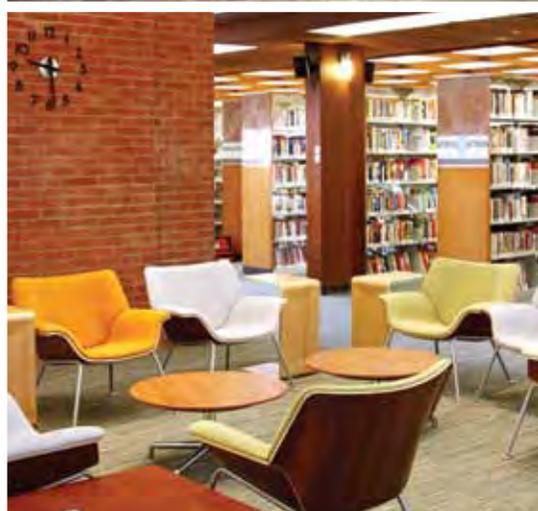




ADOPTED
**OPERATING
 BUDGET**



FISCAL YEAR
2016





CITY OF
**PALO
ALTO**



CITY OF
**PALO
ALTO**

Fiscal Year 2016 Adopted Operating Budget

City Council

Karen Holman, Mayor

Greg Schmid, Vice Mayor

Marc Berman

Patrick Burt

Tom DuBois

Eric Filseth

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James Keene, City Manager

Suzanne Mason, Assistant City Manager

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Lalo Perez, Director of Administrative Services/Chief Financial Officer

Walter C. Rossmann, Director, Office of Management and Budget

David Ramberg & Joe Saccio, Assistant Director of Administrative Services

Greg Schmid, 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.

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



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CITY OF
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INTRODUCTION



CITY OF
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TRANSMITTAL LETTER

August 17, 2015

To the Honorable Mayor and City Council:
2016 Fiscal Year Operating Budget Transmittal

Dear Mayor and Council Members:

In accordance with my responsibility as City Manager, as outlined in the City Charter, I am submitting the City of Palo Alto's Fiscal Year 2016 Adopted Operating Budget. The citywide expenditure budget of \$563.6 million has increased by \$93.3 million, or 19.8 percent, in comparison to the Fiscal Year 2015 Adopted Budget of \$470.3 million primarily due to a change in carrying forward capital funds from one fiscal year to the next (\$51.1 million), utility purchases (\$9.3 million), salary and benefits costs (\$8.3 million), and General Fund infrastructure funding (\$7.2 million). The Fiscal Year 2016 Adopted General Fund Operating Expenditure Budget of \$185.7 million has increased by \$14.6 million, or 8.5 percent, in comparison to the Fiscal Year 2015 Adopted General Fund Expenditure Budget of \$171.1 million primarily due to an increase in infrastructure funding (\$7.2 million) and salary and benefits costs (\$5.7 million). Citywide, full-time equivalent (FTE) benefited positions are increasing by a net 6.3 FTEs, or less than one percent, from 1,033.80 FTEs in the Fiscal Year 2015 Adopted Budget to 1,040.10 FTEs in the Fiscal Year 2016 Adopted Budget. The net year-over-year increase of 6.3 FTEs is attributed to a net decrease of 6.0 FTEs as approved by the Council during Fiscal Year 2015 offset with an increase of 12.30 FTEs in this budget. Despite this increase, a decade ago, the City's total budgeted position count was at 1,073.40 FTEs or 3.1 percent above the Fiscal Year 2016 level. For the General Fund, over this same period, the budget position count was at 649.19 FTEs or 7.7 percent above the Fiscal Year 2016 level of 599.31. During the same 10-year period, the City's population grew by approximately 4,300 residents, or 7.0 percent, from approximately 61,700 residents to approximately 66,000 residents.

The Fiscal Year 2016 Adopted General Fund Expenditure budget of \$185.7 million was approved with \$183.9 million in revenues and \$2.1 million in Fiscal Year 2015 carry-forward surplus funds (out of a total surplus estimated at \$8.1 million as of July 2015) resulting in a \$0.4 million budget surplus. Therefore, the General Fund Budget Stabilization Reserve (BSR) is projected at 18.7 percent or \$34.6 million by the end of Fiscal Year 2016. Compared to the Fiscal Year 2015 Adopted Budget, General Fund tax revenues increased \$8.7 million in the Fiscal Year 2016 Adopted Budget. These tax revenues are major contributors towards the \$14.6 million, or 8.5 percent, increase in the General Fund Budget. It is important to note that a third of the growth in tax revenue (\$2.9 million) is due to the voter approved Transient Occupancy Tax (TOT) rate increase from 12.0 percent to 14.0 percent.

TRANSMITTAL LETTER

On January 31, 2015, the City Council adopted priorities that address transportation, parking, long-term planning, infrastructure investment, and healthy community:

- 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

To support these City Council priorities, this budget includes investments in parking and transportation funding, infrastructure, increased library opening hours, and investments supporting a Healthy City, Healthy Community.

As directed by Council, staff has started to implement several strategies to address traffic congestion in the City. As part of the City's multi-layered mitigation plan, efforts include parking management strategies (e.g.: Residential Preferential Parking program, implementation of parking technologies, garage wayfinding signage), transportation demand management strategies (e.g.: creation of a Transportation Management Association, enhanced shuttle services funding, CalTrain GoPass program for employees), and short-term and long-term parking supply strategies (e.g.: valet parking, construction of new garages as identified in the Council approved Infrastructure Plan). This budget includes additional investments for parking and transportation to implement the Council approved strategies including the addition of 2.0 positions in the Planning and Community Environment Department.

In June 2014, the City Council approved the \$125.8 million Infrastructure Plan. The plan provides funding for a new Public Safety building, replacement of two Fire Stations, the Bicycle Pedestrian Transportation Plan, two parking garages, and other projects. For detail regarding the projects and funding plan, please refer to the Fiscal Year 2016 Adopted Capital Budget.

Although adopted, the City Council approved Infrastructure Plan had a funding gap of \$7.5 million. To address the gap, an additional \$5.35 million will be transferred from the General Fund to the Capital Improvement Fund in Fiscal Years 2016 and 2017, which is equal to the amount of additional Transient Occupancy Tax expected to be generated from the voter-approved two percentage point increase, as well as from new hotels. These additional transfers, which are possible due to additional TOT receipts, will close the funding gap (\$7.5 million), provide funding for the public art program related to the Infrastructure Plan (\$1.1 million), and begin to build a reserve for potential cost overruns (\$2.1 million). To support the implementation of this plan, this budget includes the addition of a 1.0 Engineer position in the Public Works Department.

In November 2014, the City opened the new Mitchell Park Library and Community Center and the remodeled Rinconada Library to our community. In response to feedback from users, who are enjoying these new facilities and Council comments, this budget increases Library operating hours by 32 hours (14 percent) per week, from 228 hours to 260 hours per week beginning mid-August 2015 to coincide with the start of the new school year. To support these increased library hours, this budget includes the addition of 4.80 positions. In conjunction with increased library hours at the Mitchell Park Library, this budget also includes funding for increased recreation operating hours supported by modest staff additions at the Teen Center located at the Mitchell Park Community Center.

For 2015, the City Council added Healthy City, Healthy Community as a new priority. This budget includes funding for a community public health consultant to conduct a study regarding the health risks for our residents based on age, other demographics, and use of emergency medical services among other statistics.

In addition to the 2015 City Council priorities, this budget addresses other important initiatives such as the Development Services Blueprint, the takeover of the Palo Alto Airport, and initial funding towards rehabilitation of the Cubberley Community Center. Further, as I have reviewed the City's operations during the last year this budget adds more spending in code enforcement staffing, additional special events and arts and science programs funding, enhancements toward operational effectiveness and design of alternative service delivery models, and greater use of information technology.

As of April 2015, staff anticipates that in Fiscal Year 2015 the General Fund will have sufficient excess revenue and expenditure savings in the amount of \$8.0 million. As part of the closing of the Fiscal Year 2015 General Fund Budget, \$1.7 million will be carried forward to Fiscal Year 2016 to fund budget proposals that are one-time in nature and are aligned with either Council priorities, initiatives that study the organization to enhance services or increase efficiencies, or decrease future costs.

Economic Outlook and General Fund Revenues

As outlined in the Fiscal Year 2016-2025 General Fund Long Range Financial Forecast, the majority of national, state, regional, and local economic indicators point towards a continuously improving economic climate near term. Updated information from the U.S. Bureau of Labor Statistics indicate that projected 2015 job growth in this region remains strong - up 5.3 percent or 52,000 jobs - between February 2014 and February 2015. In addition, regional unemployment has also dropped from 5.9 percent in February 2014 to 4.7 percent in February 2015. Based on a continued, gradual growth of the regional economy and Fiscal Year 2015 year-to-date major tax revenue receipts, this budget assumes further growth in Sales Tax, Property Tax, and Transient Occupancy Tax in comparison to the Fiscal Year 2015 Adopted Budget. As noted earlier, a substantial growth in tax revenue is due to increases in the Transient Occupancy Tax rate from 12.0 percent to 14.0 percent as approved by the voters in November 2014. As discussed in more detail in the General Fund Overview section, the Fiscal Year 2016 Adopted Budget assumes major tax revenue receipts of approximately \$8.7 million, or 9.6 percent, from \$90.8 million to \$99.5 million. Further, the Fiscal Year 2016 Adopted Budget estimates \$183.9 million in total General Fund revenues, a \$14.6 million increase from \$169.4 million, or 8.6 percent, in comparison to the Fiscal Year 2015 Adopted Budget. Close to 60 percent of this revenue increase is attributed to improved major tax revenue. Other revenues such as charges for services, permits and licenses, rental income, revenue from other agencies, interest income, increased a total of \$5.9 million in Fiscal Year 2016. This budget assumes that the City's Golf Course will be closed for the last six months of Fiscal Year 2016 due to construction, with a decline in those revenues.

Salary and Benefits Expenditures

A local government’s primary responsibility is to provide services to the community through either City or contractual staff. Therefore, it is not surprising that 62 percent of the Fiscal Year 2016 General Fund Adopted Budget is allocated to salaries and benefits. The Fiscal Year 2016-2025 General Fund Financial Forecast projects that by Fiscal Year 2025, the share of salaries and benefits as a portion of the total General Fund budget will grow to 65 percent, with benefit costs projecting to increase faster than the assumed growth in salaries.

POSITIONS

In order to be responsive to Council direction, and enhancing services to the community, this budget includes a net increase of citywide full-time equivalent positions by 6.3 FTEs, or less than 1 percent, from 1,033.80 FTEs in the Fiscal Year 2015 Adopted Budget to 1,040.1 FTEs in the Fiscal Year 2016 Adopted Budget. The net year over year increase of 6.3 FTEs is attributed to a net decrease of 6.0 FTEs during Fiscal Year 2015 offset with an increase of 12.3 FTEs added in this budget. In October 2014, the City Council approved the outsourcing of street sweeping services which resulted in the reduction of 7.0 positions and as part of the Fiscal Year 2015 Mid-year Budget Review report, the City Council approved the addition of 1.0 Principal Attorney position.

After adjusting for position changes during Fiscal Year 2015, the General Fund reflects a 9.9 FTE increase, or 1.7 percent, in the General Fund (excluding reallocations from the General Fund of 0.17 FTEs), a 0.7 FTE increase, or less than one percent, in the Enterprise Funds (excluding reallocations from the Enterprise Funds of 2.20 FTEs), and a 1.7 FTE increase, or 2.0 percent, in Other Funds (excluding reallocations to Other Funds of 2.37 FTEs). Other Funds consist of Special Revenue Funds, Internal Service Funds, and the Capital Improvement Fund.

	General Fund	Enterprise Funds	Other Funds*	Total
Fiscal Year 2015 Adopted Budget	588.58	358.34	86.88	1,033.80
Fiscal Year 2015 Approved Adjustments	1.00	(5.75)	(1.25)	(6.00)
Fiscal Year 2015 Modified Budget	589.58	352.59	85.63	1,027.80
Fiscal Year 2016 Net Increase	9.90	0.70	1.70	12.30
Fiscal Year 2016 Reallocation	(0.17)	(2.20)	2.37	-
Fiscal Year 2016 Adopted Budget	599.31	351.09	89.70	1,040.10

* includes Special Revenue Funds, Internal Service Funds, and the Capital Improvement Fund

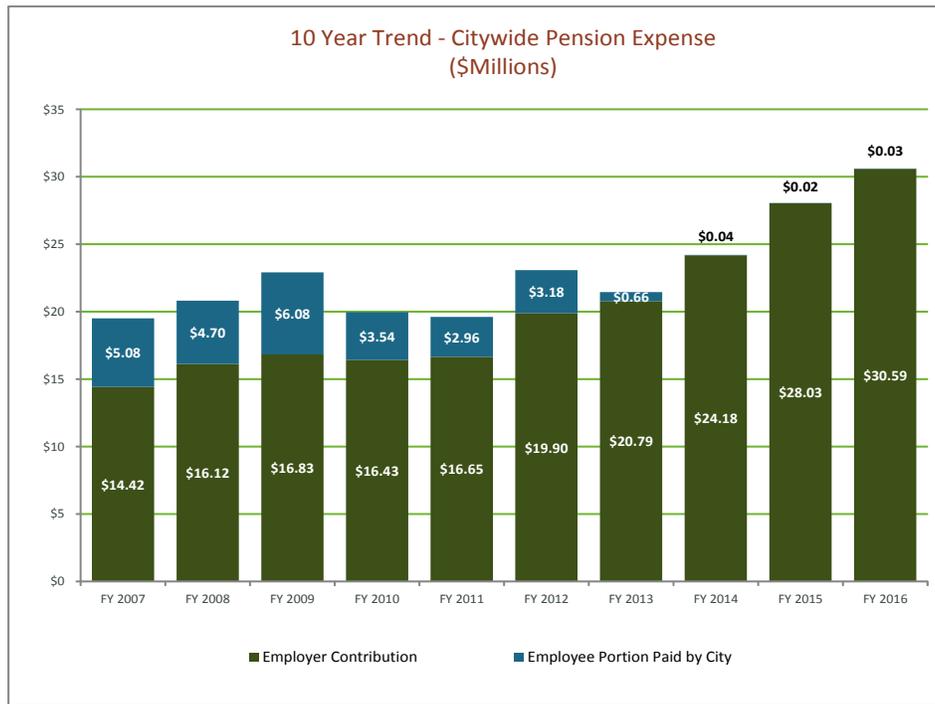
Mostly in response to City Council initiatives and direction, this budget adds a net 9.9 positions adjusting for reallocations to the General Fund, which includes 1.3 positions that are supported by a dedicated revenue sources such as charges for development-related activity. Therefore,

only 8.6 positions are supported with new tax revenues. These additions include 3.3 positions to extend Library hours and support expanded/renovated facilities at Mitchell Park and Rinconada Libraries; 1.5 positions to support Community Service special events, staffing at the Mitchell Park Community Center, and other staffing needs in the Community Services Department; 2.3 positions to support parking, transportation, and code enforcement programs; and 0.1 position to assist with the implementation of the Infrastructure Plan. Additionally, to further enhance operational efficiencies, this budget includes the addition of 0.5 position in the Auditor's Office; and 0.9 position in the Facility Division to reorganize the division and identify opportunities for alternative service delivery.

SALARY & BENEFITS

Since the Great Recession, the City Council has approved various strategies to reduce the costs of salaries and benefits. These strategies include: (1) employees paying their own CalPERS contribution (between 6 percent to 9 percent of salary) except for the members of the Fire Chiefs' Association; (2) sharing the cost of health plan cost; (3) creating a second pension tier (and the state implemented a third tier effective January 1, 2013); (4) reducing professional development expenses; (5) cost of living freezes for four years; and (6) terminating the Variable Management Compensation Plan. Continuing with previous actions to curtail the growth of benefits costs, in 2014, as part of approving the agreement with SEIU and the compensation plan for Management and Professional employees, the City Council approved the cost sharing of future health plan costs. Implementation of these various strategies slowed down the growth in salary and benefits cost in future years. However, in accordance with the latest General Fund 10-year Financial Forecast, over the next 10 years, salary and benefit costs represent 62 percent of the expenditure budget in Fiscal Year 2016 and 65 percent of the budget in Fiscal Year 2025. During this same period in the Long Range Forecast, benefit costs as a percentage of total compensation (salary and benefit costs) increase from 41 percent in Fiscal Year 2016 to 48 percent in Fiscal Year 2025.

The table below depicts citywide pension expenses from Fiscal Year 2007 to Fiscal Year 2016. As discussed in more detail in the Employee Information section of this document, the City's pension contribution rates to CalPERS have increased during the last ten years and are expected to increase significantly during the next six years. In comparison to the Fiscal Year 2015 Adopted Budget, citywide pension costs are increasing by approximately \$2.6 million, or 9.1 percent, from \$28.0 million to \$30.6 million in this budget. In the Fiscal Year 2016 Adopted Budget, pension rates for miscellaneous groups are increasing by 1.6 percentage points (from 26.1 percent to 27.7 percent) and pension rates for safety groups are increasing by 2.4 percentage points (from 39.5 percent to 41.9 percent). As discussed in the Fiscal Year 2016-2025 General Fund Long Range Financial Forecast, pension costs are projected to rise significantly during the next few years. Such looming cost increases are leading local governments to look at greater sharing of pension cost increases with employees.

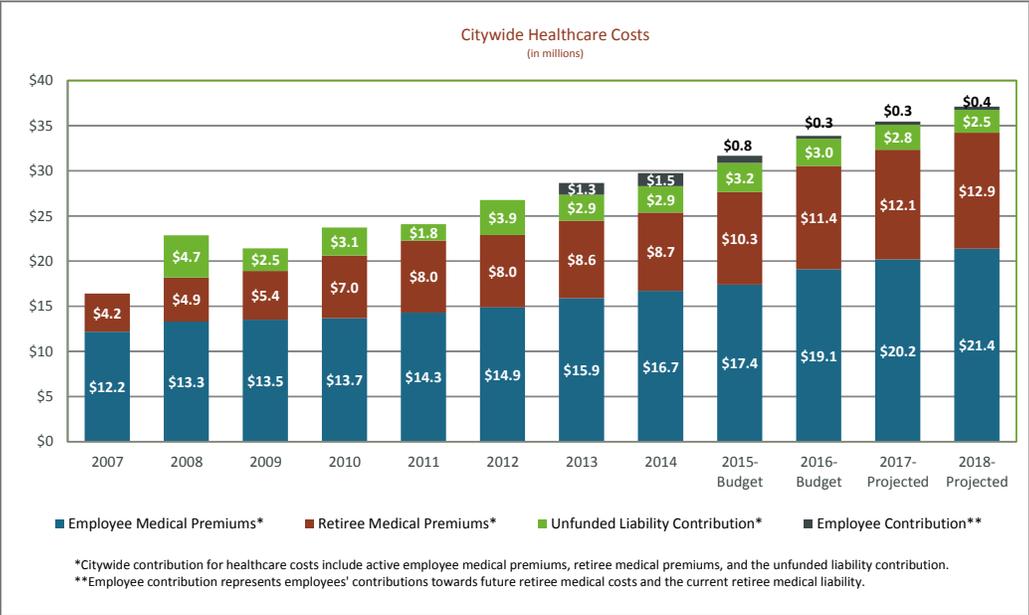


One of the underlying reasons for the continuously increasing pension costs is the unfunded liability of \$295.6 million for the City's pension plan. Further, the City's Retiree Healthcare Trust Fund carries an unfunded liability of \$143.6 million. Continuing with past practice, this budget assumes the full payment of the annual required contribution (ARC) for pension costs and retiree healthcare costs. With the payment of the ARC, it is assumed, all things being equal, that within 30 years the City will pay off its obligations and unfunded liabilities for pension and retiree healthcare costs. However, factors such as the assumed interest earnings in the trust funds (currently at 7.5%) may not be achieved long-term; demographic assumptions of employees and retirees may change (e.g.: retirees live longer); or healthcare costs are raising faster than assumed. Any such changes in future years may increase the unfunded liability for pension and retiree healthcare benefits. It is important to note that in comparison to other cities, Palo Alto is a full-service City which includes providing all utility services to its residents and also provides services to other entities such as Fire Services to Stanford University.

Government agencies across the State and the nation are grappling with the issue of long-term pension and retiree healthcare costs. As directed by the City Council, in the fall of 2015 staff is scheduled to bring forward potential strategies to address the City's unfunded liabilities for pension and retiree healthcare totaling \$439 million. In preparation for this discussion, staff will work with the City's actuary and investigate best practices regarding this issue.

With the implementation of the Tier 2 pension plan in 2010, as well as the Tier 3 pension in 2013, the pension expense growth is projected to decrease in the long-term. According to the City's actuary, the City should see a reduction in pension costs, albeit small at first, within ten to fifteen years after implementing more affordable pension tiers. As of June 1, 2015, 28 percent of the City's current full-time employees are enrolled in either Tier 2 or Tier 3 pension benefit plans.

The table below depicts the rising per employee health care costs between Fiscal Year 2007 and Fiscal Year 2016. Between Fiscal Year 2007, when the City’s healthcare expense was at \$16.2 million and this budget, the City’s healthcare expense more than doubled to \$37.2 million. As can be seen from the chart below, the primary reason for the increase in cost is the retiree healthcare benefit. In Fiscal Year 2007, the City paid \$4.2 million; for Fiscal Year 2016, the total benefit cost, including the contributions from employees, amounts to \$14.7 million. During the same period, the healthcare premium costs increased due to increased healthcare costs and the increase in number of retirees. Between Fiscal Year 2007 and Fiscal Year 2014, the number of retirees receiving healthcare benefits increased by 263 retirees, or 41 percent, from 642 retirees to 905 retirees. It is important to note that with Fiscal Year 2008, the City started to pay the annual required contribution (ARC) for retiree healthcare. With the payment of the ARC, all things being equal, the City will pay off the unfunded liability within 30 years. The second reason for the increased cost is the healthcare benefit for active employees. Between Fiscal Year 2007 and Fiscal Year 2016, the annual increase in healthcare costs was approximately 5 percent.



As a result of the 2013 labor agreement between the City and the Service Employees International Union (SEIU), the City’s contribution amount towards medical costs for SEIU employees changed from a 90 percent contribution from the City and a 10 percent contribution from the employee to a flat contribution from the City and the employee contributing towards the remaining medical plan premium. The Council also approved this change for Management and Professional employees effective January 1, 2015. All other labor groups eligible for medical benefits still remain on the 90/10 percent contribution structure until new labor agreements are reached with the City and the affected bargaining groups. It is expected that this strategy will contain healthcare costs over the long-term by decreasing the rate of health care cost growth and may also influence the health plan choices employees make resulting in further savings.

Budget Investment Highlights

Now, I would like to turn to a summary of major investments and service delivery enhancements across all funds for Fiscal Year 2016.

CITY COUNCIL PRIORITIES AND INITIATIVES

Parking and Transportation Funding (\$574,000)

Starting in Fiscal Year 2015, the City started to implement several strategies to address increasing traffic congestion in the City. These multi-layered mitigation efforts include parking management strategies (e.g.: Residential Preferential Parking program, implementation of parking technologies, garage wayfinding signage), transportation demand management strategies (e.g.: creation of a Transportation Management Authority, shuttle services funding, CalTrain GoPass program for employees), and short-term and long-term parking supply strategies (e.g.: valet parking, construction of new garages as identified in the Council approved Infrastructure Plan). This budget includes additional investments for parking and transportation to implement the Council approved strategies.

This budget includes the addition of 1.0 Parking Operations Lead to support the Transportation and Parking Manager with the implementation of several new parking initiatives and programs. This additional position will assist with the Transportation Management Association initialization, Residential Parking Permit Program, parking occupancy and inventory studies, parking fee study, and implementation of the Garage Wayfinding, Revenue and Access Control, and Parking Guidance System projects in the University Avenue Parking Permit District.

Evaluating parking is one of the strategies to alleviate traffic and congestion in Palo Alto. This budget provides funding for a parking study to evaluate paid parking as part of a broader parking management strategy to inform the City on future parking decisions and methods to maximize parking utilization within existing parking resources.

In August 2014, the Palo Alto City Council approved the development of a Transportation Management Association (TMA) for Palo Alto. Staff is proposing \$100,000 in one-time funding for various TMA pilot programs, initiatives, and incentives, that include but are not limited to transit passes for Downtown employees, subsidizing an on-demand shuttle service such as Chariot or Leap, providing discounts for last-mile services like Lyft or Uber for people who use those services to get to and from their businesses, and to promote transportation alternatives for businesses located in the Downtown.

In November 2014, City Council approved funding for a new traffic signaling system. The new system includes updated traffic signal controllers, replaces auxiliary equipment at each intersection including fiber optic transceivers, and updates fail-safe equipment that is used to monitor conflicting signal indications for safety. In order to successfully operate the system and take advantage of enhanced functionality, the staff is proposing a new 1.0 Traffic Operations Lead position to be responsible for adjusting programming and timing of signal lights, utilizing data generated by the system for analysis and decision-making. This position will also work on general transportation engineering issues, increasing the department's capacity for responding to

citizen complaints and suggestions, and undertaking required technical analyses to develop and implement signal timing strategies to help ensure efficient traffic operations.

After an initial pilot in calendar year 2014, the City Council extended the CalTrain GoPass pilot to calendar year 2015 in November 2014. The CalTrain GoPass program provides the City as employer the opportunity to purchase annual CalTrain passes for our employees at a significant discount. As reported to the City Council in November 2014, over 100 parking permits have been made available to non-City employees (due to more City Employees using CalTrain and freeing up spaces) since the inception of the pilot. This budget makes the funding for the pilot program permanent.

Library Opening Hours and Service Enhancements (\$493,000)

This budget increases Library operating hours by 32 hours or 14 percent per week, from 228 hours to 260 hours per week beginning mid-August 2015 coinciding with the start of the new school year. To support the increase in operations, this budget increases Library department staffing by 4.80 FTEs. With the funding of additional Library hours, all Library branches throughout the City will open at 10:00 am (except for College Terrace Library which will remain closed Mondays, Wednesdays, and Sundays and the Downtown Library which will remain closed on Mondays and Sundays); expand weeknight (Monday through Thursday) operating hours at Mitchell Park and Rinconada Libraries from 8:00 pm to 9:00 pm; and double Sunday operating hours at Mitchell Park and Rinconada Libraries (from 1:00 pm - 5:00 pm to 10:00 am - 6:00 pm).

Healthy City/Healthy Community (\$82,000)

For 2015, the City Council added Healthy City, Healthy Community as a new priority. This budget includes funding for a community public health consultant to conduct a study regarding the health risks of community members based on age, demographics, and utilization of emergency medical services among other statistics. This budget also continues funding for Public Fire Education staffing to coordinate with the public health consultant to provide data analysis for the City's leading emergency medical issues.

To ensure a healthy employee community within the City organization, this budget funds a program to promote employee wellness. Funding will be used to hire a consultant to develop an online program and health coaching to increase awareness of healthy options both at work and at home.

Capital Infrastructure Plan Implementation Staffing (\$154,000)

This budget includes the addition 1.0 Engineer position in the Public Works Department Engineering Services Division to assist with the delivery of capital projects. The workload for the capital program has increased in recent years since the Infrastructure Blue Ribbon Report (IBRC) report was finalized and will increase significantly in upcoming years with the 2014 approval of the Capital Infrastructure Plan. That plan includes the construction of a new public safety building, parking garages, fire station renovations, and the implementation of the bike and pedestrian plan.

Development Services Staffing (\$236,500)

In support of the Development Services Blueprint, the addition of 1.0 Assistant Chief Building Officer and 1.0 Planning Manager offset with development related fees is recommended. The Assistant Chief Building Officer will be responsible for implementing new initiatives to streamline Building Division processes; oversee the Development Services Department Plan Check process by assisting in quality review checks and standardization of processes; manage on-call contracts related to the Plan Check process; distribute Plan Review assignments; serve as the liaison between the fully contracted Plan Check team and project coordinators; develop performance metrics and standards to ensure timely and consistent service is provided by both contract and City staff on the Building Inspection and Plan Check teams in all levels of review. The 1.0 Planning Manager position will assign plan review of building permits, integrate Green Building operations with the planning entitlement and building permit processes, and act as a liaison with the Planning and Community Environment Department when entitlement applications result in a building permit. In the event code enforcement is required on projects that had planning conditions of approval, the Planning Manager will work with the rest of the Development Services team to resolve any outstanding issues. In addition to day-to-day operations, the Planning Manager will act as the lead for projects identified in the Development Services Action Plan. This includes, but is not limited to, the development of a construction and demolition permit process, integration of Green Halo with Accela (digital C&D permitting system), and implementation of Building Eye for Building Permits.

Code Enforcement Staffing (\$115,000)

The budget includes the addition of 1.0 Code Enforcement Lead to increase the Planning & Community Environment and Development Service department's capacities for code enforcement activity, provide additional resources to prioritize workload, and to respond to code enforcement issues initiated by the community. The Code Enforcement Lead will train, coordinate, and provide daily direction to 2.0 Code Enforcement Officers.

Seismically Vulnerable Buildings Study (\$100,000)

The main outcome of this study is an inventory of seismically vulnerable buildings in the City. The inventory will identify and prioritize potentially hazardous buildings in the event of a significant seismic event, suggest incentives and requirements to address the hazards and provide compliance timelines. The study will include community outreach, technical assistance, prioritization criteria, and update to the City's Seismic Hazards Identification Program ordinance.

Recreation Division and Special Events Staffing (\$273,000)

This budget adds 1.0 Community Services Superintendent - Recreation (\$178,476) in the Recreation Division to support administration of the recreation program and serve as the lead for citywide special events coordination. The position will provide operational oversight, succession planning, and development of programs, services and cost recovery strategies for the Recreation Division through division-wide marketing initiatives, budget preparation and monitoring, Recreation Foundation Board development, coordination of consistent customer service and cash handling procedures for three community centers and an aquatics complex. In addition, the Community Services Superintendent - Recreation will also serve in a leadership role for the City in the coordination of an inter-departmental team for the planning, marketing, and execu-

tion of special events across the City. To support the new Community Services Superintendent in this role, this budget adds \$95,000 in ongoing funding for special events throughout the City. This funding will be used to support the City's fifteen annual special events, such as the Moonlight Run, Senior Bash, and Holiday Tree Lighting and provide additional support for approximately seven to ten non-annual special activities such as past events for the Mitchell Park Library and Community Center opening, Senior Services Summit, and Hackathon, as they arise through special requests by the City Council, City Manager's Office and/or in partnership with local organizations.

Mitchell Park Community Center Recreation Operating Hours and Teen Program Enhancements (\$88,000)

This budget increases Mitchell Park Teen Center operating hours in the evenings during the week and on weekends beginning in mid-August 2015 to coincide with enhanced operating hours at the Mitchell Park Library. With the funding for additional operating hours, the Mitchell Park Teen Center will be open an additional hour on weeknights extending the opening hours from 8:00 pm to 9:00 pm; on Fridays, opening hours are extended by 2 hours from 8:00 pm to 10:00 pm; and the center will be open for limited weekend hours such as Saturday afternoons and evenings for drop in and organized activities. Further, funding for enhanced Mitchell Park Teen programs is included for teambuilding activities for a multitude of Teen Leadership groups including the Palo Alto Youth Council, Teen Advisory Board, Teen Art Council, Students with a Gateway, clickPA, and Project Enybody.

Palo Alto Airport Staffing (\$79,000)

In 2014 the City assumed responsibility for the Palo Alto Airport. As part of developing a business plan in 2010, staff proposed various staffing models: (1) City Operation of the Airport; (2) Third Party Management; or (3) hybrid model. In the Fiscal Year 2015 budget, staff recommended a hybrid model with two City positions and a contractual funding for operations staffing. Staff completed a Request for Proposal and received one responsive proposal. Comparing the proposal with an in-house staffing model, the in-house staffing model is more cost-effective by approximately \$150,000. Therefore, funding for hourly staffing (\$180,000) offset with reductions in contractual staffing (\$294,000) resulting in net savings of \$114,000. Regardless of the airport operations staffing model, this budget adds 1.0 Manager of Maintenance Operations position. This position will oversee all contracted services that are provided at the airport, day-to-day operations, maintenance, and security activities in the Airport Manager's absence. The position will also act as the airport liaison for outside agencies such as the Transportation Security Administration (TSA), Federal Aviation Administration (FAA), Federal Bureau of Investigation (FBI), and other agencies; serve as the airport construction project manager; and oversee response for emergencies, distressed or disabled aircraft, security incidents, hazmat spills, and wildlife or other airfield accidents/incidents.

ENHANCING CITY OPERATIONAL EFFECTIVENESS

Police Field Patrol Body Worn Cameras (\$95,000)

This budget includes funding for the Police Department to purchase approximately 90 body-worn cameras for personnel on duty in Field Patrol. These cameras will integrate with and enhance the current in-car camera system, which only capture approximately 40-60 percent of

police field patrol interaction with the public. The use of body worn cameras will assist in criminal prosecution, potentially reduce civil liability, and aid in the review of alleged misconduct. Funding will also be used to fund increased digital evidence storage capacity in order to maintain an archive of the recordings for two years as required by City Ordinance.

Facilities Management Staffing (\$166,000)

As part of the Fiscal Year 2015 Adopted Budget, one-time funding was added in the Public Works Department for an operational study of the Facilities Management Division. The study determined that some operational efficiencies and improvements can be achieved. The 1.0 Facility Manager position will report directly to the Assistant Director in the Public Services division and will be tasked with implementing improvements identified in the operational study and providing day-to-day support over the Facilities Management Division staff. Major recommendations in the operational study include development of an asset management program for City facilities, comprehensive facility condition assessment, optimizing existing resources including implementation of alternative service delivery models, and increasing sustainable facility operation. It is expected that the investment in this position will pay for itself over time.

Priority Based Budgeting Consultant Support (\$60,000)

This budget funds consultant services to assist the Office of Management and Budget with implementing a priority based budget process. With the priority based budgeting process, staff will review the organization at a programmatic level. The consultant will guide staff with identifying programs and assigning staff and costs to these programs. Programs and services will then be evaluated to determine the degree to which they contribute to the achievement of broad outcomes and certain attributes such as: the degree that they are legally mandated; whether they can be provided by the non-profit and private sector; which constituency they serve; foreseeable change in demand of service; and the cost recovery level. Once complete, the analysis will inform recommendations for performance measures and management at the programmatic level and potential alternative service delivery for programs. It is important to note that even with the consultant support this effort will require substantial involvement from staff in all departments.

Development Services Department Fee Study (\$40,000)

In 2012, the City started a citywide Cost of Services Study. This budget provides one-time funding for a fee analysis for all Development Services Department fees. In Fiscal Year 2012, the City contracted with a consultant who studied the City's Municipal Fees except those related to the Planning & Community Environment Department and to development-related activity. With this study, the final set of municipal fees will be studied to determine staff time and all related costs spent on each fee related activity. Adjustments to Development Services Department fees, possibly including the establishment of new fees, will be brought forward for City Council consideration during Fiscal Year 2016 or as part of the Fiscal Year 2017 Proposed Municipal Fee Schedule.

Individual Review Process Peer Review Study (\$50,000)

This budget includes one-time funding for an independent review of the Individual Review program to evaluate processes and guidelines in order to enhance the program's efficiency and

effectiveness. The Individual Review program was established by the Palo Alto Municipal Code section 18.12.110 to preserve the character of Palo Alto by placing specific requirements relating to streetscape, massing, and privacy of new two-story and upper story additions with the R-1 zone district. Conducted by an outside architect, the study is intended to provide performance improvement recommendations that will be shared with various stakeholder groups to inform recommended process and guideline change.

Regional Fire and Emergency Medical Services Efficiency Study (\$75,000)

To study regionalization of Fire and Emergency Medical Services, this budget includes funding for a study in conjunction with other local agencies, under the umbrella of the Santa Clara County Fire Chief's Association, to explore several different fire and emergency regional deployment models. Several areas that will be studied include: regionally consolidating fire, rescue, and emergency medical services; establishing a consolidated 9-1-1 call and emergency command center; and building out an integrated regional radio communications.

Information Technology Investments (\$550,000)

This budget allocates funds for various citywide technology investments including the acquisition and installation of recording equipment for the Council Chamber and the acquisition of a new IT HelpDesk Workorder and Asset Management system. This budget recommends upgrading the current analog media and recording equipment in the Council Chambers with digital equipment. The current equipment is past its serviceable life and has not been under warranty since Fiscal Year 2013. In addition, the current system has no back-up or redundancy capability, so if it stops working the meetings will not be streamed to the public, they will not be recorded, and the general function of City Council meetings will be disrupted. The City's existing technology work order management tool, Track-It, which is over 10 years old, is recommended to be replaced with a next generation cloud-based solution that integrates Work Order Management and Asset Management. The new system will allow for mobile entry of work orders by all City staff. The current system, Track-It, is past its serviceable life and no longer supported by the vendor.

Human Resources Data Analytics Consultant (\$250,000)

This budget includes continuing contractual services funding for the Human Resources Department for one more year for SAP training and alignment of SAP functionality with business practices. In Fiscal Year 2015, the consultant will complete an assessment of current processes to enter and update employee salary and benefit information, and conduct workshops to re-engineer these processes; evaluate and implement functional changes to allow more employee self-service; and design an overall Human Resources Information System (HRIS) management strategy. In Fiscal Year 2016, this funding will allow the consultant to implement the HRIS management strategy, continue to increase employee self-service functionality to focus on data entry review and data analysis as it relates to citywide salaries and benefits; and conduct additional workshops to update the current business practices. Further, it will allow the Department to integrate external systems such as NeoGov (hiring process system) and CalPERS online system with SAP and initiate changes to the Manager self-service module to increase management oversight capabilities in SAP.

Utility Rate Increases

This Fiscal Year 2016 Budget includes utility rate adjustments for fiber optics, refuse, storm drain, water, and wastewater charges. The average monthly residential Utilities bill is expected to increase by 6.3% or \$14.98 from \$237.24 to \$252.22. At this time no rate increases are included for the electric and gas services; however, due to rising commodity costs and an aging infrastructure, rate increases will be likely in Fiscal Year 2017 and beyond.

With this budget, 12 percent water rate increase has been adopted by Council mainly due to increasing water supply costs from the San Francisco Public Utilities Commission (SFPUC). In June 2015, the City Council approved an 8 percent rate increase and in September 2015 the City Council is scheduled to consider an additional 4 percent rate increase. The SFPUC is issuing debt to fund major improvements to the Hetch Hetchy transmission system. A 9 percent wastewater rate increase is due to capital project cost increases and continuing increases in treatment and operations costs. In order to fund the implementation of a new residential food scrap collection program, a 9.0 percent refuse rate increase is included. For the Storm Drain fee, a rate increase of 2.6 percent, equivalent to the Consumer Price Index (CPI) for the San Francisco Bay area, is recommended as approved by the voters. Finally, in accordance with Fiber Optics contracts, a 2.6 percent rate increase equivalent to the Consumer Price Index is assumed in this budget.

Looking Beyond Fiscal Year 2015

The Fiscal Year 2016 Adopted Operating Budget strives to address the highest present needs in the community in alignment with City Council priorities and initiatives. Beyond Fiscal Year 2016, like other cities across California, the City faces long-term costs such as unfunded liabilities related to pension and retiree healthcare. The Fiscal Year 2016-2025 General Fund Long Range Financial Forecast projects surpluses in all out-years of the Forecast except for a slight shortfall in Fiscal Year 2017. During the forecast period, surpluses range between \$0.5 million and \$3.4 million with an approximate cumulative one-time surplus of \$17.2 million. Assuming that the General Fund Budget Stabilization Reserve (BSR) is fully funded at the City Council approved target level of 18.5 percent of General Fund operating expenditures, \$11.6 million would have to be set aside to maintain the target level due to growth in spending over the 10 year period. With these funds set aside, the one-time resources projected in this Forecast would decrease by \$11.6 million from \$17.2 million to \$5.6 million.

However, these surpluses depend on certain assumed year over year revenue growth percentages. As discussed in the Fiscal Year 2016-2025 General Fund Long Range Financial Forecast, if these revenue growth percentages are just one percentage point less than assumed, the City's General Fund would experience deficits over the Forecast period. Therefore, we are fiscally prudent when adding new ongoing costs to the City's budget.

In June 2014, the City Council approved the City's Infrastructure Plan which includes a prioritized project list. Although adopted, the City Council approved Infrastructure Plan had a funding gap of \$7.5 million. To address the gap, an additional \$5.35 million will be transferred from the General Fund to the Capital Improvement Fund in Fiscal Years 2016 and 2017, which is equal

to the amount of additional Transient Occupancy Tax expected to be generated from the voter-approved two percentage point increase, as well as from new hotels. These additional transfers, which are possible due to additional TOT receipts, will close the funding gap (\$7.5 million), provide funding for the public art program related to the Infrastructure Plan (\$1.1 million), and begin to build a reserve for potential cost overruns (\$2.1 million). Although the City is starting to set up a small contingency reserve, we do expect that the potential acquisition of land and construction could cost more as we refine initial designs and are faced with paying prevailing wages or cost increases with the passage of time.

Over the last 12 months, the City made significant strides on the land use and transportation front with non-stop action on a host of initiatives. Once the City's new Comprehensive Plan is adopted, in Fiscal Year 2016 or 2017, we will update our future general fund long-range financial forecasts based upon policy changes in the new Plan. Another challenge the City is currently working through which will have implications for the Fiscal Year 2016 Budget (and beyond) involves the provision of fire and rescue services to Stanford University. The term of the current Fire Response Service contract between the City and Stanford is through September 30, 2026. On October 8, 2013, the City received a Notice of Termination letter from Stanford that could allow termination of the contract with the City by October 2015. After issuance of the termination letter, Stanford released a Request for Proposals (RFP). In response to the RFP, the City submitted a proposal in January 2014. During the last few months, City and Stanford representatives have met regularly regarding a potential future contract. As of the writing of this message, Stanford has not made a decision regarding our proposal to continue providing Fire services to the campus. The Fiscal Year 2016 Adopted Budget assumes approximately \$7.6 million in revenue for Fire services from Stanford. Based on the outcome of negotiations with Stanford, the Fiscal Year 2016 budget may have to be amended.

The City was scheduled to start the Golf Course Reconfiguration Project in May 2014; however, due to delays in receiving the necessary regulatory permits from the State Regional Water Quality Control Board, this project has been delayed. Depending on the outcome of discussions between the City and various regulatory agencies, this project may be further delayed in its construction start. This budget assumes that the Golf Course will be closed starting January 1, 2016, for beginning of construction.

Currently, the City is in negotiation with its public safety unions and the contract with SEIU is set to expire in December 2015. While the City seeks to remain a competitive employer, the City also has to address the long-term benefit cost increases with its bargaining units. As discussed, pension costs are projected to rise significantly during the next ten years. Further, the City is facing a combined unfunded liability of \$439 million for its two pension trust funds and its retiree healthcare trust fund.

Conclusion

Palo Alto continues to be at the epicenter of a thriving regional economy. This economic boom as well as the voter approved Transient Occupancy Tax rate increase have generated significantly higher revenues for the City. The local economic boom has also resulted in an increase in job growth, more traffic, and a higher demand for parking, and other City services. These issues are well recognized by the City Council as reflected in the adopted 2015 Council priorities and

TRANSMITTAL LETTER

this budget. In alignment with Council priorities and directives, this budget includes investments in parking and transportation funding, infrastructure, and new spending for Healthy City, Healthy Community initiatives. Further, the Council approved infrastructure plan over two years will be fully funded, library hours will be increased, and funding is recommended to increase organizational efficiencies.

While the City Council approved an annual budget for this coming fiscal year, we have to keep the long-term goals of the City in mind. Work is still needed with our employee groups to reduce long-term pension and health care liabilities while remaining a competitive employer. The City has made good progress and as we are in negotiations with our public safety unions and next year with SEIU, we need to start addressing these long-term liabilities.

I would like to thank our dedicated City Council for its leadership and our Executive Leadership Team and the entire staff for providing outstanding services to our community. Special thanks to Walter C. Rossmann, Director of the Office of Management and Budget, and his team including Christine Paras, Eric Bilimoria, Michael Bruckner, Paul Harper, and Sean O'Shea, who have worked countless hours during evenings and on weekends to put this budget together, as well as Lalo Perez, Chief Financial Officer, Joe Saccio and Tarun Narayan, and staff across all departments who contributed to this budget.

We are honored to work with a dedicated Council, a professional City workforce, and a highly engaged community.

Respectfully Submitted,

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

James Keene
City Manager

COUNCIL AMENDMENTS TO PROPOSED GENERAL FUND BUDGET

Dept Budget	Description	Expense	Revenues	Net
	Proposed Budget BCR Change	\$-	\$-	\$-
	Actions Proposed by Finance Committee			
Council	Council meals for extra meetings funding increase	5	-	(5)
CSD	Special event funding increase	50	-	(50)
Office of Sustainability	Consultant funding reduction	(190)	-	190
	Subtotal - Actions Proposed by Finance Committee	(\$135)	\$-	\$135
	Actions Proposed by Staff			
PWD	San Francisquito Creek JPA	\$27	\$27	\$-
Police/Fire	Reallocate Police Chief from Fire - Stanford Revenue Impact	-	(50)	(50)
IT/Safety	Eliminate 1 FTE Senior Technologist in Technology Fund	-	-	-
PWD	Urban Forest Study	122	-	(122)
CMO	Palo Alto Animal Services Transition Funding	250	-	(250)
NON	Additional Infrastructure transfer (alignment w/ TOT revenue)	325	-	(325)
NON	Revised Property Tax projection	-	525	525
Various	FY 2015 budget surplus to offset Council meals, Stanford revenue impact, Urban Forest Study & PAAS transition	-	427	427
Police	Freeze 1 FTE Community Service Officer	(100)	-	100
Fire	Automatic External Defibrilators	50	-	(50)
	Subtotal - Actions Proposed by Staff	\$674	\$929	\$255
	Fiscal Year 2016 Adopted Budget Surplus	\$539	\$929	\$390



CITY OF
**PALO
ALTO**

Budget Acknowledgments

Department Budget Coordinators

Administrative Services

Mary Figone

City Attorney

Stacy Lavelle

City Auditor

Deniz Tunc

City Clerk

Beth Minor

City Manager

Khashayar Alaei

Community Services

Lam Do

Development Services

Jessie Deschamps

Human Resources

Khashayar Alaei

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Planning & Community Environment

Sherry Nikzat

Public Safety

Ian Hagerman

Public Works

Sharon Macway

Utilities

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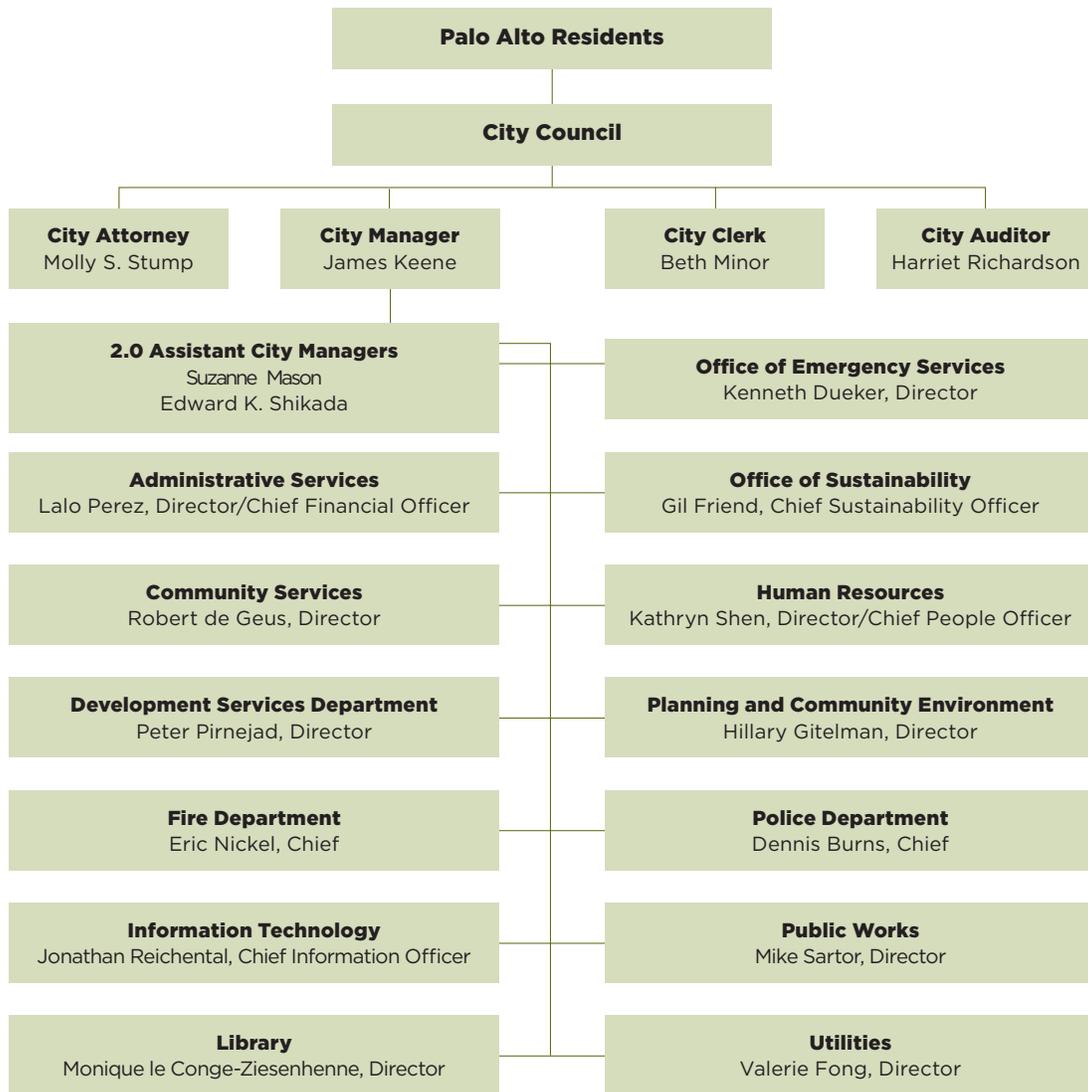
Image Credits

All artwork produced by children enrolled in Palo Alto Art Center Children's Fine Art camps and classes offered by the Community Services Department. For more information, please visit www.cityofpaloalto.org/gov/depts/csd/artcenter.



CITY OF
**PALO
ALTO**

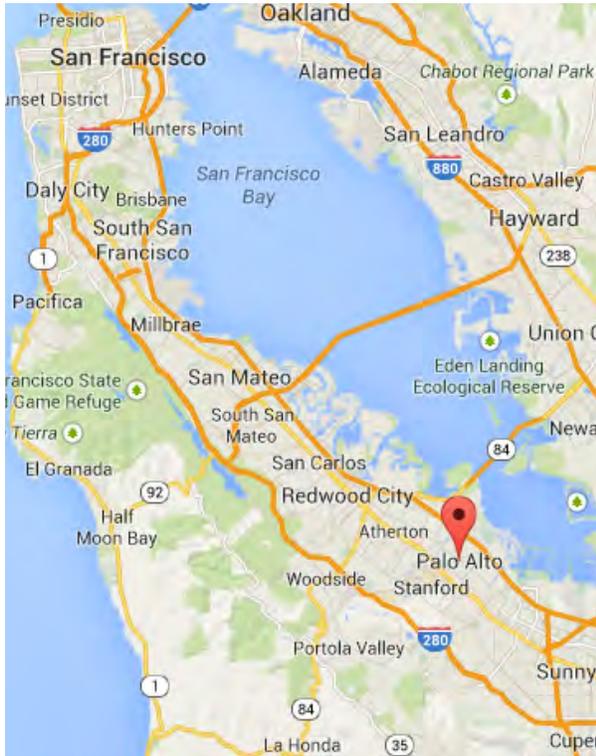
City of Palo Alto Organizational Chart





CITY OF
**PALO
ALTO**

Palo Alto at a Glance



INCORPORATION

April 23, 1894

GOVERNMENT

Palo Alto is a charter city operating under the Council-Manager form of government

COUNTY

Santa Clara County

www.sccsgov.org

SCHOOL DISTRICT

Palo Alto Unified School District

www.pausd.org

LOCATION

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

CLIMATE

Mediterranean climate with cool, wet winters and warm, dry summers

AREA

25.925 square miles

ELEVATION

30 feet above sea level

PARKS, PRESERVES AND OPEN SPACE

8,271 acres

CREDIT RATING

AAA

PALO ALTO AT A GLANCE

POPULATION

Palo Alto's population was 66,029 in 2014. This represents a 1.2 percent decrease over the previous year and a 12.6 percent increase since 2000. Approximately 24.0 percent of the population is under the age of 18, and the median age is 41.6. Approximately 50.9 percent of the population is female, and 49.1 percent of the population is male.



EDUCATION

Palo Alto has one of the most outstanding educational systems in the nation. In a recent survey, Palo Alto was named one of California's most educated cities. Over 98 percent of Palo Alto residents aged 25 or over have received a high school diploma. Close to 82 percent have obtained a bachelor's degree

and nearly 51 percent have earned a post-graduate or professional degree.



School enrollments in Palo Alto increased to 12,466, or 18.1 percent, between 2005 and 2014. In school-year 2013-14, Palo Alto and Gunn high schools had a combined average SAT score of 1,955. The average scores for the United, California, and Santa Clara County were 1,497, 1,489, and 1,680, respectively.

INCOME

Palo Alto's median household income on average from 2011 to 2013 was \$122,366 and the per capita income in 2013 was \$70,637. As of 2013, 58.2 percent of all households in Palo Alto had an annual income of greater than \$100,000.

PERSONS PER HOUSEHOLD

The average number of persons per household in Palo Alto owner-occupied and renter-occupied homes was 2.52 in 2013, compared to 2.26 per household in 2000.



HOUSING UNITS

In 2013, 51.8 percent of the 27,935 housing units were owner-occupied, 42.6 percent were renter-occupied, and 5.6 percent were vacant. In 2000, there were 26,048 housing units – 55.4 percent owner occupied, 41.4 percent renter-occupied, and 3.2 percent were vacant. There were 7.2 percent more total housing units from 2000 to 2012.

DEVELOPMENT

The City issued approximately 2,417 residential and 1,207 commercial building permits in Fiscal Year 2014. The combined valuation for all permits was \$336.1 million.

OFFICE AND INDUSTRIAL RENTAL ACTIVITY

Palo Alto's net rentable office space totaled approximately 6.9 million square feet as of the fourth quarter of 2014. The vacancy rate during this same time period was 4.2 percent compared to 8.0 percent for the Silicon Valley market. Average asking rents in Palo Alto and the Silicon Valley were, respectively, \$7.06 and

\$3.78 per square foot, as of the fourth quarter of 2014.

Net rentable square footage for industrial facilities in Palo Alto was 1.5 million, with a vacancy rate of 0.6 percent and average asking rent of \$2.07 per square foot for manufacturing and \$1.55 per square foot for warehouse. The Silicon Valley market had an average vacancy rate of 3.9 percent and asking rent averaged \$0.85 per square foot for manufacturing and \$0.60 for warehouse.

Net rentable space for Research and Development (R&D) facilities in Palo Alto totaled 10.7 million square feet with a vacancy factor of 1.1 percent and average asking rent of \$4.75 per square foot. The vacancy rate for the Silicon Valley market was 9.1 percent with an average asking rent of \$1.81 per square foot.



Top 25 Major Sales/Use Tax Contributors, FY 2014

Anderson Honda	Loral Space Systems	Tesla Motors
Apple Stores	Macy's Department Store	Tiffany & Company
Bloomingdales	Magnussen's Toyota	Urban Outfitters
Carlsen Motor Cars	Neiman Marcus Department Store	Valero Service Stations
CVS/Pharmacy	Nordstrom Department Stores	Varian Medical Systems
Fry's Electronics	Pottery Barn Kids	Volvo Palo Alto
Hewlett-Packard	S.G. Herrick Corporation	Wilkes Bashford
Integrated Archive Systems	Shell Service Stations	
Keeble & Shucat Photography	Stanford University Hospital	

RETAIL SALES AND SALES TAX REVENUE

Palo Alto's retail and food services sales totaled \$1.86 billion in 2013, an increase of 26.5 percent from the \$1.47 billion in the prior year. The average dollar amount of sales per outlet was \$1,172,418 in 2013. The per capita retail sales amount was \$36,447. Restaurant and apparel sales accounted for 45.0 percent

of total sales. Sales and use tax revenue totaled \$29.4 million in Fiscal Year 2014, an increase of \$3.8 million, or 14.8 percent, compared to \$25.6 million in Fiscal Year 2013. The increase was driven by strong retail activity in auto, electronic equipment, apparel store, restaurant and service station sales. Sales tax per capita in 2014 was approximately \$445.

Principal Property Taxpayers, FY 2014

Rank	Taxpayer	Taxable Assessed Value
1	Leland Stanford Jr. University	\$3,689,653
2	Space System/Loral, Inc	\$252,085
3	EOSII Palo Alto Technology Center LLC	\$118,769
4	Whisman Ventures, LLC	\$109,311
5	Pacific Hotel Development Ventures, LLC	\$81,729
6	Ronald & Ann Williams Charitable Foundation	\$61,179
7	PPC Forest Towers, LLC	\$55,323
8	Blackhawk Parent, LLC	\$52,224
9	529 Bryant St., LLC	\$44,358
10	Park Village Peninsual, LLC	\$39,008
	Total	\$4,503,639

PALO ALTO BUSINESSES

As the birthplace of the Silicon Valley, Palo Alto is the home to Stanford University and

thousands of innovative companies including Hewlett-Packard, IDEO, Tesla, Flipboard, Palantir Technologies, Xerox Palo Alto Research Center, Wilson Sonsini Goodrich &

Rosati, Manatt Phelps Phillips, Accel Ventures, Survey Monkey, Theranos, Genencor, Tencent, Skype, Nest, the Institute for the Future and many other leading technology and business services firms.

Palo Alto was named the 2014 most livable U.S. city and again named among the top 5 livable U.S. cities in 2015 due to its economy, climate and natural beauty, parks and recreational activities, excellent public school system, university presence, proximity to three major airports (Oakland, San Jose and San Francisco) and rail service, world-class medical facilities, excellent retail centers and restaurants and its highly acclaimed city services.

Businesses are drawn to Palo Alto not only because of its great location, workforce, and entrepreneurial culture, but also because of incentives including: great local utilities (including dark fiber), no payroll tax and no business license tax. Also, the City's Development Center is a "one-stop" service center

staffed by the Planning, Building, Public Works, Utilities and Fire departments.

EMPLOYMENT

The City had a labor force of 35,900 in 2015. 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. Palo Alto's unemployment rate was 3.0 percent in 2014, which was considerably lower than the nation (6.1 percent), state (6.7 percent), and county (4.3 percent), during the same period.

LARGEST EMPLOYERS

Palo Alto's top ten employers reflect jobs ranging from education and healthcare to technology and schools, as of June 30, 2014.

Principal Employers, FY 2014

Rank	Employer	Number of Employees
1	Leland Stanford Jr. University	11,128
2	Stanford University Medical Center/Hospital	5,886
3	Lucille Packard Children's Hospital	4,215
4	VMWare, Inc.	3,509
5	SAP	3,500
6	Veteran's Affairs Palo Alto Healthcare System	3,000
7	Space Systems/Loral	2,720
8	Hewlett-Packard Company	2,500
9	Colubris Networks, Inc	2,201
10	Palo Alto Medical Foundation	2,200
Total		40,859

Parks, Recreation & Community Centers

Item (FY 2014)	Number
Parks	36
Parks Acreage	157 acres
Playgrounds	29
Community Centers	4
Zoo	1
Golf Courses	1
Gymnasiums/Fitness Rooms	6
Youth Centers	1
Walking/Biking Trails	41.19 miles

Libraries

Item (FY 2014)	Number
Library Branches	5
Items Checked Out (Circulation)	1,364,872
Books (Inventory)	235,372
eBooks & eMusic (Inventory)	58,968
Audio/Visual - DVD/CDs (Inventory)	47,080
Reference Questions	34,060

Public Safety

Item (FY 2014)	Number
Police	
Police Stations	1
Sworn Police Personnel (FY 2015)	93
Police Vehicles	28
Motorcycles	5
Canine Units	2
Number of Calls for Service	58,559

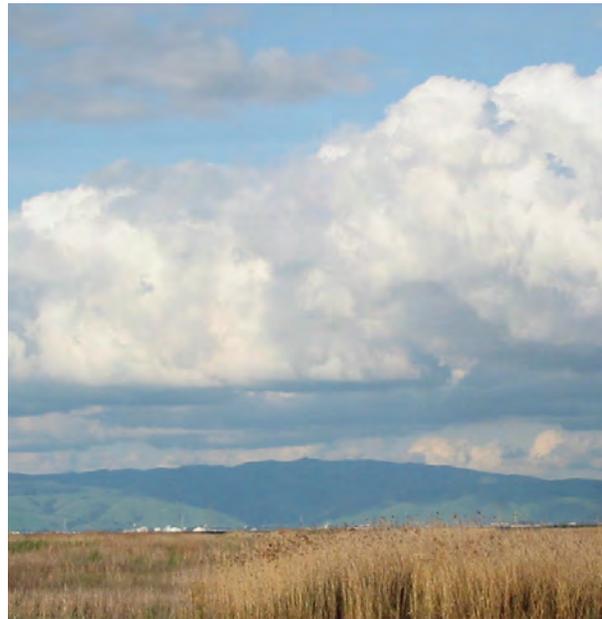
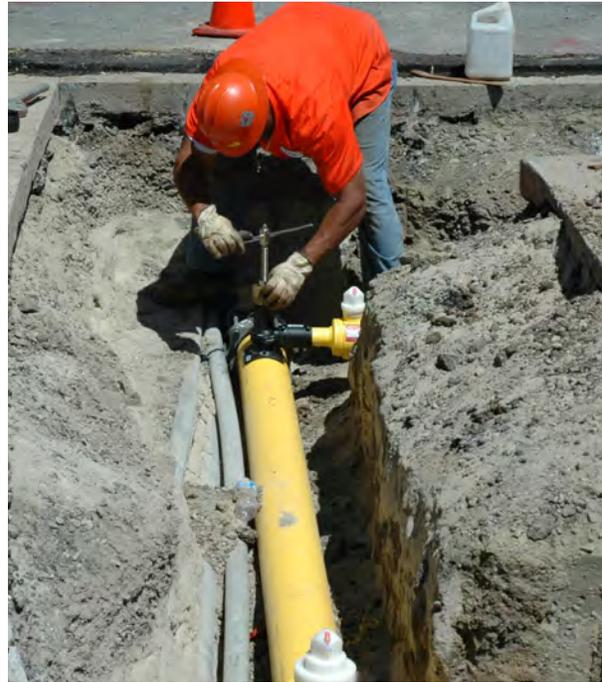


Public Safety

Item (FY 2014)	Number
Fire	
Fire Stations	7
Sworn Fire Personnel (FY 2015)	107
Fire Engines	6
Fire Trucks	1
Ambulances	3
Number of Calls for Service	7,829

Infrastructure, Maintenance & Development Activity

Item (FY 2014)	Number
Street Miles	473 miles
Street Miles Resurfaced Annually	35.6 miles
Building Permits Issued Annually	3,624 permits
Number of Fire Inspections	2,069 permits
Active Capital Improvement Projects	181 projects
Capital Improvement Projects Exp.	\$60.7 million
Miles of Water Municipal Mains	236 miles
Gallons of Water Delivered (Daily)	8-13 million
Miles of Municipal Wastewater Mains	216 miles
Gallons of Wastewater Treated (Annually)	2.9 billion
Miles of Gas Mains	209 miles
Overhead Electrical Line Miles	117 miles
Underground Electrical Line Miles	175 miles
Fiber Optic Backbone Miles	42 miles



Sustainability

Item (FY 2014)	Number
Total Tons of Material Recycled or Composted	49,594 tons
Total Megawatt-hours Purchased from Eligible Renewable Sources*	199,145 hours
Percent of Electric Portfolio Purchased from Eligible Renewable Sources	24.9%
Percent of Electric Portfolio Purchased from Carbon Neutral Sources**	100%

* Calendar year 2014. "Eligible Renewable Sources" are wind, small hydroelectric, and biogas generators whose output is directly purchased by the City under a power purchase agreement.

* Calendar year 2014. "Carbon Neutral Sources" include eligible renewable (21%), hydroelectric power (40%), and power from unspecified sources matched with renewable energy credits (39%). The City's goal is to purchase all energy from eligible renewable sources starting in 2017.

SOURCES:

POPULATION:

U.S. Census Bureau, Census 2000 Summary File 1, Matrices P13 and PCT12.

U.S. Census Bureau, 2013 American Community Survey 1-Year Estimates.

EDUCATION:

U.S. Census Bureau, 2009-2013 American Community Survey 1-Year Estimates

California Department of Education, Data Reporting Office

California Department of Education, SAT District Level Scores

U.S. Department of Education, National Center for Education Statistics. (2013). Digest of Education Statistics, 2012 (NCES 2014-015),

INCOME:

2013 American Community Survey 1-Year Estimates, Selected Economic Characteristics

PERSONS PER HOUSEHOLD AND HOUSING UNITS:

2013 American Community Survey 1-Year Estimates, Selected Housing Characteristics

DEVELOPMENT:

City of Palo Alto Planning and Development Department

OFFICE AND INDUSTRIAL RENTAL ACTIVITY:

CBRE Silicon Valley Office MarketView Q4 2014

CBRE Silicon Valley Industrial MarketView Q4 2014

CBRE Silicon Valley Industrial MarketView Q4 2014

RETAIL SALES AND SALES TAX REVENUE:

California State Board of Equalization, "Taxable Sales in California (Sales & Use Tax) During 2013

City of Palo Alto 2013-2014 Comprehensive Annual Financial Report (CAFR)

TOP 25 MAJOR SALES/USE TAX

CONTRIBUTORS:

City of Palo Alto Sales Tax Digest Summary Fourth Quarter Sales (October - December 2014), Top 25 Major Sales/Use Tax Contributors, Year-Ended 4th Quarter 2014

PRINCIPAL PROPERTY TAXPAYERS:

City of Palo Alto 2013-2014 Comprehensive Annual Financial Report (CAFR)

EMPLOYMENT:

California Employment Development Department, Labor Market Information Division

PALO ALTO BUSINESSES:

Livability, Top 100 Best Places to Live

City of Palo Alto Economic Development

LARGEST EMPLOYERS:

City of Palo Alto 2013-2014 Comprehensive Annual Financial Report (CAFR)

The Budget Process and Document

Basis for Budget Development

The budget is the City's financial plan for delivering effective services and efficiently managing the revenues which support those services. The City's charter and municipal code provide broad governance for preparation of the operating and capital budgets. The budget is also developed based on the following:

- The City Council's top priorities and other City Council directives
- The City's Long Range Financial Forecast, which is updated annually and presented to the Finance Committee and the City Council prior to the release of the proposed budget
- Service level prioritization as identified by the City Manager
- Availability and sustainability of revenues
- Legal mandates
- Prioritization criteria outlined in the capital budget
- the City's policies regarding land use and community design, transportation, housing, natural environment, business and economics as outlined in the Comprehensive Plan

The review of the operating and capital budgets is structured around public hearings conducted by the Finance Committee and prior to Council adoption of the budget in order to incorporate community input into the decision making process.

City Council Top Four Priorities

On an ongoing basis, the City is committed to providing high quality, cost effective services that reflect the City's core values and strategic goals. In addition, each year the City Council establishes top priorities, which are topics or service areas that will receive particular, unusual and significant attention during the year. The top priorities guide both budget development and department priority-setting. The following are the top four Council priorities for 2015:

- 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

Operating and Capital Budgets - Calendar of Activities

September - November: Operating budget preparation begins with determination of the base budget for the upcoming year. The base budget establishes the current year adopted budget service levels with updated costs, removes one-time revenue and expenses, and adds ongoing

THE BUDGET PROCESS AND DOCUMENT

expenditures as approved by the City Council. The capital budget preparation process begins with department staff and appointed committees meeting to review and discuss potential modifications to the five-year capital plan.

November - December: Budget guidelines and timeframes for development of the operating and capital budgets as well as the annual municipal fee schedule are developed and distributed.

January: Departments submit requests to reallocate staffing and non-salary resources for the upcoming year to meet changing operational needs. The reallocation process results in no net change to the level of resources allocated to the department overall. The General Fund CIP Committee consisting of senior managers in the Public Works, Community Services, Administrative Services, and Planning and Community Environment Departments, reviews requests for General Fund capital projects.

February: Departmental requests for changes and/or augmentations to the base budget are submitted to the Office of Management and Budget (OMB) for analysis. Departments provide targeted outcomes and performance measures associated with requests for resource or service level augmentations. Departments also submit updates to the budget document regarding goals and objectives, significant accomplishments, and key performance and workload measures. OMB staff begins review of operating and capital budget requests.

March: Internal budget hearings are held with the City Manager to discuss department budget requests and OMB's budget recommendations.

April: OMB staff complete preparation of the proposed operating and capital budget documents based on the City Manager's direction.

May: The City Manager releases and presents the proposed operating and capital budgets to the City Council and posts the budget document on the City's Open Budget website. The Finance Committee conducts a series of public hearings and recommends the budget with or without amendments to the City Council.

June: Final adoption by the City Council occurs after two public hearings in June. All changes made during the public process are incorporated into the adopted budget documents which are distributed to City libraries as well as posted on the City's website and Open Budget website by early August.

THE BUDGET PROCESS AND DOCUMENT

BUDGET HEARINGS With City Council and Finance Committee FY 2016 Adopted Budget			
Date	Description	Time/Location	Departments Attending
Monday, April 27	City Council	6:00 PM Council Chambers	Transmittal of proposed capital and operating budgets to Council and forward to Finance Committee for discussion
Tuesday, May 5	Finance Committee Special Meeting	5:30 PM Community Meeting Room	Budget Kickoff; Departments/Funds: - Council Appointed Officials & Council (except City Auditor) - Human Resources, Employee Benefits Funds - Retiree Health Benefits Fund - General Liability Fund - Community Services - Non-Departmental
Thursday, May 7	Finance Committee Special Meeting	5:30 PM Community Meeting Room	- City Auditor - Utilities (capital & operating) - Office of Sustainability - Police, Fire & Office of Emergency Services
Tuesday, May 12	Finance Committee Special Meeting	5:30 PM Community Meeting Room	- Information Technology (capital & operating) - Administrative Services, Print & Mail Funds - Library - Planning - Development Services - Special Revenue Funds (including Parking District & Stanford Development Agreement Fund)
Thursday, May 14	Finance Committee Special Meeting	5:30 PM Community Meeting Room	- Municipal Fee Schedule - Public Works: General Fund, Storm Drain, Refuse, Wastewater Treatment, Vehicle Replacement, related capital
Tuesday, May 19	Finance Committee	5:30 PM Community Meeting Room	- General Fund Capital - Wrap Up with Finance Committee
Thursday, May 21	Finance Committee Special Meeting	5:30 PM Community Meeting Room	Hold of additional discussion, if needed
Monday, June 8	City Council	6:00 PM Council Chambers	Public Hearing - Budget
Monday, June 15	City Council	6:00 PM Council Chambers	Public Hearing - Budget Adoption

Understanding the Budget Document

The operating budget document includes city-wide information as well as information specific to each fund and each department. The City receives revenue from numerous different sources, many of which have restrictions on how they can be used. Separate funds are established to account for the different types of revenues and allowable uses of those revenues. The annual budget information is available after the publication of the annual Adopted Budget, which occurs in August. At this time, the annual budget will also be available on Open Budget.

General Fund: This is the primary fund used to account for all general revenues of the City (e.g. property, sales, transient occupancy and utility user taxes). In general, these funds are allocated at the discretion of the City Council. This revenue is used to support citywide services such as public safety, community services, planning and community environment, and administrative support services.

Enterprise Funds: These funds are established to function as self-supporting operations wherein expenditures are entirely offset by fees or charges for services. For example, the City of Palo Alto provides a variety of utility services (electric, gas, water, etc.) for the community. Revenues from fees or charges are accounted for in separate enterprise funds and can only be used to pay for expenses related to those services.

Internal Service Funds: These funds are established to account for a variety of business services provided by one City department (or division) to other City departments. Information technology, fleet maintenance, printing and mailing, general employee benefits, liability and workers' compensation services are provided to all City departments through internal service funds. Departments are charged for these services based on their respective utilization.

Capital Fund: Revenues and expenses for capital projects are also accounted for in a separate fund. Capital projects are those that have a minimum cost of \$50,000 for each standalone or combined project. Additionally, the project must have a useful life of at least five to seven years and/or extend the life of an existing asset or provide a new use for an existing asset for at least five years. The City produces a standalone budget document for capital projects that includes detailed information about each project.

Special Revenue Funds: These funds are used to account for the proceeds of revenues that are designated for specific or restricted uses. 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 special revenue funds include assessments for parking lot bond payments, parking permit revenues, Community Development Block Grants (CDBG) funds from the federal government and development impact fees related to libraries, parks, and community centers.

Debt Service Fund: Debt financing is occasionally undertaken for the purchase, replacement or rehabilitation of capital assets. A separate fund is established to account for these non-operating expenses.

Open Budget

In order to facilitate understanding and transparency of the budget document, the City provides budget information through OpenGov, an online tool that provides users with different views of the City's budget data by fund, department, revenues, and expenditures. The tool can be accessed by visiting www.paloalto.opengov.com. The City invites you to use the online tool to:

- Search seven years of budget and financial data
- View trends in revenues and expenditures over time
- Drill down into expenses by department or account type
- Display the data as graphs or charts
- Download into Excel
- Share with friends using email or social media
- Send comments directly to the City online

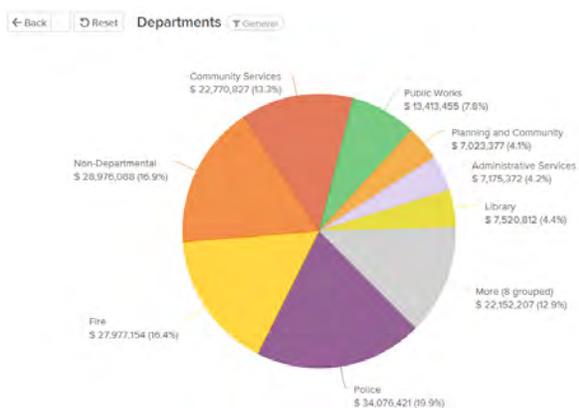
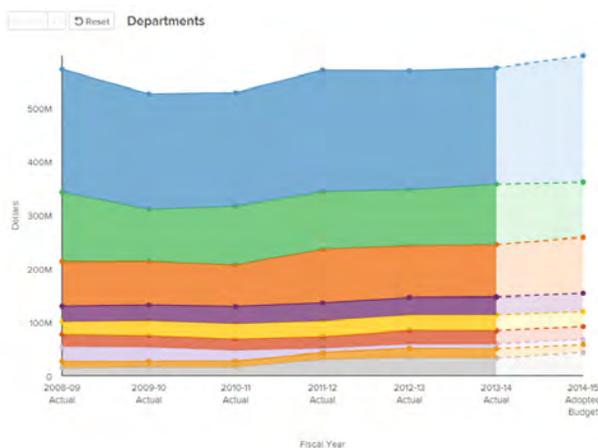
HOW DOES IT WORK?

Governmental budgets are composed of funds, departments, and accounts. Using a pull-down filter you can choose the combination you want to explore.

By clicking on one these icons, you can choose whether you want to display graphs showing changes over the years, a pie chart for a single year, or download portions into Excel.



For example, you can also cut and paste any illustration into another document, send it to friends using email or Twitter, or post it on Facebook!



Department and Enterprise Fund Information

The budget document includes the following information for each department and enterprise fund:

Mission Statement, Purpose, and Description: introduces the department.

Organizational Chart: depicts full-time equivalent (FTE) positions, which report to a department director. The total FTE count in the organizational chart may not match the total FTE count in a department section, if positions are budgeted in a fund not included in the particular department section. For example, the Administrative Services Director oversees the SAP functional team and the positions are budgeted in the Technology Fund.

Accomplishments: identifies the department's noteworthy accomplishments over the past one or two fiscal years.

Initiatives: highlights the major work plan items for the department for the upcoming Fiscal Year.

Goals and Objectives: identifies major goals as well as activities that support achievement of those goals.

Key Performance Measures: lists key department performance measures related to some goals and objectives. Performance Measures are grouped by its intended outcome such as Quality, Cost, Cycle Time, Customer Satisfaction, and Sustainability identified with icons as follows:

-  Quality
-  Cost
-  Cycle Time
-  Customer Satisfaction
-  Sustainability

Workload Measures: identifies key quantifiable department outputs.

Budget Summary: summarizes key expenditure, revenue, and position data for the department and/or fund for several fiscal years (FY 2013 Actuals, FY 2014 Actuals, FY 2015 Adopted, and FY 2016 Budget). Revenues are shown as either internal or external depending on their source.

External revenues include grant funds as well as fees collected when providing certain services such as inspections, plan checks and recreational programs. Internal revenues are those that are received from another City department. For example, the Utilities Department reimburses the Attorney's Office for legal services.

Staffing: lists all full-time equivalent (FTE) positions and the respective salary in a department at Step 3 per the applicable memorandum of understanding with labor groups or at mid-point of the salary range for management and professional employees.

Budget Reconciliation: outlines the major base budget and adopted budget expenditure and revenue changes from the previously adopted budget to the newly presented proposed or adopted budget. Base budget reconciliation changes include updated salary and benefits cost in accordance with the salary and benefits structure approved the City Council, deletion of one-time expenditures, or addition of ongoing expenditures as approved by the City Council. The budget change table itemizes expenditure and revenue recommendations and the net impact on the fund.

Budget Changes: describes service level changes compared to the prior fiscal year as well as the anticipated performance impact as it relates to Quality, Cost, Cycle Time, Customer Satisfaction, and Sustainability.

BUDGETARY BASIS

The budget is prepared in accordance with Generally Accepted Accounting Principles. The budget for governmental funds has been prepared on a modified accrual basis. The modified accrual basis recognizes expenditures when the related fund liability is incurred. Revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

FUND STRUCTURE AND ACCOUNTING BASIS

The accounts of the City are made up of funds that help organize and account for restricted resources. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts (comprised of assets, liabilities, fund equity, revenues, and expenditures), which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with regulatory requirements. The City has the following fund type categories:

Governmental Fund Types

The governmental funds include the General, Special Revenue, Debt Service, and Capital Project Funds. Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Proprietary Fund Types

The proprietary funds, which include the Enterprise and Internal Service Funds, are used to account for the City’s business-type activities. Proprietary funds are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Fiduciary Fund Types

The Fiduciary Funds track assets held by the City in trust or as an agent for various assessment and community facilities districts. These funds are not included in the budget process.

Agency Fund Types

The Agency Funds are custodial in nature and do not involve measurement of results of operations. The City maintains three agency funds, which are not included in the budget process.

Budget Awards





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Palo Alto
California**

For the Fiscal Year Beginning

July 1, 2014

Executive Director



**The Government Finance Officers Association
of the United States and Canada**

presents this

CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION

to

**Office of Management & Budget
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 **December 11, 2014**



CITY OF
**PALO
ALTO**

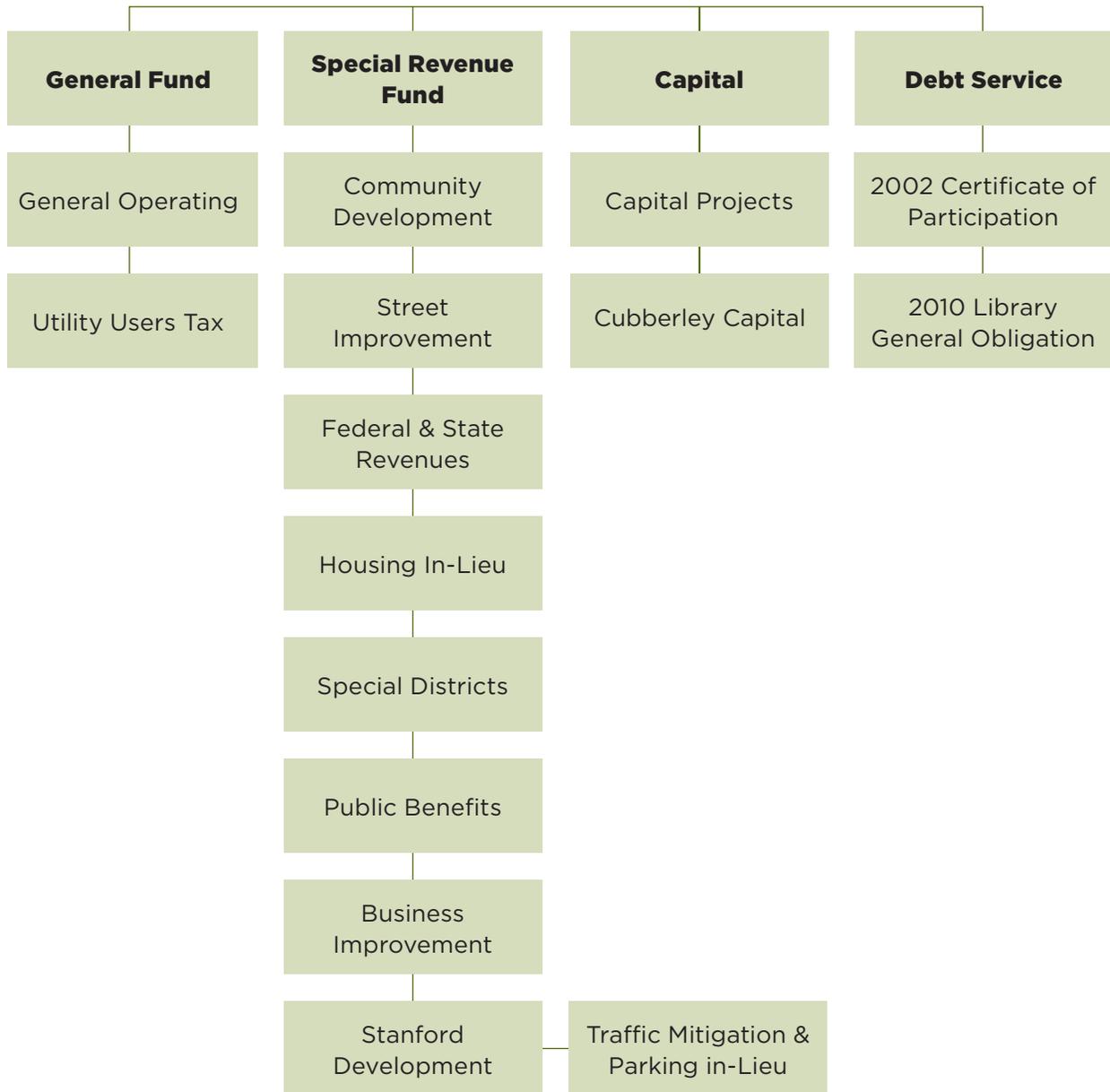


CITYWIDE FUNDS

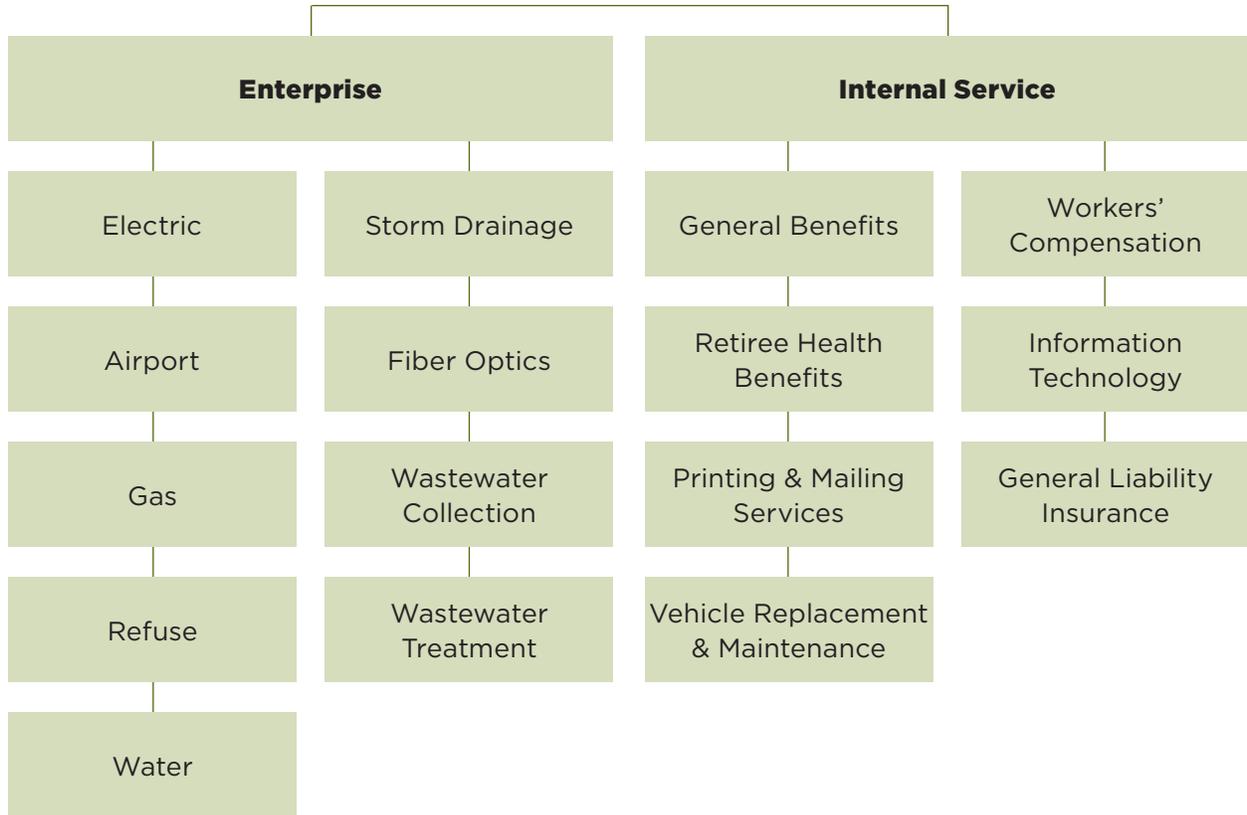


CITY OF
**PALO
ALTO**

Fund Structure



CITYWIDE FUNDS OVERVIEW

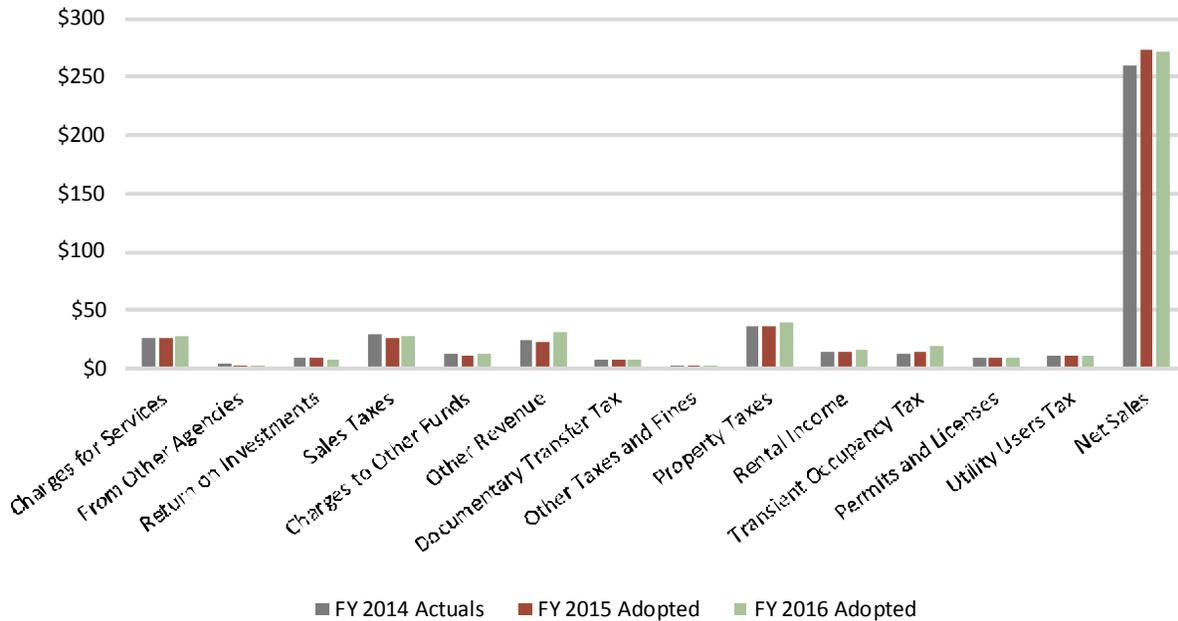


Total Citywide Revenue by Category

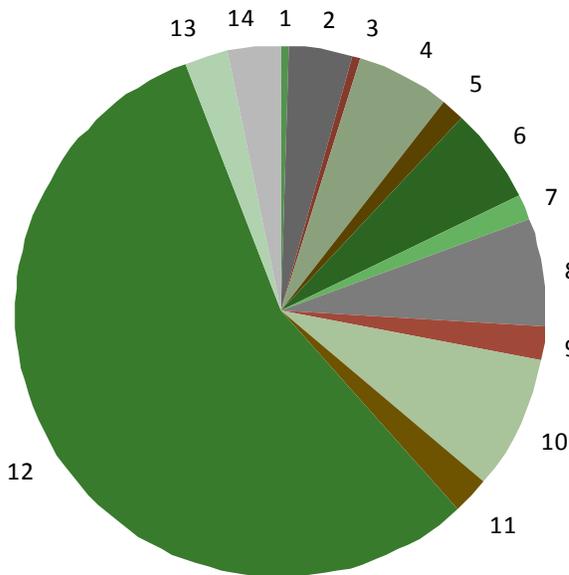
	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Charges for Services	37,007	26,422	25,234	28,022	2,788	11.0%
From Other Agencies	5,361	4,536	3,180	2,934	(246)	(7.7)%
Return on Investments	9,559	9,612	8,278	8,143	(135)	(1.6)%
Sales Taxes	25,606	29,424	25,957	27,630	1,673	6.4%
Charges to Other Funds	12,709	12,029	11,555	12,919	1,364	11.8%
Other Revenue	40,939	24,263	22,105	31,534	9,429	42.7%
Documentary Transfer Tax	6,810	8,143	7,514	6,852	(662)	(8.8)%
Other Taxes and Fines	2,190	2,155	2,186	2,229	43	2.0%
Property Taxes	32,200	35,555	36,763	39,862	2,574	7.0%
Rental Income	12,884	14,221	14,263	15,469	1,206	8.5%
Transient Occupancy Tax	10,794	12,255	14,156	18,791	4,635	32.7%
Permits and Licenses	9,769	8,957	9,272	9,719	447	4.8%
Utility Users Tax	10,861	11,008	11,285	11,189	(96)	(0.9)%
Net Sales	260,467	260,201	273,546	272,002	(1,545)	(0.6)%
Total	477,153	458,780	465,295	487,295	20,475	4.4%

Citywide Revenue by Category

3 Year Trend - Citywide Revenues by Category (\$Millions)



\$487.3 Million/FY 2016 Adopted



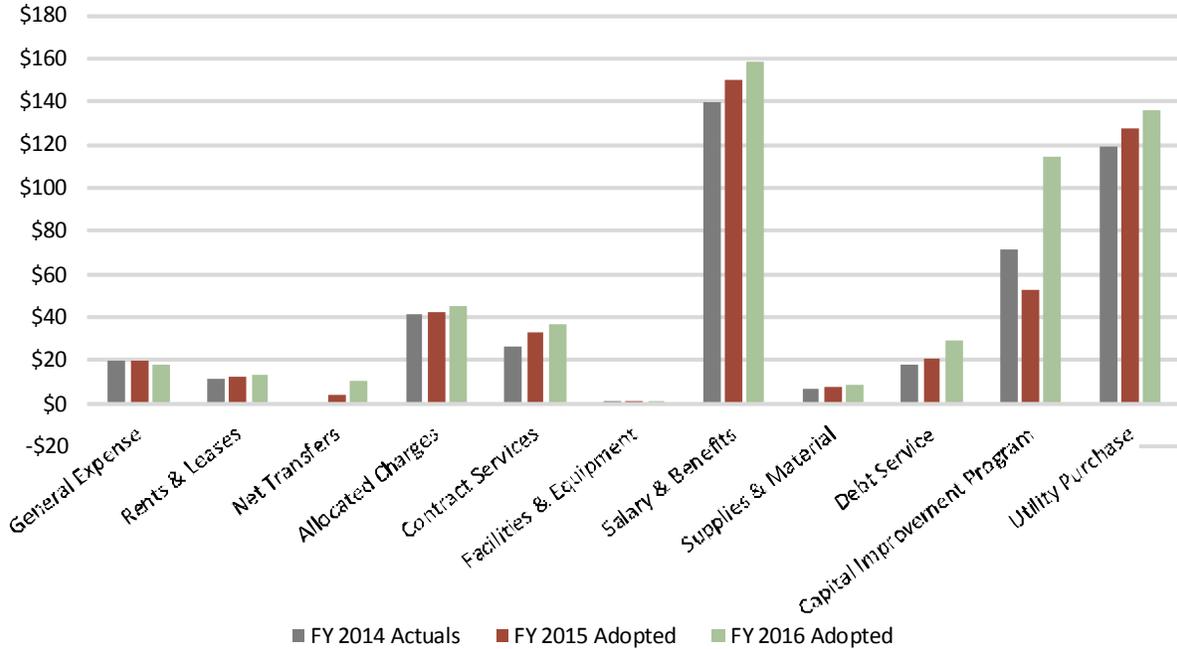
- 1. Other Taxes and Fines - \$2.2/0.5%
- 2. Transient Occupancy Tax - \$18.8/3.9%
- 3. From Other Agencies - \$2.9/0.6%
- 4. Sales Taxes - \$27.6/5.7%
- 5. Documentary Transfer Tax - \$6.9/1.4%
- 6. Charges for Services - \$28.0/5.8%
- 7. Return on Investments - \$8.1/1.7%
- 8. Other Revenue - \$31.5/6.5%
- 9. Permits and Licenses - \$9.7/2.0%
- 10. Property Taxes - \$39.9/8.1%
- 11. Utility Users Tax - \$11.2/2.3%
- 12. Net Sales - \$272.0/55.9%
- 13. Charges to Other Funds - \$12.9/2.7%
- 14. Rental Income - \$15.5/3.2%

Total Citywide Expense by Category

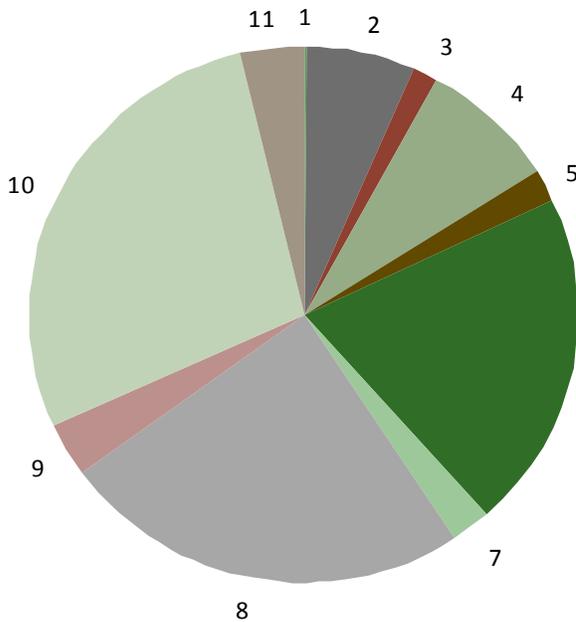
	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
General Expense	15,957	20,296	19,475	18,124	(1,351)	(6.9)%
Rents & Leases	10,172	11,114	12,405	13,275	870	7.0%
Net Transfers	(9,315)	(299)	3,195	10,824	7,629	238.8%
Allocated Charges	45,818	41,600	42,533	45,332	2,799	6.6%
Contract Services	24,846	26,856	33,047	36,314	3,267	9.9%
Facilities & Equipment	(1,322)	947	669	676	7	1.0%
Salary & Benefits	134,364	140,204	150,058	158,392	8,334	5.5%
Supplies & Material	6,421	6,594	7,685	8,215	529	6.9%
Debt Service	16,996	18,090	21,023	20,957	(66)	(0.3)%
Capital Improvement Program	71,165	71,194	53,020	114,962	61,942	116.8%
Utility Purchase	113,050	119,622	127,231	136,488	9,257	7.3%
Total	428,152	456,219	470,341	563,559	93,217	19.8%

Citywide Expense by Category

3 Year Trend - Citywide Expenses by Category (\$Millions)



\$563.6 Million/FY 2016 Adopted



- 1. Facilities & Equipment - \$0.7/0.1%
- 2. Contract Services - \$36.3/6.4%
- 3. Supplies & Material - \$8.2/1.5%
- 4. Allocated Charges - \$45.3/8.0%
- 5. Net Transfers - \$10.8/1.9%
- 6. Capital Improvement Program - \$115.0/20.4%
- 7. Rents & Leases - \$13.3/2.4%
- 8. Utility Purchase - \$136.5/24.2%
- 9. General Expense - \$18.1/3.2%
- 10. Salary & Benefits - \$158.4/28.1%
- 11. Debt Service - \$20.9/3.7%

Citywide Projected Operating Fund Balance

FUND	PROJECTED ENDING BALANCE 06/30/2015	ESTIMATED REVENUES	NET FUND TRANSFERS	ESTIMATED EXPENDITURES	PROJECTED ENDING BALANCE 06/30/16
GENERAL FUND	\$ 36,371	\$ 165,351	\$ (4,122)	\$ 162,960	\$ 34,640
CAPITAL FUND	\$ 12,518	\$ 11,975	\$ 26,831	\$ 47,543	\$ 3,781
DEBT SERVICE					
Parking 2002 COPS (Taxable) Debt	251	—	238	238	251
Library Bonds	5,955	4,682	—	4,682	5,955
Total Debt Service	\$ 6,206	\$ 4,682	\$ 238	\$ 4,920	\$ 6,206
ENTERPRISE					
Electric Fund	\$ 117,841	\$ 127,170	\$ (11,343)	\$ 141,686	\$ 91,892
Fiber Optics Fund	18,111	4,842	(103)	3,682	19,168
Gas Fund	20,794	37,235	(5,577)	37,149	15,303
Wastewater Collection Fund	15,675	17,993	(77)	20,822	12,769
Water Fund	20,593	41,665	311	48,025	14,544
Refuse Fund	(1,068)	30,403	195	30,975	(1,445)
Storm Drain Fund	8,674	6,335	(6)	12,822	2,181
Wastewater Treatment Fund	14,989	23,408	52	36,600	1,849
Airport Fund	(174)	950	304	1,536	(456)
Total Enterprise	\$ 215,435	\$ 290,001	\$ (16,244)	\$ 333,297	\$ 155,895

CITYWIDE FUNDS OVERVIEW

Citywide Projected Operating Fund Balance

FUND	PROJECTED ENDING BALANCE 06/30/2015	ESTIMATED REVENUES	NET FUND TRANSFERS	ESTIMATED EXPENDITURES	PROJECTED ENDING BALANCE 06/30/16
INTERNAL SERVICE					
General Benefits Fund	\$ 1,385	\$ 231	\$ 50,419	\$ 51,003	\$ 1,032
Retiree Health Benefit Fund	26,785	25	14,445	14,505	26,750
Workers' Compensation Fund	52	379	3,569	3,954	46
Liability Insurance Fund	1,476	174	2,369	3,047	972
Printing and Mailing Fund	—	—	1,553	1,553	—
Technology Fund	15,268	360	14,493	20,428	9,693
Vehicle Replacement and Maintenance Fund	5,954	333	6,605	11,722	1,170
Total Internal Service	\$ 50,920	\$ 1,502	\$ 93,453	\$ 106,212	\$ 39,663
SPECIAL REVENUE					
Community Development Fund	\$ 10,647	\$ 1,921	\$ —	\$ —	\$ 12,568
Street Improvement Fund	496	1,430	(1,724)	—	202
Federal and State Revenue Funds	4,686	580	—	587	4,679
Housing In-Lieu and BMR Fund	29,042	5,320	—	400	33,962
Special Districts Fund	1,051	2,468	(261)	2,225	1,033
Traffic Mitigation & Parking In-Lieu Fund	11,106	1,660	(1,300)	—	11,466
Public Benefits Fund	979	48	—	28	999
Downtown Business Improvement District	95	142	—	148	89
Stanford Development Agreement (SUMC)	29,988	663	(2,300)	568	27,783
Public Art Funds	—	92	69	136	25
Total Special Revenue	\$ 88,090	\$ 14,324	\$ (5,516)	\$ 4,092	\$ 92,806
TOTAL OPERATING FUNDS	\$ 409,540	\$ 486,333	\$ 94,640	\$ 552,812	\$ 332,991

Citywide Average Salary

CATEGORY	Mgmt/ Professional	Utilities Mgmt/ Professional	Fire Chief Association	Fire Fighters	Police Mgmt Association	PAPOA	SEIU	Weighted Average
Citywide Average Salary & Benefits								
Full-Time Equivalent (FTE)	217.35	48.00	5.00	99.00	7.00	83.00	580.75	1,040.10
% of City	20.9%	4.6%	0.5%	9.5%	0.7%	8.0%	55.8%	100%
Salary (1)	\$123,312	\$139,136	\$144,101	\$100,332	\$164,717	\$122,204	\$81,644	\$96,384
In-Lieu Holiday	n/a	n/a	n/a	\$4,829	n/a	\$2,256	\$166	\$733
Incentive Pay (2)	n/a	n/a	n/a	\$776	n/a	\$1,154	\$360	\$367
Overtime (Average)	n/a	n/a	n/a	\$13,967	n/a	\$13,012	\$4,327	\$4,809
Management Leave (80 Hours)	\$4,932	\$5,565	\$5,764	n/a	\$6,589	n/a	n/a	\$3,885
Pension Employer Portion Misc 27.694%; Safety 41.932%	\$33,972	\$38,595	\$60,073	\$40,079	\$68,721	\$47,455	\$21,703	\$29,352
Pension Employee Portion Paid by City FCA 3.9% (3)	n/a	n/a	\$5,809	n/a	n/a	n/a	n/a	\$28
Medicare	\$1,860	\$2,098	\$2,173	\$1,455	\$2,484	\$1,772	\$1,184	\$1,453
Medical	\$14,958	\$20,090	\$16,211	\$16,293	\$19,514	\$16,701	\$15,959	\$16,057
Dental/Vision	\$2,078	\$2,696	\$2,229	\$2,271	\$2,517	\$2,212	\$2,078	\$2,139
Retiree Medical (4) (5)	\$5,355	\$5,833	\$5,000	\$7,909	\$8,286	\$9,482	\$4,792	\$5,653
Workers' Comp	\$1,940	\$1,770	n/a	\$9,241	n/a	\$13,249	\$1,804	\$3,431
LIFE/LTD/SUI	\$680	\$680	\$680	\$680	\$680	\$680	\$680	\$680
Non-salary Benefits (6)	\$4,157	\$3,837	\$3,337	\$837	\$837	\$4,247	\$845	\$1,958
Isolate Holiday Pay from Salary Category								
Salary, includes holidays	\$123,312	\$139,136	\$144,101	\$100,332	\$164,717	\$122,204	\$81,644	\$96,384
Holidays (assumes 11 9-hour days)	\$5,869	\$6,622	\$6,859	\$4,775	\$7,840	\$5,816	\$3,886	\$4,587
Salary, excludes holidays	\$117,443	\$132,514	\$137,242	\$95,557	\$156,877	\$116,387	\$77,758	\$91,796

1) Salary is calculated at actual pay rate (base pay and special pays, as applicable) as of March 2015 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.

