City of Palo Alto, California

CITY OF
PALO
ALTO

FY 2013

Adopted
Operating Budget

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CITY OF
PALO
ALTO

Fiscal Year 2013
Adopted Operating Budget

City Council

Yiaway Yeh, Mayor
Greg Scharff, Vice Mayor
Patrick Burt Sid Espinosa
Karen Holman Larry Klein
Gail Price Greg Schmid
Nancy Shepherd

James Keene
City Manager

Pamela Antil
Assistant City Manager/Chief Operating Officer

Lalo Perez
Director of Administrative Services/Chief Financial Officer

David Ramberg
Assistant Director of Administrative Services

Joe Saccio
Assistant Director of Administrative Services

Nancy Shepherd
Finance Committee Chair

CITY OF
PALO
ALTO

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

The City of Palo Alto's Values

Quality - Superior delivery of services
Courtesy - Providing service with respect and concern
Efficiency - Productive, effective use of resources
Integrity - Straight-forward, honest and fair relations
Innovation - Excellence in creative thought and implementation

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Introduction

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April 30, 2012

To the Honorable Mayor and City Council:

2013 Fiscal Year Budget Transmittal

Dear Mayor and Council Members:

Introduction and Economic Backdrop

Tonight, and in accordance with my responsibility as City Manager, I am pleased to submit the City of Palo Alto's Proposed Fiscal Year 2013 Operating Budget. As you know, since the fall of 2008, the City's General Fund has faced significant fiscal challenges.

Recent economic data indicates reasonable growth for the world economy, a slow mend to the U.S. economy, and perhaps a faster rebound for Silicon Valley. According to Goldman Sachs, the global economy is expected to positively grow in 2012 and 2013 by 3.2 percent and 4.0 percent, respectively. The drivers of this growth will not be Europe, but the "BRIC" nations consisting of Brazil, Russia, India and China. By 2020, these four nations and their combined economic output are expected to represent 50 percent of global Gross Domestic Product (GDP). While diversified global growth is a good thing, it can also present competitive threats for American goods and services. At a minimum, the rise of Asian and South American economies reveals that the locus of economic output and power centered in the U.S. and Europe is shifting. Adaptation to new economic realities will be essential on global, national, and local levels.

As reported in our Long Range Financial Forecast, the U.S. economy ended 2011 on an upbeat note. The number of people applying for unemployment benefits has declined, employers have added more than 100,000 jobs per month from July 2011 through January 2012, and the national unemployment rate has fallen from 9 percent in October 2011 to a recent 8.2 percent - the lowest rate in nearly three years. Other positive data shows that retail sales in 2011 rose nearly 8 percent over 2010, manufacturers have increased production and hiring, agricultural exports have increased, new auto sales have perked up, and the rate of housing foreclosures has declined. A recent consensus of economists predicted the economy would grow 2.4 percent in 2012, a modest but welcomed rate.

The State of California has borne the brunt of the Great Recession with its unemployment rate reaching a high of 12.5 percent in December 2010. Highly dependent on the residential construction sector, the state's economy and workers were hard hit by the mortgage market fiasco and gushing foreclosures. There is evidence, however, that the state is slowly emerging from its steep descent. California has witnessed 21 straight months of GDP growth driven by exports from the technology and agricultural sectors. The unemployment rate has dropped to approximately 11 percent. Unfortunately, these improvements have been uneven geographically. As cited from the Anderson Forecast, "Coastal California enjoys a recovery rooted in exports, innovation and knowledge communities while inland California continues to suffer from a glut of housing and a contraction in government spending."

Notably, the Forecast goes on to say that "Several Silicon Valley cities - particularly San Jose, Sunnyvale, Mountain View and Palo Alto-showed the biggest jumps in the employment level between August 2009 and August 2011." Companies such as Apple, Google, and Facebook have been heavily recruiting workers. According to a University of the Pacific forecast, while the state job market is expected to grow by 1.1 percent in 2012, the Bay Area is expected to show employment expansion of greater than 1.5 percent. Before discussing how the better economic news affects the City's revenues, let's review some persistent and potential pitfalls.

The nascent recovery is a fragile one. Unemployment rates remain stubbornly high, homeowners are concerned about the value of their homes, consumers are thrifty and paying down debt, and the stock market is volatile. Exogenous events such as an oil supply disruption causing higher gasoline prices, a sovereign debt default, or a hard

economic landing in China, can easily send the U.S. and world economies into another tailspin. When these potential events are wedded to such huge liabilities as federal debt, pension and retiree medical obligations, and backlogged, critical infrastructure improvements, a real recovery seems more uncertain. Just last Friday, the Fed lowered its growth projections based on data that could indicate that progress is slowing.

You may ask, why has our City Manager has spent so much time thus far talking about matters that are outside his Proposed Fiscal Year 2013 Budget? My response is that the structural problems we face as a City are part and parcel of a bigger picture, some parts of which we control and others we do not. As with the nation, we cannot completely "revenue our way out" of legacy benefits or a looming infrastructure bill. We need to continue efforts long underway to reduce our salary and benefit cost structure, prioritize services, reallocate resources, and find new revenue sources, most of which will require voter approval. Again, governments across the U.S. and in Europe are facing similar challenges. The Fiscal Year 2013 budget presents some difficult decisions and there will be more to face in the years ahead.

General Fund Structural Issues and Actions Taken

The chief structural issue that the City faces is this simple: expenditures are growing faster than revenues. The vast majority of our operating expenses are salaries and benefits, which account for 63 percent of General Fund expenditures. As with all governments serving the public, it is people - police officers, firefighters, engineers, planners, and tree trimmers - who deliver services. Unfortunately, like cities across California, the benefits paid to our employees have risen over the past decade, dramatically in the past several years, and will continue to grow in the years ahead.

To illustrate the trajectory of these increases, the ratio of benefits to salary has risen from 50 percent of salary in 2010, to 63 percent in 2012. In 2002, Citywide pension costs were $3.8 million and have risen to $23.9 million 2012. In large part, this increase is due to the CalPERS retirement portfolio dramatically dropping as a consequence of the recession. City contribution rates rise and fall based on the portfolio's performance as well as a variety of other factors, such as the number and demographics of active and retired City employees. Our pension costs have skyrocketed (and will continue to grow) also because of the large retroactive benefit increases granted in 2001 to Public Safety (a 50 percent retroactive lifetime benefit increase) and in 2007 to our non-safety employees (a 35 percent retroactive lifetime benefit increase). In granting such unsustainable benefit increases, Palo Alto was following cities across California who had done the same. Citywide health care costs also have risen considerably - from $6.6 million in 2002 to $14.9 million in 2012. The City's current liability for retiree health care benefits has risen from $105 million in of January 2009 to $134 million three years later. The effect of this is to raise the annual funding requirement Citywide from $9.8 million to $12.5 million, a cost the City had to absorb mid-year in 2012. The City, like other jurisdictions and the nation, is confronting a dramatic compensation structure imbalance, as well as a looming infrastructure bill.

The City has made significant strides with its employees over the past three years to recalibrate its compensation structure. We are in the latter stage of negotiations with the Police Officers' Association and the Police Management groups. With the exception of these two groups, the following, important labor concessions have occurred:

- Cost of living freeze since Fiscal Year 2010 (three years) for Management and SEIU employees. Fire personnel wage freeze from Fiscal Year 2011 through Fiscal Year 2014
- Implementing a 90/10 medical cost sharing plan for Management, SEIU, and Fire
- Eliminating the variable management compensation plan for the Management and Professional group
- Eliminating tuition reimbursement for SEIU and Fire personnel
- Increasing employee contributions to pension plans for SEIU and Fire
- New two-tier retirement systems for Management, SEIU, and Fire personnel

In terms of actual General Fund expense reductions, the City has realized nearly $3.6 million annually in concessions from SEIU, Management, and Fire employees. Moreover, in changing pension plans, pursuing employee payment of employee share of pension costs, and requiring contributions to medical costs, as employees turnover, the City will reduce future employee costs. As a result of these benefit changes, the trend line for rising benefit costs causing structural dislocations has been driven downward. Benefits continue to rise and, since pension benefit changes only apply to new employees, it will take a long long time to dig ourselves out of this predicament.

We have been committed to approaching the City's wage and benefit issues with the principle of fairness and consistency to all of our employees. We have pursued a guiding principle that all of our bargaining groups should share equally - in terms of percent of total compensation - in contributing to a solution to the city's immediate and long term fiscal demands. Similar concessions to those mentioned above have been proposed to Police personnel and it is our hope that these negotiations can be concluded to help reduce anticipated deficits. We estimate that those negotiations may result in an additional $1.5 million in savings to the General Fund. The budget I am proposing anticipates Police savings beginning at the start of the fiscal year. Negotiations with SEIU have begun and those with the Managers will soon follow. Based on our financial forecast, we will need additional compensation savings from these groups as well as public safety units when their contracts expire. No cost savings from Management and SEIU groups are included in the Proposed Fiscal Year 2013 Budget.

Prior General Fund Operations Changes

It is important to note that in addition to recent compensation adjustments, we have taken a hard look at our operations and realized efficiencies. These included:

- Public Works reorganizing operations to save $356,000
- Contracting out a portion of our parks maintenance for Mitchell Park, Rinconada Park, and the Lucie Stern Community Center saving $314,000
- Contracting out golf course maintenance reducing costs by $338,000
- Contracting out custodial maintenance saving $80,000
- Initiating a Computer Aided Dispatch (CAD) Records Management System (RMS) agreement with the cities of Mountain View and Los Altos saving at least $50,000
- Instituting a new Procurement Card that will yield $33,000 in reimbursement

These reductions, together with prior year changes, have reduced the General Fund spending by over $14 million and eliminated over 60 positions.

FY 2013 General Fund Budget Highlights

Revenues

Overall, total General Fund sources of funds are budgeted at $151.0 million, a $4.5 million or 3.1 percent increase over the Adopted Fiscal Year 2012 Budget and a $0.7 million or 0.5 percent increase over the Adjusted Fiscal Year 2012 Budget. Staff has projected solid increases in sales, property, TOT and documentary transfer taxes for Fiscal Year 2013, but these have been offset by drops in rental income and other revenues.

In the past year, we have witnessed a rebound in economically sensitive revenue sources. Sales taxes, originally budgeted at $20.2 million for Fiscal Year 2012, are expected to end the year at $21.6 million. Based on recent performance, the projected target for Fiscal Year 2013 is $22.5 million. Specifically, department store, and electronic sales have spearheaded the rise. Because of increased business activity, transient occupancy (TOT) or hotel taxes have

risen nicely as well. TOT revenues from July through February of this fiscal year are running nearly 23 percent above those of the same prior period. Accordingly, we have raised our Fiscal Year 2012 target from $8.2 million to $8.7 million and have set an ambitious goal of $9.6 million for Fiscal Year 2013.

In contrast to other jurisdictions, property taxes have remained stable in Fiscal Year 2012 and are expected to move up by nearly $1.0 million in Fiscal Year 2013. Documentary transfer taxes have fallen this year compared to Fiscal Year 2011's stellar performance of $5.2 million. Staff is optimistically forecasting this revenue source to slightly exceed $5.0 million in Fiscal Year 2013. While some revenues are recovering, other key revenue sources are still below pre-Great Recession levels. Sales and documentary transfer taxes projected for Fiscal Year 2013 are slightly below actual revenues realized in Fiscal Year 2008. Other tax revenues, such as property and TOT have increased since 2008, but TOT, together with other revenues, are not sufficient to cover projected Fiscal Year 2013 expenses or projected future expense as forecasted in the City's Long Range Financial Forecast.

Expenses

The concerted effort to reduce expenditures thus far has not been sufficient to erase our General Fund deficits. The Fiscal Year 2013 General Fund Proposed Budget is $152 million, an increase of $5.6 million or near 4 percent over the Fiscal Year 2012 Adopted Budget. The main drivers of this increase are rising benefit costs, the lack of compensation concessions in Fiscal Year 2012 from the Palo Alto Police Officers Association and the Police Management Association, and a recommendation by the Finance Committee to include an additional $2.2 million in the annual budget for the maintenance and upkeep of City infrastructure to prevent future backlogs. To balance the budget and begin to implement the Infrastructure Blue Ribbon Commission (IBRC) and Finance Committee's recommendations, we are compelled to propose difficult reductions and program changes.

Reductions in Public Safety Spending

As the largest portion of the City's General Fund budget and an area that has been largely insulated from cuts over the prior three years, this budget includes short and long term proposals for cuts in Public Safety spending, with generally minimal impact on service levels.

Successful City negotiations resulted in the elimination of the Citywide minimum staffing requirements in the Fire contract. A more flexible operational structure is proposed to enhance paramedic services, a service that is in high demand by the community. The Medical Services Utilization Study recommends an increase to the City's paramedic services. To address the study's recommendation, we propose to shift staff from one fire response vehicle to the City's paramedic operations. Removal of a fire response vehicle from service results in $1.1 million of savings, which is offset by a $0.5 million increase for paramedic services. The total General Fund expense savings from this shift in Fire staff is $0.6 million.

Based on Department of Energy cutbacks, the Stanford National Accelerator Laboratory (SLAC) fire station is scheduled for closure in May 2012. This action will result in the elimination of nine fire positions and an expense reduction of $1.4 million, of which 30.3 percent, or $0.42 million, is reimbursed by Stanford. The City is in the process of renegotiating the Stanford fire services contract and, as a result, the final savings to the City from SLAC's closing have not been reconciled.

Other important expense reductions in the General Fund include:

- Redeployment of six police officers, now in traffic operations, to field patrol; hold one police captain position vacant. These positions will be kept vacant for an estimated savings of $1.3 million in Fiscal Year 2013 (the City has been running higher levels of vacancies than these in recent months). This freeze is proposed for Fiscal Year 2013 only at this time, with exploration of alternate shift and programming approaches as part of this recommendation.

- Contracting out animal services to an outside agency. This would eliminate 13 positions and potentially result in approximately $0.5 million in service operating costs. The loss of Mountain View to another contract results in nearly $1 million in net operating costs to the General Fund. By contracting out this service, the City avoids the significant capital cost that will be needed to improve the animal services center facility and provides the opportunity to explore site reuse that could have positive revenue implications for the City.
- In the Planning Department, eliminate two positions and freeze another saving $394,000.
- Freeze five library positions while the renovation of the Main Library is undertaken for a savings $336,000 in Fiscal Year 2013.

In the near future, staff will deliver to Council findings of the Cost of Service Study. It is anticipated that the study will demonstrate which services are heavily subsidized by the General Fund. Informed decisions can then be made, for example, about raising fees, eliminating a service, privatizing it, or maintaining the subsidy. This study will help Council, staff, and the community prioritize services and to establish clear and transparent cost-benefit rationales for services and funding levels.

There are new ongoing and one-time costs proposed in this budget. The former includes positions in City communications and information technology. These positions represent an investment in greater government transparency and in innovations that will lead to greater efficiencies. The one-time recommendations include:

- $0.8 million for technology investments in the Development Center Blue Print to continue improvements in our building and permitting processes.
- $0.3 million loan to the Airport Fund to match the operational expenditures needed to continue the transition plan from the County.

I am proposing that these expenditures be covered by transfers from the Budget Stabilization Reserve since they are one-time in nature. If Council agrees with this recommendation as well as all others in this Proposed Budget, the General Fund would show a $0.2 million positive balance for Fiscal Year 2013.

Before addressing highlights of the Enterprise Fund budgets, I would like to address one of the City's major efforts of the past year - infrastructure. As a consequence of the excellent and dedicated work of the Infrastructure Blue Ribbon Commission (IBRC) and after their review of decades of City infrastructure spending decisions, there is clarity on the need to improve, rehabilitate and replace our aging roads, facilities and parks and the general financial scale of the investments the City will need to make. In his 2012 State to City Address, Mayor Yeh stated that maintaining our infrastructure is essential for Palo Alto's continued vibrancy. Quality infrastructure allows the City to provide a high quality of life for its residents, businesses, and nonprofits and contributes to Palo Alto's attractiveness as a global center of technology and innovation. He declared 2012 as "The Year of Infrastructure". As stated, one of the IBRC's key recommendations has been included in this budget and Council is engaged in several strategic retreats to address the City's "catch-up" or backlog needs identified at $41.5 million. There is also a need to replace or build new and necessary facilities such as a Public Safety Building and a Municipal Services Center. Other important capital decisions may also be on the horizon, including the Regional Water Quality Treatment Plant, how to address the City's compost and organics recycling future, and outcomes from the Cubberley planning process.

Enterprise Funds and Rate Changes

The Palo Alto Utilities and Public Works Departments are proposing rate changes for water, refuse, wastewater collection, storm drainage, and fiber optics. No increase is planned for electric rates. The cumulative impact of the proposed rate changes will increase the average household residential utility bill by $8.94 or 3.8 percent per month. This includes increases resulting from the utility user tax. Individual Enterprise Fund rate increases are discussed below.

The Gas Fund rate decrease of 10 percent is prompted by a change in gas procurement strategy. The City of Palo Alto will be implementing market price-based retail supply rates instead of the prior laddered gas purchasing strategy that spread out gas purchases in increments over time. The new supply rate will be adjusted every month and will be based on the monthly market price. Given the historically low natural gas prices currently in effect, the Gas rate for the average customer will decrease approximately $5.52 dollars per month.

The Water Fund rate increase of 15 percent is driven by increases in the wholesale price for water from San Francisco Public Utilities Commission (SFPUC) coupled with lower water usage forecasts. Since most of the Water Utility costs are fixed costs, the Water rate for the average residential customer will increase approximately $8.52 dollars per month.

The Refuse Fund rate increase for residential customers consists of changing the current "Fixed Residential Monthly Charge" to a charge for street sweeping service, as well as adding charges for annual cleanup day and household hazardous waste services. These changes implement findings from the refuse cost of service study. The total increase will vary slightly depending on the customer's garbage cart size. For the majority of customers who have 32-gallon garbage cart service, the increase will be $4.06 per month. Commercial refuse rates remain unchanged.

The Wastewater Collection Fund rate increase of 5 percent is caused by a need to maintain the financial viability of the Fund. Expected rate increases are forecast for future years as well (i.e., Fiscal Year 2014 through Fiscal Year 2017). The Wastewater Collection rate for the average residential customer will increase approximately $1.40 dollars per month.

Both the Storm Drainage and Fiber Optics rates are adjusted annually based on the Consumer Price Index (CPI). The Storm Drainage and Fiber Optic fees will increase by 2.9 percent to reflect the annual CPI change. The Storm Drainage rate for the average residential customer will increase approximately $0.33 dollars per month. The Fiber Optic rate increase only will impact customers with fiber optic licenses beginning prior to September 18, 2006.

The City is conducting a Utilities Organizational Study. Best practices in the industry will be used to evaluate current operational and organizational structures within the Utilities Department. The study will not be completed prior to Council's adoption of the Fiscal Year 2013 Budget. Potential changes and recommendations will be shared with the Council during Fiscal Year 2013.

Conclusion

A considerable part of our message tonight has focused on the economy and how interwoven our finances and financial difficulties are with the state, the nation, and the global economy. In California, especially, the accumulation of choices and decisions over the past generation confront and confound us today and will so in the coming years. The chickens have come home to roost. National failure to invest in new infrastructure, and our own shortcomings in this area; unsustainable employee compensation benefits granted with limited redress options available; programs and services established in an earlier era and carried forward at the same or enhanced levels, as if little has changed; and revenue and bond limitations passed by voters and State legislation that have disconnected local government income from the economy.

Examples: Our largest general fund tax revenue is property tax, and Proposition 13, passed in 1978 by voters, has created over time, an absurdly unfair and unequal tax system. As a result, despite high real estate values, property tax rates are very uneven. The City also receives less than 10 % of the property tax paid by the property owner.

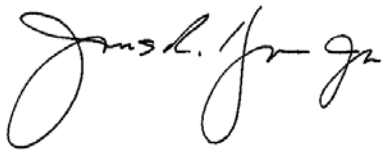
Our next largest revenue, sales tax, is also diverging from the upward direction of the Silicon Valley economy. The movement towards a service economy (no sales tax); internet shopping (less taxes); and companies "off-shoring" points of sale (no sales tax) put our city at risk and push the need for new revenues, rate changes, and governmental fiscal reform for cities at the State level.

It has taken a long time to get here. Working our way out of this mess will also take time. Our efforts to curb employee compensation and benefit increases have been ongoing and will continue. The cost-of-service study, Utility Organizational Assessment, and other initiatives are underway and we will be engaged in community and staff discussions in the years ahead about restructuring services, costs, out-sourcing, and answering the "who pays?" question. The scale and different strategies that must be employed and the different constituencies that must be engaged, our plan for responding to the IBRC's recommendations must unfold gradually and thoughtfully. We must also grow new revenues, which mostly will require voter approval and thus, planning, outreach, education, effective communication, and right-sizing and right-timing.

Now, all that said, we are still a city and life goes on. We don't get to call a time out and get everything righted at once. As the saying goes, we must fly the airplane while making repairs. That said, through all this turbulence, we have been flying pretty well (see, for example, the Council Priorities appendix to this letter).

The Council is focused on the future and invested in the long term best interests of the community and its citizens. The Council works hard and is engaged with its citizens, and expects the same of staff, and has been willing to make difficult choices. These three factors give Palo Alto a great advantage. I know we will again move through this budget year, thoughtfully, respectfully, and effectively, with the right balance of decisions, for the benefit of Palo Altons and with our eye on the future.

Respectfully Submitted,



James Keene
City Manager

Council Priorities

City Finances

The City completed negotiations with the International Association of Firefighters (IAFF), Service Employees International Union (SEIU) and Fire Managers Association (FMA). The outcome of these negotiations is the City will realize long-term savings in the millions of dollars. This work along with completion of a Refuse Fund study and acceptance of the Infrastructure Blue Ribbon Committee infrastructure report will result in positioning the City well to address past and future City service needs.

Emergency Preparedness

The City created an Office of Emergency Services (OES) including hiring a full-time OES Director to help the City strategically focus time and resources on emergency, readiness and planning to address emergency readiness

Environmental Sustainability

A new electric vehicle (EV) policy was adopted and five new EV charging stations were installed in the City. The City collaborated with Stanford University on various environmental sustainability forums over the past year. Progress was also made on creating a new Urban Forest Mater Plan and managing this key City amenity by hiring an Urban Forester to manage this strategic City asset. The City will also revisit its efforts to achieve its Climate Action Plan including evaluating options for a waste to energy facility and providing a new program to encourage businesses to install new rooftop solar systems to reduce carbon emissions.

Land Use & Transportation Planning

Significant progress was made to implement the Development Center (DC) Blueprint to improve and enhance City operations to process development applications and permits. In addition, the City completed processing of the Stanford University Medical Center project. This $5 billion dollar project, the largest in the City's history, includes renovation of the Hoover Pavilion building and the ultimate addition of a medical office building at the Hoover Pavilion site, the upgrade and relocation of the Welch Road utilities, the expansion of Lucile Packard Children's Hospital, the replacement of Stanford Hospital & Clinics and a one-for-one replacement of some of the School of Medicine's wet laboratory buildings. The City has nearly completed several key strategic plans including: new Rail Corridor master plan, Bicycle master plan and Comprehensive plan updates. Completion of these plans will position the City for proactively leading in the area of transportation planning.

Youth Well Being

The City continued its leadership role working with major partners such as the Palo Alto Unified School District (PAUSD) in supporting youth and creating a plan and strategy that includes education, prevention and intervention strategies that together provide a Safety Net for youth and teens in Palo Alto, and defines our community's teen suicide prevention efforts. A Director for Project Safety Net was hired, using Stanford funds as seed funding. The construction of the Mitchell Park Library and Community Center which includes a new youth-led teen center will go a long way towards strengthening the ties between the community and our youth.

City of Palo Alto General Fund Proposed Budget Balancing Recommendations Major Drivers FY 2013	Estimated in thousands
	($5,844)
Revenue Changes or Enhancements:	
Increase in Various Tax Revenues	4,757
Increase in Permits & Fees	2,897
Other Changes (Rents, Stanford, Animal Services, Cost Allocations, etc.)	(3,180)
Subtotal - Revenue Changes	**4,474**
Operational Expenses Reductions:	
Palo Alto Police Officers Association Compensation Concessions: Currently in negotiations	1,500
Freeze 6 Police Officers and 1 Captain (one-time)	1,300
Net Contract out Animal Services - 13.14 FTE	1,384
Fire operations savings - Freeze 6 positions (one-time)	1,093
Fire services - Closure of SLAC Fire Station 7	1,394
Fire Fighter Association Compensation Concessions - Annualized Balance	524
Freeze 1 Asst. Director, Library, 1 Library Service Mgr, 2 Librarians and 1 Library Assistant - Net after funding additional temporary positions	336
Eliminate 1 Sr. Planner and 1 Administrative Associate I and Freeze 1 Check Engineer	394
Eliminate 1 Producer Arts/Sciences and .25 FTE Program Assistant I	147
Subtotal - Expense Reductions	**8,072**
Operational Increases:	
. Non-Salary Increase (Rents, Utilities, High Speed Rail, Training, etc.)	(2,800)
Fire - Paramedic, EMS & Inspection Services positions	(735)
Other Position Increases and Reclasses	(1,699)
Subtotal - Expense Increases	**(5,234)**
Operating Transfers and Loans:	
Increase to Infrastructure	(2,200)
Technology CIP	(598)
Loan to Airport Fund (one-time)	(310)
Subtotal - Operating Transfers & Loans	**(3,108)**
Other Changes:	
Debt Service, Attrition Savings and Other	**618**
Gap after solutions	**($1,022)**

Finance Committee Amendments to the Proposed Budget

		000s
General Fund		
	Beginning - Change to Budget Stabilization Reserve (BSR)	**($1,022)**
ASD/IT	Reallocate retiree medical cost to IT department	(106)
CSD	Summer concert series	10
CSD	InnVision program funding	13
CSD	Reinstate Baylands Producer Arts/Sci position & offset cost by holding Lucie Stern Program Assistant position vacant (nets to zero)	-
CSD	Replenish Boronda Lake and offset cost with public contributions	65
FIR	Position changes (FTE reallocations, withdraw Admin Assoc II reclass)	(52)
POL	Animal Services - net costs	449
PWD	Mitchell Park custodial/maintenance	(30)
PWD	Staff FTE correction	(43)
NON	Animal Services - placeholder	(449)
NON	City Attorney contingent account	125
Various	Tech charge allocation due to retiree medical cost increase	48
Various	Undo shift of allocated charges to other cost centers related to Animal Services	(230)
	Total Change in Uses	**(200)**
CSD	Fee revenue for lawn bowling, Cubberley artist rent, and community garden	(37)
CSD	Replenish Boronda Lake and offset cost with public contributions	65
NON	Additional property tax revenue	300
NON	Additional fee based revenue (volume increase)	104
	Total Change in Sources	**432**
	Ending - Draw from BSR	**($390)**

Budget Acknowledgements

CITY OF PALO ALTO

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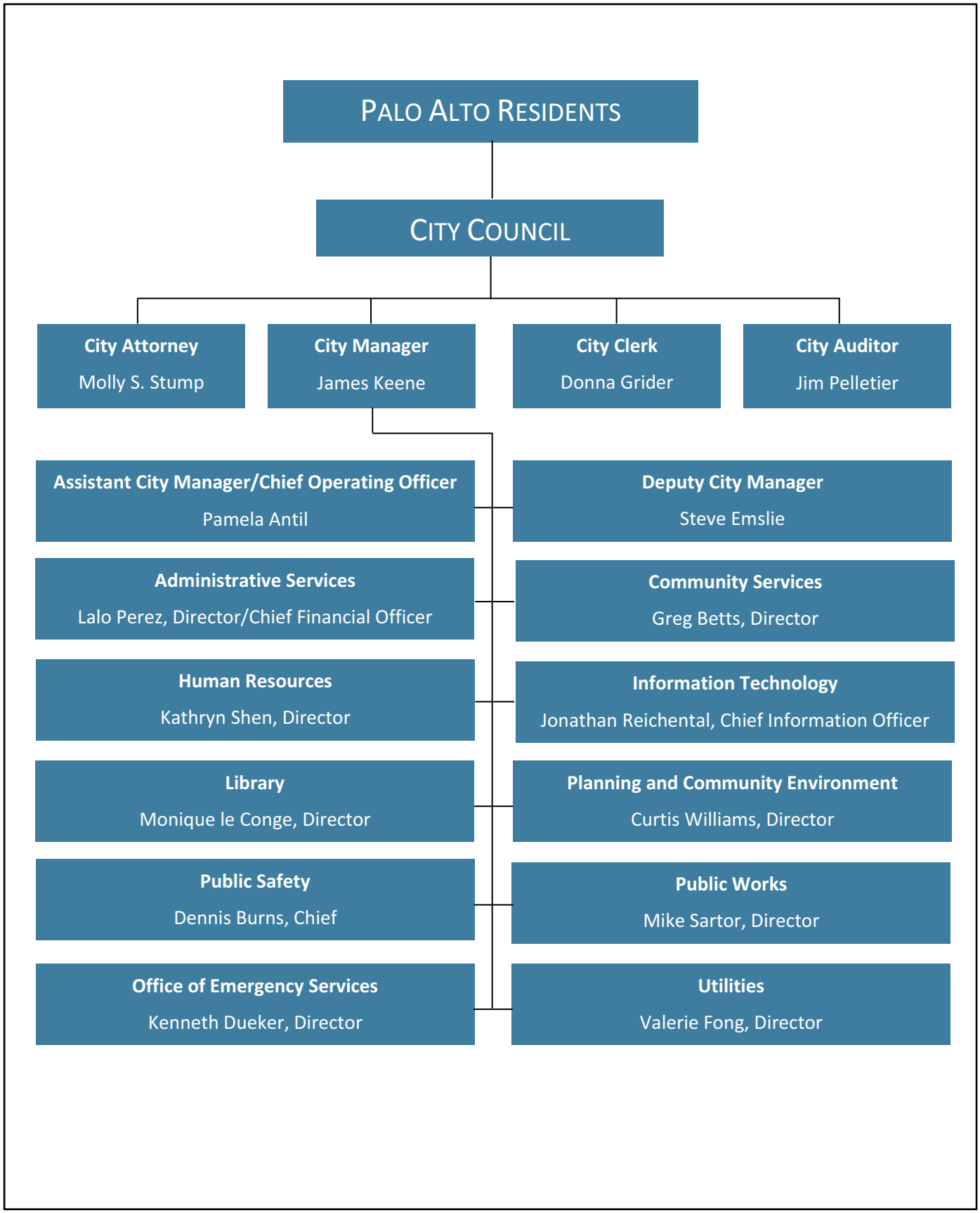
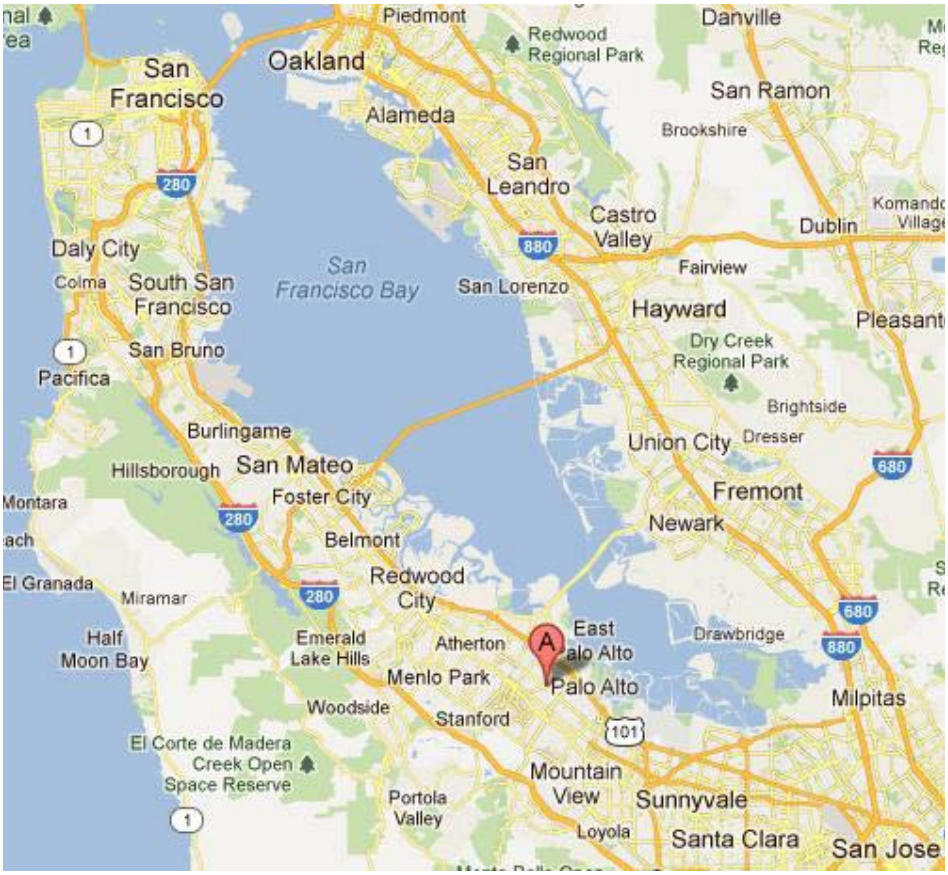
City of Palo Alto Organizational Chart



Demographics



Incorporation
April 16, 1894

Government
Palo Alto is a charter city operating under the council manager form of municipal government

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

County
Palo Alto is located in Santa Clara County.

Area
25.87 Square Miles

Elevation
30 feet above sea level

Credit Rating
AAA

Parks
25

Open Space
4,500 acres

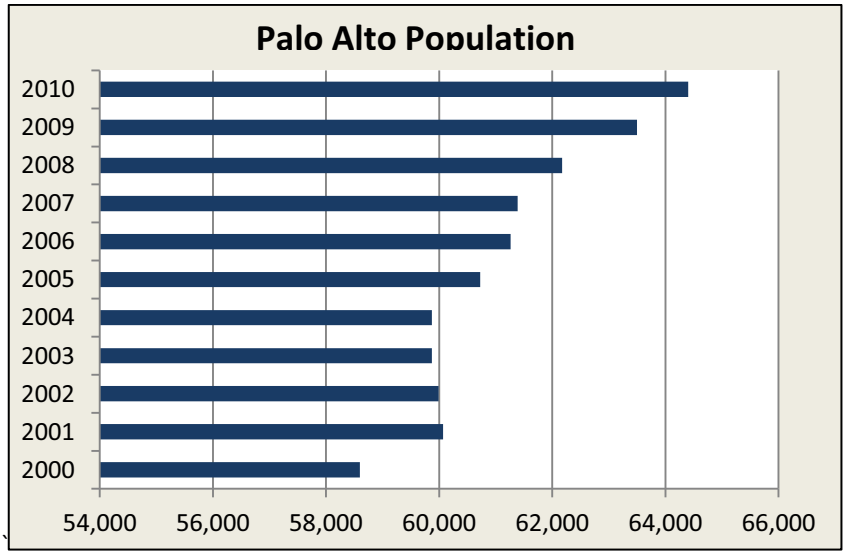
Population
As of September 2011 Palo Alto's population was 64,403. This represents a tenth of one percent increase over the previous year and a 9% increase since 2000. This compares to the State of California increase of .7% over the past year and 10.5% since 2000.

Education
Palo Alto has one of the most outstanding education systems in the nation and education is a high priority for the community. Over 97% of Palo Alto residents aged 25 or over have received a high-school diploma. Over 30% have obtained a bachelor's degree and nearly 50% have earned a master's degree or higher. Thus, nearly 80% of residents have a college degree. In a recent survey, Palo Alto was named California's most educated city.

Palo Alto high schools have an average drop-out rate of .2% well below the national average of 8% and the California average of 21.5%. Palo Alto and Gunn high schools have SAT scores of 1,945 and 1,942, well above the national average of 1,509 and the state average of 1,517.

Household Income
The current median household income for Palo Alto residents is $129,171 and the average household income is $183,662. Over 60% of residents have a household income of $100,000 or more.

Persons per Household
The average Palo Alto home has 2.31 persons (2010). This represents a slight increase from the average of 2.30 from 2000.



Annual Growth Rate and Future Population
Palo Alto has averaged a population growth rate of nearly 1% per year over the past ten years. In the past three years the growth rate has averaged 1.6%. Assuming the lower 1% growth factor the estimated population would be 67,700 in 2015 and 71,000 in 2020.

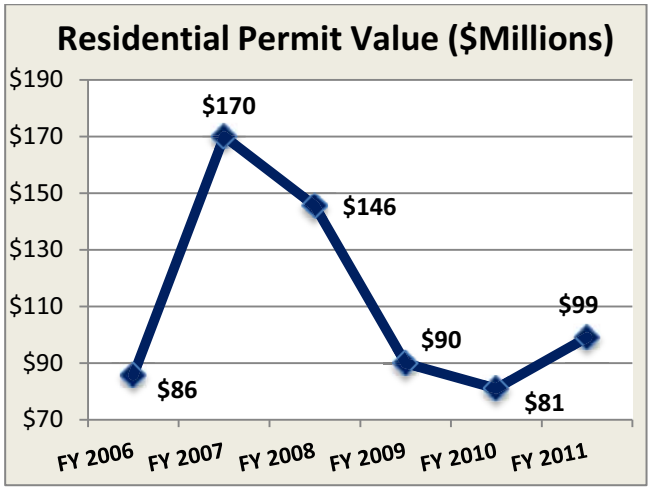
Residential Development

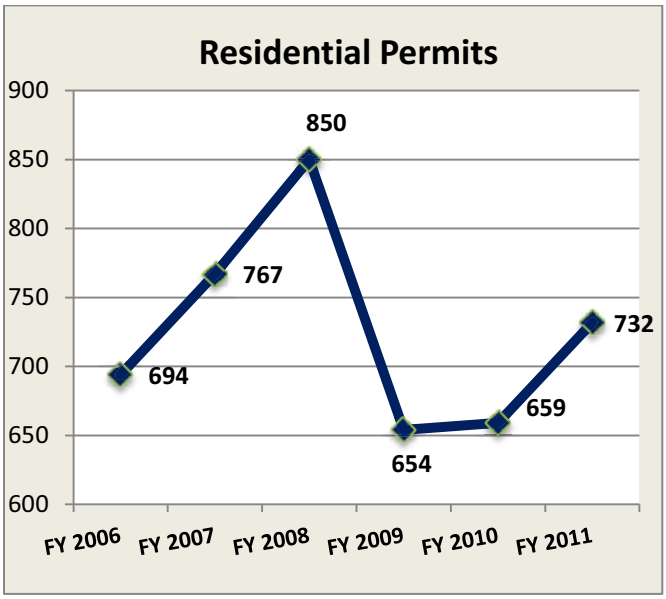
Building Permits

The City's Building Division issued 732 residential type permits. This is slightly more than the 659 issued in 2010. The peak level over the past five years was 850 in 2008.

Total Housing Units

In 2010, 52.6 percent of the 27,639 housing units are owner occupied; 42.5 percent, renter occupied; and 5.0 percent are vacant. In 2000, there were 26,048 housing units - 55.4 percent owner occupied, 41.4 percent renter occupied and 3.2 percent vacant. The rate of change in housing units since 2000 is 0.58 percent.

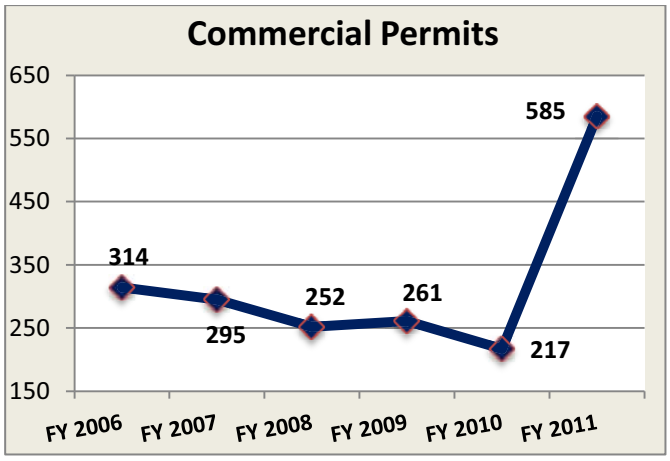


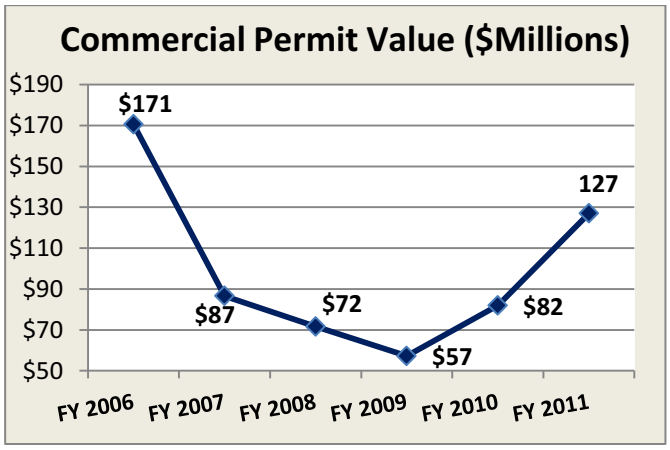


Commercial Development

Commercial Permits

The City issued 585 permits in 2011. This is considerably more than the 217 issued in 2010. 2011 represents the peak of the last 5 years.





Office Development

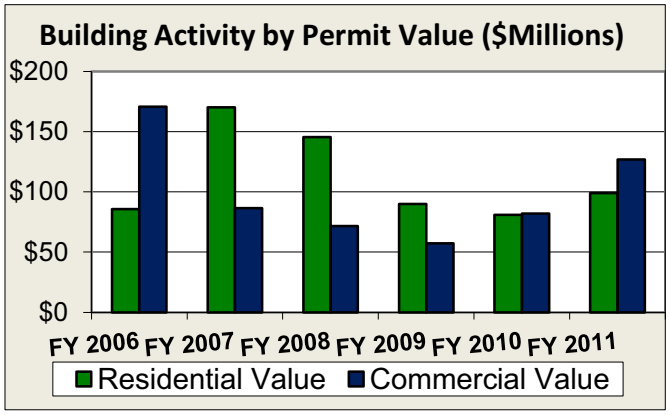
As of 2011 Q3, there is a total of 9.1 million square feet of rentable office space. The vacancy rate is 4.6% compared to 7.65% for the Silicon Valley market and rents are $7.65/' versus $3.12/' for the valley

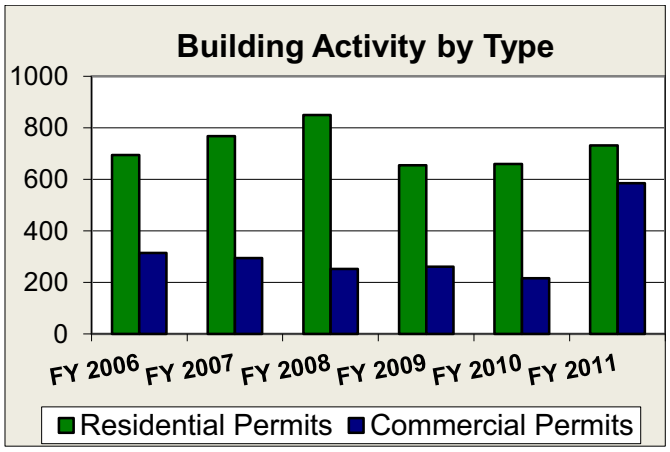
Industrial Development

As of 2011 Q3, there is a total of 10.6 million square feet of rentable industrial space. The vacancy rate is 4.3% compared to 7.8% for the San Francisco Peninsula market and rents are $1.25/' manufacturing and $2.95/' for R&D versus $.85/ manufacturing and $2.19/' for the SF Peninsula.

Retail Development

As of 2011 Q3, there is a total of 2.4 million square feet of rentable retail space. The vacancy rate is 2.5% compared to 4% for the South Bay/San Jose market and rents are $3.39/' versus $2.37/' for the South Bay/San Jose market.





Cost of Doing Business

The Kosmont Rose Institute identified Palo Alto in 2010 as an average cost city to do business in California. The study analyzes fees, taxes and business incentives to determine rankings. Cities with a similar ranking included Pleasanton, San Mateo and Sunnyvale.

The California Retail Survey

The California Retail Survey provides and an in-depth annual report on 272 of California's largest cities and 58 counties. The 2011 survey compares and ranks 272 cities based on retail sales, outlets, and overall performance in the retail sector. Palo Alto retail sales grew 2.98% from 2009 to 2010. Sales growth was seen in all nine major retail categories with building materials experiencing the highest growth. The average sales per outlet is $719K annually.

Palo Alto ranks 59th in the state among cities and counties and 52nd among cities only with $1.78 billion in total retail sales (excluding state and county pools and triple flip) following such cities as Cupertino, Cerritos and Beverly Hills. Overall, revenue from sales tax in Palo Alto grew by 6.5% in FY 2011 from prior FY 2010. In comparing these fiscal years, sales tax growth was seen in nine of the ten major economic sales segments with the office equipment sector experiencing the highest growth at 28.7%. Apparel stores showed the lowest growth in the top ten segments at 3.2%. Restaurants and department stores were the largest sales tax generators in FY 2011, totaling $4.9 million in tax receipts. These categories account for 24.9% of the City's total sales tax revenues. Other major economic segments driving sales tax receipts include: electronic equipment, miscellaneous retail, computer and electronic retail stores, auto, and apparel sales. The average sales tax generated per outlet in Palo Alto is $7,749 annually.

Employment

Labor Force and Jobs

According to the U.S. Bureau of Labor Statistics (as of December 2011) and the California Employment Development Department the City has a labor force of nearly 32,000. Due to its location on the Peninsula and the presence of Stanford University, the City is a job importer versus exporter and the number of jobs in the city is nearly 100,000.

Unemployment

As of December 2011 Palo Alto's rate was 4.6%. This is considerably lower than the statewide rate of 10.9% and the U.S. national rate of 8.3%. While Palo Alto generally has one of the lowest unemployment rates in the region, the rate was much lower in 2008 at 3.1%.

Palo Alto Businesses

Palo Alto is home to just over 7,000 businesses. The most prevalent types of businesses are in the services sector, which make up nearly 60% of all business types. The next most popular sectors are manufacturing at 16.6% and retail at 16%.

Largest Employers

Palo Alto's top ten employers reflect jobs ranging from education and health care to technology and schools, as of June 30, 2011.

Largest Employers (Over 1,000 Jobs)	Number of Jobs
Stanford University	10,223
Stanford University Medical Center	5,813
Lucille Packard Children's Hospital	3,549
U.S. Veterans Health Care System	3,500
Hewlett Packard	2,001
Palo Alto Medical Foundation	2,000
Loral Space Systems	1,700
Wilson Sonsini Goodrich & Rosati	1,500
Palo Alto School District	1,318
City of Palo Alto	1,019

Palo Alto is a start-up City and creative incubator. Some of the companies with global or national headquarters located in Palo Alto include: Skype, Palantir, Flipboard, Shopkick, Speck, Nest, Mercedes Benz, Ford, Rogers Ventures, Citi Ventures, JP Morgan, HP, Tesla, VMWare, Space Systems/ Loral, Genencor, Theranos, AT&T Foundry, Wilson Sonsini Goodrich & Rosati, Manatt Phelps Phillips, Accel Partners, Talenthouse, Institute for the Future, Tencent, 10gen, Pinterest, Jazz Pharmaceuticals, Nokia, General Motors, SAP, Norway Innovation Center, Innovation Center Denmark, Survey Monkey, Lockheed Martin, Integrated Archive Systems, Scion, AOL, Groupon, EPRI, Barnes & Noble Nook, Tomorrow Ventures, Waze, IDEO, Lockheed Martin and Fisker/McLaren.

Data Sources

- Population, source: California Department of Finance, Demographic Research Unit
- Education, source: California Department of Education
- Household income, source: ESRI
- Persons per household, source: ESRI
- Annual growth rate and future population: ESRI
- Building permits, source: Palo Alto Planning and Community Environment Department
- Total housing units, source: ESRI
- Residential permit value, source: Palo Alto Planning and Community Environment Department
- Residential permit numbers, source: Palo Alto Planning and Community Environment Department
- Commercial permit value, source: Palo Alto Planning and Community Environment Department
- Commercial permit numbers, source: Palo Alto Planning and Community Environment Department
- Building activity by permit value, source: Palo Alto Planning and community Environment Department
- Building activity by type, source: Palo Alto Planning and Community Environment Department
- Office development, source: CBRE, Q3, 2011, Silicon Valley office market
- Industrial development, source: CBRE, Q3, 2011, Greater Palo Alto industrial market
- Retail development, source: CBRE, Q3, 2011
- Cost of doing business, source: Kosmont 2011 Survey
- Retail survey data, source: California Retail Survey Report 2011
- Employment, source: California Employment Development Department
- Unemployment, source: California Employment Development Department
- Largest employers, source: Palo Alto Comprehensive Annual Financial Report

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 of Palo Alto's residents and businesses. The budget is also at the heart of the legislative 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 incorporates community into the decision making process. The budget is therefore the vehicle for responding to the community's wishes within the constraints of funding, as well as an instrument for balancing revenues and expenditures of funds.

City Council Top Five Priorities

At the start of each calendar year, the City Council determines its main focus for the year. Those priorities guide both budget development and department priority-setting. The following are the Top Five City Council priorities for Fiscal Year 2013:

- City Finances
- Land Use and Transportation
- Emergency Preparedness
- Environmental Sustainability
- Community Collaboration for Youth Health and Well Being

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 the Director of Administrative Services/Chief Financial Officer and senior management utilizing the following main sources of information:

- Community input
- City Council Top Five 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
- Availability of revenues, short-term and long-term
- Service level prioritization

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: Departments may reallocate staffing and non-salary resources for the upcoming year 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 Office of Management and Budget (OMB) for analysis and may include requests for additional funding to meet program needs for the upcoming year. Textual elements of the budget document, including performance measures, are also finalized.

March: Recommendations on base budget requests are made by OMB staff to the Director of Administrative Services/ Chief Financial Officer both in terms of conformance to budget guidelines as well as their individual merits. Internal budget hearings are held to discuss OMB's 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 and edited by OMB and then 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 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.

BUDGET HEARINGS
With City Council and Finance Committee
For 2013 Budget

Date	Description	Time/Location	Departments Attending
Monday, April 30	**City Council** Council Retreat	**5pm** TBD	Presentation and Transmittal of FY2013 Proposed Budget - Referral to Finance Committee
Tuesday, May 8	**Finance Committee** Special Meeting Budget Review Kick-Off	**6pm** Council Chambers	Transmittal of 2013 General Fund budget - Council Appointed Officers, Council, Library, CSD
Thursday, May 10	**Finance Committee** Special Meeting	**6pm** Council Chambers	Planning, Information Technology Department, Human Resources, Administrative Services, Printing and Mailing Fund, Employee Benefits, General Liability
Tuesday, May 15	**Finance Committee** Special Meeting	**6pm** Council Chambers	Police and Fire
Thursday, May 17	**Finance Committee**	**6pm** Council Chambers	Utilities, Utilities CIP, General Fund CIP
Tuesday, May 22	**Finance Committee**	**6pm** Council Chambers	Public Works - General Fund, Enterprise Funds (Storm Drainage, Refuse, Wastewater Treatment), Internal Service Funds and related CIP
Thursday, May 24	**Finance Committee** Special Meeting	**6pm** Council Chambers	Back Up Night
Tuesday, May 29	**Finance Committee** Special Meeting	**6pm** Council Chambers	Municipal Fee Schedule, General Fund Non-Dept, Special Revenue Funds (Prkg Dist) and Wrap Up
Monday, June 11	**City Council**	**7pm** Council Chambers	Budget Review and Public Hearing - Budget
Monday, June 18	**City Council** Special Meeting-Budget Adoption	**7pm** Council Chambers	Public Hearing - Utility Rates (Prop 218) **Budget Adoption**

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 and 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 approval 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 was not projected in the budget, and appropriating associated expenditures in the year in which the revenue 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 “Position Allocation by Department” (staffing changes) during the year
- Amending the Municipal Fee Schedule during the year

Understanding the Document Layout

Document Organization

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

Funds: Local government budgets are made up of funds that 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:

- Department Description - introduces the departments’ overall purpose as well as the mission statement
- Key Accomplishments - identifies the department’s noteworthy accomplishments over the last fiscal year
- Goals and Objectives - identifies key goals going forward as well as actitivies that support achievement of those goals
- Key Performance Measures - selects key department objectives and measures that will “tell the story” of how well we are doing in terms of meeting those objectives. We have changed the format for presenting performance data and encourage departments to provide information that clearly and succinctly portrays why these things are meaningful.
- Department Summary - position, staff expenditure, other expenditure, and revenue totals for the department or fund

- Department Expenditures/FTE by Service Program/Division - summarizes expenditures and full-time equivalents (FTEs) by program or division
- Significant Budget Adjustments - identifies major resource changes compared to the prior fiscal year. FTE, expense, and revenue information is presented. Decreases in the FTE, expense, and revenue columns are totaled with brackets; bracketed totals in the Net Cost column denote a budgetary savings.
- Revenues and Expenditures - summarizes revenue and expenditures by category
- Staffing - provides FTE detail and budgeted control point for each position

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 Positions line of each Department Summary. Historical information on how these numbers have changed is detailed in the Staffing table in the department section and Position Allocation by Department section. The Staffing table summarizes the total FTE allocation for all funds, while the Position Allocation by Department section is segmented by fund type. An organizational chart is also included in each department section. The organizational chart totals department positions by reporting relationship and includes any position that may be allocated to a different fund or department. Salary and benefit expenses have been removed for positions that will included in a hiring“freeze”; however, those positions are still included in the total headcount. Typically, savings derived from freezing positions is one-time in nature and not viewed as an ongoing budgetary savings.

Understanding the Details

Financial Summaries

The budget document reflects actual revenues and expenditures for Fiscal Years 2009-2011 as well as the Fiscal Year 2012 Adopted Budget and the Fiscal Year 2013 Proposed Budget. The main focus of this discussion along with the dollar amounts in the “Budget Change” column is to compare the FY 2010 Adjusted Budget with the FY 2011 Adopted Budget. This describes the changes from the prior year's numbers and is the recommended method of showing budgetary changes 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.

Expenditures: Expenditures are displayed at the fund summary as well as the department summary level. For example, within the Planning and Community Environment Department budget, funding dedicated to the Building Division and other divisions is shown.

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 2011 Comprehensive Annual Financial Report (CAFR) was prepared in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34 and provides 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) at the discretion of the City Manager. 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 2013 is $13.2 million for infrastructure projects.

In the Enterprise Funds, rates are the charges to customers for utility 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 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 central duplicating and printing/mailing services, while the General Benefits Fund, Workers' Compensation Fund, and Retiree Medical Fund account for the administration of employee benefits, the City's self-insured workers' compensation, payroll, and retiree healthcare benefits. The General Liability Fund administers the City's general liability programs. The Technology Fund performs activities such as personal computer desktop, software application, and technology infrastructure replacement and maintenance.

California Society of
Municipal Finance Officers

Certificate of Award

Excellence in Operating Budget
Fiscal Year 2011-2012

Presented to the

City of Palo Alto

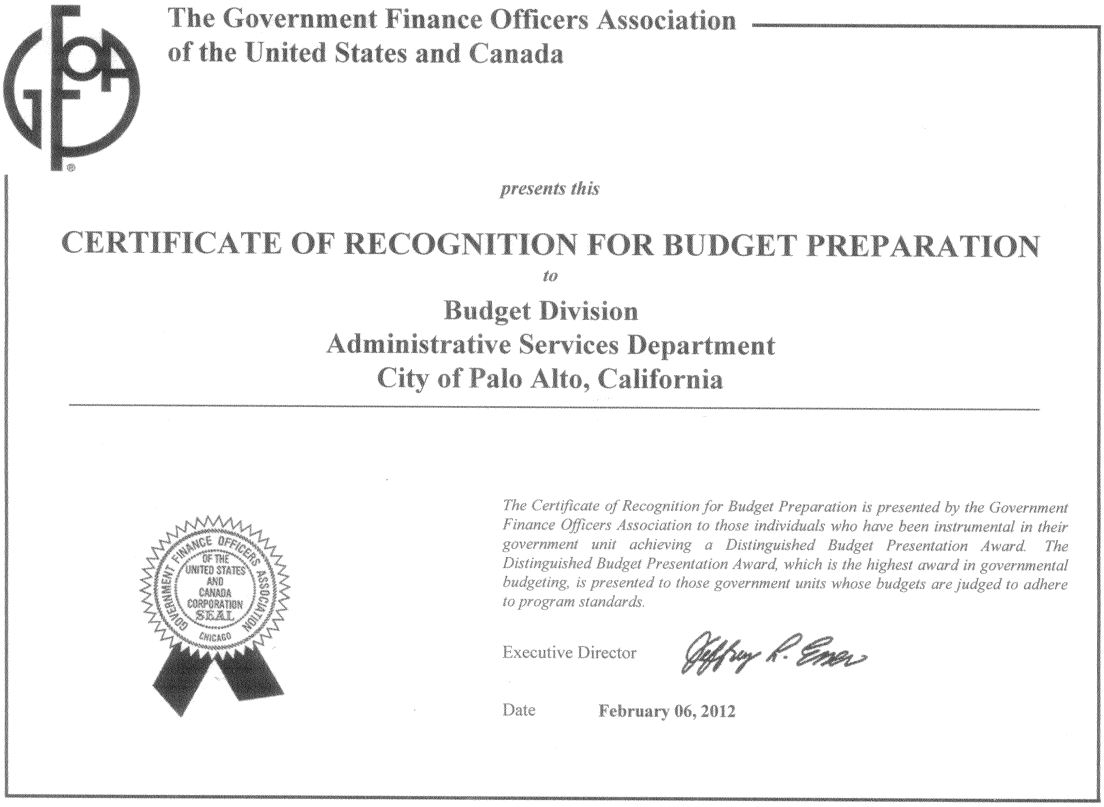
For meeting the criteria established to achieve the Excellence in Operating Budget in the .

February 29, 2012

Scott Johnson
CSMFO President

Chu Thai, Chair
Professional Standards and
Recognition Committee

Dedicated Excellence in Municipal 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 **February 06, 2012**

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Palo Alto

California

For the Fiscal Year Beginning

July 1, 2011

President Executive Director

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Citywide Funds

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Total Citywide Revenues by Category

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Sale of Utilities	$241,072,562	$234,050,142	$236,860,424	$240,484,659	$254,185,711	$13,701,052
Sales Taxes	20,089,468	17,991,204	20,746,404	20,246,000	22,545,000	2,299,000
Property Taxes	25,540,785	25,995,895	29,248,702	29,707,069	30,966,370	1,259,301
Transient Occupancy Tax	7,111,363	6,858,197	8,081,918	8,204,000	9,591,000	1,387,000
Documentary Transfer Tax	3,092,264	3,707,279	5,166,587	4,269,000	5,078,000	809,000
Utility Users Tax	11,029,868	11,295,661	10,851,022	10,859,000	10,731,000	(128,000)
Other Taxes and Fines	2,357,336	2,081,975	2,163,155	2,379,700	2,107,590	(272,110)
Charges for Services	19,951,509	20,761,665	23,174,325	23,847,454	25,607,817	1,760,363
Permits and Licenses	5,744,002	6,055,456	6,859,623	7,055,706	8,110,262	1,054,556
Return on Investments	19,486,607	15,464,621	8,476,597	10,627,200	9,153,000	(1,474,200)
Rental Income	13,655,627	14,653,344	14,343,937	13,982,711	12,649,093	(1,333,618)
From Other Agencies	8,933,556	4,319,337	5,841,508	3,186,863	3,930,606	743,743
Charges to Other Funds	26,027,686	26,391,597	27,483,768	26,542,571	27,933,453	1,390,882
Other Revenue	20,821,085	76,011,744	19,249,978	39,095,064	21,382,165	(17,712,899)
Total Revenues	**$424,913,718**	**$465,638,117**	**$418,547,948**	**$440,486,997**	**$443,971,067**	**$3,484,070**

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 Expenses by Category

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Utility Purchases and Charges	131,517,967	119,301,220	113,331,603	125,970,223	127,088,938	1,118,715
Salaries and Benefits	127,357,483	130,260,365	131,990,168	130,943,227	132,794,300	1,851,073
Contract Services	23,137,931	20,352,053	20,787,373	30,288,903	26,834,131	(3,454,772)
Supplies and Materials	6,213,758	6,205,059	5,775,783	6,862,045	6,814,858	(47,187)
Facilities and Equipment Purchases	3,246,860	1,952,311	348,821	987,431	986,753	(678)
General Expense	29,079,382	14,729,373	13,753,826	23,915,692	23,764,204	(151,488)
Rents and Leases	10,928,503	11,714,400	11,395,002	12,539,760	11,372,966	(1,166,794)
Allocated Charges	34,417,627	37,456,815	41,339,610	42,065,857	44,013,826	1,947,969
Debt Service	12,044,913	12,898,068	14,521,911	20,250,495	20,180,577	(69,918)
Capital Improvement Program	59,318,622	55,168,660	60,141,110	68,527,736	59,740,423	(8,787,313)
Net Transfers	15,184,768	(2,321,465)	(2,841,001)	(1,664,099)	(1,670,966)	(6,867)
Total Expenditures	**$452,447,814**	**$407,716,859**	**$410,544,206**	**$460,687,270**	**$451,920,010**	**$(8,767,260)**
To/(From) Reserves	(27,534,096)	57,921,258	8,003,742	(20,200,273)	(7,948,943)	12,251,330

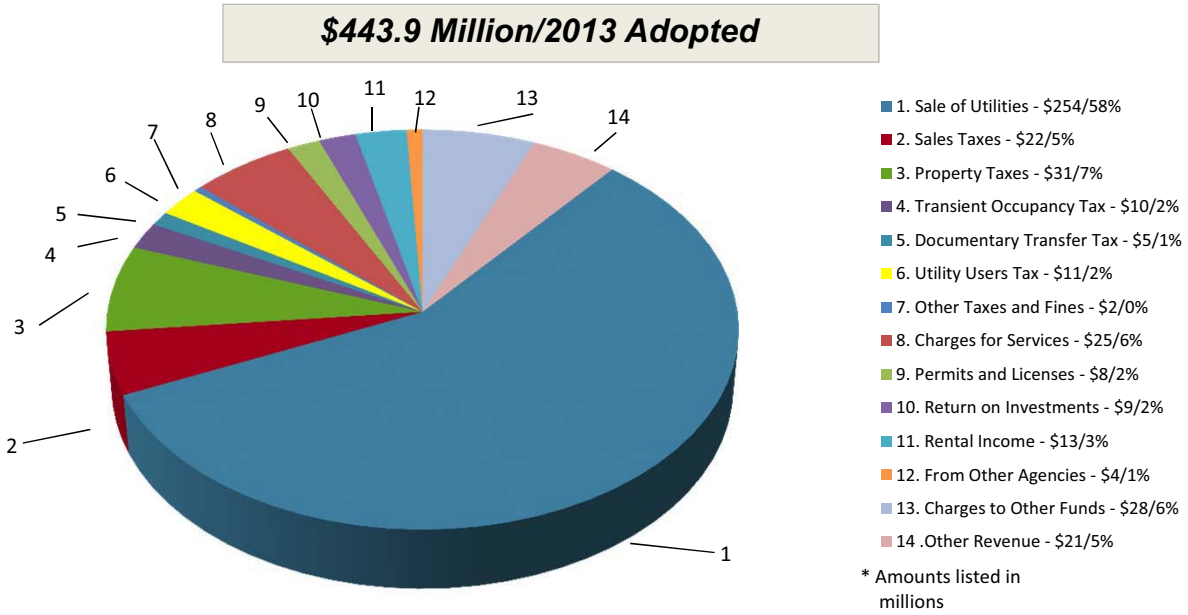
The expense table above shows total City expenditures from all City funds as follows: General Fund, Enterprise Funds, Capital Fund, Internal Service Funds, Debt Service and Special Revenue Funds. The line above label "To/(From) Reserves" shows funding from reserves that is used primarily for rate stabilization in the Enterprise Funds as well as for Capital Improvement Program (CIP) funding.

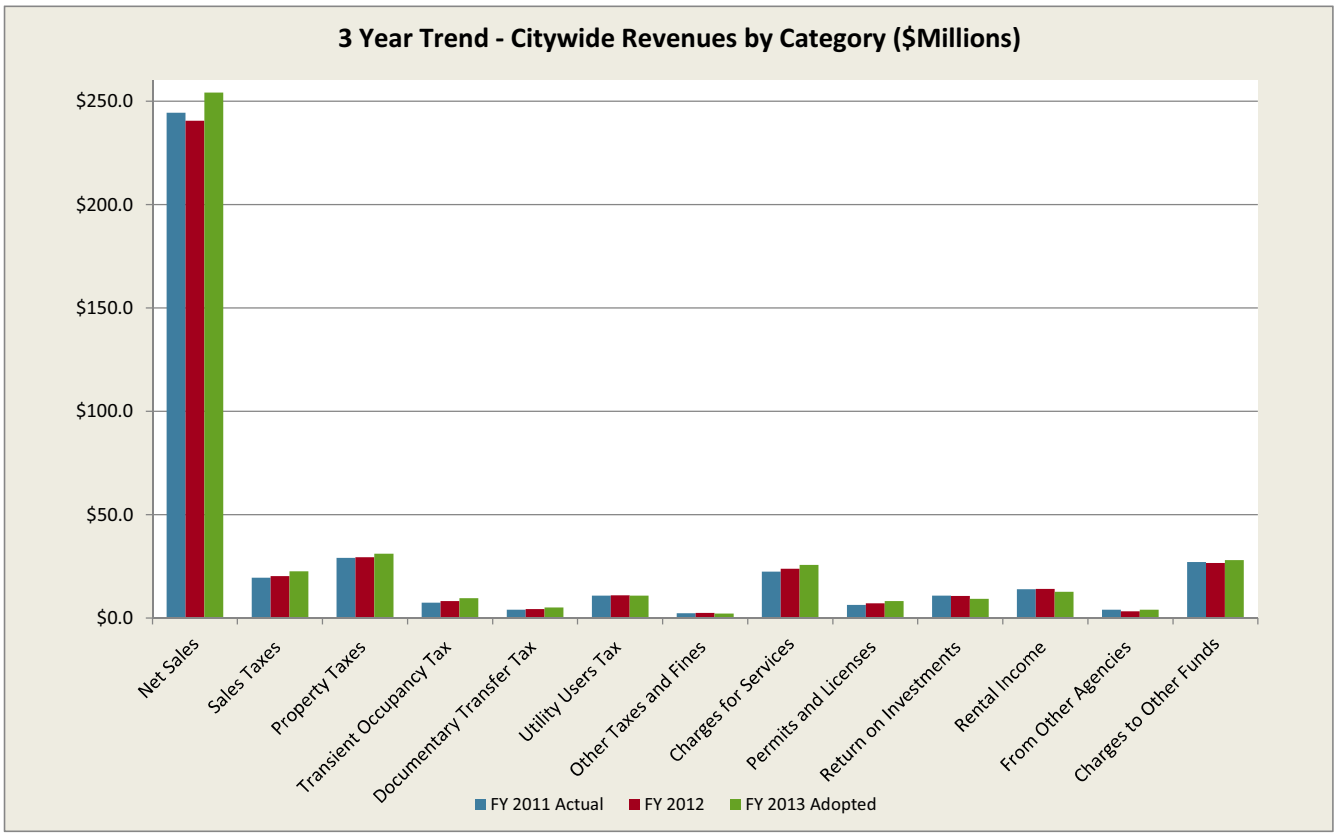
Citywide Projected Operating Fund Balance

($000)	FY 2012 Projected Ending Balance	Estimated Revenues	Net Fund Transfers	Estimated Expenditures	FY 2013 Projected Ending Balance
GENERAL FUND	**27,770**	**133,423**	**4,213**	**138,026**	**27,380**
CAPITAL FUND	**4,598**	**6,024**	**19,142**	**23,869**	**5,895**
DEBT SERVICE					
Golf Course Debt	667	0	428	428	667
Parking 2002 COPS (Taxable) Debt	250	0	235	235	250
Library Bonds	2,224	3,500	0	3,485	2,239
Subtotal	**3,141**	**3,500**	**663**	**4,148**	**3,156**
ENTERPRISE					
Electric Fund	126,112	135,259	(12,090)	127,382	121,899
Fiber Optics Fund	12,729	3,878	(2)	1,787	14,818
Gas Fund	14,929	39,533	(6,178)	36,739	11,545
Wastewater Collection Fund	7,579	16,429	(147)	17,962	5,899
Water Fund	10,488	38,587	(1,705)	38,537	8,833
Refuse Fund	(3,187)	30,374	(306)	28,824	(1,943)
Storm Drain Fund	1,667	5,891	(13)	6,837	708
Wastewater Treatment Fund	4,949	22,463	(12)	21,679	5,721
Airport Fund	(118)	310	0	303	(111)
Subtotal	**175,148**	**292,724**	**(20,453)**	**280,050**	**167,369**
INTERNAL SERVICE					
General Benefits Fund	965	*	0	*	965
Retiree Health Benefit Fund	26,285	*	47	*	26,332
Workers' Compensation Fund	100	*	0	*	100
Liability Insurance Fund	100	*	0	*	100
Printing and Mailing Fund	0	*	1	*	1
Technology Fund	683	*	1,959	*	2,642
Vehicle Replacement and Maintenance Fund	9,580	*	1,340	*	10,920
Subtotal	**37,713**	**0**	**3,347**	**0**	**41,060**
SPECIAL REVENUE					
Community Development Fund	6,258	798	(2,973)	23	4,060
Street Improvement Fund	980	1,793	(1,942)	0	830
Federal and State Revenue Funds	4,641	738	(5)	1,184	4,190
Housing In-Lieu and BMR Fund	9,408	3,829	0	6,390	6,847
Special Districts Fund	899	1,568	(1,506)	153	808
Traffic Mitigation & Parking In-Lieu Fund	5,101	576	0	0	5,677
Public Benefits Fund	749	20	0	28	741
Downtown Business Improvement District	61	162	0	160	63
Stanford Development Agreement (SUMC)	20,485	0	0	228	20,257
Subtotal	**28,097**	**9,484**	**(6,426)**	**8,166**	**23,216**
TOTAL OPERATING FUNDS	**$276,467**	**$445,155**	**$486**	**454,259**	**268,076**

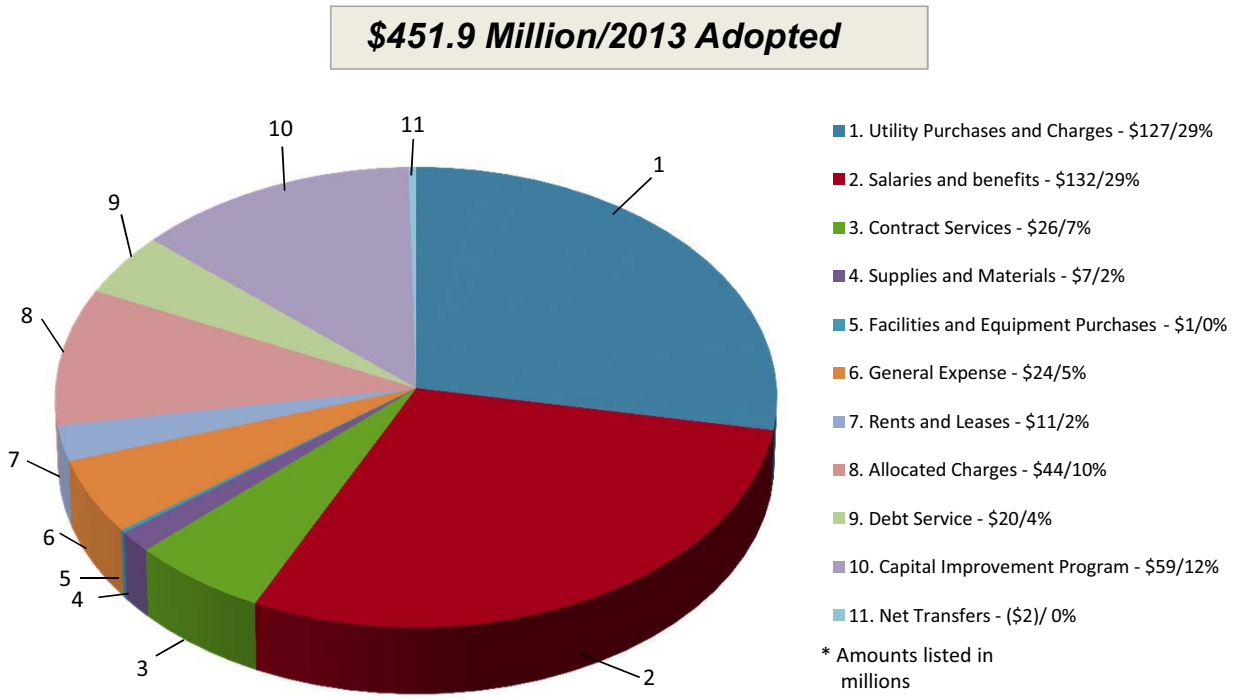
* allocation to/from other funds

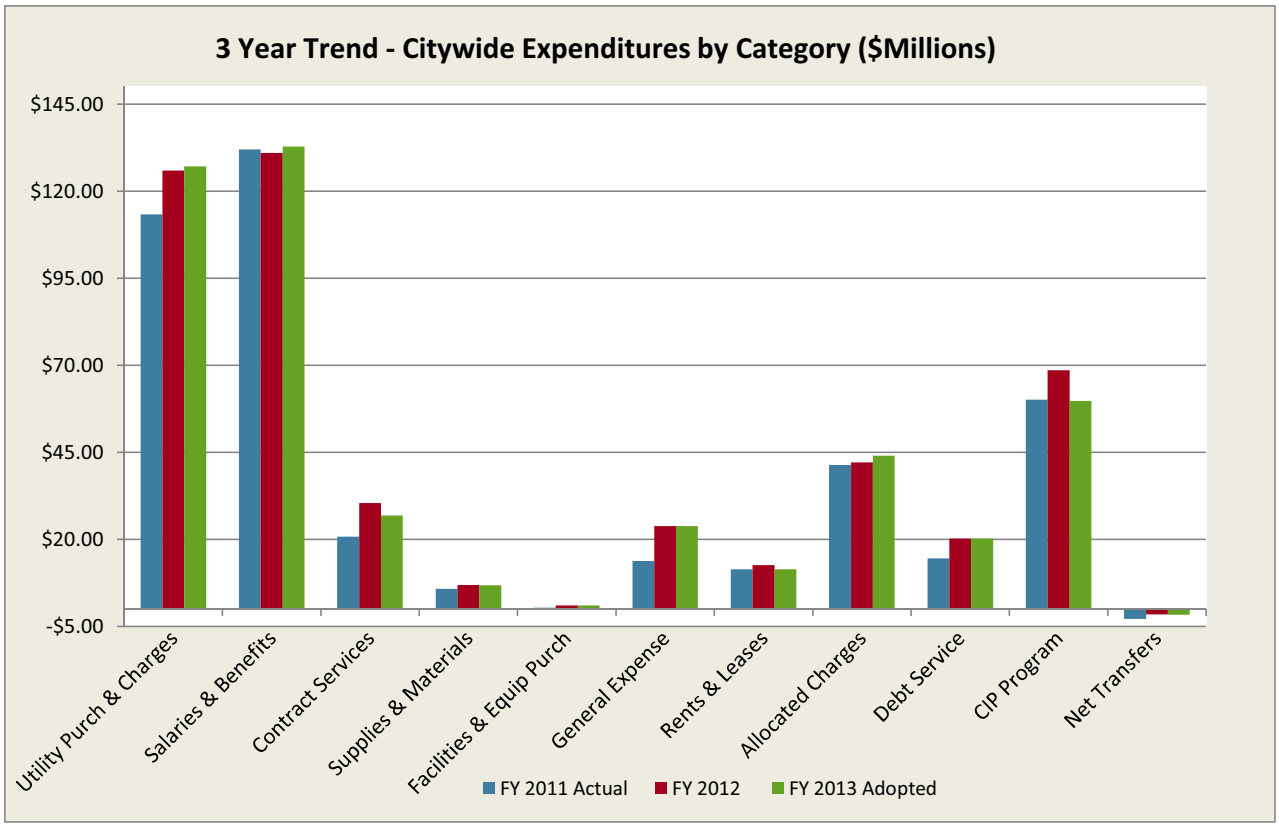
Citywide Revenues by Category



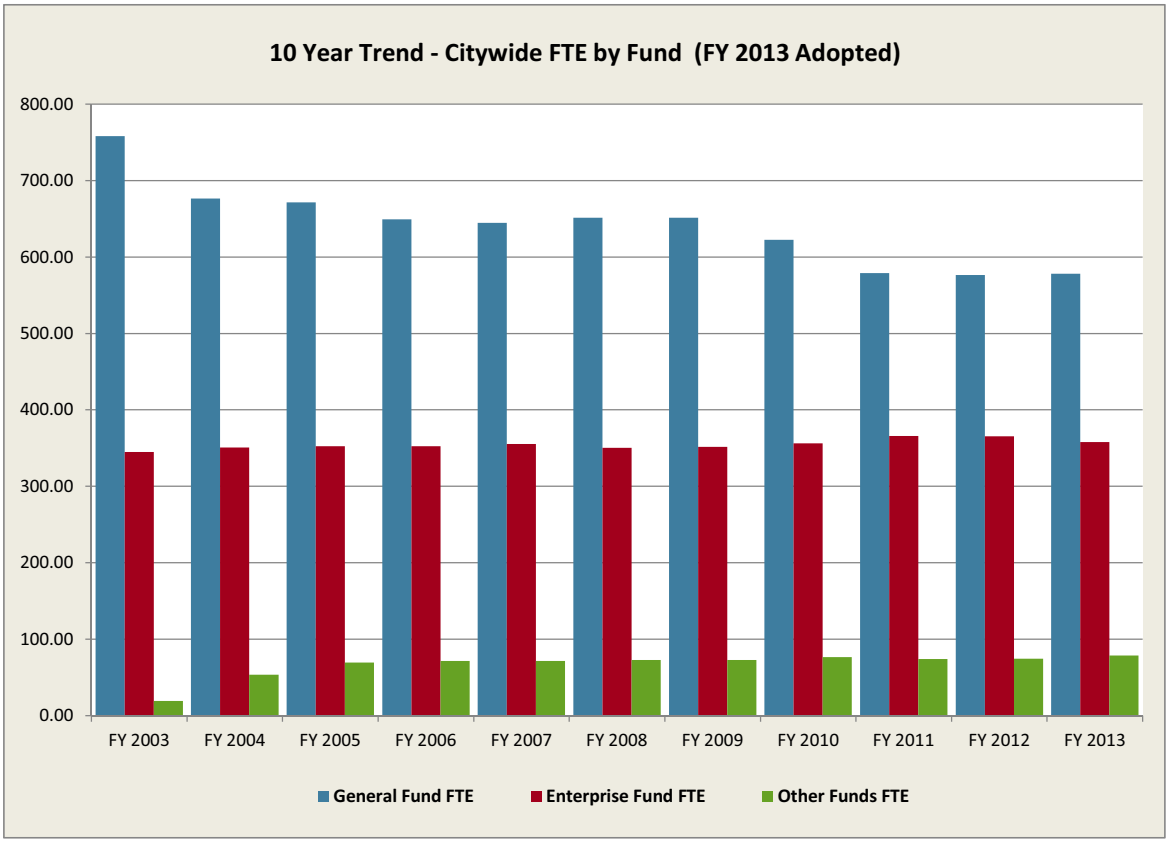


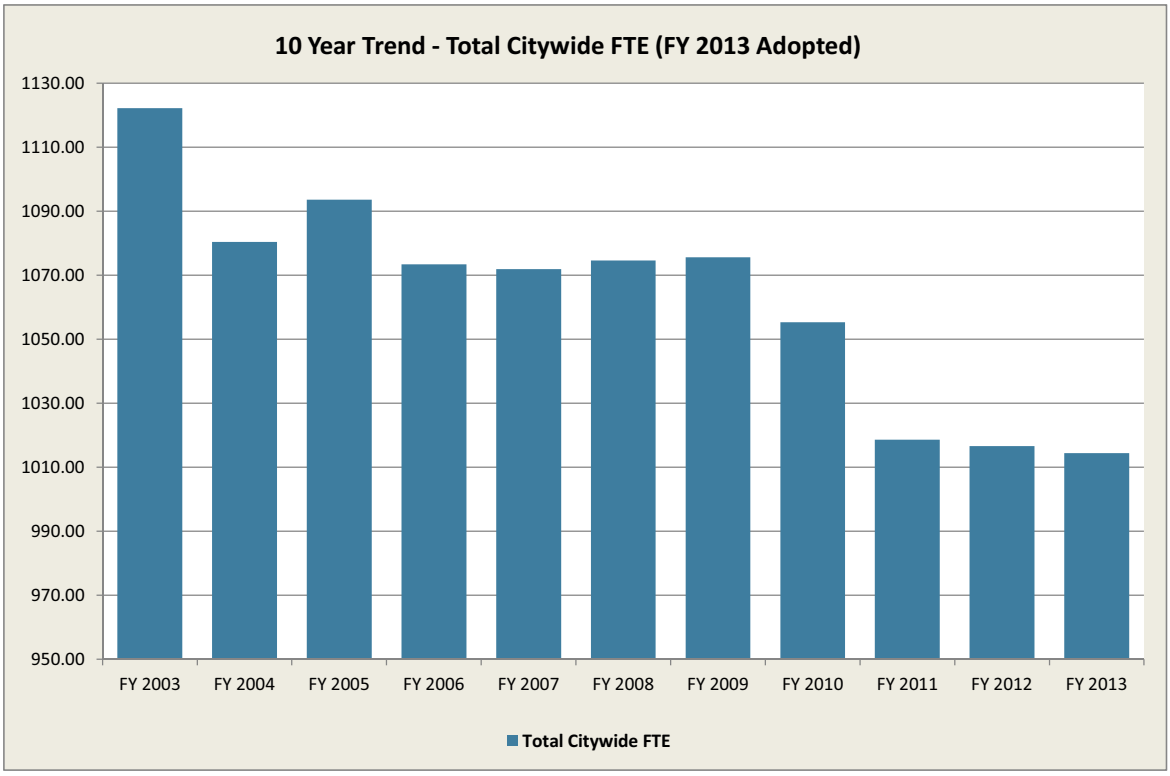
Citywide Expenses by Category





Citywide FTE Positions by Fund



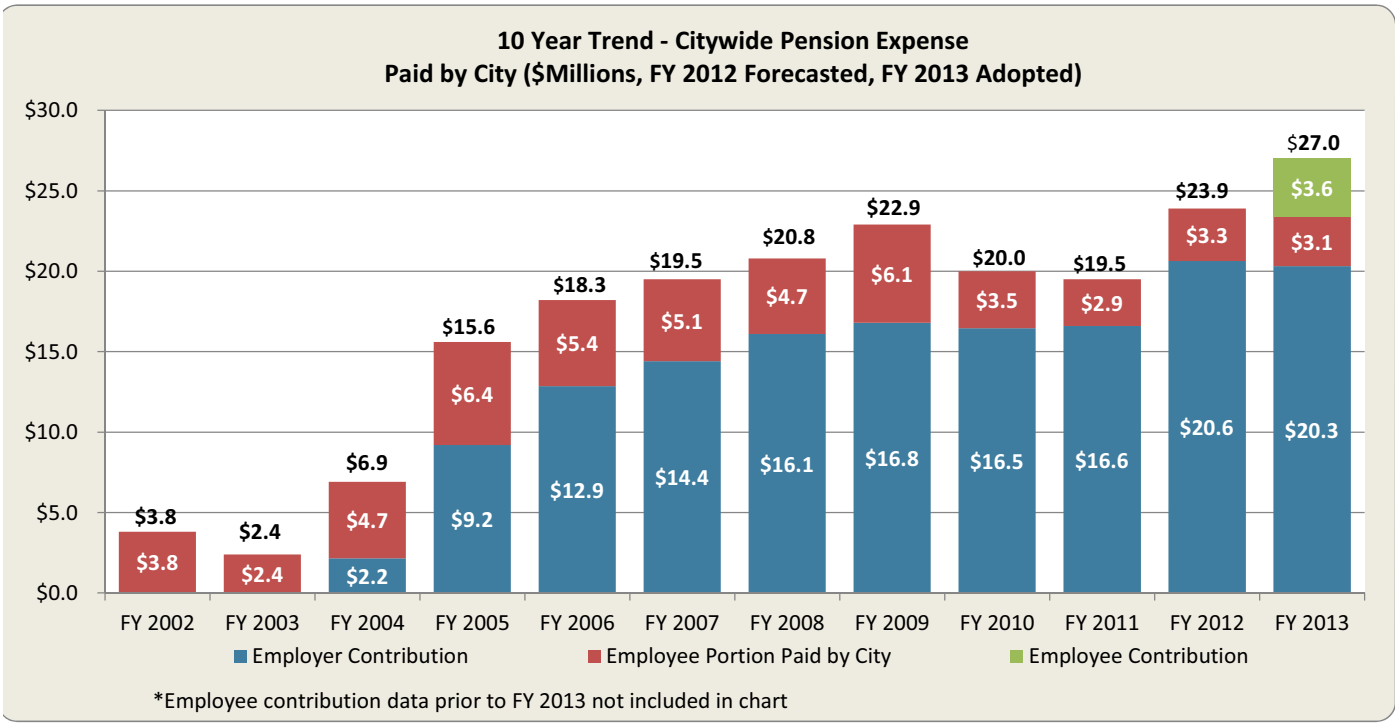


Citywide Average Salary and Benefits

CATEGORY	Mgmt/ Professional	Utilities Mgmt/ Professional	Fire Chief Association	Fire Fighters	Police Mgmt Association	PAPOA	SEIU
Full-Time Equivalent (FTE)	**201.35**	**42.00**	**4.00**	**106.00**	**7.00**	**82.00**	**577.00**
% of City	**20%**	**4%**	**0%**	**10%**	**1%**	**8%**	**57%**
Salary	$110,266	$120,331	$150,098	$93,569	$143,972*	$103,911	$69,232
In-Lieu Holiday	n/a	n/a	n/a	$5,124	n/a	$4,097	$3,792
Incentive Pay	n/a	n/a	n/a	$725	n/a	$3,256	$345
Overtime	n/a	n/a	n/a	$21,369	n/a	$8,958	$4,259
Management Leave	$4,241	$4,628	$5,773	n/a	$5,537	n/a	n/a
PERS Employer Misc 22.97%; Safety 30.05%	$25,328	$27,640	$45,104	$28,117	$43,264	$31,225	$15,903
PERS Employee Mgmt 6%; SEIU 2.25% PMA & PAPOA 9% FCA & IAFF 0%	$6,616	$7,220	$0	$0	$12,957	$9,352	$1,558
Medicare	$1,599	$1,745	$2,176	$1,357	$2,088	$1,507	$1,004
Medical	$11,770	$18,749	$16,328	$12,675	$10,595	$13,524	$13,285
Dental/Vision	$1,949	$1,935	$2,357	$2,068	$1,585	$1,921	$1,915
Retiree Medical Liability	$6,586	$6,586	$12,365	$12,365	$11,861	$11,861	$6,586
Workers' Comp	$1,501	$1,100	$0	$10,480	$0	$10,735	$1,797
LIFE/LTD/SUI/EAP	$439	$487	$494	$494	$494	$494	$494
Non-salary Benefits	$4,843	$4,843	$4,843	$843	$4,843	$1,843	$843
Average Salary & Benefits	**$175,138**	**$195,264**	**$239,538**	**$189,186**	**$237,196**	**$202,684**	**$121,013**

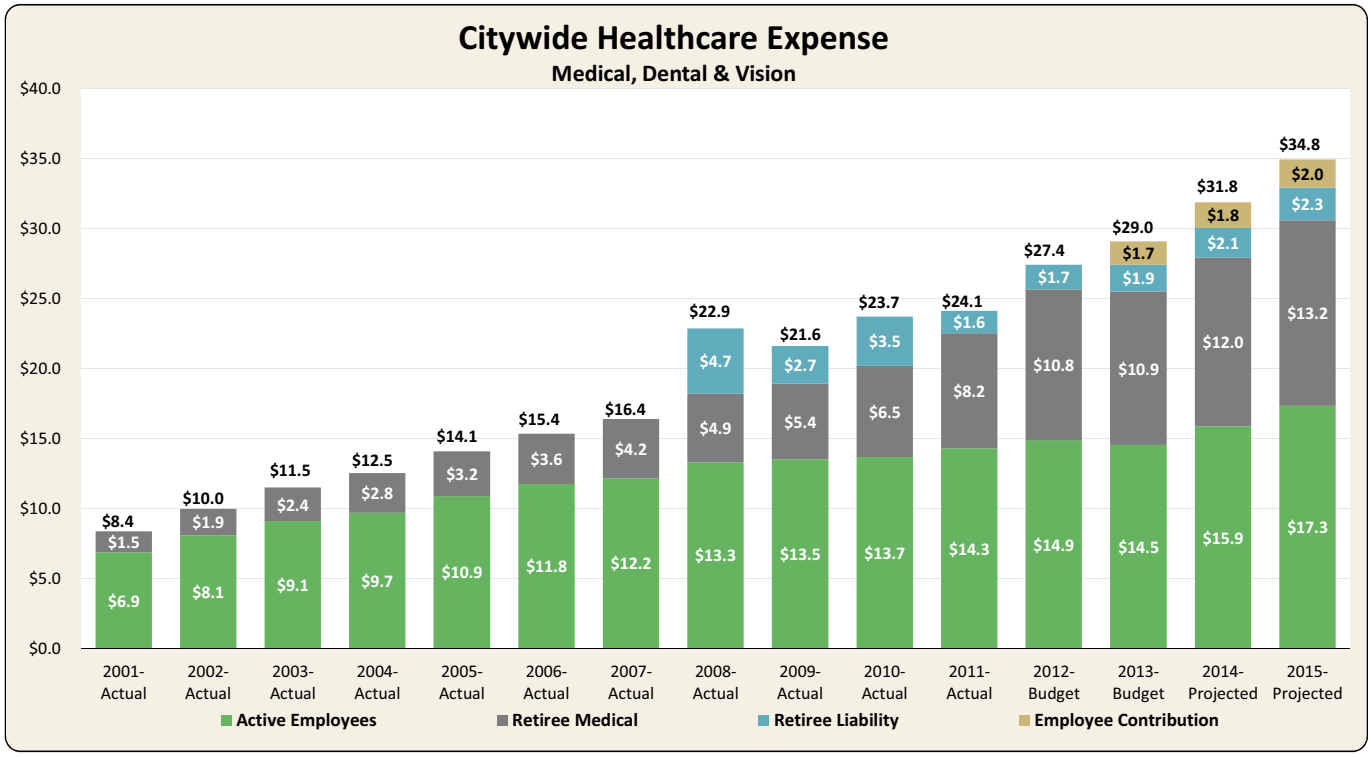
* Salary for the Police Management Association is based on average control point. This amount does not include the associated pay differential between managers and direct reports.

