

CITY OF PALO ALTO

# BUDGET IN BRIEF



FISCAL YEAR  
**2016**



## OUR MISSION

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

## OUR VALUES

### **Quality**

Superior delivery of services

### **Courtesy**

Providing service with respect and concern

### **Efficiency**

Productive, effective use of resources

### **Integrity**

Straight-forward, honest and fair relations

### **Innovation**

Excellence in creative thought and implementation

# INTRODUCTION



Dear Palo Altans,

In June 2015, the City Council adopted the Budget for Fiscal Year 2016 (July 1, 2015 through June 30, 2016) in the amount of \$563.6 million, which includes ongoing funding for the City's public safety, library, parks and recreation, utility, and internal support department functions as well as improvements to our roads, facilities, and utility infrastructure. Despite the growing economy and increased tax revenues, the City continues to prudently enhance service levels while remaining cognizant of the City's long-term fiscal sustainability.

To enhance the quality of life for you, this budget includes increased Library opening hours (see p. 3 for branch library hours) for the newly renovated and expanded facilities, adds funding for special events, and adds staff to respond quicker to code enforcement cases. Further, we added staff to support initiatives in response to the City's parking and transportation issues such as the Residential Preferential Parking program, Downtown and California Avenue parking studies, and commute programs through a Transportation Management Authority (in process of implementation).

In June 2014, the City Council approved a \$126 million infrastructure plan which includes funding for a new public safety building, two new parking garages, rehabilitation of two existing fire stations, and the implementation of a bicycle and pedestrian plan, among other projects. In the first year of the Infrastructure Plan implementation funds were budgeted for the design of the new Public Safety Building, the new Downtown Parking Garage, and Fire Station 3 (Embarcadero and Newell) replacement as well as the next phase for the implementation of the Bicycle and Pedestrian Plan. In addition, the City will continue the rehabilitation of streets and sidewalks and make improvements to the existing utility infrastructure.

The City's Utility continues to provide excellent services in the delivery of electricity, gas, and water as well as wastewater treatment and garbage and recycling collection services at competitive rates. For Fiscal Year 2016, the City Council approved rate increases for several utility services primarily due to rising commodity costs and to fund the rehabilitation of existing utility infrastructure. The approved rate adjustments will increase the average monthly residential bill by approximately \$15.

This Budget-in-Brief document is intended to provide you with facts about our City; the City's approach to balancing the budget; the major sources of funding (e.g.: taxes, customer charges) which pay for the services the City provides and the infrastructure the City maintains and rebuilds; as well as major changes included in the Fiscal Year 2016 budget. For a more detailed description of major funding changes, I invite you to read the transmittal letter of the Fiscal Year 2015 Operating and Capital Budgets by visiting the City of Palo Alto website at [www.cityofpaloalto.org/budget](http://www.cityofpaloalto.org/budget). For comments regarding the budget or this document, please send an email to **[budget@cityofpaloalto.org](mailto:budget@cityofpaloalto.org)**.

Respectfully,

A handwritten signature in black ink, appearing to read "James Keene". The signature is fluid and cursive, with a large initial "J" and "K".