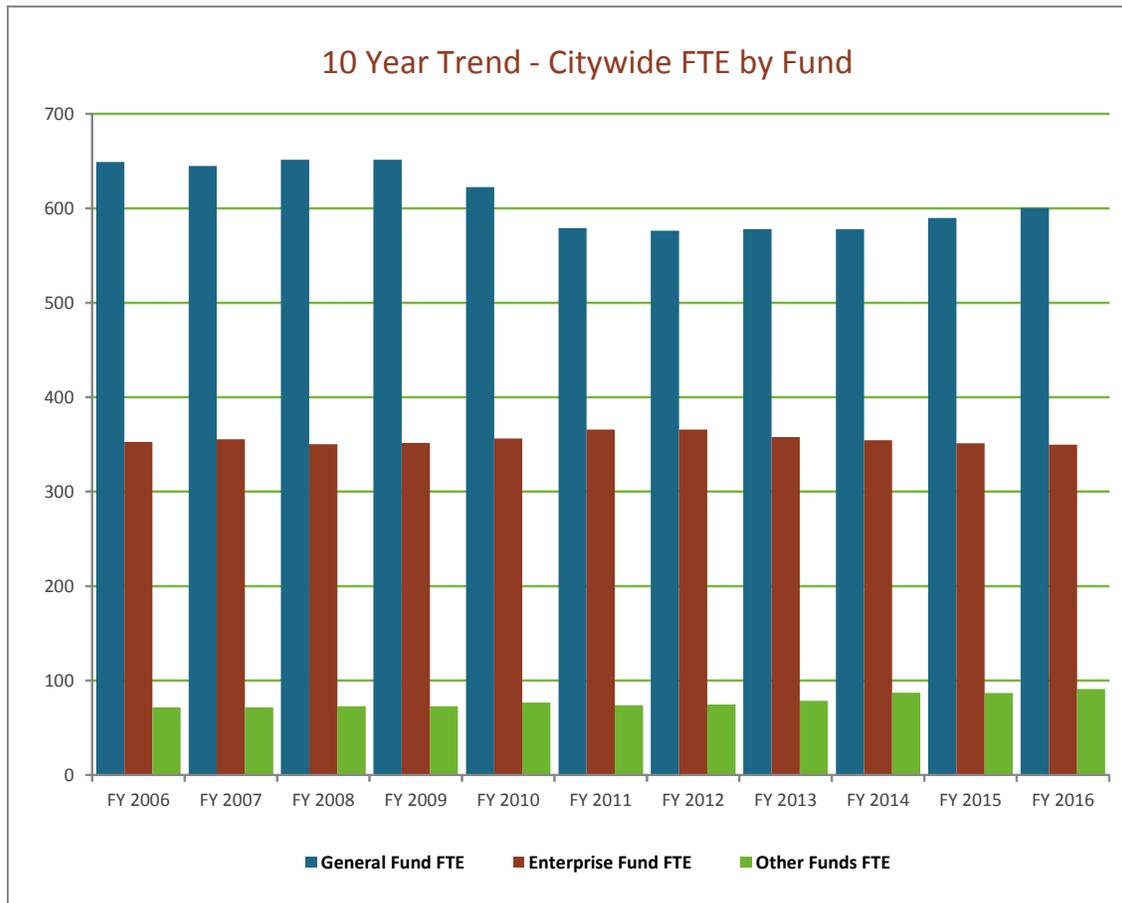
3) The City will pay 3.9% of FCA employee pension contributions in accordance with the Memorandum of Understanding.

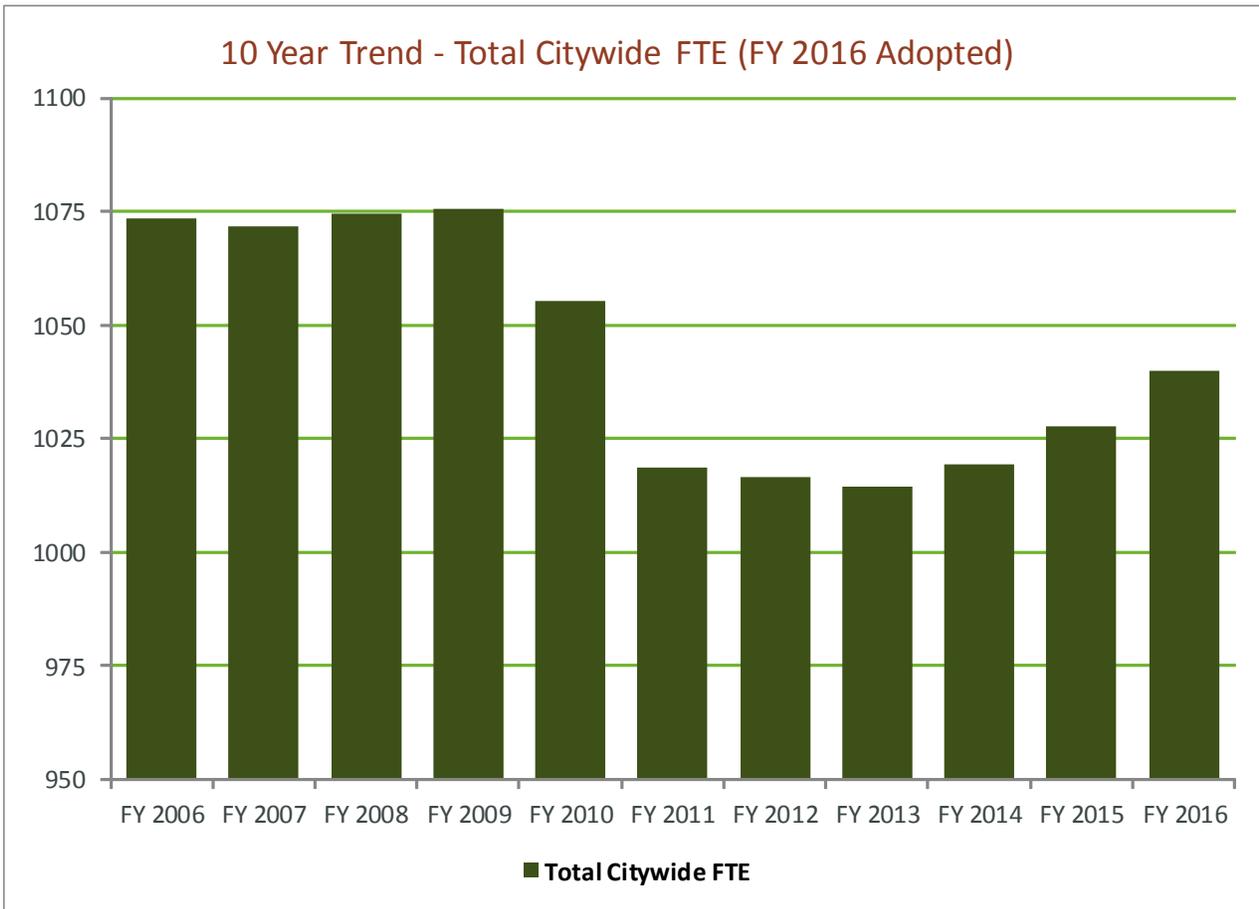
4) 10% of the Medical costs paid by employees are applied to Retiree Medical except for employees represented by SEIU and the Management and Professional employees.

5) Annual amount incurred for active employees.

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

CITYWIDE FUNDS OVERVIEW







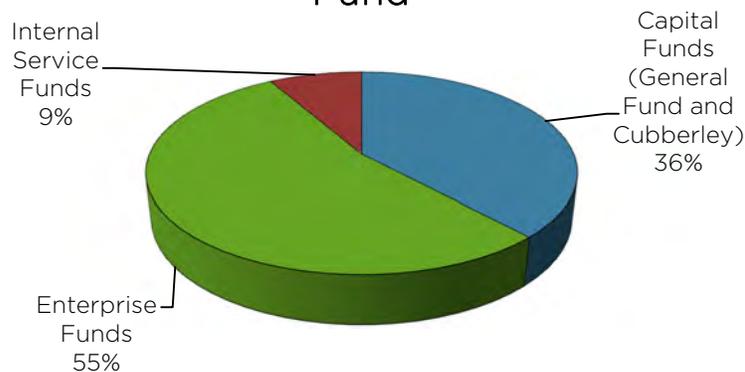
CITY OF
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MAJOR CAPITAL PROJECTS

Description

The combined Fiscal Year 2016 Adopted Capital Budget, which includes the General Fund, Enterprise Funds, and Internal Service Funds, is \$124.7 million, a significant increase of \$66.7 million, or 115%, compared to the Fiscal Year 2015 Adopted Capital Budget of \$58.0 million. The overall 2016-2020 CIP is \$553.4 million, an increase of \$222.2 million, or 67%, compared to the 2015-2019 Adopted CIP of \$331.2 million. The Fiscal Year 2016 Adopted Budget and overall 2016-2020 CIP increased significantly for two primary reasons: (1) the inclusion of the City Council approved \$125.8 million Infrastructure Plan in the budget; and (2) a Council approved change in the annual reappropriation of unused funds, resulting in \$51.1 million being carried forward from Fiscal Year 2015 to Fiscal Year 2016 to continue projects previously approved by the City Council. These primary reasons for the increased funding in the Capital Improvement Program are discussed in more detail below.

FY 2016 Adopted Projects By Fund



On the following pages, please find a listing of major capital improvement projects. For a detailed discussion of the City's Fiscal Year 2016 Adopted Capital Budget, please visit the City's website at www.cityofpaloalto.org/budget.

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2016 Budget	Five Year CIP Cost	Total Project Cost
Airport Fund: Airport Apron Reconstruction (AP-16000)	\$285,123	\$309,241	\$309,241

This project will allow for the design and eventual reconstruction of the Palo Alto Airport apron within the existing footprint. Fiscal Year 2016 funding will provide for the initial four design tasks of this multi-year program and will include surveying, topographical, minor environmental review and 30% design for a cost of \$250,000. The final design, anticipated to total \$490,000, will be implemented based on available funding in the Airport Enterprise Fund. The design will develop a 3-5 phased approach to align future construction projects with available Federal Aviation Administration (FAA) grant funding.

Operating Impact

This project is not anticipated to impact operating expenses.

Capital Improvement Fund: New Public Safety Building (PE-15001)	\$1,364,108	\$57,843,823	\$57,843,823
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This project provides funding for the design and construction of a new Public Safety Building, including potential land acquisition. Design and environmental consultant services will be needed, including the development of preliminary plans, cost estimates and special studies as part of an Environmental Impact Report and site evaluation for the approximately 44,500 square foot facility. The size and programming of the new facility were developed by the 2006 Blue Ribbon Task Force with adjustments for current and future projected program needs during the Infrastructure Blue Ribbon Commission process.

Operating Impact

This project is anticipated to impact operating expenses in the future. As these costs are quantified, adjustments will be brought forward in future budgets, as necessary.

Capital Improvement Fund: Street Maintenance (PE-86070)	\$9,075,227	\$32,999,592	\$32,999,592
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This recurring project provides funding for annual resurfacing, slurry seal, crack seal, and reconstruction of various city streets.

Operating Impact

This project is not expected to impact operating expenses.

Capital Improvement Fund: New Downtown Parking Garages (PE-15007)	\$1,482,778	\$13,567,988	\$13,567,988
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This project provides funding for a new public parking garage in the University Avenue commercial area. The preferred location has been identified as Lot D at the corner of Waverley Street and Hamilton Avenue. An alternate location, Lot G behind the Post Office is also investigated. The project will also evaluate the feasibility of including retail and stacked parking as part of the new structure. Design and environmental consultant services will be needed, including the development of preliminary plans and cost estimates, and completion of the project's environmental review.

Operating Impact

This project is anticipated to impact operating expenses in the future. As these costs are quantified, adjustments will be brought forward in future budgets, as necessary.

Capital Improvement Fund: Charleston/Arastradero Corridor Project (PE-13011)	\$710,232	\$10,333,108	\$11,277,308
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This project provides funding for the reconfiguration of the Charleston/Arastradero corridor including engineering design and construction of new landscaped median islands, bulb outs, enhanced bike lanes, new street trees, and lighting. During the design phase, opportunities for including "green infrastructure" features such as infiltration basins and porous hardscape surfaces will be explored.

Operating Impact

This project is anticipated to impact operating expenses in the future. As these costs are quantified, adjustments will be brought forward in future budgets, as necessary.

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2016 Budget	Five Year CIP Cost	Total Project Cost
Capital Improvement Fund: Sidewalk Repairs (PO-89003)	\$2,512,886	\$10,124,745	\$10,124,745

This recurring project provides funding for sidewalk repairs as part of an annual district-based rehabilitation program, alleviating the backlog of sidewalk repairs and enhancing pedestrian comfort and safety. Additionally, a sidewalk program assessment to evaluate options for improving the city's Sidewalk Repair Program will be completed in Fiscal Year 2016, and will offer suggestions for establishing goals and priorities related to repairs and replacements throughout the city.

Operating Impact

This project is not anticipated to impact operating expenses.

Capital Improvement Fund: Golf Reconfiguration & Baylands Athletic Center Improvements (PG-13003)	\$9,961,160	\$9,961,160	\$11,233,862
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This project provides funding for the renovation of the Municipal Golf Course in accordance with the Council-approved conceptual plan. The project includes less turf, raising the elevation of the course with imported soil, replacement of the irrigation and drainage systems and space for athletic fields.

Operating Impact

Maintenance of the golf course is budgeted in the Community Services Department. It is anticipated that the complete reconstruction of the golf course on a smaller footprint with less turf and a more efficient irrigation system will reduce maintenance costs (particularly water costs) and extend the useful life of this asset. There will be cost savings while the golf course is closed for construction and ongoing savings once the new upgraded course is opened for public play. The cost to operate and maintain the golf course will be reviewed annually, and any incremental savings will be proposed each year through the annual budget process.

Capital Improvement Fund: Highway 101 Pedestrian/Bicycle Overpass Project (PE-11011)	\$619,145	\$9,628,720	\$11,945,598
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This project provides funding for a new pedestrian/bicycle bridge across Highway 101 at Adobe Creek. The City conducted a design competition that resulted in three innovative designs. Following the competition, the City Council selected a design team to continue with design and completion of the CEQA and NEPA documents. It is anticipated that construction on the bridge will start in spring 2017.

Operating Fund

This project is anticipated to impact operating expenses in the future. As these costs are quantified, adjustments will be brought forward in future budgets, as necessary.

Capital Improvement Fund: Bicycle and Pedestrian Plan (PL-04010)	\$2,594,429	\$7,853,765	\$7,853,765
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This recurring project provides funding for the design and construction of bicycle boulevards, bicycle lanes, bicycle routes, bicycle parking projects, and trails routes in accordance with the Bicycle & Pedestrian Transportation Plan 2012, approved by the City Council in 2012. The project also allows for expansion of bicycle parking facilities and bicycle/pedestrian project planning activities as prioritized in the Plan.

Operating Impact

This project is anticipated to impact operating expenses in the future. As these costs are quantified, adjustments will be brought forward in future budgets, as necessary.

Capital Improvement Fund: Fire Station 3 Replacement (PE-15003)	\$896,488	\$7,219,814	\$7,219,814
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This project provides funding to replace Fire Station 3 at the corner of Newell and Embarcadero Roads. The replacement facility will be based on the prior Replacement Study and Needs Assessment prepared in 2005.

Operating Impact

This project is anticipated to impact operating expenses in the future. As these costs are quantified, adjustments will be brought forward in future budgets, as necessary.

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2016 Budget	Five Year CIP Cost	Total Project Cost
Capital Improvement Fund: Lucie Stern Buildings Mechanical and Electrical Upgrades (PE-14015)	\$2,868,491	\$2,868,491	\$3,220,507

This project provides funding to replace and upgrade mechanical and/or electrical systems, fire/life safety and finishes as necessary at Lucie Stern Children's Theater; Lucie Stern Theater and Scene Shop; and Lucie Stern Community Center. The systems will meet current code and user needs, and optimize operational and energy efficiency.

Operating Impact

This project is not anticipated to impact operating expenses.

Capital Improvement Fund: El Camino Median Landscape Improvements (PE-13017)	\$378,226	\$1,154,226	\$1,156,397
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This project provides funding for median improvements on El Camino Real. The improvements will include water conservation measures such as new drip irrigation systems and new drought tolerant trees, shrubs, and groundcover. Median designs will be consistent with the goals and objectives of the March 2007 El Camino Real Master Planning Study, and will also consider any relevant guidance from the Grand Boulevard Initiative.

Operating Impact

This project is anticipated to impact operating expenses in the future. The costs detailed in the table above represent current estimates for annually increased water usage and maintenance of the median landscaping for the Cambridge Avenue to Grant Avenue medians; however these costs will be reviewed throughout the construction of the project. Adjustments may be brought forward for City Council consideration upon completion of the project.

Capital Improvement Fund: Municipal Service Center Lighting, Mechanical, and Electrical Improvements (PF-16006)	\$407,215	\$999,543	\$999,543
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This project provides for the replacement of original mechanical and electrical systems and lighting installed in 1966 at buildings A, B, and C of the Municipal Service Center.

Operating Impact

This project may impact operating expenses in future years. As the scope of this project is better defined through the design process, operating impacts will be reviewed and adjustments may be brought forward as part of the annual budget process, as necessary.

Capital Improvement Fund: Ventura Buildings Improvements (PE-15011)	\$148,483	\$878,413	\$878,413
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This project provides funding to replace or upgrade the mechanical and electrical systems and provide accessibility improvements to the facility. To comply with Americans with Disabilities Act, accessibility improvements are included; these needs are typically addressed concurrently with city-planned projects.

Operating Impact

This project may impact operating expenses in future years. As the scope of this project is better defined through the design process, operating impacts will be reviewed and adjustments may be brought forward as part of the annual budget process, as necessary.

Capital Improvement Fund: Stanford/Palo Alto Playing Fields Soccer Turf Replacement (PG-13001)	\$770,000	\$770,000	\$1,495,000
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This project provides funding for replacement of synthetic turf at the Stanford/Palo Alto Playing Fields.

Operating Impact

This project is not anticipated to impact operating expenses.

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2016 Budget	Five Year CIP Cost	Total Project Cost
Capital Improvement Fund: Baylands Nature Interpretive Center Facility Improvements (PE-15029)	\$475,146	\$475,146	\$582,485

This project provides funding for renovation improvements to the Baylands Nature Interpretive Center including replacement of decking, railing, structural framing members, exterior wood siding, flooring, cabinetry, and/or doors.

Operating Impact

This project is not anticipated to impact operating expenses.

Cubberley Property Infrastructure Fund: Cubberley Roof Replacements (CB-16002)	\$413,215	\$2,525,801	\$2,525,801
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This recurring project provides funding to replace or restore failing roofs at the Cubberley Community Center. In some instances, a full replacement is necessary. In lieu of replacing the entire roof, a more cost-effective roof restoration process is planned where feasible. A fluid applied, reinforced waterproofing system will be applied over the existing roof. This roofing system also meets current cool roofing codes to optimize energy efficiency.

Operating Impact

This project is not anticipated to impact operating expenses.

Cubberley Property Infrastructure Fund: Cubberley Community Center Master Plan (CB-16001)	\$200,778	\$327,291	\$327,291
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This project provides funding to review previous condition assessment reports for the Cubberley Community Center, evaluate current buildings against latest building codes, and develop a Master Plan for the complex. The plan will include a prioritization for future projects to replace failing systems, improve reliability for use as an emergency shelter, and support tenant needs. The Master Plan is a requirement of the new lease with Palo Alto Unified School District (PAUSD).

Operating Impact

This project is not anticipated to impact operating expenses.

Electrical Fund: Underground System Rebuild (EL-16001)	\$300,000	\$1,600,000	\$1,600,000
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Underground primary electric cables and equipment have a limited life span and need to be replaced before they fail and cause outages. This recurring project will replace underground electric equipment in areas that were originally installed underground, i.e. not part of an Underground District. Work will include the replacement of deteriorated electrical cable, transformers, switches and enclosures. Installation of new equipment will bring the electrical system up to current construction standards.

Operating Impact

This project is not anticipated to impact operating expenses.

Electric Fund: Colorado/Hopkins System Improvement (EL-15000)	\$75,000	\$1,575,000	\$1,575,000
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This project will replace deteriorating equipment which will increase system capacity and improve service reliability for the areas served by Hopkins and Colorado substations and adjacent substations.

Operating Impact

This project is not anticipated to impact operating expenses.

Electric Fund: Rebuild Underground District 24 (EL-10006)	\$1,483,524	\$1,483,524	\$2,650,481
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This project will rebuild and replace the underground electric system in Underground District 24. Work will include the replacement of deteriorated electrical cable, transformers, switches, and enclosures. Installation of new equipment will bring the electrical system up to current construction standards.

Operating Impact

This project is not anticipated to impact operating expenses.

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2016 Budget	Five Year CIP Cost	Total Project Cost
Electric Fund: Reconfigure Quarry Feeders (EL-14005)	\$441,901	\$941,901	\$950,000

This project includes the reconfiguration of how distribution circuits are connected to each substation transformer at Quarry Substation. The circuits will be more evenly divided between the 4 transformers at this substation to provide greater operating flexibility during outages.

Operating Impact

This project is not anticipated to impact operating expenses.

Electric Fund: Underground District 47 (EL-11010)	\$932,240	\$932,240	\$2,555,574
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This project includes the design costs to underground the existing overhead distribution system. Undergrounding will be completed in Fiscal Year 2016 and the overhead system will be removed.

Operating Impact

This project is not anticipated to impact operating expenses.

Electric Fund: Underground Distribution System Security (EL-13007)	\$290,534	\$890,534	\$900,000
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This project funds the purchase and installation of equipment to secure underground electric distribution facilities used to provide electricity to utility customers in the City of Palo Alto, from vandalism, tampering, and theft to facilitate a safe, secure, and reliable electric system.

Operating Impacts

This project is not anticipated to impact operating expenses.

Electric Fund: Rebuild Underground District 26 (EL-16000)	\$750,000	\$750,000	\$750,000
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This project will rebuild and replace the underground electric system in Underground District 26. Work will include the replacement of deteriorated electrical cables, transformers, switches, and enclosures. Installation of new equipment will bring the electrical system up to current construction standards.

Operating Impacts

This project is not anticipated to impact operating expenses.

Fiber Optics Fund: Fiber Optic System Rebuild (FO-16000)	\$1,150,000	\$2,400,000	\$2,400,000
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This system capacity improvement project rebuilds portions of the "dark" fiber optic network around Palo Alto which, in turn, is leased to parties providing telecommunication services to citizens and businesses in Palo Alto. The rebuild projects will install new aerial duct or substructures (conduit and boxes), and additional fiber backbone cable to increase capacity for sections of the dark fiber ring that are at or near capacity, and allow the Utilities Department to meet customer requests for service. The rebuild project areas are mainly comprised of the Stanford Research Park, Palo Alto Internet Exchange, and Downtown areas.

Operating Impacts

This project is not anticipated to impact operating expenses.

Refuse Fund: Landfill Closure (RF-11001)	\$906,702	\$906,702	\$5,625,106
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This project provides for the final closure of the Palo Alto Landfill. An engineer's cost estimate was developed in March 2009, indicating that \$6.7 million (2012 dollars) would be needed to cap the remaining 51 acres of the landfill. The project was delayed until 2014 after Measure E passed, an initiative that conditionally designated part of the landfill for an energy/compost facility. The cap was then redesigned to include a new environmentally friendly soil cap in 2013 that is expected to save \$1.1 million and generate \$715,000 in revenue.

Operating Impacts

Upon completion and once the area is open to the public the project is anticipated to impact operating expenses in the General Fund.

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2016 Budget	Five Year CIP Cost	Total Project Cost
Refuse Fund: Household Hazardous Waste Station Improvements (FO-16000)	\$410,048	\$410,048	\$410,048

This project will provide for a new canopy structure at the City's Household Hazardous Waste (HHW) Station, located at the Regional Water Quality Control Plant. The canopy will be constructed out of metal purlin roofing material and will provide for separation of the collected household hazardous waste from the rain. The new canopy structure will tie into four existing footings that were installed in 2013 as part of a previous capital project. A new fire sprinkler system, lights, and gutters will also be installed on the canopy.

Operating Impacts

This project is not anticipated to impact operating expenses.

Storm Drainage Fund: Matadero Creek Storm Water Pump Station and Trunk Line Improvements (SD-13003)	\$3,766,378	\$5,864,620	\$6,368,822
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This project will provide funding for construction upgrades to the Matadero Creek Storm Water Pump Station and the trunk storm drain pipelines that flow to the pump station. The Matadero Creek Storm Water Pump Station serves a low-lying 1200-acre area of southeastern Palo Alto.

Operating Impacts

This project is not anticipated to impact operating expenses.

Storm Drainage Fund: Channing Avenue/Lincoln Avenue Storm Drain Improvements (SD-11101)	\$3,306,151	\$3,306,151	\$7,568,588
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This project will provide funding for the installation of 5,800 linear feet of 36-inch to 60-inch diameter storm drain along Channing and Lincoln Avenues over three project phases.

Operating Impacts

This project is not anticipated to impact operating expenses

Technology Fund: Radio Infrastructure Replacement (TE-05000)	\$1,296,151	\$1,696,151	\$4,200,000
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This project funds the annual replacement of various items in the City's telecommunications infrastructure inventory in accordance with a life-cycle replacement schedule. The City operates two radio systems (UHF frequency band and VHF frequency band) with five radio sites for each system.

Most recently, the City has participated with 14 other local agencies in an effort organized by the Silicon Valley Regional Interoperability Authority (SVRIA) to move towards a county-wide 700 Mhz radio communication system. This project provides funding for the City's share of establishing an interoperable radio communication system within the region.

Upon completion of the project, the law enforcement, fire and rescue service, emergency medical response, and disaster recovery units within the participating agencies will be able to communicate via an integrated voice and data communications system.

Operating Impact

This project is anticipated to impact operating expenses in the future. As these costs are quantified, adjustments will be brought forward in future budgets, as necessary.

Technology Fund: Development Center Blueprint Technology Enhancements (TE-12001)	\$952,738	\$952,738	\$1,738,001
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This project will allow for the provision of technology enhancements to the Development Services Department. Some areas of enhancement include: installation of a walk-in queuing system; conversion of current Accela reports to Crystal Reports; configuration and implementation of Accela Citizen Access; creation of web self service and publications sites; creation of a functioning Geographic Information System and Accela interface; permit centric mobile applications; electronic plan review system, automated permit tracking system and U&O process; development of expired permit notification; and creation of performance reports/metrics.

Operating Impact

MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2016 Budget	Five Year CIP Cost	Total Project Cost
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This project is not anticipated to impact operating expenses.

Technology Fund: Public Safety Computer (TE-09000)	\$787,592	\$787,592	\$1,400,000
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This project replaces the existing 1999 public safety Computer Aided Dispatch (CAD) and Records Management System (RMS) that is beyond the reliable life-cycle for this type of technology. As a result, maintenance costs are higher and features and functionality available with more current technology cannot be fully realized. This project will jointly acquire new CAD and RMS systems with the cities of Mountain View and Los Altos, as well as integrate this technology with the current Fire Records Management System.

Operating Impacts

This project is anticipated to impact operating expenses in the future. As these costs are quantified, adjustments will be brought forward in future budgets, as necessary.

Wastewater Treatment Fund: New Anaerobic Digesters to Replace Incinerators (WQ-16001)	\$2,968,557	\$33,700,402	\$75,000,000
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This project consists of design and construction of the anaerobic digesters, biogas utilization, electric co-generation, and a thermal hydrolysis process which precedes the anaerobic digestion. The digesters are the final stage in the biosolids treatment, producing biosolids for beneficial use.

Operating Impacts

This project is not anticipated to impact operating expenses.

Wastewater Treatment Fund: Fixed Film Reactor Rehabilitation (WQ-14004)	\$600,302	\$19,772,750	\$19,772,750
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This project provides for rehabilitation of Fixed Film Reactors which provide biological treatment, helping the City to comply with discharge permit limits. The two reactors, which came online in 1980, need replacement of core structural components including fiberglass barriers, steel supports, and concrete underdrains. Process components need replacement including biofilter media, 20-foot deep plastic media, rotating distributor mechanisms, electrical motor control centers, and process piping and pumping.

Operating Impacts

This project is not anticipated to impact operating expenses.

Wastewater Treatment Fund: Primary Sedimentation Tank Rehabilitation (WQ-14003)	\$930,313	\$7,464,647	\$7,464,647
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Four primary sedimentation tanks were installed in 1972. Each tank is 220 feet long by 41 feet wide. These tanks remove settleable solids and grease. The four tanks need their structural concrete recoated to ensure the reinforcing steel bars within the concrete are not attacked by penetrating corrosive sewer gases. An industrial coating contractor would install a new protective coating on the concrete to extend concrete life another 30 years. Rotating parts also need replacement due to wear.

Operating Impacts

This project is not anticipated to impact operating expenses.

Wastewater Treatment Fund: New Laboratory and Environmental Services Building (WQ-14002)	\$423,342	\$6,205,135	\$17,900,000
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This project funds the design of a new building that will consolidate staff and provide a larger and updated lab.

Operating Impacts

This project is not anticipated to impact operating expenses.

Wastewater Treatment Fund: Facility Condition Assessment and Retrofit (WQ-04011)	\$1,428,442	\$5,503,285	\$5,503,285
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MAJOR CAPITAL PROJECTS

Fund, Project Title, & Description	FY 2016 Budget	Five Year CIP Cost	Total Project Cost
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This recurring project provides for the structural condition assessment of existing plant facilities and, once issues are identified, the construction of repair and retrofits. Concrete and metal structures are evaluated for evidence of damage caused by corrosion, weathering, age, and ground movement.

Operating Impacts

This project is not anticipated to impact operating expenses.

Wastewater Treatment Fund: Plant Master Plan (WQ-10001)	\$1,801,702	\$3,480,646	\$5,009,342
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This project includes the planning and program management functions for the long range facilities plan (i.e., master plan) completed in July 2012. Program management includes the project definition stage of long range capital projects, acquisition of funding for new large capital projects, preparation of design consultant RFP packages for city issuance, and ancillary services related to the implementation of the plan.

Operating Impacts

This project is not anticipated to impact operating expenses.



GENERAL FUND



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General Fund Overview

FISCAL YEAR 2016-2025 GENERAL FUND LONG RANGE FINANCIAL FORECAST

The Fiscal Year (FY) 2016-2025 General Fund Long Range Financial Forecast (LRFF) was presented to the Finance Committee in December 2014 and to the City Council in March 2015. As of December 2014, the LRFF projected a slight General Fund surplus of \$0.5 million in FY 2016. Although economic indicators and rebounding tax revenues reveal that the City of Palo Alto has reached a turning point from the Great Recession, this Forecast reflects financial obligations and rising benefits costs that diminish the positive outlook over the next 10 years.

Despite improving revenue receipts as projected forward, the City continues to face challenges related to the funding of infrastructure, rising benefits costs, and unfunded long-term liabilities. In June 2014, the City Council approved the Infrastructure Plan. The plan provides funding for a new Public Safety building, replacement of two Fire Stations, the Bicycle Pedestrian Transportation Plan, two parking garages, and other projects. For detail regarding the projects and funding plan, please refer to the Fiscal Year 2016 Adopted Capital Budget. At time of approval of the plan, the plan had a funding gap of \$7.5 million. To address the gap, an additional \$5.35 million will be transferred from the General Fund to the Capital Improvement Fund in Fiscal Years 2016 and 2017, which is equal to the amount of additional Transient Occupancy Tax expected to be generated from the voter-approved two percentage point increase, as well as from new hotels. These additional transfers, which are possible due to additional TOT receipts, will close the funding gap (\$7.5 million), provide funding for the public art program related to the Infrastructure Plan (\$1.1 million), and begin to build a reserve for potential cost overruns (\$2.1 million).

Since the Great Recession, the City Council has approved various strategies to reduce the costs of salaries and benefits. These strategies include: (1) employees paying their own CalPERS contribution (between 6 percent to 9 percent of salary) except for the members of the Fire Chiefs' Association; (2) sharing the cost of health plan costs at 90/10; (3) creating a second pension tier (and the state implemented a third tier effective January 1, 2013); (4) reducing professional development expenses; (5) cost of living freezes for four years; and (6) terminating the Variable Management Compensation Plan. Continuing with previous actions to curtail the growth of benefit costs, in 2014, as part of approving the agreement with SEIU and the compensation plan for Management and Professional employees, the City Council approved the cost sharing of future health plan costs. Because of the implementation of these various strategies, the growth in salary and benefit costs are not outpacing the growth in revenue; however, over the Forecast period, salary and benefit costs gradually increase in comparison to the total expenditure budget. In FY 2016, salary and benefit costs represent 61 percent of the expenditure budget; in FY 2025, salary and benefit costs represent 65 percent of the budget. During the same period benefit costs as a percentage of total salary and benefit costs increase from 49 percent in FY 2016 to 55 percent in FY 2025. In other words, the higher percentage of the projected incremental revenue growth will need to pay for increased salary and benefit costs.

As of early June 2015, 31 percent of non-safety (Miscellaneous) employees receive Tier 2 (2 percent at 60) and Tier 3 (2 percent at 62) pension benefits, and 16 percent of Safety employees

GENERAL FUND OVERVIEW

receive Tier 2 and Tier 3 pension benefits. The impact of employees hired during the last five years has had little impact on unfunded pension plan liabilities. Per the CalPERS valuations as of June 30, 2013 for the Miscellaneous and Safety employees, the combined unfunded pension liability amounts to \$295.5 million. Adding on the unfunded liability for the retiree healthcare plan in the amount of \$143.6 million, the total unfunded liability for all three plans is \$439.1 million.

A continuously improving economic climate is noted by the majority of national, state, regional, and local economic indicators. This Forecast assumes a continued, gradual growth of the national economy with positive impacts to the local economy, which is reflected in the estimates of economically sensitive revenues. Consistent with previous forecasts, the methodology for calculating changes for out-years of the Forecast (FY 2017 to FY 2025) are based on a historical analysis of increases using the Compounded Annual Growth Rate (CAGR) with adjustments factored in for known items. By using the historical average growth rate that incorporates the up and down cycles over the past 10 or 20 years, there is no single year in which a downturn is depicted. Instead, past downturns (e.g. dot.com bust and Great Recession) have been factored into the compound growth rate used to forecast future revenue streams. Staff performed a reasonableness test of the results and made appropriate changes to the CAGR analysis.

As shown in the table below, the FY 2016 Forecast Budget anticipates a General Fund surplus of approximately \$0.5 million for FY 2016, and surpluses in all out-years of the Forecast except Fiscal Year 2017. During the forecast period, surpluses range between \$0.5 million and \$3.4 million with an approximate cumulative one-time surplus of \$17.2 million. Assuming that the General Fund Budget Stabilization Reserve (BSR) is fully funded at the City Council approved target level of 18.5 percent of General Fund operating expenditures, \$11.6 million would have to set aside to maintain the target level. With these funds set aside, the one-time resources projected in this Forecast would decrease by \$11.6 million from \$17.2 million to \$5.6 million.

	Adopted 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Revenues	\$171,084	\$179,637	\$186,961	\$194,498	\$201,233	\$208,234	\$214,408	\$221,070	\$228,864	\$236,926	\$245,129
Total Expenditures	\$171,084	\$179,155	\$187,142	\$193,437	\$199,825	\$205,896	\$212,624	\$219,358	\$226,567	\$234,032	\$241,765
Net One-Time Surplus (Shortfall)	\$0	\$482	(\$180)	\$1,061	\$1,408	\$2,408	\$1,784	\$1,712	\$2,297	\$2,894	\$3,364
Cumulative One-Time Surplus (Shortfall)											\$17,231
Net Operating Margin	\$ -	\$ (180)	\$ 1,061	\$ 347	\$ 1,000	\$ (625)	\$ (72)	\$ 585	\$ 597	\$ 470	\$ 470
Cumulative Net Operating Margin											\$3,185

The table includes a calculation for the net operating margin which reflects the year over year change of surpluses and shortfalls. With the net operating margin, it is assumed that each shortfall is addressed completely with ongoing solutions in the year it appears, and that each surplus is completely expended with ongoing expenditures. Based on these assumptions, the cumulative net operating margin, or ongoing surplus, during the forecast period is approximately \$3.2 million.

Although this Forecast presents a positive fiscal outlook for the City's General Fund, it does not include the following potential impacts, which can increase or decrease the projected annual surpluses to the FY 2016 Projected Budget and the out-years of the Forecast: (1) ongoing labor negotiations; (2) Cadillac Healthcare Federal Excise Tax; (3) Foothills College Cubberley Lease;

(4) potential acquisition of the downtown Palo Alto Post Office; (5) potential termination of the Fire Services Contract with Stanford University; (6) radio infrastructure investments with the Silicon Valley Regional Interoperability Authority; (7) Remaining Infrastructure Plan approved projects and contingency for increased land acquisition and construction costs; (8) future changes to pension plan assumptions by CalPERS; (9) Infrastructure Plan operating budget impacts; and (10) changes in the local, regional, and national economy.

As of July 2015, staff projects \$8.1 million in excess revenues and expenditure savings in the General Fund for FY 2015. The FY 2015 projected surplus includes City Council approved budget amendments to date and is primarily driven by increases in major tax revenues from the Adopted Budget.

FISCAL YEAR 2016 GENERAL FUND BUDGET

As part of the development of the Fiscal Year 2016 Adopted Budget, the General Fund revenues and expenditures were updated from the release of the Fiscal Year 2016-2025 General Fund Long Range Financial Forecast. In Fiscal Year 2015, \$183.9 million in total revenue is budgeted in the General Fund, an \$14.6 million, or 8.6 percent, increase from the Fiscal Year 2015 Adopted Budget; and \$185.7 million in expenditures are budgeted, an \$14.6 million, or 8.5 percent increase from the Fiscal Year 2015 Adopted Budget. In order to ensure a balanced Fiscal Year 2016 Adopted Budget, it is recommended that \$2.1 million of Fiscal Year 2015 budget surplus funds are carried forward to cover one-time expenditures with a budget surplus of \$0.4 million, increasing the BSR to \$34.6 million, or 18.7 percent of expense.

Based on a continued, gradual growth of the regional economy and Fiscal Year 2015 year-to-date major tax revenue receipts, this budget assumes further growth in Sales Tax, Property Tax, and Transient Occupancy Tax in comparison to the Fiscal Year 2015 Adopted Budget. The Fiscal Year 2016 Adopted Budget assumes major tax revenue receipts of approximately \$8.7 million, or 9.6 percent, from \$90.8 million to \$99.5 million. Further, the Fiscal Year 2016 Adopted Budget estimates \$183.9 million in total General Fund revenues, a \$14.6 million increase from \$169.4 million, or 8.6 percent, in comparison to the Fiscal Year 2015 Adopted Budget. Close to 60 percent of this revenue increase is attributed to improved major tax revenue. It is important to note that more than a third in growth in tax revenue (\$2.9 million) is due to increases in the Transient Occupancy Tax rate from 12.0 percent to 14.0 percent as approved by the voters in November 2014. Less rapidly growing revenues such as charges for services, permits and licenses, rental income, revenue from other agencies, interest income, increased a total of \$5.9 million in Fiscal Year 2016. This budget assumes that the City's Golf Course will be closed for the last six months of Fiscal Year 2016 due to construction.

The following sections discuss the City's major revenue sources and their projected levels as well as major expenditure categories for Fiscal Year 2015.

SALES TAX

Sales taxes have rebounded from a low of \$17.9 million in FY 2010 to a new high of \$29.4 million in Fiscal Year 2014, which is expected to be maintained for Fiscal Year 2015 at \$29.2 million. After adjusting for one-time sources, the estimated Sales Tax receipts for Fiscal Year 2016 are at \$27.6 million, representing an increase of \$1.6 million, or 6.5 percent, from the Fiscal Year 2015 Adopted Budget of \$26.0 million. The primary contributors to the positive sales tax growth are

GENERAL FUND OVERVIEW

restaurant and electronic sales, higher and auto sales in key, older dealerships. The state has terminated its 'triple flip' program so the City will receive more timely payments of its sales tax receipts. This primarily affects cash flow, but will result in slightly better interest earnings for the General Fund.

While overall sales tax revenue growth is continuing a positive trend from recessionary lows, there are some potential risks that could affect the current trend. First, the breakup of Hewlett Packard (HP) into two companies could potentially eliminate tax-generating segments of HP's business. The split is expected to occur next year. Recent news also indicates that Internet retail sales are anticipated to increase by over 15 percent (over prior year) during the critical holiday sales season. This trend will continue to exert downward pressure on sales tax growth, a key source that constitutes approximately 15 percent of General Fund revenue.

PROPERTY TAX

Since the end of the Great Recession, property values and revenues have risen at a strong rate. Beginning in Fiscal Year 2013, receipts have risen by a robust \$2.0 million each year. Contributing factors to this exceptional rise in property tax revenue include: single family home sales that have exceeded asking prices; a healthy commercial property market; and the unleashing of latent property values from the sale of long held homes that were 'shielded' from assessed value appreciation by Proposition 13.

The City's property tax estimate for Fiscal Year 2015 is based on information received from quarterly meetings with the Santa Clara County Assessor's Office. The estimate includes appeals on record with the Assessor's Office, additions to the roll, and movements in assessed values. Projections beyond Fiscal Year 2015 are based on historical growth rates. The estimated Property Tax receipts for Fiscal Year 2016 are at \$35.1 million, representing an increase of \$3.1 million, or 9.7 percent, from the Fiscal Year 2015 Adopted Budget of \$31.9 million.

In Fiscal Year 2015, the Administrative Services Department contracted with a firm to produce detailed reports on property taxes. The consultant's reports have provided key insights into Palo Alto's real estate market that supports property taxes growing at around 5 percent per year, including:

- There are 8,600 residential properties in Palo Alto under \$600,000 in Assessed Value. These properties turn over at a rate of 570 annually.
- Approximately 3 percent of residential parcels will increase in Assessed Value by an average 63 percent. All other properties will increase by the historical average of 7 percent.
- Per the 2013-2014 Assessor's Roll, average Assessed Value of residential properties in Palo Alto equal \$944,000.

TRANSIENT OCCUPANCY TAX

Transient Occupancy Taxes (TOT) continue to perform exceptionally well. Average daily room rates and occupancy levels continue to demonstrate considerable strength since FY 2011. Generally, occupancy levels between 80 and 85 percent indicate full occupancy. Demand for Palo Alto rooms is strong, leading to construction and planned construction of five new hotels. A vibrant business and tourist environment has led to a surge in hotel bookings from San Francisco down through the Peninsula to San Jose.

This budget includes estimated revenues for all of the new hotels built, being constructed, or planned in the City. The Epiphany opened last fiscal year and the two new Hilton hotels were expected to be fully operational by the end of April 2015. The Westin Annex and a new hotel on the Ming's restaurant site are not expected to open until FY 2017. The voter approved TOT rate increase from 12 to 14 percent will take effect on January 1, 2015 and is expected to generate approximately \$2.9 million in revenue in FY 2016. This budget includes revenue from new hotels and the 2 percent TOT rate increase and a corresponding \$4.7 million transfer to infrastructure to support the Infrastructure Plan that was recently adopted by Council. The estimated TOT receipts for Fiscal Year 2016 are at \$18.8 million, representing an increase of \$4.6 million, or 32.4 percent, from the Fiscal Year 2015 Adopted Budget of \$14.2 million.

UTILITY USERS TAX

The Utility Users Tax (UUT) budget incorporates two changes approved by voters in November 2014. The telephone UUT rate has been reduced from 5.0 percent to 4.75 percent and the large utility user discount (which stepped down tax rates for water, gas, and electric usage) was eliminated. These changes will be implemented in the next few months and according to state codes. On an annual basis, the changes will reduce telephone revenues by an estimated \$0.16 million while ending the large utility user discount will raise utility related revenues by \$0.55 million. The estimated UUT receipts for Fiscal Year 2016 are at \$11.2 million, a slight decrease from the Fiscal Year 2015 Adopted Budget of \$11.3 million.

Receipts anticipated from the UUT are based on the Utilities Department's five-year revenue and rate projections. These estimates could change as the department discusses its proposed rate plan with the Utilities Advisory Commission and the City Council during the annual budget process. Moreover, a continued drought and State and local efforts to reduce water consumption may well result in lower than projected UUT revenues from water and electric usage.

Telephone receipts went down slightly from Fiscal Year 2013 to Fiscal Year 2014 and a lower level is expected in Fiscal Year 2015 based on the rate decrease. Unfortunately, there is little data available from telecommunications providers to offer more informed projections.

DOCUMENTARY TRANSFER TAX

The Documentary Transfer Tax (DTT) continued to outperform expectations by reaching \$8.1 million in Fiscal Year 2014 as compared to an average of \$5.6 million over the prior three fiscal years. This average was affected by the Great Recession and likely caused a burst of property transactions (due to improving prices and low interest rates) in Fiscal Year 2014. There were an unusually high number of high value commercial property sales in Fiscal Year 2014.

As reported in the Long Range Financial Forecast, DTT receipts were running 40 percent below prior year receipts through mid-March. Since that time, the City received a receipt for \$1.3 million and it appears a sizeable purchase of Palo Alto office properties by HudsonPacific will yield additional revenues in Fiscal Year 2015. At this time, it is expected that DTT will meet or exceed the \$8.1 million received in Fiscal Year 2014. Since such large transactions are rare and periodic, staff is maintaining its projection of \$6.5 million for Fiscal Year 2016.

GENERAL FUND OVERVIEW

OTHER TAXES AND FINES

Staff anticipates that revenues in this category will remain flat in Fiscal Year 2016 at \$2.2 million. The largest source of revenue in this category is derived from parking violations revenue, which staff estimates will also hold flat in Fiscal Year 2016 at \$1.7 million.

CHARGES FOR SERVICES

This revenue category consists of charges to Stanford for fire services, paramedic services, golf-related fees, arts and science classes, and plan check fees. In comparison to the Fiscal Year 2015 Adopted Budget revenue estimate of \$23.1 million, the Fiscal Year 2016 Adopted Budget estimate of \$25.4 million is \$2.3 million, or 10.0 percent, higher. The primary reasons for the increase of \$2.4 million are increases in golf related fees (\$0.6 million) as this budget assumes that the Golf course will be open for six months, plan check fees (\$0.7 million), and reimbursements for the Stanford Fire Services and Dispatch contracts (\$0.4 million).

PERMITS AND LICENSES

Permits and Licenses consist of payments to the City for issuance of Building Permits, Fire Permits, and miscellaneous health and safety-related licenses. In comparison to the Fiscal Year 2015 Adopted Budget revenue estimate of \$7.7 million, the Fiscal Year 2016 Adopted Budget estimate of \$8.2 million represents an increase of \$0.5 million, or 6.1 percent, primarily due to an increase in building permit fee estimates.

RETURN ON INVESTMENT

Interest earnings continue to be depressed as a consequence of the Federal Reserve's loose monetary and interest policies. Expectations for earnings from investments are approximately \$0.8 million which is slightly higher than assumed in Fiscal Year 2015 Adopted Budget.

RENTAL INCOME

The largest source of rental income comes from the City's Enterprise Funds. Compared to the Fiscal Year 2015 Adopted Budget, rental income will increase by \$1.0 million, or 7.3 percent, from \$14.3 million to \$15.3 million for the Fiscal Year 2016 Adopted Budget. This increase is due to an assessment of all General Fund properties that was conducted in Fiscal Year 2015.

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 based on cost allocations from the last completed fiscal year. Total administrative cost plan charges increased by \$1.3 million or 12 percent from the Fiscal Year 2015 Adopted Budget level of \$10.6 million to the Fiscal Year 2016 Budget of \$11.9 million due to higher salaries and benefits costs and increased staffing levels in internal support departments.

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. Compared to the Fiscal Year 2015 Adopted

Budget of \$1.1 million, other revenues are \$0.5 million higher in the Fiscal Year 2016 Budget at \$1.6 million mainly due to a one-time grant from the Valley Transit Authority in the amount of \$0.3 million for the Fry's site Master Plan and \$0.2 million of ongoing reimbursement from the City of East Palo Alto for the East Palo Alto shuttle route. Both items are budgeted in the Planning, and Community Environment Department.

OPERATING TRANSFERS-IN

In comparison to the Fiscal Year 2015 Adopted Budget transfer-in amount of \$18.4 million, the Fiscal Year 2016 Budget amount of \$18.6 million represents an increase of \$0.2 million or less than 1.0 percent primarily due to a slight increase in the equity transfer from the Enterprise Funds of \$0.2 million. The largest component of this revenue category is the \$17.3 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. In accordance with a methodology approved by Council in June 2009, the equity transfer is calculated by applying a rate of return to the capital asset base of the Electric and Gas Funds. The rate of return is based on PG&E's rate of return on equity as approved by the California Public Utilities Commission (CPUC).

EXPENSES

Fiscal Year 2016 Adopted Budget expenditures amounts to \$185.7 million for the General Fund, an increase of approximately \$14.6 million, or 8.5 percent, compared to the Fiscal Year 2015 Adopted Budget of \$171.1 million. Details of major expenditure categories are discussed below.

SALARY AND BENEFITS

Salary and benefit costs in the Fiscal Year 2016 Adopted Budget total \$112.6 million, a \$5.7 million or 5.3 percent increase compared to the Fiscal Year 2015 Adopted Budget of \$107.0 million. The main reasons for the increase in salary and benefits costs are increased City CalPERS contributions for pensions, increased retiree healthcare costs, modest salary and related benefits increases for employee groups consistent with the City Council approved contract with the Service Employees International Union and the Management and Professional Employees Compensation Plan, and increases granted to employee groups during Fiscal Year 2015, as well as position additions. Discussion regarding increased pension and retiree healthcare contributions can be found in the Employee Information section of this document. Further, this budget proposes to add 7.9 full-time equivalent positions in the General Fund.

As discussed in more detail in the non-departmental expense section below, consistent with the Fiscal Year 2016-2025 General Fund Long Range Financial Forecast, this budget includes a salary reserve that may be used to fund potential employee salary increases.

It is important to note, that with this budget, anticipated General Fund vacancy savings totaling \$2.2 million are spread across departmental appropriations based on a historical vacancy trend analysis.

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 Cubberley Community Center lease or debt service. The Fiscal Year 2015

GENERAL FUND OVERVIEW

payment for the lease Covenant Not To Develop, and related expenses is approximately \$5.6 million. As a result of negotiations with PAUSD, \$1.9 million will be transferred annually from the General Fund to the Cubberley Infrastructure Fund for infrastructure improvements.

This section of the budget includes a salary reserve that may be used to provide funding for potential employee salary increases. This salary reserve is set aside for planning purposes only and does not reflect a commitment from the City to increase employees' salaries and associated benefits. Any changes to employees' salaries and benefits are part of the meet and confer process with the City's employee groups, as applicable. This reserve totals \$1.7 million in the General Fund.

CONTINGENCY ACCOUNTS

Contingency accounts are budgeted appropriations that are used at the discretion of the City Council, City Manager, City Attorney, or Chief People Officer to fund unanticipated expenses. The City Council approves any use of the City Council contingency and the City Manager has to approve any use of any other contingency. The Fiscal Year 2016 Adopted Budget includes \$0.7 million in these accounts, which reflects a decrease of \$150,000 in comparison to the Fiscal Year 2015 Adopted Budget due to a reduction in the City Attorney contingency.

OPERATING TRANSFERS OUT

Funds are transferred to the Capital Infrastructure, Cubberley Infrastructure, Debt Service, and Technology Internal Service Funds on an annual basis. In Fiscal Year 2016, \$22.7 million is transferred to these funds. This represents a \$7.0 million, or 44.3 percent, increase compared to the Fiscal Year 2015 Adopted Budget of \$15.7 million. Of this total increase, \$5.4 million is due to an increased transfer to the Capital Improvement Fund and a new transfer of \$1.9 million to the Cubberley Infrastructure Fund as explained above offset with a decrease in the transfer to the Airport Fund in the amount of \$0.3 million.

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 2016 Adopted Budget is projected to have a \$34.6 million BSR balance, or 18.7 percent of the Fiscal Year 2016 Adopted General Fund expenditure budget.

General Fund Reserves

	FY 2014 Actual	FY 2015 Adopted Changes	FY 2015 Net Adjustments	Projected 06/30/2015	FY 2016 Projected Changes	Projected 06/30/2016
Budget Stabilization Reserve (BSR) Activity:						
BSR	34,798	-1,732	5,301	36,763	-2,123	34,640
Other Reserve Activity:						
Human Services Resource Allocation Process (HSRAP) Reserve	—	—	—	50	—	50
Encumbrance & Reappropriation	6,367	—	—	6,367	—	6,367
Inventory of Materials & Supplies	4,001	—	—	4,001	—	4,001
Notes Receivable, Prepaid Items, Interfund Advances, & Unrealized Gains and Losses	3,144	—	—	3,144	—	3,144
Total Reserves	48,310	-1,732	5,301	50,325	-2,123	48,202

- 1) The BSR is projected to be 18.7 percent of the FY 2016 Adopted Expense Budget at the end of FY 2016.
- 2) City reserve policy indicates a 15-20 percent range, with an 18.5 percent target.
- 3) Minimum FY 2016 BSR \$27.9 million (15 percent)
- 4) Maximum FY 2016 BSR \$37.1 million (20 percent)
- 5) Target FY 2016 BSR \$34.3 million (18.5 percent)
- 6) Projected FY 2015 Net Adjustments assumes year-to-date City Council approved budget adjustments, midyear adjustments, additional tax revenue and expenditure savings, and forthcoming adjustments.
- 7) Projected FY 2015 Budget Surplus of approximately \$2.1 million will be carried forward to FY 2016 for one-time FY 2016 expenditures
- 8) The Human Services Resource Allocation Process Reserve will be recommended to be carried forward to FY 2016 as part of the annual reappropriation process

General Fund Revenue Description

PROPERTY TAX

Under current law, all taxable real and personal property is subject to a basic tax rate of one percent of assessed value collected by local jurisdictions and school districts for general service purposes. There are other taxes and levies on a typical property tax bill such as parcel, General Obligation bond, and special assessments.

On June 6, 1978, California voters approved Proposition 13, a seminal change in property tax levies. The proposition, which added Article XIII A to the state constitution, placed limits on increases in the valuation of real property. The major change was that the assessed value of real property could only be adjusted upward annually by the change in the California Consumer Price Index (CCPI) up to a maximum of two percent per year. One exception to this rule, how-

GENERAL FUND OVERVIEW

ever, is that when property changes ownership and/or is substantially altered or newly-constructed, it would be reassessed at full market value in the first year and then subject to the CCPI or two percent cap thereafter.

Another important exception to the formula for increasing assessed valuations and taxes is that during periods of declining property values (e.g., recessions), the County Assessor has the flexibility to decrease assessments whether through appeal by property owners or through the Assessor's analysis of value declines. In effect, this reduces the property valuation and tax. As market conditions improve, however, and values return or increase, the Assessor can then increase assessed values and taxes.

In following years, another amendment to the constitution was passed that allows local governments and school districts to raise property taxes above one percent to finance general obligation (GO) bond sales. This change has to be approved by two-thirds of those voting in a local GO bond election. For school districts, however, the voting threshold for approving GO bonds was subsequently lowered to fifty-five percent.

Dating back to the early 1990s, the state has made numerous and complex adjustments to local jurisdiction property tax revenues to solve its budget shortfalls. In one such action in 1992, which is known as the 'Educational Revenue Augmentation Funds (ERAF), the state shifted millions of dollars in local government funds to school districts. As a consequence of this action the City of Palo Alto has foregone a cumulative \$86 million through Fiscal Year 2014 limiting its ability to meet its infrastructure needs.

The County of Santa Clara administers and collects property taxes and remits the appropriate amounts (based on law and a complex formula) to local jurisdictions. Contrary to commonly held views, the City receives a relatively small portion of the basic one percent property tax. In fact, the City receives 9 percent or 9 cents for every property tax dollar a property owner pays to the county. The majority of the tax dollar paid or 57 percent goes to the school district, 15 percent goes to the county, and the remaining goes to special districts and to the State.

SALES AND USE TAX

The Sales Tax is a tax imposed on retailers for the privilege of selling tangible personal property such as clothing, automobiles, and computers. Currently, and according to State law, sales tax is not applied to personal services such as legal, dental, or consultant services. The Use Tax is a form of sales tax and is applied, for example, on the sale of tangible goods from an out-of-state vendor.

The City receives a specific portion or percentage of the sales tax paid by a consumer. Of the current 8.75 percent tax rate paid for goods sold within Palo Alto, the City receives 1.0 percent point of the purchase price or 11.4 percent for each tax dollar paid. The remaining sales tax dollars are distributed as follows: State of California (5.75 percentage points), Santa Clara County (0.885 percentage point), Santa Clara Valley Transportation Authority (0.625 percentage point), and the Public Safety Fund (0.5 percentage point).

Sales tax rates may differ across jurisdictions since local jurisdictions have some flexibility on a countywide level (e.g. county or city) to increase the local portion of the sales tax with voter approval. The local Sales and Use Tax is collected and administered by the State Board of Equalization.

TRANSIENT OCCUPANCY TAX

The Transient Occupancy Tax rate in Palo Alto is 14 percent and is applied to the daily rate charged by a hotel, motel, and lodging establishment. The rate only applies to stays of 30 days or less. In November 2014, Palo Alto voters approved increasing the tax rate from 12 percent to 14 percent. The rate increase was effective as of January 1, 2015.

DOCUMENTARY TRANSFER TAX

This tax is applied to the sale of real property within Palo Alto at the time property ownership is transferred. The current rate is \$3.30 per thousand dollars of sale value. A house that sells for \$1.5 million, for example, would result in the City collecting \$4,950. This tax is collected by Santa Clara County and then remitted to the City. The county also levies a transfer tax of \$1.10 per thousand dollars of sales value that is in addition to Palo Alto's tax.

UTILITY USERS TAX

The Utility Users Tax is charged to all users of electricity, gas, water, and telephone services. The current tax rate is for electricity, gas, and water is 5 percent and for telephone is 4.75 percent. This general tax was passed by voters in 1987 and has not changed since that time. In November 2014, Palo Alto voters approved decreasing the telephone utility user tax rate from 5 percent to 4.75 percent. This tax decrease became effective on April 1, 2015 due to Public Utility Commission advance noticing requirements.

OTHER TAXES AND FINES

The largest source of revenue in this category is derived from parking violations revenue. Other revenue items in this category include traffic violations, administrative citations, and library fines and fees.

CHARGES FOR SERVICES

Departmental charges are comprised of fees charged for services which are primarily provided by the following departments: Community Services, Development Services, Planning and Community, Police, and Public Works. Charges for Services from departments are approved annually by the City Council through the adoption of the Municipal Fee Schedule.

The City has two separate agreements with Stanford University to provide Fire Response services and Dispatch services. As part of these agreements to reimburse the City for Stanford's proportional share of these services, Stanford is charged 30.3 percent of the Fire Department's net cost and 16 percent of the Police Department's Communication and Dispatch Division.

PERMITS AND LICENSES

The City requires payment for the issuance of Building Permits, Fire Permits, and miscellaneous health and safety-related licenses and permits as approved annually by the City Council through the adoption of the Municipal Fee Schedule.

RETURN ON INVESTMENT

The City invests idle funds in order to earn interest. The total income varies with the market rates of interest and the funds available to invest. The basic principles underlying Palo Alto's investment philosophy is to ensure the safety of public funds; provide that sufficient money is

GENERAL FUND OVERVIEW

always available to meet current expenditures; and achieve a reasonable rate of return on its investments.

RENTAL INCOME

The General Fund charges rent to internal and external entities. The majority of rental income is derived from the Enterprise Funds and the Cubberley Community Center.

REVENUE FROM OTHER AGENCIES

This revenue category includes revenue received from a variety of other local government agencies, the state, and the federal government usually due to grants or contracts for services.

CHARGES TO OTHER FUNDS

The General Fund recuperates the cost for services provided by internal services departments such as Administrative Services, Council Appointees, and People Strategy and Operations to Enterprise, Internal, and Special Revenue funds through allocated charges.

OTHER REVENUE

Major revenue sources in this category are Animal Services charges to Los Altos and Los Altos Hills, reimbursements from PAUSD for its share of Cubberley and athletic field maintenance, donations from non-profits for City libraries, and miscellaneous revenues.

OPERATING TRANSFERS-IN

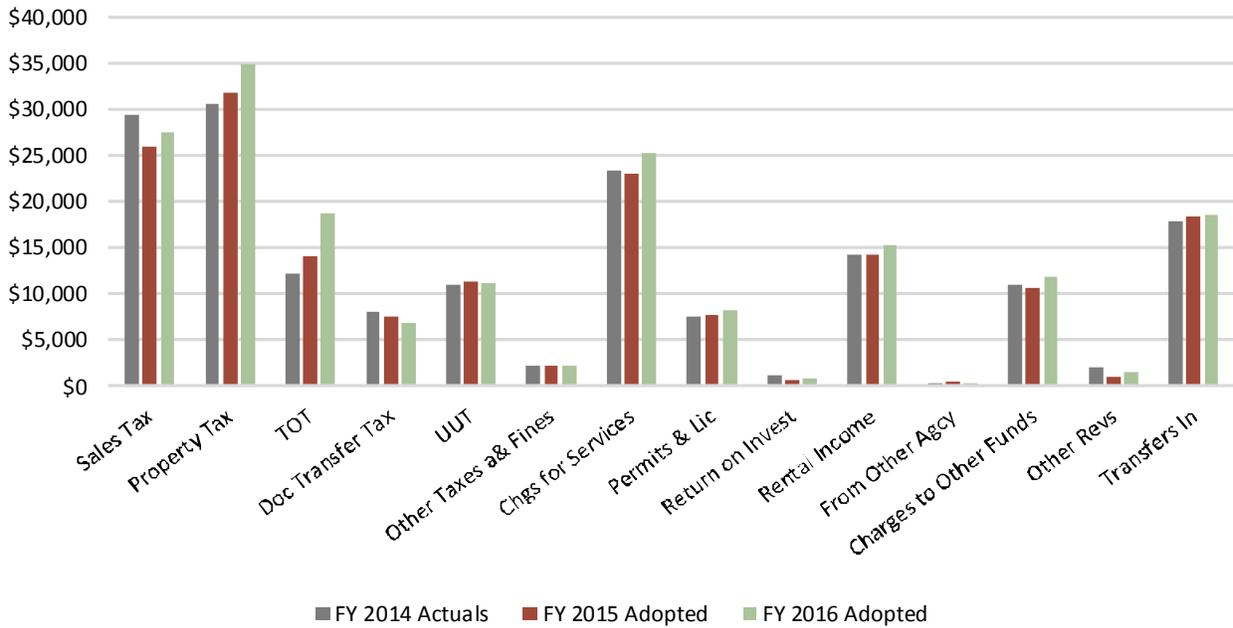
Operating Transfers include the equity transfer from the Electric and Gas Funds as well as transfers from the University Ave Parking Permit Fund. In accordance with a methodology approved by Council in June 2009, the equity transfer is calculated by applying a rate of return to the capital asset base of the Electric and Gas Funds. This rate of return is based on PG&E's rate of return on equity as approved by the California Public Utilities Commission (CPUC).

Total General Fund Revenue by Category

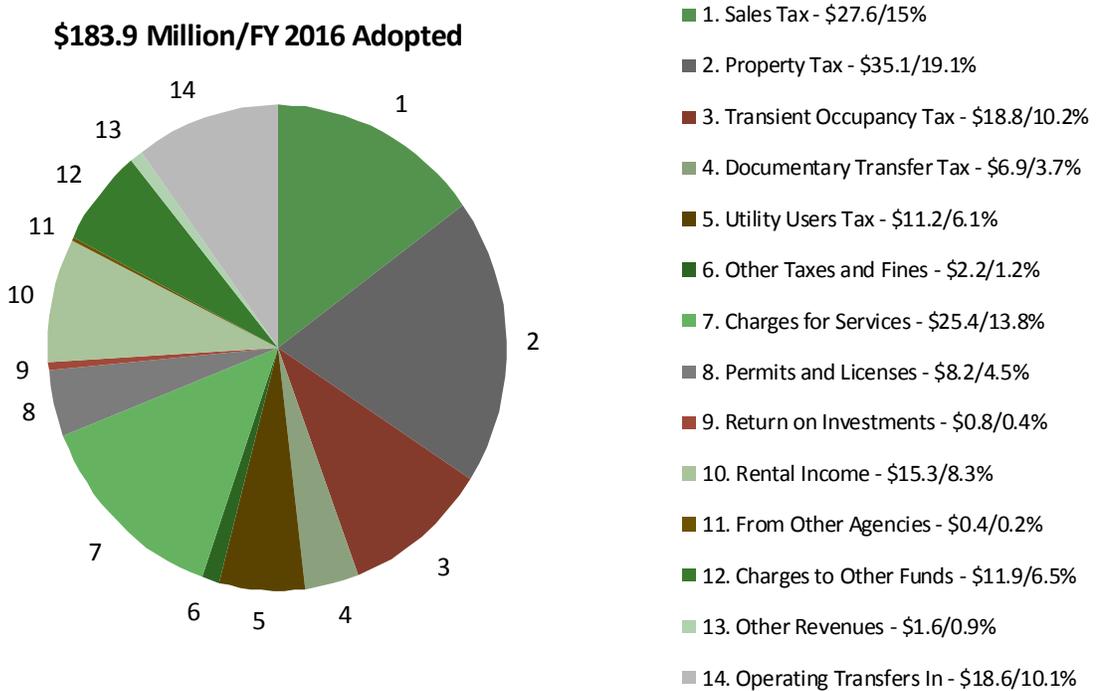
	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Sales Taxes	25,606	29,424	25,957	27,630	1,673	6.4%
Property Taxes	28,742	30,587	31,927	35,067	3,140	9.8%
Transient Occupancy Tax	10,794	12,255	14,156	18,791	4,635	32.7%
Documentary Transfer Tax	6,810	8,143	7,514	6,852	(662)	(8.8)%
Utility Users Tax	10,861	11,008	11,285	11,189	(96)	(0.9)%
Other Taxes and Fines	2,152	2,136	2,164	2,180	16	0.7%
Charges for Services	25,798	23,393	23,080	25,399	2,319	10.0%
Permits and Licenses	8,641	7,546	7,738	8,211	474	6.1%
Return on Investments	948	1,226	685	824	138	20.2%
Rental Income	12,879	14,215	14,254	15,296	1,042	7.3%
From Other Agencies	238	236	453	373	(80)	(17.7)%
Charges to Other Funds	11,686	10,947	10,647	11,930	1,283	12.1%
Other Revenue	1,604	2,025	1,060	1,609	549	51.8%
Total Revenues	146,757	153,140	150,920	165,351	14,431	9.6%
Operating Transfers-In	19,933	17,912	18,433	18,589	156	0.8%
Total Source of Funds	166,691	171,052	169,354	183,940	14,587	8.%

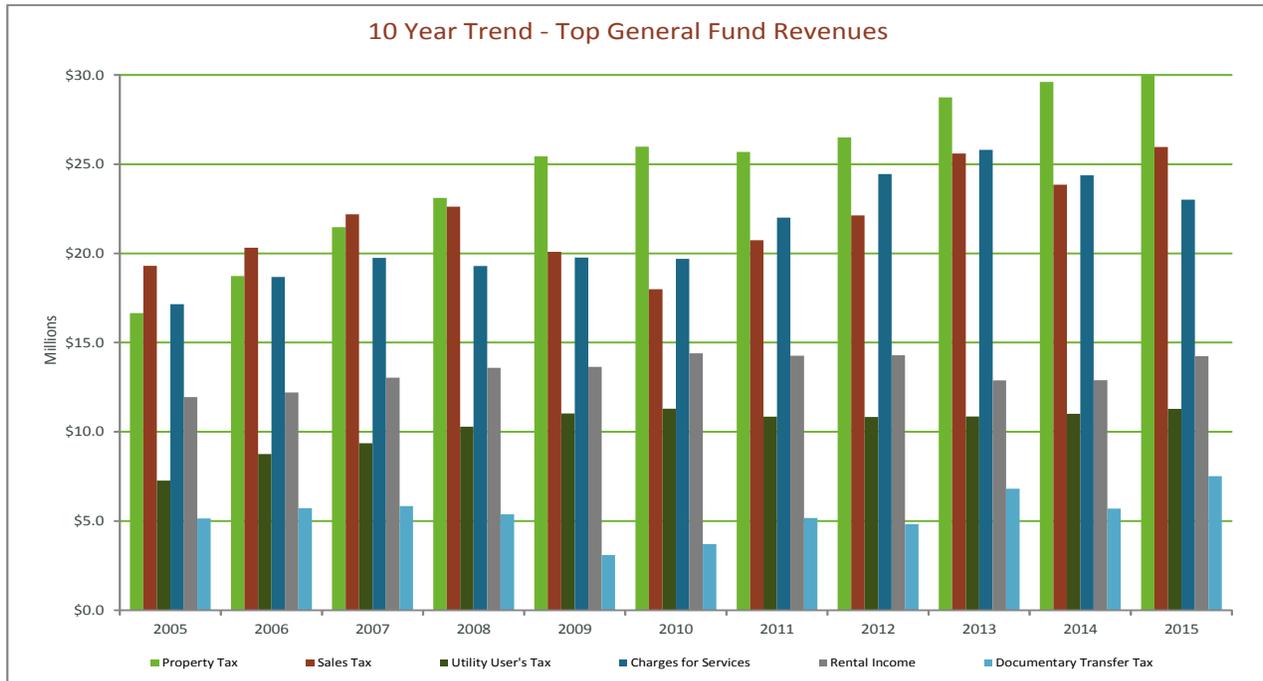
General Fund Revenue by Category

3 Year Trend - General Fund Revenues by Category (\$Millions)



\$183.9 Million/FY 2016 Adopted



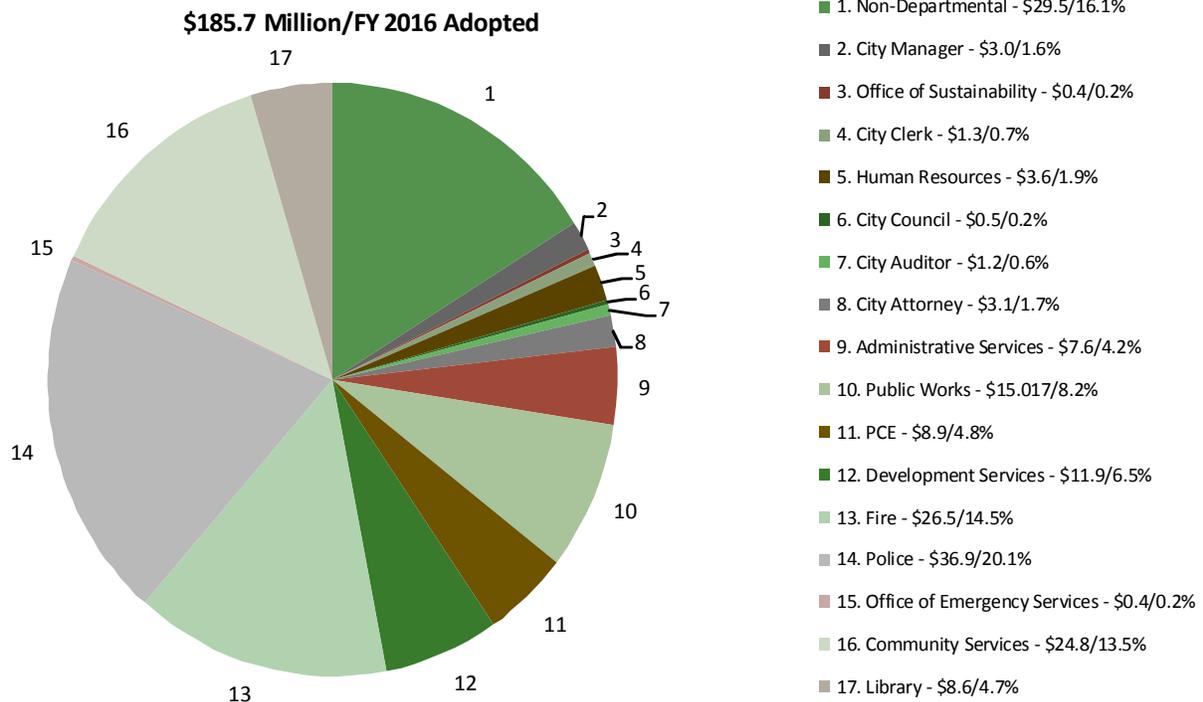
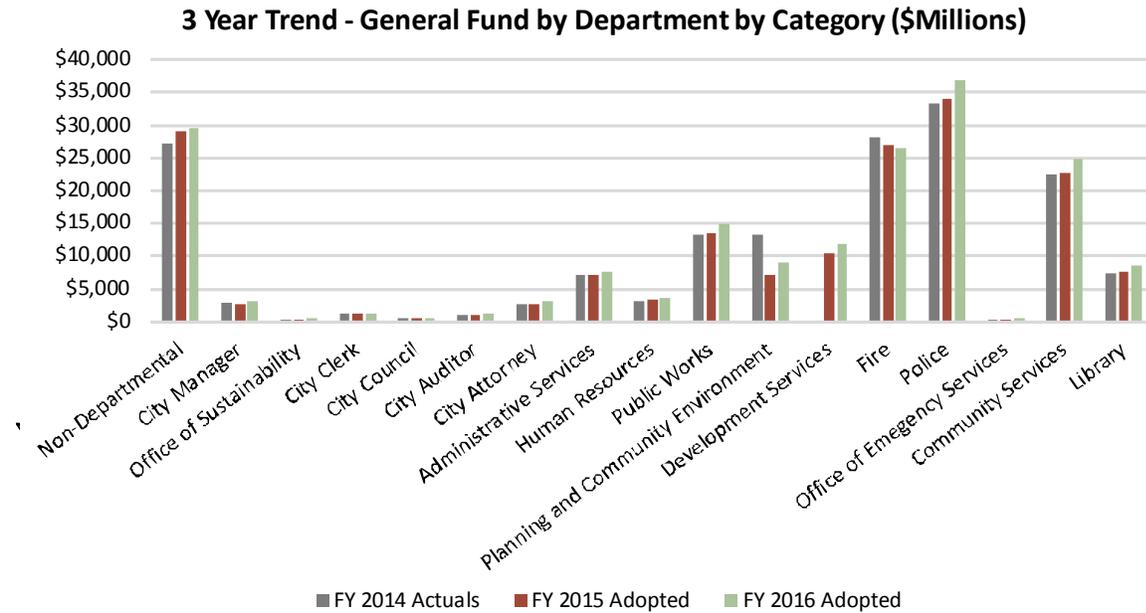


GENERAL FUND OVERVIEW

Total General Fund Expense by Department

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Administrative Services	7,042	7,093	7,175	7,635	460	6.4%
City Attorney	2,412	2,560	2,578	3,101	524	20.3%
City Auditor	984	1,016	1,065	1,175	110	10.3%
City Clerk	1,278	1,113	1,276	1,328	52	4.1%
City Council	393	494	432	455	23	5.3%
City Manager	2,437	2,770	2,728	3,008	280	10.3%
Community Services	21,513	22,542	22,764	24,804	2,041	9.0%
Development Services	—	—	10,535	11,901	1,366	13.0%
Fire	27,267	28,194	27,051	26,532	(519)	(1.9)%
Human Resources	2,855	3,129	3,264	3,555	291	8.9%
Library	6,902	7,340	7,521	8,555	1,034	13.7%
Non-Departmental	7,793	8,350	13,274	8,662	(4,612)	(34.7)%
Office of Emergency Services	453	928	927	1,051	125	13.5%
Office of Sustainability	45	93	273	423	150	54.9%
Planning and Community Environment	12,041	13,264	7,016	8,900	1,884	26.9%
Police	32,179	33,314	34,076	36,859	2,783	8.2%
Public Works	13,108	13,183	13,397	15,017	1,620	12.1%
Total	138,997	145,382	155,350	162,960	7,610	4.9%
Transfer to Infrastructure	22,258	17,234	13,659	20,877	7,218	52.9%
Operating Transfers-Out	2,832	1,580	2,076	1,591	(247)	(13.4)%
Total	164,089	164,197	171,086	185,672	14,586	8.5%

General Fund Expense by Department

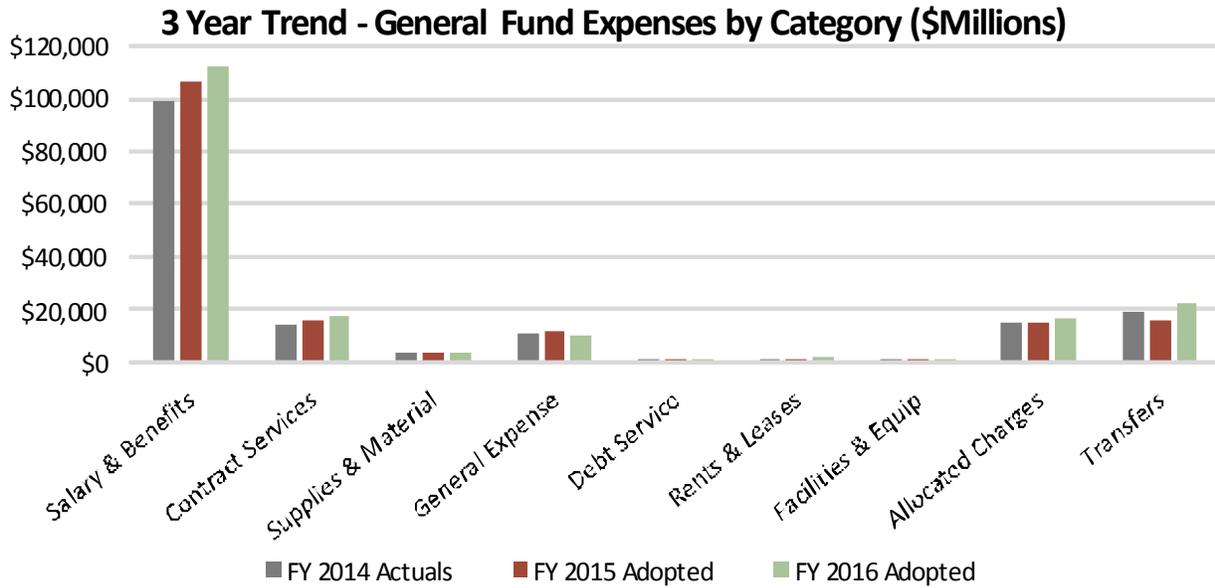


GENERAL FUND OVERVIEW

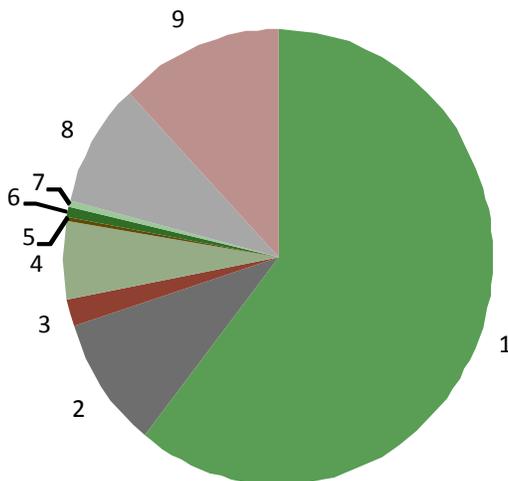
Total General Fund Expense by Category

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Salary & Benefits	94,914	98,925	106,965	112,648	5,683	5.3%
Contract Services	11,411	14,340	16,028	17,360	1,332	8.3%
Supplies & Material	2,904	3,510	3,433	3,664	231	6.7%
General Expense	9,975	11,138	11,504	10,309	(1,200)	(120)%
Debt Service	428	429	428	431	3	0.6%
Rents & Leases	1,152	1,303	1,356	1,493	138	10.1%
Facilities & Equipment	741	452	556	622	66	11.8%
Allocated Charges	17,472	15,285	15,080	16,433	1,353	9.0%
Total Expenses	138,997	145,382	155,350	162,960	7,606	4.7%
Operating Transfers-Out	2,832	1,580	2,076	1,834	(242)	11.7%
Transfer to Infrastructure	22,258	17,234	13,659	20,877	7,218	52.9%
Total Use of Funds	164,087	164,197	171,086	185,672	14,582	8.5%

General Fund Expense by Category



\$185.7 Million/FY 2016 Adopted



- 1. Salary & Benefits - \$112.6/60.7%
- 2. Contract Services - \$17.4/9.3%
- 3. Supplies & Material - \$3.7/2%
- 4. General Expense - \$10.3/5.6%
- 5. Debt Service - \$0.4/0.2%
- 6. Rents & Leases - \$1.5/0.8%
- 7. Facilities & Equip - \$0.6/0.3%
- 8. Allocated Charges - \$16.4/8.9%
- 9. Transfers - \$22.7/12.2%



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 Fiscal Year 2016 is \$291.6 million, which is \$3.1 million, or 1.1 percent, lower than the previous fiscal year. The collective decrease is partially attributable to: a decrease of \$5.8 million in utility fees for electric sales; a \$0.6 million decrease in Operating Transfers-In due to funding adjustments to capital projects; and a \$0.5 million decrease in return on investments. The revenue decrease is offset in part by increased revenues for net sales in several Enterprise funds due to planned rate increases. Water Fund rate increases of 12.0 percent result in \$2.2 million in higher sales revenue, while the Wastewater Collection and Refuse funds are both planning 9.0 percent increases which will result in net sales revenue increases of \$1.3 million and \$0.9 million, respectively.

EXPENDITURES

Aggregated budgeted expenditures of the Enterprise Funds are \$351.1 million in Fiscal Year 2016, compared to \$296.2 million in Fiscal Year 2015. This represents an increase of \$54.9 million. The increase is attributable to a \$37.8 increase in Capital Improvement Program (CIP) costs, including \$12.5 million increase in Wastewater Treatment Fund capital expenditures, \$6.7 million in Electric Fund projects and \$4.9 million in increased Water Fund CIP. Of the \$37.8 million increase in CIP costs, \$21.1 million is for the continuation of projects previously approved and appropriated by the City Council in prior fiscal years. Commodity purchase costs also increased by \$9.2 million for Enterprise funds. Electric supply costs increased by \$4.5 million, Gas supply costs by \$1.4 million, and Water supply costs by \$1.8 million, and Refuse fund by \$1.7 million.

Other significant increases consist of increase in salaries and benefits of \$3.1 million, for medical contributions and other benefits adjustments; an increase of \$0.7 million for facilities rental; and an increase of \$1.0 million for the continuation of the gas line crossbore inspection program.

UTILITY RATE CHANGES

This Fiscal Year 2016 Budget includes utility rate adjustments for fiber optics, refuse, storm drain, water, and wastewater charges. The average monthly residential Utilities bill is expected to increase by \$14.98 from \$237.24 to \$252.22. The City's fiber optics rate will adjust according to a contractual 2.7 percent Consumer Price Index increase.

In general, 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.

- Electric Fund - No rate changes.
- Gas Fund - No rate changes.

ENTERPRISE FUNDS OVERVIEW

- Water Fund - A net 12.0 percent rate increase to match increasing water supply costs, particularly the cost of water supplied by the San Francisco Public Utilities Commission (SFPUC), which is issuing debt to fund major improvements to the Hetch Hetchy transmission system. The increase will be staggered to meet Proposition 218 requirements: an 8.0 percent will take effect on July 1, 2015, and an additional 4.0 percent increase will take effect on September 1, 2015.
- Wastewater Collection Fund - A 9.0 percent rate increase based on capital project cost increases, and continuing increases in treatment and operations costs.
- Fiber Optics Fund - A contractual 2.7 percent Consumer Price Index (CPI) increase.
- Storm Drainage Fund - A rate increase of 2.7 percent, increasing the monthly charge for the fee per Equivalent Residential Unit to adjust for a Consumer Price Index increase, as approved by voters.
- Refuse Fund - A residential rate increase ranging between 9.0 and 19.0 percent, part of three year plan to balance refuse revenues with costs, and the implementation of a new residential food scrap collection program

RENT

Enterprise Funds pay market-based rental fees for the sites needed to conduct their business operations. The rent paid for City-owned sites was adjusted due to an independent appraisal of all sites, and as appropriate, an annual CPI increase of 2.6 percent. The rent for Fiscal Year 2016 represents a \$0.7 million increase from Fiscal Year 2015.

EQUITY TRANSFERS

In Fiscal Year 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. This rate of return is based on Pacific Gas and Electric's (PG&E) rate of return on equity as approved by the California Public Utilities Commission (CPUC). The equity transfer from the Electric and Gas Funds is projected to increase by \$159,000 from \$17.1 million in Fiscal Year 2015 to \$17.3 million in Fiscal Year 2016.

RESERVES

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.

In Fiscal Year 2016, the reappropriation of Capital project budgets for the continuation of projects previously approved and appropriated by the City Council in prior fiscal years is shown as expenditures in the the operating budget for each Enterprise fund. The inclusion of these costs impacts the fund balance of the respective Enterprise funds. To highlight the difference between the use operating reserves and capital reappropriations, the capital reappropriations

and their impact on fund reserves are reflected in the Capital Improvement Program Reserve line of the Enterprise Funds Reserve table.

The total Enterprise Fund Reserve Balances decreased by \$59.5 million from Fiscal Year 2015 to Fiscal Year 2016.

CAPITAL IMPROVEMENT PROGRAM (CIP)

The City 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 develop 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 Fiscal Year 2016, planned CIP expenditures for the Electric Fund total \$16.3 million. CIP projects include Electric Customer Connections, funding for work required to meet the needs of customers who have applied for new or upgraded electric service, need temporary power for construction, or require other services rebuilding; and \$10.5 million in System Improvement projects, including the replacement/upgrade of old cables and equipment and bringing designs up to current standard, installation of protective equipment and switches, conversion of the electric system from 4,160 Volts (4kV) to 12,470 Volts (12kV), and installation of capacitors to improve efficiency. These are critical functions for providing electrical service to the City's customers; in Fiscal Year 2014 over 280 electric services were installed or upgraded in the City.

In Fiscal Year 2016, Gas Fund planned CIP expenditures total \$6.8 million. A significant amount of capital expenditures are appropriated for infrastructure to provide gas service connections to new customers, meet changes in existing customer service demands, and respond to changes in gas service requirements due to new development or redevelopment. These projects include \$4.7 million in Gas Main Replacements projects to replace inadequately-sized and structurally deficient gas mains, \$1.0 million in Gas Customer Connections projects to fund connection work for customers who have applied for new or upgraded gas service, and other gas infrastructure replacements.

The Wastewater Collection Fund has budgeted \$6.0 million for Fiscal Year 2016 CIP expenditures. Included are infrastructure projects to rehabilitate collection systems and manholes, and to reduce groundwater and rainfall seepage into the pipelines.

In Fiscal Year 2016, \$10.2 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. Included proposals are \$7.2 million to fund water main replacement projects, and \$1.5 to fund water system improvements, such as water meters water service hydrant replacement.

\$1.8 million in capital projects are proposed in the Fiber Optics Fund for Fiscal Year 2016, including \$1.2 million to rebuild portions of the dark fiber optics network.

The Fiscal Year 2016 Capital Budget document discusses in details the capital projects of all Utilities Department Enterprise Funds.

UTILITIES ENTERPRISE FUNDS

Utilities' projected rate adjustments included in their Financial Plans will increase rates for Water and Wastewater Collection by 12.0 percent and 9.0 percent respectively in Fiscal Year 2016, in addition to a contractual 2.6% Consumer Price Index increase to the City's Fiber Optics custom-

ENTERPRISE FUNDS OVERVIEW

ers. Gas and Electric rates will stay the same in Fiscal Year 2016. Water rates may require additional adjustment in the event of further water use reductions required by the State and or SFPUC. Utilities is developing drought surcharge rates that may be implemented in case water use restrictions are imposed above ten percent.

Electric

Renewable energy costs are projected to rise over the next several years as staff continues to implement the City's Renewable Portfolio Standard (RPS) and Carbon Neutral Plan. Transmission costs are also expected to rise. Fiscal Year 2016 rates are unchanged, but are projected to increase roughly two percent to five percent in Operating and CIP costs annually from Fiscal Year 2017 to Fiscal Year 2020.

Gas

Fiscal Year 2016 gas distribution rates remain unchanged. Operating and CIP costs are projected to increase roughly four percent to seven percent annually. Increased CIP spending is mainly due to increased main replacements and customer connections projects, and the continuation of the crossbore program. The crossbore program entails checking privately-owned sewer lines to ensure that there are no natural gas lines accidentally "crossbored" through them. (A crossbore exists when one utility line has been drilled or "bored" through a portion of another line.) These increases will be funded from reserves and savings from lower CIP spending in Fiscal Year 2014 and Fiscal Year 2015.

Water

Fiscal Year 2016 water utility rates are increasing 12.0 percent due to an increase in wholesale water supply rates. The water utility financial forecasts includes a loss of revenue for Fiscal Year 2016 due to decreased water sales during the current drought conditions and the ten percent voluntary reductions currently being requested by the SFPUC. Governor Brown has requested 25 percent mandatory cutbacks for statewide water use but at this time it is unclear what Palo Alto's required cutbacks will be. If deeper, mandatory reductions are required, staff will need to amend its forecast. Utilities is developing drought rate surcharges which may be implemented if the drought lasts beyond 2015. The cost of water will drive the water utility's expenses over the next several years. Wholesale water costs are projected to rise six percent per year, on average, through Fiscal Year 2022, when the SFPUC is projected to complete its Water System Improvement Program (WSIP). Water financial forecasts are for seven years because of the length of the WSIP, and show that wholesale water costs are projected to stabilize in Fiscal Year 2021 and Fiscal Year 2022.

Wastewater Collection

Wastewater Collection Fiscal Year 2016 are increasing by 9.0 percent, due to capital projects costs for main replacement projects. The utility has accumulated reserves due to a temporary reduction in CIP spending in Fiscal Year 2014 (related to staff vacancies), and is drawing these reserves down over the course of a five-year forecast period to smooth the transition to higher rates. Rates are projected to increase 9.0 percent annually through 2020, when rates are projected to taper off to 6.0 percent.

Fiber Optics

Utilities provide commercial dark fiber optic services within the boundaries of the City of Palo Alto. In September 2006, Council approved the Dark Fiber Licensing Agreement allowing the commercial fiber optic fees charged under the EDF-1 and EDF-2 rate schedules to be adjusted annually in accordance with the Consumer Price Index (CPI). EDF-1 was a promotional rate and was closed to new Dark Fiber licenses in 2006. Customer expenses for engineering, construction and connection to the fiber optic backbone are charged under EDF-2 rates. New fiber customers are enrolled under Dark Fiber Licensing Services Rate Schedule EDF-3. As CPI increases are implemented for the EDF-1 rate, some customers may voluntarily choose to move from the EDF-1 rate to the EDF-3 rate for cost saving purposes. The Fiber Optics rate will have a contractual 2.7 percent CPI increase to the City's Fiber Optics customers.

