporary Salaries	10		10			0
Personnel Benefit Costs Increase (Note 6)	390		390	8		8
Total Salary and Benefits Changes	**$551**	**$0**	**$551**	**$8**	**$0**	**$8**
Adjustments (Note 1)		(24)	(24)			0
NET SALARY AND BENEFITS CHANGES	**$551**	**$(24)**	**$527**	**$8**	**$0**	**$8**
Non-Salary						
Increase in landfill closure/post-closure accrual	298		298			0
Increase joint agency debt service- Palo Alto share of costs for upgrade at SMaRT Station	209		209			0
Increase (decrease) GreenWaste contract - new waste hauling agreement	4,618		4,618	(250)		(250)
Decrease contract services - Palo Alto share of SMaRT Station costs	(920)		(920)			0
Increase (decrease) operating transfer to Technology Fund (Note 7)	(678)		(678)	85		85
Decrease operating transfer to General Fund (Note 8)			0	(105)		(105)
Increase (decrease) capital improvement program (Note 9)	(2,050)		(2,050)	7,650		7,650

Refuse Fund

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Allocated Charges Increase (decrease) (Note 10)	(30)		(30)	170		170
Total Non-Salary Changes	**$1,447**	**$0**	**$1,447**	**$7,550**	**$0**	**$7,550**
TOTAL EXPENDITURE CHANGES	**$1,998**	**$(24)**	**$1,974**	**$7,558**	**$0**	**$7,558**
Adjustments (Note 1)		(454)	(454)			0
NET EXPENDITURE CHANGES	**$1,998**	**$(478)**	**$1,520**	**$7,558**	**$0**	**$7,558**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Increase in net sales is due to a 17 percent rate increase in Fiscal Year 2010.

Note 3: Under the new hauling agreement with GreenWaste, the City will receive all revenue that GreenWaste bills for drop boxes and bin rentals. Under the previous agreement with PASCO, the City received 67% of drop box revenue and 5% bin rental.

Note 4: Decrease in revenue from disposal fee is due to the elimination of commercial loads at the City landfill, per Council direction.

Note 5: Change in operating transfers from the Wastewater Collection Fund and Storm Drainage Fund is for reimbursement for CIP RF-10003 Drying Beds, Material Storage and Transfer Area.

Note 6: Personnel benefit cost changes are primarily due to increases in the PERS employee contribution percentage for miscellaneous employees and increases to the Retiree Medical Benefit Liability costs.

Note 7: Changes in transfers to Technology Fund are due primarily to the costs of the SAP upgrade/Utilities billing system.

Note 8: Decrease in transfers to General Fund in Fiscal Year 2011 reflects end of payments to the General Fund for retiree medical catch-up plan.

Note 9: Projected CIP expenditures for the Refuse Fund are zero in Fiscal Year 2010 and $7.7 million in Fiscal Year 2011 (including $6.7 million for CIP RF-11001 Landfill Closure to be funded by cash that has been accumulated to cover the landfill closure liability).

Note 10: Decrease in allocated charges in Fiscal Year 2010 is due primarily to a decrease in vehicle replacement charges. Increases in Fiscal Year 2011 are due to increases in interest payments to the General Fund for landfill rent and increases in cost plan charges.

COMPREHENSIVE PLAN OVERVIEW

The budget includes the following resources directed towards implementing the programs and policies of the

Comprehensive Plan:

TRANSPORTATION

The Refuse Fund will continue performing off-road bicycle and pedestrian path sweeping on a regular basis (Progam T-29). Staff will continue working with the Chamber of Commerce on enhancing maintenance in the downtown areas (Program T-30).

NATURAL ENVIRONMENT

Monthly household hazardous waste collection events will continue (Programs N-48 and N-50), and street sweeping will be performed on a regular basis in the residential and business areas (Program N-30). Goal N-7 related to solid waste is addressed through recycling, composting, and through the rate structure.

Refuse Fund

SOLID WASTE

To provide solid waste disposal and recycling services including waste reduction and hazardous waste educational programs.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	2,382,009	2,644,269	3,016,855	3,019,514
Contract Services	1,900,474	1,982,489	2,285,717	2,285,717
Supplies and Materials	217,317	370,196	352,696	352,696
Facilities and Equipment Purchases	3,230	16,300	16,300	16,300
General Expense	173,274	355,120	352,620	352,620
Rents and Leases	14,760	17,700	17,700	17,700
Allocated Charges	1,389,861	1,712,108	1,605,493	1,752,142
Capital Improvement Program	9,356	2,050,000	0	7,650,000
Operating Transfers Out	180,000	0	0	0
TOTAL EXPENDITURES	**$6,270,281**	**$9,148,182**	**$7,647,381**	**$15,446,689**
TOTAL REVENUES	**$4,374,244**	**$3,779,419**	**$2,516,919**	**$2,891,919**
Total Full Time Positions	21.22	21.58	22.69	22.69
Total Temporary Positions	0.43	0.43	1.11	1.11

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of households serviced through Household Hazardous Waste Program	4,547	4,500	3,500
Efficiency:			
1. Percent of total households serviced through HHW program (26,048 from 2000 census)	17.5%	17%	13%
Effectiveness:			
1. Tons of HHW diverted from illegal dumping	166	130	125

COLLECTION, HAULING AND DISPOSAL

To provide environmentally safe, long-term refuse and recycling collection and disposal for residents and businesses at rates competitive with surrounding areas.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Utility Purchases and Charges	9,275,939	10,428,914	15,047,016	14,797,178
Salaries and Benefits	111,149	171,081	172,916	173,081
Contract Services	4,499,304	5,482,079	4,567,283	4,567,283
Supplies and Materials	20,051	75,000	75,000	75,000
General Expense	208,029	1,425	1,425	1,425
Allocated Charges	145,716	8,916	7,520	7,520
Operating Transfers Out	210,000	0	0	0
TOTAL EXPENDITURES	**$14,470,188**	**$16,167,415**	**$19,871,160**	**$19,621,487**
TOTAL REVENUES	**$10,000**	**$25,000**	**$25,000**	**$25,000**
Total Full Time Positions	1.15	1.15	1.15	1.15
Total Temporary Positions	0.00	0.00	0.00	0.00

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of complaints regarding waste collection service	323	0	0
2. Tons of waste processed through SMaRT station	47,402	50,000	50,000
Efficiency:			
1. Number of complaints resolved within 24 hours	323	all	all
2. Percent of total waste processed through SMaRT station that was recycled	5%	9%	25%
Effectiveness:			
1. Tons of recyclables diverted from landfill	12,633	9,000	9,000
2. Percent of residents rating waste hauler's service as excellent (SEA)	92%	100%	100%

STREET SWEEPING

To keep City streets and parking lots free of debris with thorough and effective street sweeping and litter control.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,077,639	1,210,093	1,257,003	1,258,194
Contract Services	66,527	86,044	78,044	78,044
Supplies and Materials	34,104	33,900	31,900	31,900
Facilities and Equipment Purchases	0	3,000	3,000	3,000
General Expense	0	950	950	950
Allocated Charges	604,847	810,085	631,366	631,366
TOTAL EXPENDITURES	**$1,783,117**	**$2,144,072**	**$2,002,263**	**$2,003,454**
TOTAL REVENUES	**$230,054**	**$139,816**	**$177,977**	**$178,243**
Total Full Time Positions	12.08	12.08	12.08	12.08
Total Temporary Positions	0.00	0.00	0.00	0.00

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of residential curb miles swept (15,877) (SEA)	14,350	14,289	14,289
2. Number of business curb miles swept annually (3,181)	3,182	3,030	3,030
Efficiency:			
1. Percent of residential curb miles swept	90%	90%	90%
2. Percent of business curb miles swept	95%	95%	95%
Effectiveness:			
1. Cubic yards of residential and business debris removed from streets (new)	14,197	12,213	12,213

Storm Drainage Fund

Storm Drain System

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Storm Drainage Fund

To operate, maintain, replace, and augment the storm drainage system to ensure adequate local drainage and storm water quality protection for discharge to creeks and the San Francisco Bay.

OVERVIEW

In Fiscal Year 2010, staff will continue to implement the enhanced storm drain program, which includes storm drain maintenance, urban runoff pollution prevention, and storm drain system capital improvements. These activities are funded by the storm drainage fee increase approved by property owners in April 2005. In Fiscal Year 2010, engineering staff will focus on the initial construction phase of the Channing Avenue/Lincoln Avenue Storm Drain Improvements, which will be coordinated with the annual pavement resurfacing program and the continuing implementation of City-wide storm drain system repairs. In order to reduce storm water runoff, staff will also continue to conduct a rebate program for residents and businesses that install rain barrels, cisterns, green roofs, and pervious pavement.

Staff will continue to meet with the Council-appointed Storm Drain Oversight Committee each year to review proposed operating and capital budgets and to verify that fund expenditures are consistent with the approved ballot measure. The Committee has noted that the fund will likely experience capital project funding shortfalls in the upcoming years. The shortfalls are a result of the discrepancy between rapidly rising construction costs and the modest storm drainage fee increases allowed by the ballot measure (based on annual increases in the local Consumer Price Index (CPI) or 6 percent, whichever is less). No fee increases are planned for Fiscal Year 2010 because there was no change in CPI. Although construction costs have recently stabilized, past cost increases have raised project costs substantially above original estimates, and it is unlikely that there will be sufficient funds to complete the original 12-year capital improvement program outlined in the ballot measure. Staff and the Committee have developed strategies to maximize the use of available funds, including focusing on completion of the highest priority projects and incrementally reducing the scope of some projects in order to free up funds for other projects. Staff will continue to monitor project costs and look for opportunities to utilize grants and other outside funding sources to pay for the proposed drainage improvements.

Staff will continue to coordinate with the Santa Clara Valley Water District (SCVWD) and the Federal Emergency Management Agency on flood control and flood insurance issues. Staff will also assist with review of land development applications to ensure compliance with storm water quality and stream protection regulations. Staff will work with its partner agencies in the Santa Clara Valley Urban Runoff Pollution Prevention program to implement a new Bay Area-wide National Pollutant Discharge Elimination System (NPDES) permit from the Regional Water Quality Control Board for discharge of storm water to local creeks and the San Francisco Bay. The new permit requires more rigorous and costly activities by municipal staff, including implementation of updated best management practices, inspection and enforcement at construction sites and commercial facilities, public outreach, installation of trash controls, and water quality monitoring to protect storm water quality. In addition, staff will actively participate in the San Francisquito Creek Joint Powers Authority's partnership with the US Army Corps of Engineers to identify a comprehensive solution to creek and tidal flooding problems in the watershed. Operations staff will continue to conduct an enhanced level of storm drain maintenance which has been made possible by the storm drainage fee increase.

Storm Drainage Fund

COUNCIL PRIORITY IMPLEMENTATION

Environmental Protection

- Staff will work with its partner agencies in the Santa Clara Valley Urban Runoff Pollution Prevention program to implement a new National Pollutant Discharge Elimination System (NPDES) permit from the Regional Water Quality Control Board for discharge of storm water to local creeks and the San Francisco Bay
- Staff will continue to conduct a rebate program for residents and businesses that install rain barrels, cisterns, green roofs, and pervious pavement in order to reduce storm water runoff and water pollution

FUND SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Net Sales	5,400,974	5,366,376	5,366,376	0	0%	5,366,376	0	0%
Interest Income	425,596	228,850	216,750	(12,100)	(5%)	216,750	0	0%
Other Income	45,080	89,500	67,500	(22,000)	(25%)	67,500	0	0%
TOTAL FUND REVENUES	$5,871,650	$5,684,726	$5,650,626	$(34,100)	(1%)	$5,650,626	$0	0%
Administration	1,256,521	498,436	579,215	80,779	16%	590,175	10,960	2%
Systems Improvements								
Systems Improvement(CIP)	4,023,656	2,501,696	1,699,750	(801,946)	(32%)	1,792,080	92,330	5%
Operations	112,888	136,304	116,549	(19,755)	(14%)	123,606	7,057	6%
Operations & Maintenance	1,014,004	1,451,039	1,595,681	144,642	10%	1,601,850	6,169	0%
Debt Service	585,442	951,260	948,930	(2,330)	0%	950,345	1,415	0%
Operating Transfers Out	70,009	163,403	683,411	520,008	318%	603,113	(80,298)	(12%)
TOTAL FUND EXPENDITURES	$7,062,520	$5,702,138	$5,623,536	$(78,602)	(1%)	$5,661,169	$37,633	1%
TO/FROM RESERVES	$(1,190,870)	$(17,412)	$27,090	$44,502		$(10,543)	$(37,633)	

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	897,573	982,574	1,033,676	1,041,577
Contract Services	945,210	377,879	373,879	373,879
Supplies and Materials	19,195	96,800	99,300	99,300
Facilities and Equipment Purchases	0	11,621	11,621	11,621
General Expense	5,411	10,900	147,900	151,900
Rents and Leases	0	6,000	6,000	6,000
Allocated Charges	516,024	600,005	619,069	631,354
Debt Service	585,442	951,260	948,930	950,345
Capital Improvement Program	4,023,656	2,501,696	1,699,750	1,792,080
Operating Transfers Out	70,009	163,403	683,411	603,113
TOTAL EXPENDITURES	**$7,062,520**	**$5,702,138**	**$5,623,536**	**$5,661,169**
Total Full Time Positions	9.50	9.52	9.54	9.54
Total Temporary Positions	0.00	0.00	0.00	0.00

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of industrial storm water inspections conducted	424	250	250
2. Linear feet of storm drain pipelines cleaned annually	157,337	100,000	100,000
3. Total dollar value of storm drain improvements completed- (capital expenditures)	$3,650,403	$2,172,000	$2,000,000
Efficiency:			
1. Number of industrial storm water inspections per FTE	424	250	250
2. Pounds of debris removed by hydroflushing pipelines	12,180	150,000	150,000
3. Total dollar value of storm drain improvements per FTE	$1,825,201	$950,000	$950,000
Effectiveness:			
1. Percent of industrial sites in compliance with storm water regulations	71%	70%	70%
2. Number of resident calls regarding ponding problems	80	100	100
3. Percent of storm drain improvement projects completed within planned budget	100%	100%	100%

Storm Drainage Fund

RESERVES

($000)	2009-10 Projected Beginning Balance	2009-10 Changes	2009-10 Projected Ending Balance	2010-11 Changes	2010-11 Projected Ending Balance	2009-10 Reserve Guideline Range	2010-11 Reserve Guideline Range
Distribution RSR	400	27	427	(11)	416	N/A	N/A
TOTAL RESERVES	**$400**	**$27**	**$427**	**$(11)**	**$416**		

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES ($000)						
Decrease interest income	(12)		(12)			0
Decrease other income	(14)		(14)			0
TOTAL REVENUE CHANGES	**$(26)**	**$0**	**$(26)**	**$0**	**$0**	**$0**
Adjustments (Note 1)		(8)	(8)			0
NET REVENUE CHANGES	**$(26)**	**$(8)**	**$(34)**	**$0**	**$0**	**$0**
EXPENDITURE CHANGES ($000)						
Salary and Benefits						
Eliminate 0.1 FTE vacant Engineering Tech III	(10)		(10)			0
Eliminate 0.1 FTE Engineer	(15)		(15)			0
Reallocate 0.2 FTE Administrative Associate III from General Fund	19		19			0
Personnel Benefit Costs Increase (Note 2)	50		50	8		8
Total Salary and Benefits Changes	**$44**	**$0**	**$44**	**$8**	**$0**	**$8**
Adjustments (Note 1)		(8)	(8)			0
NET SALARY AND BENEFITS CHANGES	**$44**	**$(8)**	**$36**	**$8**	**$0**	**$8**
Non-Salary						
Increase (decrease) debt service expense	(2)		(2)	2		2

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Increase in storm water rebates-moved from CIP to operating budget in Fiscal Year 2010	137		137	4		4
Increase (decrease) operating transfer to General Fund (Note 3)	647		647	(99)		(99)
Increase (decrease) operating transfer to Technology Fund (Note 4)	(119)		(119)	19		19
Increase (decrease) in capital improvement program (Note 5)	(786)		(786)	92		92
Allocated Charges Increase	18		18	12		12
Total Non-Salary Changes	**$(105)**	**$0**	**$(105)**	**$30**	**$0**	**$30**
TOTAL EXPENDITURE CHANGES	**$(61)**	**$(8)**	**$(69)**	**$38**	**$0**	**$38**
Adjustments (Note 1)		(10)	(10)	0	0	0
NET EXPENDITURE CHANGES	**$(61)**	**$(18)**	**$(79)**	**$38**	**$0**	**$38**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Personnel benefit cost changes are primarily due to increases in the PERS employee contribution percentage for miscellaneous employees and increases to the Retiree Medical Benefit Liability costs.

Note 3: Increase in transfer to General Fund in Fiscal Year 2010 reflects repayment of loan and interest needed to complete CIP SD-06102 San Francisquito Creek Storm Water Pump Station in prior year. Decrease in Fiscal Year 2011 reflects end of payments to the General Fund for retiree medical catch-up plan.

Note 4: Decrease in operating transfer to the Technology Fund is due to amounts transferred in prior year for SAP upgrade/Utilities billing system.

Note 5: Projected CIP expenditures for the Storm Drainage Fund are $1.4 million in Fiscal Year 2010 and $1.5 million in Fiscal Year 2011. Amounts exclude salaries and benefits.

COMPREHENSIVE PLAN OVERVIEW

The budget includes the following resources directed towards implementing the programs and policies of the Comprehensive Plan:

NATURAL ENVIRONMENT

Staff will manage CIP projects to increase drainage system capacity and to repair and rehabilitate deteriorated

storm drain infrastructure (Program N-36). In addition, staff will work with San Francisquito Creek JPA member agencies to develop and implement a US Army Corps of Engineers project to address flood and erosion control problems along the San Francisquito Creek (Program N-9). Staff will enforce the City's ordinance regulating land uses near streams and will continue to coordinate with SCVWD staff through the Water Resources Protection Collaborative (Program N-8). Staff will continue to clean storm drain pipelines and catch basins, respond to and clean up all identified non-hazardous material spills in the public right-of-way, and conduct a proactive storm water pollution prevention program in an effort to improve the quality of storm water runoff (Program N-29).

SYSTEMS IMPROVEMENTS

To plan and construct drainage system improvements and to administer the City's participation in the National Flood Insurance Program in order to provide adequate drainage and reduce the risk of flood damage to City residents.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	105,564	120,810	105,507	112,564
Contract Services	2,313	4,500	4,500	4,500
Supplies and Materials	505	2,900	2,900	2,900
General Expense	2,480	3,100	3,100	3,100
Allocated Charges	2,026	4,994	542	542
Capital Improvement Program	4,023,656	2,501,696	1,699,750	1,792,080
TOTAL EXPENDITURES	**$4,136,544**	**$2,638,000**	**$1,816,299**	**$1,915,686**
TOTAL REVENUES	**$0**	**$250**	**$0**	**$0**
Total Full Time Positions	3.00	3.00	2.80	2.80
Total Temporary Positions	0.00	0.00	0.00	0.00

Storm Drainage Fund

OPERATIONS AND MAINTENANCE

To perform preventative, routine, and emergency maintenance on the City's storm drainage system, and to conduct a program of public outreach and code enforcement to optimize local drainage and enhance water quality.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	712,119	784,003	825,795	826,564
Contract Services	167,008	373,379	369,379	369,379
Supplies and Materials	18,690	93,900	96,400	96,400
Facilities and Equipment Purchases	0	11,621	11,621	11,621
General Expense	2,911	7,800	144,800	148,800
Rents and Leases	0	6,000	6,000	6,000
Allocated Charges	113,276	174,336	141,686	143,086
TOTAL EXPENDITURES	**$1,014,004**	**$1,451,039**	**$1,595,681**	**$1,601,850**
TOTAL REVENUES	**$0**	**$8,000**	**$12,000**	**$12,000**
Total Full Time Positions	6.15	6.15	6.35	6.35
Total Temporary Positions	0.00	0.00	0.00	0.00

Wastewater Treatment Fund

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Wastewater Treatment Fund

To operate, maintain, and monitor the Regional Water Quality Control Plant (RWQCP) 24 hours a day, every day; to treat all wastewater from the five partner cities' regional service area (Mountain View, Los Altos, Los Altos Hills, Stanford, and East Palo Alto Sanitary District), and to ensure the maximum feasible compliance with regulations protecting the San Francisco Bay and the environment.

OVERVIEW

In Fiscal Year 2009, the Regional Water Quality Control Plant (RWQCP) constructed the auxiliary disinfection system. This project allowed the plant to end the storage and use of toxic chlorine and sulfur dioxide gas. After construction was complete, the switch was made to inherently safer liquid chemicals for disinfection and dechlorination. The conversion to liquid chemicals in place of hazardous gases eliminated a significant risk of community exposure to hazardous chemicals; this project was in line with Council policy to eliminate the use of extremely hazardous chemicals.

In Fiscal Year 2009, construction, initial testing, and startup of the $16 million recycled water pipeline to Mountain View was completed. A number of other projects were also completed including raw sewage valve replacement, secondary clarifier rehabilitation, and a recycled water contact chamber upgrade. Also, the construction stage of the UV disinfection facility project commenced; construction completion is expected in late 2010.

In Fiscal Year 2009, unwanted medicine collection by the RWQCP more than doubled as new partners were added to the program to protect San Francisco Bay from contamination. Grease related sewage blockages and overflows decreased as restaurant inspections resulted in grease collection system upgrades. Mercury discharges to the RWQCP continue to be at reduced levels due to successful installation of control devices at dental offices. New measures to reduce greenhouse gases at the RWQCP were identified and work commenced to exceed Fiscal Year 2009 carbon dioxide reduction goals.

In Fiscal Year 2010, work will commence on new commercial facility requirements for zinc, molybdenum, and cyanide as part of a comprehensive update of the City's Sewer Use Ordinance. Actions to reduce salt discharges to the sewer system will be conducted and new actions planned in order to reduce the salinity of the treated wastewater, which is increasingly being used for landscape irrigation.

In Fiscal Year 2010, the rate stabilization reserve is expected to have a negative ending balance of $4.9 million due to timing issues. Commitments for both the reclaimed water pipeline project and the ultraviolet disinfection system temporarily have the effect of drawing down the reserve. Reimbursements from grants, state loans, and partners will offset the negative balance as they are received and recognized.

