

5/3/2016

Placed Before Meeting

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City of Palo Alto

MEMORANDUM

**TO:** Finance Committee  
**DATE:** May 3, 2016  
**SUBJECT:** Fiscal Year 2017 Proposed Operating Budget Replacement Pages

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This memorandum transmits replacement pages for the Fiscal Year 2017 Proposed Operating Budget.

The Citywide Average Salary chart on page 63, in the Citywide Funds Overview section, has been updated to be internally consistent, specifically the Average Salary and Benefits line for each bargaining group and the weighted average of all groups. This is reflected in the replacement page provided. (See **Attachment A**).

Additionally, the Budget Reconciliation chart for the Information Technology Department, on pages 284 and 285, was updated to be internally consistent. The total revenues and expenditures and the total reconciliation of the fund were correct, but the Net Technology Fund column in the table inadvertently contained some errors that persisted through publication. This update is reflected in the replacement page provided. (See **Attachment B**).



DEPARTMENT HEAD:

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LALO PEREZ  
Director, Administrative Services/CFO



CITY MANAGER:

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JAMES KEENE  
City Manager

## CITYWIDE FUNDS OVERVIEW

## Citywide Average Salary

| CATEGORY   | Mgmt/<br>Professional | Utilities<br>Mgmt/<br>Professional | Fire Chief<br>Association | IAFF             | Police<br>Mgmt<br>Association | PAPOA            | SEIU             | Weighted<br>Average |
|--|-----------------------|------------------------------------|---------------------------|------------------|-------------------------------|------------------|------------------|---------------------|
| <b>Citywide Average Salary &amp; Benefits</b>            |                       |                                    |                           |                  |                               |                  |                  |                     |
| Full-Time Equivalent (FTE)                               | 224.35                | 48.00                              | 5.00                      | 99.00            | 7.00                          | 83.00            | 585.75           | 1,052.10            |
| Percent of City  | 21.3%                 | 4.6%                               | 0.5%                      | 9.4%             | 0.7%                          | 7.9%             | 55.7%            | 100%                |
| Salary (1)   | \$132,796             | \$155,920                          | \$175,005                 | \$119,381        | \$190,906                     | \$123,945        | \$84,435         | \$105,553           |
| In-Lieu Holiday  | n/a                   | n/a                                | n/a                       | \$4,829          | n/a                           | \$2,420          | \$177            | \$744               |
| Incentive Pay (2)  | n/a                   | n/a                                | n/a                       | \$776            | n/a                           | \$1,154          | \$357            | \$363               |
| Overtime   | n/a                   | n/a                                | n/a                       | \$14,280         | n/a                           | \$13,012         | \$4,334          | \$4,783             |
| Management Leave (80 Hours)                              | \$5,108               | \$5,997                            | \$6,731                   | n/a              | \$7,343                       | n/a              | n/a              | \$11,772            |
| Pension Employer Portion<br>Misc 28.390%; Safety 43.426% | \$37,701              | \$44,266                           | \$75,998                  | \$54,276         | \$82,903                      | \$55,377         | \$24,123         | \$33,878            |
| Pension Employee Portion Paid by<br>City<br>FCA 3.9% (3) | n/a                   | n/a                                | \$6,825                   | n/a              | n/a                           | n/a              | n/a              | \$32                |
| Medicare   | \$1,926               | \$2,261                            | \$2,538                   | \$1,731          | \$2,768                       | \$1,797          | \$1,224          | \$1,531             |
| Medical  | \$16,416              | \$19,602                           | \$18,675                  | \$17,398         | \$20,317                      | \$16,642         | \$17,091         | \$17,084            |
| Dental/Vision  | \$2,142               | \$2,349                            | \$2,219                   | \$2,371          | \$2,508                       | \$2,165          | \$2,097          | \$2,152             |
| Retiree Medical (4)                                      | \$5,474               | \$7,063                            | \$8,200                   | \$7,556          | \$11,714                      | \$9,530          | \$1,566          | \$5,842             |
| Workers' Compensation                                    | \$1,901               | \$1,454                            | n/a                       | \$3,421          | n/a                           | \$3,603          | \$1,258          | \$1,778             |
| Life Insurance/LTD/SUI                                   | \$672                 | \$672                              | \$672                     | \$672            | \$672                         | \$672            | \$672            | \$672               |
| Non-salary Benefits (5)                                  | \$3,567               | \$3,210                            | \$2,647                   | \$147            | \$2,647                       | \$3,493          | \$157            | \$1,309             |
| <b>Average Salary and Benefits</b>                       | <b>\$207,702</b>      | <b>\$242,791</b>                   | <b>\$299,509</b>          | <b>\$226,838</b> | <b>\$321,778</b>              | <b>\$233,811</b> | <b>\$137,149</b> | <b>\$187,493</b>    |