PUBLIC WORKS ENTERPRISE FUNDS

Refuse

As directed by the City Council, staff is continuing efforts to achieve Zero Waste goals. The key goal is to reduce the amount of waste disposed in landfills by 90 percent or more by 2021, exceeding the State of California's solid waste diversion requirements of 50 percent now and 75 percent by 2020. The City's Zero Waste programs have increased the City's current waste diversion rate to 78 percent. However, since most of the incoming revenue is based on the amount of refuse collected, and since these refuse amounts have been decreasing, revenues had not kept up with program costs in the Refuse Fund in the recent past. The Fund was also negatively impacted by the closure costs associated with the City's landfill. In an effort to increase solid waste diversion rates, the City Council approved a residential curbside compostable collection program, effective July 1, 2015. This program will allow customers to commingle food scraps with yard trimmings, and is expected to result in an increase to the diversion rate of four percent (bringing the diversion rate to 82%). As a result of a combination of expense reductions and increases in refuse rates over the last few years, the Refuse Fund has been returned to stability, with revenues exceeding expenses in Fiscal Year 2015, and nearly balancing for Fiscal Year 2016. Once the one-time costs associated capping the landfill are realized, it is anticipated that revenues will exceed the expenditures again in future years. The Refuse Fund has begun to rebuild its financial reserves. For Fiscal Year 2016, a rate increase to the residential sector ranging between 9.0-19.0% is recommended, as the first year of a projected three year strategy to align the residential rates with the cost of providing refuse collection services. It should be noted that the Rate Stabilization Reserve in the Refuse Fund currently reflects a negative balance. This negative balance is attributable to liabilities associated with maintaining the closed landfill, as mandated by Public Resources Code and the California Code of Regulations. As revenues are realized and maintenance activities are completed, the liabilities will be reduced and the Rate Stabilization Reserve negative balance will become positive.

Storm Drain

The Storm Drainage Fee increase approved by property owners in April 2005 continues to provide funding for high priority storm drain capital improvements. In Fiscal Year 2016, projects include an update to the Storm Drain Master Plan, Matadero Creek Storm Water Pump Station Improvements, Channing Avenue/Lincoln Avenue Storm Drain Improvements and other Storm

ENTERPRISE FUNDS OVERVIEW

Drain System replacement and rehabilitation projects. In the absence of another ballot measure approved by property owners, the storm drainage fee increase will expire after Fiscal Year 2017. It is expected that all seven projects identified in the original ballot measure will be completed by Fiscal Year 2017. In accordance with the 2005 approved ballot measure, the storm drain fee will increase by 2.7% or the current Consumer Price Index for Fiscal Year 2016.

Wastewater Treatment

Revenues in the Wastewater Treatment Fund are expected to remain relatively unchanged in Fiscal Year 2016. An estimated \$15.2 million in capital improvement is planned in Fiscal Year 2016, which includes \$5.1 million for the Dewatering and Loadout Facility project, \$3.0 million for the Anaerobic Digesters project, \$1.8 million for the Plant Master Plan project, \$0.9 million million for the Primary Sedimentation Tank Replacement, and \$0.6 million for the Fixed Film Reactor Rehabilitation Project. There are significant capital needs at the Regional Water Quality Control Plant that have been identified through the Long Range Facilities Plan and the subsequent Biosolids Facilities plan. The Biosolids Facilities Plan was completed in October 2014 and detailed a solution for a new solids handling system for the Plant. The 2016-2020 Capital Improvement Program includes partial funding for projects originating in the Long Range Facilities Plan. Additional funding will be required from the partner agencies and State Revolving Fund loans will also be pursued.

Airport

The City of Palo Alto assumed responsibility from Santa Clara County for operations of the airport in August of 2014. Preparations for the transition began in Fiscal Year 2012, and have been funded by loans from the General Fund. In Fiscal Year 2016 the loan from the General Fund to the Airport Fund will total \$304,150. Since 2011, including the 2016 amount, the General Fund has loaned a cumulative total of \$2.0 million to the Airport Fund. Under the terms of the ground lease with the County, which is due to expire in 2017, operational management and control of the Airport was granted to the County, including the right to sublease to the Fixed Base Operators (FBOs) and other interested parties. While the City has assumed operations of the Palo Alto Airport in Fiscal Year 2015, two years before the lease with the County would otherwise expire, the Airport does not have the ability to increase revenues from current levels to cover operating and non-grant funded capital expenses. Once the subleases with the Fixed Base Operators expire and revenues can be increased, it is anticipated that the Airport Fund will begin to pay back the General Fund for loans issued in prior years, and the reserve levels in the fund can be increased.

Enterprise Funds Summary

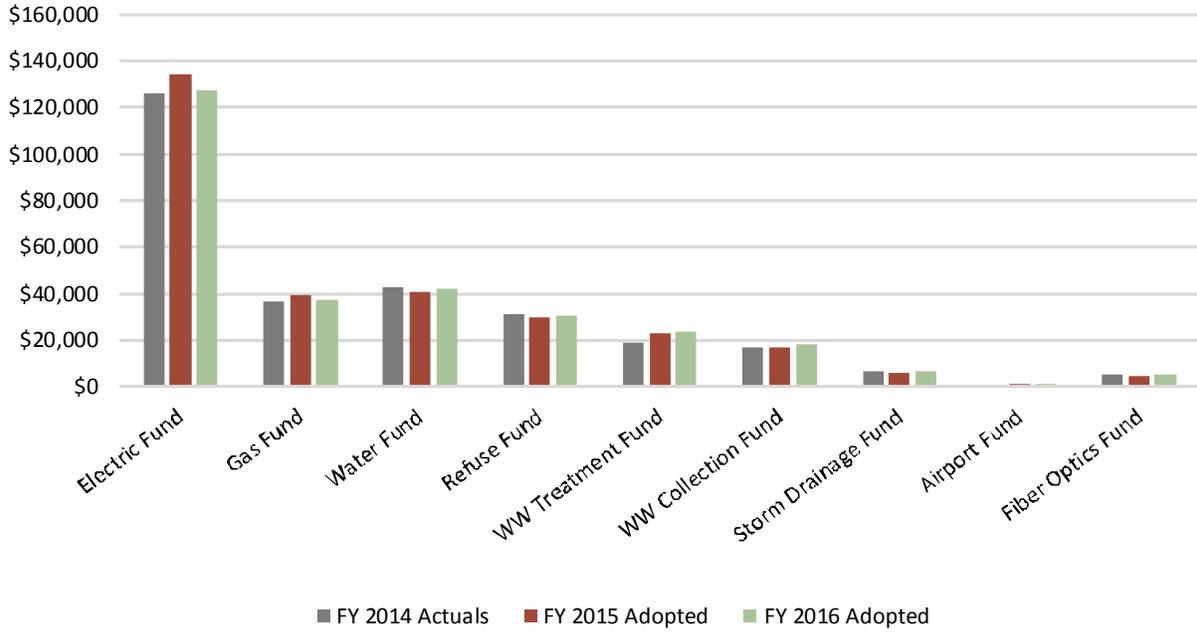
Fund Summary (\$000)	Electric Fund	Gas Fund	Water Fund	Refuse Fund	Waste-water Treatment Fund	Waste-water Collection Fund	Storm Drainage Fund	Airport Fund	Fiber Optics Fund	Total
Revenues										
Charges for Services	230	20	10	188	0	10	90	40	0	588
Net Sales	116,654	36,022	39,446	27,576	23,205	17,065	6,113	555	4,475	271,111

Enterprise Funds Summary

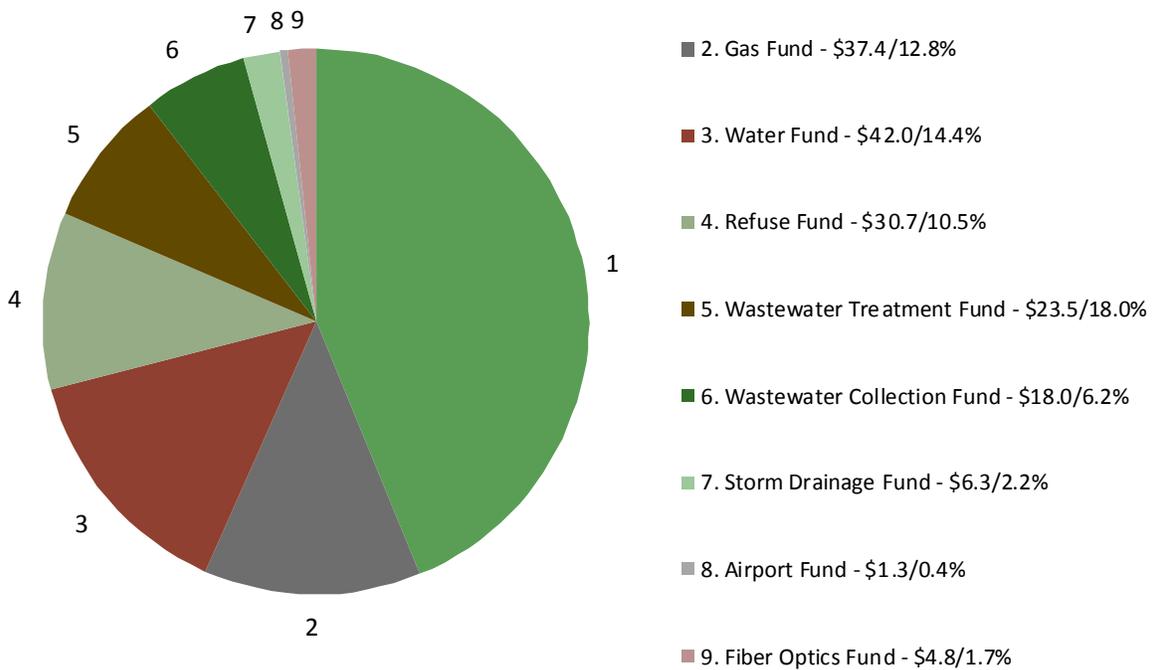
Fund Summary (\$000)	Electric Fund	Gas Fund	Water Fund	Refuse Fund	Waste-water Treatment Fund	Waste-water Collection Fund	Storm Drainage Fund	Airport Fund	Fiber Optics Fund	Total
Other Revenue	7,778	668	857	2,431	0	652	0	94	0	12,480
Return on Investments	2,508	526	775	179	199	267	130	2	366	4,952
Charges to Other Funds	300	203	155	251	52	30	0	0	0	990
From Other Agencies	0	0	577	0	0	0	0	126	0	703
Operating Transfers-In	135	0	183	0	0	0	0	304	0	623
Rental Income	0	0	0	30	0	0	0	135	0	165
Other Taxes and Fines	0	0	0	0	4	0	3	0	0	7
Total	127,605	37,438	42,003	30,654	23,460	18,024	6,335	1,254	4,842	291,616
Expenses										
Allocated Charges	9,090	4,360	4,035	2,123	5,187	2,580	996	257	633	29,262
Contract Services	5,056	2,388	682	6,061	1,888	251	461	398	180	17,365
Debt Service	9,143	803	3,223	565	817	129	949	0	0	15,629
Supplies & Material	873	464	567	144	1,886	343	95	57	9	4,437
General Expense	4,909	748	548	107	431	107	172	6	12	7,039
Utility Purchase	76,322	15,531	20,228	15,780	0	8,627	0	0	0	136,488
Salary & Benefits	14,607	5,373	5,736	2,394	11,159	2,446	1,276	798	1,012	44,801
Operating Transfers-Out	119	138	27	28	0	107	6	0	103	529
Rents & Leases	5,302	692	2,804	2,482	0	381	45	5	73	11,783
Facilities & Equipment	44	20	2	3	8	3	8	17	0	104
Capital Improvement Program	16,339	6,771	10,199	1,317	15,225	5,955	8,820	0	1,763	66,389
Equity Transfer	11,659	5,642	0	0	0	0	0	0	0	17,301
Transfer to Infrastructure	0	0	0	28	0	0	0	0	0	28
Total	153,464	42,929	48,052	31,031	36,600	20,929	12,828	1,537	3,785	351,155

ENTERPRISE FUNDS OVERVIEW

3 Year Trend - Enterprise Funds Revenues by Fund (\$Millions)

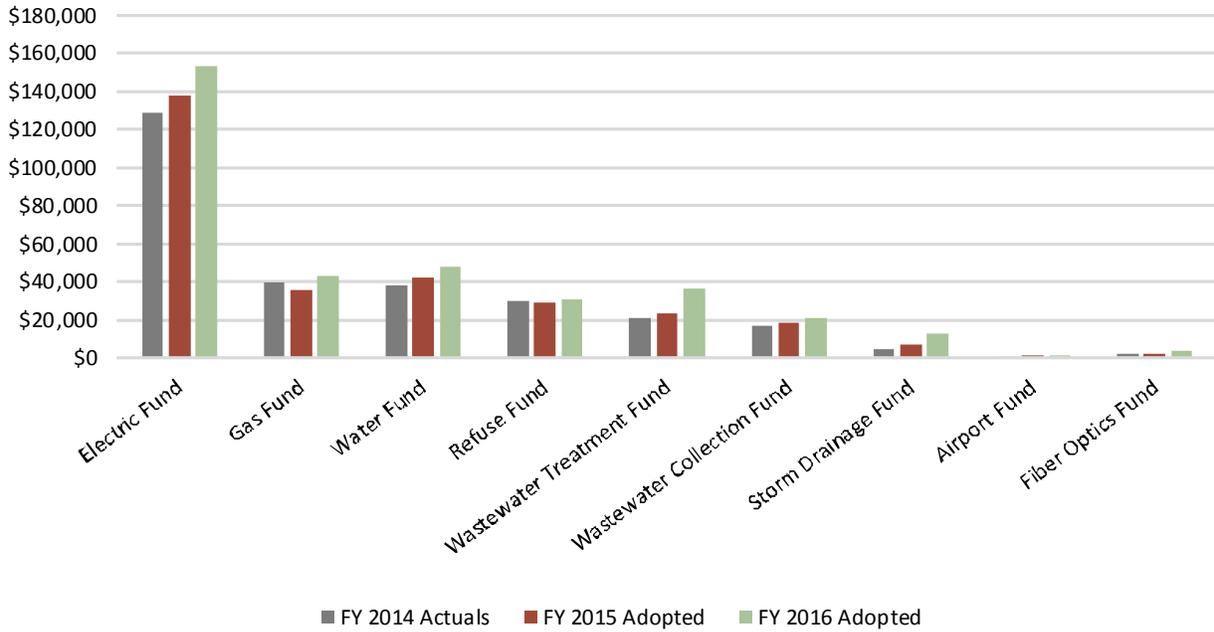


\$291.6 Million/FY 2016 Adopted

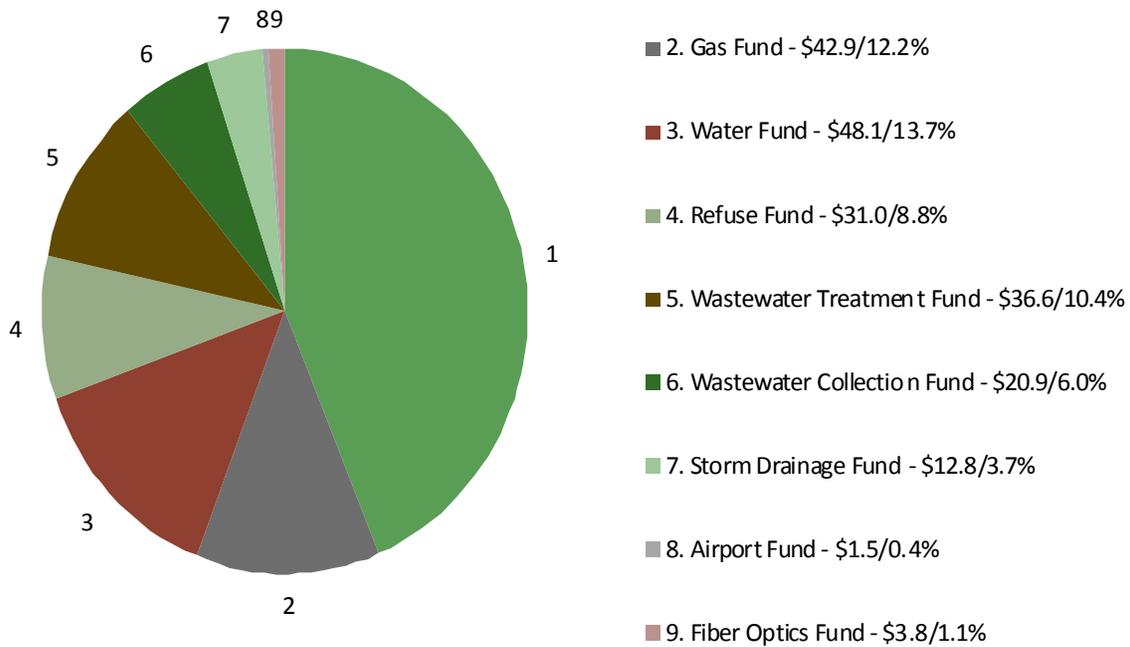


ENTERPRISE FUNDS OVERVIEW

3 Year Trend - Enterprise Funds Expense by Fund (\$Millions)



\$351.2 Million/FY 2016 Adopted



ENTERPRISE FUNDS OVERVIEW

Enterprise Fund Reserves

Reserves (\$000)	FY 2015 Projected Ending Balance	FY 2016 Changes	FY 2016 Projected Ending Balance	FY 2016 Reserve Guideline Range
Electric Fund				
Supply Rate Stabilization	9,000	(9,000)	0	
Supply Operations	29,078	(8,819)	20,259	22,535 - 44,801
Hydro Stabilization	17,000	0	17,000	
Electric Special Projects	51,838	0	51,838	
Public Benefit	1,771	(387)	1,384	
Central Valley O&M	0	0	0	
Underground Loan	734	0	734	
Capital Improvement Projects	8,420	(7,563)	767	
Subtotal	117,841	(25,859)	91,982	
Gas Fund				
Rate Stabilization	8,884	(4,971)	3,913	
Operations	8,429	279	8,708	5,885 - 11,769
Debt Service Reserve	0	0	0	
Capital Improvement Projects	3,481	(798)	2,683	
Subtotal	20,794	(5,490)	15,304	
Wastewater Collection Fund				
Rate Stabilization	2,322	(2,000)	322	
Operations	4,306	364	4,670	2,445 - 6,113
Capital Improvement Projects	9,047	(1,270)	7,777	
Subtotal	15,675	(2,906)	12,769	
Water Fund				
Rate Stabilization	6,567	(5,500)	1,067	
Operations	6,826	1,351	8,177	6,208 - 12,417
Capital Improvement Projects	7,200	(1,900)	5,300	
Subtotal	20,593	(6,049)	14,544	

Enterprise Fund Reserves

Reserves (\$000)	FY 2015 Projected Ending Balance	FY 2016 Changes	FY 2016 Projected Ending Balance	FY 2016 Reserve Guideline Range
Refuse Fund				
Rate Stabilization	(1,820)	(316)	(2,136)	2,757 - 5,514
Landfill Corrective Action Reserve	691	0	691	
Capital Improvement Projects	61	(61)	0	
Subtotal	(1,068)	(377)	(1,445)	
Storm Drainage Fund				
Rate Stabilization	1,496	(549)	947	
Capital Improvement Projects	7,178	(5,944)	1,234	
Subtotal	8,674	(6,493)	2,181	
Wastewater Treatment Fund				
Emergency Plant Replacement	1,980	0	1,980	1,936 (max.)
Rate Stabilization	7,046	(7,177)	(131)	3,481 - 6,962
Capital Improvement Projects	5,963	(5,963)	0	
Subtotal	14,989	(13,140)	1,849	
Fiber Optics Fund				
Emergency Plant Replacement	1,000	0	1,000	1,000 (min.)
Rate Stabilization	17,111	1,057	18,168	895 - 2,238
Capital Improvements Projects	0	0	0	
Subtotal	18,111	1,057	19,168	
Airport Fund				
Fund Reserves	(174)	(282)	(456)	
Capital Improvement Projects	0	0	0	
Subtotal	(174)	(282)	(456)	
TOTAL RESERVES	215,435	(59,539)	155,896	

ENTERPRISE FUNDS OVERVIEW

Enterprise Fund Reserves

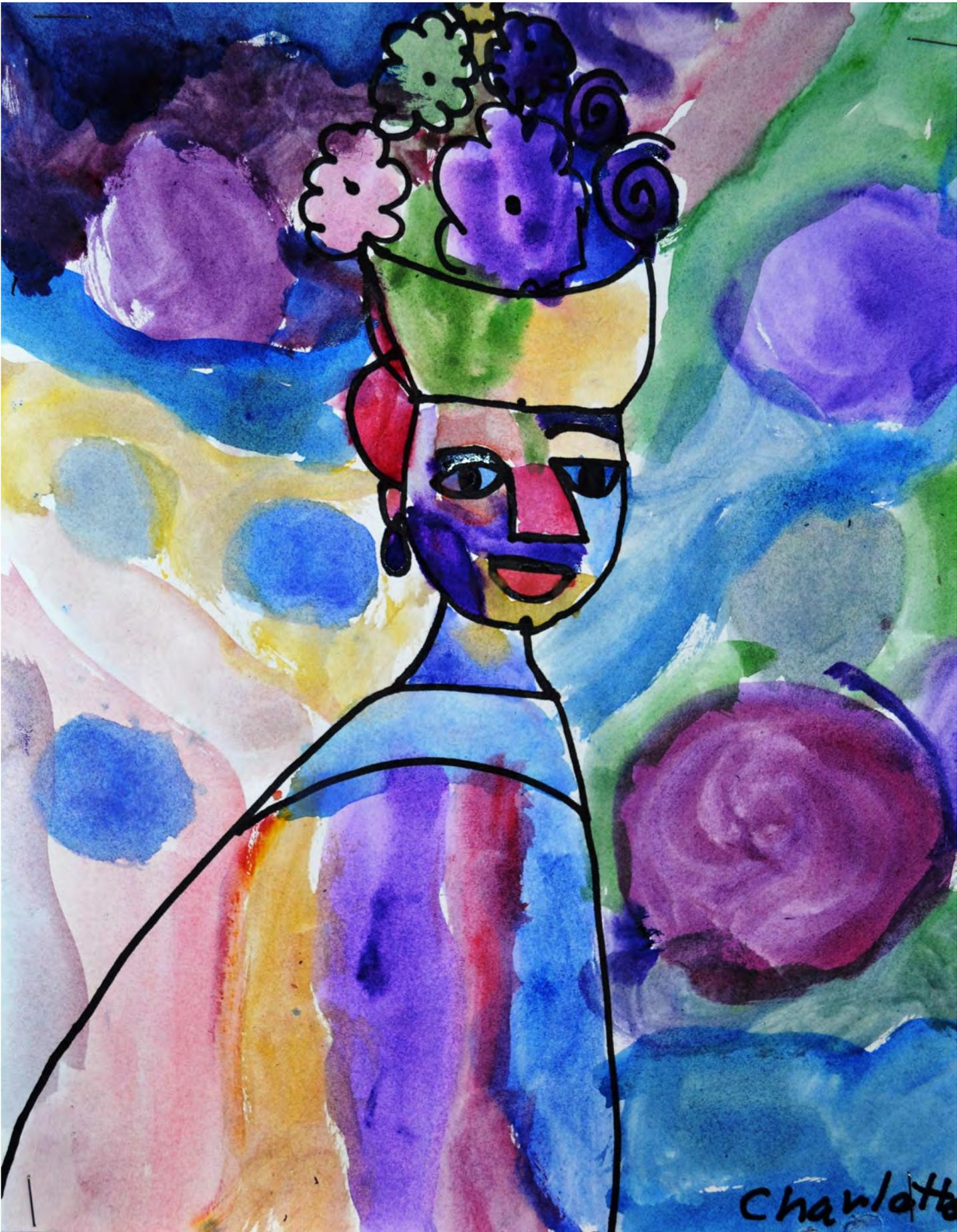
Reserves (\$000)	FY 2015 Projected Ending Balance	FY 2016 Changes	FY 2016 Projected Ending Balance	FY 2016 Reserve Guideline Range
Summary of Reserves				
Emergency Plant Replacement	2,980	0	2,980	
Rate Stabilization	67,606	(28,456)	39,150	
Operations	48,639	(6,825)	41,814	
Capital	41,350	(23,589)	17,761	
Electric Special Projects	51,838	0	51,838	
Public Benefit	1,771	(387)	1,384	
Central Valley O&M	0	0	0	
Underground Loan	734	0	734	
Landfill Corrective Action Reserve	691	0	691	
Fund Reserves	(174)	(282)	(456)	
TOTAL RESERVES	215,435	(59,539)	155,896	
Landfill Closure and Postclosure Care Liability	10,997	0	10,997	
TOTAL RESERVES AND FULLY-FUNDED LIABILITY	226,432	(59,539)	166,893	

Residential Monthly Utility Cost Information

Utility	Adopted FY 2015 Bill	Adopted FY 2016 Bill	\$ Difference	% Difference
Electric	42.76	42.76	-	0.0%
Water	67.35	75.35	8.00	11.9%
Gas	37.98	37.98	-	0.0%
Wastewater	29.31	31.95	2.64	9.0%
Refuse	40.14	43.75	3.61	9.0%
Storm Drain (1)	12.30	12.63	0.33	2.7%
User Tax	7.40	7.80	0.40	5.4%
Total Monthly Bill	237.24	252.22	14.98	6.3%
COMMENTS:				
1) Storm drain increase based on CPI data.				



CITY OF
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INTERNAL SERVICE FUNDS



CITY OF
**PALO
ALTO**

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.

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 health benefits as well as pension benefits are projected to increase in Fiscal Year 2016.

GENERAL LIABILITIES INSURANCE PROGRAM FUND

This fund reflects costs for the City's Liability program. In Fiscal Year 2016, costs are projected to increase as compared to the Fiscal Year 2015 adopted budget based on analysis of the trend of the City's liability costs increasing over the past few years.

PRINTING AND MAILING SERVICES FUND

This fund reflects costs for central duplicating, printing and mailing services provided to City departments. An overview of the Fund is included in the Administrative Services Department section of this document.

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 future medical benefits that will be provided to current and future retirees.

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 the Information Technology Department contains information about projects and activities for Fiscal Year 2016.

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 2016, \$5.1 million is allocated for the replacement of vehicles and equipment that are due for replacement. The 2016-2020 Capital Improvement Program reflects funding totaling \$14.6 million over the next five years for vehicle replacements. The current reserve balance in the Vehicle Replacement Fund reflects funding allocated from City departments and committed to the proposed five year plan.

INTERNAL SERVICE FUNDS OVERVIEW

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. Fiscal Year 2016 costs are projected to decrease slightly over the Fiscal Year 2015 adopted budget.

Internal Service Funds Summary

Fund Summary (\$000)	Vehicle Replacement and Maintenance Fund	Technology Fund	Printing and Mailing Services	General Benefits Fund	Workers' Compensation Program Fund	General Liabilities Insurance Program Fund	Retiree Health Benefit Fund	Total
Revenues								
Return on Investments	178	343	0	231	379	134	25	1,290
Charges to Other Funds	6,637	13,253	1,553	0	0	2,369	0	23,812
Other Revenue	155	16	0	50,419	3,569	40	14,445	68,644
Operating Transfers-In	0	1,295	0	0	0	0	0	1,295
Total	6,970	14,907	1,553	50,650	3,948	2,543	14,470	95,041
Expenses								
General Expense	63	544	399	0	566	2,960	0	4,533
Rents & Leases	179	343	437	0	0	0	0	959
Supplies & Material	1,654	105	80	0	0	0	0	1,840
Allocated Charges	1,656	1,118	188	0	0	0	0	2,963
Contract Services	285	5,660	166	192	5	87	0	6,394
Salary & Benefits	2,257	6,622	230	50,811	3,382	0	14,505	77,806
Capital Improvement Program	5,628	5,160	0	0	0	0	0	10,788
Operating Transfers-Out	0	54	0	0	0	0	0	54
Facilities & Equipment	0	875	53	0	0	0	0	928
Transfer to Infrastructure	32	0	0	0	0	0	0	32
Total	11,754	20,482	1,553	51,003	3,953	3,047	14,505	106,296

Internal Service Funds Reserves

	Vehicle Replacement and Maintenance Fund	Technology Fund	Printing and Mailing Fund	General Benefits Fund	Workers' Compensation Fund	Liability Insurance Fund	Retiree Health Benefit Fund	Total Internal Service Funds
Changes to Unrestricted assets								
June 30, 2015 Projected Unrestricted Assets	\$ 5,954	\$ 15,268	\$ –	\$ 1,385	\$ 52	\$ 1,476	\$ 26,785	\$ 50,920
FY 2016 Proposed Changes	\$ (4,784)	\$ (5,575)	\$ –	\$ (353)	\$ (6)	\$ (504)	\$ (35)	\$ (11,257)
June 30, 2016 Projected Unrestricted Assets	\$ 1,170	\$ 9,693	\$ –	\$ 1,032	\$ 46	\$ 972	\$ 26,750	\$ 39,663



SPECIAL REVENUE FUNDS



CITY OF
**PALO
ALTO**

Special Revenue Funds Overview

Special Revenue Funds comprise revenues that have either restrictions on their use or special reporting requirements, such as development impact fees for community centers, libraries, parks, public facilities, and transportation; 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; parking in-lieu fees from commercial projects in the downtown area; parking permit revenues; and Community Development Block Grants (CDBG) from the federal government.

PUBLIC ART FUND

Administered by the Community Services Department, the Public Art Fund was created in Fiscal Year 2014 to support the City's Public Art Program which seeks to increase the public's daily exposure to art through the commissioning and acquisition of a diverse range of artworks integrated into the City's urban environment. The Public Art Program strives to build the City's reputation as a dynamic public art locale with works of diverse styles and disciplines, and of the highest aesthetic standards. Funding for the Public Art Program is derived from the 1 percent for art in private development that requires construction projects in excess of 10,000 square feet that require Architectural Review and have an estimated construction value of more than \$200,000, have the option of commissioning artwork on the development site equal to the cost of 1 percent of the estimated construction valuation, or paying the 1 percent to the Public Art Fund. In Fiscal Year 2016, the projected revenue for the Public Art Fund is \$0.2 million.

Additionally, although not accounted for in this fund, the City requires that for certain City funded projects a 1 percent public art expense is set aside (please refer to the Fiscal Year 2016 - 2020 Capital Improvement Plan for further detail).

COMMUNITY DEVELOPMENT FUNDS

Revenue in this category comes from development impact fees for community centers, libraries, parks, public facilities, and transportation. The development impact fees collected from new developments provides funding for the City's infrastructure related to community centers, libraries, parks, public safety facility, general government facilities, and the Charleston-Aras-tradero Corridor. The projected revenue within the development impact fee funds is \$1.9 million for Fiscal Year 2016. The Fiscal Year 2016 - 2020 Capital Improvement Plan includes a transfer of \$2.8 million in Fiscal Year 2018 from Park Impact Fees for the Byxbee Park Completion Project. These funds have been reserved for this activity.

STREET IMPROVEMENT FUNDS (SIF)

Revenue in this category comes from the state gas tax and from federal and state grants earmarked for street improvements. This fund provides funding for transportation and traffic-related capital projects. Based on projected gas tax revenues and interest income, revenues are estimated to be \$1.4 million for Fiscal Year 2016. This level of receipts represents a reduction of \$0.2 million from the Fiscal Year 2015 adopted budget revenue level of \$1.6 million, with the decrease being primarily attributable to reduced fuel consumption due to increased fuel efficiency. In Fiscal Year 2016, \$1.4 million is programmed to be transferred to the Capital Improvement Fund for various citywide transportation projects that include various projects for Street

SPECIAL REVENUE FUNDS OVERVIEW

Maintenance and Safe Routes to School. The transfer for Street Maintenance is programmed to be reduced beginning in Fiscal Year 2020. This reduction is scheduled to coincide with the anticipated completion of the City's goal of reaching a citywide average Pavement Condition Index (PCI) score of 85 by 2021.

FEDERAL AND STATE REVENUE FUNDS

The Federal and State Revenue Fund consists primarily of Community Development Block Grant (CDBG) funds. 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 unspent. For Fiscal Year 2016, Agency requests totaled \$1.1 million and the 2016 proposed budget totals \$0.9 million as presented and approved by the Finance Committee on March 5, 2015 and is scheduled for Council approval on May 4, 2015. A more detailed presentation of CDBG funding for Fiscal Year 2016 is provided in this section.

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. For Fiscal Year 2016, \$5.3 million in in-lieu fees are anticipated, a \$1.3 million increase from the \$4.0 million assumed in the Fiscal Year 2015. During Fiscal Year 2015, the City reserved \$8.0 million in affordable housing funds, \$6.8 million from residential and \$1.2 million from commercial, for specific use in conjunction with the Buena Vista Mobile Home Park. As a result, the operating budget for the Residential In-lieu fund was reduced by \$0.2 million to accommodate this action.

SPECIAL DISTRICTS FUNDS

Revenue in this category 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. Special district funds also include the City's Residential Parking Permit (RPP) program for the College Terrace and Downtown neighborhoods.

In Fiscal Year 2015, street sweeping services were outsourced which resulted in a reduction of 1.08 FTE resulting in an annual cost savings of \$156,445 to the University Ave Permit Parking Fund. In addition, the Fund also began a pilot program in Fiscal Year 2015 for Valet Attendant Services in Lot R which is being expanded in Fiscal Year 2016 to include three additional parking lots (Lot CC, Lot CW, and Lot S) at a cost of \$375,572. Several other programmatic changes are occurring in the University Avenue Parking Permit Fund for Fiscal Year 2016 which include the elimination of 0.17 Management Specialist (\$23,468) and a reduction of expenditures for Tinkle Light maintenance (\$30,000), Downtown Streets Team (\$46,201) and Peer Counseling (\$9,000), and a transfer to the General Fund for Police patrol services (\$34,880) to align expenses with activity. In addition, as described in the Planning and Community Environment Department section of the budget, a 0.40 Parking Operations Lead (\$54,875) was added to the University Avenue Parking Permit Fund to assist in several new parking initiatives in the parking district. For Fiscal Year 2016, transfers to the Capital Improvement Fund total \$290,300 for University Ave Parking Improvements (PL-14003) and the City Hall Parking Garage LED (PL-16004)

projects. A more detailed presentation of University Ave Parking Permit funding for Fiscal Year 2016 is provided in this section.

The California Ave Parking Permit Fund also benefited from the outsourcing of street sweeping services which eliminated 0.17 FTE at a savings of \$7,279. For Fiscal Year 2016 additional expenditure reductions related to the elimination of a 0.12 Management Specialist (\$16,308) are programmed. A more detailed presentation of California Ave Parking Permit funding for Fiscal Year 2016 is provided in this section.

In Fiscal Year 2015, the City Council approved the creation of the Downtown Residential Parking Permit (RPP) program to mitigate parking congestion issues in downtown neighborhoods. The new RPP program is scheduled to launch in Fiscal Year 2015 and the Fiscal Year 2016 budget for the downtown RPP includes funding for contract parking enforcement for downtown neighborhoods. Please note that in Fiscal Year 2015 staff will bring forward a recommendation to fund the first year of parking enforcement from the General Fund Budget Stabilization Reserve.

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 additional traffic congestion resulting from new development. 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. In Fiscal Year 2016, revenue from traffic mitigation and parking in-lieu funds is \$1.7 million. The Fiscal Year 2016 - 2020 Capital Improvement Plan includes a transfer of \$1.3 million in Fiscal Year 2016 for design costs associated with the construction of a new downtown parking garage. An additional \$2.7 million is projected to be transferred in Fiscal Year 2017 for construction of the downtown parking garage. These funds have been reserved for this activity.

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. New events have been developed to bring business downtown and new communications tools, such as social media and downtown walking maps, are available. 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 2016.

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

SPECIAL REVENUE FUNDS OVERVIEW

2012 as part of this agreement will be used in Fiscal Years 2013, 2014, and beyond as outlined in the agreement and approved by the City Council. Over the course of the agreement, Stanford is due to pay the City \$44.3 million, of which the City has received \$32.5 million through Fiscal Year 2014. In completion of the Development Agreement, the City is expecting to receive \$11.7 million upon issuance of a use and occupancy permit for the new Stanford University Medical Center in the next two years. The funds received per the development agreement are allocated for specific purposes which include funding for the June 2014 City Council approved Infrastructure Plan. As outlined in the agreement, expenses and revenues for each category must be accounted for separately. A more detailed presentation of the Stanford University Medical Center funding for Fiscal Year 2016 is provided in this section.

Community Health and Safety: Funds are to be distributed to selected community health programs that benefit residents of the City. In Fiscal Year 2016, funds in this category are partially allocated to Project Safety Net (PSN), which strives to develop and implement a mental health plan for Palo Alto youth. Several programmatic changes to Project Safety Net are included in the Fiscal Year 2016 budget. The Project Safety Net (PSN) community collaborative will fill the vacant Director role in Fiscal Year 2016 as part of an ongoing effort to advance the efforts of the complex, large collaborative. The youth well-being and suicide prevention collaborative will focus on increased effectiveness by further defining: goals and objectives, partner commitment, and accountability and how best to measure outcomes and progress. The Director position will be a contracted position as the PSN collaborative considers alternative organizational structures, beyond the City of Palo Alto, that would position the PSN collaborative for success. In addition, in Fiscal Year 2015, the City Council approved additional funding for the Track Security at Palo Alto rail crossings. For Fiscal Year 2016 Track Security will continue under the guidance of Public Safety staff and suicide prevention experts and their risk assessment, along with progress on alternative access restriction and monitoring efforts. The projected Fiscal Year 2016 beginning balance for Community Health and Safety is \$3.5 million.

Intermodal Transit: Funds are to enhance the pedestrian and bicycle connection from the Transit Center to the El Camino/Quarry Road intersection. The projected 2016 beginning balance in this category is \$1.9 million.

Quarry Road Improvements: Funds are to improve and enhance the public right-of-way at the pedestrian and bicycle connection from El Camino to Welch Road along Quarry Road. The projected 2016 beginning balance in this category is \$0.3 million.

Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing: Funds in this category are to be used in connection with infrastructure, sustainable neighborhoods and communities, and affordable housing. The projected 2016 beginning balance in this category is \$14.1 million. The Fiscal Year 2016 - 2020 Capital Improvement Plan includes a transfer of \$1.1 million in Fiscal Year 2016 for a portion of the design element related construction of a new public safety building. An additional \$19.4 million is projected to be transferred to the Capital Improvement Fund in Fiscal Year 2017 to support projects approved by the City Council as part of the Infrastructure Plan. These projects include \$9.1 million for a new Downtown Garage; \$1.5 million for Charleston-Arastradero corridor improvements; \$6.0 million for rebuilding Fire Station #3; and \$2.8 million for additional design of the public safety building. These funds have been reserved for this activity.

SPECIAL REVENUE FUNDS OVERVIEW

Climate Change: Funds are to be used for projects and programs for a sustainable community, including programs identified in the City's Climate Action Plan. The projected 2016 beginning balance for this category is \$7.3 million. Included in the City Council approved Infrastructure Plan is the continuation of the Bike and Pedestrian Plan at a cumulative cost of \$20.0 million. Included in the Fiscal Year 2016-2020 Capital Improvement Plan, \$1.2 million is transferred for this activity and over the next four years, \$8.8 million will be funded for this project bringing the total contribution to \$12.4 million. The balance of \$7.6 million will be funded from other Infrastructure Plan sources. These funds have been reserved for this activity.

Stanford Hospital Expansion Cost Mitigation: Funds are being held in this category for the purpose of assuring that City costs associated with the project do not exceed revenues to the City. The projected 2016 beginning balance for this category is \$2.8 million.

SPECIAL REVENUE FUNDS OVERVIEW

Special Revenue Summary by Fund Type

Fund Summary (\$000)	Public Art Fund	Com. Dev. Funds	Bus. Improv. District	Housing In-Lieu Funds	Street Improv. Fund	Federal & State Rev. Funds	Public Benefits Fund	Special District Funds	Traffic Mitig. & Parking In-Lieu Funds	Stan. Univ. Medical Center Fund	Total
Revenues											
Charges for Services	90	1,689	0	0	0	0	0	0	257	0	2,036
Return on Investments	2	232	2	256	13	2	18	27	153	663	1,368
Other Revenue	0	0	0	5,055	0	136	30	0	1,250	0	6,471
From Other Agencies	0	0	0	0	1,416	442	0	0	0	0	1,859
Rental Income	0	0	0	9	0	0	0	0	0	0	9
Net Sales	0	0	0	0	0	0	0	890	0	0	890
Operating Transfers-In	69	0	0	0	0	0	0	170	0	0	238
Permits and Licenses	0	0	0	0	0	0	0	1,508	0	0	1,508
Property Taxes	0	0	140	0	0	0	0	0	0	0	140
Other Taxes and Fines	0	0	0	0	0	0	0	43	0	0	43
Total	161	1,921	142	5,320	1,430	580	48	2,638	1,660	663	14,562
Expenses											
Salary & Benefits	136	0	0	0	0	101	0	919	0	26	1,182
General Expense	0	0	148	100	0	486	28	13	0	0	775
Allocated Charges	0	0	0	0	0	0	0	143	0	0	144
Transfer to Infrastructure	0	0	0	0	1,400	0	0	333	1,300	2,300	5,333
Supplies & Material	0	0	0	0	0	0	0	111	0	3	114
Contract Services	0	0	0	300	0	0	0	1,041	0	538	1,879
Operating Transfers-Out	0	0	0	0	324	0	0	98	0	0	422
Total	136	0	148	400	1,724	587	28	2,656	1,300	2,868	9,847

SPECIAL REVENUE FUNDS OVERVIEW

Consolidated Special Revenues Funds

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Revenues						
Gas Tax	1,495	2,083	1,644	1,416	(228)	-13.87
Federal & State Grants	–	140	–	–	–	0.00
Federal CDBG	665	468	507	442	(65)	-12.82
Housing In-Lieu	4,023	1,400	2,500	4,876	2,376	95.04
Traffic Mitigation Fees	3,198	1,335	255	1,717	1,462	573.33
Developer Impact Fees	6,367	2,267	947	1,479	532	56.18
Parking Mitigation Fees	1,885	2,038	1,978	2,398	420	21.23
BID Assessment	110	94	153	140	(13)	-8.50
SUMC	11,773	–	–	–	–	0.00
Interest Income	1,302	1,352	1,133	1,368	235	20.74
Other Revenue	937	525	845	488	(357)	-42.25
Subtotal Revenues	31,715	11,702	9,962	14,324	4,362	43.79
Operating Transfers-In						
Technology Fund	–	14	12	12	–	0.00
SUMC Fund	1,720	–	–	–	–	0.00
Capital Projects Fund	–	260	–	–	–	0.00
Utility Administration Fund	–	27	24	24	–	0.00
General Fund	–	153	230	202	(28)	-12.17
Subtotal Operating Transfers-In	1,720	454	266	238	(28)	-10.53
Total Source of Funds	33,435	12,156	10,228	14,562	4,334	42.37
Expenses						
General Expenses	1,584	3,056	3,487	3,525	38	1.09
SUMC	442	131	267	567	300	112.36
Subtotal Expenses	2,026	3,187	3,754	4,092	338	9.00
Operating Transfers-Out						
General Fund	1,251	421	425	422	(3)	-0.71
Residential Housing In-Lieu Fund	1,720	–	–	–	–	0.00
Capital Projects Fund	4,730	4,676	5,170	5,333	163	3.15
Refuse Fund	581	–	–	–	–	0.00
Subtotal Operating Transfers-Out	8,282	5,097	5,595	5,755	160	2.86
Total Use of Funds	10,308	8,284	9,349	9,847	498	5.33
Net to (from) Reserves	23,127	3,872	879	4,715	3,836	436.41

SPECIAL REVENUE FUNDS OVERVIEW

Community Development Block Grant

	FY 2015 Adopted	FY 2016 Agency Requests	FY 2016 Adopted
SOURCE OF FUNDS			
Housing & Urban Development, current year	\$ 433,933	\$ —	\$ 442,460
Housing & Urban Development, prior years	—	—	—
Prior Year Excess/Reallocation (1)	103,434	—	303,164
Program Income			
Palo Alto Housing Corporation	\$ 136,049	\$ —	\$ 136,049
TOTAL SOURCE OF FUNDS	\$ 673,416	\$ —	\$ 881,673
USE OF FUNDS			
Public Service			
Palo Alto Housing Corporation - SRO Resident Support Services	\$ 29,913	\$ 42,874	\$ 24,861
Catholic Charities - Long-Term Care Ombudsman	5,897	6,500	5,422
YWCA/Support Network for Battered Women - Domestic Violence	9,141	10,000	8,676
InnVision/Shelter Network - Opportunity Center	45,149	50,000	38,499
Day Workers Center of Mountain View	—	10,000	—
Silicon Valley Independent Living Center	5,220	10,000	5,422
Subtotal: Public Service	\$ 95,320	\$ 129,374	\$ 82,880
Planning and Administration			
Project Sentinel/Fair Housing Services	\$ 32,016	\$ 32,016	\$ 32,016
City of Palo Alto - CDBG Administration includes 0.75 FTE CDBG Administrative Staff	81,980	80,000	83,686
Subtotal: Planning and Administration	\$ 113,996	\$ 112,016	\$ 115,702
Housing, Economic Development & Capital Projects			
Downtown Streets Team/Workforce Development	\$ 314,100	\$ 314,100	\$ 290,273
MidPen Housing - Palo Alto Gardens Rehab Project	—	500,000	392,368
City of Palo Alto - Microenterprise Assistance Program	150,000	—	—
Subtotal: Housing, Economic Development & Capital Projects	\$ 464,100	\$ 814,100	\$ 682,641
TOTAL USE OF FUNDS	\$ 673,416	\$ 1,055,490	\$ 881,223

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

SPECIAL REVENUE FUNDS OVERVIEW

University Avenue Parking Permit Fund

	FY 2015 Adopted	FY 2015 Adjusted	FY 2016 Adopted
University Avenue Parking Permit Fund			
Revenues			
Permit Sales	\$ 1,280,158	\$ 1,280,158	\$ 1,402,000
Day Passes	275,000	275,000	312,000
Ticket Machine	210,000	210,000	215,000
Transfer from Other Funds for City Share	169,935	169,935	169,935
Investment Income	14,400	14,400	21,800
Total Revenue	\$ 1,949,493	\$ 1,949,493	\$ 2,120,735

Expenditures			
Administration			
Positions	1.40	1.40	1.63
Salaries	\$ 116,576	\$ 116,576	\$ 105,358
Benefits	43,163	43,163	86,612
Miscellaneous Supplies	20,880	20,880	20,880
Bank card charges for ticket machines	6,000	6,000	6,000
Indirect costs	—	—	—
Subtotal Administration	\$ 186,619	\$ 186,619	\$ 218,850

Maintenance			
Positions	4.95	3.87	3.87
Salaries	\$ 335,417	\$ 256,251	\$ 221,875
Benefits	171,215	135,149	202,685
Supplies	60,090	60,090	60,090
Twinkle lights	30,000	30,000	—
Valet Program (Lots R, CC, CW, & S)	90,000	120,000	465,572
Weekly garage maintenance	27,500	27,500	27,500
Annual power washing - walls	25,000	25,000	25,000
Daily custodial	40,000	40,000	40,000
Elevator maintenance	28,600	28,600	28,600
Fire sprinkler maintenance	12,400	12,400	12,400
Landscaping	16,451	16,451	16,451
Downtown Streets Team	107,744	107,744	61,543
Streets Team Peer Counseling	20,000	20,000	11,000

SPECIAL REVENUE FUNDS OVERVIEW

University Avenue Parking Permit Fund

	FY 2015 Adopted	FY 2015 Adjusted	FY 2016 Adopted
Civic Center, Lot Q sweeping	6,276	6,276	6,276
Annual steam clean R, S/L, J lots	3,840	3,840	3,840
Univ. sidewalk steam clean, monthly	10,620	10,620	10,620
Downtown area steam clean monthly	75,700	75,700	75,700
Lytton Plaza steam clean 2x per month	4,500	4,500	4,500
Lot S/L fountain maintenance	1,800	1,800	1,800
Glass Repair	2,000	2,000	2,000
Street Sweeping	—	7,636	10,721
Indirect charges	—	752	—
Subtotal Maintenance	\$ 1,069,153	\$ 992,309	\$ 1,288,173
Police Patrol			
Positions	0.67	0.67	0.50
Salaries	\$ 77,469	\$ 77,469	\$ 57,105
Benefits	55,223	55,223	40,707
Subtotal Patrols	\$ 132,692	\$ 132,692	\$ 97,812
Utilities	138,073	138,073	124,288
Transfer to CIP Fund	459,800	564,400	332,988
Subtotal Other	\$ 597,873	\$ 702,473	\$ 457,276
Total Operating Expenses	\$ 1,986,337	\$ 2,014,093	\$ 2,062,111
Income from Operations	\$ (36,844)	\$ (64,600)	\$ 58,624

SPECIAL REVENUE FUNDS OVERVIEW

California Avenue Parking Permit Fund

	FY 2015 Adopted	FY 2015 Adjusted	FY 2016 Adopted
Revenues			
Permit Sales	\$ 125,000	\$ 125,000	\$ 125,000
Day Passes	70,000	70,000	70,000
Investment Income	7,800	7,800	5,200
Total Revenue	\$ 202,800	\$ 202,800	\$ 200,200
Expenditures			
Administration			
Positions	0.65	0.65	0.53
Salaries	\$ 52,430	\$ 52,430	\$ 31,429
Benefits	16,629	16,629	24,887
Miscellaneous Supplies	8,453	8,453	8,453
Subtotal Administration	\$ 77,511	\$ 77,511	\$ 64,769
Maintenance			
Positions	0.60	0.60	0.43
Salaries	\$ 50,784	\$ 38,331	\$ 33,891
Benefits	22,731	17,058	23,567
Supplies	7,855	7,855	7,855
Garage maintenance	5,255	5,255	5,255
Sweeping Ted Thompson and Cambridge garages	4,008	4,008	4,008
Fire sprinkler maintenance	1,453	1,453	1,453
Steam Cleaning	7,060	7,060	7,060
Landscaping	9,253	9,253	9,253
Facilities repair	637	637	637
Street Sweeping	—	12,439	17,463
Indirect charges	—	1,226	—
Subtotal Maintenance	\$ 109,036	\$ 104,575	\$ 110,442
Utilities	10,397	10,397	18,518
Transfer to CIP Fund	—	—	—
Subtotal Other	\$ 10,397	\$ 10,397	\$ 18,518
Total Operating Expenses	\$ 196,945	\$ 192,483	\$ 193,729
Income from Operations	\$ 5,855	\$ 10,317	\$ 6,471

SPECIAL REVENUE FUNDS OVERVIEW

Stanford Development Agreement

	FY 2015 Estimate	FY 2016 Adopted	Change
SOURCE OF FUNDS			
Unrestricted - Community Health and Safety	\$ 3,683,062	\$ 3,518,641	\$ (164,421)
Unrestricted - Stanford Hospital Expansion Cost Mitigation	2,762,296	2,820,454	58,158
Unrestricted - Intermodal Transit	1,841,531	1,880,303	38,772
Unrestricted - Quarry Road Improvements	306,922	313,384	6,462
Unrestricted - Neighborhoods and Communities and Affordable Housing	13,811,482	14,102,272	290,790
Unrestricted - Climate Change	8,286,889	7,261,363	(1,025,526)
Total Beginning Fund Balance	30,692,183	29,896,418	(795,765)
Revenue			
Interest - Community Health and Safety	\$ 77,544	\$ 81,688	\$ 4,144
Interest - Stanford Hospital Expansion Cost Mitigation	58,158	65,084	6,926
Interest - Intermodal Transit	38,772	43,833	5,061
Interest - Quarry Road Improvements	6,462	7,306	844
Interest - Neighborhoods and Communities and Affordable Housing	290,790	298,857	8,067
Interest - Climate Change	174,474	166,032	(8,442)
Total Revenue	\$ 646,200	\$ 662,800	\$ 16,600

Transfers In			
Total Transfers	\$ —	\$ —	\$ —
TOTAL SOURCE OF FUNDS	\$ 32,313,118	\$ 30,559,218	\$ (779,165)

USE OF FUNDS			
Expenditures			
Community Health and Safety: Project Safety Net Director	\$ 104,934	\$ —	\$ (104,934)
Community Health and Safety: Project Safety Net Coordinator	22,031	25,883	3,852
Community Health and Safety: Project Safety Net Supplies	15,000	3,000	(12,000)
Community Health and Safety: Project Safety Net Contracts	100,000	538,458	438,458
Print & Mail Allocated Charges	—	226	226
Total Operating Expenditures	241,965	567,567	325,602
Transfers Out			
Neighborhood and Communities and Affordable Housing: Capital Improvement Fund	\$ —	\$ 1,100,000	\$ 1,100,000
Climate Change: Capital Improvement Fund	1,200,000	1,200,000	—

Stanford Development Agreement

	FY 2015 Estimate	FY 2016 Adopted	Change
Total Transfers	1,200,000	2,300,000	1,100,000
Total Expenditures	\$ 1,441,965	\$ 2,867,567	\$ 1,452,602

Ending Fund Balance			
Unrestricted - Community Health and Safety	\$ 3,518,641	\$ 3,032,762	\$ (485,879)
Unrestricted - Stanford Hospital Expansion Cost Mitigation	2,820,454	2,885,539	65,084
Unrestricted - Intermodal Transit	1,880,303	1,924,136	43,833
Unrestricted - Quarry Road Improvements	313,384	320,690	7,306
Unrestricted - Neighborhoods and Communities and Affordable Housing	14,102,272	13,301,129	(801,143)
Unrestricted - Climate Change	7,261,363	6,227,395	(1,033,968)
Total Ending Fund Balance	30,871,153	27,691,651	(2,204,767)
TOTAL USE OF FUNDS	\$ 32,313,118	\$ 30,559,218	\$ (779,165)



DEBT SERVICE FUNDS



CITY OF
**PALO
ALTO**

Debt Service Funds Overview

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 ensuring the future viability of services. To achieve this priority, the City funds its regular and ongoing capital needs primarily on a ‘pay-as-you-go” basis. There are, however, special or extraordinary capital improvement projects in which it is appropriate to consider debt financing. A set of guidelines is included below to support the decision-making process, and is not intended to be interpreted as a set of rigid rules for issuing debt.

DEBT POLICY GUIDELINES

It is appropriate to consider debt financing for capital improvements but not for operating budget items. It is the City’s policy that 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.
- For enterprise funds, a significant backlog of capital improvements may develop and that backlog cannot be addressed through the ongoing capital budget without having a significant immediate impact on utility rates.
- 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

Based upon the assessed valuation of \$25.5 billion for the fiscal year ending June 30, 2014, the City is limited to general obligation indebtedness of \$1.0 billion. As of June 30, 2014, the amount of debt applicable to the debt limit is \$73.2 million, which is well below its legal debt limit. The debt amount is related to the voter approved general obligation bonds to renovate and build out the City’s libraries including the Mitchell Park Library and Community Center.

DEBT OBLIGATIONS

Summaries of the City of Palo Alto debt activity for Fiscal Year 2015 are provided in the following section.

DEBT OBLIGATION DESCRIPTIONS

2002B Downtown Parking Improvement Project Certificates of Participation (COPs)

On January 16, 2002, the City issued \$3.6 million of COPs to finance the construction of certain improvements to the non-parking area contained in the City's Bryant/Florence Garage complex. Due to lower construction costs, \$0.9 million in par bonds were paid off early in January 2005. Principal payments are due annually on March 1 and interest payments semi-annually on March 1 and September 1, and are payable from lease revenues received by the Corporation from the City's available funds.

2010A and 2013A General Obligation (GO) Bonds:

On June 30, 2010, the City issued the first series of \$55.3 million and on June 26, 2013 the second series of \$20.7 million of GO bonds to finance costs for constructing a new Mitchell Park Library and Community Center, as well as substantial improvements to the Main Library and the Downtown Library. Principal payments are due annually on August 1 and interest payments semi-annually on February 1 and August 1 from 2 percent to 5 percent, and are payable from property tax revenues.

The pledge of future Net Revenues for the above 2010 and 2013 bonds ends upon repayment of the \$51.5 million and \$20.3 million principal and \$40.6 million and \$15.2 million interest as the remaining debt service on the bonds, which is scheduled to occur in FY 2041 and FY 2044, respectively.

2011 Golf Course Master Lease-Purchase Agreement

On August 2, 2011, the City entered into a master lease-purchase agreement with JP Morgan Chase Bank, N.A. to finance redemption of the 1998 Golf Course COPs. The lease is secured by a first priority security interest in eighteen Fire Department emergency vehicles. Lease proceeds were \$3.2 million. Principal payments are due annually on September 1 and interest payments are due semi-annually on September 1 and March 1 at a rate of 2.49 percent, payable from General Fund revenues. As of June 30, 2015, there are \$1.6 million in principal and \$83,123 in interest outstanding.

1995 Utility Revenue Bonds, Series A

The City issued Utility Revenue Bonds on February 1, 1995 to finance certain extensions and improvements to the City's Storm Drainage and Surface Water System. The Bonds are special obligations of the City payable solely from and secured by a pledge of and lien upon the revenues derived by the City from the funds, services and facilities of all Enterprise Funds except the Refuse Fund and the Fiber Optics Fund. Principal payments are payable annually on June 1, and interest payments semi-annually on June 1 and December 1. A \$2.9 million 6.25 percent term bond is due June 1, 2020. In lieu of a reserve fund, the Bonds are secured by a Surety Bond issued by AMBAC Indemnity Corporation.

The pledge of future Net Revenues for the above funds ends upon repayment of the \$2.8 million principal and \$558,000 interest as the remaining debt service on the bonds, which is scheduled to occur in 2020.

1999 Utility Revenue and Refunding Bonds, Series A

The City issued Utility Revenue Bonds on June 1, 1999 to refund the 1990 Utility Revenue Refunding Bonds, Series A and the 1992 Utility Revenue Bonds, Series A, and to finance rehabilitation of the Wastewater Treatment System's two sludge incinerators. The 1990 Utility Revenue Refunding Bonds, Series A and the 1992 Utility Revenue Bonds, Series A, were subsequently retired.

The 1999 Bonds are special obligations of the City payable solely from and secured by a pledge of and lien upon certain net revenues derived by the City's Sewer System and its storm and surface water system (the 'Storm Drain System'). As of June 30, 2001, the 1999 Bonds had been allocated to and were repayable from net revenues of the following enterprise funds: Wastewater Collection (10.2 percent), Wastewater Treatment (64.6 percent) and Storm Drain (25.2 percent). Principal payments are payable annually on June 1, and interest payments semi-annually on June 1 and December 1. A \$3.125 million 5.25 percent term bond, and a \$5.12 million 5.25 percent term bond are due June 1, 2021 and 2024, respectively. In lieu of a reserve fund, the Bonds are secured by a Surety Bond issued by AMBAC Indemnity Corporation.

The pledge of future Net Revenues for the above funds ends upon repayment of the \$10.3 million principal and \$3.2 million interest as the remaining debt service on the bonds as of June 30, 2015, which is scheduled to occur in 2024.

2007 Electric System Clean Renewable Energy Tax Credit Bonds:

On November 1, 2007 the City issued \$1.5 million of Electric Utility Clean Renewable Energy Tax Credit Bonds (CREBS), 2007 Series A, to finance the City's photovoltaic solar panel project. The bonds do not bear interest. In lieu of receiving periodic interest payments, bondholders are allowed federal income tax credit in an amount equal to a credit rate for such CREBS multiplied by the outstanding principal amount of the CREBS owned by the bondholders. The Bonds are payable solely from and secured solely by a pledge of the Net Revenues of the Electric system and other funds pledged therefore under the Indenture.

The pledge of future Electric Fund Net Revenues ends upon repayment of the \$0.7 million remaining debt service on the bonds, which is scheduled to occur in 2022.

2009 Water Revenue Bonds, Series A

On October 6, 2009, the City issued Water Revenue Bonds to finance certain improvements to the City's water utility system. Principal payments are due annually on June 1, and interest payments are due semi-annually on June 1 and December 1, from 1.80 percent to 5.95 percent. The 2009 were issued as bonds designated as "Direct Payment Build America Bonds" under the provisions of the American Recovery and Reinvestment Act of 2009 ("Build America Bonds"). The City expected to receive a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable on the 2009 bonds, however, due to the United States federal government budget (sequestration) cuts, in calendar year 2013, the receipts were 32 percent of interest payable. The lien on the 1995 Bonds on the Net Revenues is senior to the lien on Net Revenues securing the 2009 Bonds and the 2002 Bonds. The City received the subsidy payments amounting to \$545,565, which represents 32.5 percent of the two interest payments due on June 1, 2014 and December 1, 2014.

DEBT SERVICE FUNDS OVERVIEW

The pledge of future Net Revenues of the above funds ends upon repayment of the \$30.7 million principal and \$20.6 million interest as the remaining debt service on the bonds as of June 30, 2015, which is scheduled to occur in 2035.

2007 State Water Resources Loan

In October 2007, the City approved the \$9.0 million loan agreement with State Water Resources Control Board (SWRCB) to finance the City's Mountain View/Moffett Area reclaimed water pipeline project. Under the terms of the contract, the City agreed to repay \$9.0 million to the State in exchange for receiving \$7.5 million in proceeds to be used to fund the Project. The difference between the repayment obligation and proceeds amounts to \$1.5 million and represents in-substance interest on the outstanding balance. Loan proceeds are drawn down as the project progresses and debt service payments commence on June 30, 2010. Concurrently with the loan, the City entered into various other agreements including a cost sharing arrangement with the City of Mountain View. Pursuant to that agreement, City of Mountain View agreed to finance a portion of the project with a \$5 million loan repayable to the City. This loan has been recorded as "Due from other government agencies" in the financial statements.

The pledge of future Net Revenues of the above funds ends upon repayment of the \$6.3 million principal and \$1.1 million interest as the remaining debt service on the bonds as of June 30, 2015, which is scheduled to occur in 2029.

2009 State Water Resources Loan

In October 2009, the City approved an \$8.5 million loan agreement with the State Water Resources Control Board (SWRCB) to finance the City's Ultraviolet Disinfection project. As of June 30, 2011, the full loan in the amount of \$8.5 million was drawn down and became outstanding. Interest in the amount of \$96,000 was accrued and added to the outstanding balance.

The pledge of future Net Revenues of the above funds ends upon repayment of the \$7.2 million principal and \$1.7 million interest as the remaining debt service on the bonds as of June 30, 2015, which is scheduled to occur in 2030.

2011 Utility Revenue Bonds, Series A

On September 22, 2011 the City issued Utility Revenue Bonds to refinance the 2002 Utility revenue bonds which was issued for certain improvements to the City's water and natural gas utility system. The refinancing resulted in net present value savings of 16.9 percent and cash savings over 15 years of \$4.0 million. Principal payments are due annually on June 1, and interest payments are due semi-annually on June 1 and December 1 from 3 percent to 4 percent. The Revenue Bonds are secured by net revenues generated by the Water Services and Gas Services Funds.

The pledge of future Net Revenues of the above funds ends upon repayment of the \$13.3 million principal and \$2.7 million interest as the remaining debt service on the bonds as of June 30, 2015, which is scheduled to occur in 2026.

Debt Service Funds

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Revenues						
Property Tax	3,188	4,711	4,682	4,655	(28)	-0.59
Subtotal Revenues	3,188	4,711	4,682	4,655	(28)	-0.59
General Fund Operating Transfers						
Parking 2002B COPS Taxable	235	231	238	243	5	2.10
Subtotal General Fund Operating Transfers	235	231	238	243	5	2.10
Total Source of Funds	3,422	4,942	4,920	4,897	(23)	-0.46
Expenses						
Parking 2002B COPS Taxable Principal	125	130	145	150	5	3.45
Parking 2002B COPS Taxable Interest	110	101	93	93	0	0.00
Library GO Bonds Principal	1,000	1,020	1,420	1,445	25	1.76
Library GO Bonds Interest	2,485	2,958	3,262	3,210	(53)	-1.61
Subtotal Expenses	3,720	4,209	4,920	4,897	(23)	-0.46
Total Expenditures	3,720	4,209	4,920	4,897	(23)	-0.46
Net to (from) Reserves	(297)	733	0	0	0	0.00



CITY DEPARTMENTS



CITY OF
**PALO
ALTO**

CITY ATTORNEY

Mission Statement



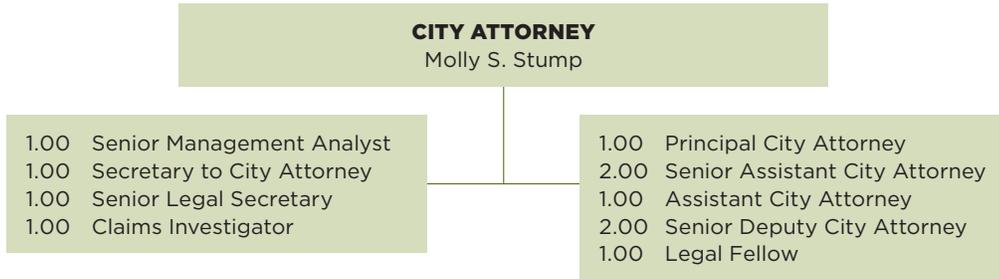
The Office of the City Attorney's mission is to serve Palo Alto and its policymakers by providing legal representation of the highest quality.

Purpose

The purpose of the Office of the City Attorney is to 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; and enforce the municipal code and defend the City when it is sued.



CITY ATTORNEY



FY 2016 POSITION TOTALS
12.00 - Full-time

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

Description

The Office of the City Attorney legally represents 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; and drafting and approving contracts, legislation, and other legal documents.

Accomplishments

- Drafted Residential Preferential Parking Ordinance.
- Settled Sterling Park v. City of Palo Alto, ending years of litigation and securing a total of \$8M for the City's Affordable Housing Fund.
- Drafted new Business Registry Ordinance.
- Updated Transient Occupancy Tax ordinance to clarify application to short term rentals booked online and through brokers.
- Completed agreements transferring management and control of Palo Alto Airport to the City.
- Modernized Telephone User Tax ordinance to confirm application to new technologies.
- Drafted next generation requirements for the City's Green Building and Energy Standards ordinances.
- Resolved numerous open litigation matters with minimal expenditure of public funds.
- Drafted enhancements to the City Percent for Art Program.
- Provided training to City Officials and staff on the Brown Act, Public Records Act, ethics and conflicts of interest, and assisted Clerk's Office in developing online training tools.

Initiatives

Perform legal services to:

- Assist with the Comprehensive Plan Update and other land use and transportation programs, including reforms to the Planned Community Zoning ordinance, residential permit parking, retail preservation and growth management programs.
- Draft Wireless Communications Facility ordinance to comply with new federal law requirements.
- Advise and support the City in setting rates and fees.
- Provide negotiation, drafting and other transactional support for ongoing infrastructure improvements.

- Defend the City in litigation and administrative actions, and initiate litigation where appropriate.
- Provide training and advice to City Officials and staff to support compliance with legal requirements.
- Monitor and assess risk, and provide advice and support for risk management and reduction.

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.
- Inform the public about the City's legal program through the City Attorney's website.

GOAL 2

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

Objectives:

- Thoroughly investigate to promptly and appropriately resolve claims.
- Increase transparency by publicly 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

CLAIMS RESOLUTION



Goal	Evaluate all claims and litigation promptly, resolving disputes where appropriate, and vigorously defending the City's interests.				
Objective	Thoroughly investigate to promptly and appropriately resolve claims.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of claims resolved within 45 days of filing	95%	92%	90%	92%	92%
Description	This measure tracks the number of claims that are resolved within 45 days of filing.				
Purpose	Thorough investigation to promptly and appropriately resolve 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.				
Status	The number of claims resolved within 45 days may go up or down in part due to the complexity of a claim.				

REDUCTION OF LEGAL RISK



Goal	Identify and reduce exposure to legal risks.				
Objective	Provide relevant training to City officials and staff to reduce legal risk exposure.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of survey respondents who indicate they agree or strongly agree that the training provided is useful and relevant	N/A	100%	90%	95%	95%
Description	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.				
Purpose	Knowledgeable staff is less likely to make errors thereby reducing the exposure of liability to the City.				
Status	In the fall of 2014 the Office of the City Attorney conducted Brown Act Training. The training was well received by the attendees. In FY 2016, the Office of the City Attorney will conduct training on the Brown Act, Ethics, Public Records and contracting.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of claims handled	99	78	100	100	100

Budget Summary

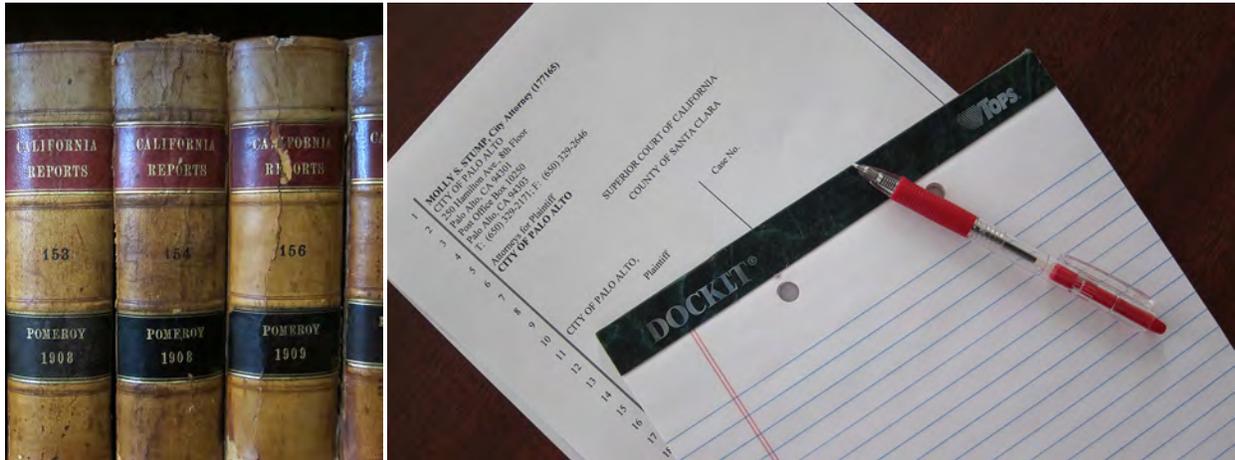
	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Administration	261,537	208,301	233,143	580,861	347,718	149.1%
Consultation and Advisory	1,512,252	1,620,361	1,653,865	1,787,379	133,514	8.1%
Litigation and Dispute Resolution	557,434	627,248	584,130	620,992	36,862	6.3%
Official and Administration Duties	81,276	104,015	106,514	112,027	5,513	5.2%
Total	2,412,499	2,559,925	2,577,653	3,101,259	523,606	20.3%
Dollars by Category						
Salary & Benefits						
Healthcare	170,785	179,827	204,630	211,885	7,255	3.5%
Other Benefits	90,687	72,213	60,178	69,736	9,558	15.9%
Pension	250,924	305,566	329,206	426,652	97,446	29.6%
Retiree Medical	148,000	134,763	130,050	155,000	24,950	19.2%
Salary	1,117,910	1,287,845	1,308,732	1,650,672	341,940	26.1%
Workers' Compensation	270	—	1,015	—	(1,015)	(100.0)%
Total Salary & Benefits	1,778,575	1,980,215	2,033,810	2,513,945	480,135	23.6%
Allocated Charges	171,690	100,531	120,400	163,871	43,471	36.1%
Contract Services	409,148	416,295	340,301	340,301	—	—%
Facilities & Equipment	—	700	1,000	1,000	—	—%
General Expense	20,142	38,708	53,642	53,642	—	—%
Rents & Leases	1,905	1,329	2,000	2,000	—	—%
Supplies & Material	31,039	22,147	26,500	26,500	—	—%
Total Dollars by Expense Category	2,412,499	2,559,925	2,577,653	3,101,259	523,606	20.3%
Revenues						
Charges for Services	16,989	14,062	26,780	26,780	—	—%
Charges to Other Funds	758,346	766,562	778,618	613,950	(164,669)	(21.1)%
Other Revenue	131,039	82,241	10,300	10,300	—	—%
Total Revenues	906,374	862,866	815,698	651,030	(164,669)	(20.2)%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Positions by Division						
Administration	0.47	0.47	0.47	1.47	1.00	212.77%
Consultation and Advisory	6.56	6.56	7.31	7.31	—	—%
Litigation and Dispute Resolution	1.61	1.61	1.86	1.86	—	—%
Official and Administration Duties	0.36	0.36	0.36	0.36	—	—%
Total	9.00	9.00	10.00	11.00	1.00	10.00%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Assistant City Attorney	1.00	1.00	1.00	1.00	—	168,639
City Attorney	1.00	1.00	1.00	1.00	—	256,551
Claims Investigator	1.00	1.00	1.00	1.00	—	94,141
Legal Fellow	—	—	1.00	1.00	—	95,461
Legal Services Administrator	1.00	1.00	1.00	—	(1.00)	—
Principal Attorney	—	—	—	1.00	1.00	191,422
Secretary to City Attorney	1.00	1.00	1.00	1.00	—	94,292
Senior Assistant City Attorney	2.00	2.00	2.00	2.00	—	382,317
Senior Deputy City Attorney	1.00	1.00	1.00	1.00	—	122,003
Senior Legal Secretary	1.00	1.00	1.00	1.00	—	66,105
Senior Management Analyst	—	—	—	1.00	1.00	118,519
Total	9.00	9.00	10.00	11.00	1.00	1,694,385



Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	10.00	2,577,653	815,698	1,761,955
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	124,087	—	124,087
Annualized Cost for Legal Fellow	—	73,177	—	73,177
Funding for 1.0 Principal Attorney position (City Council Approval: April 20, 2015)	1.00	282,871	—	282,871
General Fund Cost Allocation Plan Charges Adjustment	—	—	(164,668)	164,668
General Liability Insurance Allocated Charges Adjustment	—	23,913	—	23,913
Information Technology Allocated Charges Adjustment	—	20,972	—	20,972
Printing & Mailing Allocated Charges Adjustment	—	(1,414)	—	(1,414)
Adjustments to Costs of Ongoing Activities	1.00	523,606	(164,668)	688,274
Total FY 2016 Base Budget	11.00	3,101,259	651,030	2,450,229
Total FY 2016 Adopted Budget	11.00	3,101,259	651,030	2,450,229

CITY AUDITOR

Mission Statement



The mission of the Office of the City Auditor is to promote honest, efficient, effective, economical, and fully accountable and transparent City government.

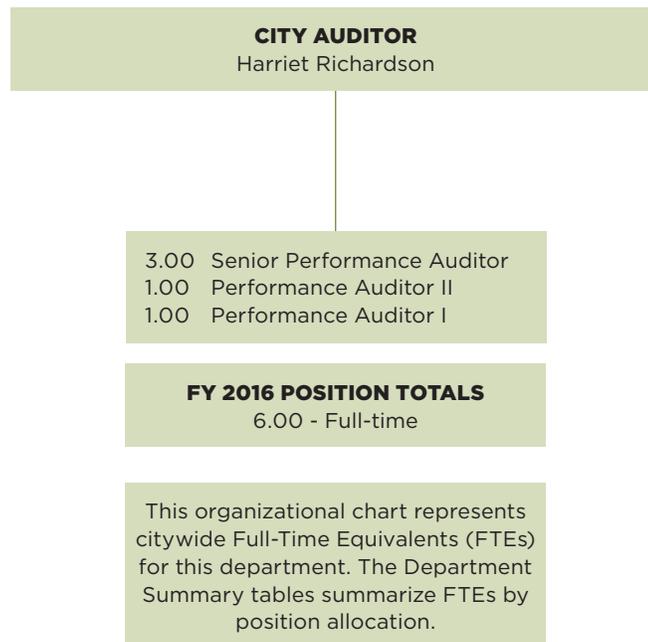
Purpose

The purpose of the Office of the City Auditor is to 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. In addition, the City Auditor's Office ensures that City departments and officers responsible for accounting and financial management activities comply with statutory requirements and accounting standards, and provides other analyses of financial and operating data as directed by the City Council.



CITY AUDITOR



Description

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 Performance Report summarizing costs, workload, and performance results for City services over the last five years.

Each fiscal year, the 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 of sales and use tax.

Accomplishments

- Received the Association of Government Accountants (AGA) Certificate of Excellence for the City of Palo Alto Citizen Centric Report for 2013.
- Identified and confirmed the City's receipt of \$104,417 in sales and use tax recoveries through the end of Fiscal Year 2014.
- Published the Audit of the Solid Waste Program, which provided sixteen recommendations to further improve Public Works' management of the City's Solid Waste Program by ensuring accurate refuse billings and sufficient revenue to recover the cost of services and providing reliable and useful financial and operational data in support of management's strategic and operational decisions.
- Published the Palo Alto Animal Services Audit, which provided eight recommendations designed to ensure the future success and financial viability of Palo Alto Animal Services.
- In December 2014, the Office of the City Auditor underwent an external quality control review (peer review) coordinated by the Association of Local Government Auditors (ALGA). The peer review is conducted every three years to assess the organization's compliance with Government Auditing Standards. The team of auditors who conducted the peer review

found that our office fully complied with those standards from the period July 1, 2011, through April 14, 2014.

Initiatives

- Utilities Customer Service - Rate and Billing Accuracy Audit: Evaluate whether the Utilities Department properly implements rates and accurately bills customers.
- Public Benefits Audit: Evaluate whether benefits and funds are properly accounted for; if funds are used in accordance with relevant regulations, policies, and governing documents; and if the use of funds generated the anticipated benefits.
- Disability Rates and Workers' Compensation Audit: Assess the effectiveness of activities to manage and minimize disability retirements and workers' compensation claims. Review of processes to ensure employee safety, tracking and reporting activities, contract administration, and efficiency of claim processing.
- Procurement Processes Audit: Assess the efficiency and effectiveness of the procurement process. Audit will focus on efficiency, consistency in application of processes, compliance with City regulations and policies, and use of best practices.
- Fee Schedules Audit: Evaluate City processes for establishing fees to determine if the fees cover the cost of services provided when that is expected and best practices for efficient and effective service delivery. The specific fees to be reviewed will be narrowed down during the planning phase of the audit.
- Meter Routes Audit: Evaluate the process for establishing routes and assigning them to meter readers to determine if the process optimizes available resources and uses them efficiently.
- Sales and Use Tax Monitoring: The Office of the City Auditor (OCA) monitors sales and use tax payments due to the City both through its own analysis and through partnering with a third party specialist. Claims are submitted to the State Board of Equalization to redirect misallocated tax proceeds to the City.
- Performance Report (formerly the Service Efforts and Accomplishments Report) and Citizen-Centric Reporting (CCR): these reports are designed to provide the residents of Palo Alto, the City Council, and City staff with important data and information regarding the performance of the City. Additionally, the OCA publishes the annual National Citizen Survey which provides insight into residents' perceptions of the City's performance and allows the City to compare itself to other jurisdictions.
- Administration of the Fraud, Waste, and Abuse Hotline: Incident routing and monitoring is administered by the OCA and the City Auditor is a member of the Hotline Review Committee with the City Manager and the City Attorney. Additionally, certain incidents may require investigation by OCA staff.

Goals and Objectives

GOAL 1

Add value and improve the City's operations by providing independent, objective analysis and information regarding the stewardship, performance, and/or cost of City policies, programs, or operations to assist the City Council and management in making informed decisions.

Objectives:

- Focus on the City's highest risks by maintaining an effective, systematic, and documented process that identifies the most significant strategic, operational, financial, and regulatory risks to the achievement of the City's objectives.
- Provide impactful audit services through timely and value-added communication to key stakeholders regarding the effectiveness and efficiency with which City resources are employed, the adequacy of internal controls, and compliance with provisions of laws, regulations, contracts, grant agreements, and City policies and procedures.
- Maintain an effective follow-up process to monitor and evaluate the adequacy, effectiveness, and timeliness of actions taken by management to address audit recommendations and report to the City Council whether city management has implemented the recommendation or has assumed the risk of not taking action.

GOAL 2

Provide the residents of Palo Alto, City Council, City staff, and other stakeholders with information on past performance to strengthen public accountability, improve government efficiency and effectiveness, and support future decision-making.

Objectives:

- Administer the National Citizen Survey to collect data from survey respondents regarding the quality of City services.
- Publish the City of Palo Alto Performance Report to provide consistent, reliable information on the performance of City services.
- Contract with the City's external auditor for the completion of the City's Comprehensive Annual Financial Report (CAFR) and the Single Audit Report.

GOAL 3

Maintain efficient and effective audit processes.

Objectives:

- Maintain an efficient and effective system of quality control by regularly performing internal and external assessments, and periodically updating the Office of the City Auditor's policies and procedures to ensure compliance with professional standards and incorporation of applicable leading industry practices.
- Maintain an adequately skilled, knowledgeable, and competent staff of audit professionals.
- Communicate the engagement's objectives, scope, conclusions, and recommendations accurately, objectively, clearly, concisely, constructively, completely, and in a timely manner.

Key Performance Measures

RATIO OF SALES TAX REVENUE RECOVERIES TO COST.

\$	Goal	Add value and improve the City's operations by providing independent, objective analysis and information regarding the stewardship, performance, and/or cost of City policies, programs, or operations to assist the City Council and management in making informed decisions.				
	Objective	Focus on the City's highest risks by maintaining an effective, systematic, and documented process that identifies the most significant strategic, operational, financial, and regulatory risks to the achievement of the City's objectives.				
		FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
	Ratio of sales tax revenue recoveries to cost.	3:1	4:1	2:1	2:1	2:1
	Description	This measure is a ratio of sales tax revenue recovered by our in-house staff and our consultant to the total cost (salary and benefits plus contracted cost).				
	Purpose	To determine the effectiveness of cost recovery efforts for sales and use tax revenues.				
	Status	The Office of the City Auditor updates the amount of revenue generated on a quarterly basis. This is a new measure.				

NUMBER OF MAJOR WORK PRODUCTS PER AUDIT STAFF.

L	Goal	Focus on the City's highest risks by maintaining an effective, systematic, and documented process that identifies the most significant strategic, operational, financial, and regulatory risks to the achievement of the City's objectives.				
	Objective	Provide impactful audit services through timely and value-added communication to key stakeholders regarding the effectiveness and efficiency with which City resources are employed, the adequacy of internal controls, and compliance with provisions of laws, regulations, contracts, grant agreements, and City policies and procedures.				
		FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
	Number of major work products per audit staff.	N/A	N/A	N/A	1.5	1.5
	Description	This measure targets the number of major work products generated by each audit staff.				
	Purpose	In order to provide timely impactful audit services, the Office of the City Auditor has a target to complete 1.5 major work products per audit staff.				
	Status	This is a new measure and has not been tracked previously.				

NUMBER OF COMMENTS RECEIVED FROM TRIENNIAL EXTERNAL QUALITY CONTROL REVIEW

 Goal	Maintain efficient and effective audit processes with the finding that the Office of the City Auditor fully complied with Government Auditing Standards.				
Objective	Maintain an efficient and effective system of quality control by regularly performing internal and external assessments, and periodically updating the Office of the City Auditor's policies and procedures to ensure compliance with professional standards and incorporation of applicable leading industry practices.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of comments received from triennial external quality control review	N/A	3	N/A	N/A	N/A
Description	This measure indicates the number of comments received on our external quality control review conducted every three years. These comments are intended to enhance the Office of the City Auditor's adherence to Government Auditing Standards. The Office's goal is to be found fully compliant with no greater than three comments.				
Purpose	Government audit offices that use the Comptroller General of the United States' Government Auditing Standards are required to establish and maintain a system of internal quality control (i.e., policies and procedures) to ensure that their audits comply with the standards and to have an external quality control review, also known as a peer review, at least once every three years to assess the organization's compliance with the standards. This measure indicates our level of compliance in maintaining an efficient and effective system of quality control.				
Status	This is a new measure which we will have data for every three years.				

PERCENT OF AUDIT RECOMMENDATIONS IMPLEMENTED OVER THE LAST FIVE YEARS.

 Goal	Add value and improve the City's operations by providing independent, objective analysis and information regarding the stewardship, performance, and/or cost of City policies, programs, or operations to assist the City Council and management in making informed decisions.				
Objective	Maintain an effective follow-up process to monitor and evaluate the adequacy, effectiveness, and timeliness of actions taken by management to address the audit recommendations and report to the City Council whether City management has implemented the recommendation or has assumed the risk of not taking action.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of audit recommendations implemented over the last five years.	42%	44%	75%	42%	75%
Description	This measures the effectiveness of audit recommendations. Recommendations are effective when they are addressed to parties that have authority to act and when the recommended actions are specific, cost-effective, and measurable.				
Purpose	Each audit recommendation is provided to specifically enhance and improve the effectiveness and efficiency of the respective entity being audited.				
Status	The Office of the City Auditor follows up on audit recommendations on an annual basis and reports the status to City Council with the goal of encouraging management to implement all audit recommendations in a timely manner.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of major work products issued. Office of the City Auditor major work products include audits, the annual Performance Report, and the annual National Citizen Survey.	5	4	4	6	6

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Audit Services	983,864	1,016,315	1,064,901	1,174,927	110,025	10.3%
Total	983,864	1,016,315	1,064,901	1,174,927	110,025	10.3%
Dollars by Category						
Salary & Benefits						
Healthcare	63,005	46,759	53,032	37,725	(15,307)	(28.9)%
Other Benefits	39,824	24,991	25,110	27,881	2,771	11.0%
Pension	112,547	111,839	132,898	160,092	27,194	20.5%
Retiree Medical	13,000	4,277	31,684	37,000	5,316	16.8%
Salary	489,571	474,117	528,325	619,378	91,053	17.2%
Total Salary & Benefits	717,947	661,982	771,048	882,075	111,027	14.4%
Allocated Charges	83,113	51,226	57,853	56,852	(1,001)	(1.7)%
Contract Services	171,707	258,833	218,219	218,219	—	—%
General Expense	7,962	39,993	14,060	14,060	—	—%
Supplies & Material	3,135	4,281	3,721	3,721	—	—%
Total Dollars by Expense Category	983,864	1,016,315	1,064,901	1,174,927	110,025	10.3%
Revenues						
Charges to Other Funds	523,896	529,524	711,696	832,990	121,294	17.0%
Sales Taxes	132,522	201,456	150,000	150,000	—	—%
Total Revenues	656,418	730,980	861,696	982,990	121,294	14.1%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Positions by Division						
Audit Services	4.50	4.50	4.50	5.00	0.50	11.11%
Total	4.50	4.50	4.50	5.00	0.50	11.11%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Administrative Assistant	1.00	1.00	1.00	—	(1.00)	—
City Auditor	1.00	1.00	1.00	1.00	—	174,202
Performance Auditor	0.50	0.50	0.50	—	(0.50)	—
Performance Auditor I	—	—	—	1.00	1.00	76,923
Performance Auditor II	—	—	—	1.00	1.00	105,692
Senior Performance Auditor	2.00	2.00	2.00	2.00	—	239,595
Total	4.50	4.50	4.50	5.00	0.50	596,412

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	4.50	1,064,901	861,696	203,205
Adjustments to Costs of Ongoing Activities				
Salaries and Benefits Adjustments	—	35,498	—	35,498
General Fund Cost Allocation Plan Charges Adjustment	—	—	121,294	(121,294)
General Liability Allocated Charges Adjustment	—	2,091	—	2,091
Information Technology Allocated Charges Adjust.	—	(2,642)	—	(2,642)
Printing and Mailing Allocated Charges Adjustment	—	(450)	—	(450)
Adjustments to Costs of Ongoing Activities	—	34,497	121,294	(86,797)
Total FY 2016 Base Budget	4.50	1,099,398	982,990	116,408
Budget Adjustments				
1 Performance Audit Staffing	0.50	75,529	—	75,529
Total Budget Adjustments	0.50	75,529	—	75,529
Total FY 2016 Adopted Budget	5.00	1,174,927	982,990	191,937

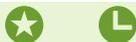


Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Performance Audit Staffing	0.50	75,529	0	75,529

This action increases an 0.5 Performance Auditor by 0.5 FTE to 1.0 FTE and reclassifies the position from a Performance Auditor I to a Performance Auditor II. During the last few years, this position has been temporarily increased to ensure timely completion of audits. Increasing the position permanently allows the office to complete audits in a more timely fashion, preventing the need for annual temporary adjustments, and meet department and staff performance goals. Additionally, this action reclassifies 1.0 Administrative Assistant position to 1.0 Performance Auditor I to align the job classification with the duties. (Ongoing: \$75,529)

Performance Results



With the increase in staffing and the reclassification, it is expected that audits and performance reports will be completed more timely with the goal that each auditor completes 1.5 audits per year.

CITY CLERK

Mission Statement



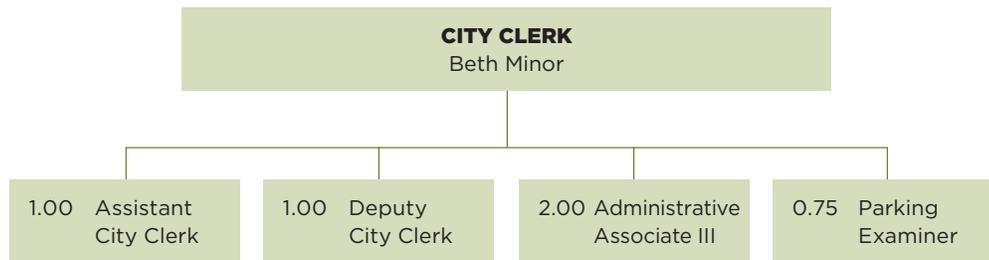
The City Clerk's Office is dedicated to providing excellent service to the public, City Staff, and the City Council through personal assistance and the use of information technologies. The City Clerk's Office seeks to provide timely and accessible service in response to all inquiries and requests for public information and records. The Office's goal is to provide resources through web pages to enable the public to research information independently. Administration of elections, public records request

processing, records management, and the legislative process are all key processes handled by the City Clerk's Office.

Purpose

The purpose of the City Clerk's Office is to provide high quality public service by connecting the public with the legislative process; ensure the City's legislative processes are open and transparent; facilitate the preservation of Palo Alto's legislative history, including approved minutes; assist the with public records requests, claims, applications for appointment to boards and commissions, and elections administration; update and maintain City Ordinances and Municipal Code, provide access to legislative meeting information, and coordinate Statements of Economic Interest as well as campaign and other financial disclosures related filings; and ensure the City Clerk and City Council webpages are current and accurate.

CITY CLERK



FY 2016 POSITION TOTALS

5.75 - 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.

Description

The City Clerk's Office provides a wide range of public services, including: providing support to the City Council, City staff, and the public by providing copies of agendas and associated reports and documents, which includes posting and publishing legal notices, and scheduling public hearings; transcribing meeting minutes, recording of ordinances and resolutions; engaging in records management, elections, and board and commission recruitments; and processing of public records requests.

Accomplishments

- Held the second annual Board and Commission recognition event at Foothills Park.
- Successfully managed the Mayor's State of the City address at Lucie Stern Community Center.
- Successfully managed the Measure B initiative for an increase to the Transient Occupancy Tax, the Measure C initiative to modernize the Utility Users Tax, and the Measure D initiative to decrease Council size to seven members beginning January 2019.
- Successfully managed the election of 5 open Council seats.
- Prepared and published 121 City Council and Standing Committee agendas and packets.
- Coordinated the trip by the Mayor and Council Members to Oaxaca, Mexico for the 50th anniversary Sister Cities celebration.
- Created a dedicated web page for Election information (<http://www.cityofpaloalto.org/gov/depts/clk/elections.asp>)
- Implemented a public portal to submit electronic campaign disclosure forms.
- Successfully implemented distribution of Council agenda packets 11 days prior to the meeting.
- Selected automated public records request tracking solution.

Initiatives

- Implement automated public records programs to streamline recording, tracking, and answering public records requests.
- Continue research of Board and Commission recruitment process and application automation.
- Research electronic voting system technology.
- Update Record Retention Schedule and coordinate with departments the destruction of obsolete records.

Goals and Objectives

GOAL 1

Lead the agenda management process and records management program promoting transparency, accountability, and effective service delivery.

Objectives:

- Ensure that preparation and distribution of the Council's agenda packets are timely, accurate, and responsive.
- Transcribe and post Council action minutes within one week of meeting date.
- Effectively manage the annual records destruction process and update to the Records Retention Schedule for all City departments.

GOAL 2

Respond to the legislative needs of the City Council, staff, and the community in a timely and effective manner.

Objectives:

- Utilize technology to enhance access of legislative items, such as agendas, reports, ordinances, resolutions, and minutes on the City Council and City Clerk webpages.
- Encourage online filing of campaign statements in compliance with the Fair Political Practices Commission (FPPC) requirements.
- Encourage more staff to use online filing of Statement of Economic Interest Statements, Form 700).

GOAL 3

Effectively administer appointments to boards and commissions.

Objectives:

- Implement new boards and commissions recruitment process, including expanding application accessibility, advertising strategies, and interview processes.
- Create and maintain community partnerships to enhance the public's knowledge of, and interest in, serving on boards and commissions.

Key Performance Measures

PERCENTAGE OF ACTION MINUTES POSTED WITHIN ONE WEEK AFTER THE COUNCIL MEETING

 Goal	Lead the agenda management process and records management program promoting transparency, accountability, and effective service delivery.				
Objective	Transcribe and post Council action minutes within one week of meeting date.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of Action Minutes that are released within one week of the City Council meeting	N/A	95%	90%	95%	90%
Description	After each Council meeting, the City Clerk's Office transcribes and posts the actions that the Council took online.				
Purpose	This supports transparency and informed decision making, by providing the public with Council actions in a timely manner.				
Status	The City Clerk's Office is on target to meet the 95% percent goal adopted for FY 2015.				

PERCENTAGE OF COUNCIL AGENDA PACKET MATERIALS POSTED ON THE THURSDAY, 11 DAYS PRIOR TO THE MONDAY CITY COUNCIL MEETING

 Goal	Lead the agenda management process and records management program promoting transparency, accountability, and effective service delivery.				
Objective	Ensure that preparation and distribution of the Council's agenda packets are timely, accurate, and responsive.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percentage of City Council Agenda packets that are posted online on the Thursday, 11 days prior to the meeting	N/A	N/A	N/A	99%	99%
Description	We strive to get all agenda packets out to the City Council and public on Thursday, 11 days before the next Monday meeting.				
Purpose	Provide the public with adequate time to review upcoming issues that will be discussed by the City Council, ensuring transparency of Council proceedings.				
Status	This is a new measure due to implementing the 11 day early packet release the beginning of 2015.				

PERCENTAGE OF PUBLIC RECORDS REQUESTS RESPONDED TO WITHIN THE TEN DAYS REQUIRED BY LAW.



Goal	Respond to the legislative needs of the City Council, staff, and the community in a timely and effective manner.				
Objective	Provide excellent customer service to the public.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percentage of Public Records received by the City Clerk's Office that are responded to within the required ten days	N/A	90%	100%	95%	98%
Description	Public Records requests are required to be addressed within ten days of receipt. This could be the actual response or a request for an extension of time to gather the requested data.				
Purpose	Provide the public with information that is held by the City and is subject to public disclosure; ensure that a response is received by the requestor within the allotted ten days.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of action minutes posted annually	35	23	40	35	45
Number of council agenda packets produced annually	59	41	60	46	46
Number of public records requests received annually	132	160	125	271	300
Number of applications processed for open board and commission seats	115	26	145	47	50

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Administration	175,764	146,738	134,442	135,095	653	0.5%
Administrative Citations	145,959	170,615	163,053	191,469	28,416	17.4%
Council Support Services	550,700	542,538	698,495	717,384	18,889	2.7%
Election/Conflict of Interest	278,502	108,073	117,994	116,764	(1,230)	(1.0)%
Legislative Records Management	66,876	66,747	80,385	83,905	3,520	4.4%
Public Information	80,225	77,932	81,155	83,090	1,934	2.4%
Total	1,298,026	1,112,644	1,275,524	1,327,707	52,183	4.1%
Dollars by Category						
Salary & Benefits						
Healthcare	83,939	71,926	80,617	102,623	22,007	27.3%
Other Benefits	46,105	34,930	28,281	25,291	(2,990)	(10.6)%
Overtime	2,401	6,557	6,696	6,696	—	—%
Pension	113,821	122,487	134,240	136,692	2,452	1.8%
Retiree Medical	78,000	73,489	79,667	86,000	6,333	7.9%
Salary	529,458	541,667	554,903	550,767	(4,136)	(0.7)%
Workers' Compensation	8,109	—	6,151	—	(6,151)	(100.0)%
Total Salary & Benefits	861,833	851,055	890,555	908,070	17,515	2.0%
Allocated Charges	120,465	132,491	100,274	134,941	34,668	34.6%
Contract Services	74,893	56,150	222,320	222,320	—	—%
General Expense	206,273	54,621	47,341	47,341	—	—%
Operating Transfers-Out	20,000	—	—	—	—	—%
Supplies & Material	14,562	18,327	15,035	15,035	—	—%
Total Dollars by Expense Category	1,298,026	1,112,644	1,275,524	1,327,707	52,183	4.1%
Revenues						
Charges for Services	191	35	1,950	1,950	—	—%
Charges to Other Funds	946,856	477,579	411,959	534,477	122,518	29.7%
Other Revenue	846	965	3,000	3,000	—	—%
Total Revenues	947,894	478,579	416,909	539,427	122,518	29.4%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Positions by Division						
Administration	0.35	0.35	0.35	0.35	—	—%
Administrative Citations	1.23	1.23	1.23	1.23	—	—%
Council Support Services	3.85	2.85	2.85	2.85	—	—%
Election/Conflict of Interest	0.65	0.65	0.65	0.65	—	—%
Legislative Records Management	0.50	0.50	0.50	0.50	—	—%
Public Information	0.65	0.65	0.65	0.65	—	—%
Total	7.23	6.23	6.23	6.23	—	—%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Administrative Associate III	3.00	2.00	2.00	2.00	—	138,737
Assistant City Clerk	1.00	1.00	1.00	1.00	—	100,608
City Clerk	1.00	1.00	1.00	1.00	—	118,722
Deputy City Clerk	1.00	1.00	1.00	1.00	—	63,660
Hearing Officer	0.75	0.75	0.75	0.75	—	87,496
Sub-total: Full-Time Equivalent Positions	6.75	5.75	5.75	5.75	—	509,223
Temporary/Hourly	0.48	0.48	0.48	0.48	—	26,722
Total	7.23	6.23	6.23	6.23	—	535,945



Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	6.23	1,275,524	416,909	858,615
Base Adjustments				
Adjustments to Costs of Ongoing Activities				
Salaries and Benefits Adjustments	—	17,514	—	17,514
General Fund Cost Allocation Plan Charges Adjustment	—	—	122,518	(122,518)
General Liability Insurance Allocated Charges Adjustment	—	3,528	—	3,528
Information Technology Allocated Charges Adjustment	—	3,123	—	3,123
Printing and Mailing Allocated Charges Adjustment	—	28,018	—	28,018
Adjustments to Costs of Ongoing Activities	—	52,183	122,518	(70,335)
Total FY 2016 Base Budget	6.23	1,327,707	539,427	788,280
Total FY 2016 Adopted Budget	6.23	1,327,707	539,427	788,280



CITY OF
**PALO
ALTO**

CITY COUNCIL

Mission Statement



The City Council's mission is to develop an overall vision for the community as a whole.