COUNCIL PRIORITY IMPLEMENTATION

Environmental Protection

- The RWQCP and Environmental Compliance section are continually exploring possible program changes to protect the climate
- The Disinfection Facility Improvement Program project will replace the use of chlorine for disinfection of plant effluent
- Staff will continue process optimizations to conserve electricity and natural gas including use of landfill gas

Wastewater Treatment Fund

Civic Engagement for the Common Good

- The RWQCP will initiate master planning in Fiscal Year 2010 in cooperation with the community to discuss the long-term reconstruction of the wastewater treatment facilities

Economic Health of the City

- Staff will continue to pursue grant options to help finance projects

FUND SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Net Sales	19,083,456	20,551,692	21,484,503	932,811	5%	22,558,727	1,074,224	5%
Interest Income	1,015,546	600,200	422,900	(177,300)	(30%)	422,900	0	0%
Other Income	3,805,590	20,098,272	80,000	(20,018,272)	(100%)	84,000	4,000	5%
TOTAL FUND REVENUES	$23,904,592	$41,250,164	$21,987,403	$(19,262,761)	(47%)	$23,065,627	$1,078,224	5%
Administration	3,030,593	2,033,903	2,296,850	262,947	13%	2,334,245	37,395	2%
Operations								
Systems Improvement(CIP)	14,600,437	22,502,580	1,700,000	(20,802,580)	(92%)	2,550,000	850,000	50%
Operations	10,318,368	12,235,700	12,555,062	319,362	3%	13,034,876	479,814	4%
Environmental Compliance	2,495,613	2,882,339	2,937,508	55,169	2%	2,939,297	1,789	0%
Debt Service	460,875	816,190	816,170	(20)	0%	814,992	(1,178)	0%
Operating Transfers Out	362,512	181,588	152,679	(28,909)	(16%)	18,269	(134,410)	(88%)
TOTAL FUND EXPENDITURES	$31,268,398	$40,652,300	$20,458,269	$(20,194,031)	(50%)	$21,691,679	$1,233,410	6%
TO/FROM RESERVES	$(7,363,806)	$597,864	$1,529,134	$931,270		$1,373,948	$(155,186)	

Wastewater Treatment Fund

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	7,905,643	8,965,307	9,363,112	9,373,820
Contract Services	2,231,435	1,936,890	1,978,608	2,028,988
Supplies and Materials	1,067,928	1,711,850	1,754,788	1,836,728
Facilities and Equipment Purchases	0	41,000	10,000	10,000
General Expense	146,306	154,450	250,990	260,840
Rents and Leases	1,689	17,500	0	0
Allocated Charges	4,491,573	4,324,945	4,431,922	4,798,042
Debt Service	460,875	816,190	816,170	814,992
Capital Improvement Program	14,600,437	22,502,580	1,700,000	2,550,000
Operating Transfers Out	362,512	181,588	152,679	18,269
TOTAL EXPENDITURES	**$31,268,398**	**$40,652,300**	**$20,458,269**	**$21,691,679**
Total Full Time Positions	67.20	68.02	68.62	68.62
Total Temporary Positions	1.50	1.50	0.99	0.99

RESERVES

($000)	2009-10 Projected Beginning Balance	2009-10 Changes	2009-10 Projected Ending Balance	2010-11 Changes	2010-11 Projected Ending Balance	2009-10 Reserve Guideline Range	2010-11 Reserve Guideline Range
Emergency Plant Replacement	2,160	0	2,160	0	2,160	2,160 (max.)	2,160 (max.)
Distribution RSR	(6,464)	1,529	(4,935)	1,374	(3,561)	3,199 - 6,397	3,358 - 6,717
Bond Proceeds (Restricted)	9		9		9		
TOTAL RESERVES	**$(4,295)**	**$1,529**	**$(2,766)**	**$1,374**	**$(1,392)**		

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES ($000)						
Increase net sales	912		912	1,066		1,066
Decrease interest income	(177)		(177)			0

Wastewater Treatment Fund

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Decrease in reimbursements for CIP costs from State and local agencies		(20,000)	(20,000)			0
Increase in septic tank hauling fees	20		20	7		7
Increase in services to other Utility Funds	15		15	4		4
Increase (decrease) in other income	(3)		(3)	1		1
NET REVENUE CHANGES	**$767**	**$(20,000)**	**$(19,233)**	**$1,078**	**$0**	**$1,078**
Adjustments (Note 1)		(30)	(30)			0
TOTAL REVENUE CHANGES	**$767**	**$(20,030)**	**$(19,263)**	**$1,078**	**$0**	**$1,078**
EXPENDITURE CHANGES ($000)						
Salary and Benefits						
Reclassify 1.0 FTE from Engineering Tech I to Industrial Waste Assistant Inspector	11		11			0
Reallocate 0.08 FTE Senior Financial Analyst from Administrative Services Department	12		12			0
Reallocate 0.26 FTE Account Specialist from Administrative Services Department	22		22			0
Reallocate 0.13 FTE Staff Accountant from Administrative Services Department	16		16			0
Reallocate 0.13 FTE Senior Accountant from Administrative Services Department	19		19			0
Increase in temporary salaries	9		9			0
Personnel Benefit Costs Increase (Note 2)	309		309	11		11
Total Salary and Benefit Changes	**$398**	**$0**	**$398**	**$11**	**$0**	**$11**
Adjustments (Note 1)		0	0			0
NET SALARY AND BENEFITS CHANGES	**$398**	**$0**	**$398**	**$11**	**$0**	**$11**
Non-Salary						
Decrease debt service expense			0	(1)		(1)

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
Increase (decrease) in capital improvement program (Note 3)	(20,816)		(20,816)	850		850
Increase in plant operations cost (Note 4)	133		133	142		142
Decrease operating transfer to Technology Fund (Note 5)	(79)		(79)	(1)		(1)
Decrease operating transfer to General Fund (Note 6)			0	(134)		(134)
Allocated Charges Increase (Note 7)	172		172	366		366
Total Non-Salary Changes	**$(20,590)**	**$0**	**$(20,590)**	**$1,222**	**$0**	**$1,222**
TOTAL EXPENDITURE CHANGES	**$(20,192)**	**$0**	**$(20,192)**	**$1,233**	**$0**	**$1,233**
Adjustments (Note 1)		(2)	(2)			0
TOTAL EXPENDITURE CHANGES	**$(20,192)**	**$(2)**	**$(20,194)**	**$1,233**	**$0**	**$1,233**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed and included from this year's budget as planned.

Note 2: Personnel benefit cost changes are primarily due to increases in the PERS employee contribution percentage for miscellaneous employees and increases to the Retiree Medical Benefit Liability costs.

Note 3: Net change includes project for the disinfection facility improvement program in Fiscal Year 2009. Projected CIP expenditures for the Wastewater Treatment Fund are $1.7 million in Fiscal Year 2010 and $2.6 million in Fiscal Year 2011.

Note 4: Increase in plant operations cost includes increases for ash hauling and disposal, chemical supplies, and spare parts and assemblies.

Note 5: Decrease in operating transfer to the Technology Fund is due to amounts transferred in prior year for SAP upgrade/Utilities billing system.

Note 6: Decrease in operating transfer to General Fund in Fiscal Year 2011 reflects end of payments for retiree medical catch-up plan.

Note 7: Allocated charges are increasing primarily due to increases in electric charges.

COMPREHENSIVE PLAN OVERVIEW

In Fiscal Year 2010 and Fiscal Year 2011, Water Quality Control Plant staff will further the following component of the City's Comprehensive Plan:

Wastewater Treatment Fund

NATURAL ENVIRONMENT

Comprehensive Plan Programs N-27 through N-35, which focus on reducing pollution and improving the Storm Drainage system, will be implemented through new and existing programs. The focus will be on Bioaccumulative, Persistent, Toxic (BPT) chemicals including mercury, pesticides, and dioxins. Staff will focus on increasing public awareness of the contribution to pollution levels made by pesticide use and motor vehicle use (Program N-40). Staff will also implement a Mercury and Dioxin Prevention and Elimination Policy (Programs N-28 and N-35) and continue efforts to improve the participation of businesses in the Clean Bay Business programs. Ongoing public awareness, collection, and regulatory programs for mercury products will be enhanced by focusing on a larger group of mercury containing devices and pharmaceutical products. Staff will insure that local dentists implement the new mercury reduction ordinance which became effective on March 31, 2005. Recognizing the impact of air pollution on surface water, new program elements will also focus on vehicles and wood burning stoves (Programs N-42 through N-44).

OPERATIONS

To efficiently and effectively operate and maintain the Regional Water Quality Control Plant, ensuring continuous around-the-clock treatment of all wastewater in accordance with State and Federal permits, and other environmental regulations.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	6,217,986	7,131,273	7,344,431	7,351,158
Contract Services	539,095	949,640	989,670	1,040,050
Supplies and Materials	1,122,790	1,679,900	1,715,188	1,797,128
Facilities and Equipment Purchases	0	26,000	0	0
General Expense	100,607	99,700	164,040	173,890
Rents and Leases	1,689	17,500	0	0
Allocated Charges	2,336,201	2,331,687	2,341,733	2,672,650
Capital Improvement Program	14,600,437	22,502,580	1,700,000	2,550,000
TOTAL EXPENDITURES	**$24,918,805**	**$34,738,280**	**$14,255,062**	**$15,584,876**
TOTAL REVENUES	**$2,862,495**	**$20,001,200**	**$0**	**$0**
Total Full Time Positions	53.75	54.25	54.25	54.25
Total Temporary Positions	1.15	1.15	0.99	0.99

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Millions of gallons treated	8,510	8,510	8,510
2. Tons of solids incinerated	9,065	9,065	9,065
3. Number of samples analyzed	8,176	8,300	9,000
Efficiency:			
1. Treatment cost in $/MG treated (total O&M cost; exclude CIP)	$1,930	$2,902	$2,208
2. Solids disposal ($/ton)	$183	$190	$200
3. Number of employees per millions of gallons per day treated	2.38	2.38	2.38
Effectiveness:			
1. Fish toxicity (% survival)	100%	95%	95%
2. Compliance with discharge permit (percentage compliance)	99%	95%	95%
3. Reclaimed water delivered (million gallons per year)	113	150	600

Wastewater Treatment Fund

ENVIRONMENTAL COMPLIANCE

To promote pollution prevention concepts, initiate source control programs designed to minimize pollutants entering the sanitary sewer system from the regional service area, and ensure compliance with environmental study requirements of regulatory agencies.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,673,908	1,797,694	1,816,076	1,817,865
Contract Services	707,560	987,250	988,938	988,938
Supplies and Materials	39,271	31,950	39,600	39,600
Facilities and Equipment Purchases	0	15,000	10,000	10,000
General Expense	45,699	24,750	56,950	56,950
Allocated Charges	29,175	25,695	25,944	25,944
TOTAL EXPENDITURES	**$2,495,613**	**$2,882,339**	**$2,937,508**	**$2,939,297**
TOTAL REVENUES	**$0**	**$0**	**$0**	**$0**
Total Full Time Positions	13.45	13.70	13.70	13.70
Total Temporary Positions	0.35	0.35	0.00	0.00

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of industries regulated	94	101	90
2. Number of permits issued	54	50	50
3. Number of industrial discharge tests	6,702	7,000	6,500
Efficiency:			
1. Number of industries regulated per FTE (#/6 FTE)	15.7	16.8	15.7
2. Number of permits issued per FTE (#/6 FTE)	9	8.33	8.33
3. Number of industrial discharge tests per FTE (#/6 FTE)	1,117	1,166	1,083
Effectiveness:			
1. Percent of dental offices in compliance	100%	95%	95%
2. Percent of commercial business in compliance	99%	98%	98%
3. Percent of discharge tests in compliance	99%	98%	98%

Other Funds

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CROSS DEPARTMENTAL PROGRAMS

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Cross-Departmental Programs Overview

Cross-departmental programs (CDPs) are activities, services, or efforts that are delivered by more than one department. These programs are displayed separately from regular departmental budgets because they reflect services that are visible and important to the community. Components of the CDPs are contained in each department's budget section. These components may consist of a major activity or a subactivity of a major activity. If a department manages a capital improvement program project related to a CDP, then the CIP is referenced in that CDP. A CDP must have the participation of more than two departments. Each department must provide $50,000 or more towards the program. For the Fiscal Years 2010 and 2011 Budget, CDPs include:

- Cubberley Community Center
- Development Center Services
- Special Events
- Youth Program
- Environmental Sustainability

It should be noted that budget information displayed in the individual CDP sections represent an estimated amount of departmental resources dedicated to that task. For example, the expenses and Full Time Equivalents (FTE) associated with Development Center Services represent staff's best estimate of budgeted resources related to this CDP. The proposed budgets are contained in the departmental budget sections.

The following areas are the City Council's designated Top 3 priorities in Fiscal Year 2010 and the related CDP(s):

Environmental Protection

- Environmental Sustainability CDP

Civic Engagement for the Common Good

- No direct CDP - supported by all departments

Economic Health

- No direct CDP - supported by all departments

Youth Program

To provide youth with safe, healthy, and positive experiences that support their personal growth through the enhancement of their interests, knowledge, skills, values, and social behavior.

OVERVIEW

The City's Youth Program includes elements of the Youth Master Plan. Among the core values that drive youth services are public safety, diversity of experience, lifelong learning, fun, and healthy living. The City's goal is to engage all youth in building a strong and healthy community in Palo Alto.

In addition to City youth programs, the City also collaborates with the Palo Alto Unified School District (PAUSD) to provide services for youth. The collaboration is aimed at providing complementary services while eliminating duplication. Collaborative services include after school activities, camps, field maintenance, tutoring, and public safety.

At present, City staff has no accurate means to segregate youth programs or services by age group; therefore this program reports information with regard to all persons under the age of 18.

COMPREHENSIVE PLAN OVERVIEW

The following implements programs and policies of the Comprehensive Plan. All participating departments continue to deliver services while eliminating duplication by working collaboratively with PAUSD and outside agencies. (C-1)

The Parks and Open Space Division has an ongoing collaborative relationship with PAUSD in cooperative cost sharing for athletic field maintenance and use. (C-1, C-4)

The Youth Master Plan continues to be implemented according to its goals and action steps. (C-1, C-7, C-18)

The Library Department and the Community Services Department, through its Recreation and Golf Division, will continue to develop after-school and evening programs for children and youth at alternative locations including during construction of a joint Mitchell Park Library and Community Center. The Arts and Sciences Division of the Community Services Department also offers after-school programs at the Art Center, Children's Theatre, and PAUSD schools. (C-18)

The Library Department will continue to collaborate with PAUSD to provide quality library service to youth in the community. Librarians meet and communicate regularly with PAUSD librarians, attend new teacher orientations, and represent the Library at Parent/PTA meetings when possible in order to inform school staff and parents about City library services. In addition, Librarians visit schools to moderate book discussions, conduct library card campaigns, and participate in PAUSD's Summer Literacy Program in an effort to support the educational development of students. (C-1, C-5)

In accordance with adopted criteria (T-45), the Police Department provides adult crossing guards at school crossings. Through education and enforcement programs, the Police Department will continue its efforts to ensure the safety of school children in their travels to and from school. (T-47)

CONTRIBUTING DEPARTMENTS

Community Services Department

The Community Services Department support includes a wide variety of programs and services including theatre, arts, recreation, sciences, golf, park and athletic field maintenance, summer camps and aquatics,

and various Open Space outings. Classes and activities are offered for all ages ranging from music and aquatics classes for infants to band nights for high school teens. The Children's Theatre and Jr. Museum and Zoo are two unique City facilities that provide additional learning experiences for youth. Collaboration with PAUSD and other non-profit organizations benefits City youth through many programs such as the Art Center's Annual Youth Art Exhibition and Project LOOK! program; the Children's Theatre and Junior Museum and Zoo's outreach programs in elementary and middle schools; youth programming at the new Koret-Taube Community Center; and the joint facility project between the City and the Palo Alto Art Center Foundation adding a renovated children's wing and sculpture garden to the Art Center. The Community Services Department also provides a teen center with organized teen programs and services every school day between the hours of 3:00pm and 5:30pm at the Mitchell Park Community Center, collaborates with PAUSD to provide middle school athletics, and provides a wide range of summer camps, classes, and workshops promoting healthy living and positive experiences for youth and teens throughout the year.

Library Department

The Library Department provides youth with access to a wide range of quality collections, including pre-readers, classic and award-winning literature, and recreational reading materials. The provision of materials, information services, and technology supporting California's curricular requirements is a particular priority. Story times for targeted age levels are held regularly in order to meet emergent literacy needs, and special programs such as Summer Reading are provided to inform and entertain while promoting the love of reading and lifelong learning.

Police Department

As part of the Police Department's efforts to reach out to the youth of the community to develop stronger relationships, the Palo Alto Police Explorer Post program was created. A division of Learning for Life, the program is designed for young adults who wish to explore a career in law enforcement. Explorers perform a wide array of duties within the Department, including traffic and crowd control, search and rescue, and natural disaster response. The Police Department also provides school crossing guard services at 29 locations, traffic safety enforcement and educational efforts in and around schools, proactive intervention on issues involving youth associated with both criminal and non-criminal activity on school campuses, and assistance in educational activities. These activities also enhance relations between youth and the police. The proposed elimination of one School Resource Officer (SRO) assigned to the middle and high schools will cut the amount of time officers spend in each high school, reducing the ability of the Police Department to have a full understanding of the school issues and to effectively deal with those issues in a timely manner. Some requrests for service by the schools would be handled by the Patrol Division on a priority basis.

Other Department

The Public Works Department offers a variety of youth educational programs, including Water Quality Control Plant tours, recycling, and laboratory and field projects.

Participating Departments	2007-08 Actual	2008-09 Estimated	2009-10 Estimated Budget	2010-11 Estimated Budget
Community Services Department	$9,961,351	$10,165,292	$10,078,792	$10,078,792
Library Department	1,150,000	1,200,000	1,085,000	1,105,000

Youth Program

Participating Departments	2007-08 Actual	2008-09 Estimated	2009-10 Estimated Budget	2010-11 Estimated Budget
Police Department	602,275	624,115	494,338	503,214
TOTAL EXPENDITURES	**$11,713,626**	**$11,989,407**	**$11,658,130**	**$11,687,006**
TOTAL REVENUES	**$3,127,410**	**$3,281,529**	**$3,266,529**	**$3,266,529**
FULL TIME EQUIVALENT (FTE) POSITIONS	**72.95**	**73.66**	**71.66**	**71.66**

CIP INFORMATION

The following Capital Improvement Program (CIP) projects are related to this cross-departmental program:

- Bicycle Boulevards Implementation Project (PL-04010)
- Art Center (PF-07000)
- Monroe Park Improvements (PE-11003)
- Scott Park Improvements (PE-11004)
- Hopkins Park Improvements (PE-07001)
- Cogswell Plaza Improvements (PE-07004)
- Library: Main Library Improvements (PF-07010)
- Park Restroom Installation (PE-06007)
- Rinconada Park Improvements (PE-08001)
- Safe Routes to School (PL-00026)
- School Playing Field Irrigation (PG-98001)
- Tennis and Basketball Court Resurfacing (PG-06001)

Cubberley Community Center

To support Cubberley Community Center educational, cultural, and recreational activities through a lease agreement between the City of Palo Alto and the Palo Alto Unified School District.

OVERVIEW

The three contributing departments Community Services, Administrative Services, and Public Works will continue to work cooperatively to maximize the use of leased rental space, to promote community use of the Center and its programs, and to maintain the building and grounds in a safe and clean condition.

Public Works Facilities Management will continue to focus on the delivery of custodial, maintenance, and rehabilitation services to achieve maximum life expectancy for the Cubberley buildings and building systems.

COMPREHENSIVE PLAN OVERVIEW

The Cubberley Community Center will be enhanced by a number of capital improvement projects. Those projects implemented the following programs and policies of the Comprehensive Plan. (C-24, C-25, C-26, C-27, C-32, C-19)

CONTRIBUTING DEPARTMENTS

Community Services Department

Part of the Community Services Department's mission is to enhance the vitality of Cubberley as a Community Center. The Community Services Department administers the hourly rental program, provides daily customer service to lease tenants, promotes daytime center use, and encourages tenant/user interaction and input.

Administrative Services Department

The Administrative Services Department manages the Cubberley long-term leases and ensures compliance with the terms of the leases.

Public Works Department

The Public Works Department provides timely maintenance programs to repair and maintain the building systems and structures. The Department also provides paving, concrete, signage, parking lot sweeping, and tree-trimming services at the Cubberley site.

Participating Departments	2007-08 Actual	2008-09 Estimated	2009-10 Estimated Budget	2010-11 Estimated Budget
Community Services Department	$1,631,651	$1,641,602	$1,641,602	$1,641,602
Administrative Services Department	106,610	70,000	71,720	71,720
Public Works Department	332,902	334,424	315,730	315,730
TOTAL EXPENDITURES	**$2,071,163**	**$2,046,026**	**$2,029,052**	**$2,029,052**

Cubberley Community Center

Participating Departments	2007-08 Actual	2008-09 Estimated	2009-10 Estimated Budget	2010-11 Estimated Budget
TOTAL REVENUES	**$3,388,985**	**$3,545,688**	**$3,623,466**	**$3,704,220**
FULL TIME EQUIVALENT (FTE) POSITIONS	**8.25**	**8.25**	**8.25**	**8.25**

CIP INFORMATION

The following Capital Improvement Program (CIP) projects are related to this cross departmental program:

- Cubberley Restroom Upgrades (PF-06004)
- Cubberley Turf Renovation (PF-07007)
- Cubberley Wing I Elevator Upgrade (PF-07001)
- Cubberley Parking Lot Maintenance (PF-09003)
- Dimmer Replacement and Lighting System Replacement (CC-09001)
- Replacement of Gym B Bleachers (CC-10000)

Environmental Sustainability

To support and leverage the activities of City departments and the City's nonprofit and private-sector partners to encourage environmentally sustainable behavior, reduce emissions of greenhouse gases, and improve environmental quality for the community.

OVERVIEW

The City of Palo Alto is a long-standing proponent of environmental protection and sustainability. From the City Utilities' energy-efficiency-oriented operations and renewable energy sourcing, to the Public Works Department's Zero Waste Operational Plan, to the Planning and Community Environment Department's implementation of a comprehensive Green Building Program and improvement of the City Commute Program, there is a wide array of ongoing activities that denote Palo Alto as a "Green" city.

To further substantiate its commitment, the City of Palo Alto has participated in or initiated the following efforts:

- Santa Clara County Green Government Pledge, since 1999
- U.S. Green Building Council (USGBC) Member, since 2000
- Santa Clara County Green Business-first city to be certified across all operations, 2001
- Adoption of a City Sustainability Policy, 2001
- Sustainable Silicon Valley
- California Climate Action Registry, reporting emissions since 2006
- U.S. Mayors' Climate Protection Agreement
- Endorsement of California Publicly Owned Electrical Utilities Principles Addressing Greenhouse Reduction Goals
- Electric Utilities Long-term Energy Resource Plan/Climate Action Plan
- Adoption of Ahwahnee Water Principles for Resource Efficient Land Use, 2005
- Appointment of a Green Ribbon Task Force (GRTF) on Climate Change, 2006
- City Climate Protection Plan, recommended by GRTF, 2006
- Community Environmental Action Partnership (CEAP) originated from GRTF, 2006
- Development of ICLEI (Local Governments for Sustainability) STAR Community Index
- Support for Palo Alto Unified School District (PAUSD) Sustainable Schools Committee
- Build It Green (BIG) Public Agency Council (PAC) Member
- Hiring LEED Accredited Professionals and Providing Training for City staff to attain LEED Accreditation and BIG Certified Professionals and Raters
- Creation of an internal City Sustainability Team, Climate Protection Team, Green Team, Green Purchasing Team, and Green Building Team.

COMPREHENSIVE PLAN OVERVIEW

As stated in the Comprehensive Plan (Chapter 5 Natural Environment), the City will meet today's needs without compromising the needs of future generations. Environmental sustainability is a major theme throughout the Comprehensive Plan and influences the programs and daily operations of City departments. These programmatic goals include: preserving natural resources-including the foothills, baylands, creeks, parks, wildlife and open space; maintaining parks and the urban forest in developed

areas; developing programs to obtain cleaner air and water, foster energy and water conservation, reduce solid waste generation, and clean contaminated sites; minimizing public exposure to hazards; and promoting alternatives to driving single occupancy vehicles. The contributing departments will continue to develop new sustainability projects in concert with City government, businesses, nonprofits, residents, and volunteers.