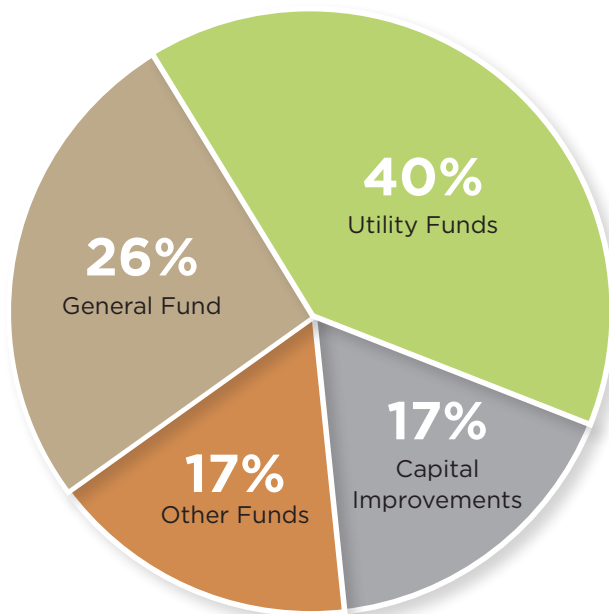
James Keene

# BUDGET DEVELOPMENT



The Fiscal Year 2016 Budget development was guided by the City Council's 2015 Top Four Priorities, the City's long-range financial sustainability, legal mandates, and City Manager service level prioritization. The City Council 2015 Top Four Priorities are:

- > **The Built Environment: multi-modal transportation, parking, and livability**
- > **Infrastructure Strategy and Implementation**
- > **Healthy City, Healthy Community**
- > **Completion of the Comprehensive Plan update with increased focus from Council**



Citywide Fiscal Year 2016  
Adopted Budget  
by Fund Type

## Citywide Budget

The Fiscal Year 2016 citywide expenditure budget amounts to \$563.6 million. As depicted in the pie chart, the majority of the expenditures support the City Utilities, which brings water, gas, and electricity to residents and businesses and collects and/or treats refuse and wastewater (please refer to p. 6 of this document for a detailed discussion). The second largest expenditure of \$185.7 million is attributable to the General Fund, which primarily funds police, fire, library, planning, transportation, parks and recreation services as well as internal support functions (please refer to p. 4 of this document for a detailed discussion). In Fiscal Year 2016, the City is expected to fund approximately \$124.7 million in capital expenditures to rehabilitate our roads and sidewalks, rehabilitate and replace aging utility infrastructure, and start implementing the City Council approved Infrastructure Plan (please refer to p. 6 of this document for a detailed discussion). Other funds include Internal Services Funds such as the Vehicle Fund and Special Revenue Funds such as development impact fee funds, parking funds, or housing funds.

# Major Changes to the Budget

- **Increased Library Opening Hours effective mid-August 2015 by 32 hours per week (\$493,000):**

Day of the Week	Childrens	College Terrace	Downtown	Mitchell Park	Rinconada
<b>Monday</b>	10 am–6 pm	closed	closed	10 am–9 pm	10 am–9 pm
<b>Tuesday</b>	10 am–6 pm	10 am–6 pm	10 am–6 pm	10 am–9 pm	10 am–9 pm
<b>Wednesday</b>	10 am–6 pm	10 am–6 pm	10 am–6 pm	10 am–9 pm	10 am–9 pm
<b>Thursday</b>	10 am–6 pm	closed	10 am–6 pm	10 am–9 pm	10 am–9 pm
<b>Friday</b>	10 am–6 pm	10 am–6 pm	10 am–6 pm	10 am–6 pm	10 am–6 pm
<b>Saturday</b>	10 am–6 pm	10 am–6 pm	10 am–6 pm	10 am–6 pm	10 am–6 pm
<b>Sunday</b>	1 pm–5 pm	closed	closed	10 am–6 pm	10 am–6 pm

- **Implementation of parking and transportation strategies (\$574,000):** Staffing was added to manage the Residential Preferential Parking program, downtown and California Avenue parking studies, and commute programs through the Transportation Management Authority.
- **Infrastructure Plan implementation (\$154,000):** In June 2014, the City Council approved a \$126 million infrastructure plan which includes funding for a new public safety building, two new parking garages, rehabilitation of two existing fire stations, and the implementation of a bicycle and pedestrian plan, among other projects. To support the Infrastructure Plan one position was added. In the first year of the Infrastructure Plan implementation funds were budgeted for the design of the new Public Safety Building, the new Downtown Parking Garage, and Fire Station 3 (Embarcadero and Newell) replacement as well as the next phase for the implementation of the Bicycle and Pedestrian Plan.
- **Code Enforcement (\$115,000):** With the addition of one position, the City will be able to respond more quickly to an increased number of code enforcement cases.
- **Recreation and Special Events (\$273,000):** Added one position for special events and recreation classes' oversight and funding for additional special events for the community.
- **Information Technology investments (\$550,000):** As a continuous effort to replace outdated systems and equipment, this budget adds funding for a new Council Chamber video recording system and IT HelpDesk and asset management system.