Citywide Pension Expense

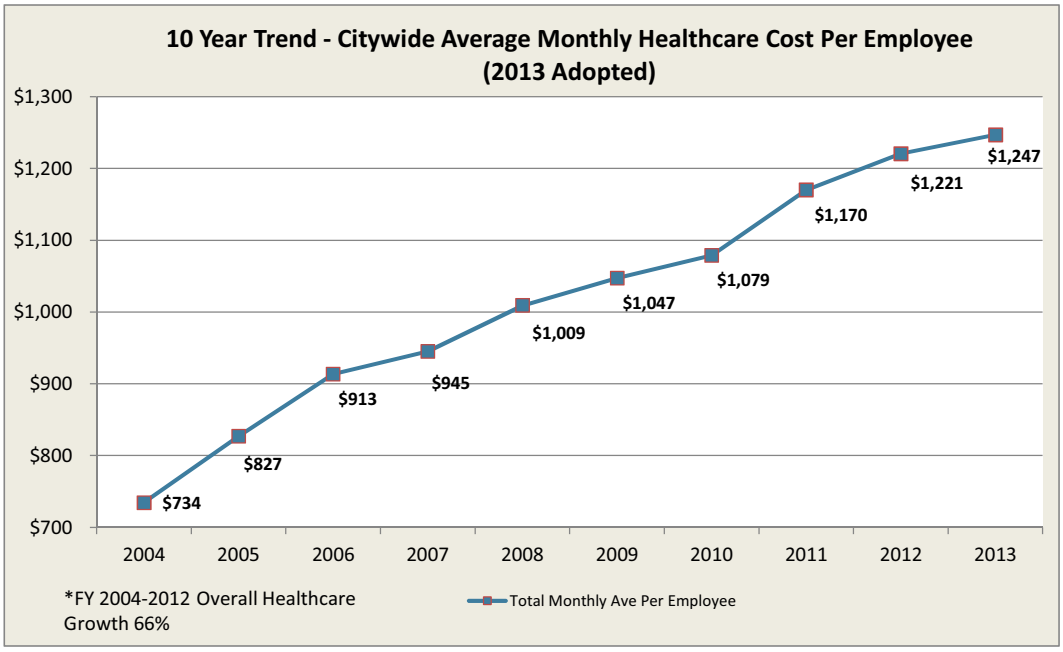


Fiscal Year	Employer Contribution	Employee Portion Paid by City	Total Pension Expense
2002			$3.8
2003			$2.4
2004	$2.2	$4.7	$6.9
2005	$9.2	$6.4	$15.6
2006	$12.9	$5.4	$18.2
2007	$14.4	$5.1	$19.5
2008	$16.1	$4.7	$20.8
2009	$16.8	$6.1	$22.9
2010	$16.5	$3.5	$20.0
2011	$16.6	$2.9	$19.5
2012	$20.6	$3.3	$23.9
2013	$20.3	$3.1	$23.4

*Chart shows only City's cost


Citywide Healthcare Expense
Medical, Dental & Vision
$40.0
$35.0
$30.0
$25.0
$20.0
$15.0
$10.0
$5.0
$0.0
$8.4
$1.5
$6.9
$10.0
$1.9
$8.1
$11.5
$2.4
$9.1
$12.5
$2.8
$9.7
$14.1
$3.2
$10.9
$15.4
$3.6
$11.8
$16.4
$4.2
$12.2
$22.9
$4.7
$4.9
$13.3
$21.6
$2.7
$5.4
$13.5
$23.7
$3.5
$6.5
$13.7
$24.1
$1.6
$8.2
$14.3
$27.4
$1.7
$10.8
$14.9
$29.0
$1.7
$1.9
$10.9
$14.5
$31.8
$1.8
$2.1
$12.0
$15.9
$34.8
$2.0
$2.3
$13.2
$17.3
2001-Actual
2002-Actual
2003-Actual
2004-Actual
2005-Actual
2006-Actual
2007-Actual
2008-Actual
2009-Actual
2010-Actual
2011-Actual
2012-Budget
2013-Budget
2014-Projected
2015-Projected
Active Employees
Retiree Medical
Retiree Liability
Employee Contribution

Citywide Healthcare Costs per Employee



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Dental	$124,585	$135,447	$142,873	$132,108	$133,782	$147,889	$140,660	$141,481	$152,056	$152,891
Vision	$12,155	$9,058	$12,736	$8,627	$10,782	$8,782	$10,854	$12,092	$11,890	$11,754
Medical	$666,304	$759,702	$824,844	$872,211	$939,784	$969,520	$987,225	$1,038,207	$1,077,049	$1,090,221
Total Mo./Emp	$734	$827	$913	$945	$1,009	$1,047	$1,079	$1,170	$1,221	$1,247

* FY 2004-2012 Overall Healthcare Growth 66%
* FY 2004-2011 based on actual costs
*FY 2012/2013 based on Adopted Budget

General Fund

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The City's "2012-2022 Long Range Financial Forecast" (LRFF) was presented to the Finance Committee (FC) in February 2012. An updated version of the LRFF was reviewed by Council in May 2012. The LRFF, with its ten-year revenue and expense forecast, is the foundation on which the budget is built. The forecast is based primarily on the following view: moderate economic growth, a stabilizing economy, tepid consumer spending, relatively high unemployment, and strong corporate profits. Our perspective is that General Fund revenues "bottomed out" in Fiscal Year 2011 and are beginning, albeit slowly, to rebound. The concern continues to be expenditures growing at a higher pace than revenues, mainly due to growing pension and healthcare expense.

In Fiscal Year 2013, $152.4 million total revenue is budgeted in the General Fund, a $5.9 million (4 percent) increase from Fiscal Year 2012 adopted budget. Compared to Fiscal Year 2012 adjusted budget (presented as part of LRFF), the Fiscal Year 2013 budget reflects a $1.4 million increase. The General Fund's top five tax revenue sources (property, sales, transient occupancy, utility users, and documentary transfer taxes) combined account for $75.3 million or 50 percent of total projected sources of funds in the Fiscal Year 2013 adopted budget.

Based on the recent remittance data, some revenue estimates have moved upward since the LRFF was originally published in February 2012. Updates to these estimates were included in both the LRFF update in May 2012 and the Fiscal Year 2013 budget. Specific revenue categories have been more aggressively budgeted for Fiscal Year 2013, including transient occupancy, documentary transfer, and sales taxes. Staff believes the incremental revenue target is achievable should the economy grow more robustly in Fiscal Year 2013 and if current, positive trends in these categories continue.

It should be noted, however, that exogenous events such as European debt problems, Middle East political and military turmoil affecting gasoline prices, and the vitality of key, foreign economies and trading partners can easily and adversely affect this more optimistic view.

The following sections discuss the City's major revenue sources and their projected levels for Fiscal Year 2013.

SALES TAX

Sales tax revenues are projected at $22.5 million in Fiscal Year 2013. Compared to the Fiscal Year 2012 adopted budget, it reflects an increase of $2.3 million or 11.4 percent. This level of revenue based on an optimistic scenario the strong sales performance generated in the calendar 2011 fourth quarter. The Fiscal Year 2013 target represents an 8.7 percent increase from Fiscal Year 2011

PROPERTY TAX

Unlike other jurisdictions in the Bay Area, Palo Alto property values have remained relatively stable. Fiscal Year 2013 property tax revenue is projected at $27.3 million which is $1.3 million or 4.8 percent above Fiscal Year 2012 adopted budget amount, and a 6.3 percent increase over Fiscal Year 2011 actuals. The forecast aligns with County growth expectations and assumes a steeper growth rate than the Palo Alto Unified School District, which, as of January 2012, forecasted a 2 percent annual growth for the next few years.

TRANSIENT OCCUPANCY TAX (TOT)

TOT is levied on short-term (30 days or less) room rental. With the opening of Hotel Keen in May 2010 and strong receipts from existing establishments, TOT rebounded in Fiscal Year 2011 after two years of decline with a 17.8 percent increase over 2010 actual receipts. Fiscal Year 2012 receipts for the first eight months are 24.8 percent higher than the same period in Fiscal Year 2011, and for Fiscal Year 2013 TOT revenues are projected to be $9.6 million. This projection is based on strong occupancy and room rate trends in Fiscal Year 2012. Two hotels (Hilton Garden and Palo Alto Bowl) have submitted plans while another two are expected to do so in the next six to nine months. Hilton Garden expects to open in 2014 with 170 rooms and potential additional TOT is estimated to be $1.0 to $1.2 million annually.

UTILITY USERS TAX (UUT)

The UUT is levied on electric, gas, and water consumption, as well as on telephone usage. For Fiscal Year 2013, revenue is projected to be $10.7 million, $0.1 million lower than the Fiscal Year 2012 adopted budget and the LRFF projections. The utility-generated portion of the Fiscal Year 2013 UUT is forecasted to come in 1 percent higher than those in Fiscal Year 2012 adopted, while the telephone-generated portion is projected 6.6 percent lower. Telephone-generated UUT revenues projected decrease is primarily due to carriers' unbundling of services, leaving a lower taxable portion of users' telephone bills.

DOCUMENTARY TRANSFER TAX

Fiscal Year 2013 revenues are projected at $5.1 million - $0.1 million or 1.7 percent below Fiscal Year 2011 revenues. This revenue source is challenging to forecast since it is highly dependent on sales volume and the mix of commercial and residential sales. For example, in Fiscal Year 2011, 17 large transactions just 2 percent of all transactions accounted for two-thirds of the $1.5 million year-over-year increase. The forecast for Fiscal Year 2013 is based on recent revenue trends and the real estate market outlook.

OTHER TAXES AND FINES

Fiscal Year 2013 projected revenues are $2.1 million, $0.3 million lower than the Fiscal Year 2012 adopted budget. Approximately two-third of this category is comprised of parking violation revenue. It is assumed that continued gaps in staffing levels, due to disability and workers' compensation leave, will make it difficult to bring parking violation revenue back to 2008 levels. Experience over the past five fiscal years has shown this to be a volatile revenue stream with year-to-year changes ranging from an 8 percent increase in Fiscal Year 2007 to a 17 percent decrease in Fiscal Year 2010. For the Fiscal Year 2013 adopted budget, staff is projecting $1.5 million in parking violations fines - the same amount as in the LRFF and Fiscal Year 2012 adopted budget.

Another portion of this category is the Vehicle-in-Lieu Fee (VLF). This revenue source, $0.2 million, is decreased due to passage of Senate Bill 89 which eliminates the allocation of VLF to cities and counties. According to the League of California Cities, cities should expect zero VLF revenue in subsequent years unless there is a change in the law. Other fines and penalties account for the remaining $0.1 million lower projections in this category for Fiscal Year 2013.

CHARGES FOR SERVICES

This revenue category is mainly comprised of external reimbursements and fee-based payments for services provided by General Fund departments. These include Stanford University's payment for fire protection services ($8 million), paramedic fees ($2.3 million), recreation and golf program fees ($5.9 million) and development related fees ($5.4 million). As compared to the Fiscal Year 2012 adopted budget, this category is projected to increase by $1.8 million. Major increases are anticipated from the projected increase in activity at the Development Center.

PERMITS AND LICENSES

Increased revenue in this category reflects a stabilizing and gradually improving economy. Strengthened by higher confidence in the local real estate market, the Fiscal Year 2013 Permits and Licenses revenue is $6.6 million, a $0.8 million increase compared to the Fiscal Year 2012 adopted budget. The bulk of the revenue increase is due to fees generated at the Development Center for private development and construction activity.

RETURN ON INVESTMENT

The Federal Open Market Committee (FOMC) continues to maintain its loose monetary policy to boost the economy. With interest rates at "rock bottom" levels, investment income remains flat at $1.0 million as projected in the LRFF for Fiscal Year 2013. Higher yielding maturing investments continue to be re-invested in a historically low interest rate environment.

RENTAL INCOME

The largest components of rental income are the City's Enterprise Funds and the Cubberley Community Center. The rent from the Enterprise Funds will decline $2.5 million in Fiscal Year 2013 mainly due the closure of landfill site ($2.2 million), the Middlefield Well Site ($0.2 million), and the former Los Altos Treatment Plant (LATP) site ($0.1 million). Non-utility rental income is going up $0.5 million resulting from a combination of CPI increases and adjustments based on recent receipts. Another offset is a reclass of $0.7 million from allocated charges to rental income budget. This is related to interest due from the Refuse Fund on the deferred landfill rent payments in prior fiscal years that was budgeted as allocated charges in Fiscal Year 2012 adopted budget. Staff believes that the rental income is the proper category to budget and report this item.

CHARGES TO OTHER FUNDS

This revenue category is the reimbursement received by the General Fund for the provision of administrative and other services to Enterprise and Internal Service Funds. The General Fund charges these funds for legal, human resources, finance, and general administration services. Total administrative cost plan charges increased $1.1 million in Fiscal Year 2013 due to increase in departmental expenditure such as City contribution to retiree health and other employee benefit programs. They were offset by $0.7 million lower reimbursements mainly due to budgeting of interest on the deferred landfill rent from allocated charges to rental income in Fiscal Year 2013 as discussed above.

OTHER REVENUES

This revenue category is mainly comprised of Animal Services revenue from neighboring cities; the Palo Alto Unified School District's (PAUSD) share of maintenance for athletic fields; and other one-time revenue sources such as grants.

OPERATING TRANSFERS-IN

The largest component of this revenue category is the $17.7 million equity transfer from the enterprise funds. The equity transfer represents the return on the initial investment the City made when the Utility Department was created more than 100 years ago. The transfer from Electric and Gas Funds for Fiscal Year 2013 represents a $0.1 million increase from Fiscal Year 2012. Overall transfers in for Fiscal Year 2013 are $0.6 million lower due mainly to one-time transfer in Fiscal Year 2012 from the Vehicle Replacement and Maintenance Fund.

EXPENSES

Staff is proposing a $153 million expense budget for the General Fund in Fiscal Year 2013, an increase of approximately $6.4 million, or 4.4 percent, compared to the Fiscal Year 2012 adopted budget. Details of major expenditure categories are discussed below.

SALARY AND BENEFITS

The Fiscal Year adopted budget does not assume City employee salary increases or additional pension contributions. The City successfully completed negotiations with the International Fire Fighters' Association (IAFF) which resulted in a 9 percent salary decrease; full payment by the employees of the 9 percent PERS member contribution; a lower, second tier for new employees; employee medical cost contributions; and elimination of tuition reimbursement. The new agreement with IAFF results in significant expense savings and cost avoidances for the City, totaling $1.57 million in Fiscal Year 2013.

In Spring, 2012 a new agreement was reached with the City's Fire Chiefs' Association (FCA). Included in the agreement was the elimination of the group's variable management compensation (VMC) program, increased member pension contributions, a second tier pension plan, and employee medical cost contributions. In Fiscal Year 2013, the savings from this new agreement is $85 thousand. Agreements with the Palo Alto Peace Officers Association (PAPOA) and Service Employees International Union (SEIU) expire June 30, 2011. The Fiscal Year 2013 budget includes an assumed $1.5 million in salary and benefit savings from PAPOA. Subsequent to the proposed budget going to print, the City has reached an agreement with PAPOA which contains $1.4 million in annualized total compensation savings (refer to staff report #2848 for more information).

The General Fund's budgeted employee benefit cost increases $2.6 million. This increase is driven by rising retiree healthcare cost. Compared to the Fiscal Year 2012 adopted budget, retiree healthcare cost is increased by $1.9 million, or 26 percent.

Net pension and healthcare costs in the General Fund increase $1.1 million, or 4.8 percent. The Fiscal Year pension rates are discussed in the General Benefits Fund section of this budget. Included in this net change is savings attributed to the position elimination and freezes in the General Fund.

ELIMINATED, REDUCED, OR FROZEN POSITIONS

Compared to the Fiscal Year 2012 adopted budget, the net full-time equivalent (FTE) reduction in the General Fund is 1.66 FTE. Additional FTEs were added during the Fiscal Year 2012 midyear, totaling 8.12 FTE. The Fiscal Year 2013 budget includes the addition of 4.25 FTE, the reduction/elimination of 11.5 FTE, and the reallocation of 0.79 FTE. Below are lists of reduced or eliminated positions and position freezes. In comparison to the Fiscal Year 2012 adjusted budget, the General Fund FTE decreased 6.46 FTE.

Reduced or Eliminated - 11.5 FTE

- CSD - Producer Arts/Science - 0.25 FTE
- CSD - Program Assistant I - 0.25 FTE
- FIR- Fire Captain - 5.0 FTE
- FIR- Fire Fighter - 4.0 FTE
- PCE - Senior Planner - 1.0 FTE
- PCE - Administrative Associate I - 1.0 FTE

Frozen Positions - 14.0 FTE

- FIR - Program Assistant - 1.0 FTE
- LIB - Assistant Director, Library Services - 1.0 FTE
- LIB - Library Services Manager - 1.0 FTE
- LIB - Librarian - 2.0 FTE
- LIB - Library Assistant - 1.0 FTE
- PCE- Plans Check Engineer - 1.0 FTE
- POL - Police Sergeant - 1.0 FTE
- POL - Police Agent - 2.0 FTE
- POL - Police Officer - 3.0 FTE
- POL - Police Captain - 1.0 FTE

For additional detail, please refer to the Position Allocation by Department section of this document.

NON-DEPARTMENTAL EXPENSES

Non-departmental appropriations include expenses that are not directly related to the operation of a particular department, such as payments to the Palo Alto Unified School District (PAUSD) as part of the lease and covenant not to develop the Cubberley Community Center. The Fiscal Year 2013 payment for this lease, which expires at the end of 2014, is approximately $7.1 million.

Non-departmental expenditures also reflect anticipated attrition salary savings of $1.3 million, an increase of $0.3 million compared to the Fiscal Year 2012 adopted budget. An assumed $1.5 million savings from PAPOA is included in this budget. The City has reached a new agreement with PAPOA which includes $1.4 million in total compensation savings.

CONTINGENCY ACCOUNTS

Contingency accounts are budgeted appropriations that are used at the discretion of the City Council, City Manager, City Attorney or Chief People Person to fund unanticipated expenses. The Fiscal Year 2013 adopted budget includes $0.950 million in these accounts, an increase of $0.325 million over Fiscal Year 2012 adopted budget. In Fiscal Year 2013, two new contingency accounts are established for the Human Resource Department, $50 thousand, and citywide special events, $50 thousand.

OPERATING TRANSFERS OUT

Funds are transferred to the Capital Projects, Debt Service, and Technology Internal Service Funds on an annual basis. In Fiscal Year 2013, $14.8 million is projected to be transferred to these funds. This represents a $2.9 million, or 25 percent, increase compared to the Fiscal Year 2012 adopted budget. Of this total increase, $2.2 million is for planned growth in the General Fund's contribution for General Fund infrastructure needs. The transfer to the Debt Service Fund is $0.7 million, a $0.2 million decrease compared to the Fiscal Year 2012 adopted budget. Remaining amounts are related to a $0.3 million loan to the Airport Enterprise Fund as seed money to its operations, and $0.6 million transfer to Technology Internal Service Fund to fund general fund related capital projects.

RESERVES

The City's general reserve is referred to as the "Budget Stabilization Reserve" or BSR. By policy, the City maintains a reserve level of 15-20 percent of the General Fund operating budget, with a targeted goal of 18.5 percent. City Council approval is required prior to setting reserves lower than 15 percent. The City Manager is authorized, at his/ her discretion, to transfer any amount in excess of 18.5 percent to the Capital Projects Infrastructure Reserve. The Fiscal Year 2013 Adopted Budget is projected to have a $27.4 million BSR balance, or 17.9 percent of Fiscal Year 2013 adopted expense budget.

LONG RANGE FINANCIAL FORECAST

The Long Range Financial Forecast (LRFF) plays a critical role in the development of the Adopted Budget. The 2012 - 2022 LRFF was presented to Finance Committee in February 2012 and an updated LRFF was presented to Council in May 2012. LRFF reflects the impact that the moderate economic recovery, substantial increases in employee pension and healthcare costs, and other factors have on the City's budget.

General Fund Summary

FUND SUMMARY ($000)	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Sales Tax	20,089	17,991	20,746	20,246	22,545	2,299
Property Tax	25,445	25,982	25,688	26,052	27,306	1,254
Transient Occupancy Tax	7,111	6,858	8,082	8,204	9,591	1,387
Documentary Transfer Tax	3,092	3,707	5,167	4,269	5,078	809
Utility Users Tax	11,030	11,296	10,851	10,859	10,731	(128)
Other Taxes and Fines	2,095	1,634	1,547	2,330	2,058	(272)
Charges for Services	19,451	19,513	22,010	21,841	23,682	1,841
Permits and Licenses	4,627	4,799	5,437	5,778	6,614	836
Return on Investment	3,360	2,624	535	1,318	959	(359)
Rental Income	13,646	14,397	14,264	13,914	12,640	(1,274)
From other agencies	158	333	297	155	157	2
Charges to Other Funds	11,179	11,017	11,234	10,505	10,874	369
Other Revenue	2,333	2,360	1,896	1,428	1,187	(240)
Total Revenues	**$123,617**	**$122,513**	**$127,755**	**$126,899**	**$133,423**	**$6,524**
Operating Transfers-In	17,614	22,011	17,932	19,606	18,995	(611)
Total Source of Funds	**$141,231**	**$144,524**	**$145,687**	**$146,504**	**$152,418**	**$5,913**

General Fund Summary

FUND SUMMARY ($000)	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Expenses						
City Attorney	2,474	2,583	2,338	2,355	2,436	80
City Auditor	817	958	946	1,006	965	(41)
City Clerk	1,150	1,455	1,246	1,479	1,558	79
City Council	279	287	183	319	465	146
City Manager	1,948	2,282	2,299	2,512	2,578	67
Administrative Services	6,994	7,873	6,267	6,514	7,156	641
Community Services	21,149	20,490	20,066	20,711	21,893	1,181
Public Safety	51,642	56,573	59,676	61,698	59,914	(1,783)
Human Resources	2,700	2,707	2,572	2,919	2,982	63
Library	6,224	6,388	6,509	6,944	6,996	52
Planning and Community Environment	9,889	9,350	9,556	10,021	11,111	1,090
Public Works	12,894	12,529	13,112	13,007	13,947	939
Non-Departmental	279	2,101	1,150	(2,022)	(1,108)	915
Cubberley Lease	6,556	6,644	6,780	7,061	7,133	72
Total Expenses	**$124,994**	**$132,219**	**$132,700**	**$134,523**	**$138,026**	**$3,503**
Operating Transfers Out	1,166	4,737	1,142	860	1,604	745
Transfer to Infrastructure	14,648	9,900	9,857	10,978	13,178	2,200
Total Use of Funds	**$140,808**	**$146,857**	**$143,699**	**$146,360**	**$152,807**	**$6,447**
Budget Stabilization Reserve Draw	**$0**	**$0**	**$0**	**$0**	**$390**	**$0**
Net Surplus (Deficit)	**$423**	**$(2,333)**	**$1,988**	**$144**	**$0**	**$(144)**

The Non-Departmental budget includes anticipated savings built into the Fiscal Year 2012 and 2013 budget, such as attrition savings and public safety concessions. Also included is rent expense for the University Avenue train depot, property tax paid by the City, and contingency accounts. Refer to the Non-Departmental budget section of this document for more detail.

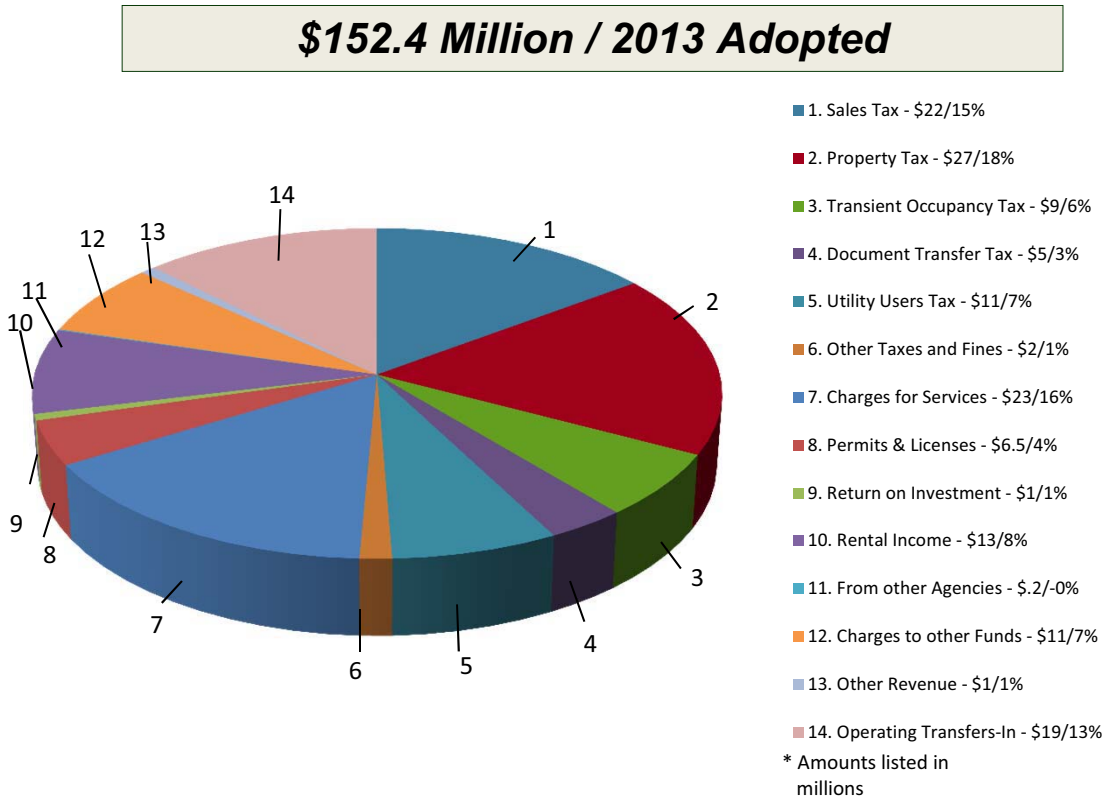
	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Salaries and Benefits	91,581	93,980	94,192	92,070	94,285	2,215
Contract Services	10,039	9,116	9,740	11,197	10,733	(463)
Supplies and Materials	3,013	2,875	2,830	3,206	3,220	14
General Expense	9,067	9,343	9,303	10,998	11,152	154
Rents and Leases	720	699	713	831	1,184	353
Facilities and Equipment Purchases	360	1,740	284	460	518	58
Allocated Charges	10,214	14,467	15,638	15,762	16,933	1,171
Operating Transfers Out	1,166	4,737	1,142	860	1,604	745
Transfer to Infrastructure	14,648	9,900	9,857	10,978	13,178	2,200
Total Expenditures	**$140,808**	**$146,857**	**$143,699**	**$146,360**	**$152,807**	**$6,447**

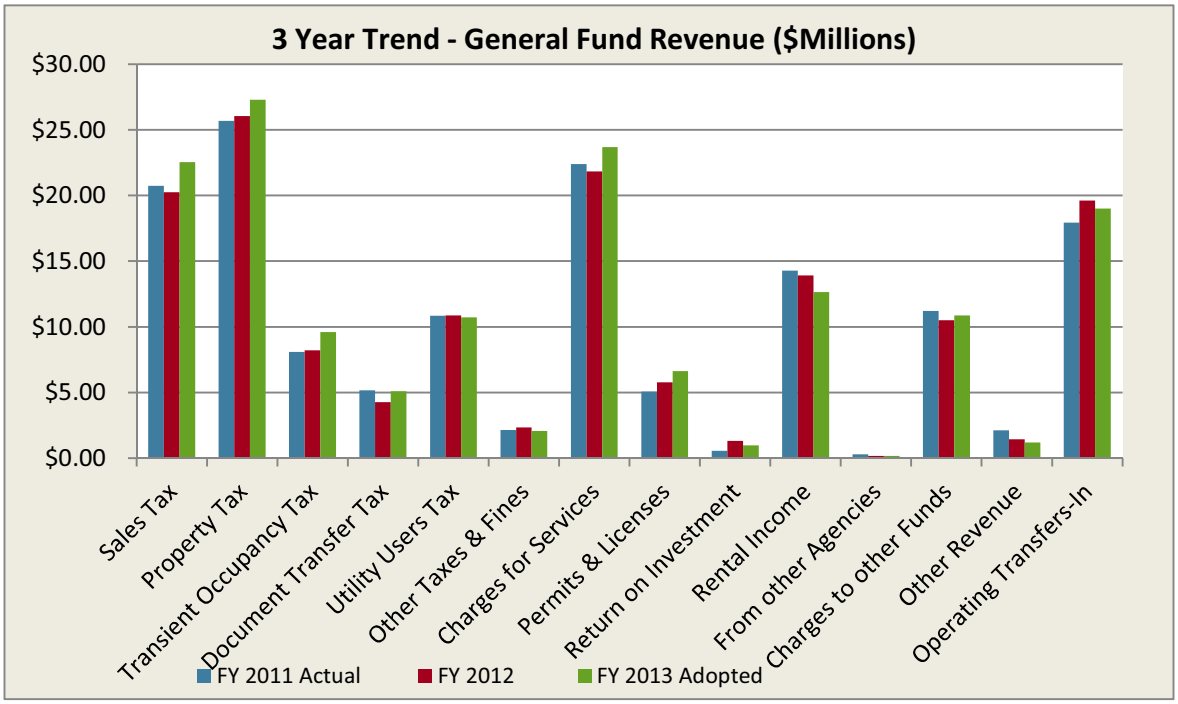
General Fund Reserves

RESERVES ($000)	FY 2011 Actuals	FY 2012 Adopted Changes	FY 2012 BAO's	Projected 06/30/2012	FY 2013 Adopted Changes	Projected 06/30/2013
Budget Stabilization Reserve (BSR) Activity:						
BSR	31,376	144	(3,750)	27,770	(390)	27,380
Other Reserve Activity:						
Encumbrance & Reappropriation	3,887			3,887		3,887
Inventory of Materials & Supplies	3,587			3,587		3,587
Notes Receivable, Prepaid Items, & Interfund Advances	2,498			2,498		2,498
Total Reserves	**$41,348**	**$144**	**$(3,750)**	**$37,742**	**$(390)**	**$37,352**

The BSR is projected to be 17.9% of Fiscal Year 2013 proposed expense budget.

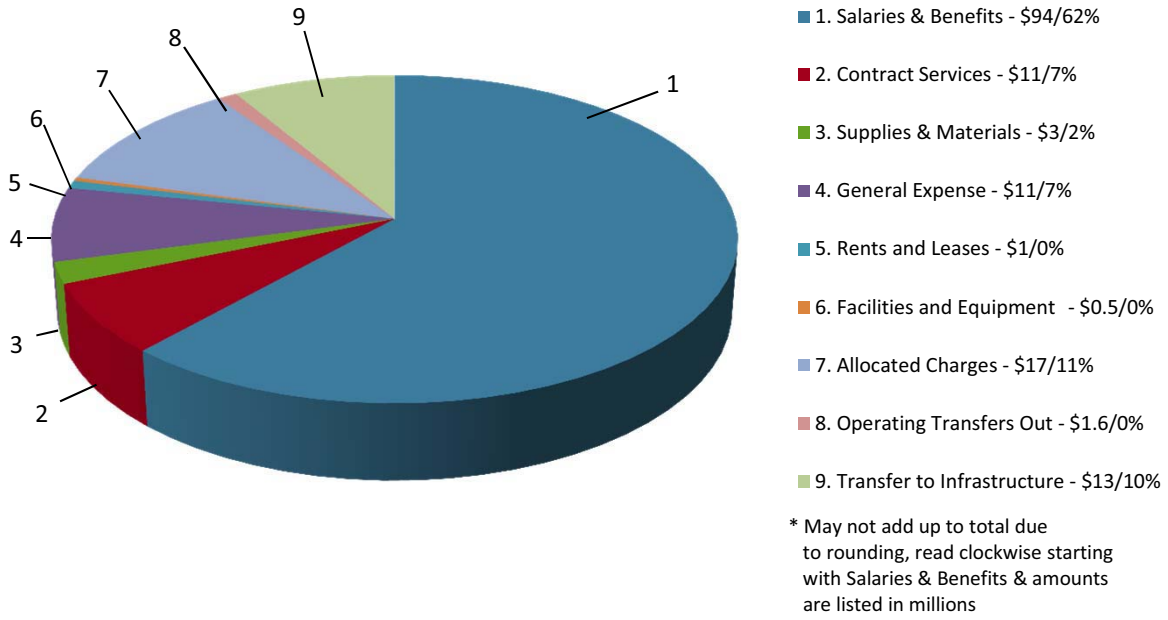
General Fund Revenues by Category

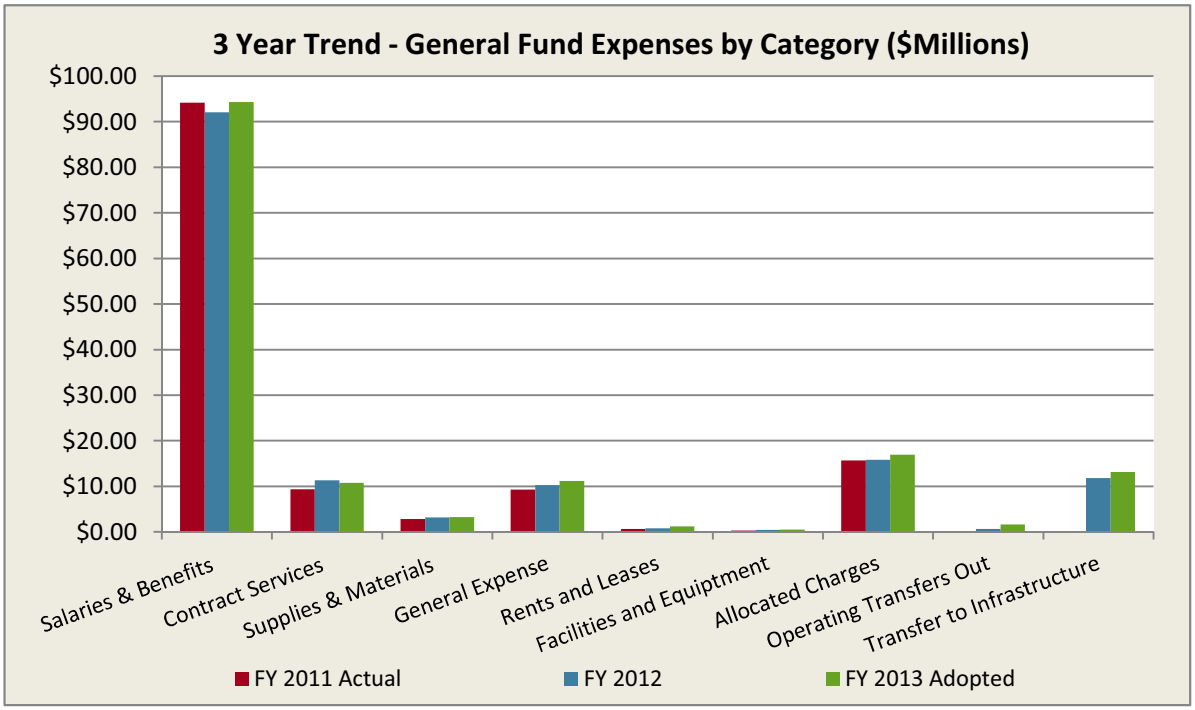




General Fund Expenses by Category

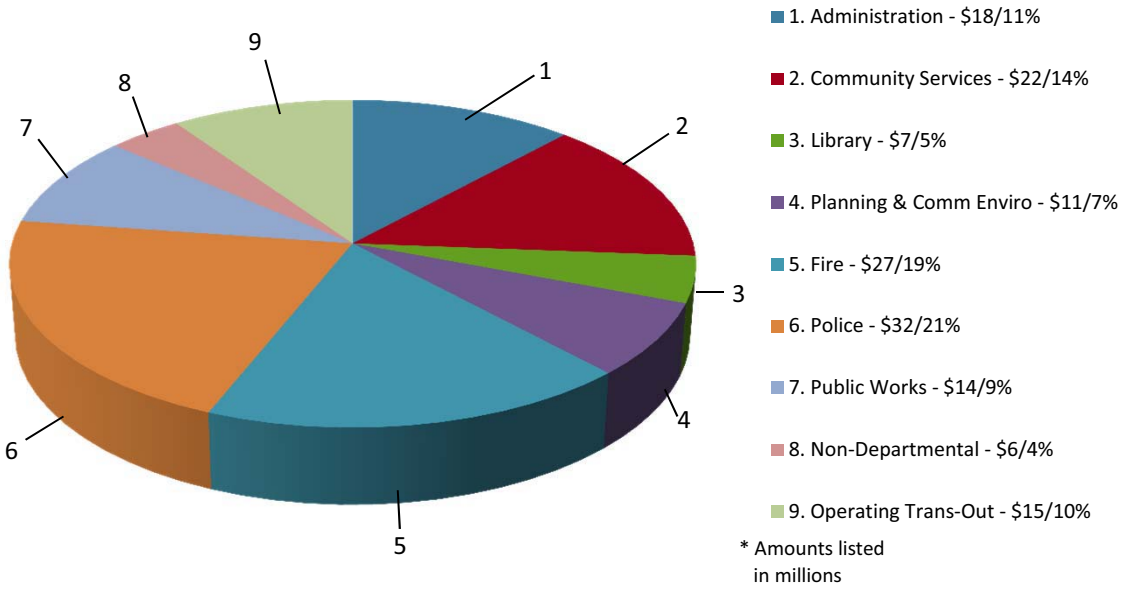
$152.8 Million / 2013 Adopted

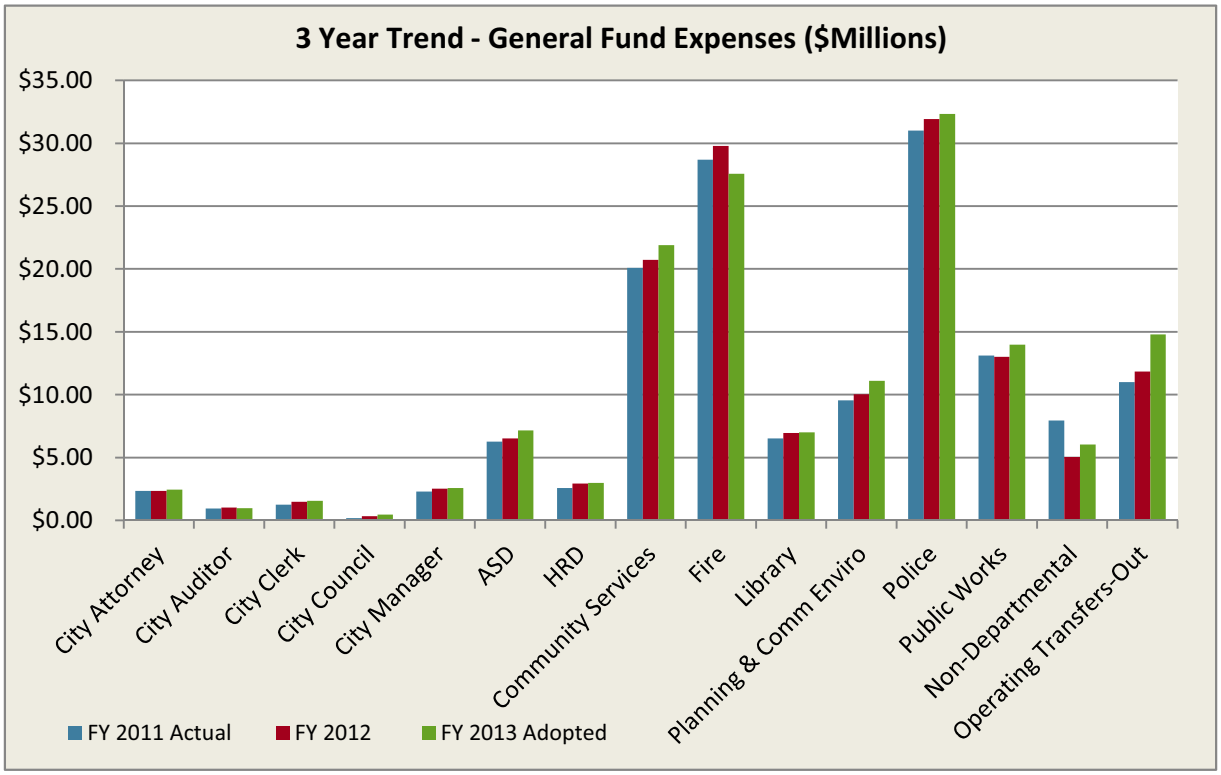




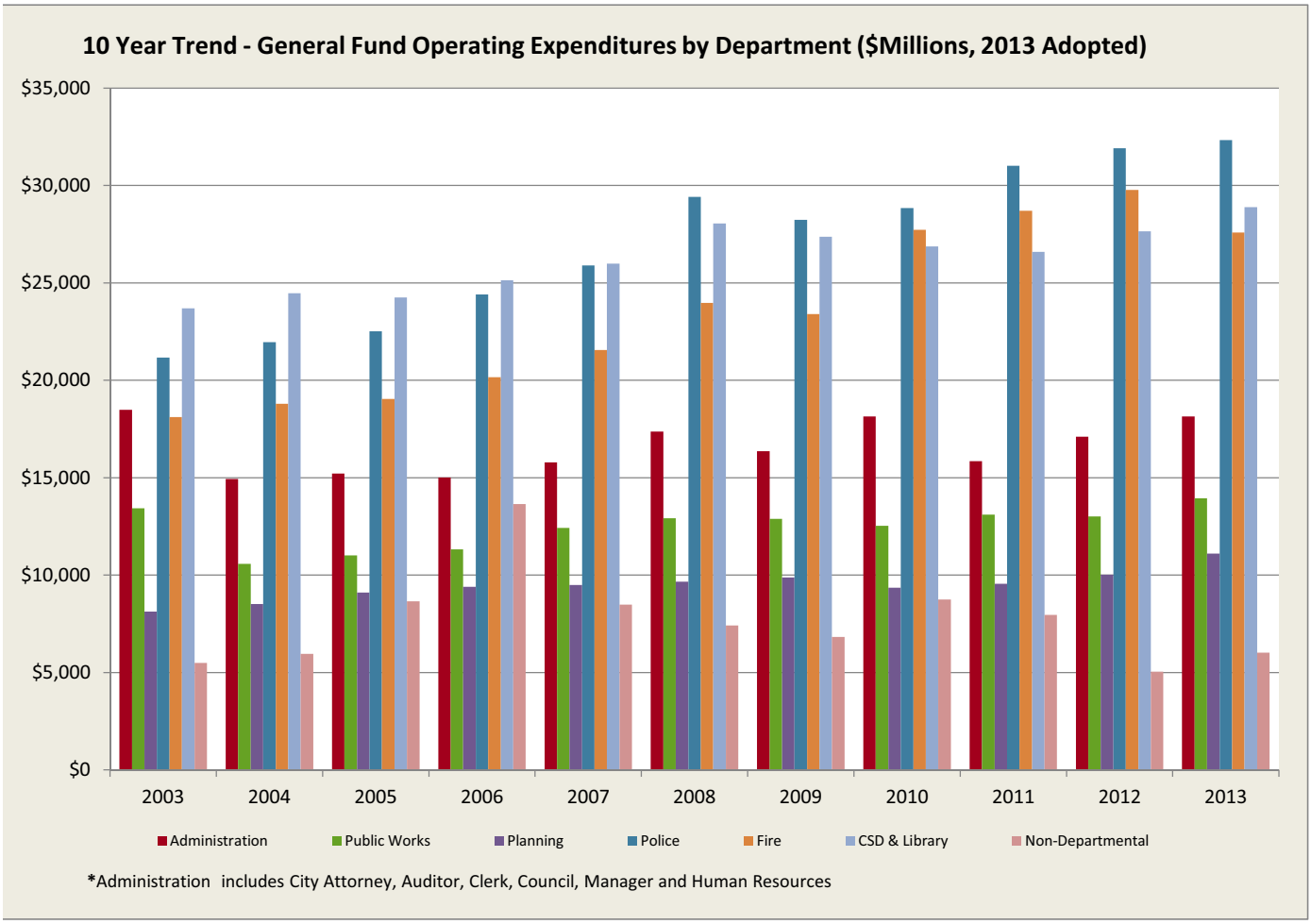
General Fund Expenses by Department

$152.8 Million / 2013 Adopted

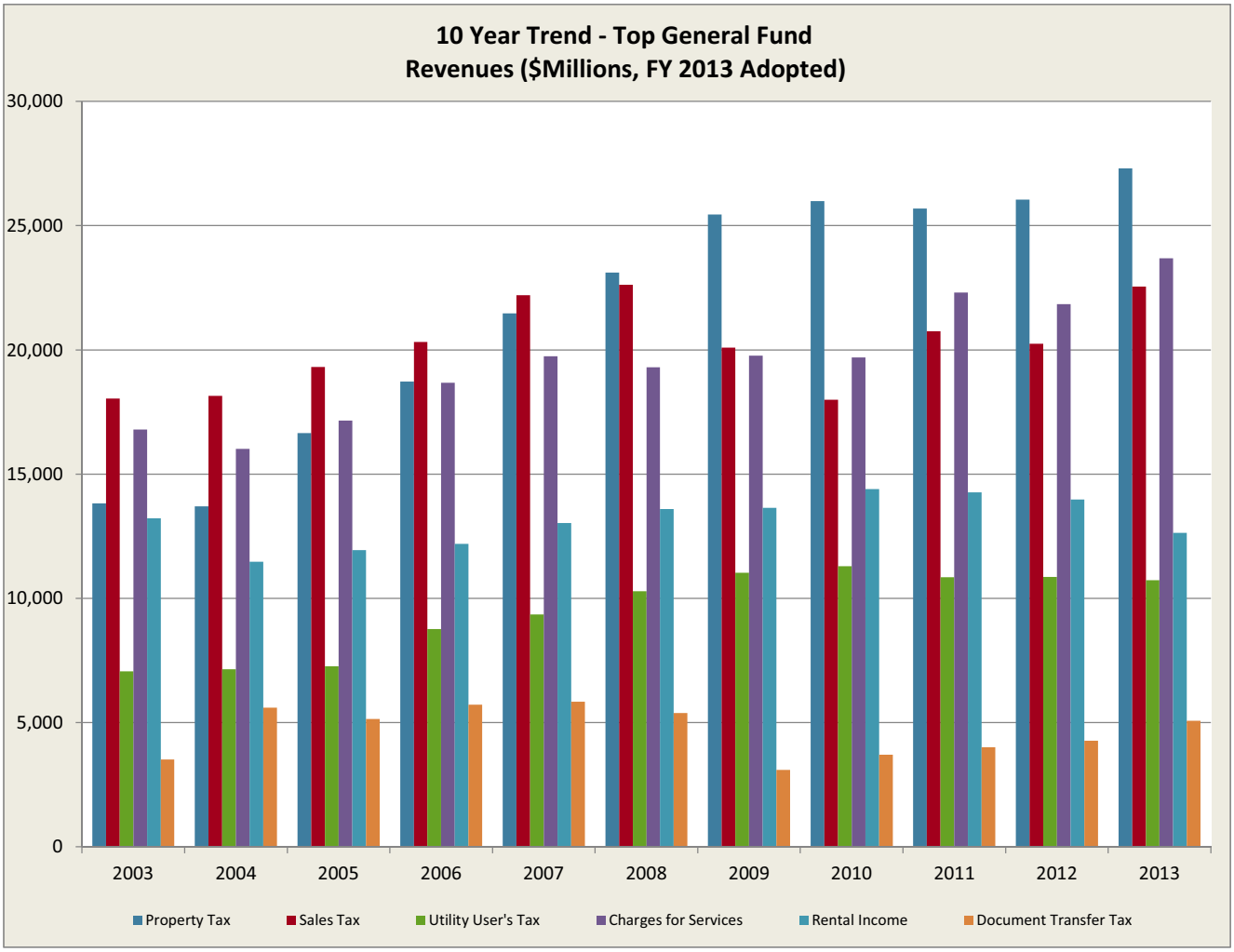




10-Year General Fund Expenses by Dept



Department	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administration	18,487	14,940	15,219	15,017	15,792	17,369	16,362	18,145	15,854	17,104	18,140
Public Works	13,439	10,574	11,021	11,321	12,433	12,923	12,894	12,529	13,112	13,007	13,947
Planning	8,133	8,516	9,105	9,397	9,492	9,658	9,889	9,350	9,555	10,021	11,111
Police	21,163	21,966	22,517	24,408	25,900	29,425	28,245	28,841	31,013	31,918	32,332
Fire	18,111	18,798	19,053	20,168	21,559	23,981	23,397	27,733	28,699	29,780	27,582
CSD & Library	23,697	24,471	24,253	25,143	25,989	28,055	27,373	26,878	26,590	27,655	28,889
Non-Departmental	5,494	5,957	8,662	13,653	8,494	7,417	6,835	8,745	7,955	5,038	6,025



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Property Tax	13,821	13,706	16,657	18,730	21,467	23,107	25,445	25,982	25,688	26,052	27,306
Sales Tax	18,041	18,151	19,308	20,316	22,195	22,622	20,089	17,991	20,746	20,246	22,545
Utility User's Tax	7,067	7,152	7,269	8,760	9,356	10,285	11,030	11,296	10,851	10,859	10,731
Charges for Services	16,798	16,018	17,159	18,672	19,746	19,294	19,769	19,695	22,311	21,841	23,682
Rental Income	13,229	11,472	11,943	12,198	13,032	13,592	13,646	14,398	14,264	13,982	12,640
Document Transfer Tax	3,513	5,598	5,144	5,726	5,837	5,382	3,092	3,707	4,002	4,269	5,078

General Fund Long Range Financial Forecast

($000)	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Revenues											
Sales Taxes	21,594	22,545	23,361	24,218	25,199	26,248	27,350	28,529	29,793	31,142	32,634
Property Taxes	25,989	27,006	27,949	28,938	30,006	31,161	32,435	33,827	35,325	36,933	38,624
Transient Occupancy Tax	8,674	9,591	9,909	10,299	10,711	11,150	11,615	12,105	12,626	13,171	13,782
Utility User Tax	10,666	10,731	11,099	11,473	11,855	12,176	12,459	12,745	13,034	13,319	13,601
Documentary Transfer Tax	4,769	5,078	5,330	5,600	5,886	6,188	6,508	6,850	7,213	7,599	8,014
Other Taxes, Fines & Penalties	2,156	2,037	2,057	2,078	2,099	2,120	2,141	2,162	2,184	2,206	2,228
Subtotal: Taxes	**$73,848**	**$76,988**	**$79,705**	**$82,606**	**$85,755**	**$89,042**	**$92,508**	**$96,219**	**$100,174**	**$104,369**	**$108,883**
Charges for Services	22,702	23,137	23,406	24,225	25,073	25,950	26,859	27,799	28,772	29,779	30,821
Permits and Licenses	6,406	6,555	6,244	6,003	5,762	5,532	5,302	5,567	5,845	6,138	6,444
Return on Investment	974	959	957	969	986	1,005	1,028	1,049	1,070	1,093	1,117
Rental Income	13,914	12,651	12,988	13,298	13,617	13,947	14,286	14,634	14,993	14,047	13,469
From other agencies	155	157	157	157	157	157	157	157	157	157	157
Charges to Other Funds	10,505	10,874	10,954	11,036	11,118	11,203	11,288	11,375	11,502	11,686	11,873
Other revenues	2,093	662	665	667	671	673	675	678	681	683	686
Total Revenues Before Transfers	**$130,597**	**$131,983**	**$135,075**	**$138,960**	**$143,140**	**$147,509**	**$152,103**	**$157,478**	**$163,194**	**$167,952**	**$173,451**
Operatting Transfers-In	19,606	18,995	19,812	19,869	20,626	21,218	21,827	22,454	23,100	23,766	24,450
TOTAL REVENUES	**$150,203**	**$150,978**	**$154,887**	**$158,830**	**$163,766**	**$168,727**	**$173,930**	**$179,931**	**$186,294**	**$191,718**	**$197,901**
Expenditures											
Salaries & Benefits	96,527	92,979	99,016	103,317	107,963	112,834	117,886	123,175	128,716	134,529	140,629
Contract Services	11,607	11,641	11,726	11,952	12,182	12,365	12,551	12,739	12,930	13,124	13,321
Supplies & Materials	3,761	3,104	3,158	3,381	3,412	3,444	3,476	3,508	3,541	3,574	3,608
General Expense	10,928	11,006	11,368	11,742	12,130	12,531	12,946	13,376	13,820	14,276	14,753
Rents and Leases	1,005	1,184	1,150	1,190	1,232	1,275	1,320	1,366	1,414	1,463	1,514
Facilities and Equipment	622	517	600	625	651	678	707	737	769	802	837
Allocated Charges	16,450	16,787	17,416	17,763	18,138	18,499	18,867	19,242	19,625	20,016	20,414
Total Expenditures Before Transfers	**$140,901**	**$137,218**	**$144,434**	**$149,970**	**$155,708**	**$161,626**	**$167,752**	**$174,142**	**$180,814**	**$187,784**	**$195,076**
Transfer to Other Funds											
Operating Transfers Out	2,109	1,604	660	666	665	666	666	668	236	233	-
Transfer to Infrastructure	10,978	13,178	13,534	13,988	14,488	15,018	15,583	16,186	16,828	17,513	18,244
TOTAL EXPENDITURES	**$153,988**	**$152,000**	**$158,628**	**$164,624**	**$170,861**	**$177,310**	**$184,001**	**$190,996**	**$197,878**	**$205,530**	**$213,320**
Net Surplus/(Gap)	**$(3,785)**	**$(1,022)**	**$(3,741)**	**$(5,794)**	**$(7,095)**	**$(8,583)**	**$(10,070)**	**$(11,065)**	**$(11,584)**	**$(13,812)**	**$(15,419)**
Add'l legal counsel	185										
Loan to Refuse Fund	1,250										
Development Center Blue Print Plan	4										
Midyear Decision Points											
Salary/FTE related - ongoing	(451)										
Revenue/Non-Salary related	485										
Proposed Midyear BSR Draw	2,312										
Subtotal	**$3,785**	**$-**	**$(3,741)**	**$(5,794)**	**$(7,095)**	**$(8,583)**	**$(10,070)**	**$(11,065)**	**$(11,584)**	**$(13,812)**	**$(15,419)**
GRAND NET SURPLUS (GAP)	**$(0)**	**$(1,022)**	**$(3,741)**	**$(5,794)**	**$(7,095)**	**$(8,583)**	**$(10,070)**	**$(11,065)**	**$(11,584)**	**$(13,812)**	**$(15,419)**

Enterprise Funds

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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, Storm Drainage, and Airport Funds. A financial summary of the funds follows this overview followed by discussion and pertinent information in each fund section.

REVENUES

The total combined budgeted revenues of the Enterprise Funds for FY 2013 is $292.7 million-- $14.9 million or 5.4 percent higher than the previous fiscal year. The net increase is primarily attributed to the net effect of all of the rate changes among the funds as discussed below.

EXPENDITURES

Aggregated budgeted expenditures of the Enterprise Funds are $300.5 million, when compared to $300.0 million in FY 2012, an increase of $0.5 million. Commodity costs for the Electric Fund are increasing by $3.1 million when compared to the prior year. However, gas commodity costs are decreasing by $3.1 million compared to the prior year. Water purchases from San Francisco Public Utilities Commission (SFPUC) are increasing by $0.2 million due to infrastructure upgrades. Contract services are decreasing by $3.0 million primarily due to an expenditure last year to perform a citywide sewer lateral inspection. Salaries and benefits are decreasing by $0.4 million primarily due to the closure of the Palo Alto landfill.

"Operating transfers out" increased by $1.8 million when compared to the prior year. The variance is primarily due to a transfer from the Water Fund to the Capital Projects Fund for CIP PG-13002 El Camino Playing Fields and Amenities.

Allocated charges increased by $0.8 million when compared to FY 2012. This net increase is primarily due to an increase in General Fund costs shared by the Enterprise Funds.

UTILITY RATE CHANGES

This FY 2013 Adopted Budget includes a number of utility rate adjustments. The average monthly residential Utilities bill is expected to decrease by $4.20 or 1.8 percent for combined utility services, including the Utility Users Taxes during FY 2013.

The size and timing of rate adjustments takes 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 - No rate increases
- Gas Fund - A rate decrease of 10 percent effective July 1, 2012
- Water Fund - A rate increase of 15 percent effective July 1, 2012
- Wastewater Collection Fund - A rate increase of 5 percent effective July 1, 2012
- Fiber Optics Fund - A rate increase of 2.9 percent effective July 1, 2012, for inflation based on CPI for pre-2006 rates EDF-1 and EDF-2 according to Council approved Dark Fiber Licensing Agreement
- Storm Drainage Fund - A rate increase of 2.9 percent effective July 1, 2012, for inflation based on CPI as allowed by the approved ballot measure
- Refuse Fund - A fixed rate for Street Sweeping service of $6.66 per month replaces the flat rate of $4.62 per month. Fixed rates are added for Household Hazardous Waste service and the Annual Clean-up Day service at $1.07 and $2.17 per month, respectively. For the minican and 32-gallon rates, the variable portion of the rate is decreased by $2.11 and $1.22. Commercial rates remain unchanged.

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. The rent for FY 2013 represents a $1.8 million decrease from FY 2012 primarily due to the landfill closure.

EQUITY TRANSFERS

In FY 2010, the Council adopted a change to the methodology used to calculate the equity transfer from Utilities Funds to General Fund. Under the Utilities Enterprise Methodology, the equity transfers are based on a rate of return on the asset base in the Electric and Gas Funds. In FY 2013, the General Fund equity transfer increased by $0.2 million.

RESERVES

Since the financial revenue and expense forecasts are estimates at a single point in time, some Utilities Reserves serve as "balancing accounts" which mitigate the risk of commodity price swings and insure against default by 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 expenses, which also result in lower future rates.

The total Enterprise Fund Reserve Balances (Supply and Distribution Rate Stabilization, Emergency Plant Replacement, etc.) decrease by $7.8 million in FY 2013.

UTILITIES DEPARTMENT OVERVIEW

The City of Palo Alto Utilities (CPAU) continues to focus on customer service, infrastructure reliability, and cost containment - priorities outlined in the Department's strategic plan and consistent with Council's top priorities of City finances and emergency preparedness. 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 sustainability 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 is working directly with the City Manager to better position the department to manage increasing regulatory requirements, including the recent addition of a "Compliance Manager" to deal with Federal Department of Transportation, California Department of Health Services, California Occupational Safety and Health Administration, Regional Water Quality Control Board, and Federal Energy Regulatory Commission and Western Electricity Coordinating Council requirements among others.

An increased capacity to provide high-value services for customers continued with the May 4, 2009 implementation of SAP software for customer service and billing functions. These services continued with the re-introduction of an improved online "My Utilities Account" (MUA) customer self-service portal. MUA provides 24/7 customer access to Utilities account information and allows on-line payment of utilities bills. The new billing system is more flexible and will permit more utility usage and rate information to be displayed on the bills with the goal to provide customers the information and incentives to use resources efficiently. As of February 2012, 12,000 customers have registered to use MUA for electronic bills and online payments. Utilities is continuing to increase customer satisfaction by enhancing the usability of the website; offering additional features and capabilities; and improving the flow and delivery of information.

UTILITIES DEPARTMENT EXPENDITURE HIGHLIGHTS

Overall, water commodity costs are expected to increase steadily over the next five years based on projections provided by the San Francisco Public Utilities Commission (SFPUC), which supplies water to Palo Alto. SFPUC is implementing its $4.6 billion infrastructure improvement program to upgrade old pipelines and build new secondary pipelines to enable the Hetch-Hetchy supply system to recover quickly from an earthquake or other natural disaster. At the same time, the City continues to implement an aggressive program to upgrade its own water distribution pipelines as well as finishing its multi-year project to rehabilitate, replace and install new reservoirs and wells to bolster our local emergency water supply system. Also impacting costs is the fact that in recent years, actual consumption levels were lower than forecasted; thus, annual revenues have not kept pace with the fixed expenses of the water distribution system. In light of these developments, a revised water rate structure and water rate levels was adopted for FY 2012.

Palo Alto's share of wastewater treatment costs--which are allocated among the five partners that use the system--will increase by about $0.6 million in FY 2013.

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. Utilities continues to assess smart grid opportunities, the potential to increase the City's connection points to the electric transmission grid to improve reliability, and to seek local generation options.

In FY 2013, planned CIP expenditures for the Electric Fund total $10.9 million. New CIP projects include rebuilding and replacing certain underground electric systems and electric distribution system conversions from 4kV to 12kV to improve system efficiency and reduce electrical losses.

FY 2013 Gas Fund planned CIP expenditures are $7.8 million. A significant amount of capital expenditures are appropriated for the gas main replacements projects. Utilities replaces approximately four to six miles of gas mains annually targeting materials reaching end of their useful life.

The Wastewater Collection Fund has budgeted $4.4 million for FY 2013 CIP expenditures. Included are projects to rehabilitate collection systems and manholes, and to reduce groundwater and rainfall seepage into the pipelines.

In FY 2013, $6.1 million is budgeted in the Water Fund for CIP expenditures. The Water Fund CIP primarily involves the water main replacements and other projects focused on reliability. A significant CIP is the continuation of the Seismic Water System Upgrades project which will cost $0.6 million in FY 2013 and $3.8 million in FY 2014.

The FY 2013 Capital Budget document discusses 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 February 2012, there are approximately 7,500 active participants in the PaloAltoGreen Program which represents 24.6% percent of all electric accounts. The PaloAltoGreen Program continues to achieve the nation's highest participation rate, according to the National Renewable Energy Laboratory.

CPAU exceeded all of its electric, natural gas and water efficiency goals for the FY 2010. This achievement is attributed to the increased number of programs available for all customer types, as well as an expansion of programs administered by third party agencies. Such third party program administration enhances the City's ability to set and achieve greater efficiency goals while lessening the impact on staff and resources.

Given recent state legislation and Council's priority to promote environmental sustainability, the Utilities Department is 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) establishes a statewide "loading order" for electric power resources, specifying the following preference hierarchy: first, energy efficiency and demand reduction; second, renewable energy; and third, conventional power supply. This legislation 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.
- AB1470 (2007) requires publicly owned utilities providing gas service to retail gas customers to adopt, implement and finance a solar water heating system incentive program.
- AB920 (2009) requires utility companies to pay households or businesses for any extra electricity produced by the customer's solar power system to encourage more people to invest in solar power while maximizing conservation and energy efficiency.

In FY 2013, approximately $5.0 million is being 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 supplied most of the City's electric supply needs, the Electric Utility has worked diligently to address the resulting supply gap and meet the City's goal of reaching a 33% renewable portfolio standard. Significant progress has been made in developing and implementing a long-term energy efficiency plan, purchasing wind and landfill gas renewable power, obtaining market-based contracts, and developing 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 CPAU strategies and implementation plans meet all relevant risk management policies, guidelines, and procedures.

GAS PROCUREMENT STRATEGY

In November 2012, Council directed Utilities to terminate the three year laddered gas purchasing strategy and transition to market price-based retail supply rates. The new supply rate will be adjusted every month and will be based on the monthly market price. A critical task in the transition to a new gas supply rate structure is customer outreach. The goal is to prepare customers for a gas supply rate that will vary each month, something Palo Alto's residential and small commercial customers have not experienced in the past. Utilities will develop and implement a plan to reach customers with a clear and concise message about the change.

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 five years.

Comprising all the cities, water districts, and private companies that purchase water from SFPUC, the Bay Area Water Supply and Conservation Agency (BAWSCA) actively participates in planning capital projects that will improve the reliability of the regional water supply infrastructure. Though these infrastructure improvements are costly, they will greatly increase the seismic 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 FY 2013 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 ENTERPRISE 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 began with GreenWaste of Palo Alto for the collection and processing of solid waste, recyclable materials, organic materials, and other services. The financial health of the Refuse Fund has been impacted by a number of factors including the new agreement with GreenWaste, implementation of the Zero Waste Operational Plan programs, rising costs at the Sunnyvale Materials Recovery and Transfer (SMaRT) Station, and the revised closure cost for the City landfill (which closed in FY 2012).

In order to maintain adequate revenues in the Refuse Fund, reductions in expenses were made and rates were increased in October 2011. Residential rates will increase again on July 1, 2012 based on the outcome of the cost of service study undertaken in Fiscal Years 2011 and 2012. No changes to commercial rates are expected for Fiscal Year 2013.

As directed by the City Council, staff is also continuing 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 FY 2013, efforts will include Channing Avenue/Lincoln Avenue Storm Drain Improvements, Southgate Neighborhood Storm Drain Improvements, and continued implementation of citywide system repairs. $7 million of the funding for the Southgate Capital Improvement Project will be reappropriated from operating budgets of prior years for the Innovative Storm Drain Program.

Wastewater Treatment

Revenues in the Wastewater Treatment Fund will show an increase of $1.4 million in FY 2013, primarily due to efforts to align budget revenue for contract cities more closely with projected actual amounts. An estimated $2.6 million in capital improvement is planned in FY 2013. CIP projects include Plant Equipment Replacement as well as work on Facility Condition Assessment and Retrofit.

Airport

The City of Palo Alto expects to assume responsibility for operations of the airport in FY 2013. Preparations for the transition began in FY 2012 and were funded by a $0.3 milliion loan from the General Fund. Work will continue in FY 2013, including the hiring of an Airport Manager. This will require an additional $0.3 million loan from the General Fund.

Enterprise Funds Summary

FUND SUMMARY ($000)	Electric Fund	Fiber Optic Fund	Gas Fund	Wastewater Collection Fund	Water Fund	Refuse Fund	Storm Drainage Fund	Wastewater Treatment Fund	Airport Fund	Total
Revenues										
Sale of Utilities	118,906	2,850	37,016	15,124	34,446	26,794	5,620	13,430	0	254,186
Interest Income	3,635	303	813	397	749	209	158	415	0	6,678
Other Income	12,718	724	1,704	908	3,392	3,372	113	8,618	310	31,860
Bond Proceeds	0	0	0	0	0	0	0	0	0	0
Total Source of Funds	**$135,259**	**$3,878**	**$39,533**	**$16,429**	**$38,587**	**$30,374**	**$5,891**	**$22,463**	**$310**	**$292,724**
Expenditures										
Utility Purchases and Charges	72,991	0	16,286	8,556	15,940	13,315	0	0	0	127,089
Salaries and Benefits	11,522	766	4,543	2,004	5,210	3,293	1,007	9,797	118	38,260
Contract Services	4,389	168	1,792	280	743	5,791	371	1,928	75	15,536
Supplies and Materials	805	11	472	241	451	85	93	1,422	0	3,581
Facilities and Equipment Purchases	44	0	43	0	11	3	8	10	0	119
General Expense	4,508	22	704	97	452	80	18	414	1	6,296
Rents and Leases	3,948	28	321	176	3,001	2,709	6	0	0	10,189
Allocated Charges	8,779	393	4,019	2,126	3,395	2,747	870	4,642	109	27,078
Debt Service	9,486	0	803	129	3,219	625	947	823	0	16,033
Subtotal	**$116,472**	**$1,387**	**$28,983**	**$13,609**	**$32,422**	**$28,649**	**$3,320**	**$19,036**	**$303**	**$244,181**
Equity Transfer	11,768	0	5,971	0	0	0	0	0	0	17,739
Capital Improvement Program	10,910	400	7,756	4,354	6,115	175	3,518	2,643	0	35,871
Operating Transfers Out	322	2	207	147	1,705	306	13	12	0	2,712
Total Use of Funds	**$139,472**	**$1,789**	**$42,917**	**$18,109**	**$40,242**	**$29,130**	**$6,850**	**$21,691**	**$303**	**$300,503**
To/From Reserves	**$(4,213)**	**$2,089**	**$(3,384)**	**$(1,680)**	**$(1,655)**	**$1,244**	**$(959)**	**$772**	**$7**	**$(7,779)**

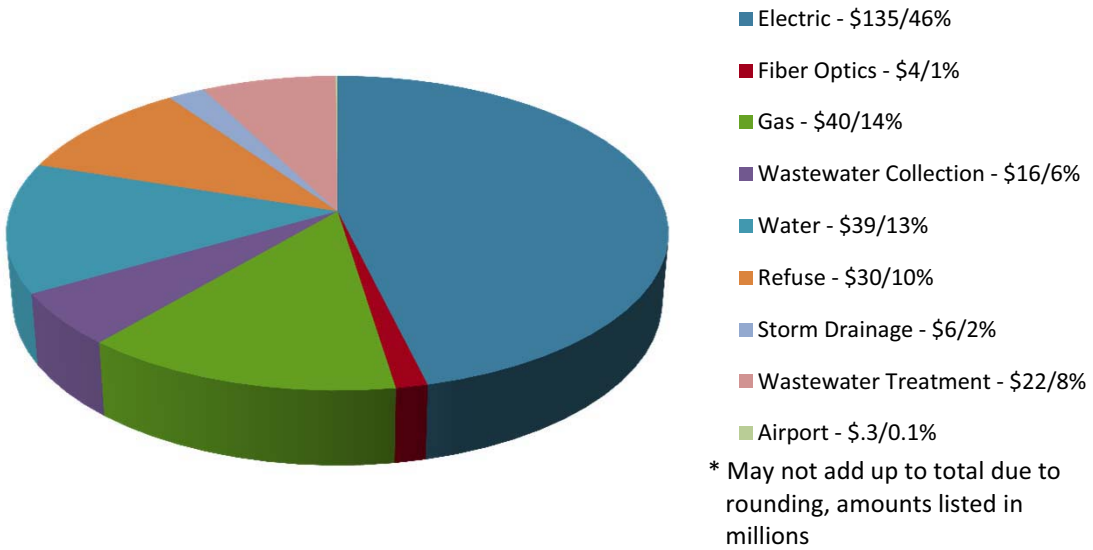
Enterprise Funds Reserves

	FY 2013 Projected Beginning Balance	FY 2013 Changes	FY 2013 Projected Ending Balance	FY 2013 Reserve Guideline Range
Electric Fund				
Emergency Plant Replacement	$1,000	$0	$1,000	1,000 (min.)
Distribution Rate Stabilization	$10,955	$(238)	$10,717	6,747 - 13,494
Supply Rate Stabilization	$60,702	$(3,142)	$57,560	31,721 - 63,442
Electric Special Projects	$50,320	$0	$50,320	
Public Benefit	$2,094	$(833)	$1,261	
Central Valley O&M	$305	$0	$305	
Underground Loan	$736	$0	$736	
Subtotal	**126,112**	**(4,213)**	**121,899**	
Gas Fund				
Emergency Plant Replacement	1,000	0	1,000	1,000 (min.)
Distribution Rate Stabilization	7,299	(2,480)	4,819	3,339 - 6,678
Supply Rate Stabilization	6,630	(904)	5,726	4,072 - 8,143
Debt Service Reserve	0	0	0	
Subtotal	**14,929**	**(3,384)**	**11,545**	
Wastewater Collection Fund				
Emergency Plant Replacement	1,000	0	1,000	1,000 (min.)
Rate Stabilization	6,579	(1,680)	4,899	2,253 - 4,506
Subtotal	**7,579**	**(1,680)**	**5,899**	
Water Fund				
Emergency Plant Replacement	1,000	0	1,000	1,000 (min.)
Rate Stabilization	9,488	(1,655)	7,833	5,427 -10,854
Subtotal	**10,488**	**(1,655)**	**8,833**	
Refuse Fund				
Rate Stabilization	(3,852)	1,244	(2,608)	2,746 - 5,491
Landfill Corrective Action Reserve	665	0	665	
Subtotal	**(3,187)**	**1,244**	**(1,943)**	
Storm Drainage Fund				
Rate Stabilization	1,667	(959)	708	
Subtotal	**1,667**	**(959)**	**708**	
Wastewater Treatment Fund				
Emergency Plant Replacement	1,929	51	1,980	1,980 (max.)
Rate Stabilization	3,020	727	3,747	3,265 - 6,531
Subtotal	**4,949**	**778**	**5,727**	
Fiber Optics Fund				
Emergency Plant Replacement	1,000	0	1,000	1,000 (min.)
Rate Stabilization	11,729	2,089	13,818	715 - 1,788
Subtotal	**12,729**	**2,089**	**14,818**	
TOTAL RESERVES	**$175,266**	**$(7,780)**	**$167,486**	
Emergency Plant Replacement	6,929	51	6,980	
Rate Stabilization	114,217	(6,998)	107,219	
Debt Service Reserve	0	0	0	
Electric Special Projects	50,320	0	50,320	
Public Benefit	2,094	(833)	1,261	

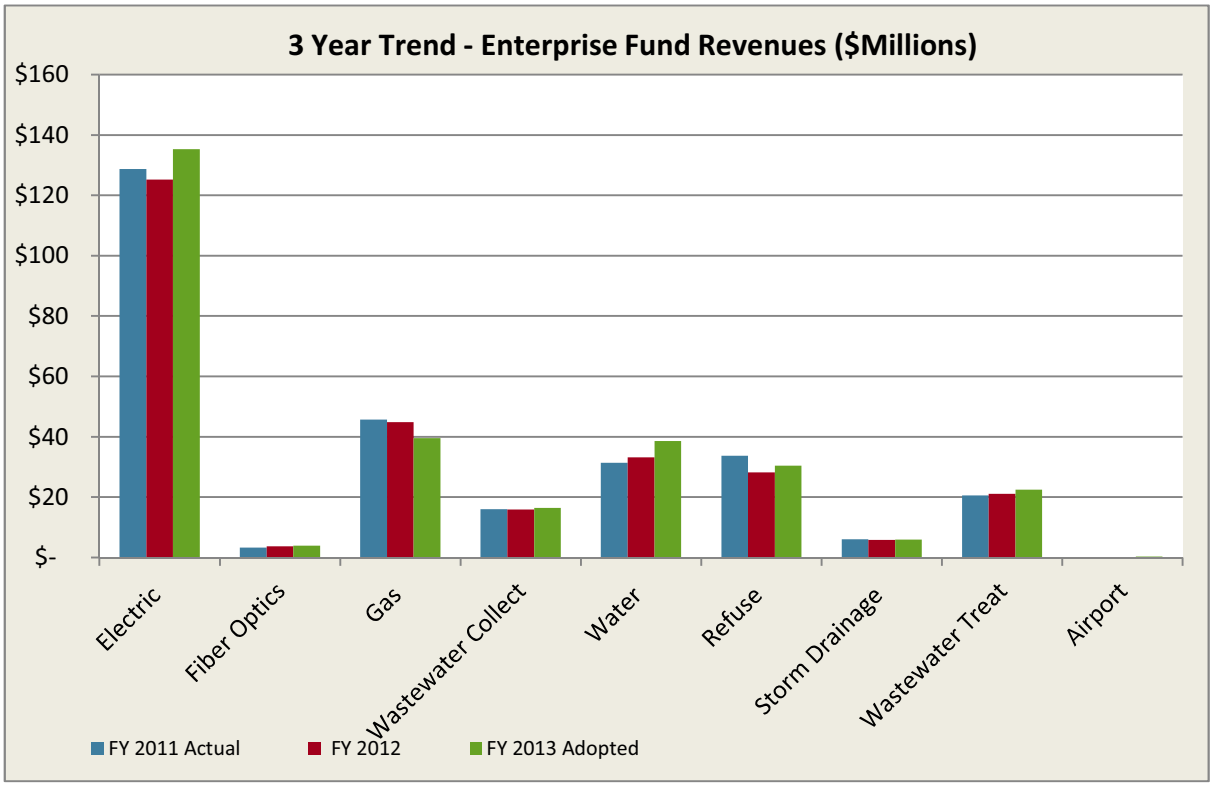
Enterprise Funds Reserves

	FY 2013 Projected Beginning Balance	FY 2013 Changes	FY 2013 Projected Ending Balance	FY 2013 Reserve Guideline Range
Central Valley O&M	305	0	305	
Underground Loan	736	0	736	
Shasta Rewind Loan	0	0	0	
Conservation Loan	0	0	0	
Landfill Corrective Action Reserve	665	0	665	
TOTAL RESERVES	**$175,266**	**$(7,780)**	**$167,486**	
Landfill Closure and Postclosure Care Liability	10,771	(6,100)	4,671	
TOTAL RESERVES AND FULLY-FUNDED LIABILITY	**$186,037**	**$(13,880)**	**$172,157**	

$292.7 Million / 2013 Adopted

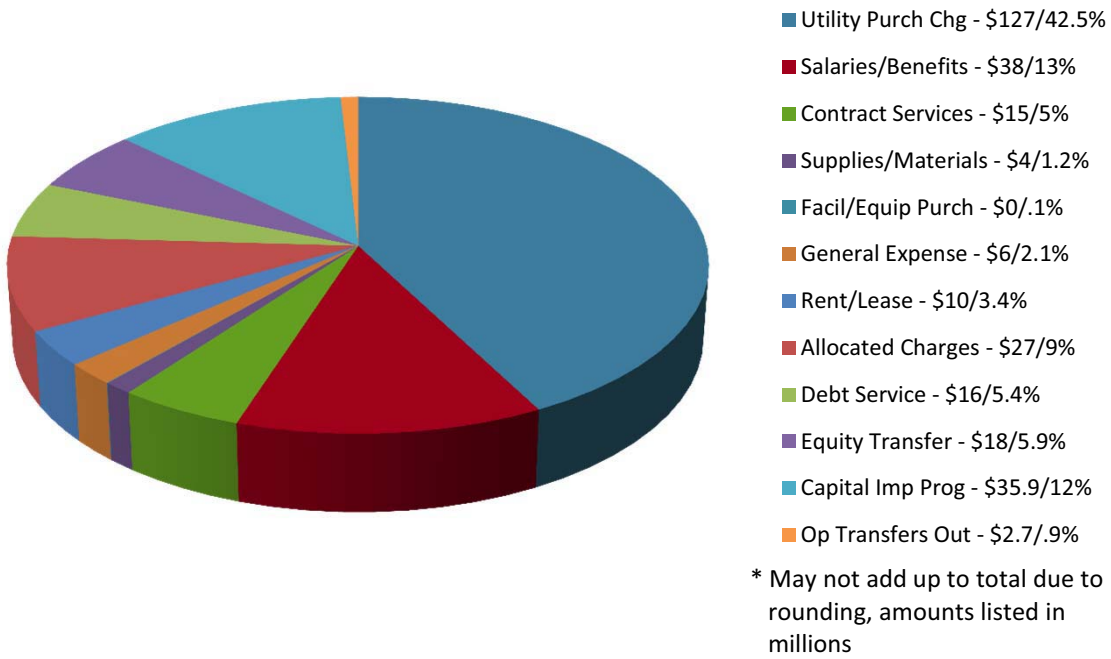


* May not add up to total due to rounding, amounts listed in millions



Enterprise Funds Expenses by Category

$300.5 Million / 2013 Adopted



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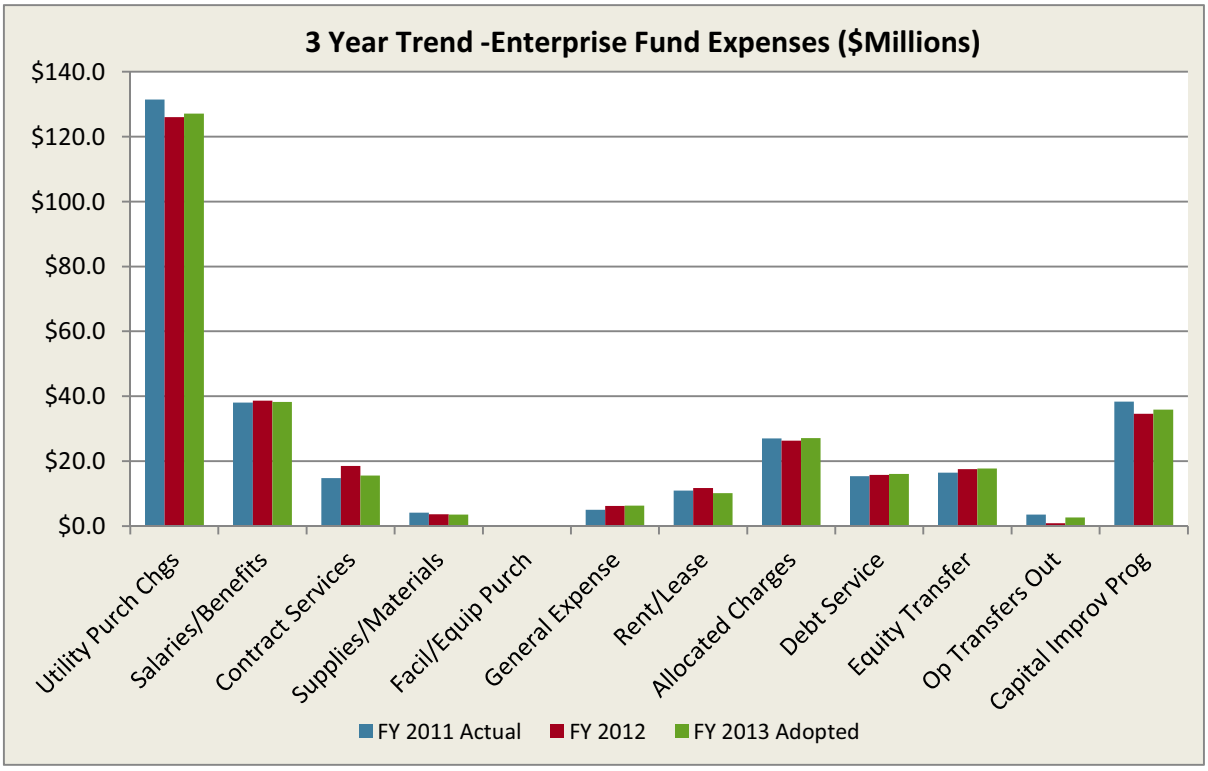

Residential Monthly Utility Cost Information

Utility	Current FY 2012 Bill	Proposed FY 2013 Bill	$ Difference	% Difference
Electric (1)	$42.76	42.76	-	0.0%
Water (2)	53.62	62.14	8.52	15.9%
Gas (3)	55.19	37.16	(18.03)	-32.7%
Wastewater (4)	27.91	29.31	1.40	5.0%
Refuse (5)	37.48	41.54	4.06	10.8%
Storm Drain (6)	11.40	11.73	0.33	2.9%
User Tax (7)	7.58	7.10	(0.48)	-6.3%
Total Monthly Bill	**$235.94**	**$231.74**	**$(4.20)**	**-1.8%**

COMMENTS:

1 - Electric comparisons based on recent residential median data: 365 kWh/month in summer (May-Oct), 453 kWh/month winter (Nov-Apr)

2 - Water comparisons based on recent residential median data: 9 ccf/month

3 - Gas comparisons based on recent residential median data: 18 therms/mo in summer (May-Oct), 54 therms/mo. in winter (Nov-Apr). Commodity prices switching to market-rate in FY 2013. Proposed bills are based on market-based G-3 rate as of March 2012. Actual bill results will vary.