**Isolate Holiday Pay from Salary Category**

|                                   |           |           |           |           |           |           |          |           |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|-----------|
| Salary, includes holidays         | \$132,796 | \$155,920 | \$175,005 | \$119,381 | \$190,906 | \$123,945 | \$84,435 | \$105,553 |
| Holidays (assumes 11 9-hour days) | \$6,321   | \$7,421   | \$8,330   | \$5,682   | \$9,086   | \$5,899   | \$4,019  | \$5,024   |
| Salary, excludes holidays         | \$126,476 | \$148,499 | \$166,675 | \$113,699 | \$118,820 | \$118,046 | \$80,416 | \$100,529 |

1) Salary is calculated at actual pay rate (base pay and special pays, as applicable) as of February 2016 adjusted for step increases in accordance with applicable Memoranda of Understanding with the City's bargaining groups or pay for performance increases for Management and Professional employees.

2) Incentive pay includes: Fair Labor and Standards Act Charges and Night Shift Differential pay.

3) The City will pay 3.9% of FCA employee pension contributions in accordance with the Memorandum of Understanding.

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

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

# INFORMATION TECHNOLOGY

## Staffing

| Job Classification                               | FY 2014 Actuals | FY 2015 Actuals | FY 2016 Adopted Budget | FY 2017 Proposed Budget | FY 2017 Change \$ | FY 2017 Salary   |
|--|-----------------|-----------------|------------------------|-------------------------|-------------------|------------------|
| Manager Information Technology Security          | 1.00            | 1.00            | 1.00                   | 1.00                    | —                 | 141,855          |
| Principal Business Analyst                       | —               | —               | 1.00                   | 1.00                    | —                 | 137,113          |
| Principal Management Analyst                     | 1.00            | 1.00            | —                      | —                       | —                 | —                |
| Senior Business Analyst                          | 2.00            | —               | 2.00                   | 2.00                    | —                 | 250,701          |
| Senior Management Analyst                        | —               | 2.00            | 1.00                   | 1.00                    | —                 | 114,940          |
| Senior Technologist                              | 12.00           | 13.50           | 15.00                  | 16.00                   | 1.00              | 1,975,109        |
| Technologist                                     | 4.00            | 2.00            | 2.00                   | 1.00                    | (1.00)            | 116,262          |
| <b>Sub-total: Full-Time Equivalent Positions</b> | <b>32.20</b>    | <b>31.70</b>    | <b>34.10</b>           | <b>35.10</b>            | <b>1.00</b>       | <b>4,211,546</b> |
| Temporary/Hourly                                 | 1.96            | 1.96            | 1.48                   | 0.98                    | (0.50)            | 171,222          |
| <b>Total Positions</b>                           | <b>34.16</b>    | <b>33.66</b>    | <b>35.58</b>           | <b>36.08</b>            | <b>0.50</b>       | <b>4,382,768</b> |