Purpose

The City Council is responsible for the scope, direction, and financing of City services; establishing policy based on information provided by staff, advisory boards and commissions, and the general public; and implementing policy through staff under the Council-Manager form of government.



Description

Under the Council-Manager form of government, the City Council is responsible for the legislative functions of the City such as 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 terms of the Council members are for four years, and the General Municipal Election is held in even-numbered years on the first Tuesday after the first Monday in November.

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
City Council Operations	393,297	493,578	431,902	454,687	22,784	5.3%
Total	393,297	493,578	431,902	454,687	22,784	5.3%
Dollars by Category						
Salary & Benefits						
Healthcare	111,321	106,140	99,289	101,795	2,506	2.5%
Other Benefits	11,988	11,330	7,711	10,711	3,000	38.9%
Pension	14,561	16,709	16,927	17,394	467	2.8%
Retiree Medical	133,000	127,147	77,652	89,000	11,348	14.6%
Salary	64,286	65,939	64,800	64,800	—	—%
Total Salary & Benefits	335,156	327,265	266,379	283,700	17,321	6.5%
Allocated Charges	2,507	711	2,139	2,602	463	21.7%
Contract Services	21,363	108,764	108,000	108,000	—	—%
General Expense	33,146	54,043	52,455	57,455	5,000	9.5%
Supplies & Material	1,124	2,795	2,930	2,930	—	—%
Total Dollars by Expense Category	393,297	493,578	431,902	454,687	22,784	5.3%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Revenues						
Charges to Other Funds	288,083	111,799	93,814	103,509	9,695	10.3%
Total Revenues	288,083	111,799	93,814	103,509	9,695	10.3%
Positions by Division						
City Council Operations	9.00	9.00	9.00	9.00	—	—%
Total	9.00	9.00	9.00	9.00	—	—%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
City Council	9.00	9.00	9.00	9.00	—	64,800
Total	9.00	9.00	9.00	9.00	—	64,800

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	9.00	431,902	93,814	338,088
Base Adjustments				
Adjustments to Costs of Ongoing Activities				
Salaries and Benefits Adjustments	—	17,321	—	17,321
General Fund Cost Allocation Plan Charges Adjustment	—	—	9,695	(9,695)
General Liability Insurance Allocated Charges Adjustment	—	1,067	—	1,067
Print & Mail Allocated Charges Adjustment	—	(603)	—	(603)
Adjustments to Costs of Ongoing Activities	—	17,785	9,695	8,090
Total FY 2016 Base Budget	9.00	449,687	103,509	346,178
Budget Adjustments				
1 Council Meals	—	5,000	—	5,000
Total Budget Adjustments	—	5,000	—	5,000
Total FY 2016 Adopted Budget	9.00	454,687	103,509	351,178



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Council Meals	0.00	5,000	0	5,000

In 2015, regularly scheduled City Council meetings started at 6:00 PM versus 7:00 PM. To ensure adequate funding for Council meals, \$5,000 funding is added. (Ongoing: \$5,000)

Performance Results

No impacts to current service levels are anticipated as a result of this title change.

CITY MANAGER

Mission Statement



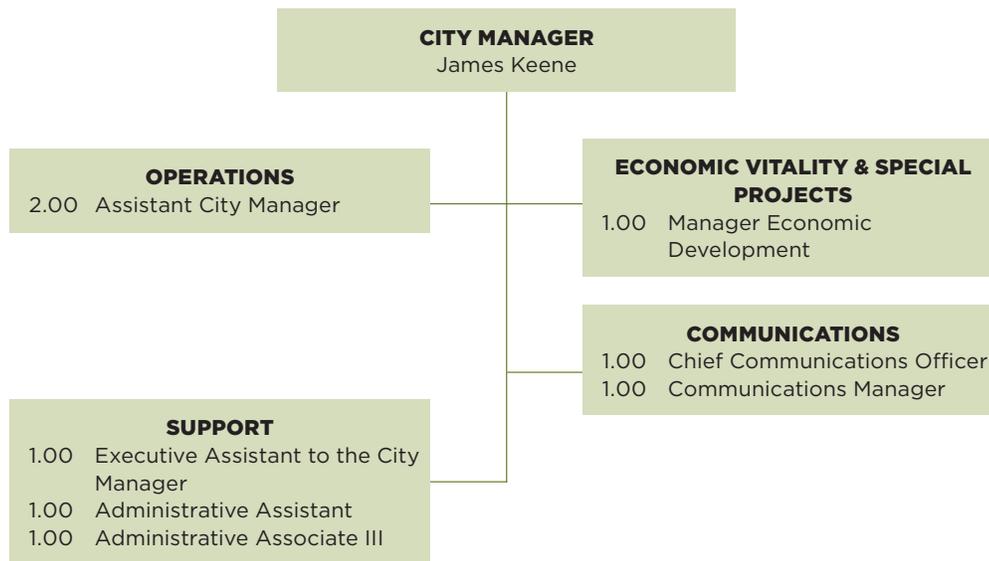
The City Manager's Office provides leadership and professional management to the City government in service to City Council policies, priorities and the community's civic values.

Principles

The office is guided by the principles of place, community, stewardship, civics, and values.



CITY MANAGER



FY 2016 POSITION TOTALS
9.00 - Full-time

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

Description

The City Manager's Office provides strategic leadership and guidance to the City operations and services for the City of Palo Alto through the following areas (including incubation of new programs):

ADMINISTRATION AND CITY MANAGEMENT

Provides the organizational support and leadership necessary to implement Council programs and policies to meet the City's current and future needs; ensures City operations demonstrate transparency and fiduciary responsibility to the public; builds a strong service culture and provides ongoing, informative communications to City employees regarding key objectives, challenges and accomplishments.

PLACE AND NEIGHBORHOODS

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; cultivates livability by recognizing the distinctiveness and diversity of Palo Alto and its neighborhoods.

ECONOMIC VITALITY

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

Accomplishments

- Completed the California Avenue Streetscape Project in partnership with the Public Works Department and implemented the Smoking Ordinance for all business districts.
- Continued partnership with the Planning Department working on critical land use and transportation initiatives: Our Palo Alto, Comprehensive Plan Update, Launch of Residential Preferential Parking Program, Transportation Management Authority and the approved Housing Element. Produced multiple community forums in support of Our Palo Alto initiative aimed at increasing citizen participation, feedback and engagement.
- Maintained status in top 5 Most Livable Cities in America and advanced international partnerships via the Smart City collaborations with Heidelberg, Germany and Enschede, Netherlands.
- Administered the Know Your Neighbor Grant Program encouraging neighborhood activities that foster a sense of community.
- Increased economic vitality and continued to foster a welcoming business environment in Palo Alto through the launch of the Business Registry Online tool; completed multi-faceted outreach and educational campaign to thousands of Palo Alto Businesses; welcomed new hotels and businesses; and assisted with the retention/expansion of existing businesses.

CITY MANAGER

- Facilitated the approval of a five-year Cubberley Community Center lease with Palo Alto Unified School District and engaged Cal Train and several City department to advance Project Safety Net.
- Enhanced organizational strategic planning, work plans, and performance management; completed recruitment of Assistant City Manager positions to increase support for operating departments.
- Increased content and published special-interest stories related to City Council and organizational goals; expanded social media outreach and further link updates with priorities; provided responsive, informed and timely information to community, public and media stakeholders.
- Supported Police Department with ongoing organizational assessment needs at Animal Services.
- Engaged the Federal government for several initiatives including discussions with FAA, Congress, and San Francisco Airport to address impacts of air traffic and strengthened relationship with US Veterans Administration - Palo Alto Hospital regarding the Bol Park Bike Path trail.
- Continued the growth of the City's comprehensive state and federal legislative program by obtaining Council's approval of both an updated Legislative Program Manual and Spring 2015 Semi-Annual Legislative Strategic Initiatives document.

Initiatives

- Continue partnership with the Planning Department on critical land use and transportation initiatives: Our Palo Alto, Comprehensive Plan Redraft, Parking and Retail Preservation Ordinance.
- Launch Phase Two of the Business Registry Online tool, which will integrate with other systems and processes at the Development Center.
- Continue efforts with San Francisquito Creek Joint Power Association (JPA) regarding the flood control project.
- Continue to enhance organizational strategic planning, workplans, and performance management.
- Partner with business groups and service providers to create events and highlight available resources for small businesses.
- Partner with key city departments to increase the effectiveness of community outreach and broaden citizen participation.
- Further advance the city's digital engagement and online presence and increase quality content and visual storytelling across multiple communications platforms.
- Strengthen sense of community and connection among Palo Alto neighbors through continued administration of the Know Your Neighbor Grants program.
- Continue City's comprehensive state and federal legislative program.

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 qualified, 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 Program (CIP) 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 and communications platforms 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

OPEN GOVERNMENT AND COMMUNICATION



Goal	Promote and sustain citizen participation and engagement in public matters.				
Objective	Preserve transparency and enhance communication with the public.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of surveyed residents rating the City's public information services as "Good" or "Excellent" in the National Citizen Survey (NCS):	73%	79%	82%	82%	85%
Percentage of surveyed residents rating opportunities to learn about City's service through social media as "Good" or "Excellent" in the National Citizen Survey (NCS)	71%	73%	75%	75%	78%
Description	The City participates in the National Citizen Survey (NCS), which asks residents to rate their perception of local government media services. The NCS is a collaborative effort between National Research Center, Inc., and the International City/County Management Association. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community.				
Purpose	Robust levels of community awareness and participation demand communication systems that are timely, accurate, meaningful, and readily accessible.				
Status	Although Palo Alto continues to rank above the benchmark, the City will be expanding efforts to increase transparency, information sharing and outreach.				

ECONOMIC VITALITY



Goal	Advocate sound financial planning by developing and implementing Operating and Capital Improvement Program (CIP) budgets.				
Objective	Balance and manage economic growth and development initiatives.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Palo Alto's economic development rated as "Good" or "Excellent" in the National Citizen Survey (NCS)	61%	73%	75%	75%	77%
Overall quality of business and service establishments rated as "Good" or "Excellent" in the National Citizen Survey (NCS)	71%	79%	80%	80%	82%
Description	The City participates in the National Citizen Survey (NCS), which asks residents to rate their perception of economic development and business and service establishments. The NCS is a collaborative effort between National Research Center, Inc., and the International City/County Management Association. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community.				
Purpose	Understanding the community perception of the business environment allows staff to work with developers and investors to ensure the right make-up of business and services are located in Palo Alto.				
Status	The new hotels and retail along with a redesigned California Ave. lead staff to believe that the economic view of the City will continue to increase in 2015 and 2016.				

CITIZEN SATISFACTION



Goal	Lead the City's management team to ensure the provision of high-quality, cost effective, and customer-focused services.				
Objective	Facilitate a high level of citizen satisfaction with City services.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of survey respondents who rated the Quality of City Services as "Good" or "Excellent" in the National Citizen Survey (NCS)	84%	83%	85%	85%	87%
Percent of survey respondents who rated the Value of Services for the Taxes Paid as "Good" or "Excellent" in the National Citizen Survey (NCS)	66%	66%	68%	68%	70%
Percent of survey respondents who rated the Overall Image or Reputation of the City as "Good" or "Excellent" in the National Citizen Survey (NCS)	90%	92%	94%	94%	96%
Description	The City participates in the National Citizen Survey (NCS), which is a collaborative effort between National Research Center, Inc. and the International City/County Management Association. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community.				
Purpose	Residents' feedback on the quality of services provided by the City allows staff to evaluate performance and identify opportunities for improvement.				
Status	The City's investment in facilities and programs lead staff to predict that these indicators will increase for 2015/2016.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of staff reports issued	557	690	500	700	725
Number of City Council and City Council Committee meetings	103	103	125	97	100
Total Hours of City Council and City Council Committee meetings (does not reflect staffing hours total)	318	334	375	375	390

Budget Summary

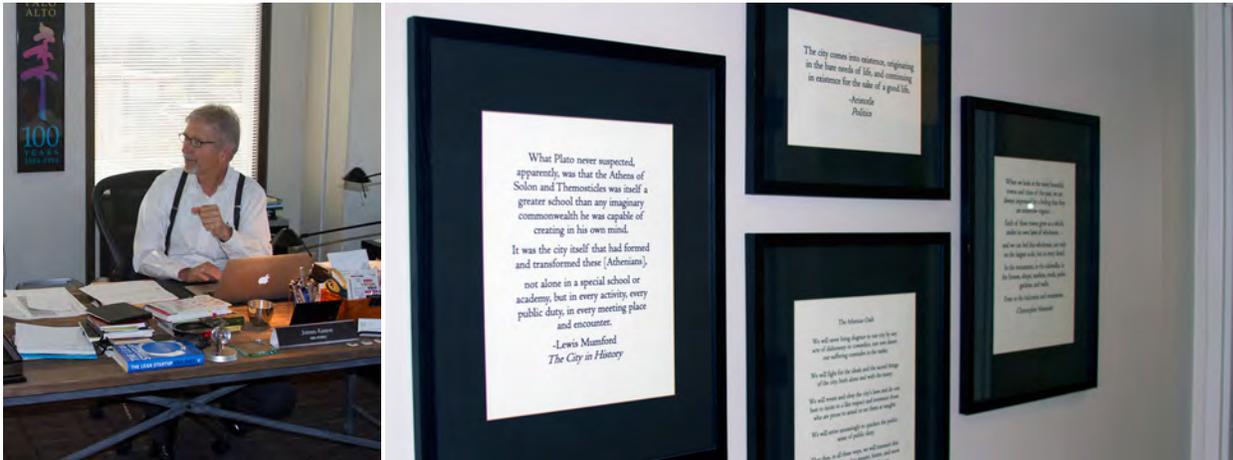
	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Administration and City Management	1,964,416	2,247,824	2,087,851	2,511,482	423,631	20.3%
Economic Development	276,904	303,747	267,080	261,545	(5,536)	(2.1)%
Public Communication	197,860	220,495	375,412	237,146	(138,266)	(36.8)%
Total	2,439,180	2,772,067	2,730,343	3,010,172	279,830	10.2%
Dollars by Category						
Salary & Benefits						
Healthcare	132,022	144,252	174,909	184,745	9,835	5.6%
Other Benefits	127,540	110,389	54,089	58,700	4,611	8.5%
Overtime	—	9	2,665	—	(2,665)	(100.0)%
Pension	264,758	284,372	343,936	368,728	24,792	7.2%
Retiree Medical	135,766	136,616	105,936	126,693	20,757	19.6%
Salary	1,186,883	1,356,945	1,375,892	1,454,683	78,791	5.7%
Workers' Compensation	6,101	6,042	4,764	5,110	346	7.3%
Total Salary & Benefits	1,853,071	2,038,625	2,062,191	2,198,658	136,467	6.6%
Allocated Charges	167,710	108,104	138,086	156,448	18,362	13.3%
Contract Services	298,342	405,920	461,185	561,185	100,000	21.7%
Facilities & Equipment	—	73,824	—	—	—	—%
General Expense	109,465	132,009	54,391	79,391	25,000	46.0%
Operating Transfers-Out	2,039	2,039	2,039	2,039	—	—%
Rents & Leases	48	69	150	150	—	—%
Supplies & Material	8,505	11,477	12,301	12,301	—	—%
Total Dollars by Expense Category	2,439,180	2,772,067	2,730,343	3,010,172	279,830	10.2%
Revenues						
Charges to Other Funds	1,140,802	737,702	772,236	923,641	151,405	19.6%
Other Revenue	6,000	14,837	—	—	—	—%
Total Revenues	1,146,802	752,539	772,236	923,641	151,405	19.6%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Positions by Division						
Administration and City Management	7.60	7.10	7.10	7.10	—	—%
Economic Development	1.05	1.05	1.10	1.00	(0.10)	(9.09)%
Public Communication	0.90	0.90	0.90	0.90	—	—%
Total	9.55	9.05	9.10	9.00	(0.10)	(1.10)%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Administrative Assistant	1.00	1.00	1.00	1.00	—	78,718
Administrative Associate III	1.00	1.00	1.00	1.00	—	63,533
Assistant City Manager	1.00	1.00	2.00	2.00	—	403,262
Assistant to the City Manager	1.05	1.00	—	—	—	—
Chief Communications Officer	1.00	1.00	1.00	1.00	—	190,296
Chief Sustainability Officer	—	0.05	0.05	—	(0.05)	—
City Manager	1.00	1.00	1.00	1.00	—	286,364
Deputy City Manager	0.50	—	—	—	—	—
Executive Assistant to the City Manager	1.00	1.00	1.00	1.00	—	99,009
Manager Communications	1.00	1.00	1.00	1.00	—	108,332
Manager Economic Development	1.00	1.00	1.00	1.00	—	144,415
Sub-total: Full-Time Equivalent Positions	9.55	9.05	9.05	9.00	(0.05)	1,478,864
Temporary/Hourly	—	—	0.05	—	(0.05)	—
Total	9.55	9.05	9.10	9.00	(0.10)	1,478,864



Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	9.10	2,730,343	772,236	1,958,107
Base Adjustments				
One Time Prior Year Expenditures Deleted				
Sustainability Office Temporary Staffing	(0.05)	(7,635)	—	(7,635)
Our Palo Alto	—	(150,000)	—	(150,000)
One Time Prior Year Expenditures	(0.05)	(157,635)	—	(157,635)
Adjustments to Costs of Ongoing Activities				
Salaries and Benefits Adjustments	—	150,626	—	150,626
0.05 FTE Office of Sustainability Director reallocation from the City Manager's Office to the Office of Sustainability	(0.05)	(6,524)	—	(6,524)
Know Your Neighbor Program	—	25,000	—	25,000
General Fund Cost Allocation Plan Charges Adjustment	—	—	151,405	(151,405)
General Liability Insurance Allocated Charges Adjustment	—	4,981	—	(151,405)
Information Technology Allocated Charges Adjust.	—	41,210	—	41,210
Printing and Mailing Allocated Charges Adjustment	—	(27,829)	—	(27,829)
Adjustments to Costs of Ongoing Activities	(0.05)	187,464	151,405	(120,327)
Total FY 2016 Base Budget	9.00	2,760,172	923,641	1,680,145
Budget Adjustments				
1 Animal Services Transitional Funding	—	250,000	—	250,000
Total Budget Adjustments	—	250,000	—	250,000
Total FY 2016 Proposed Budget	9.00	3,010,172	923,641	1,930,145

CITY MANAGER

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Animal Services Transitional Funding	0.00	250,000	0	250,000

This action provides transitional funding to seek a partner to operate the animal shelter. The transitional funding will allow staff to find a consultant who will provide expertise to transition operation to a non-profit and engage the community with this effort.

Performance Results

The eventual transition to a non-profit partner to operate the shelter will keep the animal services function sustainable and viable long-term.

ADMINISTRATIVE SERVICES

Mission Statement



The Administrative Services Department strives to provide proactive financial and analytical support to City departments and decision makers, and to safeguard and facilitate the optimal use of City resources.

Purpose



The purpose of the Administrative Services Department is to provide excellent customer service to decision makers, the public, employees, and City departments; to provide analytical, organizational, and administrative support for a wide variety

of projects; to record, monitor, and protect City assets in a responsible manner; to provide essential financial management and forecasting reports; and to prepare and present financial reporting to various committees and City Council.

ADMINISTRATIVE SERVICES



Description

The Administrative Services Department is responsible for the following functions:

ADMINISTRATION

Provides financial, analytical, budget, strategic, and administrative support services for the department and organization.

ACCOUNTING

Performs financial transactions and provides accurate, timely and reliable financial information for internal and external customers, including vendor payments, payroll, and financial reporting.

PURCHASING AND CONTRACTS

Works with departments to facilitate their purchasing and contracting needs in a timely, efficient, and customer-oriented manner.

OFFICE OF MANAGEMENT AND BUDGET (OMB)

Oversees the citywide budget preparation, review and analysis, performance measures, and budget monitoring.

PROPERTY MANAGEMENT AND ACQUISITION

Provides asset management, acquires property rights, manages leasing of City's properties, prepares real estate agreements, completes easement acquisition/vacation, negotiates real estate deals and provides real estate services citywide.

TREASURY

Collects, safeguards, and invests revenue; issues and manages debt; and provides print shop and warehouse services,

Accomplishments

- Completed the Fiscal Year 2016-2025 General Fund Long Range Financial Forecast to assist the City Council in their decision making.
- Facilitated the maintenance of the City's AAA credit rating, which results in the lowest possible borrowing costs.
- Managed the City's real estate assets resulting in total costs savings and revenue enhancements of \$480,000.
- Continued implementation of a strategic plan for the department emphasizing four focus areas: customer service, innovation, best practices, and employee excellence.

ADMINISTRATIVE SERVICES

- Began implementation of the citywide procurement process recommendations to improve efficiency and align with industry best practices, including citywide training, standardized processes, and hiring of Chief Procurement Official.
- Implemented eSignature in the purchasing process which will help the city achieve significant efficiency gains over current paper processes; began citywide rollout.
- Implemented the new Questica budget system for development of the annual 10-year General Fund Financial Forecast, operating and capital budgets, municipal fee management, and performance measure management.

Initiatives

- Continue implementation of the ASD strategic plan in four focus areas: high quality customer service, innovation and continuous improvement, best practices, and employee excellence.
- Upgrade Revenue Collections Core system, implement electronic signature for contracts and other forms.
- Implement new procurement process improvement recommendations, including the new eProcurement system for managing solicitations and vendor relations.
- Implement department-wide, technology-focused, and core competency training (e.g., SAP system, customer service).
- Implement electronic invoice management to streamline the payment process and reduce processing time.
- Implement the Budget System internal dashboard functionality.

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Fund						
California Avenue Parking Permits	—	53,384	55,719	57,593	1,874	3.4%
Capital Improvement Fund	(209,561)	195,723	216,701	222,072	5,371	2.5%
General Fund-Operating	7,042,210	7,092,521	7,175,372	7,634,910	459,538	6.4%
Printing & Mailing Services Fund	1,068,857	1,324,621	1,409,577	1,552,546	142,969	10.1%
University Avenue Parking Permits	—	123,324	143,456	147,683	4,227	2.9%
Total	7,901,507	8,789,573	9,000,825	9,614,804	613,978	6.8%
Revenues						
Charges for Services	10,905	17,531	8,400	12,000	3,600	42.9%
Charges to Other Funds	4,996,918	5,386,340	4,870,518	5,668,108	797,590	16.4%
Operating Transfers-In	1,336,115	1,347,629	—	—	—	—%
Other Revenue	89,673	100,570	46,400	51,400	5,000	10.8%
Return on Investments	80,144	1,576	600	400	(200)	(33.3)%
Total Revenues	6,513,755	6,853,647	4,925,918	5,731,908	805,990	16.4%
Positions by Fund						
California Avenue Parking Permits	—	0.52	0.52	0.52	—	—%
Capital Improvement Fund	1.20	1.20	1.20	1.20	—	—%
General Fund-Operating	42.52	41.47	42.22	41.52	(0.70)	(1.69)%
Printing & Mailing Services Fund	1.67	1.62	1.62	1.62	—	—%
University Avenue Parking Permits	—	1.14	1.14	1.14	—	—%
Total	45.39	45.95	46.70	45.52	(0.70)	(1.50)%

GENERAL FUND

Goals and Objectives

GOAL 1

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

Objectives:

- Assist with implementation of Council's Infrastructure Plan by providing financial planning and issuance of debt.
- Advance the cost of services study, analyze alternative service delivery models, and seek Council approval of the User Fee Cost Recovery Level Policy.
- Review opportunities for new and/or enhanced revenues.
- Analyze options for reducing the City's pension and retiree healthcare long-term liabilities.
- Provide long-term recommendations and strategies for City's real estate assets and risk reduction.
- Manage real estate assets effectively to enhance revenue and reduce cost.
- Recommend a strategically balanced budget within Council-approved reserve levels for City Council consideration.
- Assist with ongoing labor negotiations with analysis of labor and City proposals.

GOAL 2

- Provide timely and accurate financial reporting and transactions.

Objectives:

- Ensure that payroll processing, vendor payments, budget, and annual financial reporting are clear, timely, and accurate.
- Review the existing accounting structure with an eye toward simplicity and to ensure that particular business needs of departments are being met.
- Enhance financial reporting mechanisms to ensure that departmental financial information is relevant and timely.

GOAL 3

- Ensure public funds and assets are invested prudently and are well-managed.

Objectives:

- Ensure sufficient cash is always available to meet current expenditures.
- Maintain a reasonable rate of return on investments.
- Optimize, whenever possible, the full use of facilities.

GOAL 4

- Implement performance management programs to support and enhance communication, accountability, and positive outcomes.

Objectives:

- Implement a citywide performance management system with dashboard capability that manages department objectives by leveraging financial and statistical data to measure performance.
- Continue refining the Comprehensive Annual Financial Report and budget documents to enhance communication.
- Continue developing and implementing Procurement and Inventory process improvements.
- Explore additional technological tools to assist in customer service and efficiencies.
- Continue to implement eSignature technology in business processes.
- Implement improvements for purchasing process, including implementing e-procurement.
- Extend training program for purchasing process throughout the City.
- Implement California Society of Municipal Finance Officers (CSMFO) fiscal health diagnostic best practices methodology.

GOAL 5

- Implement the ASD Strategic Plan in the focus areas of customer service, innovation, best practices, and employee excellence.

Objectives:

- Develop a succession plan for the department.
- Review ASD policies and procedures for updating or enhancement opportunity.
- Implement recommendations from the procurement process assessment to create efficiencies and update on best practices.
- Introduce online reporting of key data so the organization has access to information - a finance dashboard.
- Enhance training plans for employees.
- Hold a meeting with ASD employees to discuss Strategic Plan work plan, status, and added value assessment.

Key Performance Measures

ANNUAL PERCENTAGE YIELD ON INVESTMENTS

 Goal	Ensure public funds and assets are invested prudently and are well-managed.				
Objective	Maintain a reasonable rate of return on investments.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Annual percentage yield on investments	2.46%	2.21%	2.07%	1.90%	1.85%
Description	This measure tracks the City's annual rate of return on investments while following primary objectives (in priority order) of safety, liquidity, and yield.				
Purpose	A stable rate of return helps to grow the City's investment portfolio, and is one component in measuring the City's financial rating.				
Status	Due to a declining interest rate environment, the City's adopted goal of 2.07 percent will not be achieved so the revised or estimated goal is 1.90 percent. In an annual investment survey conducted by the City of San Mateo on seven other local cities for fiscal year 2014, the average yield on their investments was 0.77 percent.				

ASD CUSTOMER SERVICE SURVEY

 Goal	Implement performance management programs to support and enhance communication, accountability, and positive outcomes.				
Objective	Implement the ASD Strategic Plan in the focus areas of customer service, innovation, best practices, and employee excellence.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of survey respondents rating the services provided by ASD as excellent and good.	N/A	83%	87%	82%	90%
Description	This measure is an important assessment of how well ASD is supporting its internal customers.				
Purpose	To obtain feedback from our internal customers on areas that ASD is doing well and areas that can be improved.				
Status	The most recent survey was administered in March 2015. The overall level of customer satisfaction was 82 percent. This ASD Customer Service survey is also being used in the ASD Strategic Plan.				

AVERAGE PROCESSING TIME FOR PURCHASE REQUISITIONS

Goal	Implement performance management programs to support and enhance communication, accountability, and positive outcomes.				
Objective	Continue developing and implementing Procurement and Inventory process improvements.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Track the average time from the receipt of a Purchase Requisition to issuance of a Purchase Order	38 days	30 days	N/A	20 days	15 days
Description	The City is required to follow procurement rules and regulations as outlined in the Municipal Code and State Law to ensure open and fair competition and the most cost-effective use of tax dollars. In compliance with existing rules and regulations, ASD endeavors to provide goods and services as quickly as possible to City departments.				
Purpose	To measure the average processing time for Purchase Requisitions in order to identify processing improvements while being compliant with existing rules and regulations.				
Status	This is a new measure.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of P-card (City credit card) transactions	18,981	17,885	20,433	18,230	19,000
Number of purchase orders and purchase requisitions processed	1,945	2,047	2,093	2,040	1,750
Total amount of cash and investments (as of June 30)	\$527.9 million	\$472.0 million	\$525.1 million	\$521.1 million	\$516.0 million

ADMINISTRATIVE SERVICES

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Accounting	1,710,149	1,751,790	1,896,075	1,958,610	62,535	3.3%
Administration	840,450	692,367	555,556	686,172	130,616	23.5%
Office of Management and Budget	1,054,460	1,231,281	1,296,242	1,393,539	97,297	7.5%
Purchasing	1,301,936	1,598,009	1,448,065	1,497,480	49,415	3.4%
Real Estate	583,962	532,047	598,997	643,402	44,405	7.4%
Treasury	1,551,254	1,287,026	1,380,436	1,455,706	75,271	5.5%
Total	7,042,210	7,092,520	7,175,372	7,634,910	459,538	6.4%
Dollars by Category						
Salary & Benefits						
Healthcare	557,885	575,728	615,879	635,597	19,719	3.2%
Other Benefits	249,625	158,000	160,465	169,464	8,999	5.6%
Overtime	27,999	24,134	33,723	33,723	—	—%
Pension	733,199	876,252	948,644	1,030,429	81,785	8.6%
Retiree Medical	585,000	381,699	523,211	574,000	50,789	9.7%
Salary	3,601,535	3,763,900	3,838,780	4,041,979	203,199	5.3%
Workers' Compensation	43,379	85,141	33,216	71,995	38,779	116.7%
Total Salary & Benefits	5,798,621	5,864,853	6,153,917	6,557,186	403,269	6.6%
Allocated Charges	616,605	393,601	412,149	448,276	36,127	8.8%
Contract Services	246,148	535,484	285,875	316,321	30,446	10.7%
Facilities & Equipment	15,243	20,506	4,200	6,200	2,000	47.6%
General Expense	288,345	221,431	259,569	249,105	(10,464)	(4.0)%
Rents & Leases	13,574	11,153	12,364	12,364	—	—%
Supplies & Material	63,674	45,493	47,297	45,457	(1,840)	(3.9)%
Total Dollars by Expense Category	7,042,210	7,092,520	7,175,372	7,634,910	459,538	6.4%
Revenues						
Charges for Services	10,905	17,531	8,400	12,000	3,600	42.9%
Charges to Other Funds	3,927,723	4,059,493	3,490,518	4,115,962	625,444	17.9%
Operating Transfers-In	45,000	—	—	—	—	—%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Other Revenue	89,673	100,570	46,400	51,400	5,000	10.8%
Total Revenues	4,073,301	4,177,595	3,545,318	4,179,362	634,044	17.9%

Positions by Division

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Accounting	14.04	14.28	13.90	12.90	(1.00)	(7.19)%
Administration	1.22	1.05	1.30	1.60	0.30	23.08%
Office of Management and Budget	6.56	6.81	6.82	6.62	(0.20)	(2.93)%
Purchasing	8.90	9.57	9.83	9.83	—	—%
Real Estate	2.57	2.50	2.60	2.80	0.20	7.65%
Treasury	9.23	7.26	7.77	7.77	—	—%
Total	42.52	41.47	42.22	41.52	(0.70)	(1.69)%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Account Specialist	7.00	5.95	5.95	4.95	(1.00)	301,348
Account Specialist-Lead	5.00	4.59	4.59	4.59	—	302,083
Accountant	2.00	2.00	2.00	3.00	1.00	240,300
Administrative Assistant	1.00	1.00	1.00	1.00	—	87,150
Administrative Associate III	1.00	1.00	1.00	1.00	—	70,396
Assistant Director Admin. Services	1.80	1.65	1.65	1.75	0.10	327,510
Buyer	1.95	2.00	2.00	2.00	—	173,457
Chief Procurement Officer	1.00	1.00	1.00	1.00	—	128,342
Contracts Administrator	1.40	1.70	1.70	1.70	—	176,306
Director Admin. Services/CFO	0.55	0.70	0.70	0.70	—	156,359
Director Office of Mgmt. & Budget	1.00	1.00	1.00	1.00	—	188,414
Manager Accounting	1.00	1.00	1.00	1.00	—	147,962
Manager Budget	—	—	—	1.00	1.00	142,684
Manager Real Property	1.00	1.00	1.00	1.00	—	137,124
Manager Revenue Collections	—	—	—	0.70	0.70	94,654
Manager Treasury, Debt & Investments	—	—	—	1.00	1.00	131,185

ADMINISTRATIVE SERVICES

Staffing

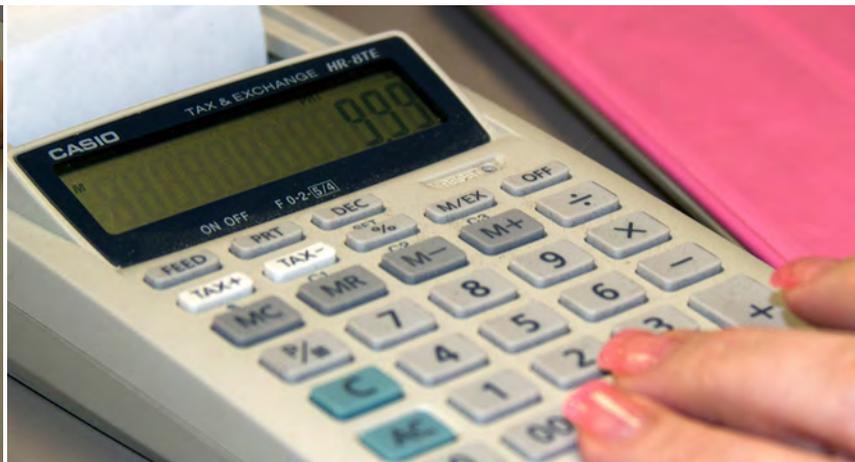
	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Payroll Analyst	2.00	2.00	2.00	2.00	—	130,426
Principal Management Analyst	1.00	1.00	1.00	—	(1.00)	—
Senior Accountant	3.00	3.00	3.00	3.00	—	289,456
Senior Management Analyst	6.10	5.90	5.90	4.20	(1.70)	493,727
Storekeeper-Lead	1.00	1.00	1.00	1.00	—	68,501
Warehouse Supervisor	0.50	0.50	0.50	0.50	—	51,397
Sub-total: Full-Time Equivalent Positions	39.30	37.99	37.99	38.09	0.10	3,838,781
Temporary/Hourly	3.22	3.48	4.23	3.43	(0.80)	191,003
Total	42.52	41.47	42.22	41.52	(0.70)	4,029,784

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	42.22	7,175,372	3,545,318	3,630,054
Base Adjustments				
One Time Prior Year Expenditures Deleted				
Electronic Data Storage	—	(15,000)	—	(15,000)
One Time Prior Year Expenditures Deleted	—	(15,000)	—	(15,000)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	397,231	—	397,231
Temporary Salaries Adjustment	(0.80)	(40,287)	—	(40,287)
0.1 FTE Assistant Director of Administrative Services Dept reallocation from Information Technology Services Dept.	0.10	26,631	—	26,631
Sale of Salvage from Stores Revenue Adjustment	—	—	5,000	(5,000)
Easement Fee Revenue Adjustment	—	—	3,600	(3,600)
Reallocated Contract Dollars To Temporary Salaries Adjustment	—	(24,858)	—	(24,858)
General Fund Cost Allocation Plan Charges Adjustment	—	—	625,444	(625,444)
General Liability Allocation Charges Adjustment	—	21,686	—	21,686
Information Technology Allocated Charges Adjustment	—	8,636	—	8,636
Printing and Mailing Allocated Charges Adjustment	—	5,805	—	5,805

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Adjustments to Costs of Ongoing Activities	(0.70)	394,844	634,044	(239,200)
Total FY 2016 Base Budget	41.52	7,555,216	4,179,362	3,375,854
Budget Adjustments				
1 Accounting and Treasury Division Staffing Alignments	—	19,694	—	19,694
2 Priority Based Budgeting Consultant Support	—	60,000	—	60,000
3 Principal Management Analyst to Budget Manager Title Change	—	0	—	0
Total Budget Adjustments	—	79,694	—	79,694
Total FY 2016 Adopted Budget	41.52	7,634,910	4,179,362	3,455,548



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Accounting and Treasury Division Staffing Alignments	0.00	19,694	0	19,694

This action reclassifies two positions to better align the job classification with the duties currently required of staff. 1.0 Administrative Specialist position in the Enterprise Accounting group is reclassified to 1.0 Accountant as the job duties have changed to focus on analytical accounting tasks (\$11,178). 1.0 Senior Management Analyst is reclassified to 1.0 Manager of Debt and Investments as the position has assumed more responsibilities in the Treasury Division (\$8,516). (Ongoing: \$19,694)

Performance Results



The staffing reclassifications will better align current staffing positions to accurately reflect current duties of the positions, and meet the future operational needs of the Accounting and Treasury divisions.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
2 Priority Based Budgeting Consultant Support	0.00	60,000	0	60,000

This action funds consultant services to assist the Office of Management and Budget with implementing a priority based budget process. With the priority based budgeting process, staff will review the organization at a programmatic level. The consultant will guide staff with identifying programs and assigning staff and costs to these programs. Programs and services will then be evaluated to determine the degree to which they contribute to the achievement of broad outcomes and certain attributes such as: the degree that they are legally mandated; whether they can be provided by the non-profit and private sector; which constituency they serve; foreseeable change in demand of service; and the cost recovery level. Once complete, the analysis will inform recommendations for performance measures and management at the programmatic level and potential alternative service delivery for programs. It is important to note that even with the consultant support this effort will require substantial involvement from staff in all departments. (Ongoing: \$0)

Performance Results



The expected outcome of the study is a comprehensive understanding of all the programs the City offers; identification of cross-departmental programs; and programs to be evaluated for alternative service delivery.

3 Principal Management Analyst to Budget Manager Title Change	0.00	0	0	0
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This action amends the Table of Organization by retitling the Principal Management Analyst position to Budget Manager to more accurately reflect the duties of the position. (Ongoing: \$0)

Performance Results

No impacts to current service levels are anticipated as a result of this title change.

PRINTING AND MAILING SERVICES FUND

Accomplishments

- Maintained California Green Business certification in calendar year 2015.
- Processed 340,000 utility bills.
- Reduced volume of color outsourcing by 80%.
- Maintained timelines for producing council packets.

Initiatives

- Maintain a high level of customer service for Printing and Mailing.
- Provide quality printing products.
- Continue to improve ability to produce color requests.

Goals and Objectives

GOAL 1

- Provide timely and high quality services for City departments.

Objectives:

- Continue analyzing additional cost saving options.
- Ensure timely distribution of mail and utility bills.
- Ensure timely creation and distribution of City Council and Committee packets.
- To partner with purchasing to complete the process for City wide copier replacement.
Reduce outsourcing of color job requests with the implementation of new color equipment.

ADMINISTRATIVE SERVICES

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Fund						
Printing & Mailing Services Fund	1,068,857	1,324,621	1,409,577	1,552,546	142,969	10.1%
Total	1,068,858	1,324,621	1,409,577	1,552,546	142,969	10.1%
Dollars by Category						
Salary & Benefits						
Healthcare	29,256	30,475	30,374	31,428	1,054	3.5%
Other Benefits	7,024	3,554	3,330	3,402	72	2.2%
Overtime	1,429	877	—	—	—	—%
Pension	22,987	24,988	26,166	27,429	1,263	4.8%
Retiree Medical	—	40,156	61,815	64,000	2,185	3.5%
Salary	100,389	98,730	101,021	103,081	2,060	2.0%
Workers' Compensation	4,801	226	2,308	193	(2,115)	(91.6)%
Total Salary & Benefits	165,886	199,006	225,014	229,533	4,519	2.0%
Allocated Charges	107,470	116,102	147,854	188,477	40,622	27.5%
Contract Services	205,902	178,157	165,511	165,511	—	—%
Facilities & Equipment	—	—	—	53,000	53,000	—%
General Expense	355,000	352,000	398,500	398,500	—	—%
Rents & Leases	146,015	379,638	392,440	437,267	44,827	11.4%
Supplies & Material	88,585	99,720	80,258	80,258	—	—%
Total Dollars by Expense Category	1,068,857	1,324,621	1,409,577	1,552,546	142,969	10.1%
Revenues						
Charges to Other Funds	1,069,195	1,326,847	1,380,000	1,552,146	172,146	12.5%
Return on Investments	(888)	1,576	600	400	(200)	(33.3)%
Total Revenues	1,068,307	1,328,423	1,380,600	1,552,546	171,946	12.5%
Positions by Division						
Printing and Mailing	1.67	1.62	1.62	1.62	—	—%
Total	1.67	1.62	1.62	1.62	—	—%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Buyer	0.05	—	—	—	—	—
Manager Revenue Collections	—	—	—	0.10	0.10	13,522
Offset Equipment Operator	1.52	1.52	1.52	1.52	—	88,663
Senior Management Analyst	0.10	0.10	0.10	—	(0.10)	—
Total	1.67	1.62	1.62	1.62	—	102,185

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Printing and Mailing Services
Prior Year Budget	1.62	1,409,577	1,380,600	28,977
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	4,519	—	4,519
Rents and Leases Expenditure Adjustment	—	44,827	—	44,827
General Fund Administrative Cost Plan Adjustment	—	24,518	—	24,518
General Liability Allocation Charges Adjustment	—	870	—	870
Information Technology Allocated Charges Adjustment	—	15,235	—	15,235
Charges to Other Funds - Print and Mail Services Revenue Adjustment	—	—	172,146	(172,146)
Return on Investments Revenue Adjustments	—	—	(200)	200
Adjustments to Costs of Ongoing Activities	—	89,969	171,946	(81,977)
Total FY 2016 Base Budget	1.62	1,499,547	1,552,546	(53,000)
Budget Adjustments				
1 Postage Meter Replacement	—	53,000	—	53,000
Total Budget Adjustments	—	53,000	—	53,000
Total FY 2016 Adopted Budget	1.62	1,552,547	1,552,546	—

ADMINISTRATIVE SERVICES



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Printing and Mailing Services Fund
1 Postage Meter Replacement	0.00	53,000	0	53,000

This action replaces and upgrades two pieces of postage meters. The meters weigh, stamp the appropriate postage, and fold envelopes. The current equipment was purchased in 2005 and is at the end of its life cycle. Additionally, the age of the meters creates problems in obtaining replacement parts. The manufacturer (Pitney Bowes) no longer produces new parts, causing staff to spend time locating reconditioned/used parts. The manufacturer will also be discontinuing maintenance support in 2016. This cost also includes purchase of a new computer (Ongoing: \$0)

Performance Results



The new postage machine will provide a more reliable postage and mailing product. It will reduce staff resources needed to support its maintenance and increase the efficiency of the mail room.

COMMUNITY SERVICES

Mission Statement



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.

Purpose



The purpose of the Community Services Department is to provide a diverse range of quality programs and services that are highly valued and relevant to the needs of the community. Community Services aims to develop and provide programs for increased knowledge, creativity, artistic

expression, physical activity, social help, and enjoyment of the outdoors; seeks to be responsible stewards of the many unique community assets including open space, parks and their related interpretive centers, Children's Theatre, Palo Alto Art Center, Junior Museum and Zoo and three community centers at Cubberley, Mitchell Park and Lucie Stern and the Palo Alto Public Art collection; and seeks to provide comfortable, safe, and attractive facilities; strive for sustainable practices that lower our carbon footprint, and develop and maintain mutually beneficial partnerships and collaborations with local organizations, businesses, individuals and foundations to achieve our mission.

COMMUNITY SERVICES



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

Description

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

ARTS AND SCIENCES

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, the Cubberley Artist Studios Program, and Art in Public Places.

OPEN SPACE, PARKS, AND GOLF

Maintains nature interpretive centers 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 AND CUBBERLEY

Provides a diverse range of programs and activities for the community; establishing a culture of health and well-being for families and individuals of all ages. Programs include childhood learning, youth development, teen services, organized sports, aquatics, special events, and a wide variety of adult recreation classes.

OFFICE OF HUMAN SERVICES

Provides assistance to people in need by funding and coordinating grants to nonprofit organizations through the Human Services Resource Allocation Process (HSRAP), while also referring those in need to services in Palo Alto and throughout the county. In addition, Human Services manages Project Safety Net, a community collaboration focusing on suicide prevention and youth well-being.

Accomplishments

- The Parks, Open Space, and Golf Division continued to make significant headway in improving Palo Alto's space preserves. Open Space staff and the Fire Department worked together to further implement the Foothills Fire Management Plan. The evacuation route along Arastradero Road has been cleared significantly, increasing the safety of that route. Parks staff worked with the San Mateo County Resource Conservation District to remove a major fish passage barrier, the Bonde Weir, from San Francisquito Creek along El Palo Alto Park. In collaboration with the Public Works Department, approximately one mile of new trails were constructed in the newly expanded areas of Byxbee Park.
- Construction of the Magical Bridge Universal Access Playground at Mitchell Park began and is anticipated to be completed by April 2015. The Magical Bridge Playground will not only

COMMUNITY SERVICES

provide a vibrant selection of play, discovery and imagination-inspiring components, but will also be an inviting place where all children – regardless of abilities or limitations – can come together to play and socialize without physical and social barriers.

- The new Mitchell Park Library and Community Center opened its doors to the public on November 6, 2014 in a ‘soft’ launch that allowed community to have full access to the new state-of-the-art facility. On December 6, 2014 the entire community celebrated with a grand opening event that included a full day of free activities geared toward all ages. Programs include a vibrant teen center, a wide range of diverse, creative and relevant classes for people of all ages, and a facility rental program.
- Cubberley Artist Studio Program (CASP) was re-imagined to support more diversity and access for artists needing studio space. This year the CASP program selected 28 incumbent and new artists working in a broad spectrum of media. Currently, the community service element of the program is being developed which will result in public programs including artists’ talks, workshops, cultural programs, performance art, poetry readings, and other participatory events.
- The Public Art Program implemented the Public Art in Private Development Ordinance and now has more than ten private development projects commissioning art on site. The City Council also updated the Public Art Program for municipal projects, and staff initiated a Public Art Master Planning process. Four major works of art at Mitchell Park Library and Community Center were unveiled, new art at the Regional Water Quality Control Plant was installed, and a dynamic series of sculptures at the Rinconada Library and Art Center campus are now available for the public to experience, which are engaging visitors day and night.
- The Art Center received three prestigious awards, including - for the second time - the California State Superintendent’s Award for Excellence in Museum Education for Cultural Kaleidoscope. The Art Center was selected through a competitive process as one of 20 organizations. The Art Center was also awarded more than \$300,000 in grants including the Yellow Chair Foundation, David and Lucile Packard Foundation, Creative Work Fund, National Endowment for the Arts, California Arts Council, and William and Flora Hewlett Foundation.
- With funding from the Packard Foundation, the Palo Alto Junior Museum and Zoo (JMZ) expanded the number of days the City provides exclusive access to the museum and zoo for families with children with special needs from two times per year to six times per year. The JMZ expanded science education lessons for under-served schools in East Palo Alto funded by the Friends of the JMZ. The zoo has also joined the International Species Inventory System – the shared database used to manage animal collections in accredited zoos worldwide.
- The Children’s Theatre continued its four-year trend of increased revenue and participation in all areas of programming. Increased participation and attendance were realized for its 26 production season, and extensive arts education programming, plus additional programs such as the Teen Arts Council, which has experienced record breaking participation in membership and attendance of events such as theatrical productions, an Open Mic Series, Movie Nights, and other original programming.

- The department launched several marketing initiatives including Enjoy! Enewsletter, highlighting Community Services Department current events, programs and services at a glance. The Enjoy! Enewsletter is sent to a list of 7,500 subscribers each week. Also completed this year was a photography initiative for department promotional materials covering 100 camps, classes, and events; the creation of high quality brochures for Palo Alto community centers, facility rentals and programs; and the creation and installation of 68 banners in downtown that promote our programs and facilities.

Initiatives

- Community Services will foster a culture of lifelong learning and inspiration for staff that propels all staff into pursuing personal excellence in the workplace, thereby increasing their performance, creative problem solving skills and maximized contribution to the agency. The culture of lifelong learning will include outstanding professional development and team building opportunities.
- Completion of the Parks, Trails, Open Space and Recreation Master Plan. The master plan will provide the City with guidance regarding future renovations and capital improvement needs for parks, trails, open space and recreation facilities.
- The department will evaluate the cost recovery of programs and services with the Office of Management and Budget and consider appropriateness of fees for services in relation to the pending User Fee Cost Recovery Level Policy.
- Pending regulatory permits, staff plans to begin the renovation and reconfiguration of the existing Palo Alto Municipal Golf Course. The need for Golf Course reconfiguration work was initially triggered by the San Francisquito Creek Joint Powers Authority's (JPA) upcoming project to realign the San Francisquito Creek channel for the purpose of increased flood protection within Palo Alto and neighboring communities. The goals of the Golf Course reconfiguration project are: reconfigure the Golf Course to accommodate the necessary flood control work of the JPA and to allow for future recreation fields for the City; restore the golf asset as a "Point of Pride" to the community; conserve resources by transforming the fully turfed course to one with more naturalized areas that are in harmony with the Baylands area; promote Palo Alto by establishing a "must play" golf experience in the region.
- City staff and Friends of the Palo Alto Junior Museum and Zoo will continue to develop draft terms for a potential public private partnership to rebuild the aging Junior Museum and Zoo facility for Council consideration in Fiscal Year 2016, in accordance to a City Council approved Letter of Intent between the two parties.
- The Human Services Program will continue its leadership with the Project Safety Net Collaborative, Human Services Resource Allocation Process (HSRAP), homeless services, child care initiatives, and evaluate Palo Alto's senior services.
- The Art Center will engage in the Museum Assessment Program Community Engagement Process (peer review, American Alliance of Museums), several programs that focus on next generation audiences—a next generation arts leader professional development program, a

next generation audiences engagement project (both grant funded); fostering a culture of philanthropy at the Art Center.

- The Public Art Program will work on a Public Art Master Planning Process; create educational outreach events based on the artworks installed at the Mitchell Park Library and Community Center; partner with the Rinconada Library to integrate the new artworks into their opening celebrations.

Goals and Objectives

GOAL 1

Provide high-quality, relevant, and diverse services and programs to 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

COMMUNITY SERVICES DEPARTMENT OPEN SPACE AND PARKS



Goal	Ensure parks and recreational areas are safe and environmentally sensitive.				
Objective	Protect public land and utilize best management practices for environmental preservation.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of surveyed residents who rate the City's success in preserving natural areas as "Good" or "Excellent" in the National Citizen Survey (NCS)	79%	80%	84%	84%	85%
Description	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 (NCS). The Department maintains and manages 4,029 acres of open space including Foothills Park, Baylands Nature Preserve, Pearson Arastradero Preserve and Esther Clark Nature Preserve. The City participates in the NCS, which asks residents to rate their perception of local government services. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinions about the quality of life in the community.				
Purpose	It is important for the City to solicit feedback from and respond to residents regarding the services and programs we provide.				
Status	Palo Alto ranked in the 94th percentile (14th of 207 jurisdictions surveyed) for preservation of natural areas such as open space and green belts.				

COMMUNITY SERVICES DEPARTMENT PROGRAMS AND SERVICES



Goal	Provide high quality, relevant, and diverse services and programs to the public.				
Objective	Ensure programs are responsive to a broad range of needs within the community.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of surveyed residents who rate recreation programs/classes as "Good" or "Excellent" in the National Citizen Survey (NCS)	87%	87%	88%	88%	88%
Description	The Department's motto is "Engage, Create, Enjoy!" to enhance the quality of life. We offer diverse experiences for children, teens, and adults of all ages. This measure tracks resident responses when asked to rate Palo Alto's recreation programs or classes in the annual National Citizen Survey (NCS). The City participates in the NCS, which asks residents to rate their perception of local government services. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinions about the quality of life in the community.				
Purpose	It is important for the City to solicit feedback from and respond to residents regarding the services and programs we provide.				
Status	Palo Alto's ratings were much above the survey benchmark (average ratings in all other cities). Residents' ratings ranked Palo Alto 16th of 294 cities surveyed, or in the 95th percentile.				

COMMUNITY SERVICES

COMMUNITY SERVICES DEPARTMENT ONLINE REGISTRATION AND EFFICIENCY.



Goal	Provide innovative, well managed programs and services.				
Objective	Increase online class registration.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of class registrations occurring online	54%	55%	57%	61%	66%
Description	Increase self-service, efficient and convenient online class registration processes.				
Purpose	Increase staff productivity and capacity.				
Status	Currently, online class registration is the preferred method of registration.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Average enrollment for all classes and camps	18	18	19	20	21
Total enrollment for all classes and camps	14,248	14,647	14,500	15,600	16,400

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Administration and Human Services	3,126,827	3,491,920	3,661,568	3,893,905	232,338	6.3%
Arts and Sciences	4,545,248	4,895,800	5,124,505	5,578,305	453,800	8.9%
Open Space, Parks and Golf	8,748,123	9,053,654	8,393,166	9,150,850	757,684	9.0%
Recreation and Cubberley	5,129,889	5,107,334	5,591,589	6,188,412	596,822	10.7%
Total	21,550,087	22,548,708	22,770,827	24,811,472	2,040,644	9.0%
Dollars by Category						
Salary & Benefits						
Healthcare	1,336,660	1,415,922	1,431,666	1,606,988	175,321	12.2%
Other Benefits	337,995	248,651	253,127	248,684	(4,443)	(1.8)%
Overtime	94,330	91,870	101,795	101,795	—	—%
Pension	1,206,125	1,361,988	1,536,234	1,698,908	162,675	10.6%
Retiree Medical	890,000	804,476	945,877	1,015,000	69,123	7.3%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Salary	7,123,177	7,327,071	7,924,746	8,691,379	766,633	9.7%
Workers' Compensation	119,421	84,820	177,235	71,731	(105,504)	(59.5)%
Total Salary & Benefits	11,107,707	11,334,800	12,370,680	13,434,485	1,063,805	8.6%
Allocated Charges	4,816,239	4,698,393	4,387,655	4,555,418	167,764	3.8%
Contract Services	3,761,554	4,200,662	3,473,998	4,151,292	677,294	19.5%
Facilities & Equipment	65,764	26,493	70,700	95,700	25,000	35.4%
General Expense	1,170,102	1,654,005	1,763,182	1,823,964	60,782	3.4%
Operating Transfers-Out	36,990	6,990	6,990	6,990	—	—%
Rents & Leases	16,930	21,922	25,466	24,466	(1,000)	(3.9)%
Supplies & Material	574,802	605,445	672,157	719,157	47,000	7.0%
Total Dollars by Expense Category	21,550,087	22,548,708	22,770,827	24,811,472	2,040,644	9.0%

Revenues						
Charges for Services	5,985,152	5,439,205	3,599,709	4,432,254	832,545	23.1%
Charges to Other Funds	55,338	55,505	58,338	58,338	—	—%
From Other Agencies	7,920	16,038	—	—	—	—%
Other Revenue	534,797	589,875	672,377	680,009	7,632	1.1%
Other Taxes and Fines	1,567	1,162	1,000	1,000	—	—%
Rental Income	718,509	821,672	718,341	899,364	181,023	25.2%
Total Revenues	7,303,282	6,923,457	5,049,765	6,070,965	1,021,200	20.2%

Positions by Division						
Administration and Human Services	5.88	4.91	5.91	5.94	0.03	0.51%
Arts and Sciences	38.36	43.82	44.67	44.64	(0.03)	(0.07)%
Open Space, Parks and Golf	31.46	31.68	31.68	31.83	0.15	0.48%
Recreation and Cubberley	49.82	53.12	55.74	59.11	3.37	6.00%
Total	125.52	133.53	138.00	141.52	3.52	2.55%

COMMUNITY SERVICES

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Administrative Assistant	1.00	1.00	1.00	1.00	—	87,155
Administrative Associate III	0.75	0.75	0.75	1.00	0.25	68,174
Assistant Director Community Services	1.00	2.00	2.00	2.00	—	325,690
Building Serviceperson	2.00	2.00	2.00	2.00	—	104,978
Building Serviceperson-Lead	2.00	2.00	2.00	2.00	—	112,394
Coordinator Recreation Programs	4.00	4.00	4.00	4.00	—	278,681
Director Community Services	1.00	1.00	1.00	1.00	—	192,411
Division Manager Open Space, Parks and Golf	1.00	1.00	1.00	1.00	—	143,267
Division Manager, Recreations & Golf	1.00	—	—	—	—	—
Heavy Equipment Operator	—	0.07	0.07	0.07	—	4,942
Inspector, Field Services	2.00	2.00	2.00	2.00	—	170,814
Junior Museum & Zoo Educator	2.25	2.25	2.75	2.75	—	183,216
Management Analyst	—	—	1.00	1.00	—	101,086
Management Assistant	1.00	1.00	1.00	1.00	—	76,453
Manager Community Services	7.00	6.00	5.00	5.00	—	472,176
Manager Community Services Senior Program	3.00	4.00	5.00	4.00	(1.00)	443,837
Manager Human Services	—	—	—	1.00	1.00	120,100
Park Maintenance Person	6.00	6.00	6.00	6.00	—	386,826
Park Maintenance-Lead	1.00	1.00	1.00	1.00	—	74,746
Park Ranger	5.00	5.00	5.00	5.00	—	345,450
Parks/Golf Crew-Lead	2.00	2.00	2.00	2.00	—	140,242
Producer Arts/Science Programs	11.75	11.75	11.75	12.50	0.75	974,122
Program Assistant I	7.50	6.75	6.75	7.00	0.25	447,063
Program Assistant II	3.00	4.00	4.00	4.00	—	276,565
Senior Management Analyst	1.00	1.00	1.00	1.00	—	123,864
Sprinkler System Representative	4.00	4.00	4.00	4.00	—	262,232
Superintendent Community Services	2.00	2.00	2.00	2.00	—	214,521
Superintendent Recreation	—	—	—	1.00	1.00	112,174
Theater Specialist	1.00	1.00	1.00	1.00	—	86,388
Volunteer Coordinator	0.50	0.75	0.75	—	(0.75)	—

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Sub-total: Full-Time Equivalent Positions	73.75	74.32	75.82	77.32	1.50	6,329,567
Temporary/Hourly	51.74	59.21	62.18	64.20	2.02	2,455,834
Total	125.49	133.53	138.00	141.52	3.52	8,785,401

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	138.00	22,770,827	5,049,765	17,721,062
Base Adjustments				
One-Time Prior Year Expenditures and Revenues Deleted				
Community Services Facility Rental and Program Revenue Alignment	—	—	208,616	(208,616)
Rents & Leases Expenditure Alignment	—	(1,000)	—	(1,000)
One-Time Prior Year Expenditures	—	(1,000)	208,616	(209,616)
Adjustments to Costs of Ongoing Activities				
Salary and Benefit Adjustments	—	676,998	—	—
Custodial Support Services Temporary Salaries Adjustment	(0.02)	32,000	—	32,000
Children's Theatre Temporary Salaries Adjustment	—	29,191	—	29,191
Golf Course Operation Service Changes	—	418,956	599,200	(180,244)
HSRAP Consumer Price Index Adjustment	—	34,220	—	34,220
Park Landscape Maintenance Contractual Services Alignment (City Council Approval: June 17, 2013)	—	32,000	—	32,000
PAUSD Water Cost Charges Alignment	—	30,000	—	30,000
ActiveNet Software Fees Funding Alignment	—	25,000	25,000	—
Project Sentinel Contractual Services Alignment	—	10,700	—	10,700
Junior Museum and Zoo (JMZ) Animal Care Funding Alignment	—	10,000	—	10,000
Downtown Streets Team Peer Counseling Reallocation from University Avenue Permit Parking Fund	—	9,000	—	9,000
MakeX Program - Teen Services Program Reallocation to Library	—	(28,000)	—	(28,000)

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Information Technology Allocated Charges Adjustment	—	117,991	—	117,991
Print & Mail Allocated Charges Adjustment	—	7,079	—	7,079
Liability Insurance Allocated Charges Adjustment	—	65,840	—	65,840
Utilities Allocated Charges Adjustment	—	(23,146)	—	(23,146)
Adjustments to Costs of Ongoing Activities	—	1,447,829	624,200	146,631
Total FY 2016 Base Budget	137.98	24,217,656	5,882,581	17,658,077
Budget Adjustments				
1 Recreation Division and Special Events Staffing	1.00	273,476	—	273,476
2 Mitchell Park Community Center Operating Hours and Teen Program Enhancements	1.31	88,264	91,000	(2,736)
3 Foothills Fire Management Plan Contractual Services Funding	—	66,700	—	66,700
4 Lucie Stern and Mitchell Park Community Center Facilities Staffing	0.98	44,663	33,384	11,279
5 Art Studio Classes and Workshop Service Enhancements	—	28,500	49,000	(20,500)
6 Community Center Furniture Replacement	—	25,000	—	25,000
7 Community Services Department Administration Staffing	0.25	22,993	—	22,993
8 Mitchell Park Green Wall and Roof Maintenance	—	20,000	—	20,000
9 Middle School Athletics Positive Coaching Alliance	—	15,000	15,000	—
10 Mitchell Park Community Center Kitchen Cleaning	—	5,000	—	5,000
11 Reclass 0.75 Volunteer Coordinator to 0.75 Producer Arts & Sciences	—	4,220	—	4,220
Total FY 2016 Budget Adjustments	3.54	593,816	188,384	405,432
Total FY 2016 Adopted Budget	141.52	24,811,472	6,070,965	18,063,509



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Recreation Division and Special Events Staffing	1.00	273,476	0	273,476

This action adds a 1.0 Community Services Superintendent - Recreation (\$178,476) in the Recreation Division to support administration of the recreation program and will also serve as the lead for citywide special events coordination. The position will provide operational oversight, succession planning, and development of programs, services and cost recovery strategies for the Recreation Division through division-wide marketing initiatives, budget preparation and monitoring, Recreation Foundation Board development, coordination of consistent customer service and cash handling procedures for three community centers and an aquatics complex. In addition, the Community Services Superintendent - Recreation will also serve in a leadership role for the City in the coordination of an inter-departmental team for the planning, marketing, and execution of special events across the City. To support the new Community Services Superintendent in this role, this action adds \$95,000 in ongoing funding for special events throughout the City. This funding will be used to support the City's fifteen annual special events, such as the Moonlight Run, Senior Bash, and Holiday Tree Lighting and provide additional support for approximately seven to ten non-annual special activities such as past events for the Mitchell Park Library and Community Center opening, Senior Services Summit, and Hackathon, as they arise through special requests by the City Council, City Manager's Office and/or in partnership with local organizations. (Ongoing: \$273,476)

Performance Results



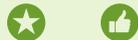
This action will streamline the Recreation Division administrative function by improving and sustaining comprehensive program evaluations for the diverse set of recreation activities from aquatics, classes, camps, middle school athletics, and adult sports to special events and teen programs. Further, the position will provide opportunity for future growth of recreation activities, cost recovery, and participation by providing ongoing recruitment, selection, training, supervision and evaluation of program, clerical and maintenance staff to ensure efficient and effective operations and quality programs and services. With the additional special events funding, Palo Alto residents and businesses will enjoy expanded opportunities for community events that bring people together building a sense of place and community in Palo Alto.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
2 Mitchell Park Community Center Operating Hours and Teen Program Enhancements	1.31	88,264	91,000	(2,736)

This action increases Mitchell Park Teen Center operating hours in the evenings during the week and on weekends beginning in mid-August 2015 to coincide with enhanced operating hours at the Mitchell Park Library. To support the increase in operations, this action increases Mitchell Park Community Center temporary staffing by 1.06 and includes a 0.46 Recreation Leader III Hourly, a 0.36 Recreation Leader II Hourly, and a 0.24 Recreation Leader I Hourly, in addition to \$5,000 in non-salary related expenses. Moreover, this action also adds 0.25 to a 0.75 Program Assistant I to provide additional staff support for customer service needs that include room rental activities, giving tours, equipment set-up, general facility maintenance, and processing registrations and payments. With the funding for additional operating hours, the Mitchell Park Teen Center will be open an additional hour on weeknights extending the opening hours from 8 pm to 9 pm; on Fridays, opening hours are extended by 2 hours from 8:00 pm to 10:00 pm; and the center will be open for limited weekend hours such as Saturday afternoons and evenings for drop in and organized activities. In addition, due to high demand for Mitchell Park rental spaces, this action increases the revenue estimate for room rentals by \$80,000. (Ongoing Savings: \$7,736) Second, this action includes funding for enhanced Mitchell Park Teen programs that include teambuilding activities for a multitude of Teen Leadership groups including the Palo Alto Youth Council, Teen Advisory Board, Teen Art Council, Students with a Gateway, clickPA, and Project Enybody. To effectively create a sense of team and cohesiveness for teens, this action provides \$6,000 in funding, to create regular Teen Leadership Retreats that will provide opportunities for teambuilding and will include special team and leadership activities, meals, and other supplies. In addition, this action includes \$10,000 in additional funding, partially offset by fee revenue, for after school contract classes at the Mitchell Park Community Center for activities that include culinary arts, music, fine arts, and dance. (Ongoing: \$5,000)

Performance Results



With the change in operating hours and enhanced services, this action will provide an additional outlet for Palo Alto youth and teens to engage in additional leadership and enrichment activities at the Mitchell Park Community Center.

3 Foothills Fire Management Plan Contractual Services Funding	0.00	66,700	0	66,700
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This action provides \$66,700 in funding for the May 18, 2009 City Council approved Foothills Fire Management Plan that allows for the clearing of brush and other vegetation in Foothills Park to reduce fire danger. Funding for this activity was previously included in a capital improvement project that is anticipated to exhaust all remaining resources in Fiscal Year 2015. As this is an ongoing operating expense for this needed and ongoing service staff propose this cost be budgeted within the operating budgets of Community Services, Fire and Public Works Departments. This budget request is the budget needed for the Community Services Department for their area of responsibility to implement the Foothills Fire Management Plan. (Ongoing: \$48,200)

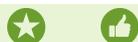
Performance Results

This funding will ensure that the roads in Foothills Park are cleared of excess brush and vegetation, and will provide safer access and evacuation in the event of a fire.

4 Lucie Stern and Mitchell Park Community Center Facilities Staffing	0.98	44,663	33,384	11,279
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This action provides \$44,663 in temporary salaries to hire three 0.33 Facility Attendants n Hourly positions to provide enhanced customer service support, security, and minor custodial work at the Lucie Stern and Mitchell Park Community Centers. The new positions will be responsible for maintaining meeting rooms and other facilities in a clean and orderly condition. With this additional support, staff expects to increase room rental activity. (Ongoing: \$11,279)

Performance Results



Meeting rooms and other City facilities at the Lucie Stern and Mitchell Park Community Centers will have more frequent maintenance in addition to providing improved customer service support to community center patrons.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
5 Art Studio Classes and Workshop Service Enhancements	0.00	28,500	49,000	(20,500)

This action provides \$28,500 in additional contract services, offset with additional fee revenue, for additional adult art classes and workshops to meet demand for enrollment. This action also increases the revenue estimate for Art classes and workshops by \$49,000. (Ongoing Savings: \$20,500)

Performance Results

Increased contract funding will enable more adults to participate in Art Studio Classes and Workshops to provide for more community enrichment.

6 Community Center Furniture Replacement	0.00	25,000	0	25,000
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This action provides \$25,000 in one-time funding to replace some of the tables and chairs at the Lucie Stern and Cubberley Community Centers that are in the most need of replacement. Additional furniture will also be purchased for the Alma Plaza Community Room. In order to meet demand for tables and chairs, over the past several years the Community Services Department has used a patchwork of tables and chairs resulting in an inconsistent stock of equipment. The tables and chairs are used by facility renters and City staff on a daily basis and the equipment has not been replaced in over eight years. (Ongoing: \$0)

Performance Results



This action will result in improved aesthetics of equipment and provide better quality of furniture for patrons which may result in higher room rental.

7 Community Services Department Administration Staffing	0.25	22,993	0	22,993
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This action adds 0.25 to a 0.75 Administrative Associate III for a total of 1.0 to provide administrative and support to the Community Services Department executive team, including the Director and Assistant Director of Recreation and the Assistant Director of Arts & Sciences, in the areas of budget coordination, purchasing, accounting, forecasting, customer evaluations and cash handling as well as other administrative functions. (Ongoing: \$22,993)

Performance Results



This action will allow the Community Services Department administrative team to focus on higher priority projects as well as increasing administrative oversight of existing program and activities throughout the department.

8 Mitchell Park Green Wall and Roof Maintenance	0.00	20,000	0	20,000
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The Green Wall and Roof are two features of the new Mitchell Park Library and Community Center. This action provides additional funding for the maintenance, landscaping, and irrigation of these features. (Ongoing: \$20,000)

Performance Results



This action ensures that the investments in sustainable infrastructure will be well maintained for the enjoyment of the community.

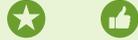
9 Middle School Athletics Positive Coaching Alliance	0.00	15,000	15,000	0
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The Middle School Athletics program focuses on creating a safe, positive experience in athletics for all participants, in which every player on the team receives equal playing time with an emphasis on good sportsmanship. To help achieve these goals, this action provides additional funding for coaches, Athletic Directors, parents, and players to attend workshops hosted by the non-profit Positive Coaching Alliance who provide education and training that focuses on creating an environment that provides athletes with a positive, character-building youth sports experience. This action is offset by increased fee revenue. (Ongoing: \$15,000)

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
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Performance Results

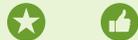


This Positive Coaching Alliance directly aligns with Middle School Athletic program goals to make the sporting experience for coaches and players a positive and enriching sporting experience. With improved coaching the programs will become more desirable and will encourage youth to participate in Middle School Athletics programs on annual basis.

10 Mitchell Park Community Center Kitchen Cleaning	0.00	5,000	0	5,000
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This action provides funding for quarterly cleaning of the Mitchell Park Community Center Kitchen. Current custodial contracts do not include quarterly cleaning of kitchen floors, appliances, walls, ceilings, and other appurtenances. (Ongoing: \$5,000)

Performance Results



This action ensures the Mitchell Park Community Center kitchen is well maintained for public use which ensures that the community center will remain a desirable place to host events that require the use of the kitchen.

11 Reclass 0.75 Volunteer Coordinator to 0.75 Producer Arts & Sciences	0.00	4,220	0	4,220
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This action reclassifies a 0.75 Volunteer Coordinator position to 0.75 Produce Arts & Sciences to align the classification with assigned duties by satisfying the current operational needs at the Art Center as well as the City's overall goal of reducing the number of classifications in the City's portfolio. In addition to overseeing the Art Center's volunteer program, the Producer Arts & Sciences will also be involved in Art Center programming, operational oversight of existing staff, coordinate rental activities, and participate in more public engagement through onsite and outreach events. (Ongoing: \$4,220)

Performance Results



This reclassification will result in a better alignment of work duties, reduces the number of City's position classifications, streamlines Art Center operations, and provides more opportunity for revenue generating programs at the Art Center.

Golf Course Financials

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Projected	FY 2016 Adopted
REVENUES				
Tournament fees	\$ 1,670	\$ 4,037	\$ 5,000	\$ —
Green Fees	1,630,018	1,051,731	748,819	396,000
Monthly play cards	151,387	51,679	38,690	—
Driving range	343,883	313,633	269,553	210,000
Cart/club rentals	279,795	225,310	181,033	95,000
Proshop lease	27,248	25,051	22,000	21,000
Restaurant lease	48,880	53,487	23,400	26,400
Restaurant Utilities	21,600	16,260	18,000	18,000
Other Fee	24,319	20,075	12,000	12,000
Total Revenue	\$ 2,528,800	\$ 1,761,263	\$ 1,318,495	\$ 778,400

EXPENDITURES				
Operating Expenses				
Salaries	\$ 85,469	\$ 77,372	\$ 97,677	\$ 101,081
Benefits	49,479	45,263	47,496	48,461
Advertising & Publishing	—	7,916	10,000	15,000
Supplies and Materials	3,292	6,986	7,500	20,000
General Expense	1,014	1,038	1,000	—
Facilities and Equipment Purchases	—	—	6,438	10,000
Allocated Charges	524,116	401,188	361,817	236,151
Subtotal	\$ 663,370	\$ 539,763	\$ 531,928	\$ 430,693

Contract Services				
Golf Maintenance	\$ 808,801	\$ 780,755	\$ 825,000	\$ 524,750
Miscellaneous	18,566	8,462	24,030	—
Range fees	130,676	119,181	102,430	117,400
Cart Rentals	112,083	86,034	72,413	19,000
Club Rentals	5,950	4,666	—	4,000
Fixed management fees	344,537	338,292	345,324	187,917
Credit card fees	32,508	30,000	24,000	—
Subtotal	\$ 1,453,121	\$ 1,367,390	\$ 1,393,197	\$ 853,067

Golf Course Financials

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Projected	FY 2016 Adopted
Total Operating Expenses	\$ 2,116,491	\$ 1,907,153	\$ 1,925,125	\$ 1,283,760
Income From Operations	\$ 412,309	\$ (145,890)	\$ (606,630)	\$ (505,360)
Debt Expenses				
Debt Service (refunded)	\$ 428,180	\$ 429,020	\$ 429,020	\$ 429,020
Loan payment to General Fund for CIP Projects PG-08001 and PG-07700	—	—	—	—
Subtotal	\$ 428,180	\$ 429,020	\$ 429,020	\$ 429,020
Cost Plan Charges	23,871	27,349	30,485	31,084
Net Income (Loss)	\$ (39,742)	\$ (602,259)	\$ (1,066,135)	\$ (965,464)
Golf Rounds	68,000	46,527	31,000	15,000

Human Service Contracts

Human Services Contracts	FY 2015 Adopted Budget	FY 2015 Agency Award	FY 2016 Base Budget	FY 2016 Agency Request	FY 2016 Adopted Budget
EXPENDITURE CATEGORY					
Avenidas - Senior Services ¹	\$ 442,395	\$ 442,395	\$ 442,395	\$ 442,395	\$ 453,897
PACC - Child Care Subsidy and Outreach ¹	448,188	448,188	448,188	448,188	459,841
Sole Source Contractors Subtotal	\$ 890,583	\$ 890,583	\$ 890,583	\$ 890,583	\$ 913,738

HUMAN SERVICES RESOURCE ALLOCATION PROCESS					
Abilities United	\$ 41,401	\$ 41,401	\$ 41,401	\$ 41,632	\$ 42,477
Adolescent Counseling Services	106,123	109,123	109,123	116,000	115,770
Community Technology Alliance	5,974	8,136	8,136	10,000	8,348
Downtown Streets Team	37,028	37,028	37,028	65,000	37,991
DreamCatchers	8,208	12,608	12,608	20,000	12,936
Health Advocates	—	—	—	500,848	—
InnVision Shelter Network	12,661	32,661	32,661	35,334	33,510
La Comida de California	33,394	33,394	33,394	35,500	34,570
MayView Community Health Center	17,679	29,013	29,013	25,000	25,650
Momentum for Mental Health	26,519	32,167	32,167	38,000	33,003
Palo Alto Housing Corporation	10,260	18,528	18,528	48,185	19,010
Peninsula HealthCare Connection Inc	27,497	27,497	27,497	41,200	28,212
Senior Adults Legal Assistance	8,840	13,340	13,340	13,750	13,687
Vista Center for the Blind & Visually Impaired	5,130	10,630	10,630	31,500	10,906
Youth Community Service	16,500	20,068	20,068	21,500	20,590
Two-Year Contractors Subtotal	\$ 357,215	\$ 425,594	\$ 425,594	\$ 1,043,449	\$ 436,659

Amount Budgeted in Excess of Allocation	—	—	—	—	—
Amount Yet to Be Allocated	68,380	—	—	—	—
Human Services Reserve (One-Time) ²	50,000	—	—	—	—
TOTAL	\$ 1,366,178	\$ 1,316,177	\$ 1,316,177	\$ 1,934,032	\$ 1,350,398

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

2) The Human Services Reserve was created in Fiscal Year 2015 as a one-time funding source. Staff will recommend reappropriation of the reserve into Fiscal Year 2016 as part of the annual reappropriations process.



CITY OF
**PALO
ALTO**

DEVELOPMENT SERVICES

Mission Statement



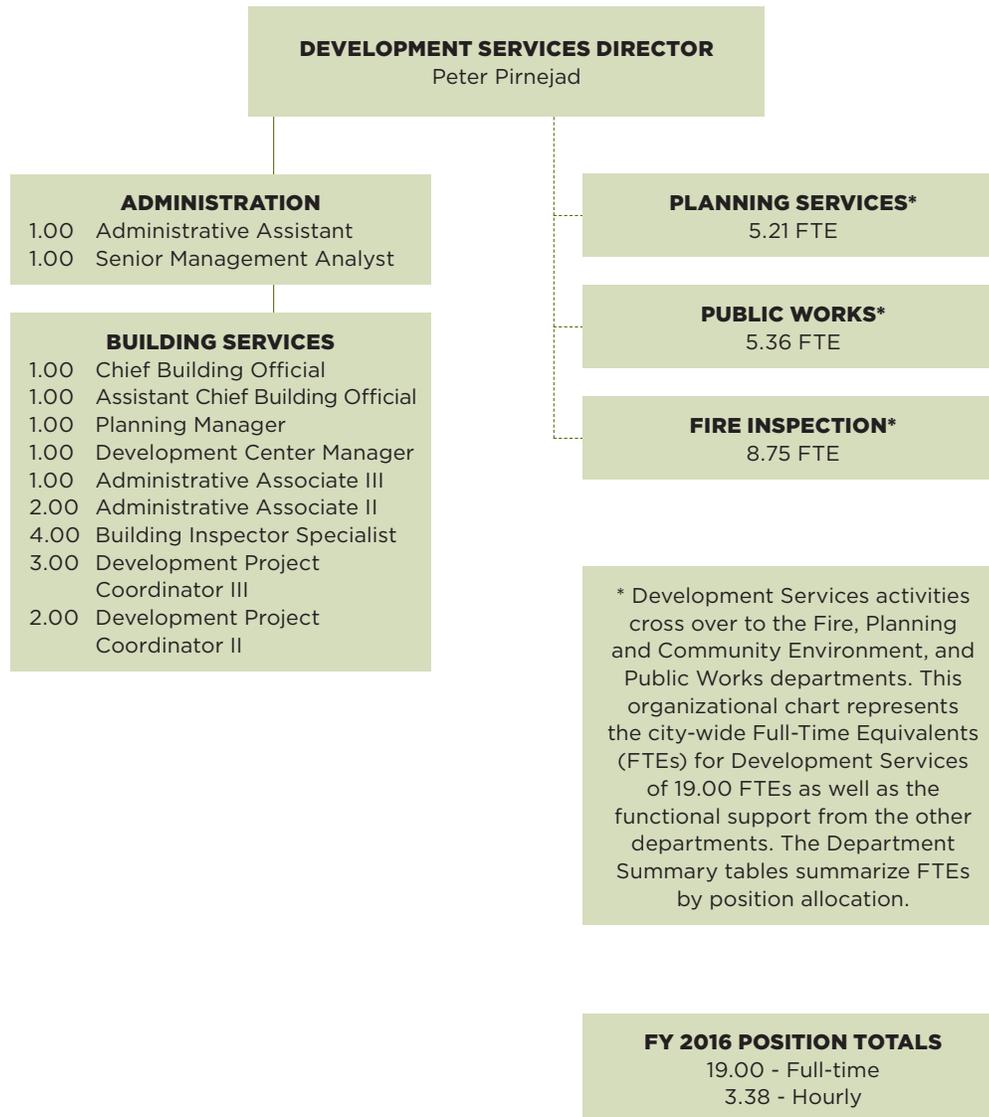
The mission of the Development Services Department is to work collaboratively with other departments to provide citizens, business owners, developers, and applicants reliable and predictable expectations in the review, permitting, and inspection of development projects that meet the minimum municipal and building code requirements to ensure the health, safety, and welfare of the public.



Purpose

The Development Services Department ensures all building construction complies with a set of rules that specify the minimum standards for constructed objects. The main purpose of Development Services is to protect the public health, safety, and general welfare as they relate to the construction and occupancy of buildings and structures.

DEVELOPMENT SERVICES



Description

The Development Services Department is responsible for the following functions:

ADMINISTRATION

Leads the organization, provides personnel, contract, budget, project management support, and liaisons with other departments.

PLANNING

Works collaboratively with City staff, consultants, and external customers to provide a link between the City's entitlement review and building processes. Planning is also responsible for gathering and analyzing data in support of land use policy; reviewing projects for potential environmental impacts on the City and its residents; and ensuring compliance with the Zoning Ordinance and Comprehensive Plan.

BUILDING

Protects the public's health, safety, and general welfare as they relate to the construction and occupancy of buildings and structures by enforcing laws and regulations that govern the design, construction, use and occupancy of buildings. Building also provides timely and professional review of plans and documents for all building permit applications to ensure that the proposed work complies with all state and local code requirements. Following permit issuance, building inspectors ensure that construction complies with the approved plans and adopted codes.

PUBLIC WORKS

Provides engineering support with concern for City-owned facilities, streets, sidewalks, storm drains, and parks infrastructure as well as for the urban forest.

GREEN BUILDING

Assists and encourages applicants for all of residential and non-residential projects to incorporate sustainable building materials best practices, to maximize a project's energy and water use efficiency, and to maintain that level of efficiency into the future. The Green Building contractual staff works with other departments to ensure that sustainable measures are incorporated into buildings from design through construction and continue in the monitoring of building performance.

FIRE PREVENTION BUREAU

Ensures compliance with the Fire Code for the safety of occupants and protection of property. They perform fire sprinkler and fire alarm plan checks, permitting, and field inspections with the goal of ensuring all construction complies with local and national codes. The Fire Prevention Bureau works closely with applicants and residents, priding themselves for the level of service they provide customers whether it's keeping a project on schedule or public safety education.

Accomplishments

- Received (ISO) Class 1 designation per the Building Code Effectiveness Grading Schedule (BCEGS). The BCEGS program assesses the building codes in effect in a particular community and how the community enforces its building codes, assigning each municipality a grade of 1 (exemplary commitment to building code enforcement) to 10.
- Launched new construction and demolition tracking tool online to improve customer permitting and inspection processes.
- Web-enabled a total of 8 out of 20 Development Services permits for online through Accela Citizen Access.
- Launched new Green Building program and collaborated with the Green Building Advisory Group to initiate an ordinance that aims to raise the bar on sustainable construction, both new and existing.
- Launched GIS/Accela integration to improve the availability of spatial information available to customers.
- Worked collaboratively with the Economic Development manager in kicking off a new and automated Business Registry Certificate program.
- Integrated Public Works, Urban Forestry, and Fire Prevention divisions with Accela permitting software in efforts to centralize data and operating processes.
- Completed development of the first automated permit issuance system in Accela for Public Works street permits.
- Expanded customer outreach using GovDelivery email notifications to give construction related updates in the City of Palo Alto and installed a large public facing monitor at the Development Center counter to broadcast commercials and other public service announcements.
- Awarded 2014 Most Electrical Vehicle Ready Community at the Charged & Connected Symposium in recognition of our leadership in areas such as the mandate that all new construction be EV ready.

Initiatives

- Implement a Pre-Walk program to help tenants identify and correct accessibility problems before they submit for plan check to avoid delays in their construction projects.
- Create checklist for business/commercial plan reviews.
- Draft a new policy to expedite the seismic retrofitting of soft-story and unreinforced masonry buildings.
- Implement processes for electronic plan reviews, beginning with Solar PV plan review.
- Integrate the existing Use and Occupancy permit process with the newly launched Business Registry Program.

- Create new expired permit notification process to inform applicant when the building permit expires.
- Continue to digitally archive historical permit data to improve transparency and provide easy customer access.
- Revise, document, and enforce requirements issued by the Regional Water Quality Control Board governing the treatment and discharge of storm water into the public storm drain system.
- Update, implement, and promote a new Utilities “deferral form” to expedite the issuance of building permits.
- Use new Accela integration to track plan check, permitting, and inspection data.

Goals and Objectives

GOAL 1

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.
- Increase the number of over the counter plan checks that result in a permit issuance.
- Interpret and apply building code through inspection and enforcement.

GOAL 2

Work collaboratively with City departments, which support development services, to adequately staff and respond to workload demands and achieve excellent customer service outcomes.

Objectives:

- Provide customers with clear, succinct, and consistent guidelines.
- Implement facility and technology enhancements.
- Develop performance measures with internal and external stakeholders.

Key Performance Measures

PERCENT OF PERMITS ISSUED OVER THE COUNTER



Goal	Provide a high level of customer service and decrease application review, processing, and permit issuance times.				
Objective	Increase the number of over the counter plan checks that result in same day permit issuance.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of permits that are reviewed and approved by all necessary departments over-the-counter.	66%	64%	70%	66%	68%
Description	This measure tracks the percentage of permits that can be successfully reviewed and approved by all the affected City departments (over the counter) while the customer waits. This requires that Public Works, Planning, Utilities, and the Fire Prevention Bureau also review and approve the application for permit issuance. Without complete approval, the permit cannot be issued.				
Purpose	To streamline the process so customers make as few trips as possible to the Development Center to obtain a permit. It is also beneficial to City staff, resulting in less reviewing and processing time than if the plans were taken in for review. This process also reduces waste as fewer plans are created and distributed for various departmental reviews.				
Status	The department is continuously looking for areas to improve the ability to issue same day permits and over the past year has focused on adding necessary staff from other departments, making key information available to the counter staff by utilizing technologies, standardizing processes, and improving public outreach, education, and formalized training. While the department has seen great improvement in some areas, the ability to issue permits over the counter is a function of every division being able to review and approve (with or without corrections). Until the department is able to fully implemented initiatives across all divisions, the department anticipates slower improvement than originally targeted. As a result, staff is lowering the estimate for Fiscal Year 2015 while process improvements continue to be reviewed.				

AVERAGE NUMBER OF DAYS FROM ISSUANCE TO FINAL

L	Goal	Provide a high level of customer service and decrease the total time to approve the construction phase of a commercial tenant improvement.				
	Objective	Decrease number of days to final a permit.				
		FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
	Average number of days between permit issuance and temporary occupancy or final inspection	121	139	120	132	135
	Description	This measure tracks the amount of time it takes to inspect and approve commercial tenant improvement for occupancy.				
	Purpose	Moving new tenants into their space as quickly as possible is essential for the financial health and long-term success of new businesses. It is also important in promoting the general economic vitality of the City by reducing the number of days commercial spaces stay vacant and out of production. The goal is to provide the necessary information and coordination early in the construction phase which results in a positive outcome for the business owner while enhancing the economy of Palo Alto. Meanwhile, inspectors need to ensure construction complies with ever increasing requirement to the building and green codes.				
	Status	The increase in days from issuance to final is a reflection of increased Green Building and Energy requirements that require more inspections. This is in the range the department considers normal to complete a tenant improvement, and is somewhat dependent on the contractors workload and efficiency.				

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PERCENT OF PERMITS ISSUED ON TIME



Goal	Work collaboratively with City departments, which support development services, to adequately staff and respond to workload demands and achieve excellent customer service outcomes.				
Objective	Provide customers with clear, succinct, and consistent guidelines.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of permits initiated within a given period where all City department reviews are completed by the specified due date.	46%	65%	65%	75%	80%
Description	This measure tracks the percentage of time building permit plan reviews are completed by the estimated due date provided to the customer at permit submittal. This includes projects that are submitted for the standard 30-day review period and may require multi-departmental review and approval.				
Purpose	Customers depend upon the accuracy and dependability of estimated due dates to plan their construction projects. They may move out of their house or enter into a lease on a commercial tenant space based on the estimated timeline provided by Development Services. Being successful at adhering to timelines reduces costs for developers and property owners and has a direct correlation to the economic vitality of the City.				
Status	The department continues to work on implementing streamlining initiatives and innovative technologies to improve cross-departmental collaboration to improve results. Technologies upgrades, such as transitioning from Accela Classic to V360 and Accela Citizen Access, have improved the ability to streamline the exchange of information between the applicant and reviewer. This not only improved our ability to streamline the exchange of information between applicant and review but it also helped put more control in the hands of the applicant, allowing them to apply for and research permits online. Further contributing to process improvement, the department has fully integrated the Fire permitting process from a paper based system to digital, and has automated PW, PV, and Electric Vehicle Charger permitting. Lastly, automated reminders have been put into place, helping a reviewer prioritize plans that are late or coming due.				

INSURANCE SERVICES OFFICE (ISO) RATING

 Goal	Exemplify the City's commitment to well-enforced building codes and a commitment to health, safety, and general welfare.				
Objective	Obtain and maintain the highest rating (level 1)				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
ISO Rating	2	2	1	1	1
Description	ISO administers the Building Code Effectiveness Grading Schedule (BCEGS) program for the property/casualty insurance industry. The BCEGS program assesses the building codes in effect in a particular community and how the community enforces its building codes, assigning each municipality a grade of 1 (exemplary commitment to building code enforcement) to 10.				
Purpose	Municipalities with well-enforced, up-to-date codes demonstrate less property damage due to fire and natural disasters. This can be reflected in the citizens' insurance rates. BCEGS helps communities by: 1. Improving building codes (by encouraging the adoption of the most current codes), building departments, and code enforcement; 2. Promoting construction of better, more catastrophe-resistant buildings; 3. Reducing property losses from catastrophes; and 4. Reducing the economic and social disruption that results from catastrophes' serious and widespread destruction.				
Status	Since receiving a rating of 4 in 2006, the Development Services department has made an effort to implement better staff training, certifications, public awareness and outreach programs. Development Services has received an Insurance Service Office (ISO) Class 1 rating and is one of only three cities in California to be honored with this distinguished award. The Class 1 rating indicates that the City maintains the highest standards for structural safety in the nation and reduces costs to Palo Alto property owners.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of building permit applications	3,979	4,038	4,000	3,696	3,867
Number of building permits issued	3,682	3,624	3,700	3,818	3,960
Fire permit inspections	2,069	1,741	1,700	1,700	1,700

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Administration	—	—	1,986,358	2,401,887	415,529	20.9%
Building	—	—	3,794,876	5,188,124	1,393,248	36.7%
Fire	—	—	1,968,610	2,104,687	136,076	6.9%
GIS	—	—	117,334	(0)	(117,334)	(100.0)%

DEVELOPMENT SERVICES

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Green Building	—	—	116,532	306,125	189,593	162.7%
Planning	—	—	1,492,884	871,191	(621,693)	(41.6)%
Public Works	—	—	1,058,491	1,028,814	(29,677)	(2.8)%
Total	—	—	10,535,086	11,900,828	1,365,742	13.0%

Dollars by Category

Salary & Benefits

Healthcare	—	—	540,828	679,578	138,750	25.7%
Other Benefits	—	—	54,590	121,448	66,858	122.5%
Overtime	—	—	—	47,500	47,500	—%
Pension	—	—	1,074,952	1,127,705	52,753	4.9%
Retiree Medical	—	—	369,485	414,002	44,516	12.0%
Salary	—	—	3,817,676	4,147,265	329,589	8.6%
Workers' Compensation	—	—	—	2,174	2,174	—%
Total Salary & Benefits	—	—	5,857,531	6,539,672	682,140	11.6%
Allocated Charges	—	—	949,134	877,233	(71,901)	(7.6)%
Contract Services	—	—	2,321,394	2,947,394	626,000	27.0%
Facilities & Equipment	—	—	18,800	23,800	5,000	26.6%
General Expense	—	—	408,530	409,530	1,000	0.2%
Rents & Leases	—	—	934,737	1,062,425	127,688	13.7%
Supplies & Material	—	—	44,960	40,775	(4,185)	(9.3)%
Total Dollars by Expense Category	—	—	10,535,086	11,900,828	1,365,742	13.0%

Revenues

Charges for Services	—	—	6,689,987	7,662,624	972,637	14.5%
Charges to Other Funds	—	—	21,797	21,797	—	—%
Other Taxes and Fines	—	—	3,996	4,139	144	3.6%
Permits and Licenses	—	—	6,090,651	6,513,884	423,232	6.9%
Total Revenues	—	—	12,806,431	14,202,444	1,396,012	10.9%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Positions by Division						
Administration	—	—	4.66	3.25	(1.41)	(30.26)%
Building	—	—	15.61	18.17	2.56	16.40%
Fire	—	—	8.37	9.23	0.86	10.27%
GIS	—	—	0.65	—	(0.65)	(100.00)%
Green Building	—	—	0.85	—	(0.85)	(100.00)%
Planning	—	—	5.83	5.69	(0.14)	(2.40)%
Public Works	—	—	6.00	5.36	(0.64)	(10.67)%
Total	—	—	41.97	41.70	(0.27)	(0.64)%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Administrative Assistant	—	—	1.00	1.00	—	81,313
Administrative Associate II	—	—	3.02	3.02	—	198,307
Administrative Associate III	—	—	1.01	1.01	—	71,033
Assistant Chief Building Official	—	—	—	1.00	1.00	156,572
Assistant Director Public Works	—	—	0.02	0.02	—	3,218
Associate Engineer	—	—	0.16	0.16	—	15,499
Associate Planner	—	—	0.90	0.90	—	80,839
Building Inspector Specialist	—	—	3.00	4.00	1.00	358,130
Building/Planning Technician	—	—	1.80	1.80	—	114,992
Chief Building Official	—	—	1.00	1.00	—	156,572
Chief Planning Official	—	—	0.20	0.20	—	28,900
Code Enforcement Officer	—	—	0.50	0.40	(0.10)	33,976
Code Enforcement-Lead	—	—	—	0.20	0.20	13,836
Deputy Chief/Fire Marshall	—	—	0.84	0.85	0.01	83,624
Development Project Coordinator II	—	—	2.00	2.00	—	154,356
Development Project Coordinator III	—	—	3.00	3.00	—	252,839
Development Services Director	—	—	1.00	1.00	—	188,413
Engineer	—	—	0.62	0.62	—	67,770

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Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Engineering Technician III	—	—	2.10	2.10	—	166,640
Fire Fighter	—	—	1.00	1.00	—	88,350
Fire Inspector	—	—	4.00	4.00	—	459,262
Hazmat Inspector	—	—	1.90	1.90	—	217,082
Industrial Waste Inspector	—	—	0.01	0.01	—	785
Industrial Waste Investigator	—	—	0.21	0.21	—	18,500
Inspector, Field Services	—	—	0.70	0.70	—	59,784
Management Analyst	—	—	0.01	0.01	—	855
Manager Development Center	—	—	1.00	1.00	—	117,245
Manager Environmental Control Program	—	—	0.10	0.10	—	11,692
Manager Planning	—	—	1.80	2.00	0.20	254,143
Manager Urban Forestry	—	—	0.04	0.04	—	5,540
Manager Watershed Protection	—	—	0.05	0.05	—	6,599
Planner	—	—	0.80	0.25	(0.55)	22,353
Planning Arborist	—	—	0.25	0.25	—	25,861
Plans Check Engineer	—	—	1.00	—	(1.00)	—
Project Engineer	—	—	0.15	0.13	(0.02)	15,121
Project Manager	—	—	0.07	0.07	—	6,530
Senior Engineer	—	—	0.68	0.68	—	99,374
Senior Industrial Waste Investigator	—	—	0.01	0.01	—	944
Senior Management Analyst	—	—	1.00	1.00	—	108,223
Senior Planner	—	—	0.40	0.36	(0.04)	39,834
Senior Technologist	—	—	0.50	—	(0.50)	—
Supervisor Inspection and Surveying	—	—	0.27	0.27	—	30,745
Surveyor, Public Works	—	—	0.47	—	(0.47)	—
Sub-total: Full-Time Equivalent Positions	—	—	38.59	38.32	(0.27)	3,815,651
Temporary/Hourly	—	—	3.38	3.38	—	197,092
Total	—	—	41.97	41.70	(0.27)	4,012,743

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	41.97	10,535,086	12,806,431	(2,271,345)
Base Adjustments				
One-Time Prior Year Expenditures and Revenues Deleted				
Development Center Space Modifications	—	(19,185)	—	(19,185)
One-Time Prior Year Expenditures and Revenues	—	(19,185)	—	(19,185)
Adjustments to Costs of Ongoing Activities				
Revenue and Expenditure Adjustments	—	—	1,021,044	(1,021,044)
Salary and Benefits Adjustments	—	605,603	—	605,603
Business Registry Certificate Program Funding (City Council Approval: October 6, 2014)	—	221,000	221,000	—
Overtime Reallocation from Fire & Planning and Community Environment Departments	—	47,500	—	47,500
Planning Division Position Reallocations from Planning and Community Environment Department	(0.79)	(153,613)	—	(153,613)
Rents & Leases Expenditure Alignment	—	24,303	—	24,303
Reallocate 0.5 FTE Sr. GIS Technician to IT Department	(0.50)	(97,015)	—	(97,015)
Public Works Division Position Reallocations to Public Works Department	(0.49)	(58,080)	—	(58,080)
Fiber Optic Allocated Charges Adjustment	—	(61,563)	—	(61,563)
Information Technology Allocated Charges Adjustment	—	(39,386)	—	(39,386)
Liability Insurance Allocated Charges Adjustment	—	21,745	—	21,745
Print & Mail Allocated Charges Adjustment	—	7,302	—	7,302
Adjustments to Costs of Ongoing Activities	(1.78)	517,796	1,242,044	(724,248)
Total FY 2016 Base Budget	40.20	498,611	1,242,044	(743,433)
Budget Adjustments				
1 Building Division Staffing	1.00	222,866	—	222,866
2 Planning Division Staffing	1.00	188,983	—	188,983
3 Development Services Space Rental and Modifications	—	123,385	—	123,385
4 Green Building Planning and Development Review Alternative Service Delivery	(0.70)	153,969	153,969	—
5 ISO Certification Training and Community Outreach	—	65,000	—	65,000

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
6 Green Building Cost Effectiveness Study	—	50,000	—	50,000
7 Development Services Department Fee Study	—	40,000	—	40,000
8 Code Enforcement Staffing	0.20	22,928	—	22,928
Total Budget Adjustments	1.50	867,131	153,969	713,162
Total FY 2016 Adopted Budget	41.70	11,900,828	14,202,444	(2,301,616)

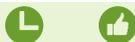


Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Building Division Staffing	1.00	222,866	0	222,866

This action adds a 1.0 Assistant Chief Building Officer (\$236,522) and reclassifies a 1.0 Plan Check Engineer to a 1.0 Building Inspector Specialist (\$13,656 savings). These staffing changes ensure that proper staffing levels are in place to meet anticipated demand, address oversight concerns related to reporting structures, and reduce the impact to on-call contract expenses for related services. The Assistant Chief Building Officer will be responsible for implementing new initiatives to streamline Building Division processes; oversee the Development Services Department Plan Check process by assisting in quality review checks and standardization of processes; manage on-call contracts related to the Plan Check process; distribute Plan Review assignments; serve as the liaison between the fully contracted Plan Check team and project coordinators; develop performance metrics and standards to ensure timely and consistent service is provided by both contract and City staff on the Building Inspection and Plan Check teams in all levels of review. This action also reclassifies a 1.0 Plan Check Engineer to a 1.0 Building Inspector Specialist. With this reclassification, the Building Division Plan Check review will be fully contracted out and the Building Inspection team will consist of 4.0 Building Inspector Specialists supplemented with contract staff during peak workloads and for specialty inspections. Further, with the additional Building Inspector Specialist, the department will be able to comply with the ISO-1 standard, which states that building inspectors should have a maximum of ten stops per building inspector per day (one stop may have multiple inspections). (Ongoing: \$222,866)

Performance Results



This action will ensure that the Building Division has the appropriate level of supervision of the Plan Check team, meets customer demand for building inspections, maintains top building inspection standards as required by the ISO-1 rating, and plans for future initiatives and efficiencies.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
2 Planning Division Staffing	0.00	188,983	0	188,983

This action adds a 1.0 Planning Manager to the Planning Division of the Development Services Department. As part of the Development Services Blueprint, a 0.80 Planning Manager was allocated from the Planning and Community Environment Department to the Development Services Department to implement the Development Services Blueprint. Due to the successful implementation of the Blueprint and increasing workload demands on the Planning and Community Environment Department, the 0.80 Planning Manager is being reallocated back to the Planning and Community Environment Department to address ongoing Current Planning needs. The new 1.0 Planning Manager position will be responsible for managing day-to-day operations of the two planning techs and one planning associate, the Green Building Coordinator, and Senior Planning staff that rotate through the Development Center front counter. The Planning Manager will ensure that a Planning representative is available at the front counter during business hours, assign plan review of building permits, integrate Green Building operations with the planning entitlement and building permit processes, and act as a liaison with the Planning and Community Environment Department when entitlement applications result in a building permits. In the event code enforcement is required on projects that had planning conditions of approval, the Planning Manager will work with the rest of the Development Services team to resolve any outstanding issues.† In addition to day-to-day operations, the Planning Manager will act as the lead for projects identified in the Development Services Action Plan. This includes, but is not limited to, the development of a construction and demolition permit process, integration of Green Halo with Accela (digital C&D permitting system), and implementation of Building Eye for Building Permits. The Planning Manager will further be responsible for monitoring Planning Division related revenues and expenses at the Development Center, ensuring that the budget is aligned while accounting for staff salaries, contract expenditures, and overhead.