4 - Wastewater comparisons are for a residential dwelling unit. Rates are not metered.

5 - Refuse rate based on 32-gallon can.

6 - Storm drain increase based on December 2011 CPI data.

7 - UUT currently 5% of Electric, Water and Gas bills.

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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. Charges for employee benefits (health, pension, life, etc.) and workers compensation are reflected in the departments' salary and benefit accounts. The remaining user charges are included in the "allocated charges" expenditure category within each department or fund.

Vehicle Replacement and Maintenance Fund

This fund reflects costs for providing maintenance and replacement of vehicles and equipment used by City departments.

In Fiscal Year 2010 the City Auditor released the Audit of Fleet Utilization and Replacement report. In response to the audit and in order to allow staff time to implement many of the recommendations, the Vehicle Replacement Fund has been frozen for purchase of all non-critical, non-emergency vehicles and equipment. Beginning Fiscal Year 2013 the fund's capital program has been reinstated to begin replacement of vehicles and equipment that have come to the end of their useful life and a five year plan is currently being developed. The current reserve balance in the Vehicle Replacement Fund reflects funding allocated from City departments and committed to the proposed five year plan.

Technology Fund

This fund reflects costs associated with citywide Information Technology (IT) activities. IT staff maintain critical desktop, software, and infrastructure replacements and maintenance activities for all City departments, including the Utilities Department. The overview for this program contains information about projects and activities for Fiscal Year 2013.

Printing and Mailing Services Fund

This fund reflects costs for central duplicating, printing and mailing services provided to City departments. A full description of these services is included in the overview section that follows. A cost-benefit analysis of this program will be conducted in the upcoming year to determine if additional services delivery changes can be made to ensure services are provided in the most cost effective manner.

General Benefits Fund

This fund reflects costs for a variety of employee benefits, including pension, health, dental, vision, and life insurance. Funds are also included for payments made to employees who elect to waive healthcare coverage under a City plan because they have other coverage. As discussed in the overview section, costs for employee pension and health benefits will increase substantially in Fiscal Year 2013. The City will continue to seek changes in cost sharing (i.e. between the City and employees) and review possible changes to benefit formula for future years' service.

Workers' Compensation Fund

This fund reflects costs for the CIty's Workers' Compensation program. Funds are included for both administrative costs as well as payments made to eligible employees. For Fiscal Year 2013, costs are projected to remain level with the Fiscal Year 2012 adopted budget.

General Liabilities Insurance Program Fund

This fund reflects costs for the City's Liability program. In Fiscal Year 2013, costs are projected to remain level with the Fiscal Year 2012 adopted budget.

Retiree Health Benefits Fund

This fund reflects costs for medical insurance provided to retired City employees. In addition, this fund includes payments for the "unfunded liability" for medical benefits that will be provided to future retirees.

FUND SUMMARY ($000)	Vehicle Replacement and Maintenance Fund	Technology Fund	Printing and Mailing Fund	General Benefits Fund	Workers' Compensation Fund	General Liabilities Insurance Program	Retiree Health Benefit Fund	Total Internal Service Funds
Revenues								
Operating Revenue	7,284	13,202	1,130	39,025	3,199	1,636	12,868	78,344
Interest Income	193	372	0	319	478	147	87	1,596
Other Revenue	101	2,417	0	0	0	40	0	2,558
Total Source of Funds	**$7,578**	**$15,992**	**$1,130**	**$39,344**	**$3,677**	**$1,823**	**$12,955**	**$82,499**
Expenditures								
Operating Expenditures	5,013	11,540	1,129	39,344	3,677	1,823	12,908	75,433
Capital Improvement Program	1,225	2,492	0	0	0	0	0	3,717
Total Use of Funds	**$6,238**	**$14,032**	**$1,129**	**$39,344**	**$3,677**	**$1,823**	**$12,908**	**$79,151**
Net To/From Unrestricted Assets	**$1,340**	**$1,960**	**$1**	**$0**	**$0**	**$0**	**$47**	**$3,348**

Internal Service Funds Reserves

FUND SUMMARY ($000)	Vehicle Replacement and Maintenance Fund	Technology Fund	Printing and Mailing Fund	General Benefits Fund	Workers' Compensation Fund	General Liabilities Insurance Program	Retiree Health Benefit Fund	Total Internal Service Funds
Changes to Unrestricted assets								
June 30, 2012 Unrestricted Assets	**$9,580**	**$683**	**$0**	**$965**	**$100**	**$100**	**$26,285**	**$37,713**
FY 2013 Projected Changes	1,340	1,959	1	0	0	0	47	3,347
June 30, 2013 Unrestricted Assets	**$10,920**	**$2,642**	**$1**	**$965**	**$100**	**$100**	**$26,332**	**$41,060**

Special Revenue Funds

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Special Revenue 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 $0.79 million for Fiscal Year 2013.

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 $1.79 million for Fiscal Year 2013.

Federal and State Revenue Funds

The Federal and State Revenue Fund consists primarily of CDBG monies. CDBG funds are grants from the U.S. Housing and Urban Development Department (HUD). They 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 2013, Agency requests totaled $1.05 million and the Proposed budget totals $0.74 milliion.

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, repair, and beautification of parking facilities and public areas within the University and California Avenue business districts. Parking permit fees will not change from the Fiscal Year 2012 adopted budget.

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 (BID) was established by an ordinance adopted in January 2004 to promote the downtown business community through a variety of efforts including beautification, advocacy and marketing. The BID continually surveys its member businesses to determine what its priorities should be. Two priorities identified were street cleanliness and issues related to the homeless in downtown. In response, the Palo Alto Downtown Business and Professional Association (which operates the BID under contract with the City) initiated the Downtown Streets Team, empowering the homeless to care for the streets and take responsibility for cleanliness of the area. In addition, increased frequency of mechanical street cleaning along with improved equipment has resulted in cleaner sidewalks. A team of police officers dedicated to downtown has been initiated. New events have been developed and new communications tools are underway. Other programs that help keep Downtown Palo Alto Safe, Spotless and Successful will advance as The Palo Alto Business and Professional Association continues to operate the Downtown Palo Alto BID for Fiscal Year 2013.

Stanford University Medical Center (SUMC)

In 2011, the City of Palo Alto entered into a Development Agreement between the City of Palo Alto and the Stanford University Medical Center Parties (SUMC). Funds received in Fiscal Year 2012 as part of this agreement will be used in Fiscal Years 2012, 2013 and beyond to be used as outlined in the agreement and approved by the City Council.

Special Revenues 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	SUMC Funds	Total Special Revenue Funds
Revenues										
Gas Tax		1,764								1,764
Federal and State Grants			512							512
Parking Permit/In-Lieu Fees	82			3,500	1,540	200				5,322
Development Impact Fees	553									553
Interest Income	156	28	6	107	28	96	20	2		442
Operating Transfers			5							5
Other Revenue			208	140		280				628
Business Improvement District (BID) Special Assessment								160		160
Loan Payoff			7	90						97
SUMC									0	0
Total Source of Funds	**$791**	**$1,792**	**$738**	**$3,837**	**$1,568**	**$576**	**$20**	**$162**	**$0**	**$9,483**
Expenditures										
CDBG Project Expenditures			622							622
CDBG Administration Cost Recovery			120							120
Planning / Public Works Department Transfer for Street Improvement Cost Recovery		292								292
Community Development Funds CIP Transfer	2,724									2,724
Charleston-Arastradero Funds CIP Transfer	250									250
Street Improvement Fund CIP Transfer		1,651								1,651
Parking Facilities Debt Service Transfer										0
Parking Garage Maintenance/Operations Transfer to General Fund					964					964
Parking Lot Sweeping Transfer to Refuse Fund					542					542
CDBG Projects Transfer from HIP Revenues			5							5
Below Market Rate (BMR) Program Management Contract				125						125
BMR Loan Program				350						350
College Terrace Parking Program					113					113
University Avenue Parking Permits					23					23
California Avenue Parking Permits					16					16
Residential Housing In-Lieu				4,815						4,815
Commercial Housing In-Lieu				1,100						1,100
Senior Services Grant							28			28
BID Operating Expense								160		160
Impact Fee Study	23									23
SUMC projects									228	228
Total Use of Funds	**$2,997**	**$1,943**	**$747**	**$6,390**	**$1,658**	**$0**	**$28**	**$160**	**$228**	**$14,151**
Net To (From) Reserves	**$(2,206)**	**$(151)**	**$(9)**	**$(2,553)**	**$(90)**	**$576**	**$(8)**	**$2**	**$(228)**	**$(4,668)**

Consolidated Special Revenues Funds

FUND SUMMARY ($000)	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Gas Tax	$1,024	$1,061	$1,632	$1,764	$1,764	$0
Federal and State Grants	1,091	138	101	0	0	0
Federal CDBG	1,494	621	338	663	512	(151)
Housing In-Lieu	407	1,900	2,574	3,500	3,500	0
Traffic Mitigation Fees	197	127	50	282	282	0
Developer Impact Fees	437	576	445	553	553	0
Parking Mitigation Fees	1,117	1,287	1,453	1,321	1,540	219
BID Assessment	96	14	92	160	160	0
SUMC	0	0	0	0	0	0
Interest Income	585	636	559	535	441	(94)
Other Revenue	185	163	426	794	726	(68)
Subtotal Revenues	**$6,632**	**$6,523**	**$7,670**	**$9,572**	**$9,478**	**$(95)**
Operating Transfers From:						
Housing Improvement	22	0	0	5	5	0
Subtotal Operating Transfers In	**$22**	**$0**	**$0**	**$5**	**$5**	**$0**
Total Source of Funds	**$6,654**	**$6,523**	**$7,670**	**$9,577**	**$9,483**	**$(95)**
Expenses						
General Expense	4,848	1,182	1,219	7,908	7,497	(411)
SUMC	0	0	0	0	228	228
Operating Transfers To:						
General Fund	1,180	1,044	1,202	1,431	1,256	(175)
CDBG	22	0	0	5	5	0
Debt Service	80	80	80	14	0	(14)
CIP	1,657	1,464	1,082	2,197	4,623	2,426
Refuse	116	257	232	220	542	322
Subtotal Operating Transfers	**$3,055**	**$2,845**	**$2,596**	**$3,867**	**$6,427**	**$2,560**
Total Use of Funds	**$7,902**	**$4,028**	**$3,814**	**$11,775**	**$14,151**	**$2,377**
Net to (from) Reserves	**$(1,249)**	**$2,495**	**$3,856**	**$(2,198)**	**$(4,669)**	**$(2,471)**

Community Development Block Grant

FY 2013 FUNDING	FY 2012 Adopted Budget	FY 2013 Agency Requests	FY 2013 Adopted Budget
SOURCE OF FUNDS			
Housing & Urban Development, current year	731,500	908,573	429,304
Housing & Urban Development, prior years	0	0	148,000
Prior Year Excess/Reallocation (1)	102,804	82,237	82,237
Program Income			
Palo Alto Housing Corporation	60,000	60,000	60,000
TOTAL SOURCE OF FUNDS	**$894,304**	**$1,050,810**	**$719,541**
USE OF FUNDS			
Public Service			
Palo Alto Housing Corporation - SRO Resident Support Services	26,000	26,000	20,375
Catholic Charities - Long-Term Care Ombudsman	5,000	5,000	5,000
YWCA/Support Network for Battered Women - Domestic Violence	10,000	10,000	9,175
Clara Mateo Alliance - Single/Couple Shelter	0	0	0
Clara Mateo Alliance - Family Shelter	0	0	0
InnVision - Opportunity Center	50,000	50,000	37,175
Project Sentinel/Fair Housing	31,000	31,000	23,875
Community Technology - HMIS-SCC	0	0	0
Emergency Housing Coalition/Palo Alto HOMES	0	0	0
Next Door Solutions to Domestic Violence	0	0	0
Shelter Network - Haven Family House	0	0	0
Silicon Valley Independent Living Center	0	0	0
Subtotal: Public Service (2)	**$122,000**	**$122,000**	**$95,600**
Planning and Administration			
City of Palo Alto - CDBG Administration includes 1.15 FTE CDBG Administrative Staff	133,747	133,311	97,861
Subtotal: Planning and Administration (2)	**$133,747**	**$133,311**	**$97,861**
Housing, Economic Development & Capital Projects			
Community Working Group/Alma Gardens	302,788	0	0
Palo Alto Housing Corporation-Sheridan Apts.	59,167	0	0
Palo Alto Housing Corporation - Ventura Apts.	129,602	0	0
Downtown Streets Team/Workforce Development	147,000	146,200	146,200
Palo Alto Housing Corporation - Cal Park Apts.	0	248,835	245,016
Avenidas-Home Repair Accessibility Services	0	135,000	135,000
MidPen Housing Corporation/Palo Alto Gardens Rehab	0	145,464	0
Achieve Kids/Cool roof	0	120,000	0
Subtotal: Housing, Economic Development & Capital Projects (2)	**$638,557**	**$795,499**	**$526,216**
TOTAL USE OF FUNDS	**$894,304**	**$1,050,810**	**$719,677**

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

(2) The funding will be made at the three primary program activity levels

University Avenue Parking Permit Fund

	FY 2013 Adopted Budget
REVENUES	
Permit Sales	985,000
Day Passes	175,000
Ticket Machine	85,000
Investment Income	17,500
Total Revenue	**$1,262,500**
EXPENDITURES	
Administration	
Positions	1.85
Salaries	137,528
Benefits	68,743
Miscellaneous Supplies	21,321
Indirect costs	946
Subtotal Administration	**$228,538**
Maintenance	
Positions	4.74
Salaries	296,075
Benefits	178,130
Supplies	52,565
Contracts	
Twinkle lights	20,000
Weekly garage maintenance	35,165
Annual power washing - walls	30,000
Daily custodial	30,000
Elevator maintenance	28,000
Fire sprinkler maintenance	9,750
Landscaping	12,369
Downtown Streets Team	107,744
Streets Team Peer Counseling	20,000
Civic Center, Lot Q sweeping	6,276
Annual steam clean R, S/L, J lots	4,245
Univ. sidewalk steam clean, mnthly	10,620
Downtown area steam clean mnthly	75,700
Lytton Plaza steam clean 2x per mnth	4,500
Lot S/L fountain maintenance	1,800
Glass Repair	2,000
Indirect charges	1,556
Subtotal Maintenance	**$926,495**
Police Patrol	
Positions	0.68
Salaries	74,099
Benefits	52,907
Supplies	-
Subtotal Patrols	**$127,006**
Utilities	121,573
Subtotal Utilities	**$121,573**
Subtotal Operating Expenses	**$1,403,612**
Less City Share	**$(196,506)**
Income from Operations	**$55,394**

California Avenue Parking Permit Fund

	FY 2013 Adopted Budget
REVENUES	
Permit Sales	125,000
Day Passes	70,000
Investment Income	10,400
Total Revenue	**$205,400**
EXPENDITURES	
Administration	
Positions	0.35
Salaries	31,626
Benefits	9,247
Miscellaneous Supplies	3,186
Indirect costs	141
Subtotal Administration	**$44,200**
MAINTENANCE	
Positions	0.53
Salaries	34,920
Benefits	21,006
Supplies	7,855
Contracts	
Garage maintenance	5,255
Sweeping Ted Thompson and Cambridge garages	4,008
Fire sprinkler maintenance	1,430
Landscaping	6,957
Indirect charges	232
Subtotal Maintenance	**$81,663**
Utilities	18,166
Subtotal Utilities	**$18,166**
Subtotal Operating Expenses	**$144,029**
Income from Operations	**$61,371**

Stanford Development Agreement

	FY 2012 Committed	FY 2013 Adopted Budget
COMMUNITY HEALTH AND SAFETY		
Source of Funds		
SUMC Agreement	4,000,000	0
TOTAL SOURCE OF FUNDS	**$4,000,000**	**$0**
Use of Funds		
Project Safety Net Coordinator	45,000	118,000
Contracts		95,000
Supplies associated with Project Safety Net	20,000	15,000
TOTAL USE OF FUNDS	**$65,000**	**$228,000**
STANFORD HOSPITAL EXPANSION COST MITIGATION		
Source of Funds		
SUMC Agreement	2,417,000	0
TOTAL SOURCE OF FUNDS	**$2,417,000**	**$0**
Use of Funds		
TOTAL USE OF FUNDS	**$0**	**$0**
INTERMODAL TRANSIT		
Source of Funds		
SUMC Agreement	2,250,000	0
TOTAL SOURCE OF FUNDS	**$2,250,000**	**$0**
Use of Funds		
Design Review and Environmental Studies for 27 University Avenue	250,000	0
TOTAL USE OF FUNDS	**$250,000**	**$0**
QUARRY ROAD IMPROVEMENTS		
Source of Funds		
SUMC Agreement	400,000	0
TOTAL SOURCE OF FUNDS	**$400,000**	**$0**
Use of Funds		
TOTAL USE OF FUNDS	**$0**	**$0**
NEIGHBORHOODS AND COMMUNITIES AND AFFORDABLE HOUSING		
NON-HOUSING		
Source of Funds		
SUMC Agreement	6,012,845	0
TOTAL SOURCE OF FUNDS	**$6,012,845**	**$0**
Use of Funds	0	0
TOTAL USE OF FUNDS	**$0**	**$0**
HOUSING		
Source of Funds		
SUMC Agreement	1,720,488	0
TOTAL SOURCE OF FUNDS	**$1,720,488**	**$0**
Use of Funds	0	0
TOTAL USE OF FUNDS	**$0**	**$0**
CLIMATE CHANGE		
Source of Funds		
SUMC Agreement	4,000,000	0
TOTAL SOURCE OF FUNDS	**$4,000,000**	**$0**
Use of Funds	0	0
TOTAL USE OF FUNDS	**$0**	**$0**
Total Stanford University Medical Center Revenue	**$20,800,333**	**$0**
Total Stanford University Medical Center Expense	**$315,000**	**$228,000**

Debt service expenses for the General Fund and for Measure N General Obligation (GO) Bonds are shown below. Through a transfer to the Debt Service Fund, General Fund revenues pay debt service on the two Certificate of Participation issues shown in the table below using general revenues. In Fiscal Year 2012 the City paid off the 2002A Civic Center Refinancing COP bond originally issued in 1992. The GO bond debt service is paid by property owners through an assessment on the assessed value of their property.

Individual issues of Certificates of Participation (COPs) were made as follows:

- In 1998, Golf Course COPs were issued to refinance prior 1978 Golf Course debt and for infrastructure improvements such as improving drainage, irrigation, and the driving range. Although Golf Course revenue is considered General Fund revenue, fees charged by the Course are viewed as the primary source for paying debt service expense
- The 2002B Downtown Parking Improvement Project COPs were issued in January 2002 to fund the construction of a two-story structure on Bryant and Florence streets that is adjacent to the new parking garage built on the old S and L lots. These facilities were built at the same time. The two-story structure, which required taxable COPs to construct, was originally designed to house retail businesses that would generate sales tax for the City. It now is home to a fitness center. The rent charged to the fitness center is deposited into the General Fund and is used for paying debt service.

The total debt service for the two remaining COPs in Fiscal Year 2013 is $662,705.

In June 2010, the City issued General Obligation Bonds (first series) to finance the cost of constructing a new energy efficient, environmentally friendly Mitchell Park Library and Community Center, renovation of the Downtown Library, and the design of a renovated Main Library. These improvements include enhancements at all three facilities for seismic safety and disabled access, expanded space for library collections, meeting and study areas, and new air conditioning ventilation and lighting systems. With approval of Measure N by the voters, the City Council is empowered and obligated to levy annual ad valorem taxes upon property within the City for the payment of principal and interest on the first series of bonds. The total debt service in Fiscal Year 2013 for the 2010 Library GO Bonds is $3.485 million.

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. However, there are special or extraordinary capital improvement projects in which it is appropriate to consider debt financing.

The guidelines below support the decision-making process on issuing debt. 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 expenses. 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, one-fourth of the limit is adjusted and is calculated to be 3.75 percent to show assessed valuation at full cash value. This legal debt margin applies to General Obligation debt.

Based upon the assessed value of $20.45 billion for Fiscal Year 2012, the City is limited to general obligation indebtedness of $0.77 billion. As of June 30, 2011, the City issued $55.3 million in General Obligation Bonds for the Library and Community Center. This bond issuance yielded $58.5 million for project needs. Debt service on these bonds for Fiscal Year 2013 is $3.485 million. The City is within the legal debt limit as described by the California Government Code.

	General Fund Debt Service		GO Debt
	1998 Golf Course COP	2002B COP's	2010 Library GO Debt
Issued Date	February 1999	January 2002	June 2010
Principal Issued	$7,750,000	$2,674,048	$55,305,000
Annual Debt Service Payment	$428,180	$234,525	$3,485,069
Final Payment Date	September 2008	March 2022	Aug 2040
Estimated Debt Outstanding as of 7/1/2012	$3,305,000	$1,685,000	$54,540,000
Total Interest Over Life of Debt	**$4,183,244**	**$2,243,950**	**$49,484,783**

FUND SUMMARY ($000)	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Property Tax	$0	$0	$3,468	$3,495	$3,500	$5
Other - Interest	59	10	3	30	0	(30)
Subtotal Revenues	**$59**	**$10**	**$3,471**	**$3,525**	**$3,500**	**$(25)**
General Fund Operating Transfers						
Golf Course Corporation	526	449	528	527	428	(99)
Public Improvement Corp. (Civic Center)	332	333	338	58	0	(58)
Parking 2002B COPS Taxable	225	227	233	232	235	3
University Avenue Permit Fund Transfer	80	80	80	14	0	(14)
Subtotal Operating Transfers In	**$1,162**	**$1,089**	**$1,179**	**$831**	**$663**	**$(169)**
Total Source of Funds	**$1,222**	**$1,098**	**$4,650**	**$4,357**	**$4,163**	**$(193)**
Expenses						
Debt Service:						
Golf Course Corporation - Principal	335	355	370	385	364	(21)
Golf Course Corporation - Interest	221	206	190	172	64	(108)
Public Improvement Corporation - Principal	365	380	390	405	0	(405)
Public Improvement Corporation - Interest	59	46	31	16	0	(16)
Parking 2002B COPS Taxable - Principal	100	105	110	115	125	10
Parking 2002B COPS Taxable - Interest	135	129	123	117	110	(7)
Library GO Bonds - Principal	0	0	0	765	1,000	235
Library GO Bonds - Interest	0	0	1,471	2,503	2,485	(18)
Total Use of Funds	**$1,215**	**$1,221**	**$2,685**	**$4,478**	**$4,148**	**$(330)**
Net to (from) Reserves	**$7**	**$(122)**	**$1,965**	**$(122)**	**$15**	**$137**

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City Departments

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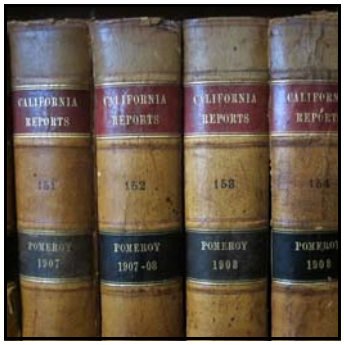
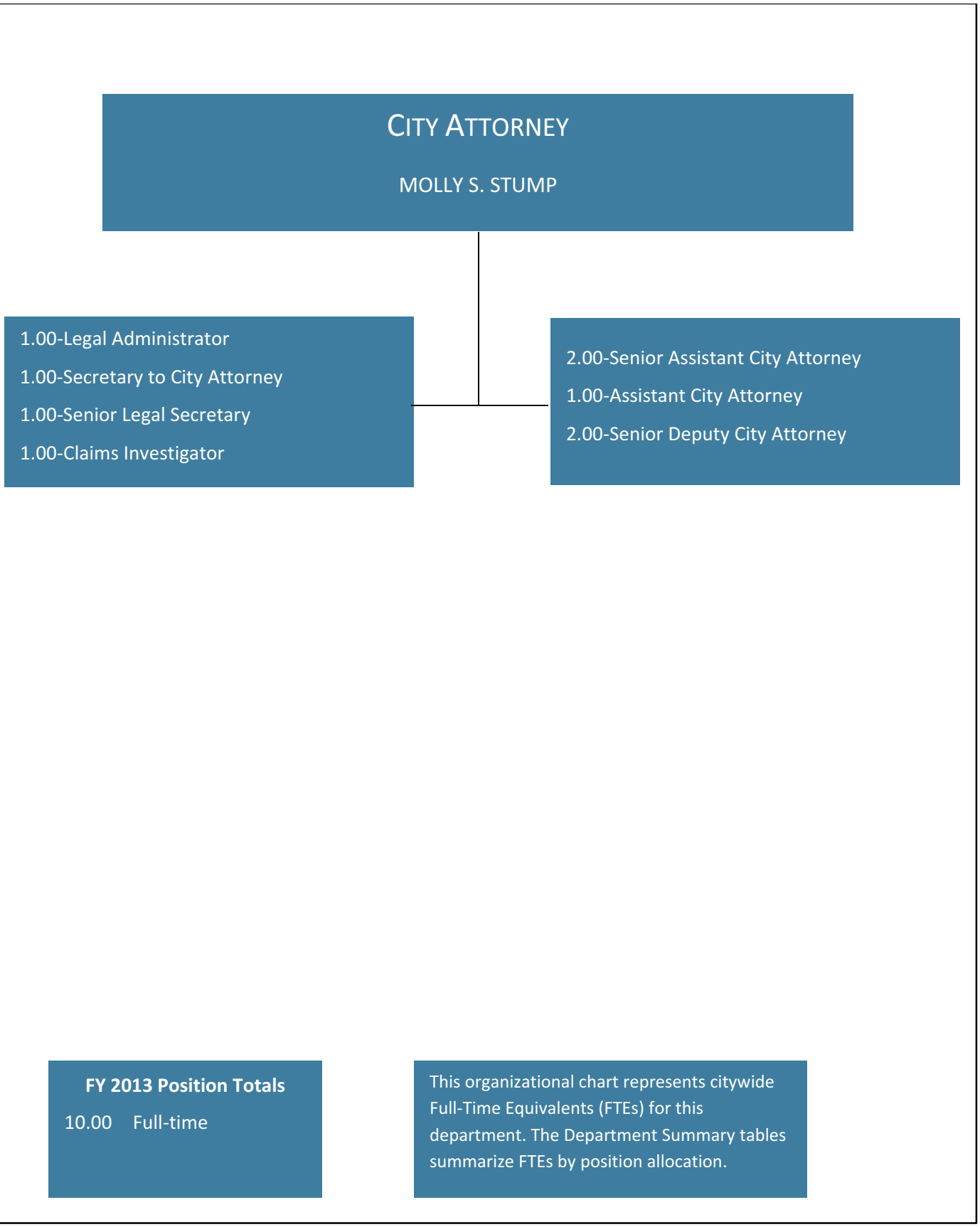
City Attorney



- Partner with City leaders to find creative approaches to the opportunities and challenges that face Palo Alto
- Draft contracts, legislation, legal opinions and other legal documents and negotiate on behalf of the City
- Provide training and advice on how to manage risk and comply with the law
- Enforce the municipal code and defend the City when it is sued


CITY ATTORNEY
MOLLY S. STUMP
1.00-Legal Administrator
1.00-Secretary to City Attorney
1.00-Senior Legal Secretary
1.00-Claims Investigator
2.00-Senior Assistant City Attorney
1.00-Assistant City Attorney
2.00-Senior Deputy City Attorney
FY 2013 Position Totals
10.00 Full-time
This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

Department Description

The City Attorney Department's Mission is:

To serve Palo Alto and its policy makers by providing legal representation of the highest quality.

The department provides legal representation to the City by:

- Providing legal advice and/or training to the City Council, City Manager, boards, commissions and operating departments
- Investigating and resolving claims against the City
- Defending the City in litigation and administrative actions
- Initiating and prosecuting litigation on behalf of the City
- Drafting and approving contracts, legislation and other legal documents

Key Accomplishments

✓ Advised staff on a strategic approach to complex negotiations with San Francisco Public Utilities Commission over the SFPUC's proposal to charge City excess fees for water. Prepared talking points and correspondence to support negotiations and public advocacy on behalf of the City, resulting in SFPUC's decision to adopt a methodology that fairly recognized Palo Alto's contractual water rights.

✓ With City staff, negotiated a long term Development Agreement with Stanford University Medical Center which allowed the world class hospital to expand while ensuring that local traffic, economic and environmental impacts were fully mitigated through a comprehensive and forward thinking package of entitlement conditions and development agreement terms. Negotiated package of long term payments to advance City and Stanford collaboration on key infrastructure and community goals, including $23 Million for infrastructure and sustainable neighborhoods, $12 Million for sustainability programs and $9 Million for community health and safety programs.

- ✓ Provided advice and legal support to City staff on adoption of the PaloAlto Clean program for in-Palo Alto rooftop solar renewable energy. Drafted power purchase and interconnection agreements, edited amendments to utility rules and regulations, and advised on options for structuring costs consistent with regulatory requirements.
- ✓ Successfully defended an action challenging the Council's decision to put a charter measure on the November 2011 ballot, preserving the Council's decision to place the measure on the ballot and the right of the voters to vote on the issue.
- ✓ Completed financing and legal agreements for City-sponsored affordable housing project at 801 Alma Street, allowing construction to begin on a 53 unit affordable housing project on the City's former substation site.

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

Stanford University Medical Center:

- Policy B-32: Assist Stanford Medical Center in responding to changes in the delivery of health care services. Work with the center to plan for changing facility needs within the context of City of Palo Alto planning goals and policies, as well as the goals and policies of other relevant jurisdictions.
- Policy L-2: Maintain an active cooperative working relationship with Santa Clara County and Stanford University regarding land use issues
- Policy L-45: Develop the Stanford Medical Center in a manner that recognizes the citywide goal of compact, pedestrian oriented development as well as the functional needs of the Medical Center
- Program L-46: Work with Stanford to prepare an area plan for the Stanford Medical Center
- Program L-2A: City staff will monitor Stanford development proposals and traffic conditions within the Sand Hill Road corridor and annually report to the Planning Commission and City Council.
- Policy T-26: Participate in the design and implementation of comprehensive solutions to traffic problems near Stanford Shopping Center and Stanford Medical Center
- Program T-35: Consider increased public transit, a shuttle, and other traffic and parking solutions to ensure safe, convenient access to the Stanford Shopping Center/Medical Center area
- Program T-37: Provide safe, convenient pedestrian, bicycle, and shuttle connections between the Stanford Shopping Center and Medical Center areas and future housing along the Sand Hill Road corridor, the University Avenue Multi-modal Transit Station, Downtown Palo Alto, and other primary destinations
- Policy H-15: Pursue funding for the construction or rehabilitation of housing that is affordable to very low-, low-, and moderate-income households. Support financing techniques such as land banking, federal and state tax credits, mortgage revenue bonds, and mortgage credit certificates to subsidize the cost of housing.
- Policy H-2: Identify and implement a variety of strategies to increase housing density and diversity in appropriate locations. Emphasize and encourage the development of affordable and attainable housing.
- Program H-2: Encourage development densities at the higher end of allowed density ranges in multiple family zones by using methods such as preferential or priority processing and application fee reductions for projects that propose development at the higher end of a site's allowed density range and that provide affordable housing in excess of mandatory BMR program requirements. Consider increasing minimum density requirements in multiple family zones as well as in all Comprehensive Plan land use designations that permit housing.

Goals and Objectives

Goal 1: Advance the public interest by providing high quality legal representation to the City

Objectives:

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

Goal 2: Evaluate all claims and litigation promptly, resolving disputes where appropriate and vigorously defending the City's interests

Objectives:

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

Goal 3: Identify and reduce exposure to legal risks

Objectives:

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

Key Performance Measures

Objective: Provide practical and effective advice that includes creative solutions to difficult problems

Measure 1: Percent of survey respondents who indicate they agree or strongly agree that the overall service provided by the City Attorney's Office is satisfactory

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
-	-	92%	-	92%

What: We annually survey members of the Executive Leadership Team to obtain feedback about the quality and usefulness of the advice provided by our office.

Why: This feedback assists us in determining our effectiveness and improves communication with our client departments.

How are we doing:

This survey was initiated in 2011 and 92% of respondents indicated they were satisfied with the services provided by our office.

Objective: Thoroughly investigate and promptly and appropriately resolve claims.

Measure 1: Percent of claims resolved within 45 days of filing

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
-	-	-	-	90%

What: This measure tracks the number of claims that are resolved within 45 days of filing.

Why: Thoroughly investigating and promptly and appropriately resolving claims is a core responsibility of the Office of the City Attorney. This measure is important because timely processing of claims demonstrates responsiveness to residents' concerns and safeguards public resources by reducing unnecessary lawsuits.

How are we doing:
This is a new performance measure. No prior data is available.

Objective: Provide relevant training to City officials and staff to reduce legal risk exposure

Measure 1: Percent of survey respondents who indicate they agree or strongly agree that the training provided is useful and relevant

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
-	-	-	-	90%

What: This measure tracks the usefulness and relevance of the training provided by the Office of the City Attorney to City staff. By collecting this data, we can assess the relevance and usefulness of the training provided and revise our training as needs change.

Why: Knowledgeable staff is less likely to make errors thereby reducing the exposure of liability to the City.

How are we doing:
This is a new performance measure. No prior data is available.

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	11.55	11.55	10.14	9.00	9.00	0.00
Staff Expenditures	$1,945,040	$1,992,689	$1,735,275	$1,838,611	$1,867,202	$28,591
Other Expenditures	528,656	590,290	603,094	516,744	568,327	51,583
Total Expenditures	**$2,473,696**	**$2,582,979**	**$2,338,369**	**$2,355,355**	**$2,435,529**	**$80,174**
Total Revenues	**$1,287,154**	**$1,214,906**	**$1,485,415**	**$996,358**	**$749,293**	**$(247,065)**

General Fund

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$98,448	$167,726	$173,795	$220,181	$267,975	$47,794
FTE Staff	0.50	0.52	0.52	0.52	0.47	(0.05)
Consultation and Advisory	1,822,147	1,864,790	1,610,085	1,544,338	1,571,697	27,359
FTE Staff	9.30	9.26	7.87	6.54	6.56	0.02
Litigation and Dispute Resolution	413,693	431,446	440,908	463,606	516,769	53,163
FTE Staff	1.19	1.26	1.26	1.45	1.61	0.16
Official and Administration Duties	139,408	119,017	113,581	127,230	79,088	(48,142)
FTE Staff	0.56	0.51	0.49	0.49	0.36	(0.13)
Total Expenditures	**$2,473,696**	**$2,582,979**	**$2,338,369**	**$2,355,355**	**$2,435,529**	**$80,174**
Total FTE	**11.55**	**11.55**	**10.14**	**9.00**	**9.00**	**0.00**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Salary and Benefits				
Retiree Medical Benefit Increase	0	19,725	0	19,725
Other Benefit Increase	0	25,012	0	25,012
Indirect Charges				
Liability Allocation	0	20,036	0	20,036
Net Total of Significant Changes to Budget	**0**	**64,773**	**0**	**64,773**

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Internal Revenues	$1,196,693	$1,120,377	$1,404,664	$960,358	$712,213	$(248,145)
External Revenues	90,461	94,529	80,751	36,000	37,080	1,080
Total Revenues	**$1,287,154**	**$1,214,906**	**$1,485,415**	**$996,358**	**$749,293**	**$(247,065)**

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Expenditures						
Salaries and Benefits	$1,945,040	$1,992,689	$1,735,275	$1,838,611	$1,867,202	$28,591
Contract Services	463,904	469,488	464,628	340,301	340,301	0
Supplies and Materials	22,802	27,347	23,685	26,500	26,500	0
Facilities and Equipment Purchases	760	2,232	112	1,000	1,000	0
General Expense	24,265	14,290	16,049	42,642	42,642	0
Rents and Leases	5,994	2,172	976	2,000	2,000	0
Allocated Charges	10,931	74,761	97,644	104,301	155,884	51,583
Total Expenditures	**$2,473,696**	**$2,582,979**	**$2,338,369**	**$2,355,355**	**$2,435,529**	**$80,174**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Asst City Atty	1.00	1.00	1.00	1.00	1.00	0.00	$135,450
City Attorney	1.00	1.00	1.00	1.00	1.00	0.00	212,706
Claims Investigator	0.60	0.60	0.60	1.00	1.00	0.00	81,578
Legal Administrator	1.00	1.00	1.00	1.00	1.00	0.00	95,036
Secretary To City Attorney	1.00	1.00	1.00	1.00	1.00	0.00	72,426
Senior Legal Secretary - Confidential	2.00	2.00	2.00	1.00	1.00	0.00	75,900
Sr. Asst City Atty	2.00	2.00	2.00	2.00	2.00	0.00	315,038
Sr. Deputy City Attorney	2.00	2.00	1.00	1.00	1.00	0.00	116,528
Temporary/Hourly	0.95	0.95	0.54	0.00	0.00	0.00	0
Total FTE/Salaries	**11.55**	**11.55**	**10.14**	**9.00**	**9.00**	**0.00**	**$1,104,662**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$495,540	$545,781	$447,945	$478,598	$505,709	$27,111
Retiree Health	45,676	44,677	104,025	132,555	146,999	14,444
Management Excess Benefit	23,973	40,556	21,764	36,000	36,000	0
Disability/Workers Compensation	0	1,633	1,923	0	640	640
Long Term Disability	5,066	4,824	3,979	4,824	4,824	0
Medicare	20,143	20,722	17,727	16,042	16,014	(28)
Healthcare Opt-out	9,454	9,912	5,359	7,485	10,055	2,570
Benefits Subtotal	**$599,852**	**$668,105**	**$602,722**	**$675,504**	**$720,241**	**$44,737**
Salaries Subtotal	**$1,345,188**	**$1,324,584**	**$1,132,553**	**$1,163,107**	**$1,146,961**	**$(16,146)**
Total Staff Expenditures	**$1,945,040**	**$1,992,689**	**$1,735,275**	**$1,838,611**	**$1,867,202**	**$28,591**

Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

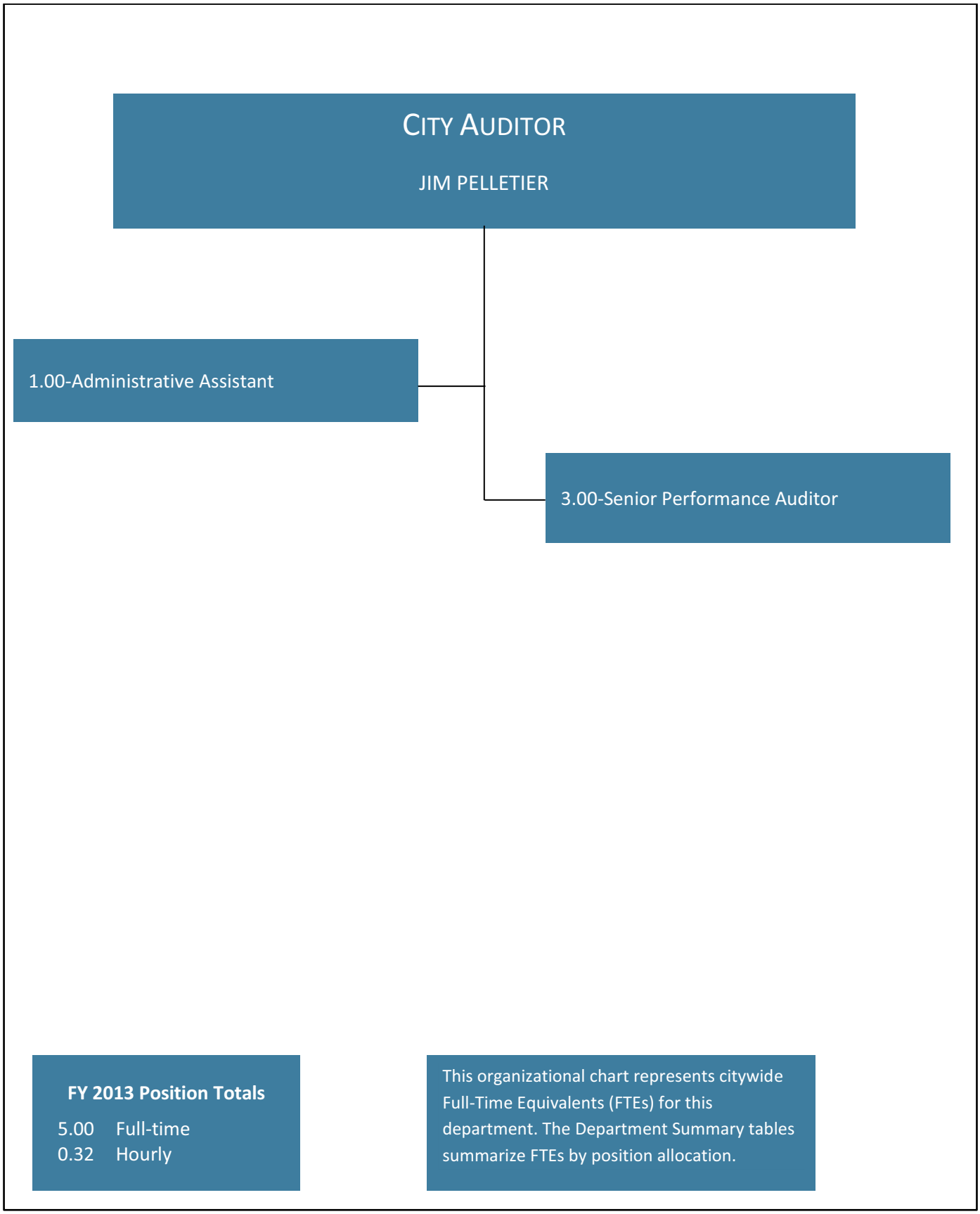
Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

City Auditor

- Conduct internal audits and examinations of any City department, program, service, activity or fiscal transaction to provide the City Council and City management with information and evaluations regarding the effectiveness and efficiency with which City resources are employed, the adequacy of the system of internal controls, and compliance with City policies and procedures and regulatory requirements
- Ensure that City departments and officers responsible for accounting and financial management activities comply with statutory requirements and accounting standards
- Provide other analyses of financial and operating data as directed by the City Council


CITY AUDITOR
JIM PELLETIER
1.00-Administrative Assistant
3.00-Senior Performance Auditor
FY 2013 Position Totals
5.00 Full-time
0.32 Hourly
This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

Department Description

The City Auditor Department's Mission is:

To promote honest, efficient, effective, and fully accountable city government

The Office of the City Auditor 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 revenue monitoring in areas such as sales and use tax, property tax, transient occupancy tax (TOT) and utility user's tax (UUT).

Key Accomplishments

- ✓ Published the SAP Security Audit which included recommendations expected to generate significant improvements in the security and ongoing administration of the SAP system. City management acknowledged the importance of audit findings and reported at the time of report issuance that 7 of 21 recommendations had already been implemented and another two were in process.
- ✓ Issued an Audit of Purchasing Card Transactions which included recommendations expected to generate significant improvements in procurement efficiency and purchasing card utilization
- ✓ Identified and confirmed the City's receipt of $71,018 in sales and use tax recoveries during the second quarter of FY 2012, related to the misallocation of taxes from three companies

- ✓ A peer review team found that the Office of the City Auditor fully complies with Government Auditing Standards. Government Auditing Standards requires government audit offices nationwide at the federal, state, and local level to undergo an external quality review once every three years to assess the organization's compliance.
- ✓ Contracted with a vendor (EthicsPoint) to implement an employee-only ethics hotline for an 18-month pilot program. The ethics hotline will support the City Manager's efforts to implement an Ethics Code of Conduct.
- ✓ Received the Association of Government Accountants (AGA) Certificate of Achievement in Service Efforts and Accomplishments (SEA) Reporting Gold Award for the FY2010 City of Palo Alto Service Efforts and Accomplishments Report
- ✓ Received the Association of Local Government Auditors (ALGA) Gold Knighton Award for the Audit of Fleet Utilization and Replacement

Goals and Objectives

Goal 1: Issue impactful performance audits

Objectives:

- Provide clear, feasible, cost-effective audit recommendations that address root cause issues
- Utilize a risk-based annual audit workplan
- Maintain clear and open communication between audit and management staff throughout the audit process

Goal 2: Identify cost savings and generate additional revenue for the City

Objectives:

- Identify Sales and Use Tax misallocations through in-house monitoring, supplemented by contracting with MuniServices to recover funds through the State Board of Equalization
- Publish performance audits that provide recommendations which identify cost savings and improve the overall efficiency and effectiveness of City departments, programs and services

Goal 3: Promote honest, efficient, effective, and fully accountable city government

Objectives:

- Issue an annual Service Efforts and Accomplishments (SEA) Report that meets or exceeds Governmental Accounting Standards Board's (GASB) suggested guidelines for voluntary reporting
- Present to the Finance Committee and City Council the annual Status of Audit Recommendations that highlights all open and recently closed audit recommendations
- Issue to both the Finance Committee and City Council the Auditor's Office Quarterly Report which provides transparency by highlighting progress and obstacles during each respective quarter

Key Performance Measures

Objective: Provide clearly communicated, feasible, cost-effective audit recommendations that are derived from a risk-based annual audit workplan

Measure 1: Percent of audit recommendations implemented

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
45%	34%	48%	60%	60%

What: This measure tracks the percentage of audit recommendations implemented throughout the City each fiscal year. By collecting this data, we can monitor the frequency at which departments implement our recommended corrective actions to improve internal controls. This data highlights the effect and impact our office has on the internal control structure of the City.

Why: Each audit recommendation is provided to specifically enhance and improve the effectiveness and efficiency of the respective entity being audited.

How are we doing:
The steady percent increase of audit recommendations implemented since FY 2010 reflectsmanagement's acknowledgement and understanding of the importance of our performance audits. These numbers also indicate progression in the clear and open communication between audit and management staff.

Objective: Recover Sales and Use Tax misallocations, as well as Alternative Fuel Tax Credit recoveries through revenue monitoring

Measure 1: Dollar amount of recovered revenue

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
$84,762	$135,118	$95,625	-	$100,000

What: This measure tracks the amount of revenue confirmed by Sales and Use Tax misallocation and Alternative Fuel Tax Credit filings.

Why: This data emphasizes the revenue generated and recovered by our office.

How are we doing:
Sales and Use Tax and Alternative Fuel Tax Credit recoveries yielded steady revenues over the last three years. Our office anticipates a potentially higher recovery in the upcoming fiscal year, as there is a backlog at the State Board of Equalization in reviewing Sales and Use Tax misallocated claims.

Objective: Publish an annual Service Efforts and Accomplishments (SEA) Report that meets or exceeds Governmental Accounting Standards Board's (GASB) suggested guidelines for voluntary reporting

Measure 1: Rating of award given by the Association of Government Accountants' (AGA) Certificate of Achievement in Service Efforts and Accomplishments (SEA) Report Review Program

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
GOLD	GOLD	TBD	-	GOLD

What: This measure tracks the level of quality of the City Auditor's annual SEA Report. Receipt of the GOLD ranking is the highest attainable award.

Why: These outcomes convey that the Office of the City Auditor informs the public, elected officials and management about the City's efficient and effective use of taxpayer dollars. This report, along with the awards, achieves the goal of promoting transparent and effective city government.

How are we doing:

The Office of the City Auditor continues to generate excellent Service Efforts and Accomplishments reports. In 2009, our office received the Circle of Excellence award , which is granted to agencies that have received for the GOLD award for five or more consecutive years.

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	4.32	4.32	4.78	4.32	4.32	0.00
Staff Expenditures	$628,565	$708,016	$659,396	$728,449	$657,559	$(70,890)
Other Expenditures	194,001	256,527	296,870	277,115	307,495	30,380
Total Expenditures	**$822,566**	**$964,543**	**$956,266**	**$1,005,564**	**$965,054**	**$(40,510)**
Total Revenues	**$453,495**	**$751,932**	**$1,087,472**	**$746,444**	**$642,025**	**$(104,419)**

General Fund

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Audit Services	822,566	964,543	956,266	1,005,564	965,054	(40,510)
FTE Staff	4.32	4.32	4.78	4.32	4.32	0.00
Total Expenditures	**$822,566**	**$964,543**	**$956,266**	**$1,005,564**	**$965,054**	**$(40,510)**
Total FTE	**4.32**	**4.32**	**4.78**	**4.32**	**4.32**	**0.00**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Salary and Benefits				
Retiree Medical Benefit Change	0	(29,703)	0	(29,703)
Other Benefits	0	(41,187)	0	(41,187)
Contract Expenses				
Removal of One-Time Peer Review Cost from Fiscal Year 2012	0	(5,000)	0	(5,000)
Net Total of Significant Changes to Budget	**0**	**(75,890)**	**0**	**(75,890)**

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Internal Revenues	$368,733	$628,564	$860,181	$596,444	$492,025	$(104,419)
External Revenues	84,762	123,368	227,291	150,000	150,000	0
Total Revenues	**$453,495**	**$751,932**	**$1,087,472**	**$746,444**	**$642,025**	**$(104,419)**
Expenditures						
Salaries and Benefits	$628,565	$708,016	$659,396	$728,449	$657,559	$(70,890)
Contract Services	170,877	212,522	237,050	218,500	214,219	(4,281)
Supplies and Materials	5,260	5,544	6,449	5,850	4,721	(1,129)
General Expense	630	932	1,980	8,150	8,560	410
Allocated Charges	11,453	31,312	41,413	44,615	79,995	35,380
Operating Transfers Out	5,781	6,217	9,978	0	0	0
Total Expenditures	**$822,566**	**$964,543**	**$956,266**	**$1,005,564**	**$965,054**	**$(40,510)**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00	$75,900
City Auditor	1.00	1.00	1.00	1.00	1.00	0.00	170,023
Sr. Performance Auditor	2.00	2.00	2.00	2.00	2.00	0.00	194,938
Temporary/Hourly	0.32	0.32	0.78	0.32	0.32	0.00	29,286
Total FTE/Salaries	**4.32**	**4.32**	**4.78**	**4.32**	**4.32**	**0.00**	**$470,147**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$155,796	$188,357	$150,496	$184,660	$148,131	$(36,529)
Retiree Health	19,396	20,056	15,081	44,473	13,000	(31,473)
Management Excess Benefit	13,293	16,803	10,015	16,000	16,000	0
Long Term Disability	1,583	1,700	824	1,700	1,700	0
Medicare	6,680	7,595	7,088	6,189	6,189	0
Healthcare Opt-out	12,036	13,604	7,166	2,888	0	(2,888)
Benefits Subtotal	**$208,784**	**$248,115**	**$190,670**	**$255,910**	**$185,020**	**$(70,890)**
Salaries Subtotal	**$419,781**	**$459,901**	**$468,726**	**$472,539**	**$472,539**	**$0**
Total Staff Expenditures	**$628,565**	**$708,016**	**$659,396**	**$728,449**	**$657,559**	**$(70,890)**

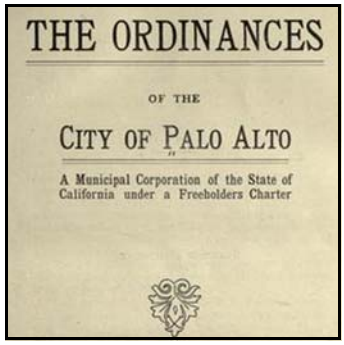
Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

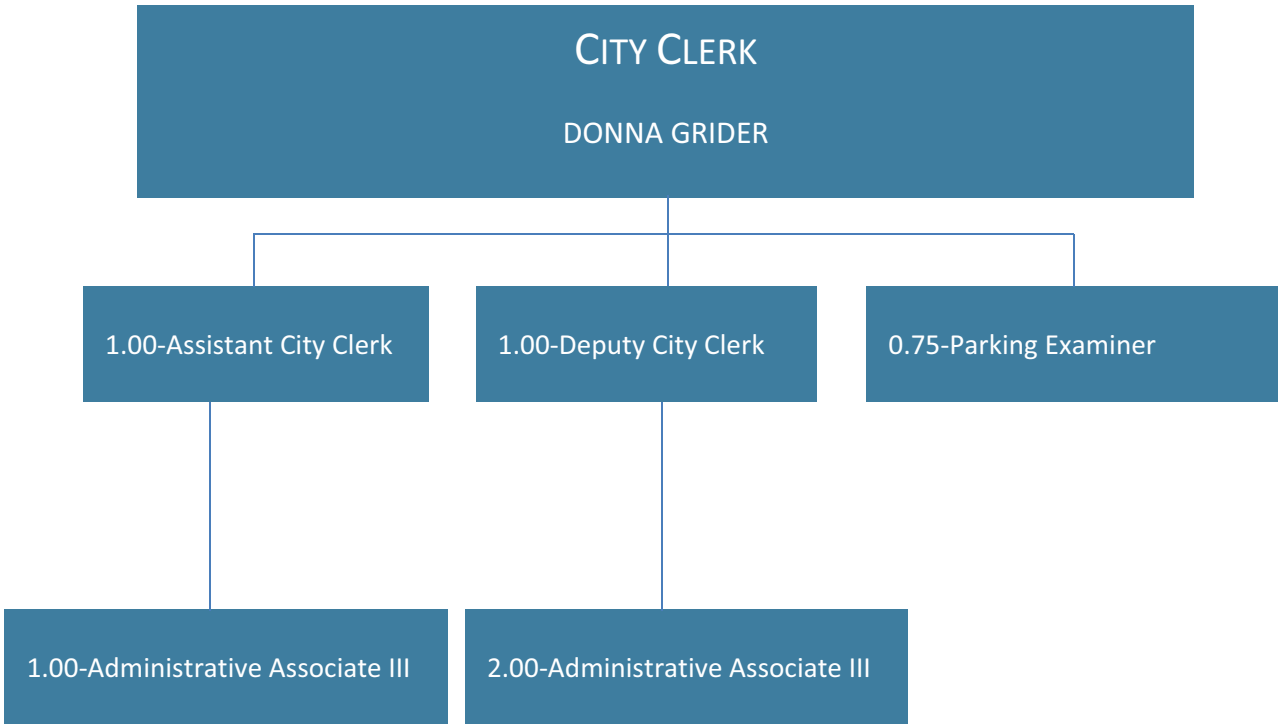
Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

City Clerk



- Provide high quality public service to connect the public with the legislative process
- Ensure the City's legislative processess are open and transparent
- Facilitate the preservation of Palo Alto's legislative history
- Assist with public records requests, claims, applications for appointment to boards and commissions, and elections administration
- Update and maintain City Ordinances and Codes, provide access to legislative meeting information, and coordinate statements of economic interest as well as campaign and other financial disclosures related filings



FY 2013 Position Totals

6.75 Full-time
0.48 Hourly

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

Department Description

The City Clerk Department's Mission is:

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

The City Clerk's Office provides support to the City Council and the public by providing copies of the agendas and associated reports and documents, including posting and publishing of legal notices and scheduling public hearings. Transcription of meeting minutes, recording of ordinances and resolutions, records management, elections, and board and commission recruitments are all functions of the Clerk's Office.

Key Accomplishments

- ✓ Implemented an automated agenda management program and migrated to paperless agenda packets using Electronic Reading Devices
- ✓ Posted 100 percent of the City Council and Standing Committee agendas - a total of 123 agendas - within legally required timeframes
- ✓ Facilitated additional public interest to serve on Board and Commissions by using new advertising methods including placing flyers and bookmarks at various City offices and commercial businesses, Craigslist, rBlock
- ✓ Successfully administered elections related to utility rate adjustments, binding arbitration and use of parklands for a compost facility

Goals and Objectives

Goal 1: Maintain a records management program that promotes transparency, accountability and effective service delivery

Objectives:

- Transcribe and post minutes from all City Council meetings in less than four weeks
- Prepare and publish timely, accurate agendas
- Effectively coordinate public hearings and the publication of related materials or documents
- Work with departments to ensure records, schedules and pertinent documents are updated

Goal 2: Respond to the legislative needs of the City Council and the community in a timely and effective manner

Objectives:

- Utilize technology to enhance access to online materials
- Ensure all Statements of Economic Interest (Form 700) are filed in compliance with Fair Political Practices Commission requirements

Goal 3: Effectively adminster municipal elections and appointments to boards and commmissions

Objectives:

- Ensure no challenges for clerical errors in election materials
- Conduct community outreach to enhance knowledge of - and interest in - serving on boards and commissions

Key Performance Measures

Objective: Transcribe and post minutes from all City Council meetings in four weeks or less

Measure 1: Percent of City Council meeting minutes that are transcibed and posted in less than four weeks

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
100%	100%	100%	-	100%

What: After each Council meeting the City Clerk's department transcribes and posts minutes for review by interested parties

Why: Timely provision of meeting minutes supports transparency and informed decision making

How are we doing:

Over the past several years, the City Clerk's office has made a concerted effort to ensure that the minutes are approved by the Council within the 4 week timeperiod.

Objective: Ensure no challenges for clerical errors by the department

Measure 1: Percent of agenda materials without clerical errors

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
100%	100%	100%	-	100%

What: This measure reports on our success in producing election materials without clerical errors

Why: It is important that election materials clearly and accurately communicate information to the electorate

How are we doing:

We will adminster a Proposition 218 process for water, wastewater and refuse rates in 2012 as well as the election for four Council seats.

Objective: Conduct community outreach to enhance knowledge of, and interest in, serving on boards and commissions

Measure 1: Ratio of applicants for every open seat on a board or commission

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
3.17:1	3.00:1	1.93:1	-	3:00:1

What: This measure reflects the level of interest in serving on a board or commission. There are currently 19 boards and commissions that advise the City Council.

Why: The City's boards and commissions provide valuable insight and advice to the Council and staff. We monitor the number of applicants for vacancies to determine if alternative outreach efforts are needed.

How are we doing:

We have looked for new and innovative ways to reach out to the public to engage them by serving on a board or commission. When a new position opens up, we ask all previous applicants if they are interested in serving on a board or commission other than the one they applied for and did not get.

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	7.42	7.23	7.23	7.23	7.23	0.00
Staff Expenditures	$793,446	$907,257	$888,061	$924,352	$943,494	$19,142
Other Expenditures	356,083	547,416	357,626	554,794	614,922	60,128
Total Expenditures	**$1,149,529**	**$1,454,673**	**$1,245,687**	**$1,479,146**	**$1,558,416**	**$79,270**
Total Revenues	**$401,114**	**$539,028**	**$450,664**	**$522,221**	**$893,454**	**$371,233**

General Fund

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$67,312	$112,193	$133,249	$164,196	$135,267	$(28,929)
FTE Staff	0.35	0.35	0.35	0.35	0.35	0.00
Public Information	101,100	99,359	95,712	101,332	81,791	(19,541)
FTE Staff	0.90	0.90	0.90	0.90	0.90	0.00
Council Support Services	576,327	525,139	500,543	548,959	749,117	200,158
FTE Staff	3.49	3.30	3.30	3.30	3.30	0.00
Election/Conflict of Interest	178,432	486,317	287,307	433,250	372,588	(60,662)
FTE Staff	0.70	0.70	0.70	0.70	0.70	0.00
Legislative Records Management	79,908	88,085	85,567	96,824	81,895	(14,929)
FTE Staff	0.75	0.75	0.75	0.75	0.75	0.00
Administrative Citations	146,450	143,580	143,309	134,585	137,758	3,173
FTE Staff	1.23	1.23	1.23	1.23	1.23	0.00
Total Expenditures	**$1,149,529**	**$1,454,673**	**$1,245,687**	**$1,479,146**	**$1,558,416**	**$79,270**
Total FTE	**7.42**	**7.23**	**7.23**	**7.23**	**7.23**	**0.00**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Salary and Benefits				
Benefit Changes (Retiree Medical and others)	0	19,123	0	19,123
Contract Expenses				
Election Publishing Cost (Note 1)	0	60,000	0	60,000
Council Meeting Video Broadcasts (Note 2)	0	20,000	0	20,000
General Expenses				
Registrar of Voters Election Costs (Note 3)	0	(40,000)	0	(40,000)
Net Total of Significant Changes to Budget	**0**	**59,123**	**0**	**59,123**

Significant Budget Adjustments Notes

Note 1: This will cover the costs to publish voting information for the council elections and measures in foreign languages. The city is mandated to publish this information in three languages, and typically does so through La Oferta.

Note 2: This will cover the costs to broadcast city council meetings through KZSU, there has been an increase in the number and length of meetings that causes additional costs from KZSU.

Note 3: The election costs for FY12 were estimated at $320,000, the estimate from the Registrar of Voters for the planned elections and measures for FY13 is estimated at $280,000. This will cover the costs to the Santa Clara County registrar of voters for the cost of currently anticipated elections for FY2013. This includes elections for four council seats, and measures for the legalization of medical marijuana and the Infrastructure Blue Ribbon Commission (IBRC) Bonds.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Internal Revenues	$400,691	$537,206	$449,807	$517,271	$888,504	$371,233
External Revenues	423	1,822	857	4,950	4,950	0
Total Revenues	**$401,114**	**$539,028**	**$450,664**	**$522,221**	**$893,454**	**$371,233**
Expenditures						
Salaries and Benefits	$793,446	$907,257	$888,061	$924,352	$943,494	$19,142
Contract Services	181,880	64,088	69,541	83,320	170,320	87,000
Supplies and Materials	10,590	10,318	14,426	6,535	11,035	4,500
General Expense	114,610	405,644	187,065	365,689	325,689	(40,000)
Allocated Charges	49,003	67,366	86,594	99,250	107,878	8,628
Total Expenditures	**$1,149,529**	**$1,454,673**	**$1,245,687**	**$1,479,146**	**$1,558,416**	**$79,270**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Administrative Associate III	3.00	3.00	3.00	3.00	3.00	0.00	$198,681
Asst City Clerk	1.00	1.00	1.00	1.00	1.00	0.00	85,884
City Clerk	1.00	1.00	1.00	1.00	1.00	0.00	128,270
Deputy City Clerk	1.00	1.00	1.00	1.00	1.00	0.00	71,948
Parking Examiner	0.75	0.75	0.75	0.75	0.75	0.00	66,082
Temporary/Hourly	0.67	0.48	0.48	0.48	0.48	0.00	21,685
Total FTE/Salaries	**7.42**	**7.23**	**7.23**	**7.23**	**7.23**	**0.00**	**$572,550**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$187,157	$232,142	$209,289	$238,310	$218,390	$(19,920)
Retiree Health	57,236	68,270	70,365	62,156	77,999	15,843
Management Excess Benefit	9,493	5,061	9,719	15,000	15,000	0
Disability/Workers Compensation	24,910	0	0	0	19,193	19,193
Long Term Disability	1,453	1,681	1,702	1,681	1,681	0
Medicare	6,885	7,811	7,790	7,987	7,988	1
Healthcare Opt-out	6,150	6,320	6,810	3,729	7,735	4,006
Tuition Reimbursement	747	1,073	0	0	0	0
Other Benefits	2,842	2,742	2,925	2,716	2,716	0
Benefits Subtotal	**$296,873**	**$325,100**	**$308,600**	**$331,579**	**$350,702**	**$19,123**
Salaries Subtotal	**$496,573**	**$582,157**	**$579,461**	**$592,773**	**$592,792**	**$19**
Total Staff Expenditures	**$793,446**	**$907,257**	**$888,061**	**$924,352**	**$943,494**	**$19,142**

Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

City Council

- Responsible for the scope, direction and financing of City services
- Establishes policy based on information provided by staff, advisory boards and commissions and the general public
- Implements policy through staff under the Council-Manager form of government

Department Description

The City Council Department's Mission is:

Develop an overall vision for the community as a whole.

Under the Council-Manager form of government, the City Council is responsible for the legislative functions of the City, including establishing policies and priorities, developing an overall vision and approving the annual spending plan for the City.

The terms of the Mayor and the Vice-Mayor are for one year, expiring at the first meeting in January. The General Municipal Election is held in even numbered years on the first Tuesday after the first Monday in November.

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	9.00	9.00	9.00	9.00	9.00	0.00
Staff Expenditures	$166,702	$193,155	$115,383	$218,180	$320,500	$102,320
Other Expenditures	112,532	94,235	67,548	100,638	144,668	44,030
Total Expenditures	**$279,234**	**$287,390**	**$182,931**	**$318,818**	**$465,168**	**$146,350**
Total Revenues	**$126,953**	**$100,653**	**$164,696**	**$49,319**	**$270,558**	**$221,239**

General Fund

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$0	$0	$0	$0	$1,219	$1,219
FTE Staff	0.00	0.00	9.00	0.00	0.00	0.00
City Council Operations	279,234	287,390	182,931	318,818	463,949	145,131
FTE Staff	9.00	9.00	0.00	9.00	9.00	0.00
Total Expenditures	**$279,234**	**$287,390**	**$182,931**	**$318,818**	**$465,168**	**$146,350**
Total FTE	**9.00**	**9.00**	**9.00**	**9.00**	**9.00**	**0.00**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Salary and Benefits				
Benefit Changes (Retiree Medical and others) (Note 1)	0	102,320	0	102,320
Contract Expenses				
Council Appointed Officer Evaluations (Note 2)	0	41,000	0	41,000
General Expense				
Tablet Dataplan (Note 3)	0	2,000	0	2,000
Net Total of Significant Changes to Budget	**0**	**145,320**	**0**	**145,320**

Significant Budget Adjustments Notes

Note 1: The Retiree Medical Actuarial expense increase is due to actual payouts for retired Council Members that qualify.

Note 2: Increase contract with Sherry Lund & Associates for Council Appointed Officers annual reviews. This increase was approved by Council on March 14, 2012.

Note 3: This will cover the monthly tablet dataplan costs for City Council Members.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Internal Revenues	$126,949	$100,653	$164,696	$49,319	$270,558	$221,239
External Revenues	4	0	0	0	0	0
Total Revenues	**$126,953**	**$100,653**	**$164,696**	**$49,319**	**$270,558**	**$221,239**

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Expenditures						
Salaries and Benefits	$166,702	$193,155	$115,383	$218,180	$320,500	$102,320
Contract Services	85,282	63,583	42,454	67,000	108,000	41,000
Supplies and Materials	2,710	2,051	1,734	2,930	2,930	0
General Expense	24,295	27,915	23,291	30,455	32,455	2,000
Allocated Charges	245	686	69	253	1,283	1,030
Total Expenditures	**$279,234**	**$287,390**	**$182,931**	**$318,818**	**$465,168**	**$146,350**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Total FTE/Salaries	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**$0**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$23,348	$26,861	$5,165	$107,410	$122,760	$15,350
Retiree Health	77,139	99,971	44,592	44,592	132,000	87,408
Medicare	1,007	1,004	933	940	940	0
Healthcare Opt-out	0	0	0	438	0	(438)
Benefits Subtotal	**$101,494**	**$127,836**	**$50,690**	**$153,380**	**$255,700**	**$102,320**
Salaries Subtotal	**$65,208**	**$65,319**	**$64,693**	**$64,800**	**$64,800**	**$0**
Total Staff Expenditures	**$166,702**	**$193,155**	**$115,383**	**$218,180**	**$320,500**	**$102,320**

Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

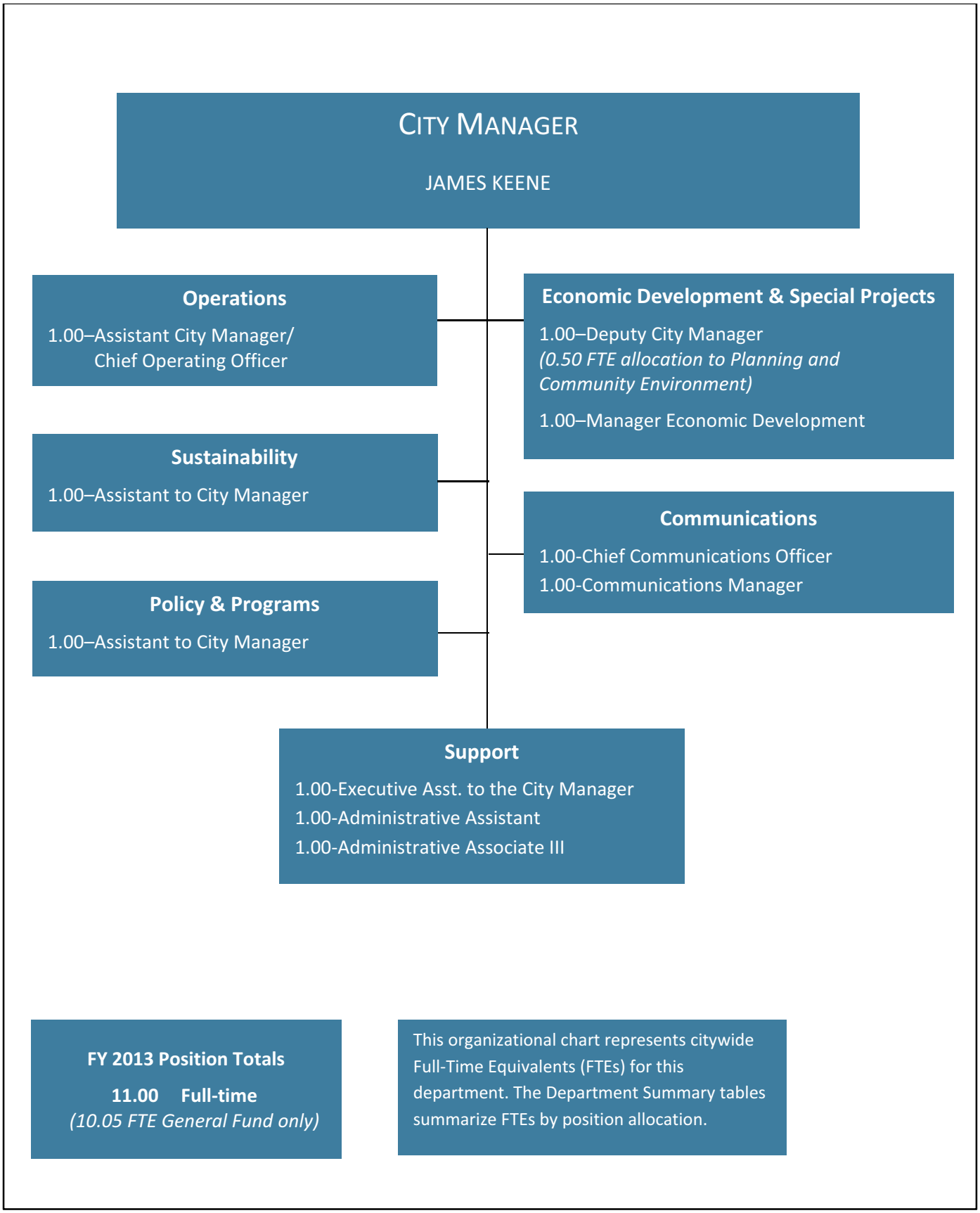
Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

City Manager

- Provide professional leadership and direction in the administration and execution of all policies set by the City Council
- Supervise City departments to ensure high quality, cost-effective services
- Facilitate citizen involvement, innovation, and transparency in the City's operations
- Promote and support organizational and employee excellence


CITY MANAGER
JAMES KEENE
Operations
1.00–Assistant City Manager/ Chief Operating Officer
Economic Development & Special Projects
1.00–Deputy City Manager
(0.50 FTE allocation to Planning and Community Environment)
1.00–Manager Economic Development
Sustainability
1.00–Assistant to City Manager
Communications
1.00-Chief Communications Officer
1.00-Communications Manager
Policy & Programs
1.00–Assistant to City Manager
Support
1.00-Executive Asst. to the City Manager
1.00-Administrative Assistant
1.00-Administrative Associate III
FY 2013 Position Totals
11.00 Full-time
(10.05 FTE General Fund only)
This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

Department Description

The City Manager Department's Mission is:

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

Citywide Administrative Oversight: Provides the organizational support and leadership necessary to implement Council programs and policies; plans and implements programs to meet the City's current and future needs; ensures City operations demonstrate transparency and fiduciary responsibility to the public; provides ongoing, informative communications to City employees regarding key objectives, challenges and accomplishments.

Public Communication: Fosters an informed and engaged community; develops mutual understanding and support between City government and the community by proactively communicating public information, creating and supporting community partnerships and facilitating citizen involvement.

Environmental Sustainability: Promotes a culture of sustainability; develops and leads initiatives to enhance sustainabilty.

Economic Development: Develops programs in support of a healthy, prosperous economic environment; maintains collaborative relationships with residents and businesses to facilitate desired economic activity.

Key Accomplishments

- ✓ Developed and implemented long-term structural cost controls and closed a General Fund budget gap of $7.3 million
- ✓ Maintained the City's triple AAA credit rating
- ✓ Refinanced debt for the Golf Course and Utility Bonds saving the City approximately $5 million
- ✓ Developed an agreement for the expansion of Stanford Hospital - the largest construction project in the City's history - and secured a $50 million community benefit package as part of the renewal project
- ✓ Lead multi-departmental efforts which resulted in opening a new 1.75 acre section of Greer Park to the public; closing the City's landfill and opening 36 acres of Byxbee Park; commencement of construction activities on a $5 million renovation of the Arts Center as well as a 2.5 million gallon reservoir, pump station and new supply well in El Camino Park to supplement existing water supplies during droughts or disasters; evaluated a potential energy/ compost facility; delivered an electric vehicle policy and installed five new electric vehicle charging stations in three downtown garages; and implemented numerous technology innovations including new police department and library mobile apps, Facebook and Twitter engagement, Quora demonstration, rBlock development, paperless packets/e-tablets implementation, Mayor's monthly Newsletter publication, Design Thinking (IDEO) teams, and a new Test Bed pilot
- ✓ Delivered the Infrastructure Blue Ribbon Commission's (IBRC) final report on the unmet and deferred infrastructure needs of the City and potential funding solutions
- ✓ Advanced the Development Center Blueprint and changes to the City's building and development permitting processes to improve accountability and customer satisfaction
- ✓ Received the Environmental Protection Agency's award for Exemplary Green Power Procurement and kept PaloAltoGreen's ranking as the number one Renewable Energy Program in the nation for its participation levels
- ✓ Received a Helen Putnam Award for Excellence from the League of California Cities for community suicide prevention efforts and supporting youth well-being for the City's Project Safety Net; created a Letter of Intent with the Friends of the Magical Bridge for joint development of the universally accessible playground and developed a scope of work for design services for the project
- ✓ Supported numerous community building events such as the May Fete, Black & White Ball, Chili Cook-off, Moonlight Run, Summer Concert Series, The Parade of Champions "Jam for Japan", 9/11 10-year commemoration ceremony, Airport & Baylands Open House, and the Holiday Tree Lighting Ceremony

Goals and Objectives

Goal 1: Implement the City Council's policy direction and ensure their goals and objectives are achieved in a timely manner

Objectives:

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

Goal 2: Lead the City's management team to ensure the provision of high quality, cost-effective and customer focused services

Objectives:

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

Goal 3: Advocate sound financial planning by developing and implementing operating and capital improvement budgets

Objectives:

- Advance structural reforms to ensure the City lives within our means
- Expand the use of innovation, performance management and community partnerships to maintain and/or enhance public services
- Balance and manage economic growth and sustainability initiatives

Goal 4: Promote and sustain citizen participation and engagement in public matters

Objectives:

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

Key Performance Measures

Objective: Facilitate a high level of citizen satisfaction with City services

Measure 1: Percent of surveyed residents rating the quality of services provided by the City as good or excellent

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
	80%	80%	83%	-	85%

What: The National Citizen Survey provides information about residents' perceptions of the services provided by the City. This measure tracks residents' overall satisfaction with City services.

Why: Residents' feedback assists us to gauge our performance, and identify areas for improvement.

How are we doing:

In Fiscal Year 2011, 83% of residents rated the quality of services provided by the City as good or excellent. Our ratings were much above the benchmark when compared to other communities. Palo Alto ranked 55 out of the 320 jurisdictions included in the survey. Residents' ratings for federal, state and county government were 41%, 26% and 45%, respectively. In a related survey question, 76% of respondents indicated their overall impression of the City's employees is good or excellent.

Objective: Expand outreach efforts to broaden citizen participation in local government and community matters

Measure 1: Percent of surveyed residents rating the opportunities to participate in community matters as good or excellent

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
76%	76%	71%	-	75%

What: This measure tracks residents' perceptions regarding opportunities for civic engagement. Respondents are asked about volunteering opportunities and their participation as citizens of the City.

Why: The information assists us to assess our efforts and identify additional opportunities for enhancing community involvement and participation.

How are we doing:

Seventy-one percent (71%) of respondents rated opportunities to participate in community matters as good or excellent and 80% gave the same rating for opportunities to volunteer. A majority of respondents (57%) indicated the City does a good or excellent job of welcoming citizen involvement.

Objective: Preserve transparency and enhance communication with the public

Measure 1: Percent of surveyed residents rating public information services as good or excellent

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
68%	67%	67%	76%	70%

What: Residents are asked about their use and perceptions of local government media services.

Why: Governmental agencies should be proactive and transparent in all public matters.

How are we doing:

While 67% of respondents indicated public information services are good or excellent, this is an area of focus in the coming years. Robust levels of community awareness and participation demand communication systems that are timely, accurate, meaningful and readily accessible.

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	11.75	11.03	9.94	11.05	10.05	(1.00)
Staff Expenditures	$1,488,673	$1,733,673	$1,835,494	$2,098,519	$2,103,786	$5,267
Other Expenditures	461,858	550,531	466,029	415,071	476,474	61,403
Total Expenditures	**$1,950,531**	**$2,284,204**	**$2,301,523**	**$2,513,590**	**$2,580,260**	**$66,670**
Total Revenues	**$595,013**	**$492,517**	**$438,726**	**$522,551**	**$1,071,403**	**$548,852**

General Fund

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Admin and City Management	$1,607,952	$1,918,498	$2,013,845	$1,904,774	$1,954,764	$49,990
FTE Staff	9.15	8.98	8.44	8.60	7.60	(1.00)
Public Communication	174,094	170,088	181,276	191,107	210,848	19,741
FTE Staff	2.05	1.05	1.00	0.90	0.90	0.00
Sustainability	168,485	195,618	106,402	170,955	187,576	16,621
FTE Staff	0.55	1.00	0.50	0.50	0.50	0.00
Economic Development	0	0	0	246,754	227,072	(19,682)
FTE Staff	0.00	0.00	0.00	1.05	1.05	0.00
Total Expenditures	**$1,950,531**	**$2,284,204**	**$2,301,523**	**$2,513,590**	**$2,580,260**	**$66,670**
Total FTE	**11.75**	**11.03**	**9.94**	**11.05**	**10.05**	**(1.00)**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Salary and Benefits				
Add 1.0 FTE Chief Communications Officer (Note 1)	1.00	220,920	0	220,920
Move 0.5 FTE Administrative Associate to Planning and Community Environment (Note 2)	0.50	(28,430)	0	(28,430)
Move 0.5 FTE Management Analyst to Information Technology (Note 3)	0.50	(47,517)	0	(47,517)
Benefit Changes (Retiree medical and other benefits)	0.00	57,903	0	57,903
Temporary positions eliminated	0.50	(52,000)	0	(52,000)
Contract Expenses				
Media Center Filming (Note 4)	0.00	12,500	0	12,500
Indirect Charges				
Printing	0.00	18,755	0	18,755
Information Technology Support	0.00	31,978	0	31,978
Net Total of Significant Changes to Budget	**2.50**	**214,109**	**0**	**214,109**

Significant Budget Adjustments Notes

Note 1: To increase transparency, information sharing and outreach the City Manager's Office will be adding a full-time Chief Communications Officer. This position will enable the City to increase the level of coordination, strategy and effort dedicated to public communications.

Note 2: The Administrative Associate I was previously 50% dedicated to Planning, now the entire position will be moved to Planning and Community Environment. The Planning and Community Environment Department has experienced an increase need for administrative support for programs, commissions and staff.

Note 3: The Management Analyst was previously 50% dedicated to IT, now the entire position will be moved and incorporated into the newly independent Information Technology Department.

Note 4: Expanding on the City Council's desire for City operations to be more transparent to the community and the City Manager's goal to engage a larger and more diverse audience both within the community and within our organization, the City Manager's Office will expand its use of video and social media.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Internal Revenues	$593,674	$484,493	$432,975	$522,551	$1,071,403	$548,852
External Revenues	1,339	8,024	5,751	0	0	0
Total Revenues	**$595,013**	**$492,517**	**$438,726**	**$522,551**	**$1,071,403**	**$548,852**
Expenditures						
Salaries and Benefits	$1,488,673	$1,733,673	$1,835,494	$2,098,519	$2,103,786	$5,267
Contract Services	369,769	389,652	249,187	239,685	252,185	12,500
Supplies and Materials	15,822	14,314	22,882	13,551	13,551	0
General Expense	47,661	58,772	72,781	51,891	51,891	0
Rents and Leases	85	64	43	150	150	0
Allocated Charges	26,482	85,690	119,097	107,755	156,658	48,903
Operating Transfers Out	2,039	2,039	2,039	2,039	2,039	0
Total Expenditures	**$1,950,531**	**$2,284,204**	**$2,301,523**	**$2,513,590**	**$2,580,260**	**$66,670**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00	$75,900
Administrative Associate I	1.50	1.50	1.50	0.50	0.00	(0.50)	0
Administrative Associate II	1.00	1.00	0.00	0.00	0.00	0.00	0
Administrative Associate III	0.00	0.00	0.00	1.00	1.00	0.00	66,227
Asst City Manager/Chief Operating Officer	1.00	1.00	1.00	1.00	1.00	0.00	199,431
Asst To City Mgr	2.00	2.00	1.50	1.55	1.00	(0.55)	116,356
Chief Communication Officer	0.00	0.00	0.00	0.00	1.00	1.00	148,104
City Manager	1.00	1.00	1.00	1.00	1.00	0.00	229,780
Communications Mgr	0.00	1.00	1.00	1.00	1.00	0.00	107,869
Deputy City Mgr Spec Proj	1.00	0.50	0.50	0.50	0.50	0.00	82,816
Executive Assistant To The City Manager	1.00	1.00	1.00	1.00	1.00	0.00	88,109
Management Analyst	0.00	0.00	0.50	0.50	0.00	(0.50)	0
Mgr Communications	1.00	0.00	0.00	0.00	0.00	0.00	0
Mgr Economic Dev	0.00	0.00	0.00	1.00	1.00	0.00	128,940
Senior Management Analyst	1.00	0.00	0.00	0.00	0.00	0.00	0
Sustainability Manager	0.00	0.00	0.00	0.00	0.55	0.55	63,995

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Temporary/Hourly	0.25	1.03	0.94	1.00	0.00	(1.00)	0
Total FTE/Salaries	**11.75**	**11.03**	**9.94**	**11.05**	**10.05**	**(1.00)**	**$1,307,527**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$337,169	$500,835	$455,925	$538,860	$566,255	$27,395
Retiree Health	57,305	64,565	86,009	150,129	159,147	9,018
Management Excess Benefit	14,003	25,345	15,843	34,200	36,200	2,000
Disability/Workers Compensation	2,026	4,326	8,066	1,131	4,147	3,016
Long Term Disability	2,259	2,770	2,833	3,216	3,216	0
Medicare	14,804	17,031	19,436	18,062	18,988	926
Healthcare Opt-out	4,180	4,819	13,376	8,429	23,977	15,548
Tuition Reimbursement	2,048	336	0	0	0	0
Other Benefits	0	40	0	0	0	0
Benefits Subtotal	**$433,794**	**$620,067**	**$601,488**	**$754,027**	**$811,930**	**$57,903**
Salaries Subtotal	**$1,054,879**	**$1,113,606**	**$1,234,006**	**$1,344,492**	**$1,291,856**	**$(52,636)**
Total Staff Expenditures	**$1,488,673**	**$1,733,673**	**$1,835,494**	**$2,098,519**	**$2,103,786**	**$5,267**

Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

Administrative Services

- Provide excellent customer service to decision makers, the public, employees, and City departments
- Provide analytical, organizational, and administrative support for a wide variety of projects
- Record, monitor, and protect City assets in a responsible manner
- Provide essential financial management and forecasting reports

ADMINISTRATIVE SERVICES DIRECTOR/CHIEF FINANCIAL OFFICER

LALO PEREZ

ADMINISTRATION
1.00-Administrative Assistant
0.50-Sr. Financial Analyst
2.00-Sr. Business Analyst
1.00-Business Analyst

REAL ESTATE
1.00-Real Property Manager
1.00-Sr. Financial Analyst

1.00-Assistant Director

ACCOUNTING
1.00-Accounting Manager

GENERAL LEDGER
1.00-Senior Accountant
1.00-Accountant
1.00-Lead Account Specialist

ENTERPRISE FUND
1.00-Senior Accountant
1.00-Accountant
2.00-Account Specialist

ACCOUNTS PAYABLE
1.00-Senior Accountant
1.00-Lead Account Specialist
2.00-Account Specialist

PAYROLL
1.00-Senior Accountant
1.00-Accountant
2.00-Payroll Analyst

PURCHASING & CONTRACTS
1.00-Manager, Purchasing/Contract Admin
3.00-Contract Administrator
1.00-Lead Account Specialist
1.00-Account Specialist
3.00-Buyer

OFFICE OF MANAGEMENT AND BUDGET
1.00-Director
1.00-Administrative Associate III
4.00-Sr. Financial Analyst
1.00-Principal Financial Analyst

1.00-Assistant Director

INVESTMENT & DEBT
1.60-Sr. Financial Analyst

REVENUE COLLECTIONS
1.00-Sr. Financial Analyst
2.00-Lead Accounting Specialist
5.50-Accounting Specialist

STORES WAREHOUSE
1.00-Warehouse Supervisor
1.00-Storekeeper, Lead
3.00-Storekeeper

RISK MANAGEMENT
0.50-Sr. Financial Analyst

PRINT & MAIL SERVICES
2.00-Offset Equipment Operator

FY 2013 Position Totals

59.10	Full-time
2.35	Hourly

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

Department Description

The Administrative Services Department's Mission is:

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

- Administration**:** Provides financial, analytical, budget, and administrative support services for the Department
- Accounting**:** Collects data, verifies, and prepares Comprehensive Annual Financial Report along with Payroll, and outside vendor payments processing
- Purchasing and Contracts**:** Works with departments to support their purchasing and contracting needs
- Office of Management and Budget (OMB)**:** Oversees the city-wide budget preparation, review and analysis, and monitoring
- Property Management and Acquisition**:** Provides property lease management, easement acquisition, and easement vacation services
- Treasury: Collect and invest net revenue and manage debt; as well as provide Print shop and Warehouse services

Key Accomplishments

✓ Balanced the FY 2012 Budget without a significant impact to services

✓ Assisted with the restructuring of employee compensation plans which reduced the City's cost by approximately $1.0 million in FY 2012

✓ Completed the FY 2012 10-Year Long Range Financial Forecast to assist the City Council in their decision making

✓ Provided support to the Infrastructure Blue Ribbon Commission (IBRC) on a new infrastructure plan by assisting in creating an inventory of the City's infrastructure, prioritizing the projects, and providing cost/financial analyses

- ✓ Facilitated the maintenance of the City's (triple) AAA credit rating, which results in the lowest possible borrowing costs
- ✓ Assisted with the refinancing of Golf Course bonds which will save the City's General Fund $961,500 over the course of the next eight years
- ✓ Assisted with the refinancing of the 2002 Utility Revenue bonds which will save the water and gas funds $3.96 million over the course of the next 15 years

Goals and Objectives

Goal 1: Ensure the City of Palo Alto's short and long-term financial status is healthy and sound

Objectives:

- Complete the full cost of services study and determine cost recovery levels
- Review opportunities for new and/or enhanced revenues
- Analyze additional cost-sharing with employees to mitigate increasing retirement and healthcare costs
- Analyze alternative service delivery models
- Continue labor negotiations analysis and support

Goal 2: Provide timely and accurate financial transactions

Objectives:

- Ensure that payroll processing, vendor payments, budget and annual financial reporting are clear, timely and accurate

Goal 3: Ensure public funds and assets are invested prudently and are well-managed

Objectives:

- Ensure sufficient money is always available to meet current expenditures
- Maintain a reasonable rate of return on investments.