## Budget Reconciliation

|  | Positions    | Expenditures       | Revenues          | Net Technology Fund |
|--|--------------|--------------------|-------------------|---------------------|
| <b>Prior Year Budget</b>                                     | <b>35.58</b> | <b>20,481,617</b>  | <b>14,907,317</b> | <b>5,574,300</b>    |
| <b>Base Adjustments</b>                                      |              |                    |                   |                     |
| <b>One-Time Prior Year Expenditures and Revenues Deleted</b> |              |                    |                   |                     |
| Council Chamber Recording Equipment                          | —            | (350,000)          | (187,145)         | (162,855)           |
| Enterprise Resource Planning System Selection                | —            | (250,000)          | —                 | (250,000)           |
| IT Service Management System                                 | —            | (200,000)          | —                 | (200,000)           |
| Docusign First Year Costs                                    | —            | (24,500)           | (13,100)          | (11,400)            |
| Pitney Bowes Utility Bill Printing Upgrade                   | —            | (12,000)           | —                 | (12,000)            |
| Utilities Customer Service Bill Improvements                 | —            | —                  | (243,000)         | 243,000             |
| Capital Improvement Project Funding                          | —            | (5,160,457)        | —                 | (5,160,457)         |
| Restoration of Prior Year One-time deletions                 | —            | 50,000             | —                 | 50,000              |
| <b>One-Time Prior Year Expenditures and Revenues</b>         | <b>—</b>     | <b>(5,946,957)</b> | <b>(443,245)</b>  | <b>(5,503,712)</b>  |
| <b>Adjustments to Costs of Ongoing Activities</b>            |              |                    |                   |                     |
| Salary and Benefits Adjustments                              | 0.50         | 362,132            | —                 | 362,132             |
| Capital Improvement Funding Adjustments                      | —            | 3,374,732          | 1,140,912         | 2,233,820           |
| Application Replacement and Maintenance                      | —            | 197,557            | —                 | 197,557             |

## INFORMATION TECHNOLOGY

## Budget Reconciliation

|   | Positions    | Expenditures      | Revenues          | Net Technology Fund |
|---|--------------|-------------------|-------------------|---------------------|
| Telecommunication Services  | —            | 16,600            | —                 | 16,600              |
| Infrastructure Replacement and Maintenance                          | —            | 41,877            | —                 | 41,877              |
| Rental Expense Adjustment   | —            | 8,907             | —                 | 8,907               |
| Desktop Replacement and Maintenance                                 | —            | (40,120)          | —                 | (40,120)            |
| Enterprise Systems Service and Maintenance                          | —            | (20,357)          | —                 | (20,357)            |
| Administrative Services Department Staffing Alignment               | —            | (6,563)           | —                 | (6,563)             |
| General Fund Administrative Cost Plan Allocated Charges Adjustments | —            | 24,359            | —                 | 24,359              |
| General Liability Insurance Allocated Charges Adjustments           | —            | (35,336)          | —                 | (35,336)            |
| Printing and Mailing Allocated Charges Adjustment                   | —            | (390)             | —                 | (390)               |
| Utilities Allocated Charges Adjustments                             | —            | 3,062             | —                 | 3,062               |
| Vehicle Allocated Charges Adjustments                               | —            | 4,051             | —                 | 4,051               |
| Charges to Other Funds - Information Technology Services            | —            | —                 | 551,952           | (551,952)           |
| Transfers to Other Funds  | —            | (37,410)          | —                 | (37,410)            |
| Information Technology Surcharge Revenue                            | —            | —                 | 69,126            | (69,126)            |
| <b>Adjustments to Costs of Ongoing Activities</b>                   | <b>0.50</b>  | <b>3,893,101</b>  | <b>1,761,990</b>  | <b>2,131,111</b>    |
| <b>Total FY 2017 Base Budget</b>                                    | <b>36.08</b> | <b>18,427,761</b> | <b>16,226,062</b> | <b>2,201,699</b>    |
| <b>Budget Adjustments</b>   |              |                   |                   |                     |
| 1 SAP Consultant for Human Resources                                | —            | 125,000           | —                 | 125,000             |
| 2 Data Center Failover Redundancy                                   | —            | 120,000           | —                 | 120,000             |
| 3 Accela Enhancements   | —            | 100,000           | —                 | 100,000             |
| 4 HelpDesk Desktop Staffing   | —            | 59,024            | 59,024            | —                   |
| 5 Project Management Application Pilot                              | —            | 50,000            | —                 | 50,000              |
| 6 Annual Security Testing   | —            | 35,000            | 35,000            | —                   |
| 7 Information Technology Operations Staffing                        | —            | 20,331            | 20,331            | —                   |
| <b>Total Budget Adjustments</b>                                     | <b>—</b>     | <b>509,355</b>    | <b>114,355</b>    | <b>395,000</b>      |
| <b>Total FY 2017 Proposed Budget</b>                                | <b>36.08</b> | <b>18,937,116</b> | <b>16,340,417</b> | <b>2,596,699</b>    |