## General Fund Budget and Infographic

**For Fiscal Year 2016, the General Fund budget amounts to \$185.7 million.** The General Fund pays for various City services such as police, fire, libraries, parks and recreation, and internal support functions such as finance, human resources, and legal services. As depicted on the following page, the majority of revenues for the General Fund are from taxes and charges for services.



# GENERAL FUND REVENUES

**WHERE DO YOUR TAX DOLLARS AND FEE PAYMENTS GO?** The City's General Fund revenue portfolio is quite diversified. About 53% of all annual revenues are from taxes such as Property Tax, Sales Tax, or Transient Occupancy Tax. The remaining revenue sources include fees and charges from residents and businesses, charges to other funds for services provided, and rental income.



\*All numbers indicated above are in \$ millions.

# GENERAL FUND EXPENSES

## COMMUNITY INVESTMENTS = \$27.8

	EXPENSE
Infrastructure	19.0
Cubberley Community Center	7.4
Technology Enhancements	1.1
City Airport Loan	0.3



## SAFETY & INFRASTRUCTURE MAINTENANCE = \$94.0

	EXPENSE
Police	35.2
Fire and Emergency Services	27.6
Building, Plan Check, and Permit Issuance	11.9
Streets, Sidewalks, and Tree Maintenance	6.5
Planning and Transportation	8.9
Public Works and Engineering	2.3
Palo Alto Animal Services	1.6



15%

Community Investments

51%

Safety and Infrastructure Maintenance

18%

Services & Programs that Make Palo Alto Unique

16%

Citywide Internal Support Departments

\$185.7 million

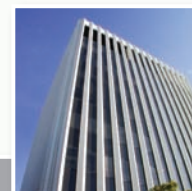
## SERVICES & PROGRAMS THAT MAKE PALO ALTO UNIQUE = \$33.3

	EXPENSE
Five Library Branches	8.6
Parks, Fields, Open Space, and CSD services	10.1
Recreation Programs	5.9
Arts & Science Programs	3.5
Municipal Golf Course	1.3
Junior Museum and Zoo	2.0
Support for Non-Profits	1.9



## CITYWIDE INTERNAL SUPPORT DEPARTMENTS = \$30.6

	EXPENSE
Council Appointed Officials, City Council, Finance, and Human Resources	24.4
Facility Repair and Maintenance	6.2



\*All numbers indicated above are in \$ millions.

# Enterprise Funds Budget and Infographic

The City of Palo Alto delivers electricity, gas, and water to its residents and customers, collects and treats wastewater, collects and properly disposes garbage and recyclable materials, and maintains the City's Storm Drain system. Throughout the year the utility customers pay for these services. As depicted below, for Fiscal Year 2016, for providing these services, the City will receive approximately \$285.5 million in revenue and use \$57 million of reserves. The majority of these revenues will be used to purchase commodities from third party providers such as electricity, gas, and water, maintain the capital infrastructure, and administer the utilities.

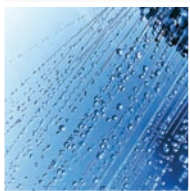
## UTILITY FUNDS EXPENSES = \$342.5



**ELECTRICITY \$153.3**



**GAS \$42.9**



**WATER \$48.1**

Account Number	Service Period	Service Days	Meter Read Date	Approx. Next Read Date	Statement Print Date
XXXXXXX	07/11/2014-08/07/2014	28	08/07/2014	08/06/2014	Aug-08-2014

Billing Summary		
PREVIOUS BALANCE		\$221.83
PAYMENT(S) - THANK YOU		221.83
BALANCE FORWARD		\$0.00
<b>CURRENT CHARGES</b>	<b>UNITS</b>	<b>AMOUNT</b>
ELECTRICITY	663 KWH	81.23
GAS	3.13 THERMS	12.33
WATER	14 CCF	111.07
SEWER		23.31
REFUSE		23.69
STORM DRAIN		11.73
UTILITY USERS TAX		10.22
<b>TOTAL CURRENT CHARGES</b>		<b>279.58</b>
<b>TOTAL AMOUNT DUE</b>		<b>279.58</b>

\* Remitter to all customers: Accounts paid late will be subject to penalty charges.