Goal 4: Implement performance management programs to support and enhance communication, accountability, and positive outcomes

Objectives:

- Develop and distribute an annual ASD internal customer service survey
- Incorporate performance measures in quarterly financial reports
- Continue refining the Comprehensive Annual Financial Report and budget documents to enhance communication

Key Performance Measures

Objective: Maintain a reasonable rate of return on investments

Measure 1: Annual percentage yield on investments

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
4.42%	3.96%	3.10%	2.82%	2.67%

What: This measure tracks the City's annual rate of return on investments.

Why: A stable rate of return keeps the portfolio healthy and is one component in measuring the City's financial ratings.

How are we doing:
Based on the City of San Mateo Investment survey of 12 cities on 6/30/11, the annual fiscal year yield percent to maturity was 1.54%. City of Palo Alto's yield was 3.10%.

Objective: Ensure that payroll processing, vendor payments, budget and annual financial reporting are clear, timely and accurate

Measure 1: Percentage of invoices paid within 30 days

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
83%	78%	82%	80%	81%

What: This measure tracks the percentage of invoices paid within 30 days to assist us in determining the effectiveness of our accounts payable process. By collecting this data, we can continue to monitor the turnaround time on our invoice payables and adjust accordingly.

Why: It is important to the City of Palo Alto to pay its invoices within 30 days to not only keep current on its obligations, but also to continue maintaining positive relationships with its customers.

How are we doing:
Currently, there is a challenge for accounts payable in obtaining some of the approved invoices from the departments. This brings the percentage of invoice payment down to approximately 80%. If the department staff were trained on a consistent invoice payment/approving process this would help to make the invoice payment percentage higher.

Objective: Analysis of alternative, more efficient, service delivery models

Measure 1: Dollar amount of purchases per full-time equivalent position in the Purchasing division

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
$15.1M	$14.5M	$19.2M	$15.0M	$15.0M

What: This measure tracks the dollar value of the Purchasing Division purchases by Purchasing FTE.

Why: Each FTE receives a dollar value for the overall Division purchases and this demonstrates the Division's efficiency.

How are we doing:
The ICMA Center for Performance Measurement in FY 2010, showed the mean for 38 cities as $9.45M. City of Palo Alto's amount was $14.5M.

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	50.35	44.20	40.16	39.07	41.25	2.18
Staff Expenditures	$6,327,271	$5,786,499	$5,304,509	$5,318,499	$5,985,349	$666,850
Other Expenditures	666,567	2,086,061	962,460	1,195,854	1,170,348	(25,506)
Total Expenditures	**$6,993,838**	**$7,872,560**	**$6,266,969**	**$6,514,353**	**$7,155,697**	**$641,344**
Total Revenues	**$3,933,109**	**$3,259,657**	**$3,062,668**	**$3,252,840**	**$3,707,587**	**$454,747**

General Fund

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$473,203	$566,738	$819,448	$889,189	$953,777	$64,588
FTE Staff	1.33	1.33	0.93	0.93	1.10	0.17
Accounting	2,015,802	1,669,861	1,640,303	1,695,847	1,910,636	214,789
FTE Staff	17.61	12.98	12.69	12.79	13.51	0.72
Purchasing	1,345,285	1,249,672	1,117,767	1,076,467	1,190,917	114,450
FTE Staff	10.33	9.66	7.52	7.67	8.07	0.40
Real Estate	578,835	1,953,633	536,782	599,711	518,031	(81,680)
FTE Staff	2.67	3.02	2.90	2.90	2.55	(0.35)
Treasury	1,547,215	1,553,331	1,400,045	1,416,517	1,421,565	5,048
FTE Staff	12.09	11.89	11.44	10.10	9.46	(0.64)
Budget	1,033,498	879,325	752,624	836,622	1,160,771	324,149
FTE Staff	6.32	5.32	4.68	4.68	6.56	1.88
Total Expenditures	**$6,993,838**	**$7,872,560**	**$6,266,969**	**$6,514,353**	**$7,155,697**	**$641,344**
Total FTE	**50.35**	**44.20**	**40.16**	**39.07**	**41.25**	**2.18**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Reimbursements				
Increase in cost plan revenue from other departments			448,247	(448,247)
Salary and Benefits				
Temporary Salaries		32,155		32,155
Add 1.0 FTE Senior Financial Analyst (Note 1)	1.0	153,806		153,806
Benefit Changes (OPEB, and others - Note 2)		459,423		459,423
Contract Expenses				
Increase in administrative fee for institutional custody services		6,900		6,900
Budget document preparation		4,500		4,500
Color printing of budget documents		21,800		21,800
Supplies and Materials				
New one-day scratcher parking permits (Note 3)		16,000		16,000
Printing supplies		3,600		3,600
Indirect Charges				
Increase in vehicle replacement charges		8,295		8,295

Change	FTE	Expense	Revenue	Net Cost
Decrease in technology charges (replacement, maintenance, support, communications)		(36,549)		(36,549)
Decrease in liability insurance charges		(18,865)		(18,865)
Decrease in mailing service charges		(14,987)		(14,987)
Decrease in printing service charges		(12,150)		(12,150)
Net Total of Significant Changes to Budget	**1.0**	**623,928**	**448,247**	**175,681**

Significant Budget Adjustments Notes

Note 1: At the Fiscal Year 2012 midyear, 1.0 FTE Senior Financial Analyst was added in the Office of Management and Budget.

Note 2: Increase in benefit changes is primarily a result of an increase in the benefits allocation from the General Benefits Internal Service Fund and an increase in retiree medical costs.

Note 3: New scratcher permits are now being issued to purchasers of one-day parking permits. Previously, the permits were printed in-house on card stock which could be easily duplicated. This expenditure will be reimbursed at the fund level by transfers from the University Avenue Parking Permit Fund and the California Avenue Parking Permit Fund.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Internal Revenues	$3,857,302	$3,210,859	$2,982,206	$3,240,540	$3,688,787	$448,247
External Revenues	75,807	48,798	80,462	12,300	18,800	6,500
Total Revenues	**$3,933,109**	**$3,259,657**	**$3,062,668**	**$3,252,840**	**$3,707,587**	**$454,747**
Expenditures						
Salaries and Benefits	$6,327,271	$5,786,499	$5,304,509	$5,318,499	$5,985,349	$666,850
Contract Services	377,144	100,898	151,803	239,710	262,660	22,950
Supplies and Materials	35,139	33,478	38,816	51,964	71,964	20,000
Facilities and Equipment Purchases	2,485	1,417,708	0	3,100	2,500	(600)
General Expense	93,493	157,850	146,173	194,789	201,189	6,400
Rents and Leases	11,153	11,153	11,153	11,153	11,153	0
Allocated Charges	147,153	364,974	614,515	695,138	620,882	(74,256)
Total Expenditures	**$6,993,838**	**$7,872,560**	**$6,266,969**	**$6,514,353**	**$7,155,697**	**$641,344**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Accountant	3.00	2.00	2.00	2.00	2.00	0.00	$159,288
Acct Spec	11.00	8.00	7.00	7.00	7.00	0.00	404,915
Acct Spec-Lead	5.00	5.00	5.00	5.00	5.00	0.00	309,610
Admin Assistant	0.93	0.93	0.93	0.93	1.00	0.07	75,900
Administrative Associate III	0.96	0.96	0.00	1.00	1.00	0.00	66,227
Asst Director Adm Svcs	0.60	0.60	0.60	1.50	1.70	0.20	236,312
Budget Officer	0.00	0.00	0.00	1.00	0.00	(1.00)	0
Business Analyst	0.10	0.10	0.00	0.00	0.00	0.00	0
Buyer	2.00	2.00	2.00	2.00	2.00	0.00	161,450
Chief Budget Officer	1.00	1.00	1.00	1.00	0.00	(1.00)	0
Contracts Administrator	2.00	2.00	1.40	1.40	1.40	0.00	136,457

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Deputy Dir Adm Svcs	0.80	0.80	0.80	0.00	0.00	0.00	0
Dir Adm Svcs/Chief Financial Officer	0.50	0.50	0.50	0.50	0.50	0.00	89,284
Director, Office of Management and Budget	0.00	0.00	0.00	0.00	1.00	1.00	151,488
Graphic Designer	1.00	1.00	1.00	0.00	0.00	0.00	0
Mailing Svcs Spec	1.00	1.00	0.00	0.00	0.00	0.00	0
Mgr Accounting	1.00	1.00	1.00	1.00	1.00	0.00	116,356
Mgr Pur & Cntr Admin	1.00	1.00	1.00	1.00	1.00	0.00	116,356
Mgr Real Property	1.00	1.00	1.00	1.00	1.00	0.00	119,413
Offset Equip Op	1.00	1.00	1.52	1.52	1.52	0.00	83,402
Offset Equip Op-Lead	1.00	1.00	0.00	0.00	0.00	0.00	0
Payroll Analyst	2.00	2.00	2.00	2.00	2.00	0.00	137,988
Principal Financial Analyst	0.00	0.00	0.00	0.00	1.00	1.00	107,869
Sr. Accountant	4.00	3.00	3.00	3.00	3.00	0.00	292,407
Sr. Business Analyst	0.20	0.20	0.00	0.00	0.00	0.00	0
Sr. Financial Analyst	7.91	6.91	5.81	4.91	6.20	1.29	604,308
Storekeeper	1.00	0.00	0.00	0.00	0.00	0.00	0
Storekeeper-L	1.00	1.00	1.00	1.00	1.00	0.00	64,459
Supv Repro & Mail	1.00	1.00	0.00	0.00	0.00	0.00	0
Warehouse Supv	1.00	1.00	0.50	0.50	0.50	0.00	34,435
Temporary/Hourly	1.40	2.25	2.67	1.38	2.10	0.72	99,454
Total FTE/Salaries	**54.40**	**48.25**	**41.73**	**40.64**	**42.92**	**2.28**	**$3,567,377**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$1,507,643	$1,457,797	$1,211,526	$1,388,819	$1,716,527	$327,708
Retiree Health	322,582	391,740	489,568	359,018	479,733	120,715
Management Excess Benefit	103,461	98,777	68,343	78,960	84,400	5,440
Disability/Workers Compensation	12,416	36,586	49,874	21,738	31,347	9,609
Long Term Disability	12,156	10,405	8,440	10,405	10,405	0
Medicare	55,856	50,253	47,922	46,550	48,208	1,658
Healthcare Opt-out	29,011	25,562	33,542	21,721	64,197	42,476
Tuition Reimbursement	23,652	6,075	1,000	0	0	0
Other Benefits	2,070	1,946	2,349	453	8,600	8,147
Benefits Subtotal	**$2,068,847**	**$2,079,141**	**$1,912,564**	**$1,927,664**	**$2,443,417**	**$515,753**
Salaries Subtotal	**$4,258,424**	**$3,707,358**	**$3,391,945**	**$3,390,835**	**$3,541,932**	**$151,097**
Total Staff Expenditures	**$6,327,271**	**$5,786,499**	**$5,304,509**	**$5,318,499**	**$5,985,349**	**$666,850**

Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

Fund Description

- Provide printing and mailing services for all City departments
- Print and assemble Council agenda packets
- Process and mail all outgoing utility bills

Key Accomplishments

✓ Cross-trained staff to maintain a high level of customer service despite staff reductions
✓ Processed 372,000 utility bills

Goals and Objectives

Goal 1: Provide timely and high quality services for City departments

Objective

- Replace outdated production equipment
- Analyze additional cost savings options
- Ensure timely distribution of utility bills

Key Performance Measures

Objective: Ensure timely distribution of utility bills

Measure 1: Number of Utility bills mailed on average per day

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
1,500	1,550	1,500	1,460	1,380

What: Track the number of Utility bills mailed on average per day.

Why: This is done to generate revenue.

How are we doing:
Mailing services is meeting this performance measure.

Fund Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	4.05	4.05	1.57	1.57	1.67	0.10
Staff Expenditures	$528,614	$477,446	$237,977	$157,368	$168,156	$10,788
Other Expenditures	985,269	986,966	929,516	962,165	960,421	(1,744)
Total Expenditures	**$1,513,883**	**$1,464,412**	**$1,167,493**	**$1,119,533**	**$1,128,577**	**$9,044**
Total Revenues	**$1,415,002**	**$1,396,592**	**$1,099,399**	**$1,139,000**	**$1,130,000**	**$(9,000)**

Internal Service Fund - Printing and Mailing Fund

Fund Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Printing and Mailing	$1,516,952	$1,467,481	$1,170,562	$1,121,890	$1,128,577	$6,687
FTE Staff	4.05	4.05	1.57	1.57	1.67	0.10
Total Expenditures	**$1,516,952**	**$1,467,481**	**$1,170,562**	**$1,121,890**	**$1,128,577**	**$6,687**
Total FTE	**4.05**	**4.05**	**1.57**	**1.57**	**1.67**	**0.10**

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Interest Income	(9,405)	(6,137)	(501)	0	0	0
Other Revenues	1,424,407	1,402,729	1,099,900	1,139,000	1,130,000	(9,000)
Total Revenues	**$1,415,002**	**$1,396,592**	**$1,099,399**	**$1,139,000**	**$1,130,000**	**$(9,000)**
Expenditures						
Salaries and Benefits	$528,614	$477,446	$237,977	$157,368	$168,156	$10,788
Contract Services	130,201	188,721	230,629	165,511	165,511	0
Supplies and Materials	76,839	84,679	79,762	80,258	80,258	0
General Expense	381,031	397,894	393,069	400,857	398,500	(2,357)
Rents and Leases	260,496	212,245	109,355	233,985	233,985	0
Allocated Charges	131,549	98,274	119,770	83,911	82,167	(1,744)
Operating Transfers Out	8,222	8,222	0	0	0	0
Total Expenditures	**$1,516,952**	**$1,467,481**	**$1,170,562**	**$1,121,890**	**$1,128,577**	**$6,687**

Community Services

- Provide a diverse range of quality programs and services that are highly valued and relevant to the needs of the community
- Provide and develop programs for increased knowledge, artistic expression, physical activity, social help, and enjoyment of the outdoors
- Be stewards of the community's unique assets, including open space and parks, interpretive centers, theatres, art center, junior museum and zoo, and community centers
- Provide comfortable, safe, and attractive facilities
- Develop and sustain mutually beneficial partnerships and collaborations with local organizations, businesses, individuals, and foundations

COMMUNITY SERVICES DIRECTOR

GREG BETTS

HUMAN SERVICES

1.00-Supervisor, Recreation Program
1.00-Management Assistant

ADMINISTRATION

1.00-Administrative Assistant
1.00-Senior Administrator
1.00-Assistant Director

OPEN SPACE, PARKS & GOLF ADMINISTRATION

1.00-Mgr, Open Space, Parks & Golf
1.00-Program Assistant II

OPEN SPACE

2.00-Supervisor, Open Space
5.00-Park Ranger

PARKS

ADMINISTRATION
1.00-Park Superintendent

CITY PARKS & FACILITIES
2.00-Inspector, Field Services
2.00-Sprinkler System Repair Person
1.00-Parks Crew-Lead
1.00-Parks Maintenance Person

ATHLETIC FIELD MAINTENANCE PROGRAM
1.00-Supervisor, Parks
1.00-Parks Crew-Lead
2.00-Sprinkler System Repair Person
5.00-Park Maintenance Person
1.00-Park Maintenance Lead

CAPITAL PROJECTS
1.00-Program Assistant 1

GOLF

1.00-Superintendent Golf Course

RECREATION AND CUBBERLEY

1.00-Mgr, Recreation & Cubberely
0.75-Admin Associate III

RECREATION

2.00-Supv, Recreation Programs
4.00-Coord., Recreation Programs
1.00-Building Service Person
1.75-Program Assistant I

CUBBERLEY CENTER

1.00-Sr. Supv, Recreation Program
2.00-Program Assistant I
2.00-Building Serviceperson-Lead
1.00-Building Serviceperson
1.00-Program Assistant II
1.75-Prod Arts/Science Program

ARTS & SCIENCES

ART CENTER

1.00-Manager, Arts
4.00-Producer Arts
1.75-Program Assistant I
1.00-Program Assistant II
0.50-Volunteer Coordinator

CHILDREN'S & COMMUNITY THEATRE

1.00-Manager, Arts
1.00-Theatre Specialist
1.00-Program Assistant I
3.00-Producer Arts

YOUTH SCIENCES & INTERPRETIVE

1.00-Community Svc Senior Program
4.00-Producer Arts/Science Program
1.00-Program Assistant I
2.25-JMZ Educator

FY 2013 Position Totals

75.75	Full-time
49.97	Hourly

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

Department Description

The Community Services Department's Mission is:

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

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

- Arts and Sciences Division: Provides visual and performing arts, music and dance, and science programs to youth and adults, including a focus on family programs. The division manages the Art Center, Children's Theatre, Community Theatre, Junior Museum and Zoo, and Art in Public Places.
- Open Space, Parks, and Golf Division: Maintains and operates more than 4,000 acres of open space and urban parkland. The division offers programs in ecology and natural history in open space, maintenance of facilities for outdoor recreational use in city parks, and a full service golf complex.
- Recreation Services Division: Provides a diverse range of programs and activities for the community establishing a culture of fitness and healthy living for families and individuals of all ages. Programs include childhood learning, youth development, and adult recreation.
- Office of Human Services: Provides assistance to people in need by funding and coordinating grants to non-profit organizations while also referring those in need to services throughout the county. In addition, Human Services manages Project Safety Net, one of several community collaborations focussing on youth well being.

Key Accomplishments

✓ The Junior Museum and Zoo opened a new exhibit, "Buzzzz", allowing kids to explore the beauty of bugs and their fascinating life stories by observing living spiders and insects, studying a pinned specimen collection, and exploring hands-on exhibits.

✓ The Art Center went "On the Road" offering classes and exhibits remotely throughout the city during the facility's renovation project. With the addition of an Art Truck, staff brought unique visitor experiences by bringing art exhibits to local schools and parks.

✓ Parks operations completed Greer Park Phase IV Renovation Project, a major park renovation capital improvement project which also developed a vacant southeast corner of the park. Renovations include a new turf area, trees and shrubs, pathways, picnic tables, children's playground, and an irrigation system using potable and reclaimed water.

✓ In collaboration with Public Works, a 46 acre expansion of Byxbee Park was opened for leisure and recreational use in the Baylands.

✓ Recreation focused on Youth Engagement, providing diverse, meaningful and positive experiences for youth and teens during non-school hours. The core framework that guides all programs for youth and teens in Recreation is the 41 Developmental Assets, which has been adopted by the Palo Alto Unified School District (PAUSD) and the City Council.

✓ Established and continued to manage Project Safety Net, a multi-agency task force including PAUSD addressing teen suicide prevention and the social and emotional health of youth and teens

✓ The Office of Human Services completed a needs assessment with community input and presented it to the City's Finance Committee for use in determining future funding for local non-profits providing service to those in need.

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

- GOAL C-1: Effective and efficient delivery of community services
- POLICY C-4: Maintain a close, collaborative relationship with the PAUSD to maximize the use of school services and facilities for public benefit, particularly for young people, families, and seniors
- POLICY C-5: Recognize the importance of schools to the social and economic vitality of the City
- POLICY C-17: Continue to support provision, funding, and promotion of services and programs for children and youth
- GOAL N-1: A Citywide open space system that protects and conserves Palo Alto's natural resources and provides a source of beauty and enjoyment for Palo Alto residents
- POLICY C-25: Make infrastructure improvements on public open space only when these improvements are consistent with the goals of protecting and conserving the natural environment
- POLICY C-27: Seek opportunities to develop new parks and recreation facilities to meet the growing needs of residents and employees of Palo Alto
- GOAL C-4: Attractive, well-maintained community facilities that serve Palo Alto residents
- POLICY C-23: Explore ways to expand the space available in the community for art exhibits, classes and other cultural activities
- GOAL C-3: Improved quality, quantity, and affordability of social services, particularly for children, youth, seniors, and people with disabilities
- POLICY C-7: Actively work with private, nonprofit, and public community service organizations to avoid duplication and to coordinate the delivery of services like child care, senior services, and recreation
- POLICY C-12: Coordinate delivery of child care services with other service providers, including the Palo Alto Unified School District (PAUSD)
- POLICY C-20: Support and promote services addressing the needs of the unhoused community

Goals and Objectives

Goal 1: Provide high quality, relevant and diverse services for the public

Objectives:

- Achieve a high level of customer satisfaction for all programs and services offered by the department
- Increase public awareness of - and participation in - recreational services
- Ensure programs are responsive to a broad range of needs within the community

Goal 2: Ensure parks and recreational areas are safe and environmentally sensitive

Objectives:

- Maintain grounds in good condition and facilities in good repair
- Protect public land and utilize best management practices for environmental preservation

Goal 3: Provide innovative, well managed programs and services

Objectives:

- Increase and diversify community involvement and volunteerism
- Monitor cost recovery to facilitate sustainability of programs and services
- Explore partnerships with other agencies to maximize services for the public

Key Performance Measures

Objective: Achieve a high level of customer satisfaction for all programs and services offered by the department

Measure 1: Percent of surveyed residents who rate recreation programs or classes as good or excellent

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
85%	82%	81%	82%	84%

What: This measure tracks resident responses when asked to rate Palo Alto's recreation programs or classes in an annual National Citizen Survey. The department's motto is "Engage, Create, Enjoy!" to enhance the quality of life. We offer a diversity of experiences for children, teens, and adults of all ages.

Why: It is important for the City to solicit feedback from residents regarding the services we provide.

How are we doing:

Compared to other cities nationally, Palo Alto ranks in the 77th percentile for recreation programs or classes and 62nd out of 263 cities surveyed.

Objective: Increase public awareness of - and participation in - recreational services

Measure 1: Enrollment in classes and camps by youth, teens, and adults in arts, sciences, recreation, and open space programs

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
17,608	17,336	15,835	-	16,500

What: This measure tracks participation in courses offered by the department.

Why: The department aims for a "culture of healthy living" through programming engaging all ages to live active and healthy lifestyles while developing both the mind and body.

How are we doing:

Compared with other cities nationally, Palo Alto ranks in the 85th percentile for recreation opportunities and 37th out of 242 cities surveyed.

Objective: Protect public land and utilize best management practices for environmental preservation

Measure 1: Percent of surveyed residents who rate the City's success in preserving natural areas as good or excellent

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
82%	78%	76%	-	80%

What: This measure tracks resident responses when asked to rate Palo Alto's preservation of natural areas such as open space and green belts in an annual National Citizen Survey. The department maintains and manages 3,744 acres of open space including Foothills Park, Baylands Nature Preserve, Pearson-Arastradero Preserve and Esther Clark Nature Preserve.

Why: It is important for the City to solicit feedback from residents regarding the services we provide.

How are we doing:

Compared to other cities nationally, Palo Alto ranks in the 91st percentile for preservation of natural areas such as open space and 14th out of 151 cities surveyed.

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	145.94	146.39	123.82	122.71	123.72	1.01
Staff Expenditures	$12,356,475	$11,510,905	$10,707,705	$10,576,066	$11,214,219	$638,153
Other Expenditures	8,799,868	8,986,424	9,365,082	10,142,186	10,685,291	543,105
Total Expenditures	**$21,156,343**	**$20,497,329**	**$20,072,787**	**$20,718,252**	**$21,899,510**	**$1,181,258**
Total Revenues	**$7,102,535**	**$7,250,927**	**$7,154,800**	**$7,352,257**	**$7,514,936**	**$162,679**

General Fund

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration and Human Services	$3,851,352	$4,210,588	$4,151,355	$2,859,698	$3,724,515	$864,817
FTE Staff	19.16	19.77	15.31	15.71	4.99	(10.72)
Arts and Sciences	4,568,955	4,606,451	4,494,190	4,416,769	4,439,400	22,631
FTE Staff	39.70	39.49	36.73	36.91	37.18	0.27
Open Space, Parks and Golf	6,455,124	5,839,351	5,698,552	8,385,166	8,817,168	432,002
FTE Staff	38.72	35.88	30.16	30.71	31.51	0.80
Recreation and Cubberley	6,280,912	5,840,939	5,728,690	5,056,619	4,918,427	(138,192)
FTE Staff	48.35	51.25	41.62	39.38	50.04	10.66
Total Expenditures	**$21,156,343**	**$20,497,329**	**$20,072,787**	**$20,718,252**	**$21,899,510**	**$1,181,258**
Total FTE	**145.93**	**146.39**	**123.82**	**122.71**	**123.72**	**1.01**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Other Revenues				
Lawn Bowl fee to users (Note 1)	0	0	6,000	(6,000)
Community Garden Fee (Note 2)	0	0	15,000	(15,000)
Field Users to pay maintenance (Note 3)	0	0	100,000	(100,000)
Cubberley Artists rental (Note 4)	0	0	17,500	(17,500)
Boronda Lake Donations (Note 5)	0	0	65,000	(65,000)
Salary and Benefits				
Benefit Changes (Retiree health and others) (Note 6)	0	427,434	0	427,434
Reclass of Manager, Arts to Assistant Director (Note 7)	0	25,828	0	25,828
Hold 0.75 FTE Position Vacant through December 2012 (Note 8)	0.00	(47,000)	0	(47,000)
Eliminate .25 FTE Position in Arts (Note 9)	(0.25)	(23,441)	0	(23,441)
Hourly employees for new Mitchell Park facility (Note 10)	0.75	35,533	40,000	(4,467)
Reinstatement of position freezes from FY 2012 (Note 11)	0	207,000	0	207,000
Contract Expenses				
Art in Public Places Maintenance (Note 12)	0	(20,000)	0	(20,000)
Avoidance of landscape contract increase (Note 13)	0	0	0	0
Supplies and Materials				
Junior Museum and Zoo exhibits (Note 14)	0	(25,000)	(25,000)	0
General Expense				
Children's Theatre special events eliminated (Note 15)	0	(64,888)	(69,000)	4,112

Change	FTE	Expense	Revenue	Net Cost
Allocated Charges--Direct and Indirect				
Utilities charges	0	153,960	0	153,960
Vehicle replacement/maintenance allocation	0	(13,298)	0	(13,298)
General Liability allocation	0	(20,132)	0	(20,132)
IT Support (Note 16)	0	411,947	0	411,947
Net Total of Significant Changes to Budget	**0.50**	**1,047,943**	**149,500**	**898,443**

Significant Budget Adjustments Notes

Note 1: The City has taken care of turf maintenance at the Lawn Bowling Club for many years. The Palo Alto Lawn Bowling Club rent will increase to cover some of the costs of turf maintenance. This will reduce the City's cost from $22,000 per year to $16,000.

Note 2: There are several City-owned plots of land in Palo Alto providing residents with a place to plant a garden. The typical waiting period for a garden plot is one to two years, and many gardeners have retained their plots for longer than ten years. Community Gardeners pay a minimal rent for the space; the rent will increase from $0.50/square foot per year to $0.75/square foot. The additional cost to users will be approximately $40-$80 per year, depending on the size of garden plots, resulting in $15,000 of additional revenue to City.

Note 3: The City has long subsidized the cost of maintaining fields for local youth and adult sports. The City will charge permitted field users (soccer, baseball, softball, tennis, lacrosse, etc.) a higher portion of field maintenance and booking costs, resulting in $100,000 of increased revenues for Fiscal Year 2013.

Note 4: The City leases space from PAUSD at the Cubberley Community Center, and offers 17 studio classrooms for 22 local artists at below-market rates. Half of the current artists are Palo Alto residents. This increase will keep the charges at below-market, and increases the artists' rent by approximately 16 per cent for residents and 17 per cent for non residents. Current square foot monthly rent is $0.68 for Palo Alto residents and $0.73 for nonresidents. Office space at Cubberley rents for $1.25-$1.50/square foot. The increase to artists' rent is $0.80 per square foot for residents and $0.88 per square foot for non residents, which will generate an additional $17,500 per year for the City. The rate increases are the result of meetings between the Community Services Department and the community of artists currently renting space.

Note 5: A donation box will be placed at Boronda Lake in an effort to solicit donations to cover the annual cost of filling Boronda Lake. The annual cost to fill the lake is estimated at $65,000, the revenue target has been set to recover the full cost of filling the lake, however, it will be reassessed once actual donations can be measured and a more accurate revenue projection can be provided.

Note 6: To reflect increases in employee benefits costs along with increased retiree medical.

Note 7: As approved in Fiscal Year 2012 Midyear, 1.0 FTE Division Manager, Arts & Sciences was reclassified to an Assistant Director to provide oversight of department functions as well as oversee the Division of Arts & Sciences.

Note 8: A 0.75 FTE Program Assistant position that is currently vacant will be frozen through December 2012 to achieve cost savings. Customers will register for classes and services at the nearby Art Center or Junior Museum and Zoo while this position remains vacant.

Note 9: A full-time Producer of Arts/Sciences is reduced from 1.0 FTE to 0.75 FTE. The Art Center Director will provide more oversight and support of exhibitions, which may reduce her time available to manage the City's relationship with the Art Center Foundation and may require more time for hourly staff on exhibitions. This could require the Art Center to reduce the scope and frequency of its exhibition programs.

Note 10: The new Mitchell Park Community Center opens in Fiscal Year 2013, and will have additional expenditure requirements. Hourly positions (0.75 FTE) will staff the center to handle customer service, public queries, rental requests, program registrations and process payments. The positions will also support the Teen Center within the complex and staff after-hours events. It is anticipated that the new facility will generate $40,000 in new revenue.

Note 11: There were several Community Services positions that were reduced on a one-time basis in Fiscal Year 2012 to reduce the City's annual budget. These positions are reinstated for Fiscal Year 2013.

Note 12: The City has an Art in Public Places program with the goal of beautifying the city and supporting visual artists, while contributing to the cultural life of the community. For Fiscal Year 2012, Council allotted an additional $50,000 to CSD to ensure the maintenance of the existing public art pieces and eliminate a backlog of required maintenance. The maintenance backlog is being addressed with existing funding and ongoing maintenance can be performed with a lower level of contract funding and some maintenance to be performed in house.

Note 13: The level and scope of service for landscaping contracts for City-owned properties will be reduced. The goal would be to maintain high landscape standards in important gateway areas and neighborhood parks, while reducing frequency of maintenance at less-visible facilities. This would be a cost-avoidance measure to avoid a $64,000 contract cost increase in Fiscal Year 2013 to cover previously negotiated annual increases and planned augmentation to scope of services. May reduce turf mowing frequency by 25 per cent at Palo Alto Unified School District (PAUSD) elementary school sites and may be a visible appearance change to some City facilities, parks, streets, and medians.

Note 14: The Friends of the Jr. Museum and Zoo typically has reimbursed the City for costs of contracting out the museum exhibit building. Now the Friends group will directly pay the contractor, thereby eliminating the expense as well as the corresponding $25,000 revenue, such that the net budget impact is zero.

Note 15: Several years ago, the Children's Theatre would take a special events trip that was then reimbursed by the theatre participants. That program was eliminated in 2009. This change was approved in Fiscal Year 2012 Midyear process.

Note 16: The allocation of Information Technology support for the department is based on the expense allocation methodology. For more details, please refer to the IT Department Budget.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Internal Revenues	$72,717	$120,373	$51,659	$51,659	$58,338	$6,679
External Revenues	7,029,818	7,130,554	7,103,141	7,300,598	7,456,598	156,000
Total Revenues	**$7,102,535**	**$7,250,927**	**$7,154,800**	**$7,352,257**	**$7,514,936**	**$162,679**
Expenditures						
Salaries and Benefits	$12,356,475	$11,510,905	$10,707,705	$10,576,066	$11,214,219	$638,153
Contract Services	3,023,518	2,980,908	3,230,863	3,994,427	3,964,852	(29,575)
Supplies and Materials	714,443	614,137	575,653	699,232	688,457	(10,775)
Facilities and Equipment Purchases	29,809	46,420	45,786	72,700	70,700	(2,000)
General Expense	1,309,187	1,268,839	1,294,177	1,386,556	1,351,018	(35,538)
Rents and Leases	12,480	16,759	15,970	24,466	25,466	1,000
Allocated Charges	3,703,441	4,052,371	4,195,643	3,957,815	4,577,808	619,993
Operating Transfers Out	6,990	6,990	6,990	6,990	6,990	0
Total Expenditures	**$21,156,343**	**$20,497,329**	**$20,072,787**	**$20,718,252**	**$21,899,510**	**$1,181,258**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00	$75,900
Administrative Associate I	2.50	2.00	0.00	0.00	0.00	0.00	0
Administrative Associate III	0.00	0.75	0.75	0.75	0.75	0.00	49,670
Arts & Culture Div Mgr	1.00	1.00	1.00	1.00	0.00	(1.00)	0
Assistant Director CSD	0.00	0.00	0.00	0.00	1.00	1.00	139,000
Bldg Serviceperson	4.00	4.00	2.00	2.00	2.00	0.00	98,800
Bldg Serviceperson-L	2.00	2.00	2.00	2.00	2.00	0.00	105,748
Community Services Senior Program Manager	1.00	1.00	1.00	1.00	1.00	0.00	88,109

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Community Services Superintendent	1.00	1.00	1.00	1.00	0.00	(1.00)	0
Coord Child Care	1.00	1.00	0.00	0.00	0.00	0.00	0
Coord Rec Prog	5.00	5.00	4.50	4.00	4.00	0.00	262,412
Cub Ctr & Hum Svc Div Mgr	1.00	1.00	0.00	0.00	0.00	0.00	0
Dir Comm Svcs	1.00	1.00	1.00	1.00	1.00	0.00	174,221
Division Manager, Recreations & Golf	1.00	1.00	1.00	1.00	1.00	0.00	135,450
Golf Cor Equip Mech	1.00	1.00	0.00	0.00	0.00	0.00	0
Golf Cor Mt Person	5.00	4.00	0.00	0.00	0.00	0.00	0
Inspector, Field Svc	2.00	2.00	2.00	2.00	2.00	0.00	156,956
Junior Museum & Zoo Educator	0.00	2.25	2.25	2.25	2.25	0.00	141,055
Management Assistant	1.00	1.00	1.00	1.00	1.00	0.00	71,947
Mgr Arts	2.00	2.00	2.00	2.00	2.00	0.00	185,370
Open Spc & Parks Div Mgr	1.00	1.00	1.00	1.00	1.00	0.00	125,008
Park Maint - Lead	1.00	1.00	1.00	1.00	1.00	0.00	68,286
Park Maint Person	11.00	11.00	6.00	6.00	6.00	0.00	353,310
Park Ranger	5.00	5.00	5.00	5.00	5.00	0.00	324,170
Parks/Golf Crew-Lead	3.00	3.00	2.00	2.00	2.00	0.00	128,128
Prod Arts/Sci Prog	12.50	13.00	12.00	12.00	11.75	(0.25)	892,789
Program Assistant I	12.00	7.75	7.50	7.50	7.50	0.00	470,183
Program Assistant II	3.00	3.00	3.00	3.00	3.00	0.00	202,176
Senior Management Analyst	1.00	1.00	1.00	1.00	1.00	0.00	107,869
Sprinkler Sys Repr	5.00	5.00	4.00	4.00	4.00	0.00	239,532
Sr Ranger	1.00	0.00	0.00	0.00	0.00	0.00	0
Supt Parks	1.00	1.00	1.00	1.00	2.00	1.00	221,396
Supv Open Space	1.00	2.00	2.00	2.00	2.00	0.00	181,002
Supv Parks	1.00	1.00	1.00	1.00	1.00	0.00	95,036
Supv Rec Prog	4.00	4.00	4.00	4.00	4.00	0.00	362,004
Theater Specialist	1.00	1.00	1.00	1.00	1.00	0.00	81,307
Volunteer Coord	0.50	0.50	0.50	0.50	0.50	0.00	34,497
Temporary/Hourly	49.44	52.14	49.32	48.71	49.97	1.26	1,582,761
Total FTE/Salaries	**145.94**	**146.39**	**123.82**	**122.71**	**123.72**	**1.01**	**$7,154,091**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$2,476,106	$2,451,459	$1,921,067	$2,401,044	$2,448,842	$47,798
Retiree Health	457,315	552,004	820,476	602,934	891,999	289,065
Management Excess Benefit	49,426	47,319	43,686	72,000	72,000	0
Disability/Workers Compensation	105,919	166,602	334,665	152,765	162,813	10,048
Long Term Disability	8,530	7,637	6,251	7,637	7,637	0
Medicare	114,903	111,835	102,209	80,477	79,643	(834)
Healthcare Opt-out	30,253	42,358	61,727	37,554	66,518	28,964
Tuition Reimbursement	60,417	33,283	0	0	0	0
Other Benefits	103,958	112,338	112,617	95,671	153,064	57,393
Benefits Subtotal	**$3,406,827**	**$3,524,835**	**$3,402,698**	**$3,450,082**	**$3,882,516**	**$432,434**
Salaries Subtotal	**$8,949,648**	**$7,986,070**	**$7,305,007**	**$7,125,984**	**$7,331,703**	**$205,719**
Total Staff Expenditures	**$12,356,475**	**$11,510,905**	**$10,707,705**	**$10,576,066**	**$11,214,219**	**$638,153**

Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

Human Service Contracts	FY 2012 Adopted Budget	FY 2013 Agency Request	FY 2013 Adopted Budget	Total
EXPENDITURE CATEGORY				
Sole Source Contractors				
Avenidas - Senior Services (1)	$402,224	$450,000	$402,224	$402,224
PACCC - Child Care Subsidy and Outreach (1)	407,491	444,820	407,491	407,491
Sole Source Contractors Subtotal	**$809,715**	**$894,820**	**$809,715**	**$809,715**
HUMAN SERVICES RESOURCE ALLOCATION PROCESS				
Two-Year Contractors				
Abilities United (2)	37,642	56,000	37,642	37,642
Adolescent Counseling Services	87,561	110,000	87,561	87,561
Community Health Awareness Council	8,930	10,000	8,930	8,930
Community Technology Alliance	5,432	15,000	5,432	5,432
Downtown Streets Team	33,666	55,000	33,666	33,666
Inn Vision	8,920	50,000	8,920	8,920
La Comida - Senior Nutrition	30,362	34,000	30,362	30,362
MayView Health Center - Health Care Food Bank for low-income	16,074	25,000	16,074	16,074
Momentum for Mental Health (3)	24,111	25,650	24,111	24,111
Peninsula Health Care Connection	25,000	63,000	25,000	25,000
Senior Adult Legal Assistance	8,037	9,000	8,037	8,037
Youth Community Service	15,002	16,000	15,002	15,002
Catholic Charities	-	151,678	-	-
Family and Children Services	-	46,000	-	-
Kara	-	65,000	-	-
NOVA Youth Foundation	-	40,000	-	-
United Way Silicon Valley	-	13,500	-	-
Two-Year Contractors Subtotal	**$300,737**	**$784,828**	**$300,737**	**$300,737**
TOTAL	**$1,110,452**	**$1,679,648**	**$1,110,452**	**$1,110,452**

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

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

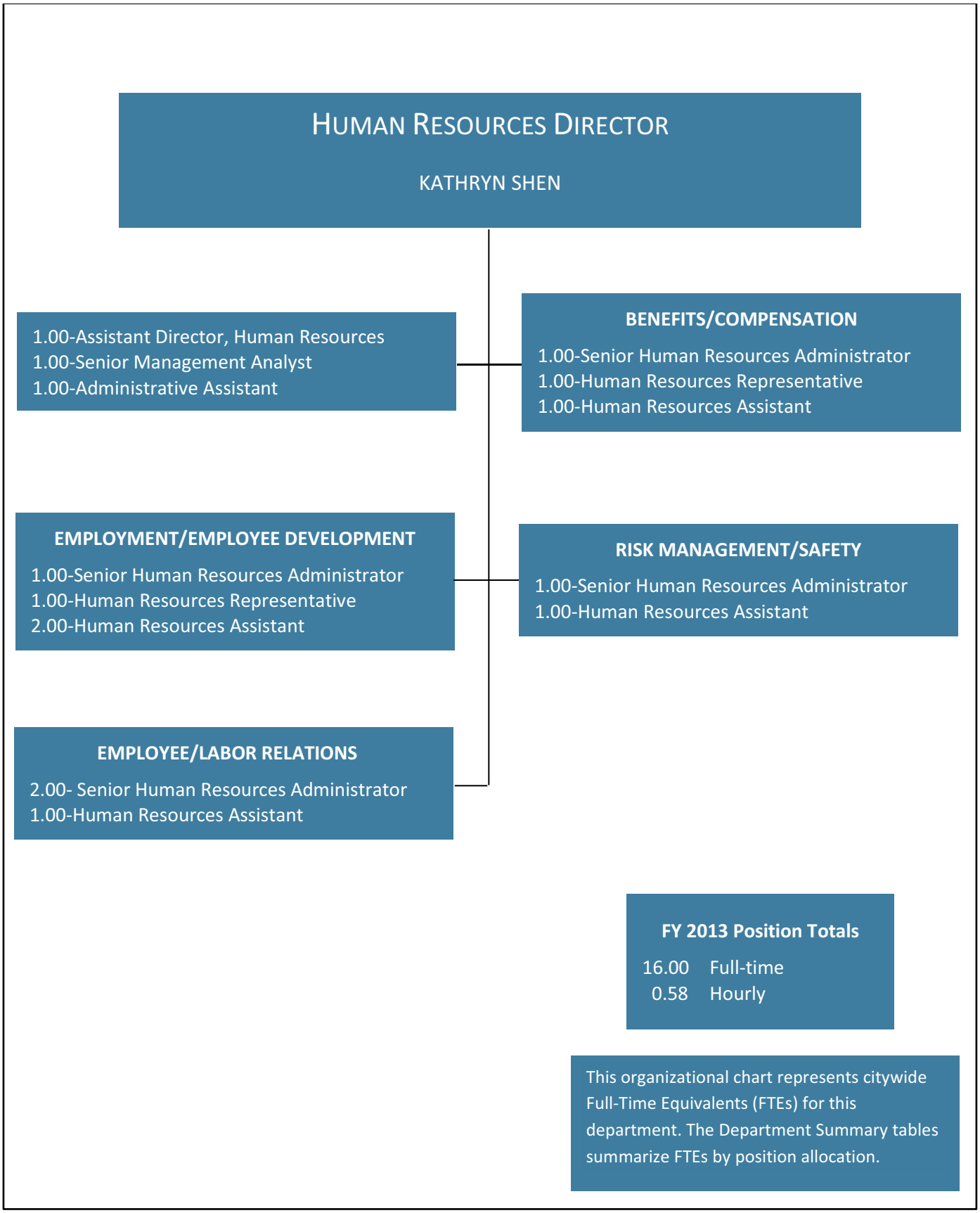
(3) Name change: from Alliance for Community Care to Momentum for Mental Health

Golf Course Financial Summary	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Projected	FY 2013 Adopted Budget
REVENUES				
Tournament fees	$1,921	$2,190	$1,915	$3,600
Green Fees	1,958,234	1,859,473	1,803,689	1,924,250
Monthly play cards	135,848	154,933	150,285	170,000
Driving range	399,773	343,878	333,562	390,000
Cart/club rentals	339,090	302,815	293,731	370,000
Proshop lease	27,389	26,537	29,203	32,000
Restaurant lease	52,680	55,075	52,174	67,200
Restaurant Utilities	28,080	25,920	25,920	25,920
Interest Income - Debt Service	32,200	36,866		
Sale of Golf Course equipment*	-	35,230	-	
Total Revenue	**$2,975,215**	**$2,842,917**	**$2,690,479**	**$2,982,970**
EXPENDITURES				
Operating Expenses				
Salaries	483,188	154,006	101,404	101,547
Benefits	238,408	105,449	39,784	70,659
Miscellaneous				
Supplies and Materials	119,458	43,742	15,491	36,600
General Expense	554	582	716	1,438
Rents and Leases	0	-	-	1,000
Facilities and Equipment Purchases	390	93	-	-
Allocated Charges	420,719	509,704	276,370	494,194
Subtotal	**$1,262,717**	**$813,576**	**$433,765**	**$705,438**
Contract Services				
Golf Maintenance	0	475,000	767,523	825,000
Miscellaneous	37,620	32,708	13,392	24,030
Range fees	142,267	130,152	117,969	157,700
Cart rentals	121,630	117,529	82,797	148,000
Club rentals	5,424	5,576	4,476	6,800
Fixed management fees	350,898	343,544	386,443	353,333
Credit card fees	38,000	38,000	38,000	38,000
Subtotal	**$695,839**	**$1,142,509**	**$1,410,600**	**$1,552,863**
Total Operating Expenses	**$1,958,556**	**$1,956,085**	**$1,844,365**	**$2,258,301**
Income From Operations	**$1,016,659**	**$886,832**	**$846,114**	**$724,669**
Debt Expenses				
Debt Service	560,674	560,000	559,539	428,180
Loan payment to General Fund for CIP Projects PG-08001 and PG-07700	47,684	94,849		
Subtotal	**$608,358**	**$654,849**	**$559,539**	**$428,180**
Cost Plan Charges	332,155	44,151	24,873	24,744
Net Income (Loss)	**$76,146**	**$187,832**	**$261,702**	**$271,745**
Golf Rounds	68,500	67,381	68,000	68,000

*The maintenance of the Golf Course was contracted out to ValleyCrest in October 2010. Golf course equipment and certain vehicles were purchased by ValleyCrest. The proceeds on the sale of equipment in the amount of $35,230 is reflected as revenue in the Golf Course Financial Summary, while the proceeds in the sale of vehicles in the amount of $125,000 is reflected in the Vehicle Replacement Fund.

Human Resources

- Provide a wide range of employee services for the City of Palo Alto, including recruitment, new employee orientation, staff training and development, benefits administration, employee safety, and labor relations
- Deliver support services to City departments related to employee relations, compensation, performance evaluations, job classification, risk management and organizational development
- Support City departments and employees in achieving their key goals and objectives
- Align Human Resources strategies and practices with City goals and priorities to deliver premier municipal services to the citizens of Palo Alto and City staff


HUMAN RESOURCES DIRECTOR
KATHRYN SHEN
1.00-Assistant Director, Human Resources
1.00-Senior Management Analyst
1.00-Administrative Assistant
BENEFITS/COMPENSATION
1.00-Senior Human Resources Administrator
1.00-Human Resources Representative
1.00-Human Resources Assistant
EMPLOYMENT/EMPLOYEE DEVELOPMENT
1.00-Senior Human Resources Administrator
1.00-Human Resources Representative
2.00-Human Resources Assistant
RISK MANAGEMENT/SAFETY
1.00-Senior Human Resources Administrator
1.00-Human Resources Assistant
EMPLOYEE/LABOR RELATIONS
2.00- Senior Human Resources Administrator
1.00-Human Resources Assistant
FY 2013 Position Totals
16.00 Full-time
0.58 Hourly
This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

Department Description

The Human Resources Department's Mission is:

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

The department provides a wide range of employee-related services for the City of Palo Alto through the following:

Administration: Provides personnel, budget and administrative support services for the Department and administers the Human Resources Information System (HRIS)

Benefits/Compensation: Provides cost effective employee benefit plans and manages competitive total compensation that supports the organization's goals and departments' core missions

Employee/Labor Relations: Provides a professional level of service and guidance to management and employees related to performance issues and the work environment; negotiates, implements and interprets labor agreements

Organizational Development: Provides training and development solutions to support innovation and service excellence throughout the organization

Recruitment: Coordinates the recruitment and selection of City employees, utilizing processes compatible with departmental and organizational objectives and consistent with City policies and state and federal laws

Risk Management/Safety/Workers' Compensation: Supports workplace safety and mitigates potential liabilities by reducing injuries and other losses to the City

Key Accomplishments

- ✓ Successfully defended the City against three Equal Employment Opportunity Commission (EEOC) claims, therefore avoiding litigation and settlement costs
- ✓ Implemented the electronic employee requisition approval process in NEOGOV, supporting the City's green initiative and streamlining recruitment processes
- ✓ Negotiated and implemented labor agreements with International Association of Fire Fighters (IAFF) and Fire Chiefs Associatation (FCA) which reduced the City's compensation costs on an on-going basis by $1,656,563
- ✓ Effectively refreshed and augmented the New Employee Orientation program under the Project Culture Shock initiative
- ✓ Provided customized training modules to City staff on safety, ethics, policies and procedures and a variety of technical topics
- ✓ Sponsored training facilitated by State Mediation on collaborative problem solving

Goals and Objectives

Goal 1: Attract and retain a highly qualified workforce that values and reflects diversity, innovation and a strong commitment to public service

Objectives:

- Develop a strategic plan that emphasizes the City as an employer of choice attracting highly qualified candidates interested in serving the citizens of Palo Alto
- Facilitate promotional opportunities for City employees
- Minimize first year turnover rate
- Expand the usage of technology (NEOGOV) throughout the City, garnering efficiencies in the recruitment process

Goal 2: Promote collaborative and effective labor management relationships while representing the publics interests in all bargaining matters

Objectives:

- Provide appropriate tools for each City department to assist them in resolving disputes, addressing performance issues and preventing or mitigating disciplinary matters
- Reduce the City's costs for employee pension and healthcare expenses while maintaining competitive salary and benefits
- Increase transparency in our communication with employees, labor, and the public

Goal 3: Promote continuous improvement in the responsiveness and effectiveness of staff performance through timely and relevant employee learning and development opportunities

Objectives:

- Expand employee training and development by utilizing in-house resources and outside vendors
- Evaluate new courses and curriculum to improve and broaden employee skill levels

Key Performance Measures

Objective: Facilitate promotional opportunities for City employees

Measure 1: Percent of promotional hires as compared to total new hires

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
50%	43.5%	50%	-	43%

What: This measure tracks the number of promotions compared to the total number of new hires in a fiscal year.

Why: Opportunities for personal development, growth and promotion are among the most important factors influencing employees' engagement and commitment. Additionally, it is cost effective to identify and retain employees who can take on leadership roles in the future. In order to cultivate a new organizational culture or simply continue cultivating the existing one, the entire employee base must be involved.

How are we doing:

The 3 year (FY 2009 - 2011) average for promotional direct hires is 48%. Approximately half of the City's employees were empowered to grow and move forward with new skills and good will which are factors for an organization becoming an employer of choice.

Objective: Minimize first year turnover rate

Measure 1: Percent of staff who leave employment within one year of being hired

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
8%	6.3%	8%	5.0%	7.5%

What: This measure tracks the rate at which benefited employees left the City during their first year.

Why: Turnover is costly. Time spent recruiting and training new hires is labor-intensive and a budget impact especially if the City does not reap the rewards of the investment. High turnover creates a negative cycle that can impact services and slow productivity as well as decrease employee morale.

How are we doing:

The rate of 1st year turnover has been stable over the last five (5) years, averaging 7.6% (FY 2007- FY 2011). By analyzing turnover trends, changes can be made within the organization to effectively reduce turnover, increase job satisfaction and provide a dynamic work environment.

Objective: Provide appropriate tools for each City department to assist them in resoliving disputes, addressing performance issues and preventing or mititgating disciplinary matters

Measure 1: Rate of formal disciplinary actions that continue to grievance arbitration proceedings compared to total number of formal disciplinary actions filed.

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
15.4%	7.1%	11.8%	-	13%

What: This measure tracks the number of formal disciplinary actions that are taken through the entire appeal process.

Why: The appeal process is time consuming and costly to the City, thus the Human Resources Department focuses on limiting the number of appealed disciplinary cases by working collaboratively with employees and supervisors to correct behavior and performance issues proactively. Training management in 'best practices' enables supervisory staff to correct performance issues early, which minimizes workplace issues and maximizes staff engagement, satisfaction, and productivity.

How are we doing:

As the City hires new managers, training is provided on best practices and employee relations to ensure effective staff management. If the numbers remain stable or decreases, it reflects that Human Resources is effectively managing labor relations and providing the needed coaching and training opportunities to supervisors and managers.

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	16.04	16.34	16.34	16.34	16.58	0.24
Staff Expenditures	$2,195,702	$2,324,466	$2,180,759	$2,456,855	$2,446,647	$(10,208)
Other Expenditures	504,581	382,083	390,764	462,123	534,869	72,746
Total Expenditures	**$2,700,283**	**$2,706,549**	**$2,571,523**	**$2,918,978**	**$2,981,516**	**$62,538**
Total Revenues	**$1,457,252**	**$1,390,055**	**$1,251,963**	**$1,406,027**	**$1,340,691**	**$(65,336)**

General Fund

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration/Employee-Org Development and HR Systems	$557,257	$771,036	$658,711	$860,982	$839,045	$(21,937)
FTE Staff	2.05	3.85	2.85	3.40	3.29	(0.11)
Employee/Labor Relations	584,984	610,089	736,682	784,673	848,138	63,465
FTE Staff	3.46	2.90	4.45	4.15	4.60	0.45
Benefits/Compensation	471,773	453,873	339,156	437,304	412,174	(25,130)
FTE Staff	3.56	2.99	2.44	3.04	2.84	(0.20)
Recruitment	635,547	462,523	460,064	462,211	506,265	44,054
FTE Staff	4.62	3.55	3.55	3.35	3.35	0.00
Risk Mgmt/Safety/Worker's Compensation	450,722	409,028	376,910	373,808	375,894	2,086
FTE Staff	2.35	3.05	3.05	2.40	2.50	0.10
Total Expenditures	**$2,700,283**	**$2,706,549**	**$2,571,523**	**$2,918,978**	**$2,981,516**	**$62,538**
Total FTE	**16.04**	**16.34**	**16.34**	**16.34**	**16.58**	**0.24**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Contract Expenses				
Citywide Training (Note 1)	0	$50,000	$0	$50,000
Allocated Charges-Direct and Indirect				
Print/Mail Services (Note 2)	0	($15,664)	$0	($15,664)
Net Total of Significant Changes to Budget		**$34,336**	**$0**	**$34,336**

Significant Budget Adjustments Notes

Note 1: Budget augmentations for Fiscal Year 2013 include a $50,000 increase in Contract Services for Citywide training. In Fiscal Year 2009 Citywide training was cut by 50 percent, and again by 50 percent in Fiscal Year 2011. This budget increase is to replenish citywide training.

Note 2: Changes to departments Print and Mail charges are based on prior year actual expenditures.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Internal Revenues	$1,429,252	$1,390,055	$1,251,963	$1,406,027	$1,340,691	$(65,336)
External Revenues	28,000	0	0	0	0	0
Total Revenues	**$1,457,252**	**$1,390,055**	**$1,251,963**	**$1,406,027**	**$1,340,691**	**$(65,336)**
Expenditures						
Salaries and Benefits	$2,195,702	$2,324,466	$2,180,759	$2,456,855	$2,446,647	$(10,208)
Contract Services	295,408	167,971	147,605	167,070	241,899	74,829
Supplies and Materials	19,054	15,344	16,088	19,280	16,980	(2,300)
Facilities and Equipment Purchases	10,409	1,720	325	5,000	4,150	(850)
General Expense	71,366	30,272	16,055	32,924	28,349	(4,575)
Rents and Leases	43,000	43,000	43,000	43,000	43,000	0
Allocated Charges	65,344	123,776	167,691	194,849	200,491	5,642
Total Expenditures	**$2,700,283**	**$2,706,549**	**$2,571,523**	**$2,918,978**	**$2,981,516**	**$62,538**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Adm Human Res	5.00	5.00	5.00	5.00	5.00	0.00	$475,180
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00	75,900
Assistant Director Human Resources	1.00	1.00	1.00	1.00	1.00	0.00	146,141
Dir Human Resources	1.00	1.00	1.00	1.00	1.00	0.00	165,631
Human Resources Rep	2.00	2.00	2.00	2.00	2.00	0.00	151,342
Human Rsrce Asst Cnf	4.00	5.00	5.00	5.00	5.00	0.00	334,465
Mgr Employee Relations	1.00	0.00	0.00	0.00	0.00	0.00	0
Senior Management Analyst	1.00	1.00	1.00	1.00	1.00	0.00	107,869
Temporary/Hourly	0.04	0.34	0.34	0.34	0.58	0.24	63,328
Total FTE/Salaries	**16.04**	**16.34**	**16.34**	**16.34**	**16.58**	**0.24**	**$1,519,856**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$504,872	$607,533	$560,599	$583,458	$522,128	$(61,330)
Retiree Health	76,377	82,471	142,959	169,001	203,000	33,999
Management Excess Benefit	46,293	52,138	42,928	60,000	64,000	4,000
Disability/Workers Compensation	3,066	29,441	22,488	2,460	11,836	9,376
Long Term Disability	7,017	6,885	6,518	6,885	6,885	0
Medicare	22,568	22,794	20,543	19,555	21,119	1,564
Healthcare Opt-out	28,403	39,450	37,367	9,126	37,900	28,774
Other Benefits	420	330	360	0	0	0
Benefits Subtotal	**$689,016**	**$841,042**	**$833,762**	**$850,485**	**$866,868**	**$16,383**
Salaries Subtotal	**$1,506,686**	**$1,483,424**	**$1,346,997**	**$1,606,370**	**$1,579,779**	**$(26,591)**
Total Staff Expenditures	**$2,195,702**	**$2,324,466**	**$2,180,759**	**$2,456,855**	**$2,446,647**	**$(10,208)**

Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

Fund Description

The City's self-insured General Liability program is jointly administered by the Human Resources Department and the City Attorney's Office. The City is a member of the Authority for California Cities Excess Liability (ACCEL), which provides general liability, including auto liability, insurance coverage up to $74 million per occurrence. The City retains the risk for the first $1 million in losses for each occurrence under this policy.

The General Liability program also provide adequate funding to cover flood, property, public employee dishonestly, and various other insurance policies for City owned equipment and machinery.

The Liability Insurance Fund also includes a provision for claims incurred but not reported. Claim adjustment expenses are recorded when a loss is deemed probable and the amount of the loss is reasonably determinable.

Key Accomplishments

✓ Added training for newly hired managers and supervisors to assist them with addressing performance and discipline issues when necessary

✓ Purchased property insurance coverage which includes new information security and privacy liability insurance

✓ Expanded property insurance policy to include "green building" coverage. Coverage would allow City to rebuild and/or replace damaged City property with green building products, thus supporting City's sustainability initiatives

Goals and Objectives

Goal 1: Reduce liability exposure to the City for employee-involved vehicle collisions.

Objectives:

- Reduce liability exposure to the City for employee-involved vehicle collision
- Review DMV records on an annual basis for all employees whose job duties require that they drive City vehicles
- Provide a refresher defensive driving course to all employees involved in vehicle collisions involving City vehicles regardless of fault
- Reduce the number of claims related to City vehicle collision losses
- Track claims involving City employees driving City vehicles

Key Performance Measures

Objective: Reduce the number of claims related to City vehicle collision losses

Measure 1: Annual number of claims related to City vehicle collision losses

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
20	17	15	-	

What: This measure will provide data to identify trends.

Why: Analyzing claim trends will assist risk management staff in developing programs designed to reduce employee-involved vehicle collisions.

How are we doing:
This is a new performance measure, but data shows the number of claims is decreasing. Going forward, data will be reviewed, from a liability perspective, in order to develop programs that reduce vehicle collisions. Annual number of claims related to City vehicle collision losses: FY 2007 - 18 claims; FY 2008 - 21 claims; FY 2009 - 20 claims; FY 2010 - 17 claims; FY 2011 - 15 claims.

Objective: Provide defensive driver training

Measure 1: Attendance at mandatory defensive driver training

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
23	91	21	-	

What: This measure tracks the number of employees completing a remedial defensive driving class.

Why: Providing remedial training may prevent future claims against City.

How are we doing:
Attendance has fluctuated over the last four years. This data shows that defensive driving courses are contributing to an overall reduction in employee involved vehicle collision claims. Number of employees completing a remedial defensive driving: FY 2008 - 61 employees; FY 2009 - 23 employees; FY 2010 - 91 employees; FY 2011 - 21 employees.

Fund Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	0.00	0.00	0.00	0.00	0.00	0.00
Staff Expenditures	$543,714	$313,496	$321,169	$640,000	$660,000	$20,000
Other Expenditures	759,792	317,427	1,207,032	1,150,700	1,162,781	12,081
Total Expenditures	**$1,303,506**	**$630,923**	**$1,528,201**	**$1,790,700**	**$1,822,781**	**$32,081**
Total Revenues	**$1,740,296**	**$(1,133,741)**	**$1,528,201**	**$1,790,700**	**$1,822,781**	**$32,081**

Internal Service Fund - General Liabilities Insurance Program

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenue				
Interest Income		0	4,500	(4,500)
Expense				
Provision for Claims (Note 1)		20,000	15,500	4,500
Legal, audit, and financial contract services decrease		(14,400)	(14,400)	-
Property loss insurance premium increase		13,769	13,769	-
Special liability insurance premium increase		12,706	12,706	-
Net Total of Significant Changes to Budget		**32,075**	**32,075**	**-**

Significant Budget Adjustments Notes

Note 1: The Fiscal Year 2013 Provision for Claims budget includes administrative fees, $0.06 million; and anticipated claims expense, $0.6 million. Anticipated claims expense is budgeted at approximately $0.6 million in expected claims that are not included in the fund's Incurred But Not Reported (IBNR) claim liability.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Interest Income	0	0	49,286	142,300	146,800	4,500
Other Revenues	1,740,296	(1,133,741)	1,478,915	1,648,400	1,675,981	27,581
Total Revenues	**$1,740,296**	**$(1,133,741)**	**$1,528,201**	**$1,790,700**	**$1,822,781**	**$32,081**
Expenditures						
Provision for Claims	$543,714	$313,496	$321,169	$640,000	$660,000	$20,000
Contract Services	27,300	71,057	33,276	41,700	27,300	(14,400)
General Expense	732,492	246,370	1,173,756	1,109,000	1,135,481	26,481
Total Expenditures	**$1,303,506**	**$630,923**	**$1,528,201**	**$1,790,700**	**$1,822,781**	**$32,081**
To/(From) Reserves	436,790	(1,764,664)	0	0	0	0

Fund Description

The Workers' Compensation program provides wage and medical benefits for employees who sustain an injury or develop an occupational illness or disease within the course and scope of employment. Funds are included in this budget for claim payments as well as administrative costs. Staff costs for this program are reflected in the Human Resources Department budget.

Key Accomplishments

✓ In 2012, the number of workers' compensation claims (100) has decreased below the five year average of 120 claims

✓ Although workers' compensation expenses throughout the State increased, Palo Alto has not increased annual budget ($2.5 million) in the last six years

Goals and Objectives

Goal 1: Provide a safe environment for employees

Objectives:

- Provide workplace safety training for all departments
- Comply with all requirements of the Occupational safety and Health Act (OSHA)

Goal 2: Minimize loss of productivity and disruption of services

Objectives:

- Facilitate early return to work program
- Reduce the number of claims filed and days away from work

Key Performance Measures

Objective: Reduce the number of claims filed resulting in days away from work

Measure 1: Number of claims filed with days away from work

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
25	15	21	-	25

What: This measure tracks the number of work-related illness and injury claims in which the employee is away from work, illustrating the effectiveness of our workplace safety and loss control programs. By collecting this data, we compare Palo Alto to cities that have similar staff size (FTEs) and provide comparable municipal services with related exposures.

Why: Effective workplace safety and loss control programs lessen the use of public funds for work-related illness or injury. In addition to claim costs, the expense of paying overtime or hiring additional staff is mitigated.

How are we doing:

During the fiscal years 2007 through 2011, the City's 5-year annual average number of workers' compensation claims resulting in days away from work was 24. Palo Alto's average is well below that of four (4) municipalities (Roseville, Burbank, Santa Clara, and Alameda). The 5 year average (FY2007 through FY2011) for these cities was 37 claims with days away from work.

Objective: Reduce the number of claims filed and program expense

Measure 1: Total dollar amount of claims paid

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
$1,738,894	$1,240,366	$426,901	-	

What: This measure tracks the total cost paid for work-related illness and injury claims in a given fiscal year. As claims develop, prior year total costs paid are revised.

Why: Effective workplace safety and loss control programs lessen the use of public funds for work-related illness or injury. In addition to claim costs, the expense of paying overtime or hiring additional staff is mitigated.

How are we doing:

The annual workers' compensation paid costs over the last five (5) years (FY 2007 through FY2010) have stayed within the budget of $2.5 million. The costs in 2010 and 2011 are lower due to expenses which have not yet been experienced or paid. Total Workers' Compensation Cost Paid: FY 2007 $1,676,118; FY 2008 $2,030,883; FY 2009 $1,738,894; FY 2010 $1,240,366; FY 2011 $426,901 (FY 2011 expenses have not fully developed).

Fund Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	0.00	0.00	0.00	0.00	0.00	0.00
Staff Expenditures	$366,735	$3,519,152	$5,079,843	$3,241,409	$3,285,781	$44,372
Other Expenditures	244,704	208,542	290,380	305,000	390,936	85,936
Total Expenditures	**$611,439**	**$3,727,694**	**$5,370,223**	**$3,546,409**	**$3,676,717**	**$130,308**
Total Revenues	**$1,164,771**	**$573,231**	**$5,370,223**	**$3,546,409**	**$3,676,717**	**$130,308**

Internal Service Fund - Workers' Compensation Fund

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenue				
Interest Income			40,100	(40,100)
Expense				
Provision for Claims (Note 1)		44,372	4,272	40,100
Audit and financial contract services		(10,200)	(10,200)	-
Umbrella Excess Liability - 10 percent increase		96,136	96,136	-
Net Total of Significant Changes to Budget		**130,308**	**130,308**	**-**

Significant Budget Adjustments Notes

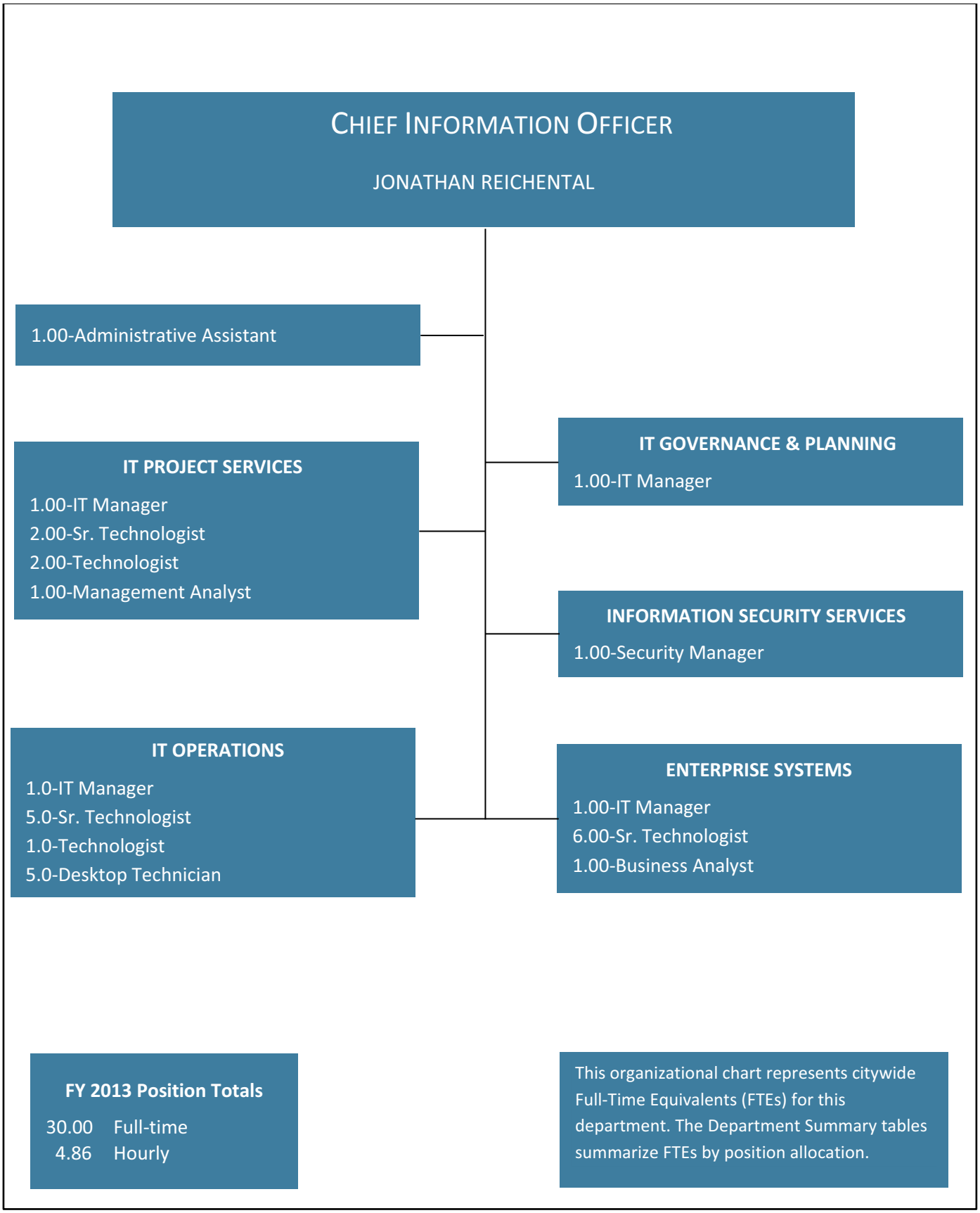
Note 1: The Fiscal Year 2013 adopted budget for Provision for Claims expense includes Incurred But Not Reported (IBNR) claims liability, $0.3 million; State Workers' Compensation assessment, $0.07 million; administrator fees, $0.3 million; and paid claims, $2.6 million. When compared to both the Fiscal Year 2010 actuals and Fiscal Year 2012 adopted budget, the Fiscal Year 2011 actual for Provision for Claims is close to $2 million higher. This increase is not ongoing and is due to shifting our claim confidence level to a higher, more conservative level.

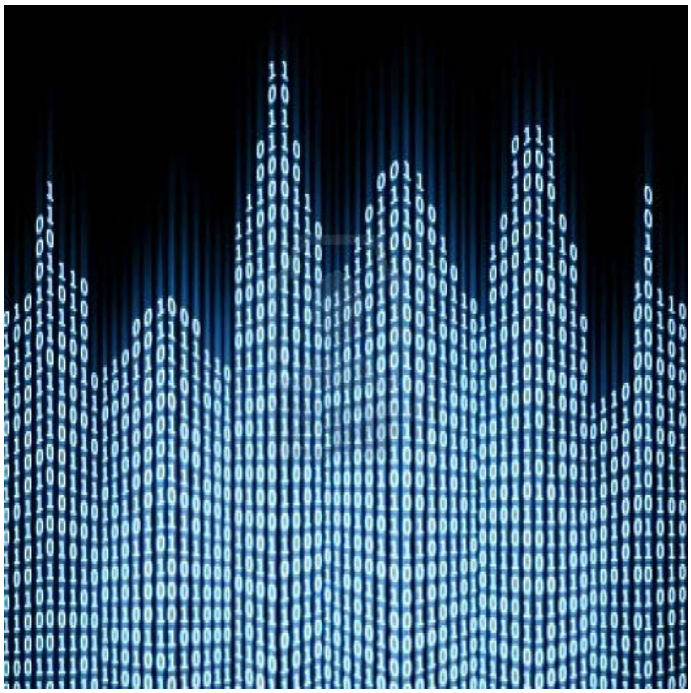
Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Interest Income	0	0	290,212	438,000	478,100	40,100
Other Revenues	1,164,771	573,231	5,080,011	3,108,409	3,198,617	90,208
Total Revenues	**$1,164,771**	**$573,231**	**$5,370,223**	**$3,546,409**	**$3,676,717**	**$130,308**
Expenditures						
Provision for Claims	$366,735	$3,519,152	$5,079,843	$3,241,409	$3,285,781	$44,372
Contract Services	4,800	4,850	4,850	15,000	4,800	(10,200)
General Expense	239,904	203,692	285,530	290,000	386,136	96,136
Total Expenditures	**$611,439**	**$3,727,694**	**$5,370,223**	**$3,546,409**	**$3,676,717**	**$130,308**
To/(From) Reserves	553,332	(3,154,463)	0	0	0	0

Information Technology

- Champion an inspiring and forward-leaning vision for citywide technology that reflects the unique role of the City of Palo Alto as a global leader in technology innovation
- Provide a broad range of high-quality technology-related solutions to employees, departments, council members, and the community in order for each to meet their respective goals
- Support and continuously improve essential technology infrastructure for enabling the day-to-day operations of the City
- Create and maintain an exciting workplace for the information technology department team that inspires high-performance and provides career growth opportunities


CHIEF INFORMATION OFFICER
JONATHAN REICHENTAL
1.00-Administrative Assistant
IT PROJECT SERVICES
1.00-IT Manager
2.00-Sr. Technologist
2.00-Technologist
1.00-Management Analyst
IT OPERATIONS
1.0-IT Manager
5.0-Sr. Technologist
1.0-Technologist
5.0-Desktop Technician
IT GOVERNANCE & PLANNING
1.00-IT Manager
INFORMATION SECURITY SERVICES
1.00-Security Manager
ENTERPRISE SYSTEMS
1.00-IT Manager
6.00-Sr. Technologist
1.00-Business Analyst
FY 2013 Position Totals
30.00 Full-time
4.86 Hourly
This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.



Department Description

The Information Technology Department's Mission is:

To provide innovative technology solutions that
support City departments in delivering quality services to the community.

The department vision is:
To build and enable a leading digital city.

What is a digital city? It is a city that broadly adopts innovative Internet-based technologies to enable and transform services and processes between city employees, citizens, and businesses.

The Information Technology Department is the organization's centralized provider of technology solutions to the City of Palo Alto. The department provides essential infrastructure services such as data storage and Internet connectivity; hardware and application deployment, support and maintenance; project management services; information security services; and a governance model for aligning city goals, allocation of funds, and technology enablement.

Beginning in FY2013, the Information Technology Department will embark on a multi-year journey to transform itself into being a provider of higher-value information technology solutions and make steady progress towards building a leading digital city.

The Office of the CIO (OCIO) provides strategic leadership and advisory services to the IT department and the City. The OCIO is often the public-facing component of the team and it is responsible for fostering mutually beneficial public-private technology-related collaboration.

The IT Governance and Planning division's primary focus is to manage requests for new technology projects and services to ensure that there is alignment and prioritization against City goals and available funds.

The IT Project Services division coordinates all approved IT projects and provides project management services for delivering an idea from start to implementation.

The IT Operations division maintains and supports all deployed back office, front office and citizen facing technologies including the process of retiring products and services. The team also ratifies standards working alongside other IT department divisions and city departments.

The Enterprise Systems division is responsible for maintaining a core set of large, shared enterprise-wide systems. The scale and nature of these systems, such as SAP, necessitate a focused approach.

The Information Security Services division is responsible for developing and implementing a citywide information security program that includes the preservation of the availability, integrity, and confidentiality of city information resources.

Key Accomplishments

- ✓ Implemented SAP support packs to ensure annual payroll, tax and other legal related changes were made in a timely and accurate manner
- ✓ Established payroll, medical and retiree enrollment interfaces with a new web based CalPERS system to provide faster and more reliable service to CalPERS customers. The new web based platform will extend the self-service capabilities, offering flexible and responsive services for all CalPERS business partners.
- ✓ Installed two high definition projectors and a new sound system in the City Council Chambers, greatly improving the sound and clarity of speakers and presentations
- ✓ Refreshed over 200 desktops with new and improved hardware
- ✓ Established interfaces between SAP and an external Environmental and Energy Management partner HARA to track City conservation, greenhouse emissions, and electricity usage at facility level to enable departments to compare actual data with set goals
- ✓ Completed a Citywide Microsoft Exchange 2010 Server Upgrade which provided greater security and access via web, mobile and desktop computers as well as new functionality to Outlook clients
- ✓ Upgraded the SAP operating system, database, and core to ensure proper maintenance and support
- ✓ Implemented Citywide SAP user security upgrades with improved self-service options for employees
- ✓ Tested all desktop PCs and applications for Windows 7 compatibility and developed a Citywide migration plan
- ✓ Installed wireless network access points in twenty-two public locations including Civic Center, Libraries, Lucille Stern, Art Center and Landfill to improve internet connectivity for both staff and the public
- ✓ Provided a “docking” area with full connectivity for the Police Department’s Mobile Emergency Operations Center (MEOC) to use as a backup facility for the 911 communications center
- ✓ Damage Assessment, a free Android mobile application that allows the public to access disaster damage data for any address in the City of Palo Alto and integrates mapping with reporting capabilities
- ✓ Equipped public safety computers with mapping capabilities including real-time incident and vehicle tracking to allow for more strategic incident response
- ✓ Deployed mobile data computers for public safety vehicles as well as tablets and wireless access points in new ambulances, all of which provide faster access to public safety data and increased efficiencies while in the field
- ✓ Developed an on-line map providing the public access to street work and repair schedules
- ✓ Provided the Utilities Department with technical consulting support to develop a strategic plan for Smart Meters

Goals and Objectives

Goal 1: Design and implement high-priority digital city capabilities for city staff; city residents and visitors; and local businesses

Objectives:

- Finalization and endorsement of the City's IT strategy
- Develop and "pilot" new services that will increase the community's access to on-line services
- Establish a governance model and roadmap for mobile application deployment
- Begin the implementation of an open-data initiative

Goal 2: Develop and execute an IT governance model

Objectives:

- Design, implement, and measure a citywide IT governance process to ensure alignment between technology priorities, City goals and available funds
- Document and gain approval of an IT projects roadmap
- Enhance business intelligence solutions and define roadmap for gleaning deeper value.

Goal 3: Standardize and enhance IT service delivery

Objectives:

- Implement organizational redesign to support IT strategy
- Establish clear division processes, staff responsibilities and performance measures
- Execute appropriate training for IT staff to support established processes
- Explore and draft long-term sourcing options and recommendations
- Begin implementation of an IT dashboard to measure and report solutions performance

Goal 4: Upgrade and enhance technology infrastructure, communications systems and information security capabilities

Objectives:

- Execute network and VoIP replacement project to improve quality and features of the City’s system communications
- Determine platform and infrastructure-as-a-service (cloud) strategy
- Gain approval and make significant progress towards implementing a comprehensive information security strategy

Key Performance Measures

Objective: Establish clear division processes, staff responsibilities and performance measures

Measure 1: Percentage of Help Desk requests resolved at time of call.

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
-	-	-	-	40%

What: This measure tracks the time it takes to resolve help desk work orders. By measuring ourselves, we can compare to other agencies to see how well we are doing.

Why: Ensuring that IT staff are resolving work orders in a timely manner, provides a quantitative measurement of one of the services we provide.

How are we doing:
Based on ICMA data, an average of 41.4% of calls in jurisdictions of comparable size are resolved at the time of call. We are currently at 40%. As IT deploys more self-service tools, the average time for resolution may increase as simple fixes will be remedied by the customer and only more complex issues will be reported.

Objective: Establish clear division processes, staff responsibilities and performance measures

Measure 1: Total IT Expenditures per Workstation

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
-	-	-	-	$6,938

What: This measure is based on total IT operations and maintenance expenditures. It excludes project management services that are unrelated to maintenance activities, consulting, telecommunications, and CIP expenditures. It is expressed as the sum of desktop, applications, and network services costs only.

Why: This measure helps to identify how the City of Palo Alto compares to other agencies as it relates to the total IT expenditures per workstation.

How are we doing:
Currently, Palo Alto is above the average of $2,318 per workstation based on ICMA data. Possible reasons for this are: only 2 other California cities were included in the comparison, Palo Alto provides support for Utility services, and IT is an Internal Service Fund. Additional survey information will be requested to determine the variance.

Objective: Establish clear division processes, staff responsibilities and performance measures

Measure 1: Percent of survey respondents rating the services provided by the Information Technology Department as excellent

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
-	-	-	-	95%

What: This measure identifies the overall level of satisfaction internal customers have with telephone, network, application, and desktop support services.

Why: This measure is an important qualitative assessment of how well IT is supporting its internal customers and whether they feel IT is meeting their needs.

How are we doing:
Based on ICMA data, the mean is 53% for excellent and we are well above that at 95%. Many customers commented on the quality, knowledge, courtesy, and timeliness of the support they received.

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	31.33	31.49	32.51	34.17	36.41	2.24
Staff Expenditures	$5,094,901	$4,909,100	$4,784,608	$5,401,906	$5,423,715	$21,809
Other Expenditures	11,550,827	7,064,438	4,462,254	7,636,733	8,608,758	972,025
Total Expenditures	**$16,645,728**	**$11,973,538**	**$9,246,862**	**$13,038,639**	**$14,032,473**	**$993,834**
Total Revenues	**$11,095,466**	**$11,162,897**	**$12,485,238**	**$12,400,427**	**$15,992,136**	**$3,591,709**

Internal Service Fund - Technology Fund

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Office of the CIO	$2,356,008	$1,830,924	$1,957,826	$1,646,094	$1,923,577	$277,483
FTE Staff	6.09	6.09	6.85	3.85	5.05	1.20
IT Operations	3,984,907	3,672,149	3,916,961	3,806,594	6,032,752	2,226,158
FTE Staff	12.34	12.34	12.30	13.44	14.50	1.06
IT Project Services	3,813,276	4,999,361	5,636,498	3,441,354	1,676,973	(1,764,381)
FTE Staff	12.90	13.06	13.36	8.88	8.86	(0.02)
Enterprise Systems	0	0	0	1,728,373	1,906,770	178,397
FTE Staff	0.00	0.00	0.00	8.00	8.00	0.00
Technology CIP	1,632,830	136,348	760,946	2,416,224	2,492,401	76,177
Total Expenditures	**$11,787,021**	**$10,638,782**	**$12,272,231**	**$13,038,639**	**$14,032,473**	**$993,834**
Total FTE	**31.33**	**31.49**	**32.51**	**34.17**	**36.41**	**2.24**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenue				
Technology Fee	0	0	724,000	(724,000)
Increase in allocated revenue (Note 2)	0	0	2,867,710	(2,867,710)
Salary and Benefits				
Reclass 1.0 Senior Technologist to IT Manager (Note 3)	0	15,474	0	15,474
Add .48 FTE Staff Specialist	0.48	26,297	0	26,297
Staff changes approved in Midyear Budget Adjustment, adding 1.0 FTE Information Security Manager, moving .50 FTE from City Manager's office and reducing .32 support FTE	1.18	185,425	0	185,425
Benefits changes (OPEB and others)	0	(159,774)	0	(159,774)
Contract Expenses				
Operations support (Note 4)	0	150,000	0	150,000
Support for moblle applications for citizen engagement (Note 5)	0	75,000	0	75,000
Support for Unix Administration, data protector, maintenance of universal power supply, and support of some applications no longer under warranty.	0	126,750	0	126,750
Licensing, enterprise system support, and software for SAP backup (Note 6)	0	130,981	0	130,981
Consulting support for various projects (Note 7)	0	70,000	0	70,000

Change	FTE	Expense	Revenue	Net Cost
TeamMate software for City Auditor's office: purchase, training, and support (Note 8)	0	21,900	0	21,900
General Expense				
Increased training for staff (Note 9)	0	44,280	0	44,280
Non-Cash Expense				
Increase for Capital Improvement Projects (Note 10)	0	145,401	0	145,401
Capitalized Equipment				
Increases to keep up with rising costs of equipment	0	11,075	0	11,075
Allocated Charges - direct and indirect				
Fiber Optic License Fees allocation	0	(55,638)	0	(55,638)
Cost plan allocation (Note 11)	0	216,060	0	216,060
Liability insurance allocation		(29,478)		(29,478)
Net Total of Significant Changes to Budget	**1.66**	**973,753**	**3,591,710**	**(2,617,957)**

Significant Budget Adjustments Notes

Note 1: Includes General Fund Technology Enhancement Fees applied to city-provided services. These fees are listed in the Municipal Fee Schedule.

Note 2: Increased revenue from allocated charges is due to midyear budget adjustments which were expensed to the fund reserve but are now being reimbursed by departments, revenue from increasing IT expenses in Fiscal Year 2013 allocated to departments, and repayment of year four of a loan taken by the General Fund.

Note 3: Supports the department's reorganization, providing management for Information Technology Governance and Planning, managing requests for new technology projects and services aligned with City goals and priorities.

Note 4: Will provide support in the Operations area. Contracting provides a cost effective means to obtain the specific support required.

Note 5: Mobile applications that will allow for more citizen interaction from mobile devices.

Note 6: SAP is the City's financial software system. This budget item includes backup for the SAP system along with various licensing costs and enterprise system support.

Note 7: Information Technology projects occur throughout the year. This budget increase is to provide support for capital and other projects when needed, saving the costs of additional staff.

Note 8: Auditing management software to increase efficiency and support the work of the City Auditor's Office.

Note 9: The training budget is increasing to support the city's commitment to a well trained Information Technology Department, reflecting the role of Palo Alto as a global leader in technology innovation.

Note 10: Information Technology CIP projects for Fiscal Year 2013 include: Acquisition of New Computers ($75,000); Development Center Blueprint Technology Enhancements ($802,401); Employee Self Service/Manager Self Service Enhancements ($150,000); Infrastructure Management System ($300,000); Interactive Voice Response System ($200,000); Library Computer System Software ($150,000); Library RFID Implementation ($215,000); Radio Infrastructure Replacement ($100,000); SAP Refuse Billing Improvements ($250,000) Utilities Customer Billing System Continuous Improvements ($250,000).