Performance Results



This action will help prioritize workload for Planning Division staff at the Development Services Center to ensure consistent customer service in addition to maintaining collaboration between City departments to issue permits on time and keep the number of days from issuance to final permit at a minimum.† The Planning Manager also provides guidance to Planning staff and has the discretion to make judgment calls for plan review approvals and issuance of over-the-counter permits by the Planning staff.

3 Development Services Space Rental and Modifications	0.00	123,385	0	123,385
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This action will move the administrative offices of the Development Services department to a larger space on the second floor of the Development Center to accommodate additional staff and avoid potential workers' compensation related injuries. Last year, staff offices were moved to the second floor of the Development Center to create needed conference room space on the first floor for customer service needs; however, the existing second floor rental is not sufficient to support current space requirements. This proposal would relocate staff offices from a 3,133 sq. ft. office space at \$7.00 per sq. ft. to a 3,991 sq. ft. office space at \$7.75 sq. ft. office space, a net change of \$103,385 annually. This proposal also provides \$20,000 in one-time funding for the build-out of the new rental space. (Ongoing: \$103,385)

Performance Results



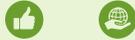
This action will provide additional office and meeting space for Development Services staff in addition to providing more ergonomically efficient workstations.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
4 Green Building Planning and Development Review Alternative Service Delivery	-0.70	153,969	153,969	0

This action deletes a 0.7 Green Building Planner in the Development Services Department. This position is also funded at 0.15 in the Water and Electric funds, respectively, and is also being recommended for deletion. In total, the elimination of the Green Building Planner will generate a cost savings of \$137,187 annually, of which \$96,031 is attributed to the Development Services Department. As result of this action, the Green Building Plan Review function will be fully contracted. The Green Building contractor will train City staff on Green Building requirements, advise the City on policy development, and provide review of landscape and irrigation plans to ensure that projects are consistent with the State of California Green Building Standard Codes (CALGreen). The total contract expense is \$250,000 which is offset partially by the elimination of the Green Building Planner position (\$96,031 savings). The net cost of \$153,969 will be offset by existing Green Building fees in addition to a new Landscape Review fee. (Ongoing: \$0)

Performance Results



Through the change in service delivery model, Development Services will be able to effectively and efficiently implement the Green Building function and ensure timely delivery of landscaping and green building inspections.

5 ISO Certification Training and Community Outreach	0.00	65,000	0	65,000
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This action will provide \$65,000 in ongoing funding to maintain the Development Services Department’s Insurance Services Office (ISO) Class 1 designation per the requirements of the Building Code Effectiveness Grading Schedule (BCEGS). The BCEGS program assesses the effectiveness of building codes within communities and enforcement of building code standards during the development process. The City’s current rating of ISO-1, the highest possible rating, demonstrates an exemplary commitment to building code enforcement. Requirements of this rating include annual minimum training standard of 96 hours per building inspector and extensive community outreach and educational efforts about the benefits of the ISO-1 rating. (Ongoing: \$65,000)

Performance Results



This action will satisfy the requirements of the ISO-1 designation resulting in lower insurance costs for new developments because of the implementation of higher building code standards.

6 Green Building Cost Effectiveness Study	0.00	50,000	0	50,000
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This action provides \$50,000 in one-time funding to complete a cost effectiveness study in accordance with the requirements of the California Energy Commission’s three-year update cycle which is expected to be released during Fiscal Year 2016. State law establishes a process that allows local adoption of building energy standards that are more stringent than statewide standards. Local governments adopting more stringent standards are required to apply to the California Energy Commission (CEC) for approval. As a condition of approval, the Commission requires that a cost effectiveness study be undertaken upon adoption of Green Building codes that exceed minimum state standards. The cost effectiveness study analyzes the impact of the higher building energy standards on expected energy cost savings. In the application for approval of the ordinance, the CEC verifies only that a cost effectiveness study has been performed and that it has been reviewed and approved by the City Council. The cost effectiveness study must be consistent with the main energy performance features of the ordinance in the California climate zones within the local jurisdiction. The study will also include an analysis of building designs that reflect the various building type categories covered by the ordinance. (Ongoing: \$0)

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
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Performance Results 

This action will comply with state law to review the Building Code every three years and to ensure that Green Building standards meet City Council and community expectations. As a result, Palo Alto Green Building standards will incorporate elements that are environmentally friendly.

7 Development Services Department Fee Study	0.00	40,000	0	40,000
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This action provides \$40,000 in one-time funding for a fee analysis for all Development Services Department fees. In Fiscal Year 2012, the City contracted with a consultant who studied the City's Municipal Fees except those related to the Planning & Community Environment Department and to development-related activity. In Fiscal Year 2015, the City contracted with a consultant to review all Planning & Community Environment Department fees and a select amount of Development Services Department fees. This action will allow for a full study of all Development Services Department fees which will determine staff time and all related costs spent on each fee related activity. Adjustments to Development Services Department fees, possibly including the establishment of new fees, will be brought forward for City Council consideration during Fiscal Year 2016 or as part of the Fiscal Year 2017 Proposed Municipal Fee Schedule. (Ongoing: \$0)

Performance Results 

This action will ensure that development fees are set at proper levels and will allow the City Council and the community to be informed about the cost recovery level for Development Services Department fee-related activities. This action may result in adjustments to fees during Fiscal Year 2016 or as part of the Fiscal Year 2017 budget process.

8 Code Enforcement Staffing	0.20	22,928	0	22,928
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This action adds 0.2 Code Enforcement Lead to increase the Development Services Department's capacity for code enforcement activity, provide additional resources to prioritize workload, and help to increase response times for code enforcement initiated by the community. The Code Enforcement Lead will train, coordinate, and provide daily direction to 2.0 Code Enforcement Officers. This position will also provide direction in the areas of enforcement and public compliance with the Municipal Code and will assist the Planning Manager with various administrative duties related to the code enforcement function. This includes following up on complaints received by the community which are forwarded to the Building Division for investigation. If building inspection determines work is being done without permit, the information and pictures are forwarded to a Code Enforcement Officer who sends legal notice to the responsible parties advising them of the compliance process. After permits are secured, building inspection will follow up and approves the project. In some cases work is not allowed and structures must be removed. As with the current Code Enforcement Officers, the Code Enforcement Lead position will be an 80%/20% cost share between the Planning & Community Environment and Development Services departments. (Ongoing: \$22,928)

Performance Results  

This action will ensure adequate capacity for code enforcement activities that include review of unpermitted work and legal noticing to mitigate unauthorized building in the City in addition to supporting the Code Enforcement's overall rating of the quality of code enforcement as good or excellent.



CITY OF
**PALO
ALTO**

FIRE

Mission Statement

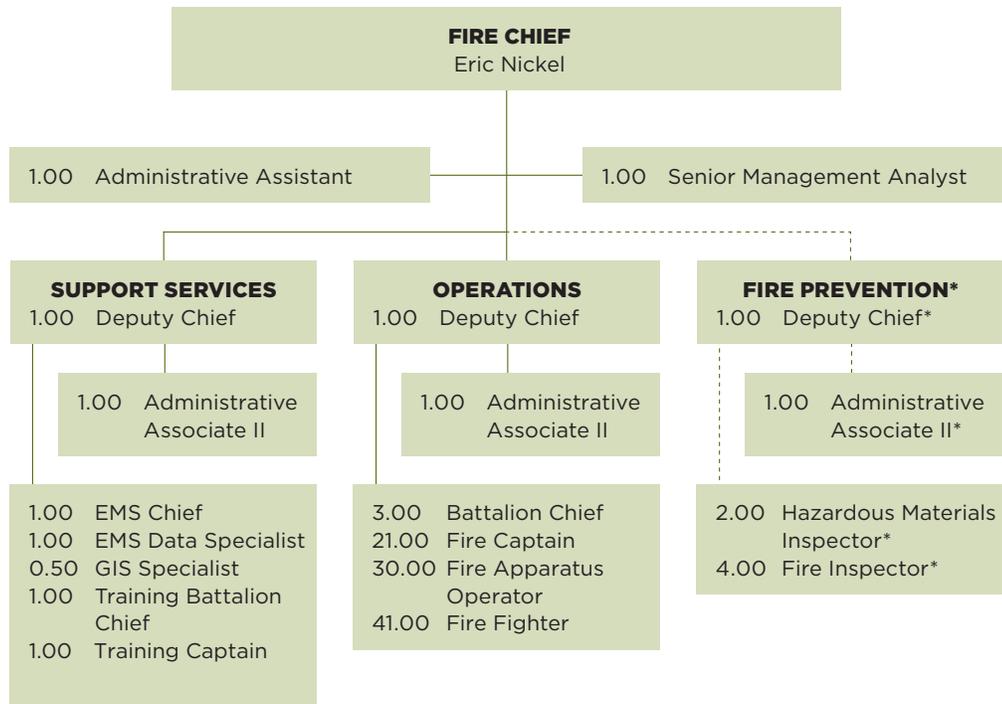


We are a professional team of men and women dedicated to safeguarding and enriching the lives of anyone, anytime, anywhere with compassion and pride.

Purpose

The purpose of the Fire Department is to protect life, property, and the environment from fire, hazardous materials, and other disasters; to provide rapid emergency response, proactive code enforcement, modern fire prevention methods, and progressive safety education for our citizens and coworkers; and to promote customer satisfaction by maintaining quality, professional, and friendly service to others.





FY 2016 POSITION TOTALS
114.50 - Full-time
0.55 - Hourly

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

* Fire Prevention is functionally a part of the Development Services Department. The Fire Department retains administrative oversight over department personnel.

Description

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 respond 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 community through risk assessment, code enforcement, fire investigation, public education, and hazardous materials management.

EMPLOYEE FIRE/EMS CERTIFICATION TRAINING

Provide training to certify that staff maintain 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. Training specific to required EMT and/or Paramedic re-certification is also incorporated.

Accomplishments

- Responded to 150 fire incidents in Fiscal Year 2014 with 82% of responses within 8 minutes.
- Responded to 4,757 medical/rescue calls in Fiscal Year 2014. 86% of paramedic calls for service were responded to within 12 minutes and 85% of emergency medical calls within 8 minutes.
- Conducted 1,741 fire inspections in Fiscal Year 2014, a 69 percent increase from Fiscal Year 2009.
- EMS revenue totaled approximately \$2.9 million in Fiscal Year 2014, an increase of 36% compared to Fiscal Year 2009.
- Deployed the TriCity Computer Aided Dispatch (CAD) allowing for closest-unit dispatch and automatic aid with Mountain View Fire and Santa Clara County Fire.
- Deployed PulsePoint technology empowering citizen first responders to receive a text message notification that Cardio Pulmonary Resuscitation (CPR) and an Automatic External Defibrillator (AED) is needed nearby.
- Increased community transparency into fire and emergency services operations allowing the community to use smartphone technology to monitor all calls for service in real time.

Initiatives

- Invest in organizational culture, training, and strategic planning to ensure a consistent, high-performing organization in the future
- Continue operational enhancements, particularly in the areas of auto and mutual aid and service design improvements.
- Focus and invest in Strategic Community Risk Reduction activities including completion of a Standards of Cover, Community Public Health Assessment, travel and deployment impacts study, and strengthen public education outreach.
- Support efforts to modernize and replace essential public safety facilities in the community.

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.
- Provide the highest level of patient care and response standards by ensuring Palo Alto ambulances respond to all ambulance calls for service.
- Fire response time will be within 8 minutes 90 percent of the time.
- Advanced Life Support (ALS) response times will be within 12 minutes 90 percent 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 comprehensive community risk reduction program that engages the whole community.

Objectives:

- Support the Office of Emergency Services, the Palo Alto and Stanford Citizen Corps Council and the Emergency Services Volunteers in training and preparation in the areas of Medical Disaster Operations, Triage, Fire Suppression, and Light Search and Rescue.
- Complete an Integrated Risk Assessment and Management Plan designed to identify and quantify community risks and mitigation strategies.
- Identify high risk communities within the City of Palo Alto and design risk reduction programs for the highest risk groups.

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 mitigation methods.

Objective:

- Maintain awareness of service quality by focusing on customers' view of assistance that was provided.

Key Performance Measures

PERCENT OF SURVEYED RESIDENTS RATING FIRE DEPARTMENT SERVICES GOOD OR EXCELLENT



Goal	Internalize commitment to excellence in public service by continuously evaluating the assistance provided, identifying areas needing improvement, and implementing mitigation methods.				
Objective	Maintain awareness of service quality by focusing on customers' view of assistance that was provided.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of surveyed residents rating ambulance/EMS services good or excellent	93%	97%	90%	90%	90%
Percent of surveyed residents rating fire services good or excellent	93%	95%	90%	95%	90%
Percent of surveyed residents rating fire prevention services good or excellent	82%	85%	85%	85%	85%
Description	This measure tracks the percent of surveyed residents rating fire and emergency services good or excellent, as well as Fire Prevention Services, as reported monthly from the Customer Satisfaction Survey. Collecting this data allows the Department compare itself to nationwide benchmarking data prepared by the National Research Center.				
Purpose	Citizen satisfaction with Fire Department services is an important assessment of the overall quality of fire services offered to the community.				
Status	More than 90 percent of surveyed residents have rated fire and EMS/ambulance services good or excellent in each of the last ten years.				

FIRE DEPARTMENT RESPONSE TIMES

 Goal	Arrive at the scene of emergencies safely and in a timely manner within the department's targeted response times.				
Objective	Fire and EMS response times will be within 8 minutes, and Advanced Life Support (ALS) response times will be within 12 minutes 90 percent of the time.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of responses to fire emergencies within 8 minutes	82%	86%	90%	80%	90%
Percent of responses to EMS calls within 8 minutes	91%	90%	90%	92%	90%
Percent of responses to paramedic calls within 12 minutes	99%	98%	99%	99%	99%
Description	This measure tracks the percentage of calls for service that are within established response time percentiles.				
Purpose	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.				
Status	In Fiscal Year 2014, the Fire Department responded to 86 percent of paramedic calls for service within 12 minutes and responded to 85 percent of emergency medical calls within 8 minutes. The Department responded to 79 percent of fire calls within 8 minutes; however, these fire incident responses fell short of the Department's goal of 90 percent within 8 minutes. The Department attributes the increase in response times from last year to methodology changes in how response times are calculated associated with the virtual consolidation of Computer Aided Dispatch (CAD) services with the partner cities of Mountain View and Los Altos.				

FIRES CONTAINED TO ROOM OF ORIGIN

 Goal	Arrive at the scene of emergencies safely and in a timely manner within the department's targeted response times.				
Objective	Fire response time will be within 8 minutes 90 percent of the time.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of fires contained to the room or area of origin	44%	53%	90%	90%	90%
Description	This measure tracks the percentage of fires that are contained to the room of origin.				
Purpose	Containing a fire to the room of origin limits damage and spread of the fire.				
Status	In Fiscal Year 2014, the Department limited 53% of fires to the room of origin which was short of its goal of 90 percent.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of fire calls for service	150	150	150	125	150
Number of medical/rescue calls for service	4,712	4,757	4,800	4,800	4,800
Number of all other calls for service	2,402	2,922	2,900	2,900	2,900
Total number of calls for service	7,904	7,829	7,850	7,850	7,850
Number of ambulance transports	3,523	3,648	3,600	3,650	3,650
Fire calls average response time	6:31	6:01	5:30	6:00	6:00
Medical/rescue calls average response time	5:35	5:42	5:30	6:00	6:00

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Administration	1,901,902	1,945,134	1,161,574	1,370,596	209,022	18.0%
Emergency Response	22,533,446	23,311,464	24,216,840	23,490,538	(726,302)	(3.0)%
Environmental Safety Management	1,694,369	1,733,252	364,487	268,617	(95,870)	(26.3)%
Records and Information Management	302,345	297,590	295,236	404,459	109,223	37.0%
Training and Personnel	834,679	907,407	1,012,495	997,470	(15,026)	(1.5)%
Total	27,266,741	28,194,847	27,050,633	26,531,679	(518,953)	(1.9)%

Dollars by Category						
Salary & Benefits						
Healthcare	1,958,621	2,027,932	2,181,629	2,055,608	(126,021)	(5.8)%
Other Benefits	603,032	327,002	272,543	275,716	3,173	1.2%
Overtime	1,811,754	2,561,323	1,424,414	1,382,714	(41,700)	(2.9)%
Pension	3,617,579	4,017,288	4,603,260	4,295,773	(307,487)	(6.7)%
Retiree Medical	2,329,959	2,221,868	2,287,736	2,380,926	93,190	4.1%
Salary	12,023,072	11,786,410	11,356,931	10,830,552	(526,379)	(4.6)%
Workers' Compensation	1,090,288	1,081,608	1,197,217	914,825	(282,392)	(23.6)%
Total Salary & Benefits	23,434,305	24,023,431	23,323,729	22,136,114	(1,187,615)	(5.1)%
Allocated Charges	2,959,442	2,872,342	2,563,262	2,971,923	408,661	15.9%
Contract Services	291,489	534,692	376,325	591,325	215,000	57.1%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Facilities & Equipment	133,793	117,488	212,200	207,200	(5,000)	(2.4)%
General Expense	117,370	195,346	209,472	209,472	—	—%
Operating Transfers-Out	6,000	—	—	—	—	—%
Supplies & Material	324,341	451,548	365,645	415,645	50,000	13.7%
Total Dollars by Expense Category	27,266,740	28,194,847	27,050,633	26,531,679	(518,954)	(1.9)%

Revenues

Charges for Services	11,481,494	11,172,052	11,042,854	11,474,300	431,446	3.9%
Charges to Other Funds	251,017	192,398	161,322	161,322	—	—%
From Other Agencies	5,000	—	200,000	80,000	(120,000)	(60.0)%
Other Revenue	82,875	57,652	57,000	57,000	—	—%
Other Taxes and Fines	—	275	1,000	1,000	—	—%
Permits and Licenses	539,040	528,427	15,000	15,000	—	—%
Total Revenues	12,359,426	11,950,804	11,477,176	11,788,622	311,446	2.7%

Positions by Division

Administration	2.50	3.50	4.00	3.00	(1.00)	(25.00)%
Emergency Response	103.67	103.11	99.07	99.07	—	—%
Environmental Safety Management	8.81	9.66	0.48	0.48	—	—%
Records and Information Management	2.06	1.50	1.50	1.50	—	—%
Training and Personnel	3.27	3.00	3.00	3.00	—	—%
Total	120.31	120.77	108.05	107.05	(1.00)	(0.93)%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
40-Hour Training Battalion Chief	—	—	1.00	1.00	—	151,119
40-Hour Training Captain	1.00	1.00	—	1.00	1.00	117,686
Administrative Assistant	0.50	1.50	1.50	1.00	(0.50)	74,760
Administrative Associate II	4.00	3.00	2.00	2.00	—	131,330
Battalion Chief	3.00	3.00	3.00	3.00	—	454,524

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Business Analyst	0.40	0.80	0.80	0.80	—	91,019
Deputy Chief/Fire Marshal	0.84	0.84	—	—	—	—
Deputy Director Technical Services Division	0.20	0.20	0.20	0.20	—	35,874
Deputy Fire Chief	2.00	2.00	2.00	2.00	—	384,140
Emergency Med Services Director	1.00	1.00	1.00	1.00	—	139,064
Emergency Medical Services Data Specialist	1.00	1.00	1.00	1.00	—	70,398
Fire Apparatus Operator	30.00	30.00	30.00	30.00	—	2,950,107
Fire Captain	22.00	22.00	22.00	21.00	(1.00)	2,304,627
Fire Chief	1.00	1.00	1.00	1.00	—	202,518
Fire Fighter	41.00	41.00	40.00	40.00	—	3,692,969
Fire Inspector	4.00	4.00	—	—	—	—
Geographic Information System Specialist	1.00	0.50	0.50	0.50	—	50,197
Hazardous Materials Inspector	1.90	1.90	—	—	—	—
Police Chief	0.50	0.50	0.50	—	(0.50)	—
Public Safety Dispatcher-Lead	0.40	—	—	—	—	—
Senior Management Analyst	0.50	0.50	1.00	1.00	—	124,340
Sub-total: Full-Time Equivalent Positions	116.24	115.74	107.50	106.50	(1.00)	10,974,672
Temporary/Hourly	4.07	5.03	0.55	0.55	—	47,985
Total	120.31	120.77	108.05	107.05	(1.00)	11,022,657

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	108.05	27,050,633	11,477,176	15,573,457
Base Adjustments				
One-Time Prior Year Expenditures Deleted				
Emergency Fire Medical Equipment	—	(55,000)	—	(55,000)
Public Fire Education Staffing	(0.48)	(49,401)	—	(49,401)
Fire Service Deployment Model Study	—	(35,000)	—	(35,000)
One-Time Prior Year Expenditures	(0.48)	(139,401)	—	(139,401)

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	(888,923)	—	(888,923)
0.50 Administrative Assistant shifted to the Police Department	(0.50)	(73,611)	—	(73,611)
Overtime reallocation to Development Services	—	(41,700)	—	(41,700)
Foothill Fire Management Program	—	50,000	—	50,000
Stanford Emergency Fire Services Revenue Adjustment	—	—	364,153	(364,153)
Paramedic Services Revenue Adjustment	—	—	117,504	(117,504)
Ground Emergency Medical Transport Revenue Adjustment	—	—	(120,000)	120,000
General Liability Insurance Allocated Charges Adjustments	—	95,240	—	—
Information Technology Allocated Charges Adjustments	—	312,062	—	312,062
Print and Mail Allocated Charges Adjustments	—	(1,745)	—	(1,745)
Utilities Allocated Charges Adjustments	—	3,103	—	3,103
Adjustments to Costs of Ongoing Activities	(0.50)	(545,573)	361,657	(1,002,470)
Total FY 2016 Base Budget	107.07	26,365,659	11,838,833	14,431,586
Budget Adjustments				
1 Community Public Health Consultant and Public Fire Education Staffing	0.48	81,733	—	81,733
2 Regional Fire and Emergency Medical Services Efficiency Study	—	75,000	—	75,000
3 Automated External Defibrillators	—	50,000	—	50,000
4 Fire Station Furniture, Fixtures, and Equipment - Phase 1	—	50,000	—	50,000
5 New Ambulance Build-out and Equipment	—	30,000	—	30,000
6 International Fire Department Accreditation - Phase 1	—	25,000	—	25,000
7 Emergency Medical Equipment	—	20,000	—	20,000
8 Public Safety Administrative Staffing Reallocation	(0.50)	(165,713)	(50,211)	(115,502)
Total Budget Adjustments	(0.02)	166,020	(50,211)	216,231
Total FY 2016 Adopted Budget	107.05	26,531,679	11,788,622	14,647,817



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Community Public Health Consultant and Public Fire Education Staffing	0.48	81,733	0	81,733

This action funds a consultant to conduct a study to understand the health risk of the community members based on age, demographics, and utilization of emergency medical services among other statistics. In addition, the Public Fire Education staffing, that was added on a one-time basis in Fiscal Year 2014, will be continued ongoing. The position will coordinate with the consultant to provide data analysis for the City's leading emergency medical issues and how the Department can intervene to prevent an injury or emergency medical call from occurring. Once the study is complete, the staff person will be instrumental in implementing the study. (Ongoing Costs: \$31,733)

Performance Results



Higher levels of public education in the areas of fire safety and prevention, emergency preparedness, and health and safety will increase the community's ability to prevent fire and emergency incidents and increase the overall health of the community. This will lead to a reduced need for fire and emergency services, lowering City costs for these activities, and increasing the overall quality of life in the community.

2 Regional Fire and Emergency Medical Services Efficiency Study	0.00	75,000	0	75,000
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This action funds a study in conjunction with other local agencies, under the umbrella of the Santa Clara County Fire Chief's Association, to explore several different fire and emergency regional deployment models. Several areas that will be studied include: regionally consolidating fire, rescue, and emergency medical services; establishing a consolidated 9-1-1 call and emergency command center; and building out an integrated regional radio communications. In addition, cost studies on the revenue available from EMS services within Santa Clara County will be completed to assess a potential county-wide bid to manage other public safety operations such as the emergency medical ambulance system, joint hazardous materials teams, and large regional public events. (Ongoing Costs: \$0)

Performance Results



These studies seek to identify areas of new revenue and efficiency opportunities to reduce cost and improve service through a regional approach to providing Public Safety services.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
3 Automated External Defibrillators	0.00	50,000	0	50,000

This action will allow the City to purchase an additional 30 Automated External Defibrillators (AEDs) to increase the citywide coverage of the 78 AEDs that the City currently operates to 118. Of the current 78, 12 are used in Police patrol cars, 18 are deployed on Fire apparatus and ambulances, and 48 are located in various City facilities and parks. The new AEDs will mainly be deployed in City maintenance vehicles operated by the Public Works and Utilities Departments, pending discussion with the City's labor groups, as well as City parks. Additionally, there are other AEDs operated throughout the City by businesses and other institutions, and the PulsePoint mobile phone application displays the location of both the City and privately operated AEDs in Palo Alto. (Ongoing Costs: \$0)

Performance Results

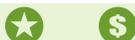


Additional AEDs throughout the City will allow for quicker response with the proper medical equipment in the event of life threatening cardiac arrest. This will also allow for better coverage at certain large City parks that currently only have one AED. To keep ongoing costs down, the new AEDs will be maintained and inspected under the existing maintenance contract with a local non-profit group that was established in the Fiscal Year 2015 Operating Budget.

4 Fire Station Furniture, Fixtures, and Equipment - Phase 1	0.00	50,000	0	50,000
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In Fiscal Year 2015, the Fire Department performed an assessment of the furniture, fixtures, and equipment (FF&E) at all seven fire stations. This study determined that the dorm and day room furniture along with the exercise equipment and the kitchen fixtures are at or beyond their useful life and need replacement. The total cost to replace the FF&E at all the stations is estimated around \$363,000. Therefore, the Department prioritized the replacement over a five year period, with dorm and day room furniture at all the stations considered the highest priority. In order to replace the most critical needs, the Department re-appropriated non-salary savings in Fiscal Year 2015 (\$48,000) to purchase the dorm furniture at all the stations and replace a broken oven at Fire Station 2. The \$50,000 in Fiscal Year 2016 will be used to replace the day room furniture at all the stations and finish updating the kitchen fixtures at Fire Station 2. Annually, the need for further replacement of aging equipment will be assessed and prioritized. (Ongoing Costs: \$0)

Performance Results



Replacement of the Fire Station FF&E will increase the quality of the Fire Stations and increase the morale of the Fire Department personnel who are stationed there. In addition, establishing a replacement schedule allows the Department to spread out the costs by prioritizing the purchase of the FF&E that is most critical. The exercise equipment and kitchen fixtures will be replaced in subsequent Fiscal Years in accordance with the replacement schedule and appropriation of funds through the annual budget process.

5 New Ambulance Build-out and Equipment	0.00	30,000	0	30,000
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In Fiscal Year 2015, the City's vehicle replacement committee approved the purchase of two new ambulances through the Vehicle Replacement Fund to increase the Fire Department's Emergency Medical Service (EMS) fleet to six ambulances and allow for four on duty ambulances and two reserve apparatus at all times, increasing the ability to respond to emergency calls and transport more emergency patients to the hospital. It takes approximately a year to build-out an ambulance, and the Vehicle Replacement Fund does not provide funding to outfit the ambulances with supplies, so this action provides funding to outfit them with EMS supplies such as medicine; medical supplies (syringes, gauze, gloves, etc.); life support monitoring devices; and equipment to secure and transport the patients (gurneys, stair chairs, etc.). Station placement of the ambulances will be determined after data analysis is done to determine the most efficient way to respond to EMS calls for service. No new EMS staffing will be needed to deploy the new ambulances, because they will be cross-staffed with the fire engine staff already assigned to the stations. (Ongoing Costs: \$0)

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
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Performance Results



This equipment is needed to have two new fully functioning ambulances that can respond to emergency medical calls and provide the medical services needed to treat patients. The new ambulances will also allow the City to respond to more medical calls within the City and collect the revenue associated with transporting patients to the hospital that is currently being collected by Santa Clara County. In Fiscal Year 2017, when the new ambulances are operational for an entire year, it is anticipated that the additional revenue generated through additional medical transports will offset the upfront cost to purchase the ambulances.

6 International Fire Department Accreditation - Phase 1	0.00	25,000	0	25,000
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This action provides funds for the Center for Public Safety Excellence (CPSE) Accreditation Program, administered by the Commission on Fire Accreditation International (CFAI), to perform a comprehensive self-assessment and evaluation model of the Palo Alto Fire Departments that will enable the Department to examine past, current, and future service levels as well as internal performance to compare to industry best practices. The accreditation process will take approximately three years to complete, with a target completion date of August 2018. Additional one-time funding requests for subsequent phases of the accreditation process will occur as part of the annual budget process for Fiscal Years 2017 and 2018, and the amounts will depend on the first year assessment done by CFAI. (Ongoing Costs: \$0)

Performance Results



Through the accreditation process, the Department will determine community risk and safety needs and develop community-specific Standards of Cover; and evaluate the performance of the Department in order to establish a method for achieving continuous organizational improvement.

7 Emergency Medical Equipment	0.00	20,000	0	20,000
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This action replaces the Department's inventory of four Stryker stair chairs that are seven years old and past the end of their estimated six year serviceable life. These chairs are used in the ambulances to carry patients when a gurney cannot accommodate a small space. The current chairs are missing parts and present an injury risk to both patients and Emergency EMS staff. (Ongoing Costs: \$0)

Performance Results



Replacement of these chairs will continue to reasonably prevent back injuries to EMS staff as well as increasing the patient's safety.

8 Public Safety Administrative Staffing Reallocation	-0.50	(165,713)	(50,211)	(115,502)
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During recruitment for a new Fire Chief, in Fiscal Year 2013, the Full-Time Equivalent (FTE) for the Police Chief was evenly split between the Police Department and the Fire Department to administratively oversee the combined Public Safety Department. The Fire Chief was hired in November 2012; however, the Police Chief remained split between Police and Fire under the combined Public Safety Department. This action reallocates the Police Chief position back to the Police Department and dissolves the combined Public Safety Department, so the Fiscal Year 2016 Adopted Budget displays the Fire Department, the Police Department, and the Office of Emergency separately. As a result of this shift, 30.3 percent of the cost of the Police Chief position will no longer be reimbursed by Stanford University as part of the Fire Services agreement between the City and the University. (Ongoing Savings: \$0)

Performance Results

No changes to current service levels are anticipated as a result of this action.

HUMAN RESOURCES

Mission Statement



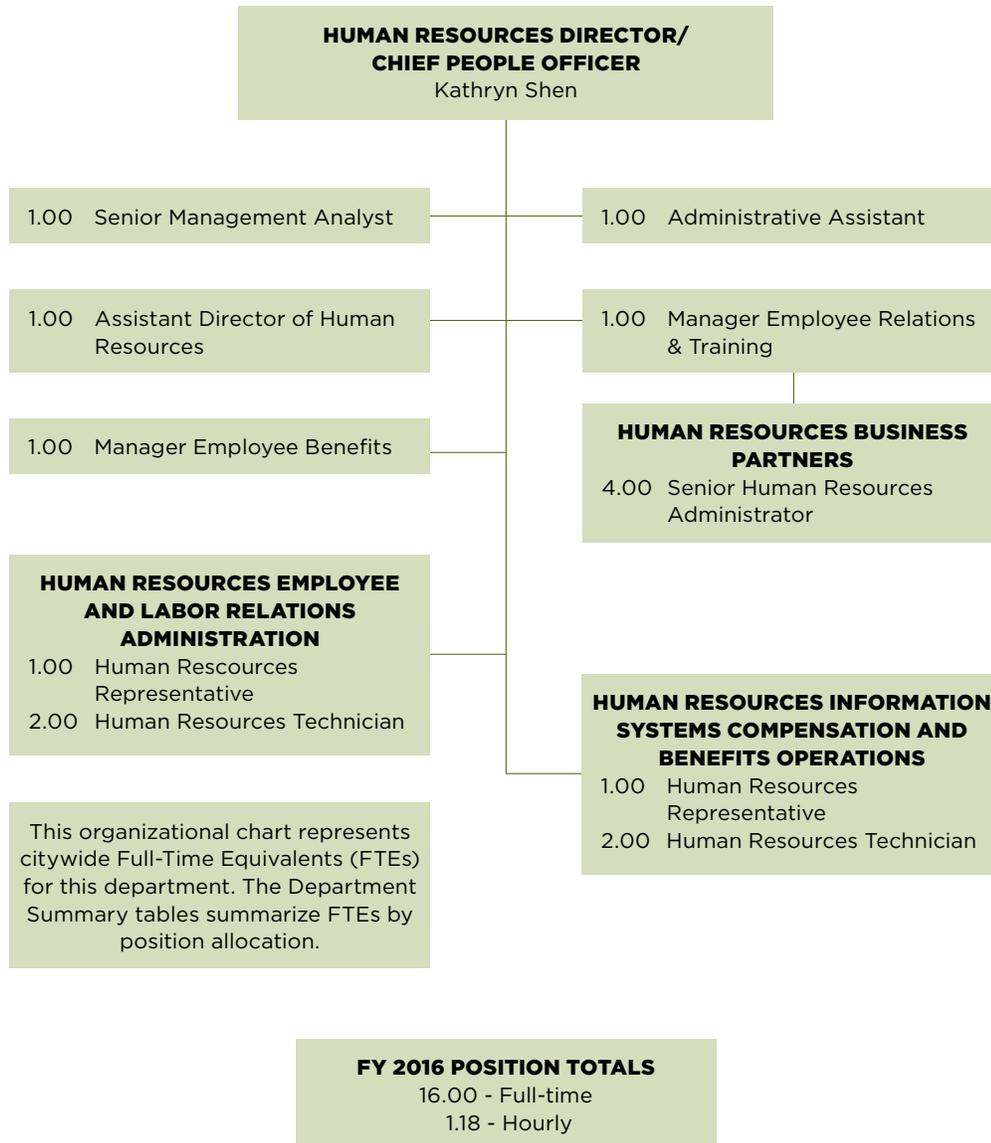
The Human Resources - People Strategy and Operations Department's mission is to recruit, develop, and retain a diverse, well-qualified, and professional workforce that reflects the high standards of the community we serve, and to lead City departments in positive employee relations, talent management, succession planning, and employee engagement.



Purpose

The purpose of Human Resources - People Strategy & Operations is to lead strategic planning to align employee skills, staffing, and productivity with City goals in order to deliver premier services to the residents of Palo Alto and to City staff; to support City departments and employees in achieving their key goals and objectives through dedicated Human Resources Business Partners; to provide a range of services to City employees, including new employee orientation, staffing and recruitment management, talent and skill development, performance assessment, and safety and wellness programs; and to deliver employee relations, compensation, job classification, risk management, and organization development services efficiently to City departments.

HUMAN RESOURCES



Description

People Strategy and Operations provides guidance to City departments in the following areas:

TOTAL COMPENSATION

Administer salary, health, pension, and other benefits.

EMPLOYEE AND LABOR RELATIONS

Provide guidance to City staff to enhance performance, create a positive work environment, and effectively resolve complaints, grievances and other problems.

ORGANIZATION AND EMPLOYEE DEVELOPMENT

Identify and implement training and development opportunities to enhance skills, innovation, and leadership of City staff members.

TALENT MANAGEMENT

Recruit, select, and onboard employees who have a passion for public service and the right knowledge, skills, and abilities to take on increasingly complex public service roles.

RISK MANAGEMENT, SAFETY, AND WORKERS COMPENSATION

Support workplace safety, reduce injuries, and actively manage risk and other potential liabilities.

Accomplishments

- Implemented audit program to ensure correct payroll processing and to review employee benefits enrollment
- Completed and implemented a total compensation study for the Management and Professional, the Service Employees International Union (SEIU), Palo Alto Peace Officers Association (PAPOA), International Association of Fire Fighters (IAFF), and the Utilities Management Professional Association Palo Alto (UMPAPA) groups
- Implemented Management Compensation Plan to include flat rate medical contribution and results of the total compensation study
- Implemented supervisor training using the ICMA (International City/County Management Association) Effective Supervisory Practices series and Crucial Conversations training through Vital Smarts, Inc.
- Successfully coordinated regional internship program with 21 participants
- Developed a total compensation statement for City staff that included previous years data for comparison and a link to share this information with their family members
- Implemented the Ethics policy and created an intranet site

HUMAN RESOURCES

- Recruited 109 positions for the City of Palo Alto including two (2) Assistant City Managers, Community Services Director, City Clerk, and Assistant Director of Planning and Community Environment
- Attended four Bay Area recruitment career fairs to promote public sector employment at Foothill College, Stanford University, San Jose State University and a Diversity Fair focused on outreach to veterans
- Coordinated or conducted 74 training sessions City wide
- Implement quarterly review of all workers' compensation claims

Initiatives

DEPARTMENT EFFECTIVENESS

Achieve and maintain transactional excellence in benefits and salary administration

Create a customer service log using IT software that will track inquiries and responses

Categorize all contracts, scan and organize, establish on-call service contracts

TALENT MANAGEMENT

Reduce recruiting life cycle across department – target an 80 day cycle or better from requisition to hire

Implement NEOGOV Onboarding module in time for summer hires

Provide succession planning for each department, ensuring that all identified critical positions have a plan

ORGANIZATION AND EMPLOYEE DEVELOPMENT

Provide Human Resources information to each department with forums, publications and communications

Create and deploy a comprehensive learning plan for all City staff, supervisors and leadership

Provide anti-harassment and bullying, supervisory, Crucial Conversations and Project Management training

RISK MANAGEMENT, SAFETY AND WORKERS COMPENSATION

Move to electronic files for workers' compensation cases

Conduct a risk assessment throughout the City

Audit current administration of insurance and risk management programs for efficiencies

EMPLOYEE AND LABOR RELATIONS

Plan for and conduct bargaining with input from departments and in coordination with Office of Management and Budget and City Manager's Office for the Public Safety, Utilities Management Professional Association Palo Alto (UMPAPA), Service Employee's International Union (SEIU), and Management and Professional units

TOTAL COMPENSATION

Implement cloud based Compensation Navigator solution to allow Palo Alto to readily compare our total compensation systems to benchmark organizations

Create and communicate a Total Compensation Report for each City employee to enhance understanding of the City's value proposition in compensation and benefits

BENEFITS

Provide enhanced information for employees about their benefits and options

Create and deploy a retiree toolkit

Streamline leave of absence and FMLA administration

Create streamlined benefits/SAP interface

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Fund						
General Fund-Operating	2,854,522	3,128,986	3,263,678	3,554,007	290,330	8.9%
Liability Insurance	2,401,908	340,968	1,996,814	3,046,942	1,050,128	52.6%
Worker's Compensation	2,727,038	3,673,358	4,114,080	3,953,700	(160,380)	(3.9)%
Total	7,983,468	7,143,312	9,374,572	10,554,649	1,180,078	12.6%
Revenues						
Charges to Other Funds	3,807,185	2,215,980	3,008,163	4,111,102	1,102,939	36.7%
Other Revenue	3,381,031	3,756,280	4,084,500	3,608,500	(476,000)	(11.7)%
Return on Investments	527,201	495,826	504,800	513,100	8,300	1.6%
Total Revenues	7,715,418	6,468,086	7,597,463	8,232,702	635,239	8.4%
Positions by Fund						
General Fund-Operating	16.79	16.70	16.70	16.70	—	—%
Total	16.79	16.70	16.70	16.70	—	—%

GENERAL FUND

Goals and Objectives

GOAL 1

Implement a Comprehensive Talent Management Program that will enable the City to attract, develop, and retain a committed workforce.

Objectives:

- Develop a strategic staffing plan for each department that identifies key roles and successors.
- Invigorate the recruitment process to decrease time to fill and increase quality of hires.
- Reduce first year turnover with higher quality of hires and closer performance coaching.

GOAL 2

Enhance City culture of engagement and innovation.

Objectives:

- Ensure employee attendance rate is high.
- Enhance learning opportunities through a comprehensive employee development plan.
- Increase employee communication through all media, including an enhanced department website.
- Implement a Wellness Program with 20 percent employee participation.

GOAL 3

Implement improvements to the department's operational systems especially employment, leave, and benefit administration to ensure responsiveness and effectiveness of staff performance.

Objectives:

- Support Employee Benefits Manager to oversee benefit plan costs, processes and possible third party administration.
- Train recently hired Human Resources - People Strategy and Operations team members to meet customer needs and provide superior customer service.

Key Performance Measures

SUCCESSION PLANNING



Goal	Implement a comprehensive Talent Management Program that will enable the City to attract, develop, and retain a committed workforce.				
Objective	Develop a strategic staffing plan for each department that identifies key roles and a succession plan.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of key roles with succession plan in place	N/A	75%	75%	75%	95%
Description	This measure tracks the number of key senior management roles, defined as Division Manager, Assistant Director, and Director, and technical roles defined by each department director, that have a succession plan in place.				
Purpose	Succession planning is a focused process for keeping talent in the pipeline. The age demographics of the workplace lead the HR Department to expect a turnover of as much as half the staff over the next ten years, making succession planning imperative.				
Status	During Fiscal Year 2015, all departments were provided with the staffing tools to define succession plans for their key roles. In Fiscal Year 2016, Human Resources - People Strategy & Operations staff will work with departments to refresh existing succession plans and establish succession plans for any of the key roles that do not currently have one.				

RECRUITMENT



Goal	Implement a comprehensive Talent Management Program that will enable the City to attract, develop, and retain a committed workforce.				
Objective	Invigorate the recruitment process to decrease time to fill and increase quality of hires.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Days to fill a position	93	116	90	104	80
Description	This measure will provide the average number of days to fill a position from requisition approval until a hiring decision is made.				
Purpose	Recruiting is the bedrock of talent management and should be accomplished in a focused, timely manner to provide departments with quality candidates as expeditiously as possible. This measure aligns with the International City/County Management Association's (ICMA) human resource metrics and is a standard tool as defined in the Society of Human Resource Management.				
Status	The number of days increased in FY 2015 due to an overall 30% increase in the number of recruitments. The volume of recruitments, driven by voluntary retirements and career changes, demands a streamlined recruitment process. HR's Business Process Consultant is configuring NEOGOV to offer onboarding services and to link data directly to SAP. This will result in efficiencies in the hiring process and reduce the time to hire.				

HUMAN RESOURCES

EMPLOYEE ATTENDANCE

L Goal	Enhance City culture of employee engagement and innovation.				
Objective	Maintain high employee attendance rate.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Attendance	95.74%	94.70%	98.00%	95.10%	96.00%
Description	This measure will track the attendance of employees in terms of percentage of time present.				
Purpose	Attendance is a proxy metric for engagement and productivity. Absenteeism hinders City operations, and results in inefficiency when employees assume additional responsibilities because of unexpected absences. The Department of Labor benchmark for attendance is 96 percent, allowing for absenteeism rate of 4 percent. Under this standard, absenteeism is defined to include unscheduled time away from work (not including vacations or holidays and scheduled/approved Workers Compensation, ADA or FMLA leave).				
Status	The Fiscal Year 2014 actual attendance and Fiscal Year 2015 estimated attendance is lower than ideal, and may also indicate low performance in establishing departmental attendance expectations with follow up. HR will conduct managerial training in Fiscal Year 2016 to encourage better attendance oversight.				

TURNOVER

L Goal	Implement a comprehensive Talent Management Program that will enable the City to attract, develop, and retain a committed workforce.				
Objective	Reduce first year turnover.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Involuntary turnover of employees within first year	N/A	N/A	N/A	5.4%	5.0%
Voluntary turnover of employees within first year	N/A	N/A	N/A	9.1%	4.0%
Total turnover of employees within first year	8.0%	9.0%	1.0%	14.5%	9.0%
Description	This metric provides data to identify trends when there is turnover within the first year, including voluntary exits and involuntary failure to pass probation.				
Purpose	Employees who are qualified, are a good match for the organization and who are engaged, are not expected to leave the City within their first year. Voluntary turnover in that critical year indicates that the job is not satisfactory to the employee or that the employee is not qualified or engaged in the role. Involuntary turnover (failure to pass probation) indicates that the employee is not qualified for or not engaged in the role.				
Status	Total first year turnover has run between 8 to 10 percent over the past five years but spiked in Fiscal Year 2015. The HR Department hopes to reduce voluntary turnover through finding candidates who closely match both the technical and the people skills and abilities required for the job. Providing new employees with good management and coaching during their first year will improve retention. The first two performance measures in the table above are new for FY 2016.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Employee personnel transactions	N/A	3,014	2,750	3,558	3,650

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Administration, Employee Org Development and HR Systems	826,348	1,039,650	1,130,219	1,319,254	189,035	16.7%
Benefits and Compensation	441,861	546,889	465,899	484,875	18,976	4.1%
Employee and Labor Relations	832,107	863,757	931,079	981,725	50,646	5.4%
Recruitment	475,017	439,857	446,867	477,231	30,364	6.8%
Risk Mgmt, Safety, Workers' Compensation	279,190	238,833	289,613	290,921	1,308	0.5%
Total	2,854,522	3,128,986	3,263,678	3,554,007	290,330	8.9%

Dollars by Category						
Salary & Benefits						
Healthcare	244,249	217,517	273,164	255,850	(17,314)	(6.3)%
Other Benefits	95,416	78,007	89,650	90,785	1,135	1.3%
Overtime	817	1,176	3,912	—	(3,912)	(100.0)%
Pension	341,990	365,919	415,474	458,634	43,160	10.4%
Retiree Medical	201,999	186,650	174,472	205,000	30,528	17.5%
Salary	1,491,614	1,611,985	1,622,294	1,743,194	120,900	7.5%
Workers' Compensation	5,153	38,821	8,565	32,832	24,267	283.3%
Total Salary & Benefits	2,381,238	2,500,075	2,587,531	2,786,295	198,764	7.7%
Allocated Charges	201,259	124,082	134,769	168,334	33,565	24.9%
Contract Services	146,640	383,496	425,309	483,309	58,000	13.6%
Facilities & Equipment	2,666	2,680	4,150	4,150	—	—%
General Expense	59,727	60,329	49,349	49,349	—	—%
Rents & Leases	43,000	43,000	43,000	43,000	—	—%
Supplies & Material	19,992	15,323	19,570	19,570	—	—%
Total Dollars by Expense Category	2,854,522	3,128,986	3,263,678	3,554,007	290,330	8.9%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Revenues						
Charges to Other Funds	1,427,533	1,800,290	1,744,857	1,742,260	(2,597)	(0.1)%
Total Revenues	1,427,533	1,800,290	1,744,857	1,742,260	(2,597)	(0.1)%
Positions by Division						
Administration, Employee Org Development and HR Systems	4.79	4.65	4.65	4.99	0.34	7.31%
Benefits and Compensation	2.95	2.61	2.61	2.51	(0.10)	(3.83)%
Employee and Labor Relations	4.12	4.69	4.69	4.60	(0.09)	(1.92)%
Recruitment	2.36	3.01	3.01	3.00	(0.01)	(0.33)%
Risk Mgmt, Safety, Workers' Compensation	2.57	1.74	1.74	1.60	(0.14)	(8.05)%
Total	16.79	16.70	16.70	16.70	—	(0.00)%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Administrative Assistant	1.00	1.00	1.00	1.00	—	85,464
Assistant Director Human Resources	1.00	1.00	1.00	1.00	—	177,768
Director Human Resources/CPO	1.00	1.00	1.00	1.00	—	207,188
Human Resources Assistant	4.00	4.00	4.00	—	(4.00)	—
Human Resources Representative	3.00	2.00	2.00	2.00	—	156,482
Human Resources Technician	—	—	—	4.00	4.00	294,179
Manager Employee Benefits	—	1.00	1.00	1.00	—	117,374
Manager Employee Relations	1.00	1.00	1.00	1.00	—	147,508
Senior Human Resources Administrator	4.00	4.00	4.00	4.00	—	396,398
Senior Management Analyst	1.00	1.00	1.00	1.00	—	126,221
Sub-total: Full-Time Equivalent Positions	16.00	16.00	16.00	16.00	—	1,708,582
Temporary/Hourly	0.79	0.70	0.70	0.70	—	48,755
Total	16.79	16.70	16.70	16.70	—	1,757,337

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	16.70	3,263,678	1,744,857	1,618,821
Base Adjustments				
One-Time Prior Year Expenditures and Revenues Deleted				
People Strategy and Operations Data Analytics	—	(156,000)	—	(156,000)
Temporary Staffing Adjustment for Policies and Procedures Review	(0.12)	(13,319)	—	(13,319)
One-Time Prior Year Expenditures and Revenues	(0.12)	(169,319)	—	(169,319)
Base Adjustments				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	210,951	—	210,951
Temporary Staffing Adjustment	0.12	1,132	—	1,132
General Fund Administrative Cost Plan Adjustment	—	—	(2,597)	2,597
General Liability Insurance Allocated Charges Adjustment	—	8,963	—	8,963
Information Technology Allocated Charges Adjustment	—	22,972	—	—
Printing and Mailing Allocated Charges Adjustment	—	1,630	—	—
Adjustments to Costs of Ongoing Activities	0.12	245,648	(2,597)	223,643
Total FY 2016 Base Budget	16.70	3,340,007	1,742,260	1,673,145
Budget Adjustments				
1 Human Resources Data Analytics Consultant	—	214,000	—	214,000
2 Human Resources Assistant to Human Resources Technician Title Change	—	—	—	—
Total Budget Adjustments	—	214,000	—	214,000
Total FY 2016 Adopted Budget	16.70	3,554,007	1,742,260	1,887,145



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Human Resources Data Analytics Consultant	0.00	214,000	0	214,000

This action continues contractual services funding to the Human Resources Department on a one-time basis for further SAP training and alignment of SAP functionality with business practices. The City has a complex salary and benefits structure due to its agreements and compensation packages with 10 employee labor groups. Further, at this time, the City has three different tiers for pensions and various tiers for healthcare benefits for active and retired employees. In Fiscal Year 2015, the consultant will complete an assessment of the current processes to enter and update employee salary and benefit information, and conduct workshops to re-engineer these processes; evaluate and implement functional changes to allow more employee self-service; and design an overall Human Resources Information System (HRIS) Management strategy. In Fiscal Year 2016, this funding will allow the consultant to implement the HRIS Management strategy, continue to increase employee self-service functionality to focus on data entry review and data analysis as it relates to citywide salaries and benefits; and conduct additional workshops to update the current business practices. Further, it will allow the Department to integrate external systems such as NeoGov (hiring process system) and CalPERS online system with SAP, and initiate changes to the Manager self-service module to increase management oversight capabilities in SAP. (Ongoing Costs: \$0)

Performance Results



With the addition of this funding, it is expected that PSO can ensure that salaries and benefits are properly assigned to City employees based on data driven analysis. In addition, maintenance of salary and benefit data in SAP will be done in a more efficient manner, once the department streamlines current business practices through increased knowledge of SAP functionality and improved system configuration.

2 Human Resources Assistant to Human Resources Technician Title Change	0.00	0	0	0
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This action amends the Table of Organization by retitling the 4.0 Human Resources Assistant positions to Human Resources Technician positions to align the job classification title with other local jurisdictions. (Ongoing Costs: \$0)

Performance Results

No impacts to current service levels are anticipated as a result of this title change.

GENERAL LIABILITIES INSURANCE PROGRAM FUND

Description

The City's General Liability Program provides funding to cover flood, property, public employee actions, and various other insurance policies for City-owned equipment and machinery. The City is self-insured for the first \$1 million in losses per occurrence and participates in a Joint Powers Authority for coverage up to \$150 million per occurrence.

Accomplishments

- Secured higher limit of general liability insurance to protect City from potential claims.
- Investigated and initiated online driver training courses for City staff.
- Updated Department of Transportation Drug Testing policy.

Initiatives

- Continue partnership with City Attorney's Office by developing a quarterly monitoring process.
- Develop onsite driver training to target and decrease specific collision incidents.

Goals and Objectives

GOAL 1

Reduce liability exposure to the City.

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.

HUMAN RESOURCES

- Provide a proactive 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.
- Review claims with City Attorney office on a quarterly basis.

Key Performance Measures

CITY VEHICLE COLLISION LOSS

 Goal	Reduce liability exposure to the City.				
Objective	Reduce the number of claims related to City vehicle collision losses.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Annual number of claims related to City vehicle collision losses	12	12	7	18	15
Description	This measure will provide data to identify trends.				
Purpose	Analyzing claim trends will assist risk management staff in developing programs designed to reduce employee involved vehicle collisions.				
Status	The number of employee involved vehicle collisions has increased despite increased attendance in training programs and discussions with staff at department safety meetings. Additional training such as online and onsite training will be implemented targeting specific collisions.				

DEFENSIVE DRIVING TRAINING

 Goal	Reduce liability exposure to the City.				
Objective	Provide defensive driver training.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Attendance at mandatory and proactive defensive driver training	18	39	30	30	50
Description	This measure tracks the number of employees completing a proactive defensive driving class.				
Purpose	Providing supplemental training will increase knowledge and awareness about safe driving behavior in order to protect employee and public safety, in addition to preventing future claims against the City.				
Status	Attendance in defensive driving class has remained steady.				

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Category						
Contract Services	84,932	61,654	87,300	86,500	(800)	(0.9)%
General Expense	2,316,976	279,314	1,909,514	2,960,442	1,050,928	55.0%
Total Dollars by Expense Category	2,401,908	340,968	1,996,814	3,046,942	1,050,128	52.6%
Revenues						
Charges to Other Funds	2,379,652	415,690	1,263,306	2,368,842	1,105,536	87.5%
Other Revenue	542,548	516,796	540,000	40,000	(500,000)	(92.6)%
Return on Investments	123,049	107,980	84,300	133,900	49,600	58.8%
Total Revenues	3,045,249	1,040,466	1,887,606	2,542,742	655,136	34.7%

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Liabilities Insurance Program Fund
Prior Year Budget	—	1,996,814	1,887,606	109,208
Base Adjustments				
Adjustments to Costs of Ongoing Activities				
General Liability Insurance Claims Adjustments	—	1,116,400	605,536	510,864
Audit and Financial Services Adjustments	—	200	—	200
Umbrella Excess Liability Adjustments	—	(65,472)	—	(65,472)
Broker and Consultant Services Adjustments	—	(1,000)	—	(1,000)
Return on Investment Adjustments	—	—	49,600	(49,600)
Adjustments to Costs of Ongoing Activities	—	1,050,128	655,136	394,992
Total FY 2016 Adopted Budget	—	3,046,942	2,542,742	504,200

WORKERS' COMPENSATION FUND

Description

With the Workers' Compensation Fund, the Workers' Compensation Program is supported which provides wage and medical benefits for employees who sustain an injury or develop an occupational illness within the course and scope of employment.

Accomplishments

- Provided training to Public Safety managers to improve workers compensation claim documentation and monitoring.
- Provided training to People Strategy & Operations staff to assist Business Partners in managing and monitoring workers compensation claims.

Initiatives

- Lead New Employee Orientation to ensure employees understand safe work practices and injury prevention strategies.
- Support City departments at various bi-weekly or monthly safety meetings to foster a culture of safety.
- Conduct regular worksite inspections and safety audits to ensure compliance with policies and procedures.

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 costly lost time claims filed and days away from work.

Key Performance Measures

NUMBER OF CLAIMS



Goal	Minimize loss of productivity and disruption of services.				
Objective	Reduce the number of claims filed resulting in days away from work.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of City incident rate in comparison to California local government incident rate	65% below	77% below	73% below	67% below	60% below
Description	This measure compares the total City work related injury and illness claims experience with the total local California governments claims experience expressed in an incident rate as collected and calculated by the Bureau of Labor Statistics (BLS). BLS calculates the incident rate as the number of injuries and illnesses times (X) 200,000 divided by (/) employees worked. According to BLS, 200,000 represents the equivalent of 100 employees working 40 hours per week, 50 weeks per year and provides the standard base for the incidence rates. This measure provides information on a calendar year basis. Therefore, for Fiscal Year 2016, the estimated incident rate percentage above or below the California local government incident rate for calendar year 2015 is reported.				
Purpose	Effective workplace safety and loss control programs lessen the use of public funds for work related illness or injury. In addition to claims costs, the expense of paying overtime or hiring additional staff is mitigated.				
Status	In Calendar Year (CY) 2013, the last data set available from BLS, the City's incident rate continues to be lower compared to total rate for local California government, 7.5. The actual City incident rates are as follows: CY 2012 = 3.6 and in CY 2013 = 6.2. The City's estimated incident rates based on recent trends are as follows: CY 2014 = 5.8, CY 2015 = 5.0 and CY 2016 = 4.5. For this measure, it is assumed that the California local government incident rate will remain at 7.4. Once actual data is available from BLS, the City's percentage above or below the California local government incident rate will be updated.				

HUMAN RESOURCES

DOLLAR AMOUNT OF CLAIMS PAID

\$	Goal	Minimize loss of productivity and disruption of services.				
	Objective	Reduce the number of claims filed and program expense.				
		FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
	Total dollar amount of claims paid	\$1,468,630	\$2,787,480	\$2,500,000	\$2,700,000	\$2,500,000
	Description	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.				
	Purpose	Effective workplace safety and loss control programs lessen the use of public funds for work related illness or injury.				
	Status	In Fiscal Year 2014, the number of workers' compensation claims were higher than expected, and this trend is anticipated to continue into Fiscal Year 2015 due to more claims than anticipated in the Public Safety Department. Staff will review these trends with Public Safety in Fiscal Year 2016 to find solutions to lower the number of claims and the amount paid out for claims annually. FY15 adopted cost was based on preliminary data in 2014. The estimated payout for FY15 is now based on developing claims costs, however for FY16 we expect to decrease overall workers compensation costs by proactively targeting loss reduction measures with assistance of third party administrator.				

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Category						
Salary & Benefits						
Other Benefits	226,284	232,050	300,300	239,000	(61,300)	(20.4)%
Workers' Compensation	2,097,629	2,982,526	3,242,580	3,143,300	(99,280)	(3.1)%
Total Salary & Benefits	2,323,913	3,214,577	3,542,880	3,382,300	(160,580)	(4.5)%
Contract Services	4,750	4,750	4,800	5,000	200	4.2%
General Expense	398,376	454,032	566,400	566,400	—	—%
Total Dollars by Expense Category	2,727,038	3,673,359	4,114,080	3,953,700	(160,380)	(3.9)%
Revenues						
Other Revenue	2,838,483	3,239,484	3,544,500	3,568,500	24,000	0.7%
Return on Investments	404,152	387,846	420,500	379,200	(41,300)	(9.8)%
Total Revenues	3,242,636	3,627,331	3,965,000	3,947,700	(17,300)	(0.4)%

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Workers' Compensation Fund
Prior Year Budget	—	4,114,080	3,965,000	149,080
Base Adjustments				
Adjustments to Costs of Ongoing Activities				
Audit and Financial Services Adjustments	—	200	—	200
Workers' Compensation Insurance Claims Adjustments	—	(66,200)	24,000	(90,200)
Administrator Fees Adjustments	—	(61,300)	—	(61,300)
Workers' Compensation Assessment Adjustments	—	(33,080)	—	(33,080)
Return on Investment Adjustments	—	—	(41,300)	41,300
Adjustments to Costs of Ongoing Activities	—	(160,380)	(17,300)	(143,080)
Total FY 2016 Adopted Budget	—	3,953,700	3,947,700	6,000



CITY OF
**PALO
ALTO**

INFORMATION TECHNOLOGY

Mission Statement



The Information Technology Department's mission is to provide innovative technology solutions that support City departments in delivering quality services to our community.

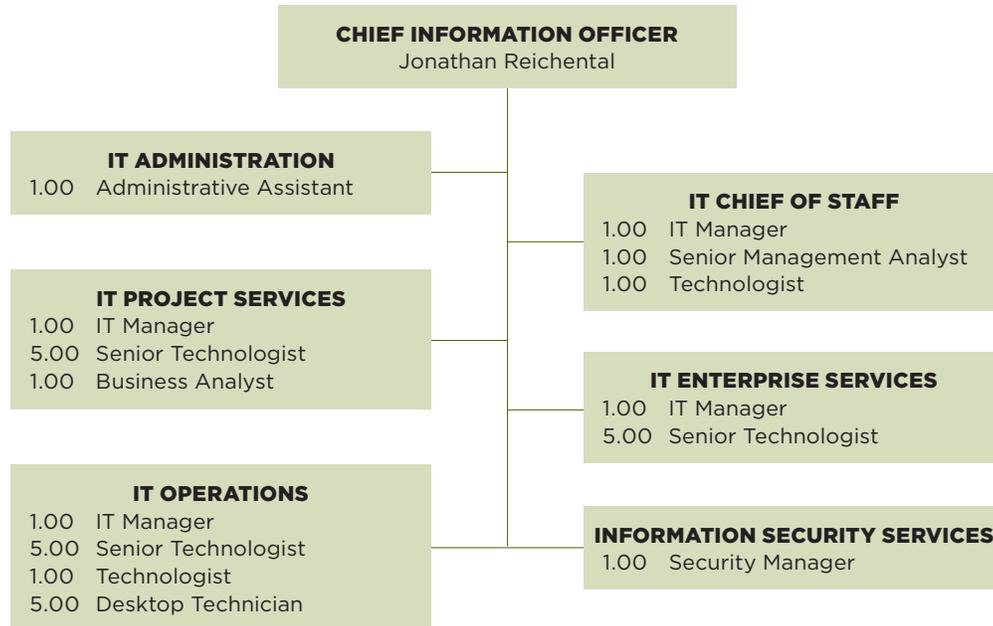
Purpose

The purpose of the Information Technology Department is to 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; to 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; to support and continuously improve essential technology infrastructure for enabling the day-to-day operations of the City; and to create and maintain an exciting workplace for the information technology department team that inspires high-performance and provides career growth opportunities.



INFORMATION TECHNOLOGY



FY 2016 POSITION TOTALS
 31.00 - Full-time
 1.48 - Hourly

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

Description

Information Technology's vision statement is, "to build and enable a leading smart and digital city." A digital city broadly adopts innovative Internet-based technologies to enable quality services and processes between city employees, citizens, visitors and businesses. Being smart means using these same digital city capabilities in an intelligent manner, with integrated technology and active citizen participation.

Beginning in Fiscal Year 2013, the Information Technology Department embarked 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 Information Technology Department provides a wide range of services for the City of Palo Alto through the following operational divisions:

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 is responsible for fostering mutually beneficial public-private, technology-related projects. The OCIO is also responsible for ensuring consistent quality across the Department, sound financial management and forecasting, as well as driving high-performance results.

IT PROJECT SERVICES

Provides customer-centric project management services to City departments for technology projects. Services include: business analysis, consultation, project management and project management training. Our focus is the delivery of business value to our customers.

IT OPERATIONS

Maintains and supports all deployed back-end and front-end City technologies including the process of retiring products and services. The team also ratifies standards working alongside other IT divisions. Services include service desk, communications, infrastructure support, server hosting, office automation software support, technical training and support, and asset management.

IT ENTERPRISE SERVICES

Responsible for maintaining a core set of large, shared enterprise-wide systems. The scale and nature of these systems, such as SAP and Geographic Information Systems (GIS), necessitate a focused approach. These services include all aspects of Enterprise Systems management such as planning, integration, administration, support, maintenance, governance and change management.

INFORMATION SECURITY SERVICES

Responsible for developing and implementing a citywide information security program that includes the preservation, availability, integrity, and confidentiality of City information resources. These services include development of security policies and procedures, risk management, security audits, and disaster recovery.

Accomplishments

- Awarded Leading Digital City by the Center for Digital Government - Palo Alto named 2nd top City in the category of population of 75,000 or less.
- e911 Implementation - Implemented e911 functionality to VoIP (Voice over IP) service to automatically provide emergency service personnel a 911 caller's call back number and location information at City facilities.
- Enterprise Asset Management System (EAMS) Assessment - Established a plan for implementing an EAMS to maintain an up-to-date inventory of the City's infrastructure, its catch-up and keep-up needs, and available funding.
- Enterprise Resource Planning (ERP) Evaluation - Performed an analysis of the City's current SAP environment, business processes and strategy; evaluated the ERP market place; and received a recommendation for the City's ERP needs.
- Fire Vehicle Technology Refresh - Replaced end of life Fire Mobile Data Computers (MDCs) and deployed new MDCs for the Fire personnel that report patient care information & inspections.
- Fleet Management System Upgrade - Migrated outdated system to a current hosted Fleet management system.
- Information Security Risk Assessment - Conducted an information security risk assessment for IT infrastructure, including assets, applications and network architecture.
- Library Technology Implementation - Implemented a number of state-of-the-art technologies to support the openings of the Mitchell Park Library and Community Center as well as the Rinconada Library.
- TeleStaff Upgrade - Upgraded TeleStaff, the automated Fire department scheduling and deployment software.
- Virtual Private Network (VPN) Upgrade - Implemented a new virtual private network solution for City staff. VPN enables staff with a laptop computer the convenience of access to specific City systems when not at a City location. Some advantages of this new solution,

which will replace our existing VPN software include: ease of use, robust security, and speedy connections.

- Zoll Fire RMS Hosted Solution Migration - Migrated existing Fire RMS system to a hosted solution.

Initiatives

The following initiatives will be worked on by the Information Technology Department in Fiscal Year 2016, but not necessarily completed in Fiscal Year 2016. As circumstances dictate, projects will be reprioritized or rescheduled as appropriate:

- ERP Planning and System Selection - Selecting a consulting firm to assist Palo Alto with RFP process for a new integrated government-oriented ERP system and best of breed Utilities billing system solution.
- Fire Station Phone and Police Department Network Upgrade.
- Cloud-based Communication and Productivity Suite Implementation - Move to an online-based communication & collaboration suite, which includes e-mail, calendaring, instant messaging, document storage, forms and workflows, and other communication tools.
- Council Chambers Equipment Replacement - Remove the old analog equipment and install a 100% digital system, including redundancy functionality.
- Data Center and Computer Cloud Backup Implementation - Research, select and implement an enterprise, cloud-based data center back-up solution to ensure the availability of data center data in the event that a recovery is necessary.
- Enterprise Asset Management System (EAMS) Implementation - Implement an EAMS to maintain an up-to-date inventory of the City's infrastructure, its catch-up and keep-up needs, and available funding.
- Internet Redundancy Implementation - Implement a redundant Internet connection in the event Internet services become unavailable.
- Enterprise Mobility Management (EMM) - Implement Mobile Device Management software to secure, monitor, manage and support mobile devices deployed.
- SharePoint Online Migration - Upgrade internal SharePoint Intranet and collaboration sites to SharePoint Online and migrate the content from all sites to the new version.
- Virtual Private Cloud Implementation - Implement a primary and redundant Storage Area Network (SAN) to establish a virtual private cloud.
- Service Management System Replacement - Migrate the City's existing technology work order management tool, Track-It, to a next generation cloud-based solution for Work Order management, Asset Management, License Management and CMDB (configuration management database) management.

- Electronic Signature Operationalization - Implement DocuSign's electronic signature citywide and train key departmental staff.
- Document Scanning and Retrieval System Implementation - Implement scanning and records retention cloud solution citywide to reduce paper storage space and to provide more efficient and quicker retrieval of information.

Goals and Objectives

GOAL 1

Design and implement high-priority digital capabilities for City staff, residents, visitors, and local businesses.

Objectives:

- Develop and “pilot” new services that will increase the community’s access to online self-services.
- Maintain a governance model and roadmap for mobile application deployment to ensure quality and valuable mobile capabilities are deployed to our community.
- Deploy and maintain platforms and processes for supporting best-in-class open and participative government to enrich our democracy.
- Maintain an ongoing program of civic innovation activities to be ahead of the curve in government technology and include broad participation from innovators in the public and private sectors.
- Execute the 3-year GIS strategy that will increase GIS capabilities and bring value to a larger number of stakeholders.

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, project risks, City goals, and available funds.
- Maintain and keep current an accurate 3-year IT roadmap.

GOAL 3

Standardize and enhance IT service delivery.

Objectives:

- Organize IT service delivery around the principles of the Information Technology Infrastructure Library (ITIL) in order to provide high quality, consistent, and efficient IT services.
- Establish and maintain division processes, staff responsibilities, and performance measures.
- Execute appropriate training for IT staff to support established processes.
- Determine a long-term staffing strategy.

- Maintain an actionable IT dashboard.
- Manage a program to provide a career path and learning opportunities for the City's technology staff.

GOAL 4

Upgrade and enhance technology infrastructure, communications systems, and information security capabilities.

Objectives:

- Upgrade our data center with emphasis on a “cloud-first” approach to lower cost and support needs.
- Decommission all unnecessary systems and rationalize core services with a focus on software-as-a-service.
- Maintain and improve the confidentiality, integrity, and availability of information across the City's system.
- Execute the 3-year information security strategy.
- Ensure a fully-tested disaster recovery and continuity program for a core set of City systems.

Key Performance Measures

PERCENTAGE OF SERVICE DESK REQUESTS RESOLVED AT TIME OF CALL

L	Goal	Track the overall time it takes to resolve service desk work orders.				
	Objective	Establish clear division processes, staff responsibilities and performance measures.				
		FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
	Percent of service desk requests resolved at time of call	31%	31%	34%	29%	31%
	Percent of service desk requests resolved within 4 hours	23%	21%	26%	23%	21%
	Percent of service desk requests resolved within 8 hours	5%	5%	9%	4%	5%
	Percent of service desk requests resolved within 5 days	25%	26%	26%	30%	26%
	Percent of service desk requests resolved beyond 5 days	16%	17%	5%	14%	17%
	Description	This measures tracks the time it takes to resolve service desk work orders.				
	Purpose	Ensuring that IT staff are resolving work orders in a timely manner provides a quantitative measurement of one of the important services the department provides.				
	Status	There has been minor fluctuation of actuals for help desk work order resolution times; however, with the implementation of self-service and cloud automation tools to address lower level Tier 1 requests, staff will be available to work on more complex work orders. This may result in higher first call resolution times.				

INFORMATION TECHNOLOGY

PERCENT OF SURVEY RESPONDENTS RATING THE SERVICES PROVIDED BY THE INFORMATION TECHNOLOGY DEPARTMENT AS EXCELLENT



Goal	Increase customer satisfaction on the services provided by the Information Technology Department.				
Objective	Establish clear division processes, staff responsibilities and performance measures.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of survey respondents rating the services provided by the Information Technology Department as excellent	87%	94%	90%	90%	90%
Description	This measure identifies the overall level of satisfaction internal customers have with telephone, network, application, and desktop support services.				
Purpose	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.				
Status	Ongoing outreach and customer relationship management is being employed to ensure high customer satisfaction. Programs such as "Customer Shadowing" have provided excellent feedback and relationship building. The survey for FY15 will be run in late May/early June of 2015.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
IT expenditure per workstation	\$4,548	\$4,491	\$3,999	\$4,491	\$4,500
Number of closed help desk requests	10,278	9,348	9,280	9,870	9,870
Number of Datasets Published on Open Data Platforms	N/A	N/A	N/A	72	72

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
CIP Technology Fund	3,328,875	2,004,619	489,890	5,160,457	4,670,567	953.4%
Enterprise Systems	1,854,241	2,557,969	2,696,304	3,226,423	530,120	19.7%
Office of the CIO	2,532,297	4,023,703	2,788,199	3,490,955	702,756	25.2%
Operations	3,763,321	4,614,178	6,956,827	6,782,891	(173,936)	(2.5)%
Project Services	1,721,299	1,062,758	1,069,481	1,820,892	751,410	70.3%
Total	13,200,033	14,263,227	14,000,701	20,481,618	6,480,917	46.3%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Category						
Salary & Benefits						
Healthcare	610,046	551,622	605,834	666,547	60,713	10.0%
Other Benefits	211,608	138,862	152,216	186,889	34,673	22.8%
Overtime	21,915	32,854	18,585	18,585	—	—%
Pension	781,422	785,667	922,705	1,102,084	179,379	19.4%
Retiree Medical	218,001	174,510	264,356	320,000	55,644	21.0%
Salary	3,699,278	3,299,889	3,716,426	4,322,391	605,965	16.3%
Workers' Compensation	6,146	6,165	20,063	5,214	(14,849)	(74.0)%
Total Salary & Benefits	5,548,415	4,989,570	5,700,184	6,621,709	921,525	16.2%
Allocated Charges	1,014,142	1,063,646	985,871	1,118,446	132,575	13.4%
Capital Improvement Program	3,326,695	2,004,040	445,000	5,160,457	4,715,457	1,059.6%
Contract Services	2,524,884	3,029,750	5,052,937	5,660,344	607,407	12.0%
Facilities & Equipment	(361,659)	552,080	860,286	874,693	14,407	1.7%
General Expense	469,422	511,121	530,480	544,480	14,000	2.6%
Operating Transfers-Out	606,000	1,276,638	53,895	53,895	—	—%
Rents & Leases	24,208	263,153	267,047	342,594	75,547	28.3%
Supplies & Material	47,928	73,894	105,000	105,000	—	—%
Transfer to Infrastructure	—	499,335	—	—	—	—%
Total Dollars by Expense Category	13,200,033	14,263,227	14,000,701	20,481,618	6,480,917	46.3%
Revenues						
Charges to Other Funds	13,497,018	11,245,988	11,624,649	13,253,289	1,628,640	14.0%
Operating Transfers-In	3,498,413	1,412,959	1,264,795	1,294,328	29,534	2.3%
Other Revenue	70,296	53,873	16,400	16,400	—	—%
Return on Investments	442,884	434,425	429,500	343,300	(86,200)	(20.1)%
Total Revenues	17,508,611	13,147,246	13,335,344	14,907,317	1,571,974	11.8%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Positions by Division						
Enterprise Systems	8.00	11.00	9.50	9.00	(0.50)	(5.26)%
Office of the CIO	5.20	4.10	6.10	8.10	2.00	32.79%
Operations	14.86	13.96	13.96	13.48	(0.48)	(3.44)%
Project Services	8.66	5.10	4.10	5.00	0.90	21.95%
Total	36.72	34.16	33.66	35.58	1.92	5.70%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Administrative Assistant	1.00	1.00	1.00	1.00	—	84,148
Assistant Director Administrative Services	0.20	0.10	0.10	—	(0.10)	—
Business Analyst	—	—	—	1.00	1.00	119,605
Desktop Technician	5.00	5.00	5.00	5.00	—	389,252
Director Administrative Services/ CFO	0.20	0.10	0.10	0.10	—	22,337
Director Information Technology/ CIO	1.00	1.00	1.00	1.00	—	207,299
Management Analyst	2.00	1.00	1.00	—	(1.00)	—
Manager Information Technology	4.00	4.00	4.00	4.00	—	561,326
Manager Information Technology Security	1.00	1.00	1.00	1.00	—	140,737
Principal Business Analyst	—	—	—	1.00	1.00	142,598
Principal Management Analyst	1.00	1.00	1.00	—	(1.00)	—
Senior Business Analyst	1.00	2.00	—	2.00	2.00	241,932
Senior Management Analyst	—	—	2.00	1.00	(1.00)	113,235
Senior Technologist	12.00	12.00	13.50	15.00	1.50	1,868,173
Technologist	3.00	4.00	2.00	2.00	—	209,207
Sub-total: Full-Time Equivalent Positions	31.40	32.20	31.70	34.10	2.40	4,099,849
Temporary/Hourly	5.32	1.96	1.96	1.48	(0.48)	78,246
Total	36.72	34.16	33.66	35.58	1.92	4,178,095

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Technology Fund
Prior Year Budget	33.66	14,000,701	13,335,344	665,357
Base Adjustments				
One-Time Prior Year Expenditures and Revenues Deleted				
Information Backup and Storage Solution Implementation Costs	—	(237,600)	—	(237,600)
Communication and Productivity Software Implementation Costs	—	(303,754)	—	(303,754)
Budget System Implementation Costs	—	(206,775)	—	(206,775)
Mobile Device Management Security Solution	—	(154,000)	—	(154,000)
Fire Vehicle Toughbooks and Accessories Implementation Costs	—	(83,000)	—	(83,000)
Geographic Information System Evaluation	—	(82,500)	—	(82,500)
Palo Alto 3-1-1 Implementation Costs	—	(30,000)	—	(30,000)
Temporary Staffing	(0.48)	—	—	—
One-Time Prior Year Expenditures and Revenues	(0.48)	(1,097,629)	—	(1,097,629)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	482,412	—	482,412
Capital Improvement Funding Adjustments	—	4,715,457	(7,000)	4,722,457
Application Replacement and Maintenance	—	288,561	—	288,561
Senior Technologist Reallocation from the Utilities Department	1.00	194,030	194,030	—
Business Analyst Reallocation from the Utilities Department	1.00	168,525	168,525	—
Contractual Temporary Staffing	—	150,000	—	150,000
Telecommunication Services	—	107,400	—	107,400
Infrastructure Replacement and Maintenance	—	76,569	—	76,569
Rental Expense Adjustment	—	75,547	—	75,547
Desktop Replacement and Maintenance	—	53,838	—	53,838
Enterprise Systems Service and Maintenance	—	49,593	—	49,593
Assistant Director of Administrative Services Department Reallocation to ASD	(0.10)	(26,631)	—	(26,631)
General Fund Administrative Cost Plan Allocated Charges Adjustments	—	136,034	—	136,034
General Liability Insurance Allocated Charges Adjustments	—	16,492	—	16,492

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Technology Fund
Printing and Mailing Allocated Charges Adjustment	—	(2,200)	—	(2,200)
Utilities Allocated Charges Adjustments	—	(17,868)	—	(17,868)
Vehicle Allocated Charges Adjustments	—	117	—	117
Charges to Other Funds - Information Technology Services	—	—	779,671	(779,671)
Information Technology Surcharge Revenue	—	—	36,533	(36,533)
Return on Investment Adjustments	—	—	(86,200)	86,200
Adjustments to Costs of Ongoing Activities	1.90	6,467,876	1,085,559	5,382,317
Total FY 2016 Base Budget	35.08	19,370,948	14,420,903	4,950,045
Budget Adjustments				
1 Council Chamber Recording Equipment	—	350,000	187,145	162,855
2 Enterprise Resource Planning System Selection	—	250,000	—	250,000
3 IT Service Management System	—	200,000	—	200,000
4 Public Safety Technology Systems Support	—	182,980	182,980	—
5 Geographic Information System Staffing Reallocation	0.50	97,015	97,015	—
6 Electronic Signature Application	—	24,500	13,100	11,400
7 Analytical Staffing Reclassification	—	6,174	6,174	—
Total Budget Adjustments	0.50	1,110,669	486,414	624,255
Total FY 2016 Adopted Budget	35.58	20,481,617	14,907,317	5,574,300



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Technology Fund
1 Council Chamber Recording Equipment	0.00	350,000	187,145	162,855

This action allocates funding from the Technology Surcharge Fee and other non-General Fund users to replace the current analog media and recording equipment in the Council Chambers with digital equipment. The current equipment is past its serviceable life and has not been under warranty since Fiscal Year 2013. In addition, the current system has no back-up or redundancy capability, so if it stops working the meetings will not be streamed to the public, they will not be recorded, and the general function of City Council meetings will be disrupted. (Ongoing Costs: \$75,000)

Performance Results



This solution will increase the quality and reliability of the media equipment in the Council Chambers. A digital system will also eliminate manual processes that are currently in place to operate and manage the analog system.

2 Enterprise Resource Planning System Selection	0.00	250,000	0	250,000
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This action allocates funding from the Information Technology Fund Reserve to select a consulting firm to assist the City with the Request for Proposal (RFP) process for a new integrated government-oriented Enterprise Resource Planning (ERP) system and best of breed Utilities billing system solution. After selecting the consultant, a robust thorough scope of work and requirements will be created and an RFP will be generated and posted to evaluate ERP systems and determine the best solution for the City. (Ongoing Costs: \$0)

Performance Results



Working with a consultant that has expertise in ERP Systems will allow the City to develop a tailored RFP to find a high quality system that will work for all of the different Departments within the City at the most cost effective price.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Technology Fund
3 IT Service Management System	0.00	200,000	0	200,000

This action allocates funding from the Information Technology Fund Reserve to migrate the City's existing technology work order management tool, Track-It, which is over 10 years old, to a next generation cloud-based solution that integrates Work Order Management and Asset Management, and will allow for mobile entry of work orders by all City staff. The current system, Track-It, is past its serviceable life and no longer supported by the vendor. (Ongoing Costs: \$40,000)

Performance Results



Implementing this new system will provide better efficiency and customer service to City Staff by allowing staff to submit and review work orders through email and text from any mobile device. Technicians will also be able to receive and update work orders via mobile devices, increasing service delivery and customer satisfaction. This system will also provide tracking and inventory management for IT assets, metrics, and reporting.

4 Public Safety Technology Systems Support	0.00	182,980	182,980	0
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This action provides funding for either a consultant or a Senior Technologist position to implement, manage, and maintain technology projects related to public safety. Staff is currently conducting an expedited needs assessment to determine if adding a new position is the most effective approach to meeting the public safety departments' information technology support needs, or if funding for a consultant will provide the same or better results. Funding equal to the annual cost of the Senior Technologist, \$183,000, is budgeted in the IT Department as a place holder for an additional position or possible contractual services, depending upon the outcome of the study. Staff intends to return to the City Council with a recommendation before the end of the calendar year. (Ongoing Costs: \$182,980)

Performance Results



The Police and Fire Departments and the Office of Emergency Services (OES) are increasingly reliant on technology to provide public safety services to the community. This funding will provide specialized technical resources to increase the quality and timeliness of managing and maintaining the public safety related applications, hardware, networks, and other systems.

5 Geographic Information System Staffing Reallocation	0.50	97,015	97,015	0
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As part of the Fiscal Year 2015 Adopted Budget, the City Council reallocated 0.50 Senior Technologist position in charge of maintaining the Geographic Information System (GIS) for the City from the Information Technology Department to the Development Services Department, under the assumption that the management of GIS functions would be taken over by Development Services. After assessing the work done by the position, it has been determined that Development Services will not take over GIS functions for the City, and this position should be fully budgeted in the IT Department. (Ongoing Costs: \$97,015)

Performance Results

No changes to current service levels are anticipated as a result of this action.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Technology Fund
6 Electronic Signature Application	0.00	24,500	13,100	11,400

This action allocates funding from the Technology Surcharge Fee and other non-General Fund users to expand the process for transmitting, signing, and finalizing contract documents electronically with vendors outside the City. Currently, this service is limited to Purchasing staff in the Administrative Services Department (ASD), while the rest of the City still sends physical contract documents to vendors to finalize a contract, which is a slow and error prone process. The expanded DocuSign application will transmit contract documents electronically for the entire City ensuring they arrive quickly and eliminating the need for paper based documents. The City Attorney's Office has approved the City's the ability to use electronic signatures in official documents assuming certain requirements are met. (Ongoing Costs: \$24,500)

Performance Results

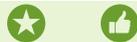


Expansion of DocuSign will increase the quality and speed that contracts are sent and received from outside vendors. In addition, the cost of staff time currently spent tracking down hard copy contracts and the monetary and environmental costs of printing the documents on paper will be reduced.

7 Analytical Staffing Reclassification	0.00	6,174	6,174	0
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This action reclassifies 1.0 Management Analyst position to 1.0 Senior Management Analyst position in the IT Department. The Management Analyst position is an entry level position that focuses on one division within the Department; however, the need for more holistic administration of the entire Department's overall contract and financial management is essential to ensuring critical contracts are processed in a timely manner and budgets are properly managed. This requires greater technical knowledge and management that more accurately correspond to the job functions of a Senior Management Analyst. (Ongoing Costs: \$6,174)

Performance Results



The higher level position will produce higher quality results throughout the IT Department as well as in increased level of customer service with other City Departments.



CITY OF
**PALO
ALTO**

LIBRARY

Mission Statement



The Library Department connects and strengthens our diverse community through knowledge, resources, and opportunities. We inspire and nurture innovation, discovery, and delight.

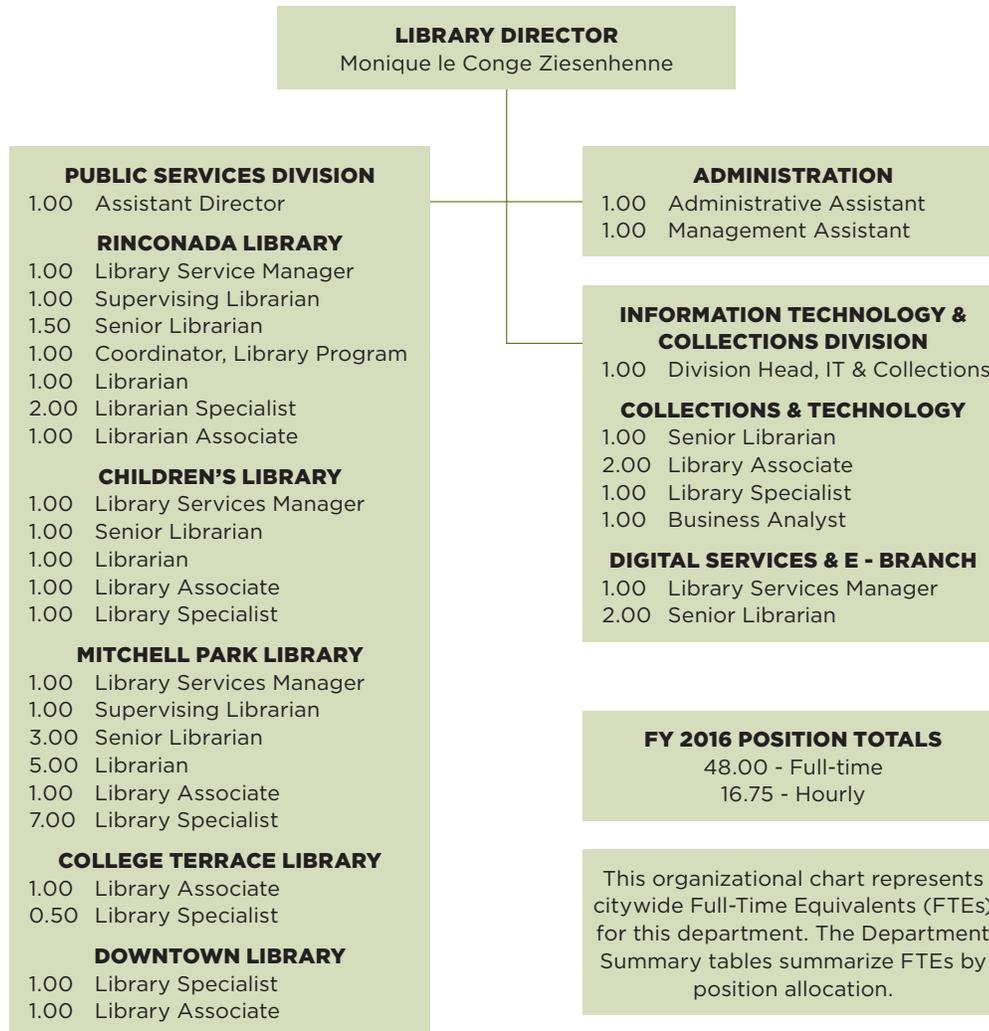
Purpose

The purpose of the Library Department is to provide exceptional, responsive public service to Palo Alto residents and employees; to promote exploration of library resources to support learning, recreation, and personal enrichment; to foster a love of reading, creative expression, and community engagement for all ages; and to develop library facilities, technology, and



staff to create a welcoming, inclusive environment in which to share valuable resources and skilled expertise.

LIBRARY



Description

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

PUBLIC SERVICES & 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.

INFORMATION, TECHNOLOGY, & COLLECTIONS

Provides opportunities for the public to access a variety of technologies, both inside and outside library facilities, including hardware devices, online databases, free WiFi, mobile applications, and experimental partnerships. Library collections include a diverse selection of print and non-print materials, as well as digital resources such as electronic books, magazines, and music, to meet the educational, informational, and recreational needs of its clientele, reflecting the variety of languages, cultures, and interests of our community.

BUILDINGS, SUPPORT, & ADMINISTRATION

Provides information, training, and support for City employees and the public, and ensures that all aspects of library services and policies are delivered with the highest degree of public stewardship in mind. By funding major facility improvements to three libraries through a dedicated library bond, as well as two additional renovation projects already completed. Palo Alto has modern libraries offering comfortable, inviting, and flexible spaces for everyone in our community to gather and learn.

Accomplishments

- The Mitchell Park Library opened November 6, 2014 with a grand opening December 6, 2014. The event was a success with 5,500 people attending, 4,214 items checked out, and 254 new library card registrations.
- The Rinconada Library was completed in early 2015. With 1,500 attending, the grand opening was held on February 14, 2015, following a soft opening at the end of January 2015.
- The strategic plan is now complete, with the addition of a work plan for 2015. Values were reviewed and goals were identified taking into consideration our customers' needs and use patterns revealed through data collected for the OrangeBoy market cluster study and Edge technology assessment, along with statistical data available on the City's Open Data site.
- The Urban Libraries Council recognized the Library Department as a Top Innovator with makeX: Teen Mobile Makerspace, a place where tools and space are available for teens to build, tinker, and use to encourage exploration of ideas.
- The library expanded online resources to include streaming video services, Hoopla and indieFlix, allowing library card holders to watch videos on their computer, smartphone and/

or tablet. Digitization of local historical newspapers began, making the collection available online to the community and the world. The Local Interest Collection is housed at Rinconada Library.

Initiatives

- Implementation of the Integrated Library System (ILS) to be completed in 2015.
- Building upon the success of makeX and the desire to incorporate more STEAM (Science, Technology, Engineering, Arts, Technology) learning opportunities with our partners, the Palo Alto Art Center and Palo Alto Unified School District (PAUSD), the library will offer a Maker+ Summer program; a multi-platform summer program to interested students in areas of tinkering, media, and the social impact of technology. The library was able to secure a grant to fund the Maker+Summer program for Summer 2015 from Pacific Library Partnership.
- Evaluate existing workflow with Automated Materials Handling (AMH) machines to be sure we are using tools (such as RFID-radio frequency identification) to their best capacity.
- Assist customers faster by making it easier to facilitate complicated referrals and reference questions through a catalogue of Library Department staff skills by sharing skills and abilities through the library intranet.

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.
- Develop an onboarding process for new library employees to ensure they are ready to serve Palo Alto.
- Review existing technologies and tools to ensure that staff are getting the best highest use of these products

GOAL 2

Develop and provide library services and programs supporting the 41 Developmental Assets for Adolescents Model.

Objectives:

- Offer targeted services such as Maker+ Summer Program, focusing on STEAM learning.
- 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

NUMBER OF BUSINESS DAYS FOR NEW MATERIALS TO BE AVAILABLE FOR CUSTOMER USE

L	Goal	Maintain a high rate of return on the City's investment in library materials and services.				
	Objective	Apply technology and lean business principles to increase work quality and efficiency.				
		FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
	Average number of business days for new materials to be available for customer use	4 days	2.5 days	2 days	2.5 days	2.5 days
	Description	This measure tracks how quickly the staff can acquire, prepare, and make new materials available for customers.				
	Purpose	Efficiently processing library materials reduces costs while meeting customer expectations and raising customer satisfaction levels.				
	Status	Items in English are available to customers within 24 hours after their arrival, while items in non-English are available within 4 days. This measurement results in an average 2.5 days for staff to prepare new collections for customer use. The average for regional libraries that track this performance measure is 7 days.				