Example Utility Bill



**WASTEWATER \$57.5**



**REFUSE \$31.0**



**STORM DRAIN \$9.7**

## Annual Budget Process and Community Engagement

### FALL:

- > In preparation for the next year's budget, the City calculates the cost for delivering the same services currently provided to the community with updated contractually obligated cost changes.
- > The City publishes the 10-year General Fund Long Range Financial Forecast, which projects the revenues and expenditures based on available information. The Forecast is discussed with the Finance Committee and the City Council during public meetings.

### WINTER:

- > Departments submit budget change requests to reduce or augment budgets for existing services including targeted outcomes and performance measures associated with these requests.
- > Internal budget hearings are held with the City Manager to discuss department budget requests.

### SPRING:

- > The City Manager releases and presents the proposed operating and capital budgets to the City Council.
- > The Finance Committee conducts a series of public hearings and recommends the proposed budget with or without amendments to the City Council.
- > The Public provides input to the budget as part of the Finance Committee hearings and City Council deliberations.
- > Final adoption by the City Council occurs at a public hearing in June.

### SUMMER:

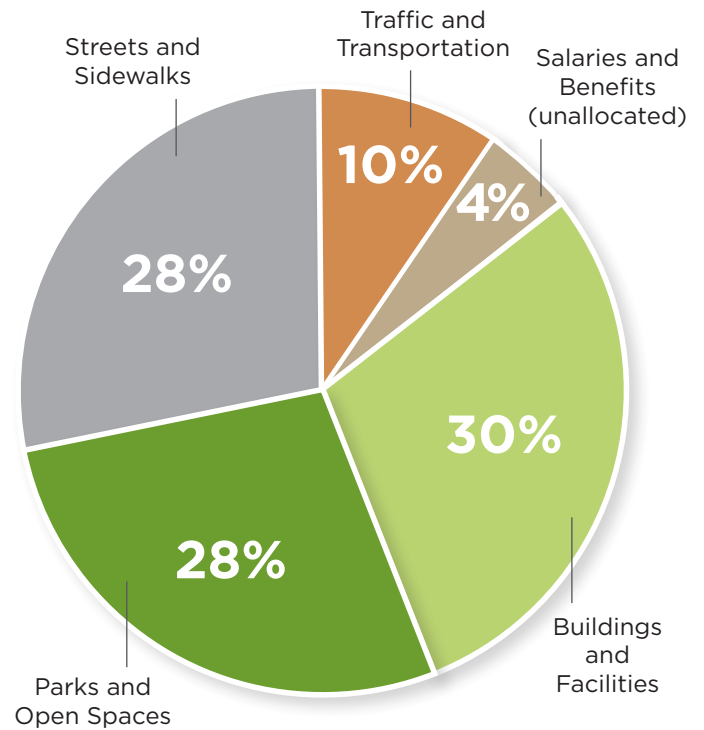
- > The City publishes the Adopted Budget and Budget-in-Brief documents.



# Capital Budget

Of the \$124.7 million in capital funding approved, approximately 53.6%, or \$66.9 million, will be dedicated to maintain and rehabilitate the City's existing electric, gas, wastewater, and water infrastructure. About 38% of the total funding, or approximately \$47.4 million, is scheduled to be spent on the rehabilitation of streets and sidewalks as well as improvements and rehabilitation of parks and open space, buildings and facilities, and traffic and transportation. The remaining funding of \$10.4 million was approved for the replacement of vehicles and information technology infrastructure.