CONTRIBUTING DEPARTMENTS

City Manager's Office

The City Manager's Office coordinates the City's environmental initiatives. The Manager's Office will also house the City's Sustainability Coordinator and will oversee key projects and events. The City Manager's Office Sustainability Team was appointed in FY 2008 to coordinate these larger projects and track greenhouse gas (GHG) reductions. The Sustainability Team has been responsible for leading the City employee Climate Protection Team, the City Green Team, the Green Purchasing Team, as well as co-coordinating and participating in the Community Environmental Action Partnership (CEAP). The Climate Protection Team comprises representatives from each City department charged with developing departmental Climate Protection Plans, which include operational changes to improve commute patterns, reduce paper and solid waste, and promote energy efficiency. The Green Team, comprised of staff volunteers across City departments, coordinates the planning of citywide sustainability projects and promotes a culture of environmental stewardship. The Green Purchasing Team has drafted an Environmentally Preferred Purchasing Policy and has been "greening" contracts during the last year for copiers, printers, printing and blue print services, as well as custodial products. The team has also coordinated with Information Technology and Zero Waste staff to reduce paper use by defaulting to double-sided printing and similar operational changes; and has coordinated an effort with Utilities to pilot further utilization of LED lighting technology.

Administrative Services Department

The Administrative Services Department serves as the purchasing agent for the City, and is therefore instrumental in enhancing and expanding the range of environmentally sustainable products that the City procures. The Department is also involved in assessing the risks of global climate protection on the City's energy portfolio, and in assisting Utility staff to maximize the amount of renewable power it purchases.

Community Services Department

Community Services offers classes, programs, and nature hikes to teach children and adults a broad range of environmental and natural resource appreciation topics. The Department recently launched Dream Green Palo Alto, a series of classes, camps, and theatre performances empowering the community to realize a healthy and happy environmental future.

Exhibits at the Junior Museum incorporate reused components and sustainable materials. The current exhibit, Clean Green Energy Machines, interprets for children and families such green energy principles and practices as sun, wind, and hydro power.

Parks and Open Space staff uses non-chemical methods of weed control in compliance with the City's Integrated Pest Management program. Sustainable practices have been integrated into the operation of the golf course, park maintenance, and open space operations. At the golf course, mowing patterns and schedules have shifted to reduce mowing and engine idle time. Synthetic turf is used at the driving range to reduce mowing and water usage. In addition, the inclusion of recycling bins has been emphasized in park and public space improvements. The Department partners with numerous agencies and organizations to plant trees in open space areas, preserve habitat, control non-native invasive plants, and protect creek corridors.

Fire Department

The Fire Department collaborates with industrial businesses to reduce the use of hazardous materials; conducts spill investigations and enforcement and ongoing hazardous materials' facility compliance inspections. It is also a participant in the Santa Clara County Green Business Certification Program. The department has procured six clean-technology diesel fire engines, and will ensure future purchases incorporate exhaust scrubbing technology to reach cleaner emissions levels than current EPA and California Air Resources Board (CARB) standards.

Planning and Community Environment Department

The Planning and Community Environment Department serves as the nexus of activities promoting green building planning as well as improving alternative transportation. The Planning and Community Environment Department strives to meet higher standards of sustainable development through the control of construction and demolition debris, and implementation of green building requirements. The Development Center provides assistance to the public on how to achieve these standards and features a Build-It-Green Kiosk that showcases samples of recycled and sustainable building materials. Additionally, the Planning and Community Environment Department is responsible for the ongoing maintenance and enhancement of the City's bikeways network, management of bicycle safety programs, and administration of the City employee alternative commute program.

Public Works Department

The Public Works Department conducts public outreach programs to reduce the amount of waste produced by residents and businesses. In FY 2010, a new refuse hauling agreement will begin, and new programs for achieving zero waste goals will be implemented. Public Works also conducts public outreach programs to reduce stormwater and wastewater pollution to the Bay; reports pesticide usage; provides education on pollutant reduction opportunities; strives to obtain alternatively-fueled fleet vehicles wherever practical; provides alternative fueling stations (CNG, electric, etc.); and incorporates green building/ sustainability elements into existing and new City buildings. Facilities staff will continue to utilize green products for building maintenance procedures.

Utilities Department

The Utilities Department enhances environmental sustainability by promoting energy efficiency in City facilities and Palo Alto residences and businesses. Utilities provides incentives for customers to install on-site solar energy systems and ultra-clean distributed cogeneration, thereby increasing the use of clean renewable resources. The renewable energy supply share of the City's electric supply has been steadily increasing, reaching 17 percent in 2008. It is expected to reach the Utilities' goal of 33 percent by 2015. Adding in the City's hydroelectric supply, total non CO2 -emitting sources are expected to reach 80 percent of the City's electric supply by 2015.

Utilities' Public Benefits programs assist low-income customers, encourage energy and water efficiency practices among Utiilties customers and support research and development in renewable energy technologies. The City's voluntary green power program, PaloAltoGreen, is ranked number one nationwide, with more than one out of every six customers purchasing energy from wind and solar power. Palo Alto became the first City in California to be designated a Green Power Community by the U.S. Environmental Protection Agency.

Environmental Sustainability

Participating Departments	2007-08 Actual	2008-09 Estimated	2009-10 Estimated Budget	2010-11 Estimated Budget
Utilities Department	$11,488,042	$19,644,506	$19,437,248	$20,733,046
Administrative Services Department	$33,750	$140,707	$140,707	$140,707
City Manager's Office	$253,620	$407,240	$332,740	$332,740
Community Services Department	$1,164,106	$1,274,120	$1,274,120	$1,524,120
Fire Department	$490,838	$572,338	$572,942	$572,942
Planning and Community Environment Department	$1,053,410	$1,155,919	$1,174,470	$1,175,683
Public Works Department	$1,886,309	$2,253,411	$2,353,447	$2,358,447
TOTAL EXPENDITURES	**$16,370,075**	**$25,448,241**	**$25,285,674**	**$26,837,685**
Planning and Community Environment Department	$90,900	$133,624	$141,283	$144,021
Utilities Department	$2,216,204	$4,838,003	$27,479,008	$5,574,296
TOTAL REVENUES	**$2,307,104**	**$4,971,627**	**$27,620,291**	**$5,718,317**
FULL TIME EQUIVALENT (FTE) POSITIONS	**51.22**	**53.11**	**57.50**	**57.14**

CIP INFORMATION

The following Capital Improvement Programs (CIP) are related to this cross departmental program:

Parks-Irrigation Efficiency and Recycled Materials

- Greer Park Phase IV (PE-09002)
- Hopkins Park Improvements (PE-07001)
- Rinconada Park Improvements (PE-08001)
- School Playing Field Irrigation (PG-98001)
- Ventura Community Center and Park (PE-10002)

Public Facilities-Green Building

- College Terrace Library (PE-05010)
- Downtown Library (PE-09005)
- Main Library New Construction and Improvements (PE-11000)
- Mitchell Park Library and Community Center New Construction (PE-09006)
- Public Safety Building-Design (PE-98020)

Transportation and Diesel Fleets

- Bicycle Boulevards Implementation (PL-04010)
- Diesel Truck Engine Emissions Retrofits (VR-07002)
- Fire Diesel Engine Retrofit (VR-08000)
- Safe Routes to Schools (PL-00026)

Streets and Storm Drains

- Alma Street Landscape Improvements (PE-06006)
- Innovative Storm Drain Improvements (SD-06105)
- Recycling in Business Districts (RF-09003)
- San Antonio Medians (PE-00104)
- Street Maintenance (PE-86070)

Utilities and Recycled Water

- Disinfection Facility Improvement Program (WQ-06014)
- E. Charleston Electric 4-12kV Conversion (EL-08000)
- E. Meadow/Alma/Loma Electric 4-12kV Conversion (EL-08002)
- Emergency Water Supply (WS-08002)
- Gas Main Replacement Project 17-21 (GS-07002, GS-08011, GS-09002, GS-10001, GS-11000)
- Street Light System Conversion Project (EL-10009)
- Water Collection System Improvements (WC-07004, WC-08012, WC-09001, WC-09002, WC-10002, WC-11000)
- Water Recycling Facility Delivery System Expansion (WS-07001)

Special Events

To support the success of both City and non-City sponsored events and to provide a sufficient level of planning, staffing, and resources to ensure a safe environment, while minimizing disruption to the public.

OVERVIEW

The City will continue to be involved in production and assistance for a number of special events held throughout the City. A special event is defined as a significant activity which impacts private or public property for the purpose of a cultural experience, entertainment, or athletic event. These events are either sponsored by the City, Stanford University, or by other entities. These events include the May Fete Children's Parade, the July 4th Summer Festival and Chili Cook-off, Stanford Football Games, Palo Alto Black and White Ball, Moonlight Run, Senior Games and Palo Alto Celebrates the Arts. The City's Special Events Team, comprised of staff from various departments, coordinates the implementation of most of these special events.

COMPREHENSIVE PLAN OVERVIEW

The contributing departments will continue to actively work with existing public and private agencies to provide and support special events for families and youth in Palo Alto. These collaborations will minimize duplication of services. Concurrently, efforts to secure corporate support and volunteer assistance for events will continue. This implements the following goals and policies of the Comprehensive Plan. (C-1, C-2, C-7, C-8, and C-9)

CONTRIBUTING DEPARTMENTS

Community Services Department

The Community Services Department's role is to coordinate, produce, and market City Special Events for and to the community.

Police Department

The Police Department's role is ensure a safe environment for community special events while minimizing disruption to the public through appropriate planning and staffing.

Other Departments

The Public Works, Fire, and Planning and Community Environment Departments make smaller, but significant contributions to the Special Events Cross Departmental Program.

Participating Departments	2007-08 Actual	2008-09 Estimated	2009-10 Estimated Budget	2010-11 Estimated Budget
Community Services Department	$118,298	$129,174	$132,000	$137,000
Police Department	280,000	193,000	205,000	210,000
TOTAL EXPENDITURES	**$398,298**	**$322,174**	**$337,000**	**$347,000**
TOTAL REVENUES	**$80,280**	**$62,800**	**$133,800**	**$137,800**

Participating Departments	2007-08 Actual	2008-09 Estimated	2009-10 Estimated Budget	2010-11 Estimated Budget
FULL TIME EQUIVALENT (FTE) POSITIONS	1.50	1.35	1.35	1.35

Development Center Services

OVERVIEW

Through land development processing, the City receives, reviews, and approves applications for construction, development projects, and planning entitlements. The City also monitors construction resulting from approvals. The Departments of Planning and Community Environment, Fire, Public Works, Utilities, and the City Attorney's Office will continue to work together to improve customer service via the Internet and at the Development Center. Customer surveys will be utilized to evaluate service levels and solicit community input for additional service enhancements.

COMPREHENSIVE PLAN OVERVIEW

Departments will collaborate to streamline the process for residents and businesses seeking to build in Palo Alto and to provide general improvements in customer service. This implements the following programs and policies of the Comprehensive Plan. (B-6, G-19)

CONTRIBUTING DEPARTMENTS

Planning and Community Environment Department

The Planning and Community Environment Department ensures that improvement and development projects are safe, well-designed, high quality, and design specified.

Fire Department

The Fire Department develops and enforces codes that prevent fires and the release of hazardous materials, and works with the public and other organizations on environmental matters.

Public Works Department

The Public Works Department expeditiously reviews and inspects private development projects to ensure that developers comply with applicable regulations, meet high standards of quality and safety, and conform with approved plans and specifications.The Public Works Department also ensures that construction and demolition debris are properly handled through the planning permit process.

Utilities Department

The Utilities Department satisfies customer requests for review of development plans, service designs, and installations related to water, gas, and electric service at the Utilities Engineering offices on Elwell Court.

City Attorney's Office

The City Attorney's Office provides legal advice to staff and appointed and elected officials regarding the processing of project applications.

Development Center Services

Participating Departments	2007-08 Actual	2008-09 Estimated	2009-10 Estimated Budget	2010-11 Estimated Budget
Planning Department	$4,008,692	$4,192,704	$5,445,540	$5,190,558
Fire Department	443,033	411,523	428,759	418,283
Public Works Department	336,350	403,517	433,460	421,283
TOTAL EXPENDITURES	**$4,788,075**	**$5,007,744**	**$6,307,759**	**$6,030,124**
TOTAL REVENUES	**$5,311,810**	**$6,173,348**	**$6,194,848**	**$6,194,848**
FULL TIME EQUIVALENT (FTE) POSITIONS	**28.59**	**27.39**	**27.02**	**27.02**

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Special Revenue Funds

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Special Revenue Funds Overview

Special Revenue Funds comprise revenues that have either restrictions on their use or special reporting requirements, such as development impact fees for parks, community centers, and libraries; 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; and parking in-lieu fees from commercial projects in the downtown area. Also included are parking permit revenues and Community Development Block Grants (CDBG) from the federal government.

COMMUNITY DEVELOPMENT FUNDS

Revenue in this fund comes from development impact fees for parks, community centers, and libraries. The development impact fees collected from new developments provides funding for the City's infrastructure related to parks, community centers, libraries, and the Charleston-Arastradero Corridor. The projected revenue for the development impact fees is $0.76 million for Fiscal Year 2010 and $0.76 million for Fiscal Year 2011.

STREET IMPROVEMENT FUNDS (SIF)

Revenue in this fund comes from the state gas tax and from federal and state grants earmarked for street improvements. The SIF provides funds for transportation and traffic-related capital projects. Based on projected gas tax revenues and interest income, revenues are estimated to be $1.13 million for Fiscal Year 2010 and $1.13 million for Fiscal Year 2011.

FEDERAL AND STATE REVENUE FUNDS

The Federal and State Revenue Fund consists primarily of CDBG monies. CDBG funds are used for a wide variety of community projects such as affordable housing, public services, and project expenditures. CDBG project expenditures draw upon program income and prior year allocations that have been left unspent. For Fiscal Year 2010, there is an decrease of $20,148 in Federal Grant funding from the Department of Housing and Urban Development (HUD).

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. Any new projects are brought to the Council for specific appropriation. Other revenue includes proceeds from the anticipated sale of BMR housing units.

SPECIAL DISTRICTS FUNDS

Revenue in this fund comes from parking permits and is used for maintenance of parking facilities within the University and California Avenue business districts. Parking permit fees will not change from the Fiscal Year 2009 adjusted budget.

Special Revenue Funds Overview

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 resulting additional traffic congestion. Parking in-lieu fees result from commercial projects in assessment district areas which contribute a fee for future parking spaces in lieu of providing the required spaces within the project area itself.

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 was established by an ordinance adopted in January 2004, to promote the downtown business community through events, marketing, beautification, and advocacy programs.

The BID surveyed its member businesses to determine what its priorities should be. The top two priorities identified were street cleanliness and issues related to the homeless in the downtown area. In response to these issues, the Palo Alto Business and Professional Association (which operates the BID under contract with the City) has initiated the Downtown Streets Team, a national model, empowering the homeless to care for the streets and take responsibility for cleanliness of the area. In addition, twice a year there is a marketing effort for restaurants, Dine Downtown, providing a fixed price menu for dining. The Palo Alto Business and Professional Association will continue to operate the Downtown Palo Alto BID for Fiscal Years 2010 and 2011.

FY 2010 Special Revenue by Fund

FUND SUMMARY

($000)	Community Develop. Funds	Street Improve-ment Funds	Federal & State Revenue Funds	Housing In-Lieu Funds	Special Districts Funds	Traffic Mitigation & Parking In-Lieu Funds	Public Benefits Funds	BID Funds	Total Special Revenue Funds
Revenues									
Gas Tax		1,127							1,127
Federal and State Grants			656	1,000					1,656
Parking Permit/In-Lieu Fees				750	1,120	282			2,152
Development Impact Fees	553								553
Interest Income	216	5	6	137	28	69	28	2	491
Operating Transfers			5						5
Other Revenue			147	547		280			974
Business Improvement District (BID) Special Assessment								160	160
TOTAL SOURCE OF FUNDS	**$769**	**$1,132**	**$814**	**$2,434**	**$1,148**	**$631**	**$28**	**$162**	**$7,118**
Expenditures									
CDBG Project Expenditures			1,692						1,692
CDBG Administration Cost Recovery			150						150
Planning / Public Works Department Transfer for Street Improvement Cost Recovery		292							292
Community Development Funds CIP Transfer									0
Charleston-Arastradero Funds CIP Transfer	83								83
Street Improvement Fund CIP Transfer		750							750
Parking Facilities Debt Service Transfer					80				80
Parking Garage Maintenance/ Operations Transfer to GF					1,044				1,044
Parking Lot Sweeping Transfer to Refuse Fund					140				140
Parking Facilities Transfer to Capital Projects Fund					66				66
CDBG Projects Transfer from HIP Revenues			5						5
Below Market Rate (BMR) Program Management Contract				225					225
BMR Loan Program				350					350
Residential Housing In-Lieu				2,015					2,015
Commercial Housing In-Lieu				100					100
Senior Services Grant							28		28
BID Operating Expense								160	160
TOTAL USE OF FUNDS	**$83**	**$1,042**	**$1,847**	**$2,690**	**$1,330**	**$0**	**$28**	**$160**	**$7,180**
NET TO (FROM) RESERVES	**$686**	**$90**	**$(1,033)**	**$(256)**	**$(182)**	**$631**	**$$0**	**$2**	**$(62)**

FY 2011 Special Revenue by Fund

FUND SUMMARY

($000)	Community Develop. Funds	Street Improve-ment Funds	Federal & State Revenue Funds	Housing In-Lieu Funds	Special Districts Funds	Traffic Mitigation & Parking In-Lieu Funds	Public Benefits Funds	BID Funds	Total Special Revenue Funds
Revenues									
Gas Tax		1,127							1,127
Federal and State Grants			656	1,000					1,656
Parking Permit/In-Lieu Fees				750	1,120	282			2,152
Development Impact Fees	553								553
Interest Income	216	5	6	137	28	69	28	2	491
Operating Transfers			5						5
Other Revenue			147	317		280			744
Business Improvement District (BID) Special Assessment								160	160
Loan Payoff				230					230
TOTAL SOURCE OF FUNDS	**$769**	**$1,132**	**$814**	**$2,434**	**$1,148**	**$631**	**$28**	**$162**	**$7,118**
Expenditures									
CDBG Project Expenditures			1,692						1,692
CDBG Administration Cost Recovery			150						150
Planning / Public Works Department Transfer for Street Improvement Cost Recovery		292							292
Community Development Funds CIP Transfer	220								220
Charleston-Arastradero Funds CIP Transfer	82								82
Street Improvement Fund CIP Transfer		850							850
Parking Facilities Debt Service Transfer					80				80
Parking Garage Maintenance/ Operations Transfer to General Fund					1,069				1,069
Parking Lot Sweeping Transfer to Refuse Fund					140				140
CDBG Projects Transfer from HIP Revenues			5						5
Below Market Rate (BMR) Program Management Contract				225					225
BMR Loan Program				350					350
Residential Housing In-Lieu				1,915					1,915
Commercial Housing In-Lieu				100					100
Senior Services Grant							28		28
BID Operating Expense								160	160
TOTAL USE OF FUNDS	**$302**	**$1,142**	**$1,847**	**$2,590**	**$1,290**	**$0**	**$28**	**$160**	**$7,359**
NET TO (FROM) RESERVES	**$467**	**$(10)**	**$(1,033)**	**$(156)**	**$(142)**	**$631**	**$0**	**$2**	**$(241)**

Consolidated Special Revenue Funds

FUND SUMMARY

($000)	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Revenues						
Gas Tax	1,114	746	1,127	381	1,127	0
Federal and State Grants	120	1,101	1,000	(101)	1,000	0
Federal CDBG	386	676	656	(20)	656	0
Housing In-Lieu	438	1,220	750	(470)	750	0
Traffic Mitigation Fees	374	282	282	0	282	0
Developer Impact Fees	2,045	553	553	0	553	0
Parking Mitigation Fees	1,179	1,168	1,120	(48)	1,120	0
BID Assessment	135	160	160	0	160	0
Interest Income	907	491	491	(1)	491	0
Other Revenue	296	1,660	975	(685)	975	0
SUBTOTAL REVENUES	**$6,994**	**$8,057**	**$7,113**	**$(944)**	**$7,113**	**$0**
Operating Transfers From:						
Housing Improvement	33	5	5	0	5	0
SUBTOTAL OPERATING TRANSFERS IN	**$33**	**$5**	**$5**	**$0**	**$5**	**$0**
TOTAL SOURCE OF FUNDS	**$7,027**	**$8,062**	**$7,118**	**$(944)**	**$7,118**	**$0**
Expenses						
General Expense	6,808	6,897	4,720	(2,177)	4,620	(100)
Operating Transfers To:						
General Fund	1,086	1,346	1,336	(10)	1,362	25
CDBG	33	5	5	0	5	0
Debt Service	80	80	80	0	80	0
CIP	1,651	1,657	899	(758)	1,152	253
Refuse	222	116	140	25	141	0
SUBTOTAL OPERATING TRANSFERS	**$3,072**	**$3,204**	**$2,461**	**$(743)**	**$2,739**	**$279**
TOTAL USE OF FUNDS	**$9,880**	**$10,101**	**$7,180**	**$(2,920)**	**$7,359**	**$179**
NET TO (FROM) RESERVES	**$(2,854)**	**$(2,039)**	**$(62)**	**$1,977**	**$(241)**	**$(179)**

Community Development Block Grant

2009-10 FUNDING	2008-09 Adopted Budget	2009-10 Agency Requests	2009-10 Adopted Budget
SOURCE OF FUNDS			
Housing & Urban Development	676,148		656,000
Prior Year Excess/Reallocation (1)	457,706		959
Program Income			
Housing Improvement Program	5,000		5,000
Palo Alto Housing Corporation	674,252		60,000
Estimated Sheridan Apartments and Loan Repayment	0		50,000
Estimated Palo Alto Gardens Loan Repayment	0		30,300
TOTAL SOURCE OF FUNDS	**$1,813,106**	**$0**	**$802,259**
USE OF FUNDS			
Public Service			
Emergency Housing Consortium - Palo Alto HOMES project	7,500	7,500	0
Emergency Housing Consortium - Off the Streets project	7,500	0	0
Palo Alto Housing Corporation - SRO Resident Support Services	30,000	47,420	30,000
Catholic Charities - Long-Term Care Ombudsman	7,800	5,000	5,000
Shelter Network - Haven Family House	8,500	0	0
Support Network for Battered Women - Domestic Violence	0	20,000	8,250
Clara Mateo Alliance - Single/Couple Shelter	17,500	25,000	17,500
Clara Mateo Alliance - Family Shelter	17,500	25,000	17,500
InnVision - Opportunity Center	30,000	50,000	30,000
SUBTOTAL: PUBLIC SERVICE (2)	**$126,300**	**$179,920**	**$108,250**
Planning and Administration			
City of Palo Alto - CDBG Administration includes 1.15 FTE CDBG Administrative Staff	121,429	175,359	113,475
Fair Housing - Project Sentinel	26,800	30,725	30,725
SUBTOTAL: PLANNING AND ADMINISTRATION (2)	**$148,229**	**$206,084**	**$144,200**
Housing, Economic Development & Capital Projects			
Stevenson House - Interior Common Area Renovation	0	83,200	83,200
Avenidas- Home Repair Accessibility Services	0	60,000	56,609
Lytton Gardens- New Shower Enclosures	0	110,000	110,000
Palo Alto Housing Corporation: 488 W. Charleston Road Housing Project	1,538,577	300,000	300,000

2009-10 FUNDING	2008-09 Adopted Budget	2009-10 Agency Requests	2009-10 Adopted Budget
SUBTOTAL: HOUSING, ECONOMIC DEVELOPMENT & CAPITAL PROJECTS (2)	**$1,538,577**	**$553,200**	**$549,809**
TOTAL USE OF FUNDS	**$1,813,106**	**$939,204**	**$802,259**

(1) Funds received in excess of revenue estimate for local program income (2009 and prior)

(2) The funding will be made at the three primary program activity levels

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Debt Service Funds Overview

Expenses for non-utilities debt service are included in these funds and are broken down into general and special assessment debt service.