Note 11: The administration activities of other departments within the General Fund are allocated to various departments and funds based upon the administrative effort required. These charges are captured in the Office of the CIO budget.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Interest Income	903,065	278,425	383,174	352,700	372,400	19,700
Other Revenues	10,192,401	10,884,472	12,102,064	12,047,727	15,619,736	3,572,009
Total Revenues	**$11,095,466**	**$11,162,897**	**$12,485,238**	**$12,400,427**	**$15,992,136**	**$3,591,709**
Expenditures						
Salaries and Benefits	$5,094,901	$4,909,100	$4,784,608	$5,401,906	$5,423,715	$21,809
Contract Services	8,895,810	3,878,625	2,657,725	3,014,021	3,623,652	609,631
Supplies and Materials	324,477	967,393	50,299	60,000	60,000	0
Facilities and Equipment Purchases	571,665	816,102	611,153	750,039	776,122	26,083
General Expense	1,159,324	3,476,656	3,464,534	439,600	495,480	55,880
Rents and Leases	231,145	238,095	167,546	236,000	236,000	0
Allocated Charges	794,555	583,353	594,264	790,073	925,103	135,030
Capital Improvement Program	0	0	0	2,347,000	2,492,401	145,401
Operating Transfers Out	104,535	74,763	0	0	0	0
Total Expenditures	**$17,176,412**	**$14,944,087**	**$12,330,129**	**$13,038,639**	**$14,032,473**	**$993,834**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Admin Assistant	0.07	0.07	0.07	1.07	1.00	(0.07)	$75,900
Administrative Associate II	1.00	1.00	1.00	0.00	0.00	0.00	0
Administrative Associate III	0.04	0.04	0.00	0.00	0.00	0.00	0
Asst Director Adm Svcs	0.40	0.40	0.40	0.40	0.30	(0.10)	41,702
Business Analyst	0.90	0.90	1.00	1.00	1.00	0.00	102,502
Chief Information Officer	1.00	1.00	1.00	1.00	1.00	0.00	135,450
Desktop Technician	5.00	5.00	5.00	5.00	5.00	0.00	368,470
Dir Adm Svcs/Chief Financial Officer	0.35	0.35	0.35	0.35	0.25	(0.10)	44,642
Information Technology Security Manager	0.00	0.00	0.00	0.00	1.00	1.00	119,000
Management Analyst	0.00	0.00	0.50	0.50	1.00	0.50	87,443
Mgr IT	3.00	3.00	3.00	3.00	4.00	1.00	490,300
Sr. Business Analyst	1.80	1.80	2.00	2.00	2.00	0.00	221,396
Sr. Financial Analyst	0.09	0.09	0.09	0.09	0.00	(0.09)	0
Sr. Technologist	13.00	13.00	13.00	13.00	12.00	(1.00)	1,328,376
Technologist	4.00	4.00	3.00	3.00	3.00	0.00	307,506
Temporary/Hourly	0.68	0.84	2.10	3.76	4.86	1.10	320,923
Total FTE/Salaries	**31.33**	**31.49**	**32.51**	**34.17**	**36.41**	**2.24**	**$3,643,610**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$1,321,763	$1,263,339	$1,130,611	$1,385,693	$1,143,963	$(241,730)
Retiree Health	172,673	217,547	321,799	227,146	327,264	100,118
Management Excess Benefit	75,757	82,644	65,094	89,640	94,600	4,960
Disability/Workers Compensation	218	17,606	23,946	3,619	9,916	6,297
Long Term Disability	11,850	9,718	9,343	9,718	9,705	(13)
Medicare	46,334	49,118	45,219	46,441	48,541	2,100
Healthcare Opt-out	0	1,748	8,871	21,671	10,055	(11,616)
Tuition Reimbursement	7,025	1,671	0	0	0	0
Other Benefits	6,195	6,515	6,057	5,658	8,374	2,716
Benefits Subtotal	**$1,641,815**	**$1,649,906**	**$1,610,940**	**$1,789,586**	**$1,652,418**	**$(137,168)**
Salaries Subtotal	**$3,453,086**	**$3,259,194**	**$3,173,668**	**$3,612,320**	**$3,771,297**	**$158,977**
Total Staff Expenditures	**$5,094,901**	**$4,909,100**	**$4,784,608**	**$5,401,906**	**$5,423,715**	**$21,809**

Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

Library

- Provide exceptional, responsive public service to Palo Alto residents and employees
- Promote exploration of library resources to support learning, recreation, and personal enrichment
- Foster a love of reading, creative expression, and community engagement for all ages
- Develop library facilities, technology, and staff to create a welcoming, inclusive environment in which to share valuable resources and skilled expertise

LIBRARY DIRECTOR

MONIQUE LE CONGE

ASSISTANT DIRECTOR
(frozen)

PUBLIC SERVICES

MAIN LIBRARY
2.00-Library Service Manager (1.00 frozen)
1.00-Coordinator, Library Program
1.50-Senior Librarian
2.00-Librarian (2.00 frozen)
3.00-Library Specialist
2.00-Library Assistant (1.00 frozen)

CHILDREN'S LIBRARY
1.00-Library Services Manager
1.00-Senior Librarian
1.00-Librarian
1.00-Library Specialist
1.00-Library Assistant

MITCHELL PARK LIBRARY
1.00-Library Services Manager
2.50-Senior Librarian
2.00-Librarian
1.00-Library Associate
2.00-Library Specialist
1.00-Library Assistant

COLLEGE TERRACE LIBRARY
1.00-Library Associate
0.50-Library Assistant

DOWNTOWN LIBRARY
1.00-Library Associate
1.00-Library Assistant

ADMINISTRATION

1.00-Administrative Assistant
1.00-Management Assistant

DIVISION HEAD

1.00-Collection & Technical Services

COLLECTION & TECHNICAL SERVICES

2.75-Senior Librarian
2.00-Library Associate
1.00-Library Specialist
1.00-Business Analyst

FY 2013 Position Totals

41.25 Full-time (5.00 Frozen)
17.13 Hourly

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

Department Description

The Library Department's Mission is:

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

The Library provides a wide range of public services for the City of Palo Alto through the following:

- Collections**:** Provides a diverse selection of print and non-print materials, as well as digital resources to meet the educational, informational, and recreational needs of its clientele, reflecting the variety of languages, cultures, and interests of our community, inspiring innovation, creativity, and community engagement.
- Buildings**:** By funding major facility improvements to three libraries through a dedicated library bond, as well as two additional renovation projects already completed, by 2014 -- when all libraries will be opened, Palo Alto will have modern libraries offering comfortable, inviting, and flexible spaces for everyone in our community to gather and learn.
- Technology**:** Provides opportunities for the public to access a variety of technologies, both inside and outside the library facilities, including hardware devices, online databases and electronic books, free WiFi, mobile applications, and experimental partnerships.
- Programs**:** Offers a variety of programs free of charge to library users of all ages, interests, and abilities, to provide educational, self-help, recreational, technological, and multi-lingual outreach. When appropriate, partners with other civic, non-profit, business, and educational organizations to present these programs.
- Support and Administration**:** Provides information, training, and support for City employees, as well as the public, and ensures that all aspects of library services and policies are delivered with the highest degree of public stewardship in mind.

Key Accomplishments

✓ Re-opened the Downtown branch following 14-month renovation providing infrastructure upgrades as well as introducing public meeting rooms and group study rooms as a library resource

✓ Named a 4-star library in Library Journal's Index of Public Library Service 2011, for third year in a row

✓ Partnered with Google to make Chromebooks, a web-based laptop computer, available for in-library use and check-out at Downtown, Main, and Mitchell Park Temporary library branches

✓ Partnered with LiquidSpace to test mobile room reservation application at Downtown branch

✓ Added an open day of service at Downtown branch

✓ Sponsored programs and activities to introduce City of Palo Alto staff to library services during Library Card Sign-Up Month

✓ Circulation of library materials up over 5% in the first half of FY 2012

✓ Volunteer hours equal 2.9 FTE - an increase of 25% in the first half of FY 2012

✓ Summer Reading Program expanded to include adults in addition to children and teens, with just under 3,000 participants, total

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

- Policy C-8: Welcome and encourage corporate citizenship in the provision of community services.
- Policy C-9: Deliver City services in a manner that creates and reinforces positive relationships among City employees, residents, businesses, and other stakeholders.
- Policy C-17: Continue to support provision, funding, and promotion of services and programs for children and youth (e.g., those offered at the teen center).
- Policy C-22: Design and construct new community facilities to have flexible functions to ensure adaptability to the changing needs of the community.
- Policy C-24: Reinvest in aging facilities to improve their usefulness and appearance. Avoid deferred maintenance of City infrastructure.
- Policy G-10: 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.

Goals and Objectives

Goal 1: Maintain a high rate of return on the City's investment in library materials and services

Objectives:

- Apply technology and lean business efficiency principles to increase work quality and improve service delivery to customers
- Implement global design firm IDEO’s human-centered approach to problem solving with all library employees to encourage innovative solutions to work flow, allowing staff to develop efficiencies
- Review library building plans in progress to ensure that workstations and office design facilitate highest and best use of space with efficiency in mind

Goal 2: Develop and provide library services and programs supporting the 41 Developmental Assets for Adolescents model

Objectives:

- Partner more frequently with Project Safety Net activities and outreach
- Incorporate Developmental Asset descriptions when promoting programs for youth
- Encourage adolescents between the ages of 12 and 18 to read for pleasure three or more hours a week (Developmental Asset #25)

Goal 3: Position the library as a community destination for informational and recreational needs

Objectives:

- High use of collections and facilities
- Improve satisfaction with the library as measured by the National Citizen Survey
- Increase annual participation in library programs and services, both in-library and virtual

Key Performance Measures

Objective: Apply technology and lean business principles to increase work quality and efficiency

Measure 1: Number of business days for new materials to be available for customer use

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
NA	9	8	-	4

What: This measure tracks how quickly the staff can acquire, prepare, and make new materials available for customers.

Why: Efficiently processing library materials reduces costs while meeting customer expectations and raising customer satisfaction levels.

How are we doing:
This is a new department initiative for this process, incorporating new methods of tracking and calculating the performance.

Objective: Encourage adolescents between the ages of 12 and 18 to read for pleasure three or more hours a week (Developmental Asset #25)

Measure 1: Number of teens who participate in the Library's programs for teens, including the Summer Reading Program

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
1,588	1,906	1,795	-	1,978

What: This measure tracks the level of interest and participation in the Library's recreational reading programs.

Why: Adolescents who enjoy reading are more likely to grow up into healthy, caring, and responsible adults.

How are we doing:
In FY 2011, 1,795 teens participated in the Library's programs for teens.

Objective: High use of collections and facilities

Measure 1: Turnover rate of library collections, number of meeting rooms and group study room reservations, and number of checkouts of materials and technology

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
5.56	5.44	4.70	-	4.93

What: This measure indicates the rate of customer satisfaction with some core library services.

Why: Repeat customers tell the story of positive experiences and satisfied expectations.

How are we doing:

The number of checkouts per capita is the highest of the 45 peer public libraries with populations between 50,000-100,000, according to the California Library Statistics 2011, with 24.8 checkouts compared to a peer average of 8.3 checkouts. These measures will vary as facilities close for renovation and re-open. This is expected to be completed in FY 2015. A full year of data gathering with all five branches open is expected to begin in FY 2016.

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	57.20	53.95	51.66	53.74	58.38	4.64
Staff Expenditures	$5,017,325	$4,973,736	$4,843,075	$5,155,507	$5,297,907	$142,400
Other Expenditures	1,206,343	1,414,019	1,666,235	1,788,307	1,697,955	(90,352)
Total Expenditures	**$6,223,668**	**$6,387,755**	**$6,509,310**	**$6,943,814**	**$6,995,862**	**$52,048**
Total Revenues	**$292,750**	**$330,424**	**$272,926**	**$242,250**	**$244,750**	**$2,500**

General Fund

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Library Services Administration	$380,278	$633,625	$1,001,747	$1,145,594	$1,077,367	$(68,227)
FTE Staff	0.40	0.53	0.45	0.45	0.40	(0.05)
Collection and Technical Services	1,834,257	1,761,682	1,621,640	1,676,519	1,712,010	35,491
FTE Staff	11.07	11.15	10.67	10.67	12.18	1.51
Public Services	4,009,133	3,992,448	3,885,923	4,121,701	4,206,485	84,784
FTE Staff	45.73	42.27	40.54	42.62	45.80	3.18
Total Expenditures	**$6,223,668**	**$6,387,755**	**$6,509,310**	**$6,943,814**	**$6,995,862**	**$52,048**
Total FTE	**57.20**	**53.95**	**51.66**	**53.74**	**58.38**	**4.64**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Salary and Benefits				
Regular Salaries & Paid Leave(Note 2), (Note 7)	0	($297,048)	$0	($297,048)
Temporary Salaries (Note 4), (Note 7)	0	$169,873	$0	$169,873
Overtime Salaries (Note 5), (Note 7)	0	$40,000	$0	$40,000
Retiree Healthcare (Note 1)	0	$150,283	$0	$150,283
Contract Services				
Technology Equipment Service & Maintenance (Note 3)	0	$66,500	$0	$66,500
Allocated Charges-Direct and Indirect				
IT Support Charges (Note 6)	0	($184,348)	$0	($184,348)
Utilities Charges	0	($23,054)	$0	($23,054)
Desktop Replacement/Maintenance Allocation	0	$24,783	$0	$24,783
Liability Insurance Charges	0	($12,569)	$0	($12,569)
Printing/Mailing Service (Note 8)	0	($10,633)	$0	($10,633)
Net Total of Significant Changes to Budget		**($76,213)**	**$0**	**($76,213)**

Significant Budget Adjustments Notes

Note 1: Ongoing increase in employee benefit costs, along with retiree medical costs.

Note 2: One-time regular salary decrease due to 5.00 FTE unfilled positions during Main Library renovation. 1.00 FTE Assistant Director, 1.00 FTE Library Services Manager, 1.00 FTE Library Assistant and 2.00 FTE Librarian.

Note 3: Ongoing increase in technology equipment service and maintenance expenditures due to Measure N building projects.

Note 4: One-time increase in temporary salaries will allow management to employ flexible staffing as needed with the opening of the new Mitchell Park Library, and also the closing of Main Library in Fiscal Year 2013.

Note 5: One-time increase in overtime is for staff who will work overtime in preperation for the opening of Mitchell Park Library. Anticipated activities include technology setup and troubleshooting, installation of library collections, and receiving and troubleshooting furnishings installation.

Note 6: Significant decrease in the allocation of Information Technology support for the department is based on a change in allocation methodology, which is now allocated according to the departments overall budget.

Note 7: This reorganization addresses changes in public service, including reduced open hours at Main Library in Fiscal Year 2013 when it closes for renovation, and also creates for flexible staffing for the opening of the new Mitchell Park Library. Once all library sites are re-opened and operational, the frozen positions will be re-evaluated and potentially reinstated based on the public service needs of the new facilities. The temporary salary increase will be reduced according to the full-time staff re-evaluation.

Note 8: Changes to departments Print and Mail charges are based on prior year actual expenditures.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
External Revenues	292,750	330,424	272,926	242,250	244,750	2,500
Total Revenues	**$292,750**	**$330,424**	**$272,926**	**$242,250**	**$244,750**	**$2,500**
Expenditures						
Salaries and Benefits	$5,017,325	$4,973,736	$4,843,075	$5,155,507	$5,297,907	$142,400
Contract Services	123,782	114,288	150,025	138,440	229,440	91,000
Supplies and Materials	755,419	752,764	602,488	611,606	618,406	6,800
Facilities and Equipment Purchases	39,282	2,404	14,909	16,192	22,692	6,500
General Expense	28,354	28,914	16,351	29,530	45,030	15,500
Rents and Leases	24,079	30,090	3,381	3,500	1,200	(2,300)
Allocated Charges	235,427	485,559	879,081	989,039	781,187	(207,852)
Total Expenditures	**$6,223,668**	**$6,387,755**	**$6,509,310**	**$6,943,814**	**$6,995,862**	**$52,048**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00	$75,900
Assistant Director, Library Services	1.00	1.00	1.00	1.00	1.00	0.00	125,528
Business Analyst	0.00	1.00	1.00	1.00	1.00	0.00	102,502
Coord Library Prog	3.00	1.00	1.00	1.00	1.00	0.00	77,709
Dir Libraries	1.00	1.00	1.00	1.00	1.00	0.00	153,712
Division Head, Library Services	1.00	1.00	1.00	1.00	1.00	0.00	102,503
Librarian	5.00	5.00	5.00	5.00	5.00	0.00	313,770
Library Associate	4.00	4.00	4.00	4.00	5.00	1.00	290,265
Library Asst	5.50	5.50	5.50	5.50	5.50	0.00	276,733
Library Services manager	4.00	4.00	4.00	4.00	4.00	0.00	352,436
Library Specialist	8.00	8.00	8.00	8.00	7.00	(1.00)	384,237
Management Assistant	1.00	1.00	1.00	1.00	1.00	0.00	71,947
Sr Librarian	9.25	8.75	7.75	7.75	7.75	0.00	552,273

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Temporary/Hourly	13.45	11.70	10.41	12.49	17.13	4.64	727,965
Total FTE/Salaries	**57.20**	**53.95**	**51.66**	**53.74**	**58.38**	**4.64**	**$3,607,479**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$1,056,250	$1,184,696	$1,067,600	$1,244,293	$1,317,877	$73,584
Retiree Health	161,431	140,649	307,719	313,994	452,001	138,007
Management Excess Benefit	19,218	32,692	23,759	32,000	24,000	(8,000)
Disability/Workers Compensation	2,282	35,988	50,828	23,890	25,270	1,380
Long Term Disability	3,607	3,484	2,816	3,484	3,484	0
Medicare	46,854	47,995	47,848	41,705	36,105	(5,600)
Healthcare Opt-out	26,157	35,699	31,052	19,462	33,258	13,796
Tuition Reimbursement	31,064	2,198	1,370	0	0	0
Other Benefits	64,711	59,193	56,011	54,767	71,173	16,406
Benefits Subtotal	**$1,411,574**	**$1,542,594**	**$1,589,003**	**$1,733,595**	**$1,963,168**	**$229,573**
Salaries Subtotal	**$3,605,751**	**$3,431,142**	**$3,254,072**	**$3,421,912**	**$3,334,739**	**$(87,173)**
Total Staff Expenditures	**$5,017,325**	**$4,973,736**	**$4,843,075**	**$5,155,507**	**$5,297,907**	**$142,400**

Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

Planning and Community Environment

- Provide leadership, management and counsel with respect to land use and development laws
- Process permit applications in a timely fashion in order to minimize costs to developers and promote economic development
- Encourage the use of sustainable products and design in development and construction
- Ensure the health and safety of residents within homes and buildings

DIRECTOR PLANNING & COMMUNITY ENVIRONMENT

CURTIS WILLIAMS

ADMINISTRATION
1.00-Administrator
1.00-Administrative Assistant

DEVELOPMENT SERVICES
1.00-Development Services Director
1.00-Administrative Associate II
1.00-Development Center Manager
1.00-Development Project Coordinator I
1.00-Development Project Coordinator II
1.00-Development Project Coordinator III
1.00-Plans Check Engineer
1.00-Plans Check Engineer *(frozen)*
1.00-Plans Examiner

ASSISTANT DIRECTOR
1.00-Vacant

CURRENT PLANNING
1.00-Chief Planning Official
1.00-Administrative Associate I
1.00-Administrative Associate II
4.00-Senior Planner
2.00-Planner
1.00-Associate Planner

ADVANCE PLANNING
1.00-Planning Manager
1.00-Administrative Associate II
2.00-Senior Planner
3.00-Planner

TRANSPORTATION
1.00-Chief Transportation Official
1.00-Administrative Associate III
1.00-Engineer
1.00-Associate Engineer
1.00-Project Engineer
1.00-Engineering Technician II
0.50-Commute Coordinator
0.50-Management Analyst

BUILDING & INSPECTION SERVICES
1.00-Chief Building Officer
1.00-Assistant Building Official
1.00-Administrative Associate II
2.00-Code Enforcement Officer
1.00-Building Inspector Specialist
4.00-Building Inspector
2.00-Building Technician

FY 2013 Position Totals

49.00	Full-time
3.95	Hourly

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

Planning and Community Environment

Department Description

The Planning and Community Environment Department's Mission is:

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

The Department provides a wide range of planning-related services for the City of Palo Alto through the following programs:

Administration – Provides personnel, contract, budget, and project management support for the Department; liaisons with other departments, Boards, Commissions and the City Council.

Advance Planning - Administers the City's housing, historic preservation, and community development programs; administers the City's Community Development Block Grant (CDBG) program, manages the City's below market rate housing program; and oversees organization and development of the Comprehensive Plan.

Building - Protects the public's health, safety and real property interests by enforcing laws and regulations that govern the design, construction, use and occupancy of buildings.

Current Planning – Works collaboratively with customers/stakeholders involved in the City's planning entitlement processes; leads the City's green building program, including diversion of construction and demolition debris.

Development Center – Integrates the efforts of several City programs within the Fire, Public Works, Utilities, and Planning & Community Environment departments to ensure a high level of customer service.

Transportation - Responsible for traffic operations in the city, the bicycle system, area transportation studies, public transit service, and regional transportation activities.

Code Enforcement - Investigates complaints and resolves violations of City's Municipal Code. Monitors and verifies compliance with conditions of approval for private development projects.

Key Accomplishments

- ✓ Issued planning entitlements for Lucile Packard Children's Hospital and the Stanford Hospital and Medical Center expansion, Hoover Pavilion, adjacent facility renovations and several Stanford Shopping Center projects
- ✓ Received and approved numerous downtown Palo Alto projects including four replacement buildings, four projects on El Camino Real and two major mixed use projects in the California Avenue area
- ✓ Processed entitlements and permits for HP, Lockheed Martin, VM Ware and Varian development projects
- ✓ Collaborated with City departments on the development of El Camino Park, Main Library, and the Art Center
- ✓ Worked with the community, developers, Architecture Review Board, the Planning and Transportation Commission and City Council for the approval of the Edgewood Plaza Center
- ✓ Completed the Bicycle & Pedestrian Transportation Plan which idenitified needs through an assessment and prioritized resource allocation
- ✓ Completed new green bicycle lanes on Channing Avenue between Newell Road & Lincoln Ave
- ✓ Installed devices that provide countdown timers for pedestrains at traffic signals
- ✓ Installed seven new bicycle corrals throughout Downtown, which converted on-street parking spaces to bicycle parking
- ✓ Completed the first year of service with MV Transit for operation of the Crosstown Shuttle which connects neighborhoods, community centers, shopping districts and Caltrain
- ✓ Completed construction of the Stanford Ave at El Camino Real intersection improvements, greatly enhancing pedestrian and bicycle safety and providing a more attractive streetscape as a prototype for Grand Boulevard intersections
- ✓ Substantially completed Rail Corridor Study establishing a land use, circulation and urban design vision for the corridor. Completed fifteen outreach meetings with Task Force, two community meetings and multiple meetings with boards and commissions
- ✓ Provided staff technical support to the City Council's Rail Committee in its evaluation of High Speed Rail and Caltrain proposals
- ✓ Facilitated evaluation of parking strategies for downtown and formed a working group to look specifically at impacts on affected neighborhoods.
- ✓ Coordinated discussion with homeless, housing advocates, neighborhood residents, businesses and clergy to explore solutions to the "living" in vehicles issue.
- ✓ Prepared the draft East Meadow Circle Area Plan for inclusion in the Comprehensive Plan amendment as well as the 2007-2014 Association of Bay Area Governments (ABAG) Housing Element
- ✓ Distributed $890,356 in Community Development Block Grants (CDBG) to capital projects and nonprofit organizations serving Palo Alto residents
- ✓ Distributed housing funds to initiate construction of a 50 unit affordable housing project at 801 Alma Street
- ✓ Completed guidelines to assist homeowners within the Professorville Historic District with new construction and renovations for single family residential buildings
- ✓ Committed $1.3 million from affordable housing funds to the Palo Alto Housing Corporation (PAHC) for the purchase of two multi-family properties to be used as affordable rental units
- ✓ Provided technical support to the City Council's Housing Needs Mandate Committee which focuses on the effects of ABAG's regional housing mandates
- ✓ Began implementation of the Development Center Blueprint, with City Council approval, to add five new full time positions including a Development Center Director, Manager and three Project Managers positions to the organizational chart. Hired Development Center Manager

- ✓ Expanded Development Center hours of operation to five days a week from 8:00am to 4:00pm, which includes being open during the lunch hour. Development Center was previously closed Wednesday mornings and during lunch everyday
- ✓ Decreased customer wait times at Development Center to 15 minutes or less
- ✓ Lead the Development Customer Advisory Group (DCAG) and their monthly meetings who introduced the desired outcomes and performance measures recommendations for Development Center operations
- ✓ In collaboration with a citywide staff action team, created a new processing system design aimed at being seamless and integrated from the customer's perspective
- ✓ Implemented a new program to provide a central point-of-contact (project managers) for all applicants and customers at the Development Center. Testing occurred on a variety of project types including simple over-the-counter permits, routine residential projects, and complex administratively approved commercial projects
- ✓ Updated portions of the Development Center with new paint, carpet, furniture, and additional computers to address the influx of demand and to provide a better customer experience
- ✓ Provided timely, thorough and accurate plan review and inspection services for an unprecedented number of building projects
- ✓ Successfully and seamlessly incorporated the use of contract and consultant staff to perform plan review and inspection services throughout the year, especially during periods of peak workload
- ✓ Expanded the Building Division website to include all Building Inspection Guideline checklists
- ✓ Developed and implemented improved incident response coordination with the Fire Department to assist building owners with faster inspection, repair and occupancy of damaged buildings
- ✓ Initiated a regular series of informational workshops and training sessions targeted at designers and contractors covering topics pertaining to building science and construction
- ✓ Provided support and training for two Building Inspectors to become Certified Access Specialists
- ✓ Developed and implemented a streamlined plan review and permitting process for electric vehicle charge stations
- ✓ Completed the Insurance Services Office (ISO) Building Code Effectiveness Grading Survey that is used to rate the overall knowledge, skills, capabilities and performance of the Building Division for the purpose of establishing property insurance premiums throughout the city

These accomplishments support the following goals, progrms, and policies outlined in the City's Comprehensive Plan:

- Program L20 - Facilitated reuse of existing buildings
- Program L57 - Encouraged salvage of discarded historic building materials for re-use by the community
- Program L65 - Applied innovative ways to apply current codes and ordinances to older buildings i.e. used the State Historic Building Code for designated historic buildings
- Program L81 - Encouraged the use of compact and well-designed utility elements, such as transformers, switching devices, and back flow preventers. Place these elements in locations that will minimize their visual intrusion
- Program H14 - Continued the citywide property maintenance, inspection and enforcement program
- Program H36 - Continued to provide staff support and technical assistance in energy conservation and demand management to architects, developer and utility customers
- Program N25 - Incorporated federal, state, and other agency policies and standards, if applicable, for water efficiency into City codes, regulations, and procedures
- Program N39 - Assisted the Bay Area Air Quality Management District (BAAQMD) in its efforts to achieve compliance with existing air quality regulations
- Program N42 - Required all new wood-burning stoves or fireplace inserts to comply with EPA-approved standards

- Program N43 - Provided a homeowner handout outlining low emission alternatives to wood-burning stoves or fireplaces
- Program N66 - Incorporated state and federal energy efficiency standards and policies in relevant City codes, regulations and procedures
- Program N69 - Strictly enforced Uniform Building Code seismic safety restrictions
- Program N73 - Required preparation of a report from a engineering geologist that reviews geologic, soils, and engineering reports for development in hazard areas. Establish appropriate fees to cover the cost of this review
- Program N74 - Reviewed and updated, as appropriate, City code requirements for excavation, grading, and filling to ensure that they conform to currently accepted standards. Recover the cost of this work through grading permit fees
- Program C12 - Encouraged City work groups to examine and improve operating procedures
- Program C27 - Continued to implement Americans with Disabilities Act (ADA) requirements in City facilities including, but not limited to, sidewalk curb cuts, building entrances, meeting room access and sight and hearing adjuncts
- Program B6 - Regularly evaluate ways to improve coordination of the City's environmental review, permitting, and inspection processes, including issues relating to hazardous materials and water quality regulations
- Program G18 - Created brief, understandable written materials that guide citizens and businesses through the City review and approval processes
- Goal T-1 - Completed development of Bicycle and Pedestrian Plan to help reduce reliance on single occupancy vehicles
- Goal T-2 - Participated in development of a new rapid bus transit project with Valley Transportation Agency to implement enhanced bus services along El Camino Real
- Goal T-2 Worked with Stanford University Medical Center to expand their participation in the Cal-Train Go Pass program
- Goal T-3 - Initiated a brand new Safe Routes to School program working to encourage walking and bicycling to schools with in Palo Alto
- Goal T-4 - Initiated roadway safety improvements within Palo Alto to maintain a safe transportation network for resident and visitors, through the use of a new contractor
- Goal T-8 - Enhanced Downtown Palo Alto and California Ave parking programs to better manage the permit distribution system, including developing a online parking permit programs
- Goal T-8 - Initiated a working group to address concerns about neighborhood preservation with Professorville Neighborhood in Downtown Palo Alto
- Goal L-1: Staff Architectural Review Board and work collaboratively with applicants to ensure a well designed and attractive community
- Goal L-2: Staff Planning and Transportation Commission to ensure a sense of community with regard to development design which fosters public life and meets citywide needs
- Goal L-3: Processed applications, permits, and approvals for Stanford Shopping Center, Alma Plaza and Edgewood shopping centers
- Goal L-5: Processed applications, permits, and approvals for VM Ware, Varian, Lockheed and Stanford Medical Center
- Goal L-8: Processed applications, permits, and approvals for Palo Alto Art Center, Mitchell Park Library and Community Center and several facility City facility upgrades
- Policy L-12: Preserved the character of residential neighborhoods by encouraging new or remodeled structures to be compatible with the neighborhood and adjacent structures
- Policy L-51: Encouraged public and private upkeep and preservation of resources that have historic merit,

including residences listed in the Historic Inventory

- Policy L-52: Encouraged the preservation of significant historic resources owned by the City of Palo Alto. Allow such resources to be altered to meet contemporary needs, provided that the preservations standards adopted by the City Council are satisfied
- Policy H-2: Identified and implemented a variety of strategies to increase housing density and diversity in appropriate locations. Emphasize and encourage the development of affordable and attainable housing
- Policy H-3: Continued to support the re-designation of suitable vacant or underutilized lands for housing or mixed uses containing housing
- Policy H-8: Promoted the rehabilitation of deteriorating or substandard residential properties

Goals and Objectives

Goal 1: Work with customers (property owners and developers) and the public to efficiently process planning, land use and zoning applications for quality design

Objectives:

- Improve customer satisfaction and staff response time
- Increase the number of affordable housing units
- Promote increased levels of greenbuilding and sustainability practices with development

Goal 2: Enhance the safety and mobility of the transportation system while protecting environmental resources and preserving the community's quality of life

Objectives:

- Increase walkability and bicycle travel
- Decrease traffic congestion on roads and intersections
- Promote use of regional transportation systems

Goal 3: Provide a high level of customer service and decrease application review, processing and permit issuance times

Objectives:

- Decrease number of days to issue a permit
- Process over the counter and submitted plan check review in a timely manner
- Interpret and apply building code through inspection and enforcement

Goal 4: Work collaboratively with City departments, which support development services, to adequately staff and respond to workload demands, meet specific performance criteria established for the Blueprint Initiative

(an organization change process focused on permit and application approvals), and achieve excellent customer service outcomes

Objectives:

- Provide customers with clear, succinct and consistent guidelines
- Implement staffiing and organizational changes as outlined in the Blueprint Initiative
- Implement facility and technology enhancements
- Continue to develop performance measures for the Blueprint Initiative

Key Performance Measures

Objective: Improve customer satisfaction and staff response time

Measure 1: Percentage of surveyed residents rating the quality of land use, planning, and zoning in Palo Alto as good or excellent

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
47%	49%	45%	-	50%

What: This measure tracks residents' opinion regarding activities of current planning, advanced planning, and green building. This data is collected in the National Citizen Survey. The residents comprise one segment of the customers that have an interest in the City's development process. This measure does not evaluate the applicant's opinion which is equally important to the process.

Why: This measure is important because it reflects resident concerns with respect to traffic impacts, school population, housing availability, and change in character of the City. It measures how well we balance these concerns with needs of applicants and developers.

How are we doing:

Palo Alto ranked 119 out of the 241 jurisdictions included in the survey. The department's overall rating dropped 4% during Fiscal Year 2011. In Fiscal Year 2010 development activity decreased due to the economic recession. With an increase in development activity in Fiscal Year 2011, residents and other applicants were impacted by the heavy workload and development impacts. In the past year, improvements implemented in the Development Center Blueprint Initiative may enhance the image in the future amongst applicants and developers.

Objective: Decrease traffic congestion on roads and intersections

Measure 1: Percentage of survey residents rating traffic flow on major streets good or excellent

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
46%	47%	40%	-	50%

What: This measure tracks the community's perception of the City's transportation infrastructure based on the National Citizen Survey. This information is used to identify targeted road way improvements, bicycle/pedestrian improvement and transit projects. The Transportation division leads these initiatives including the Palo Alto Shuttle, Neighborhood Traffic Calming, Safe Routes to School and partners with Regional Transportation agencies to implement programs and services.

Why: The promotion of alternative modes of transportation is an important community priority. Measuring the effectiveness of transportation infrastructure helps to ensure that City resources are targeted towards projects that promote alterative transportation modes to help to promote sustainability initiatives and generally increase the ease of travel.

How are we doing:

Palo Alto ranked 105 out of the 191 jurisdictions included in the survey. The percentage decrease from 47% to 40% correlates with increased development activity of major roadways. Alma, Middlefield, University Ave. and Page Mill Road all experienced new construction projects.

Objective: Decrease number of days to issue a permit.

Measure 1: Average number of days to issue permits

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
63	44	47	-	40

What: This measure tracks the average number of days to issue permits that are not issued over the counter. It tracks projects that require multi-departmental review and approval. The average number of days includes an applicant's response time to the City's initial review. This aspect is not within the City's control.

Why: Issuing permits in a timely fashion has a direct correlation to the economic vitality of the City. Additionally it reduces costs for developers and property owners. Furthermore, processing applications quickly demonstrates the efficiency and productivity of City staff improves customer satisfaction.

How are we doing:

The average number of days to issue a permit increased from 44 to 47. This is largely due to an increase in permits issued over the counter. There is a correlation between applications received and issued over the counter and applications that are received for staff review and reissuance. Issuing more permits over the counter increases customer service but reduces staff resources for take in review. In Fiscal Year 2011, the percentage of permits issued over the counter increased from 75% to 79%.

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	54.25	50.48	46.97	45.93	51.66	5.73
Staff Expenditures	$6,985,753	$6,451,390	$6,364,752	$6,661,001	$7,187,687	$526,686
Other Expenditures	2,909,899	2,958,945	3,198,480	3,367,733	3,930,951	563,218
Total Expenditures	**$9,895,652**	**$9,410,335**	**$9,563,232**	**$10,028,734**	**$11,118,638**	**$1,089,904**
Total Revenues	**$5,110,229**	**$5,455,850**	**$7,491,310**	**$6,814,191**	**$8,293,934**	**$1,479,743**

General Fund

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$194,010	$584,752	$934,397	$861,302	$1,115,145	$253,843
FTE Staff	1.55	1.50	1.50	1.30	1.55	0.25
Planning and Transportation	5,741,960	5,477,573	5,080,392	5,387,656	5,915,208	527,552
FTE Staff	28.72	29.75	27.19	25.58	28.16	2.58
Building	3,538,048	2,915,890	3,295,450	3,779,776	4,088,285	308,509
FTE Staff	22.98	18.23	17.00	19.05	21.95	2.90
Economic Development	422,234	432,120	252,993	0	0	0
FTE Staff	1.00	1.00	1.28	0.00	0.00	0.00
Total Expenditures	**$9,896,252**	**$9,410,335**	**$9,563,232**	**$10,028,734**	**$11,118,638**	**$1,089,904**
Total FTE	**54.25**	**50.48**	**46.97**	**45.93**	**51.66**	**5.73**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Salary and Benefits				
Increase to implement Blueprint Process for Development Center, approved during Fiscal Year 2012, increasing revenue and expense (Note 1)	3.56	741,008	1,256,024	(515,016)
Eliminate 1.0 FTE Administrative Associate I I (Note 2)	(1.0)	(91,101)	0	(91,101)
Move .50 FTE Administrative Associate I to PCE from CMO	0.5	28,430		28,430
Eliminate 1.0 FTE Senior Planner (Note 2)	(1.0)	(162,643)	0	(162,643)
Reclass 2.0 FTE Planner to Senior Planner	0	43,718	0	43,718
Reclass 1.0 FTE Planning Manager to Chief Planning Official	0	20,315	0	20,315
Add .50 FTE Management Analyst for High Speed Rail	0.50	69,780	0	69,780
Add .25 FTE Management Specialist for High Speed Rail	0.25	36,533	0	36,533
Benefit changes (OPEB and others)	0	(159,361)	0	(159,361)
Contract Expenses				
Increase High Speed Rail support	0	150,000	0	150,000
Increase SB 375 support (Note 3)	0	100,000	0	100,000
Increase Comprehensive Plan support	0	50,494	0	50,494
Increase Organizational study contract support	0	70,000	0	70,000
Decrease one-time contract support from Fiscal Year 2012 (Note 4)	0	(567,333)	0	(567,333)

Change	FTE	Expense	Revenue	Net Cost
Rents and Leases				
Increase rental second floor Development Center and increased rent for first floor (Note 5)	0	449,339	0	449,339
Allocated Charges (Note 6)				
Increase in mailing charges	0	23,022	0	23,022
Increase in Liability Insurance charges	0	25,295	0	25,295
Increase in IT Infrastructure Maintenance	0	16,634	0	16,634
Increase in IT Support	0	84,518	0	84,518
Increase in IT Application Maintenance	0	175,367	0	175,367
Net Total of Significant Changes to Budget	**2.81**	**1,104,015**	**1,256,024**	**(152,009)**

Significant Budget Adjustments Notes

Note 1: See Staff Report 2364 dated December 5, 2011 and Budget Amendment Ordinance (BAO) 5134 dated December 5, 2011 for more information. The Development Center Blueprint project is aimed at improving customer service and inter-departmental efficiency to serve customers the Development Center. The BAO included the addition of 6.00 FTE: (1.00 FTE Development Services Director, 1.00 FTE Development Center Manager, 1.00 Plans Check Examiner, 3.00 FTE Project Coordinator). The BAO also froze 1.00 FTE Plans Check Engineer, reduced temporary FTE and added budget for one-time furniture and technological enhancements.

Note 2: This is a vacant position.

Note 3: California Sustainable Communities Planning Act (SB375) was enacted to help address global warming issues by addressing greenhouse gas emissions by reducing vehicle mileage. It includes efforts to develop sustainable community strategies that coordinate land use, transportation, and housing decisions.

Note 4: Reduces budget for items approved in the Fiscal Year 2012 Adopted Budget as one-time budget increases.

Note 5: See Staff Report 2389 dated December 12, 2011 for more information on the rental of the second floor of the Development Center. The increased rent budget includes the rent increase for the first floor and the cost of rent for the second floor.

Note 6: Allocated Charges include support costs for activities supported by other departments, including Information Technology and printing and mailing services.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Internal Revenues	$164,834	$327,102	$315,224	$128,000	$128,000	$0
External Revenues	4,945,395	5,128,748	7,176,086	6,686,191	8,165,934	1,479,743
Total Revenues	**$5,110,229**	**$5,455,850**	**$7,491,310**	**$6,814,191**	**$8,293,934**	**$1,479,743**
Expenditures						
Salaries and Benefits	$6,985,753	$6,451,390	$6,364,752	$6,661,001	$7,187,687	$526,686
Contract Services	1,807,266	1,413,436	1,651,082	1,694,630	1,542,266	(152,364)
Supplies and Materials	39,832	25,643	35,054	34,885	34,850	(35)
Facilities and Equipment Purchases	27,520	8,882	11,678	10,650	10,650	0
General Expense	350,167	356,546	413,743	499,763	455,180	(44,583)
Rents and Leases	294,069	301,799	306,855	317,650	766,989	449,339
Allocated Charges	383,438	791,893	772,461	802,548	1,113,409	310,861
Operating Transfers Out	7,607	60,746	7,607	7,607	7,607	0
Total Expenditures	**$9,895,652**	**$9,410,335**	**$9,563,232**	**$10,028,734**	**$11,118,638**	**$1,089,904**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Adm Pln & Comm Envrn	1.00	1.00	1.00	1.00	1.00	0.00	$95,036
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00	75,900
Administrative Associate I	2.00	2.00	1.00	1.50	1.00	(0.50)	56,867
Administrative Associate II	4.80	3.80	3.80	3.80	3.80	0.00	234,829
Administrative Associate III	1.00	1.00	1.00	1.00	1.00	0.00	66,227
Arborist	1.00	0.00	0.00	0.00	0.00	0.00	0
Assistant Director Planning & Comm Env	1.00	0.00	0.00	1.00	1.00	0.00	157,519
Assoc Engineer	1.00	1.00	1.00	1.00	1.00	0.00	86,798
Asst Build Official	1.00	1.00	1.00	1.00	1.00	0.00	113,464
Asst To City Mgr	0.00	0.00	0.05	0.00	0.00	0.00	0
Bldg Inspector	4.00	4.00	4.00	4.00	4.00	0.00	325,064
Bldg Inspector Spec	3.00	2.00	1.00	1.00	1.00	0.00	86,736
Bldg/Plg Technician	3.00	3.00	2.00	2.00	2.00	0.00	133,328
Chief Bld Official	1.00	1.00	1.00	1.00	1.00	0.00	135,450
Chief Plg Official	1.00	1.00	1.00	0.00	1.00	1.00	132,143
Chief Transp Off	0.00	0.00	1.00	1.00	1.00	0.00	132,143
Code Enforcement Off	2.00	2.00	2.00	2.00	2.00	0.00	156,084
Coor Trans Sys Mgmt	0.50	0.50	0.50	0.50	0.50	0.00	42,942
Deputy City Mgr Spec Proj	0.00	0.50	0.50	0.50	0.50	0.00	82,816
Development Center Manager	0.00	0.00	0.00	0.00	1.00	1.00	107,868
Development Project Coordinator III	0.00	0.00	0.00	0.00	3.00	3.00	234,624
Development Services Director	0.00	0.00	0.00	0.00	1.00	1.00	139,008
Dir Plan/Comm Envir	1.00	1.00	1.00	1.00	1.00	0.00	165,631
Engineer	1.00	1.00	1.00	1.00	1.00	0.00	97,760
Engr Tech II	1.00	1.00	1.00	1.00	1.00	0.00	62,296
Mgr Economic Dev	1.00	1.00	1.00	0.00	0.00	0.00	0
Mgr Planning	2.00	2.00	2.00	2.00	1.00	(1.00)	119,413
Permit Specialist	1.00	0.00	0.00	0.00	0.00	0.00	0
Planner	6.00	6.05	5.75	5.75	3.75	(2.00)	329,550
Planning Arborist	0.00	1.00	1.00	0.00	0.00	0.00	0
Plans Check Engr	3.00	2.00	2.00	2.00	2.00	0.00	189,862
Plans Examiner	0.00	0.00	0.00	0.00	1.00	1.00	88,275
Project Engineer	1.00	1.00	1.00	1.00	1.00	0.00	105,227
Sr Planner	6.00	6.00	5.00	5.00	6.00	1.00	609,150
Supv Bldg Inspection	1.00	1.00	1.00	1.00	1.00	0.00	97,469
Transportation Manager	1.00	1.00	0.00	0.00	0.00	0.00	0
Temporary/Hourly	0.95	1.63	2.37	2.88	4.11	1.23	331,508
Total FTE/Salaries	**54.25**	**50.48**	**46.97**	**45.93**	**51.66**	**5.73**	**$4,790,986**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$1,784,641	$1,735,039	$1,567,427	$1,718,488	$1,454,727	$(263,761)
Retiree Health	186,764	200,921	401,623	448,096	557,000	108,904
Management Excess Benefit	54,370	37,930	34,949	42,000	50,000	8,000
Disability/Workers Compensation	443	477	3,459	0	1,599	1,599
Long Term Disability	6,348	5,109	4,608	4,663	4,663	0
Medicare	66,280	63,176	61,749	59,084	67,056	7,972
Healthcare Opt-out	38,727	24,861	24,669	27,027	37,899	10,872
Tuition Reimbursement	33,774	13,947	0	0	0	0
Other Benefits	549	6,379	4,841	0	8,147	8,147
Benefits Subtotal	**$2,171,896**	**$2,087,839**	**$2,103,325**	**$2,299,358**	**$2,181,091**	**$(118,267)**
Salaries Subtotal	**$4,813,857**	**$4,363,551**	**$4,261,427**	**$4,361,643**	**$5,006,596**	**$644,953**
Total Staff Expenditures	**$6,985,753**	**$6,451,390**	**$6,364,752**	**$6,661,001**	**$7,187,687**	**$526,686**

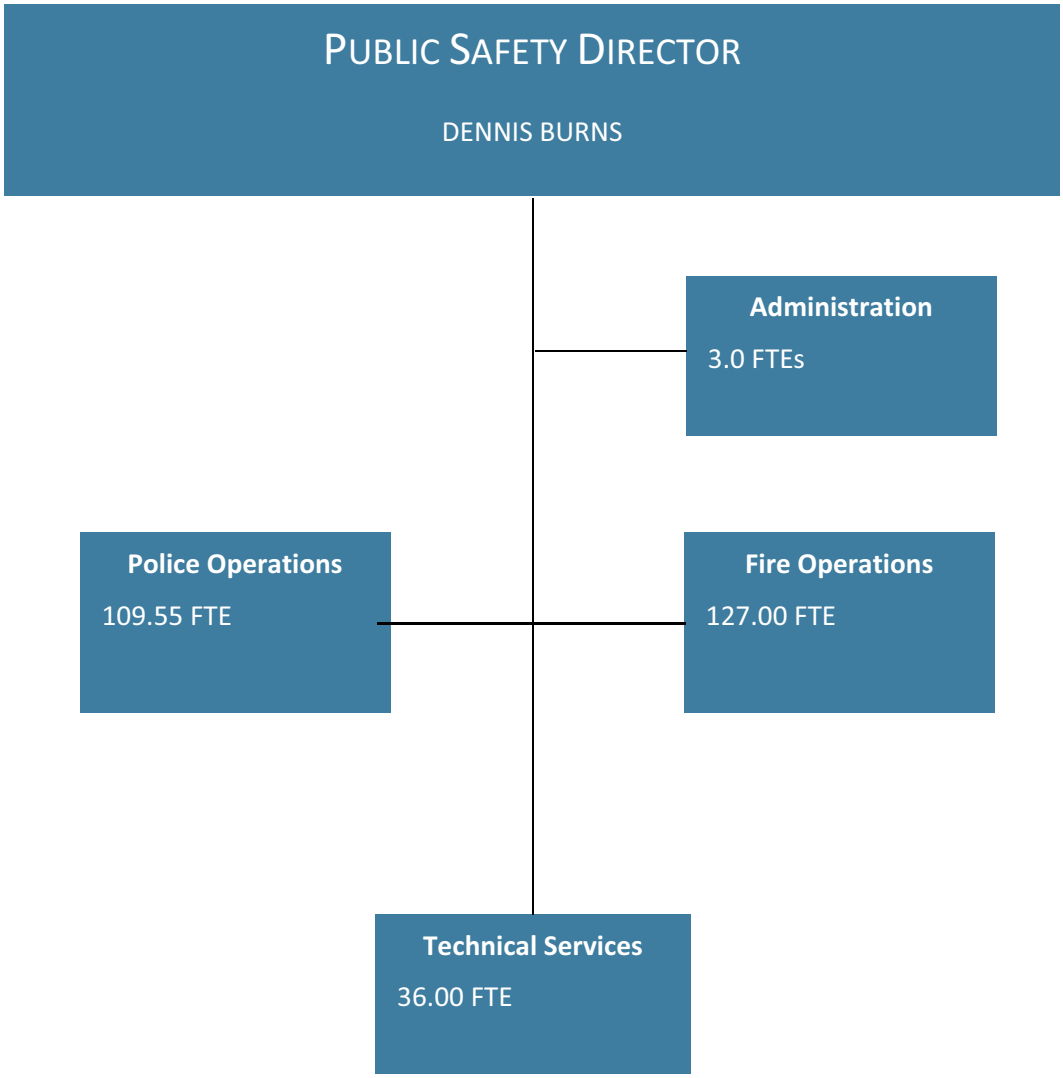
Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

- Provide the public with initial public safety response to emergency and non-emergency requests for service in a coordinated and timely manner.
- Provide quality operational and technical support by delivering reliable dispatching services, processing report information in a timely and efficient manner, maintaining 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.



FY 2013 Position Totals

268.00	Full-time
7.55	Hourly

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

Department Description

The Public Safety Department's Mission is:

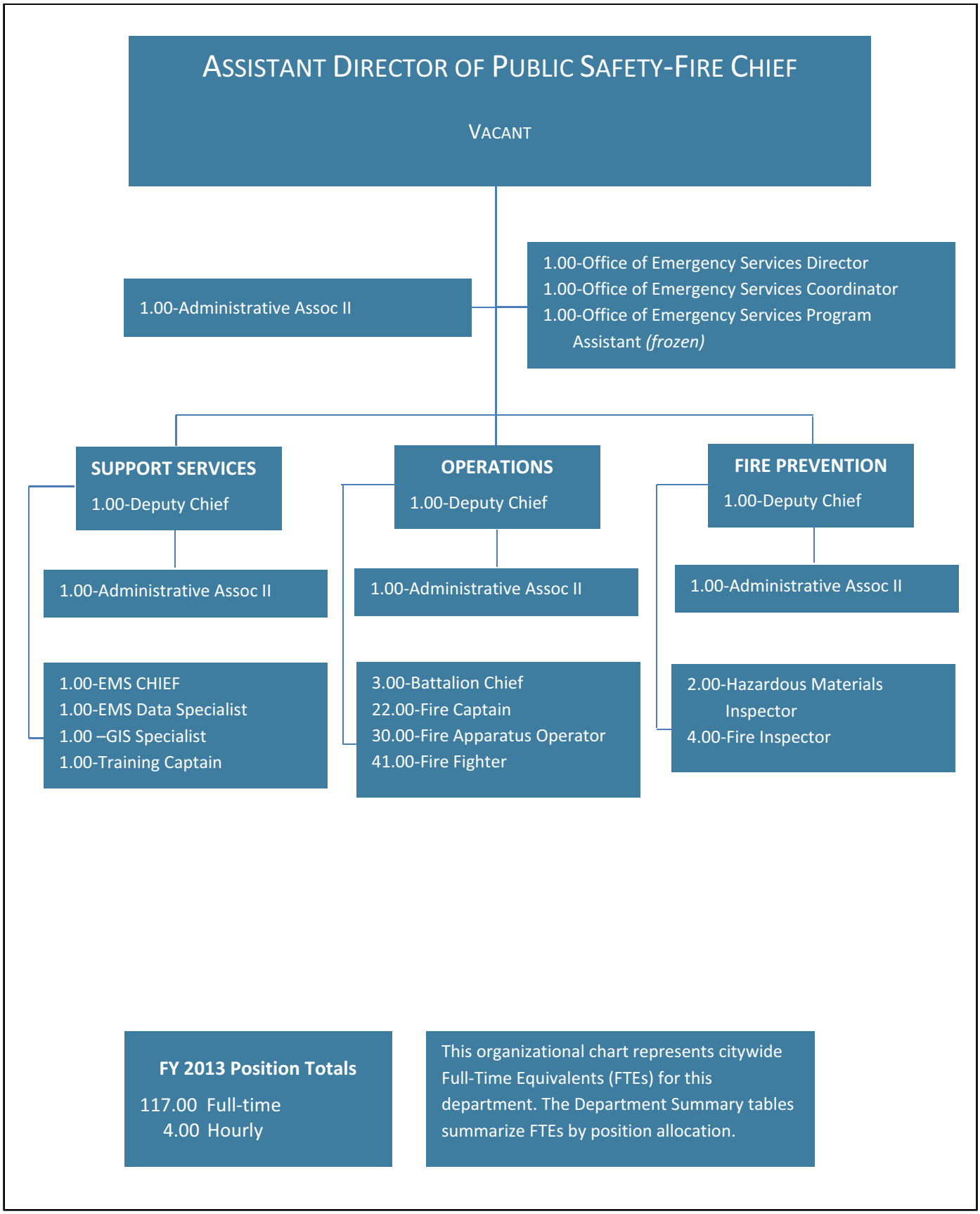
To protect and serve the community by providing timely, efficient and effective law enforcement and fire services.

The Department provides a wide range of public safety services for the City of Palo Alto, including:

- Police Services - Responsible for emergency response, regional assistance response, investigations, critical incident resolution, traffic and parking enforcement, animal services and police services for special events.
- Fire Services - Responsible for emergency response, regional assistance response, code enforcement, fire prevention, and public safety education.
- Technical Services - Provides 911 dispatch services for police, fire, utilities, public works, Stanford, and police information management functions.

The Police and Fire Departments are in the process of implementing staffing reorganization recommendations proposed in the 2011 Fire Services Utilization Study. The Departments will continue to assess reorganization options and anticipate completion of a merged public safety department in FY 2013.

- Protect life, property and the environment from fire, hazardous materials and other disasters
- Provide rapid emergency response, proactive code enforcement, modern fire prevention methods and progressive safety education for our citizens and coworkers
- Promote customer satisfaction by maintaining quality, professional and friendly service to others.


ASSISTANT DIRECTOR OF PUBLIC SAFETY-FIRE CHIEF
VACANT
1.00-Administrative Assoc II
1.00-Office of Emergency Services Director
1.00-Office of Emergency Services Coordinator
1.00-Office of Emergency Services Program Assistant (frozen)
SUPPORT SERVICES
1.00-Deputy Chief
1.00-Administrative Assoc II
1.00-EMS CHIEF
1.00-EMS Data Specialist
1.00 –GIS Specialist
1.00-Training Captain
OPERATIONS
1.00-Deputy Chief
1.00-Administrative Assoc II
3.00-Battalion Chief
22.00-Fire Captain
30.00-Fire Apparatus Operator
41.00-Fire Fighter
FIRE PREVENTION
1.00-Deputy Chief
1.00-Administrative Assoc II
2.00-Hazardous Materials Inspector
4.00-Fire Inspector
FY 2013 Position Totals
117.00 Full-time
4.00 Hourly
This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

Department Description

The Fire Department's Mission is:

The City of Palo Alto Fire Department serves and safeguards the community from the impacts of fires, medical emergencies, environmental emergencies, and natural disasters by providing the highest level of service through action, innovation and investing in education, training and prevention.

We will actively participate in our community, serving as role models who preserve and enhance the quality of life. We will effectively and efficiently utilize all of the necessary resources at our command to provide a product deemed outstanding by our citizens. Pride, the pursuit of excellence, and commitment to public service is of paramount importance.

The Fire Department provides a wide range of community and employee related services for the City of Palo Alto through the following service programs:

- Fire Suppression: Maintain a state of readiness to effectively resond to emergency and non-emergency calls. Provide a means for a safer Palo Alto through community outreach, public education and prevention.
- Emergency Medical Services: In an emergency setting, rapid assessment, treatment and transport of patients to definitive care in a safe and efficient manner.
- Fire Prevention Bureau: Improve the quality of life for the Palo Alto commumity through risk assessment, code enforcement, fire investigation, public education and hazardous materials management.
- Disaster Preparedness/Office of Emergency Services: Prevent, prepare for and mitigate, respond to, and recover from all hazards.
- Employee Fire/EMS Certification Training: Maintain, through training, safe, efficient, and effective practices when responding to emergencies. Ensure personnel are familiar with and able to utilize the most up to date and proven techniques in our field.Training specific to required EMT and/or Paramedic re-certification is also incorporated.

Key Accomplishments

✓ Reduced average response time for fire calls to 6:23 minutes from 7:05 minutes in FY 2010

✓ Responded to 4,521 medical/rescue calls with an average response time of 5:35 minutes

✓ Conducted 1,807 fire inspections, a 18 percent increase from FY 2010

✓ Certified as a State OES Type III Hazardous Materials Response Team

✓ Implemented upgrade of EMS Information Technology. Patient information (cardiac, stroke and trauma) can now be transmitted directly to the emergency rooms allowing hospitals to prepare care options prior to arrival

✓ Deployed two state-of-the-art ambulances with latest transport innovations to enhance patient care

✓ Facilitated adoption of fire sprinkler requirements for new structures and for existing structures which undergo significant expansion or change in occupancy classification. Over time this will result in a dramatic decrease in risk of fire deaths, injuries and property damage

✓ Conducted community outreach to notify residents of smoke and carbon monoxide alarm requirements and the advantages of photoelectric and dual sensor smoke alarm technology

✓ Facilitated incorporation of the Hazardous Materials Storage Ordinance and Toxic Gas Ordinance into local Fire Code amendments to reduce risk to public health, safety and the environment. Palo Alto played a lead role in development of an online inventory reporting system that led the way to statewide online reporting of hazardous materials inventory information by businesses

✓ Utilized regional resource sharing by successfully hosting a joint recruit firefighter academy with the City of San Mateo Fire Department

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

- POLICY N-30: Minimize the use of toxic and hazardous materials. Encourage the use of alternative materials and practices that are environmentally benign.
- POLICY N-31: Continue working with appropriate agencies to clean up hazardous waste sites and contaminated groundwater
- POLICY N-32: Support public agency policies, regulations, legislation, and programs that implement the Santa Clara County Hazardous Waste Management Plan
- POLICY C-2: Where economies of scale are possible, cooperate with neighboring communities in providing municipal services such as police and fire protection, libraries, and recreation

Goals and Objectives

Goal 1: Arrive at the scene of emergencies safely and in a timely manner within the department's targeted response times

Objectives:

- Promote timely adherence to Santa Clara County's clinical protocols and ensure consistent medical care in both Advanced and Basic Life Support (ALS/BLS) to the Palo Alto and Stanford communities
- Fire response time will be within 8 minutes 90% of the time
- Basic Life Support (BLS) medical response times will be within 8 minutes 90% of the time
- Advanced Life Support (ALS) response times will be within 12 minutes 90% of the time

Goal 2: Ensure reasonable life safety conditions through inspection programs

Objectives:

- Perform periodic inspections of all facilities within department's designated target cycle time
- Identify and direct abatement of conditions or operating procedures which could cause an increase in probability or severity of a fire or hazardous materials release

Goal 3: Develop, maintain, and sustain a citywide, comprehensive, all hazard, risk-based emergency management program that engages the whole community

Objectives:

- Maintain operational readiness of the Emergency Operations Center (EOC) and the Mobile Emergency Operations Center (MEOC) by establishing a staffing and training plan for those assigned to the EOC or MEOC
- Conduct a Hazard Vulnerability Assessment (HVA); inventory Critical Infrastructure/Key Resources (CI/KR); complete the Palo Alto section of the regional Local Hazard Mitigation Plan (LHMP) to complete a Threat and Hazard Identification and Risk Assessment (THIRA)
- Restructure Emergency Service Volunteers (ESV) and restart Palo Alto/Stanford Citizen Corps Council (CCC) by following the new FEMA/DHS best practice for "Whole Community Planning" with the intended outcome of increasing roles for ESV and engaging non-governmental stakeholders (such as Stanford Hospital) in our Homeland Security Exercise Evaluation Program (HSEEP)
- Include community stakeholders in Homeland Security Exercise and Evaluation Program (HSEEP) Multi-Year Training and Exercise Plan

Goal 4: Enhance training and maintain all certifications required by governing agencies such as the State Fire Marshal's office and Santa Clara County Emergency Medical Services office

Objectives:

- Document all training through the Joint Apprenticeship Committee (JAC)
- Maintain the required minimum of 20 hours/month per employee of fire related training
- Maintain, as mandated, records of training related to EMS and EMT/Paramedic certification

Goal 5: Internalize commitment to excellence in public service by continuously evaluating the assistance provided, identifying areas needing improvement and implementing mitgation methods

Objective:

- Maintain awareness of service quality by focusing on customers' view of assistance that was provided

Key Performance Measures

Objective: Achieve high satisfaction rates with fire services

Measure 1: Percent of surveyed residents rating fire services good or excellent.

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
95%	90%	92%	90%	90%

What: This measure tracks the percent of surveyed residents rating fire services good or excellent, as reported in the Service Efforts and Accomplishments Report. By collecting this data, we can compare ourselves to nationwide benchmarking data prepared by the National Research Center.

Why: Citizen satisfaction with fire services is an important assessment of the overall quality of fire services offered to the community.

How are we doing:

The City's ratings for fire satisfaction were higher than 57% of approximately 500 other surveyed jurisdictions nationally. More than 90% of surveyed residents have rated fire services good or excellent in each of the last nine years.

Objective: Ambulance Advanced Life Support (ALS) response times will be within 12 minutes 90% or more of the time

Measure 1: Percent of ambulance ALS response times within 12 minutes

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
99%	99%	99%	-	90%

What: This measure tracks the percentage of ambulance ALS calls for service response times within the targeted 12 minutes or less arrival at scene.

Why: Quick response times can mean the difference between short- and long-term recovery, the extent and severity of injury, and most importantly, the difference between life and death. National Fire Prevention Association (NFPA) Standard 1710 - Standard for the Organization & Deployment of Fire Suppression Operations, Emergency Medical Operations, & Special Operations to the Public by Career Fire Departments recommends ALS incident response of 12 minutes or less. The Department's goal is to meet or exceed the County standard to respond within 12 minutes at least 90 percent of the time.

How are we doing:

In each of the last three fiscal years, the Fire Department has responded to 99% of ambulance ALS calls for service within 12 minutes.

Objective: Maintain operational readiness of the Emergency Operations Center (EOC) and the Mobile Emergency Operations Center (MEOC)

Measure 1: Percent of City employees designated as candidates to staff the EOC or MEOC who complete mandated National Incident Management Systems (NIMS) orientation as well as position-specific training by OES staff and regional training curricula

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
	-	-	-	-	100%

What: This measure reflects the department's success in ensuring that staff working at the EOC and MEOC are properly trained. Training records will be kept on file for each person and audited annual to determine results.

Why: Training is an extremely valuable tool for situations that are infrequent but high risk. Adequate training facilitates effective and timely response.

How are we doing:

This is a new measure. The department will track and report results in the FY 2014 budget document

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	127.74	126.51	125.14	127.29	123.31	(3.98)
Staff Expenditures	$20,896,773	$23,426,152	$25,222,730	$25,387,142	$23,262,611	$(2,124,531)
Other Expenditures	2,499,896	4,306,675	3,475,963	4,392,663	4,319,821	(72,842)
Total Expenditures	**$23,396,669**	**$27,732,827**	**$28,698,693**	**$29,779,805**	**$27,582,432**	**$(2,197,373)**
Total Revenues	**$11,021,172**	**$10,625,600**	**$11,972,464**	**$12,150,562**	**$12,181,902**	**$31,340**

General Fund

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Fire Administration	$353,259	$2,297,576	$1,600,769	$1,507,651	$1,771,145	$263,494
FTE Staff	0.45	0.45	0.25	0.25	2.50	2.25
Emergency Response	17,441,198	19,262,604	20,832,524	20,925,859	21,797,817	871,958
FTE Staff	94.86	94.08	94.77	95.23	103.67	8.44
Environmental Safety Management	2,284,830	2,527,355	2,625,533	3,611,339	2,578,997	(1,032,342)
FTE Staff	13.17	13.07	12.77	14.46	11.83	(2.63)
Training and Personnel	2,337,784	2,618,911	2,659,702	2,737,834	1,100,934	(1,636,900)
FTE Staff	13.16	13.11	12.30	12.30	3.25	(9.05)
Records and Information Management	979,598	1,026,381	980,165	997,122	333,539	(663,583)
FTE Staff	6.10	5.80	5.05	5.05	2.06	(2.99)
Total Expenditures	**$23,396,669**	**$27,732,827**	**$28,698,693**	**$29,779,805**	**$27,582,432**	**$(2,197,373)**
Total FTE	**127.74**	**126.51**	**125.14**	**127.29**	**123.31**	**(3.98)**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Other Revenues				
Ambulance Fee Revenue Increase (in addition to other changes)	0.00	0	136,389	(136,389)
Municipal Fee Increases	0.00	0	100,951	(100,951)
Salary and Benefits				
Station 7 Closure - SLAC (Note 1)	(9.00)	(1,393,943)	(422,365)	(971,578)
Flexible Staffing Operational Changes (Note 2)	(6.00)	(1,093,146)	(331,223)	(761,923)
Increase Emergency Response Capability (Note 3)	6.00	532,253	290,915	241,338
IAFF Concessions (Note 4)	0.00	(1,566,000)	(474,498)	(1,091,502)
Fire Utilization Study Recommended Position Changes (Note 5)	2.00	190,711	57,785	132,926
Add 1.0 Fire Inspector (Note 6)	1.00	127,330	285,326	(157,996)
Temporary Employee Elimination (Note 7)	(1.48)	(166,187)	(50,355)	(115,832)
Freeze 1.0 OES Program Assistant Position (Note 8)	1.00	(100,495)	(30,450)	(70,045)
Benefit Changes (Retiree health and others)		692,281	209,761	482,520
Reallocation of Administrative Positions to Fire Department (Note 9)	2.50	339,786	102,955	236,831
Contract Expenses				
Office of Emergency Services Studies (Note 10)	0.00	(335,000)	(101,505)	(233,495)

Change	FTE	Expense	Revenue	Net Cost
OES Expense Redistribution (Note 11)	0.00	105,350	31,921	73,429
Supplies and Materials				
Station 7 Closure - SLAC (Note 1)	0.00	(26,258)	(7,956)	(18,302)
OES Expense Redistribution (Note 11)	0.00	(21,698)	(6,574)	(15,124)
General Expenses				
OES Expense Redistribution (Note 11)	0.00	(22,875)	(6,931)	(15,944)
Rents & Leases				
OES Expense Redistribution (Note 11)	0.00	(100,000)	(30,300)	(69,700)
Facilities and Equipment				
Station 7 Closure - SLAC (Note 1)	0.00	(26,258)	(7,956)	(18,302)
OES Expense Redistribution (Note 11)	0.00	(17,670)	(5,354)	(12,316)
Capitalized Equipment				
OES Expense Redistribution (Note 11)	0.00	100,000	30,300	69,700
Indirect Charges				
Information Technology Indirect Charges	0.00	138,363	41,924	96,439
Fire Hydrant Maintenance and Vehicle Replacement	0.00	180,711	54,755	125,956
Net Total of Significant Changes to Budget	**(3.98)**	**(2,462,745)**	**(132,484)**	**(2,330,261)**

Significant Budget Adjustments Notes

Note 1: Initiated by Stanford University, Fire Station 7 located at the Stanford National Accelerator Laboratory (SLAC) was closed in May 2012. The costs for this Station included 9 FTEs to staff one Engine, and approximately $52,516 in non-personnel costs. Capitalized equipment and the facility was provided by the University, therefore, there are are no associated decreases to vehicle maintenance and replacement or capital costs. The City is currently exploring changes to the reimbursement agreement with Stanford University as a result of this closure.

Note 2: As a result of the revised minimum staffing requirements with the International Association of Fire Fighters (IAFF) in Fiscal Year 2012, the Department is proposing a new operational model that will prioritize staff assignments and allow the Department to operate with greater flexibility. Up to one fire response vehicle may be taken out of service when staffing falls below a pre-set number due to absences, reducing overtime expenses. This plan will result in no lay-offs or station closures as the station chosen will keep two companies in service to respond in that district, minimizing any impact on response. This operational model will allow for 6.0 FTEs to be reduced for Fiscal Year 2013. The Department will measure and track the impacts that this change and other service level changes have, and will return to Council with an analysis. This also includes a revenue reduction from Stanford reimbursement at the current rate of 30.3 per cent.

Note 3: The 2012 Emergency Medical Services Utilization Study showed that more than half of all calls for service are for medical services, and recommended that the Department increase the availability of ambulance response. This will be achieved by increasing the response availability of the ambulance at Station 2 (Medic 2). Medic 2 has historically been staffed with overtime for 12 hours each day, and now will be in operation 24 hours per day and staffed with regular staff hours. This will require an additional 6.0 FTEs, will reduce overtime expenses and allow for the City to pick up additional revenue that is lost to the County for the third concurrent medical calls. Along with a Stanford reimbursement the current rate of 30.3 per cent, the net cost of this proposal is $241,338.

Note 4: As outlined in CMR 2191, the negotiated amendments to the Memorandum of Agreement with IAFF resulted in an estimated total salary and benefit savings of $1.57 million. This includes a 9 per cent wage decrease to reflect employee pension contribution "reversal"; a 9 per cent employee-paid share of pension costs; elimination of tuition reimbursement; and payment of 10 per cent toward medical premiums. This also includes a revenue reduction from Stanford reimbursement at the current rate of 30.3 per cent.

Note 5: The 2012 Emergency Medical Services Utilization Study recommended that the Department increase the level of oversight and data analysis capacity to respond to the increase in medical service calls. The recommendations that will be implemented include the reclassification of the current EMS coordinator to EMS Chief; a full time EMS Data Specialist to assist with the collection and analysis of data involving EMS reports, information technology, patient billing and other similar topics; and the addition of a Geographic Information Specialist to improve the level of support and system integration for CAD systems utilized for dispatch and response. This also includes revenue from Stanford reimbursement at the current rate of 30.3 per cent.

Note 6: The Fire Prevention Bureau has seen a sharp increase of development center activity in Fiscal Year 2012 that is estimated to continue. In comparing July through November of 2010 and 2011, the Department saw a 45 per cent increase in submittals and a 106 per cent increase in valuations of plans that require review from the Fire Department. To keep up with a growing workload, the Department will add 1.0 FTE Fire Inspector, which will be offset by the increase in revenue from the plan check fee. The revenue and net cost number shown include an associated decrease in Stanford reimbursement at the current rate of 30.3 per cent.

Note 7: The Department is able to reduce temporary staff by 1.48 FTE, which were assigned to Administration and Fire Prevention Bureau divisions as a result of other staffing changes in this plan. This also includes a revenue reduction from Stanford reimbursement at the current rate of 30.3 per cent.

Note 8: In response to the budget reduction needs of the City, the Department will hold 1.0 FTE Program Assistant in the Office of Emergency Services vacant for Fiscal Year 2013. This also includes a revenue reduction from Stanford reimbursement at the current rate of 30.3 per cent.

Note 9: The Police and Fire Departments are currently transitioning to a combined Public Safety Department. As a result, six administrative employees in the Police Department will be devoting time to supporting the Fire Department amounting to a total of 2.86 FTE.

Note 10: The Office of Emergency Services was provided one-time allocation in Fiscal Year 2012 to conduct a number of disaster preparedness projects which will continue into Fiscal Year 2013 and be carried forward without new charges to the Fiscal Year 2013 budget. This also includes a revenue reduction from Stanford reimbursement at the current rate of 30.3 per cent.

Note 11: The Office of Emergency Services was expanded and reorganized in May 2011 as a result of the Office of Emergency Services Study presented to council (CMR 1586). A variety of changes among commitment items will be made, although all changes result in no net change to the budget

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Internal Revenues	$303,159	$314,670	$343,592	$337,913	$337,913	$0
External Revenues	10,718,013	10,310,930	11,628,872	11,812,649	11,843,989	31,340
Total Revenues	**$11,021,172**	**$10,625,600**	**$11,972,464**	**$12,150,562**	**$12,181,902**	**$31,340**
Expenditures						
Salaries and Benefits	$20,896,773	$23,426,152	$25,222,730	$25,387,142	$23,262,611	$(2,124,531)
Contract Services	444,441	339,485	402,409	749,811	520,161	(229,650)
Supplies and Materials	328,002	304,651	306,702	448,365	400,409	(47,956)
Facilities and Equipment Purchases	204,419	200,288	154,828	267,767	323,839	56,072
General Expense	30,389	21,580	40,750	168,323	145,448	(22,875)
Rents and Leases	0	0	0	100,000	0	(100,000)
Allocated Charges	1,492,645	3,440,671	2,571,274	2,658,397	2,929,964	271,567
Total Expenditures	**$23,396,669**	**$27,732,827**	**$28,698,693**	**$29,779,805**	**$27,582,432**	**$(2,197,373)**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
40-Hr Training Captain	1.00	1.00	1.00	1.00	1.00	0.00	$112,015
Admin Assistant	1.00	1.00	0.00	0.00	0.50	0.50	37,950
Administrative Associate II	4.00	4.00	4.00	4.00	4.00	0.00	247,188
Battalion Chief 56-Hour Workweek	3.00	3.00	3.00	3.00	3.00	0.00	435,948
Business Analyst	0.00	0.00	0.00	0.00	0.40	0.40	41,001
Coord Pol Tech Svcs	0.00	0.00	0.00	0.00	0.20	0.20	25,788
Deputy Chief/Fire Marshall	0.84	0.84	0.84	0.84	0.84	0.00	126,008
Deputy Fire Chief	2.00	2.00	2.00	2.00	2.00	0.00	300,020
Emergency Medical Svc Chief	1.00	0.00	0.00	0.00	0.00	0.00	0
Emergency Services Director	0.00	0.00	0.00	1.00	1.00	0.00	137,808
EMS Data Specialist	0.00	0.00	0.00	0.00	1.00	1.00	66,227
EMS Manager	1.00	1.00	1.00	1.00	1.00	0.00	120,000
Fire Apparatus Op	30.00	30.00	30.00	30.00	30.00	0.00	1,926,300
Fire Captain	27.00	27.00	27.00	27.00	22.00	(5.00)	1,676,422
Fire Chief	1.00	1.00	1.00	1.00	1.00	0.00	174,221
Fire Fighter	45.00	45.00	45.00	45.00	41.00	(4.00)	2,462,624
Fire Fighter Emt	3.00	0.00	0.00	0.00	0.00	0.00	0
Fire Inspector	3.00	3.00	3.00	3.00	4.00	1.00	438,716
GIS Specialist	0.00	0.00	0.00	0.00	1.00	1.00	98,800
Haz Mat Inspector	1.90	1.90	1.90	1.90	1.90	0.00	208,390
Haz Mat Spec	0.95	0.95	0.00	0.00	0.00	0.00	0
OES Coordinator	1.00	1.00	1.00	1.00	1.00	0.00	99,924
Police Chief-Adv	0.00	0.00	0.00	0.00	0.50	0.50	89,284
Program Assistant	0.00	0.00	0.00	0.00	1.00	1.00	59,093
Public Safety Dispatcher - Lead	0.00	0.00	0.00	0.00	0.40	0.40	34,944
Senior Management Analyst	0.00	0.00	0.00	0.00	0.50	0.50	53,935
Temporary/Hourly	1.05	3.82	4.40	5.55	4.07	(1.48)	260,226
Total FTE/Salaries	**127.74**	**126.51**	**125.14**	**127.29**	**123.31**	**(3.98)**	**$9,232,832**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$4,615,994	$5,090,188	$5,098,453	$5,788,466	$5,154,789	$(633,677)
Retiree Health	915,161	1,048,199	1,729,712	1,488,703	2,399,999	911,296
Management Excess Benefit	35,156	24,636	14,060	39,560	32,800	(6,760)
Disability/Workers Compensation	735,803	1,282,678	2,163,339	1,097,619	1,110,880	13,261
Long Term Disability	2,285	1,683	343	1,683	1,683	0
Medicare	165,525	191,249	196,300	193,741	180,331	(13,410)
Healthcare Opt-out	41,615	46,828	47,265	89,373	67,290	(22,083)
Tuition Reimbursement	113,850	104,850	106,400	107,900	0	(107,900)
Other Benefits	337	253	115	0	0	0
Benefits Subtotal	**$6,625,726**	**$7,790,564**	**$9,355,987**	**$8,807,045**	**$8,947,772**	**$140,727**
Salaries Subtotal	**$14,271,047**	**$15,635,588**	**$15,866,743**	**$16,580,097**	**$14,314,839**	**$(2,265,258)**
Total Staff Expenditures	**$20,896,773**	**$23,426,152**	**$25,222,730**	**$25,387,142**	**$23,262,611**	**$(2,124,531)**

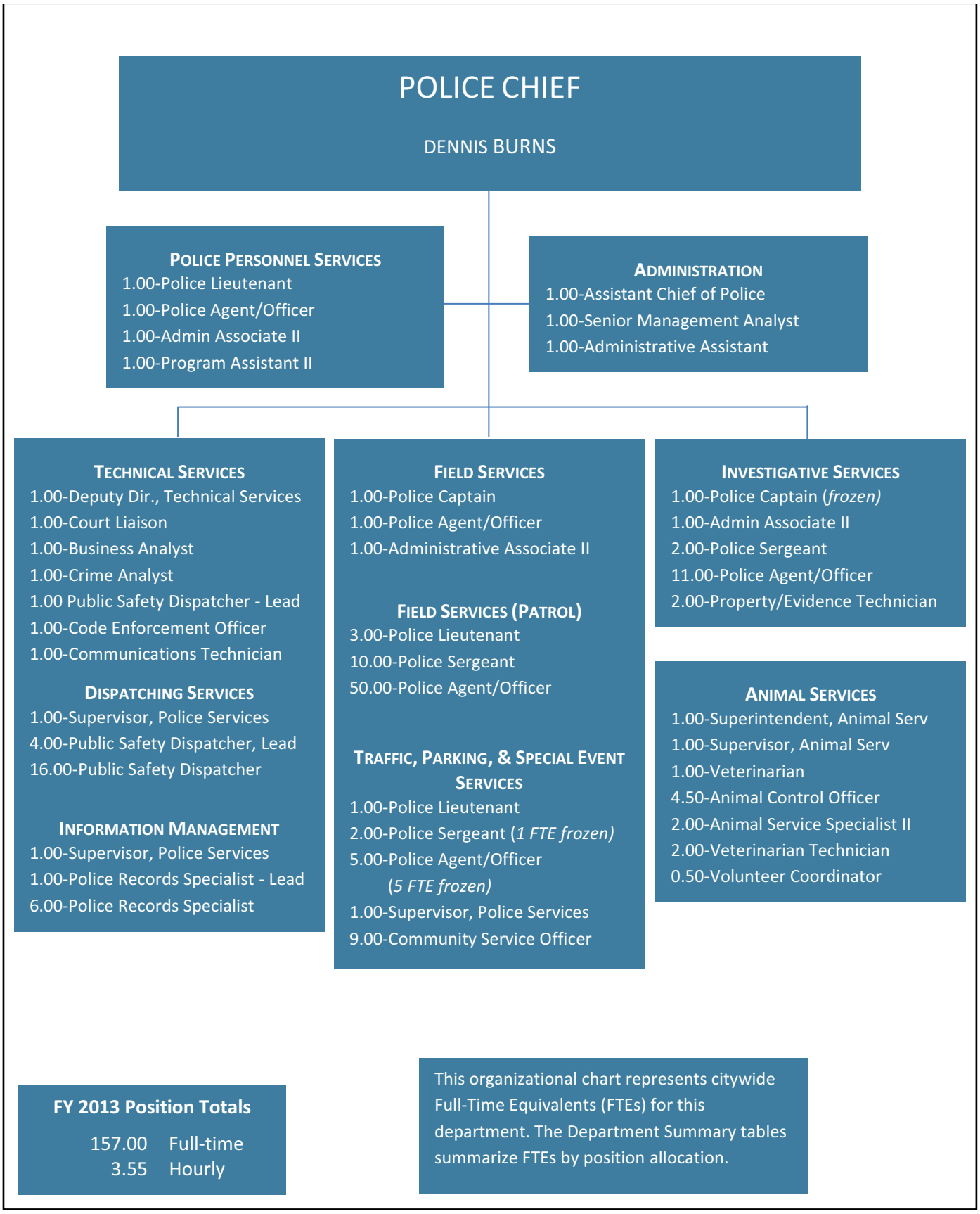
Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

- Apprehend and prosecute offenders and resolve investigations in a timely and thorough manner
- Provide professional public safety services through comprehensive hiring, training, and development of employees and volunteers
- Minimize injury and property damage by promoting a safe and orderly flow of pedestrian, bicycle, and vehicular traffic
- Ensure the protection and well-being of animals and people by providing responsive and proactive animal services
- 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



FY 2013 Position Totals

157.00	Full-time
3.55	Hourly

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

Department Description

The Police Department's Mission is:

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

The Department provides a wide range of public safety services for the City of Palo Alto through the following Divisions:

Field Services - Responsible for police response, critical incident resolution, regional assistance response, and police services for special events

Technical Services - Provides 911 dispatch services for police, fire, utilities, public works, Stanford, and police information management

Investigations - Conducts police investigations, oversees storage and maintenance of evidence and coordinates some youth services activities

Traffic Services - Responsible for traffic enforcement, complaint resolution, and school safety

Parking Services - parking enforcement, parking citations and adjudication, and abandoned vehicle abatement

Police Personnel Services - Oversees police hiring, retention, personnel records, and training

Animal Services - Provides animal control, pet recovery/adoption services, animal care, animal health and welfare, and regional animal services

Key Accomplishments

✓ Reduced average emergency response time to 4:28 minutes, a decrease of 13% compared to five years ago

✓ Received 149 citizen commendations in Fiscal Year 2011 recognizing members of the department performing their duties exceeding even the highest standards of the department

- ✓ The number of Part One crimes (assault, burglary, homicide, rape, robbery, larceny/theft, vehicle theft, and arson) reported decreased from 1,855 to 1,424 - a 23% reduction - compared to five years ago
- ✓ Participated in several regional initiatives which promote emergency preparedness and response capabilities, including making progress on the virtual consolidation of Computer Aided Dispatch (CAD) services with partnering agencies
- ✓ Participated in Urban Shield, a comprehensive full-scale regional preparedness exercise, to enhance the skills and abilities of first responders, as well as those responsible for coordinating and managing large scale events
- ✓ Implemented new contract for crossing guard services at elementary and middle schools which resulted in a savings to the City of approximately $30,000 annually
- ✓ Participated in regional and statewide initiatives designed to ensure vehicle occupant safety through the use safety belts and to reduce deaths and injuries in crashes involving alcohol, speed, red light running, and aggressive driving
- ✓ Successfully returned 68% of dogs and 20% of cats received by the shelter to their owners

- Policy T-45: Provide adult crossing guards at school crossings that meet adopted criteria
- Policy T-47: Utilize engineering, enforcement, and educational tools to improve traffic safety on City roadways
- Policy N-80: Evaluate measures for consolidation of services with other jurisdictions and automatic or mutual aid agreements with other jurisdictions to improve efficiencies

Goals and Objectives

Goal 1: Protect and serve the public through proactive and effective policing, animal services and emergency preparedness

Objectives:

- Reduce crime rates, traffic violations and accidents
- Respond prompty to urgent calls for service
- Apprehend and assist with prosecution of offenders
- Provide assistance, enforcement, and guidance to the community regarding animal services
- Provide assistance to the community in the event of a disaster

Goal 2: Cultivate, enhance, and foster trustworthy relationships with the community

Objectives:

- Increase quality and timeliness of response to citizens' complaints regarding use of force, canine invesitgations and other internal affairs matters
- Train and educate all employees in the community policing philosophies
- Continue to consult with national experts in the field of promoting fair and equitable policing
- Create opportunities for increased communication, visibility and interaction with community members.
- Maintain and enhance the community's satisfaction with police services

Goal 3: Minimize injury and property damage by promoting a safe and orderly flow of pedestrian, bicycle, and vehicular traffic

Objectives:

- Enforce traffic laws, with an emphasis on speed reduction, red light violations, and bicycle and pedestrian safety around schools
- Participate in regional and statewide initiatives designed to ensure vehicle occupant safety through the use safety belts and to reduce deaths and injuries in crashes involving alcohol, speed, red light running, and aggressive driving.

Goal 4: Ensure the protection and well-being of animals and people by providing responsive animal services and spay/neuter advocacy

Objectives:

- Provide assistance, enforcement and guidance to the community regarding animals
- Promote responsible pet ownership through adoption counseling, education and support services

Goal 5: 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

Objectives:

- Monitor compliance with parking regulations and time limits and issue citations for infractions
- Efficiency process abandoned and stored vehicle complaints

Key Performance Measures

Objective: Maintain and enhance the community's satisfaction with police services

Measure 1: Percent of surveyed residents rating police services as good or excellent

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
	84%	87%	88%	-	90%

What: This measure tracks the percent of surveyed resident rating police services good or excellent, as reporting in the Service Efforts and Accomplishments Report. By collecting this data, we can compare ourselves to nationwide benchmarking data prepared by the National Research Center.

Why: Citizen satisfaction with police services is an important assessment of the overall quality of police services offered to the community.

How are we doing:

The City's ratings for police satisfaction were much above the benchmark compared to about 500 jurisdictions nationally. 85% of surveyed residents have rated police services good or excellent above in 7 of the last 9 years. Palo Alto's ratings are higher than 80% of the other surveyed jurisdictions.

Objective: Increase quality and timeliness of response to citizens' complaints regarding use of force, canine invesitgations and other internal affairs matters

Measure 1: Percent of use of force, citizen complaint, and canine investigations completed within 90 days of receipt of information

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
90%	65%	76%	90%	85%

What: The Department investigates all use of force, citizen complaints, and canine investigations in a fair, thorough, and impartial manner. The Department aims to complete and resolve these investigations in a timely manner

Why: Incidents in which police officers use force are particularly sensitive matters. The Department regularly monitors use-of-force issues and takes seriously complaints of excessive use of force or other misconduct.

How are we doing:

In FY 2011, the Department completed 76% of use of force, citizen complaint, and canine investigations within 90 days of receipt of information. While this slightly was below the goal of 90%, the Department improved on FY 2010 results. In FY 2011, 7 citizen complaints were filed, all of which were unsustainted upon invesitgation. For future years, we will report completion rates by type of investigation.

Objective: Apprehend and assist wtih prosecution of offenders

Measure 1: Part One Violent Crime (homicide, rape, robbery, and aggravated assault) clearance rates

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
56%	57%	43%	-	56%

What: Part One Violent Crimes include homicide, rape, robbery, and aggravated assault. The Department manages and monitors all violent crime cases to proactively impact serious crimes. A case is "cleared" when an arrest is made.

Why: Safety from violent crimes are a major quality of life issue and the cornerstone of an attractive community.

How are we doing:

The Department cleared 43% of Part One Violent Crimes in FY 2011, below the Department's goal of 56%. This decrease in cleared cases is primarily attributed to a 40% increase in robberies that the city experienced in 2011. The Department continues to aggressively investigate open cases and address violent crime trends through a variety of proactive policing measures.

Objective: To repond promptly to urgent calls for service

Measure 1: Average reponse time for emergency calls (in minutes)

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
4:43	4:44	4:28	-	5:38

What: This measure tracks the average response time for emergency calls.

Why: Emergency calls require the most timely police response because they are generally life threatening or higher danger crimes in progress.

How are we doing:

The Department's average response time for emergency calls was 4:28 in FY 2011, over a minute lower than the national average.