NUMBER OF TEENS WHO PARTICIPATE IN THE LIBRARY'S PROGRAMS FOR TEENS, INCLUDING THE SUMMER READING PROGRAM

 Goal	Develop and provide library services and programs supporting the 41 Developmental Assets for Adolescents Model.				
Objective	Encourage adolescents between the ages of 12 and 18 to read for pleasure three or more hours a week (Developmental Asset #25).				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of teens who participate in the Library's programs for teens, including the Summer Reading Program	2,144	1,188	2,500	990	1,089
Description	This measure tracks the level of interest and participation in the library's recreational reading programs.				
Purpose	Adolescents who enjoy reading are more likely to grow up into healthy, caring, and responsible adults.				
Status	In Fiscal Year 2015 participation was down because the two largest branch libraries were closed. In Fiscal Year 2016, participation is expected to increase due to the opening of Mitchell Park and Rinconada libraries.				

TURNOVER RATE OF LIBRARY COLLECTIONS

 Goal	Position the library as a community destination for informational and recreational needs.				
Objective	High use of collections and facilities				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Collection Turnover	5.47 per year	3.77 per year	4.23 per year	2 per year	2 per year
Percent of surveyed residents rating the quality of library services as good or excellent	85%	81%	N/A	N/A	83%
Description	These measure track the average number of times an item is used in a given year as well resident opinion captured through data collected in the National Citizen Survey.				
Purpose	Indication of the quality of our collection and the level it meets the customer's needs in our community.				
Status	The number of checkouts per capita is among the top 2 of 46 public libraries with populations between 50,000-100,000, according to the California Library Statistics 2014, with 24 checkouts compared to a peer average of 8 checkouts. These measures varied as facilities closed for renovation and re-opened through Fiscal Year 2015. A full year of data gathering with all five branches open is expected to begin in Fiscal Year 2016. The National Citizen Survey measure of quality of library services is being added in Fiscal Year 2016.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Meeting room reservations	1,223	1,027	3,400	1,694	1,863
Checkouts of library materials	1,512,975	1,364,872	1,480,000	1,332,744	1,466,018
Number of visits to library branches	827,172	678,180	728,163	870,308	957,338
Number of virtual visits to the library	896,041	1,041,540	1,129,622	1,190,628	1,309,690

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Administration	972,865	883,901	696,788	592,312	(104,475)	(15.0)%
Collection and Technical Services	1,798,302	2,336,044	1,985,124	2,274,430	289,307	14.6%
Public Services	4,131,082	4,120,164	4,838,901	5,688,121	849,220	17.5%
Total	6,902,249	7,340,109	7,520,812	8,554,864	1,034,051	13.7%

Dollars by Category						
Salary & Benefits						
Healthcare	733,413	765,426	751,716	968,420	216,705	28.8%
Other Benefits	169,446	118,164	109,125	121,673	12,549	11.5%
Overtime	43,562	35,780	68,783	68,783	—	—%
Pension	586,759	673,223	815,962	941,472	125,509	15.4%
Retiree Medical	458,001	412,842	441,876	466,000	24,124	5.5%
Salary	3,171,048	3,246,616	3,620,618	4,120,962	500,345	13.8%
Workers' Compensation	16,320	5,944	26,351	5,037	(21,314)	(80.9)%
Total Salary & Benefits	5,178,548	5,257,995	5,834,430	6,692,347	857,917	14.7%
Allocated Charges	837,944	665,188	635,314	586,451	(48,864)	(7.7)%
Contract Services	175,907	295,659	252,430	338,580	86,150	34.1%
Facilities & Equipment	10,004	6,860	33,392	46,092	12,700	38.0%
General Expense	60,188	97,609	62,730	66,780	4,050	6.5%
Rents & Leases	684	—	500	500	—	—%
Supplies & Material	638,974	1,016,798	702,016	824,114	122,098	17.4%
Total Dollars by Expense Category	6,902,249	7,340,109	7,520,812	8,554,864	1,034,051	13.7%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Revenues						
Charges for Services	21,401	18,273	21,850	21,850	—	—%
From Other Agencies	4,984	72,500	7,000	7,000	—	—%
Other Revenue	24,477	511,414	17,100	17,100	—	—%
Other Taxes and Fines	169,055	153,511	198,800	198,800	—	—%
Total Revenues	219,917	755,697	244,750	244,750	—	—%
Positions by Division						
Administration	0.40	0.40	0.40	0.40	—	—%
Collection and Technical Services	9.85	10.85	10.80	11.64	0.84	7.78%
Public Services	48.20	45.27	48.27	52.71	4.44	9.20%
Total	58.45	56.52	59.47	64.75	5.28	8.88%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Administrative Assistant	1.00	1.00	1.00	1.00	—	87,151
Assistant Director Library Services	1.00	1.00	1.00	1.00	—	123,363
Business Analyst	1.00	1.00	1.00	1.00	—	119,605
Coordinator Library Programs	1.00	1.00	1.00	1.00	—	83,146
Director Libraries	1.00	1.00	1.00	1.00	—	186,853
Division Head Library Services	1.00	1.00	1.00	1.00	—	118,456
Librarian	5.00	5.00	6.70	7.00	0.30	437,288
Library Assistant	5.50	5.50	4.50	—	(4.50)	—
Library Associate	5.00	5.00	7.00	7.00	—	425,887
Library Specialist	7.00	7.00	7.00	12.50	5.50	690,699
Management Assistant	1.00	1.00	1.00	1.00	—	65,554
Manager Library Services	4.00	4.00	4.00	4.00	—	394,409
Senior Librarian	8.25	8.25	8.50	8.50	—	637,324
Supervising Librarian	—	—	—	2.00	2.00	137,640
Sub-total: Full-Time Equivalent Positions	41.75	41.75	44.70	48.00	3.30	3,507,375

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Temporary/Hourly	16.70	14.77	14.77	16.75	1.98	719,134
Total	58.45	56.52	59.47	64.75	5.28	4,226,509

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	59.47	7,520,812	244,750	7,276,062
Base Adjustments				
One-Time Prior Year Expenditures and Revenues				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	398,796	—	398,796
Cloud Storage For Collections Contractual Services Alignment	—	29,000	—	29,000
MakeX Program - Teen Services Program Reallocation from Community Services	0.48	28,000	—	28,000
Information Technology Allocated Charges Adjustment	—	(125,131)	—	(125,131)
Liability Insurance Allocated Charges Adjustment	—	21,561	—	21,561
Print & Mail Allocated Charges Adjustment	—	1,629	—	1,629
Utilities Allocated Charges Adjustment	—	53,076	—	53,076
Adjustments to Costs of Ongoing Activities	0.48	406,931	—	406,931
Total FY 2016 Base Budget	59.95	7,927,743	244,750	7,682,993
Budget Adjustments				
1 Library Opening Hours and Service Enhancements	4.80	522,840	—	522,840
2 Library Digital Services	—	100,000	—	100,000
3 Library Commission Travel and Training	—	2,250	—	2,250
4 Reclassify 4.5 FTE Library Assistants to 4.5 FTE Library Specialists	—	2,031	—	2,031
Total Budget Adjustments	4.80	627,121	—	627,121
Total FY 2016 Adopted Budget	64.75	8,554,864	244,750	8,310,114

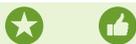


Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Library Opening Hours and Service Enhancements	4.80	522,840	0	522,840

This action increases Library operating hours by 32 hours or 14 percent per week, from 228 hours to 260 hours per week beginning mid-August 2015 coinciding with the start of the new school year. To support the increase in operations, this action increases Library department staffing by 4.80 FTEs from 59.47 FTEs to 64.27 FTEs. This action also provides additional contract funding for equipment maintenance at Rinconada Library; one-time and ongoing expenditure adjustments for office supplies and materials to support library operations; and funding for additional eBook readers. With the funding of additional Library hours, all Library branches throughout the City will open at 10:00 am (except for College Terrace Library which will remain closed Mondays, Wednesdays, and Sundays and the Downtown Library which will remain closed on Mondays and Sundays); expand weeknight (Monday through Thursday) operating hours at Mitchell Park and Rinconada Libraries from 8:00 pm to 9:00 pm; and double Sunday operating hours at Mitchell Park and Rinconada Libraries (from 1:00 pm - 5:00 pm to 10:00 am - 6:00 pm). The required staffing increase includes 2.0 Supervising Librarians, a 0.3 Librarian, a 1.0 Library Specialist, and 1.50 in hourly staffing (two 0.3 Librarian Hourly and three 0.3 Library Clerk Hourly positions). It is also important to note that additional staffing resources may be required in the future to further align staffing with service demands. Second, this action includes \$57,150 for equipment maintenance contracts at the newly remodeled Rinconada Library for six self-check machines, two security gates, and other equipment. Third, with the opening of the new Mitchell Park Library and the newly remodeled Rinconada Library, additional office supplies and materials are needed to ensure staff and the public have sufficient resources to serve library patrons. This action provides a one-time augmentation of \$15,000 and \$2,500 in ongoing funding to fulfill supply and material needs. Finally, this request provides \$14,500 in one-time funding for purchasing additional ten eBook readers, increasing from five to fifteen, to support additional outreach efforts and staff utilization for training. (Ongoing: \$503,340)

Performance Results



The increase in library hours and funding for equipment and supplies will provide Library patrons with additional opportunities to benefit from library services for educational, community, and personal enrichment. With the increase in operating hours, it is anticipated that attendance in recreational reading programs, annual library visits, as well as the number of library materials checked-out will increase. The equipment maintenance contract ensures that items are maintained in good working condition and provides periodic inspections along with routine maintenance on a scheduled or as needed basis.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
2 Library Digital Services	0.00	100,000	0	100,000

This action provides \$100,000 in ongoing funding to maintain digital subscriptions for various media and reference material consortiums including film, music, encyclopedias, books, and other online services. The utility of digital services allows Library patrons to access electronic resources at their convenience, regardless of whether a library is physically open. The digital services contracts were originally acquired through the use of donation funds from the Library Foundation. Because these funds have been exhausted, to maintain service levels, this action shifts a portion of the digital services contracts to the General Fund. It is anticipated that the Library Foundation will present the City with another donation in the amount of \$300,000 in June 2015. Approximately, \$87,000 in donation funds will be used to supplement the balance of digital services contracts. The Library reviews utilization of services on an annual basis and makes service decision based upon usage. It should be noted that as more materials become available digitally through the virtual library, staff anticipates that additional funding may be needed in the future to match the demand for digital services. (Ongoing: \$100,000)

Performance Results



This action provides 24/7 access to digital services for library patrons, enhances the library's collection, and provides access to different types of digital resources. In addition, the Library anticipates that as the collection expands, the number of visits to the virtual library will increase.

3 Library Commission Travel and Training	0.00	2,250	0	2,250
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The current budget for the Library Advisory Commission is \$250. This action provides \$2,250 in ongoing funding, for a total of \$2,500, to support regional training opportunities for the five-member Library Advisory Commission. Regional training opportunities are offered by the California Public Library Advocates, the California Library Association, and the American Library Association throughout the Bay Area. (Ongoing: \$2,250)

Performance Results



Providing the opportunity for Library Advisory Commissioner's to library-related conferences and events will increase the members' ability to advocate on behalf of the Library, allow them to suggest new opportunities for the Library regarding programs or technology, and improve their understanding of their role in supporting the Library.

4 Reclassify 4.5 FTE Library Assistants to 4.5 FTE Library Specialists	0.00	2,031	0	2,031
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This action reclassifies 4.5 Library Assistants to 4.5 Library Specialists to ensure a consistent staffing model across all five library branches. This model includes a Library Specialist position serving as one lead circulation staff member at each branch, whose duties include training and monitoring of work schedules for full-time and part-time employees, resolution and explanation of policies, monitoring and reporting facility needs. (Ongoing: \$2,031)

Performance Results



With these staffing reconfigurations, it is expected that the Library will be able to provide consistent high quality customer service at all locations.



CITY OF
**PALO
ALTO**

OFFICE OF EMERGENCY SERVICES

Mission Statement



The Office of Emergency Services mission is to prevent, prepare for and mitigate, respond to, and recover from all hazards.

Purpose

The Office of Emergency Services purpose is to develop, maintain, and sustain a city-wide, comprehensive, all hazard, risk-based emergency management program that engages the whole community.



EMERGENCY SERVICES DIRECTOR

Kenneth Dueker

- 1.00 Office of Emergency Services Coordinator
- 1.00 Program Assistant

FY 2016 POSITION TOTALS

3.00 - 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.

Description

The Office of Emergency Services develops, maintains, and sustains a citywide, comprehensive, all hazard, risk-based emergency management program that engages the whole community.

Accomplishments

- Completed several significant vehicle and systems upgrades, greatly improving the resilience and capabilities of the City.
- Completed a Threat and Hazard Identification and Risk Assessment (THIRA) which is an analysis of various threats to our community and infrastructure.
- Partnered to conduct joint planning, training, and response exercises and develop regional plans related to San Francisquito Creek.
- Conducted over 80 Emergency Services Volunteer and Public Safety Education sessions.
- Developed a series of community disaster exercises in conjunction with the Peninsula Preparedness Network.
- Assisted in the grant process to obtain funding to develop a regional Emergency Operations Plan (EOP) for the cities of Los Altos, Mountain View, Palo Alto, and Sunnyvale.
- Developed the North County Information Sharing and All Hazards Planning Group to facilitate information sharing and joint planning among various public safety agencies.
- Training & Exercises: Palo Alto OES conducted a full scale active shooter exercise at the Stanford Shopping Center, in addition to other training sessions at various locations, including the International School of the Peninsula, Palo Alto Child Care Center (PACCC), Palo Alto Housing Corporation (PAHC), Lytton Gardens, Lockheed Martin, and SAP. Also participated in UASI Urban Shield.

Initiatives

- Staff Development Program for EOC-Assigned Personnel: Consistent with our identified hazards in the Threat and Hazard Identification and Risk Assessment (THIRA) , OES will develop training, drills, and exercises to foster a team of staff from various departments who will stand ready to manage all hazards critical incidents.
- Implement an Adaptive Planning Model to create and revise emergency plans and protocols, including regional initiatives and public-private partnerships.

Goals and Objectives

GOAL 1

Promote operational readiness of the City to implement the emergency management cycle (mitigate, prepare, respond, recover).

Objectives:

- Execute a training and exercise plan for designated staff assigned to the EOC or MEOC
- Maintain emergency management facilities, critical infrastructure, and equipment fully mission capable
- Coordinate development of new technologies for emergency management
- Acquire grant funding of preparedness and response resources to improve capabilities

GOAL 2

Engage the whole community to prepare for all hazards.

Objectives:

- Administer the City Emergency Services Volunteer (ESV) program to provide a cadre of trained volunteer first responders
- Form business neighborhoods to promote continuity of business operations
- Outreach to the citizenry to encourage emergency preparedness

GOAL 3

Maintain policies and plans related to disasters, critical incidents and city safety.

Objectives:

- Lead a process to identify threats and hazards and to assess risks the City faces.
- Maintain awareness of threats through coordination with Law Enforcement agencies and other public safety partners.
- Participate in regional planning efforts.
- Revise the Emergency Operations Plan and associated supporting plans and annexes through an adaptive planning process.

Key Performance Measures

READINESS OF OFFICE OF EMERGENCY SERVICES (OES) RESOURCES



Goal	Promote operational readiness of the City to implement the emergency management cycle (mitigate, prepare, respond, recover).				
Objective	Maintain OES emergency management facilities, critical infrastructure, and equipment fully mission capable.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of Office of Emergency Services resources that are able to respond effectively to all hazards	95%	100%	90%	97%	95%
Description	OES must be able to implement response procedures to an all hazards threat matrix at any time. OES strives to maintain fully mission capable status so we are able to respond effectively to all hazards. However, given the specialized and discreet inventory of equipment, it is not feasible to maintain all systems to a 100 percent readiness standard. Therefore, OES will meet a 90 percent readiness rate, allowing some flexibility for unscheduled equipment maintenance during the year.				
Purpose	Critical resources will improve the City's ability to manage a response.				
Status	The MEOC was 100 percent fully mission capable in Fiscal Year 2014 and used for thirty-seven missions. The EOC is functioning as an information intelligence center hub and staffed during the day on a regular basis. Other assets, such as the MEOC Support Vehicle are also fully operational. Staff expects a small decline in readiness in FY 2015 due to the MEOC undergoing several technology refresh/upgrades during the fiscal year, such as a power system upgrade.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Grant contributions received	\$24,530	\$13,986	\$24,500	\$25,000	\$15,000
Number of presentations, training sessions, and exercises	51	184	50	80	75
Number of deployments of the Emergency Operations Center (EOC), Mobile Emergency Operations Center (MEOC), and Incident Command Post (ICP)	48	26	50	55	50

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Emergency Services	752,822	928,257	926,521	1,051,358	124,837	13.5%
Total	752,822	928,257	926,521	1,051,358	124,837	13.5%
Dollars by Category						
Salary & Benefits						
Healthcare	19,091	29,462	37,086	35,705	(1,382)	(3.7)%
Other Benefits	11,918	12,209	13,096	13,891	796	6.1%
Overtime	415	1,227	—	—	—	—%
Pension	48,928	70,203	76,736	84,894	8,158	10.6%
Retiree Medical	46,041	55,860	61,790	69,157	7,367	11.9%
Salary	245,450	304,799	333,694	356,729	23,035	6.9%
Workers' Compensation	3,724	4,585	5,220	3,879	(1,341)	(25.7)%
Total Salary & Benefits	375,567	478,345	527,621	564,254	36,633	6.9%
Allocated Charges	28,929	42,934	31,900	40,104	8,204	25.7%
Contract Services	168,371	209,934	150,000	230,000	80,000	53.3%
Facilities & Equipment	99,365	134,914	132,500	139,000	6,500	4.9%
General Expense	21,051	20,635	35,000	23,500	(11,500)	(32.9)%
Supplies & Material	59,539	41,495	49,500	54,500	5,000	10.1%
Total Dollars by Expense Category	752,822	928,257	926,521	1,051,358	124,837	13.5%
Revenues						
Charges to Other Funds	94,623	94,623	94,623	94,623	—	—%
From Other Agencies	—	—	—	40,000	40,000	—%
Other Revenue	47,413	—	—	—	—	—%
Total Revenues	142,036	94,623	94,623	134,623	40,000	42.3%
Positions by Division						
Emergency Services	3.48	3.48	3.48	3.48	—	—%
Total	3.48	3.48	3.48	3.48	—	—%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Director Office of Emergency Services	1.00	1.00	1.00	1.00	—	140,002
Office of Emergency Services Coordinator	1.00	1.00	1.00	1.00	—	115,298
Program Assistant	1.00	1.00	1.00	1.00	—	60,968
Sub-total: Full-Time Equivalent Positions	3.00	3.00	3.00	3.00	—	316,268
Temporary/Hourly	0.48	0.48	0.48	0.48	—	30,366
Total	3.48	3.48	3.48	3.48	—	346,634

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	3.48	926,521	94,623	831,898
Base Adjustments				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	36,633	—	36,633
General Liability Insurance Allocated Charges Adjustments	—	1,578	—	1,578
Print and Mail Allocated Charges Adjustment	—	6,626	—	6,626
Adjustments to Costs of Ongoing Activities	—	44,837	—	44,837
Total FY 2016 Base Budget	3.48	971,358	94,623	876,735
Budget Adjustments				
1 Safe Schools Mapping Project	—	80,000	40,000	40,000
Total Budget Adjustments	—	80,000	40,000	40,000
Total FY 2016 Adopted Budget	3.48	1,051,358	134,623	916,735

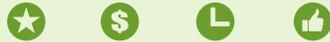


Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Safe Schools Mapping Project	0.00	80,000	40,000	40,000

This action will fund the development of a pilot-project, with an outside consultant, to provide detailed, web-accessible, site and floor plans for certain critical infrastructure around the City, which include educational, medical, and faith-based institutions. Initial efforts of this project will focus on the seventeen Palo Alto Unified School District (PAUSD) schools to create new web-accessible reference maps engineered to integrate with the real time mobile Computer Aided Dispatch system, in addition to the traditional paper publishing. On site surveys will locate and document safety features required for the Fire Department to develop pre-incident plans that improve the manner in which public safety resources respond to incidents at these sites. (Ongoing Costs: \$0)

Performance Results



The web-accessible plans will improve readiness and safety at the PAUSD facilities, primarily through the use of site-assessments and mapping of the target facilities. The PAUSD will fund half of the costs of the project. Successful results of this pilot-project will allow the Office of Emergency Services (OES) to complete a final build out of the system and export this process to other critical infrastructure sites around the City.

OFFICE OF SUSTAINABILITY

Mission Statement



The Office of Sustainability leads the organization, residents, and visitors in promoting a culture of environmental sustainability by developing, coordinating, and leading initiatives citywide, regionally, and through partnerships with the community.

Purpose



The purpose of the Office of Sustainability is to promote and facilitate an environmentally sustainable future in ways that improve quality of life, grow prosperity and build resilience, and provide leadership in the region and to other communities.

CHIEF SUSTAINABILITY OFFICER

Gil Friend

FY 2016 POSITION TOTALS

1.00 - Full-time

1.00 - Hourly

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

Description

The City's Office of Sustainability, led by the Chief Sustainability Officer, focuses on the following areas:

STRATEGIC PLANNING:

Create, update, and organize City department plans that enhance sustainability.

POLICY AND PROGRAM COORDINATION:

Work with City Council and City staff to design and implement policies and programs that advance the City's sustainability goals.

INTERGOVERNMENTAL RELATIONS:

Collaborate with international, federal, state, county, special districts, and other non-governmental organizations to leverage resources and advance these goals.

Accomplishments

- Launched Sustainability and Climate Action Plan, informed by community innovation meeting, ideas expo and external Advisory Board.
- Procured sustainability performance dashboard to streamline collection, analysis and reporting of key sustainability indicators.
- Reactivated employee "green team" to educate and lead staff in incorporating green practices to work life and embedded "default to green" in City procurement processes.
- Participated in multi-city collaborations on alternative mobility, smart cities, sustainable procurement and urban innovation.
- Conducted Study Sessions with City Council and Utilities Advisory Commission regarding the Sustainability and Climate Action Plan, shuttle program, and mobility as a service.

Initiatives

- Develop Sustainability and Climate Action Plan
- Implement sustainability performance dashboard.
- Develop and improve sustainability performance tracking systems.
- Pilot local and regional "mobility as a service" initiatives

Goals and Objectives

GOAL 1:

Establish bold, coherent and grounded direction, goals and plans

Objectives:

- Complete and adopt Sustainability and Climate Action Plan (S/CAP)
- Assess and refine policies to ensure alignment with City sustainability commitments
- Deploy sustainability performance dashboard, and use to educate and engagement internal and external stakeholders

GOAL 2:

Integrate sustainability policies and programs and practices into City operations and community actions.

Objectives:

- Upgrade existing ‘environmentally preferable purchasing’ (EPP) initiatives to ‘default to green’ wherever feasible.
- Assess and improve operations and processes.
- Review and implement ‘total cost of operations’ (TCO) and externality policies in CIP and operating budgets.

GOAL 3:

Foster experimentation, alliances and big leaps

Objectives:

- Develop electrification/fuel switching strategies, in response to Council directive
- Develop regional ‘mobility as a service’ (MaaS) initiatives
- Develop external funding resources for sustainability initiatives

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Sustainability	45,275	92,597	273,120	423,116	149,996	54.9%
Total	45,275	92,597	273,120	423,116	149,996	54.9%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Category						
Salary & Benefits						
Healthcare	146	5,834	22,436	19,152	(3,284)	(14.6)%
Other Benefits	2,574	1,560	4,824	6,842	2,019	41.8%
Pension	—	10,932	4,759	43,390	38,631	811.7%
Retiree Medical	10,234	—	6,572	7,307	735	11.2%
Salary	(11,856)	43,106	156,292	269,251	112,959	72.3%
Total Salary & Benefits	1,098	61,432	194,883	345,943	151,060	77.5%
Allocated Charges	1,803	210	1,737	673	(1,064)	(61.2)%
Contract Services	37,267	23,233	61,750	61,750	—	—%
General Expense	5,107	6,509	13,500	13,500	—	—%
Supplies & Material	—	1,214	1,250	1,250	—	—%
Total Dollars by Expense Category	45,275	92,597	273,120	423,116	149,996	54.9%
Revenues						
Charges to Other Funds	—	—	—	144,142	144,142	—%
Total Revenues	—	—	—	144,142	144,142	—%
Positions by Division						
Sustainability	0.50	0.50	1.00	2.00	1.00	100.00%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Assistant to the City Manager	0.50	—	—	—	—	—
Chief Sustainability Officer	—	0.50	0.50	1.00	0.50	159,124
Sub-total: Full-Time Equivalent Positions	0.50	0.50	0.50	1.00	0.50	159,124
Temporary/Hourly	—	—	0.50	1.00	0.50	104,000
Total	0.50	0.50	1.00	2.00	1.00	263,124

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	1.00	273,120	—	273,120
One Time Prior Year Expenditures Deleted				
Sustainability Temporary Staffing	(0.50)	(77,347)	—	(77,347)
One Time Prior Year Expenditures	(0.50)	(77,347)	—	(77,347)
Adjustments to Costs of Ongoing Activities				
Salaries and Benefits Adjustments	—	6,009	—	6,009
0.5 FTE Office of Sustainability Director reallocation from Administrative Services Department, City Manager's Office, Public Works Department, Utilities Department	0.50	116,890	—	116,890
General Liability Insurance Allocated Charges Adjustments	—	261	—	261
Print & Mail Allocated Charges Adjustments	—	(1,325)	—	(1,325)
General Fund Cost Plan Allocation Charges Adjustments	—	—	144,142	(144,142)
Adjustments to Costs of Ongoing Activities	0.50	121,835	144,142	123,160
Total FY 2016 Base Budget	1.00	317,608	144,142	318,933
Budget Adjustments				
1 Sustainability Office Continue Temporary Staffing	1.00	105,508	—	105,508
Total Budget Adjustments	1.00	105,508	—	105,508
Total FY 2016 Proposed Budget	2.00	423,116	144,142	424,441



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Sustainability Office Continue Temporary Staffing	1.00	105,508	0	105,508

This action continues one-time funding for an hourly Management Specialist position for the Office of Sustainability. The 1.0 Management Specialist position will be fully funded in within the Office of Sustainability in Fiscal Year 2016. This position will support the Chief Sustainability Officer with identifying and pursuing foundation, government and other funding for City sustainability initiatives; prioritizing and evaluating the progress and impacts of sustainability initiatives; and developing and executing the Climate Plan and other sustainability-related strategies. It is envisioned that, through receipt of grant funds, this position may be funded in subsequent fiscal years; however, if it is not self-sustaining, the position will be discontinued after Fiscal Year 2016. (Ongoing: \$0)

Performance Results



With the addition of this position, it is expected that the City will advance in its sustainability efforts throughout the organization and the community.



CITY OF
**PALO
ALTO**

PLANNING AND COMMUNITY ENVIRONMENT

Mission Statement



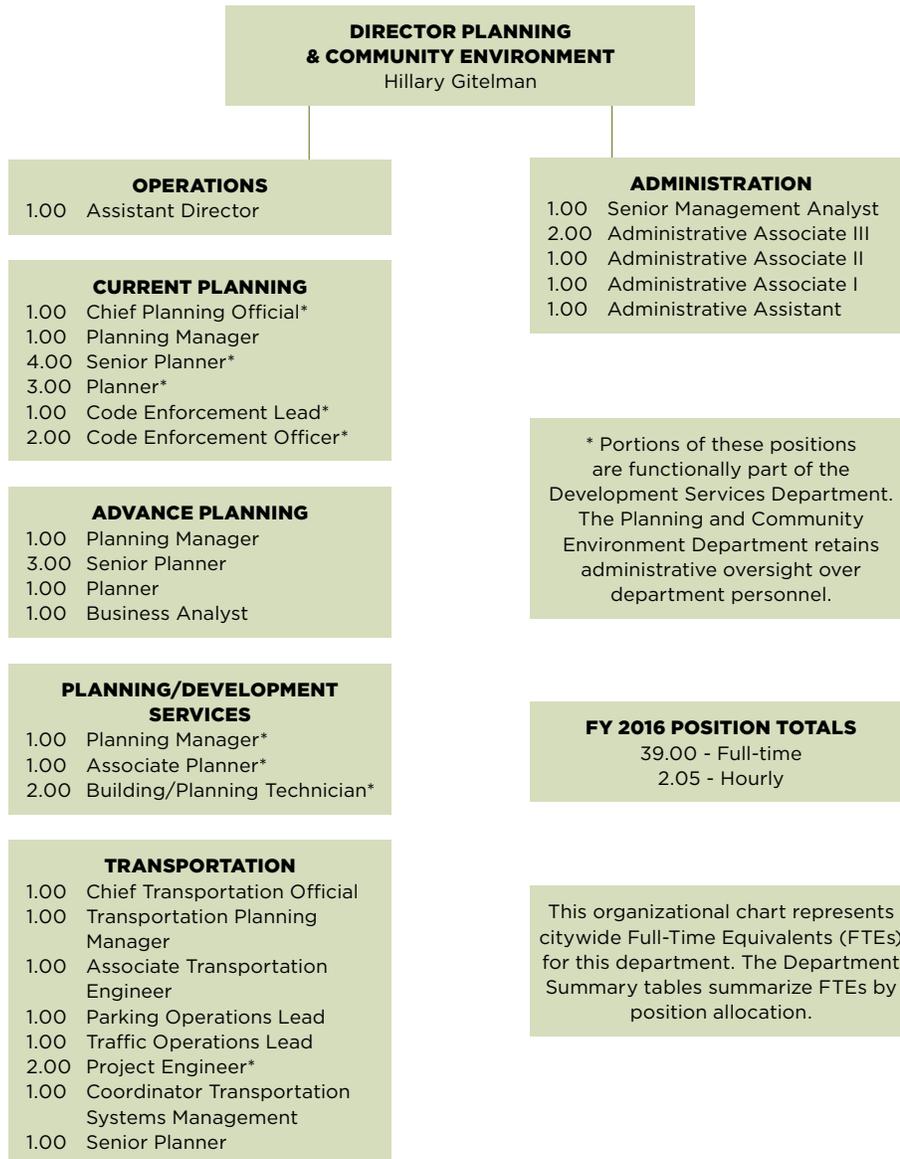
The mission of the Planning and Community Environment Department is to provide the City Council and the community with creative guidance on, and effective implementation of land use development, planning, transportation, housing and environmental policies, and plans and programs that maintain and enhance the City as a safe, vital, and attractive community.



Purpose

The Planning and Community Environment Department is responsible for a range of planning and implementation actions aimed at preserving and enhancing the quality of life in Palo Alto, ensuring wise transportation investments, and facilitating land use and development decisions through consistent and transparent processes.

PLANNING AND COMMUNITY ENVIRONMENT



Description

The Planning and Community Environment Department is responsible for the following functions:

ADVANCE PLANNING

This division is responsible for updating and maintaining the City's Comprehensive Plan, including its Housing Element. The division also prepares zoning ordinance amendments, site-specific plans, and is responsible for data and analysis to support a wide variety of planning projects.

TRANSPORTATION AND PARKING

This division is responsible for transportation planning and for the City's transportation infrastructure. The division also conducts traffic studies and is responsible for traffic engineering, transportation demand management initiatives, shuttle services, parking supply and management, and implementation of the City's Bicycle and Pedestrian Plan.

CURRENT PLANNING

This division is responsible for the review of public and private projects pursuant to the California Environmental Quality Act (CEQA), the City's Zoning Ordinance, and the Comprehensive Plan. Activities include the review of applications submitted for planning entitlements, review of applications for building permits submitted at the Development Center, and providing general information to the public regarding the City's zoning and Comprehensive Plan provisions.

CODE ENFORCEMENT

This division is responsible for enforcement of code requirements and conditions of approval.

ADMINISTRATION

This division provides personnel, contract, budget, and project management support for the department, Planning and Transportation Commission, Architectural Review Board, and Historic Resources Board.

Accomplishments

- Secured State certification of the 2015-2023 Housing Element Update following City Council adoption of the updated element.
- Established a citywide ordinance governing the establishment of a residential parking permit program as well as a two-phase approach for downtown neighborhoods.
- Initiated formation of a Transportation Management Association aimed at reducing traffic congestion and parking demand.
- Completed phase one of the Downtown Cap Study examining non-residential development in downtown since 1986.
- Conducted public workshops and other outreach to "reset" the Comprehensive Plan process.

PLANNING AND COMMUNITY ENVIRONMENT

- Initiated community outreach and concept development for two-dozen projects that will implement priority segments of the City's Bicycle and Pedestrian Plan.
- Initiated a \$2 million upgrade of the City's traffic signal system to enhance the system's reliability and functionality.
- Completed an estimated 174 planning applications in six months (July 1, 2014 through December 31, 2014) including individual review permits, Architectural Review Board reviews, use permits, and more.
- Reviewed an estimated 891 building permit applications in six months (July 1, 2014 through December 31, 2014) for compliance with zoning standards and conditions of approval.

Initiatives

- Make significant progress on the Comprehensive Plan Update, including community work sessions and publication of a draft EIR and fiscal study.
- Undertake zoning revisions prioritized by the City Council such as revisions aimed at preserving ground floor retail uses.
- Implement Phase One of the Residential Parking Permit program in downtown neighborhoods and begin Phase Two. Phase One will sell unlimited permits to downtown employees during a six month period and collect data on employee use and parking occupancy. Resident permits will be free during this phase.
- Replace and enhance parking signage to help drivers locate parking downtown.
- Support planning and design of publicly financed parking structure(s) downtown and in the California Avenue area .
- Design parking guidance systems and access/revenue controls for downtown parking structures.
- Work with the Transportation Management Association Steering Committee, charged with managing Transportation Demand Management (TDM) and transit programs on a long term basis. Focus on data collection and program development, including implementation of pilot projects.
- Implement needed reforms of the PC zoning process for City Council consideration.
- Complete concept plan line studies and seek authorization to proceed with 23 bicycle projects, aimed at implementing the 2012 Bicycle and Pedestrian Plan.
- Complete implementation of a \$2 million traffic signal upgrade project aimed at improving reliability and functionality of the system.
- Complete a nexus study and update the City's housing impact fees.
- Complete a transportation nexus study to evaluate the ability to charge new developments additional fees for needed transportation investments.
- Undertake a peer review of the Individual Review process.

Goals and Objectives

GOAL 1

Provide excellent customer service and ensure transparency and fairness in the application of the City's zoning standards, guidelines, and procedures.

Objectives:

- Review building permit applications for zoning compliance within 30 days of application intake.
- Ensure that the Individual Review (IR) guidelines are applied consistently and that the basis if all required findings are explained.
- Increase the amount of planning and transportation data immediately available to the public on the department website.

GOAL 2

Deliver ongoing programs that improve people's lives, including code enforcement, housing, historic preservation, community block grant, and transportation and parking programs.

Objectives:

- Continue the City's significant commitment to Safe Routes to School.
- Manage the City's Community Development Block Grant (CDBG) and Below Market Rate (BMR) housing programs.
- Respond to citizen complaints and effectively abate zoning and building code violations.

GOAL 3

Design and implement programs that encourage transportation alternatives to single occupancy vehicle trips and improve traffic flow and parking availability.

Objectives:

- Implement residential parking programs downtown.
- Operate a shuttle system and support a Transportation Management Association dedicated to decreasing the use of single occupant vehicles.
- Respond to work order requests related to parking and traffic and oversee operation of the City's transportation infrastructure.

Key Performance Measures

LAND USE, PLANNING, AND ZONING



Goal	Provide excellent customer service and ensure transparency and fairness in the application of the City's zoning standards, guidelines, and procedures.				
Objective	Invest in community engagement and improve residents' opinion of land use, planning, and zoning in Palo Alto.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of surveyed residents rating the quality of land use, planning, and zoning in Palo Alto as good or excellent	36%	43%	40%	40%	40%
Description	This measure tracks residents' opinions through data collected in the National Citizen Survey.				
Purpose	This measure can be used to measure changes in satisfaction as investments are made.				
Status	The City of Palo Alto is currently undertaking a Comprehensive Plan Amendment to update the document and extend the horizon year into the future. The process involves a significant investment in community engagement related to base conditions and growth projections, policies and programs related to land use, transportation, and growth management.				

INDIVIDUAL REVIEW AND BUILDING PLAN CHECKS

	Goal	Increase the public's trust in the City's planning functions, reaffirming the role of the Comprehensive Plan as the City's fundamental land use and transportation policy document, maintaining transparency and objectivity, and providing ample data and a reasonable basis for recommendations.				
	Objective	Improve the review times for Individual Review (IR) applications and building permit applications.				
		FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
	Percent of Individual Review (IR) applications completed within 90 days of submission of complete application	N/A	44%	85%	44%	60%
	Percent of Planning Review of building plan checks completed within 30 days of application intake	N/A	87%	100%	87%	95%
	Description	These measures track the amount of IRs and building plan checks completed within an expected time frame and assures applications of good quality and responsiveness to applicants.				
	Purpose	The Single-Family Individual Review process was established by Palo Alto Municipal Code (PAMC) 18.12.110 to preserve the character of Palo Alto neighborhoods by placing specific requirements relating to streetscape, massing, and privacy of new two-story homes and upper story additions within the R-1 zoning district. Planning review of building plan checks ensure compliance with land use and development standards.				
	Status	These measures were not tracked in years prior to Fiscal Year 2014. The ambitious Fiscal Year 2015 goal has been modified for Fiscal Year 2016 to more closely reflect actual experience and expectation.				

CODE ENFORCEMENT

	Goal	Deliver ongoing programs that improve people's lives, including code enforcement, housing, historic preservation, community block grant, and transportation and parking programs.				
	Objective	Respond to citizen complaints and effectively abate zoning and building code violations.				
		FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
	Percent of surveyed residents rating the quality of code enforcement as good or excellent	57%	62%	60%	60%	65%
	Description	This measure tracks residents' opinions through data collected in the National Citizen Survey.				
	Purpose	This measure can be used to measure changes in satisfaction as service enhancements to the code enforcement function are implemented.				
	Status	The department is requesting additional resources for code enforcement in Fiscal Year 2016 to increase capacity for code enforcement activities.				

PLANNING AND COMMUNITY ENVIRONMENT

TRANSPORTATION AND PARKING



Goal	Design and implement programs that encourage transportation alternatives to single occupancy vehicle trips and improve traffic flow and parking availability.				
Objective	Implement a suite of short-term parking and Transportation Demand Management programs concurrent with neighborhood parking restrictions in downtown.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent surveyed residents rating the traffic flow on major streets as good or excellent	34%	35%	35%	35%	36%
Number of shuttle bus boardings	133,703	134,362	150,000	140,000	142,000
Percent of surveyed residents rating the amount of parking as good or excellent	39%	38%	40%	40%	40%
Description	These measures track residents' opinions through data collection in the National Citizen Survey as well as one empirical measure related to shuttle boardings.				
Purpose	These measures can be used to track changes in satisfaction and one program (the shuttle program) intended to make a difference.				
Status	The City is proposing a significant investment in expanded shuttle service to relieve traffic and parking demands. Expansion was not as rapid as anticipated at the beginning of last fiscal year but shuttle enhancements and ridership are expected to increase in Fiscal Year 2016.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of planning and Architectural Review Board applications completed	148	136	130	135	135
Average number of days for Planning to first review building permit applications	N/A	19	21	20	20
Average number of days from Individual Review (IR) application to approval	N/A	134	80	126	126

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Administration	1,067,888	1,107,041	1,042,285	1,351,782	309,497	29.7%
Building	5,165,565	5,802,183	—	—	—	—%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Planning and Transportation	5,815,158	6,362,180	5,981,093	7,555,518	1,574,426	26.3%
Total	12,048,610	13,271,404	7,023,377	8,907,300	1,883,923	26.8%

Dollars by Category

Salary & Benefits

Healthcare	690,579	775,225	500,908	581,037	80,129	16.0%
Other Benefits	208,952	142,775	107,307	114,100	6,794	6.3%
Overtime	69,467	59,895	66,554	60,754	(5,800)	(8.7)%
Pension	850,262	1,027,419	750,451	872,420	121,969	16.3%
Retiree Medical	557,000	508,835	288,498	321,025	32,527	11.3%
Salary	3,927,107	4,273,514	2,791,824	3,114,802	322,979	11.6%
Workers' Compensation	8,026	10,527	6,490	6,731	241	3.7%
Total Salary & Benefits	6,311,392	6,798,190	4,512,031	5,070,870	558,839	12.4%
Allocated Charges	1,159,042	1,064,611	495,764	765,855	270,091	54.5%
Contract Services	2,996,166	4,098,213	1,700,780	2,657,873	957,093	56.3%
Facilities & Equipment	353,028	11,865	6,850	22,850	16,000	233.6%
General Expense	401,528	457,084	269,595	343,995	74,400	27.6%
Operating Transfers-Out	7,607	7,607	7,607	7,607	—	—%
Rents & Leases	766,989	770,223	—	—	—	—%
Supplies & Material	52,858	63,612	30,750	38,250	7,500	24.4%
Total Dollars by Expense Category	12,048,610	13,271,404	7,023,377	8,907,300	1,883,923	26.8%

Revenues

Charges for Services	5,613,490	4,987,868	514,792	581,423	66,631	12.9%
Charges to Other Funds	223,730	55,092	—	—	—	—%
Operating Transfers-In	128,000	128,000	128,000	128,000	—	—%
Other Revenue	33,369	7,542	—	485,900	485,900	—%
Other Taxes and Fines	21,472	281,768	—	15,000	15,000	—%
Permits and Licenses	6,559,841	5,892,017	666,208	605,691	(60,517)	(9.1)%
Rental Income	863	(77)	—	—	—	—%
Total Revenues	12,580,765	11,352,209	1,309,000	1,816,014	507,014	38.7%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Positions by Division						
Administration	1.55	1.50	2.30	5.20	2.90	126.09%
Building	23.00	21.85	0.10	—	(0.10)	(100.00)%
Planning and Transportation	28.42	30.63	26.53	26.72	0.19	0.72%
Total	52.97	53.98	28.93	31.92	2.99	10.34%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Administrative Assistant	1.00	2.00	1.00	1.00	—	87,587
Administrative Associate I	1.00	1.00	1.00	1.00	—	60,442
Administrative Associate II	3.80	3.80	1.00	1.00	—	65,663
Administrative Associate III	1.00	2.00	2.00	2.00	—	140,793
Assistant Building Official	1.00	—	—	—	—	—
Assistant Director PCE	1.00	1.00	1.00	1.00	—	195,184
Associate Engineer	1.00	1.00	1.00	1.00	—	97,047
Associate Planner	—	1.00	0.10	0.10	—	8,982
Building Inspector	4.00	—	—	—	—	—
Building Inspector Specialist	1.00	3.00	—	—	—	—
Building/Planning Technician	2.00	2.00	0.20	0.20	—	12,776
Business Analyst	—	—	1.00	1.00	—	119,605
Chief Building Official	1.00	1.00	—	—	—	—
Chief Planning Official	1.00	1.00	0.80	0.80	—	115,600
Chief Transportation Official	1.00	0.90	0.50	0.50	—	72,574
Code Enforcement Officer	2.00	2.00	1.50	1.60	0.10	135,900
Code Enforcement-Lead	—	—	—	0.80	0.80	55,346
Coordinator Transportation Systems Management	0.50	0.50	0.90	0.85	(0.05)	76,514
Deputy City Manager	0.50	—	—	—	—	—
Development Project Coordinator II	—	2.00	—	—	—	—
Development Project Coordinator III	3.00	3.00	—	—	—	—
Development Services Director	1.00	1.00	—	—	—	—

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Director Planning/Community Environment	1.00	1.00	1.00	1.00	—	209,527
Engineer	1.00	1.00	—	—	—	—
Engineering Technician II	1.00	—	—	—	—	—
Management Analyst	0.50	0.40	0.40	0.40	—	47,849
Manager Development Center	1.00	1.00	—	—	—	—
Manager Planning	2.00	3.00	1.20	2.00	0.80	241,670
Parking Operations-Lead	—	—	—	0.30	0.30	25,993
Planner	3.75	3.75	3.15	3.00	(0.15)	273,203
Plans Check Engineer	2.00	1.00	—	—	—	—
Plans Examiner	1.00	—	—	—	—	—
Project Engineer	1.00	1.00	1.65	1.65	—	190,850
Senior Management Analyst	1.00	2.00	1.00	1.00	—	126,957
Senior Planner	7.00	7.00	7.60	7.64	0.04	811,913
Senior Project Engineer	—	1.00	0.20	—	(0.20)	—
Traffic Operations-Lead	—	—	—	1.00	1.00	98,654
Transportation Planning Manager	—	—	—	0.20	0.20	26,913
Sub-total: Full-Time Equivalent Positions	49.05	50.35	28.20	31.04	2.84	3,297,542
Temporary/Hourly	3.92	3.63	0.73	0.88	0.15	60,770
Total	52.97	53.98	28.93	31.92	2.99	3,358,312

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	28.93	7,023,377	1,309,000	5,714,377
Base Adjustments				
One-Time Prior Year Expenditures and Revenues Deleted				
Our Palo Alto	—	(175,000)	—	(175,000)
Planning & Community Environment Department Fee Analysis	—	(55,000)	—	(55,000)
Rideshare Pilot Program	—	(15,000)	—	(15,000)
One-Time Prior Year Expenditures and Revenues	—	(245,000)	—	(245,000)

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Adjustments to Costs of Ongoing Activities				
Revenue and Expenditure Adjustments	—	12,200	23,614	(11,414)
Salary and Benefits Adjustment	—	202,736	—	202,736
Shuttle Service Program Enhancements (City Council Approval: June 23, 2014)	—	430,533	218,400	212,133
Transportation Management Association (City Council Approval: February 24, 2014)	—	190,000	—	190,000
Planning Division Position Reallocations to Development Services	0.79	153,613	—	153,613
Online Parking Permit Sales Licensing	—	7,500	—	7,500
Add 0.15 to 0.25 Management Specialist	0.15	—	—	—
High Speed Rail Funding Reduction	—	(200,000)	—	(200,000)
Overtime Reallocation to Development Services Department	—	(5,800)	—	(5,800)
Fiber Optic License Fee Allocated Charges Adjustment	—	45,064	—	45,064
Information Technology Allocated Charges Adjustment	—	32,343	—	32,343
Liability Insurance Allocated Charges Adjustment	—	32,527	—	32,527
Print & Mail Allocated Charges Adjustment	—	160,158	—	160,158
Adjustments to Costs of Ongoing Activities	0.94	1,060,874	242,014	658,702
Total FY 2016 Base Budget	29.82	7,839,251	1,551,014	6,128,079
Budget Adjustments				
1 Parking Fee Study & Website Maintenance	—	107,980	—	107,980
2 Transportation Management Association Initialization	—	100,000	—	100,000
3 Seismically Vulnerable Buildings Study	—	100,000	—	100,000
4 Code Enforcement Staffing	0.80	91,709	—	91,709
5 Traffic Operations Staffing	1.00	75,424	—	75,424
6 Scanning and Storage Contractual Funding	—	75,000	—	75,000
7 Traffic Impact Fee Nexus Study	—	55,000	—	55,000
8 Individual Review Process Peer Review Study	—	50,000	—	50,000
9 Accela Contractual Funding	—	48,780	—	48,780
10 Parking Operations Staffing	0.30	41,156	—	41,156
11 Fry's Site Master Plan Development	—	300,000	265,000	35,000
12 Bike Safety Classes	—	23,000	—	23,000

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
13 Reclassify 0.2 Senior Project Engineer to 0.2 Transportation Planning Manager	—	—	—	—
Total Budget Adjustments	2.10	1,068,049	265,000	803,049
Total FY 2016 Adopted Budget	31.92	8,907,300	1,816,014	6,931,128



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Parking Fee Study & Website Maintenance	0.00	107,980	0	107,980

This action provides \$100,000 in one-time funding for a consultant led study to evaluate paid parking as a parking management strategy and to inform the City on future parking decisions. Evaluating parking is one of the strategies to alleviate traffic and congestion in Palo Alto. In addition, this action provides an additional \$15,480 in ongoing funding for the maintenance of the City's new parking website scheduled to come online in June 2015 for Palo Alto residents and businesses to find parking related information. (Ongoing: \$7,980)

Performance Results



This action will inform the City on methods to maximize parking utilization within existing parking resources in addition to providing Palo Alto residents and businesses with access to parking information online, in addition to purchasing parking permits.

2 Transportation Management Association Initialization	0.00	100,000	0	100,000
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In August 2014, the Palo Alto City Council approved the development of a Transportation Management Association (TMA) for Downtown Palo Alto. Funding for year-two of the development of the TMA is included in the Planning & Community Environment Department's budget. This action provides \$100,000 in one-time funding for various TMA pilot programs, initiatives, and incentives, that include but are not limited to transit passes for Downtown employees, subsidizing an on-demand shuttle service such as Chariot or Leap, providing discounts for last-mile services like Lyft or Uber for people who use those services to get to and from their businesses, to promote transportation alternatives for businesses located in the Downtown. (Ongoing: \$0)

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
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Performance Results



The initialization funding will be used to support the successful operation of the Transportation Management Associations' (TMA) pilot programs and is expected to address traffic and parking congestion in the downtown area, build confidence in the TMA, and reduce automobile use for commute trips.

3 Seismically Vulnerable Buildings Study	0.00	100,000	0	100,000
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This action provides \$100,000 in one-time funding to develop an inventory of seismically vulnerable buildings in the City. The inventory will identify and prioritize potentially hazardous buildings in the event of a significant seismic event, suggest incentives and requirements to address the hazards and provide compliance timeliness. The study will include community outreach, technical assistance, prioritization criteria, and update to the City's Seismic Hazards Identification Program ordinance. (Ongoing: \$0)

Performance Results



This action will ensure that the community, the City Council, and the staff are provided with information and analysis on seismically vulnerable buildings and potential hazard mitigation strategies.

4 Code Enforcement Staffing	0.80	91,709	0	91,709
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This action adds 0.8 Code Enforcement Lead to increase the Planning & Community Environment Department's capacity for code enforcement activity, provide additional resources to prioritize workload, and to respond to code enforcement issues initiated by the community. The Code Enforcement Lead will prioritize workload, coordinate, and provide daily direction to the current 2.0 Code Enforcement Officers. This position will also provide direction in the areas of enforcement and public compliance with the Municipal Code and will assist with various administrative duties related to the code enforcement function. The remaining 0.2 Code Enforcement Lead is recommended to be added to the Development Services department as this position will also support the enforcement of building codes throughout the City. (Ongoing: \$91,709)

Performance Results



This action will increase the City's capacity for code enforcement activities and support the Planning & Community Environment Department's performance goal related to responding and resolving code enforcement complaints as measured by citizen satisfaction.

5 Traffic Operations Staffing	1.00	75,424	0	75,424
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This action adds 1.0 Traffic Operations Lead to take advantage of functionality inherent in the City's new traffic signaling system approved by the City Council on November 17, 2014. Funded from the Capital Improvement Project Fund (PL-11030 and PL-05030), the new traffic signaling system will include updated traffic signal controllers, replaces auxiliary equipment at each intersection including fiber optic transceivers, and updates fail-safe equipment that is used to monitor conflicting signal indications for safety. Once the system is installed, the position will be responsible for adjusting programming and timing of signal lights, utilizing data generated by the system for analysis and decision-making. This position will also work on general transportation engineering issues, increasing the department's capacity for responding to citizen complaints and suggestions, and undertaking required technical analyses to develop and implement signal timing strategies to help ensure efficient traffic operations. The traffic signaling system implementation is scheduled to be completed by December 2015 and this request is to fund the Traffic Operations Lead for half of Fiscal Year 2016 at a cost of \$75,424. (Ongoing: \$150,848)

Performance Results



Improving congestion issues throughout the City will help improve the quality of life in Palo Alto neighborhoods by monitoring commute patterns and traffic incidents from a central location to provide streamlined and efficient traffic signaling operations. The system is intended to relieve traffic congestion and commute times throughout the City by managing signal timing to coordinate traffic flows.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
6 Scanning and Storage Contractual Funding	0.00	75,000	0	75,000

This action provides one-time funding of \$75,000 to reduce the backlog of planning documents related to development activity that needs to be scanned, archived, and electronically uploaded for integration with GIS and other planning systems. This proposal will ensure that development-related planning documents are available electronically and indexed in a manner that is consistent with the Planning & Community Environment Department's business practices. Although this funding is intended to significantly reduce the backlog of documents, additional funding may be required in future years to ensure that the Planning & Community Environment Department has adequate resources to scan and archive planning documents on an ongoing basis. (Ongoing: \$0)

Performance Results



This action will provide the Planning & Community Environment Department with on-demand access to development related planning documents to ensure that records are retained in a high quality manner commensurate with business practices. This contract will also reduce the amount of staff time dedicated to this activity and department resources can be reallocated to other core functions and services.

7 Traffic Impact Fee Nexus Study	0.00	55,000	0	55,000
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This action provides \$55,000 in one-time funding for a Traffic Impact Fee Nexus Study to evaluate the ability to charge new developments additional development impact fees related to future transportation investments. In addition, the study will evaluate the extent traffic impact fees can be used to fund Transportation Demand Management activities focused on increasing the use of alternative modes of transportation. (Ongoing: \$0)

Performance Results



The study will identify traffic impact fees for new developments and the potential for such fees to support traffic mitigation efforts throughout the City.

8 Individual Review Process Peer Review Study	0.00	50,000	0	50,000
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This action provides \$50,000 in one-time funding for an independent review of the Individual Review program to evaluate processes and guidelines in order to enhance the program's efficiency and effectiveness. The Individual Review program was established by the Palo Alto Municipal Code section 18.12.110 to preserve the character of Palo Alto by placing specific requirements relating to streetscape, massing, and privacy of new two-story and upper story additions with the R-1 zone district. Conducted by an outside architect, the study is intended to provide performance improvement recommendations that will be shared with various stakeholder groups to inform recommended process and guideline change. (Ongoing: \$0)

Performance Results



The Individual Review study is expected to strengthen the program's application and will enhance program quality, effectiveness, and customer service. In further support of the Individual Review program, this action will help promote new construction that is compatible with existing and evolving residential neighborhoods site development patterns, mass and scale, and streetscape appearance while preserving neighborhood character.

9 Accela Contractual Funding	0.00	48,780	0	48,780
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The Planning & Community Environment Department utilizes the Accela permitting system to manage permit applications through the entitlement process. This action provides additional contract funding with TruePoint, the City's Accela support vendor, and for special programming changes that include reporting capabilities for impact fees. (Ongoing: \$48,780)

Performance Results



This action will provide additional contract dollars to ensure that City's permitting system provides staff with tools and analytics to maximize effective customer service.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
10 Parking Operations Staffing	0.30	41,156	0	41,156

This action adds 0.3 Parking Operations Lead to support the Transportation Planning Manager with the implementation of several new parking initiatives and programs to help address parking and traffic demand programs, including the Transportation Management Authority, Residential Parking Permit Program, parking occupancy and inventory studies, implementation of the Garage Wayfinding, Revenue and Access Control, and Parking Guidance System projects. This position has a 30%/40%/30% cost share among the Planning & Community Environment Department (\$41,156), the University Avenue Parking Permit Fund (\$54,875), and the Downtown Residential Parking Permit Fund (\$41,156) for a total cost of \$137,817, (Ongoing:\$ 41,156)

Performance Results



Implementing parking and transportation demand management programs will help improve the quality of life in Palo Alto neighborhoods supporting transportation alternatives that will reduce parking demand and implementing parking strategies to more effectively manage parking supply.

11 Fry's Site Master Plan Development	0.00	300,000	265,000	35,000
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In April 2014, the City Council met to review and comment on the draft California Ave Concept Plan. As part of the Concept Plan discussion, the City Council approved an application for a Priority Development Area grant to the Santa Clara Valley Transportation Authority (VTA) for the preparation of a master plan of the 15 acre Fry's Electronics store site. VTA has received federal highway funds from CalTrans to explore multi-modal transportation oriented mixed use development of the site. The purpose of the master plan is to identify land use and transportation opportunities for a well-planned and designed mixed use area of residential, commercial, office, and retail uses of the site. The City has been awarded \$265,000 in grant funds from VTA to develop the master plan which is estimated to cost \$300,000, resulting in a net cost to the City of \$35,000. (Ongoing: \$0)

Performance Results



This action will develop a long-term development plan for the Fry's site consistent with the City's future development goals and will be contingent on City Council acceptance of the grant agreement and scope of work.

12 Bike Safety Classes	0.00	23,000	0	23,000
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This action provides additional funding for bicycle programs associated with the City's successful Safe Routes to School Program. Some of the funding was originally borne by Santa Clara County's Vehicle Emissions Reductions Based at Schools program grant funding that will no longer be available. Specifically, this activity will support existing bicycle safety classes, third grade program materials, provide school commute tallies, a new web design, map updates, City membership in Bikeshare, and funding for one staff member to attend the national Safe Routes to School Conference. (Ongoing: \$21,500)

Performance Results



This action will provide up to date bike safety training and materials to school-age Palo Alto residents to increase bike safety and public awareness of bike routes for school children.

13 Reclassify 0.2 Senior Project Engineer to 0.2 Transportation Planning Manager	0.00	0	0	0
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This action amends the Table of Organization by retitling the 1.0 Senior Project Engineer position to 1.0 Transportation Planning Manager to more accurately reflect the duties of the position. †(Ongoing: \$0)

Performance Results

No impacts to current service levels are anticipated as a result of this title change.

POLICE

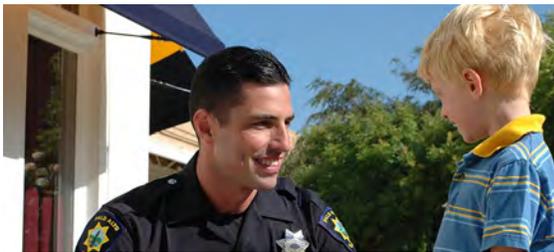
Mission Statement



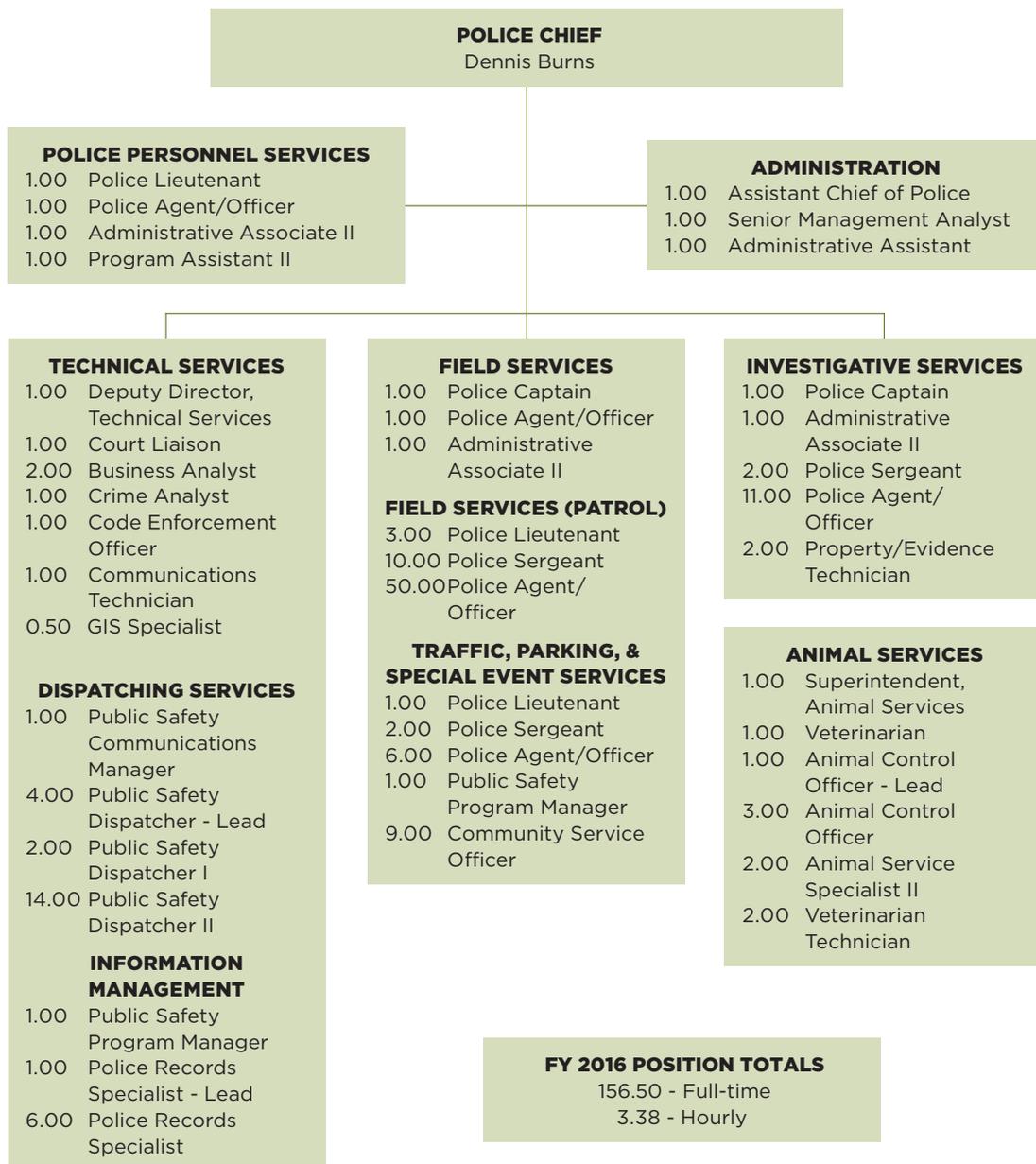
To proudly serve and protect the public with respect and integrity.

Purpose

The purpose of the Police Department is to apprehend and prosecute offenders and resolve investigations in a timely and thorough manner; to provide professional public safety services through comprehensive hiring, training, and development of employees and volunteers; to minimize injury and property damage by promoting a safe and orderly flow of pedestrian, bicycle, and vehicular traffic; to ensure the protection and well-being of animals and people by providing responsive and proactive animal services; and to manage, enforce, and resolve vehicle parking regulations and issues in an effort to facilitate the timely movement of vehicles and provide for public safety within the City.



ative animal services; and to manage, enforce, and resolve vehicle parking regulations and issues in an effort to facilitate the timely movement of vehicles and provide for public safety within the City.



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

Description

The Police 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

Responsible for 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.

Accomplishments

- Received 153 citizen commendations in Fiscal Year 2014 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 1,592 in FY 2013 to 1,540 in FY 2014.
- Participated in several regional initiatives which promote emergency preparedness and response capabilities, including the Silicon Valley Regional Interoperability Authority.
- Completed the Implementation of the joint Computer Aided Dispatch (CAD) system in partnership with Mountain View and Los Altos.

- 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.
- Participated in regional and statewide initiatives designed to ensure vehicle occupant safety and combat drunk driving.
- Began the design and configuration of the regional Police Records Management System (RMS).
- Replaced the in-vehicle video recording system with a new state of the art 5-camera system.

Initiatives

- Build-out Tri-City (Mountain View, Los Altos, Palo Alto) Fiber Ring to support shared public safety applications.
- Replace 9-1-1 phone equipment with a new regional system.
- Continue progress on the new Public Safety building.
- Implement new scheduling software system.
- Develop new curriculum for Citizens Police Academy.
- Migrate to the new 700 MHz regional radio system as part of the county-wide effort led by the Silicon Valley Regional Interoperability Authority.
- Complete and implement new regional Records Management System.

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 promptly 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 investigations, 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 of 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

PERCENT OF SURVEYED RESIDENTS RATING POLICE DEPARTMENT SERVICES GOOD OR EXCELLENT



Goal	Cultivate, enhance, and foster trustworthy relationships with the community.				
Objective	Maintain and enhance the community's satisfaction with police services.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Overall Police Services	85%	87%	90%	90%	90%
Animal Control Services	76%	80%	80%	80%	80%
Crime Prevention Services	75%	80%	80%	80%	80%
Traffic Enforcement Services	64%	62%	66%	66%	66%
Description	These measures track the percent of residents rating overall and division specific police services to the community as good or excellent. This data is collected as part of the National Citizen's Survey that is conducted annually by the International City/County Management Association (ICMA) and allows the City to compare itself to other local municipalities.				
Purpose	Community satisfaction with the Police Department is an important assessment of the quality of services provided to the City and its residents.				
Status	Overall the Police Department has maintained a high level of customer satisfaction year over year and looks to continue this trend in Fiscal Year 2015. Compared to other local municipalities the Department ranked similarly for satisfaction with police services, crime prevention services, and traffic enforcement services and ranked higher for satisfaction with animal control services.				

POLICE DEPARTMENT RESPONSE TIMES



Goal	Respond promptly to urgent calls for service.				
Objective	Protect and serve the public through proactive and effective policing, animal services, and emergency preparedness.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of emergency calls responded to within 6 minutes	75%	72%	90%	80%	90%
Percent of urgent calls responded to within 10 minutes	83%	77%	90%	80%	90%
Description	Percent of emergency calls responded to within 6 minutes and percent of urgent calls responded to within 10 minutes				
Purpose	Emergency and urgent calls require the most timely police response because they are generally life threatening or represent higher danger crimes in progress.				
Status	The Department's average response time for emergency calls was 5:34 in Fiscal Year 2014, lower than its 6:00 minute target. The Department's average urgent call response time was 7:57, within its 8:00 target. The Department attributes the increase in response times from last year to methodology changes in how response times are calculated associated with the virtual consolidation of Computer Aided Dispatch (CAD) services with the partner cities of Mountain View and Los Altos				

ANIMAL SERVICES RESPONSE TIMES

Goal	Protect and serve the public through proactive and effective policing, animal services, and emergency preparedness.				
Objective	Respond promptly to animal calls for service.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
	90%	91%	90%	90%	90%
Description	Percent of Palo Alto live animal calls responded to within 45 minutes.				
Purpose	Live animal calls require the most timely response because they are generally life threatening or represent higher danger crimes in progress.				
Status	The Division responded to 91 percent of live animal calls within 45 minutes in Fiscal Year 2014.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of calls for service	54,628	58,559	55,000	56,000	56,000
Number of Part I crimes	1,592	1,540	1,600	1,600	1,600
Number of Part II crimes	2,399	2,557	2,450	2,400	2,400
Average response time for emergency calls (Goal: within 6 minutes)	4:57	5:34	5:12	5:30	5:30
Average response time for urgent calls (Goal: within 8 minutes)	6:57	7:57	8:00	8:00	8:00
Total number of Palo Alto animal service calls	2,909	3,093	3,050	3,100	3,100
Number of regional animal services calls (Los Altos and Los Altos Hills)	1,053	695	800	700	700

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Administration	553,987	649,829	246,379	601,260	354,881	144.0%
Animal Services	1,708,314	1,328,403	1,571,461	1,619,275	47,814	3.0%
Field Services	14,972,527	16,037,164	15,937,726	18,334,452	2,396,726	15.0%
Investigations and Crime Prevention Services	3,546,207	3,271,354	3,790,475	3,517,240	(273,236)	(7.2)%
Parking Services	1,207,572	1,090,030	1,212,825	1,298,471	85,646	7.1%
Police Personnel Selection	1,150,085	1,357,838	1,337,810	1,100,394	(237,417)	(17.7)%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Technical Services	7,515,862	7,065,609	7,379,951	7,674,213	294,263	4.0%
Traffic Services	1,524,768	2,513,303	2,599,793	2,713,962	114,169	4.4%
Total	32,179,323	33,313,529	34,076,421	36,859,267	2,782,846	8.2%
Dollars by Category						
Salary & Benefits						
Healthcare	2,450,808	2,684,126	2,882,916	2,924,238	41,322	1.4%
Other Benefits	1,146,109	733,193	379,822	680,686	300,864	79.2%
Overtime	1,542,754	1,711,764	1,500,000	1,500,000	—	—%
Pension	4,096,069	4,716,495	5,438,402	5,856,592	418,190	7.7%
Retiree Medical	2,490,000	2,341,090	2,629,988	2,753,111	123,123	4.7%
Salary	14,308,833	15,055,853	15,307,618	16,568,557	1,260,939	8.2%
Workers' Compensation	1,231,473	1,806,135	1,174,802	1,527,296	352,494	30.0%
Total Salary & Benefits	27,266,047	29,048,655	29,313,548	31,810,479	2,496,931	8.5%
Allocated Charges	3,134,298	2,434,764	2,660,890	2,819,405	158,515	6.0%
Contract Services	1,027,093	1,065,685	1,150,528	1,277,928	127,400	11.1%
Facilities & Equipment	60,826	56,927	69,500	69,500	—	—%
General Expense	287,266	283,976	386,605	386,605	—	—%
Rents & Leases	3,184	3,009	3,350	3,350	—	—%
Supplies & Material	400,608	420,514	492,000	492,000	—	—%
Total Dollars by Expense Category	32,179,323	33,313,529	34,076,421	36,859,267	2,782,846	8.2%
Revenues						
Charges for Services	1,107,171	957,809	1,152,339	1,176,984	24,645	2.1%
Charges to Other Funds	427,098	431,534	427,000	427,000	—	—%
From Other Agencies	218,957	115,293	245,548	245,548	—	—%
Net Sales	—	100	—	—	—	—%
Operating Transfers-In	174,485	42,000	42,000	42,000	—	—%
Other Revenue	640,976	201,772	222,894	273,016	50,122	22.5%
Other Taxes and Fines	1,926,364	1,651,980	1,959,616	1,960,358	742	—%
Permits and Licenses	277,510	257,558	194,339	198,511	4,172	2.1%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Rental Income	934	645	1,030	1,067	37	3.6%
Total Revenues	4,773,494	3,658,691	4,244,766	4,324,484	79,718	1.9%
Positions by Division						
Administration	2.80	2.80	2.30	3.30	1.00	43.48%
Animal Services	11.14	10.66	10.66	10.66	—	—%
Field Services	68.80	63.80	66.80	68.80	2.00	2.99%
Investigations and Crime Prevention Services	16.33	18.28	15.28	14.28	(1.00)	(6.54)%
Parking Services	8.75	8.75	8.75	8.75	—	—%
Police Personnel Selection	5.20	6.20	5.20	4.10	(1.10)	(21.15)%
Technical Services	36.63	37.13	37.13	37.00	(0.13)	(0.35)%
Traffic Services	7.49	10.49	11.49	11.49	—	—%
Total	157.14	158.11	157.61	158.38	0.77	0.49%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Administrative Assistant	0.50	0.50	0.50	1.00	0.50	89,426
Administrative Associate II	3.00	3.00	3.00	3.00	—	196,994
Animal Control Officer	3.50	4.00	3.00	3.00	—	185,541
Animal Control Officer-Lead	—	—	1.00	1.00	—	66,176
Animal Services Specialist II	2.00	2.00	2.00	2.00	—	134,524
Assistant Police Chief	1.00	1.00	1.00	1.00	—	194,103
Business Analyst	0.60	1.20	1.20	1.20	—	136,525
Code Enforcement Officer	1.00	1.00	1.00	1.00	—	84,938
Communications Technician	1.00	1.00	1.00	1.00	—	90,332
Community Service Officer	8.50	8.50	8.50	8.50	—	536,996
Court Liaison Officer	1.00	1.00	1.00	1.00	—	83,936
Crime Analyst	1.00	1.00	1.00	1.00	—	83,936
Deputy Director Technical Services Division	0.80	0.80	0.80	0.80	—	143,497

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Geographic Information System Specialist	—	0.50	0.50	0.50	—	50,197
Police Agent	19.00	19.00	19.00	19.00	—	2,366,963
Police Captain	2.00	2.00	2.00	2.00	—	370,684
Police Chief	0.50	0.50	0.50	1.00	0.50	229,752
Police Lieutenant	5.00	5.00	5.00	5.00	—	821,992
Police Officer	49.00	50.00	50.00	50.00	—	5,435,998
Police Records Specialist II	6.00	6.00	6.00	6.00	—	362,266
Police Records Specialist-Lead	1.00	1.00	1.00	1.00	—	66,774
Police Sergeant	14.00	14.00	14.00	14.00	—	1,962,674
Program Assistant II	1.00	1.00	1.00	1.00	—	71,612
Property Evidence Technician	2.00	2.00	2.00	2.00	—	129,070
Public Safety Communications Manager	—	—	—	1.00	1.00	126,979
Public Safety Dispatcher I	2.00	2.00	2.00	2.00	—	146,147
Public Safety Dispatcher II	14.00	14.00	14.00	14.00	—	1,099,701
Public Safety Dispatcher-Lead	4.60	4.00	4.00	4.00	—	388,759
Public Safety Manager I	3.00	2.00	2.00	—	(2.00)	—
Public Safety Manager II	—	1.00	1.00	—	(1.00)	—
Public Safety Program Manager	—	—	—	2.00	2.00	230,748
Senior Management Analyst	1.50	1.50	1.00	1.00	—	137,557
Superintendent Animal Services	1.00	1.00	1.00	1.00	—	101,061
Veterinarian	1.00	1.00	1.00	1.00	—	123,991
Veterinarian Technician	2.00	2.00	2.00	2.00	—	118,379
Volunteer Coordinator	0.50	—	—	—	—	—
Sub-total: Full-Time Equivalent Positions	153.00	154.50	154.00	155.00	1.00	16,426,384
Temporary/Hourly	4.14	3.61	3.61	3.38	(0.23)	215,180
Total	157.14	158.11	157.61	158.38	0.77	16,641,564

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	157.61	34,076,421	4,244,766	29,831,655
Base Adjustments				
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Adjustments	—	2,384,631	—	2,384,631
0.50 Administrative Assistant shifted to the Police Department	0.50	73,611	—	73,611
Animal Services Revenue Adjustment	—	—	65,878	(65,878)
Stanford Emergency Communication Services Revenue Adjustment	—	—	13,840	(13,840)
General Liability Insurance Allocated Charges Adjustments	—	134,347	—	134,347
Information Technology Allocated Charges Adjustment	—	28,048	—	28,048
Printing and Mailing Allocated Charges Adjustment	—	(5,230)	—	(5,230)
Utilities Allocated Charges Adjustment	—	1,350	—	1,350
Adjustments to Costs of Ongoing Activities	0.50	2,616,756	79,718	2,537,038
Total FY 2016 Base Budget	158.11	36,693,177	4,324,484	32,368,693
Budget Adjustments				
1 Public Safety Administrative Staffing Reallocation	0.50	165,713	—	165,713
2 Police Field Patrol, Body Worn Cameras	—	95,000	—	95,000
3 Parking Citation Handheld Devices	—	32,400	—	32,400
4 Police Community Services Staffing	—	(100,329)	—	(100,329)
5 Temporary Staff Reduction	(0.23)	(26,694)	—	(26,694)
Total Budget Adjustments	0.27	166,090	—	166,090
Total FY 2016 Adopted Budget	158.38	36,859,267	4,324,484	32,534,783



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Public Safety Administrative Staffing Reallocation	0.50	165,713	0	165,713

During recruitment for a new Fire Chief, in Fiscal Year 2013, the Full-Time Equivalent (FTE) for the Police Chief was evenly split between the Police Department and the Fire Department to administratively oversee the combined Public Safety Department. The Fire Chief was hired in November 2012; however, the Police Chief remained split between Police and Fire under the combined Public Safety Department. This action reallocates the Police Chief position back to the Police Department and dissolves the combined Public Safety Department, so the Fiscal Year 2016 Adopted Budget displays the Fire Department, the Police Department, and the Office of Emergency separately. As a result of this shift, 30.3 percent of the cost of the Police Chief position will no longer be reimbursed by Stanford University as part of the Fire Services agreement between the City and the University. (Ongoing Costs: \$0)

Performance Results

No changes to current service levels are anticipated as a result of this action.

2 Police Field Patrol, Body Worn Cameras	0.00	95,000	0	95,000
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This action provides funding for the Police Department to purchase approximately 90 body worn cameras for sworn Police personnel on duty. These cameras will integrate with and enhance the current in-car camera system, which only capture approximately 40-60 percent of police field patrol interaction with the public. The use of body worn cameras will assist in criminal prosecution, potentially reduce civil liability, and aid in the review of alleged misconduct. Funding will also be used to fund increased digital evidence storage capacity in order to maintain an archive of the recordings for two years as required by City Ordinance. (Ongoing Costs: \$25,000)

Performance Results



Use of the cameras and the related digital evidence will increase public confidence in the conduct of officers on patrol. In addition, a record of all interactions with the public may mitigate the costs related to potential litigation against the City for allegations of misconduct by officers on patrol.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
3 Parking Citation Handheld Devices	0.00	32,400	0	32,400

This action provides funding for the Police Department to replace the current inventory of 12 parking citation devices and 12 Bluetooth printers, which have reached their end-of-life and are frequently being repaired and experiencing technical issues. Funding would purchase 12 new smartphones with GPS and parking tracking applications and 12 new Bluetooth printers. (Ongoing Costs: \$6,000)

Performance Results



With the GPS tracking functions on these devices, the Department will be able to adjust parking beats to maximize efficiency and may increase parking citation related revenue collection.

4 Police Community Services Staffing	0.00	(100,329)	0	(100,329)
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The Fiscal Year 2016 Operating Budget includes nine Community Service Officers (CSOs) in the Police Department. CSOs are responsible for enforcing the City's parking regulations, which generate approximately \$1.6 million in revenue annually. In 2011, Stanford University initiated reconstruction of the Stanford Medical Center, which reduced the number of publicly available parking spaces traditionally enforced by the CSOs. As a result, the Police Department has not filled one vacant CSO position since July 2013. This action freezes the vacant CSO position for Fiscal Year 2016. As the Medical Center continues to come online, which should be mostly completed in 2017, additional public parking will become available and may restore the need for parking enforcement in the area. During the construction staff will evaluate other technologies, which may create additional efficiencies for CSOs and may result in budget recommendations for Fiscal Year 2017. After exploring and possibly implementing various efficiency measures, staff will evaluate the appropriate staffing level and determine if the City needs to fill the vacant CSO position when the Medical Center reconstruction project is completed. (Ongoing Savings: \$0)

Performance Results



Freezing this position for one year will have minimal impact on the services provided by the Department.

5 Temporary Staff Reduction	-0.23	(26,694)	0	(26,694)
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This action eliminates two hourly Management Specialist positions (one 0.13 FTE and one 0.10 FTE) in the Hiring and Retention Division that have been vacant since July 2014. (Ongoing Savings: \$26,964)

Performance Results



The elimination of these vacant positions will have minimal impact on the services provided by the Department.



CITY OF
**PALO
ALTO**

PUBLIC WORKS

Mission Statement

To preserve and enhance the quality of life for Palo Alto residents and visitors by providing efficient, safe, and cost effective services in partnership with our citizens while maintaining City assets, and being environmental stewards of the community.



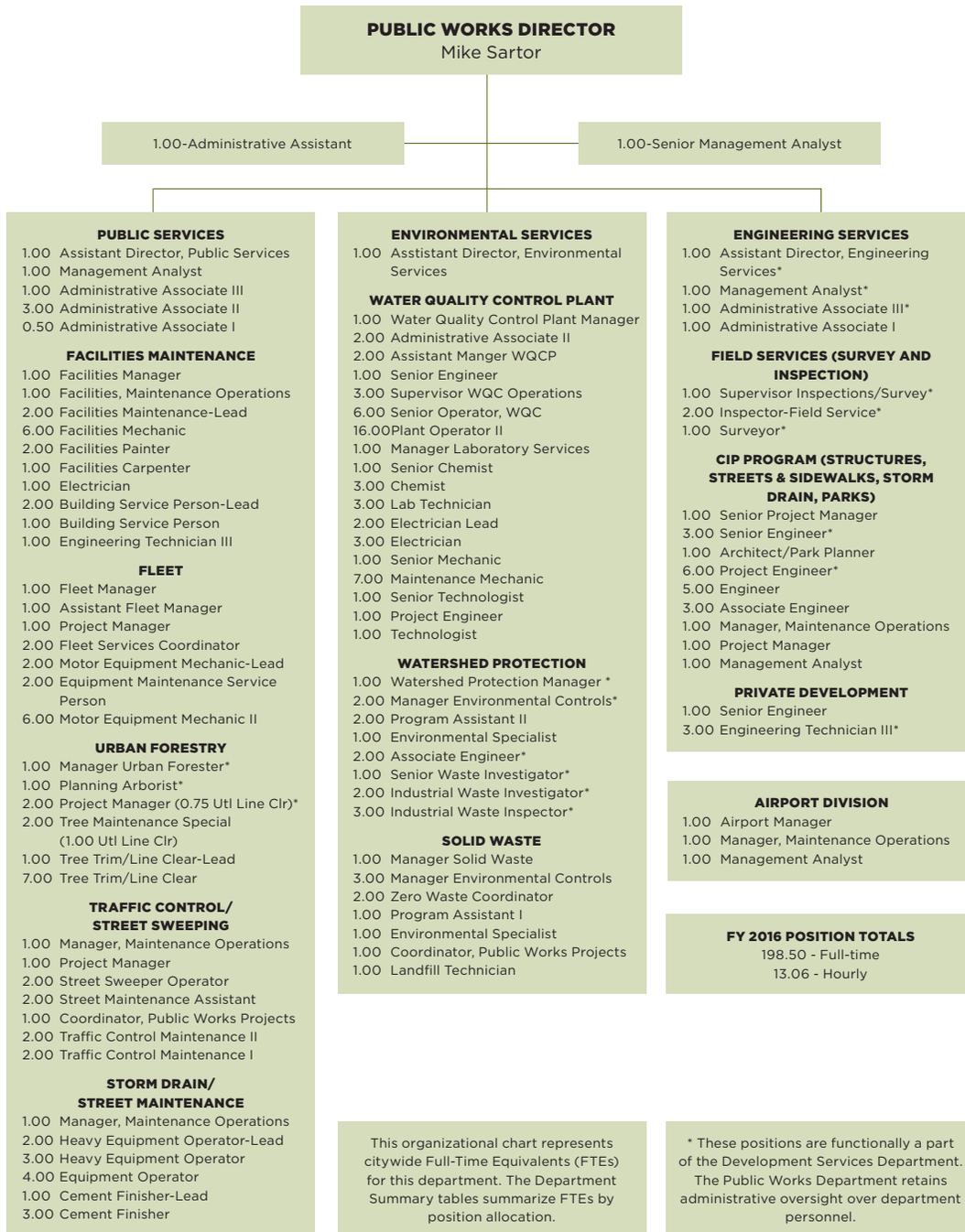
Purpose

The Public Works Department purpose is to ensure the City's valuable infrastructure is well-maintained and available well into the future; 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 the creeks and bay, promoting reuse and recycling, and encouraging use of alternative fuel vehicles; ensure continuous operation of the Regional Water Quality Control Plant; provide efficient and cost effective garbage, recyclables and yard trimmings collection, processing, and



disposal; deliver timely support to City departments in the area of engineering services; operate a safe and financially sustainable general aviation airport; and effectively manage the City's Capital Improvement Fund as well as refuse, wastewater treatment, storm drainage, airport and fleet operations.

PUBLIC WORKS



Description

The Public Works Department is responsible for operations and capital projects in the following areas:

ENGINEERING SERVICES

Designs and constructs City-owned facilities, streets, sidewalks, storm drains, parks, and airport infrastructure; provides engineering support to City departments for construction in the public right of way.

PUBLIC SERVICES

Maintains and renovates City-owned and leased structures, streets, sidewalks, storm drains, street signage and parking lots; manages the City's Urban Forest; street sweeping program; 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 and waste prevention information and programs to residents and businesses; manages the City's solid waste programs, household hazardous waste programs, and the postclosure maintenance and monitoring of the City's closed landfill.

AIRPORT OPERATIONS

Operates the Palo Alto Airport which includes maintenance of Airport facilities and grounds; management of contracts with the Fixed Base Operators (tenants/lessees); liaison with the FAA and the Palo Alto flying community; and ensures compliance with FAA regulations.

Accomplishments

- Completed construction of Mitchell Park Library and Community Center and Rinconada Library Renovation Projects, with final Measure N Library Bond expenditures under the authorized \$76 million amount.
- Continued progress toward goal of citywide excellent street conditions by 2019 of an average Pavement Condition Index score of 85, with an expected 2015 fiscal year-end average Pavement Condition Index score of 79.
- Began implementation of the Council Infrastructure Funding Plan, with initiation of Public Safety Building, Fire Station #3 Replacement, and Downtown Parking Garage Capital Improvement Program projects.
- Completed Needs Assessment and Recommendations phase of Infrastructure Management System project and initiated the implementation phase.

Initiatives

- Complete the assessment process to achieve accreditation of the Public Works Department from the American Public Works Association (APWA).
- Continue implementation of the Council Infrastructure Funding Plan, with completion of site selection and preliminary design for the New Public Safety Building, completion of preliminary design and initiation of environmental review for the New Downtown Parking Garage, completion of design and environmental review for the replacement of Fire Station #3, and completion of preliminary design and environmental review for the Adobe Creek/ Highway 101 Bicycle and Pedestrian Bridge.
- Complete initial implementation of Infrastructure Management System to include Infrastructure Blue Ribbon Commission inventory and cost projections.
- Begin working toward the goals and objectives identified in the newly adopted Urban Forest Master Plan.
- Start implementing organizational efficiencies as outlined in the Facility Study with the hiring of a new Facilities Manager.

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Fund						
Airport Enterprise Fund	246,257	466,228	963,112	1,536,747	573,635	59.6%
General Fund-Operating	13,124,916	13,199,355	13,413,455	15,033,586	1,620,131	12.1%
Refuse Fund - Operating	29,735,620	30,095,729	28,746,034	31,030,958	2,284,924	7.9%
Storm Drainage - Operating	5,881,258	4,190,250	6,642,945	12,827,774	6,184,829	93.1%
Vehicle Replacement & Maintenance Fund	5,877,929	7,534,873	9,550,186	11,322,469	1,772,283	18.6%
Wastewater Treatment - Operating	20,959,971	21,217,375	23,572,974	36,600,357	13,027,383	55.3%
Total	75,825,952	76,703,809	82,888,706	108,351,890	25,463,185	30.7%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Revenues						
Charges for Services	594,996	499,782	649,772	326,214	(323,558)	(49.8)%
Charges to Other Funds	8,785,192	9,277,400	9,222,072	8,976,472	(245,600)	(2.7)%
From Other Agencies	—	—	—	126,000	126,000	—%
Net Sales	54,637,356	51,410,399	55,000,352	57,449,071	2,448,720	4.5%
Operating Transfers-In	1,219,948	361,060	724,490	500,257	(224,233)	(31.0)%
Other Revenue	3,488,738	3,273,640	2,676,450	2,685,650	9,200	0.3%
Other Taxes and Fines	8,708	7,270	6,500	6,500	—	—%
Permits and Licenses	1,180,804	867,513	931,167	878,367	(52,800)	(5.7)%
Rental Income	—	—	—	164,500	164,500	—%
Return on Investments	996,750	954,636	858,800	687,800	(171,000)	(19.9)%
Total Revenues	70,912,492	66,651,701	70,069,603	71,800,832	1,731,229	2.5%
Positions by Fund						
Airport Enterprise Fund	1.00	1.00	2.00	5.88	3.88	194.00%
Capital Project Fund	27.47	29.53	28.66	27.93	(0.73)	(2.55)%
General Fund-Operating	59.09	59.92	55.65	56.11	0.46	0.83%
Refuse Fund - Operating	26.47	21.95	22.00	15.20	(6.80)	(30.90)%
Storm Drainage - Operating	9.64	10.59	10.19	10.32	0.13	1.29%
Vehicle Replacement & Maintenance Fund	18.22	18.22	18.22	17.26	(0.96)	(5.27)%
Wastewater Treatment - Operating	71.29	70.42	70.66	70.37	(0.29)	(0.41)%
Total	213.18	211.63	207.38	203.07	(4.31)	(2.08)%

GENERAL FUND

Goals and Objectives

GOAL 1

Ensure the City's assets and infrastructure inventory are updated and well-maintained.

Objectives:

- Implement an Infrastructure Management System (IMS) to support planning, budgeting, and accountability for the City's assets in accordance with the Infrastructure Blue Ribbon Commission's recommendations.
- Maintain and enhance the overall condition of the City's streets while effectively communicating the program's accomplishments to the public.
- Complete Sidewalk Program Evaluation Study to determine potential changes to the current sidewalk repairs program upon completion of the 30-year sidewalk district cycle.
- Continue implementation of the Council-approved infrastructure funding plan to provide a new Public Safety Building and other infrastructure needs.

GOAL 2

Provide high quality, cost-effective oversight of the City's capital improvement and facilities maintenance programs.

Objectives:

- Provide cost-effective custodial and facilities maintenance services.
- Initiate the Cubberley Community Center Master Planning process and begin improvements to Cubberley in accordance with the terms of the new Cubberley Lease Agreement.
- Complete Baylands Interpretive Center renovation design and Board walk replacement feasibility study.
- Implement the recommendations identified in the Facilities Organization Study.
- Begin implementing improvements to the Municipal Service Center.

GOAL 3

Preserve the public's health and safety to ensure a vibrant, sustainable community for future generations.

Objectives:

- Complete the Environmental Impact Report for and select an alternative to proceed with a Newell Road Bridge flood protection project.
- 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 tree clearance of all utility lines.

- Increase the number of City trees planted per year by 100% by increasing from the current 200 annually to 400.
- Modernize City building systems to reduce energy consumption.

Key Performance Measures

CITIZEN SURVEY - STREET TREE MAINTENANCE



Goal	Preserve the public's health and safety to ensure a vibrant, sustainable community for future generations.				
Objective	Increase rating given by residents for quality of street tree maintenance.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of citizens rating street tree maintenance "good" or "excellent"	66	80	72	79	79
Description	This measure assesses the residents' level of satisfaction with the City's street tree maintenance program.				
Purpose	To obtain feedback from residents on whether street trees are being maintained adequately in order to determine if the program's resources are appropriate.				
Status	The Department has been achieving between 66 and 80 percent satisfaction and is estimating a slightly lower rating for FY 2015 due to drought conditions which has increased the number of tree removals leaving less time for the trimming of trees.				

CITIZEN SURVEY - QUALITY OF SIDEWALK MAINTENANCE



Goal	Ensure the City's assets and infrastructure inventory are updated and well maintained.				
Objective	Increase rating given by residents for quality of sidewalk maintenance.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of citizens rating the quality of sidewalk maintenance as "good" or "excellent"	56	62	60	64	66
Description	The City participates in the National Citizen Survey (NCS), which asks residents to rate their perception of sidewalk maintenance. The NCS is a collaborative effort between National Research Center, Inc., and the International City/County Management Association. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community.				
Purpose	To obtain feedback from residents on whether sidewalks are being maintained adequately in order to determine if the program's resources are appropriate.				
Status	The Department had estimated that a 58 percent rating would be reached. The measured rating of 62 for FY 2014 exceeded both the estimate and the FY2015 adopted goal of 60. In consideration of the continued higher budgets for sidewalk maintenance that allow for increased sidewalk improvements since FY 2013, the FY 2015 estimate and FY 2016 reflect continued increases in this rating.				

CITIZEN SURVEY - STREET MAINTENANCE



Goal	Ensure the City's assets and infrastructure inventory are updated and well maintained.				
Objective	Increase rating given by residents for quality of street maintenance.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of citizens rating the quality of street repair as "good" or "excellent"	47	54	55	59	62
Description	The City participates in the National Citizen Survey (NCS), which asks residents to rate their perception of street maintenance. The NCS is a collaborative effort between National Research Center, Inc., and the International City/County Management Association. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community.				
Purpose	To obtain feedback from residents on whether streets are being maintained adequately in order to determine if the program's resources are appropriate.				
Status	The Department had estimated that a 51 percent rating would be reached. The measured rating of 54 for FY 2014 exceeded the estimate. In consideration of the continued higher budgets for street maintenance that allow for increased street paving since FY 2012, the FY 2015 estimate and FY 2016 reflect continued increases in this rating.				

PAVEMENT CONDITION SCORE



Goal	Ensure the City's assets and infrastructure inventory are updated and well maintained.				
Objective	Maintain and enhance the overall condition of the City's streets.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Pavement Condition Score	75	78	80	79	81
Description	This measure tracks the condition of the City's streets based on an index published by the Metropolitan Transportation Commission (MTC) as well as changes in that score.				
Purpose	Improving the condition of our streets reduces overall maintenance costs and increases ride satisfaction.				
Status	PCI scores are rated as follows: 80+= very good or excellent, 70-79 = good, and 60-69 = poor. The City Council has a goal of raising the citywide average PCI score to 85 by 2019. Although the FY 2015 estimated PCI is less than the FY 2015 adopted goal, the Department is on schedule to meet the citywide average goal. Annual reports published by MTC indicate that Palo Alto now has one of the highest citywide average PCI scores in Santa Clara and San Mateo Counties.				