General debt service is funded by revenues and the General Fund. It also includes repayment of funds borrowed for improvements to the Golf Course, structural improvements to the Civic Center, and for the new commercial building adjacent to lots S and L parking structure on Bryant and Florence. The estimated General debt service expense is $1.2 million for Fiscal Year 2010 and $1.2 million for Fiscal Year 2011.

Debt service for the Golf Course Renovations and Civic Center Retrofit is funded by an operating transfer from the General Fund. The University Avenue Parking Permit fund transfers $80,000 annually to support the parking district's share of the Civic Center debt.

The table below describes the three debt issues currently serviced by the General Fund: the 1998 Golf Course Certificates of Participation (COP's), 2002A Civic Center Refinancing COP's, and 2002B Downtown Parking COP's.

General Fund Debt Service			
	1998 Golf Course COP	2002A COP's (Tax Exempt)	2002B COP's (Taxable)
Issued Date	February 1999	January 2002	January 2002
Principal Issued	$7,750,000	$3,500,000	$2,674,048
Annual Debt Service Payment	$560,674	$425,850	$234,040
Final Payment Date	Sep. 2018	Mar. 2012	Mar. 2022
Estimated Debt Outstanding as of 7/1/2009	$4,415,000	$1,175,000	$2,015,000
Total Interest over life of Debt	**$4,183,244**	**$726,625**	**$2,243,950**

The Golf Course COP's were issued in August 1998 to retire the 1978 Golf Course Lease Revenue Bonds and to finance infrastructure improvements at the Golf Course. Funding for this debt service comes from a transfer from the General Fund and is paid for by Golf Course receipts.

The 2002A Civic Center Refinancing COP's were issued in January 2002 to refinance the City's 1992 COP's at a lower interest rate. The refinancing resulted in an overall debt service savings of $372,000 and an economic gain of $191,000.

The 2002B Downtown Parking Improvement Project COP's were also issued in January 2002 to fund the construction of a two-story, above-ground structure as an extension to the new parking garage on lots S and L. In January 2005, the City established an escrow account to partially defease the Series 2002B COP's. The original principal issued was $3,555,000. The table above reflects the new principal outstanding of $2,674,048. The defeasance resulted in an overall debt service savings of $1,511,000 and an economic gain of $462,000.

Special assessment debt includes debt service on the University and California Avenue parking facilities. This debt is paid by annual assessments on property owners within each of the

parking districts. The final debt service payment for principal of $115 thousand was made September 2007.

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 ensure the future viability of services and the City places priority on funding its regular and ongoing capital needs on a pay-as-you-go basis. There are special or extraordinary capital improvement projects in which it is appropriate to consider debt financing.

A set of guidelines is included below in order to support the decision-making process. These guidelines were adopted by the City Council on May 13, 1997 (City Manager's Report 210:97).

Debt financing is only appropriately considered for capital improvements and not for operating budget items. Annual debt service payments should not exceed 10 percent of the annual expenditure budget of the General Fund. The term of the debt issuance should not exceed the useful life expectancy of the asset acquired, constructed, or improved.

It is appropriate to consider debt financing under the following circumstances:

- The project financing can be paid for directly by the users of the facility. One example is capital improvements made to the City's golf course, where debt service payments can be made from the green fees paid by golfers. A second example is capital improvements paid for by assessments to property owners, such as a parking assessment for a downtown parking garage.
- If a significant backlog of Enterprise Funded capital improvement projects has developed and if that backlog cannot be addressed through the ongoing capital budget, without having a significant impact on utility rates
- If funding for a large project (or grouping of similar projects) would have a significant negative impact on the availability of funding for other ongoing capital needs
- Capital leases may be considered for purchases of large pieces of equipment.

Legal Debt Limit

California Government Code, Section 43605 sets the debt limit at 15 percent of the assessed value of all real and personal property of the City. This Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25 percent of market value. Thus, the limit is calculated at 3.75 percent, which is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value. This legal debt margin only applies to General Obligation debt, of which the City has none at this time. Measure N General Obligation Bonds for the Library and Community Center, as approved by the voters in November 2008, are tentatively scheduled to be issued Fall of 2009. Updates to this narrative will be included in the Fiscal Year 2011 budget document.

Debt Service Funds Overview

Based upon the assessed valuation of $18.9 billion for the fiscal year ending June 30, 2008, the City is limited to general obligation indebtedness of $0.7 billion. As of June 30, 2008, the City had no debt subject to this limit.

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FUND SUMMARY

($000)	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Revenues						
Other - Interest	94	52	54	2	54	0
SUBTOTAL REVENUES	**$94**	**$52**	**$54**	**$2**	**$54**	**$0**
General Fund Operating Transfers						
Golf Course Corporation	528	526	529	3	528	(1)
Public Improvement Corp. (Civic Center)	329	332	333	1	328	(4)
Parking 2002B COPS Taxable	226	225	225	0	224	(1)
University Avenue Permit Fund Transfer	80	80	80	0	80	0
SUBTOTAL OPERATING TRANSFERS IN	**$1,162**	**$1,162**	**$1,167**	**$4**	**$1,160**	**$(6)**
TOTAL SOURCE OF FUNDS	**$1,256**	**$1,215**	**$1,221**	**$6**	**$1,214**	**$(6)**
Expenses						
Debt Service:						
Golf Course Corporation - Principal	325	335	355	20	370	15
Golf Course Corporation - Interest	235	221	206	(15)	190	(16)
Public Improvement Corporation - Principal	350	365	380	15	390	10
Public Improvement Corporation - Interest	71	59	46	(14)	31	(14)
Parking 2002B COPS Taxable - Principal	95	100	105	5	110	5
Parking 2002B COPS Taxable - Interest	140	135	129	(6)	123	(6)
TOTAL USE OF FUNDS	**$1,216**	**$1,215**	**$1,221**	**$6**	**$1,214**	**$(6)**
NET TO (FROM) RESERVES	**$40**	**$0**	**$0**	**$0**	**$0**	**$0**

Special Assessment Debt Service

FUND SUMMARY

($000)	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Revenues						
Special Assessments	1	0	0	0	0	0
TOTAL SOURCE OF FUNDS	**$1**	**$0**	**$0**	**$0**	**$0**	**$0**
Expenses						
Debt Service	119	0	0	0	0	0
TOTAL USE OF FUNDS	**$119**	**$0**	**$0**	**$0**	**$0**	**$0**
NET TO (FROM) RESERVES	**$(118)**	**$0**	**$0**	**$0**	**$0**	**$0**

Internal Service Funds

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Internal Service Funds Overview

Internal Service Funds provide services to City departments and recover their costs through user charges. These user charges are included in the department/fund budgets under the "allocated charges" expenditure category and do not represent additional expenditure in the City's operating budgets.

VEHICLE REPLACEMENT AND MAINTENANCE FUND

The Vehicle Replacement and Maintenance Fund provides maintenance and replacement of vehicles and equipment used by all City departments. In Fiscal Years 2010 and 2011, this fund will continue to focus on its core activities - vehicle and equipment replacement, preventive maintenance, repairs, and fueling - and on improving service to client departments. The fund balance is projected to be $1.9 million at the end of Fiscal Year 2010, and $4.5 million at the end of Fiscal Year 2011.

TECHNOLOGY FUND

This fund manages citywide Information Technology (IT) activities. The fund continues to maintain critical desktop, software, and infrastructure replacements and maintenance activities. The Enterprise Funds are now full participants in this fund as their technology systems become further integrated into the citywide technology infrastructure. Staff continues to enhance the functionality in the SAP general ledger, project management system, and Human Resources module. The Enterprise version of SAP and migrate the Utilities Customer Information System (billing) to SAP is implemented at the end of Fiscal Year 2009. The fund balance is projected to be $8.4 million at the end of Fiscal Year 2010, and $6.5 million at the end of Fiscal Year 2011.

PRINTING AND MAILING SERVICES FUND

The Printing and Mailing Services Fund provides central duplicating and printing and mailing services for all City departments. In 2010, staff will focus on enhancing customer service, and replacing the outdated analog mailing system with state-of-the-art digital technology to increase production for mass mailings and add processing functionality. The fund balance is projected to be $115 thousand at the end of Fiscal Year 2010, and $46 thousand at the end of Fiscal Year 2011.

GENERAL BENEFITS AND INSURANCE FUND

The General Benefits and Insurance Fund accounts for employee health benefits, retirement pension contributions, and the City's self insured workers' compensation and general liability programs. Citywide benefit expense is increasing 2.1 percent to $45 million in Fiscal Year 2010, primarily due to a slight increase in the employer PERS rate for miscellaneous employees.

Staff continues to examine ways to control citywide benefit and insurance costs.

The Fiscal Year 2010 fund balance is projected to be $1.4 million.

Internal Service Funds Overview

RETIREE HEALTH BENEFITS FUND

This fund manages the payments associated with, and reserves dedicated to, medical benefits granted to retired employees of the City. In 2007-08, $30 million was transferred to the California Employer's Retiree Benefit Trust Program (CERBT) to establish a irrevocable trust administered by CalPERS.

The Fiscal Year 2010 fund balance is projected to be $0.7 million.

FY 2010 Internal Service Funds

FUND SUMMARY

($000)	Vehicle Replacement and Maintenance Fund	Technology Fund	Printing and Mailing Fund	General Benefits and Insurance Fund	Retiree Health Benefit Fund	Total
Revenues						
Operating Revenue	7,019	8,868	1,336	42,771	6,702	66,696
Interest Income	208	551	0	1,463	0	2,222
Other Revenue	266	599	2	380	0	1,247
TOTAL SOURCE OF FUNDS	**$7,493**	**$10,017**	**$1,338**	**$44,614**	**$6,702**	**$70,164**
Expenditures						
Operating Expenditures	4,842	9,719	1,411	44,614	6,702	67,290
Capital Improvement Program	670	943	0	0	0	1,613
TOTAL USE OF FUNDS	**$5,512**	**$10,663**	**$1,411**	**$44,614**	**$6,702**	**$68,903**
NET TO/FROM UNRESTRICTED ASSETS	**$1,981**	**$(645)**	**$(74)**	**$0**	**$0**	**$1,261**

FY 2011 Internal Service Funds

FUND SUMMARY ($000)	Vehicle Replacement and Maintenance Fund	Technology Fund	Printing and Mailing Fund	General Benefits and Insurance Fund	Retiree Health Benefit Fund	Total
Revenues						
Operating Revenue	7,019	8,868	1,336	42,771	8,735	68,728
Interest Income	208	551	0	1,463	0	2,222
Other Revenue	266	1,709	2	380	0	2,357
TOTAL SOURCE OF FUNDS	**$7,493**	**$11,128**	**$1,338**	**$44,614**	**$8,735**	**$73,307**
Expenditures						
Operating Expenditures	4,855	9,639	1,406	44,614	8,735	69,250
Capital Improvement Program	0	3,433	0	0	0	3,433
TOTAL USE OF FUNDS	**$4,855**	**$13,072**	**$1,406**	**$44,614**	**$8,735**	**$72,683**
NET TO/FROM UNRESTRICTED ASSETS	**$2,638**	**$(1,944)**	**$(69)**	**$0**	**$0**	**$625**

Internal Service Funds Unrestricted Assets

FUND SUMMARY ($000)	Vehicle Replacement and Maintenance Fund	Technology Fund	Printing and Mailing Fund	General Benefits and Insurance Fund	Retiree Health Benefit Fund	Total
Changes to Unrestricted assets						
JUNE 30, 2009 UNRESTRICTED ASSETS	**$(103)**	**$9,073**	**$189**	**$1,445**	**$719**	**$11,323**
2009-10 Projected Changes	1,981	(645)	(74)	0	0	1,262
JUNE 30, 2010 UNRESTRICTED ASSETS	**$1,878**	**$8,428**	**$115**	**$1,445**	**$719**	**$12,585**
2010-11 Projected Changes	2,638	(1,944)	(69)	0	0	625
JUNE 30, 2011 UNRESTRICTED ASSETS	**$4,516**	**$6,484**	**$46**	**$1,445**	**$719**	**$13,210**

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Vehicle Replacement Fund

To provide for the timely replacement of vehicles and equipment in accordance with prescribed schedules, to ensure the safe, reliable, and efficient operation of vehicles and equipment through systematic preventive maintenance and cost-effective repairs, and to provide safe, efficient fuel storage and dispensing facilities while pursuing alternative fuel technologies and minimizing the pollution and carbon footprint generated from the City's vehicle fleet.

OVERVIEW

In Fiscal Year 2009, Public Works focused on core activities, such as vehicle and equipment replacement, preventive maintenance, repairs, and fueling.

During Fiscal Year 2010, staff will continue to focus on core activities as described above and will oversee the training and development of several new key members of the maintenance staff.

The Fiscal Year 2010 budget accounts for continuation of the replacement of the City-Wide fuel management system (CIP VR-06801) and diesel truck emmissions retrofits (CIP VR-07002) within the capital improvement program; the project cost is captured in the fund.

Staff is currently reviewing the City's fleet to ensure that purchases are priortized for maximum cost effectiveness and are in compliance with the City's utilization and replacement policy.

FUND SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Operating Revenue	6,363,955	9,136,007	7,019,248	(2,116,759)	(23%)	7,019,248	0	0%
Interest Income	338,053	192,700	207,600	14,900	8%	207,600	0	0%
Other Income	81,608	621,009	266,009	(355,000)	(57%)	266,009	0	0%
TOTAL FUND REVENUES	$6,783,616	$9,949,716	$7,492,857	$(2,456,859)	(25%)	$7,492,857	$0	0%
Administration	2,069,613	143,015	145,974	2,959	2%	118,559	(27,415)	(19%)
Vehicle Replacement and Additions	1,065,357	3,124,401	895,237	(2,229,164)	(71%)	225,529	(669,708)	(75%)
Vehicle Operations and Maintenance	3,788,718	4,861,458	4,471,094	(390,364)	(8%)	4,510,982	39,888	1%
TOTAL FUND EXPENDITURES	$6,923,688	$8,128,874	$5,512,305	$(2,616,569)	(32%)	$4,855,070	$(657,235)	(12%)
TO/FROM RESERVES	$(140,072)	$1,820,842	$1,980,552	$159,710		$2,637,787	$657,235	

Vehicle Replacement Fund

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,647,858	1,899,897	2,042,124	2,041,479
Contract Services	1,053,915	612,621	443,100	443,100
Supplies and Materials	1,408,429	1,962,090	1,479,600	1,479,600
Facilities and Equipment Purchases	1,209,741	1,000	1,000	1,000
General Expense	721,909	4,989	22,000	22,000
Rents and Leases	4,647	10,000	10,000	10,000
Allocated Charges	849,774	755,862	817,066	857,891
Capital Improvement Program	0	2,855,000	670,000	0
Operating Transfers Out	27,415	27,415	27,415	0
TOTAL EXPENDITURES	**$6,923,688**	**$8,128,874**	**$5,512,305**	**$4,855,070**
Total Full Time Positions	16.20	16.20	16.08	16.08
Total Temporary Positions	0.08	0.08	0.00	0.00

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of alternatively-fueled vehicles in the City fleet	80	84	84
Efficiency:			
1. Percentage of total fleet fuel consumption that is alternative fuels (CNG, biodiesel). Includes fuel provided to PAUSD and PASCO (GreenWaste beginning 7/1/09).	25%	25%	25%
Effectiveness:			
1. Amount of gasoline and diesel fuel consumption avoided (in gallons). Includes fuel provided to PAUSD and PASCO (GreenWaste beginning 7/1/09).	85448	72,500	72,500

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Decrease vehicle maintenance reimbursement from other funds	(10,129)		(10,129)			0
Increase interest income	14,900		14,900			0
TOTAL REVENUE CHANGES	**$4,771**	**$0**	**$4,771**	**$0**	**$0**	**$0**
Adjustments (Note 1)		(2,461,630)	(2,461,630)			0
NET REVENUE CHANGES	**$4,771**	**$(2,461,630)**	**$(2,456,859)**	**$0**	**$0**	**$0**
EXPENDITURE CHANGES						
Salary and Benefits						
Personnel Benefits Costs (Note 2)	143,297		143,297	(644)		(644)
Total Salary and Benefits	**$143,297**	**$0**	**$143,297**	**$(644)**	**$0**	**$(644)**
Adjustments (Note 1)		(1,069)	(1,069)			0
NET SALARY AND BENEFITS CHANGES	**$143,297**	**$(1,069)**	**$142,228**	**$(644)**	**$0**	**$(644)**
Non-Salary						
Decrease capital improvement program	(2,185,000)		(2,185,000)	(670,000)		(670,000)
Decrease operating transfer to General Fund (Note 3)			0	(27,415)		(27,415)
Allocated Charges Increase (Note 4)	61,203		61,203	40,824		40,824
Total Non-Salary	**$(2,123,797)**	**$0**	**$(2,123,797)**	**$(656,591)**	**$0**	**$(656,591)**
TOTAL EXPENDITURE CHANGES	**$(1,980,500)**	**$(1,069)**	**$(1,981,569)**	**$(657,235)**	**$0**	**$(657,235)**
Adjustments (Note 1)		(635,000)	(635,000)			0
NET EXPENDITURE CHANGES	**$(1,980,500)**	**$(636,069)**	**$(2,616,569)**	**$(657,235)**	**$0**	**$(657,235)**

RESOURCE LEVEL NOTES

Note 1: Adjustments include one-time budget changes from the prior year that were removed from this year's budget as planned.

Note 2: Personnel benefit cost changes are primarily due to increases in the PERS employee contribution percentage for miscellaneous employees and increases to the Retiree Medical Benefit Liability costs.

Vehicle Replacement Fund

Note 3: Decrease in operating transfer to General Fund in Fiscal Year 2011 reflects end of payments for retiree medical catch-up plan.

Note 4: Increase in allocated charges is primarily due to increases in natural gas charges and cost plan charges.

VEHICLE REPLACEMENT AND ADDITIONS

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	266,047	239,332	213,966	214,159
Contract Services	685,908	0	0	0
Supplies and Materials	12,095	20,000	0	0
Facilities and Equipment Purchases	1,209,741	0	0	0
General Expense	(1,142,175)	1,500	500	500
Allocated Charges	33,741	8,569	10,771	10,870
Capital Improvement Program	0	2,855,000	670,000	0
TOTAL EXPENDITURES	**$1,065,357**	**$3,124,401**	**$895,237**	**$225,529**
TOTAL REVENUES	**$2,702,838**	**$5,287,797**	**$3,240,097**	**$3,240,097**
Total Full Time Positions	1.60	1.60	1.40	1.40
Total Temporary Positions	0.00	0.00	0.00	0.00

Vehicle Replacement Fund

VEHICLE OPERATIONS AND MAINTENANCE

To maintain City vehicles and equipment within safe operating performance standards, ensure cost effective and appropriate fleet utilization, and continue to investigate opportunities for use of alternative fuels.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,308,087	1,660,565	1,828,158	1,827,320
Contract Services	368,007	612,621	443,100	443,100
Supplies and Materials	1,396,334	1,942,090	1,479,600	1,479,600
Facilities and Equipment Purchases	0	1,000	1,000	1,000
General Expense	5,888	3,489	21,500	21,500
Rents and Leases	4,647	10,000	10,000	10,000
Allocated Charges	705,755	631,693	687,736	728,462
TOTAL EXPENDITURES	**$3,788,718**	**$4,861,458**	**$4,471,094**	**$4,510,982**
TOTAL REVENUES	**$3,742,725**	**$4,661,919**	**$4,045,160**	**$4,045,160**
Total Full Time Positions	14.60	14.60	14.68	14.68
Total Temporary Positions	0.08	0.08	0.00	0.00

Technology Fund

OVERVIEW

In Fiscal Years 2010 and 2011, the Technology Fund will continue to deliver information technology services in accordance with the Information Technology (IT) Strategic Plan. The IT Strategic Plan was designed to ensure that a cohesive, citywide management information strategy be in place to address organizational, operational, and technological infrastructure issues. The plan facilitates the development and implementation of citywide priorities including SAP, eGovernment, Geographic Information System (GIS), IT Security, and Telecommunications.

Client Services will continue to maintain the City's desktop computers, and has extended the 36-month replacement schedule to 48 months as a cost saving measure.

Infrastructure Services will focus on: implementing the Telecommunications Master Plan; developing a Wireless Service Strategic Plan; refining and implementing the disaster recovery plan for the City's mission critical systems; conducting an IT security audit; updating the City's existing telephone system; and upgrading the City's network infrastructure.

Project Management and Application will upgrade the SAP Enterprise Resources Planning (ERP) system. Migration and upgrade activities have been the focus in Fiscal Years 2008 and 2009. The technical upgrade of the SAP environment to SAP 2005 will be performed prior to the migration of the Utilities Department Customer Information System.

The Technology Fund reserve was established to fund the replacement of the City's IT infrastructure. Its existence reflects the City's strong commitment to future technology infrastructure needs.

FUND SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Operating Revenue	9,192,772	8,650,861	8,867,674	216,813	3%	8,867,674	0	0%
Interest Income	1,087,547	637,900	551,100	(86,800)	(14%)	551,100	0	0%
Other Income	3,421,389	6,748,418	598,617	(6,149,801)	(91%)	1,709,233	1,110,616	186%
TOTAL FUND REVENUES	$13,701,708	$16,037,179	$10,017,391	$(6,019,788)	(38%)	$11,128,007	$1,110,616	11%
Client Services	5,087,768	5,018,553	4,568,670	(449,883)	(9%)	4,484,396	(84,274)	(2%)
Infrastructure Services	2,437,662	1,614,009	1,523,237	(90,772)	(6%)	1,525,538	2,301	0%
Project Management and Application	2,603,430	3,543,596	3,559,572	15,976	0%	3,561,653	2,081	0%
Technology Projects	4,763,529	3,831,264	1,011,245	(2,820,019)	(74%)	3,500,813	2,489,568	246%
TOTAL FUND EXPENDITURES	$14,892,389	$14,007,422	$10,662,724	$(3,344,698)	(24%)	$13,072,400	$2,409,676	23%
TO/FROM RESERVES	$(1,190,681)	$2,029,757	$(645,333)	$(2,675,090)		$(1,944,393)	$(1,299,060)	

Technology Fund

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	4,446,350	5,152,118	5,185,795	5,190,620
Contract Services	4,240,620	2,289,865	2,200,300	2,200,300
Supplies and Materials	695,779	240,580	160,776	160,776
Facilities and Equipment Purchases	1,934,553	816,723	560,125	560,125
General Expense	1,750,648	560,756	565,305	565,305
Rents and Leases	233,370	236,057	246,000	246,000
Allocated Charges	685,534	775,736	726,228	716,274
Capital Improvement Program	0	3,831,052	943,432	3,433,000
Operating Transfers Out	905,535	104,535	74,763	0
TOTAL EXPENDITURES	**$14,892,389**	**$14,007,422**	**$10,662,724**	**$13,072,400**
Total Full Time Positions	29.80	30.65	30.65	30.65
Total Temporary Positions	0.93	0.68	0.84	0.84

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of computer workstations (SEA)	1,100	1,125	1,050
2. Provide public video broadcasting for meetings of the City Council, Council Commissions, and Committees (e.g. Finance, Policy & Services, Planning, Public Arts, Library Advisory, etc.)	190	190	190
Efficiency:			
1. Information Technology General Fund operating and maintenance expenditures as a percent of total operating expenditures (SEA)	3.0%	3.0%	3.0%
Effectiveness:			
1. Percent of requests for computer help desk services resolved within 5 days (SEA)	90%	90%	86%

RESOURCE LEVEL CHANGES	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Decrease investment income	(86,800)		(86,800)			0
Increase (decrease) other revenue (Stanford)	(336,850)		(336,850)	163,000		163,000
Increase (decrease) reimbursement for CIP projects	(5,812,950)		(5,812,950)	947,616		947,616
Increase reimbursement from City departments	216,812		216,812			0
TOTAL REVENUE CHANGES	**$(6,019,788)**	**$0**	**$(6,019,788)**	**$1,110,616**	**$0**	**$1,110,616**
Adjustments			0			0
NET REVENUE CHANGES	**$(6,019,788)**	**$0**	**$(6,019,788)**	**$1,110,616**	**$0**	**$1,110,616**
EXPENDITURE CHANGES						
Salary and Benefits						
Personnel Benefit Costs Increase (Note 1)	33,673		33,673	4,824		4,824
Total Salary and Benefits	**$33,673**	**$0**	**$33,673**	**$4,824**	**$0**	**$4,824**
EXPENDITURE CHANGES						
Non-Salary						
Increase (decrease) CIP project costs	(2,887,620)		(2,887,620)	2,489,568		2,489,568
Decrease contract services	(89,565)		(89,565)			0
Decrease supplies and materials	(65,312)		(65,312)			0
Decrease facilities and equipment	(256,598)		(256,598)			0
Decrease transfer to Wastewater Treatment	(29,772)		(29,772)			0
Decrease operating transfer to General Fund (Note 2)			0	(74,763)		(74,763)
Allocated Charges (decrease) (Note 3)	(49,505)		(49,505)	(9,953)		(9,953)
Total Non-Salary	**$(3,378,372)**	**$0**	**$(3,378,372)**	**$2,404,852**	**$0**	**$2,404,852**
TOTAL EXPENDITURE CHANGES	**$(3,344,698)**	**$0**	**$(3,344,698)**	**$2,409,676**	**$0**	**$2,409,676**
Adjustments			0			0
NET EXPENDITURE CHANGES	**$(3,344,698)**	**$0**	**$(3,344,698)**	**$2,409,676**	**$0**	**$2,409,676**

Technology Fund

RESOURCE LEVEL NOTES

Note 1: Personnel benefit cost changes are primarily due to increases in the PERS employee contribution percentage for miscellaneous employees and increases to the Retiree Medical Benefit Liability costs.