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	169.51	166.76	161.07	161.19	158.33	(2.86)
Staff Expenditures	$25,113,481	$24,778,197	$26,161,247	$26,599,316	$27,148,828	$549,512
Other Expenditures	3,131,819	4,062,328	4,816,425	5,318,408	5,183,203	(135,205)
Total Expenditures	**$28,245,300**	**$28,840,525**	**$30,977,672**	**$31,917,724**	**$32,332,031**	**$414,307**
Total Revenues	**$4,614,385**	**$4,861,991**	**$4,368,847**	**$4,691,129**	**$4,202,667**	**$(488,462)**

General Fund

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$425,083	$64,497	$216,861	$619,947	$729,181	$109,234
FTE Staff	1.00	1.00	1.00	1.54	1.80	0.26
Field Services	13,585,159	13,097,407	14,362,471	13,856,771	15,286,652	1,429,881
FTE Staff	74.67	70.42	68.60	66.30	71.80	5.50
Technical Services	4,955,795	6,598,771	6,845,285	7,245,659	7,302,734	57,075
FTE Staff	40.01	38.87	37.04	37.87	36.67	(1.20)
Investigations and Crime Prevention Services	3,675,698	3,359,321	3,458,195	3,754,261	3,603,823	(150,438)
FTE Staff	17.44	19.44	17.53	17.73	17.38	(0.35)
Traffic Services	1,833,679	1,977,552	2,190,930	2,512,139	1,287,456	(1,224,683)
FTE Staff	7.45	8.95	8.89	10.64	4.49	(6.15)
Police Personnel Selection	973,293	1,007,656	1,109,440	1,026,192	1,038,366	12,174
FTE Staff	5.45	5.09	4.94	4.79	4.20	(0.59)
Animal Services	1,710,530	1,673,599	1,712,564	1,769,833	1,898,584	128,751
FTE Staff	13.42	13.42	13.42	13.42	13.24	(0.18)
Parking Services	1,086,063	1,061,722	1,081,926	1,132,922	1,185,235	52,313
FTE Staff	10.07	9.57	9.65	8.90	8.75	(0.15)
Total Expenditures	**$28,245,300**	**$28,840,525**	**$30,977,672**	**$31,917,724**	**$32,332,031**	**$414,307**
Total FTE	**169.51**	**166.76**	**161.07**	**161.19**	**158.33**	**(2.86)**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Other Revenue Changes				
3% Municipal Fee Increase	0.00	0	15,764	(15,764)
Revenue Adjustments to reflect historical trends (Note 1)	0.00	0	(171,500)	171,500
Loss of Mountain View Contract for Animal Services (Note 2)	0.00	0	(300,000)	300,000
Salary and Benefits				
Redeploy Staff to Patrol - Freeze 6.0 FTEs (Note 3)	0.00	(1,126,360)	(43,000)	(1,083,360)
Freeze 1.0 FTE Police Captain (Note 4)		(196,407)	0	(196,407)
Reallocation of Administrative Positions to Fire Department (Note 5)	(2.50)	(339,786)	0	(339,786)
Retiree Health Benefit Increase	0	840,595	0	840,595
Other Benefit Changes	0	749,638	0	749,638

Change	FTE	Expense	Revenue	Net Cost
Contract Services				
Animal Service Utilization Study (Note 6)	0	(50,000)	0	(50,000)
Police Service Utilization Study (Note 6)	0	80,000	0	80,000
Move Track Watch Contract to Project Safety Net Fund (Note 8)	0	(70,000)	0	(70,000)
Increase in Silicon Valley Regional Interoperability Authority project (Note 9)	0	16,593	0	16,593
General Expense				
Increase in online traffic payment charges (Note 10)	0	20,000	0	20,000
Indirect Charges				
Decrease in Information Technology Charges (Notes 11)	0	(83,304)	0	(83,304)
Net Total of Significant Changes to Budget	**(2.50)**	**(159,031)**	**(498,736)**	**339,705**

Significant Budget Adjustments Notes

Note 1: A number of revenue sources including administrative citations, false alarm fees, penal code violations and impound fees are updated to relfect historical trends over the past three years.

Note 2: The City of Mountain View provided official notice in November 2011 that they will be terminating the contract for Animal Control and Care services provided by Palo Alto Animal Services. The revenue reduction is a pro-rated amount based on an official contract termination date of November 1, 2012.

Note 3: In an effort to meet budget reduction targets the department will hold six positions vacant and redeploy staff in the Traffic and Parking Division to Field Patrol. This will include 1.0 FTE Police Sergeant, 2.0 FTE Police Agent, and 3.0 Police Officer positions that will be held vacant. Some duties and services performed by these positions will be incorporated into Field Patrol operations; however, there will be an overall reduction in the level of proactive traffic and parking enforcement. The Department has experienced the impact of these changes from a high number of vacancies in FY2012, therefore there will be minimal impact on the level of service currently provided to the community. It is estimated that this will cause a 17 per cent reduction in traffic ticket revenue estimated at $43,000.

Note 4: In an effort to meet budget reduction targets, the department will hold one Police Captain position vacant. Currently, one of the two Captain positions is working out of class as the acting Assistant Chief of Police.

Note 5: The Police and Fire Departments are currently transitioning to a combined Public Safety Department. As a result, six administrative employees in the Police Department will be devoting time to supporting the Fire Department amounting to a total of 2.5 FTE.

Note 6: In Fiscal Year 2012 the department was allocated $50,000 to hire a consultant to conduct a utilization study of the Animal Service division. In Fiscal Year 2013 the department will hire a consultant to conduct a utilization study for overall police operations. This is estimated at a total cost of $80,000, requiring an additional $30,000 for Fiscal Year 2013.

Note 7: The Stanford Development special revenue fund has been established, which enables costs to be transferred directly to this fund. The Track Watch contract is a direct cost associated with the Project Safety Net program funded by the Stanford Development agreement.

Note 8: This increase reflects the City's participation in the Council approved (CMR:202:10) Silicon Valley Regional Interoperability Authority (SVRIA) project. Increased costs reflect Palo Alto's share of maintenance and operational costs with the project.

Note 9: The Police Department has seen a significant increase in the number of traffic and parking tickets paid online. More than two-thirds of revenue from these tickets is now collected through the online payment system. This increase covers the fee charged by the vendor that provides the online payment service.

Note 10: The Information Technology charges are calculated based on the total department budget. Although Information Technology budget has increased overall, the Police Department's charges are reduced due to the departmental reductions to be implemented.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Internal Revenues	$512,250	$526,624	$514,500	$427,000	$427,000	$0
External Revenues	4,102,135	4,335,367	3,854,347	4,264,129	3,775,667	(488,462)
Total Revenues	**$4,614,385**	**$4,861,991**	**$4,368,847**	**$4,691,129**	**$4,202,667**	**$(488,462)**
Expenditures						
Salaries and Benefits	$25,113,481	$24,778,197	$26,161,247	$26,599,316	$27,148,828	$549,512
Contract Services	1,157,531	1,108,716	1,093,294	1,213,392	1,189,035	(24,357)
Supplies and Materials	372,048	411,297	391,099	429,550	439,800	10,250
Facilities and Equipment Purchases	45,088	41,984	56,082	77,750	77,750	0
General Expense	265,274	260,313	224,964	274,955	285,655	10,700
Rents and Leases	2,808	2,574	534	2,950	2,950	0
Allocated Charges	1,289,070	2,237,444	3,050,452	3,319,811	3,188,013	(131,798)
Total Expenditures	**$28,245,300**	**$28,840,525**	**$30,977,672**	**$31,917,724**	**$32,332,031**	**$414,307**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Admin Assistant	1.00	1.00	1.00	1.00	0.50	(0.50)	$37,950
Administrative Associate II	3.00	3.00	3.00	3.00	3.00	0.00	185,391
Animal Control Off	4.50	4.50	4.50	4.50	4.50	0.00	251,879
Animal Services Spec	1.00	1.00	1.00	0.00	0.00	0.00	0
Animal Services Spec II	1.00	1.00	1.00	2.00	2.00	0.00	121,722
Assistant Police Chief - Adv	1.00	1.00	1.00	1.00	1.00	0.00	161,616
Business Analyst	1.00	1.00	1.00	1.00	0.60	(0.40)	61,501
Code Enforcement Off	1.50	1.50	1.00	1.00	1.00	0.00	78,042
Comm Tech	1.00	1.00	1.00	1.00	1.00	0.00	85,010
Community Serv Offcr	9.00	9.00	8.50	8.50	8.50	0.00	484,789
Coord Pol Tech Svcs	1.00	1.00	1.00	1.00	0.80	(0.20)	103,152
Court Liaison Officer	1.00	1.00	1.00	1.00	1.00	0.00	74,235
Crime Analyst	1.00	2.00	1.00	1.00	1.00	0.00	74,235
Police Agent	19.00	19.00	19.00	19.00	19.00	0.00	2,023,823
Police Captain-Adv	2.00	2.00	2.00	2.00	2.00	0.00	292,282
Police Chief-Adv	1.00	1.00	1.00	1.00	0.50	(0.50)	89,284
Police Lieut-Adv	5.00	5.00	5.00	5.00	5.00	0.00	715,520
Police Officer	51.00	50.00	49.00	49.00	49.00	0.00	4,837,133
Police Records Specialist - Lead	1.00	1.00	1.00	1.00	1.00	0.00	59,051
Police Records Specialist II	9.00	7.00	6.00	6.00	6.00	0.00	331,092
Police Sergeant	14.00	14.00	14.00	14.00	14.00	0.00	1,672,944
Program Assistant I	1.00	0.00	0.00	0.00	0.00	0.00	0
Program Assistant II	1.00	1.00	1.00	1.00	1.00	0.00	67,392
Program Coordinator	0.00	1.00	0.00	0.00	0.00	0.00	0
Property Evid Tech	2.00	2.00	2.00	2.00	2.00	0.00	114,150
Public Safety Disp	2.00	2.00	2.00	2.00	2.00	0.00	151,092
Public Safety Dispatcher - Lead	5.00	5.00	5.00	5.00	4.60	(0.40)	401,856

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Public Safety Dispatcher II	14.00	14.00	14.00	14.00	14.00	0.00	1,089,382
Senior Management Analyst	1.00	1.00	1.00	1.00	0.50	(0.50)	53,935
Supt Animal Services	1.00	1.00	1.00	1.00	1.00	0.00	95,036
Supv Animal Svcs	1.00	1.00	1.00	1.00	1.00	0.00	79,644
Supv Police Service	3.00	3.00	3.00	3.00	3.00	0.00	278,055
Veterinarian	1.00	1.00	1.00	1.00	1.00	0.00	113,464
Veterinarian Tech	2.00	2.00	2.00	2.00	2.00	0.00	114,358
Volunteer Coord	1.00	0.50	0.50	0.50	0.50	0.00	34,497
Temporary/Hourly	5.51	5.26	4.57	4.69	4.33	(0.36)	246,265
Total FTE/Salaries	**169.51**	**166.76**	**161.07**	**161.19**	**158.33**	**(2.86)**	**$14,579,776**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$5,841,913	$6,084,946	$5,684,959	$6,530,482	$7,446,440	$915,958
Retiree Health	859,917	945,260	1,761,351	1,667,404	2,507,999	840,595
Management Excess Benefit	63,335	53,861	47,599	72,000	67,200	(4,800)
Disability/Workers Compensation	732,368	902,427	1,720,905	1,100,358	981,017	(119,341)
Long Term Disability	6,824	6,849	7,487	6,849	6,849	0
Medicare	221,437	225,507	231,211	218,878	208,811	(10,067)
Healthcare Opt-out	14,084	23,822	39,825	102,136	75,024	(27,112)
Tuition Reimbursement	126,508	103,321	68,364	82,000	77,000	(5,000)
Other Benefits	6,186	26,027	15,077	5,658	5,658	0
Benefits Subtotal	**$7,872,572**	**$8,372,020**	**$9,576,778**	**$9,785,765**	**$11,375,998**	**$1,590,233**
Salaries Subtotal	**$17,240,909**	**$16,406,177**	**$16,584,469**	**$16,813,551**	**$15,772,830**	**$(1,040,721)**
Total Staff Expenditures	**$25,113,481**	**$24,778,197**	**$26,161,247**	**$26,599,316**	**$27,148,828**	**$549,512**

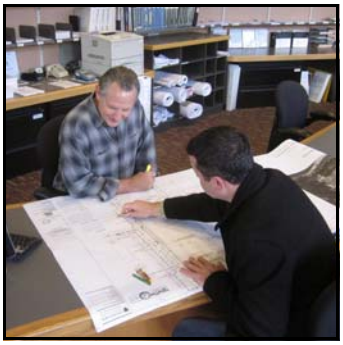
Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

Public Works



- Promote the protection and enhancement of Palo Alto's Urban Forest
- Enhance the quality of life for residents and visitors to Palo Alto by preventing pollution of our creeks and bay, promoting reuse and recycling, and encouraging use of alternative fuel vehicles
- Ensure the City's valuable infrastructure is well-maintained and available well in to the future
- Effectively manage the City's capital fund as well as refuse, waterwater treatment, storm drainage, airport and fleet operations

PUBLIC WORKS DIRECTOR
Mike Sartor

1.00-Administrative Assistant

1.00-Sr. Management Analyst

1.00-Airport Manager

ENVIRONMENTAL SERVICES
1.0-Asst. Dir., Environmental Services
1.0 Management Analyst

WATER QUALITY CONTROL PLANT
1.00-Water Quality Control Plant Mgr.
2.00-Admin Associate II
2.00-Asst Manger WQCP
1.00-Sr. Engineer
3.00-Supervisor WQC Operations
6.00-Sr. Operator, WQC
17.00-Plant Operator II
1.00-Manager Laboratory Services
1.00-Sr. Chemist
3.00-Chemist
2.50-Lab Technician
2.00-Electrician Lead
3.00-Electrician
1.00-Sr. Mechanic
7.00-Maintenance Mechanic
1.00-Senior Technologist
1.00-Project Engineer

WATERSHED PROTECTION
1.00-Watershed Protection Mgr.
1.00-Program Assistant I
2.00-Mgr Environmental Controls
1.00-Program Assistant II
1.00-Environmental Specialist
3.00-Associate Engineer
2.00-Industrial Waste Investigator
2.00-Industrial Waste Inspector
1.00-Engineer Technician III

SOLID WASTE
1.00-Mgr Solid Waste
1.00-Administrator, Refuse
1.00-Mgr Environmental Controls
2.00-Zero Waste Coordinator
1.00-Program Assistant I
1.00 Environmental Specialist
1.00 Coordinator, Public Works Projects
1.00 Landfill Technician

PUBLIC SERVICES
1.00-Assistant Director, Public Services
1.00-Management Analyst
3.00-Admin Associate II
1.00-Admin Associate III
0.50-Admin Associate I

FACILITIES MAINTENANCE OPER. & REPAIR
1.00-Mgr, Maint. Ops
2.00-Facilities Maint-Lead
6.00-Facilities Mechanic
2.00-Facilities Painter
1.00-Facilities Carpenter
1.00-Electrician

FACILITIES CONTRACT SVCS. & REHAB PROJ.
1.00-Mgr, Maint. Ops
2.00-Bldg Svc Person-Lead
1.00-Bldg Service Person
1.00-Project Manager
1.00-Engineering Tech III

FLEET
1.00-Fleet Manager
1.00-Asst Fleet Manager
1.00-Sr Fleet Services Coordinator
2.00-Fleet Services Coordinator
2.00-Equipment Maint Service Person
7.00-Motor Equipment Mechanic II
1.00-Mobile Service Technician

URBAN FORESTRY
1.00-Urban Forester
1.00-Planning Arborist
2.00-Project Manager (0.75 Utl Line Clr)
2.00-Tree Maint Special (1.00 Utl Line Clr)
1.00-Tree Trim/Line Clear-Lead
7.00-Tree Trim/Line Clear

TRAFFIC CONTROL/STREET SWEEPING
1.00-Mgr, Maint. Ops
7.00-Str Sweeper Operator
1.00-Heavy Equip Oper-Lead
1.00-Heavy Equip Operator
2.00-Street Maint Assistant
1.00-Traffic Control Maint-Lead
2.00-Traffic Control Maint II
2.00-Traffic Control Maint I

STORM DRAIN/STREET MAINTENANCE
1.00-Mgr, Maint. Ops
2.00-Heavy Equip Operator-Lead
3.00-Heavy Equip Operator
4.00-Equip Operator
1.00-Cement Finisher-Lead
3.00-Cement Finisher

ENGINEERING SERVICES
1.00-Asst Dir., Engineering Services
1.00-Management Analyst
1.00-Admin Associate III
1.00-Admin Associate I

FIELD SERVICES (SURVEY AND INSPECTION)
1.00-Superv Inspections/Survey
1.00-Inspector-Field Service
1.00-Surveyor
1.00-Surveying Assistant

CIP PROGRAM (STRUCTURES, STREETS & SIDEWALKS, STORM DRAIN, PARKS)
1.00-Sr. Project Manager
3.00-Sr. Engineer
1.00-Architect/Park Planner
5.00-Project Engineer
4.00-Engineer
1.00-Associate Engineer
2.00-Engineering Tech III
0.50-Management Analyst

PRIVATE DEVELOPMENT
3.00-Engineering Tech III
1.00-Sr. Engineer

FY 2013 Position Totals

198.50	Full-time
7.40	Hourly

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

Department Description

The Public Works Department's Mission is:

To provide efficient, cost effective and environmentally sensitive operations for construction, maintenance, and management of Palo Alto streets, sidewalks, parking lots, facilities and parks; ensure continuous operation of our Regional Water Quality Control Plant, City fleet and storm drain system; provide maintenance, replacement and utility line clearing services for the City's urban forest; provide efficient and cost effective garbage collection; to promote reuse and recycling to minimize waste; and to ensure timely support to other City departments and the private development community in the area of engineering services.

The Public Works Department is responsible for operational and capital projects in the following areas:

Engineering Services: Designs and constructs City-owned facilities, streets, sidewalks, storm drains and parks infrastructure; provides engineering support to City Departments and the private development community for construction in the public right of way

Public Services: Maintains and renovates City-owned and leased structures, streets, sidewalks, storm drains, street sweeping, street signage and parking lots; manages the City's Urban Forest; and maintains the City's fleet

Environmental Services: Operates and maintains the Regional Water Quality Control Plant; maintains a Pretreatment Program for control of industrial and commercial dischargers; provides pollution prevention information and programs to residents and businesses; manages the City's solid waste programs

Key Accomplishments

✓ Began construction on the new Mitchell Park Library and Community Center scheduled to open Spring 2013

✓ Opened the newly renovated Downtown Library

- ✓ Provided technical support to the Infrastructure Blue Ribbon Commission during development of their report detailing recommendations for financing and implementation of an infrastructure plan
- ✓ Reorganized the department to streamline operations resulting in an annual savings of approximately $400,000
- ✓ Provided on-going support for the Stanford University Hospital development plans
- ✓ Worked collaboratively with the Downtown business community to improve Downtown cleaning and facilitate steam cleaning of all streets in the Downtown area once a month
- ✓ Began construction of the Arts Center renovation

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

- Policy L-2: Maintain an active cooperative working relationship with Santa Clara County and Stanford University regarding land use issues
- Policy L-17: Treat residential streets as both public ways and neighborhood amenities. Provide continuous sidewalks, healthy street trees, benches, and other amenities that favor pedestrians
- PROGRAM L-69: Enhance all entrances to Mitchell Park Community Center so that they are more inviting and facilitate public gatherings
- PROGRAM T-28: Adjust the street evaluation criteria of the City's Pavement Management Program to ensure that areas of the road used by bicyclists are maintained at the same standards as, or at standards higher than, areas used by motor vehicles
- POLICY T-24: Maintain a hierarchy of streets that includes freeways, expressways, arterials, residential arterials, collectors, and local streets
- POLICY T-36: Make new and replacement curbs vertical where desired by neighborhood residents
- POLICY C-22: Design and construct new community facilities to have flexible functions to ensure adaptability to the changing needs of the community
- POLICY C-24: Reinvest in aging facilities to improve their usefulness and appearance. Avoid deferred maintenance of City infrastructure
- PROGRAM C-20: Conduct comprehensive analyses of long-term infrastructure replacement requirements and costs
- POLICY C-26: Maintain and enhance existing park facilities
- PROGRAM C-27: Continue to implement Americans with Disabilities Act (ADA) requirements in City facilities including, but not limited to, sidewalk curb cuts, building entrances, meeting room access, and sight and hearing adjuncts

Goals and Objectives

Goal 1: Ensure the City's assets and infrastructure inventory are updated and well-maintained

Objectives:

- Develop and implement an Infrastructure Management System (IMS) to support planning, budgeting and accountability for the City's assets
- Maintain and enhance the overall condition of the City's streets
- Support the City's efforts to identify funding alternatives for infrastructure improvements

Goal 2: Provide high quality, cost-effective oversight of the City's capital improvement and facilities maintenance programs

Objectives:

- Finalize design of the Main Library renovations and award construction contract by November 2012
- Analyze operational and financial implications of constructing a new Public Safety Building and replacement of Fire Stations 3 & 4
- Evaluate options for replacing the Municipal Services Center (MSC) and making the site available for revenue generating uses
- Provide cost-effective custodial and facilities maintenance services

Goal 3: Preserve the public's health safety and ensure a vibrant, sustainable community for future generations

Objectives:

- Work with residents to complete an urban forest master plan
- Promote waste reduction and recycling programs
- Ensure compliance with all applicable regulations related to the public's health and safety
- Maintain the health of the City's urban forest
- Ensure proper clearance of all utility lines

Key Performance Measures

Objective: Maintain and enhance the overall condition of the City's streets

Measure 1: Pavement Condition rating

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
72	73	73	74	75

What: This measure tracks the condition of the City's streets based on an index published by the Metropolitan Transportation Commission as well as changes in that score.

Why: Improving the condition of our streets reduces overall maintenace costs and increases ride satisfaction

How are we doing:

The City's PCI score published by the MTC for FY 2010 is 73. PCI scores are rated as follows: 90+ - excellent, 80-89 - very good, 70-79 - good and 60-69 - poor. The City of Palo Alto rating of 73 ranked in the middle of surrounding cities with the highest being the City of Santa Clara scoring 80 and the lowest being City of East Palo Alto scoring a 53. The MTC's FY 2011 score will be available in July 2012.

Objective: Provide cost-effective custodial and facilities management services

Measure 1: Cost per square foot for custodial services.

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
1.19	1.18	1.16	1.16	1.16

What: City facilities are currently maintained by both in-house staff and contract services.

Why: In order to contain costs and still provide a high level of service continued monitoring of best practices and evaluation should be sought.

How are we doing:

The City's cost per square foot is currently $1.16. The ICMA Center for Performance Measurement's 2010 data report indicates that average cost per square foot for similar sized cities is $1.19.

Objective: Maintain the health of the City's urban forest, including proper clearance of utility lines

Measure 1: Number of trees trimmed annually

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
6,346	6,385	4,972	5000	5,525

What: This measure will track how many trees are trimmed annually by both in-house and contract efforts

Why: Tree trimming is conducted to maintain clearance of utility lines, eliminate dangerous/hazard situations and maintain the health of the City's urban forest

How are we doing:

The City's tree inventory is approximately 33,000 trees and we are maintaining a trimming cycle of 6 years. Since trees are trimmed based on the needs of the tree there is no industry standard. However no more than 25% of the tree should be trimmed within any 6 year cycle

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	70.60	64.86	59.51	57.94	58.82	0.88
Staff Expenditures	$7,665,510	$7,293,494	$7,223,795	$7,091,501	$7,669,497	$577,996
Other Expenditures	5,245,284	5,251,599	5,904,633	5,932,255	6,293,649	361,394
Total Expenditures	**$12,910,794**	**$12,545,093**	**$13,128,428**	**$13,023,756**	**$13,963,146**	**$939,390**
Total Revenues	**$2,942,057**	**$2,745,265**	**$2,703,411**	**$2,712,229**	**$2,835,083**	**$122,854**

General Fund

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$673,518	$841,919	$1,100,908	$1,321,221	$1,432,622	$111,401
FTE Staff	2.90	2.90	2.90	2.90	2.95	0.05
Public Services						
Streets	2,309,998	2,318,757	2,393,037	2,321,175	2,674,363	353,188
FTE Staff	13.36	13.96	12.86	12.85	13.95	1.10
Trees	2,106,981	2,257,573	2,577,282	2,293,081	2,422,130	129,049
FTE Staff	14.21	14.01	14.01	13.14	13.77	0.63
Structures and Grounds	5,663,582	5,530,436	5,570,780	5,553,299	5,869,338	316,039
FTE Staff	24.50	23.82	20.57	19.88	18.98	(0.90)
Engineering Services	2,156,715	1,596,408	1,486,421	1,534,980	1,564,693	29,713
FTE Staff	15.63	10.17	9.17	9.17	9.17	0.00
Total Expenditures	**$12,910,794**	**$12,545,093**	**$13,128,428**	**$13,023,756**	**$13,963,146**	**$939,390**
Total FTE	**70.60**	**64.86**	**59.51**	**57.94**	**58.82**	**0.88**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenues				
Plan checking fee	0	0	103,600	(103,600)
Street cut fees (external)	0	0	65,000	(65,000)
Building - new construction permit	0	0	21,000	(21,000)
Encroachment permit	0	0	24,500	(24,500)
Street opening permit	0	0	77,000	(77,000)
Public Works Administration allocated charge revenue	0	0	(165,291)	165,291
Cost plan allocation revenue	0	0	46,644	(46,644)
Street cut fees (internal)	0	0	(54,600)	54,600
Salary and Benefits				
Add/Drop 1.0 FTE Tree Maintenance Specialist to Project Manager (Note 1)	0	46,544	0	46,544
Reallocate .50 Project Manager to Capital Fund	(0.50)	(73,973)	0	(73,973)
Reallocate .20 Administrative Associate I to Capital Projects	(0.20)	(18,218)	0	(18,218)
Reallocate .43 FTE from Enterprise Funds to General Fund	0.43	60,853	0	60,853
Reallocate 1.1 FTE to General Fund (approved in Fiscal Year 2012 midyear)	1.10	129,438	0	129,438

Change	FTE	Expense	Revenue	Net Cost
Benefit changes (OPEB and others)	0	433,356	0	433,356
Contract Expenses				
Custodial service for new Mitchell Park facilities, prorated (Note 2)	0	32,227	0	32,227
Canopy contract costs (approved in Fiscal Year 2012 midyear)	0	44,500	0	44,500
Building maintance for new Mitchell Park facilities, prorated (Note 2)	0	19,932	0	19,932
Supplies and Materials				
Supplies for Mitchell Park facilities, prorated (Note 2)	0	8,542	0	8,542
Asphalt and supplies for pothole repair (approved in Fiscal Year 2012 midyear)	0	25,000	0	25,000
Allocated Charges (Note 3)				
Decrease in mailing charges	0	(83,969)	0	(83,969)
Decrease in printing charges	0	(59,484)	0	(59,484)
Decrease in vechicle maintenance charges	0	(13,660)	0	(13,660)
Increase in vehicle replacement charges	0	15,159	0	15,159
Increase in environmental disposal charges	0	14,935	0	14,935
Increase in liability insurance charges	0	81,021	0	81,021
Increase in IT infrastructure maintenance charges	0	18,029	0	18,029
Increase in IT support charges	0	147,366	0	147,366
Increase in IT application maintenance charges	0	92,907	0	92,907
Net Total of Significant Changes to Budget	**0.83**	**920,505**	**117,853**	**802,652**

Significant Budget Adjustments Notes

Note 1: A vacant Tree Maintenance Specialist position will be dropped to bring back a Project Manager position for trees. Public Works has found that the Project Manager position is necessary for contract oversight and to ensure appropriate attention to the importance of trees and their maintenance.

Note 2: The new Mitchell Park Library and Community Center are expected to open in Spring, 2013. The budget is prorated to reflect less than a full year of contract support, supplies, and materials. The budget for support will increase in Fiscal Year 2014.

Note 3: Includes support from other departments, including Information Technology and printing and mailing services. Also includes allocations for direct costs such as water and electric sales to city departments.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Internal Revenues	$2,344,874	$2,358,484	$1,959,828	$2,372,679	$2,199,433	$(173,246)
External Revenues	597,183	386,781	743,583	339,550	635,650	296,100
Total Revenues	**$2,942,057**	**$2,745,265**	**$2,703,411**	**$2,712,229**	**$2,835,083**	**$122,854**

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Expenditures						
Salaries and Benefits	$7,665,510	$7,293,494	$7,223,795	$7,091,501	$7,669,497	$577,996
Contract Services	1,537,943	1,690,680	1,851,913	2,050,280	2,146,939	96,659
Supplies and Materials	692,253	658,152	794,882	855,644	890,526	34,882
Facilities and Equipment Purchases	0	18,015	0	5,646	4,646	(1,000)
General Expense	23,731	17,717	21,472	45,539	45,199	(340)
Rents and Leases	175,677	140,326	177,917	170,000	170,000	0
Allocated Charges	2,799,106	2,710,135	3,041,875	2,788,572	3,019,765	231,193
Operating Transfers Out	16,574	16,574	16,574	16,574	16,574	0
Total Expenditures	**$12,910,794**	**$12,545,093**	**$13,128,428**	**$13,023,756**	**$13,963,146**	**$939,390**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Accountant	0.00	0.25	0.25	0.25	0.40	0.15	$31,858
Acct Spec	0.00	0.50	0.50	0.50	0.45	(0.05)	26,030
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00	75,900
Administrative Associate I	3.50	1.70	1.70	0.70	0.50	(0.20)	28,434
Administrative Associate II	5.00	5.00	5.00	5.00	5.00	0.00	308,985
Administrative Associate III	2.00	1.00	1.00	1.00	1.00	0.00	66,227
Administrator, Refuse	1.00	1.00	1.00	1.00	1.00	0.00	95,036
Airport Manager	0.00	0.00	0.00	0.00	1.00	1.00	130,896
Assistant Director, Environmental Services	0.00	0.00	0.00	1.00	1.00	0.00	144,252
Assoc Engineer	3.40	3.40	3.40	3.40	3.10	(0.30)	269,074
Assoc Planner	1.00	1.00	1.00	1.00	1.00	0.00	82,222
Asst Dir Public Wrks	1.85	1.85	1.85	1.85	1.85	0.00	270,361
Asst Fleet Mgr	1.00	1.00	1.00	1.00	1.00	0.00	92,685
Asst Mgr WQCP	1.00	1.00	1.00	2.00	2.00	0.00	226,928
Asst To City Mgr	0.00	0.00	0.10	0.10	0.00	(0.10)	0
Bldg Serviceperson	4.00	4.00	1.00	1.00	1.00	0.00	49,400
Bldg Serviceperson-L	2.00	2.00	2.00	2.00	2.00	0.00	105,748
Business Analyst	1.13	1.13	1.13	0.13	0.00	(0.13)	0
Buyer	1.00	1.00	1.00	1.00	1.00	0.00	80,725
Chemist	3.00	3.00	3.00	3.00	3.00	0.00	246,417
Coord Pub Wks Proj	0.00	0.00	0.00	1.00	1.00	0.00	81,598
Coord Zero Waste	2.00	2.00	2.00	2.00	2.00	0.00	156,708
Deputy Chief/Fire Marshall	0.08	0.08	0.08	0.08	0.08	0.00	12,001
Dir Pw/City Engr	1.00	1.00	1.00	1.00	1.00	0.00	174,221
Electrician	4.00	4.00	4.00	4.00	4.00	0.00	335,048
Electrician-Lead	2.00	2.00	2.00	2.00	2.00	0.00	179,338
Eng Tech I	1.00	0.00	0.00	0.00	0.00	0.00	0
Engineer	2.30	1.30	1.30	1.30	1.30	0.00	127,088
Engr Tech III	5.70	4.70	4.70	4.70	4.60	(0.10)	319,856
Environmental Spec	2.00	2.00	2.00	2.00	2.00	0.00	173,596
Equip Maint Serv Per	2.00	2.00	2.00	2.00	2.00	0.00	105,872
Equip Operator	4.00	4.00	4.00	4.00	4.00	0.00	242,860

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Executive Assistant	2.00	2.00	2.00	0.00	0.00	0.00	0
Facilities Carpenter	1.00	1.00	1.00	1.00	1.00	0.00	69,389
Facilities Maint-L	2.00	2.00	2.00	2.00	2.00	0.00	179,338
Facilities Mech	6.00	6.00	6.00	6.00	6.00	0.00	416,334
Facilities Painter	2.00	2.00	2.00	2.00	2.00	0.00	138,778
Fleet Manager	1.00	1.00	1.00	1.00	1.00	0.00	110,698
Fleet Svcs Coord	2.00	2.00	2.00	2.00	2.00	0.00	137,156
Haz Mat Inspector	0.04	0.04	0.04	0.04	0.04	0.00	3,134
Haz Mat Spec	0.02	0.02	0.00	0.00	0.00	0.00	0
Heavy Equip Oper	7.80	7.80	7.80	7.80	3.80	(4.00)	261,227
Heavy Equip Oper-L	4.00	4.00	4.00	4.00	3.00	(1.00)	220,647
Ind Waste Inspec	1.00	2.00	2.00	2.00	2.00	0.00	145,850
Ind Waste Invtgtr	2.00	2.00	2.00	2.00	2.00	0.00	163,904
Inspector, Field Svc	1.00	1.00	1.00	1.00	1.00	0.00	78,478
Laboratory Tech WQC	2.50	2.50	2.50	2.50	2.50	0.00	183,665
Landfill Technician	1.00	1.00	1.00	0.00	1.00	1.00	75,858
Maint Mech	7.00	7.00	7.00	7.00	7.00	0.00	520,086
Management Analyst	1.00	0.00	0.00	1.75	2.00	0.25	174,886
Managing Arborist	0.00	1.00	1.00	0.00	0.00	0.00	0
Mgr Env Control Prog	3.00	3.00	3.00	3.00	3.00	0.00	315,684
Mgr Envrn Compliance	1.00	1.00	1.00	0.00	0.00	0.00	0
Mgr Fac Maint & Proj	0.80	0.80	0.80	0.00	0.00	0.00	0
Mgr Lab Services	1.00	1.00	1.00	1.00	1.00	0.00	113,464
Mgr Maint Oper	1.50	1.50	1.50	3.10	3.10	0.00	334,394
Mgr Solid Waste	1.00	1.00	1.00	1.00	1.00	0.00	119,413
Mgr WQC Plant	1.00	1.00	1.00	1.00	1.00	0.00	146,141
Mobile Service Tech	1.00	1.00	1.00	1.00	1.00	0.00	77,293
Motor Equipment Mechanic II	7.00	7.00	7.00	7.00	7.00	0.00	515,277
Planning Arborist	0.00	0.00	0.00	1.00	1.00	0.00	70,000
Program Assistant I	2.00	2.00	2.00	2.00	2.00	0.00	125,382
Program Assistant II	1.00	1.00	1.00	1.00	1.00	0.00	67,392
Project Engineer	2.30	2.20	2.20	2.20	2.20	0.00	231,499
Project Mgr	1.75	1.75	1.75	0.75	1.25	0.50	115,856
Refuse Disp Atten	4.00	4.00	4.00	4.00	0.00	(4.00)	0
Senior Fleet Services Coordinator	1.00	1.00	1.00	1.00	1.00	0.00	78,749
Senior Management Analyst	1.00	1.00	1.00	1.00	1.00	0.00	107,869
Sr Chemist	1.00	1.00	1.00	1.00	1.00	0.00	91,291
Sr Mech	1.00	1.00	1.00	1.00	1.00	0.00	84,656
Sr Operator WQC	6.00	6.00	6.00	6.00	6.00	0.00	513,678
Sr. Accountant	0.00	0.25	0.25	0.25	0.30	0.05	29,241
Sr. Business Analyst	0.00	0.00	0.00	0.00	0.13	0.13	14,391
Sr. Engineer	2.85	2.75	2.95	2.45	3.00	0.55	358,239
Sr. Financial Analyst	0.00	0.40	0.40	0.40	0.40	0.00	38,988
Sr. Project Manager	1.00	1.00	1.00	1.00	0.10	(0.90)	12,553
Sr. Technologist	0.13	0.13	0.13	1.13	1.13	0.00	125,089
St Maint Asst	2.00	2.00	2.00	2.00	2.00	0.00	105,414

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
St Sweeper Op	7.00	7.00	7.00	7.00	7.00	0.00	424,277
Storekeeper	1.00	1.00	1.00	1.00	1.00	0.00	60,216
Supervising Project Engineer	1.00	1.00	0.00	0.00	0.00	0.00	0
Supt PW Opns	0.80	0.80	0.80	0.00	0.00	0.00	0
Supv Facil Mgt	1.95	1.95	1.95	0.00	0.00	0.00	0
Supv Insp/Surv Pw	0.80	0.80	0.80	0.80	0.80	0.00	74,148
Supv Public Works	1.00	1.00	1.00	1.00	0.00	(1.00)	0
Supv WQC Oper	5.00	5.00	5.00	3.00	3.00	0.00	292,407
Surveying Asst	0.89	0.89	0.89	0.89	0.89	0.00	64,958
Surveyor, Public Wks	0.89	0.89	0.89	0.89	0.89	0.00	70,678
Sustainability Manager	0.00	0.00	0.00	0.00	0.10	0.10	11,636
Traf Cont Maint I	2.00	2.00	2.00	2.00	2.00	0.00	123,428
Traf Cont Maint II	3.00	3.00	2.00	2.00	2.00	0.00	114,276
Traf Cont Maint-L	1.00	1.00	1.00	1.00	1.00	0.00	66,019
Tree Maint Person	2.00	2.00	2.00	2.00	1.00	(1.00)	63,294
Tree Trim/Ln Clr	7.00	7.00	7.00	7.00	7.00	0.00	436,219
Tree Trim/Ln Clr-L	1.00	1.00	1.00	1.00	1.00	0.00	66,664
Urban Forester	0.00	0.00	0.00	1.00	1.00	0.00	107,869
Watershed Protection Manager	0.00	0.00	0.00	1.00	1.00	0.00	119,378
WQC Plt Oper II	16.00	16.00	16.00	17.00	17.00	0.00	1,283,568
Temporary/Hourly	3.38	3.29	3.79	5.27	5.04	(0.23)	353,209
Total FTE/Salaries	**201.36**	**197.67**	**193.45**	**192.23**	**182.95**	**(9.28)**	**$14,642,988**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$1,789,421	$1,883,903	$1,692,706	$1,870,857	$1,891,681	$20,824
Retiree Health	462,221	556,986	824,444	497,542	808,851	311,309
Management Excess Benefit	43,907	48,251	28,393	42,680	45,440	2,760
Disability/Workers Compensation	31,096	56,100	79,564	15,747	91,801	76,054
Long Term Disability	6,277	5,904	4,906	5,904	5,904	0
Medicare	68,513	69,185	66,372	61,878	60,369	(1,509)
Healthcare Opt-out	9,705	21,301	45,565	28,874	51,821	22,947
Tuition Reimbursement	42,780	16,733	137	0	0	0
Other Benefits	5,015	4,712	4,014	2,602	5,318	2,716
Benefits Subtotal	**$2,458,935**	**$2,663,075**	**$2,746,101**	**$2,526,084**	**$2,961,185**	**$435,101**
Salaries Subtotal	**$5,206,575**	**$4,630,419**	**$4,477,694**	**$4,565,417**	**$4,708,312**	**$142,895**
Total Staff Expenditures	**$7,665,510**	**$7,293,494**	**$7,223,795**	**$7,091,501**	**$7,669,497**	**$577,996**

Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

Fund Description

Public Works provides refuse services on a user charge basis to Palo Alto's residents and business owners. Activities include management of the solid waste, hazardous waste and street sweeping programs. Refuse Fund goals are to minimize waste generation and maximize recycling and reuse to meet and exceed all regulatory requirements and achieve the City's Zero Waste goals.

After recent years of operating losses, rate increases and expense reductions balanced Refuse Fund revenues and expenses for FY 2012. The Refuse Fund is positioned to have positive cash flow in FY 2013 and subsequent years. The Refuse Rate Stabilization Reserve (RSR) is currently a negative figure due to the requirement for the City to book the estimated landfill post-closure expenses as a liability. Viewing the RSR without this long-term liability, which will be paid out of operating revenues over the next 30 years, yields a current positive Operating Reserve of $1.3 million that will be further improved during FY 2013. A cost of service study for the Refuse Fund was completed in FY 2012. Residential rate increases for FY 2013 utilize the results of the study to begin bringing the residential sector to full cost recovery while increasing the transparency of the rate structure by charging fixed rates for some of the services provided. While residential rates increased by an effective 35 percent from FY 2009 through FY 2011, residential revenues increased by only 18 percent due to the large number of customers who switched to the less expensive minican service as the City encouraged conservation in accordance with its Zero Waste goals. Staff will continue to explore opportunities to reduce expenses and to implement recommendations resulting from the cost of service study during FY 2013.

Key Accomplishments

✓ Closed the City landfill resulting in cost savings of approximately $2.5 million to the Refuse Fund

✓ Added 43 acres of additional open space at Byxbee Park

✓ Continued a cost of service study to assist in the analysis and montoring of Refuse Fund costs to ensure sufficient revenue and equitable rates

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

- PROGRAM N-48: Continue sponsoring a regular household hazardous waste collection event. Since 1983, the City has provided a monthly household hazardous waste drop-off day. On that day, household hazardous wastes may be dropped off at the Regional Water Quality Control Plant, where they are then packaged and disposed of by a certified hazardous waste contractor at no charge to residents.
- PROGRAM N-54: Continue to develop long-term solid waste management programs that include safe and environmentally sound disposal methods such as the SMaRTStation
- POLICY N-36: Encourage the use of reusable, returnable, recyclable, and repairable goods through incentives, educational displays and activities, and City purchasing policies and practices

Goals and Objectives

Goal 1: Minimize waste generation and maximize recycling and reuse

Objectives:

- Evaluate new energy/compost alternatives
- Promote reuse, recycling and composting through educational programs and outreach
- Increase percentage of total waste generated that is recycled and composted

Goal 2: Effectively manage the City's solid waste, hazardous waste and street sweeping programs

Objectives:

- Develop a new rate structure for refuse services to ensure sufficient revenue and equitable rates to cover cost of services
- Work with consultants to reconfigure SAP to accomodate a more complex rate structure for billing
- Promote household hazardous waste programs through educational programs and outreach

Key Performance Measures

Objective: Promote household hazardous waste programs through educational programs and outreach.

Measure 1: Number of households serviced through the household hazardous waste program on an annual basis

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
4700	4753	4,753	4,500	5,000

What: The City of Palo Alto provides environmentally safe and convenient hazardous waste disposal options for residents and small businesses.

Why: To prevent toxic substances from harming our land, creeks and bay.

How are we doing:
In FY 2011, 4,753 households were serviced through the household hazardous waste program. This represents 17% of the total households in Palo Alto serviced.

Objective: Promote recycling and composting through educational programs and outreach

Measure 1: Average amount of garbage (in pounds) disposed in landfills per person each day

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
5.9	4.2	3.3	4.5	3

What: In 2005, the City adopted a Zero Waste Strategic Plan with a goal to strive to reach zero waste to landfills by 2021.

Why: To provide an environmentally sustainable future for our City and its residents.

How are we doing:

The most recent Palo Alto disposal rate provided by the State is 3.3 pounds per person per day. The statewide average disposal rate is 4.5 pounds per person per day. The average of the disposal rates for Menlo Park, Mountain View, Redwood City, Santa Clara, and Sunnyvale is 4.6 pounds per person per day.

Fund Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	36.44	37.58	37.97	38.07	24.69	(13.38)
Staff Expenditures	$4,068,893	$4,214,714	$4,365,722	$4,206,829	$3,386,772	$(820,057)
Other Expenditures	31,468,614	27,217,090	26,666,099	33,786,066	25,742,983	(8,043,083)
Total Expenditures	**$35,537,507**	**$31,431,804**	**$31,031,821**	**$37,992,895**	**$29,129,755**	**$(8,863,140)**
Total Revenues	**$30,022,399**	**$29,162,914**	**$31,604,624**	**$28,199,166**	**$30,374,158**	**$2,174,992**

Enterprise Fund - Refuse Fund

Fund Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$1,519,856	$1,499,181	$1,621,626	$1,691,880	$2,042,358	$350,478
FTE Staff	0.20	0.55	0.59	0.59	0.52	(0.07)
Solid Waste						
Systems Improvement (CIP)	740,216	187,357	423,770	6,246,409	175,264	(6,071,145)
FTE Staff	0.00	0.00	1.35	0.90	0.75	(0.15)
Operations	9,143,198	5,883,347	5,392,036	5,127,087	3,233,014	(1,894,073)
FTE Staff	23.01	23.80	22.80	23.38	10.72	(12.66)
Collection, Hauling and Disposal						
Payment to GreenWaste	9,504,151	12,477,838	12,528,697	13,000,000	13,315,000	315,000
Operations	6,365,993	4,115,217	3,889,879	4,885,275	4,559,209	(326,066)
FTE Staff	1.15	1.15	1.15	1.19	1.00	(0.19)
Street Sweeping	2,080,361	2,019,070	1,954,556	2,056,592	2,180,194	123,602
FTE Staff	12.08	12.08	12.08	12.01	11.70	(0.31)
Debt Service	603,874	607,530	606,077	623,170	625,242	2,072
Rent	4,288,747	4,288,747	4,288,747	4,288,747	2,693,893	(1,594,854)
Operating Transfer Out	1,291,111	353,517	326,433	73,735	305,581	231,846
Total Expenditures	**$35,537,507**	**$31,431,804**	**$31,031,821**	**$37,992,895**	**$29,129,755**	**$(8,863,140)**
Total FTE	**36.44**	**37.58**	**37.97**	**38.07**	**24.69**	**(13.38)**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenues				
Increase Plan Checking Fee	0	0	14,000	(14,000)
Increase Special Revenue to anticipated actuals	0	0	105,557	(105,557)
Decrease Disposal Fee (Note 1)	0	0	(470,441)	470,441
Decreased Investment Income	0	0	(91,800)	91,800
Increased Residential-Single-Family - rate increases in October 2011 and July 2012	0	0	2,195,898	(2,195,898)
Increased revenue from Commercial Retail	0	0	463,843	(463,843)
Increased revenue from Industrial Research	0	0	10,151	(10,151)
Increase in Refuse sales to city departments	0	0	46,430	46,430
Increased miscellaneos refuse services	0	0	177,110	177,110
Decreased reimbursement revenue from Enterprise Funds (Note 1)	0	0	(406,000)	406,000

Change	FTE	Expense	Revenue	Net Cost
Increased reimbursement revenue from Environmental Disposal	0	0	98,507	(98,507)
Decreased allocated landfill gas charges to departments	0	0	(129,975)	129,975
Decrease landfill gas sales to city departments (Note 3)			(100,000)	(100,000)
Reduction in facilities rental income	0	0	(60,000)	60,000
Increased transfer in from Parking Permit Fund (Note 4)	0	0	186,652	(186,652)
Expenses				
Salary and Benefits				
Add/Drop 1.0 FTE Public Works Supervisor to Landfill Tech	0	(30,153)	0	(30,153)
Reduce 2.0 FTE Landfill Attendant positions cut due to landfill closure (Note 1)	(2.00)	(169,072)	0	(169,072)
Reduce 2.0 FTE Heavy Equipment Operator cut due to landfill closure (Note 1)	(2.00)	(220,217)	0	(220,217)
Reallocations of various positions in FY2013 (Note 5)	(1.23)	(172,369)	0	(172,369)
Reduction of FTE due to midyear reallocation (Note 6)	(0.50)	(214,364)	0	(214,364)
Benefit changes (OPEB and others)	0	(13,877)	0	(13,877)
Contract Expenses				
Increased downtown cleaning reimbursed by Downtown Parking Permit Fund, included in midyear (Note 6)	0	135,060	135,060	0
Reduce contract costs due to landfill closure (Note 1)	0	(402,521)	0	(402,521)
Supplies and Materials				
Reduce supply costs due to landfill closure (Note 1)	0	(55,154)	0	(55,154)
General Expenses				
Reduce phone charges, regulatory fees, and general expenses due to closure of the landfill (Note 1)	0	(115,678)	0	(115,678)
Decrease capital improvement project - landfill closure	0	(6,100,000)	0	(6,100,000)
Contingency				
Budget eliminated since contract contingency costs are covered elsewhere	0	(30,000)	0	(30,000)
Utility Purchase				
Increase costs of GreenWaste service	0	315,000	0	315,000
Allocated Charges - Direct and Indirect				
Reduce facilities rent due to landfill closure (Note 1)	0	(2,285,518)	0	(2,285,518)
Increase Cost Plan Allocation (Note 7)	0	264,520	0	264,520
Increase utility payment processing	0	97,411	0	97,411
Increase charges for mailing services	0	69,171	0	69,171
Increase charges for printing services	0	45,294	0	45,294
Increase Vehicle Equipt Maint Service	0	29,300	0	29,300
Decrease Public Works Administration (Note 8)	0	(73,774)	0	(73,774)
Increase Liability Insurance Charges	0	48,378	0	48,378
Increase IT Support	0	201,424	0	201,424
Decrease Telecommunications	0	(11,077)	0	(11,077)
Decrease Application Maintenance	0	(55,202)	0	(55,202)
Decrease Vehicle Replacement and Maintenance Allocation	0	(308,863)	0	(308,863)
Operating Transfer Out				
Increase Operating Transfer to Technology Fund (Note 9)	0	231,846	0	231,846
Net Total of Significant Changes to Budget	**(5.73)**	**(8,820,435)**	**2,174,992**	**(10,748,347)**

Significant Budget Adjustments Notes

Note 1: Revenues and expenses are decreasing due to closure of the landfill. Loss of gate charges and reductions in reimbursements result in decreased revenue. Expenses decreases are due to reduction in staff, the decreased need for supplies and materials, general expenses such as phone costs, and the decrease in contract costs for landfill operations. Additional FTE reductions (-6.0) were taken part way through Fiscal Year 2012, but are not shown here because the budget for those positions was reduced in the Fiscal Year 2012 adopted budget.

Note 2: Miscellaneous refuse revenue has been up, mostly due to bin rentals for remodeling activity. The budget is increased to reflect actual revenues.

Note 3: The Refuse Fund sells landfill gas to the Waste Water Treatment Plant. When originally budgeted, there was no historical data on which to rely so the budget was based on the best estimate. The budget is now being corrected to be in line with historic actual revenues.

Note 4: This budget increase reflects the efforts devoted to steam cleaning, sweeping, and debris removal in the downtown and California Avenue parking areas. The amount shown here is the reimbursement from the University Avenue and California Avenue Parking funds.

Note 5: Reallocation of staff occurs as the need arises in various program areas. Staff are being reallocated to other funds in Fiscal Year 2013.

Note 6: Reallocation of staff occurs as the need arises in various program areas. Staff were reallocated as part of the midyear budget adjustment. The midyear amount was significantly lower because it was prorated to reflect the remaining portion of Fiscal Year 2012.

Note 7: The administration activities of other departments within the General Fund are allocated to various departments and funds based upon the administrative effort required. These charges are captured in the Administration budget.

Note 8: The administration activities of the Public Works Department are allocated to the various enterprise funds within Public Works based upon the administrative effort required. These charges are captured in the Administration budget.

Note 9: Due to increase in fund's contribution to Information Technology Capital Improvement Projects over last fiscal year. Projects for Fiscal Year 2013 include: Employee Self Service/Manager Self Service Enhancements ($1,067); Interactive Voice Response System ($22,975); SAP Refuse Billing Improvements ($250,000).

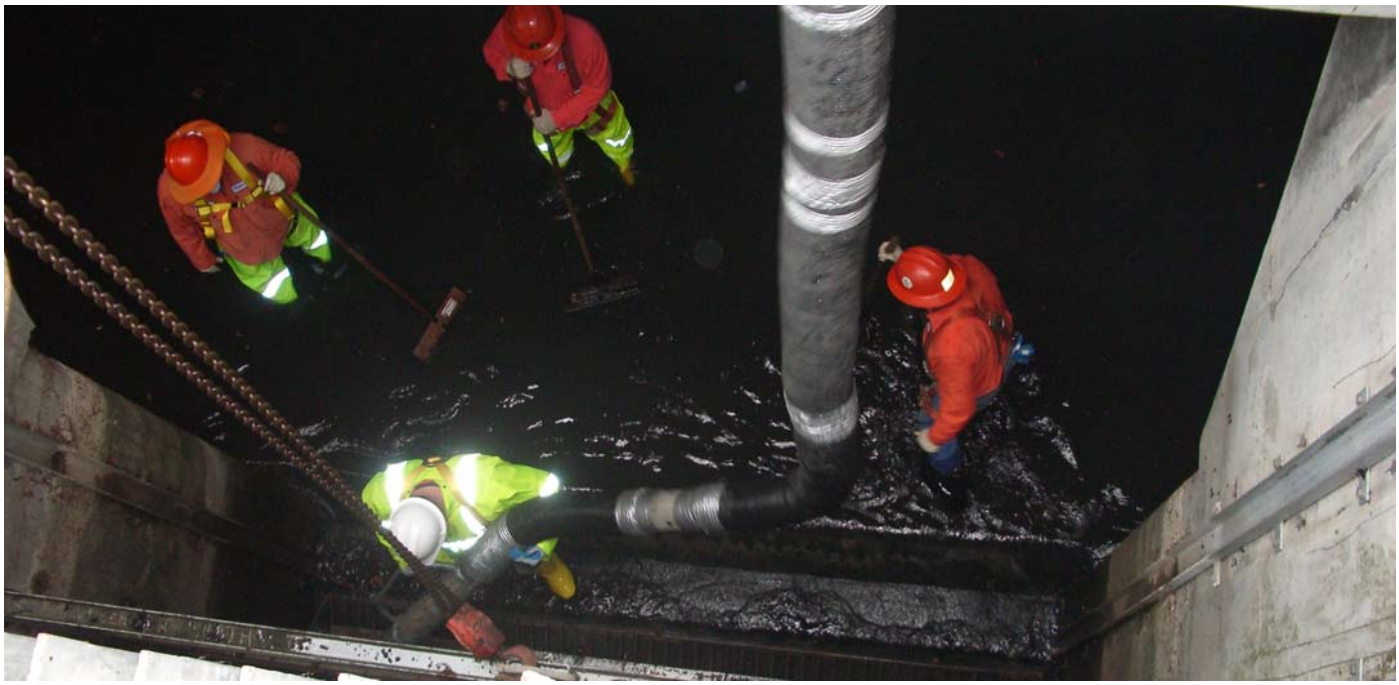
Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Sale of Utilities	$24,385,287	$24,924,611	$25,136,762	$23,946,652	$26,793,654	$2,847,002
Interest Income	740,730	336,783	99,345	300,600	208,800	(91,800)
Other Revenues	4,896,382	3,901,520	6,368,517	3,951,914	3,371,704	(580,210)
Total Revenues	**$30,022,399**	**$29,162,914**	**$31,604,624**	**$28,199,166**	**$30,374,158**	**$2,174,992**
Expenditures						
Utility Purchases and Charges	$9,504,151	$12,477,838	$12,528,697	$13,000,000	$13,315,000	$315,000
Salaries and Benefits	4,068,893	4,214,714	4,203,849	4,060,420	3,293,370	(767,050)
Contract Services	10,518,351	5,247,326	4,669,590	6,058,394	5,790,933	(267,461)
Supplies and Materials	355,224	210,030	87,278	140,600	85,446	(55,154)
Facilities and Equipment Purchases	2,500	2,300	12,294	10,400	3,000	(7,400)
General Expense	203,401	121,584	242,409	227,300	79,550	(147,750)
Rents and Leases	4,296,075	4,293,685	4,316,914	4,297,827	2,708,893	(1,588,934)
Allocated Charges	3,953,711	3,715,923	3,614,510	3,254,640	2,747,476	(507,164)
Debt Service	603,874	607,530	606,077	623,170	625,242	2,072
Capital Improvement Program	740,216	187,357	423,770	6,246,409	175,264	(6,071,145)
Operating Transfers Out	1,291,111	353,517	326,433	73,735	305,581	231,846
Total Expenditures	**$35,537,507**	**$31,431,804**	**$31,031,821**	**$37,992,895**	**$29,129,755**	**$(8,863,140)**

Fund Reserves

	FY 2013 Projected Beginning Balance	FY 2013 Changes	FY 2013 Projected Ending Balance	FY 2013 Reserve Guideline Range
Rate Stabilization Reserve	$(3,852)	$1,244	$(2,608)	2,746 - 5,491
Landfill Corrective Action Reserve	665	0	665	
TOTAL RESERVES	**$(3,187)**	**$1,244**	**$(1,943)**	
Landfill Postclosure Care Liability (Note 1)	10,771	0	10,771	
TOTAL RESERVES NET OF CLOSURE AND POST CLOSURE LIABILITY	**$7,584**	**$1,244**	**$8,828**	
OPERATING RESERVE (RSR, net of postclosure care liability of $5.17 million)	**$1,320**	**$1,244**	**$2,564**	

Note 1: Landfill Postclosure Care Liability reflects the liability for post closure costs amortized over 30 years.



Fund Description

The City's Storm Drain services are funded through user fees charged to property owners of developed parcels in Palo Alto. Storm Drain Fund activities include operation, maintainance, replacement, and augmentation of the storm drainage system to ensure adequate local drainage. Storm Drain Fund goals include reduction of stormwater runoff and stormwater quality protection for discharge to creeks and the San Francisco Bay.

Key Accomplishments

- ✓ Completed the first phase of the high-priority Channing/Lincoln Avenue Storm Drain Improvement Project - Installation of a 4'x5' box culvert along Channing Avenue between Lincoln and Newell Avenues to reduce local ponding
- ✓ Began design of Newell Road Bridge replacement as part of the San Francisquito Creek Joint Powers Authority flood protection initiative
- ✓ Began the design of the Southgate Neighborhood Storm Drain Improvements and Green Street Project, which will utilize innovative, environmentally-sensitive measures such as bioretention area and permeable pavement to reduce storm water runoff and street ponding on neighborhood streets
- ✓ Completed installation of trash capture devices in storm drain system in compliance with permit requirements

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

- POLICY N-24: Improve storm drainage performance by constructing new system improvements where necessary and replacing undersized or otherwise inadequate lines with larger lines or parallel lines
- PROGRAM N-36: Complete improvements to the storm drainage system consistent with the priorities outlined in the City's 1993 Storm Drainage Master Plan, provided that an appropriate funding mechanism is identified and approved by the City Council
- POLICY N-9: Avoid fencing, piping, and channelization of creeks when flood control and public safety can be achieved through measures that preserve the natural environment and habitat of the creek
- PROGRAM N-29: Actively participate in programs such as the Santa Clara Valley Urban Runoff Pollution Prevention Program to improve the quality of stormwater runoff
- POLICY N-8: Preserve and protect the Bay, marshlands, salt ponds, sloughs, creeks, and other natural water or wetland areas as open space

Goals and Objectives

Goal 1: Effectively manage the storm drainage system to ensure adequate local drainage

Objectives:

- Complete construction of the 2nd phase of the Lincoln/Channing storm drain improvement project
- Assist San Francisquito Creek Joint Powers Authority with the implementation of Phase I flood protection capital project to protect people and property from flooding along San Francisquito Creek from Highway 101 to the San Francisco Bay
- Systematically clean storm drain lines to prevent backups and ponding in City streets

Goal 2: Reduce stormwater runoff and protect the quality of waters discharged to creeks and the San Francisco Bay

Objectives:

- Complete design and begin construction on a project to improve drainage in the Southgate neighborhood that is innovative and uses environmentally friendly techniques to reduce storm runoff
- Conduct regular inspections of industrial facilities and construction sites to ensure compliance with stormwater discharge regulations

Key Performance Measures

Objective: Systematically clean storm drain lines to prevent backups and ponding in City streets.

Measure 1: Length of storm drain pipeline cleaned annually.

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
107,223	86,174	129,590	100,000	100,000

What: The City maintains 564,960 linear feet of storm drain pipeline.

Why: Storm drain pipeline must be maintained to allow storm runoff to flow and not back up and create ponding in City streets.

How are we doing:
In FY 2011, 129,590 feet of storm drain was cleaned.

Objective: Conduct regular inspections to ensure compliance.

Measure 1: Percent of inspections in compliance with storm water regulations

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
70%	81%	81%	80%	80%

What: Staff conducts a comprehensive program of public outreach and education, site inspections at industrial facilities and construction sites, and enforcement actions in order to prevent pollutants from contaminating stormwater runoff.

Why: Stormwater pollution prevention activities are required by the Municipal Regional Stormwater Discharge Permit issued to the City by the San Francisco Bay Regional Water Quality Control Board. Controlling pollutant discharges to the storm drain system helps to improve the water quality in local creeks and San Francisco Bay.

How are we doing:
Watershed Protection staff conducts a storm water inspection program for industrial and commercial facilities. In FY 2012 the regulated sites include 44 industries (manufacturing), 86 automotive and approximately 300 food service facilities. Staff targets a 70% compliance rate for all regulated sites inspected and typically inspects 300 sites annually.

Objective: To devise a capital improvement program that utilizes annual revenues and staff resources in an efficient manner to complete the seven capital improvement projects in an efficient manner.

Measure 1: Document projects completed progress towards achieving full implementation of the seven capital improvement projects identified in the 2005 ballot measure by FY 2017.

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
2 projects	2 projects	3 projects	3 projects	4 projects

What: Public Works Engineering Services staff manages a capital improvement program to increase the capacity and maintain the condition of the storm drainage system infrastructure in accordance with the 2005 ballot measure approved by a majority of property owners.

Why: The storm drain system must be improved and maintained on a regular basis so that it will continue to provide service to the community.

How are we doing:
Staff has completed three of the seven capital improvement projects indentified in the 2005 ballot measure, is currently working on two additional projects, and has the remaining two projects scheduled for completion in the next five years.

Fund Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	9.52	9.54	9.54	9.54	9.64	0.10
Staff Expenditures	$1,281,225	$1,091,730	$1,152,002	$1,339,069	$1,392,918	$53,849
Other Expenditures	6,250,853	2,828,716	2,361,886	4,384,168	5,457,445	1,073,277
Total Expenditures	**$7,532,078**	**$3,920,446**	**$3,513,888**	**$5,723,237**	**$6,850,363**	**$1,127,126**
Total Revenues	**$5,824,265**	**$5,814,857**	**$6,285,652**	**$5,814,746**	**$5,891,331**	**$76,585**

Enterprise Fund - Storm Drainage Fund

Fund Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$(321,383)	$555,990	$495,098	$514,996	$765,035	$250,039
FTE Staff	0.37	0.39	0.39	0.39	0.69	0.30
Systems Improvement						
Systems Improvement (CIP)	5,635,942	1,331,199	1,005,736	2,638,637	3,517,947	879,310
FTE Staff	2.10	2.10	2.10	2.10	2.00	(0.10)
Flood Control	125,755	106,317	105,804	116,498	97,636	(18,862)
FTE Staff	0.90	0.70	0.70	0.70	0.70	0.00
Operations and Maintenance	1,363,962	1,343,621	1,356,940	1,484,947	1,509,743	24,796
FTE Staff	6.15	6.35	6.35	6.35	6.25	(0.10)
Debt Service	564,399	541,964	518,219	949,830	947,340	(2,490)
Operating Transfer Out	163,403	41,355	32,091	18,329	12,662	(5,667)
Total Expenditures	**$7,532,078**	**$3,920,446**	**$3,513,888**	**$5,723,237**	**$6,850,363**	**$1,127,126**
Total FTE	**9.52**	**9.54**	**9.54**	**9.54**	**9.64**	**0.10**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenues				
Customer sales increase (Note 1)	0	0	85,610	(85,610)
Operating Transfer In (Note 2)	0	0	(18,625)	18,625
Salary and Benefits				
Reallocated .20 FTE from Storm Drainage Fund to Capital Fund	(0.20)	(31,325)	0	(31,325)
Reallocated administrative staff from other funds	0.20	11,527		11,527
Benefit changes (OPEB and others)	0	60,297	0	60,297
General Expense				
Principal retired	0	25,000	0	25,000
Interest retired	0	(27,490)	0	(27,490)
Non cash expense				
CIP project budget (Note 3)	0	825,000	0	825,000
Allocated charges - direct			0	0
Utility payment processing	0	25,252	0	25,252
Cost plan allocation charges (Note 4)	0	152,945	0	152,945
Allocated charges - indirect				
IT support	0	73,009	0	73,009

Change	FTE	Expense	Revenue	Net Cost
Public Works Administration (Note 5)	0	1,155	0	1,155
Application maintenance	0	(13,033)	0	(13,033)
Net Total of Significant Changes to Budget	**0.00**	**1,102,337**	**66,985**	**1,035,352**

Significant Budget Adjustments Notes

Note 1: Increased Customer Sales is the sum of increases to reflect a 2.9 percent increase based on the change in the Consumer Price Index for the San Francisco Bay Area.

Note 2: In Fiscal Year 2012, the Storm Drainage fund received a one-time refund of accumulated replacement charges that had been paid to the Vehicle Replacement Fund for vehicles and equipment which were removed from service and not replaced. This results in a drop in revenue for Fiscal Year 2013.

Note 3: Capital Improvement Project costs increase in Fiscal Year 2013. Projects total $3.13 million (exclusive of salaries, benefits, general expense, and allocated charges) and include: Channing Avenue/Lincoln Avenue Storm Drain Improvements ($1.68 million); Storm Drain Replacement and Rehabilitation ($0.59 million); Southgate Neighborhood Storm Drain Improvements ($0.86 million). $.713 million of the funding for the Southgate Capital Improvement Project will be reappropriated from operating budgets of prior years for the Innovative Storm Drain Program. The draw from reserves of $.957M will be reduced by the $.713M reappropriation from operating budget for Innovative Storm Drain Program. The actual impact to reserves is a drawdown of $.244M.

Note 4: The administration activities of other departments within the General Fund are allocated to various departments and funds based upon the administrative effort required.

Note 5: The administration activities of the Public Works Department are allocated to the various enterprise funds within Public Works based upon the administrative effort required. These costs are included under Administration, shown in the Fund Expenditures/FTE by Service Program/Division table. Overall Administration for this fund includes additional allocated charges and is increasing mostly due to Enterprise Fund Cost Plan allocation and Utility Payment Processing charges. Utility Payment Processing charges to this fund have not increased in several years and have been updated this year.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Sale of Utilities	$5,161,595	$5,284,155	$5,382,805	$5,536,376	$5,620,366	$83,990
Interest Income	317,942	167,603	164,561	148,400	158,000	9,600
Other Revenues	344,728	363,099	738,286	129,970	112,965	(17,005)
Total Revenues	**$5,824,265**	**$5,814,857**	**$6,285,652**	**$5,814,746**	**$5,891,331**	**$76,585**
Expenditures						
Salaries and Benefits	$1,059,480	$848,082	$878,405	$1,005,432	$1,007,056	$1,624
Contract Services	(524,579)	340,332	312,902	372,879	370,879	(2,000)
Supplies and Materials	59,967	72,912	76,434	103,300	93,000	(10,300)
Facilities and Equipment Purchases	3,905	12,300	10,996	7,621	7,621	0
General Expense	16,622	116,268	47,301	14,900	17,900	3,000
Rents and Leases	0	0	0	6,000	6,000	0
Allocated Charges	552,939	616,034	631,804	606,309	869,958	263,649
Debt Service	564,399	541,964	518,219	949,830	947,340	(2,490)
Capital Improvement Program	5,635,942	1,331,199	1,005,736	2,638,637	3,517,947	879,310
Operating Transfers Out	163,403	41,355	32,091	18,329	12,662	(5,667)
Total Expenditures	**$7,532,078**	**$3,920,446**	**$3,513,888**	**$5,723,237**	**$6,850,363**	**$1,127,126**

Fund Reserves

	FY 2013 Projected Beginning Balance	FY 2013 Changes	FY 2013 Projected Ending Balance	FY 2013 Reserve Guideline Range
Rate Stabilization Reserve	$1,667	$(959)	$708	N/A
TOTAL RESERVES	**$1,667**	**$(959)**	**$708**	

Fund Description

The City's Regional Water Quality Control Plant (RWQCP) operates 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 compliance with regulations protecting the San Francisco Bay and the environment.

Key Accomplishments

✓ Analyzed and solicited public input on alternatives to the Regional Water Quality Control Plant's solids incinerators

✓ Installed a new 20KW bank of solar panels on the Regional Water Quality Control Plant's new ultraviolet light disinfection facility

✓ Implemented and provided outreach and enforcement of the 2011 Ordinance requirements for industrial waste discharge permitees, which includes a lower cyanide limit

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

- POLICY N-21: Reduce non-point source pollution in urban runoff from residential, commercial, industrial, municipal, and transportation land uses and activities
- PROGRAM N-28: Continue public education programs on water quality issues, including Best Management Practices (BMPs) for residents, businesses, contractors, and City employees
- PROGRAM N-27: Work with regulatory agencies, environmental groups, affected businesses, and other stakeholders to identify economically viable Best Management Practices (BMPs) for reducing pollution; participate in BMPs pilot studies to identify new pollution control measures

Goals and Objectives

Goal 1: Protect the environment and the public's health

Objectives:

- Install new emergency generators to ensure full plant performance during emergency events
- Conduct regular inspections of commercial permitees to ensure compliance with all regulations

Goal 2: Operate high quality, cost-effective and visually neutral facilities

Objectives:

- Complete a long-range facility plan to create a roadmap for improvements over the next 50 years
- Complete landscaping project to screen the RWQCP from the Baylands
- Mitigate cost increases through effective maintenance of equipment and analysis of potential operational efficiencies

Key Performance Measures

Objective: Conduct regular inspections of commercial permitees to ensure compliance with all regulations

Measure 1: Number of inspections performed annually

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
250	309	295	300	300

What: Environmental Services staff monitor and inspect small commercial dischargers including restaurants, photo processors, dentists, automotive service facilities, and machine shops for compliance.

Why: As part of our ongoing pollution prevention efforts, the Regional Water Quality Control Plant actively controls and regulates industrial dischargers to protect our creeks and bay.

How are we doing:

Watershed Protection staff conducts a wastewater inspection program for industrial and commercial facilities. In FY 2012 the regulated sites include 44 industries (manufacturing), 86 automotive and approximately 300 food service facilities. Staff targets a 98% compliance rate for all regulated sites inspected and typically inspects 300 sites annually. In FY 2010, the compliance rate was 100%

Objective: Mitigate cost increases through effective maintenance of equipment and analysis of potential operational efficiencies

Measure 1: Cost per million gallons of wastewater processed

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
$1,924	$1,924	$2,045	$2,457	$2,364

What: The Regional Water Quality Control Plant treats wastewater for our partner cities and in turn receives revenue to operate and maintain the facility. The measure tracks all operating and maintenance costs but excludes capital improvement expenses.

Why: This 24/7 facility must remain operational and at the same time monitor and contain costs associated with wastewater treatment.

How are we doing:

In FY 2011, the cost per million gallons processed was $2,182.

Fund Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	69.52	69.61	69.87	70.60	71.31	0.71
Staff Expenditures	$8,138,792	$8,625,381	$8,946,865	$9,565,610	$9,839,321	$273,711
Other Expenditures	31,141,013	13,735,092	11,567,086	9,352,142	11,851,302	2,499,160
Total Expenditures	**$39,279,805**	**$22,360,473**	**$20,513,951**	**$18,917,752**	**$21,690,623**	**$2,772,871**
Total Revenues	**$29,119,872**	**$17,550,027**	**$20,931,981**	**$21,080,837**	**$22,462,711**	**$1,381,874**

Enterprise Fund - Wastewater Treatment Fund

Fund Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$16,215,877	$2,110,633	$2,338,912	$2,403,288	$2,078,191	$(325,097)
FTE Staff	0.07	0.67	0.71	0.71	0.71	0.00
Operations						
Systems Improvement (CIP)	9,203,439	5,963,581	3,191,602	56,229	2,643,265	2,587,036
FTE Staff	0.30	0.30	0.30	0.30	0.30	0.00
Operations	10,617,742	11,219,448	11,571,889	12,509,658	12,999,156	489,498
FTE Staff	55.10	54.94	55.16	54.99	55.70	0.71
Environmental Compliance	2,616,389	2,484,329	2,775,239	3,025,562	3,134,971	109,409
FTE Staff	14.05	13.70	13.70	14.60	14.60	0.00
Debt Service	444,770	429,803	627,548	817,622	823,358	5,736
Operating Transfer Out	181,588	152,679	8,761	105,393	11,682	(93,711)
Total Expenditures	**$39,279,805**	**$22,360,473**	**$20,513,951**	**$18,917,752**	**$21,690,623**	**$2,772,871**
Total FTE	**69.52**	**69.61**	**69.87**	**70.60**	**71.31**	**0.71**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenue				
Increased Waste Water Treatment Sales (Note 1)	0	0	1,438,173	(1,438,173)
Utility sales (Note 2)	0	0	28,000	(28,000)
Investment Income	0	0	(84,300)	84,300
Salary and Benefits				
Reallocate .25 FTE from the Refuse Fund	0.25	47,315	0	47,315
Benefit changes (OPEB and others)	0	213,055	0	213,055
Contract Expenses				
Increased contract costs for toxicity testing	0	32,100	0	32,100
Decreased cost for the hauling of screenings	0	(31,200)	0	(31,200)
Increased cost for the hauling of ash	0	50,000	0	50,000
Non-Cash Expense				
Capital Improvement Projects (CIP) (Note 3)	0	2,600,000	0	2,600,000
Allocated Charges - direct and indirect				
Electric sales to city departments	0	256,270	0	256,270
Increased refuse sale charges for added debris boxes	0	49,639	0	49,639
Decreased gas sales to city departments	0	(126,506)	0	(126,506)

Change	FTE	Expense	Revenue	Net Cost
Decreased landfill charges to city departments	0	(15,738)	0	(15,738)
Increased enterprise cost plan allocation (Note 4)	0	179,268	0	179,268
Increased printing charges	0	20,797	0	20,797
Landfill gas sales to city departments (Note 5)	0	(100,000)	0	(100,000)
Decreased Public Works administration charges (Note 6)	0	(264,118)	0	(264,118)
Decreased liability insurance charges	0	(50,843)	0	(50,843)
Increased environmental disposal charges	0	52,646	0	52,646
Decreased IT application maintenance	0	(97,632)	0	(97,632)
Operating Transfers Out				
Decreased operating transfer to Technology Fund (Note 7)	0	(93,711)	0	(93,711)
Net Total of Significant Changes to Budget	**0.25**	**2,721,342**	**1,381,873**	**1,339,469**

Significant Budget Adjustments Notes

Note 1: Revenues are increasing mostly due to planned Capital Improvement Projects. Revenues are increasing from partners to cover the costs of those projects.

Note 2: Revenue budget is increased to align with historic actuals.

Note 3: CIP projects include: Facility Condition Assessment and Retrofit ($900,000); Long Range Facilities Plan ($400,000); and Plant Equipment Replacement ($1,300,000).

Note 4: The administration activities of other departments within the General Fund are allocated to various departments and funds based upon the administrative effort required. These charges are captured in the Administration budget.

Note 5: Budget is revised in keeping with historic actuals. Landfill gas is sold by the Refuse Fund to the Waste Water Treatment Fund.

Note 6: The administration activities of the Public Works Department are allocated to the various enterprise funds within Public Works based upon the administrative effort required. These charges are captured in the Administration budget.

Note 7: Operating transfers to the Technology Fund represent the Waste Water Treatment Fund's contribution for certain Capital Improvement projects. The total contribution for Fiscal Year 2013 is less than the amount for Fiscal Year 2012. The Waste Water Treatment Fund's portions for projects this year include: Employee Self Service/Manager Self Service Enhancements ($4,467), and; Interactive Voice Response System ($12,685).

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Sale of Utilities	$18,952,722	$10,312,744	$11,318,569	$12,565,899	$13,429,932	$864,033
Interest Income	664,365	635,079	471,051	498,800	414,500	(84,300)
Other Revenues	9,502,785	6,602,204	9,142,361	8,016,138	8,618,279	602,141
Total Revenues	**$29,119,872**	**$17,550,027**	**$20,931,981**	**$21,080,837**	**$22,462,711**	**$1,381,874**

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Expenditures						
Salaries and Benefits	$8,097,324	$8,579,594	$8,903,303	$9,509,381	$9,796,577	$287,196
Contract Services	65,646	1,141,190	1,397,940	1,876,988	1,927,888	50,900
Supplies and Materials	1,364,864	1,644,900	1,293,144	1,421,961	1,421,961	0
Facilities and Equipment Purchases	5,953	7,734	0	10,000	10,000	0
General Expense	15,476,047	337,532	284,036	411,340	414,340	3,000
Allocated Charges	4,440,174	4,103,460	4,807,617	4,708,838	4,641,552	(67,286)
Debt Service	444,770	429,803	627,548	817,622	823,358	5,736
Capital Improvement Program	9,203,439	5,963,581	3,191,602	56,229	2,643,265	2,587,036
Operating Transfers Out	181,588	152,679	8,761	105,393	11,682	(93,711)
Total Expenditures	**$39,279,805**	**$22,360,473**	**$20,513,951**	**$18,917,752**	**$21,690,623**	**$2,772,871**

Fund Reserves

	FY 2013 Projected Beginning Balance	FY 2013 Changes	FY 2013 Projected Ending Balance	FY 2013 Reserve Guideline Range
Emergency Plant Replacement	$1,929	$51	$1,980	1,980 (max.)
Distribution RSR	3,020	727	3,747	3,265 - 6,531
TOTAL RESERVES	**$4,949**	**$778**	**$5,727**	

Fund Description

This fund has been created in anticipation of early termination of the lease with the County of Santa Clara for operational and fiscal oversight of the Palo Alto Airport. In Fiscal Year 2013, a business plan will be developed to guide all aspects of the transition. This plan will address a wide spectrum of issues, including assurances that airport operations will be self-supporting and other key goals and objectives.

Fund Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	0.00	0.00	0.00	0.00	1.00	1.00
Staff Expenditures	$0	$0	$7,947	$0	$118,180	$118,180
Other Expenditures	0	0	23,386	0	184,729	184,729
Total Expenditures	**$0**	**$0**	**$31,333**	**$0**	**$302,909**	**$302,909**
Total Revenues	**$0**	**$0**	**$4,278**	**$0**	**$310,000**	**$310,000**

Enterprise Fund - Airport Fund

Fund Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$0	$0	$0	$0	$599	$599
FTE Staff	0.00	0.00	0.00	0.00	1.00	1.00
Operations	0	0	31,333	0	302,310	302,310
Total Expenditures	**$0**	**$0**	**$31,333**	**$0**	**$302,909**	**$302,909**
Total FTE	**0.00**	**0.00**	**0.00**	**0.00**	**1.00**	**1.00**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Salary and Benefits				
Add Airport Manager, prorated assuming position won't start for a few months (Note 1)	1.00	88,452	0	88,452
Benefits	0	29,729	0	29,729
Contract Expenses				
Legal services contract support	0	15,000	0	15,000
Contract assistance with environmental and transition efforts	0	60,000	0	60,000
Indirect charge				
Allocated cost for administration provided by Public Works Department	0	108,729	0	108,729
Net Total of Significant Changes to Budget	**1.00**	**301,910**	**0**	**301,910**

Significant Budget Adjustments Notes

Note 1: During Fiscal Year 2013, Santa Clara County will relinquish the management of the airport to the City of Palo Alto. Transition activities began in Fiscal Year 2012 and will continue in Fiscal Year 2013.

Note 2: The General Fund loaned the Airport Fund $300,000 in Fiscal Year 2011. An additional $310,000 is loaned in Fiscal Year 2013.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Interest Income	0	0	4,278	0	0	0
Other Revenues	0	0	0	0	310,000	310,000
Total Revenues	**$0**	**$0**	**$4,278**	**$0**	**$310,000**	**$310,000**
Expenditures						
Salaries and Benefits	$0	$0	$7,947	$0	$118,180	$118,180
Contract Services	0	0	23,386	0	75,000	75,000
General Expense	0	0	0	0	1,000	1,000
Allocated Charges	0	0	0	0	108,729	108,729
Total Expenditures	**$0**	**$0**	**$31,333**	**$0**	**$302,909**	**$302,909**

Fund Reserves

	FY 2013 Projected Beginning Balance	FY 2013 Changes	FY 2013 Projected Ending Balance	FY 2013 Reserve Guideline Range
Airport Reserves	$(204)	$7	$(197)	
TOTAL RESERVES	**$(204)**	**$7**	**$(197)**	

Fund Description

The Vehicle Replacement and Maintenance Fund is an internal service fund providing fleet management services for City vehicles and heavy equipment. Timely maintenance and replacement of vehicles and equipment ensures safe, reliable, and efficient use of resources. This program also provides for safe, efficient fuel storage and dispensing facilities while pursuing alternative fuel technologies and minimizing the pollution and carbon footprint generated by the City's vehicle fleet.

Key Accomplishments

✓ Began a pilot program for dispensing of compressed natural gas (CNG) at the Municipal Service Center

✓ Delivered into service two ambulances, six police cars, one equipment trailer and one forklift

✓ Began construction of a new fueling facility at Foothills Park

✓ Initiated analysis of alternative service delivery models, including the potential of leasing (in lieu of purchasing) passenger vehicles

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

- PROGRAM N-40: Expand the use of alternative fuels for City vehicles and establish a program to encourage expanded use of such fuels in private vehicles and encourage the development of alternative fuel infrastructure (for instance, electric plug-ins) in parking facilities and other key locations around the City

Goals and Objectives

Goal 1: Ensure the City's vehicles, equipment and storage/dispensing facilities are safe, reliable and energy efficient

Objectives:

- Increase the number of alternative fuel and electric vehicles
- Provide a public CNG fueling station

Goal 2: Provide cost-effective preventive maintenance and repair services

Objectives:

- Complete analyses of potential alternative service delivery models
- Install key manager kiosk systems at major City facilities to facilitate a more efficient and effective pool car system and reduce the number of City owned vehicles
- Routinely review and update vehicle and equipment replacement schedules to achieve maximum cost-effectiveness

Key Performance Measures

Objective: Routinely review and update vehicle and equipment replacement schedules for safety vehicles and equipment to acheive maximum cost-effectiveness

Measure 1: Percentage of safety vehicles and equipment exceeding the established replacement schedule threshold

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
-	-	-	-	45%

What: The City has a policy that outlines replacement criteria for vehicles and equipment based on number of years or total mileage. This measure allows us to track and compare our progress in relation to the City's current thresholds for public safety vehicles and equipment.

Why: As vehicles and equipment get older maintenance costs can escalate. Replacing at certain thresholds can minimize downtime and avoid significant repair costs that can be incurred with older vehicles and equipment.

How are we doing:

The City currently has 75 emergency response vehicles - police patrol cars, fire trucks, ambulances, etc. Forty-three percent of these vehicles were past the thresholds outlined in the current policy. We are collecting vehicle and equipment replacement information from other agencies for purposes of evaluating our current policies and performance.

Objective: Increase the number of alternative fuel and electric vehicles

Measure 1: Percentage of non-emergency vehicles in fleet that are using alternate fuel or technologies.

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
25%	24%	24%	24%	23%

What: The City fleet is comprised of vehicles and equipment that are primarily gasoline, diesel and compressed natural gas (cng)

Why: In order to move toward a lower emissions goal the City fleet needs to increase their environmentally friendly fueled and alternative technology vehicles.

How are we doing:

The fleet is currently comprised of 262 light duty passenger vehicles with 63 using alternative fuel or technologies. This represents 24% of non-emergency light duty vehicles using alternate fuel.

Fund Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	16.28	16.08	16.56	16.08	17.49	1.41
Staff Expenditures	$1,633,019	$1,848,969	$1,940,775	$2,025,463	$2,141,224	$115,761
Other Expenditures	11,398,605	3,036,363	3,241,177	3,443,472	4,096,889	653,417
Total Expenditures	**$13,031,624**	**$4,885,332**	**$5,181,952**	**$5,468,935**	**$6,238,113**	**$769,178**
Total Revenues	**$8,824,669**	**$7,798,569**	**$8,050,154**	**$7,843,958**	**$7,578,093**	**$(265,865)**

Internal Service Fund - Vehicle Replacement Fund

Fund Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Vehicle Replacement and Additions	$8,704,953	$811,701	$1,462,249	$196,778	$1,360,277	$1,163,499
FTE Staff	1.60	1.40	1.40	1.40	1.40	0.00
Vehicle Operations and Maintenance	4,299,256	4,046,216	3,129,055	4,592,970	4,877,836	284,866
FTE Staff	14.68	14.68	15.16	14.68	16.09	1.41
Depreciation	1,782,366	2,652,298	1,609,164	0	0	0
Operating Transfer Out	27,415	27,415	590,648	679,187	0	(679,187)
Total Expenditures	**$14,813,990**	**$7,537,630**	**$6,791,116**	**$5,468,935**	**$6,238,113**	**$769,178**
Total FTE	**16.28**	**16.08**	**16.56**	**16.08**	**17.49**	**1.41**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenues				
Increase investment Income	0	0	13,400	(13,400)
Increase sales of compressed natural gas	0	0	35,032	(35,032)
Decrease vehicle equipment maintenance service	0	0	(483,780)	483,780
Vehicle replacement allocation	0	0	169,492	(169,492)
Salary and Benefits				
Midyear reallocation of .50 FTE from other funds (Note 1)	0.50	23,718	0	23,718
Benefit changes (OPEB and others)	0	92,043	0	92,043
Contract Expenses				
Vehicle management efficiency and operations study	0	50,000	0	50,000
Non-cash Expense				
CIP projects (Note 2)	0	1,225,000	0	1,225,000
Allocated charges - direct and indirect				
Decrease gas sales to city departments	0	(53,650)	0	(53,650)
Increase cost plan allocation (Note 3)	0	75,326	0	75,326
Decrease vehicle equipt maint service	0	(55,650)	0	(55,650)
Increase Public Works administration (Note 4)	0	62,717	0	62,717
Increase IT support	0	80,390	0	80,390
Increase IT application maintenance	0	11,239	0	11,239
Decrease vehicle replacement allocation	0	(63,430)	0	(63,430)

Change	FTE	Expense	Revenue	Net Cost
Operating Transfers				
Decrease operating transfer to the General Fund	0	(581,984)	0	(581,984)
Decrease operating transfer to Electric Fund (Note 5)	0	(70,249)	0	(70,249)
Decrease operating transfer to Storm Drainage Fund (Note 5)	0	(18,625)	0	(18,625)
Net Total of Significant Changes to Budget	**0.50**	**776,845**	**(265,856)**	**1,042,701**

Significant Budget Adjustments Notes

Note 1: Costs for staffing changes made midyear were prorated for remainder of the year. Annual costs reflected here.