RESPONSE TO POTHOLE NOTIFICATION

L Goal	Ensure the City's assets and infrastructure inventory are updated and well maintained.				
Objective	Increase rating.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of potholes repaired within 15 days of notification	83	75	84	84	88
Description	This measure records the number of potholes that are repaired within 15 days of the Department being notified of the problem.				
Purpose	The Department has set a goal of repairing potholes within 15 days in order to ensure streets are maintained and repaired in a timely manner.				
Status	The Department has been making the repairs within 15 days 84 percent of the time. Increased inspection of adjacent areas to increase cost effectiveness and increase PCI scores has resulted in additional work. Since implementation of Palo Alto 311, notifications of potholes has increased substantially. To maintain a 15 day turnaround, increase the percentage repaired in 15 days to 88%, reduce degradation of streets and impacts to drivers additional funding for temporary staff has been requested in FY 2016.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of potholes repaired annually	2,726	3,418	2,710	2,710	2710
Number of street lane miles resurfaced annually	36.3	35.6	50.9	46.8	48.0
Percent of lane miles resurfaced annually	8	8	11	10	10
Total square footage of facilities maintained	1,608,119	1,611,432	1,652,967	1,656,280	1,656,280
Cost per square foot for custodial services	\$1.08	\$1.08	\$1.08	\$1.06	\$1.07
Cost per square footage for maintenance services	\$1.88	\$1.89	\$1.89	\$1.85	\$1.86
Number of facilities work order requests completed	6,647	7182	7,000	7400	7500
Total of trees maintained by the City	35,383	35,386	35,390	35,390	35390
Number of trees trimmed annually	5,525	5,055	5,500	5,500	5,500
Number of tree related electrical service disruptions	3	7	3	3	3

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
General Fund Administration	1,398,159	1,212,005	1,100,451	1,327,085	226,634	20.6%
General Fund Engineering Services	1,377,757	1,654,651	1,314,652	962,795	(351,857)	(26.8)%
General Fund Public Services: Streets	2,662,264	2,638,988	2,854,872	3,572,812	717,941	25.1%
General Fund Public Services: Structures and Grounds	5,410,330	5,094,012	5,616,988	6,237,881	620,893	11.1%
General Fund Public Services: Trees	2,276,407	2,599,698	2,526,492	2,933,013	406,521	16.1%
Total	13,124,916	13,199,355	13,413,455	15,033,586	1,620,131	12.1%

Dollars by Category						
Salary & Benefits						
Healthcare	963,889	970,660	963,122	1,103,803	140,681	14.6%
Other Benefits	254,207	175,190	148,508	154,594	6,086	4.1%
Overtime	149,723	158,054	172,085	172,085	—	—%
Pension	985,001	1,137,524	1,113,364	1,209,290	95,926	8.6%
Retiree Medical	822,000	755,589	905,286	965,380	60,094	6.6%
Salary	4,208,317	4,337,837	4,168,815	4,533,404	364,590	8.7%
Workers' Compensation	78,077	163,353	55,933	138,133	82,200	147.0%
Total Salary & Benefits	7,461,214	7,698,207	7,527,112	8,276,689	749,577	10.0%
Allocated Charges	3,158,740	2,595,986	2,388,569	2,684,622	296,054	12.4%
Contract Services	1,585,107	1,746,903	2,250,111	2,814,612	564,501	25.1%
Facilities & Equipment	—	—	3,146	6,646	3,500	111.3%
General Expense	46,354	63,694	110,569	111,569	1,000	0.9%
Operating Transfers-Out	16,574	16,574	16,574	16,574	—	—%
Rents & Leases	145,885	288,061	170,000	170,000	—	—%
Supplies & Material	711,042	789,930	947,374	952,874	5,500	0.6%
Total Dollars by Expense Category	13,124,916	13,199,355	13,413,455	15,033,587	1,620,131	12.1%

Revenues						
Charges for Services	239,552	208,940	21,250	8,714	(12,536)	(59.0)%
Charges to Other Funds	1,620,650	1,635,172	1,880,290	2,037,816	157,526	8.4%
Operating Transfers-In	164,490	164,490	164,490	196,107	31,617	19.2%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Other Revenue	59,567	18,400	6,000	6,000	—	—%
Permits and Licenses	1,180,804	867,513	771,667	878,367	106,700	13.8%
Total Revenues	3,265,063	2,894,514	2,843,697	3,127,004	283,307	10.0%
Positions by Division						
General Fund Administration	2.95	2.95	2.95	2.95	—	—%
General Fund Engineering Services	9.90	10.44	6.55	3.47	(3.08)	(47.02)%
General Fund Public Services: Streets	13.95	14.88	14.88	18.75	3.87	26.01%
General Fund Public Services: Structures and Grounds	18.98	18.34	18.34	18.01	(0.33)	(1.80)%
General Fund Public Services: Trees	13.31	13.31	12.93	12.93	—	—%
Total	59.09	59.92	55.65	56.11	0.46	0.83%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Administrative Assistant	1.00	1.00	1.00	1.00	—	78,091
Administrative Associate I	0.50	0.60	0.60	0.60	—	33,135
Administrative Associate II	2.85	2.65	2.63	2.63	—	172,697
Assistant Director Public Works	1.30	1.30	1.28	0.85	(0.43)	134,851
Associate Engineer	0.10	0.30	0.30	0.30	—	27,454
Building Serviceperson	1.00	1.00	1.00	1.00	—	52,489
Building Serviceperson-Lead	2.00	1.80	1.80	1.80	—	101,158
Cement Finisher	—	—	—	3.00	3.00	219,084
Cement Finisher-Lead	—	—	—	0.26	0.26	20,515
Coordinator Public Works Projects	—	—	—	1.00	1.00	70,632
Director Public Works/City Engineer	1.00	1.00	1.00	1.00	—	202,648
Electrician	1.00	0.80	0.80	0.80	—	72,129
Engineer	0.30	0.30	0.30	0.40	0.10	41,302
Engineering Technician III	3.30	3.20	1.20	1.20	—	95,220
Equipment Operator	3.46	3.46	3.46	3.46	—	230,408

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Facilities Carpenter	1.00	1.00	1.00	1.00	—	73,745
Facilities Maintenance-Lead	2.00	1.85	1.85	1.85	—	166,650
Facilities Mechanic	6.00	5.55	5.55	5.55	—	397,430
Facilities Painter	2.00	1.75	1.75	1.75	—	129,054
Heavy Equipment Operator	1.90	2.13	2.13	2.33	0.20	176,183
Heavy Equipment Operator-Lead	0.85	0.85	0.85	0.85	—	70,221
Inspector, Field Services	1.00	1.33	0.83	0.10	(0.73)	8,540
Landscape Architect Park Planner	—	—	—	0.10	0.10	11,769
Management Analyst	0.60	0.60	0.60	0.70	0.10	72,289
Manager Maintenance Operations	2.10	1.95	1.95	1.20	(0.75)	160,707
Manager Urban Forestry	1.00	1.00	0.96	0.96	—	132,968
Planning Arborist	1.00	1.00	0.75	0.75	—	77,583
Project Engineer	0.20	0.30	0.30	0.40	0.10	47,056
Project Manager	1.25	1.70	1.63	1.63	—	152,851
Senior Engineer	1.10	2.10	1.47	0.57	(0.90)	82,334
Senior Management Analyst	1.11	1.11	1.11	1.11	—	150,573
Senior Project Manager	0.10	0.10	0.10	0.10	—	14,571
Supervisor Inspection and Surveying	0.80	0.80	0.53	0.10	(0.43)	11,387
Surveying Assistant	0.78	—	—	—	—	—
Surveyor, Public Works	0.78	0.78	0.31	0.10	(0.21)	8,643
Traffic Controller Maintainer-Lead	1.00	1.00	1.00	—	(1.00)	—
Traffic Controller Maintainer I	1.94	1.94	1.94	1.94	—	133,222
Traffic Controller Maintainer II	2.00	2.00	2.00	2.00	—	127,151
Tree Maintenance Person	1.00	1.00	1.00	1.00	—	72,104
Tree Trim/Line Clear	7.00	7.00	7.00	7.00	—	496,965
Tree Trim/Line Clear-Lead	1.00	1.00	1.00	1.00	—	75,941
Sub-total: Full-Time Equivalent Positions	57.32	57.25	52.98	54.29	1.31	4,665,816
Temporary/Hourly	1.77	2.67	2.67	1.82	(0.85)	199,937
Total	59.09	59.92	55.65	56.11	0.46	4,865,753

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	55.65	13,413,455	2,843,697	10,569,758
Base Adjustments				
One-Time Prior Year Expenditures and Revenues Deleted				
Facilities Maintenance Operational Study	—	(49,500)	—	(49,500)
One-Time Prior Year Expenditures and Revenues	—	(49,500)	—	(49,500)
Adjustments to Costs of Ongoing Activities				
Salary and Benefit Adjustments	—	666,152	—	666,152
Reclassification of Traffic Control Maintainer Lead to Coordinator of Public Works Projects	—	3,277	—	3,277
Revenue Realignment for Tree Removal Fees (from Planning and Community Environment Depart.)	—	—	18,900	(18,900)
Electric Line Clearing Internal Revenue Adjustment	—	—	(15,000)	15,000
Utility Allocated Charges Adjustment	—	4,007	—	4,007
Gen. Liability Insurance Allocated Charges Adjust.	—	166,803	—	166,803
General Fund Cost Allocation Plan Adjustment	—	—	279,407	(279,407)
Information Technology Allocated Charges Adjust.	—	78,971	—	78,971
Printing and Mailing Allocated Charges Adjustment	—	892	—	892
Temporary Staffing Adjustments	(0.85)	43,063	—	43,063
Adjustments to Costs of Ongoing Activities	(0.85)	963,165	283,307	679,858
Total FY 2016 Base Budget	54.80	14,327,120	3,127,004	11,200,116
Budget Adjustments				
1 Facilities Management Staffing	0.90	164,424	—	164,424
2 General Fund and CIP Fund Funding Realign.	0.31	(170,375)	—	(170,375)
3 Capital Infrastructure Plan Staffing	0.10	15,417	—	15,417
4 San Francisquito Creek Joint Powers Authority	—	27,000	—	27,000
5 Foothills Park Fire Management Plan- Roadside Clearing	—	54,800	—	54,800
6 New Facilities Operating and Maintenance	—	7,000	—	7,000
7 Contractual Street Tree Pruning	—	50,000	—	50,000
8 Urban Forest Master Plan	—	122,000	—	122,000
9 University Avenue Enhancements and Funding Realignments	—	436,201	—	436,201
Total Budget Adjustments	1.31	706,467	—	706,467
Total FY 2016 Adopted Budget	56.11	15,033,587	3,127,004	11,906,583

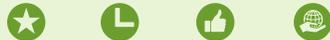


Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 Facilities Management Staffing	0.90	164,424	0	164,424

This action adds 1.0 Facilities Manager position. As part of the FY 2015 Adopted Budget, one-time funding was added in the Public Works Department for an operational study of the Facilities Management Section. The study determined that some operational efficiencies and improvements can be achieved. This new position will report directly to the Assistant Director in the Public Services division and will be tasked with providing day-to-day support over the Facilities Management Section staff as well as implementing improvements identified in the operational study. Major recommendations in the operational study include development of an asset management program for City facilities, comprehensive facility condition assessment, optimizing existing resources including implementation of alternative service delivery models, and increasing sustainable facility operation. It is expected that the investment in this position will pay for itself over time. Currently, there are two Managers of Maintenance Operations in this division. With this new position, one of the Managers is scheduled to be assigned to the Engineering Services Division and continue to oversee the delivery of facilities related capital projects. The remaining Manager of Maintenance Operations will remain in the Public Facilities section and report to the Facilities Manager. (Ongoing Cost: \$166,424)

Performance Results



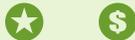
The addition of this position is an important first step as the Public Works Department aims to create a more efficient and effective allocation of staff and implement alternative service delivery models. The position will assist in addressing recommendations identified in the IBRC report related to "keep up" items and increase sustainable facility operation. Additionally, the position will oversee maintenance activities at Cubberley Community Center.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
2 General Fund and Capital Improvement Fund Funding Realignment	0.31	(170,375)	0	(170,375)

In developing the Fiscal Year 2016 Operating Budget, staff reviewed the funding allocations for all Public Works positions. This action will align positions to the most appropriate funding source, resulting in a cost savings in the General Fund of \$170,375. As part of this action, 3.46 positions that support the Sidewalks group will be shifted out of the Capital Improvement Fund and into the General Fund, as the work they perform is considered maintenance. Additionally, 3.15 positions have been identified that support the capital improvement program. (Ongoing Net Savings: \$170,375)

Performance Results



No impacts are anticipated as a result of this action.

3 Capital Infrastructure Plan Staffing	0.10	15,417	0	15,417
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This action adds 1.0 Engineer position in the Engineering Services Division to assist with the delivery of capital projects. The workload for the capital program has increased in recent years since the IBRC report was finalized and will increase further in upcoming years with the 2014 approval of the Capital Infrastructure Plan. The plan includes the construction of a new public safety building, parking garages, fire station renovations, and the implementation of the bike and pedestrian plan.

Performance Results



The addition of this position will enable the Public Works Department to keep up with the increasing volume of capital improvement program projects.

4 San Francisquito Creek Joint Powers Authority	0.00	27,000	0	27,000
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This action increases the City's annual contribution to the San Francisquito Creek Joint Powers Authority by \$27,000. The Board of Directors of the San Francisquito Creek Joint Powers Authority (JPA) approved the JPA's Fiscal Year 2016 operating budget on Thursday, April 23rd. The Fiscal Year 2016 budget increased the annual member agency contribution by \$27,000 from \$118,000 to \$145,000 in order to allow the JPA to hire an additional staff person.

Performance Results

This increase will ensure that the City's support of the Joint Powers Authority is commensurate with the other contributing agencies.

5 Foothills Park Fire Management Plan - Roadside Clearing	0.00	54,800	0	54,800
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This action provides funding for the Council approved Foothills Fire Management Plan that allows for the clearing of brush and other vegetation in Foothills Park to reduce fire danger. Funding for this activity was previously included in a capital improvement project that is anticipated to exhaust all remaining resources in Fiscal Year 2015. As this is an ongoing operating expense for this needed and ongoing service, staff propose this cost be budgeted with the operating budgets of the Community Services, Fire, and Public Works Departments. This budget request is the budget needed for the Public Works Department for their area of responsibility to implement the Foothills Fire Management Plan. (Ongoing cost: \$54,800)

Performance Results



This funding will ensure that the roads around Foothills Park are cleared of vegetation, and will provide safer access and evacuation in the event of a fire.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
6 New Facilities Operating and Maintenance	0.00	7,000	0	7,000

This action provides funding for annual refinishing treatments on the hardwood floors installed at the Art Center, Rinconada Library, and Mitchell Park Library and Community Center. Each of these facilities will require a yearly top coat to keep the finish fresh due to the projected level of foot traffic.

Performance Results



This funding will ensure that the floors at these facilities are well maintained, enhancing the customer experience.

7 Contractual Street Tree Pruning	0.00	50,000	0	50,000
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This action provides one-time funding for the provision of contractual street tree pruning. In Fiscal Year 2015, it was determined that the number of street trees pruned by the City's contractor fell short of the targeted number in Fiscal Year 2014 and is projected to fall short in Fiscal Year 2015 as well. An augmentation to the budget was approved by the City Council on March 9, 2015 which will enable the backlog from Fiscal Years 2014 and 2015 to be addressed. The funding recommended as part of this action will be sufficient for the anticipated backlog in tree pruning for Fiscal Year 2016. Funding is allocated on a one-time basis for this service as the primary factor contributing to the reduced number of trees pruned is the drought, which diverts time from pruning to tree removals due to tree failures. (Ongoing cost: \$0)

Performance Results



It is anticipated that the number of trees pruned in Fiscal Year 2016 will meet the targeted level ensuring that City trees are pruned within established standards.

8 Urban Forest Master Plan	0.00	122,000	0	122,000
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This action will provide funding for the first year of the Urban Forest Master Plan in the amount of \$122,000. Funding in the amount of \$78,000 will support hiring of hourly and contract staffing to supplement current staffing levels to allow permanent staff to focus on programmatic elements of the plan such as investigation of reasons for less canopy in south Palo Alto and to develop strategies to address this; coordination with nearby jurisdictions and agencies regarding trees within the El Camino Real Corridor; and tree permitting and regulations for Private Development. Contract dollars in the amount of \$44,000 will fund a contract with Canopy to develop an on-line tree library, outreach materials and staff training. (Ongoing cost: \$0)

Performance Results

This funding allows for the implementation of the first phase of the City's Urban Forest Master plan, which serves as a guiding document for ensuring the careful, cost effective, and sustainable management of the City's tree infrastructure.

9 University Avenue Enhancement and Funding Realignment	0.00	436,201	0	436,201
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This action provides one-time funding for enhancements along University Avenue, and shifts a portion of the expenses related to the Downtown Streets Team into the General Fund from the University Avenue Parking Permit Fund. The one-time funding will allow for replacement of the following items: twinkle lights along University Avenue, trash receptacles, and potentially street furniture. The twinkle lights on the trees have been experiencing a high rate of failure. Additionally, the brightness of the lights varies depending upon the age of the light strand. Replacing all of the lights at once, at a one-time cost of \$35,000, will provide uniformity in the light brightness. The trash receptacles are beyond their useful life and emit a strong odor. Additionally, the current receptacles present an occupational hazard to the trash collectors due to the design and age of the receptacles. Lastly, It has also been determined that a portion of the Downtown Streets Team should be moved out of the University Avenue Parking Permit Fund, as a portion of the work that is performed by the Downtown Streets Team does not directly benefit the City parking garages and lots. (Ongoing cost : \$76,201)

Performance Results

With the replacement of the twinkle lights, park benches, and trash receptacles the experience for residents and visitors of downtown Palo Alto will be enhanced.

REFUSE FUND

Description

Public Works provides refuse related services on a user charge basis to Palo Alto's residents and businesses. Refuse Fund goals are to minimize waste generation, maximize recycling and reuse to meet and exceed the City's Zero Waste goals, to protect the environment by safely collecting and disposing of hazardous household waste, and to maintain and monitor the City's closed landfill.

Accomplishments

- Developed a comprehensive plan that could divert 7,000 to 8,000 tons per year of compostable material from landfills, increasing the City's diversion rate from 78% to near 82% for an additional cost of less than 2.7% increase to the Refuse Fund. The plan focuses on the collection of compostable materials (mainly food scraps) from both the residential and commercial sectors. The plan elements are in various stages of City Council approval.
- Constructed a cap over the majority of the final section of the landfill using an innovative, more cost-effective, and more environmentally friendly evapo-transpirative soil cap.
- Developed a Request for Proposals for firms to design, construct and operate a yard trimmings composting facility on part of the Measure E site near and overlying part of the closed landfill. Measure E was a voter initiative passed in 2011 that required the City to evaluate siting an energy/compost facility on a 10 acre parcel of land formally dedicated as Byxbee Park. Staff performed evaluations on the proposals and provided recommendations to Council, who subsequently approved the option to reject all proposals until new circumstances might make a project more feasible at the Measure E site.
- Implemented an efficiency and cost savings plan for the street sweeping program that contracted out the majority of sweeping within the City and reduced the frequency of sweeping to every other week during the non-leaf season. The plan's implementation will save the City approximately \$650,000 per year and will reduce the City's long term pension/health care liability.
- Developed a new refuse rate structure to ensure sufficient revenue and equitable rates to cover cost of services.
- Continued with an expanded home composting campaign in an effort to increase participation citywide. The expanded campaign is a focused outreach and incentive-based campaign that has added emphasis to the City's traditional, ongoing, multi-partner program for home composting, water conservation, and pollution prevention.

PUBLIC WORKS

- Continued promoting a food waste reduction program, focusing on building local and regional partnerships and improving message outreach to create behavioral change.
- Continued working on stabilizing the fund by adding over \$1.5 million to the rate stabilization reserve.
- Negotiated with the City's waste collector "Green Waste of Palo Alto" (GreenWaste) and developed a contract amendment that will extend the term of the agreement from 2017 until 2021 and implement changes that will increase efficiencies and move the City towards its zero waste goals. Major scope of work changes include: 1) GreenWaste will implement a new residential food scraps collection program; 2) Greenwaste will now anaerobically digest all of the City's compostable materials at their Zero Waste Energy Development Facility and produce sustainable energy; 3) GreenWaste will implement a new proposed commercial recycling and composting ordinance; 4) GreenWaste will purchase new automated collection vehicles to replace the older "Pasco" vehicles; and 5) several other minor modifications to increase efficiencies and saving some costs.

Initiatives

- Implement a residential food scraps collection citywide. Residents will be able to combine the food scraps with yard trimmings in the green carts and the material will be anaerobically digested at a nearby facility to produce compost and electricity.
- Complete the capping of the last 23 acre section of the landfill using the evapo-transpirative soil cap and request approval from the State to eliminate the City's financial assurance closure reserve.
- Import and add soil and seed with native grasses to finalize the settlement repair of the last 5 acres of the 75 acre Byxbee Park that overlies the closed landfill.
- Develop final language and begin implementation of a Commercial Recycling and Composting Ordinance.

Goals and Objectives

GOAL 1

Minimize waste generation and maximize recycling and reuse programs.

Objectives:

- Promote recycling, composting, and reuse through educational programs and outreach.
- Increase waste diversion from landfills through recycling, composting, and reuse.

GOAL 2

Effectively manage the City's solid waste, hazardous waste, landfill post-closure maintenance and monitoring.

Objectives:

- Promote increased participation with the City’s household hazardous waste programs through educational programs and outreach. Promote the reuse of good household products through outreach on the City’s reuse cabinets.

Key Performance Measures

AVERAGE AMOUNT OF GARBAGE (IN POUNDS) GENERATED PER RESIDENT AND DISPOSED IN LANDFILLS EACH DAY



Goal	Minimize waste generation and maximize recycling and reuse programs.				
Objective	Promote recycling and composting through educational programs and outreach.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Average amount of garbage (in pounds) generated per resident and disposed in landfills each day	3.8	3.9	3.8	3.9	3.9
Description	In 2005, the City adopted a Zero Waste Strategic Plan with a goal to strive to reach zero waste to landfills by 2021.				
Purpose	To provide an environmentally sustainable future for our City and its residents.				
Status	The most recent Palo Alto disposal rate provided by the State is 3.9 pounds of garbage per resident per day. The statewide average disposal rate is 4.4 pounds per person per day. The average disposal rates for nearby cities is 4.3, with Menlo Park at 4.4 pounds of garbage disposed per person, Mountain View at 3.7, Redwood City at 4.3, Santa Clara at 5.5 and Sunnyvale at 3.5 pounds of garbage disposed per person per day. The amount of pounds of material per day landfilled has leveled off and even increased slightly the last few years due to the increase in commercial economic activity within the City.				

AVERAGE AMOUNT OF GARBAGE (IN POUNDS) GENERATED PER DAY AND DISPOSED IN LANDFILLS BY TOTAL POPULATION OF EMPLOYEES WORKING IN PALO ALTO.



Goal	Minimize waste generation and maximize composting and recycling programs.				
Objective	Promote compost and recycling through outreach.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Average amount of garbage (in pounds) generated per total population of employees working in Palo Alto and disposed in landfills each day	2.6	2.9	2.9	2.9	2.9
Description	In 2005, the City adopted a Zero Waste Strategic Plan with a goal to strive to reach zero waste to landfills by 2021.				
Purpose	To minimize waste generation and meet the City's zero waste goals.				
Status	The statewide average disposal rate is 10.6 pounds per employee per day. The average disposal rates of working employee population in nearby cities is 5.4 pounds per day. Menlo Park's pounds disposed per employee is 4.8, Mountain View's is 3.8, Redwood City's is 6.3, Santa Clara's is 6.0 and Sunnyvale's pounds disposed per employee is 6.3.				

NUMBER OF HOUSEHOLDS SERVICED THROUGH THE HOUSEHOLD HAZARDOUS WASTE PROGRAM ON AN ANNUAL BASIS



Goal	Effectively manage the City's solid waste, hazardous waste, landfill post-closure maintenance and monitoring.				
Objective	Promote household hazardous waste programs through educational programs and outreach.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of households serviced through the household hazardous waste program on an annual basis	4,409	4,878	4,900	4,430	4,500
Description	The City of Palo Alto provides environmentally safe and convenient hazardous waste disposal options for residents and small businesses.				
Purpose	To prevent toxic substances from harming our land, creeks and bay.				
Status	In Fiscal Year 2014, a slightly higher than average number of residents representing 4,878 households utilized this program primarily due to the high degree of advertising following improvements to the City's Household Hazardous Waste Station. This represented a participation rate of 17.1%. In Fiscal Year 2015 when outreach reduced to normal, the estimated participation rate leveled off to the historical norm of 16%. The County of Santa Clara Household Hazardous Waste Program in 2014 had a participation rate of 3.9%.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Tons of materials collected by the City for recycling or composting	47,941	49,594	48,000	50,500	52,000

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
CIP Refuse Fund	921,580	1,661,485	186,907	1,469,460	1,282,553	686.2%
Refuse Administration	5,146,257	4,546,824	4,081,747	4,283,177	201,430	4.9%
Refuse Collection, Hauling and Disposal: Operations	5,241,730	5,221,628	5,377,490	4,888,959	(488,531)	(9.1)%
Refuse Collection, Hauling and Disposal: Payment to GreenWaste	13,364,984	13,942,606	14,130,905	15,779,523	1,648,618	11.7%
Refuse Solid Waste: Operations	2,939,578	2,918,144	3,178,695	3,301,857	123,162	3.9%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Refuse Street Sweeping	2,121,491	1,805,042	1,790,289	1,307,982	(482,307)	(26.9)%
Total	29,735,620	30,095,729	28,746,034	31,030,958	2,284,924	7.9%
Dollars by Category						
Salary & Benefits						
Healthcare	335,450	295,291	278,733	192,487	(86,246)	(30.9)%
Other Benefits	107,735	61,117	56,959	51,435	(5,524)	(9.7)%
Overtime	53,794	42,769	41,789	41,789	—	—%
Pension	355,739	372,627	409,725	339,522	(70,202)	(17.1)%
Retiree Medical	360,910	344,616	354,975	366,980	12,005	3.4%
Salary	1,652,145	1,781,878	1,738,646	1,372,268	(366,378)	(21.1)%
Workers' Compensation	58,136	34,351	87,466	29,052	(58,414)	(66.8)%
Total Salary & Benefits	2,923,909	2,932,648	2,968,293	2,393,534	(574,759)	(19.4)%
Allocated Charges	3,080,562	2,596,815	2,168,987	2,123,066	(45,921)	(2.1)%
Capital Improvement Program	791,568	1,634,687	105,467	1,316,750	1,211,283	1,148.5%
Contract Services	5,860,181	5,540,177	5,896,207	6,061,178	164,971	2.8%
Debt Service	607,191	616,667	625,242	565,440	(59,802)	(9.6)%
Facilities & Equipment	—	194	3,000	3,000	—	—%
General Expense	45,914	60,594	86,525	106,525	20,000	23.1%
Operating Transfers-Out	305,581	28,719	28,719	27,915	(804)	(2.8)%
Rents & Leases	2,694,171	2,638,452	2,578,983	2,482,251	(96,732)	(3.8)%
Supplies & Material	64,567	104,170	153,706	143,706	(10,000)	(6.5)%
Transfer to Infrastructure	—	—	—	28,070	28,070	—%
Waste Hauler Contract	13,361,977	13,942,606	14,130,905	15,779,523	1,648,618	11.7%
Total Dollars by Expense Category	29,735,620	30,095,729	28,746,034	31,030,958	2,284,924	7.9%
Revenues						
Charges for Services	261,276	176,535	37,500	187,500	150,000	400.0%
Charges to Other Funds	145,671	298,322	275,552	250,552	(25,000)	(9.1)%
Net Sales	27,213,212	26,955,936	26,760,730	27,576,342	815,612	3.0%
Operating Transfers-In	643,863	124,187	—	—	—	—%
Other Revenue	3,018,054	3,011,336	2,431,150	2,431,150	—	—%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Other Taxes and Fines	5,708	5,270	—	—	—	—%
Rental Income	—	—	—	30,000	30,000	—%
Return on Investments	211,120	227,832	187,300	178,900	(8,400)	(4.5)%
Total Revenues	31,498,905	30,799,417	29,692,232	30,654,444	962,212	3.2%
Positions by Division						
CIP Refuse Fund	0.75	0.65	0.65	0.65	—	—%
Refuse Administration	0.54	0.54	0.59	0.48	(0.11)	(18.64)%
Refuse Collection, Hauling and Disposal: Operations	1.00	1.00	1.00	1.00	—	—%
Refuse Solid Waste: Operations	11.48	10.37	10.37	10.39	0.02	0.19%
Refuse Street Sweeping	12.70	9.39	9.39	2.68	(6.71)	(71.44)%
Total	26.47	21.95	22.00	15.20	(6.80)	(30.90)%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Account Specialist	0.15	0.15	0.15	0.15	—	9,222
Accountant	0.10	0.10	0.10	0.10	—	9,057
Assistant Director Public Works	0.35	0.35	0.35	0.35	—	61,742
Assistant to the City Manager	0.05	—	—	—	—	—
Associate Planner	1.00	—	—	—	—	—
Business Analyst	0.11	0.11	0.11	—	(0.11)	—
Chief Sustainability Officer	—	0.05	0.05	—	(0.05)	—
Coordinator Public Works Projects	1.00	1.00	1.00	1.00	—	86,729
Deputy Chief/Fire Marshal	0.04	0.04	0.04	0.03	(0.01)	2,951
Environmental Specialist	1.00	1.00	1.00	1.00	—	93,444
Hazardous Materials Inspector	0.02	0.02	0.02	0.02	—	2,284
Heavy Equipment Operator	1.00	0.71	0.71	—	(0.71)	—
Heavy Equipment Operator-Lead	1.00	0.71	0.71	—	(0.71)	—
Landfill Technician	1.00	1.00	1.00	1.00	—	86,580
Management Analyst	2.10	2.10	1.10	0.10	(1.00)	10,623

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Manager Environmental Control Program	1.00	1.00	2.00	3.00	1.00	358,932
Manager Maintenance Operations	0.50	0.46	0.46	0.46	—	61,604
Manager Solid Waste	1.00	1.00	1.00	1.00	—	138,682
Program Assistant I	1.00	1.00	1.00	1.00	—	66,624
Project Manager	—	0.20	0.20	0.20	—	17,824
Senior Accountant	0.10	0.10	0.10	0.10	—	11,192
Senior Engineer	0.10	—	—	—	—	—
Senior Management Analyst	0.08	0.08	0.08	0.08	—	9,947
Senior Technologist	0.11	0.11	0.11	—	(0.11)	—
Street Maintenance Assistant	2.00	—	—	—	—	—
Street Sweeper Operator	7.00	5.96	5.96	1.63	(4.33)	110,961
Surveying Assistant	0.11	—	—	—	—	—
Surveyor, Public Works	0.11	0.11	0.11	0.35	0.24	30,250
Zero Waste Coordinator	2.00	2.00	2.00	2.00	—	164,113
Sub-total: Full-Time Equivalent Positions	24.03	19.36	19.36	13.57	(5.79)	1,412,111
Temporary/Hourly	2.44	2.59	2.64	1.63	(1.01)	79,350
Total	26.47	21.95	22.00	15.20	(6.80)	1,491,461



Budget Reconciliation

	Positions	Expenditures	Revenues	Net Refuse Fund
Prior Year Budget	22.00	28,746,034	29,692,232	(946,198)
Base Adjustments				
Adjustments to Costs of Ongoing Activities				
Salaries and Benefits Adjustment	—	129,870	—	129,870
GreenWaste Annual Contract Increase	—	282,600	—	282,600
SmartStation Annual Contract Increase	—	112,500	—	112,500
Annualization of Street Sweeping Program Service Delivery Model Change	(5.74)	(584,827)	—	(584,827)
SMaRT Station Debt Refinancing Savings	—	(59,802)	—	(59,802)
Residential Refuse Hauling Service Rate Structural Modification	—	—	790,612	(790,612)
LATP Rental Revenue	—	—	30,000	(30,000)
City Hall Rent Allocated Charges Adjustment	—	(10,000)	—	(10,000)
Utility Costs Allocated Charges Adjustment	—	11,633	—	11,633
Residential Curbside Collection and Compositing Program	—	790,880	—	790,880
Capital Expenditure Funding Adjustment	—	1,282,553	150,000	1,132,553
Temporary Staffing Adjustment	(1.01)	58,414	—	58,414
Reallocation of 0.05 Chief Sustainability Officer to the General Fund	(0.05)	(7,635)	—	(7,635)
Interest Earnings Adjustment	—	—	(8,400)	8,400
Reclassification of Management Analyst to Manager of Environmental Control Programs	—	7,733	—	7,733
General Fund Cost Plan Allocated Charges Adjustment	—	824	—	824

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Refuse Fund
Information Technology Allocated Charges Adjustment	—	242,888	—	242,888
Printing and Mailing Allocated Charges Adjustment	—	(17,518)	—	(17,518)
Public Works Administration Allocated Charges Adjustment	—	44,811	—	44,811
Adjustments to Costs of Ongoing Activities	(6.80)	2,284,924	962,212	1,322,712
Total FY 2016 Base Budget	15.20	31,030,958	30,654,444	376,514
Total FY 2016 Adopted Budget	15.20	31,030,958	30,654,444	376,514

STORM DRAINAGE FUND

Description

The City's Storm Drainage services are funded through user fees charged to property owners of developed parcels in Palo Alto. Storm Drainage Fund activities include operation, maintenance, replacement and augmentation of the storm drainage system to ensure adequate local drainage. Storm Drainage Fund goals include reduction of stormwater runoff and stormwater quality protection for discharge to creeks and San Francisco Bay.

Accomplishments

- Completed the design for the final phase of the high-priority Channing/Lincoln Avenue Storm Drain Improvement Project - Installation of new storm drain along Lincoln Avenue between Middlefield Road and Alma Street to reduce local ponding.
- Began preparation of Environmental Impact Report (EIR) for the Newell Road Bridge replacement as part of the San Francisquito Creek Joint Powers Authority flood protection initiative.
- Completed construction of the Southgate Neighborhood Storm Drain Improvements and Green Street Project, which utilizes innovative, environmentally-sensitive measures such as bioretention areas and permeable pavement to reduce storm water runoff and street ponding on neighborhood streets.
- Completed an update to the Storm Drainage Master Plan, which identifies segments of the City's storm drain network in need of capacity upgrades to convey storm water runoff during storm events.
- Completed implementation of an enhanced flood warning system for the San Francisquito Creek watershed in coordination with the San Francisquito Creek Joint Powers Authority.

Initiatives

- Continue implementation of the seven high-priority storm drain projects outlined in the 2005 storm drainage fee ballot measure. Completed projects to date include San Francisquito Creek Storm Water Pump Station, Gailen/Bibbits Storm Drain Improvements, Alma Street Storm Drain Improvements, Clara Drive Storm Drain Improvements, Southgate Neighborhood Storm Drain Improvements and phases 1 and 2 of the Channing/Lincoln Storm Drain Improvements. The Fiscal Year 2016 Capital plan will include construction of the last of the three phases of the Channing/Lincoln Avenue Storm Drain Improvement project (new storm drains along Lincoln Avenue from Middlefield Road to Alma Street) and design of capacity upgrades to the Matadero Creek Storm Water Pump Station serving the Midtown and Palo Verde neighborhoods.
- Secure City Council certification of the Environmental Impact Report for the Newell Road/San Francisquito Creek Bridge Replacement Project.
- Work with City Council and possibly a blue ribbon committee of residents to develop a proposed set of programs and storm drain capital improvements that could form the basis of a potential storm drain funding ballot measure to be presented to property owners for approval in Fall 2016.
- Work cooperatively with the San Francisquito Creek Joint Powers Authority on implementation of the Bay-to-Highway 101 Project to provide flood protection to residents and businesses along lower San Francisquito Creek.
- Pursue expansion of smoking ordinance to include multi-family dwellings and inclusion of e-cigarettes and tobacco retailer licensing.

Goals and Objectives

GOAL 1

Effectively manage the storm drainage system to ensure adequate local drainage.

Objectives:

- Complete construction of the last phase of the Channing/Lincoln Avenue Storm Drain Improvement Project.
- Complete the design of capacity upgrades to the Matadero Creek Storm Water Pump Station serving the Midtown and Palo Verde neighborhoods.
- Certification of the Environmental Impact Report (EIR) for the Newell Road/San Francisquito Creek Bridge Replacement Project.
- Coordinate the Newell Road/San Francisquito Creek Bridge Replacement Project with the San Francisquito Creek Joint Powers Authority upstream of Highway 101 improvements.
- Assist San Francisquito Creek Joint Powers Authority with the implementation of the Bay-to-Highway 101 capital project to protect people and property from flooding along lower San Francisquito Creek.
- 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:

- Begin implementation of measures, including green infrastructure planning, to comply with the new Municipal Regional Stormwater Discharge Permit to be adopted in late 2015.
- Conduct regular inspections of commercial facilities, industrial facilities and construction sites to ensure compliance with stormwater discharge regulations.
- Implement the Long-Term Trash Reduction Plan that was finalized and submitted to the Regional Water Quality Control Board in 2014 in order to reduce trash levels in local creeks and San Francisco Bay.

Key Performance Measures

CITIZEN SURVEY - STORM DRAIN



Goal	Effectively manage the storm drainage system to ensure adequate local drainage.				
Objective	Increase rating given by residents for quality of storm drainage.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent rating the quality of storm drainage good or excellent	69	80	72	80	80
Description	The City participates in the National Citizen Survey (NCS), which asks residents to rate their perception of storm drain management. The NCS is a collaborative effort between the National Research Center, Inc. and the International City/County Management Association. The NCS is an annual survey of approximately 500 jurisdictions in the United States whose residents evaluate local government services and give their opinion about the quality of life in the community.				
Purpose	To obtain feedback from residents on whether storm drains are being maintained adequately in order to determine if the program's resources are appropriate.				
Status	The Department has been achieving between 69 and 80 percent satisfaction and is estimating to maintain a 80 percent rating, which is above the benchmark of other cities.				

PERCENT OF INSPECTIONS IN COMPLIANCE WITH STORM WATER REGULATIONS



Goal	Reduce stormwater runoff and protect the quality of waters discharged to creeks and San Francisco Bay.				
Objective	Conduct regular inspections to ensure compliance.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of inspections in compliance with storm water regulations	87	79	87	80	80
Description	Watershed Protection staff conducts a comprehensive program of public outreach and education, site inspections, and enforcement actions in order to prevent pollutants from contaminating stormwater runoff. Inspections are conducted at industrial facilities, commercial facilities, construction sites and other outdoor activities. Industrial facilities include varied activities such as research, laboratories, manufacturing, and other processing. Commercial facilities typically serve the public and include categories such as photo shops, food service establishments, dry cleaners, dentists, and other sales or services.				
Purpose	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.				
Status	Watershed Protection staff conducts an inspection program for industrial and commercial facilities and assesses them for compliance with stormwater regulations. In FY 2015, inspected sites included 39 industries, 106 automotive facilities and approximately one third of the 363 restaurants on the inspection list. The FY 2015 estimated compliance rate was reduced from the adopted 87% to 80% based on the previous year as well as data to date, indicating that many new businesses are being inspected that may not yet be aware of the requirements. Watershed Protection staff educates these businesses on what it takes to be in compliance with stormwater regulations.				

NUMBER OF CAPITAL PROJECTS ON THE 2005 STORM DRAINAGE FEE BALLOT MEASURE COMPLETED

Goal	Effectively manage the storm drainage system to ensure adequate local drainage.				
	To manage a capital improvement program that utilizes annual revenues and staff resources in an efficient manner in order to complete the seven capital improvement projects that were identified in the 2005 storm drainage fee ballot measure before the fee sunsets in June 2017.				
Objective					
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of projects completed	3	4	6	5	6
Description	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 storm drainage fee ballot measure approved by a majority of property owners.				
Purpose	The storm drain system must be improved and maintained on a regular basis so that it will continue to provide service to the community.				
Status	Staff has completed five of the seven capital improvement projects identified in the 2005 Storm Drainage Fee Measure, is currently working on one additional project, and has the final project scheduled for completion in the next two years (prior to the June 2017 fee sunset).				

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
CIP Storm Drainage Fund	3,103,126	1,450,517	3,047,482	9,001,046	5,953,564	195.4%
Storm Drainage Administration	583,110	592,644	838,233	937,296	99,063	11.8%
Storm Drainage Environmental Compliance	477,582	441,853	717,175	776,520	59,345	8.3%
Storm Drainage Operations and Maintenance	1,601,727	1,544,128	1,933,128	1,993,027	59,899	3.1%
Storm Drainage Systems Improvement Flood Control	115,714	161,108	106,927	119,885	12,957	12.1%
Total	5,881,258	4,190,250	6,642,945	12,827,774	6,184,829	93.1%

Dollars by Category						
Salary & Benefits						
Healthcare	197,274	199,521	148,121	161,229	13,108	8.8%
Other Benefits	42,693	26,578	24,857	25,689	832	3.3%
Overtime	25,292	30,098	49,429	49,429	—	—%
Pension	196,803	234,892	188,387	203,204	14,817	7.9%
Retiree Medical	80,445	75,176	45,811	51,214	5,403	11.8%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Salary	477,515	665,991	732,443	779,251	46,808	6.4%
Workers' Compensation	2,123	7,609	2,703	6,434	3,731	138.0%
Total Salary & Benefits	1,022,145	1,239,863	1,191,750	1,276,448	84,698	7.1%
Allocated Charges	932,820	739,196	906,323	995,955	89,632	9.9%
Capital Improvement Program	2,924,121	1,269,045	2,809,584	8,819,747	6,010,163	213.8%
Contract Services	397,720	367,002	471,379	460,754	(10,625)	(2.3)%
Debt Service	464,920	435,711	947,283	949,300	2,017	0.2%
Facilities & Equipment	5,198	—	7,621	7,621	—	—%
General Expense	11,138	9,234	167,900	171,900	4,000	2.4%
Operating Transfers-Out	12,662	41,757	6,142	5,970	(172)	(2.8)%
Rents & Leases	—	33,102	39,963	45,079	5,116	12.8%
Supplies & Material	110,499	55,339	95,000	95,000	—	—%
Utility Purchase	36	—	—	—	—	—%
Total Dollars by Expense Category	5,881,258	4,190,250	6,642,945	12,827,774	6,184,829	93.1%

Revenues

Charges for Services	94,167	114,308	90,000	90,000	—	—%
Net Sales	5,955,743	6,064,331	5,953,615	6,112,770	159,155	2.7%
Operating Transfers-In	13,473	13,723	—	—	—	—%
Other Revenue	9,728	5,553	—	—	—	—%
Other Taxes and Fines	—	—	2,500	2,500	—	—%
Return on Investments	160,302	159,627	134,800	129,700	(5,100)	(3.8)%
Total Revenues	6,233,413	6,357,542	6,180,915	6,334,970	154,055	2.5%

Positions by Division

CIP Storm Drainage Fund	2.00	2.20	2.20	2.15	(0.05)	(2.27)%
Storm Drainage Administration	0.69	0.69	0.69	0.65	(0.04)	(5.80)%
Storm Drainage Operations and Maintenance	6.25	7.00	6.78	6.98	0.20	2.97%
Storm Drainage Systems Improvement Flood Control	0.70	0.70	0.52	0.54	0.02	3.85%
Total	9.64	10.59	10.19	10.32	0.13	1.29%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Account Specialist	0.15	0.15	0.15	0.15	—	9,222
Accountant	0.05	0.05	0.05	0.05	—	4,528
Administrative Associate I	—	0.10	0.10	0.10	—	5,867
Administrative Associate II	0.15	0.15	0.15	0.15	—	9,849
Administrative Associate III	—	0.10	0.10	0.10	—	6,353
Assistant Director Public Works	0.20	0.20	0.20	0.20	—	31,971
Business Analyst	0.02	0.02	0.02	—	(0.02)	—
Electrician	0.10	0.10	0.10	0.10	—	7,730
Electrician-Lead	1.00	1.00	1.00	1.00	—	96,536
Engineer	1.00	1.00	1.00	1.00	—	109,306
Engineering Technician III	0.40	0.30	0.20	0.20	—	15,869
Equipment Operator	0.54	0.54	0.54	0.54	—	36,828
Heavy Equipment Operator	0.90	0.90	0.90	0.90	—	69,517
Heavy Equipment Operator-Lead	1.15	1.15	1.15	1.15	—	95,005
Industrial Waste Inspector	0.10	0.20	0.19	0.19	—	14,918
Industrial Waste Investigator	1.20	1.20	0.99	0.99	—	86,850
Management Analyst	0.10	0.20	0.20	0.20	—	19,174
Manager Environmental Control Program	0.10	0.40	0.40	0.40	—	46,768
Manager Maintenance Operations	0.50	0.50	0.50	0.50	—	53,074
Project Engineer	1.00	0.85	0.81	0.83	0.02	97,642
Project Manager	—	0.15	0.15	0.15	—	13,368
Senior Accountant	0.10	0.10	0.10	0.10	—	11,192
Senior Engineer	0.80	0.80	0.76	0.76	—	117,382
Senior Technologist	0.02	0.02	0.02	—	(0.02)	—
Technologist	—	0.30	0.30	0.30	—	35,881
Traffic Controller Maintainer I	0.06	0.06	0.06	0.06	—	4,120
Sub-total: Full-Time Equivalent Positions	9.64	10.54	10.14	10.12	(0.02)	998,950
Temporary/Hourly	—	0.05	0.05	0.20	0.15	10,473
Total	9.64	10.59	10.19	10.32	0.13	1,009,423

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Storm Drainage Fund
Prior Year Budget	10.19	6,642,945	6,180,915	462,030
Base Adjustments				
Adjustments to Costs of Ongoing Activities				
Capital Expenditure Funding Adjustment	—	6,008,515	—	6,008,515
Interest Earnings Adjustment	—	—	(5,100)	5,100
Residential Storm Drainage Fee Consumer Price Index increase	—	—	62,626	(62,626)
Industrial Storm Drainage Fee Consumer Price Index increase	—	—	75,783	(75,783)
Commercial Storm Drainage Fee Consumer Price Index increase	—	—	20,746	(20,746)
Temporary Staffing Adjustment	0.15	10,625	—	10,625
Information Technology Staffing Realignment	(0.02)	(3,600)	—	(3,600)
Debt Service Payment Adjustment	—	2,017	—	2,017
Storm Rate Rebate Consumer Price Index increase	—	4,000	—	4,000
Salaries and Benefits Adjustment	—	68,696	—	68,696
General Fund Cost Allocation Plan Adjustment	—	5,980	—	5,980
Rental Cost Adjustment	—	5,116	—	5,116
Reduced Transfer to Technology Fund for Utilities Customer Bill System Improvements project	—	(172)	—	(172)
Technology Fund Allocated Charges Adjustment	—	42,847	—	42,847
Liability Insurance Allocated Charges Adjustment	—	10,073	—	10,073
Utility Expenses Allocated Charges Adjustment	—	(4,222)	—	(4,222)
Vehicle Replacement and Maintenance Allocated Charges Adjustment	—	1,496	—	1,496
Printing and Mailing Allocated Charges Adjustment	—	(149)	—	(149)
Public Works Administration Allocated Charges Adjustment	—	33,607	—	33,607
Adjustments to Costs of Ongoing Activities	0.13	6,184,829	154,055	6,030,774
Total FY 2016 Base Budget	10.32	12,827,774	6,334,970	6,492,804
Total FY 2016 Adopted Budget	10.32	12,827,774	6,334,970	6,492,804

WASTEWATER TREATMENT FUND

Description

The City's Regional Water Quality Control Plant (RWQCP) operates 24 hours a 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.

Accomplishments

- Commenced implementation of a system to provide temporary and permanent alkalinity adjustments that address regulatory limits in the plant's treated final effluent after experiencing two pH violations in late 2014. The pH of the Water Quality Control Plant's effluent has become too low and a new chemical (a base) is now being added to raise the pH, make it less acidic, and meet the regulatory limit. This new chemical is a new, ongoing cost to the Water Quality Control Plant.
- Completed process optimization of the dual media filters and four secondary clarifiers.
- Reduced salinity in recycled water through source identification and control of infiltration in collection system pipes.

Initiatives

- Complete CEQA for Biosolids Facilities Plan sludge dewatering and truck loadout facility.
- Expand Polystyrene Ordinance to include food service ware, coolers, and other items.
- Complete an Environmental Impact Report for a new pipeline system to deliver recycled water to the southwestern portion of Palo Alto. This new system is the third phase of the Master Plan for Recycled Water approved by Council.

Goals and Objectives

GOAL 1

Protect the environment and the public's health.

Objectives:

- Conduct regular inspections of commercial permittees to ensure compliance with all regulations.
- Complete new capital improvement projects to ensure the plant’s reliability.
- Conduct ongoing operation and maintenance.

GOAL 2

Operate high quality, cost-effective and visually neutral facilities.

Objectives:

- Mitigate cost increases through effective maintenance of equipment and analysis of potential operational efficiencies.

Key Performance Measures

PERCENT OF PASSED FISH ACUTE TOXICITY BIOASSAY TESTS

 Goal	Protect the environment and the public's health.				
Objective	Obtain fish acute toxicity bioassays with 100% survival.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of passed fish acute toxicity bioassay tests	100%	100%	100%	100%	100%
Description	Percent of acute fish toxicity bioassay tests passed with 100% survival.				
Purpose	Fish survival in the bioassay is an indicator that plant discharges to the Bay are safe for receiving water marine life.				
Status	In Fiscal Year 2014, all acute toxicity bioassay tests passed with 100% survival rate.				

DISCHARGE TESTS IN COMPLIANCE

 Goal	Protect the environment and the public's health.				
Objective	Maintain 99% discharge test compliance.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of wastewater treatment discharge tests in compliance	99.80%	99.77%	99%	99%	99%
Description	The plant has numerous effluent limits and requirements to meet as part of its NPDES discharge permit for water discharged to the south San Francisco Bay. 100 percent compliance with these limits is the goal of the city; the RWQCP normally achieves these levels of compliance.				
Purpose	The percent discharge tests in compliance is an indicator of the compliance of the RWQCP treatment system’s final water with the limits established in the NPDES discharge permit.				
Status	Over 99% of discharge tests are expected to be in compliance with discharge limits.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Millions of gallons processed by the Palo Alto's Regional Water Quality Control Plant	7,546	7,186	7,420	7,420	7,200
Millions of gallons of recycled water delivered	216	208	200	200	250
Number of inspections performed annually	362	443	355	350	350

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
CIP Wastewater Treatment Fund	2,875,633	3,252,622	3,704,971	15,420,413	11,715,442	316.2%
Wastewater Treatment Systems Improvement Operations	14,032,628	14,026,176	13,796,743	14,706,867	910,124	6.6%
Wastewater Treatment Admin.	603,343	572,962	2,930,685	3,210,392	279,707	9.5%
Wastewater Treatment Environmental Compliance	3,448,366	3,365,615	3,140,576	3,262,685	122,109	3.9%
Total	20,959,971	21,217,375	23,572,974	36,600,357	13,027,383	55.3%
Dollars by Category						
Salary & Benefits						
Healthcare	1,157,845	1,195,498	1,148,940	1,300,058	151,119	13.2%
Other Benefits	300,696	182,239	177,849	185,434	7,585	4.3%
Overtime	251,887	320,264	310,126	310,126	—	—%
Pension	1,227,492	1,383,872	1,539,152	1,705,555	166,403	10.8%
Retiree Medical	686,570	601,837	818,840	867,451	48,611	5.9%
Salary	5,552,799	5,583,274	6,193,785	6,602,553	408,768	6.6%
Workers' Compensation	114,739	222,057	129,619	187,771	58,152	44.9%
Total Salary & Benefits	9,292,027	9,489,042	10,318,310	11,158,947	840,637	8.1%
Allocated Charges	4,687,766	4,689,962	4,981,794	5,187,010	205,216	4.1%
Capital Improvement Program	2,875,210	3,250,898	3,704,792	15,420,077	11,715,285	316.2%
Contract Services	1,469,163	1,458,586	1,898,888	1,888,354	(10,534)	(0.6)%
Debt Service	578,378	546,780	594,522	621,656	27,134	4.6%
Facilities & Equipment	5,313	4,809	7,500	7,500	—	—%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
General Expense	354,035	450,765	431,040	431,040	—	—%
Operating Transfers-Out	11,682	—	—	—	—	—%
Rents & Leases	—	12	—	—	—	—%
Supplies & Material	1,686,397	1,326,522	1,636,128	1,885,773	249,645	15.3%
Total Dollars by Expense Category	20,959,971	21,217,375	23,572,974	36,600,357	13,027,383	55.3%

Revenues

Charges to Other Funds	52,047	51,968	51,500	51,500	—	—%
Net Sales	21,468,401	18,390,132	22,286,007	23,205,379	919,372	4.1%
Operating Transfers-In	—	58,660	—	—	—	—%
Other Revenue	4,386	2,358	—	—	—	—%
Other Taxes and Fines	3,000	2,000	4,000	4,000	—	—%
Return on Investments	389,470	331,731	316,700	199,200	(117,500)	(37.1)%
Total Revenues	21,917,305	18,836,849	22,658,207	23,460,078	801,872	3.5%

Positions by Division

CIP Wastewater Treatment Fund	0.30	0.30	0.30	0.30	—	—%
Wastewater Treatment Systems Improvement Operations	55.70	55.63	56.13	55.69	(0.44)	(0.78)%
Wastewater Treatment Admin.	0.69	0.69	0.74	0.64	(0.10)	(13.51)%
Wastewater Treatment Environmental Compliance	14.60	13.80	13.49	13.74	0.25	1.85%
Total	71.29	70.42	70.66	70.37	(0.29)	(0.41)%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Account Specialist	0.15	0.15	0.15	0.15	—	9,222
Accountant	0.25	0.25	0.25	0.25	—	22,643
Administrative Associate II	2.00	2.00	2.00	2.00	—	131,330
Assistant Director Public Works	0.75	0.75	0.75	0.75	—	138,244
Assistant Manager WQCP	2.00	2.00	2.00	2.00	—	232,456

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Assistant to the City Manager	0.05	—	—	—	—	—
Associate Engineer	3.00	1.50	1.35	1.35	—	131,015
Buyer	1.00	1.00	1.00	1.00	—	86,729
Chemist	3.00	3.00	3.00	3.00	—	264,728
Chief Sustainability Officer	—	0.05	0.05	—	(0.05)	—
Deputy Chief/Fire Marshal	0.04	0.04	0.04	0.04	—	3,935
Electrician	2.90	2.90	2.90	2.90	—	249,899
Electrician-Lead	1.00	1.00	1.00	1.00	—	96,536
Engineering Technician III	0.90	—	—	—	—	—
Environmental Specialist	1.00	1.00	1.00	1.00	—	93,445
Hazardous Materials Inspector	0.02	0.02	0.02	0.02	—	2,284
Industrial Waste Inspector	1.90	2.80	2.80	2.80	—	219,858
Industrial Waste Investigator	0.80	0.80	0.80	0.80	—	68,517
Laboratory Technician WQC	2.50	2.50	3.00	3.00	—	236,778
Maintenance Mechanic	7.00	7.00	7.00	7.00	—	597,341
Mngr. Environmental Control Prgm.	1.90	1.60	1.50	1.50	—	179,317
Manager Laboratory Services	1.00	1.00	1.00	1.00	—	130,916
Mngr. Water Quality Control Plant	1.00	1.00	1.00	1.00	—	168,599
Manager Watershed Protection	1.00	1.00	0.95	0.95	—	125,398
Program Assistant II	2.00	2.00	2.00	2.00	—	143,225
Project Engineer	1.00	1.00	1.00	1.00	—	117,643
Senior Accountant	0.10	0.10	0.10	0.10	—	11,192
Senior Chemist	1.00	1.00	1.00	1.00	—	98,071
Senior Engineer	1.00	1.00	1.00	1.00	—	135,567
Senior Industrial Waste Investigator	—	1.00	0.99	0.99	—	93,460
Senior Management Analyst	0.13	0.13	0.13	0.13	—	16,824
Senior Mechanic	1.00	1.00	1.00	1.00	—	93,381
Senior Operator WQC	6.00	6.00	6.00	6.00	—	566,682
Senior Technologist	1.00	1.00	1.00	1.00	—	127,109
Storekeeper	1.00	1.00	1.00	1.00	—	64,002
Supervisor WQCP Operations	3.00	3.00	3.00	3.00	—	322,120
Technologist	—	0.70	0.70	0.70	—	83,723
WQC Plant Operator II	17.00	16.00	16.00	16.00	—	1,330,314

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Sub-total: Full-Time Equivalent Positions	69.39	68.29	68.48	68.43	(0.05)	6,392,503
Temporary/Hourly	1.90	2.13	2.18	1.94	(0.24)	170,253
Total	71.29	70.42	70.66	70.37	(0.29)	6,562,756

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Wastewater Treatment Fund
Prior Year Budget	70.66	23,572,974	22,658,207	914,767
Base Adjustments				
Adjustments to Costs of Ongoing Activities				
Salaries and Benefits Adjustment	—	701,957	—	701,957
Interest Income Adjustment	—	—	(117,500)	117,500
Print and Mail Allocated Charges Adjustment	—	515	—	515
Vehicle Replacement and Maintenance Allocated Charges Adjustment	—	2,256	—	2,256
California Regional Water Quality Control Board Testing Requirements	—	249,645	—	—
Public Works Administration Allocated Charges Adjustment	—	44,811	—	44,811
Information Technology Allocated Charges Adjust.	—	184,893	—	184,893
General Fund Cost Allocation Plan Charges Adjust.	—	35,389	—	35,389
Utilities Allocated Charges Adjustment	—	(152,249)	—	(152,249)
Reallocate 0.05 Chief Sustain Off. to Gen Fund	(0.05)	(7,635)	—	(7,635)
Tributary Agencies Contribution Adjustment	—	—	861,357	(861,357)
Revenue Adjustment to Align with Historical Actuals	—	—	58,014	(58,014)
Debt Service Adjustment	—	(4,366)	—	(4,366)
Hourly Staffing Adjustment	(0.24)	(43,118)	—	(43,118)
Capital Improvement Funding Adjustment	—	11,715,285	—	11,715,285
Adjustments to Costs of Ongoing Activities	(0.29)	12,727,383	801,871	11,675,867
Total FY 2016 Base Budget	70.37	36,300,357	23,460,078	12,590,634
Total FY 2016 Adopted Budget	70.37	36,300,357	23,460,078	12,590,634

AIRPORT FUND

Description

The Palo Alto Airport serves as a general aviation reliever airport to the Bay Area's major air carrier airports. It is the third busiest airport in the Bay Area averaging 180,000 annual operations; open 24 hours each day, 365 days annually; and has a Federal Aviation Administration (FAA) staffed air traffic control tower.

Accomplishments

- City Council approval of all agreements for the Airport's transfer from the County to City effective August 2014.
- Defunded the Temporary Airport Terminal CIP and saved a total of \$140,000 by having in-house staff update the terminal building to a comfortable and safe condition and installed Wi-Fi for staff and visitors.
- Completed and received FAA approval for the Airport Layout Plan (ALP).
- Grant was awarded by Federal Aviation Administration (FAA) for PAO runway/taxiways rehabilitation project. The project was completed and addressed non-standard conditions identified in the recent ALP update to ensure compliance with FAA standards and improved airfield safety.
- Submitted a Five Year Airport Capital Improvement Plan to FAA and State Division of Aeronautics (Caltrans). This plan addresses the needed pavement rehabilitation and safety enhancements of the airport and identifies the need to fund an Airport Master plan for the future planning of the airport.

Initiatives

- Continue to seek grant opportunities from the Federal Aviation Administration.
- Begin design of the apron reconstruction project.
- Develop an Airport Business Plan.
- Evaluate and prepare Request for Proposal for the two major fixed based operators.

Goals and Objectives

GOAL 1

Operate a safe and viable airport as an enterprise fund while controlling expenses and generating sufficient revenues.

Objectives:

- Begin developing request for proposal to contract with fixed based operators, tenants, and lessees.
- Annually submit updated Five-Year Airport Capital Improvement Project (ACIP) work plan to Federal Aviation Administration (FAA) as required for eligibility for grant funding.

GOAL 2

Provide high quality, cost-effective oversight of the Airport's capital improvement plan.

Objectives:

- Submit grant applications to FAA for multi-phase projects that ensure efficiency and airfield safety.

Key Performance Measures

PERCENTAGE OF TIE-DOWNS LEASED



Goal	To maximize vacant tie down spaces.				
Objective	To increase tenant occupancy by providing a safe, aesthetically pleasing and profitable airport.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percentage of tie-downs rented.	N/A	N/A	N/A	63%	68%
Description	The City of Palo Alto operates and maintains the Palo Alto Airport and provides airport users with safe transportation options with a high level of airport services. The airport has at total of 510 tie-down spaces. Of these, the City administers 350 tie-down spaces for aircraft storage that can be leased directly from the City.				
Purpose	Utilizing the available spaces will increase revenue and will provide funding to revitalize the Palo Alto Airport without changing or increasing the current airport footprint. Tie-down and apron areas that are in disrepair are not available for leasing and unsightly. Providing a safe, well maintained and attractive airport will appeal to the tenants, pilots, visitors, outside agencies, residents and the flying community at large.				
Status	Airport staff are responsible for maintaining 102.4 acres of airport facilities, infrastructure and equipment; and managing over 200 current tenant leases. In FY 2015 the percentage of leased tie-downs is at 63%.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
The FAA defines workload measures for airports with air traffic control towers as the number aircraft operations (sum of landings and takeoffs).	N/A	N/A	N/A	180,000	181,000

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Airport Administration	65,334	417,278	421,840	713,548	291,708	69.2%
Airport Operations	180,923	48,950	541,272	194,315	283,043	52.3%
CIP Airport Fund	—	—	—	628,884	(1,116)	—%
Total	246,257	466,228	963,112	1,536,747	573,635	59.6%

Dollars by Category						
Salary & Benefits						
Healthcare	5,250	26,247	53,886	69,451	15,565	28.9%
Other Benefits	2,254	5,702	10,156	6,296	(3,860)	(38.0)%
Pension	6,153	33,105	58,229	83,362	25,133	43.2%
Retiree Medical	—	—	9,636	9,872	236	2.4%
Salary	28,485	131,084	231,487	389,920	158,433	68.4%
Total Salary & Benefits	42,142	196,139	363,394	558,901	195,507	53.8%
Allocated Charges	108,892	112,999	56,660	257,406	200,746	354.3%
Capital Improvement Program	—	—	180,000	628,884	448,884	249.4%
Contract Services	94,596	105,792	306,500	7,500	(299,000)	(97.6)%
Facilities & Equipment	—	—	15,000	16,500	1,500	10.0%
General Expense	627	51,298	4,900	5,900	1,000	20.4%
Rents & Leases	—	—	5,000	5,000	—	—%
Supplies & Material	—	—	31,656	56,656	25,000	79.0%
Total Dollars by Expense Category	246,257	466,228	963,112	1,536,747	573,635	59.6%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Revenues						
Charges for Services	—	—	501,022	40,000	(461,022)	(92.0)%
From Other Agencies	—	—	—	126,000	126,000	—%
Net Sales	—	—	—	554,580	554,580	—%
Operating Transfers-In	—	—	560,000	304,150	(255,850)	(45.7)%
Other Revenue	—	—	84,300	93,500	9,200	10.9%
Permits and Licenses	—	—	159,500	—	(159,500)	(100.0)%
Rental Income	—	—	—	134,500	134,500	—%
Return on Investments	3,981	3,896	4,500	1,700	(2,800)	(62.2)%
Total Revenues	3,981	3,896	1,309,322	1,254,430	(54,892)	(4.2)%
Positions by Division						
Airport Administration	1.00	1.00	2.00	2.96	0.96	48.00%
Airport Operations	—	—	—	0.50	0.50	—%
CIP Airport Fund	—	—	—	2.42	2.42	—%
Total	1.00	1.00	2.00	5.88	3.88	194.00%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Management Analyst	—	—	1.00	1.00	—	96,976
Manager Airport	1.00	1.00	1.00	1.00	—	146,621
Manager Maintenance Operations	—	—	—	1.00	1.00	133,922
Sub-total: Full-Time Equivalent Positions	1.00	1.00	2.00	3.00	1.00	377,519
Temporary/Hourly	—	—	—	2.88	2.88	179,712
Total	1.00	1.00	2.00	5.88	3.88	557,231

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Airport Fund
Prior Year Budget	2.00	963,112	1,309,322	(346,211)
Base Adjustments				
One Time Prior Year Expenditures Deleted				
Transition Expenses (advertising, furniture, signage, and tools)	—	(45,000)	—	(45,000)
General Fund Loan	—	—	(235,000)	—
One Time Prior Year Expenditures Deleted	—	(45,000)	(235,000)	(45,000)
Adjustments to Costs of Ongoing Activities				
Salary and Benefit Adjustments	—	(159,838)	—	(159,838)
Capital Expenditure Adjustments	—	448,884	126,000	322,884
Investment Earnings Adjustment	—	—	(2,800)	—
Airport Tie-Down Fees Revenue Consumer Price Index Adjustment	—	—	77,758	(77,758)
General Liability Insurance Allocated Charges Adjustment	—	523	—	—
Information Technology Allocated Charges Adjustment	—	41,633	—	—
General Fund Cost Allocation Plan Adjustment	—	136,400	—	136,400
Printing and Mailing Allocated Charges Adjustment	—	(216)	—	(216)
Public Works Administration Allocated Charges	—	22,405	—	22,405
Adjustments to Costs of Ongoing Activities	—	489,791	200,958	243,877
Total FY 2016 Base Budget	2.00	1,407,902	1,275,280	132,622
Budget Adjustments				
1 Airport Operations Staffing	3.88	78,845	—	78,845
2 Airport Asphalt Maintenance	—	50,000	—	50,000
3 Transfers from the General Fund	—	—	(20,850)	20,850
Total Budget Adjustments	3.88	128,845	(20,850)	149,695
Total FY 2016 Adopted Budget	5.88	1,536,747	1,254,430	282,317



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Airport Fund
1 Airport Operations Staffing	3.88	78,845	0	78,845

In August 2014 the City assumed responsibility for the Palo Alto Airport. As part of developing a business plan in 2010, staff proposed various staffing models: (1) City Operation of the Airport; (2) Third Party Management; or (3) hybrid model. In the FY 2015 budget, staff recommended a hybrid model with two City positions and a contractual funding for operations staffing. Staff completed a Request for Proposal and received one responsive proposal. Comparing the proposal with an in-house staffing model, the in-house staffing model is more cost-effective by approximately \$128,000. Therefore, funding for 2.88 FTE hourly staffing (\$202,000) offset with reductions in contractual staffing (\$294,000) is recommended, resulting in net savings of \$92,000. Regardless of the airport operations staffing model, this budget adds 1.0 Manager of Maintenance Operations position. This position will oversee all contracted services that are provided at the airport, day-to-day operations, maintenance, and security activities in the Airport Manager's absence. The position will also act as the airport liaison for outside agencies such as the Transportation Security Administration (TSA), Federal Aviation Administration (FAA), Federal Bureau of Investigation (FBI), and other agencies; serve as the airport construction project manager; and oversee response for emergencies, distressed or disabled aircraft, security incidents, hazardous materials spills, and wildlife or other airfield accidents/incidents. The FAA operates and staffs the control tower seven days a week, 365 days a year, from the hours of 7:00 am until 9:00 pm. Having a city presence at the airport during tower open hours is critical for addressing operational and safety issues that may be identified by FAA staff in the control tower. A portion of this cost of this position may be offset by grant proceeds from the FAA. (Ongoing: \$78,845)

Performance Results



The in-house staffing model of temporary staff supervised by the Airport Operations Manager will provide adequate staffing for the daily 7 am to 9 pm operation of the Airport and ensure quality of airport operations and increased customer satisfaction of Airport users.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Airport Fund
2 Airport Asphalt Maintenance	0.00	50,000	0	50,000

This action provides funding for ongoing in-house asphalt pavement maintenance at the Palo Alto Airport. It is important to keep the taxi lanes and apron surfaces maintained in order to reduce the chance of loose pavement damaging aircraft. Federal grants are being pursued for the rehabilitation of aprons, runways, and taxiways, however this work will be achieved in phases, and only as federal funds are available. This funding will allow for patching of these areas until the entire airport network is rehabilitated.

Performance Results



This action will allow for patch repairs of the aprons, runways, and taxiways, until grant funds can be identified and these areas can be repaved. Improvements to the condition of the asphalt are anticipated to increase customer satisfaction and minimize instances of debris damaging aircraft.

3 Transfers from the General Fund	0.00	0	(20,850)	20,850
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In Fiscal Year 2015, the General Fund loaned the Airport Fund \$760,000, which was the amount required to ensure that the Public Works Department had sufficient staffing and resources to operate and maintain the airport during the first year of City operations. This level of loan also included one-time legal expenses, signage, tools, and office furniture. The General Fund Long Range Financial Forecast assumed a continuation of the loan in the amount of \$325,000. For Fiscal Year 2016, the transfer to the Airport Fund is \$304,150. It is anticipated that after Fiscal Year 2016 there will no longer be a need for a loan from the General Fund and the Airport Fund will be able to begin repayments to the General Fund beginning in Fiscal Year 2018.

Performance Results



This action will ensure that the Airport has adequate resources to support operations in Fiscal Year 2016.

VEHICLE REPLACEMENT AND MAINTENANCE 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.

Accomplishments

- Completed first phase of Fleet Operational Study which included re-organization of staff and shop hours.
- Completed major upgrade of fleet software to provide for enhanced tracking of operations and maintenance costs, vehicle maintenance schedules, and allow for enhanced fueling operations.
- Delivered 12 CNG vans; 6 marked police vehicles; one 100-ft ladder truck; two skid steer loaders; two pickups; three backhoes, two bobcats; one SUV; two chippers; one paint truck; and one paver.
- Completed a lease-purchase analysis of alternative service delivery models, which resulted in the purchase of four electric passenger vehicles.

Initiatives

- Continue to implement recommendations made in the Fleet Operational Study by continuing improvement of technology in fleet, increasing the number of alternative fuel or EV's in the fleet, perform a cost analysis of all fleet functions, development of a more accurate charge back rate model and improving staff training.
- Replace older, less fuel efficient vehicles with newer, more efficient equipment to continue to reduce fuel consumption and carbon footprint created by City fleet operations.
- Implement more City vehicle fleet replacements that include Zero Emission or Low Emission, to reduce GHG emissions in Palo Alto.

Goals and Objectives

GOAL 1

Ensure the City's vehicles, equipment, and storage/dispensing facilities are safe, reliable, and energy efficient while reducing Green House Gas emissions.

Objectives:

- Continue to increase the number of alternative fuel and electric vehicles.
- Continue to provide operational training to staff that will allow continued safe operations and maintenance of vehicles and fueling stations.
- Routinely review and update the 5-year vehicle and equipment replacement plan to achieve maximum cost-effectiveness and reduce pollution.

GOAL 2

Provide cost-effective preventive maintenance and repair services.

Objectives:

- Continue to implement Operational Study recommendations to improve service and reduce costs.

Key Performance Measures

PERCENT OF NON-EMERGENCY VEHICLES IN FLEET THAT ARE USING ALTERNATE FUEL OR TECHNOLOGIES



Goal	Ensure the City's vehicles, equipment, and storage/dispensing facilities are safe, reliable, and energy efficient.				
Objective	Increase the number of alternative fuel and electric vehicles.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percentage of non-emergency vehicles in fleet that are using alternate fuel or technologies	23%	25%	24%	25%	25%
Description	The City fleet is comprised of vehicles and equipment that are primarily gasoline, diesel and compressed natural gas (cng).				
Purpose	In order to move toward a lower emissions goal the City fleet needs to increase their environmentally friendly fueled and alternative technology vehicles.				
Status	The fleet is currently comprised of 240 light duty passenger vehicles with 60 using alternative fuel or technologies. This represents 25% of non-emergency light duty vehicles using alternate fuel.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Total number of vehicles and equipment in the City's fleet	556	555	545	553	553
Number of vehicles that are alternatively fueled or electric	57	61	59	73	75
Number of vehicles repair and preventative maintenance work orders	3,903	4,741	4,500	4,750	4750

Budget Summary

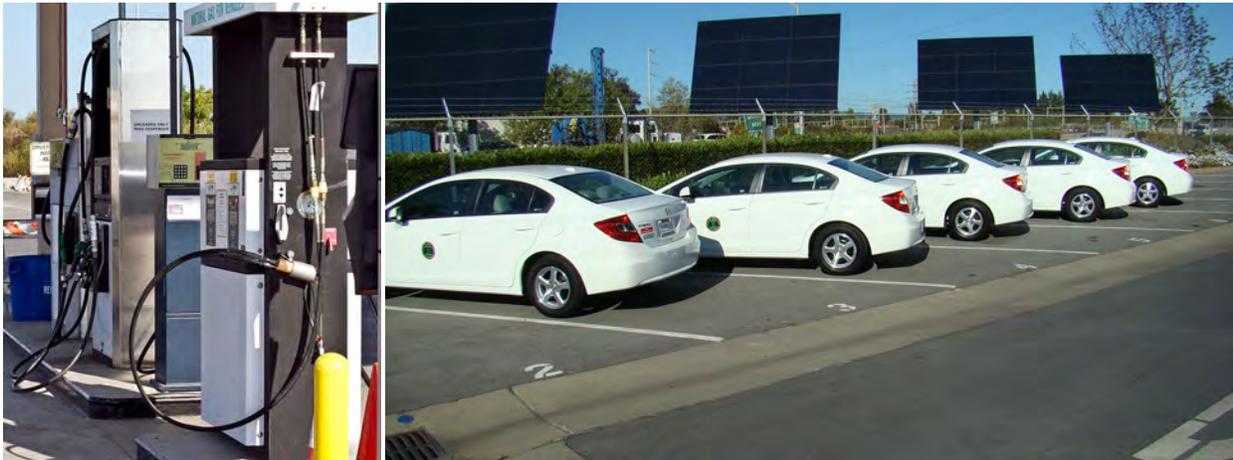
	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
Vehicle Operations and Maintenance	4,247,284	4,686,571	5,471,334	6,123,988	652,654	11.9%
Vehicle Replacement and Additions	1,630,646	2,848,302	4,078,852	5,198,481	1,119,630	27.4%
Total	5,877,929	7,534,873	9,550,186	11,322,469	1,772,283	18.6%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Category						
Salary & Benefits						
Healthcare	221,996	220,931	256,990	337,288	80,298	31.2%
Other Benefits	59,709	29,173	40,442	46,928	6,486	16.0%
Overtime	18,979	14,475	52,445	52,445	—	—%
Pension	181,273	210,016	303,902	330,282	26,380	8.7%
Retiree Medical	105,562	88,948	77,399	84,577	7,178	9.3%
Salary	915,926	926,538	1,306,352	1,299,835	(6,517)	(0.5)%
Workers' Compensation	129,181	124,984	101,764	105,692	3,928	3.9%
Total Salary & Benefits	1,632,626	1,615,066	2,139,293	2,257,046	117,753	5.5%
Allocated Charges	886,308	1,049,779	1,216,577	1,655,928	439,351	36.1%
Capital Improvement Program	1,579,984	2,804,565	4,078,016	5,196,914	1,118,898	27.4%
Contract Services	318,950	310,277	318,000	284,900	(33,100)	(10.4)%
Facilities & Equipment	(1)	—	—	—	—	—%
General Expense	60,007	44,340	63,000	63,000	—	—%
Rents & Leases	3,144	110,288	114,100	178,670	64,570	56.6%
Supplies & Material	1,396,912	1,600,558	1,621,200	1,654,300	33,100	2.0%
Transfer to Infrastructure	—	—	—	31,711	31,711	—%
Total Dollars by Expense Category	5,877,929	7,534,873	9,550,186	11,322,469	1,772,283	23.1%
Revenues						
Charges to Other Funds	6,966,824	7,291,939	7,014,730	6,636,604	(378,126)	(5.4)%
Operating Transfers-In	398,122	—	—	—	—	—%
Other Revenue	397,003	235,993	155,000	155,000	—	—%
Return on Investments	231,877	231,550	215,500	178,300	(37,200)	(17.3)%
Total Revenues	7,993,827	7,759,482	7,385,230	6,969,904	(415,326)	(5.6)%
Positions by Division						
Vehicle Operations and Maintenance	16.82	16.82	16.82	15.86	(0.96)	(5.71)%
Vehicle Replacement and Additions	1.40	1.40	1.40	1.40	—	—%
Total	18.22	18.22	18.22	17.26	(0.96)	(5.27)%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Administrative Associate III	1.00	1.00	1.00	1.00	—	70,393
Assistant Director Public Works	0.25	0.25	0.25	0.25	—	39,153
Assistant Fleet Manager	1.00	1.00	1.00	1.00	—	95,285
Equipment Maintenance Service Person	2.00	2.00	2.00	2.00	—	104,486
Fleet Services Coordinator	2.00	2.00	2.00	2.00	—	145,738
Management Analyst	0.20	0.20	0.20	0.20	—	21,246
Manager Fleet	1.00	1.00	1.00	1.00	—	114,842
Mobile Service Technician	1.00	1.00	—	—	—	—
Motor Equipment Mechanic II	7.00	7.00	6.00	6.00	—	476,183
Motor Equipment Mechanic-Lead	—	—	2.00	2.00	—	173,825
Project Manager	1.00	1.00	1.00	1.00	—	101,277
Senior Management Analyst	0.08	0.08	0.08	0.08	—	9,947
Sub-total: Full-Time Equivalent Positions	16.53	16.53	16.53	16.53	—	1,352,375
Temporary/Hourly	1.69	1.69	1.69	0.73	(0.96)	52,558
Total	18.22	18.22	18.22	17.26	(0.96)	1,404,933



Budget Reconciliation

	Positions	Expenditures	Revenues	Net Vehicle Replacement and Maintenance Fund
Prior Year Budget	18.22	9,550,186	7,385,230	2,164,956
Base Adjustments				
Adjustments to Costs of Ongoing Activities				
Capital improvement Funding Adjustment	—	1,118,898	—	1,118,898
Transfer to Capital Improvement Fund for Municipal Services Center Lighting, Mechanical, and Electrical Improvements	—	31,711	—	31,711
Vehicle Rep. and Maint. Allocated Charges Adjust.	—	—	(378,126)	378,126
Facilities Rental Adjustment	—	64,570	—	64,570
Information Technology Allocated Charges Adjust.	—	99,408	—	99,408
Salaries and Benefits Adjustment	—	189,353	—	189,353
Gen. Liability Insurance Allocated Charges Adjust.	—	11,441	—	11,441
Public Works Admin Allocated Charges Adjust.	—	78,418	—	78,418
Utilities Allocated Charges Adjustment	—	23,619	—	23,619
Temporary Staffing Adjustments	(0.96)	(71,600)	—	(71,600)
General Fund Cost Allocation Plan Adjustment	—	226,273	—	226,273
Printing and Mailing Allocated Charges Adjustment	—	192	—	192
Interest Earnings Adjustment	—	—	(37,200)	37,200
Adjustments to Costs of Ongoing Activities	(0.96)	1,772,283	(415,326)	2,187,609
Total FY 2016 Base Budget	17.26	11,322,469	6,969,904	4,352,565
Total FY 2016 Adopted Budget	17.26	11,322,469	6,969,904	4,352,565

UTILITIES

Mission Statement



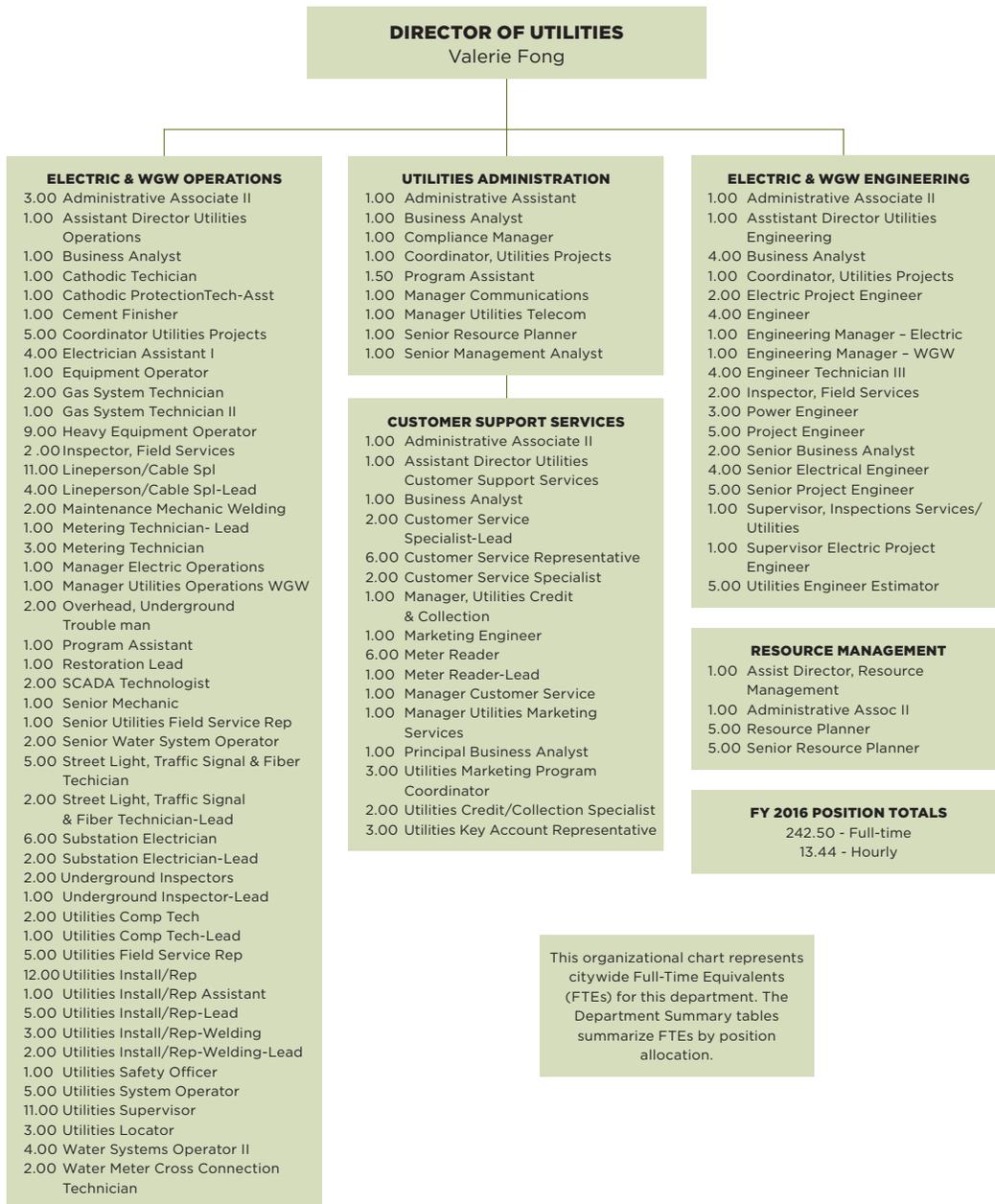
The City of Palo Alto Utilities' mission is to provide safe, reliable, environmentally sustainable and cost-effective services.

Purpose

The purpose of the City of Palo Alto Utilities is to provide high quality, cost-effective electric, gas, fiber optics, water and wastewater collection services; promote 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; and ensure the City's utilities are



in sound financial condition.



Description

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 has a unique opportunity to partner with the Palo Alto community to enjoy the benefits and achievements of reliable, home-grown, and environmentally-focused utilities. Palo Alto has a tradition of over 100 years of successful public utility operations. 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.

The City of Palo Alto Utilities (CPAU) continues to focus on customer service, infrastructure reliability, regulatory compliance and cost containment. Marketing of energy and water efficiency, increasing renewable energy supplies and promoting technological development for utility efficiency services continue to be focal points, especially in light of the City Council's environmental sustainability priority and state mandated efficiency goals.

ADMINISTRATION

Utilities Administration is responsible for the overall management of the CPAU including communication, regulatory compliance, strategic planning, budget coordination, legislation and regulatory policy analysis, and personnel and administrative support to the entire Department.

CUSTOMER SUPPORT SERVICES

This group annually bills \$250 million for the City's electric, natural gas, water, commercial fiber optic, wastewater collection (operated by CPAU), storm drain and refuse (operated by Public Works) services; operates the Customer Service Call Center with 75,000 annual customer interactions; reads 90,000 utility meters per month; and implements Credit and Collection policies.

ENGINEERING

Engineering is responsible for managing all phases of CPAU's capital improvement projects including providing new or upgrading existing service to customers, and replacing and rehabilitating the City's electric, fiber, water, gas, and wastewater distribution systems.

OPERATIONS

Utilities Operations is responsible for the operations, maintenance, and emergency response for the electric, fiber, water, gas and wastewater distribution systems.

RESOURCE MANAGEMENT

Resource Management is responsible for: the long-term resource acquisition plan, including electricity, natural gas, and water; contract negotiations to acquire renewable resources; financial planning; rate development; energy efficiency and water conservation programs; and management of key accounts.

Accomplishments

- Launched the PaloAltoGreen Gas Program, a new voluntary green program to allow customers to reduce or eliminate the greenhouse gas (GHG) emissions associated with their gas usage
- Adopted a Local Solar Plan to encourage community participation in local solar generation.
- Launched residential CustomerConnect advanced meter pilot program to allow customers to monitor and make informed decisions on their daily electric, gas, and water usage.
- Increased the City's Renewable Portfolio Standard to 25% of retail energy sales supplied by eligible renewable energy resources.
- Coordinated citywide drought response efforts including home water report, increased water efficiency rebates and launched Palo Alto 311 App for drought water waste reporting.
- 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.
- Won the Beacon Award – Silver Level for leading in implementing innovative energy efficiency and resource conservation programs, achieving notable greenhouse gas emissions reductions.
- Recognized in Green Power Leadership Club by the Department of Energy's Environmental Protection Agency for demonstrating exemplary environmental stewardship.
- Awarded Water Utility of the Year by the Silicon Valley Water Conservation Awards Coalition and Public Power Utility of the Year by the Solar Electric Power Association.

Initiatives

- Capital Improvement Programs: Continue replacement of aging infrastructure on Electric, Gas, Fiber, Wastewater Collection, and Water systems; develop a long range master infrastructure plan for Gas and Water utilities.
- Sustainability Programs: Develop three new programs to increase the penetration of local solar systems – a community solar program to allow those without good solar access to participate in local solar projects, a discount group buy program to use group buying power

to lower the cost of solar systems, and a solar donation program to assist schools and non-profits with buying solar systems. Evaluate cost-effective programs to support electrification or fuel-switching from natural gas to electricity.

- Workforce Development and Succession Planning: Implement a five-year succession plan for critical and difficult to fill positions. Partner with local high schools and colleges to develop utility related courses and internships; assist students by identifying educational and career paths in the water and wastewater industries.
- Customer Service: Collaborate with Development Services to streamline the permit application process and provide timely review and approval of project plan submittals.
- Technology: Develop a Utilities-specific smart grid and IT strategic plan including technology project prioritization and road map.
- Communications Outreach: Increase customer feedback by providing a coordinated package of surveys and other market research methods to better evaluate the effectiveness of outreach communications.

Key Performance Measures

CUSTOMER SATISFACTION



Goal	Provide excellent customer service.				
Objective	Maintain a high level of customer satisfaction, equal to or greater than 83 percent of citizens rating satisfaction of utility services as "Excellent" or "Good" in the National Citizen Survey.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent rating services (electric, gas, wastewater, and water) "Good" or "Excellent" in National Citizen Survey.	83%	84%	83%	84%	84%
Description	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.				
Purpose	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.				
Status	Results are statistically weighted to reflect the proper demographic composition of the entire community. A total of 796 completed surveys were obtained, providing an overall response rate of 27 percent. Typically, response rates obtained on citizen surveys range from 25 percent to 40 percent. From Fiscal Year 2012 to Fiscal Year 2014, Utilities has met its target of 83 percent.				

UTILITIES

COMPARABLE AND COST-EFFECTIVE SERVICES

\$ Goal	Ensure fiscally sound and cost-effective services.				
Objective	Reduce the cost of delivering services through best management practices.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Palo Alto's average residential monthly utility bill percent above (positive) or below (negative) the monthly median residential utility bill of neighboring cities	3%	2%	2%	-6%	N/A
Description	This compares the average residential monthly utility bill which includes electricity, gas, water, and wastewater services to the nearby communities (Menlo Park \$237.58, Mountain View \$179.79, Santa Clara \$150.92, Hayward \$180.38, Redwood City \$229.82, Roseville \$157.83, and Alameda \$173.06).				
Purpose	This measure compares the City's average utility rates charged to residents to other comparable cities (e.g., similar size, similar commodity purchase options, similar geography).				
Status	Our electric rates are competitive with surrounding communities.† Natural gas rates are slightly higher than surrounding communities due to Palo Alto investing more in distribution system improvements.† Water rates are higher than many neighboring communities primarily because of differing system characteristics and levels of infrastructure investment, but also because some communities 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 Palo Alto is investing more than other areas in improving our local distribution pipelines and enhancing our emergency water supply system. For 2015, the monthly average for nearby communities is \$187.05 and for Palo Alto the average is \$176.81. By the beginning of Fiscal Year 2016, it is expected that comparative communities will have approved their utility rates. Therefore, with the release of the Adopted Budget, this measure will be updated for FY 2016.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Total cost of Capital Improvement Program annually	\$34.7M	\$31.3M	\$21.6M	\$20.3M	\$28.9M

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Fund						
Electric Fund - Operating	50,444,126	47,039,928	53,296,515	63,664,278	10,367,762	19.5%
Electric Supply	74,131,526	81,796,644	84,878,254	89,799,836	4,921,576	5.8%
Fiber Optics	1,488,489	1,975,736	2,381,602	3,785,219	1,403,616	58.9%
Gas Fund - Operating	23,969,326	24,780,905	19,987,965	25,987,534	5,999,570	30.0%
Gas Supply	14,166,484	15,074,561	15,416,478	16,941,780	1,525,302	9.9%
Wastewater Collection - Operating	17,390,371	16,652,352	18,412,078	20,929,179	2,517,100	13.7%
Water Fund - Operating	47,688,796	38,422,764	41,880,762	48,051,612	6,170,852	14.7%
Total	229,279,119	225,742,893	236,253,655	269,159,433	32,905,778	13.9%
Revenues						
Charges for Services	429,488	369,021	270,000	270,000	—	—%
Charges to Other Funds	824,899	728,607	580,663	687,618	106,955	18.4%
From Other Agencies	571,591	553,014	576,632	576,632	—	—%
Net Sales	205,183,471	208,163,762	217,942,964	213,662,121	(4,280,832)	(2.0)%
Operating Transfers-In	895,574	1,553,460	883,210	318,719	(564,491)	(63.9)%
Other Revenue	10,386,256	10,925,693	9,773,000	9,955,000	182,000	1.9%
Return on Investments	5,423,085	4,996,993	4,816,100	4,442,200	(373,900)	(7.8)%
Total Revenues	223,714,365	227,290,548	234,842,569	229,912,290	(4,420,268)	(1.6)%
Positions by Fund						
Electric Fund - Operating	101.52	104.70	106.11	106.38	0.27	0.26%
Electric Supply	8.23	8.15	8.15	10.00	1.85	22.72%
Fiber Optics	7.32	7.24	7.34	6.76	(0.58)	(7.90)%
Gas Fund - Operating	51.18	51.08	50.52	49.38	(1.14)	(2.25)%
Gas Supply	2.20	2.28	2.28	2.78	0.50	21.93%
Utilities Admin - Operating	20.09	19.68	19.52	18.12	(1.40)	(7.16)%
Wastewater Collection - Operating	29.85	30.22	29.57	29.74	0.17	0.58%
Water Fund - Operating	48.64	48.18	48.38	46.15	(2.23)	(4.61)%
Total	269.03	271.53	271.77	269.31	(2.46)	(0.90)%

ELECTRIC FUND

Description

On January 16, 1900, the City of Palo Alto began operation of its own electric system. A steam engine was the initial source of the City'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 the 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, landfill gas, and solar energy for more than 15-year terms.

Accomplishments

- Increased renewable supply sources secured through competitive solicitation. The City's qualifying supply for the State's Renewable Portfolio Standard was 21 percent in 2013, 24 percent in 2014, and is expected to grow to 30 percent in 2015 and 57 percent by 2017, well above required levels.
- Completed Electric Undergrounding (District 45). Undergrounding of electric lines in this area is completed. AT&T must complete their portion of the work, which is anticipated to be done by the end of January 2014. Above-ground poles will be removed when AT&T is finished.
- Engaged and set up 300 residential customers with advanced "smart" meters for the CustomerConnect Pilot Program. Approximately half of these customers are converted to Time-of-Use rates to encourage shifting usage (especially Electric Vehicle charging) from on-peak times to off-peak hours.

- Accepted new applications via the Innovation and Emerging Technology Test Bed Program, including Advanced Lighting, Electric Vehicle Charging, and Smart Grid projects.
- Reconductored the 60kV line between Quarry Substation and Park Blvd. Substation to eliminate conductor overload during emergencies.
- Completed Phase III of the LED streetlight conversion project that replaced the high pressure sodium streetlight fixtures with LED fixtures. 85% of Palo Alto streetlights have been converted to LED.
- Rebuilt the electric underground system in several locations along Middlefield Road between Oregon Expressway and San Antonio Road.
- Converted the 4kV power line system to 12kV, including the replacement of some electric poles, in the areas near Middlefield Road & E. Charleston Road; El Camino Real between W. Charleston Road & El Camino Way; and along Wilkie Way/El Camino Real south to the Palo Alto city limits.

Initiatives

- Development of new solar programs under the Local Solar Plan, approved by City Council in April 2014. These include a new solar discount group-buy program led by Foster City, a new community solar program for launch in 2015 and a solar donation program to be launched in 2015 or 2016.
- Development of new programs to encourage residential customer “electrification”, or the substitution of natural gas using appliances for those using electricity.
- Implementation of new residential and commercial Green Building Programs.
- Expansion of the Demand Response (peak demand reduction) Pilot Program to tie into commercial customer building energy management systems.
- Secure additional long-term renewable energy supplies to be carbon neutral through long-term supplies and hydro resources.
- Continue discussions on building a second transmission line.
- Replace deteriorated substation facilities and increase electric system capacity in the Colorado/Hopkins load area.
- Improve efficiency of Utility Electric System with installation of Power Factor correction capacitor bank.
- Reconfiguration of Quarry Substation feeders to increase the current carrying capability of cables exiting the substation to facilitate serving new loads in the Stanford Hospital/Mall area.

Goals and Objectives

GOAL 1

Provide safe and reliable delivery of electric services to our customers.

Objectives:

- 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 ages are beyond their useful lives.

GOAL 2

Increase environmental sustainability and promote efficient use of resources.

Objectives:

- Achieve a Renewable Portfolio Standard (RPS) of 33 percent by 2015.
- Achieve the ten-year goal for electric energy efficiency of 4.8 percent of the electric load by 2023.
- Measure actual electric energy efficiency achievement.
- Increase the penetration of local solar installations so that 4% of the City's energy use is generated by local solar systems by 2023.

Key Performance Measures

SYSTEM RELIABILITY



Goal	Provide safe and efficient delivery of electric services to our customers.				
Objective	Provide exceptional system reliability.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Average duration of customer outages in minutes, which should be less than 60 minutes over the year, as reported using industry guidelines	34.12	15.78	<60	23	<60
Description	System Average Interruptible Duration Index (SAIDI) is a measure of outage duration. It measures the number of minutes over the year that the average customer is without power.				
Purpose	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.				
Status	Despite numerous lineperson and system operator vacancies, Utilities continues to meet the goal of average customer outages being 60 minutes or less in duration for the average customer by minimizing the number of outages and customers directly affected. This can be attributed to the Department's continuing efforts regarding infrastructure replacement, outage isolation improvements, and ongoing system maintenance.				

ENVIRONMENTAL SUSTAINABILITY



Goal	Increase environmental sustainability and promote efficient use of resources.				
Objective	Increase the penetration of local solar installations.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Cumulative installed capacity of photovoltaic (PV) systems measured in megawatts (MW)	3.8 MW	4.6 MW	6.0 MW	6.7 MW	8.0 MW
Description	This measures the percentage of the cumulatively installed capacity of PV systems in Palo Alto, measured in MW . It includes PV systems installed prior to the passage of Senate Bill 1 (SB1), which enacts the Million Solar Roofs Initiative and expands upon the current California Solar Initiative (CSI) and the Energy Commission's New Solar Homes Partnership (NSHP).				
Purpose	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. This measure also supports the City to achieve a 100 percent carbon neutral electric supply portfolio.				
Status	Solar installations continue to grow with lower installation prices. Rebate funds for residential solar have been fully reserved, and we expect the commercial funds to be reserved well before the 2017 goal set by SB1.				