Note 2: Decrease in transfers to General Fund in Fiscal Year 2011 reflects end of payments to the General Fund for retiree medical catch-up plan.

Note 3: Decrease in allocated charges is due primarily to a decrease in cost plan charges.

SERVICE LEVEL CHANGES

Information Technology staff is continually adjusting to an increasing workload. The effect on management and staff has been an increase in project management responsibilities. Due to the increased workload, it will be necessary to contract for consulting services for any enterprise application upgrades.

Highlights of service level changes are as follows:

- Enterprise level applications will be maintained at the current level. Any new initiatives will require the contracting of consulting services
- GIS data updating will be maintained. New projects will require additional staff resources
- An interim document imaging system has been implemented which provides basic functionality. Implementation of an enterprise-wide SAP document imaging module will be delayed approximately 2 years due to lack of funding and staff resources
- The upgrade to SAP 2005 will enable the City to offer a number of additional services to its employees and citizens which include, but are not limited to, Employee Self-Service (ESS), Management Self-Service (MSS), and the inclusion of SAP's Utility billing module known as Industry-Specific Solution for Utilities (IS-U)
- The SAP upgrade and IS-U migration will be performed with the assistance of consulting resources, to ultimately allow Utilities customers to pay their bills online from any internet access point, adding the value of convenience to customer services; this requires major staff resources to address trial issues during the first-year, and then to integrate additional functionality in future years
- The change from a 36-month to 48-month desktop computer replacement schedule has the potential impact of increasing demand for IT support services to upkeep aging machines and repair malfunctions
- Any new IT initiative(s) will require additional staffing and/or budget for consulting resources

CLIENT SERVICES

To provide best-of-class Information Technology (IT) customer service and support and provide state-of-the-art desktop solutions for City employees.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,538,904	1,934,295	1,841,939	1,843,598
Contract Services	236,650	316,704	325,000	325,000
Supplies and Materials	14,257	40,580	42,776	42,776
Facilities and Equipment Purchases	539,812	505,273	281,175	281,175
General Expense	1,006,711	1,200,756	1,205,305	1,205,305
Rents and Leases	233,370	236,000	236,000	236,000
Allocated Charges	612,529	680,410	561,712	550,542
Operating Transfers Out	905,535	104,535	74,763	0
TOTAL EXPENDITURES	**$5,087,768**	**$5,018,553**	**$4,568,670**	**$4,484,396**
TOTAL REVENUES	**$7,709,231**	**$10,688,581**	**$7,231,706**	**$7,394,706**
Total Full Time Positions	10.41	11.21	11.21	11.21
Total Temporary Positions	0.00	0.00	0.00	0.00

Technology Fund

INFRASTRUCTURE SERVICES

To implement, develop, and maintain the City's core Information Technology (IT) infrastructure.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	954,502	1,246,947	1,149,486	1,150,571
Contract Services	554,768	602,771	613,610	613,610
Supplies and Materials	20,162	0	18,000	18,000
Facilities and Equipment Purchases	187,176	311,450	278,950	278,950
General Expense	651,325	(640,000)	(640,000)	(640,000)
Rents and Leases	0	57	10,000	10,000
Allocated Charges	69,729	92,784	93,191	94,407
TOTAL EXPENDITURES	**$2,437,662**	**$1,614,009**	**$1,523,237**	**$1,525,538**
TOTAL REVENUES	**$704,601**	**$662,390**	**$586,739**	**$586,739**
Total Full Time Positions	8.02	7.02	7.02	7.02
Total Temporary Positions	0.20	0.20	0.20	0.20

PROJECT MANAGEMENT AND APPLICATION

To implement and maintain best-of-class Information Technology (IT) solutions through the use of leading project management and application support methodologies.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	1,964,643	1,970,876	2,194,370	2,196,451
Contract Services	624,197	1,370,390	1,261,690	1,261,690
Supplies and Materials	4,721	200,000	100,000	100,000
General Expense	6,707	0	0	0
Allocated Charges	3,162	2,330	3,512	3,512
TOTAL EXPENDITURES	**$2,603,430**	**$3,543,596**	**$3,559,572**	**$3,561,653**
TOTAL REVENUES	**$1,912,329**	**$2,398,397**	**$1,647,329**	**$1,647,329**
Total Full Time Positions	11.37	12.42	12.42	12.42
Total Temporary Positions	0.73	0.48	0.64	0.64

Technology Fund

TECHNOLOGY PROJECTS

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	(11,699)	0	0	0
Contract Services	2,825,005	0	0	0
Supplies and Materials	656,639	0	0	0
Facilities and Equipment Purchases	1,207,565	0	0	0
General Expense	85,905	0	0	0
Allocated Charges	114	212	67,813	67,813
Capital Improvement Program	0	3,831,052	943,432	3,433,000
TOTAL EXPENDITURES	**$4,763,529**	**$3,831,264**	**$1,011,245**	**$3,500,813**
TOTAL REVENUES	**$3,375,547**	**$2,287,811**	**$551,617**	**$1,499,233**
Total Full Time Positions	0.00	0.00	0.00	0.00
Total Temporary Positions	0.00	0.00	0.00	0.00

Printing and Mailing Fund

OVERVIEW

In Fiscal Years 2010 and 2011, the Printing and Mailing Fund will continue providing high caliber customer service through improved product quality, production, and on-time order processing. Continued staff training and development will promote the expertise required to produce superior professional quality digital images. This fund's portfolio of services include on-demand black-and-white and color digital image processing, with the capacity to store digital files for future references and applications. The Print Shop offers additional options such as shrink wrap packaging and laminating service. Implementation of newly installed digital color copiers will assist staff in meeting the increased demand for color copies. When implementation is completed, the Print Shop's use of management software will improve estimating, job costing, and reporting capabilities.

In addition, Mailing Services will continue to extend document processing service to City departments using the digital document processing system. The City will continue to utilize a mailing services provider to transport all outgoing mail, including customer utility bills, at no additional cost to the City. Utility bills are mailed out with permit indicia; all other City mail is processed through the Mailing Services Department.

FUND SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Operating Revenue	1,249,761	1,388,188	1,335,613	(52,575)	(4%)	1,335,613	0	0%
Interest Income	21,417	13,700	0	(13,700)	(100%)	0	0	0%
Other Income	2,697	2,000	2,000	0	0%	2,000	0	0%
TOTAL FUND REVENUES	$1,273,875	$1,403,888	$1,337,613	$(66,275)	(5%)	$1,337,613	$0	0%
Printing and Mailing	1,442,115	1,478,761	1,411,480	(67,281)	(5%)	1,406,426	(5,054)	0%
TOTAL FUND EXPENDITURES	$1,442,115	$1,478,761	$1,411,480	$(67,281)	(5%)	$1,406,426	$(5,054)	0%
TO/FROM RESERVES	$(168,240)	$(74,873)	$(73,867)	$1,006		$(68,813)	$5,054	

Printing and Mailing Fund

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	460,760	425,289	375,564	375,921
Contract Services	167,632	174,211	167,011	167,011
Supplies and Materials	75,420	81,758	81,758	81,758
General Expense	355,699	348,157	399,357	399,357
Rents and Leases	236,267	313,385	269,385	269,385
Allocated Charges	138,115	127,739	110,183	112,994
Operating Transfers Out	8,222	8,222	8,222	0
TOTAL EXPENDITURES	**$1,442,115**	**$1,478,761**	**$1,411,480**	**$1,406,426**
Total Full Time Positions	4.65	4.05	4.05	4.05
Total Temporary Positions	0.00	0.00	0.00	0.00

BENCHMARKING MEASURES

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget
Workload Outputs:			
1. Number of utilities bills mailed on average per day	1,600	1,600	1,600-2,200
Efficiency:			
1. Accommodate 85 percent of late printing requests for inclusion in the weekly City Council packet	98%	98%	100%
Effectiveness:			
1. Percent of utilities bills mailed timely each day	100%	100%	100%

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
REVENUE CHANGES						
Decrease interest income	(13,700)		(13,700)			0
Increase mailing services	8,240		8,240			0
Decrease printing services	(60,815)		(60,815)			0
TOTAL REVENUE CHANGES	**$(66,275)**	**$0**	**$(66,275)**	**$0**	**$0**	**$0**

RESOURCE LEVEL CHANGES

	2009-10 Ongoing	2009-10 One-Time	2009-10 Total	2010-11 Ongoing	2010-11 One-Time	2010-11 Total
EXPENDITURE CHANGES						
Salary and Benefits						
Personnel Benefit Costs Increase (Decrease) (Note 1)	(49,724)		(49,724)	357		357
Total Salary and Benefits	**$(49,724)**	**$0**	**$(49,724)**	**$357**	**$0**	**$357**
Non-Salary						
Decrease transfer to General Fund			0	(8,222)		(8,222)
Allocated Charges increase (decrease) (Note 2)	(17,557)		(17,557)	2,811		2,811
Total Non-Salary	**$(17,557)**	**$0**	**$(17,557)**	**$(5,411)**	**$0**	**$(5,411)**
TOTAL EXPENDITURE CHANGES	**$(67,281)**	**$0**	**$(67,281)**	**$(5,054)**	**$0**	**$(5,054)**

RESOURCE LEVEL NOTES

Note 1: Personnel benefit cost changes are primarily due to increases in the PERS employee contribution percentage fo miscellaneous employees and increases to the Retiree Medical Benefit Liability costs.

Note 2: Allocated charges are decreasing primarily due to the reallocation of Enterprise Fund cost plan charges.

Printing and Mailing Fund

PRINTING AND MAILING

To provide quality printing and mailing services to all City departments in a cost effective and efficient manner.

INPUTS

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2010-11 Adopted-in-Concept Budget
Salaries and Benefits	460,760	425,289	375,564	375,921
Contract Services	167,632	174,211	167,011	167,011
Supplies and Materials	75,420	81,758	81,758	81,758
General Expense	355,699	348,157	399,357	399,357
Rents and Leases	236,267	313,385	269,385	269,385
Allocated Charges	138,115	127,739	110,183	112,994
Operating Transfers Out	8,222	8,222	8,222	0
TOTAL EXPENDITURES	**$1,442,115**	**$1,478,761**	**$1,411,480**	**$1,406,426**
TOTAL REVENUES	**$1,273,875**	**$1,403,888**	**$1,337,613**	**$1,337,613**
Total Full Time Positions	4.65	4.05	4.05	4.05
Total Temporary Positions	0.00	0.00	0.00	0.00

General Benefits and Insurance Fund

OVERVIEW

The General Benefits and Insurance Funds are jointly managed by Administrative Services and Human Resources Department staff and accounts for health benefits, the City's self-insured workers' compensation, and general liability programs.

The table below reflects an citywide expense increase of $0.9 million from 2008-09 adjusted budget totals. The increase is due to a slight increase in the employer PERS rate for miscellaneous employees.

FUND SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Operating Revenue	2,407,548	1,182,200	1,383,200	201,000	17%	1,383,200	0	0%
Interest Income	2,418,386	1,691,800	1,463,300	(228,500)	(14%)	1,463,300	0	0%
Other Income	34,799,560	38,314,700	41,767,900	3,453,200	9%	41,767,900	0	0%
TOTAL FUND REVENUES	$39,625,494	$41,188,700	$44,614,400	$3,425,700	8%	$44,614,400	$0	0%
Operating Expense	40,311,869	43,699,200	44,614,400	915,200	2%	44,614,400	0	0%
TOTAL FUND EXPENDITURES	$40,311,869	$43,699,200	$44,614,400	$915,200	2%	$44,614,400	$0	0%
TO/FROM RESERVES	$(686,375)	$(2,510,500)	$0	$2,510,500		$0	$0	

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Retiree Health Benefit Fund

OVERVIEW

The Retiree Health Benefit Fund manages the payments associated with and reserves dedicated to medical benefits granted to retired employees of the City. In 2009-10, retiree health benefit expense is estimated to be $8.5 million.

The General Fund contribution for the portion of the retiree medical liablility related to future retirees, was suspended in 2008-09 and 2009-10 in the amounts of $1.9 million and $0.2 million respectively. This is temporary budget balancing action that was not continued into the 2010-11 budget in concept.

The General fund will contribute its portion related to current retirees and the Enterprise Funds will contribute their entire amount. The City has established a trust fund for the retiree medical liability. The City has satisfied the government accounting standard board's (GASB 45) requirement for realizing the expense.

FUND SUMMARY

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	% Chg	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change	% Chg
Interest Income	1,536,902	0	0	0	0%	0	0	0%
Other Income	7,132,759	7,006,963	6,702,182	(304,781)	(4%)	8,734,589	2,032,407	30%
TOTAL FUND REVENUES	$8,669,661	$7,006,963	$6,702,182	$(304,781)	(4%)	$8,734,589	$2,032,407	30%
Operating Expense	9,633,307	7,006,963	6,702,182	(304,781)	(4%)	8,734,589	2,032,407	30%
TOTAL FUND EXPENDITURES	$9,633,307	$7,006,963	$6,702,182	$(304,781)	(4%)	$8,734,589	$2,032,407	30%
TO/FROM RESERVES	$(963,646)	$0	$0	$0		$0	$0	

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Average Salary & Benefits

CATEGORY	MGMT	IAFF	FCA	PAPOA	SEIU	TOTAL
FTE	242	109	4	83	617	1,055
% OF City	23%	10%	0%	8%	59%	100%
SALARY	$113,002	$104,878	$138,200	$104,013	$72,662	$92,818,075
Overtime*	$0	$16,001	$0	$17,296	$3,914	$5,593,457
VMC *	?	$0	?	$0	?	?
IN-LIEU HOLIDAY	$0	$5,443	$0	$5,398	$3,771	$3,367,235
MGMT LEAVE	$4,346	$0	$5,316	$0	$0	$1,074,569
PERS EMPLOYER	$19,281	$25,106	$33,082	$24,899	$12,398	$17,255,005
PERS EMPLOYEE	$6,780	$4,495	$12,438	$9,361	$4,360	$5,648,717
MEDICAL	$11,762	$11,762	$11,762	$11,762	$11,762	$12,410,086
DENTAL/VISION	$1,676	$1,676	$1,676	$1,676	$1,676	$1,768,348
WORKER'S COMP	$1,934	$7,053	$0	$9,238	$1,931	$3,195,207
LIFE/LTD/SUI/EAP	$718	$718	$718	$718	$718	$757,562
NON-SAL. BENEFITS	$4,260	$1,255	$4,255	$1,255	$1,383	$2,143,313
TOTAL SAL./ BENEFITS	$163,759	$178,387	$207,447	$185,616	$114,575	$146,031,574

*** Average employee eligible for benefit**

Future Retiree Medical Liability - Estimated Avg Cost per employee $ 2,663

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STAFFING

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Staffing

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Summary of Position Changes

	FTE
GENERAL FUND	
2008-09 ADOPTED BUDGET	**651.47**
2008-09 BAO Position Adjustments	
Deputy Director, Administrative Services (ASD)	(0.20)
Jr. Museum & Zoo Lead Instructor (CSD)	(2.25)
Program Assistant I (CSD)	2.25
Arborist (PLA)	1.00
Manager, Economic Resources (PLA)	(1.00)
Manager, Economic Development & Redevelopment (PLA)	1.00
Managing Arborist (PLA)	(1.00)
Community Service Officer - Lead (POL)	(1.00)
Supervisor, Police Services (POL)	1.00
Project Engineer (PWD)	(1.00)
Supervising Project Engineer (PWD)	1.00
Tree Maintenance Person (PWD)	1.00
Tree Trimmer/Line Clearer (PWD)	(1.00)
2008-09 ADJUSTED TOTAL	**651.27**
2009-10 New Positions	
Deputy City Manager (CMO, PLA)	1.00
Administrative Associate III (CSD)	0.25
2009-10 Total New Positions	**1.25**
2009-10 Reclassified Positions	
Producer Arts/Science (CSD)	1.00
Program Assistant I (CSD)	(1.00)
Supervisor Open Space (CSD)	1.00
Senior Ranger (CSD)	(1.00)
Administrative Associate III (CSD)	0.50
Administrative Associate I (CSD)	(0.50)
Program Assistant I (CSD)	(2.25)
Jr. Museum & Zoo Educator (CSD)	2.25
Human Resources Assistant - Conf (HRD)	1.00
Manager, Employee Relations (HRD)	(1.00)

Summary of Position Changes

	FTE
Business Analyst (LIB)	1.00
Coordinator, Library Programs (LIB)	(1.00)
Building/Planning Technician (PLA)	1.00
Permit Specialist (PLA)	(1.00)
Crime Analyst (POL)	1.00
Police Records Specialist II (POL)	(1.00)
Program Coordinator (POL)	1.00
Program Assistant I (POL)	(1.00)
2009-10 Total Reclassified Positions	**0.00**
2009-10 Reallocated Positions	
ASD reallocation to Other Funds	(0.08)
ASD reallocation to Enterprise Funds	(4.68)
PLA reallocation from Other Funds	0.05
PWD reallocation to Other Funds	(3.80)
PWD reallocation to Enterprise Funds	(0.20)
2009-10 Total Reallocated Positions	**(8.71)**
2009-10 Eliminated Positions	
Manager, Communications (CMO)	(1.00)
Senior Administrator (CMO)	(1.00)
Accounting Specialist (ASD)	(1.00)
Storekeeper (ASD)	(1.00)
Golf Course Maintenance Person (CSD)	(1.00)
Producer Arts/Science Programs (CSD)	(0.50)
Program Assistant I (CSD)	(1.00)
EMS Chief (FIR)	(1.00)
EMT Basic (FIR)	(3.00)
Coordinator, Library Programs (LIB)	(1.00)
Senior Librarian (LIB)	(0.50)
Administrative Associate II (PLA)	(1.00)
Assistant Director, Planning and Community Environment (PLA)	(1.00)
Building Inspector Specialist (PLA)	(1.00)
Building Plan Technician (PLA)	(1.00)
Plan Checking Engineer (PLA)	(1.00)
Police Officer (POL)	(1.00)
Police Records Specialist II (POL)	(1.00)
Volunteer Coordinator (POL)	(0.50)

	FTE
Engineer (PWD)	(0.90)
Engineering Technician III (PWD)	(0.90)
2009-10 Total Eliminated Positions	**(21.30)**
2009-10 TOTAL ADOPTED GENERAL FUND POSITIONS	**622.51**

ENTERPRISE FUNDS

2008-09 ADOPTED BUDGET	**350.36**
2008-09 BAO Position Adjustments	
Administrator, Refuse (PWD)	1.00
Business Analyst (PWD)	0.13
Coordinator Recycling (PWD)	(2.00)
Coordinator Zero Waste (PWD)	2.00
Senior Technologist (PWD)	0.13
Technologist (PWD)	(0.13)
Business Analyst (UTL)	1.87
Coordinator, Utility Projects (UTL)	1.00
Deputy Director, Administrative Services (UTL)	0.20
Electric Project Engineer (UTL)	(2.00)
Project Manager (UTL)	(1.00)
Senior Market Analyst (UTL)	(1.00)
Senior Technologist (UTL)	(0.13)
Supervising Electric Project Engineer (UTL)	2.00
Technologist (UTL)	(0.87)
2008-09 ADJUSTED TOTAL	**351.56**
2009-10 Reclassified Positions	
Industrial Waste Assistant Inspector (PWD)	1.00
Engineering Technician I (PWD)	(1.00)
Customer Service Specialist - Lead (UTL)	1.00
Utilities Field Service Representative (UTL)	(1.00)
Restoration Lead (UTL)	1.00
Equipment Operator (UTL)	(1.00)

Summary of Position Changes

	FTE
Meter Shops Lead (UTL)	1.00
Gas Systems Technician (UTL)	(1.00)
2009-10 Total Reclassified Positions	**0.00**
2009-10 Reallocated Positions	
ASD reallocation to Enterprise Funds	4.68
PWD reallocation to Enterprise Funds	0.20
2009-10 Total Reallocated Positions	**4.88**
2009-10 Eliminated Positions	
Engineer (PWD)	(0.10)
Engineering Technician III (PWD)	(0.10)
2009-10 Total Eliminated Positions	**(0.20)**
2009-10 TOTAL ADOPTED ENTERPRISE FUND POSITIONS	**356.24**

OTHER FUNDS

2008-09 ADOPTED BUDGET	**72.77**
2008-09 BAO Position Adjustments	
Senior Technologist (Technology Fund)	(2.00)
Technologist (Technology Fund)	2.00
Engineer (Capital Fund)	(1.00)
Project Engineer (Capital Fund)	1.00
2008-09 ADJUSTED TOTAL	**72.77**
2009-10 Reallocated Positions	
ASD reallocation to Equipment Management	0.08
PLA reallocation from Special Revenue to General Fund	(0.05)
PWD reallocation to Capital	3.80
2009-10 Total Reallocated Positions	**3.83**
2009-10 TOTAL ADOPTED OTHER FUNDS POSITIONS	**76.60**
2009-10 TOTAL ADOPTED CITYWIDE POSITIONS	**1055.35**