Note 2: In FY 2010 the City Auditor released the Audit of Fleet Utilization and Replacement. In response to the audit and in order to allow staff time to implement many of the recommendations, the Vehicle Replacement Fund has been frozen for purchase of all non-critical, non-emergency vehicles and equipment. Beginning FY 2013 the Capital program has been reinstated to begin replacement of vehicles and equipment that have come to the end of their useful life. CIP projects for Fiscal Year 2013 include Evaluation and Possible Replacement of In-Ground Vehicle Lifts at the MSC Vehicle Maintenance Facility ($350,000) and Scheduled Vehicle and Equipment Replacements ($875,000) which will purchase two street sweepers and two ambulances. Additionally, a five year plan is currently being developed for the Vehicle Replacement Fund. The current reserve balance in the Vehicle Replacement Fund reflects funding allocated from City departments and committed to the proposed five year plan.

Note 3: The administration activities of other departments within the General Fund are allocated to various departments and funds based upon the administrative effort required. These charges are captured in the Administration budget.

Note 4: The administration activities of the Public Works Department are allocated to the various enterprise funds within Public Works based upon the administrative effort required. These charges are captured in the Administration budget.

Note 5: Budget is decreasing because of one-time charges in Fiscal Year 2012 to refund the accumulated replacement charges that had been paid to the Vehicle Replacement and Maintenance Fund for vehicles/equipment that have now been removed from service and were not replaced.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Interest Income	320,762	236,296	220,914	179,300	192,700	13,400
Other Revenues	8,503,907	7,562,273	7,829,240	7,664,658	7,385,393	(279,265)
Total Revenues	**$8,824,669**	**$7,798,569**	**$8,050,154**	**$7,843,958**	**$7,578,093**	**$(265,865)**
Expenditures						
Salaries and Benefits	$1,633,019	$1,848,969	$1,940,775	$2,025,463	$2,141,224	$115,761
Contract Services	1,271,289	934,960	328,338	373,000	398,000	25,000
Supplies and Materials	1,624,250	1,327,258	1,287,582	1,528,200	1,555,200	27,000
Facilities and Equipment Purchases	5,369,807	475,739	1,080,697	0	0	0
General Expense	4,094,846	2,107,064	686,722	51,000	49,000	(2,000)
Rents and Leases	3,271	4,045	2,141	3,500	3,500	0
Allocated Charges	790,093	812,180	874,213	808,585	866,189	57,604
Capital Improvement Program	0	0	0	0	1,225,000	1,225,000
Operating Transfers Out	27,415	27,415	590,648	679,187	0	(679,187)
Total Expenditures	**$14,813,990**	**$7,537,630**	**$6,791,116**	**$5,468,935**	**$6,238,113**	**$769,178**

Utilities

- Provide high quality, cost-effective electric, gas, fiber optics, water and wastewater collection services
- Maintain effective energy and water efficiency programs
- Proactively manage infrastructure needs and replace deteriorated or aging facilities with new technologies to ensure safe and reliable delivery of services
- Ensure the City's utilities are in sound financial condition

Director Of Utilities

Valerie Fong

ELECTRIC & WGW OPERATIONS

1.00-Asst Director Utl Operations
1.00-Program Assistant
1.00-Coord Util Safety & Security
1.00-Mgr Electric Operations
1.00-Admin Associate I
2.00-Admin Associate II
5.00-Utilities Supervisor
1.00-Underground Inspector-Lead
6.00-Electrician-Lead
14.00-Electrician
4.00-Elec Asst I
2.00-Elec Undgd Inspec
4.00-Lineper/Cable Spl-Lead
11.00-Lineper/Cable Spl
8.00-Heavy Equip Oper
1.00-Util Comp Tech-Lead
2.00-Util Comp Tech
2.00-Utility Locator
5.00-Util Syst Operator
1.00-Mgr Utility Operations WGW
4.00-Coord Util Projects
5.00-Supv WGW
1.00-Supv Water Transportation
2.00-Sr Water Sys Operator
2.00-Cathodic tech
4.00-Water Sys Operator II
3.00-Wtr Mtr Crs Cn Technician
2.00-Inspector, Field Services
2.00-Gas System Tech
1.00-Equiptment Operator
2.00-Maintenance Mech Welding
1.00-Cement Finisher
1.00-Util Locator
5.00-Util Install/Rep-Lead
2.00-Util Install/Rep-L-Welding
12.00-Util Install/Rep
3.00-Util Install/Rep-Welding
1.00-Util Install/Rep Assistant
1.00-Sr Util Field Service Rep
5.00-Field Service Rep
1.00-Sr Mechanic
1.00-Restoration Lead
1.00-Business Analyst
2.00-OH UG Trouble man

UTILITIES ADMINISTRATION

1.00-Administrative Assistant
1.00-Sr Management Analyst
1.00-Business Analyst
2.00-Program Assistant
1.00-Mgr Utilities Telecom
1.00-Mgr Communications
1.00-Compliance Manager

CUSTOMER SUPPORT SERVICES

1.00-Asst Dir Utl/Cust Support Svc
1.00-Administrative Assoc I
1.00-Administrative Assoc II
1.00-Mgr Util Mkt Svcs
1.00-Mgr Cust Svcs & Meter Reading
2.00-Customer Svr Spec-Lead
5.00-Customer Svc Rep
2.00-Customer Svc Spec
1.00-Util Credit/Col Spec
1.00-Meter Reader-Lead
6.00-Meter Reader
3.00-Util Key Account Rep
1.00-Marketing Engineer
4.00-Util Account Rep
1.00-Sr Resource Planner

ELECTRIC & WGW ENGINEERING

1.00-Asst Director Util Engineering
1.00-Engineering Mgr – Electric
4.00-Sr Electrical Engineer
2.00-Electric Project Engineer
3.00-Power Engineer
5.00-Util Engr Estimator
3.00-Engr Tech III
1.00-Engineering Mrg – WGW
3.00-Administrative Assoc II
4.00-Sr Project Engineer
5.00-Project Engineer
4.00-Engineer
3.00-Inspector, Field Services
1.00-Supv. Project Engineer
3.00-Business Analyst
1.00-Supv. Electric Project Engineer
2.00-Sr Business Analyst
1.00-Sr Marketing Analyst

RESOURCE MANAGEMENT

1.00-Assist Dir., Resource, Mgmt.
1.00-Administrative Assoc II
7.00-Sr Resource Planner
5.00-Resource Planner

FY 2013 Position Totals

238.00 Full-time
13.34 Hourly

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

Department Description

The Utilities Department's Mission is:

The City of Palo Alto Utilities provides safe, reliable, environmentally sustainable and cost-effective services.

Palo Alto is the only city in California that offers a full array of utility services to its citizens and businesses. Because of this, the City had a unique opportunity to partner with the Palo Alto community to enjoy the benefits and achievements of reliable, home-grown and environmentally-focused utilities while facing the future challenges of each utility service. Palo Alto has a tradition of over 100 years of successful public utility operation. It is a tradition that continues to provide the Palo Alto community with safe and reliable utilities service, local decision making over policies, utility rate making, environmental programs and customized services.

- Administration is responsible for the overall management of the Utilities Department including communication, regulatory compliance, budget coordination, and personnel and administrative support to the entire department.
- Customer Support Services is responsible for customer services for the electric, fiber, water, gas, and wastewater systems including the Utilities Department call center; meter reading; utility billing; credit and collections; energy efficiency and renewable energy programs; and liaison with key accounts.
- Engineering is responsible for managing all phases of the Utilities Department's capital improvement projects including replacement and rehabilitation of the City's electric, fiber, water, gas, and wastewater distribution systems.
- Operations is responsible for operations, maintenance, and emergency response for the electric, fiber, water, gas and wastewater distribution systems.
- Resource Management is responsible for the long-term acquisition plan of resources including electricity, natural gas, and water; contract negotiations to acquire renewable resources; rate development, and legislation and regulatory policy analysis.

Key Accomplishments

✓ Launched a host of resource efficiency programs for commercial customers including zero-interest loans, specialized incentives for hotels, motels, and research labs

✓ Distributed personalized Home Energy Reports to 20,000 residents to motivate them to improve efficiency by monitoring their energy use and comparing it with similar homes in their area

✓ Updated the Utilities Department Strategic Plan with focus on four key objectives: reliability and safety, customer service excellence, cost management, and environmental sustainability

✓ Designated as a Reliable Public Power Provider (RP3) by the American Public Power Association for proficiency, sound business practices, and a utility-wide commitment to safe and reliable delivery of electricity, system improvement, energy efficiency and workforce development

✓ Updated long-term acquisition plans for Electricity (Long-term Electric Acquisition Plan), Gas (Gas Utility Long-term Plan) and Water (Urban Water Management Plan)

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

- Policy N-19: Secure a reliable, long-term supply of electric, gas and water for Palo Alto
- Program N-28: Continue public education programs on gas safety and water quality issues, including Best Management Practices (BMPs) for residents, businesses, contractors, and City employees
- Policy N-44: Maintain long-term supply of electricity and natural gas while addressing environmental and economic concerns
- Policy N-47: Optimze energy conservation and efficiency in new and existing residences, businesses, schools and industries
- Policy C-9: Replacing aging infrastructure and improving reliability

Goals and Objectives

Goal 1: Maintain safe, reliable and environmentally sustainable Utilities

Objectives:

- Continue Capital Improvement Plan of replacing infrastructure to maintain safe and reliable utility services to our customers
- Increase the environmental sustainability of all Utilities operations
- Timely and effective restoration of utility trenches to ensure public safety

Goal 2: Provides excellent customer service

Objectives:

- Maintain high level of customer satifisfaction, equal to or greater than 83% rating of “excellent” or “good” in the City Auditor’s National Citizen Survey
- Field Service Technicians will respond to all customer calls in 30 minutes or less
- Offer relevant rebate programs to meet the needs of customers and the community

Goal 3: Ensure fiscally sound and cost-effective services

Objectives:

- Reduce the cost of delivering services through best management practices
- Maintain at least AA credit rating of as determined by Fitch Ratings or Standard and Poor's or at least Aa3 as determined by Moody's
- Maintain adequate cash reserves to provide rate stability

Key Performance Measures

Objective: Reduce cost of delivering services through best management practices

Measure 1: Median residential utility bill as compared to neighboring cities

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
$166.59	$166.49	$166.49	$179.48	$171.37

What: This compares the average residential utility bill which includes electricity, gas, water, and wastewater services to the nearby communities (Menlo Park $205.99, Mountain View $151.76, Santa Clara $131.06, Hayward $151.71, Redwood City $190.66, Roseville $145.19, and Alameda $135.51).

Why: Residents often want to know how their rates compare to those in other areas and if there are big differences, they want to know why. Therefore, we track the costs in other cities on an annual basis. What can be difficult is finding cities that provide valid comparisons (similar size, similar commodity purchase options, similar geography etc.) and so sometimes cities who are farther away but share more features with Palo Alto are selected over closer cities that actually differ in some critical ways.

How are we doing:

Our electric rates are competitive with surrounding communities. Natural gas rates have been higher due to a laddering purchase strategy which meant we were locked into higher prices even though the gas market dropped; however we will be transitioning to a market-based purchasing strategy effective July 1, 2012 and gas rates move closer to those in neighboring areas. Water rates are higher than many neighboring communities primarily because those areas have different sources of supply. Palo Alto's pristine high quality supply comes from the SFPUC who is in the middle of a $4.6 billion improvement project and we have to help cover those costs. Also, Palo Alto is investing more than other areas in improving our local distribution pipelines and enhancing our emergency water supply system.

Objective: Continue Capital Improvement Plan of replacing infrastructure to maintain safe and reliable utility services to our customers

Measure 1: Total cost of Capital Improvement Plan annually

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
$ 35.2M	$26.1M	$20.1M	$25.6M	$29.5M

What: Capital Improvement Projects include aggressive programs to replace aging natural gas, water and sewer mains, inspect sewer lines for gas line crossbores, continue undergrounding electric distribution lines and also rehabilitating and expanding the emergency water supply system wells, pumps and reservoirs.

Why: The Utilities Department places a premium on safety and the ongoing maintenance of sound and secure commodity distribution systems. To meet these objectives requires diligent efforts to be sure that the highest quality materials are being installed wherever equipment is near the end of their useful life.

How are we doing:

The backlog of gas mains requiring replacement has been substantially reduced and we are close to having eliminated all aging ABS pipelines from the system. The ongoing water and sewer main replacement programs, as well as the electric line undergrounding projects, are all on schedule, as is the sewer line crossbore inspection program, which is expected to be completed in 2013.

Objective: Maintain high level of customer satisfaction, equal to or greater than 83% rating of "excellent" or "good" in City Auditor's National Citizen Survey

Measure 1: Average customer satisfaction rating of utility services (electric, gas, wastewater, and water)

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
82%	81%	84%	-	83%

What: The National Citizen Survey (NCS) is a collaborative effort between National Research Center, Inc. (NRC) and the International City/County Management Association (ICMA). The NCS was developed by NRC to provide a statistically valid survey of resident opinions about community and services provided by local governments. The survey results may be used by staff, elected officials and other stakeholders for community planning and resource allocation, program improvement and policy-making.

Why: The best way to get feedback on whether our customers are satisfied with the nature, extent and delivery of services we provide them is to ask outright, using random-selection survey processes that include a good cross-section of our customer base.

How are we doing:

A total of 427 completed surveys were obtained, providing an overall response rate of 37%. Typically, response rates obtained on citizen surveys range from 25% to 40%. In fiscal year 2011, Utilities met its target of 83%. Results for 2012 will be published in fiscal year 2013.

Department Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	246.33	252.33	263.42	264.83	267.10	2.27
Staff Expenditures	$29,823,287	$29,901,298	$31,392,427	$34,362,918	$34,560,814	$197,896
Other Expenditures	199,821,233	184,928,396	180,031,647	202,968,458	207,969,004	5,000,546
Total Expenditures	**$229,644,520**	**$214,829,694**	**$211,424,074**	**$237,331,376**	**$242,529,818**	**$5,198,442**
Total Revenues	**$228,160,420**	**$225,688,980**	**$224,496,300**	**$222,761,046**	**$233,686,233**	**$10,925,187**

Enterprise Funds

Department Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$12,695,875	$12,288,096	$14,291,361	$14,364,296	$15,087,934	$723,638
FTE Staff	11.32	15.40	19.43	19.70	19.55	(0.15)
Capital Improvement Program	22,254,587	26,190,859	20,060,486	25,649,001	29,534,999	3,885,998
FTE Staff	71.89	71.42	72.66	72.38	73.40	1.02
Customer Service	5,097,226	5,111,525	5,500,919	5,974,179	6,126,305	152,126
FTE Staff	33.59	33.54	39.63	39.63	39.55	(0.08)
Demand Side Management	3,464,751	4,323,066	3,924,701	4,550,840	5,265,180	714,340
FTE Staff	5.63	6.08	5.76	6.91	6.41	(0.50)
Engineering (Operating)	1,980,619	1,993,938	1,922,791	2,392,046	2,640,675	248,629
FTE Staff	6.95	6.85	7.23	9.23	9.23	0.00
Operations and Maintenance	18,770,577	19,454,735	20,062,037	27,098,025	23,836,970	(3,261,055)
FTE Staff	103.81	105.95	106.51	105.04	107.02	1.98
Resource Management	3,128,707	4,214,978	3,995,439	6,481,824	6,535,430	53,606
FTE Staff	13.14	13.09	12.20	11.94	11.94	0.00
Purchases/Charges of Utilities	122,013,816	106,823,382	100,802,906	112,970,223	113,773,938	803,715
Debt Service	9,106,340	9,984,368	9,967,638	13,381,595	13,636,843	255,248
Rent	5,497,823	6,369,681	6,069,681	6,206,628	5,970,179	(236,449)
Equity Transfer	15,069,902	16,420,000	16,499,000	17,593,000	17,739,000	146,000
Operating Transfers Out	10,566,283	1,655,066	8,327,115	669,719	2,382,365	1,712,646
Total Expenditures	**$229,646,506**	**$214,829,694**	**$211,424,074**	**$237,331,376**	**$242,529,818**	**$5,198,442**
Total FTE	**246.33**	**252.33**	**263.42**	**264.83**	**267.10**	**2.27**

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Sale of Utilities	$192,583,080	$193,518,120	$195,045,198	$198,435,732	$208,341,759	$9,906,027
Interest Income	12,380,285	9,825,314	5,530,665	6,721,600	5,897,100	(824,500)
Other Revenues	23,197,055	22,345,546	23,920,437	17,603,714	19,447,374	1,843,660
Total Revenues	**$228,160,420**	**$225,688,980**	**$224,496,300**	**$222,761,046**	**$233,686,233**	**$10,925,187**

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Expenditures						
Utility Purchases and Charges	$122,013,816	$106,823,382	$100,802,906	$112,970,223	$113,773,938	$803,715
Salaries and Benefits	22,458,666	22,560,997	23,582,610	24,053,272	24,044,878	(8,394)
Contract Services	2,800,863	4,295,762	4,389,358	10,231,576	7,371,019	(2,860,557)
Supplies and Materials	1,419,929	1,387,871	1,483,794	1,976,542	1,981,072	4,530
Facilities and Equipment Purchases	14,579	28,091	27,314	145,605	98,205	(47,400)
General Expense	2,770,512	4,208,790	3,274,686	5,522,052	5,783,248	261,196
Rents and Leases	5,911,978	6,721,330	6,365,189	7,405,064	7,473,815	68,751
Allocated Charges	15,257,065	14,553,178	16,643,978	17,733,727	18,710,436	976,709
Debt Service	9,106,340	9,984,368	9,967,638	13,381,595	13,636,843	255,248
Equity Transfer	15,069,902	16,420,000	16,499,000	17,593,000	17,739,000	146,000
Capital Improvement Program	22,254,587	26,190,859	20,060,486	25,649,001	29,534,999	3,885,998
Operating Transfers Out	10,566,283	1,655,066	8,327,115	669,719	2,382,365	1,712,646
Total Expenditures	**$229,644,520**	**$214,829,694**	**$211,424,074**	**$237,331,376**	**$242,529,818**	**$5,198,442**

Staffing

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Accountant	0.00	0.75	0.75	0.75	0.60	(0.15)	$47,786
Acct Spec	1.00	2.50	2.50	2.50	2.55	0.05	147,505
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00	75,900
Administrative Associate I	2.00	2.00	2.00	2.00	2.00	0.00	113,734
Administrative Associate II	7.00	7.00	7.00	7.00	7.00	0.00	432,579
Assistant Director Utilities Engineering	1.00	1.00	1.00	1.00	1.00	0.00	161,616
Assistant Director Utilities Operations	1.00	1.00	1.00	1.00	1.00	0.00	153,712
Assistant Director Utl Cust Support Svs	1.00	1.00	1.00	1.00	1.00	0.00	146,141
Assoc Res Planner	1.00	2.00	0.00	0.00	0.00	0.00	0
Asst Dir Ut/Res Mgmt	1.00	1.00	1.00	1.00	1.00	0.00	161,616
Asst Director Adm Svcs	0.00	0.00	0.00	0.10	0.00	(0.10)	0
Asst To City Mgr	0.00	0.00	0.35	0.35	0.00	(0.35)	0
Business Analyst	2.87	2.87	2.87	4.87	5.87	1.00	601,687
Cathodic Protection Technician Assistant	0.00	1.00	1.00	1.00	1.00	0.00	73,965
Cathodic Tech	1.00	1.00	1.00	1.00	1.00	0.00	83,762
Cement Finisher	1.00	1.00	1.00	1.00	1.00	0.00	69,389
Communications Mgr	0.00	0.00	1.00	1.00	1.00	0.00	107,869
Contracts Administrator	1.00	1.00	1.00	1.00	1.00	0.00	97,469
Coord Util Saf & Sec	1.00	1.00	1.00	1.00	1.00	0.00	92,706
Coord Utility Proj	4.00	4.00	5.00	4.00	4.00	0.00	352,436
Cust Srv Specialist-L	1.00	2.00	2.00	2.00	2.00	0.00	144,602
Cust Svc Represent	5.00	5.00	5.00	5.00	5.00	0.00	307,320
Cust Svc Spec	2.00	2.00	2.00	2.00	2.00	0.00	135,200
Deputy Chief/Fire Marshall	0.08	0.08	0.08	0.08	0.08	0.00	12,001
Deputy Dir Adm Svcs	0.20	0.20	0.20	0.00	0.00	0.00	0
Dir Adm Svcs/Chief Financial Officer	0.15	0.15	0.15	0.15	0.25	0.10	44,642
Dir Utilities	1.00	1.00	1.00	1.00	1.00	0.00	207,085
Elec Asst I	5.00	5.00	5.00	5.00	4.00	(1.00)	250,432

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Elec Undgd Inspec	2.00	2.00	2.00	2.00	2.00	0.00	154,044
Electric Project Engineer	1.00	1.00	2.00	2.00	2.00	0.00	221,396
Electric Underground Inspector - Lead	1.00	1.00	1.00	1.00	1.00	0.00	82,389
Electrician	14.00	14.00	14.00	14.00	14.00	0.00	1,172,668
Electrician-Lead	6.00	6.00	6.00	6.00	6.00	0.00	538,014
Engineer	4.00	4.00	4.00	4.00	4.00	0.00	391,040
Engr Mgr - Electric	1.00	1.00	1.00	1.00	1.00	0.00	146,141
Engr Mgr - WGW	1.00	1.00	1.00	1.00	1.00	0.00	146,141
Engr Tech III	3.00	3.00	3.00	3.00	3.00	0.00	208,602
Equip Operator	2.00	1.00	1.00	1.00	1.00	0.00	60,715
Gas System Tech	2.00	1.00	2.00	2.00	2.00	0.00	127,254
Gas System Technician II	0.00	1.00	1.00	1.00	1.00	0.00	68,808
Haz Mat Inspector	0.06	0.06	0.06	0.06	0.06	0.00	4,701
Haz Mat Spec	0.03	0.03	0.00	0.00	0.00	0.00	0
Heavy Equip Oper	10.00	10.00	9.00	9.00	8.00	(1.00)	549,952
Inspector, Field Svc	4.00	4.00	4.00	4.00	5.00	1.00	392,390
Lineper/Cable Spl	11.00	11.00	11.00	11.00	11.00	0.00	972,631
Lineper/Cable Spl-L	4.00	4.00	4.00	4.00	4.00	0.00	378,560
Maint Mech	1.00	1.00	1.00	0.00	0.00	0.00	0
Maintenance Mechanic-Welding	1.00	1.00	1.00	2.00	2.00	0.00	154,586
Manager Energy Risk	1.00	1.00	1.00	0.00	0.00	0.00	0
Marketing Eng	1.00	1.00	1.00	1.00	1.00	0.00	97,760
Meter Reader	6.00	6.00	6.00	6.00	6.00	0.00	344,700
Meter Reader-Lead	1.00	1.00	1.00	1.00	1.00	0.00	61,464
Mgr Cust Svc & Meter Reading	1.00	1.00	1.00	1.00	1.00	0.00	122,575
Mgr Electric Oprns	1.00	1.00	1.00	1.00	1.00	0.00	132,143
Mgr Util Mkt Svcs	1.00	1.00	1.00	1.00	1.00	0.00	122,575
Mgr Util Oprns WGW	1.00	1.00	1.00	1.00	1.00	0.00	125,528
Mgr Util Telecomm	1.00	1.00	1.00	1.00	1.00	0.00	139,007
Offset Equip Op	0.00	0.00	0.48	0.48	0.48	0.00	26,338
OH UG Troubleman	0.00	0.00	0.00	0.00	2.00	2.00	185,686
Planner	0.00	0.00	0.30	0.30	0.30	0.00	26,364
Power Engr	2.00	2.00	3.00	3.00	3.00	0.00	313,122
Program Assistant I	3.00	3.00	3.00	3.00	3.00	0.00	188,073
Project Engineer	6.00	6.00	5.00	5.00	5.00	0.00	526,135
Project Mgr	0.75	0.75	0.75	0.75	0.75	0.00	69,514
Resource Planner	4.00	4.00	5.00	5.00	5.00	0.00	558,480
Restoration Lead	0.00	1.00	1.00	1.00	1.00	0.00	76,315
Senior Management Analyst	1.00	1.00	1.00	1.00	1.00	0.00	107,869
Sr Mech	1.00	1.00	1.00	1.00	1.00	0.00	84,656
Sr Mkt Analyst	1.00	1.00	1.00	1.00	1.00	0.00	102,502
Sr Util Field Svc Rep	1.00	1.00	1.00	1.00	1.00	0.00	76,398
Sr Water Sys Oper	2.00	2.00	2.00	2.00	2.00	0.00	171,226
Sr. Accountant	0.00	0.75	0.75	0.75	0.70	(0.05)	68,228
Sr. Business Analyst	1.00	1.00	2.00	2.00	2.00	0.00	221,396
Sr. Deputy City Attorney	0.00	0.00	1.00	1.00	1.00	0.00	116,528

Job Class	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change	FY 2013 Salary
Sr. Electric Project Engineer	4.00	4.00	4.00	4.00	4.00	0.00	502,112
Sr. Financial Analyst	0.00	0.60	1.10	1.60	1.40	(0.20)	136,457
Sr. Performance Auditor	0.00	0.00	1.00	1.00	1.00	0.00	97,469
Sr. Project Engineer	4.00	4.00	4.00	4.00	4.00	0.00	477,652
Sr. Resource Originator	1.00	1.00	0.00	0.00	0.00	0.00	0
Sr. Resource Planner	6.00	6.00	7.00	7.00	7.00	0.00	878,696
Sr. Technologist	0.87	0.87	0.87	0.87	0.87	0.00	96,307
Storekeeper	2.00	2.00	2.00	2.00	2.00	0.00	120,432
Supervising Electric Project Engineer	2.00	2.00	1.00	1.00	1.00	0.00	110,698
Supervising Project Engineer	0.00	0.00	1.00	1.00	1.00	0.00	105,228
Supv Water Trans	1.00	1.00	1.00	1.00	1.00	0.00	102,503
Supv WGW	5.00	5.00	5.00	5.00	5.00	0.00	512,515
Sustainability Manager	0.00	0.00	0.00	0.00	0.35	0.35	40,724
Tree Maint Person	1.00	1.00	1.00	1.00	1.00	0.00	63,294
Util Acct Rep	3.00	3.00	3.00	4.00	4.00	0.00	313,996
Util Comp Tech	2.00	2.00	2.00	2.00	2.00	0.00	170,644
Util Comp Tech-L	1.00	1.00	1.00	1.00	1.00	0.00	91,291
Util Credit/Col Spec	1.00	1.00	1.00	1.00	1.00	0.00	74,464
Util Engr Estimator	6.00	6.00	5.00	4.00	5.00	1.00	459,470
Util Fld Svcs Rep	7.00	5.00	5.00	5.00	5.00	0.00	357,135
Util Install/Rep	11.00	11.00	12.00	12.00	12.00	0.00	835,908
Util Install/Rep Ast	1.00	1.00	1.00	1.00	1.00	0.00	59,072
Util Install/Rep-L	5.00	5.00	5.00	5.00	5.00	0.00	372,630
Util Locator	3.00	3.00	3.00	3.00	3.00	0.00	196,686
Util Syst Oper	5.00	5.00	5.00	5.00	5.00	0.00	422,345
Utilities Compliance Manager	0.00	0.00	1.00	1.00	1.00	0.00	120,000
Utilities Supervisor	5.00	5.00	5.00	5.00	5.00	0.00	567,320
Utility Key Account Rep - S	3.00	3.00	3.00	3.00	3.00	0.00	285,168
Utl Install Repair Lead-Welding Cert	2.00	2.00	2.00	2.00	2.00	0.00	155,044
Utl Install Repair-Welding Cert	3.00	3.00	3.00	3.00	3.00	0.00	217,215
Warehouse Supv	0.00	0.00	0.50	0.50	0.50	0.00	34,435
Water Sys Oper II	5.00	4.00	4.00	4.00	4.00	0.00	302,016
Wtr Mtr Crs Cn Tec	2.00	2.00	3.00	3.00	3.00	0.00	190,695
Temporary/Hourly	8.32	10.72	12.71	13.72	13.34	(0.38)	706,605
Total FTE/Salaries	**246.33**	**252.33**	**263.42**	**264.83**	**267.10**	**2.27**	**$23,031,992**

Total salaries cost does not include overtime salary, night shift premium, FLSA charges, and premium pay. This total will differ from the full cost that is presented in the Total Staff Expenditures table.

The Department Summary tables summarize FTEs by position allocation.

Benefit	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Benefits Allocation	$7,430,281	$8,195,489	$8,623,712	$9,480,410	$8,684,615	$(795,795)
Retiree Health	1,284,720	1,872,021	2,195,320	1,949,405	2,198,001	248,596
Management Excess Benefit	188,172	222,125	187,948	219,600	217,680	(1,920)
Disability/Workers Compensation	437,842	462,770	746,259	445,220	472,437	27,217
Long Term Disability	26,397	24,766	26,486	24,766	24,766	0
Medicare	277,375	280,960	299,968	317,749	318,585	836
Healthcare Opt-out	68,562	91,825	156,321	148,272	215,021	66,749
Tuition Reimbursement	145,615	80,741	1,663	60	0	(60)
Other Benefits	46,602	62,358	52,444	38,697	51,086	12,389
Benefits Subtotal	**$9,905,566**	**$11,293,055**	**$12,290,121**	**$12,624,179**	**$12,182,191**	**$(441,988)**
Salaries Subtotal	**$21,559,450**	**$20,624,194**	**$21,681,432**	**$24,517,431**	**$24,959,692**	**$442,261**
Total Staff Expenditures	**$31,465,016**	**$31,917,249**	**$33,971,553**	**$37,141,610**	**$37,141,883**	**$273**

Benefits Allocation includes costs for pension, life insurance, active employee healthcare, State unemployment insurance, employee assistance program, and administrative fees. These costs are captured in the General Benefits Internal Service Fund. In future years, pension and healthcare costs will be directly charged to departments.

Retiree Health benefits represent the City's actuarial required contribution (ARC) towards medical benefits for retired employees and to fund the future medical liability for current City employees.

Other Benefits include the employee referral program, commute program, and SEIU Hourly medical stipend.

Salaries expense include regular, temporary, and overtime salary; night shift premium; FLSA charges; premium pay; and paid leave.

Fund Description

On January 16, 1900, Palo Alto began operation of its own electric system. A steam engine was the initial source of Palo Alto's electricity, and was replaced by a diesel engine in 1914. As demand for electricity and the population continued to grow, the City of Palo Alto Utilities (CPAU) connected to the Pacific Gas and Electric distribution system and purchased power from additional sources.

The integrity of the infrastructure required for achieving a high level of reliability and value for our customers is of paramount importance to CPAU. The Electric Fund plans to enhance the customer service connection experience, increase energy efficiency participation and increase the percentage of electric supply obtained from renewable energy supplies. The City has entered into a number of contracts with producers of wind and landfill gas energy for more than 15 year terms.

Key Accomplishments

- ✓ Installed 600 high-efficiency light emitting diode (LED) streetlights along Alma Street and El Camino Real
- ✓ Installed five new electric vehicle charging stations at City Hall, Main Library, and Mitchell Park, in conjuction with City Manager's Office and Planning departments
- ✓ PaloAltoGreen remains number one in the nation with the highest participation rate of over 21% for a voluntary renewable energy program
- ✓ Converted the primary electric distribution system from 4kV to 12kV in the East Meadow/Alma/Loma Verde area. The conversion provides a more efficient delivery of power to our customers and the ability to meet higher customer demand

✓ Updated the Long-term Electric Acquisition Plan (LEAP) with revisions to the electric resource acquisition strategy, including the Renewable Portfolio Standard (RPS) and approval to develop Palo Alto CLEAN, a local renewable energy (feed-in tariff) program

✓ Implemented a pilot demand response program for large commercial customers to reduce peak electric usage during hot summer days

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

- Program L-80: Completed construction for underground district number 45, in the Palo Alto Ave, Alma St., High St. & Lytton Av Area
- Program L-81: Continuing to consult with City's design consultant on above-ground equipment placement to reduce visual impact
- Program T-24: Assuming full cost of operating and maintaining the City's traffic signals and streetlights
- Program T-39: Staff and funds are dedicated to maintaining the City's traffic signals and street lights
- Program T-22: Replacing the street lights with Light Emitting Diode (LED) lights
- Policy N-9: LED lights use less energy and can be disposed of without concern about releasing mercury into the environment
- Program N-44: Educating public on reduction of wood burning during critical periods of poor air quality
- Program N-46: Informing user groups about hazardous materials, environmentally friendly alternatives, safe recycling and disposal methods
- Policy N-45: Participate in cost-effective programs offered by Western Area Power Administration and other energy suppliers
- Policy N-47: Support and Technical assistance in energy conservation to developers, schools, architects and customers
- Policy N-14: Maintain service reliability, funds are included for line-clearing fo tree's around Utility lines (Right Tree Right Place)
- Program N-18: Right Tree Right Place gives funding to plant new trees replacing tree's removed for line-clearing
- Program N-63: Continue to offer energy efficient programs
- Program N-67: The Photovoltaic Program provides residents with incentives as well as cost/benefit information on this alternative fuel source
- Policy N-48: Encourage the use of alternative energy technologies wind and solar, offering Palo Alto Green
- Policy C-9: Replacing aging infrastructure and improving reliability

Goals and Objectives

Goal 1: Provide safe and reliable delivery of electric services to our customers

Objective:

- Develop a plan to complete a second electric transmission line source to improve service reliability
- Provide exceptional system reliability
- Reduce the backlog of infrastructure assets whose age is beyond its useful life

Goal 2: Increase environmental sustainability and promote efficient use of resources

Objective:

- Achieve a Renewable Portfolio Standard (RPS) of 33% by 2015
- Reduce carbon intensity of the electric portfolio by 80% of baseline level from 2005
- Measure actual electric energy efficiency achievement

Key Performance Measures

Objective: Provide exceptional system reliability

Measure 1: Customer outages will be equal to or less than 60 minutes in duration as reported using System Average Interruption Duration Index (SAIDI) guidelines

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
66.51	52.00	58.04	< 60	< 60

What: SAIDI is a measure of duration. It measures the number of minutes over the year that the average customer is without power.

Why: As electric systems became deregulated a need for performance standards arose. Reliability indices were introduced in order to keep track of utility performance. This information will help Utilities prioritize capital and operating spending so that reliability can be improved without increasing costs.

How are we doing:
Currently we are experiencing some delays due to lack of resources which impacts the ability to improve this measure.

Objective: Reduce carbon intensity of the electric portfolio by 80% of baseline level from 2005

Measure 1: Cumulative installed capacity of photovoltaics (PV) systems measured in megawatt (MW)

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
2.4 MW	2.9 MW	3.1 MW	-	-

What: This measures the cumulative installed capacity of PV systems, as measured in MW in Palo Alto. It includes PV systems installed prior to the passage of SB1.

Why: The California Million Solar Roofs Bill (SB1) requires an expanded funding commitment by all California electric utilities, with a statewide goal to add 3,000 MW of new PV systems over ten years. In addition to complying with State law, PV installations will benefit the environment and expand flexibility to Palo Alto's electric generation portfolio.

How are we doing:
The City is currently 47% of the way towards the goal set by SB1 in 2007. System installations have slowed in the past couple years due to the economic downturn. Fewer customers are making large capital improvements to their homes and businesses. Unless the economy improves, it is unlikely that we will achieve the SB1 goal of 6.5 MW by 2017. The PV goal is set at the cumulative level for 2017, not annually.

Objective: Reduce carbon intensity of the electric portfolio by 80% of baseline level from 2005

Measure 1: Percent of retail electric sales volume from renewable resources

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
	16.1%	19.6%	20.6%	20.0%	23.5%

What: This measures the fraction of the City's retail electric sales volume that is provided by renewable supply resources.

Why: The City has adopted a Renewable Portfolio Standard (RPS) requiring that 33% of the City's electric usage be supplied by eligible renewable energy resources by 2015, providing that goal can be reached without raising rates more than five percent. The City has ramped up its purchases of renewable energy so that in 2010, about 19.7% of the City's needs were supplied by renewable power. Currently, contracts are in place for projects that are expected to provide renewable supplies for about 31% of total needs by 2015.

How are we doing:

The City is making progress towards its 33% by 2015 renewable portfolio standard target, and expect to meet this target through the execution of additional long-term renewable energy supply agreements. The City's goal exceeds California's RPS mandate of 33% by 2020 (California Renewable Energy Resources Act SBX1-2).

Fund Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	107.64	109.48	106.54	109.13	110.11	0.98
Staff Expenditures	$14,490,826	$14,251,764	$14,334,819	$15,842,800	$16,303,728	$460,928
Other Expenditures	125,248,509	112,167,913	102,193,777	116,164,183	123,168,647	7,004,464
Total Expenditures	**$139,739,335**	**$126,419,677**	**$116,528,596**	**$132,006,983**	**$139,472,375**	**$7,465,392**
Total Revenues	**$129,935,285**	**$130,674,777**	**$125,865,436**	**$125,206,771**	**$135,259,328**	**$10,052,557**

Enterprise Fund - Electric Fund

Fund Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$6,505,167	$5,823,762	$6,719,244	$6,666,446	$6,986,100	$319,654
Capital Improvement Program	7,149,190	9,379,330	7,372,195	8,684,998	10,910,000	2,225,002
FTE Staff	32.49	31.74	31.65	32.11	31.96	(0.15)
Customer Service	1,650,733	1,896,952	1,881,880	1,859,067	2,109,416	250,349
FTE Staff	11.56	12.50	13.03	13.39	13.33	(0.06)
Demand Side Management	3,099,907	3,894,803	3,362,296	3,608,746	3,994,232	385,486
FTE Staff	5.45	5.83	5.42	6.57	6.07	(0.50)
Engineering (Operating)	1,054,933	1,245,041	1,200,490	1,157,207	1,569,129	411,922
FTE Staff	4.20	4.10	4.48	4.98	4.98	0.00
Operations and Maintenance	8,977,446	8,892,002	9,339,803	11,110,433	10,421,306	(689,127)
FTE Staff	45.60	47.17	46.11	45.24	45.64	0.40
Resource Management	2,062,511	3,033,430	2,380,310	4,534,090	5,211,396	677,306
FTE Staff	8.34	8.14	5.85	6.84	8.13	1.29
Purchases/Charges of Utilities	82,348,076	68,713,475	61,247,248	69,846,000	72,991,268	3,145,268
Debt Service	8,089,119	7,822,436	7,246,652	8,966,300	9,485,873	519,573
Rent	3,252,664	3,813,101	3,588,101	3,688,014	3,703,554	15,540
Equity Transfer	9,267,689	11,120,000	11,195,000	11,587,000	11,768,000	181,000
Operating Transfers Out	6,283,886	785,345	995,377	298,682	322,101	23,419
Total Expenditures	**$139,741,321**	**$126,419,677**	**$116,528,596**	**$132,006,983**	**$139,472,375**	**$7,465,392**
Total FTE	**107.64**	**109.48**	**106.54**	**109.13**	**110.11**	**0.98**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenue				
Increase in net sales (Note 1)			6,355,086	(6,355,086)
Revenue from new Carbon Cap and Trade program			2,596,564	(2,596,564)
Increase in sales to City departments			306,541	(306,541)
Increase in Central Valley Project loan repayments (Note 2)			1,244,000	(1,244,000)
Salary and Benefits				
Add 1.0 FTE Overhead/Underground Troubleman; drop 1.0 FTE Electrical Assistant I		48,434		48,434
Add 1.0 FTE Overhead/Underground Troubleman; drop 1.0 FTE Heavy Equipment Operator		38,604		38,604

Change	FTE	Expense	Revenue	Net Cost
Benefit Changes (OPEB, and others - Note 3)		311,085		311,085
Commodity Purchases				
Increase in electric commodity purchases (Note 4)		1,901,268		1,901,268
Increase in Central Valley Project loan advances (Note 2)		1,244,000		1,244,000
General Expense				
Increase in training expense		10,000		10,000
Increase in customer rebates to meet energy efficiency goals (Note 5)		50,000		50,000
Increase in customer rebates for photovoltaic (PV) program (Note 6)		300,000		300,000
Increase in supply-funded energy efficiency incentives for implementation of energy efficiency programs (Green@Home and Right Lights+) through third-party vendors (Note 7)		200,000		200,000
Decrease in supply-funded plug-in and demand response incentives (Note 8)		(175,000)		(175,000)
Restore energy risk management cost (Note 9)		50,000		50,000
Contract Services				
Increase in program and project consulting to meet energy efficiency goals (Note 5)		50,000		50,000
Increase in program and project consulting for implementation of energy efficiency programs (Green@Home and Right Lights+) through third-party vendors (Note 7)		200,000		200,000
Debt Service				
Increase in joint agency debt service (Note 10)		519,573		519,573
Capital Improvement Program				
Increase Capital Improvement Program, including addition of 0.25 FTE Utilities Engineering Estimator (Note 11)		2,225,000		2,225,000
Allocated Charges				
Increase in cost plan charges from the General Fund (Note 12)		137,085		137,085
Increase in mailing charges (Note 13)		94,602		94,602
Increase in printing charges (Note 13)		34,141		34,141
Increase in utilities administration charges (Note 14)		276,896		276,896
Decrease in liability insurance charges		(109,309)		(109,309)
Operating Transfers Out				
Increase in operating transfers to Water Fund (Note 15)		75,000		75,000
Decrease in operating transfers to Technology Fund (Note 16)		(51,581)		(51,581)
Net Total of Significant Changes to Budget		**7,429,798**	**10,502,191**	**(3,072,393)**

Significant Budget Adjustments Notes

Note 1: No rate changes are planned for Fiscal Year 2013. Increase in net sales is due to increases in projected demand.

Note 2: Represents loan advances to Central Valley Projects and payment back to the fund.

Note 3: Increase in benefit costs are primarily due to increases in worker's compensation and retiree medical costs.

Note 4: An increase in transmission costs is the primary driver of the net increase in electric commodity purchases.

Note 5: The increase will help meet the higher energy efficiency saving goals set by the City Council by providing rebates for upgrading lighting and heating/cooling systems with more efficient equipment (i.e. sensors, commercial kitchen appliance replacements, LED lights, vending machine controls, strip curtains for coolers and freezers).

Note 6: The increase will continue to allow the City to meet state requirements for PV rebates to be paid to businesses and residents who install solar electric systems to serve their own facilities (these rebates are issued through the PV Partners' program and are separate from the new CLEAN or feed-in-tariff program). The PV program, required by state law SB1, supports the goals of the Long Term Electric Acquisition Plan to procure new renewable resources after energy efficiency when evaluating utility supply options.

Note 7: Through the Green@Home program, City of Palo Alto Utilities (CPAU) offers free in-home audits coordinated by Acterra, a local, non-profit, volunteer environmental organization. At the end of the audit, participants receive personalized efficiency tips along with simple efficiency-improvement items including CFLs, faucet aerators and home energy monitors. Through Right Lights+ provided by the third party administrator, Ecology Action, small businesses receive extra assistance in implementing efficient equipment. Small business customers can request onsite audits and efficiency rebates on a variety of lighting, sensors and commercial kitchen upgrades, in addition to door gaskets, LED exit signs, vending machine controls, strip curtains for coolers and freezers, as well as customized projects.

Note 8: The decrease reflects expected activity for the PLUG-In and Demand Response programs in Fiscal Year 2013. On November 6, 2006, the Palo Alto City Council approved program design guidelines for "PLUG-In": Power from Local Ultra-clean Generation Incentive program (CMR 406:06). The program establishes incentives, rates, and rules for ultra-clean customer-sited small-scale distributed generation. CPAU also piloted the Demand Response program in Fiscal Year 2011 where specific large customers would reduce their electric usage for short durations on hot days per CPAU's request. This would reduce load demand, maintain grid reliability, and provide customers an incentive to reduce energy cost.

Note 9: The increase will allow for a consultant to augment the City's risk management efforts. The City's Energy Risk Management Policy (CMR 359:09) requires that staff report on a quarterly basis to Council the City's energy portfolio, the City's credit exposure and market risk profile, transaction compliance, and other key market and risk information. In Fiscal Year 2012, 1.0 FTE Manager, Energy Risk was eliminated and replaced by 0.5 FTE Senior Financial Analyst.

Note 10: CPAU is a member of the Northern California Power Agency (NCPA). CPAU shares in the debt service related to bonds issued by NCPA for hydroelectric, geothermal, and other capital projects.

Note 11: Projected CIP expenditures for the Electric Fund are $10.9 million in Fiscal Year 2013. Included in CIP expenditures is the addition of 0.25 FTE Utilities Engineering Estimator which represents $36,804 in salaries and benefit costs.

Note 12: Increase in cost plan charges from the General Fund is primarily due to increases in retiree medical costs.

Note 13: In the prior year, printing and mailing charges from the Printing and Mailing Internal Services Fund were budgeted within the utilities administration allocation and not separated.

Note 14: Increase in utilities administration charges is due to increases in IT support charges which originate from the Technology Fund.

Note 15: Increase in operating transfers to the Water Fund is due to reimbursements of capital costs related to CIP WS-13004 Asset Management Mobile Deployment and WS-13003 GPS Equipment Upgrade.

Note 16: Decrease in operating transfers to the Technology Fund is primarily due to prior year reimbursement of capital costs related to the telephone/communications system replacement project.

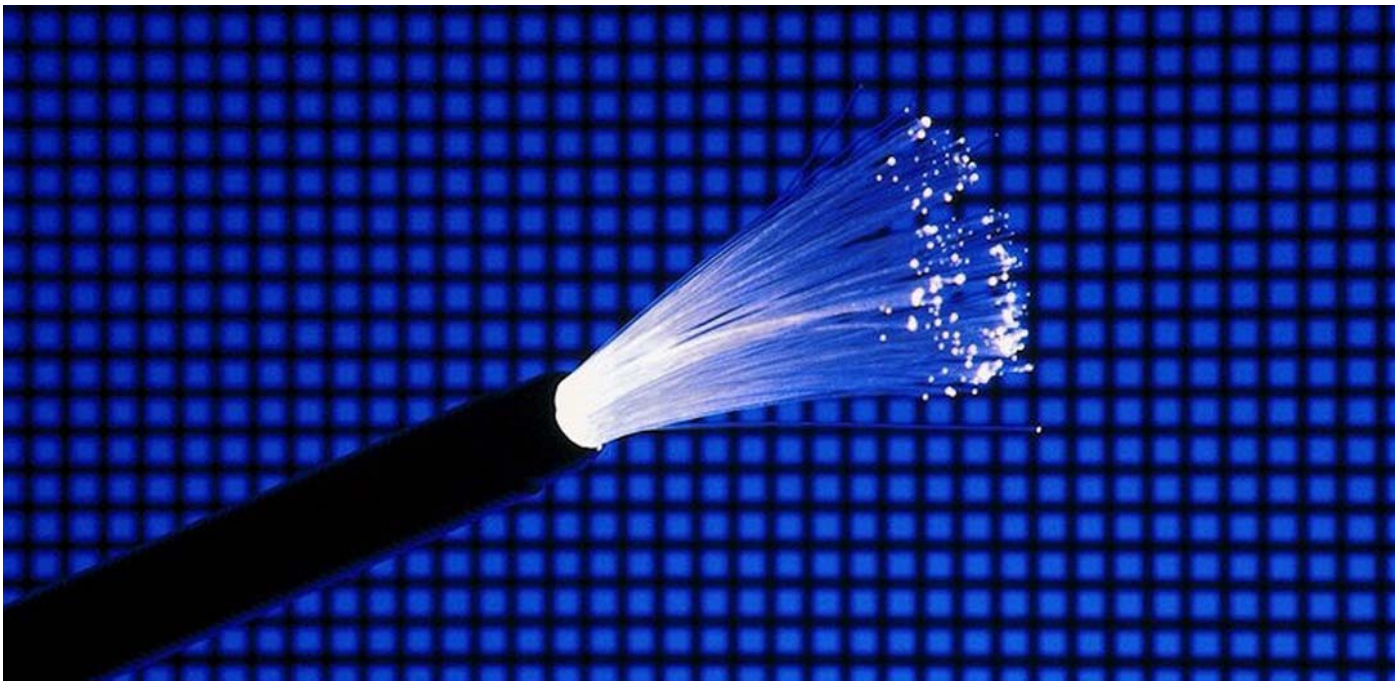
Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Sale of Utilities	$105,289,362	$110,450,197	$111,571,986	$109,962,697	$118,905,965	$8,943,268
Interest Income	7,712,486	5,750,864	3,204,673	4,013,600	3,635,300	(378,300)
Other Revenues	16,933,437	14,473,716	11,088,777	11,230,474	12,718,063	1,487,589
Total Revenues	**$129,935,285**	**$130,674,777**	**$125,865,436**	**$125,206,771**	**$135,259,328**	**$10,052,557**

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Expenditures						
Utility Purchases and Charges	$82,348,076	$68,713,475	$61,247,248	$69,846,000	$72,991,268	$3,145,268
Salaries and Benefits	10,992,864	10,848,524	10,770,930	11,078,505	11,522,471	443,966
Contract Services	2,312,437	3,266,182	3,290,704	4,305,700	4,388,793	83,093
Supplies and Materials	612,299	657,069	559,214	811,048	805,448	(5,600)
Facilities and Equipment Purchases	5,927	12,930	9,777	74,905	43,755	(31,150)
General Expense	2,191,899	2,680,127	2,438,572	4,070,059	4,508,060	438,001
Rents and Leases	3,434,145	3,969,811	3,718,615	3,939,414	3,947,954	8,540
Allocated Charges	7,051,804	7,164,448	7,684,312	8,344,372	8,778,652	434,280
Debt Service	8,089,119	7,822,436	7,246,652	8,966,300	9,485,873	519,573
Equity Transfer	9,267,689	11,120,000	11,195,000	11,587,000	11,768,000	181,000
Capital Improvement Program	7,149,190	9,379,330	7,372,195	8,684,998	10,910,000	2,225,002
Operating Transfers Out	6,283,886	785,345	995,377	298,682	322,101	23,419
Total Expenditures	**$139,739,335**	**$126,419,677**	**$116,528,596**	**$132,006,983**	**$139,472,375**	**$7,465,392**

Fund Reserves

	FY 2013 Projected Beginning Balance	FY 2013 Changes	FY 2013 Projected Ending Balance	FY 2013 Reserve Guideline Range
Emergency Plant Replacement	$1,000	$0	$1,000	1,000 (min.)
Distribution Rate Stabilization	10,955	(238)	10,717	6,747 - 13,494
Supply Rate Stabilization	60,702	(3,142)	57,560	31,721 - 63,442
Electric Special Projects	50,320	0	50,320	
Public Benefit	2,094	(833)	1,261	
Central Valley O&M	305	0	305	
Underground Loan	736	0	736	
TOTAL RESERVES	**$126,112**	**$(4,213)**	**$121,899**	



Fund Description

In 1996, the City built a dark fiber ring around Palo Alto that would be capable of supporting multiple network developers and service providers with significant growth potential. The fiber backbone network was routed to pass and provide access to key City facilities and the Palo Alto business community including research centers and commercial properties.

Dark fiber optics service is characterized as the fiber optics cabling, splice points, service connections and other infrastructure providing high-capacity bandwidth needed to transport large quantities of data. It does not include the transmitters, receivers, or data itself, which are owned and operated by each customer.

Key Accomplishments

✓ Increased commercial customer accounts from 68 to 75. Total service connections increased from 190 to 194 (note: many customers license multiple dark fiber service connections).

✓ Enhanced customer service and marketing efforts to increase customer counts through competitive installation and monthly access pricing, in addition to ensuring timely service installations

✓ Initiated improvements to fiber optic business processes to reduce customer cost-to-connect, streamline and improve customer data management, and coordinate internal workloads with CPAU Engineering and Operations Divisions to increase efficiency and ensure infrastructure reliability

✓ Conducted market research to identify network extensions in commercial areas underserved by the fiber network

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

- Policy B-4: Continue to enhance marketing efforts and implement a simpler rate structure

Goals and Objectives

Goal 1: Increase value of fiber utility services to customers and ensure dependable returns to the City

Objectives:

- Provide high quality and competitively priced fiber optic utility services to City departments and commercial customers in the City of Palo Alto
- Manage costs and add new dark fiber license agreements with commercial customers
- Complete an agreement with the Palo Alto Unified School District to provide dark fiber service connections to eighteen (18) facilities

Key Performance Measures

Objective: Provide high quality and competitively priced fiber optic utility services to City departments and commercial customers in the City of Palo Alto

Measure 1: Number of commercial customers added and fiber connections completed

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
47	47	68	-	80

What: These numbers show the growth of the fiber enterprise based on customers and connections. Some customers have multiple fiber connections at various locations.

Why: This is a clear numerical illustration of the gradual positive trends in this enterprise.

How are we doing:
Fiber system expansion to E. Meadow Circle commercial area completed which will provide new opportunities to increase customer accounts and revenues.

Objective: Manage costs and add new dark fiber license agreements with commercial customers

Measure 1: Revenue sales for internal and external customers

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
$2.7M	$3.1M	$3.3M	$3.3M	$3.6M

What: The City provdes dark fiber services to commercial customers and city departments. The commercial fiber optic service appeals to a niche high-bandwidth customer- primarily customers in the downtown and Stanford Research Park. This is not a mass market service, but very attractive to the large bandwidth users for its cost, reliability and flexibility.

Why: Retention of existing dark fiber customer base and acquisition of new customers to meet proposed annual revenue in FY 2013.

How are we doing:
Fiber optic enterprise revenues remain stable in a recovering economy. We continue to manage the work flow based on existing internal resources and the ability to fulfill dark fiber service requests in a timely manner. Customer satisfaction remains strong and internal teams are working at a high level of efficiency.

Fund Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	5.86	5.54	7.67	7.42	7.32	(0.10)
Staff Expenditures	$905,878	$876,665	$865,240	$1,096,613	$906,022	$(190,591)
Other Expenditures	641,393	568,451	1,031,277	973,738	882,966	(90,772)
Total Expenditures	**$1,547,271**	**$1,445,116**	**$1,896,517**	**$2,070,351**	**$1,788,988**	**$(281,363)**
Total Revenues	**$3,796,439**	**$3,592,263**	**$3,660,108**	**$3,658,798**	**$3,877,731**	**$218,933**

Enterprise Fund - Fiber Optic Fund

Fund Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$347,627	$450,759	$505,220	$405,392	$386,096	$(19,296)
Capital Improvement Program	268,239	131,092	424,506	500,000	400,000	(100,000)
FTE Staff	0.70	1.06	1.03	1.03	1.03	0.00
Customer Service	541,656	469,600	632,012	697,466	538,003	(159,463)
FTE Staff	2.13	1.45	3.51	3.26	3.16	(0.10)
Operations and Maintenance	362,574	366,446	312,174	432,944	437,389	4,445
FTE Staff	3.03	3.03	3.13	3.13	3.13	0.00
Rent	12,902	14,268	14,268	25,453	25,637	184
Operating Transfers Out	14,273	12,951	8,337	9,096	1,863	(7,233)
Total Expenditures	**$1,547,271**	**$1,445,116**	**$1,896,517**	**$2,070,351**	**$1,788,988**	**$(281,363)**
Total FTE	**5.86**	**5.54**	**7.67**	**7.42**	**7.32**	**(0.10)**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenue				
Increase in dark fiber fee revenue (Note 1)			241,077	(241,077)
Salary and Benefits				
Benefit Changes (OPEB, and others- Note 2)		(149,936)		(149,936)
Capital Improvement Program				
Decrease Capital Improvement Program (Note 3)		(100,000)		(100,000)
Allocated Charges				
Decrease in cost plan charges from the General Fund		(26,734)		(26,734)
Net Total of Significant Changes to Budget		**(276,670)**	**241,077**	**(517,747)**

Significant Budget Adjustments Notes

Note 1: Increase in revenue is due to an increase in customer accounts and service connections.

Note 2: Decrease in benefit changes is a result of a decrease in the benefits allocation from the General Benefits Internal Service Fund.

Note 3: Projected CIP expenditures for the Fiber Optics Fund are $400,000 in Fiscal Year 2013.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Sale of Utilities	$2,327,798	$2,314,269	$2,593,272	$2,608,959	$2,850,036	$241,077
Interest Income	460,160	486,727	323,274	309,800	303,200	(6,600)
Other Revenues	1,008,481	791,267	743,562	740,039	724,495	(15,544)
Total Revenues	**$3,796,439**	**$3,592,263**	**$3,660,108**	**$3,658,798**	**$3,877,731**	**$218,933**
Expenditures						
Salaries and Benefits	$800,628	$773,043	$764,240	$927,655	$765,891	$(161,764)
Contract Services	191,772	120,388	119,740	157,800	167,800	10,000
Supplies and Materials	2,073	0	0	18,000	11,000	(7,000)
General Expense	4,280	5,760	319	25,000	22,000	(3,000)
Rents and Leases	17,380	16,191	14,754	27,453	27,637	184
Allocated Charges	248,626	385,691	564,621	405,347	392,797	(12,550)
Capital Improvement Program	268,239	131,092	424,506	500,000	400,000	(100,000)
Operating Transfers Out	14,273	12,951	8,337	9,096	1,863	(7,233)
Total Expenditures	**$1,547,271**	**$1,445,116**	**$1,896,517**	**$2,070,351**	**$1,788,988**	**$(281,363)**

Fund Reserves

	FY 2013 Projected Beginning Balance	FY 2013 Changes	FY 2013 Projected Ending Balance	FY 2013 Reserve Guideline Range
Emergency Plant Replacement	$1,000	$0	$1,000	1,000 (min.)
Fiber Optic RSR	11,729	2,089	13,818	715 - 1,788
TOTAL RESERVES	**$12,729**	**$2,089**	**$14,818**	

Fund Description

The municipal natural gas system began operation in 1917 when Palo Alto acquired a privately owned business. During the early years, gas was manufactured from coal tar. This was replaced in the 1920's by natural gas from PG&E. Today gas is purchased from several sources. The Gas Utility services include Crossbore Safety, Gas Main Replacements and Home Energy Audits. The gas fund maintains an excellent safety record. This fund is responsible for planning, designing, budgeting and construction of major capital improvements to the city's gas distribution system. This program replaces approximately 30,000 lineal feet of gas mains and 500 services each year. This program to date has replaced approximately 310,000 linear feet of gas mains and 5,000 service lines. The fund is also responsible for maintaining, operating and regulatory compliance of the City's gas distribution system.

Key Accomplishments

- ✓ Launched a pro-active natural gas safety and inspection program to check sewer lines for cross bores, where one utility line is bored through another line
- ✓ Completed gas main replacement project (GMR)17 in the College Terrace, Evergreen Park, Ventura, Crescent Park, University South, Duveneck, St. Francis and University Park subdivisions. By replacing the gas distribution system mains with polyethylene pipe, it will eliminate leaks in the project areas and reduce capacity load, thereby extending the useful life of the system.
- ✓ Updated the Gas Utility Long-term Plan (GULP) including a review of the gas laddering strategy, reduction of carbon intensity in the gas portfolio, and deployment of reliable, cost-effective energy efficiency measures
- ✓ Completed walking gas leak survey for half of the city - found 55 percent fewer leaks than detected in 2009 during survey of the same area

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

- Policy L-79: Top priority of the CIP budget is the ongoing replacement of leaking inadequately sized , and structurally deficient Acrylonitrile-Butadienne-Styrene (ABS) gas mains and service
- Program L-18: Continuing to consult with City's design consultant on above-ground equipment placement to reduce visual impact
- Program N-63: Continue to offer energy efficiency programs
- Program N-64: Educating customers on efficient practices
- Program N-65: Incorporate cost-effective energy conservation measures into construction, maintenance, and City operation and procurement practices
- Policy N-9: Commercial customers will have access to specialized consulting service, while residential customers will see the launch of a new on-line energy survey tool
- Program N-44: Promote reduction of wood burning appliances during critical periods of poor air quality
- Program N-48: Gas Utility Long Term Plan (GULP) objectives and strategies, which address purchasing strategies and energy efficient investments has been updated
- Program N-67: Efficiency measures for residential and commercial customers will continue to be promoted through a variety of Utility programs
- Program N-47: Consultant contracts have been executed and implementation details are being evaluated
- Policies B-4 and B-10: Commercial customers have the option of "locking in" natural gas supplies for fixed prices during 12 month of 24 month fixed terms

Goals and Objectives

Goal 1: Provide safe and efficient delivery of natural gas to our customers

Objectives:

- Repair 100% of laterals damaged by cross bore within 24 hours
- Start construction on projects to remove the remaining ABS pipe from the gas system and complete project in Fiscal Year 2014
- Complete walking gas leak survey for 50% of the City on an annual basis and mobile gas leak survey in commercial districts and all City mains

Goal 2: Increase environmental sustainability and promote efficient use of resources

Objectives:

- Ten-Year goals for natural gas are a reduction in expected gas use of 5.5% by 2020
- Reduce the carbon intentsity of the gas portfolio in accordance with the Climate Protection Plan

Key Performance Measures

Objective: Complete walking gas leak survey for 50% of the City on an annual basis and mobile gas leak survey in commercial districts and all City mains

Measure 1: Percentage of gas system surveyed by walking Percentage of gas system surveyed by mobile

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
	100%	100%	100%	99.9%	100%

What: The first type of survey is a citywide mobile review of natural gas service points and mains which is typically conducted in September. The second type of survey involves a walking check of gas leak services and covers one-half of the City every year so that the entire City gas service system can be reviewed in a two year period. The 2012 walking survey will be conducted beginning early April and may continue through November 2012.

Why: To ensure the safety of all who live and work in Palo Alto, two kinds of gas leak surveys are performed every year. These surveys constitute the City of Palo Alto Utilities' (CPAU) annual, routine safety checks as required by Department of Transportation Pipeline Safety Regulations.

How are we doing:

In calendar year 2011, 2 Grade 1 leaks were found in the walking survey and 3 Grade 1 leaks were found in the mobile survey.

Objective: Respond to and repair all grade 1 gas leaks immediately

Measure 1: Average number of hours required to respond and repair Grade 1 gas leaks

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
	5.9	5.0	5.5	-	-

What: This measures the total repair time in hours to Grade 1 leaks found during the walking and mobile surveys, and any reported leaks classified as Grade 1. The City's policy is to respond and repair Grade 1 leaks within 24 hours.

Why: Leaks are assigned priority grading according to location, extent of migration, gas concentration, potential for concentration, ignition sources, and potential hazard to the public and property. These priority grades are intended only as guidelines. A Grade 1 leak is a leak that represents an existing or probable hazard to persons or property, and requires immediate repair or continuous action until the conditions are no longer hazardous.

How are we doing:

Water-Gas-Wastewater Operations responds immediately to Grade 1 leaks and the average repair time is 5.5 hours. The average repair time can vary depending on the size and location of the gas leak.

Objective: Ten-Year goals for natural gas are a reduction in expected gas use of 5.5% by 2020

Measure 1: Natural gas savings achieved through efficiency programs

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
0.28%	0.40%	0.55%	-	-

What: We measure the specific savings achieved by the installation of natural gas efficiency improvements that we can track through our rebate, audit, loan and other incentive programs. We can also track overall savings by customer class, which include behavioral changes, including those implemented as a result of programs such as the Home Energy Reports.

Why: The carbon intensity of the natural gas portfolio is a function of where and how the gas is acquired and how much of it then burned in use. Improving gas efficiency directly reduces gas-related carbon footprint in Palo Alto.

How are we doing:

The reduction is program-driven and must come on top of what reductions may naturally occur. Businesses did not participate in programs nearly as much in the last two years, likely due to continuing effects of the economic downturn. However goals were exceeded due to significant savings from the Home Energy Reports- over 2% reported by the vendor. Due to the fact that this program has yet to be evaluated, staff reduced the estimate savings by 50%. It is possible that higher savings were actually achieved. In 2011, 169,198 therms of natural gas savings were achieved. This translates to heating about 478 average households.

Fund Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	48.78	48.98	54.31	51.70	51.75	0.05
Staff Expenditures	$5,650,315	$5,688,071	$6,263,334	$7,003,321	$7,138,178	$134,857
Other Expenditures	38,766,804	37,330,993	39,420,688	42,515,094	35,779,133	(6,735,961)
Total Expenditures	**$44,417,119**	**$43,019,064**	**$45,684,022**	**$49,518,415**	**$42,917,311**	**$(6,601,104)**
Total Revenues	**$49,487,441**	**$46,750,385**	**$50,441,436**	**$44,831,580**	**$39,533,152**	**$(5,298,428)**

Enterprise Fund - Gas Fund

Fund Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$2,181,319	$2,494,569	$2,894,708	$3,246,671	$3,293,792	$47,121
Capital Improvement Program	5,886,880	4,996,812	2,278,927	7,821,002	7,756,000	(65,002)
FTE Staff	17.05	17.09	17.42	16.55	17.04	0.49
Customer Service	1,167,994	1,133,695	1,229,857	1,336,569	1,373,320	36,751
FTE Staff	8.43	8.54	9.81	9.88	9.72	(0.16)
Demand Side Management	364,844	428,263	562,405	942,094	1,270,948	328,854
FTE Staff	0.18	0.25	0.34	0.34	0.34	0.00
Engineering (Operating)	309,658	266,183	280,115	429,453	384,056	(45,397)
FTE Staff	1.00	1.00	1.00	1.50	1.50	0.00
Operations and Maintenance	3,234,128	3,942,279	3,297,431	7,711,117	4,644,582	(3,066,535)
FTE Staff	19.32	19.30	21.14	20.08	20.99	0.91
Resource Management	671,912	695,820	1,039,295	1,280,621	709,074	(571,547)
FTE Staff	2.80	2.80	4.60	3.35	2.16	(1.19)
Purchases/Charges of Utilities	25,091,226	22,529,316	21,464,240	19,396,913	16,286,394	(3,110,519)
Debt Service	520,942	505,195	488,198	947,952	802,725	(145,227)
Rent	204,560	320,371	230,371	230,236	218,528	(11,708)
Equity Transfer	3,135,257	5,300,000	5,304,000	6,006,000	5,971,000	(35,000)
Operating Transfers Out	1,648,399	406,561	6,614,475	169,787	206,892	37,105
Total Expenditures	**$44,417,119**	**$43,019,064**	**$45,684,022**	**$49,518,415**	**$42,917,311**	**$(6,601,104)**
Total FTE	**48.78**	**48.98**	**54.31**	**51.70**	**51.75**	**0.05**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenue				
Decrease in net sales (Note 1)			(4,989,542)	4,989,542
Decrease in sales to City departments (Note 1)			(211,893)	211,893
Salary and Benefits				
Add 0.3 FTE Inspector Field Services	0.30	37,716		37,716
Add 0.25 FTE Business Analyst	0.25	41,051		41,051
Benefit Changes (OPEB, and others- Note 2)		(178,640)		(178,640)
Commodity Purchases				
Decrease in gas commodity purchases (Note 3)		(3,110,519)		(3,110,519)

Change	FTE	Expense	Revenue	Net Cost
General Expense				
Increase in training expense		10,000		10,000
Contract Services				
Cross-bore inspection- one-time funding for Fiscal Year 2013 (Note 4)		500,000		500,000
Cross-bore inspection- one-time funding for Fiscal Year 2012 (Note 4)		(3,800,000)		(3,800,000)
Capital Improvement Program				
Net decrease Capital Improvement Program, including addition of 0.25 FTE Utilities Engineering Estimator (Note 5)		(65,000)		(65,000)
Allocated Charges				
Decrease in cost plan charges from the General Fund		(11,084)		(11,084)
Increase in mailing charges		24,935		24,935
Increase in printing charges		19,764		19,764
Increase in utilities administration charges (Note 6)		120,479		120,479
Decrease in liability insurance charges		(61,727)		(61,727)
Increase in vehicle replacement charges		19,157		19,157
Operating Transfers Out				
Increase in operating transfers to Water Fund (Note 7)		75,166		75,166
Decrease in operating transfers to Technology Fund (Note 8)		(38,061)		(38,061)
Net Total of Significant Changes to Budget	**0.55**	**(6,416,763)**	**(5,201,435)**	**(1,215,328)**

Significant Budget Adjustments Notes

Note 1: Decrease in net sales is due to a rate decrease of 10 percent.

Note 2: Decrease in benefit changes is a result of a decrease in the benefits allocation from the General Benefits Internal Service Fund.

Note 3: The market price for natural gas is expected to be significantly below the current supply rate.

Note 4: Funding in Fiscal Year 2013 will supplement $3.8 million of one-time funds in Fiscal Year 2012. The original goal was to complete the inspection and repair in 12 months. However, activities will now be completed in Fiscal Year 2013 because in-field conditions of customer-owned wastewater collection service lines showed more footage needing inspection than originally estimated and repairs on customer laterals to enable video inspection have been greater than expected. The cross-bore program is an inspection of all 19,000 sewer laterals to identify and repair gas pipelines that may be have been inadvertently installed through sewer laterals.

Note 5: Projected CIP expenditures for the Gas Fund total $7.8 million in Fiscal Year 2013, a $65,000 decrease from Fiscal Year 2012. Included in CIP expenditures is the addition of 0.25 FTE Utilities Engineering Estimator which represents $36,804 in salaries and benefit costs.

Note 6: Increase in utilities administration charges is due to increases in IT support charges which originate from the Technology Fund.

Note 7: Increase in operating transfers to the Water Fund is due to reimbursements of capital costs related to CIP WS-13004 Asset Management Mobile Deployment, WS-13003 GPS Equipment Upgrade, and WS-2014 Utility GIS Data.

Note 8: Decrease in operating transfers to the Technology Fund is primarily due to prior year reimbursement of capital costs related to the telephone/communications system replacement project.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Sale of Utilities	$46,055,672	$41,754,752	$41,724,235	$42,012,883	$37,015,857	$(4,997,026)
Interest Income	1,614,478	1,342,113	821,297	947,900	813,000	(134,900)
Other Revenues	1,817,291	3,653,520	7,895,904	1,870,797	1,704,295	(166,502)
Total Revenues	**$49,487,441**	**$46,750,385**	**$50,441,436**	**$44,831,580**	**$39,533,152**	**$(5,298,428)**
Expenditures						
Utility Purchases and Charges	$25,091,226	$22,529,316	$21,464,240	$19,396,913	$16,286,394	$(3,110,519)
Salaries and Benefits	4,029,288	4,090,078	4,427,010	4,634,615	4,543,165	(91,450)
Contract Services	(188,727)	504,735	456,449	4,849,980	1,792,080	(3,057,900)
Supplies and Materials	337,296	211,396	315,928	464,924	471,904	6,980
Facilities and Equipment Purchases	4,291	12,796	13,047	62,590	43,490	(19,100)
General Expense	229,351	1,181,141	463,191	914,141	703,661	(210,480)
Rents and Leases	297,658	397,654	297,994	340,646	321,438	(19,208)
Allocated Charges	3,425,258	2,883,380	3,560,563	3,909,865	4,018,562	108,697
Debt Service	520,942	505,195	488,198	947,952	802,725	(145,227)
Equity Transfer	3,135,257	5,300,000	5,304,000	6,006,000	5,971,000	(35,000)
Capital Improvement Program	5,886,880	4,996,812	2,278,927	7,821,002	7,756,000	(65,002)
Operating Transfers Out	1,648,399	406,561	6,614,475	169,787	206,892	37,105
Total Expenditures	**$44,417,119**	**$43,019,064**	**$45,684,022**	**$49,518,415**	**$42,917,311**	**$(6,601,104)**

Fund Reserves

	FY 2013 Projected Beginning Balance	FY 2013 Changes	FY 2013 Projected Ending Balance	FY 2013 Reserve Guideline Range
Emergency Plant Replacement	$1,000	$0	$1,000	1,000 (min.)
Distribution Rate Stabilization	7,299	(2,480)	4,819	3,339 - 6,678
Supply Rate Stabilization	6,630	(904)	5,726	4,072 - 8,143
TOTAL RESERVES	**$14,929**	**$(3,384)**	**$11,545**	

Fund Description

In 1898, Palo Alto approved $28,000 in bond money to fund construction of the City's first sewer network, which was completed in 1899. Private cesspools and privies were banned, and the City health officer had everyone hooked up to the sewer system within a few years.

Wastewater Collection is also responsible for cleaning, maintaining, operating and regulatory compliance of the city's sanitary collection system. Staff continues overlapping the design and construction elements of rehabilitation and augmentation projects. 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.

Key Accomplishments

✓ Replaced approximately 17,200 linear feet of sanitary sewer mains of various sizes, 65 sewer manholes, and 404 sewer service laterals. The project is primarily located in the northern Barron Park area.

✓ Launched a pro-active safety and inspection program to check sewer lines for cross bores, where one utility line is bored through another line. Sewer service lines in the City are being inspected with a television camera to ensure that there are no crossbored natural gas lines in privately owned sewer lines.

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

- Program L-81: Redevelopment of existing sites requires the Wastewater Collection Utility to adapt to meet the needs of the customers.
- Policy N-21: Outreach programs with our customers, such as utility bill inserts, encouraging safe and responsible ways to maintain the customers sections of the sewer lines

Goals and Objectives

Goal 1: Maintain and provide reliable wastewater services to our customers

Objectives:

- Inspect and clean 100% of the sewer mains in commercial area on a quarterly basis
- Clean and video a minimum of 17% of the City owned laterals annually to comply with City's Sewer Overflow Reduction Plan
- Maintain low level of inflow and infiltration of salt water into the City's wastewater system

Key Performance Measures

Objective: Inspect and clean 100% of the sewer mains in commercial area on a quarterly basis

Measure 1: Number of miles of sewer lines cleaned/treated annually

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
121	136	132	108	81.6

What: The purpose of the Sewer System Management Plan (SSMP) is to maintain and improve the condition of the collection system infrastructure; control infiltration and provide appropriate sewer capacity; and minimize the number and impact of sanitary sewer overflows. The goal is to perform sewer main cleaning of the entire collection system every 30 months (81.6 miles per year).

Why: In 2006, the State Water Resources Control Board (SWRCB) issued statewide waste discharge requirements for sanitary sewer systems which include requirements for development of an SSMP. The SSMP is also required by the San Francisco Bay Regional Water Quality Control Board.

How are we doing:
The City is meeting SWRCB requirements which includes scheduling an internal audit in 2013 to evaluate the effectiveness of the SSMP and the City's level of compliance.

Objective: Clean and video a minimum of 17% of the City owned laterals annually to comply with City's Sewer Overflow Reduction Plan

Measure 1: Percentage of sewer laterals inspected annually

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
4%	7%	13%	-	17%

What: Perform inspection and maintenance of 17% of City owned laterals annually using closed-circuit television (CCTV) inspection data, including results of on-going cross-bore lateral inspection program, to target sewer mains and lower laterals for rehabilitation and replacement.

Why: To reduce blockages, overflows and eliminate any potential incidents of gas line crossbores.

How are we doing:
The crossbore inspection program is on track, despite the discovery of many more sewer lines requiring inspection than originally anticipated. In connection with the crossbore inspections, WGW Operations has added more resources which will enable the City to surpass the Fiscal Year 2012 goal.

Fund Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	25.51	26.14	28.54	30.75	30.71	(0.04)
Staff Expenditures	$3,247,338	$3,272,519	$3,577,398	$3,831,229	$3,881,443	$50,214
Other Expenditures	11,790,102	10,144,753	11,901,284	13,326,311	14,227,898	901,587
Total Expenditures	**$15,037,440**	**$13,417,272**	**$15,478,682**	**$17,157,540**	**$18,109,341**	**$951,801**
Total Revenues	**$15,467,522**	**$15,913,900**	**$16,129,420**	**$15,868,300**	**$16,428,977**	**$560,677**

Enterprise Fund - Wastewater Collection Fund

Fund Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$1,500,119	$1,351,110	$1,613,144	$1,521,806	$1,638,266	$116,460
Capital Improvement Program	3,753,879	2,740,553	3,277,060	4,274,001	4,354,000	79,999
FTE Staff	12.43	12.10	12.60	13.48	13.77	0.29
Customer Service	301,176	239,335	281,000	266,266	257,044	(9,222)
FTE Staff	1.47	2.27	3.15	2.90	2.90	0.00
Engineering (Operating)	283,013	219,823	194,698	393,497	321,555	(71,942)
FTE Staff	0.90	0.90	0.90	1.40	1.40	0.00
Operations and Maintenance	2,156,776	1,996,767	2,227,201	2,424,561	2,596,612	172,051
FTE Staff	10.71	10.87	11.89	12.97	12.64	(0.33)
Purchases/Charges of Utilities	6,131,457	6,519,346	7,413,504	7,953,638	8,555,779	602,141
Debt Service	70,054	67,357	90,124	129,316	129,080	(236)
Rent	108,645	114,536	114,536	106,038	110,497	4,459
Operating Transfers Out	732,321	168,445	267,415	88,417	146,508	58,091
Total Expenditures	**$15,037,440**	**$13,417,272**	**$15,478,682**	**$17,157,540**	**$18,109,341**	**$951,801**
Total FTE	**25.51**	**26.14**	**28.54**	**30.75**	**30.71**	**(0.04)**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenue				
Increase in net sales (Note 1)			641,049	(641,049)
Salary and Benefits				
Add 0.3 FTE Inspector Field Services	0.30	37,716		37,716
Add 0.25 FTE Business Analyst	0.25	41,053		41,053
Benefit Changes (OPEB, and others- Note 2)		(129,316)		(129,316)
Treatment Plant Charges				
Increase in charges from Wastewater Treatment Fund		602,141		602,141
Contract Expenses				
Consultant to update and audit the Sewer System Management Plan (Note 3)		100,000		100,000
General Expense				
Increase in training expense		10,000		10,000

Change	FTE	Expense	Revenue	Net Cost
Capital Improvement Program				
Increase Capital Improvement Program, including addition of 0.25 FTE Utilities Engineering Estimator (Note 4)	0.25	80,000		80,000
Allocated Charges				
Increase in cost plan charges from the General Fund (Note 5)		103,422		103,422
Increase in utilities administration charges (Note 6)		59,071		59,071
Decrease in liability insurance charges		(40,075)		(40,075)
Increase in vehicle replacement charges		45,877		45,877
Operating Transfers Out				
Increase in operating transfers to Water Fund (Note 7)		75,167		75,167
Decrease in operating transfers to Technology Fund (Note 8)		(17,076)		(17,076)
Net Total of Significant Changes to Budget		**967,980**	**641,049**	**326,931**

Significant Budget Adjustments Notes

Note 1: Increase in net sales is due to a rate increase of 5 percent.

Note 2: Decrease in benefit changes is a result of a decrease in the benefits allocation from the General Benefits Internal Service Fund.

Note 3: In response to new regulatory requirements and a 2011 notice of violation from San Francisco Regional Quality Control Board, a consultant will be hired to assist in updating and auditing the existing Sewer System Management Plan (SSMP). The plan was last updated in July 2009.

Note 4: Projected CIP expenditures for the Wastewater Collection Fund are $4.4 million in Fiscal Year 2013. Included in CIP expenditures is the addition of 0.25 FTE Utilities Engineering Estimator which represents $36,803 in salaries and benefit costs.

Note 5: Increase in cost plan charges from the General Fund is primarily due to increases in retiree medical costs.

Note 6: Increase in utilities administration charges is due to increases in IT support charges which originate from the Technology Fund.

Note 7: Increase in operating transfers to the Water Fund is due to reimbursements of capital costs related to CIP WS-13004 Asset Management Mobile Deployment, WS-13003 GPS Equipment Upgrade, and WS-2014 Utility GIS Data.

Note 8: Decrease in operating transfers to the Technology Fund is primarily due to prior year reimbursement of capital costs related to the telephone/communications system replacement project.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Sale of Utilities	$13,711,770	$14,458,205	$14,335,067	$14,484,913	$15,123,609	$638,696
Interest Income	805,362	674,011	454,111	479,700	397,100	(82,600)
Other Revenues	950,390	781,684	1,340,242	903,687	908,268	4,581
Total Revenues	**$15,467,522**	**$15,913,900**	**$16,129,420**	**$15,868,300**	**$16,428,977**	**$560,677**

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Expenditures						
Utility Purchases and Charges	$6,131,457	$6,519,346	$7,413,504	$7,953,638	$8,555,779	$602,141
Salaries and Benefits	1,966,825	1,946,504	2,193,006	2,073,812	2,003,665	(70,147)
Contract Services	161,650	93,318	104,102	178,140	279,640	101,500
Supplies and Materials	183,909	167,818	177,653	221,870	241,420	19,550
Facilities and Equipment Purchases	0	0	0	500	0	(500)
General Expense	67,008	54,843	45,353	77,650	97,400	19,750
Rents and Leases	152,738	151,526	143,882	201,838	175,997	(25,841)
Allocated Charges	1,817,599	1,507,562	1,766,583	1,958,358	2,125,852	167,494
Debt Service	70,054	67,357	90,124	129,316	129,080	(236)
Capital Improvement Program	3,753,879	2,740,553	3,277,060	4,274,001	4,354,000	79,999
Operating Transfers Out	732,321	168,445	267,415	88,417	146,508	58,091
Total Expenditures	**$15,037,440**	**$13,417,272**	**$15,478,682**	**$17,157,540**	**$18,109,341**	**$951,801**

Fund Reserves

	FY 2013 Projected Beginning Balance	FY 2013 Changes	FY 2013 Projected Ending Balance	FY 2013 Reserve Guideline Range
Emergency Plant Replacement	$1,000	$0	$1,000	1,000 (min.)
Rate Stabilization	6,579	(1,680)	4,899	2,253 - 4,506
TOTAL RESERVES	**$7,579**	**$(1,680)**	**$5,899**	

Fund Description

From 1895 until 1928, the City's water supply came from deep wells. When the groundwater supply started to decline, water was purchased from the San Francisco regional water system to supplement the local water system. Since 1962, when Palo Alto's wells were discontinued as the primary water system, 100% of the water has come from the regional water supply: 85% derived from snow melt flowing into the Hetch Hetchy Reservoir and the balance from runoff stored in San Francisco Bay Area reservoirs. The Water Fund focuses on increasing infrastructure reliability and responsiveness to meet the City's water supply needs during an emergency, maintaining high-quality and reliable sources of water, updating water efficiency goals, and implementing water efficiency programs and services. Additionally, Water Engineering is implementing an Emergency Water Supply and Storage Project to increase the City's water system storage and supply reliability during catastrophic emergencies.

Key Accomplishments

- ✓ As part of the City's Emergency Water Supply project, constructed two new wells, began rehabilitation of the five existing wells, initiated seismic improvements on the Mayfield and Boronda reservoirs, and broke ground on the construction of a new 2.5 million gallon reservoir at El Camino Park.
- ✓ Replaced and upgraded 480 volt emergency generator connection plugs to all water booster stations
- ✓ Updated the Urban Water Management Plan (UWMP) which is designed to assess the reliability of the City's water sources, support long-term resource planning, and ensure adequate water supplies are available to meet existing and future water demands
- ✓ Completed water main replacement projects 21 and 22 in the University area which includes installation of approximately 33,515 linear feet of new high density polyethylene (HDPE) water main, 51 new fire hydrants, 14 new copper customer services, and service stubs to reconnect 669 existing customer copper services and to reconnect 13 existing fire services within the city limits of Palo Alto

These accomplishments support the following policies outlined in the City's Comprehensive Plan:

- Program L-81: The Utilities Department is designing above-ground equipment placement to minimize visual impact.
- Program N-22: 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.
- Goal N-4: 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."
- Program N-26: A program addresses the use of recycled water by converting existing potable water users to recycled water for irrigation when available.
- Program N-23: Residential water rate structures continue to reflect conservation pricing in the form of an inverted rates structure, which applies ascending prices for rising usage levels.
- Program N-24: Maintain citywide water conservation and efficiency programs for all customer classes
- Policy N-20: 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.
- Program N-20: Continue public education programs on water quality issues, including Best Management Practices (BMPs) for residents, businesses, contractors, and City employees

Goals and Objectives

Goal 1: Provide safe and clean drinking water for our customers

Objectives:

- Ensure drinking water meets all regulatory standards
- Maintain and update water infrastructure to ensure reliable service
- Educate customers about backflow prevention as part of the City's Cross Connection Control Program

Goal 2: Ensure adequate water supplies are available to meet existing and future water demands

Objectives:

- Complete construction on the new reservoir at El Camino Park as part of the City's Emergency Water Supply project
- Complete seismic upgrades to water system
- Increase water conservation and efficiency participation

Key Performance Measures

Objective: Ensure drinking water meets all regulatory standards

Measure 1: Percentage of samples tested from all sampling stations

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
100%	100%	100%	-	100%

What: The City of Palo Alto regularly collects and tests water samples from connection points between SFPUC/CPA, storage reservoirs, emergency wells, residential and sample station locations within the distribution system to ensure that the water quality meets all California Department of Public Health (CDPH) and U.S. Environmental Protection Agency (U.S.EPA) prescribed regulations that limit the amount of contaminants in the drinking water. The City collects 72-90 samples monthly to test levels of chlorine residual, coliform and pH levels are within regulatory guidelines.

Why: Complying with regulations guarantees we maintain our high standards of water quality and avoids fines.

How are we doing:
Palo Alto drinking water continues to be in complete compliance with all existing county, state and federal standards for water quality.

Objective: Increase water conservation and efficiency participation

Measure 1: Number of Free Water Wise home surveys or audits for single and multi-family residential customers

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
334	340	144	-	-

What: This measures the number of free home surveys and audits conducted by the Santa Clara Water Valley District. The goal is to increase the number of residents in Palo Alto who have received education on water conservation and efficiency.

Why: Local and state requirements are to reduce water use by 20% by 2020. Educating residents on water usage, conservation and efficiency is one way to help achieve these goals.

How are we doing:
Participation in all water programs region-wide has slipped in the last two years, due to both the economy and recent heavy rainfall seasons. Staff is increasing marketing of programs and hopes that increased attention to this issue will improve program participation.

Objective: Educate customers about backflow prevention as part of City's Cross Connection Program

Measure 1: Number of customers with backflow devices not in compliance

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted	FY 2013 Adopted
-	92	220	-	-

What: Backflow devices are an integral part of the City's Cross Connection Control Program which began in early 2010. The devices help to ensure that no contaminants of any kind (chemicals, debris, reclaimed water, etc.) enter the potable water system.

Why: The California Department of Public Health Services provides regulations for the City and our customers through California Code of Regulations, Title 17. These regulations spell out the types of hazards that require backflow devices.

How are we doing:

All commercial customers identified in the original survey who were required to have backflow devices have been contacted. Of the 2,688 commercial customers contacted, approximately 220 have not had their backflow devices tested as required. Residential and commercial customers are being contacted in 2012 and we will provide an update in 2013. The department will develop and track this information in 2013.