In June 2014, the City Council approved an Infrastructure Plan, which is scheduled to be completed during the next few years. The Plan includes funding for a new Public Safety Building (\$57 million), two parking garages (\$22.6 million), Bicycle Pedestrian transportation plan (\$20 million), rehabilitation of two Fire Stations (\$14.2 million), Charleston/Arastradero Corridor improvements (\$7.5 million), Byxbee Park completion (\$2.8 million), and gap funding for the Highway 101 Pedestrian Bridge (\$1.7 million).



Fiscal Year 2016 Capital  
Improvement Fund  
\$47.4 million

## Major projects:

**Golf Reconfiguration & Baylands Athletic Center Improvements: \$9,960,000**

**Annual Street Rehabilitation: \$9,075,000**

**New Dewatering and Loadout Facility: \$5,082,000**

**Matadero Creek Storm Water Pump Station and Trunk Line Improvements: \$3,766,000**

**Electric System Improvements: \$2,983,000**

**New Anaerobic Digesters to Replace Incinerators: \$2,969,000**

**Annual Sidewalk Maintenance Project:  
\$2,513,000**

**New Downtown Parking Garage:  
\$1,483,000**

**New Public Safety Building:  
\$1,364,000**

**Radio Infrastructure Replacement:  
\$1,296,000**



# PALO ALTO AT A GLANCE

## INCORPORATION:

April 23, 1894

## GOVERNMENT:

Charter City operating under the City Council – City Manager form of government

## POPULATION:

Approx. 66,000

## AREA:

25.925 square miles

## CREDIT RATING:

AAA, highest possible credit rating

## PRINCIPAL EMPLOYERS:

- Palo Alto Unified School District
- Leland Stanford Jr. University
- Stanford University Medical Center/Hospital
- Lucille Packard Children's Hospital
- Veteran's Affairs Palo Alto Healthcare System
- VMWare, Inc.
- Hewlett-Packard Company
- SAP
- Space Systems/Loral
- IDEO
- Tesla
- Flipboard
- Survey Monkey
- Theranos
- Palantir
- Houzz

## LIBRARIES:

**Library Facilities:** 5

**Items Checked Out:** 1.4 million

**Books:** 235,000

**eBooks and eMusic:** 59,000

**Audio Visual Material:** 47,000

## PARKS, RECREATION, & COMMUNITY CENTERS:

**Parks, Preserves, and Open Space:** 8,271 acres

**Parks:** 36

**Playgrounds:** 29

**Community and Youth Centers:** 5

**Gymnasiums and Fitness Rooms:** 6

**Walking/Biking Trails:** 41.2 miles

## INFRASTRUCTURE AND UTILITIES:

**Streets:** 473 miles

**Water Mains:** 236 miles

**Water Delivered to Customers:** 8-13 million gallons per day

**Wastewater Mains:** 216 miles

**Wastewater Treated:** 7.9 million gallons per day

**Gas Mains:** 209 miles

**Overhead Electrical Lines:** 117 miles

**Underground Electrical Lines:** 175 miles

## PUBLIC SAFETY:

**Number of Police Calls for Service:** 58,500

**Number of Fire/Ambulance Calls for Service:** 7,800

**Police Vehicles:** 28

**Police Motorcycles:** 5

**Canine Units:** 2

**Fire Engines:** 6

**Fire Trucks:** 1

**Ambulances:** 3

# CONTACT INFORMATION

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CITY OF  
**PALO  
ALTO**

## **City Hall**

250 Hamilton Avenue,  
Palo Alto, CA 94301

## **General City Information**

(650) 329-2100

**Visit our website at:**

**[www.CityofPaloAlto.org](http://www.CityofPaloAlto.org)**

## **Americans With Disabilities Act Statement**

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  
250 Hamilton Avenue, Palo Alto, CA 94301  
(650) 329-2496



Spanish explorers named the area for the tall, twin-trunked redwood tree they camped beneath in 1769. Palo Alto incorporated in 1894 and the State of California granted its first charter in 1909. The City has long been known for its innovative people and its exploration of ideas that have changed the world. In Palo Alto, our history has always been about the future.