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
GENERAL FUND						
City Attorney						
Assistant City Attorney	1.00	1.00	1.00	0.00	1.00	0.00
City Attorney	1.00	1.00	1.00	0.00	1.00	0.00
Claims Investigator	0.60	0.60	0.60	0.00	0.60	0.00
Deputy City Attorney	0.00	0.00	0.00	0.00	0.00	0.00
Legal Administrator	1.00	1.00	1.00	0.00	1.00	0.00
Legal Secretary - Confidential	0.00	0.00	0.00	0.00	0.00	0.00
Secretary to City Attorney	1.00	1.00	1.00	0.00	1.00	0.00
Senior Assistant City Attorney	2.00	2.00	2.00	0.00	2.00	0.00
Senior Deputy City Attorney	2.00	2.00	2.00	0.00	2.00	0.00
Senior Legal Secretary	2.00	2.00	2.00	0.00	2.00	0.00
TOTAL CITY ATTORNEY	**10.60**	**10.60**	**10.60**	**0.00**	**10.60**	**0.00**
City Auditor						
Administrative Assistant	1.00	1.00	1.00	0.00	1.00	0.00
Auditor	0.00	0.00	0.00	0.00	0.00	0.00
City Auditor	1.00	1.00	1.00	0.00	1.00	0.00
Deputy City Auditor	0.00	0.00	0.00	0.00	0.00	0.00
Senior Auditor	2.00	2.00	2.00	0.00	2.00	0.00
TOTAL CITY AUDITOR	**4.00**	**4.00**	**4.00**	**0.00**	**4.00**	**0.00**
City Clerk						
Administrative Associate III	3.00	3.00	3.00	0.00	3.00	0.00
Assistant City Clerk	1.00	1.00	1.00	0.00	1.00	0.00
City Clerk	1.00	1.00	1.00	0.00	1.00	0.00
Deputy City Clerk	1.00	1.00	1.00	0.00	1.00	0.00
Parking Examiner	0.75	0.75	0.75	0.00	0.75	0.00
TOTAL CITY CLERK	**6.75**	**6.75**	**6.75**	**0.00**	**6.75**	**0.00**

Table of Organization

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
City Manager						
Administrative Assistant	1.00	1.00	1.00	0.00	1.00	0.00
Administrative Associate I	1.50	1.50	1.50	0.00	1.50	0.00
Administrative Associate II	1.00	1.00	1.00	0.00	1.00	0.00
Assistant City Manager	1.00	1.00	1.00	0.00	1.00	0.00
Assistant to City Manager	2.00	2.00	2.00	0.00	2.00	0.00
City Manager	1.00	1.00	1.00	0.00	1.00	0.00
Deputy City Manager (35)	0.00	0.00	0.50	0.50	0.50	0.00
Executive Assistant to the City Manager	1.00	1.00	1.00	0.00	1.00	0.00
Manager, Communications (1)	1.00	1.00	0.00	(1.00)	0.00	0.00
Public Communication Manager	1.00	1.00	1.00	0.00	1.00	0.00
Senior Administrator (2)	1.00	1.00	0.00	(1.00)	0.00	0.00
TOTAL CITY MANAGER	**11.50**	**11.50**	**10.00**	**(1.50)**	**10.00**	**0.00**
Administrative Services Department						
Accounting Specialist (3), (20)	11.00	11.00	8.00	(3.00)	8.00	0.00
Accounting Specialist - Lead	5.00	5.00	5.00	0.00	5.00	0.00
Administrative Assistant	0.93	0.93	0.93	0.00	0.93	0.00
Administrative Associate III	0.96	0.96	0.96	0.00	0.96	0.00
Assistant Director, Administrative Services	0.60	0.60	0.60	0.00	0.60	0.00
Assistant Storekeeper	0.00	0.00	0.00	0.00	0.00	0.00
Business Analyst	0.10	0.10	0.10	0.00	0.10	0.00
Buyer	1.95	1.95	1.95	0.00	1.95	0.00
Contracts Administrator	2.00	2.00	2.00	0.00	2.00	0.00
Deputy Director, Administrative Services	1.00	0.80	0.80	0.00	0.80	0.00
Director, Administrative Services	0.50	0.50	0.50	0.00	0.50	0.00
Graphic Designer	1.00	1.00	1.00	0.00	1.00	0.00
Manager, Accounting	1.00	1.00	1.00	0.00	1.00	0.00
Manager, Budget	1.00	1.00	1.00	0.00	1.00	0.00
Manager, Purchasing/Contract Administrator	1.00	1.00	1.00	0.00	1.00	0.00
Manager, Real Property	1.00	1.00	1.00	0.00	1.00	0.00
Payroll Analyst	2.00	2.00	2.00	0.00	2.00	0.00

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Real Property Analyst	0.00	0.00	0.00	0.00	0.00	0.00
Real Property Agent	0.00	0.00	0.00	0.00	0.00	0.00
Senior Accountant (21)	4.00	4.00	3.00	(1.00)	3.00	0.00
Senior Business Analyst	0.20	0.20	0.20	0.00	0.20	0.00
Senior Financial Analyst (22)	7.91	7.91	6.91	(1.00)	6.91	0.00
Senior Buyer	0.00	0.00	0.00	0.00	0.00	0.00
Staff Accountant (23)	3.00	3.00	2.00	(1.00)	2.00	0.00
Staff Secretary	0.00	0.00	0.00	0.00	0.00	0.00
Storekeeper (4)	1.00	1.00	0.00	(1.00)	0.00	0.00
Storekeeper - Lead	1.00	1.00	1.00	0.00	1.00	0.00
Warehouse Supervisor	1.00	1.00	1.00	0.00	1.00	0.00
TOTAL ADMINISTRATIVE SERVICES	**49.15**	**48.95**	**41.95**	**(7.00)**	**41.95**	**0.00**
Community Services Department						
Administrative Assistant	1.00	1.00	1.00	0.00	1.00	0.00
Administrative Associate I (38)	2.50	2.50	2.00	(0.50)	2.00	0.00
Administrative Associate III (38), (39)	0.00	0.00	0.75	0.75	0.75	0.00
Administrator Special Events	0.00	0.00	0.00	0.00	0.00	0.00
Arts and Culture Division Manager	1.00	1.00	1.00	0.00	1.00	0.00
Building Serviceperson	4.00	4.00	4.00	0.00	4.00	0.00
Building Serviceperson - Lead	2.00	2.00	2.00	0.00	2.00	0.00
Coordinator, Child Care	1.00	1.00	1.00	0.00	1.00	0.00
Coordinator, Recreation Programs (5)	5.00	5.00	5.00	0.00	5.00	0.00
Cubberley Center and Human Svc Div Mgr	1.00	1.00	1.00	0.00	1.00	0.00
Director, Community Services	1.00	1.00	1.00	0.00	1.00	0.00
Division Manager, Golf & Parks	0.00	0.00	0.00	0.00	0.00	0.00
Division Manager, Recreation & Golf	1.00	1.00	1.00	0.00	1.00	0.00
Division Manager, Rec and Youth Sciences	0.00	0.00	0.00	0.00	0.00	0.00
Golf Course Equipment Mechanic	1.00	1.00	1.00	0.00	1.00	0.00
Golf Course Maintenance Person (41)	5.00	5.00	4.00	(1.00)	4.00	0.00
Inspector, Field Services	2.00	2.00	2.00	0.00	2.00	0.00
Jr. Museum & Zoo Lead Educator (42)	0.00	0.00	2.25	2.25	2.25	0.00
Jr. Museum & Zoo Lead Instructor	2.25	0.00	0.00	0.00	0.00	0.00

Table of Organization

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Management Assistant	1.00	1.00	1.00	0.00	1.00	0.00
Manager, Arts	2.00	2.00	2.00	0.00	2.00	0.00
Open Space and Parks Division Manager	1.00	1.00	1.00	0.00	1.00	0.00
Park Maintenance Lead	1.00	1.00	1.00	0.00	1.00	0.00
Park Maintenance Person	11.00	11.00	11.00	0.00	11.00	0.00
Park Ranger	5.00	5.00	5.00	0.00	5.00	0.00
Parks and Open Space Assistant	0.00	0.00	0.00	0.00	0.00	0.00
Parks Crew - Lead	3.00	3.00	3.00	0.00	3.00	0.00
Producer Arts/Science Programs (6), (31)	12.25	12.50	13.00	0.50	13.00	0.00
Program Assistant I (28), (31), (42)	9.75	12.00	7.75	(4.25)	7.75	0.00
Program Assistant II	3.00	3.00	3.00	0.00	3.00	0.00
Senior Administrator	1.00	1.00	1.00	0.00	1.00	0.00
Senior Ranger (32)	1.00	1.00	0.00	(1.00)	0.00	0.00
Sprinkler System Repairer	5.00	5.00	5.00	0.00	5.00	0.00
Superintendent, Golf Course	1.00	1.00	1.00	0.00	1.00	0.00
Superintendent, Parks	1.00	1.00	1.00	0.00	1.00	0.00
Supervisor, Junior Museum	1.00	1.00	1.00	0.00	1.00	0.00
Supervisor, Open Space (32)	1.00	1.00	2.00	1.00	2.00	0.00
Supervisor, Parks	1.00	1.00	1.00	0.00	1.00	0.00
Supervisor, Recreation Program	4.00	4.00	4.00	0.00	4.00	0.00
Theater Specialist	1.00	1.00	1.00	0.00	1.00	0.00
Volunteer Coordinator	0.75	0.50	0.50	0.00	0.50	0.00
TOTAL COMMUNITY SERVICES	**96.50**	**96.50**	**94.25**	**(2.25)**	**94.25**	**0.00**
Fire						
Administrative Assistant	1.00	1.00	1.00	0.00	1.00	0.00
Administrative Associate II	4.00	4.00	4.00	0.00	4.00	0.00
Battalion Chief	3.00	3.00	3.00	0.00	3.00	0.00
Deputy Fire Chief/Fire Marshal	0.84	0.84	0.84	0.00	0.84	0.00
Deputy Fire Chief EMT	2.00	2.00	2.00	0.00	2.00	0.00
Deputy Fire Chief OPS/Support	0.00	0.00	0.00	0.00	0.00	0.00
EMS Chief (7)	1.00	1.00	0.00	(1.00)	0.00	0.00
EMS Coordinator	1.00	1.00	1.00	0.00	1.00	0.00

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
EMT Basic (8)	3.00	3.00	0.00	(3.00)	0.00	0.00
Fire Apparatus Operator	30.00	30.00	30.00	0.00	30.00	0.00
Fire Captain	27.00	27.00	27.00	0.00	27.00	0.00
Fire Chief	1.00	1.00	1.00	0.00	1.00	0.00
Fire Fighter	45.00	45.00	45.00	0.00	45.00	0.00
Fire Inspector	3.00	3.00	3.00	0.00	3.00	0.00
Hazardous Materials Fire Apparatus Operator	0.00	0.00	0.00	0.00	0.00	0.00
Hazardous Materials Fire Captain	0.00	0.00	0.00	0.00	0.00	0.00
Hazardous Materials Fire Fighter	0.00	0.00	0.00	0.00	0.00	0.00
Hazardous Materials Inspector	1.90	1.90	1.90	0.00	1.90	0.00
Hazardous Materials Specialist	0.95	0.95	0.95	0.00	0.95	0.00
OES Coordinator	1.00	1.00	1.00	0.00	1.00	0.00
Paramedic Captain	0.00	0.00	0.00	0.00	0.00	0.00
Paramedic Fire Fighter	0.00	0.00	0.00	0.00	0.00	0.00
Paramedic Inspector	0.00	0.00	0.00	0.00	0.00	0.00
Paramedic Operator	0.00	0.00	0.00	0.00	0.00	0.00
Training Captain	1.00	1.00	1.00	0.00	1.00	0.00
TOTAL FIRE	**126.69**	**126.69**	**122.69**	**(4.00)**	**122.69**	**0.00**
Human Resources Department						
Administrative Assistant	1.00	1.00	1.00	0.00	1.00	0.00
Administrator, Human Resources	5.00	5.00	5.00	0.00	5.00	0.00
Assistant Director Human Resources	1.00	1.00	1.00	0.00	1.00	0.00
Director, Human Resources	1.00	1.00	1.00	0.00	1.00	0.00
Human Resources Assistant - Conf (33)	4.00	4.00	5.00	1.00	5.00	0.00
Human Resources Representative	2.00	2.00	2.00	0.00	2.00	0.00
Manager, Employee Relations (33)	1.00	1.00	0.00	(1.00)	0.00	0.00
Manager, Human Resources & Development	0.00	0.00	0.00	0.00	0.00	0.00
Manager, Risk and Benefits	0.00	0.00	0.00	0.00	0.00	0.00
Senior Administrator	1.00	1.00	1.00	0.00	1.00	0.00
TOTAL HUMAN RESOURCES	**16.00**	**16.00**	**16.00**	**0.00**	**16.00**	**0.00**

Table of Organization

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Library Department						
Administrative Assistant	1.00	1.00	1.00	0.00	1.00	0.00
Assistant Director, Library Services	1.00	1.00	1.00	0.00	1.00	0.00
Business Analyst (34)	0.00	0.00	1.00	1.00	1.00	0.00
Coordinator, Library Circulation	0.00	0.00	0.00	0.00	0.00	0.00
Coordinator, Library Programs (9), (34)	3.00	3.00	1.00	(2.00)	1.00	0.00
Director, Libraries	1.00	1.00	1.00	0.00	1.00	0.00
Division Head, Library Services	1.00	1.00	1.00	0.00	1.00	0.00
Librarian	5.00	5.00	5.00	0.00	5.00	0.00
Library Assistant	5.50	5.50	5.50	0.00	5.50	0.00
Library Associate	4.00	4.00	4.00	0.00	4.00	0.00
Library Specialist	8.00	8.00	8.00	0.00	8.00	0.00
Manager, Main Library Services	0.00	0.00	0.00	0.00	0.00	0.00
Management Assistant	1.00	1.00	1.00	0.00	1.00	0.00
Senior Librarian (10)	9.25	9.25	8.75	(0.50)	8.75	0.00
Supervisor, Librarian	4.00	4.00	4.00	0.00	4.00	0.00
TOTAL LIBRARY DEPARTMENT	**43.75**	**43.75**	**42.25**	**(1.50)**	**42.25**	**0.00**
Planning and Community Environment Department						
Administrative Assistant	1.00	1.00	1.00	0.00	1.00	0.00
Administrative Associate I	2.00	2.00	2.00	0.00	2.00	0.00
Administrative Associate II (11)	4.80	4.80	3.80	(1.00)	3.80	0.00
Administrative Associate III	1.00	1.00	1.00	0.00	1.00	0.00
Administrator, Planning & Comm Envir	1.00	1.00	1.00	0.00	1.00	0.00
Arborist	0.00	1.00	1.00	0.00	1.00	0.00
Assistant Building Official	1.00	1.00	1.00	0.00	1.00	0.00
Assistant Director, Planning & Comm Envir (40)	1.00	1.00	0.00	(1.00)	0.00	0.00
Assistant Engineer	0.00	0.00	0.00	0.00	0.00	0.00
Associate Engineer	1.00	1.00	1.00	0.00	1.00	0.00
Building Inspector	4.00	4.00	4.00	0.00	4.00	0.00
Building Inspector Specialist (12)	3.00	3.00	2.00	(1.00)	2.00	0.00

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Building/Planning Technician (13), (29)	3.00	3.00	3.00	0.00	3.00	0.00
Chief Building Official	1.00	1.00	1.00	0.00	1.00	0.00
Chief Planning and Transportation Official	1.00	1.00	1.00	0.00	1.00	0.00
Chief Transportation Officer	0.00	0.00	0.00	0.00	0.00	0.00
City Traffic Engineer	0.00	0.00	0.00	0.00	0.00	0.00
Code Enforcement Officer	2.00	2.00	2.00	0.00	2.00	0.00
Coordinator, Transp Sys Mgmt	0.50	0.50	0.50	0.00	0.50	0.00
Deputy City Manager (35)	0.00	0.00	0.50	0.50	0.50	0.00
Director, Planning and Comm Envir	1.00	1.00	1.00	0.00	1.00	0.00
Engineer	1.00	1.00	1.00	0.00	1.00	0.00
Engineering Technician II	1.00	1.00	1.00	0.00	1.00	0.00
Manager, Economic Resources	1.00	0.00	0.00	0.00	0.00	0.00
Manager, Economic Devlpmt & Redevlpmt	0.00	1.00	1.00	0.00	1.00	0.00
Manager, Planning	2.00	2.00	2.00	0.00	2.00	0.00
Managing Arborist	1.00	0.00	0.00	0.00	0.00	0.00
Permit Specialist (29)	1.00	1.00	0.00	(1.00)	0.00	0.00
Planner (30)	6.00	6.00	6.05	0.05	6.05	0.00
Plan Checking Engineer (14)	3.00	3.00	2.00	(1.00)	2.00	0.00
Project Engineer	1.00	1.00	1.00	0.00	1.00	0.00
Senior Planner	6.00	6.00	6.00	0.00	6.00	0.00
Supervisor, Building Inspection	1.00	1.00	1.00	0.00	1.00	0.00
Transportation Manager	1.00	1.00	1.00	0.00	1.00	0.00
Transportation Project Manager	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL PLANNING AND COMMUNITY ENVIRONMENT	**53.30**	**53.30**	**48.85**	**(4.45)**	**48.85**	**0.00**
Police Department						
Administrative Assistant	1.00	1.00	1.00	0.00	1.00	0.00
Administrative Associate II	3.00	3.00	3.00	0.00	3.00	0.00
Animal Attendant	0.00	0.00	0.00	0.00	0.00	0.00
Animal Control Officer	4.50	4.50	4.50	0.00	4.50	0.00
Animal Services Specialist	1.00	1.00	1.00	0.00	1.00	0.00
Animal Services Specialist II	1.00	1.00	1.00	0.00	1.00	0.00

Table of Organization

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Assistant Chief of Police	1.00	1.00	1.00	0.00	1.00	0.00
Business Analyst	1.00	1.00	1.00	0.00	1.00	0.00
Chief Communications Technician	0.00	0.00	0.00	0.00	0.00	0.00
Code Enforcement Officer	1.50	1.50	1.50	0.00	1.50	0.00
Communication Technician	1.00	1.00	1.00	0.00	1.00	0.00
Community Service Officer	9.00	9.00	9.00	0.00	9.00	0.00
Community Service Officer - Lead	1.00	0.00	0.00	0.00	0.00	0.00
Coordinator, Police Technical Services	1.00	1.00	1.00	0.00	1.00	0.00
Court Liaison Officer	1.00	1.00	1.00	0.00	1.00	0.00
Crime Analyst (36)	1.00	1.00	2.00	1.00	2.00	0.00
Parking Enforcement Officer	0.00	0.00	0.00	0.00	0.00	0.00
Parking Enforcement Officer - Lead	0.00	0.00	0.00	0.00	0.00	0.00
Police Agent	19.00	19.00	19.00	0.00	19.00	0.00
Police Captain	2.00	2.00	2.00	0.00	2.00	0.00
Police Chief	1.00	1.00	1.00	0.00	1.00	0.00
Police Lieutenant	5.00	5.00	5.00	0.00	5.00	0.00
Police Officer (15)	51.00	51.00	50.00	(1.00)	50.00	0.00
Police Officer Training	0.00	0.00	0.00	0.00	0.00	0.00
Police Records Specialist I	0.00	0.00	0.00	0.00	0.00	0.00
Police Records Specialist II (16), (36)	9.00	9.00	7.00	(2.00)	7.00	0.00
Police Records Specialist - Lead	1.00	1.00	1.00	0.00	1.00	0.00
Police Sergeant	14.00	14.00	14.00	0.00	14.00	0.00
Police Trainee	0.00	0.00	0.00	0.00	0.00	0.00
Program Assistant I (37)	1.00	1.00	0.00	(1.00)	0.00	0.00
Program Assistant II	1.00	1.00	1.00	0.00	1.00	0.00
Program Coordinator (37)	0.00	0.00	1.00	1.00	1.00	0.00
Property and Evidence Technician	2.00	2.00	2.00	0.00	2.00	0.00
Public Safety Dispatcher I	2.00	2.00	2.00	0.00	2.00	0.00
Public Safety Dispatcher II	14.00	14.00	14.00	0.00	14.00	0.00
Public Safety Dispatcher - Lead	5.00	5.00	5.00	0.00	5.00	0.00
Safety Officer	0.00	0.00	0.00	0.00	0.00	0.00
Senior Administrator	1.00	1.00	1.00	0.00	1.00	0.00
Superintendent, Animal Services	1.00	1.00	1.00	0.00	1.00	0.00

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Supervisor, Animal Services	1.00	1.00	1.00	0.00	1.00	0.00
Supervisor, Police Services	2.00	3.00	3.00	0.00	3.00	0.00
Veterinarian	1.00	1.00	1.00	0.00	1.00	0.00
Veterinarian Technician	2.00	2.00	2.00	0.00	2.00	0.00
Volunteer Coordinator (17)	1.00	1.00	0.50	(0.50)	0.50	0.00
TOTAL POLICE	**164.00**	**164.00**	**161.50**	**(2.50)**	**161.50**	**0.00**
Public Works Department						
Accounting Specialist (20)	0.00	0.00	0.04	0.04	0.04	0.00
Administrative Assistant	1.00	1.00	1.00	0.00	1.00	0.00
Administrative Associate I (24)	3.50	3.50	1.70	(1.80)	1.70	0.00
Administrative Associate II (25)	2.00	2.00	1.80	(0.20)	1.80	0.00
Administrative Associate III (26)	1.00	1.00	0.00	(1.00)	0.00	0.00
Administrator, Public Works (27)	1.00	1.00	0.00	(1.00)	0.00	0.00
Assistant Director Public Works	1.10	1.10	1.10	0.00	1.10	0.00
Associate Engineer	0.10	0.10	0.10	0.00	0.10	0.00
Building Serviceperson	4.00	4.00	4.00	0.00	4.00	0.00
Building Serviceperson - Lead	2.00	2.00	2.00	0.00	2.00	0.00
Coordinator, Public Works Projects	0.00	0.00	0.00	0.00	0.00	0.00
Deputy Director, Public Works Operations	0.00	0.00	0.00	0.00	0.00	0.00
Director, Public Works/City Engineer	1.00	1.00	1.00	0.00	1.00	0.00
Electrician	1.00	1.00	1.00	0.00	1.00	0.00
Engineer (18)	1.20	1.20	0.30	(0.90)	0.30	0.00
Engineering Technician III (19)	4.20	4.20	3.30	(0.90)	3.30	0.00
Equipment Operator	3.46	3.46	3.46	0.00	3.46	0.00
Equipment Parts Technician	0.00	0.00	0.00	0.00	0.00	0.00
Facilities Assistant	0.00	0.00	0.00	0.00	0.00	0.00
Facilities Carpenter	1.00	1.00	1.00	0.00	1.00	0.00
Facilities Electrician	0.00	0.00	0.00	0.00	0.00	0.00
Facilities Maintenance - Lead	2.00	2.00	2.00	0.00	2.00	0.00
Facilities Mechanic	6.00	6.00	6.00	0.00	6.00	0.00
Facilities Painter	2.00	2.00	2.00	0.00	2.00	0.00
Heavy Equipment Operator	1.90	1.90	1.90	0.00	1.90	0.00