Fund Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Positions	47.22	46.79	46.93	46.13	47.66	1.53
Staff Expenditures	$5,528,930	$5,812,279	$6,351,636	$6,588,955	$6,331,443	$(257,512)
Other Expenditures	23,374,425	24,716,286	25,484,621	29,989,132	33,910,360	3,921,228
Total Expenditures	**$28,903,355**	**$30,528,565**	**$31,836,257**	**$36,578,087**	**$40,241,803**	**$3,663,716**
Total Revenues	**$29,473,733**	**$28,757,655**	**$28,399,900**	**$33,195,597**	**$38,587,045**	**$5,391,448**

Enterprise Fund - Water Fund

Fund Expenditures/FTE by Service Program/Division

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Administration	$2,161,643	$2,167,896	$2,559,045	$2,523,981	$2,783,680	$259,699
Capital Improvement Program	5,196,399	8,943,072	6,707,798	4,369,000	6,114,999	1,745,999
FTE Staff	9.22	9.43	9.96	9.21	9.60	0.39
Customer Service	1,435,667	1,371,943	1,476,170	1,814,811	1,848,522	33,711
FTE Staff	10.00	8.78	10.13	10.20	10.44	0.24
Engineering (Operating)	333,015	262,891	247,488	411,889	365,935	(45,954)
FTE Staff	0.85	0.85	0.85	1.35	1.35	0.00
Operations and Maintenance	4,039,653	4,257,241	4,885,428	5,418,970	5,737,081	318,111
FTE Staff	25.15	25.58	24.24	23.62	24.62	1.00
Resource Management	394,284	485,728	575,834	667,113	614,960	(52,153)
FTE Staff	2.00	2.15	1.75	1.75	1.65	(0.10)
Purchases/Charges of Utilities	8,443,057	9,061,245	10,677,914	15,773,672	15,940,497	166,825
Debt Service	426,225	1,589,380	2,142,664	3,338,027	3,219,165	(118,862)
Rent	1,919,052	2,107,405	2,122,405	2,156,887	1,911,963	(244,924)
Equity Transfer	2,666,956	0	0	0	0	0
Operating Transfers Out	1,887,404	281,764	441,511	103,737	1,705,001	1,601,264
Total Expenditures	**$28,903,355**	**$30,528,565**	**$31,836,257**	**$36,578,087**	**$40,241,803**	**$3,663,716**
Total FTE	**47.22**	**46.79**	**46.93**	**46.13**	**47.66**	**1.53**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenue				
Increase in net sales (Note 1)			5,148,430	(5,148,430)
Increase in sales to City departments			162,570	(162,570)
Reimbursement for fire hydrant rent and maintenance from the Fire Department			82,800	(82,800)
Increase in operating transfers from other funds (Note 2)			217,004	(217,004)
Salary and Benefits				
Add 0.4 FTE Inspector Field Services	0.40	50,290		50,290
Add 0.5 FTE Business Analyst	0.50	82,104		82,104
Benefit Changes (OPEB, and others- Note 3)		(242,730)		(242,730)

Change	FTE	Expense	Revenue	Net Cost
Commodity Purchases				
Increase in water commodity purchases from San Francisco Public Utilities Commission (Note 4)		166,825		166,825
General Expense				
Increase in training expense		5,000		5,000
Rents and Leases				
Increase in equipment rental for emergency generators located at reservoirs and wells (Note 5)		360,000		360,000
Decrease in facilities rent charged by the General Fund due to dismantling of well at 1142 Middlefield Rd.		(244,924)		(244,924)
Capital Improvement Program				
Increase Capital Improvement Program, including addition of 0.25 FTE Utilities Engineering Estimator (Note 6)		1,746,000		1,746,000
Allocated Charges				
Increase in cost plan charges from the General Fund (Note 7)		143,603		143,603
Increase in mailing charges		24,935		24,935
Increase in printing charges		20,871		20,871
Increase in utilities administration charges (Note 8)		157,979		157,979
Decrease in liability insurance charges		(47,208)		(47,208)
Increase in vehicle replacement charges		13,642		13,642
Operating Transfers Out				
Decrease in operating transfers to Technology Fund (Note 9)		(40,526)		(40,526)
Increase in operating transfers to Capital Projects Fund (Note 10)		1,641,790		1,641,790
Net Total of Significant Changes to Budget	**0.90**	**3,837,651**	**5,610,804**	**(1,773,153)**

Significant Budget Adjustments Notes

Note 1: Increase in net sales is due to a rate increase of 15 percent.

Note 2: Increase in operating transfers from other funds includes reimbursements from the Electric, Gas, and Wastewater Collection Funds for capital costs related to CIP WS-13004 Asset Management Mobile Deployment, WS-13003 GPS Equipment Upgrade, and WS-2014 Utilitiy GIS Data.

Note 3: Decrease in benefit changes is a result of a decrease in the benefits allocation from the General Benefits Internal Service Fund.

Note 4: City of Palo Alto Utilities (CPAU) purchases all of its potable water supplies from the San Francisco Public Utilities Commission (SFPUC). Major planned infrastructure upgrade projects are being undertaken by SFPUC. The costs of these projects are shared by CPAU and SFPUC's other water customers. As a result, water supply costs are projected to increase.

Note 5: Ongoing funding of $640,000 was approved in FY 2012 for the lease of emergency generators to provide uninterrupted water supply in the event that the City experiences a power outage similar to the one that occured in 2010 when an airplane crash disrupted supply. It has been determined that an additional $360,000 is required to lease the generators. Emergency generators would be located at all of the critical reservoirs, water pumping stations and emergency well facilities. The expense would be incurred whether or not an actual emergency occurs.

Note 6: Projected CIP expenditures for the Water Fund are $6.1 million in FY 2013. Included in CIP expenditures is the addition of 0.25 FTE Utilities Engineering Estimator which represents $36,803 in salaries and benefit costs.

Note 7: Increase in cost plan charges from the General Fund is primarily due to increases in retiree medical costs.

Note 8: Increase in utilities administration charges is due to increases in IT support charges which originate from the Technology Fund.

Note 9: Decrease in operating transfers to the Technology Fund is primarily due to prior year reimbursement of capital costs related to the telephone/communications system replacement project.

Note 10: Increase in operating transfers to the Capital Projects Fund is for CIP PG-13002 El Camino Park Playing Fields and Amenities. This transfer will be funded by proceeds from Utility Water Bonds for the Emergency Water Supply Project.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Sale of Utilities	$25,198,478	$24,540,697	$24,820,638	$29,366,280	$34,446,292	$5,080,012
Interest Income	1,787,799	1,571,599	727,310	970,600	748,500	(222,100)
Other Revenues	2,487,456	2,645,359	2,851,952	2,858,717	3,392,253	533,536
Total Revenues	**$29,473,733**	**$28,757,655**	**$28,399,900**	**$33,195,597**	**$38,587,045**	**$5,391,448**
Expenditures						
Utility Purchases and Charges	$8,443,057	$9,061,245	$10,677,914	$15,773,672	$15,940,497	$166,825
Salaries and Benefits	4,669,061	4,902,848	5,427,424	5,338,685	5,209,686	(128,999)
Contract Services	323,731	311,139	418,363	739,956	742,706	2,750
Supplies and Materials	284,352	351,588	430,999	460,700	451,300	(9,400)
Facilities and Equipment Purchases	4,361	2,365	4,490	7,610	10,960	3,350
General Expense	277,974	286,919	327,251	435,202	452,127	16,925
Rents and Leases	2,010,057	2,186,148	2,189,944	2,895,713	3,000,789	105,076
Allocated Charges	2,713,778	2,612,097	3,067,899	3,115,785	3,394,573	278,788
Debt Service	426,225	1,589,380	2,142,664	3,338,027	3,219,165	(118,862)
Equity Transfer	2,666,956	0	0	0	0	0
Capital Improvement Program	5,196,399	8,943,072	6,707,798	4,369,000	6,114,999	1,745,999
Operating Transfers Out	1,887,404	281,764	441,511	103,737	1,705,001	1,601,264
Total Expenditures	**$28,903,355**	**$30,528,565**	**$31,836,257**	**$36,578,087**	**$40,241,803**	**$3,663,716**

Fund Reserves

	FY 2013 Projected Beginning Balance	FY 2013 Changes	FY 2013 Projected Ending Balance	FY 2013 Reserve Guideline Range
Emergency Plant Replacement	$1,000	$0	$1,000	1,000 (min.)
Rate Stabilization	9,488	(1,655)	7,833	5,427 -10,854
TOTAL RESERVES	**$10,488**	**$(1,655)**	**$8,833**	

Department Description

The Non-Departmental section includes revenue and expenditure appropriations that are not related to a specific department or function, but typically benefit the City as a whole e.g. Cubberley lease payments to PAUSD. It may also include provision or placeholder for certain revenues and expenditures that are just an estimate at budget adoption time such as salary and benefit concessions from bargaining units and possible increases in fee related revenues with the Council approval of Municipal Fee Schedule and Cost of Service study by a consultant. The budgetary items can be one-time or ongoing depending on its nature and frequency.

Non-Departmental Budget Summary

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Municipal Fee Schedule Revenues	$171,509	$173,229	$15,954	$(14,000)	$938,339	$952,339
Subtotal - Municipal Fee Schedule Revenues	**$171,509**	**$173,229**	**$15,954**	**$(14,000)**	**$938,339**	**$952,339**
Total Revenues	**$171,509**	**$173,229**	**$15,954**	**$(14,000)**	**$938,339**	**$952,339**
Cubberley - Lease Payments to PAUSD	6,555,790	6,643,824	6,779,713	7,060,803	7,133,000	72,197
Subtotal - Cubberley	**$6,555,790**	**$6,643,824**	**$6,779,713**	**$7,060,803**	**$7,133,000**	**$72,197**
Salaries and Benefits						
Public Safety Concessions	0	0	0	(3,412,539)	(1,502,271)	1,910,268
Attrition Savings	0	0	0	(1,000,000)	(1,300,000)	(300,000)
Retiree Medical ARC	0	1,900,000	(203)	1,097,217	0	(1,097,217)
Management Compensation Study	0	0	0	331,360	310,000	(21,360)
Benefit Allocations	0	0	949,956	0	672,000	672,000
Subtotal - Salaries and Benefits	**$0**	**$1,900,000**	**$949,753**	**$(2,983,962)**	**$(1,820,271)**	**$1,163,691**
Other						
Rent - Land	151,105	151,448	153,070	156,000	161,350	5,350
Palo Alto Animal Services Anticipated Budget Savings	0	0	0	0	(449,105)	(449,105)
Property Taxes	50,682	49,855	48,004	80,500	50,500	(30,000)
Subtotal - Other	**$201,787**	**$201,303**	**$201,074**	**$236,500**	**$(237,255)**	**$(473,755)**
Contingent Accounts						
City Manager	0	0	0	250,000	250,000	0
City Council	0	0	0	250,000	250,000	0
City Attorney	0	0	0	125,000	250,000	125,000
Human Resources	0	0	0	0	50,000	50,000
Innovations and Special Events	76,971	(103)	0	100,000	150,000	50,000
Subtotal - Other	**$76,971**	**$(103)**	**$0**	**$725,000**	**$950,000**	**$225,000**
Transfers Out	15,774,858	14,544,898	10,956,430	11,803,804	14,748,715	2,944,911
Subtotal - Transfers Out	**$15,774,858**	**$14,544,898**	**$10,956,430**	**$11,803,804**	**$14,748,715**	**$2,944,911**
Total Expense	**$22,609,406**	**$23,289,922**	**$18,886,970**	**$16,842,145**	**$20,774,189**	**$3,932,044**

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenues				
Increase in Development Cost Center revenues (Note 1)		-	449,339	(449,339)
Increase in Municipal Fee Schedule revenues (Note 2)		-	489,000	(489,000)
Total Revenues		-	938,339	(938,339)
Salary and Benefits				
Assumed concessions from public safety unions (Note 3)		(1,502,271)	-	(1,502,271)
Implementation of management compensation study (Note 4)		310,000	-	310,000
Increase in salary attrition savings (Note 5)		(300,000)	-	(300,000)
Benefit Allocations (Note 6)		672,000	-	672,000
Total Salary and Benefits		(820,271)	-	(820,271)
Other				
Increase in Cubberley lease payments (Note 7)		72,192	-	72,192
Caltrain depot land lease (Note 8)		5,350	-	5,350
Decrease in property tax payments (Note 9)		(30,000)	-	(30,000)
Animal Services - anticipated cost savings (Note 10)		(449,105)		
Total Other		(401,563)	-	47,542
Contingency Accounts				
Human Resources training program (Note 11)		50,000		50,000
City Attorney - restore to historical level (Note 12)		125,000		
Special events (Note 13)		50,000		50,000
Total Contingency Accounts		225,000	-	100,000
Net Total of Significant Changes to Budget		**(996,834)**	**938,339**	**(1,611,068)**

Significant Budget Adjustments Notes

Note 1: Estimated increase in Development Center revenues to recover additional leasing costs - $449,339

Note 2: Estimated increase in fee revenues with the Council approval of consultant-developed Cost of Service Study and Municipal Fee Schedule - $489,000

Note 3: Assumed salary and benefit concessions from public safety unions - $1,502,271

Note 4: Estimated cost of implementing management compensation study - $310,000

Note 5: Estimated additional salary savings from attritions - $300,000

Note 6: Assumed additional benefit and pension costs for General Fund departments - $672,000

Note 7: Estimated increase in Cubberley lease payments per the contract covenants - $72,197

Note 8: Estimated increase in rent payments to Stanford University for leasing Caltrain Train Depot site - $5,350

Note 9: Estimated decrease in property tax payments on City-owned or leased properties - $30,000 to bring in line with actual trend

Note 10: Animal services will be maintained by the City - staff will present a plan and update City Council on progress during the first half of the fiscal year. It is anticipated that the budget savings resulting from the plan will be $449,105.

Note 11: New Human Resources Training Program Contingency Account - $50,000

Note 12: The City Attorney's contingency account will be restored to its historical level, totaling $250,000.

Note 13: New Special Events Contingency Account - $50,000

Employee Information

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Fund Description

The General Benefits Fund includes funding for employee pension benefits, health benefits (medical, dental, and vision) for current City employees and several other benefits, such as life insurance and the employee assistance program. Prior to Fiscal Year 2012, the General Benefits, Workers' Compensation Insurance Program, and General Liabilities Insurance Program Funds were combined for presentation purposes. The three funds are presented separately beginning in Fiscal Year 2012. Funding for retired employees healthcare costs is reflected in the Retiree Health Benefits Fund.

There is an overall net $0.4 million decrease in employee pension and healthcare costs in Fiscal Year 2013. This decrease is driven by 14 full-time equivalent (FTE) position freezes and 20.5 eliminations or reductions citywide and lower than expected pension rate increases.

Pension Costs

CalPERS annually prepares an actuarial analysis to determine the City's pension liability and annual required contribution for miscellaneous and safety employees. The current safety formula is 3 percent for each year worked, with eligibility beginning at 50 years of age (3 percent at 50). The City has recently reached agreement with the International Fire Fighters' Association (IAFF) and the Fire Chiefs' Association (FCA) on a two-tier pension formula for new fire fighters to 3 percent per each year worked with eligibility at 55 years of age. For a majority of current miscellaneous employees, the formula is 2.7 percent per each year worked with eligibility beginning at 55 years of age. The second tier miscellaneous pension benefit formula applies to new employees beginning July 2010 – this rate is 2 percent per each year worked with eligibility beginning at 60 years of age. While the short-term savings from these second tier pension benefit plans is minimal, the City should see savings for miscellaneous employees beginning Fiscal Year 2014 and for safety employees beginning Fiscal Year 2016. For more information, refer to City staff report #2322 found on the City's website.

Subsequent to the development of the proposed budget, a new Memorandum of Agreement (MOA) was achieved between the Palo Alto Police Officers' Association (PAPOA) and the City. The agreement includes $1.4 million in total compensation savings, with employees in this group contributing 9 percent towards pension costs and the implementation of a new, reduced pension tier for new hires. With the exception of the Police Management Association (PMA), members of the remaining employee groups contribute towards their employee pension contribution and PMA has not yet agreed to a new two-tier pension plan. The savings resulting from PAPOA's reduced pension tier will not be realized until PMA agrees to a two-tier pension plan as well. Please refer to City staff report #2848, which can be found on the City's website, for more information regarding the new PAPOA MOA.

The latest actuarial report indicated that the pension contribution rates for miscellaneous and safety employees will increase by 1.245 percent and 0.925, respectively, in Fiscal Year 2013. Compare to prior year, these increases in employer contribution rates are modest and result in a $0.5 million increase in pension costs citywide. Position reductions and freezes included in Fiscal Year 2013 result in $0.73 million in pension cost savings. Detail for these position changes are included in each department section and in the Position Allocation by Fund section of this document. The City achieved employee compensation concessions with IAFF which results in $0.3 million in pension cost savings.

Healthcare

The Fiscal Year 2013 budget assumes a 10 percent increase in medical costs and a 4 percent increase in dental and vision costs. The budget increase for healthcare cost is $0.6 million since most of the City's miscellaneous groups, IAFF, and the Fire Chief's Association employees absorb half of this increase. This increase is offset by position eliminations and freezes.

The new agreement with PAPOA requires current employees to pay 10 percent of their medical premiums - this does not include payment towards future retiree medical benefits. Currently, the City and PAPOA are in discussions regarding employees in this labor group paying towards future retiree medical benefits.

Internal Service Fund - General Benefits

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Pension				
PERS rate increases		539,498	-	539,498
Savings from various position freezes and eliminations		(729,111)	-	(729,111)
Savings from IAFF concessions		(334,590)	-	(334,590)
Total Pension		(524,203)	-	(524,203)
Healthcare				
Assumed medical, dental, and vision premium increase		608,465	-	608,465
Savings from various position freezes and eliminations		(442,000)	-	(442,000)
Total Healthcare		166,465	-	166,465
Other Benefits and Administrative Fees				
Decrease in administrative fees		(18,936)		(18,936)
Employee commute program decrease to align with trends		(41,315)	-	(41,315)
Increase for Employee Assistance Program		3,511		3,511
Decrease for various other benefits (Note 1)		5,124		
Total Other Benefits and Administrative Fees		(51,616)	-	(56,740)
Net Total of Significant Changes to Budget		**(409,354)**	**-**	**(414,478)**

Significant Budget Adjustments Notes

Note 1: These benefits include immunization testing for safety personnel, ergonomic evaluations, respiratory and hearing tests, and ongoing costs for the City's fingerprinting machine.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Interest Income	1,936,346	1,252,877	163,153	274,200	319,300	45,100
Other Revenues	33,911,493	37,932,011	35,355,227	39,479,362	39,024,908	(454,454)
Total Revenues	**$35,847,839**	**$39,184,888**	**$35,518,380**	**$39,753,562**	**$39,344,208**	**$(409,354)**
Expenditures						
Administrative Fees	$201,463	$296,206	$359,172	$418,486	$399,550	$(18,936)
Contract Services	$785	$72,082	$74,709	$99,350	$104,475	$5,125
General Expense	1,594	675	46,304	0	0	0
Pension - Employer Share	16,828,573	16,428,235	16,654,585	20,639,324	20,306,879	(332,445)
Pension - Employee Share	6,081,042	3,535,845	2,960,337	3,252,222	3,060,464	(191,758)
Healthcare - Active Employees	13,514,293	13,664,865	14,301,361	14,891,933	15,058,396	166,463
Other Benefits and Unemployment Tax	543,555	372,847	475,241	452,247	414,444	(37,803)
Total Expenditures	**$37,171,305**	**$34,370,755**	**$34,871,709**	**$39,753,562**	**$39,344,208**	**$(409,354)**

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
To/(From) Reserves	(1,323,466)	4,814,133	646,671	0	0	0

Interest income revenue for Fiscal Years 2009 and 2010 reflect the combined interest income revenue for the General Benefits, Workers' Compensation, and General Liabilities Funds.

Fund Description

This fund reflects costs for medical insurance provided to retired City employees. In addition, this fund includes payments for the "unfunded liability" for medical benefits that will be provided to future retirees. Based on the latest actuarial study results, the City's Fiscal Year 2013 annual actuarial required contribution (ARC) is $12.9 million. Although this amount assumes $0.125 million in ARC savings that result from concessions with the International Fire Fighters' Association (IAFF), the ARC does not include an estimated $0.1 million in savings from the Palo Alto Police Officers Association (PAPOA) and the Police Management Associate (PMA) employee groups that will be realized if concessions are achieved. Currently, employees in the Management/Professional group, Service Employees International Union (SEIU), IAFF, and Fire Chief's Association contribute towards future retiree medical costs. Employees in PAPOA and PMA, however, are not paying towards future retiree medical costs.

The actuarial study was performed in accordance with Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pension. The ARC includes the normal cost of the plan for the fiscal year, plus amortization towards the Unfunded Actuarial Accrued Liability (UAAL). According to the latest study, approximately 30 percent of the UAAL is the cost for current active employees. Of the City's $12.9 million ARC, $7.8 million is the citywide retirement health benefit cost for active employees. The City has established an irrevocable trust fund to account for assets accumulated to offset the retiree medical for current and future retirees.

The ARC is fully funded in the City's General Fund, Enterprise Funds, and Other Funds budgets. Respectively, the General Fund, Enterprise Funds, and Other Funds fund 70 percent, 26 percent, and 4 percent of the ARC cost.

Internal Service Fund - Retiree Health Benefits

Significant Budget Adjustments Proposed for FY 2013

Change	FTE	Expense	Revenue	Net Cost
Revenue				
Investment income		-	46,900	(46,900)
General Fund				
City Attorney's Office		15,000	15,000	-
City Auditor's Office		(31,000)	(31,000)	-
City Clerk's Office		16,000	16,000	-
City Council		88,000	88,000	-
City Manager's Office		(4,000)	(4,000)	-
Administrative Services Department		227,000	227,000	-
Community Services Department		289,000	289,000	-
Fire Department		909,800	909,800	-
Human Resources Department		34,000	34,000	-
Library Department		138,000	138,000	-
Planning & Community Environment		109,000	109,000	-
Police Department		841,000	841,000	-
Public Works Department		323,000	323,000	-
Non-Departmental		(1,097,000)	(1,097,000)	-

Change	FTE	Expense	Revenue	Net Cost
Total General Fund		1,857,800	1,857,800	-
Capital Improvements Fund		63,000	63,000	-
Enterprise Funds				
Electric Fund		130,000	130,000	-
Fiber Optics Fund		(13,000)	(13,000)	-
Gas Fund		99,000	99,000	-
Refuse Fund		121,000	121,000	-
Storm Drain Fund		67,000	67,000	-
Utility Adminstration Fund		(4,000)	(4,000)	-
Water Fund		15,000	15,000	-
Wastewater Collection Fund		22,000	22,000	-
Wastewater Treatment Fund		291,000	291,000	-
Total Enterprise Funds		728,000	728,000	-
Internal Service Funds				
Vehicle Replacement Fund		20,000	20,000	-
Informationi Technology Department		(28,000)	(28,000)	-
Printing and Mailing Fund		(6,000)	(6,000)	-
Total Internal Service Funds		(14,000)	(14,000)	-
Retiree medical reimbursements (Note 1)		400,000	400,000	-
Administrative fees		40,000		40,000
Net Total of Significant Changes to Budget		**3,074,800**	**3,081,700**	**(6,900)**

Significant Budget Adjustments Notes

Note 1: Retiree medical reimbursements to the City's current retirees was budgeted at the department-level in prior fiscal years. Since this reimbursement is part of the total ARC, this expense is now captured in the Retiree Health Benefit Fund.

Revenues and Expenditures

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Revenues						
Interest Income	(152,276)	121,703	94,516	40,000	86,900	46,900
Other Revenues	5,786,180	9,698,480	10,979,700	9,833,200	12,868,000	3,034,800
Total Revenues	**$5,633,904**	**$9,820,183**	**$11,074,216**	**$9,873,200**	**$12,954,900**	**$3,081,700**
Expenditures						
Administrative Fees	$34,714	$26,415	$28,471	$0	$40,000	$40,000
Retiree Health Benefit Trust Payment	7,686,163	9,786,226	7,805,382	9,833,200	12,868,000	3,034,800
Operating Transfers Out	$64,062	$64,062	$0	$0	$0	$0
Total Expenditures	**$7,784,939**	**$9,876,703**	**$7,833,853**	**$9,833,200**	**$12,908,000**	**$3,074,800**
To/(From) Reserves	(2,151,035)	(56,520)	3,240,363	40,000	46,900	6,900

Proposed Position Changes

	FTE
GENERAL FUND	
FY 2012 ADOPTED BUDGET	**576.40**
FY 2012 BAO Position Adjustments	
ASD - Administrative Assistant	0.07
ASD - Assistant Director, Administrative Services	0.10
ASD - Director, ASD/Chief Financial Officer	0.15
ASD - Senior Financial Analyst	1.00
CMO - Management Analyst	(0.50)
CSD - Arts and Culture Division Manager	(1.00)
CSD - Assistant Director CSD	1.00
PCE - Development Center Manager	1.00
PCE - Development Project Coordinator III	3.00
PCE - Development Services Director	1.00
PCE - Plans Examiner	1.00
PWD - Administrative Associate II	1.05
PWD - Assistant Director, Public Works	0.20
PWD - Management Analyst	0.05
PWD - Senior Engineer	0.90
PWD - Senior Project Manager	(0.90)
FY 2012 Total BAO Positions	**8.12**
FY 2012 ADJUSTED TOTAL	**584.52**
FY 2013 Additions	
CMO - Chief Communication Officer	1.00
FIR - EMS Data Specialist	1.00
FIR - GIS Specialist	1.00
FIR - Program Assistant	1.00
FY 2013 Total Additions	**4.00**
FY 2013 Elimination or Reduction	
CSD - Producer Arts/Science Programs	(0.25)
FIR - Fire Fighter	(4.00)
FIR - Fire Captian	(5.00)
PCE - Senior Planner	(1.00)
PCE- Administrative Associate I	(1.00)
FY 2013 Total Elimination or Reduction	**(11.25)**
FY 2013 General Fund Net Increase/(Decrease)	
FY 2013 General Fund Net Change from Additions/Eliminations or Reduction	**(7.25)**
FY 2013 Reclassified, Add/Drop, and Title Changes	
CMO - Assistant to the City Manager	(0.55)
CMO - Sustainability Manager	0.55
FIR - EMS Manager	1.00
FIR - EMS Coordinator	(1.00)
FIR - Fire Captian EMT	(1.00)
FIR - Fire Inspector EMT	1.00

	FTE
LIB - Library Associate	1.00
LIB - Library Specialist	(1.00)
PCE - Chief Planning Official	1.00
PCE - Manager, Planning	(1.00)
PCE - Planner	(2.00)
PCE - Senior Planner	2.00
PWD - Project Manager	1.00
PWD - Tree Maintenance Person	(1.00)
FY 2013 Total Reclassified Positions	**0.00**
FY 2013 Reallocated Positions	
ASD - Director, ASD/Chief Financial Officer	(0.15)
ASD - Senior Financial Analyst	(0.10)
ASD - Senior Financial Analyst	0.29
ASD - Assistant Director, Administrative Services	0.10
CMO - Administrative Associate I	(0.50)
FIR - Administrative Assistant	0.50
FIR - Business Analyst	0.40
FIR - Deputy Director Technical Services	0.20
FIR - Police Chief	0.50
FIR - Public Safety Dispatcher - Lead	0.40
FIR - Senior Management Analyst	0.50
PCE - Administrative Associate I	0.50
POL - Administrative Assistant	(0.50)
POL - Business Analyst	(0.40)
POL - Deputy Director Technical Serivces	(0.20)
POL - Police Chief	(0.50)
POL - Public Safety Dispatcher - Lead	(0.40)
POL - Senior Management Analyst	(0.50)
PWD - Accountant	0.03
PWD - Accounting Specialist	(0.04)
PWD - Administrative Associate I	(0.20)
PWD - Manager, Maintenance Operations	0.38
PWD - Project Manager	(0.50)
PWD - Senior Accountant	(0.02)
PWD - Senior Financial Analyst	0.95
PWD - Senior Management Analyst	0.05
FY 2013 Total Reallocated Positions	**0.79**
FY 2013 TOTAL PROPOSED GENERAL FUND POSITIONS	**578.06**
ENTERPRISE FUNDS	
FY 2012 ADOPTED BUDGET	**365.62**
FY 2012 BAO Position Adjustments	
PWD - Administrative Associate II	(1.05)
PWD - Assistant Director, Public Works	(0.45)
FY 2012 Total BAO Positions	**(1.50)**
FY 2012 ADJUSTED TOTAL	**364.12**
FY 2013 New Positions	

	FTE
PWD - Airport Manager	1.00
UTL - Business Analyst	1.00
UTL - Inspector, Field Services	1.00
UTL - Utilities Engineering Estimator	1.00
FY 2013 Total New Positions	**4.00**
FY 2013 Elimination or Reduction	
PWD - Refuse Disposal Attendant	(4.00)
PWD - Heavy Equiptment Operator	(4.00)
PWD - Heavy Equiptment Operator - Lead	(1.00)
FY 2013 Total Eliminated Positions	**(9.00)**
FY 2013 Enterprise Fund Net Increase/(Decrease)	
FY 2013 Enterprise Fund Net Change from Additions/Eliminations or Reduction	**(5.00)**
FY 2013 Reclassified, Add/Drop, and Title Changes	
CMO/PW/UTL - Assistant to the City Manager	(0.45)
CMO/PW/UTL - Sustainability Manager	0.45
PWD - Landfill Technician	1.00
PWD - Supervisor, Public Works	(1.00)
UTL - Electrical Assistant I	(1.00)
UTL - OH UG Troubleman	2.00
UTL - Heavy Equiptment Operator	(1.00)
FY 2013 Total Reclassified Positions	**0.00**
FY 2013 Reallocated Positions	
ASD - Assistant Director, Administrative Services	(0.10)
PWD/UTL - Accountant	(0.03)
PWD - Accounting Specialist	(0.01)
PWD - Engineering Technician III	(0.10)
PWD - Senior Accountant	0.07
PWD - Senior Financial Analyst	0.05
PWD - Senior Financial Analyst	(0.20)
PWD - Associate Engineer	(0.30)
PWD - Manager, Maintenance Operations	(0.38)
PWD - Senior Engineer	(0.35)
PWD - Senior Management Analyst	(0.05)
UTL - Accounting Specialist	0.05
UTL - Director, ASD/Chief Financial Officer	0.10
UTL - Senior Accountant	(0.05)
FY 2013 Total Reallocated Positions	**(1.30)**
FY 2013 TOTAL PROPOSED ENTERPRISE FUND POSITIONS	**357.82**
OTHER FUNDS	
FY 2012 ADOPTED BUDGET	**74.58**
FY 2013 BAO Position Adjustments	
IT - Management Analyst	0.50
IT - Information Technology Security Manager	1.00
IT - Administrative Assistant	(0.07)
IT - Assistant Director, Administrative Services	(0.10)
IT - Director, ASD/Chief Financial Officer	(0.15)

	FTE
PWD - Senior Engineer	(0.90)
PWD - Senior Project Manager	0.90
VHE - Management Analyst	0.25
VHE - Assistant Director, Public Works	0.25
VHE - Management Analyst	(0.05)
FY 2012 Total BAO Positions	**1.63**
FY 2012 ADJUSTED TOTAL	**76.21**
FY 2013 New Positions	
PCE - Management Analyst	0.50
CIP - Management Analyst	0.50
FY 2013 Total New Positions	**1.00**
FY 2013 Reclassified Positions	
IT - IT Manager	1.00
IT - Senior Technologist	(1.00)
FY 2013 Total Reclassified Positions	**0.00**
FY 2013 Reallocated Positions	
ASD - Senior Financial Analyst	(0.40)
ASD - Senior Financial Analyst	0.10
ASD - Senior Financial Analyst	(0.09)
CIP - Administrative Associate I	0.20
CIP - Senior Financial Analyst	0.40
IT - Director, ASD/Chief Financial Officer	0.05
PWD - Engineering Technician III	0.10
PWD - Management Analyst	(0.25)
PWD - Project Manager	0.50
PWD - Senior Engineer	0.35
PWD- Assoc Engineer	0.30
VHE - Senior Financial Analyst	(0.08)
VHE - Senior Financial Analyst	0.08
FY 2013 Total Reallocated Positions	**1.26**
FY 2013 TOTAL PROPOSED OTHER FUNDS POSITIONS	**78.47**
FY 2013 TOTAL PROPOSED CITYWIDE POSITIONS	**1014.35**

FISCAL YEAR 2013 FROZEN POSITIONS

CSD - 0.75 FTE Program Assistant I (Through December 2012)
FIR - 1.00 FTE Program Assistant
LIB - 1.00 FTE Assistant Director, Library Services
LIB - 1.00 FTE Library Services Manager
LIB - 2.00 FTE Librarian
LIB - 1.00 FTE Library Assistant
PLA - 1.00 FTE Plans Check Engineer
POL - 1.00 FTE Police Sergeant
POL - 2.00 FTE Police Agent
POL - 1.00 FTE Police Officer
POL - 2.00 FTE Police Officer - Intermediate
POL - 1.00 FTE Police Captain

Position Allocation by Department

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
GENERAL FUND						
Administrative Services						
Accountant	3.00	2.00	2.00	2.00	2.00	0.00
Acct Spec	11.00	8.00	7.00	7.00	7.00	0.00
Acct Spec-Lead	5.00	5.00	5.00	5.00	5.00	0.00
Admin Assistant	0.93	0.93	0.93	0.93	1.00	0.07
Administrative Associate III	0.96	0.96	0.00	1.00	1.00	0.00
Asst Director Adm Svcs	0.60	0.60	0.60	1.50	1.70	0.20
Budget Officer	0.00	0.00	0.00	1.00	0.00	(1.00)
Business Analyst	0.10	0.10	0.00	0.00	0.00	0.00
Buyer	1.95	1.95	1.95	1.95	1.95	0.00
Chief Budget Officer	1.00	1.00	1.00	1.00	0.00	(1.00)
Contracts Administrator	2.00	2.00	1.40	1.40	1.40	0.00
Deputy Dir Adm Svcs	0.80	0.80	0.80	0.00	0.00	0.00
Dir Adm Svcs/Chief Financial Officer	0.50	0.50	0.50	0.50	0.50	0.00
Director, Office of Management and Budget	0.00	0.00	0.00	0.00	1.00	1.00
Graphic Designer	1.00	1.00	1.00	0.00	0.00	0.00
Mgr Accounting	1.00	1.00	1.00	1.00	1.00	0.00
Mgr Pur & Cntr Admin	1.00	1.00	1.00	1.00	1.00	0.00
Mgr Real Property	1.00	1.00	1.00	1.00	1.00	0.00
Payroll Analyst	2.00	2.00	2.00	2.00	2.00	0.00
Principal Financial Analyst	0.00	0.00	0.00	0.00	1.00	1.00
Sr. Accountant	4.00	3.00	3.00	3.00	3.00	0.00
Sr. Business Analyst	0.20	0.20	0.00	0.00	0.00	0.00
Sr. Financial Analyst	7.91	6.91	5.81	4.91	6.10	1.19
Storekeeper	1.00	0.00	0.00	0.00	0.00	0.00
Storekeeper-L	1.00	1.00	1.00	1.00	1.00	0.00
Warehouse Supv	1.00	1.00	0.50	0.50	0.50	0.00
Total Administrative Services	**48.95**	**41.95**	**37.49**	**37.69**	**39.15**	**1.46**
City Attorney						
Asst City Atty	1.00	1.00	1.00	1.00	1.00	0.00
City Attorney	1.00	1.00	1.00	1.00	1.00	0.00
Claims Investigator	0.60	0.60	0.60	1.00	1.00	0.00
Legal Administrator	1.00	1.00	1.00	1.00	1.00	0.00
Secretary To City Attorney	1.00	1.00	1.00	1.00	1.00	0.00
Senior Legal Secretary - Confidential	2.00	2.00	2.00	1.00	1.00	0.00
Sr. Asst City Atty	2.00	2.00	2.00	2.00	2.00	0.00
Sr. Deputy City Attorney	2.00	2.00	1.00	1.00	1.00	0.00
Total City Attorney	**10.60**	**10.60**	**9.60**	**9.00**	**9.00**	**0.00**
City Auditor						
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00
City Auditor	1.00	1.00	1.00	1.00	1.00	0.00

Position Allocation by Department

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Sr. Performance Auditor	2.00	2.00	2.00	2.00	2.00	0.00
Total City Auditor	**4.00**	**4.00**	**4.00**	**4.00**	**4.00**	**0.00**
City Clerk						
Administrative Associate III	3.00	3.00	3.00	3.00	3.00	0.00
Asst City Clerk	1.00	1.00	1.00	1.00	1.00	0.00
City Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Deputy City Clerk	1.00	1.00	1.00	1.00	1.00	0.00
Parking Examiner	0.75	0.75	0.75	0.75	0.75	0.00
Total City Clerk	**6.75**	**6.75**	**6.75**	**6.75**	**6.75**	**0.00**
City Manager						
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00
Administrative Associate I	1.50	1.50	1.50	0.50	0.00	(0.50)
Administrative Associate II	1.00	1.00	0.00	0.00	0.00	0.00
Administrative Associate III	0.00	0.00	0.00	1.00	1.00	0.00
Asst City Manager/Chief Operating Officer	1.00	1.00	1.00	1.00	1.00	0.00
Asst To City Mgr	2.00	2.00	1.50	1.55	1.00	(0.55)
Chief Communication Officer	0.00	0.00	0.00	0.00	1.00	1.00
City Manager	1.00	1.00	1.00	1.00	1.00	0.00
Communications Mgr	0.00	1.00	1.00	1.00	1.00	0.00
Deputy City Mgr Spec Proj	1.00	0.50	0.50	0.50	0.50	0.00
Executive Assistant To The City Manager	1.00	1.00	1.00	1.00	1.00	0.00
Management Analyst	0.00	0.00	0.50	0.50	0.00	(0.50)
Mgr Communications	1.00	0.00	0.00	0.00	0.00	0.00
Mgr Economic Dev	0.00	0.00	0.00	1.00	1.00	0.00
Senior Management Analyst	1.00	0.00	0.00	0.00	0.00	0.00
Sustainability Manager	0.00	0.00	0.00	0.00	0.55	0.55
Total City Manager	**11.50**	**10.00**	**9.00**	**10.05**	**10.05**	**0.00**
Community Services						
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00
Administrative Associate I	2.50	2.00	0.00	0.00	0.00	0.00
Administrative Associate III	0.00	0.75	0.75	0.75	0.75	0.00
Arts & Culture Div Mgr	1.00	1.00	1.00	1.00	0.00	(1.00)
Assistant Director CSD	0.00	0.00	0.00	0.00	1.00	1.00
Bldg Serviceperson	4.00	4.00	2.00	2.00	2.00	0.00
Bldg Serviceperson-L	2.00	2.00	2.00	2.00	2.00	0.00
Community Services Senior Program Manager	1.00	1.00	1.00	1.00	1.00	0.00
Community Services Superintendent	1.00	1.00	1.00	1.00	0.00	(1.00)
Coord Child Care	1.00	1.00	0.00	0.00	0.00	0.00
Coord Rec Prog	5.00	5.00	4.50	4.00	4.00	0.00
Cub Ctr & Hum Svc Div Mgr	1.00	1.00	0.00	0.00	0.00	0.00
Dir Comm Svcs	1.00	1.00	1.00	1.00	1.00	0.00
Division Manager, Recreations & Golf	1.00	1.00	1.00	1.00	1.00	0.00
Golf Cor Equip Mech	1.00	1.00	0.00	0.00	0.00	0.00
Golf Cor Mt Person	5.00	4.00	0.00	0.00	0.00	0.00

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Inspector, Field Svc	2.00	2.00	2.00	2.00	2.00	0.00
Junior Museum & Zoo Educator	0.00	2.25	2.25	2.25	2.25	0.00
Management Assistant	1.00	1.00	1.00	1.00	1.00	0.00
Mgr Arts	2.00	2.00	2.00	2.00	2.00	0.00
Open Spc & Parks Div Mgr	1.00	1.00	1.00	1.00	1.00	0.00
Park Maint - Lead	1.00	1.00	1.00	1.00	1.00	0.00
Park Maint Person	11.00	11.00	6.00	6.00	6.00	0.00
Park Ranger	5.00	5.00	5.00	5.00	5.00	0.00
Parks/Golf Crew-Lead	3.00	3.00	2.00	2.00	2.00	0.00
Prod Arts/Sci Prog	12.50	13.00	12.00	12.00	11.75	(0.25)
Program Assistant I	12.00	7.75	7.50	7.50	7.50	0.00
Program Assistant II	3.00	3.00	3.00	3.00	3.00	0.00
Senior Management Analyst	1.00	1.00	1.00	1.00	1.00	0.00
Sprinkler Sys Repr	5.00	5.00	4.00	4.00	4.00	0.00
Sr Ranger	1.00	0.00	0.00	0.00	0.00	0.00
Supt Parks	1.00	1.00	1.00	1.00	2.00	1.00
Supv Open Space	1.00	2.00	2.00	2.00	2.00	0.00
Supv Parks	1.00	1.00	1.00	1.00	1.00	0.00
Supv Rec Prog	4.00	4.00	4.00	4.00	4.00	0.00
Theater Specialist	1.00	1.00	1.00	1.00	1.00	0.00
Volunteer Coord	0.50	0.50	0.50	0.50	0.50	0.00
Total Community Services	**96.50**	**94.25**	**74.50**	**74.00**	**73.75**	**(0.25)**
Human Resources						
Adm Human Res	5.00	5.00	5.00	5.00	5.00	0.00
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00
Assistant Director Human Resources	1.00	1.00	1.00	1.00	1.00	0.00
Dir Human Resources	1.00	1.00	1.00	1.00	1.00	0.00
Human Resources Rep	2.00	2.00	2.00	2.00	2.00	0.00
Human Rsrce Asst Cnf	4.00	5.00	5.00	5.00	5.00	0.00
Mgr Employee Relations	1.00	0.00	0.00	0.00	0.00	0.00
Senior Management Analyst	1.00	1.00	1.00	1.00	1.00	0.00
Total Human Resources	**16.00**	**16.00**	**16.00**	**16.00**	**16.00**	**0.00**
Library						
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00
Assistant Director, Library Services	1.00	1.00	1.00	1.00	1.00	0.00
Business Analyst	0.00	1.00	1.00	1.00	1.00	0.00
Coord Library Prog	3.00	1.00	1.00	1.00	1.00	0.00
Dir Libraries	1.00	1.00	1.00	1.00	1.00	0.00
Division Head, Library Services	1.00	1.00	1.00	1.00	1.00	0.00
Librarian	5.00	5.00	5.00	5.00	5.00	0.00
Library Associate	4.00	4.00	4.00	4.00	5.00	1.00
Library Asst	5.50	5.50	5.50	5.50	5.50	0.00
Library Services manager	4.00	4.00	4.00	4.00	4.00	0.00
Library Specialist	8.00	8.00	8.00	8.00	7.00	(1.00)
Management Assistant	1.00	1.00	1.00	1.00	1.00	0.00

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Sr Librarian	9.25	8.75	7.75	7.75	7.75	0.00
Total Library	**43.75**	**42.25**	**41.25**	**41.25**	**41.25**	**0.00**
Planning and Community Environment						
Adm Pln & Comm Envrn	1.00	1.00	1.00	1.00	1.00	0.00
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00
Administrative Associate I	2.00	2.00	1.00	1.50	1.00	(0.50)
Administrative Associate II	4.80	3.80	3.80	3.80	3.80	0.00
Administrative Associate III	1.00	1.00	1.00	1.00	1.00	0.00
Arborist	1.00	0.00	0.00	0.00	0.00	0.00
Assistant Director Planning & Comm Env	1.00	0.00	0.00	1.00	1.00	0.00
Assoc Engineer	1.00	1.00	1.00	1.00	1.00	0.00
Asst Build Official	1.00	1.00	1.00	1.00	1.00	0.00
Asst To City Mgr	0.00	0.00	0.05	0.00	0.00	0.00
Bldg Inspector	4.00	4.00	4.00	4.00	4.00	0.00
Bldg Inspector Spec	3.00	2.00	1.00	1.00	1.00	0.00
Bldg/Plg Technician	3.00	3.00	2.00	2.00	2.00	0.00
Chief Bld Official	1.00	1.00	1.00	1.00	1.00	0.00
Chief Plg Official	1.00	1.00	1.00	0.00	1.00	1.00
Chief Transp Off	0.00	0.00	1.00	1.00	1.00	0.00
Code Enforcement Off	2.00	2.00	2.00	2.00	2.00	0.00
Coor Trans Sys Mgmt	0.50	0.50	0.50	0.50	0.50	0.00
Deputy City Mgr Spec Proj	0.00	0.50	0.50	0.50	0.50	0.00
Development Center Manager	0.00	0.00	0.00	0.00	1.00	1.00
Development Project Coordinator III	0.00	0.00	0.00	0.00	3.00	3.00
Development Services Director	0.00	0.00	0.00	0.00	1.00	1.00
Dir Plan/Comm Envir	1.00	1.00	1.00	1.00	1.00	0.00
Engineer	1.00	1.00	1.00	1.00	1.00	0.00
Engr Tech II	1.00	1.00	1.00	1.00	1.00	0.00
Mgr Economic Dev	1.00	1.00	1.00	0.00	0.00	0.00
Mgr Planning	2.00	2.00	2.00	2.00	1.00	(1.00)
Permit Specialist	1.00	0.00	0.00	0.00	0.00	0.00
Planner	6.00	6.05	5.75	5.75	3.75	(2.00)
Planning Arborist	0.00	1.00	1.00	0.00	0.00	0.00
Plans Check Engr	3.00	2.00	2.00	2.00	2.00	0.00
Plans Examiner	0.00	0.00	0.00	0.00	1.00	1.00
Project Engineer	1.00	1.00	1.00	1.00	1.00	0.00
Sr Planner	6.00	6.00	5.00	5.00	6.00	1.00
Supv Bldg Inspection	1.00	1.00	1.00	1.00	1.00	0.00
Transportation Manager	1.00	1.00	0.00	0.00	0.00	0.00
Total Planning and Community Environment	**53.30**	**48.85**	**44.60**	**43.05**	**47.55**	**4.50**
Public Safety						
40-Hr Training Captain	1.00	1.00	1.00	1.00	1.00	0.00
Admin Assistant	2.00	2.00	1.00	1.00	1.00	0.00
Administrative Associate II	7.00	7.00	7.00	7.00	7.00	0.00
Animal Control Off	4.50	4.50	4.50	4.50	4.50	0.00

Position Allocation by Department

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Animal Services Spec	1.00	1.00	1.00	0.00	0.00	0.00
Animal Services Spec II	1.00	1.00	1.00	2.00	2.00	0.00
Assistant Police Chief - Adv	1.00	1.00	1.00	1.00	1.00	0.00
Battalion Chief 56-Hour Workweek	3.00	3.00	3.00	3.00	3.00	0.00
Business Analyst	1.00	1.00	1.00	1.00	1.00	0.00
Code Enforcement Off	1.50	1.50	1.00	1.00	1.00	0.00
Comm Tech	1.00	1.00	1.00	1.00	1.00	0.00
Community Serv Offcr	9.00	9.00	8.50	8.50	8.50	0.00
Coord Pol Tech Svcs	1.00	1.00	1.00	1.00	1.00	0.00
Court Liaison Officer	1.00	1.00	1.00	1.00	1.00	0.00
Crime Analyst	1.00	2.00	1.00	1.00	1.00	0.00
Deputy Chief/Fire Marshall	0.84	0.84	0.84	0.84	0.84	0.00
Deputy Fire Chief	2.00	2.00	2.00	2.00	2.00	0.00
Emergency Medical Svc Chief	1.00	0.00	0.00	0.00	0.00	0.00
Emergency Services Director	0.00	0.00	0.00	1.00	1.00	0.00
EMS Data Specialist	0.00	0.00	0.00	0.00	1.00	1.00
EMS Manager	1.00	1.00	1.00	1.00	1.00	0.00
Fire Apparatus Op	30.00	30.00	30.00	30.00	30.00	0.00
Fire Captain	27.00	27.00	27.00	27.00	22.00	(5.00)
Fire Chief	1.00	1.00	1.00	1.00	1.00	0.00
Fire Fighter	45.00	45.00	45.00	45.00	41.00	(4.00)
Fire Fighter Emt	3.00	0.00	0.00	0.00	0.00	0.00
Fire Inspector	3.00	3.00	3.00	3.00	4.00	1.00
GIS Specialist	0.00	0.00	0.00	0.00	1.00	1.00
Haz Mat Inspector	1.90	1.90	1.90	1.90	1.90	0.00
Haz Mat Spec	0.95	0.95	0.00	0.00	0.00	0.00
OES Coordinator	1.00	1.00	1.00	1.00	1.00	0.00
Police Agent	19.00	19.00	19.00	19.00	19.00	0.00
Police Captain-Adv	2.00	2.00	2.00	2.00	2.00	0.00
Police Chief-Adv	1.00	1.00	1.00	1.00	1.00	0.00
Police Lieut-Adv	5.00	5.00	5.00	5.00	5.00	0.00
Police Officer	51.00	50.00	49.00	49.00	49.00	0.00
Police Records Specialist - Lead	1.00	1.00	1.00	1.00	1.00	0.00
Police Records Specialist II	9.00	7.00	6.00	6.00	6.00	0.00
Police Sergeant	14.00	14.00	14.00	14.00	14.00	0.00
Program Assistant	0.00	0.00	0.00	0.00	1.00	1.00
Program Assistant I	1.00	0.00	0.00	0.00	0.00	0.00
Program Assistant II	1.00	1.00	1.00	1.00	1.00	0.00
Program Coordinator	0.00	1.00	0.00	0.00	0.00	0.00
Property Evid Tech	2.00	2.00	2.00	2.00	2.00	0.00
Public Safety Disp	2.00	2.00	2.00	2.00	2.00	0.00
Public Safety Dispatcher - Lead	5.00	5.00	5.00	5.00	5.00	0.00
Public Safety Dispatcher II	14.00	14.00	14.00	14.00	14.00	0.00
Senior Management Analyst	1.00	1.00	1.00	1.00	1.00	0.00
Supt Animal Services	1.00	1.00	1.00	1.00	1.00	0.00
Supv Animal Svcs	1.00	1.00	1.00	1.00	1.00	0.00

Position Allocation by Department

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Supv Police Service	3.00	3.00	3.00	3.00	3.00	0.00
Veterinarian	1.00	1.00	1.00	1.00	1.00	0.00
Veterinarian Tech	2.00	2.00	2.00	2.00	2.00	0.00
Volunteer Coord	1.00	0.50	0.50	0.50	0.50	0.00
Total Public Safety	**290.69**	**284.19**	**277.24**	**278.24**	**273.24**	**(5.00)**
Public Works						
Accountant	0.00	0.02	0.02	0.02	0.00	(0.02)
Acct Spec	0.00	0.04	0.04	0.04	0.00	(0.04)
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00
Administrative Associate I	3.50	1.70	1.70	0.70	0.50	(0.20)
Administrative Associate II	2.00	1.80	1.80	1.80	2.85	1.05
Administrative Associate III	1.00	0.00	0.00	0.00	0.00	0.00
Assoc Engineer	0.10	0.10	0.10	0.10	0.10	0.00
Asst Dir Public Wrks	1.10	1.10	1.10	1.10	1.30	0.20
Bldg Serviceperson	4.00	4.00	1.00	1.00	1.00	0.00
Bldg Serviceperson-L	2.00	2.00	2.00	2.00	2.00	0.00
Dir Pw/City Engr	1.00	1.00	1.00	1.00	1.00	0.00
Electrician	1.00	1.00	1.00	1.00	1.00	0.00
Engineer	1.20	0.30	0.30	0.30	0.30	0.00
Engr Tech III	4.20	3.30	3.30	3.30	3.30	0.00
Equip Operator	3.46	3.46	3.46	3.46	3.46	0.00
Facilities Carpenter	1.00	1.00	1.00	1.00	1.00	0.00
Facilities Maint-L	2.00	2.00	2.00	2.00	2.00	0.00
Facilities Mech	6.00	6.00	6.00	6.00	6.00	0.00
Facilities Painter	2.00	2.00	2.00	2.00	2.00	0.00
Heavy Equip Oper	1.90	1.90	1.90	1.90	1.90	0.00
Heavy Equip Oper-L	0.85	0.85	0.85	0.85	0.85	0.00
Inspector, Field Svc	1.00	1.00	1.00	1.00	1.00	0.00
Management Analyst	1.00	0.00	0.00	0.55	0.60	0.05
Managing Arborist	0.00	1.00	1.00	0.00	0.00	0.00
Mgr Fac Maint & Proj	0.80	0.80	0.80	0.00	0.00	0.00
Mgr Maint Oper	0.12	0.12	0.12	1.72	2.10	0.38
Planning Arborist	0.00	0.00	0.00	1.00	1.00	0.00
Project Engineer	0.20	0.20	0.20	0.20	0.20	0.00
Project Mgr	1.75	1.75	1.75	0.75	1.25	0.50
Senior Management Analyst	0.90	0.90	0.90	0.90	0.95	0.05
Sr. Accountant	0.00	0.02	0.02	0.02	0.00	(0.02)
Sr. Engineer	0.30	0.30	0.20	0.20	1.10	0.90
Sr. Financial Analyst	0.00	0.16	0.16	0.16	0.16	0.00
Sr. Project Manager	1.00	1.00	1.00	1.00	0.10	(0.90)
Supervising Project Engineer	1.00	1.00	0.00	0.00	0.00	0.00
Supt PW Opns	0.60	0.60	0.60	0.00	0.00	0.00
Supv Facil Mgt	1.95	1.95	1.95	0.00	0.00	0.00
Supv Insp/Surv Pw	0.80	0.80	0.80	0.80	0.80	0.00
Surveying Asst	0.78	0.78	0.78	0.78	0.78	0.00
Surveyor, Public Wks	0.78	0.78	0.78	0.78	0.78	0.00

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Traf Cont Maint I	1.94	1.94	1.94	1.94	1.94	0.00
Traf Cont Maint II	3.00	3.00	2.00	2.00	2.00	0.00
Traf Cont Maint-L	1.00	1.00	1.00	1.00	1.00	0.00
Tree Maint Person	2.00	2.00	2.00	2.00	1.00	(1.00)
Tree Trim/Ln Clr	7.00	7.00	7.00	7.00	7.00	0.00
Tree Trim/Ln Clr-L	1.00	1.00	1.00	1.00	1.00	0.00
Urban Forester	0.00	0.00	0.00	1.00	1.00	0.00
Total Public Works	**68.23**	**63.67**	**58.57**	**56.37**	**57.32**	**0.95**
Total GENERAL FUND	**650.27**	**622.51**	**579.00**	**576.40**	**578.06**	**1.66**
ENTERPRISE FUNDS						
Public Works - Enterprise Funds						
Accountant	0.00	0.23	0.23	0.23	0.40	0.17
Acct Spec	0.00	0.46	0.46	0.46	0.45	(0.01)
Administrative Associate II	3.00	3.20	3.20	3.20	2.15	(1.05)
Administrator, Refuse	1.00	1.00	1.00	1.00	1.00	0.00
Airport Manager	0.00	0.00	0.00	0.00	1.00	1.00
Assistant Director, Environmental Services	0.00	0.00	0.00	1.00	1.00	0.00
Assoc Engineer	3.30	3.30	3.30	3.30	3.00	(0.30)
Assoc Planner	1.00	1.00	1.00	1.00	1.00	0.00
Asst Dir Public Wrks	0.75	0.75	0.75	0.75	0.30	(0.45)
Asst Mgr WQCP	1.00	1.00	1.00	2.00	2.00	0.00
Asst To City Mgr	0.00	0.00	0.10	0.10	0.00	(0.10)
Business Analyst	1.13	1.13	1.13	0.13	0.00	(0.13)
Buyer	1.00	1.00	1.00	1.00	1.00	0.00
Chemist	3.00	3.00	3.00	3.00	3.00	0.00
Coord Pub Wks Proj	0.00	0.00	0.00	1.00	1.00	0.00
Coord Zero Waste	2.00	2.00	2.00	2.00	2.00	0.00
Deputy Chief/Fire Marshall	0.08	0.08	0.08	0.08	0.08	0.00
Electrician	3.00	3.00	3.00	3.00	3.00	0.00
Electrician-Lead	2.00	2.00	2.00	2.00	2.00	0.00
Eng Tech I	1.00	0.00	0.00	0.00	0.00	0.00
Engineer	1.10	1.00	1.00	1.00	1.00	0.00
Engr Tech III	1.50	1.40	1.40	1.40	1.30	(0.10)
Environmental Spec	2.00	2.00	2.00	2.00	2.00	0.00
Equip Operator	0.54	0.54	0.54	0.54	0.54	0.00
Executive Assistant	2.00	2.00	2.00	0.00	0.00	0.00
Haz Mat Inspector	0.04	0.04	0.04	0.04	0.04	0.00
Haz Mat Spec	0.02	0.02	0.00	0.00	0.00	0.00
Heavy Equip Oper	5.90	5.90	5.90	5.90	1.90	(4.00)
Heavy Equip Oper-L	3.15	3.15	3.15	3.15	2.15	(1.00)
Ind Waste Inspec	1.00	2.00	2.00	2.00	2.00	0.00
Ind Waste Invtgtr	2.00	2.00	2.00	2.00	2.00	0.00
Laboratory Tech WQC	2.50	2.50	2.50	2.50	2.50	0.00
Landfill Technician	1.00	1.00	1.00	0.00	1.00	1.00
Maint Mech	7.00	7.00	7.00	7.00	7.00	0.00

Position Allocation by Department

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Management Analyst	0.00	0.00	0.00	1.20	1.20	0.00
Mgr Env Control Prog	3.00	3.00	3.00	3.00	3.00	0.00
Mgr Envrn Compliance	1.00	1.00	1.00	0.00	0.00	0.00
Mgr Lab Services	1.00	1.00	1.00	1.00	1.00	0.00
Mgr Maint Oper	1.38	1.38	1.38	1.38	1.00	(0.38)
Mgr Solid Waste	1.00	1.00	1.00	1.00	1.00	0.00
Mgr WQC Plant	1.00	1.00	1.00	1.00	1.00	0.00
Program Assistant I	2.00	2.00	2.00	2.00	2.00	0.00
Program Assistant II	1.00	1.00	1.00	1.00	1.00	0.00
Project Engineer	2.00	2.00	2.00	2.00	2.00	0.00
Refuse Disp Atten	4.00	4.00	4.00	4.00	0.00	(4.00)
Senior Management Analyst	0.10	0.10	0.10	0.10	0.05	(0.05)
Sr Chemist	1.00	1.00	1.00	1.00	1.00	0.00
Sr Mech	1.00	1.00	1.00	1.00	1.00	0.00
Sr Operator WQC	6.00	6.00	6.00	6.00	6.00	0.00
Sr. Accountant	0.00	0.23	0.23	0.23	0.30	0.07
Sr. Business Analyst	0.00	0.00	0.00	0.00	0.13	0.13
Sr. Engineer	2.45	2.45	2.75	2.25	1.90	(0.35)
Sr. Financial Analyst	0.00	0.16	0.16	0.16	0.16	0.00
Sr. Technologist	0.13	0.13	0.13	1.13	1.13	0.00
St Maint Asst	2.00	2.00	2.00	2.00	2.00	0.00
St Sweeper Op	7.00	7.00	7.00	7.00	7.00	0.00
Storekeeper	1.00	1.00	1.00	1.00	1.00	0.00
Supt PW Opns	0.20	0.20	0.20	0.00	0.00	0.00
Supv Public Works	1.00	1.00	1.00	1.00	0.00	(1.00)
Supv WQC Oper	5.00	5.00	5.00	3.00	3.00	0.00
Surveying Asst	0.11	0.11	0.11	0.11	0.11	0.00
Surveyor, Public Wks	0.11	0.11	0.11	0.11	0.11	0.00
Sustainability Manager	0.00	0.00	0.00	0.00	0.10	0.10
Traf Cont Maint I	0.06	0.06	0.06	0.06	0.06	0.00
Watershed Protection Manager	0.00	0.00	0.00	1.00	1.00	0.00
WQC Plt Oper II	16.00	16.00	16.00	17.00	17.00	0.00
Total Public Works - Enterprise Funds	**113.55**	**114.63**	**115.01**	**114.51**	**104.06**	**(10.45)**
Utilities						
Accountant	0.00	0.75	0.75	0.75	0.60	(0.15)
Acct Spec	1.00	2.50	2.50	2.50	2.55	0.05
Admin Assistant	1.00	1.00	1.00	1.00	1.00	0.00
Administrative Associate I	2.00	2.00	2.00	2.00	2.00	0.00
Administrative Associate II	7.00	7.00	7.00	7.00	7.00	0.00
Assistant Director Utilities Engineering	1.00	1.00	1.00	1.00	1.00	0.00
Assistant Director Utilities Operations	1.00	1.00	1.00	1.00	1.00	0.00
Assistant Director Utl Cust Support Svs	1.00	1.00	1.00	1.00	1.00	0.00
Assoc Res Planner	1.00	2.00	0.00	0.00	0.00	0.00
Asst Dir Ut/Res Mgmt	1.00	1.00	1.00	1.00	1.00	0.00
Asst Director Adm Svcs	0.00	0.00	0.00	0.10	0.00	(0.10)
Asst To City Mgr	0.00	0.00	0.35	0.35	0.00	(0.35)

Position Allocation by Department

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Business Analyst	2.87	2.87	2.87	4.87	5.87	1.00
Cathodic Protection Technician Assistant	0.00	1.00	1.00	1.00	1.00	0.00
Cathodic Tech	1.00	1.00	1.00	1.00	1.00	0.00
Cement Finisher	1.00	1.00	1.00	1.00	1.00	0.00
Communications Mgr	0.00	0.00	1.00	1.00	1.00	0.00
Contracts Administrator	1.00	1.00	1.00	1.00	1.00	0.00
Coord Util Saf & Sec	1.00	1.00	1.00	1.00	1.00	0.00
Coord Utility Proj	4.00	4.00	5.00	4.00	4.00	0.00
Cust Srv Specialist-L	1.00	2.00	2.00	2.00	2.00	0.00
Cust Svc Represent	5.00	5.00	5.00	5.00	5.00	0.00
Cust Svc Spec	2.00	2.00	2.00	2.00	2.00	0.00
Deputy Chief/Fire Marshall	0.08	0.08	0.08	0.08	0.08	0.00
Deputy Dir Adm Svcs	0.20	0.20	0.20	0.00	0.00	0.00
Dir Adm Svcs/Chief Financial Officer	0.15	0.15	0.15	0.15	0.25	0.10
Dir Utilities	1.00	1.00	1.00	1.00	1.00	0.00
Elec Asst I	5.00	5.00	5.00	5.00	4.00	(1.00)
Elec Undgd Inspec	2.00	2.00	2.00	2.00	2.00	0.00
Electric Project Engineer	1.00	1.00	2.00	2.00	2.00	0.00
Electric Underground Inspector - Lead	1.00	1.00	1.00	1.00	1.00	0.00
Electrician	14.00	14.00	14.00	14.00	14.00	0.00
Electrician-Lead	6.00	6.00	6.00	6.00	6.00	0.00
Engineer	4.00	4.00	4.00	4.00	4.00	0.00
Engr Mgr - Electric	1.00	1.00	1.00	1.00	1.00	0.00
Engr Mgr - WGW	1.00	1.00	1.00	1.00	1.00	0.00
Engr Tech III	3.00	3.00	3.00	3.00	3.00	0.00
Equip Operator	2.00	1.00	1.00	1.00	1.00	0.00
Gas System Tech	2.00	1.00	2.00	2.00	2.00	0.00
Gas System Technician II	0.00	1.00	1.00	1.00	1.00	0.00
Haz Mat Inspector	0.06	0.06	0.06	0.06	0.06	0.00
Haz Mat Spec	0.03	0.03	0.00	0.00	0.00	0.00
Heavy Equip Oper	10.00	10.00	9.00	9.00	8.00	(1.00)
Inspector, Field Svc	4.00	4.00	4.00	4.00	5.00	1.00
Lineper/Cable Spl	11.00	11.00	11.00	11.00	11.00	0.00
Lineper/Cable Spl-L	4.00	4.00	4.00	4.00	4.00	0.00
Maint Mech	1.00	1.00	1.00	0.00	0.00	0.00
Maintenance Mechanic-Welding	1.00	1.00	1.00	2.00	2.00	0.00
Manager Energy Risk	1.00	1.00	1.00	0.00	0.00	0.00
Marketing Eng	1.00	1.00	1.00	1.00	1.00	0.00
Meter Reader	6.00	6.00	6.00	6.00	6.00	0.00
Meter Reader-Lead	1.00	1.00	1.00	1.00	1.00	0.00
Mgr Cust Svc & Meter Reading	1.00	1.00	1.00	1.00	1.00	0.00
Mgr Electric Oprns	1.00	1.00	1.00	1.00	1.00	0.00
Mgr Util Mkt Svcs	1.00	1.00	1.00	1.00	1.00	0.00
Mgr Util Oprns WGW	1.00	1.00	1.00	1.00	1.00	0.00
Mgr Util Telecomm	1.00	1.00	1.00	1.00	1.00	0.00
Offset Equip Op	0.00	0.00	0.48	0.48	0.48	0.00

Position Allocation by Department

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
OH UG Troubleman	0.00	0.00	0.00	0.00	2.00	2.00
Planner	0.00	0.00	0.30	0.30	0.30	0.00
Power Engr	2.00	2.00	3.00	3.00	3.00	0.00
Program Assistant I	3.00	3.00	3.00	3.00	3.00	0.00
Project Engineer	6.00	6.00	5.00	5.00	5.00	0.00
Project Mgr	0.75	0.75	0.75	0.75	0.75	0.00
Resource Planner	4.00	4.00	5.00	5.00	5.00	0.00
Restoration Lead	0.00	1.00	1.00	1.00	1.00	0.00
Senior Management Analyst	1.00	1.00	1.00	1.00	1.00	0.00
Sr Mech	1.00	1.00	1.00	1.00	1.00	0.00
Sr Mkt Analyst	1.00	1.00	1.00	1.00	1.00	0.00
Sr Util Field Svc Rep	1.00	1.00	1.00	1.00	1.00	0.00
Sr Water Sys Oper	2.00	2.00	2.00	2.00	2.00	0.00
Sr. Accountant	0.00	0.75	0.75	0.75	0.70	(0.05)
Sr. Business Analyst	1.00	1.00	2.00	2.00	2.00	0.00
Sr. Deputy City Attorney	0.00	0.00	1.00	1.00	1.00	0.00
Sr. Electric Project Engineer	4.00	4.00	4.00	4.00	4.00	0.00
Sr. Financial Analyst	0.00	0.60	1.10	1.60	1.40	(0.20)
Sr. Performance Auditor	0.00	0.00	1.00	1.00	1.00	0.00
Sr. Project Engineer	4.00	4.00	4.00	4.00	4.00	0.00
Sr. Resource Originator	1.00	1.00	0.00	0.00	0.00	0.00
Sr. Resource Planner	6.00	6.00	7.00	7.00	7.00	0.00
Sr. Technologist	0.87	0.87	0.87	0.87	0.87	0.00
Storekeeper	2.00	2.00	2.00	2.00	2.00	0.00
Supervising Electric Project Engineer	2.00	2.00	1.00	1.00	1.00	0.00
Supervising Project Engineer	0.00	0.00	1.00	1.00	1.00	0.00
Supv Water Trans	1.00	1.00	1.00	1.00	1.00	0.00
Supv WGW	5.00	5.00	5.00	5.00	5.00	0.00
Sustainability Manager	0.00	0.00	0.00	0.00	0.35	0.35
Tree Maint Person	1.00	1.00	1.00	1.00	1.00	0.00
Util Acct Rep	3.00	3.00	3.00	4.00	4.00	0.00
Util Comp Tech	2.00	2.00	2.00	2.00	2.00	0.00
Util Comp Tech-L	1.00	1.00	1.00	1.00	1.00	0.00
Util Credit/Col Spec	1.00	1.00	1.00	1.00	1.00	0.00
Util Engr Estimator	6.00	6.00	5.00	4.00	5.00	1.00
Util Fld Svcs Rep	7.00	5.00	5.00	5.00	5.00	0.00
Util Install/Rep	11.00	11.00	12.00	12.00	12.00	0.00
Util Install/Rep Ast	1.00	1.00	1.00	1.00	1.00	0.00
Util Install/Rep-L	5.00	5.00	5.00	5.00	5.00	0.00
Util Locator	3.00	3.00	3.00	3.00	3.00	0.00
Util Syst Oper	5.00	5.00	5.00	5.00	5.00	0.00
Utilities Compliance Manager	0.00	0.00	1.00	1.00	1.00	0.00
Utilities Supervisor	5.00	5.00	5.00	5.00	5.00	0.00
Utility Key Account Rep - S	3.00	3.00	3.00	3.00	3.00	0.00
Utl Install Repair Lead-Welding Cert	2.00	2.00	2.00	2.00	2.00	0.00
Utl Install Repair-Welding Cert	3.00	3.00	3.00	3.00	3.00	0.00

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Warehouse Supv	0.00	0.00	0.50	0.50	0.50	0.00
Water Sys Oper II	5.00	4.00	4.00	4.00	4.00	0.00
Wtr Mtr Crs Cn Tec	2.00	2.00	3.00	3.00	3.00	0.00
Total Utilities	**238.01**	**241.61**	**250.71**	**251.11**	**253.76**	**2.65**
Total ENTERPRISE FUNDS	**351.56**	**356.24**	**365.72**	**365.62**	**357.82**	**(7.80)**
OTHER FUNDS						
Capital						
Administrative Associate I	0.00	1.80	0.80	0.80	1.00	0.20
Administrative Associate III	0.00	1.00	1.00	1.00	1.00	0.00
Assoc Engineer	0.60	0.60	0.60	0.60	0.90	0.30
Asst Dir Public Wrks	0.15	0.15	0.15	0.15	0.15	0.00
Cement Finisher	3.00	3.00	3.00	3.00	3.00	0.00
Cement Finisher Lead	1.00	1.00	1.00	1.00	1.00	0.00
Contracts Administrator	0.00	0.00	0.60	0.60	0.60	0.00
Engineer	2.70	2.70	2.70	2.70	2.70	0.00
Engr Tech III	2.30	2.30	2.30	2.30	2.40	0.10
Heavy Equip Oper	0.20	0.20	0.20	0.20	0.20	0.00
Landscape Architect/Pk Planner	1.00	1.00	1.00	1.00	1.00	0.00
Management Analyst	0.00	1.00	1.00	1.25	1.50	0.25
Mgr Fac Maint & Proj	0.20	0.20	0.20	0.00	0.00	0.00
Mgr Maint Oper	0.50	0.50	0.50	0.90	0.90	0.00
Program Assistant I	1.00	1.00	1.00	1.00	1.00	0.00
Project Engineer	3.70	3.80	3.80	3.80	3.80	0.00
Project Mgr	1.50	1.50	0.50	0.50	1.00	0.50
Sr. Engineer	2.15	2.25	2.05	2.55	2.00	(0.55)
Sr. Financial Analyst	0.00	0.00	0.60	0.60	0.60	0.00
Sr. Project Manager	0.00	0.00	0.00	0.00	0.90	0.90
Supt PW Opns	0.20	0.20	0.20	0.00	0.00	0.00
Supv Facil Mgt	0.05	0.05	0.05	0.00	0.00	0.00
Supv Insp/Surv Pw	0.20	0.20	0.20	0.20	0.20	0.00
Surveying Asst	0.11	0.11	0.11	0.11	0.11	0.00
Surveyor, Public Wks	0.11	0.11	0.11	0.11	0.11	0.00
Total Capital	**20.67**	**24.67**	**23.67**	**24.37**	**26.07**	**1.70**
Information Technology						
Admin Assistant	0.07	0.07	0.07	1.07	1.00	(0.07)
Administrative Associate II	1.00	1.00	1.00	0.00	0.00	0.00
Administrative Associate III	0.04	0.04	0.00	0.00	0.00	0.00
Asst Director Adm Svcs	0.40	0.40	0.40	0.40	0.30	(0.10)
Business Analyst	0.90	0.90	1.00	1.00	1.00	0.00
Chief Information Officer	1.00	1.00	1.00	1.00	1.00	0.00
Desktop Technician	5.00	5.00	5.00	5.00	5.00	0.00
Dir Adm Svcs/Chief Financial Officer	0.35	0.35	0.35	0.35	0.25	(0.10)
Information Technology Security Manager	0.00	0.00	0.00	0.00	1.00	1.00
Management Analyst	0.00	0.00	0.50	0.50	1.00	0.50
Mgr IT	3.00	3.00	3.00	3.00	4.00	1.00

Position Allocation by Department

	FY 2009 Actuals	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Adopted Budget	FY 2013 Adopted Budget	FY 2013 Change
Sr. Business Analyst	1.80	1.80	2.00	2.00	2.00	0.00
Sr. Financial Analyst	0.09	0.09	0.09	0.09	0.00	(0.09)
Sr. Technologist	13.00	13.00	13.00	13.00	12.00	(1.00)
Technologist	4.00	4.00	3.00	3.00	3.00	0.00
Total Information Technology	**30.65**	**30.65**	**30.41**	**30.41**	**31.55**	**1.14**
Printing and Mailing Fund						
Buyer	0.05	0.05	0.05	0.05	0.05	0.00
Mailing Svcs Spec	1.00	1.00	0.00	0.00	0.00	0.00
Offset Equip Op	1.00	1.00	1.52	1.52	1.52	0.00
Offset Equip Op-Lead	1.00	1.00	0.00	0.00	0.00	0.00
Sr. Financial Analyst	0.00	0.00	0.00	0.00	0.10	0.10
Supv Repro & Mail	1.00	1.00	0.00	0.00	0.00	0.00
Total Printing and Mailing Fund	**4.05**	**4.05**	**1.57**	**1.57**	**1.67**	**0.10**
Special Revenue						
Acct Spec	0.00	0.00	0.50	0.50	0.50	0.00
Administrative Associate II	0.20	0.20	0.20	0.20	0.20	0.00
Community Serv Offcr	0.00	0.00	0.50	0.50	0.50	0.00
Management Analyst	0.00	0.00	0.00	0.00	0.50	0.50
Planner	1.00	0.95	0.95	0.95	0.95	0.00
Total Special Revenue	**1.20**	**1.15**	**2.15**	**2.15**	**2.65**	**0.50**
Vehicle Replacement Fund						
Administrative Associate III	1.00	1.00	1.00	1.00	1.00	0.00
Asst Dir Public Wrks	0.00	0.00	0.00	0.00	0.25	0.25
Asst Fleet Mgr	1.00	1.00	1.00	1.00	1.00	0.00
Equip Maint Serv Per	2.00	2.00	2.00	2.00	2.00	0.00
Fleet Manager	1.00	1.00	1.00	1.00	1.00	0.00
Fleet Svcs Coord	2.00	2.00	2.00	2.00	2.00	0.00
Management Analyst	0.00	0.00	0.00	0.00	0.20	0.20
Mobile Service Tech	1.00	1.00	1.00	1.00	1.00	0.00
Motor Equipment Mechanic II	7.00	7.00	7.00	7.00	7.00	0.00
Project Engineer	0.10	0.00	0.00	0.00	0.00	0.00
Senior Fleet Services Coordinator	1.00	1.00	1.00	1.00	1.00	0.00
Sr. Engineer	0.10	0.00	0.00	0.00	0.00	0.00
Sr. Financial Analyst	0.00	0.08	0.08	0.08	0.08	0.00
Total Vehicle Replacement Fund	**16.20**	**16.08**	**16.08**	**16.08**	**16.53**	**0.45**
Total OTHER FUNDS	**72.77**	**76.60**	**73.88**	**74.58**	**78.47**	**3.89**
Total Citywide Positions	**1,074.60**	**1,055.35**	**1,018.60**	**1,016.60**	**1,014.35**	**(2.25)**

Authorization is given to create no more than 20.0 FTE temporary overstrength positions. Overstrength positions are justified by business needs and provide a vacancy to allow for cross training of a critical classification. These interim positions facilitate organizational transitions and succession planning in the cases of long-term disability, retirement, and critical vacancies. The overstrength positions also accommodate newly approved provisional employment programs. Refer to City Council Staff Report ID #1812 for additional information.

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Supplemental Information

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As revised by City Council on June 9, 2008

GENERAL FUND RESERVE POLICY

One of the key components of a financially stable organization is the adherence to a policy of maintaining an appropriate level of reserves. The Government Finance Officer's Association (GFOA) recommends, at a minimum, that general purpose governments, regardless of size, maintain reserves (unrestricted fund balance) in their General Fund of no less than two months of operating revenues or expenditures, or a minimum of approximately 15 percent of General Fund operating expenditures. The GFOA further recommends that reserve levels be directly related to the degree of uncertainty the local government faces: the greater the uncertainty, the greater the financial resources necessary. Since reserves are used to mitigate risk, during these uncertain economic times, it is crucial that the City continue its practice of adhering to this GFOA guidance. This will provide the City with resources to cope with unforeseen expenditures, unanticipated events, or revenue shortfalls and can be utilized to help protect the budget against known risks (additional state takeaways) or unknown risks (a major natural disaster).

Budget Stabilization Reserve (BSR)

The City's BSR is maintained in the range of 15 to 20 percent of General Fund operating expenditures, with a target of 18.5 percent. Any reserve level below 15 percent requires City Council approval. At the discretion of the City Manager, a reserve balance above 18.5 percent may be transferred to the Infrastructure Reserve within the Capital Fund. The purpose of the General Fund Budget Stabilization Reserve (BSR) is to fund unbudgeted, unanticipated one-time costs. The BSR is not meant to fund ongoing, recurring General Fund operating expenditures. The City's intent is to fund ongoing programs and services with ongoing dollars.

BSR History:

The City has held a long-standing practice of maintaining a BSR of no less than 15 percent of General Fund operating expenses, as depicted below:

($000)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Ending BSR Balance	27,480	26,102	24,747	27,396	26,467	27,057	26,748
% of Total Expenses	20.80%	17.50%	17.10%	18.10%	19.00%	18.50%	17.60%

Over the years, the City's BSR has served as a repository for unspent operating funds at year-end, as well to fund one-time unexpected needs that arise outside of the regular budget planning process. Prudent financial management practices dictate that the BSR not be used to fund or to solve on-going, recurring financial needs. The City has adhered to this practice and has not used the BSR to provide ongoing budget stabilization during this period of economic downturns.

Credit Rating Agencies:

Credit rating agencies consider General Fund reserves as a critical component of strong municipal management. According to Moody's Investors Service, reserves are an important factor in the analysis of a municipality's fiscal health and a municipality's fiscal policies should include a plan for maintaining reserves. Rating agencies view reserves favorably, thus improving a municipality's rating and its chances for receiving low cost funding for important projects. The City is proud to report that both Moody's and Standard and Poor's (S&P) awarded their highest credit ratings, Triple A, to the City's General Obligation Bonds for library and community center capital improvements in 2010. This rating has been awarded to only a few cities in California. Such a rating helped the City obtain low cost construction funding for these important capital projects. These ratings demonstrate that Palo Alto's prudent financial management and fiscal strength are viewed most favorably by the credit agencies.

Capital Fund Reserve Policy

Infrastructure Reserve (IR)

The Infrastructure Reserve (IR) provides a mechanism for financing the City's infrastructure maintenance and rehabilitation requirements. It was originally created as a means 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 decided that the IR would act in perpetuity as the source of funding for General Fund infrastructure rehabilitation requirements.

From time to time, the Council has used the IR to fund new capital projects. However, the Council has not changed the original policy, adopted when the IR was established, to prioritize the care and maintenance of existing infrastructure over the acquisition of new infrastructure.

The primary purpose of the IR is to the fund projects identified in the original Infrastructure Management Plan (IMP), or any other project 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.

Unspent monies from General Fund capital projects are 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.

ORDINANCE NO. 5159

ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO
ADOPTING THE BUDGET FOR FISCAL YEAR 2013

SECTION 1. The Council of the City of Palo Alto finds and determines as follows:

A. Pursuant to the provisions of Section 6(g) of Article IV of the Charter of the City of Palo Alto and Chapter 2.28 of the Palo Alto Municipal Code, the City Manager has prepared and submitted to the City Council, by letter of transmittal, a budget proposal for Fiscal Year 2013; and

B. Pursuant to the provisions of Section 12 of Article III of the Charter, the Council did, on June 11 and 18, 2012, 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 11 and 18, 2012, hold a public hearing on the proposed amendments to the Municipal Fee Schedule, after publication of notice and after availability of the data supporting the amendments was made available to the public at least 10 days prior to the hearing.

SECTION 2. Pursuant to Chapter 2.28 of the Palo Alto Municipal Code, the following documents, collectively referred to as "the budget" are hereby approved and adopted for Fiscal Year 2013:

(a) The budget document (Exhibit "1") containing the proposed operating and capital budgets submitted on April 30, 2012, by the City Manager for Fiscal Year 2013, entitled "City of Palo Alto - City Manager's Fiscal Year 2013 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 Year 2013 Proposed Budget, attached hereto as Exhibit "2," and made a part hereof; and

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(c) Changes and revised pages in the Table of Organization, attached hereto as Exhibit "3," and made a part hereof; and

(d) Revised pages of the Municipal Fee Schedule attached hereto as Exhibit "4"; 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 2012 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 2012 shall be carried forward and added to the fund or department appropriations for Fiscal Year 2013.

SECTION 6. The City Manager is authorized and directed to make changes in the department and fund totals and summary pages of the budget necessary to reflect the amendments enumerated and aggregated in the budget as shown in Exhibit "2" and the Fiscal Year 2012 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 2013.

SECTION 9. The Council of the City of Palo Alto adopts the changes to the Municipal Fee Schedule as set forth in Exhibit "4". The amount of the new or increased fees and charges is no more than necessary to cover the reasonable costs of the governmental activity, and the manner in which those costs are allocated to a payer bears a fair and reasonable relationship to the payer's burden on, or benefits received from, the governmental activity. All new and increased fees shall go into effect immediately; provided that pursuant to Government Code Section 66017, all Planning Department fees relating to a "development project" as defined in Government

Code Section 66000 shall become effective sixty (60) days from the date of adoption.

SECTION 10. Fees in the Municipal Fee Schedule are for government services provided directly to the payor that are not provided to those not charged. The amount of this fee does not exceed the reasonable costs to the City of providing the services. Consequently, pursuant to Art. XIII C, Section 1(e)(2), such fees are not a tax.

SECTION 11. 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.

SECTION 12. Except as specified in Section 9, as provided in Section 2.04.330 (a)(3) of the Palo Alto Municipal Code, this ordinance shall become effective upon adoption.

INTRODUCED AND PASSED: JUNE 18, 2012

AYES: BURT, ESPINOSA, HOLMAN, KLEIN, PRICE, SCHARFF, SCHMID, SHEPHERD, YEH

NOES:

ABSTENTIONS:

ABSENT:

City Clerk

Mayor

APPROVED AS TO FORM:

FOR

City Attorney

APPROVED:

City Manager

Director of Administrative Services

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APPROPRIATIONS LIMITATION COMPLIANCE CALCULATION FOR FY 2013 PROPOSED BUDGET

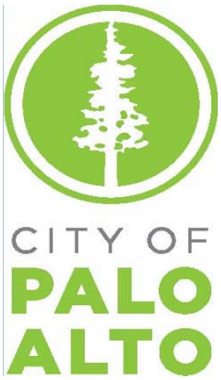
($ IN MILLIONS)

	Combined Funds	General Fund	Capital Projects	Debt Service	Special Revenue
Total Budgeted Appropriations					
FY 2013 Proposed Budget ($ millions)	157.35	122.20	10.97	4.15	20.03
Less: Debt Service Transactions	4.15				
Capital Outlay	10.97		10.97		
Non-Proceeds of Taxes	45.50	42.35			3.15
Net Proposed Appropriations Subject to Limit	**$96.73**	$79.85	$0.00	$4.15	$16.88

FY 2013 Appropriations Limit	**125.01**
Under Limit By	**28.28**

Computation of Appropriation Limit:

FY 2012 Appropriations Limit:	$118,995,555
FY 2013 Santa Clara County Population Change (estimated)	1.24%
2012-2013 Per Capita Income Change (estimated)	3.77%
(1.0124) x (1.0377) x $118,995,555 =	**$125,012,860**



The City of Palo Alto remains well within its appropriations limit in FY 2013. 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 2009	FY 2010	FY 2011	FY 2012	FY 2013
Appropriations Subject to the Limit	78.64	72.00	78.94	89.00	96.73
Appropriations Limit	113.17	116.38	115.06	119.00	125.01
Under Limit By	**34.53**	**44.38**	**36.12**	**30.00**	**28.28**

Projected Appropriations

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Estimated Appropriations Subject to Limit	100.06	103.50	107.07	110.75	114.56
Estimated Appropriations Limit	129.31	133.76	138.37	143.13	148.06
Under Limit By	**29.25**	**30.26**	**31.30**	**32.38**	**33.49**

RESOLUTION NO. 9259

RESOLUTION OF THE COUNCIL OF THE CITY OF PALO ALTO DETERMINING THE CALCULATION OF THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2013

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 2013, which was adopted by ordinance of the Council on June 18, 2013; and

WHEREAS, pursuant to Government Code sections 7901 and 7910, the final calculation of the Limit has been determined, and the adjustment factors on which the calculation is based are a 3.77% percent change in California per capita income and a 1.24% percent change in the population growth for Santa Clara County; 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 $96.73 million.

NOW, THEREFORE, the Council of the City of Palo Alto does RESOLVE as follows:

SECTION 1. The Council of the City of Palo Alto hereby finds that, for fiscal year 2013, 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 $28.28 million.

SECTION 2. The Council hereby adopts the final calculation of the Appropriations Limit of the City for fiscal year 2013, 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 18, 2012

AYES: BURT, ESPINOSA, HOLMAN, KLEIN, PRICE, SCHARFF, SCHMID, SHEPHERD, YEH

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

APPROVED AS TO FORM:

Senior Assistant City Attorney

APPROVED:

Mayor

City Manager

Director, Administrative Services

2

IN COMPLIANCE WITH

AMERICANS WITH DISABILITIES ACT (ADA) OF 1990,

THIS DOCUMENT MAY BE PROVIDED

IN OTHER ACCESSIBLE FORMATS.

For information contact:

ADA Coordinator
City of Palo Alto
285 Hamilton Ave
(650) 329-2550

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Key Budget Terms

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.

Budget Stabilization Reserve: The portion of the fund balance to be used as a supplement to the regular budget when unexpected events that reduce revenue or create obligations that significantly impact the current-year budget occur. Examples include events such as state government action, a downturn in the economy or natural disaster that.

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 Proposed 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 that 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.

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 which focuses on rehabilitating the City's infrastructure. In 1998-99, an outside consultant on the City's infrastructure prepared a report known as the Adamson report. Within this report the City's infrastructure was 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 for both timeline and cost.

Internal Service Funds: These funds provide services to City departments and recover their costs through user charges. For example 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 from which the Enterprise Funds benefit.

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).

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.