Table of Organization

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Heavy Equipment Operator - Lead	0.85	0.85	0.85	0.00	0.85	0.00
Inspector, Field Services	1.00	1.00	1.00	0.00	1.00	0.00
Instrument Electrician	0.00	0.00	0.00	0.00	0.00	0.00
Manager, Facilities Maintenance	0.80	0.80	0.80	0.00	0.80	0.00
Manager, Maintenance Operations	0.12	0.12	0.12	0.00	0.12	0.00
Managing Arborist	1.00	1.00	1.00	0.00	1.00	0.00
Project Engineer	1.20	0.20	0.20	0.00	0.20	0.00
Project Manager	1.75	1.75	1.75	0.00	1.75	0.00
Senior Accountant (21)	0.00	0.00	0.02	0.02	0.02	0.00
Senior Administrator	0.90	0.90	0.90	0.00	0.90	0.00
Senior Engineer	0.30	0.30	0.30	0.00	0.30	0.00
Senior Financial Analyst (22)	0.00	0.00	0.16	0.16	0.16	0.00
Senior Project Manager	1.00	1.00	1.00	0.00	1.00	0.00
Staff Accountant (23)	0.00	0.00	0.02	0.02	0.02	0.00
Superintendent, Public Works Operations	0.60	0.60	0.60	0.00	0.60	0.00
Supervising Project Engineer	0.00	1.00	1.00	0.00	1.00	0.00
Supervisor, Building Services	0.00	0.00	0.00	0.00	0.00	0.00
Supervisor, Facilities Management	1.95	1.95	1.95	0.00	1.95	0.00
Supervisor, Inspec/Surveying, Public Works	0.80	0.80	0.80	0.00	0.80	0.00
Surveying Assistant	0.78	0.78	0.78	0.00	0.78	0.00
Surveyor, Public Works	0.78	0.78	0.78	0.00	0.78	0.00
Traffic Control Maintainer - Lead	1.00	1.00	1.00	0.00	1.00	0.00
Traffic Control Maintenance I	1.94	1.94	1.94	0.00	1.94	0.00
Traffic Control Maintenance II	3.00	3.00	3.00	0.00	3.00	0.00
Tree Maintenance Assistant	0.00	0.00	0.00	0.00	0.00	0.00
Tree Maintenance Person	1.00	2.00	2.00	0.00	2.00	0.00
Tree Trimmer/Line Clearer	8.00	7.00	7.00	0.00	7.00	0.00
Tree Trimmer/Line Clearer Assistant	0.00	0.00	0.00	0.00	0.00	0.00
Tree Trimmer/Line Clearer - Lead	1.00	1.00	1.00	0.00	1.00	0.00
TOTAL PUBLIC WORKS	**69.23**	**69.23**	**63.67**	**(5.56)**	**63.67**	**0.00**
GENERAL FUND AUTHORIZED POSITIONS	**651.47**	**651.27**	**622.51**	**(28.76)**	**622.51**	**0.00**

2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change

Footnotes:

1 Elimination of 1.0 FTE Manager, Communications due to budget constraints

2 Elimination of 1.0 FTE Senior Administrator due to budget constraints

3 Elimination of 1.0 FTE Accounting Specialist due to budget constraints

4 Elimination of 1.0 FTE Storekeeper due to budget constraints

5 ~~Elimination of 1.0 FTE Coordinator, Recreation Programs due to budget constraint~~s; Added back by Finance Committee

6 Elimination of 0.5 FTE Producer Arts/Science Programs due to budget constraints

7 Elimination of 1.0 FTE EMS Chief due to budget constraints

8 Elimination of 3.0 EMT Basic due to budget constraints

9 Elimination of 1.0 FTE Coordinator, Library Programs due to budget constraints

10 Elimination of 0.5 FTE Senior Librarian due to budget constraints

11 Elimination of 1.0 FTE Administrative Associate II due to budget constraints

12 Elimination of 1.0 FTE Building Inspector Specialist due to budget constraints.

13 Elimination of 1.0 FTE Building Plan Technician due to budget constraints.

14 Elimination of 1.0 FTE Plan Checking Engineer due to budget constraints

15 Elimination of 1.0 FTE Police Officer due to budget constraints

16 Elimination of 1.0 FTE Police Records Specialist II due to budget constraints

17 Elimination of 0.5 FTE Volunteer Coordinator due to budget constraints

18 Elimination of 0.9 FTE Engineer due to budget constraints

19 Elimination of 0.9 FTE Engineering Technician III due to budget constraints

20 Transfer 0.04 FTE Accounting Specialist from Administrative Services to Public Works - General Fund, 0.46 FTE to Public Works - Enterprise Fund, and 1.5 FTE to Utilities

21 Transfer 0.02 FTE Senior Accountant from Administrative Services to Public Works - General Fund, 0.23 FTE to Public Works - Enterprise Fund, and 0.75 FTE to Utilities

22 Transfer 0.16 FTE Senior Financial Analyst from Administrative Services to Public Works - General Fund, 0.08 FTE to Equipment Management, and 0.16 FTE to Public Works - Enterprise, 0.6 FTE to Utilities

23 Transfer 0.02 FTE Staff Accountant from Administrative Services to Public Works - General Fund, 0.23 FTE to Public Works - Enterprise Fund, and 0.75 FTE to Utilities

24 Transfer 1.8 FTE Administrative Associate I to Capital

25 Transfer 0.2 FTE Administrative Associate II to Public Works - Enterprise

		2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
26	Transfer 1.0 FTE Administrative Associate III to Capital						
27	Transfer 1.0 FTE Administrator, Public Works to Capital						
28	Elimination of 1.0 Program Assistant I due to budget constraints						
29	Reclassification of 1.0 FTE Permit Specialist to Building/Planning Technician						
30	Transfer of .05 FTE Planner to Planning and Community Environment from Other Funds - Special Revenue						
31	Reclassification of 1.0 FTE Program Assistant I to Producer Arts/Science						
32	Reclassification of 1.0 FTE Senior Ranger to Supervisor Open Space						
33	Drop 1.0 FTE Manager, Employee Relations and add Human Resources Assistant - Conf						
34	Reclassification of 1.0 FTE Coordinator, Library Programs to Business Analyst						
35	Add 1.0 FTE Deputy City Manager						
36	Reclassification of 1.0 FTE Police Records Specialist II to Crime Analyst						
37	Reclassification of 1.0 FTE Program Assistant I to Program Coordinator						
38	Reclassification of 0.50 FTE Administrative Associate I to Administrative Associate III						
39	Add 0.25 FTE Administrative Associate III						
40	Elimination of 1.0 FTE Assistant Director, Planning & Community Environment						
41	Elimination of 1.0 FTE Golf Course Maintenance Person due to budget constraints						
42	Reclassification of 2.25 FTE Program Assistant I to Jr. Museum & Zoo Educator						

ENTERPRISE FUNDS

Public Works Department

Refuse, Storm Drainage and Wastewater Treatment

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Accounting Specialist (3)	0.00	0.00	0.46	0.46	0.46	0.00
Administrator, Refuse	0.00	1.00	1.00	0.00	1.00	0.00
Assistant Director, Public Works	0.75	0.75	0.75	0.00	0.75	0.00
Administrative Associate II (7)	3.00	3.00	3.20	0.20	3.20	0.00
Asst Manager, Water Quality Control Plant	1.00	1.00	1.00	0.00	1.00	0.00
Associate Engineer	3.30	3.30	3.30	0.00	3.30	0.00
Associate Planner	1.00	1.00	1.00	0.00	1.00	0.00
Business Analyst	1.00	1.13	1.13	0.00	1.13	0.00
Buyer	1.00	1.00	1.00	0.00	1.00	0.00
Chemist	3.00	3.00	3.00	0.00	3.00	0.00
Coordinator Environmental Protection	0.00	0.00	0.00	0.00	0.00	0.00

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Coordinator Recycling	2.00	0.00	0.00	0.00	0.00	0.00
Coordinator Zero Waste	0.00	2.00	2.00	0.00	2.00	0.00
Deputy Fire Chief/Fire Marshal	0.08	0.08	0.08	0.00	0.08	0.00
Electrician	3.00	3.00	3.00	0.00	3.00	0.00
Electrician - Lead	2.00	2.00	2.00	0.00	2.00	0.00
Engineer (1)	1.10	1.10	1.00	(0.10)	1.00	0.00
Engineering Technician I (12)	1.00	1.00	0.00	(1.00)	0.00	0.00
Engineering Technician III (2)	1.50	1.50	1.40	(0.10)	1.40	0.00
Environmental Specialist	2.00	2.00	2.00	0.00	2.00	0.00
Equipment Operator	0.54	0.54	0.54	0.00	0.54	0.00
Executive Assistant	2.00	2.00	2.00	0.00	2.00	0.00
Hazardous Materials Inspector	0.04	0.04	0.04	0.00	0.04	0.00
Hazardous Materials Specialist	0.02	0.02	0.02	0.00	0.02	0.00
Heavy Equipment Operator	5.90	5.90	5.90	0.00	5.90	0.00
Heavy Equipment Operator - Lead	3.15	3.15	3.15	0.00	3.15	0.00
Industrial Waste Assistant Inspector (12)	0.00	0.00	1.00	1.00	1.00	0.00
Industrial Waste Inspector	1.00	1.00	1.00	0.00	1.00	0.00
Industrial Waste Investigator	2.00	2.00	2.00	0.00	2.00	0.00
Laboratory Tech, Water Quality Control Plant	2.50	2.50	2.50	0.00	2.50	0.00
Landfill Technician	1.00	1.00	1.00	0.00	1.00	0.00
Maintenance Mechanic	7.00	7.00	7.00	0.00	7.00	0.00
Manager, Environmental Compliance	1.00	1.00	1.00	0.00	1.00	0.00
Manager, Environmental Control Program	3.00	3.00	3.00	0.00	3.00	0.00
Manager, Laboratory Services	1.00	1.00	1.00	0.00	1.00	0.00
Manager, Maintenance Operations	1.38	1.38	1.38	0.00	1.38	0.00
Manager, Solid Waste	1.00	1.00	1.00	0.00	1.00	0.00
Manager, Water Quality Control Plant	1.00	1.00	1.00	0.00	1.00	0.00
Program Assistant I	2.00	2.00	2.00	0.00	2.00	0.00
Program Assistant II	1.00	1.00	1.00	0.00	1.00	0.00
Program Analyst	0.00	0.00	0.00	0.00	0.00	0.00
Project Engineer	2.00	2.00	2.00	0.00	2.00	0.00
Refuse Disposal Attendant	4.00	4.00	4.00	0.00	4.00	0.00
Senior Accountant (4)	0.00	0.00	0.23	0.23	0.23	0.00

Table of Organization

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Senior Administrator	0.10	0.10	0.10	0.00	0.10	0.00
Senior Chemist	1.00	1.00	1.00	0.00	1.00	0.00
Senior Engineer	2.45	2.45	2.45	0.00	2.45	0.00
Senior Financial Analyst (5)	0.00	0.00	0.16	0.16	0.16	0.00
Senior Industrial Waste Inspector	0.00	0.00	0.00	0.00	0.00	0.00
Senior Mechanic, Water Quality Control	1.00	1.00	1.00	0.00	1.00	0.00
Senior Operator, Water Quality Control	6.00	6.00	6.00	0.00	6.00	0.00
Senior Technologist	0.00	0.13	0.13	0.00	0.13	0.00
Staff Accountant (6)	0.00	0.00	0.23	0.23	0.23	0.00
Storekeeper	1.00	1.00	1.00	0.00	1.00	0.00
Street Maintenance Assistant	2.00	2.00	2.00	0.00	2.00	0.00
Street Sweeper Operator	7.00	7.00	7.00	0.00	7.00	0.00
Street Sweeper Operator - Lead	0.00	0.00	0.00	0.00	0.00	0.00
Superintendent, Public Works Operations	0.20	0.20	0.20	0.00	0.20	0.00
Supervisor, Public Works	1.00	1.00	1.00	0.00	1.00	0.00
Supervisor, Water Quality Control Operations	5.00	5.00	5.00	0.00	5.00	0.00
Surveying Assistant	0.11	0.11	0.11	0.00	0.11	0.00
Surveyor, Public Works	0.11	0.11	0.11	0.00	0.11	0.00
Technologist	0.13	0.00	0.00	0.00	0.00	0.00
Traffic Control Maintenance I	0.06	0.06	0.06	0.00	0.06	0.00
Truck Driver	0.00	0.00	0.00	0.00	0.00	0.00
Water Quality Control Plant Operator I	0.00	0.00	0.00	0.00	0.00	0.00
Water Quality Control Plant Operator II	16.00	16.00	16.00	0.00	16.00	0.00
Water Quality Control Plant Operator Trainee	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL PUBLIC WORKS - ENTERPRISE	**112.42**	**113.55**	**114.63**	**1.08**	**114.63**	**0.00**

Utilities Department						
Administration, Electric, Gas, Wastewater Collection and Water						
Account Representatives	3.00	3.00	3.00	0.00	3.00	0.00
Accounting Specialist (8)	1.00	1.00	2.50	1.50	2.50	0.00
Administrative Assistant	1.00	1.00	1.00	0.00	1.00	0.00
Administrative Associate I	2.00	2.00	2.00	0.00	2.00	0.00

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Administrative Associate II	7.00	7.00	7.00	0.00	7.00	0.00
Assistant Power Engineer	0.00	0.00	0.00	0.00	0.00	0.00
Assistant Resource Planner	0.00	0.00	0.00	0.00	0.00	0.00
Associate Power Engineer	0.00	0.00	0.00	0.00	0.00	0.00
Associate Resource Planner	1.00	1.00	1.00	0.00	1.00	0.00
Assistant Director Customer Support Services	1.00	1.00	1.00	0.00	1.00	0.00
Assistant Director Utilities/Admin Svc	0.00	0.00	0.00	0.00	0.00	0.00
Assistant Director Utilities/Engineering	1.00	1.00	1.00	0.00	1.00	0.00
Assistant Director Utilities/Operations	1.00	1.00	1.00	0.00	1.00	0.00
Assistant Director Utilities/Res Mgmt	1.00	1.00	1.00	0.00	1.00	0.00
Business Analyst	1.00	2.87	2.87	0.00	2.87	0.00
Cathodic Technician	1.00	1.00	1.00	0.00	1.00	0.00
Cement Finisher	1.00	1.00	1.00	0.00	1.00	0.00
Chief Electric Underground Inspector	0.00	0.00	0.00	0.00	0.00	0.00
Chief Inspector Water, Gas, Wastewater	0.00	0.00	0.00	0.00	0.00	0.00
Contracts Administrator	1.00	1.00	1.00	0.00	1.00	0.00
Coordinator, Utility Safety & Security	1.00	1.00	1.00	0.00	1.00	0.00
Coordinator, Utility Projects	3.00	4.00	4.00	0.00	4.00	0.00
Customer Service Representative	5.00	5.00	5.00	0.00	5.00	0.00
Customer Service Specialist	2.00	2.00	2.00	0.00	2.00	0.00
Customer Service Specialist - Lead (13)	1.00	1.00	2.00	1.00	2.00	0.00
Deputy Director, Administrative Services	0.00	0.20	0.20	0.00	0.20	0.00
Deputy Fire Chief/Fire Marshal	0.08	0.08	0.08	0.00	0.08	0.00
Director, Administrative Services	0.15	0.15	0.15	0.00	0.15	0.00
Director, Utilities	1.00	1.00	1.00	0.00	1.00	0.00
Electric Project Engineer	3.00	1.00	1.00	0.00	1.00	0.00
Electric Underground Inspector	2.00	2.00	2.00	0.00	2.00	0.00
Electric Underground Inspector Lead	1.00	1.00	1.00	0.00	1.00	0.00
Electrical Assistant I	5.00	5.00	5.00	0.00	5.00	0.00
Electrician	14.00	14.00	14.00	0.00	14.00	0.00
Electrician - Apprentice	0.00	0.00	0.00	0.00	0.00	0.00
Electrician - Lead	6.00	6.00	6.00	0.00	6.00	0.00
Engineer	4.00	4.00	4.00	0.00	4.00	0.00

Table of Organization

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Engineering Manager, Electric	1.00	1.00	1.00	0.00	1.00	0.00
Engineering Mgr, Water, Gas, Wastewater	1.00	1.00	1.00	0.00	1.00	0.00
Engineering Technician III	3.00	3.00	3.00	0.00	3.00	0.00
Equipment Operator (14)	2.00	2.00	1.00	(1.00)	1.00	0.00
Equipment Operator - Lead	0.00	0.00	0.00	0.00	0.00	0.00
Field Service Person Water, Gas, Wastewater	0.00	0.00	0.00	0.00	0.00	0.00
Gas System Technician (15)	2.00	2.00	1.00	(1.00)	1.00	0.00
Hazardous Materials Inspector	0.06	0.06	0.06	0.00	0.06	0.00
Hazardous Materials Specialist	0.03	0.03	0.03	0.00	0.03	0.00
Heavy Equipment Operator	10.00	10.00	10.00	0.00	10.00	0.00
Inspector, Field Services	4.00	4.00	4.00	0.00	4.00	0.00
Lineperson/Cable Splicer	11.00	11.00	11.00	0.00	11.00	0.00
Lineperson/Cable Splicer - Apprentice	0.00	0.00	0.00	0.00	0.00	0.00
Lineperson/Cable Splicer - Lead	4.00	4.00	4.00	0.00	4.00	0.00
Lineperson/Cable Splicer - Lead Trainee	0.00	0.00	0.00	0.00	0.00	0.00
Lineperson/Cable Splicer - Trainee	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance Mechanic	1.00	1.00	1.00	0.00	1.00	0.00
Maintenance Mechanic - Welding	1.00	1.00	1.00	0.00	1.00	0.00
Manager Utilities Telecommunication	1.00	1.00	1.00	0.00	1.00	0.00
Manager, Electric Operations	1.00	1.00	1.00	0.00	1.00	0.00
Manager, Energy Risk	1.00	1.00	1.00	0.00	1.00	0.00
Manager, Field and Customer Service (16)	1.00	1.00	0.00	(1.00)	0.00	0.00
Manager, Customer Service and Meter Reading (16)	0.00	0.00	1.00	1.00	1.00	0.00
Manager, Utilities Marketing Services	1.00	1.00	1.00	0.00	1.00	0.00
Mgr, Util Operations Water, Gas, Wastewater	1.00	1.00	1.00	0.00	1.00	0.00
Manager, Utilities Rates	0.00	0.00	0.00	0.00	0.00	0.00
Marketing Engineer	1.00	1.00	1.00	0.00	1.00	0.00
Meter Reader	6.00	6.00	6.00	0.00	6.00	0.00
Meter Reader - Lead	1.00	1.00	1.00	0.00	1.00	0.00
Meter Shops Lead (15)	0.00	0.00	1.00	1.00	1.00	0.00
Power Engineer	2.00	2.00	2.00	0.00	2.00	0.00
Program Assistant I	3.00	3.00	3.00	0.00	3.00	0.00

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Project Engineer	6.00	6.00	6.00	0.00	6.00	0.00
Project Manager	1.75	0.75	0.75	0.00	0.75	0.00
Resource Planner	4.00	4.00	4.00	0.00	4.00	0.00
Restoration Lead (14)	0.00	0.00	1.00	1.00	1.00	0.00
Senior Accountant (9)	0.00	0.00	0.75	0.75	0.75	0.00
Senior Administrator	1.00	1.00	1.00	0.00	1.00	0.00
Senior Business Analyst	1.00	1.00	1.00	0.00	1.00	0.00
Senior Electric Project Engineer	4.00	4.00	4.00	0.00	4.00	0.00
Senior Financial Analyst (10)	0.00	0.00	0.60	0.60	0.60	0.00
Senior Instrument Electrician	0.00	0.00	0.00	0.00	0.00	0.00
Senior Market Analyst	2.00	1.00	1.00	0.00	1.00	0.00
Senior Mechanic	1.00	1.00	1.00	0.00	1.00	0.00
Senior Project Engineer	4.00	4.00	4.00	0.00	4.00	0.00
Senior Resource Originator	1.00	1.00	1.00	0.00	1.00	0.00
Senior Resource Planner	6.00	6.00	6.00	0.00	6.00	0.00
Senior Technologist	1.00	0.87	0.87	0.00	0.87	0.00
Senior Utilities Field Services Representative	1.00	1.00	1.00	0.00	1.00	0.00
Senior Utility System Technician	0.00	0.00	0.00	0.00	0.00	0.00
Senior Water System Operator	2.00	2.00	2.00	0.00	2.00	0.00
Staff Accountant (11)	0.00	0.00	0.75	0.75	0.75	0.00
Storekeeper	2.00	2.00	2.00	0.00	2.00	0.00
Supervising Electric Operations & Programs	0.00	0.00	0.00	0.00	0.00	0.00
Supervising Electric Project Engineer	0.00	2.00	2.00	0.00	2.00	0.00
Supervisor Electric Systems	5.00	5.00	5.00	0.00	5.00	0.00
Supervisor, Utility Construction Inspector	0.00	0.00	0.00	0.00	0.00	0.00
Supervisor, Util Meter Readers & Field Service	0.00	0.00	0.00	0.00	0.00	0.00
Supervisor, Water, Gas, Wastewater	5.00	5.00	5.00	0.00	5.00	0.00
Supervisor, Water Transmission	1.00	1.00	1.00	0.00	1.00	0.00
System Operator Scheduler	0.00	0.00	0.00	0.00	0.00	0.00
Technologist	0.87	0.00	0.00	0.00	0.00	0.00
Tree Maintenance Person	1.00	1.00	1.00	0.00	1.00	0.00
Utilities Accounting Technician	0.00	0.00	0.00	0.00	0.00	0.00
Utilities Credit/Collection Specialist	1.00	1.00	1.00	0.00	1.00	0.00

Table of Organization

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Utilities Engineer Estimator	5.00	5.00	5.00	0.00	5.00	0.00
Utilities Engineer Estimator - Lead	1.00	1.00	1.00	0.00	1.00	0.00
Utilities Field Service Representative (13)	7.00	7.00	6.00	(1.00)	6.00	0.00
Utilities Installer/Repairer	11.00	11.00	11.00	0.00	11.00	0.00
Utilities Installer/Repairer Assistant	1.00	1.00	1.00	0.00	1.00	0.00
Utilities Installer/Repairer - Welding	3.00	3.00	3.00	0.00	3.00	0.00
Utilities Installer/Repairer - Lead	5.00	5.00	5.00	0.00	5.00	0.00
Utilities Installer/Repairer - Lead Welding	2.00	2.00	2.00	0.00	2.00	0.00
Utilities Key Account Representative	3.00	3.00	3.00	0.00	3.00	0.00
Utilities Locator	3.00	3.00	3.00	0.00	3.00	0.00
Utilities Rate Analyst	0.00	0.00	0.00	0.00	0.00	0.00
Utilities System Operator	5.00	5.00	5.00	0.00	5.00	0.00
Utility Compliance Technician	2.00	2.00	2.00	0.00	2.00	0.00
Utility Compliance Technician - Lead	1.00	1.00	1.00	0.00	1.00	0.00
Utility Market Analyst	0.00	0.00	0.00	0.00	0.00	0.00
Utility System Technician	0.00	0.00	0.00	0.00	0.00	0.00
Water Meter/Cross Connection Technician	2.00	2.00	2.00	0.00	2.00	0.00
Water Meter Representative Assistant	0.00	0.00	0.00	0.00	0.00	0.00
Water Meter Repairer	0.00	0.00	0.00	0.00	0.00	0.00
Water System Operator I	0.00	0.00	0.00	0.00	0.00	0.00
Water System Operator II	5.00	5.00	5.00	0.00	5.00	0.00
TOTAL UTILITIES	**237.94**	**238.01**	**241.61**	**3.60**	**241.61**	**0.00**
TOTAL ENTERPRISE FUNDS POSITIONS	**350.36**	**351.56**	**356.24**	**4.68**	**356.24**	**0.00**

Footnotes:

1 Elimination of 0.1 FTE Engineer due to budget constraints

2 Elimination of 0.1 FTE Engineering Technician III due to budget constraints

3 Transfer 0.46 FTE Accounting Specialist from Administrative Services to Public Works - Enterprise

4 Transfer 0.23 FTE Senior Accountant from Administrative Services to Public Works - Enterprise

5 Transfer 0.16 FTE Senior Financial Analyst from Administrative Services to Public Works - Enterprise

		2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
6	Transfer 0.23 FTE Staff Accountant from Administrative Services to Public Works - Enterprise						
7	Transfer 0.2 FTE Administrative Associate II from Public Works - General Fund to Public Works - Enterprise						
8	Transfer 1.5 FTE Accounting Specialist from Administrative Services to Utilities						
9	Transfer 0.75 FTE Senior Accountant from Administrative Services to Utilities						
10	Transfer 0.6 FTE Senior Financial Analyst from Administrative Services to Utilities						
11	Transfer 0.75 FTE Staff Accountant from Administrative Services to Utilities						
12	Reclassification of 1.0 FTE Engineering Technician I to Industrial Waste Assistant Inspector						
13	Reclassification of 1.0 Utilities Field Service Representative to Customer Service Specialist - Lead						
14	Reclassification of 1.0 FTE Equipment Operator to Restoration Lead						
15	Reclassification of 1.0 FTE Gas Systems Technician to Meter Shops Lead						
16	Title change from Manager, Field and Customer Service to Manager, Customer Service and Meter Reading						

OTHER FUNDS

Printing and Mailing Services

Buyer	0.05	0.05	0.05	0.00	0.05	0.00
Mailing Services Specialist	1.00	1.00	1.00	0.00	1.00	0.00
Offset Equipment Operator	1.00	1.00	1.00	0.00	1.00	0.00
Offset Equipment Operator - Lead	1.00	1.00	1.00	0.00	1.00	0.00
Supervisor Reproduction and Mailing	1.00	1.00	1.00	0.00	1.00	0.00
TOTAL PRINTING AND MAILING SERVICES	**4.05**	**4.05**	**4.05**	**0.00**	**4.05**	**0.00**

Technology

Administrative Assistant	0.07	0.07	0.07	0.00	0.07	0.00
Administrative Associate II	1.00	1.00	1.00	0.00	1.00	0.00
Administrative Associate III	0.04	0.04	0.04	0.00	0.04	0.00
Assistant Director, Administrative Services	0.40	0.40	0.40	0.00	0.40	0.00
Business Analyst	0.90	0.90	0.90	0.00	0.90	0.00
Chief Information Officer	1.00	1.00	1.00	0.00	1.00	0.00
Desktop Technician	5.00	5.00	5.00	0.00	5.00	0.00
Director, Administrative Services	0.35	0.35	0.35	0.00	0.35	0.00
Manager, Information Technology	3.00	3.00	3.00	0.00	3.00	0.00

Table of Organization

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Senior Business Analyst	1.80	1.80	1.80	0.00	1.80	0.00
Senior Technologist	15.00	13.00	13.00	0.00	13.00	0.00
Senior Financial Analyst	0.09	0.09	0.09	0.00	0.09	0.00
Technologist	2.00	4.00	4.00	0.00	4.00	0.00
TOTAL TECHNOLOGY	**30.65**	**30.65**	**30.65**	**0.00**	**30.65**	**0.00**
Equipment Management						
Administrative Associate III	1.00	1.00	1.00	0.00	1.00	0.00
Assistant Fleet Manager	1.00	1.00	1.00	0.00	1.00	0.00
Equipment Maintenance Service Person	2.00	2.00	2.00	0.00	2.00	0.00
Fleet Manager	1.00	1.00	1.00	0.00	1.00	0.00
Fleet Services Coordinator	2.00	2.00	2.00	0.00	2.00	0.00
Mobile Service Technician	1.00	1.00	1.00	0.00	1.00	0.00
Motor Equipment Mechanic I	0.00	0.00	0.00	0.00	0.00	0.00
Motor Equipment Mechanic II	7.00	7.00	7.00	0.00	7.00	0.00
Motor Equipment Mechanic - Lead	0.00	0.00	0.00	0.00	0.00	0.00
Project Engineer (1)	0.10	0.10	0.00	(0.10)	0.00	0.00
Senior Engineer (2)	0.10	0.10	0.00	(0.10)	0.00	0.00
Senior Financial Analyst (3)	0.00	0.00	0.08	0.08	0.08	0.00
Senior Fleet Services Coordinator	1.00	1.00	1.00	0.00	1.00	0.00
TOTAL EQUIPMENT MANAGEMENT	**16.20**	**16.20**	**16.08**	**(0.12)**	**16.08**	**0.00**
Special Revenue						
Administrative Associate II	0.20	0.20	0.20	0.00	0.20	0.00
CDBG Coordinator	0.00	0.00	0.00	0.00	0.00	0.00
Planner (7)	1.00	1.00	0.95	(0.05)	0.95	0.00
TOTAL SPECIAL REVENUE	**1.20**	**1.20**	**1.15**	**(0.05)**	**1.15**	**0.00**
Capital						
Administrative Associate I (4)	0.00	0.00	1.80	1.80	1.80	0.00
Administrative Associate III (5)	0.00	0.00	1.00	1.00	1.00	0.00
Administrator, Public Works (6)	0.00	0.00	1.00	1.00	1.00	0.00

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
Assistant Director, Public Works	0.15	0.15	0.15	0.00	0.15	0.00
Associate Engineer	0.60	0.60	0.60	0.00	0.60	0.00
Cement Finisher	3.00	3.00	3.00	0.00	3.00	0.00
Cement Finisher - Lead	1.00	1.00	1.00	0.00	1.00	0.00
Engineer	3.70	2.70	2.70	0.00	2.70	0.00
Engineering Technician III	2.30	2.30	2.30	0.00	2.30	0.00
Heavy Equipment Operator	0.20	0.20	0.20	0.00	0.20	0.00
Manager, Facilities Maintenance	0.20	0.20	0.20	0.00	0.20	0.00
Manager, Maintenance Operations	0.50	0.50	0.50	0.00	0.50	0.00
Landscape Architect Park Planner	1.00	1.00	1.00	0.00	1.00	0.00
Program Assistant I	1.00	1.00	1.00	0.00	1.00	0.00
Project Engineer (5)	2.70	3.70	3.80	0.10	3.80	0.00
Project Manager	1.50	1.50	1.50	0.00	1.50	0.00
Senior Engineer (6)	2.15	2.15	2.25	0.10	2.25	0.00
Superintendent, Public Works Operations	0.20	0.20	0.20	0.00	0.20	0.00
Supervisor, Facilities Management	0.05	0.05	0.05	0.00	0.05	0.00
Supervisor, Inspection/Surv Public Works	0.20	0.20	0.20	0.00	0.20	0.00
Surveying Assistant	0.11	0.11	0.11	0.00	0.11	0.00
Surveyor, Public Works	0.11	0.11	0.11	0.00	0.11	0.00
TOTAL CAPITAL	**20.67**	**20.67**	**24.67**	**4.00**	**24.67**	**0.00**
TOTAL OTHER FUNDS POSITIONS	**72.77**	**72.77**	**76.60**	**3.83**	**76.60**	**0.00**

Footnotes:

1 Transfer 0.1 FTE Project Engineer from Equipment Management to Capital

2 Transfer 0.1 FTE Senior Engineer from Equipment Management to Capital

3 Transfer 0.08 FTE Senior Analyst from Administrative Services to Equipment Replacement

4 Transfer 1.8 FTE Administrative Associate I from Public Works - General Fund to Capital

5 Transfer 1.0 FTE Administrative Associate III from Public Works - General Fund to Capital

6 Transfer 1.0 FTE Administrator, Public Works from Public Works - General Fund to Capital

7 Transfer 0.05 FTE Planner from Planning and Community Environment - General Fund to Special Revenue

Table of Organization

	2007-08 Actuals	2008-09 Adjusted Budget	2009-10 Adopted Budget	2009-10 Budget Change	2010-11 Adopted-in-Concept Budget	2010-11 Budget Change
TOTAL CITYWIDE POSITIONS	**1,074.60**	**1,075.60**	**1,055.35**	**(20.25)**	**1,055.35**	**0.00**

Authorization is given to create, no more than 7.0 FTE temporary overstrength positions. This is to facilitate organizational transitions and succession planning in the cases of long-term disability, retirement, and critical vacancies. This action responds to the City Auditor's recommendation number four in the Audit of Workers Compensation (Issued 04-09-05).

Miscellaneous

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Miscellaneous

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Palo Alto: The City

Palo Alto is located on the San Francisco Bay Peninsula in a valley between the bay and the coastal mountain range to the west about 40 miles south of San Francisco. The town of approximately 60,000 people, in Santa Clara County, is one of a constellation of towns and cities ringing San Francisco Bay and comprising the greater nine-county San Francisco Bay Region, with a population of approximately six million. While it is not a significant population center, Palo Alto enjoys international name recognition and people from all over the world come to participate in education or research at Stanford University, conduct business with the technology firms of the Silicon Valley area, or receive medical care at the Stanford Medical Center. Palo Alto's historic ties to Stanford University and the various institutions affiliated with it, either formally or loosely, creates a much more cosmopolitan character here than evidenced in many other Bay Area communities of similar size.

Gamble Gardens

Palo Alto's residential neighborhoods are distinctive, each with its own character and ambiance. Most neighborhoods also have resident and homeowner organizations, which provide a forum for interacting with city government on neighborhood issues.

The Palo Alto Unified School District (PAUSD) has an international reputation for excellence. Over 90 percent of PAUSD students enter college and the drop-out rate is approximately 1percent (PAUSD, Annual District Profile, 2001-02). In addition, District students score well above the average on standardized tests.

Palo Alto enjoys access to medical care unsurpassed almost anywhere in the world. Two medical facilities of national or international stature are located here, the Palo Alto Medical Foundation and the Stanford Medical Center.

Palo Alto is home to a vibrant business community, with over 91,000 jobs and 4,000 businesses located in the city. The local economy is primarily based on banking, insurance, technology, real estate, as well as the wholesale, retail, and service industries.

From city-owned parks in the baylands where birds and aquatic life flourish in a natural habitat to the trails and picnic areas in our grassy foothill preserves, Palo Alto is a city that boasts 34 parks. Indeed, one-third of Palo Alto's 26 square miles is open space, which complements Stanford University's thousands of acres of rolling hills and botanical preserves.

www.CityofPaloAlto.org

Reserve Policies

AS REVISED BY CITY COUNCIL ON JUNE 9, 2008

GENERAL FUND RESERVE POLICY

Determination of the appropriate level of General Fund reserves is a policy decision. Some general guidelines have been suggested by the literature in the government finance field. The Government Finance Officers of America (GFOA) recommend that reserve levels be directly related to the degree of uncertainty the local government faces: the greater the uncertainty, the greater the financial resources necessary. Past experience should be used as a guide, with particular attention being paid to the following:

- Diversity of revenue base
- Volatility of revenue structure
- Volatility of political environment
- Consistent operating surpluses/occasional or frequent operation deficits
- Uneven cash flows, requiring short-term borrowing

Diversity of Revenue Base: Palo Alto has a comparatively diverse revenue base with almost half of General Fund revenues coming from non-tax sources. This means that in periods of economic recessions, Palo Alto is somewhat more resilient to revenue reductions than cities in which tax revenue makes up the overwhelming majority of their revenue base. (In contrast, for all cities in California of Palo Alto's size, taxes make up roughly two-thirds of total General Fund revenue.)

Volatility of Revenue Structure: Tax revenues show the most volatility in terms of growth, although Palo Alto's revenues have been relatively more stable than other cities in Santa Clara County or the Bay Area in general. Sales tax is spread broadly across consumer retail, business-to-business sales, and other sales (transportation, food products, and miscellaneous); however, they are less able to withstand political vagaries.

Political Volatility: While Palo Alto's revenues have shown strength and resilience in relation to the general economy, considerable volatility has been introduced by the inability of the State government to deal with its own budget problems. In Fiscal Year 1991, the State gave counties authority, through SB 2557, to charge cities for the cost of booking prisoners and for property tax administration; this action cost Palo Alto approximately half a million dollars on an annual basis. In Fiscal Year 1992, the State shifted 47 percent of cities' cigarette tax away to fund trial courts. In addition, the State took half of all non-parking fines and forfeitures attributable to cities. From 1992 through 1994, the State reduced cities' property tax revenues by almost 15 percent, eliminated the balance of cigarette tax revenues, and extended the definition of booking fees so that counties may potentially double or triple the charges they assess. In November 1996, voters passed Proposition 218, the Right to Vote on Taxes initiative. It further limits the City's ability to raise new funds.

The State has further targeted property tax revenues as an offset to its 2004 and 2005 budget balancing activities. Approximately $1.5 million (10 percent) in Palo Alto property tax revenues were targeted for inclusion in the Educational Revenue Augmentation Fund (ERAF) in Fiscal Year 2005.

Operating Surplus/Operating Deficit: The City continues its philosophy of "pay as you go" as its preferred approach to operations. This requires a balanced budget and operating result at yearend, along with not funding operating deficits with reserves. It is important to ultimately have long-term revenue growth rates above those for expenditures.

Uneven Cash Flow: General Fundcontinues its philosophy of "pay as you go" as its preferred approach to operations. This requires a balanced budget and operating result at yearend, along with not funding operating deficits with reserves. It is important to ultimately have long-term revenue growth rates above those for expenditures. .

BUDGET STABILIZATION RESERVE (BSR)

The General Fund requires a BSR to serve as a repository for unspent operating funds at yearend, as well pay for one-time unexpected needs that arise outside of the regular budget planning process. The BSR is not meant to fund ongoing operating expense. A reserve range of 15 to 20 percent of General Fund operating expenditures, with a target of 18.5 percent, shall be maintained. Any reserve level below 15 percent shall be approved by the Council. At the discretion of the City Manager, reserve balance above 18.5 percent may be transferred to the Infrastructure Reserve within the Capital Fund.

RESERVE FOR EQUITY TRANSFER STABILIZATION

The Reserve ffor Equity Transfer Stabilization in the General Fund is designated to replace the equity transfer in the event that the Gas and Electric Funds are unable to make the required annual equity transfer to the General Fund. This reserve is funded at the end of each fiscal year by the Gas and Electric Funds based on a Council approved formula. Funding of this reserve has been satisfied as of June 30, 2009.

CAPITAL FUND RESERVE POLICY

INFRASTRUCTURE RESERVE (IR)

The Infrastructure Reserve (IR) was originally created as a mechanism to accumulate funding required to complete a 10 year, $100 million infrastructure rehabilitation program that would repair or renovate existing buildings and facilities, streets and sidewalks, parks and open space and transportation systems. Because of the need to maintain infrastructure on a systematic basis, it was recognized that the IR would of necessity never be exhausted but would act in perpetuity as the source of funding for General Fund infrastructure.

The reserve would therefore be used primarily to fund the projects identified in the original Infrastructure Master Plan, or any other projects not identified in the plan but which are critical to the maintenance of

existing infrastructure. Secondarily, should Council choose, the IR may be used for major capital projects involving the acquisition or renovation of infrastructure not previously included in the IMP.

Following recommendations from the Finance Committee during budget hearing of Fiscal Year 2008, references to the Infrastructure Management Plan (IMP) and Non-IMP have been eliminated from the Budget document. General Fund projects are now classified either as: Land, Buildings and Facilities, Street and Sidewalks (which include Traffic and Transportation), Park and Open Space, and Miscellaneous.

Unspent monies from General Fund capital projects will be returned to the IR and retained within the Capital Fund. Investment income from this reserve will also be retained within the IR to fund future capital project needs.

Demographic Statistics

LAST TEN FISCAL YEARS

Fiscal Year	City Size Square Miles	Street Miles	City Population	County Population	School Population
1998-99	25.98	193.12	58,300	1,715,400	9,946
1999-00	25.98	193.12	58,500	1,736,700	9,881
2000-01	25.98	193.12	60,200	1,728,680	10,031
2001-02	25.98	193.12	60,500	1,719,565	9,952
2002-03	25.98	193.12	60,465	1,729,917	10,151
2003-04	25.98	193.12	60,569	1,731,422	10,341
2004-05	25.98	193.12	61,674	1,759,585	10,527
2005-06	25.98	193.12	62,148	1,773,258	10,607
2006-07	25.98	193.12	62,615	1,808,056	11,056
2007-08	25.98	193.12	62,615	1,837,075	11,329
2008-09	25.98	193.12	63,367	not available	not available

SOURCES:

California Department of Finance
State Employment Development Office
Palo Alto Unified School District

ORDINANCE NO. 5042

ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO ADOPTING THE BUDGET FOR FISCAL YEARS 2010 AND 2011

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 Years 2010 and 2011; and

B. Pursuant to the provisions of Section 12 of Article III of the Charter, the Council did, on June 8 and 15, 2009, 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 8 and 15, 2009, hold a public hearings 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 Years 2010 and 2011:

(a) The budget document (Exhibit "A") containing the proposed operating and capital budgets submitted on or about April 27, 2009, by the City Manager for Fiscal Years 2010 and 2011, entitled "City of Palo Alto - City Manager's Fiscal Years 2010 and 2011 Proposed Budget" covering General Government Funds, Enterprise 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 Years 2010 and 2011 Proposed Budget, attached hereto as Exhibit "B," and made a part hereof; and

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(c) The document entitled "Fiscal Year 2010 Proposed Municipal Fee Schedule," attached hereto as Exhibit "C," and made a part hereof; and

(d) Changes and revised pages in the Table of Organization, attached hereto as Exhibit "D," and made a part hereof; and

(e) Amendments to the "Fiscal Year 2010 Proposed Municipal Fee Schedule," attached hereto as Exhibit "E," and made a part hereof; and

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 2009 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 2009 shall be carried forward and added to the fund or department appropriations for Fiscal Year 2010.

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 B and the Fiscal Year 2009 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 2010.

SECTION 9. 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.

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SECTION 10. As provided in Section 2.04.330 (a)(3) of the Palo Alto Municipal Code, this ordinance shall become effective upon adoption; provided that all new increases in Planning Department fees, more specifically described in Exhibit "C," shall become effective sixty (60) days from the date of adoption.

INTRODUCED AND PASSED: June 15, 2009

AYES: BARTON, DREKMEIER, ESPINOSA, KISHIMOTO, KLEIN, MORTON, SCHMID, YEH

NOES:

ABSTENTIONS:

ABSENT: BURT

ATTEST:

City Clerk

APPROVED:

Mayor

APPROVED AS TO FORM:

For

City Attorney

APPROVED:

City Manager

Director of Administrative Services

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Estimated Appropriations Limitation

APPROPRIATIONS LIMITATION COMPLIANCE CALCULATION FOR FISCAL YEAR 2010 ADOPTED BUDGET

($ IN MILLIONS)

	Combined Funds	General Fund	Capital Projects	Debt Service	Special Revenue
Total Budgeted Appropriations					
FY 2010 Adopted Budget ($ millions)	188.47	114.62	65.45	1.22	7.18
Less: Debt Service Transactions	1.22			1.22	
Capital Outlay	65.45		65.45		
Non-Proceeds of Taxes	49.39	47.14			2.25
Net Proposed Appropriations Subject to Limit	**$72.41**	$67.48	$0.00	$0.00	$4.93

FY 2010 Appropriations Limit	**$116.38**
Under Limit By	**$43.97**

Computation of Appropriation Limit:

FY 2009 Appropriations Limit:	$113,173,703
FY 2010 City of Palo Alto Population Change	2.20%
FY 2010 Per Capita Income Change	0.62%
(1.0220) x (1.0062) x $113,173,703 =	**$116,380,638**

The City of Palo Alto remains well within its appropriations limit in FY 2010. 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, Special Revenue Funds, Debt Service Funds, and Capital Improvement Funds. The following is a summary of estimated limits and estimated appropriations subject to the limit.

Historical Appropriations

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Appropriations Subject to the Limit	65.87	70.45	73.30	78.64	72.41
Appropriations Limit	95.68	100.64	106.68	113.17	116.38
Under Limit By	**29.81**	**30.19**	**33.38**	**34.53**	**43.97**

Projected Appropriations

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Estimated Appropriations Subject to Limit	76.53	80.89	85.50	90.37	95.52
Estimated Appropriations Limit	123.01	130.01	137.42	145.25	153.52
Under Limit By	**46.47**	**49.12**	**51.92**	**54.88**	**58.00**

Estimated Appropriations Limitation

Resolution No 8941
Resolution of the Council of the City of Palo Alto Determining the Proposed Calculation of the Appropriations Limit for Fiscal Year 2010

WHEREAS, under Article XIIIB 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 2010, which will be adopted by ordinance of the Council on June 15, 2009; 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 0.62% percent change in California per capita income and a 2.20% percent change in the population growth for the City of Palo Alto; 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 appropriations subject to limitation are approximately $43.97 million less than the Limit.

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 2010, 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 $43.97 million.

SECTION 2. The Council hereby adopts the final calculation of the Appropriations Limit of the City for fiscal year 2010, a copy of which is attached hereto as Exhibit A

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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 15, 2009

AYES: BARTON, BURT, DREKMEIER, ESPINOSA, KISHIMOTO, KLEIN, MORTON, SCHMID, YEH

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

APPROVED AS TO FORM:

Senior Asst City Attorney

APPROVED:

Mayor

City Manager

Director of Administrative Services

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KEY BUDGET TERMS

Adjusted Budget: The adjusted budget represents the adopted budget including changes made during the fiscal year.

Adopted Budget: The adopted budget is the annual City budget approved by the City Council on or before June 30.

Appropriation: The allocation of an expense budget for a particular project or program usually for a specific period of time.

Benchmarking Measures: Are included in the budget document and replace the former impact measures. Benchmarks are shown for each department and where available at the division level in each department. The benchmarks show input, output, efficiency, and effectiveness measures. Where possible they are related to the City Auditor's Service Efforts and Accomplishments report.

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 Capital Improvement Fund accounts for projects related to the acquisition, expansion, or rehabilitation of the City's 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.

Comprehensive Plan: The Palo Alto Comprehensive Plan contains the City's official policies on land use and community design, transportation, housing, natural environment, business and economics, and community services. Its policies apply to both public and private properties. Its focus is on the physical form of the City. The Adopted Budget integrates the 1998-2010 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, to carry on an activity or operation, or to complete a unit of work or a specific job.

Enterprise Funds: Enterprise funds account for City operations which are financed and operated in a manner similar to private enterprise. Costs of providing service to the public are covered by user charges, grant funds, and impact fees. The City of Palo Alto owns and operates its own utilities with the exception of refuse hauling and collection, which is contracted with an outside firm.

Fiscal Agent: A bank or other corporate fiduciary that performs the function of paying, on behalf of the governmental unit, or other debtor, interest on debt or principal of debt when due.

Glossary

Fiscal Year: A 12-month period of time to which the annual budget applies and at the end of which a governmental unit determines its financial position and the results of operations.

Fixed Assets: Assets of a long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.

Funds: Local government budgets are made up of funds, which help to organize and account for restricted resources. Each fund is considered a separate accounting entity.

Governmental Funds: A generic classification used to refer to all funds other than proprietary and fiduciary funds. The capital projects fund is one example of the type of funds referred to as "Governmental 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 with the focus of 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 catalogued 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 to both timeline and cost.

Internal Service Funds: These funds provide services to City departments and recover their costs through user charges. 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 budget that is sent to the Finance Committee by the City Manager. The proposed budget, including changes made by the Finance Committee during their review, is approved by the Council and then becomes the adopted budget.

Reimbursements: Interfund 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 that the Enterprise Funds benefit from.

Reserve: Represents the portion of fund balance set aside for financing future capital improvements or the outlay of capital projects in any given year, and addressing one-time emergency needs.

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). An example of internal revenue includes the Electric Fund reimbursing a Technology project for the technological resources that it will provide.

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.

Americans with Disabilities Act

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 Avenue
(650) 329-2550

Visit the City's Website at:
www.CityofPaloAlto.org

CITY OF PALO ALTO