ENVIRONMENTAL SUSTAINABILITY



Goal	Increase environmental sustainability and promote efficient use of resources.				
Objective	Achieve Renewable Portfolio Standard (RPS) of at least 33 percent by 2015.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of retail electric sales volume provided by renewable supply resources under long-term power purchase agreements (PPAs)	19.6%	24.9%	25.7%	30.0%	35.1%
Description	This measures the fraction of the City's retail electric sales volume that is provided by renewable supply resources that are under long-term agreement.				
Purpose	The California Renewable Energy Resources Act (SBX 1 2) requires that utilities supply 33 percent of their total retail electric sales volume with eligible renewable energy resources by 2020. The City's internal target, established by the Long-term Electric Acquisition Plan (LEAP), is to meet at least 33 percent by 2015. In March 2013, the City also adopted a 100 percent carbon neutral electric supply portfolio target. This measure also supports the City to achieve a 100 percent carbon neutral electric supply portfolio.				
Status	The City is making progress towards its 33% by 2015 renewable portfolio standard target, and expects to meet this target through the execution of additional long-term renewable energy supply agreements, and possibly through the procurement of short-term renewable energy certificates (RECs). The City's goal exceeds California's RPS mandate of 33% by 2020 (California Renewable Energy Resources Act SBX1-2). The City expects to meet its 100% carbon neutral electric supply portfolio target starting in 2013, primarily through long-term renewable energy supply agreements, supplemented by short-term REC purchases.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of momentary outages	1	4	1	1	1
Total number of outages (sustained and momentary)	26	20	20	18	20
Number of customer accounts	29,299	29,338	29,299	29,338	29,338
Percent of residents surveyed who rate the quality of the Electric Utility as "Good" or "Excellent" in the National Citizen Survey (NCS)	81%	73%	83%	83%	83%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
CIP Electric Fund	14,462,764	12,139,969	9,740,000	16,386,639	6,546,639	67.2%
Electric Administration	20,193,329	19,459,675	22,350,972	24,762,554	2,411,582	10.8%
Electric Customer Service	2,007,322	2,032,231	2,266,899	2,348,349	81,450	3.6%
Electric Demand Side Management	3,529,529	3,187,875	7,390,500	7,492,131	101,631	1.4%
Electric Engineering (Operating)	1,277,587	1,280,044	1,555,665	1,929,843	374,178	24.1%
Electric Operations and Maintenance	9,601,481	9,488,627	11,357,989	12,216,961	858,972	7.6%
Electric Resource Management	73,503,641	81,248,151	83,512,742	88,327,630	4,814,896	5.8%
Total	124,575,651	128,836,572	138,174,766	153,464,114	15,289,348	11.1%

Dollars by Category

Salary & Benefits

Healthcare	1,738,723	1,722,630	1,208,064	1,577,720	369,656	30.6%
Other Benefits	533,175	297,786	221,252	239,147	17,895	8.1%
Overtime	349,273	406,488	449,931	442,173	(7,757)	(1.7)%
Pension	2,096,830	2,213,560	1,945,694	2,240,589	294,896	15.2%
Retiree Medical	753,547	656,811	1,083,423	1,159,756	76,333	7.0%
Salary	7,312,114	7,051,249	7,741,929	8,708,280	966,351	12.5%
Workers' Compensation	181,868	282,929	152,777	239,250	86,473	56.6%
Total Salary & Benefits	12,965,529	12,631,452	12,803,070	14,606,916	1,803,846	14.1%
Allocated Charges	8,886,650	8,467,472	8,379,896	9,090,404	710,508	8.5%
Capital Improvement Program	10,122,378	7,900,770	9,708,829	16,339,130	6,630,301	68.3%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Contract Services	2,877,811	2,684,756	4,538,393	5,056,414	518,021	11.4%
Debt Service	9,169,036	8,923,951	9,131,300	9,142,923	11,623	0.1%
Equity Transfer	11,768,000	11,203,000	11,412,000	11,659,000	247,000	2.2%
Facilities & Equipment	4,233	3,387	48,225	44,475	(3,750)	(7.8)%
General Expense	2,685,898	3,348,605	4,952,810	4,908,817	(43,993)	(0.9)%
Operating Transfers-Out	322,101	122,855	122,855	119,415	(3,440)	(2.8)%
Rents & Leases	3,866,196	4,038,332	4,225,064	5,301,728	1,076,664	25.5%
Supplies & Material	594,182	592,329	885,627	873,097	(12,530)	(1.4)%
Transfer to Infrastructure	—	133,687	—	—	—	—%
Utility Purchase	61,313,637	68,785,977	71,966,700	76,321,794	4,355,099	6.1%
Total Dollars by Expense Category	124,575,651	128,836,572	138,174,766	153,464,114	15,289,348	11.1%

Revenues						
Charges for Services	259,305	243,512	230,000	230,000	—	—%
Charges to Other Funds	508,175	390,991	300,011	300,011	—	—%
From Other Agencies	—	4,000	—	—	—	—%
Net Sales	112,963,328	113,054,403	122,483,576	116,654,061	(5,829,515)	(4.8)%
Operating Transfers-In	296,286	1,088,463	699,877	135,386	(564,491)	(80.7)%
Other Revenue	8,074,827	8,474,522	8,017,000	7,778,000	(239,000)	(3.0)%
Return on Investments	3,238,783	2,831,222	2,698,100	2,507,700	(190,400)	(7.1)%
Total Revenues	125,340,703	126,087,109	134,428,564	127,605,158	(6,823,406)	(5.1)%

Positions by Division						
CIP Electric Fund	31.96	32.81	32.57	32.09	(0.48)	(1.47)%
Electric Customer Service	13.33	13.53	13.63	13.54	(0.09)	(0.67)%
Electric Demand Side Management	6.07	6.57	6.57	6.61	0.04	0.64%
Electric Engineering (Operating)	4.50	4.50	4.50	5.73	1.23	27.33%
Electric Operations and Maintenance	45.66	47.29	48.84	48.41	(0.43)	(0.88)%
Electric Resource Management	8.23	8.15	8.15	10.00	1.85	22.72%
Total	109.75	112.85	114.26	116.38	2.12	1.86%

UTILITIES

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Account Specialist	0.24	0.24	0.24	0.26	0.02	15,678
Administrative Associate I	1.20	1.00	—	—	—	—
Administrative Associate II	3.10	3.10	4.10	4.10	—	257,952
Assistant Director Administrative Services	—	0.15	0.15	0.15	—	28,901
Assistant Director Utilities Customer Support Services	0.40	0.40	0.40	0.40	—	69,620
Assistant Director Utilities Engineering	0.40	0.40	0.40	0.40	—	78,307
Assistant Director Utilities Operations	0.60	0.60	0.60	0.60	—	117,460
Assistant Director Utilities/ Resource Management	0.50	0.50	0.50	0.50	—	97,646
Business Analyst	2.13	2.13	2.13	2.89	0.76	338,905
Contracts Administrator	—	0.10	0.10	0.10	—	10,973
Coordinator Utilities Projects	1.00	1.25	1.80	1.80	—	157,140
Coordinator Utilities Safety & Security	0.55	0.55	—	—	—	—
Customer Service Representative	1.35	1.62	1.62	1.86	0.24	121,494
Customer Service Specialist	0.66	0.66	0.66	0.62	(0.04)	44,546
Customer Service Specialist-Lead	0.58	0.58	0.58	0.62	0.04	47,639
Electric Project Engineer	1.95	1.95	1.95	1.95	—	226,263
Electric Underground Inspector - Lead	1.00	1.00	1.00	1.00	—	89,647
Electric Underground Inspector	2.00	2.00	2.00	2.00	—	165,174
Electrician Assistant I	4.00	4.00	4.00	4.00	—	255,245
Engineering Manager - Electric	0.55	0.55	0.55	0.55	—	91,290
Engineering Technician III	2.40	2.40	2.40	2.40	—	190,443
Heavy Equipment Operator	2.00	2.00	2.00	2.00	—	152,216
Lineperson/Cable Specialist	11.00	11.00	11.00	11.00	—	1,146,266
Lineperson/Cable Specialist- Lead	4.00	4.00	4.00	4.00	—	454,200
Manager Customer Service	—	—	—	0.33	0.33	43,987
Manager Customer Service and Meter Reading	0.33	0.33	0.33	—	(0.33)	—
Manager Electric Operations	1.00	1.00	1.00	1.00	—	162,542
Manager Utilities Compliance	0.15	0.15	0.15	0.15	—	24,647

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Manager Utilities Credit & Collection	—	0.15	0.15	0.15	—	20,189
Manager Utilities Marketing Services	0.40	0.40	0.40	0.40	—	52,522
Marketing Engineer	1.00	1.00	1.00	1.00	—	109,305
Meter Reader	1.99	1.99	1.99	2.41	0.42	143,583
Meter Reader-Lead	0.33	0.33	0.33	0.40	0.07	26,129
Metering Technician	2.00	2.00	3.00	3.00	—	287,431
Metering Technician-Lead	1.00	1.00	1.00	1.00	—	107,025
Offset Equipment Operator	0.48	0.48	0.48	0.48	—	27,999
Overhead Underground Troublemaker	2.00	2.00	2.00	2.00	—	222,928
Planner	0.15	0.15	0.15	—	(0.15)	—
Power Engineer	2.30	2.30	2.30	2.30	—	260,923
Principal Business Analyst	—	—	—	0.34	0.34	47,093
Principal Management Analyst	—	—	0.34	—	(0.34)	—
Project Manager	0.75	0.75	0.75	0.75	—	77,940
Resource Planner	2.65	2.65	2.65	3.95	1.30	455,747
SCADA Technologist	1.00	1.00	1.00	1.00	—	117,430
Senior Business Analyst	0.34	0.68	0.68	0.68	—	85,117
Senior Electrical Engineer	3.95	3.95	3.95	3.95	—	572,227
Senior Management Analyst	0.79	0.45	0.45	0.45	—	55,680
Senior Marketing Analyst	0.34	—	—	—	—	—
Senior Resource Planner	3.84	3.69	3.69	4.08	0.39	603,819
Senior Technologist	0.29	0.29	0.29	—	(0.29)	—
Senior Utilities Field Service Representative	0.10	0.10	0.10	0.10	—	8,939
Street Light Traffic Signal & Fiber-Lead	1.00	1.00	1.00	1.00	—	102,377
Street Light, Traffic Signal and Fiber Technician	2.00	2.00	2.00	3.00	1.00	282,422
Street Light, Traffic Signal & Fiber Technician Apprentice	1.00	1.00	1.00	—	(1.00)	—
Substation Electrician	5.50	5.50	5.50	5.50	—	558,844
Substation Electrician-Lead	2.00	2.00	2.00	2.00	—	223,388

UTILITIES

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Supervising Electric Project Engineer	1.00	1.00	1.00	1.00	—	141,126
Tree Maintenance Person	1.00	1.00	1.00	1.00	—	72,104
Utilities Compliance Technician	2.00	2.00	2.00	2.00	—	204,756
Utilities Compliance Technician-Lead	1.00	1.00	1.00	1.00	—	109,520
Utilities Locator	1.95	1.95	1.95	1.95	—	149,580
Utilities Account Representative	2.55	2.55	2.55	—	(2.55)	—
Utilities Credit/Collection Specialist	1.00	2.00	2.00	2.00	—	158,276
Utilities Engineer Estimator	3.25	3.25	3.25	3.25	—	333,905
Utilities Field Services Representative	0.50	0.50	0.50	0.50	—	39,409
Utilities Key Account Representative	1.90	1.90	1.90	1.90	—	191,924
Utilities Marketing Program Administrator	—	—	—	2.25	2.25	200,320
Utilities Safety Officer	—	—	0.55	0.55	—	58,131
Utilities Supervisor	5.00	5.00	5.00	5.00	—	706,995
Utilities System Operator	5.00	5.00	5.00	5.00	—	509,866
Sub-total: Full-Time Equivalent Positions	106.10	107.67	109.56	112.01	2.45	11,972,868
Temporary/Hourly	3.65	5.18	4.70	4.37	(0.33)	263,718
Total	109.75	112.85	114.26	116.38	2.12	12,236,586

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Electric Fund
Prior Year Budget	114.26	138,174,770	134,428,563	3,746,207
Base Adjustments				
One-Time Prior Year Expenditures and Revenues Deleted				
Sustainability Office Temporary Staffing - Utilities Admin Allocation	—	(17,090)	—	(17,090)
Vehicle Rentals for Emergency and Outages Response	—	(50,000)	—	(50,000)
One-Time Prior Year Expenditures and Revenues	—	(67,090)	—	(67,090)

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Electric Fund
Adjustments to Costs of Ongoing Activities				
Salaries and Benefits Adjustments	—	1,859,001	—	1,859,001
Staffing Reallocations to Information Technology Department	(0.58)	(105,141)	—	(105,141)
Staffing Reallocations within Utilities Funds	3.18	383,736	—	383,736
Temporary Staffing Adjustments	(0.33)	44,550	—	44,550
Capital Improvement Program Adjustments	—	6,646,638	—	6,478,632
Electric Commodity Purchases Expenditure Adjustment	—	4,355,094	—	4,355,094
Rents & Leases Expenditure Adjustment	—	1,126,664	—	1,126,664
Equity Transfer to General Fund Adjustment	—	247,000	—	247,000
Utilities Reallocation of Line Clearing Contract Services Expenditure Adjustment	—	60,000	—	60,000
Debt Service Expenditure Adjustment	—	11,623	—	11,623
Advertising and Publishing Expenditure Adjustment	—	7,500	—	7,500
Transfer Out to Technology Fund Expenditure Adjustment	—	(3,440)	—	(3,440)
Transfer In from Fiber Optic Fund Revenue Adjustment	—	—	102,176	(102,176)
Palo Alto Green Gas Program Sales Revenue Adjustment	—	—	(109,900)	109,900
Return on Investments Revenue Adjustment	—	—	(190,400)	190,400
Electric Connection Fee Charges Revenue Adjustment	—	—	(239,000)	239,000
Transfer In from Water & Gas Fund Adjustment	—	—	(666,667)	666,667
Electric Sales Revenue Adjustment	—	—	(5,719,614)	5,719,614
Fiber Optic License Fee Allocated Charges Adjustment	—	(1,917)	—	(1,917)
General Fund Cost Allocation Plan Charges Adjustment	—	104,698	—	104,698
General Liability Insurance Allocated Charges Adjustment	—	44,815	—	44,815
Print & Mail Allocated Charges Adjustment	—	40,282	—	40,282
Utilities Admin Allocated Charges Adjustment	—	515,291	—	515,291
Utility Charges to City Allocated Charges Adjustment	—	(12,900)	—	(12,900)
Vehicle Fund Allocated Charges Adjustment	—	21,726	—	21,726
Adjustments to Costs of Ongoing Activities	2.27	15,345,220	(6,823,405)	22,168,625

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Electric Fund
Total FY 2016 Base Budget	116.53	153,452,900	127,605,158	25,847,742
Budget Proposals				
1 Utilities Customer Service Support Operation Staffing Adjustments	—	31,792	—	(31,792)
2 Green Building Planning and Development Review Alternative Service Delivery	(0.15)	(20,578)	—	20,578
3 Principal Management Analyst to Principal Business Analyst Title Change	—	0	—	0
4 Manager Customer Service and Meter Reading to Manager Customer Service Title Change	—	0	—	0
Budget Changes	(0.15)	11,214	—	(11,214)
Total FY 2016 Proposed Budget	116.38	153,464,114	127,605,158	25,836,528



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Electric Fund
1 Utilities Customer Service Support Operation Staffing Adjustments	0.00	31,792	0	(31,792)

This action reclassifies 3.0 Utilities Account Representative positions to 3.0 Utilities Marketing Program Administrator positions, split across the Electric, Gas, and Water funds, to accurately reflect the duties that have evolved over the years due to changing business needs and work requirements, including contract management, contract negotiation, vendor management, developing RFPs including scope of work and terms and conditions of the contract, and approval process of contracts through City Council. This action also reclassifies an additional 1.0 Utility Account Representative position to a Business Analyst position. The technical skills of a dedicated Business Analyst for the Utilities Customer Support Services Division are needed to implement delayed projects, new technological solutions, and re-engineer existing business processes to provide the service enhancements, implement new programs services, and improved communications required to improve customer satisfaction in a timely manner. (Ongoing: \$31,972)

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Electric Fund
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Performance Results



The position reclassifications reflect the current operational needs of the customer services support operation. Contract procurement and management processes will be improved with the Marking Program Administrator positions, and management over the customer service support section will be improved with the reclassification of the Business Analyst position.

2 Green Building Planning and Development Review Alternative Service Delivery	-0.15	(20,578)	0	20,578
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This action deletes a 0.15 Green Building Planner in the Development Services Department. This position is also funded at 0.15 in the Water Fund and 0.70 in the Development Services Department, respectively, and is also being recommended for deletion. In total, the elimination of the Green Building Planner will generate a cost savings of \$137,187 annually, of which \$96,031 is attributed to the Development Services Department. As result of this action, the Green Building Plan Review function will be fully contracted as described in the Development Services Department section of this document. (Ongoing Savings: \$20,578)

Performance Results

Not applicable

3 Principal Management Analyst to Principal Business Analyst Title Change	0.00	0	0	0
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This action amends the Table of Organization by retitling the Principal Management Analyst position to Principal Business Analyst to more accurately reflect the analytical emphasis of the position. (Ongoing: \$0)

Performance Results

No impacts to current service levels are anticipated as a result of this title change.

4 Manager Customer Service and Meter Reading to Manager Customer Service Title Change	0.00	0	0	0
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This action amends the Table of Organization by retitling the Manager Customer Service and Meter Reading to Manager Customer Service in the Utilities Customer Service Support section to more accurately reflect the duties of the position. (Ongoing: \$0)

Performance Results

No impacts to current service levels are anticipated as a result of this title change.

FIBER OPTICS 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 by and provide access to key City facilities and the Palo Alto business community, including research centers and commercial properties.

Dark fiber optics service consists of providing 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.

Accomplishments

- Completed the Dark Fiber Network Build-Out to the Palo Alto Unified School District.
- Completed Special Access Data Collection filing to the Federal Communications Commission (FCC).
- Palo Alto is a candidate city for Google fiber network deployment.
- Awarded professional contract to develop a Fiber-to-the-Premise (FTTP) Master Plan and Wireless Network Plan.
- Expanded the business-to-business Fiber Optic sales effort.

Initiatives

- Rebuild City's dark fiber ring to improve network system and enable future expansion.
- Develop a Fiber-to-the-Premise (FTTP) Master Plan to evaluate the feasibility of building a FTTP network and identify the best business model.
- Complete the Wireless Network Plan to evaluate Wi-Fi broadband connectivity for the public and businesses, improved connectivity for public safety and municipal services, and future implementation of smart grid applications.

Goals and Objectives

GOAL 1

Increase the value of fiber utility services to customers.

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.

GOAL 2

Improve capacity and reliability of the Dark Fiber system.

Objectives:

- Ensure sufficient fiber optic cables are available to meet future customer needs.
- Make system enhancements to prevent damage from outside sources and improve reliability.

Key Performance Measures

INCREASE THE VALUE OF FIBER



Goal	Increase the value of fiber utility services to customers.				
Objective	Provide high-quality and competitively-priced fiber optic utility services to City Departments and commercial customers in the City of Palo Alto.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of commercial fiber connections completed	208	230	240	245	250
Description	This measure shows the growth of the Fiber Enterprise based on customers and connections. Some customers have multiple fiber connections at various locations.				
Purpose	The purpose of this measure is to add value to companies doing business in Palo Alto by providing a cost-effective, world class telecommunications system. The goal is to build out and fully leverage the fiber network to add value to the business and other communities as needed.				
Status	The Fiber Enterprise continues to build out its network to provide more service options to our ever-expanding customer base. For example, a network was completed for the Palo Alto Unified School District (PAUSD) that will not only serve the schools, but provide fiber access to previously unserved areas.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of connections serving individual users	72	75	109	96	96
Number of wholesale re-sellers	9	9	9	9	9

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
CIP Fiber Optics Fund	334,630	481,898	400,000	1,763,821	1,363,821	341.0%
Fiber Optics Administration	27,500	186,332	696,025	800,178	104,153	15.0%
Fiber Optics Customer Service	353,293	398,448	809,023	706,970	(102,053)	(12.6)%
Fiber Optics Operations and Maintenance	773,065	909,058	476,555	514,250	37,696	7.9%
Total	1,488,489	1,975,736	2,381,602	3,785,219	1,403,616	58.9%
Dollars by Category						
Salary & Benefits						
Healthcare	116,305	121,877	140,866	135,983	(4,883)	(3.5)%
Other Benefits	24,215	16,204	20,313	18,919	(1,394)	(6.9)%
Overtime	27,259	32,542	7,854	7,854	—	—%
Pension	120,820	134,907	158,702	168,418	9,716	6.1%
Salary	466,223	611,858	751,560	680,717	(70,843)	(9.4)%
Workers' Compensation	1,501	—	1,058	—	(1,058)	(100.0)%
Total Salary & Benefits	756,324	917,387	1,080,353	1,011,891	(68,462)	(6.3)%
Allocated Charges	386,873	394,179	645,203	633,044	(12,159)	(1.9)%
Capital Improvement Program	265,871	393,306	399,672	1,763,205	1,363,533	341.2%
Contract Services	38,137	75,418	167,800	180,300	12,500	7.4%
General Expense	5,037	4,680	22,000	12,000	(10,000)	(45.5)%
Operating Transfers-Out	1,863	941	941	103,091	102,150	10,855.5%
Rents & Leases	26,638	52,468	55,134	72,688	17,554	31.8%
Supplies & Material	7,746	3,671	10,500	9,000	(1,500)	(14.3)%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Transfer to Infrastructure	—	133,687	—	—	—	—%
Total Dollars by Expense Category	1,488,489	1,975,736	2,381,602	3,785,219	1,403,616	58.9%

Revenues

Charges for Services	34,639	4,463	—	—	—	—%
Net Sales	4,167,916	4,476,533	4,025,388	4,475,388	450,000	11.2%
Operating Transfers-In	837	204	—	—	—	—%
Other Revenue	181,004	57	—	—	—	—%
Return on Investments	357,660	380,404	341,400	366,400	25,000	7.3%
Total Revenues	4,742,057	4,861,661	4,366,788	4,841,788	475,000	10.9%

Positions by Division

CIP Fiber Optics Fund	1.03	0.79	0.79	0.79	—	—%
Fiber Optics Customer Service	3.16	3.32	3.32	2.84	(0.58)	(17.47)%
Fiber Optics Operations and Maintenance	3.13	3.13	3.13	3.13	—	—%
Total	7.32	7.24	7.34	6.76	(0.58)	(7.90)%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Administrative Associate I	0.10	—	—	—	—	—
Assistant Director Utilities Customer Support Services	0.20	0.20	0.20	0.20	—	34,810
Assistant Director Utilities Engineering	0.05	0.05	0.05	0.05	—	9,788
Assistant to the City Manager	0.10	—	—	—	—	—
Business Analyst	—	—	—	0.10	0.10	10,794
Chief Sustainability Officer	—	0.10	0.10	—	(0.10)	—
Electric Project Engineer	0.05	0.05	0.05	0.05	—	5,584
Manager Utilities Compliance	0.10	0.10	0.10	0.10	—	16,431
Manager Utilities Credit & Collection	—	0.40	0.40	0.40	—	53,837

UTILITIES

Staffing

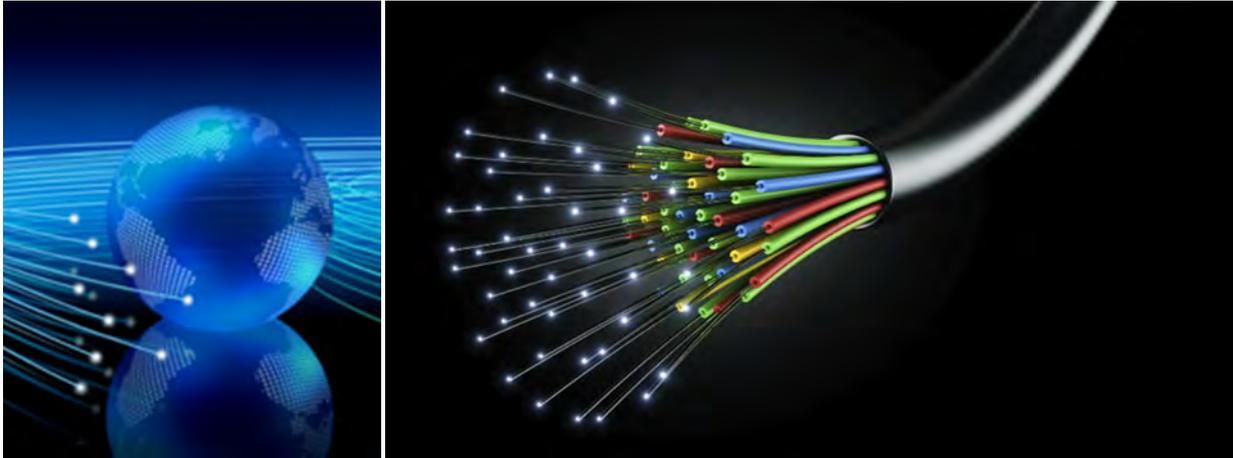
	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Manager Utilities Marketing Services	0.20	0.20	0.20	0.20	—	26,261
Manager Utilities Telecommunications	1.00	1.00	1.00	1.00	—	129,034
Power Engineer	0.40	0.40	0.40	0.40	—	45,319
Senior Electrical Engineer	0.05	0.05	0.05	0.05	—	6,964
Senior Resource Planner	0.40	—	—	—	—	—
Street Light Traffic Signal & Fiber-Lead	1.00	1.00	1.00	1.00	—	102,378
Street Light, Traffic Signal and Fiber Technician	2.00	2.00	2.00	2.00	—	191,368
Util Locator	0.03	0.03	0.03	0.03	—	2,301
Utilities Account Representative	0.10	0.10	0.10	—	(0.10)	—
Utilities Key Account Representative	0.60	0.60	0.60	0.60	—	60,607
Sub-total: Full-Time Equivalent Positions	6.38	6.28	6.28	6.18	(0.10)	695,476
Temporary/Hourly	0.94	0.96	1.06	0.58	(0.48)	132,660
Total	7.32	7.24	7.34	6.76	(0.58)	828,136

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Fiber Optics Fund
Prior Year Budget	7.34	2,381,602	4,366,788	1,985,186
Base Adjustments				
One-Time Prior Year Expenditures and Revenues Deleted				
Sustainability Office Temporary Staffing - Utilities Admin Allocation	(0.10)	(16,344)	—	16,344
One-Time Prior Year Expenditures and Revenues	(0.10)	(16,344)	—	16,344
Adjustments to Costs of Ongoing Activities				
Salaries and Benefits Adjustments	—	24,991	—	(24,991)
Temporary Staffing Adjustment	(0.38)	(45,424)	—	45,424
0.10 FTE Chief Sustainability Office Reallocation to the Office of Sustainability	(0.10)	(23,378)	—	23,378

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Fiber Optics Fund
Capital Improvement Program Expenditure Adjustments	—	1,351,009	—	(1,351,009)
Transfer Out From Fiber Optic Fund to Electric Fund Expenditure Adjustment	—	102,760	—	(102,760)
Rents and Leases Expenditure Adjustments	—	18,554	—	(18,554)
Transfer Out From Fiber Optic Fund to Technology Fund Expenditure Adjustment	—	(26)	—	26
Fiber Revenue Adjustment	—	—	450,000	450,000
Return on Investments Revenue Adjustment	—	—	25,000	25,000
General Fund Cost Allocation Plan Charges Adjustment	—	85,449	—	(85,449)
General Liability Insurance Allocated Charges Adjustment	—	3,334	—	(3,334)
Utilities Admin Allocated Charges Adjustment	—	1,234	—	(1,234)
Fiber Optic License Fee Allocated Charges Adjustments	—	(102,760)	—	102,760
Adjustments to Costs of Ongoing Activities	(0.48)	1,415,743	475,000	(940,743)
Total FY 2016 Base Budget	6.76	3,781,001	4,841,788	1,060,787
Budget Proposals				
1 Utilities Customer Service Support Operation Staffing Adjustments	—	4,218	—	(4,218)
Budget Changes	—	4,218	—	(4,218)
Total FY 2016 Proposed Budget	6.76	3,785,219	4,841,788	1,056,569

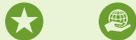


Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Fiber Optics Fund
1 Utilities Customer Service Support Operation Staffing Adjustments	0.00	4,218	0	(4,218)

This action reclassifies 3.0 Utilities Account Representative positions to 3.0 Utilities Marketing Program Administrator positions, split across the Electric, Gas, and Water funds, to accurately reflect the duties that have evolved over the years due to changing business needs and work requirements, including contract management, contract negotiation, vendor management, developing RFPs including scope of work and terms and conditions of the contract, and approval process of contracts through City Council. This action also reclassifies an additional 1.0 Utility Account Representative position to a Business Analyst position. The technical skills of a dedicated Business Analyst for the Utilities Customer Support Services Division are needed to implement delayed projects, new technological solutions, and re-engineer existing business processes to provide the service enhancements, implement new programs services, and improved communications required to improve customer satisfaction in a timely manner. (Ongoing: \$4,218)

Performance Results



The position reclassifications reflect the current operational needs of the customer services support operation. Contract procurement and management processes will be improved with the Marketing Program Administrator positions, and management over the customer service support section will be improved with the reclassification of the Business Analyst position.

GAS FUND

Description

The municipal natural gas system began operations in 1917 when Palo Alto acquired a privately-owned gas business. During the early years, gas was manufactured from coal tar. This was replaced in the 1920s by natural gas from Pacific Gas and Electric. Today, gas is purchased from several sources. The Gas Utility services include Crossbore Safety, Gas Main Replacements, and Home Energy Audits. The Gas utility infrastructure and its crews maintains an excellent safety record. The gas fund is responsible for planning, designing, budgeting, and constructing major capital improvements to the City's gas distribution system.

Accomplishments

- Continued the Crossbore Program to identify and redirect any natural gas lines that may have accidentally bored through a sewer line. 26 gas crossbores have been identified and repaired so far. Staff is evaluating the findings of the project and prioritizing the remaining work.
- Gas Main Replacement Project 19B/20/21 is completed. This project replaced over 80,000 linear feet of existing pipelines (including 1,400 customer services) with high-quality, state of the art polyethylene materials to provide safer transmission of gas.
- Launched the new voluntary PaloAltoGreen gas program to build a sustainable future by reducing greenhouse gas emissions associated with natural gas usage.
- Executed contracts to enter into a gas pre-pay arrangement that would potentially save \$1 million per year and save retail gas customers about 7.5% on their monthly gas commodity bill.

Initiatives

- Begin construction of Gas Main Replacement Project 22, to replace approximately 25,000 feet of pipeline in the downtown area.
- Evaluate the cost-effectiveness and feasibility of "fuel switching", or substituting electric using appliances for those using natural gas.
- Promote sustainable PaloAltoGreen Gas program with goals of 20% customer participation and 10% greenhouse gas reductions.

Goals and Objectives

GOAL 1

Provide safe and efficient delivery of natural gas to our customers.

Objectives:

- Continue repairing 100 percent of laterals damaged by crossbore within 24 hours.
- Remove and replace the remaining acrylonitrile butadiene styrene (ABS) pipe from the gas system.
- Complete a walking gas leak survey for 50 percent of the City, and a mobile gas leak survey of services in business districts and 100 percent of the City's gas mains on an annual basis.

GOAL 2

Increase environmental sustainability and promote efficient use of natural gas resources.

Objectives:

- Ten-year goal for natural gas efficiency is a reduction in expected gas use of 2.85 percent by 2023.
- Reduce the carbon intensity of the gas portfolio in accordance with the Climate Protection Plan.

Key Performance Measures

GAS SAFETY

 Goal	Provide safe and efficient delivery of natural gas to our customers.				
Objective	Complete a walking gas leak survey for 50 percent of the City, and a mobile gas leak survey of services in business districts and 100 percent of the City's gas mains on an annual basis.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percentage of gas system surveyed by walking	100%	100%	100%	100%	100%
Percentage of gas system surveyed by mobile (vehicle)	100%	100%	100%	100%	100%
Description	A walking survey is conducted to check for gas leaks on service/gas meters and covers one-half of the City (approximately 105 miles of gas mains and 36 miles of service lines) every year, so that the entire City's gas service system can be reviewed in a two-year period. Department of Transportation (DOT) regulations require a survey of the entire City once every five years. The City of Palo Alto gas leak survey exceeds the DOT requirements. In addition to walking survey, a mobile (vehicle) survey of all gas mains and some gas service lines (services in the business district) are conducted annually.				
Purpose	To ensure the safety of all who live and work in Palo Alto and to comply with Federal (Department of Transportation) requirements.				
Status	We are meeting the requirements and repairing all discovered gas leaks in a timely manner.				

PROVIDE SAFE AND EFFICIENT DELIVERY OF NATURAL GAS

 Goal	Provide safe and efficient delivery of natural gas to our customers.				
Objective	Respond to and repair all Grade 1 gas leaks immediately.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percentage of Grade 1 leaks responded to within 24 hours	100%	100%	100%	100%	100%
Description	This measures the total response time to Grade 1 leaks found during the walking and mobile (vehicle) surveys, and any reported leaks classified as Grade 1. The City's policy is to respond and repair Grade 1 leaks within 24 hours. Grade 1 leaks are hazardous leaks that pose an immediate hazard to persons or property and require continuous action until conditions are no longer hazardous.				
Purpose	Leaks are assigned priority gradings 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.				
Status	Utilities Operations responds immediately to Grade 1 leaks. The average repair time can vary depending on the size and location of the gas leak.				

INCREASE ENVIRONMENTAL SUSTAINABILITY AND PROMOTE EFFICIENT USE OF NATURAL GAS RESOURCES



Goal	Increase environmental sustainability and promote efficient use of natural gas resources.				
Objective	Ten-year goals for natural gas are a reduction in expected gas use of 2.85 percent by 2023.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Natural gas savings achieved annually through efficiency programs (as a percent of total sales)	1.13%	1.20%	0.50%	0.50%	0.50%
Description	We measure specific savings achieved from the installation of natural gas efficiency improvements, which we 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, which provide customers information on their energy use and can provide them with comparisons of their home's energy use to others nearby.				
Purpose	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 the gas-related carbon footprint in Palo Alto.				
Status	FY 2014 gas efficiency savings are slightly higher than the FY 2013 savings, and are more than doubled the gas savings goal of 0.5%. Half of the gas savings are attributed to the Home Energy Report program, and these savings are higher than last year due to an updated calculation methodology for estimating gas savings. Also, the Business New Construction program delivered significant gas savings in FY 2014.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of customer accounts	23,659	23,592	23,659	23,659	23,659
Percent of residents surveyed rating the quality of the Gas Utility as "Good" or "Excellent," in the National Citizen Survey (NCS)	81%	88%	83%	83%	83%
Number of gas leaks repaired	140	137	100	115	100

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
CIP Gas Fund	7,374,496	8,879,417	2,341,325	7,134,621	4,793,297	204.7%
Gas Administration	9,532,070	9,830,091	10,509,591	10,494,355	(15,236)	(0.1)%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Gas Customer Service	1,358,309	1,338,432	1,628,747	1,502,959	(125,788)	(7.7)%
Gas Demand Side Management	629,797	495,782	1,284,112	1,330,070	45,958	3.6%
Gas Engineering (Operating)	340,435	351,558	450,145	474,834	24,689	5.5%
Gas Operations and Maintenance	4,939,868	4,119,090	4,250,162	5,564,316	1,314,154	30.9%
Gas Resource Management	13,960,835	14,841,094	14,940,361	16,428,159	1,487,798	10.0%
Total	38,135,810	39,855,465	35,404,443	42,929,314	7,524,871	21.3%

Dollars by Category

Salary & Benefits

Healthcare	851,323	900,498	593,387	617,414	24,027	4.0%
Other Benefits	234,656	144,028	96,978	101,413	4,435	4.6%
Overtime	189,795	216,622	151,865	151,865	—	—%
Pension	902,607	996,793	754,834	816,062	61,228	8.1%
Retiree Medical	293,684	248,987	386,978	414,271	27,293	7.1%
Salary	3,022,569	3,060,672	3,040,777	3,224,270	183,492	6.0%
Workers' Compensation	103,421	55,939	82,221	47,300	(34,921)	(42.5)%
Total Salary & Benefits	5,598,056	5,623,538	5,107,041	5,372,595	265,554	5.2%
Allocated Charges	4,340,927	3,563,241	4,006,938	4,359,942	353,004	8.8%
Capital Improvement Program	5,658,221	7,574,629	2,256,905	7,021,247	4,764,342	211.1%
Contract Services	1,458,440	844,916	1,399,600	2,387,600	988,000	70.6%
Debt Service	296,351	281,866	536,250	552,750	16,500	3.1%
Equity Transfer	5,971,000	5,811,000	5,730,000	5,642,000	(88,000)	(1.5)%
Facilities & Equipment	17,495	—	22,290	19,790	(2,500)	(11.2)%
General Expense	525,577	385,362	751,661	748,161	(3,500)	(0.5)%
Operating Transfers-Out	206,892	472,318	472,318	137,659	(334,659)	(70.9)%
Rents & Leases	287,817	504,867	528,961	691,967	163,006	30.8%
Supplies & Material	320,123	334,773	478,114	464,114	(14,000)	(2.9)%
Transfer to Infrastructure	—	133,687	—	—	—	—%
Utility Purchase	13,454,911	14,325,269	14,114,365	15,531,489	1,417,124	10.0%
Total Dollars by Expense Category	38,135,810	39,855,465	35,404,443	42,929,314	7,524,871	21.3%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Revenues						
Charges for Services	34,335	27,520	20,000	20,000	—	—%
Charges to Other Funds	95,587	120,157	95,587	202,542	106,955	111.9%
Net Sales	33,775,567	34,878,848	37,583,000	36,021,525	(1,561,476)	(4.2)%
Operating Transfers-In	116,862	151,330	—	—	—	—%
Other Revenue	744,480	745,576	593,000	668,000	75,000	12.6%
Permits and Licenses	1,000	—	—	—	—	—%
Return on Investments	804,090	644,722	714,900	526,300	(188,600)	(26.4)%
Total Revenues	35,571,921	36,568,153	39,006,487	37,438,366	(1,568,121)	(4.0)%

Positions by Division

CIP Gas Fund	17.22	17.12	17.10	17.10	—	0.02%
Gas Customer Service	9.72	9.52	9.61	8.41	(1.20)	(12.49)%
Gas Demand Side Management	0.34	0.34	0.34	0.34	—	—%
Gas Engineering (Operating)	1.54	1.40	1.40	1.15	(0.25)	(17.86)%
Gas Operations and Maintenance	22.36	22.70	22.07	22.38	0.31	1.41%
Gas Resource Management	2.20	2.28	2.28	2.77	0.49	21.66%
Total	53.38	53.36	52.80	52.16	(0.64)	(1.22)%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Account Specialist	0.26	0.26	0.26	0.26	—	15,678
Administrative Associate I	0.10	—	—	—	—	—
Administrative Associate II	1.40	0.65	0.65	0.65	—	42,682
Assistant Director Administrative Services	—	0.10	0.10	0.10	—	19,267
Assistant Director Utilities Customer Support Services	0.20	0.20	0.20	0.20	—	34,810
Assistant Director Utilities Engineering	0.20	0.20	0.20	0.20	—	39,153
Assistant Director Utilities Operations	0.15	0.15	0.15	0.15	—	29,365

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Assistant Director Utilities/ Resource Management	0.25	0.25	0.25	0.25	—	48,823
Business Analyst	1.37	1.37	1.37	0.83	(0.54)	96,018
Catholic Protection Technician Assistant	1.00	1.00	1.00	1.00	—	82,208
Catholic Technician	1.00	1.00	1.00	1.00	—	100,950
Cement Finisher	0.25	0.25	0.25	0.25	—	18,436
Contracts Administrator	—	0.10	0.10	0.10	—	10,973
Coordinator Utilities Projects	1.06	1.31	1.51	1.51	—	137,664
Coordinator Utilities Safety & Security	0.20	0.20	—	—	—	—
Customer Service Representative	1.35	1.62	1.62	1.50	(0.12)	97,986
Customer Service Specialist	0.68	0.68	0.68	0.50	(0.18)	35,924
Customer Service Specialist-Lead	0.58	0.58	0.58	0.50	(0.08)	38,419
Engineer	2.00	2.00	2.00	2.00	—	207,958
Engineering Manager - Electric	0.15	0.15	0.15	0.15	—	24,897
Engineering Manager - WGW	0.33	0.33	0.33	0.33	—	53,960
Engineering Technician III	0.20	0.70	0.70	0.70	—	55,546
Equipment Operator	0.43	0.43	0.43	0.43	—	29,327
Gas System Technician	2.00	2.00	2.00	2.00	—	139,080
Gas Systems Technician II	0.90	0.90	0.90	0.90	—	70,362
Heavy Equipment Operator	2.33	2.57	2.57	2.57	—	196,916
Inspector, Field Services	1.59	1.17	1.17	1.17	—	99,923
Maintenance Mechanic-Welding	1.00	1.00	1.00	1.00	—	82,144
Manager Customer Service	—	—	—	0.33	0.33	43,987
Manager Customer Service and Meter Reading	0.33	0.33	0.33	—	(0.33)	—
Manager Utilities Compliance	0.25	0.25	0.25	0.25	—	41,079
Manager Utilities Credit & Collection	—	0.15	0.15	0.15	—	20,189
Manager Utilities Marketing Services	0.20	0.20	0.20	0.20	—	26,261
Manager Utilities Operations WGW	0.20	0.20	0.20	0.20	—	32,460
Meter Reader	1.98	1.98	1.98	1.92	(0.06)	114,381
Meter Reader-Lead	0.33	0.33	0.33	0.32	(0.01)	20,904

UTILITIES

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Principal Business Analyst	—	—	—	0.33	0.33	45,708
Principal Management Analyst	—	—	0.33	—	(0.33)	—
Program Assistant I	0.33	0.33	0.33	0.33	—	18,541
Project Engineer	1.00	1.00	1.00	1.00	—	117,642
Resource Planner	1.15	1.15	1.15	0.95	(0.20)	112,772
Restoration Lead	0.43	0.43	0.43	0.43	—	35,515
SCADA Technologist	0.20	0.20	0.20	0.20	—	23,486
Senior Business Analyst	0.33	0.66	0.66	0.66	—	82,614
Senior Engineer	—	2.70	2.10	2.70	0.60	386,303
Senior Management Analyst	0.38	0.05	0.05	0.05	—	6,186
Senior Mechanic	0.33	0.33	0.33	0.33	—	30,815
Senior Project Engineer	2.10	—	0.60	—	(0.60)	—
Senior Resource Planner	0.61	0.46	0.46	0.77	0.31	113,833
Senior Technologist	0.29	0.29	0.29	—	(0.29)	—
Senior Utilities Field Service Representative	0.41	0.41	0.41	0.41	—	36,651
Substation Electrician	0.10	0.10	0.10	0.10	—	9,421
Supervising Project Engineer	1.00	—	—	—	—	—
Supervisor Inspection Services	—	0.29	0.29	0.29	—	26,303
Utilities Locator	0.29	0.29	0.29	0.29	—	22,245
Utilities Account Representative	0.35	0.35	0.35	—	(0.35)	—
Utilities Engineer Estimator	0.85	0.85	0.85	0.85	—	87,329
Utilities Field Services Representative	1.75	1.75	1.75	1.75	—	137,934
Utilities Install Repair Lead-Welding Cert	1.30	1.30	1.30	1.30	—	118,346
Utilities Install Repair-Welding Certified	1.95	1.95	1.95	1.95	—	156,734
Utilities Install/Representative	4.45	4.45	4.45	4.45	—	344,752
Utilities Install/Representative Assistant	0.65	0.65	0.65	0.65	—	37,561
Utilities Install/Representative-Lead	1.98	1.98	1.98	1.98	—	176,109
Utilities Key Account Representative	0.35	0.35	0.35	0.35	—	35,354
Utilities Marketing Program Administrator	—	—	—	0.35	0.35	31,160

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Utilities Safety Officer	—	—	0.20	0.20	—	21,138
Utilities Supervisor	2.08	2.08	2.08	2.08	—	292,790
Water System Operator II	0.66	0.66	0.66	0.66	—	54,975
Sub-total: Full-Time Equivalent Positions	49.59	49.67	50.20	49.03	(0.11)	4,669,947
Temporary/Hourly	3.79	3.69	2.60	3.13	0.53	324,742
Total	53.38	53.36	52.80	52.16	(0.64)	4,994,689

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Gas Fund
Prior Year Budget	52.80	35,404,443	39,006,487	3,746,207
Base Adjustments				
One-Time Prior Year Expenditures and Revenues Deleted				
Sustainability Office Temporary Staffing - Utilities Admin Allocation	(0.05)	(8,090)	—	8,090
Legal Consulting	—	(15,000)	—	15,000
One-Time Prior Year Expenditures and Revenues	(0.05)	(23,090)	—	23,090
Adjustments to Costs of Ongoing Activities				
Salaries and Benefits Adjustments	—	544,419	—	(544,419)
Staffing Reallocations to Information Technology Department	(0.59)	(105,141)	—	105,141
Staffing Reallocations within Utilities Funds	—	(4,633)	—	4,633
Temporary Staffing Adjustments	—	24,190	—	(24,190)
Capital Improvement Program Adjustments	—	4,595,380	—	(4,595,380)
Gas Commodity Purchases Expenditure Adjustment	—	1,417,124	—	(1,417,124)
Rents and Leases Expenditure Adjustment	—	163,006	—	(163,006)
Debt Service Expenditure Adjustment	—	412	—	(412)
Equity Transfer to General Fund Expenditure Adjustment	—	(88,000)	—	88,000
Transfer to Technology Fund Expenditure Adjustment	—	(1,325)	—	1,325
Transfer to Electric Fund Expenditure Adjustment	—	(333,334)	—	333,334

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Gas Fund
Carbon Allowance Revenue Adjustment	—	—	557,960	557,960
Palo Alto Green Gas Program Sales to City Revenue Adjustment	—	—	106,955	106,955
Gas Connection Fees Revenue Adjustment	—	—	75,000	75,000
Return on Investments Revenue Adjustment	—	—	(188,600)	(188,600)
Gas Sales Revenue Adjustment	—	—	(2,119,435)	(2,119,435)
General Fund Cost Allocation Plan Charges Adjustment	—	64,911	—	(64,911)
General Liability Insurance Allocated Charges Adjustment	—	25,920	—	(25,920)
Print & Mail Allocated Charges Adjustment	—	(26,220)	—	26,220
Street Cut Fees Allocated Charges Adjustment	—	15,000	—	(15,000)
Utilities Admin Allocated Charges Adjustment	—	246,727	—	(246,727)
Vehicle Fund Allocated Charges Adjustment	—	4,797	—	(4,797)
Utility Charges to City Allocated Charges Adjustment	—	1,885	—	(1,885)
Adjustments to Costs of Ongoing Activities	(0.59)	6,545,118	(1,568,120)	(8,113,238)
Total FY 2016 Base Budget	52.16	41,926,471	37,438,366	(4,343,941)
Budget Proposals				
1 Cross-bore Inspection Contract	—	1,000,000	—	(1,000,000)
2 Utilities Customer Service Support Operation Staffing Adjustments	—	2,843	—	(2,843)
3 Principal Management Analyst to Principal Business Analyst Title Change	—	0	—	0
4 Manager Customer Service and Meter Reading to Manager Customer Service Title Change	—	0	—	0
Budget Changes	—	1,002,843	—	(1,002,843)
Total FY 2016 Proposed Budget	52.16	42,929,314	37,438,366	(5,490,947)



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Gas Fund
1 Cross-bore Inspection Contract	0.00	1,000,000	0	(1,000,000)

This action increases funding in contract services required to complete the crossbore inspection program. The crossbore inspection program was launched in FY 2012 to ensure there are no natural gas lines are inadvertently installed or crossbored through sewer laterals. Cross-bores become potential hazards when homeowners make sewer lateral repairs and inadvertently damage a bisecting gas line. As of FY 2015, 26 crossbores have been identified and repaired. Of the 18,000 sewer laterals throughout the City, 6,500 have passed completion, 10,000 require a follow up investigation, and another 1,500 have not been inspected. The funding will allow the City's contractor to complete the inspection of sewer laterals for cross-bores. (Ongoing: \$0).

Performance Results



The cross-bore inspection program helps ensure the health and safety of Palo Alto residents by proactively checking for potential hazards and to eliminate the possibility of a cross-bore created gas leak.

2 Utilities Customer Service Support Operation Staffing Adjustments	0.00	2,843	0	(2,843)
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This action reclassifies 3.0 Utilities Account Representative positions to 3.0 Utilities Marketing Program Administrator positions, split across the Electric, Gas, and Water funds, to accurately reflect the duties that have evolved over the years due to changing business needs and work requirements, including contract management, contract negotiation, vendor management, developing RFPs including scope of work and terms and conditions of the contract, and approval process of contracts through City Council. This action also reclassifies an additional 1.0 Utility Account Representative position to a Business Analyst position. The technical skills of a dedicated Business Analyst for the Utilities Customer Support Services Division are needed to implement delayed projects, new technological solutions, and re-engineer existing business processes to provide the service enhancements, implement new programs services, and improved communications required to improve customer satisfaction in a timely manner. (Ongoing: \$2,843)

Performance Results



The position reclassifications reflect the current operational needs of the customer services support operation. Contract procurement and management processes will be improved with the Marketing Program Administrator positions, and management over the customer service support section will be improved with the reclassification of the Business Analyst position.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Gas Fund
3 Principal Management Analyst to Principal Business Analyst Title Change	0.00	0	0	0

This action amends the Table of Organization by retitling the Principal Management Analyst position to Principal Business Analyst to more accurately reflect the analytical emphasis of the position. (Ongoing: \$0)

Performance Results

No impacts to current service levels are anticipated as a result of this title change.

4 Manager Customer Service and Meter Reading to Manager Customer Service Title Change	0.00	0	0	0
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This action amends the Table of Organization by retitling the Manager Customer Service and Meter Reading to Manager Customer Service in the Utilities Customer Service Support section to more accurately reflect the duties of the position. (Ongoing: \$0)

Performance Results

No impacts to current service levels are anticipated as a result of this title change.

WASTEWATER COLLECTION 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 residents connected to the sewer system within a few years.

Wastewater Collection's staff is responsible for design, construction, operation, and maintenance of approximately 216 miles of sewer mains and over 18,000 City-owned laterals. Staff continues overlapping the design and construction elements of rehabilitation and augmentation projects. Wastewater Collection's priorities are: maintaining infrastructure reliability; identifying problems in mains and service laterals through expanded use of video technology; complying with all regulatory requirements; and maintaining its excellent safety record.

Accomplishments

- Surveyed, inspected, and cleaned 3,039 City-owned sewer laterals.
- Continued to minimize Sanitary Sewer Overflows (SSOs) by increasing preventive maintenance work on laterals and mains; reduced total number of SSOs by 23% in 2014 compared to 2013.
- Repaired and/or replaced over 190 laterals with structural damage.
- Continued the Crossbore Program to identify and redirect any natural gas lines that may have accidentally bored through a sewer line. 26 gas crossbores have been identified and repaired so far. Evaluating the findings of the project and prioritizing the remaining work.
- Awarded contract for Sanitary Sewer Rehabilitation Projects 24, 25 and 26 to replace 42,000 linear feet of sanitary sewer mains in University South, Professorville, and Old Palo Alto neighborhoods.

Initiatives

- Implement a more aggressive sewer lateral replacement program as a result of the findings in the crossbore inspection program.
- Reduce the total number of Sanitary Sewer Overflows (SSOs) by 5% annually per State Water Resources Control Board's requirement.
- Complete Sanitary Sewer Rehabilitation Projects 22 and 23 replacing over 33,000 linear feet of sanitary sewer mains in Crescent Park and Baylands.
- Continue to the next phase of the Crossbore program to address partially inspected and uninspected laterals based on a prioritized list and available budget.
- Replace aging sewer combination cleaning units with new units.

Goals and Objectives

GOAL 1

Maintain and provide reliable wastewater services to our customers.

Objectives:

- Clean and maintain 100 percent of the sewer mains in commercial area on a quarterly basis.
- Clean and video a minimum of 17 percent of the City-owned laterals annually, to comply with City's Sewer Overflow Reduction Plan.
- Maintain a low level of inflow and infiltration of saltwater into the City's wastewater system.
- Maintain the integrity of our wastewater collection system by replacing mains and laterals as identified on our Wastewater Collection System Rehabilitation/Augmentation Capital Improvement Project plan.
- Minimize Sanitary Sewer Overflows and stoppages.

Key Performance Measures

MAINTAIN AND PROVIDE RELIABLE SERVICES



Goal	Maintain and provide a reliable wastewater system to our customers.				
Objective	Inspect and clean 100 percent of the sewer mains in commercial areas on a quarterly basis.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of miles of sewer lines cleaned/treated annually out of 216 miles Citywide	60%	54%	60%	60%	60%
Description	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).				
Purpose	To prevent blockage, sewer overflows, and to comply with the City's Sanitary Sewer Management Plan (SSMP), all the City's sewer mains must be cleaned within 30 months.				
Status	The City is meeting the objectives of its Sanitary Sewer Management Plan, and through the implementation of an aggressive sewer main cleaning, the number of blockages and overflows have decreased.				

MAINTAIN AND PROVIDE RELIABLE SERVICES



Goal	Maintain and provide a reliable wastewater system to our customers.				
Objective	Clean and video a minimum of 17 percent of the City-owned laterals annually to comply with City's Sewer Overflow Reduction Plan.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percentage of sewer laterals inspected annually	17.0%	19.0%	17.5%	17.0%	17.0%
Description	This measures inspections and maintenance of 17 percent of City-owned laterals annually using closed-circuit television (CCTV) inspection data, including results of the on-going crossbore lateral inspection program, to target sewer mains and lower laterals for rehabilitation and replacement.				
Purpose	The purpose of this measure is to reduce blockages, overflows, and eliminate any potential incidents of gas line crossbores.				
Status	WGW Operations is on target to complete inspection of 17% or 3,108 laterals of 18,141 in the City.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percent of sewage spill and line blockage responses within two hours	95%	95%	98%	95%	95%
Number of sewage overflows in a fiscal year	133	102	100	100	100
Percent of miles of sewer lines cleaned/treated in a fiscal year	65	54	100	100	100
Percent of miles of sewer lines replaced	2%	3%	1%	1%	1%
Percent of residents surveyed rating the quality of the Sewer Service (Wastewater Collection) as "Good" or "Excellent," in the National Citizen Survey (NCS)	84%	89%	83%	84%	84%
Number of customer accounts	22,241	22,105	22,241	22,241	22,241

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
CIP Wastewater Collection Fund	4,774,325	5,074,880	4,067,000	6,055,611	1,988,611	48.9%
Wastewater Collection Administration	1,411,892	1,701,786	2,302,283	2,562,518	260,236	11.3%
Wastewater Collection Customer Service	1,239	132,713	268,468	353,076	84,608	31.5%
Wastewater Collection Engineering (Operating)	271,471	310,374	368,857	391,212	22,355	6.1%
Wastewater Collection Operations and Maintenance	10,931,445	9,432,600	11,405,470	11,566,762	161,292	1.4%
Total	17,390,372	16,652,353	18,412,078	20,929,179	2,517,101	13.7%

Dollars by Category

Salary & Benefits

Healthcare	484,092	533,024	289,029	307,130	18,101	6.3%
Other Benefits	122,767	78,231	37,462	40,593	3,131	8.4%
Overtime	135,288	152,654	47,554	47,554	—	—%
Pension	475,393	558,324	344,989	399,983	54,994	15.9%
Retiree Medical	106,703	86,804	70,919	80,385	9,466	13.3%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Salary	1,111,578	1,427,205	1,381,333	1,548,070	166,738	12.1%
Workers' Compensation	58,521	26,416	70,487	22,339	(48,148)	(68.3)%
Total Salary & Benefits	2,494,343	2,862,659	2,241,772	2,446,054	204,282	9.1%
Allocated Charges	2,018,313	1,953,415	2,335,714	2,579,841	244,127	10.5%
Capital Improvement Program	3,745,716	3,936,230	3,977,048	5,955,478	1,978,429	49.7%
Contract Services	147,673	154,427	319,140	250,990	(68,150)	(21.4)%
Debt Service	57,932	54,376	128,135	129,001	866	0.7%
Facilities & Equipment	934	20	3,000	3,000	—	—%
General Expense	51,449	73,112	102,100	107,100	5,000	4.9%
Operating Transfers-Out	146,508	107,522	107,522	107,078	(444)	(0.4)%
Rents & Leases	158,153	269,221	283,015	380,741	97,726	34.5%
Supplies & Material	254,897	244,812	325,620	342,870	17,250	5.3%
Transfer to Infrastructure	—	133,687	—	—	—	—%
Utility Purchase	8,314,452	6,862,872	8,589,011	8,627,026	38,015	0.4%
Total Dollars by Expense Category	17,390,372	16,652,353	18,412,078	20,929,179	2,517,101	13.7%
Revenues						
Charges for Services	22,052	18,121	10,000	10,000	—	—%
Charges to Other Funds	51,781	30,107	30,107	30,107	—	—%
Net Sales	16,526,212	15,877,228	15,770,000	17,064,999	1,294,998	8.2%
Operating Transfers-In	69,436	42,242	—	—	—	—%
Other Revenue	549,605	696,908	456,000	652,000	196,000	43.0%
Permits and Licenses	(1,000)	—	—	—	—	—%
Return on Investments	368,868	309,139	309,300	266,500	(42,800)	(13.8)%
Total Revenues	17,586,953	16,973,745	16,575,407	18,023,605	1,448,198	8.7%
Positions by Division						
CIP Wastewater Collection Fund	13.33	13.34	13.00	12.52	(0.48)	(3.69)%
Wastewater Collection Customer Service	2.90	2.47	2.47	3.06	0.59	23.68%
Wastewater Collection Engineering (Operating)	1.44	1.40	1.40	1.15	(0.25)	(17.86)%
Wastewater Collection Operations and Maintenance	12.18	13.01	12.70	13.02	0.32	2.50%
Total	29.85	30.22	29.57	29.74	0.17	0.58%

UTILITIES

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Account Specialist	0.25	0.25	0.25	0.25	—	15,063
Administrative Associate I	0.50	—	—	—	—	—
Administrative Associate II	0.90	0.40	0.40	0.40	—	26,266
Assistant Director Utilities Engineering	0.15	0.15	0.15	0.15	—	29,365
Assistant Director Utilities Operations	0.10	0.10	0.10	0.10	—	19,576
Associate Engineer	—	0.50	0.50	0.50	—	48,524
Business Analyst	0.75	0.75	0.75	0.50	(0.25)	56,549
Cement Finisher	0.50	0.50	0.50	0.50	—	36,872
Contracts Administrator	—	0.05	0.05	0.05	—	5,486
Coordinator Utilities Projects	1.00	1.25	1.35	1.35	—	124,128
Coordinator Utilities Safety & Security	0.10	0.10	—	—	—	—
Customer Service Representative	1.00	1.20	1.20	1.38	0.18	90,138
Customer Service Specialist	—	—	—	0.46	0.46	33,050
Customer Service Specialist-Lead	0.25	0.25	0.25	0.46	0.21	35,345
Engineer	1.00	1.00	1.00	1.00	—	109,306
Engineering Manager - Electric	0.15	0.15	0.15	0.15	—	24,897
Engineering Manager - WGW	0.34	0.34	0.34	0.34	—	55,595
Engineering Technician III	0.20	0.45	0.45	0.45	—	35,708
Equipment Operator	0.26	0.26	0.26	0.26	—	17,732
Heavy Equipment Operator	1.90	2.13	2.13	2.13	—	162,997
Inspector, Field Services	1.72	1.43	1.43	1.43	—	122,129
Maintenance Mechanic-Welding	0.20	0.20	0.20	0.20	—	16,428
Manager Utilities Credit & Collection	—	0.15	0.15	0.15	—	20,189
Manager Utilities Operations WGW	0.30	0.30	0.30	0.30	—	48,691
Program Assistant I	0.34	0.34	0.34	0.34	—	19,103
Project Engineer	2.00	2.00	2.00	2.00	—	207,499
Restoration Lead	0.26	0.26	0.26	0.26	—	21,474
Senior Engineer	—	1.30	1.15	1.30	0.15	188,627
Senior Mechanic	0.33	0.33	0.33	0.33	—	30,815
Senior Project Engineer	1.15	—	0.15	—	(0.15)	—

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Senior Resource Planner	0.15	—	—	—	—	—
Supervisor Inspection Services	—	0.42	0.42	0.42	—	38,095
Util Locator	0.39	0.39	0.39	0.39	—	29,915
Utilities Engineer Estimator	0.47	0.47	0.47	0.47	—	48,288
Utilities Field Services Representative	1.25	1.25	1.25	1.25	—	98,523
Utilities Install Repair Lead-Welding Cert	0.24	0.24	0.24	0.24	—	21,848
Utilities Install Repair-Welding Certified	0.36	0.36	0.36	0.36	—	28,935
Utilities Install/Representative	5.50	5.50	5.50	5.50	—	417,195
Utilities Install/Representative-Lead	2.00	2.00	2.00	2.00	—	177,890
Utilities Safety Officer	—	—	0.10	0.10	—	10,569
Utilities Supervisor	1.30	1.30	1.30	1.30	—	183,097
Sub-total: Full-Time Equivalent Positions	27.31	28.07	28.17	28.76	0.59	2,655,907
Temporary/Hourly	2.54	2.15	1.40	0.98	(0.42)	301,100
Total	29.85	30.22	29.57	29.74	0.17	2,957,007

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Wastewater Collection Fund
Prior Year Budget	29.57	18,412,078	16,575,407	(1,836,671)
Base Adjustments				
One-Time Prior Year Expenditures and Revenues Deleted				
Sewer Main Clearing Vehicle Equipment	—	(15,000)	—	15,000
Sustainability Office Temporary Staffing - Utilities Admin Allocation	—	(4,618)	—	4,618
One-Time Prior Year Expenditures and Revenues	—	(19,618)	—	19,618
Adjustments to Costs of Ongoing Activities				
Salaries and Benefits Adjustments	—	150,826	—	(150,826)
Staffing Reallocations within Utilities Funds	0.55	88,035	—	(88,035)

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Wastewater Collection Fund
Temporary Staffing Adjustment	(0.38)	(29,961)	—	29,961
Capital Improvement Program Adjustments	—	1,988,610	—	(1,988,610)
Rents and Leases Expenditure Adjustment	—	97,726	—	(97,726)
Wastewater Treatment Purchases Expenditure Adjustment	—	38,015	—	(38,015)
Debt Service Expenditure Adjustment	—	866	—	(866)
Transfer Out to Technology Fund Expenditure Adjustment	—	(444)	—	444
Utilities Reallocation of Wastewater Operations Contract Services Expenditure Adjustment	—	(41,414)	—	41,414
Wastewater Treatment Sales Revenue Adjustment	—	—	1,294,998	1,294,998
Wastewater Connection Fees Revenue Adjustment	—	—	196,000	196,000
Return on Investments Revenue Adjustment	—	—	(42,800)	(42,800)
Electric and Refuse Sales to City Allocated Charges Adjustment	—	(77)	—	77
General Fund Cost Allocation Plan Charges Adjustment†	—	88,639	—	(88,639)
General Liability Insurance Allocated Charges Adjustment	—	14,274	—	(14,274)
Print & Mail Allocated Charges Adjustment	—	945	—	(945)
Street Cut Fees Allocated Charges Adjustment	—	3,981	—	(3,981)
Utilities Admin Allocated Charges Adjustment	—	132,399	—	(132,399)
Vehicle Fund Allocated Charges Adjustment	—	4,299	—	(4,299)
Adjustments to Costs of Ongoing Activities	0.17	2,536,719	1,448,198	(1,088,521)
Total FY 2016 Base Budget	29.74	20,929,179	18,023,605	(2,905,574)
Total FY 2016 Proposed Budget	29.74	20,929,179	18,023,605	(2,905,574)

WATER 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 percent of the water has come from the Regional Water System: 85 percent 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, Engineering is implementing a seismic upgrade to the existing reservoirs, wells and receiving stations to increase supply reliability during catastrophic emergencies.

Accomplishments

- Received the Silicon Valley Water Conservation Award as the regional utility with the most extensive and effective water conservation programs.
- Achieved drought water savings of 16% substantially in excess of the water use reduction of 10% target established by San Francisco Public Utilities Commission in 2014.
- Led citywide drought response initiative including enforcement process for water use restriction, hiring water waster coordinator, and creation of the PaloAlto 311 drought mobile device application.
- Completed the seismic rehabilitation of the 4 million gallon reservoir and construction of a new pump station at Mayfield Reservoir.

Initiatives

- Update the Urban Water Management Plan including all cost-effective water efficiency measures by June 2016.
- Complete the long range Water System Master Plan to identify areas requiring capital improvement and determine the annual water main replacement rate.
- Complete the environmental impact report and financial plan to evaluate the potential expansion of the recycled water system to deliver recycled water to City parks and the Stanford Research Park.
- Respond to drought regulations and implement the Urban Water Shortage Contingency Plan to meet usage reduction targets.

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.
- Ensure adequate water supplies are available to meet existing and future water demands.
- Complete seismic upgrades to water system (reservoirs, receiving stations and wells).

GOAL 2

Increase environmental sustainability of the water supply system.

Objective:

- Increase water conservation and efficiency participation.
- Develop updated long-term water efficiency goals as part of the 2015 Urban Water Management Plan update.
- Evaluate expanding the recycled water delivery system to help drought-proof the system, reuse local water supplies, and reduce the City's dependence on the Tuolumne River.

Key Performance Measures

PROVIDE SAFE AND CLEAN DRINKING WATER FOR OUR CUSTOMERS

 Goal	Provide safe and clean drinking water for our customers.				
Objective	Ensure drinking water meets all regulatory standards.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percentage of samples passed from all sampling stations	100%	100%	100%	100%	100%
Description	The City of Palo Alto (CPA) regularly collects and tests water samples from connection points between the San Francisco Public Utilities Commission/City of Palo Alto (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 (EPA) prescribed regulations that limit the amount of contaminants in the drinking water. The City has 72 sampling stations and collects 72-90 samples monthly to test levels of chlorine residual, coliform and pH levels are within regulatory guidelines. All sample results are reported to CDPH on a monthly basis.				
Purpose	Complying with regulations guarantees we maintain our high standards of water quality and avoid fines.				
Status	Palo Alto drinking water continues to be in complete compliance with all existing county, state, and federal standards for water quality.				

PROVIDE SAFE AND CLEAN DRINKING WATER FOR OUR CUSTOMERS

 Goal	Provide safe and clean drinking water for our customers.				
Objective	Ensure drinking water meets all regulatory standards.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Percentage of customer-owned water backflow prevention devices in compliance	95%	95%	95%	96%	96%
Description	Customer-owned and maintained 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 (e.g., chemicals, debris, reclaimed water) enter the potable water system.				
Purpose	The California Department of Public Health Services provides regulations for the City and our customers through California Code of Regulations, Title 17. These regulations specify the types of hazards that require backflow devices.				
Status	We are achieving a compliance rate of up to 95-96 percent on an annual basis. There are 3,330 backflow devices. This number is growing every year as current codes require backflow installation for residences as well as Commercial properties.				

UTILITIES

WATER EFFICIENCY



Goal	Increase environmental sustainability of the water supply system.				
Objective	Increase water conservation and efficiency participation.				
	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Water savings achieved through efficiency programs (percent of total sales)	0.53%	0.64%	0.91%	0.91%	0.91%
Description	We measure specific savings achieved by the installation of water efficiency improvements through methods we can track: 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, which provide customers tools to enable them to manage their own water use.				
Purpose	Improving water efficiency for homes and businesses can result in water supply, water operations and wastewater processing savings. This measure supports the Water Fund's ten-year goals for water, to reduce expected water use by 20 percent by 2020.				
Status	Water efficiency program savings were higher in FY 2014 compared to FY 2013. Overall, program participation numbers remained relatively steady. CPAU continues to evaluate new technologies and opportunities to expand its water efficiency portfolio. In FY 2014, a number of new programs came online which provided customers with a more dynamic view of water usage. Through delivery of residential Home Water Reports, large landscape conversion rebates and real-time advanced water metering analytics, customers are provided with tools that enable them to manage their own water use. We anticipate with the introduction of these new programs and dry conditions which heighten awareness to the need for water efficiency, program uptake may be higher in FY 2015.				

Workload Measures

	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted	FY 2015 Estimated	FY 2016 Adopted
Number of customer accounts	20,046	20,037	22,421	20,080	20,080
Percent of surveyed residents rating the quality of the Drinking Water (Water) as "Good" or "Excellent," in the National Citizen Survey (NCS)	88%	89%	83%	87%	88%
Percent of miles of water mains replaced	2%	0.1%	0%	0%	0%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Division						
CIP Water Fund	16,453,006	8,088,995	5,354,500	10,288,169	4,933,669	92.1%
Water Administration	7,206,025	7,003,097	8,730,514	8,135,564	(594,950)	(6.8)%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Water Customer Service	1,584,759	1,677,926	2,072,861	2,002,659	(70,202)	(3.4)%
Water Engineering (Operating)	329,018	391,143	422,650	447,404	24,753	5.9%
Water Operations and Maintenance	4,952,728	4,986,274	6,184,549	6,345,288	160,739	2.6%
Water Resource Management	17,163,261	16,275,328	19,115,688	20,832,529	1,716,840	9.0%
Total	47,688,796	38,422,763	41,880,762	48,051,611	6,170,849	14.7%
Dollars by Category						
Salary & Benefits						
Healthcare	757,805	765,018	636,267	677,040	40,773	6.4%
Other Benefits	175,263	122,185	102,405	102,592	187	0.2%
Overtime	189,217	206,398	238,764	168,764	(70,001)	(29.3)%
Pension	840,386	934,755	869,897	894,784	24,887	2.9%
Retiree Medical	333,360	304,426	221,560	247,218	25,658	11.6%
Salary	3,550,658	3,645,983	3,472,475	3,541,733	69,258	2.0%
Workers' Compensation	177,043	123,393	183,494	104,320	(79,174)	(43.1)%
Total Salary & Benefits	6,023,732	6,102,157	5,724,861	5,736,450	11,589	0.2%
Allocated Charges	3,458,872	3,444,985	3,717,520	4,035,313	317,793	8.5%
Capital Improvement Program	14,560,824	7,307,830	5,291,258	10,199,498	4,908,240	92.8%
Contract Services	236,182	373,478	723,006	682,006	(41,000)	(5.7)%
Debt Service	1,949,663	1,906,221	3,218,869	3,222,606	3,737	0.1%
Facilities & Equipment	2,770	—	5,500	2,000	(3,500)	(63.6)%
General Expense	340,683	385,806	542,327	547,927	5,600	1.0%
Operating Transfers-Out	413,211	388,596	361,503	27,381	(334,122)	(92.4)%
Rents & Leases	1,987,227	2,274,743	3,332,857	2,803,606	(529,251)	(15.9)%
Supplies & Material	468,491	392,244	533,060	566,860	33,800	6.3%
Transfer to Infrastructure	1,641,790	141,415	—	—	—	—%
Utility Purchase	16,605,351	15,705,288	18,430,000	20,227,965	1,797,964	9.8%
Total Dollars by Expense Category	47,688,796	38,422,763	41,880,762	48,051,611	6,170,849	14.7%
Revenues						
Charges for Services	79,157	75,405	10,000	10,000	—	—%
Charges to Other Funds	169,355	187,352	154,958	154,958	—	—%

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
From Other Agencies	571,591	549,014	576,632	576,632	—	—%
Net Sales	37,750,448	39,876,751	38,081,000	39,446,148	1,365,148	3.6%
Operating Transfers-In	412,153	271,221	183,333	183,333	—	—%
Other Revenue	836,340	1,008,630	707,000	857,000	150,000	21.2%
Return on Investments	653,684	831,506	752,400	775,300	22,900	3.0%
Total Revenues	40,472,729	42,799,880	40,465,323	42,003,371	1,538,048	3.8%

Positions by Division

CIP Water Fund	9.88	9.65	9.53	9.05	(0.48)	(4.99)%
Water Customer Service	10.44	10.47	10.80	9.01	(1.79)	(16.58)%
Water Engineering (Operating)	1.41	1.37	1.37	1.12	(0.25)	(18.25)%
Water Operations and Maintenance	25.13	24.98	24.97	25.44	0.47	1.86%
Water Resource Management	1.78	1.71	1.71	1.53	(0.18)	(10.41)%
Total	48.64	48.18	48.38	46.15	(2.23)	(4.61)%

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Account Specialist	0.25	0.25	0.25	0.25	(0.01)	15,063
Administrative Associate I	0.10	—	—	—	—	—
Administrative Associate II	1.60	0.85	0.85	0.85	—	55,814
Assistant Director Utilities Customer Support Services	0.20	0.20	0.20	0.20	—	34,810
Assistant Director Utilities Engineering	0.20	0.20	0.20	0.20	—	39,153
Assistant Director Utilities Operations	0.15	0.15	0.15	0.15	—	29,365
Assistant Director Utilities/ Resource Management	0.25	0.25	0.25	0.25	—	48,823
Business Analyst	1.62	1.62	1.62	1.68	0.06	190,684
Cement Finisher	0.25	0.25	0.25	0.25	—	18,436
Contracts Administrator	—	0.10	0.10	0.10	—	10,973
Coordinator Utilities Projects	0.94	1.19	1.34	1.34	—	121,910

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Coordinator Utilities Safety & Security	0.15	0.15	—	—	—	—
Customer Service Representative	1.30	1.56	1.56	1.26	(0.30)	82,308
Customer Service Specialist	0.66	0.66	0.66	0.42	(0.24)	30,176
Customer Service Specialist-Lead	0.59	0.59	0.59	0.42	(0.17)	32,272
Engineer	1.00	1.00	1.00	1.00	—	109,306
Engineering Manager - Electric	0.15	0.15	0.15	0.15	—	24,897
Engineering Manager - WGW	0.33	0.33	0.33	0.33	—	53,960
Engineering Technician III	0.20	0.45	0.45	0.45	—	35,708
Equipment Operator	0.31	0.31	0.31	0.31	—	21,142
Gas Systems Technician II	0.10	0.10	0.10	0.10	—	7,818
Heavy Equipment Operator	1.77	2.00	2.00	2.00	—	152,958
Inspector, Field Services	1.69	1.40	1.40	1.40	—	119,566
Maintenance Mechanic-Welding	0.80	0.80	0.80	0.80	—	65,716
Manager Customer Service	—	—	—	0.34	0.34	45,320
Manager Customer Service and Meter Reading	0.34	0.34	0.34	—	(0.34)	—
Manager Utilities Compliance	0.50	0.50	0.50	0.50	—	82,158
Manager Utilities Credit & Collection	—	0.15	0.15	0.15	—	20,189
Manager Utilities Marketing Services	0.20	0.20	0.20	0.20	—	26,261
Manager Utilities Operations WGW	0.50	0.50	0.50	0.50	—	81,151
Meter Reader	2.03	2.03	2.03	1.67	(0.36)	99,474
Meter Reader-Lead	0.34	0.34	0.34	0.28	(0.06)	18,291
Planner	0.15	0.15	0.15	—	(0.15)	—
Power Engineer	0.30	0.30	0.30	0.30	—	34,135
Principal Business Analyst	—	—	—	0.33	0.33	45,708
Principal Management Analyst	—	—	0.33	—	(0.33)	—
Program Assistant I	0.33	0.33	0.33	0.33	—	18,541
Project Engineer	2.00	2.00	2.00	2.00	—	235,286
Resource Planner	0.20	0.20	0.20	0.10	(0.10)	11,870
Restoration Lead	0.31	0.31	0.31	0.31	—	25,604
SCADA Technologist	0.80	0.80	0.80	0.80	—	93,944

UTILITIES

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Senior Business Analyst	0.33	0.66	0.66	0.66	—	82,614
Senior Engineer	—	1.00	0.75	1.00	0.25	142,919
Senior Marketing Analyst	0.33	—	—	—	—	—
Senior Mechanic	0.34	0.34	0.34	0.34	—	31,749
Senior Project Engineer	0.75	—	0.25	—	(0.25)	—
Senior Resource Planner	1.20	1.05	1.05	0.55	(0.50)	80,890
Senior Technologist	0.29	0.29	0.29	—	(0.29)	—
Senior Utilities Field Service Representative	0.49	0.49	0.49	0.49	—	43,803
Senior Water Systems Operator	2.00	2.00	2.00	2.00	—	188,894
Substation Electrician	0.40	0.40	0.40	0.40	—	37,685
Supervisor Inspection Services	—	0.29	0.29	0.29	—	26,303
Utilities Locator	0.34	0.34	0.34	0.34	—	26,079
Utilities Account Representative	1.00	1.00	1.00	—	(1.00)	—
Utilities Engineer Estimator	0.43	0.43	0.43	0.43	—	44,178
Utilities Field Services Representative	1.50	1.50	1.50	1.50	—	118,229
Utilities Install Repair Lead-Welding Cert	0.46	0.46	0.46	0.46	—	41,874
Utilities Install Repair-Welding Certified	0.69	0.69	0.69	0.69	—	55,458
Utilities Install/Representative	2.05	2.05	2.05	2.05	—	159,206
Utilities Install/Representative Assistant	0.35	0.35	0.35	0.35	—	20,224
Utilities Install/Representative-Lead	1.02	1.02	1.02	1.02	—	90,720
Utilities Key Account Representative	0.15	0.15	0.15	0.15	—	15,152
Utilities Marketing Program Administrator	—	—	—	0.40	0.40	35,612
Utilities Safety Officer	—	—	0.15	0.15	—	15,854
Utilities Supervisor	2.62	2.62	2.62	2.62	—	369,843
Water Meter Cross Connection Technician	3.00	2.00	2.00	2.00	—	120,425
Water System Operator II	3.34	3.34	3.34	3.34	—	268,211
Sub-total: Full-Time Equivalent Positions	45.69	45.18	45.66	42.94	(2.72)	4,154,712

Staffing

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Salary
Temporary/Hourly	2.95	3.00	2.72	3.21	0.49	271,149
Total	48.64	48.18	48.38	46.15	(2.23)	4,425,861

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Water Fund
Prior Year Budget	48.38	41,880,762	40,465,323	(1,415,439)
Base Adjustments				
One-Time Prior Year Expenditures and Revenues Deleted				
Sustainability Office Temporary Staffing - Utilities Admin Allocation	—	(7,301)	—	7,301
One-Time Prior Year Expenditures and Revenues	—	(7,301)	—	7,301
Adjustments to Costs of Ongoing Activities				
Salaries and Benefits Adjustments	—	264,311	—	(264,311)
Staffing Reallocations to Information Technology Department	(0.58)	(105,301)	—	105,301
Staffing Reallocations within Utilities Funds	(2.00)	(244,241)	—	244,241
Temporary Staffing Adjustment	0.50	61,284	—	(61,284)
Capital Improvement Program Expenditure Adjustments	—	4,933,669	—	(4,933,669)
Water Commodity Purchases Expenditure Adjustments	—	1,797,965	—	(1,797,965)
Debt Service Expenditure Adjustment	—	3,737	—	(3,737)
Transfer Out to Technology Fund Expenditure Adjustment	—	(789)	—	789
Utility Reallocation of Customer Service Support Contract Services	—	(17,100)	—	17,100
Transfer Out to Electric Fund Expenditure Adjustment	—	(333,333)	—	333,333
Rents and Leases Expenditure Adjustment	—	(529,251)	—	529,251
Water Sales Revenue Adjustments	—	—	1,365,148	1,365,148
Water Connection Fees Revenue Adjustments	—	—	150,000	150,000
Return on Investments Revenue Adjustments	—	—	22,900	22,900
Utility Charges to the City Allocated Charges	—	(1,309)	—	1,309

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Water Fund
General Fund Cost Allocation Plan Charges Adjustment†	—	133,695	—	(133,695)
General Liability Insurance Allocated Charges Adjustment	—	23,882	—	(23,882)
Print & Mail Allocated Charges Adjustment	—	(26,123)	—	26,123
Street Cut Fees Allocated Charges Adjustment	—	21,248	—	(21,248)
Utilities Admin Allocated Charges Adjustment	—	183,871	—	(183,871)
Vehicle Fund Allocated Charges Adjustment	—	4,309	—	(4,309)
Adjustments to Costs of Ongoing Activities	(2.08)	6,170,524	1,538,048	(4,632,476)
Total FY 2016 Base Budget	46.30	48,043,985	42,003,371	(6,040,614)
Budget Proposals				
1 Utilities Customer Service Support Operation Staffing Adjustments	—	28,205	—	(28,205)
2 Green Building Planning and Development Review Alternative Service Delivery	(0.15)	(20,578)	—	20,578
3 Principal Management Analyst to Principal Business Analyst Title Change	—	0	—	0
4 Manager Customer Service and Meter Reading to Manager Customer Service Title Change	—	0	—	0
Budget Changes	(0.15)	7,627	—	(7,627)
Total FY 2016 Proposed Budget	46.15	48,051,611	42,003,371	(6,048,241)



Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Water Fund
1 Utilities Customer Service Support Operation Staffing Adjustments	0.00	28,205	0	(28,205)

This action reclassifies 3.0 Utilities Account Representative positions to 3.0 Utilities Marketing Program Administrator positions, split across the Electric, Gas, and Water funds, to accurately reflect the duties that have evolved over the years due to changing business needs and work requirements, including contract management, contract negotiation, vendor management, developing RFPs including scope of work and terms and conditions of the contract, and approval process of contracts through City Council. This action also reclassifies an additional 1.0 Utility Account Representative position to a Business Analyst position. The technical skills of a dedicated Business Analyst for the Utilities Customer Support Services Division are needed to implement delayed projects, new technological solutions, and re-engineer existing business processes to provide the service enhancements, implement new programs services, and improved communications required to improve customer satisfaction in a timely manner. (Ongoing: \$31,972)

Performance Results



The position reclassifications reflect the current operational needs of the customer services support operation. Contract procurement and management processes will be improved with the Marketing Program Administrator positions, and management over the customer service support section will be improved with the reclassification of the Business Analyst position.

2 Green Building Planning and Development Review Alternative Service Delivery	-0.15	(20,578)	0	20,578
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This action deletes a 0.15 Green Building Planner in the Development Services Department. This position is also funded at 0.15 in the Electric Fund and 0.70 in the Development Services Department, respectively, and is also being recommended for deletion. In total, the elimination of the Green Building Planner will generate a cost savings of \$137,187 annually, of which \$96,031 is attributed to the Development Services Department. As result of this action, the Green Building Plan Review function will be fully contracted as described further in the Development Services section of this document. (Ongoing Savings: \$153,969)

Performance Results

Not applicable.

3 Principal Management Analyst to Principal Business Analyst Title Change	0.00	0	0	0
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This action amends the Table of Organization by retitling the Principal Management Analyst position to Principal Business Analyst to more accurately reflect the analytical emphasis of the position. (Ongoing: \$0)

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net Water Fund
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Performance Results

No impacts to current service levels are anticipated as a result of this title change.

4 Manager Customer Service and Meter Reading to Manager Customer Service Title Change	0.00	0	0	0
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This action amends the Table of Organization by retitling the Manager Customer Service and Meter Reading to Manager Customer Service in the Utilities Customer Service Support section to more accurately reflect the duties of the position. (Ongoing: \$0)

Performance Results

No impacts to current service levels are anticipated as a result of this title change.

NON-DEPARTMENTAL

Description

The General Fund Non-Departmental budget includes revenue and expenditure appropriations that are not related to a specific department or function. These cost typically benefit the City as a whole and include such items as Cubberley lease payments to Palo Alto Unified School District. The Non-Departmental budget may also include estimated provisions or placeholders for certain revenues and expenditures that have not yet materialized or distributed at the time the budget is developed or adopted. These items can be one-time or ongoing depending on its nature and frequency.

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Dollars by Category						
Salary & Benefits Reserve	52,170	—	2,737,960	1,647,599	(1,090,361)	(39.8)%
Allocated Charges	11,886	—	—	—	—	—%
Contract Services	—	(310)	2,229,776	40,000	(2,189,776)	(98.2)%
Debt Service	428,179	429,019	428,194	430,791	2,597	0.6%
General Expense	218,114	663,423	417,756	86,756	(331,000)	(7.9)%
Cubberley - Lease Payments to PAUSD	6,922,501	7,094,234	6,446,264	5,583,641	(862,623)	(13.4)%
Contingent Accounts						
City Manager	—	—	250,000	250,000	—	—%
City Council	—	—	250,000	250,000	—	—%
City Attorney	—	—	250,000	100,000	(150,000)	(60)%
Human Resources	—	—	50,000	50,000	—	—%
Innovations & Special Events	—	—	50,000	50,000	—	—%
Operating Transfers-Out	2,743,116	1,547,241	2,043,116	1,801,177	(241,940)	(11.8)%
Rents & Leases	160,001	164,000	164,000	173,411	9,411	5.7%
Transfer to Infrastructure	22,257,510	17,234,485	13,659,022	20,552,405	6,893,382	50.5%
Total Dollars by Expense Category	32,793,477	27,132,092	28,976,088	31,015,779	2,039,690	7.0%

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Fund
Prior Year Budget	—	28,976,088	—	28,976,088
Base Adjustments				
One Time Prior Year Expenditures Deleted				
2014 Elections Funding	—	(331,000)	—	(331,000)
Shuttle Service Reserve	—	(1,000,000)	—	(1,000,000)
Cubberley Covenant Not-To-Develop Reserve	—	(1,039,776)	—	(1,039,776)
Cubberley Covenant Not-To-Develop Elimination	—	(877,580)	—	(877,580)
Transportation Management Association Reserve	—	(150,000)	—	(150,000)
City Attorney Contingency	—	(50,000)	—	(50,000)
One Time Prior Year Expenditures Deleted	—	(3,448,356)	—	(3,448,356)
Adjustments to Costs of Ongoing Activities				
Salary and Benefits Reserve Adjustments	—	(1,090,361)	—	(1,090,361)
Debt Service Expenditure Adjustments	—	2,597	—	2,597
Cubberley Lease Payments to PAUSD Adjustment	—	14,957	—	14,957
Cubberley Property Capital Infrastructure Transfer	—	1,864,248	—	1,864,248
Information Technology Transfer Adjustment	—	36,533	—	36,533
Rents and Leases Expenditure Adjustment	—	9,411	—	9,411
Infrastructure Transfer Adjustment	—	5,029,135	—	5,029,135
Debt Service Fund Transfer Adjustments	—	5,000	—	5,000
Public Art Transfer Adjustment	—	(27,623)	—	(27,623)
Airport Fund Transfer Adjustment	—	(255,850)	—	(255,850)
Adjustments to Costs of Ongoing Activities	—	5,588,047	—	5,588,047
Total FY 2016 Base Budget	—	31,115,779	—	31,115,779
Budget Adjustments				
1 City Attorney Contingency	—	(100,000)	—	(100,000)
Total Budget Adjustments	—	(100,000)	—	(100,000)
Total FY 2016 Adopted Budget	—	31,015,779	—	31,015,779

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Fund
1 City Attorney Contingency	0.00	(100,000)	0	(100,000)

This action decreases the City Attorney Contingency by \$100,000 from \$200,000. As part of the adoption of the Fiscal Year 2015 Midyear Budget Adoption, the City Council approved the addition of 1.0 Principal Attorney position. The additional staffing capacity and oversight established by the new position offsets the need for use of contingency funds for outside legal services. (Ongoing :\$100,000)

Performance Results



City Attorney staffing capacity will be expanded with the additional of the Principal Attorney position, offsetting the need for use of contingency funds in Fiscal Year 2016.



EMPLOYEE INFORMATION



CITY OF
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ALTO**

GENERAL BENEFITS FUND

General Benefits Fund Overview

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. Funding for retired employees healthcare costs is reflected in the Retiree Health Benefits Fund.

There is an overall net \$3.95 million increase in employee pension, healthcare costs, and other benefits costs from the Fiscal Year 2015 Adopted Budget amount of \$46.35 million to the Fiscal Year 2016 Adopted Budget amount of \$51.00 million. This increase is primarily driven by pension rate and health care cost increases and a citywide net increase of 6.3 positions, or less than 1 percent, from 1,033.80 positions in the Fiscal Year 2015 Adopted budget to 1,040.10 positions in the Fiscal Year 2016 Adopted budget.

PENSION COSTS

CalPERS annually prepares an actuarial analysis to determine the City's pension liability and annual required contribution for miscellaneous and safety employees. This budget includes the most recent pension rates from CalPERS which, compared to the FY 2015 rates, represent a 1.6 percentage point increase in pension contribution rate for miscellaneous groups (from 26.1 percent to 27.7 percent) and 2.4 percentage point increase in the pension contribution rate for safety groups (from 39.5 percent to 41.9 percent) for FY 2016. With the passage of the California Public Employees' Pension Reform Act (PEPRA), the City has three retirement tiers for Miscellaneous and Safety employees. As of June 1, 2015, 28 percent of the City's employees are either in Tier 2 and Tier 3.

As a cost savings measure, the Fiscal Year 2016 Adopted Budget assumes a pre-payment towards the City's pension annual required contribution, totaling \$28.2 million Citywide. As opposed to paying the city's pension contribution every pay period, this lump sum payment, to be paid in July 2015, will result in a \$1 million pension expense savings citywide, of which \$0.66 million is savings in the General Fund. The savings are calculated by CalPERS which assumes an average 7.5 percent investment return versus the City's estimated return on its investment portfolio of 1.85 percent. These savings are partially offset by a return on investment loss of approximately \$0.265 million citywide, or \$0.152 million in the General Fund, based on the City's average portfolio interest rate of 1.85 percent. It is important to note that the City is bound by a very conservative investment policy which prohibits investments in equities and that in fiscal year 2014 CalPERS earned 18.4 percent on its investments.

GENERAL BENEFITS FUND

HEALTHCARE

The Fiscal Year 2016 budget for healthcare is based on the health plan choices employees made for calendar year 2015. For calendar year 2016, the budget assumes an 8 percent increase in medical costs for labor groups on the 90/10 medical cost plan and a 4 percent annual health care cost increase for the labor groups on the flat rate contribution structure. Further, this budget includes a 4 percent increase in dental and vision costs.

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Revenues						
Return on Investments	201,579	236,181	274,300	231,100	(43,200)	(15.7%)
Other Revenue	40,433,007	41,859,826	46,146,886	50,418,919	4,272,033	9.3%
Total Revenues	40,634,586	42,096,007	46,421,186	50,650,019	4,228,833	9.1%
Dollars by Category						
Salary & Benefits						
Healthcare	15,894,757	16,734,070	17,391,945	19,100,124	1,708,179	9.8%
Other Benefits	677,164	623,267	820,828	1,066,925	246,097	30.0%
Retiree Medical	22,214,555	24,799,284	28,034,505	30,623,592	2,589,087	9.2%
Salary	1,441,160	(105,553)	—	19,968	19,968	—
Total Salary & Benefits	40,227,635	42,051,069	46,247,278	50,810,609	4,563,331	9.9%
Contract Services	65,994	148,596	105,475	192,125	86,650	82.2%
Supplies & Material	764	—	—	—	—	—
General Expense	897	2,351	—	—	—	—
Total Dollars by Expense Category	40,295,290	42,202,016	46,352,753	51,002,734	4,649,981	10.0%

Budget Reconciliation

	Positions	Expenditures	Revenues	Net General Benefits Fund
Prior Year Budget	—	46,352,753	46,421,186	(68,433)
Base Adjustments				
Adjustments to Costs of Ongoing Activities				
Citywide Pension Adjustments	—	2,560,043	—	2,560,043
Citywide Healthcare Insurance Adjustments	—	1,398,543	—	1,398,543
Citywide Dental Insurance Adjustments	—	280,752	—	280,752
Life Insurance and Deferred Compensation Fees Adjustments	—	144,830	—	144,830
Citywide Employee Paid Retirement Adjustments	—	29,044	—	29,044
Citywide Vision Insurance Adjustments	—	28,884	—	28,884
Administrative Fees Adjustments	—	15,977	—	15,977
Department Charges for General Benefits	—	—	4,272,033	(4,272,033)
Return on Investment Adjustments	—	—	(43,200)	43,200
Adjustments to Costs of Ongoing Activities	—	4,458,073	4,228,833	229,240
Total FY 2016 Base Budget	—	50,810,826	50,650,019	160,807
Budget Adjustments				
1 Employee Commute Program GoPass	—	85,000	—	85,000
2 Employee Wellness Program	0.48	32,758	—	32,758
3 Ergonomic Evaluations	—	30,000	—	30,000
4 Employee Health and Safety Services	—	29,150	—	29,150
5 Affordable Care Act Reporting	—	15,000	—	15,000
Total Budget Adjustments	0.48	191,908	—	191,908
Total FY 2016 Adopted Budget	0.48	51,002,734	50,650,019	352,715

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Benefits Fund
1 Employee Commute Program GoPass	0.00	85,000	0	85,000

As part of a comprehensive set of strategies to reduce parking demand in downtown Palo Alto, in Fiscal Years 2014 and 2015, the GoPass Pilot Program was implemented to encourage City employees to use the CalTrain as an alternate method of getting to work. After an initial pilot in calendar year 2014, the City Council extended the pilot to calendar year 2015 in November 2014. As reported to the City Council as part of the extension of the GoPass Pilot program, over 100 parking permits have been made available to non-City employees since the inception of the pilot. This action makes the funding for the pilot program permanent. The Human Resources Department will track the ridership on a monthly basis to continue to evaluate the program and ensure usage by City employees justifies the cost of providing the benefit. In Fiscal Year 2016, the funds for the GoPass will be taken from the General Benefits Fund Fund Balance; however, ongoing these costs will be allocated out to the Departments similar to other benefit costs already budgeted in this fund. (Ongoing Costs: \$85,000)

Performance Results



Reducing the number of cars in the City and increased use of public transportation are both in line with the City's goal of making Palo Alto one of the most sustainable cities in the world. In addition, providing the GoPass as a benefit increases employee satisfaction and encourages the use of alternate transportation to and from work.

2 Employee Wellness Program	0.48	32,758	0	32,758
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This action funds a program to promote Wellness throughout the City. Funding will be used to hire a consultant to develop an online program to increase awareness of healthy options both at work and at home. A three year contract is anticipated to be signed with the consultant to manage the City's wellness website, offer telephone and online health coaching for employees, and online health management resources through the website. Funding will also be used to hire an hourly position, on a one-time basis in Fiscal Year 2016, to work with the consultant and ensure information about the program is properly communicated to employees. In Fiscal Year 2016, the funds for the Wellness Program will be taken from the General Benefits Fund Fund Balance; however, ongoing costs will be allocated out to the Departments similar to other benefit costs already budgeted in this fund. (Ongoing Costs: \$12,500)

Performance Results

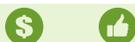


A Citywide Wellness Program will encourage employees to make healthier choices both at work and at home, increasing quality of life and overall satisfaction. In addition, a healthier workforce reduces the potential for injuries and illness, which reduces workers' compensation claims, the amount of time employees are on sick leave, and overall medical insurance claim costs.

3 Ergonomic Evaluations	0.00	30,000	0	30,000
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This action will bring the annual budget for ergonomic evaluations from \$25,000 to \$55,000 and allow for 157 evaluations annually versus the current level of 70. This level of funding will allow for all new City employees to receive an evaluation along with approximately 40 current employees also being able to receive an evaluation. In Fiscal Year 2016, the funds for ergonomic evaluations will be taken from the General Benefits Fund Fund Balance; however, ongoing costs will be allocated out to the Departments similar to other benefit costs already budgeted in this fund. (Ongoing Costs: \$30,000)

Performance Results



With the addition of this funding, it is expected that Workers' Compensation claims related to improperly setup office furniture and equipment will be reduced and employees will be more satisfied with their workspace.

Budget Adjustments

Budget Adjustments	Positions	Expenditures	Revenues	Net General Benefits Fund
4 Employee Health and Safety Services	0.00	29,150	0	29,150

This action provides funding for contractual services related to employee health and safety that are required by the Federal Government and the California Occupational Safety and Health Administration (Cal OSHA). The first contract, for \$9,150 annually, complies with Federal Law and provides a service that performs drug and alcohol tests on employees who have a commercial driver's license or who work on gas pipelines. The contracted service manages the testing and randomly tests employees who work in these areas throughout the year. The second contract, for \$20,000 annually, complies with Cal OSHA's effective Injury and Illness Prevention Program, that requires offices and other workplaces to conduct a safety audit or workplace inspection so that unsafe work habits can be identified and corrected. The Human Resources Department works with the Public Safety, Utility, Community Services, Library, Public Works, and other internal departments to jointly determine safety audits and workplace inspections. Issues raised by the City's labor groups may also dictate inspections if a safety concern is voiced, and an audit may also be initiated after an incident or accident occurs. In Fiscal Year 2016, the funds for these services will be taken from the General Benefits Fund Fund Balance; however, ongoing costs will be allocated out to the Departments similar to other benefit costs already budgeted in this fund. (Ongoing Costs: \$29,150)

Performance Results



Funding for these programs will provide a higher quality workplace and reduce potential liability costs related to unsafe working environments.

5 Affordable Care Act Reporting	0.00	15,000	0	15,000
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The Internal Revenue Code, beginning in 2015, requires all applicable large employers (ALEs) to file an informational return with regards to the Affordable Care Act (ACA) to report certain information about the health care offered to full-time employees and their dependents under an eligible employer-sponsored plan. Funding will be used to contract with an external vendor to generate, format, and submit monthly reports required by the IRS for each City employee as of January 2015. In Fiscal Year 2016, the funds for the ACA reporting will be taken from the General Benefits Fund Fund Balance; however, ongoing costs will be allocated out to the Departments similar to other benefit costs already budgeted in this fund. (Ongoing: \$15,000)

Performance Results



This funding will create monthly reports related to the IRS's new 2015 mandated ACA reporting and bring the City in compliance with these new requirements.



CITY OF
**PALO
ALTO**

RETIREE HEALTH BENEFIT FUND

Retiree Health Benefit Fund Overview

In addition to providing pension benefits, the City participates in the California Public Employees' Medical and Health Care Act program to provide certain health care benefits for retired employees. This fund reflects costs for this program as well as payments for the "unfunded liability" for future medical benefits that will be provided to current and future retirees. Based on the June 30, 2013 actuarial study results, the City's Fiscal Year 2016 annual actuarial required contribution (ARC) is \$14.8 million, and increase of \$0.5 million, or 3.5%, from the Fiscal Year 2015 Adopted Budget amount of \$14.3 million.

The actuarial study was performed in accordance with applicable actuarial standards and 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 valuation as of June 30, 2013, approximately 31 percent of the UAAL is attributable to current active employees and 69% is attributable to retirees. 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 69 percent, 26 percent, and 5 percent of the ARC cost.

As stated above, the ARC for the Fiscal Year 2015 is \$14.8 million, however, the charges to the City's funds is budgeted at \$14.5 million. The difference of \$0.3 million represents employee contributions (except for employees represented by the Service Employees International Union (SEIU and Management Professional employees) of 10 percent towards their health care premiums. In accordance with applicable Memoranda of Understandings (MOUs) between the City and its bargaining groups, the 10 percent contribution will be applied towards retiree healthcare trust payments. For Fiscal Year 2014, this credit was \$1.5 million. It has been reduced substantially since the MOU with SEIU and the recently approved Management and Professional Employees Compensation Plan capped the City's health plan contribution with the goal for employees choosing a lower cost plan saving health care costs for themselves and the City.

RETIREE HEALTH BENEFIT FUND

Budget Summary

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change \$	FY 2016 Change %
Revenues						
Return on Investments	77,682	50,438	8,300	25,200	16,900	203.6%
From Other Agencies	230,089	95,569	—	—	—	—
Other Revenue	12,755,719	11,540,051	13,475,865	14,445,188	969,323	7.2%
Total Revenues	13,063,490	11,686,058	13,484,165	14,470,388	986,223	7.3%
Dollars by Category						
Salary & Benefits						
Other Benefits	57,164	67,410	60,000	60,000	0	0.0%
Retiree Medical	11,458,010	11,577,123	13,475,865	14,445,188	969,323	7.2%
Total Salary & Benefits	11,515,174	11,644,533	13,535,865	14,505,188	969,323	7.2%
Total Dollars by Expense Category	11,515,174	11,644,533	13,535,865	14,505,188	969,323	7.2%

Budget Reconciliation

	Positions	Expenditures	Revenues	Net Retiree Health Benefit Fund
Prior Year Budget	—	13,535,865	13,484,165	51,700
Base Adjustments				
Adjustments to Costs of Ongoing Activities				
Citywide Retiree Health Benefits Adjustment	—	969,323	969,323	—
Return on Investment Adjustments	—	—	16,900	(16,900)
Adjustments to Costs of Ongoing Activities	—	969,323	986,223	(16,900)
Total FY 2016 Adopted Budget	—	14,505,188	14,470,388	34,800

Table of Organization

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
General Fund						
Administrative Services						
Account Specialist	7.00	5.95	5.95	4.95	-1.00	(16.81)%
Account Specialist-Lead	5.00	4.59	4.59	4.59	0.00	0.00%
Accountant	2.00	2.00	2.00	3.00	1.00	50.00%
Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Administrative Associate III	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant Director Administrative Services	1.80	1.65	1.65	1.75	0.10	6.06%
Buyer	1.95	2.00	2.00	2.00	0.00	0.00%
Chief Procurement Officer	1.00	1.00	1.00	1.00	0.00	0.00%
Contracts Administrator	1.40	1.70	1.70	1.70	0.00	0.00%
Director Administrative Services/CFO	0.55	0.70	0.70	0.70	0.00	0.00%
Director Office of Mgmt. and Budget	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Accounting	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Budget	0.00	0.00	0.00	1.00	1.00	0.00%
Manager Real Property	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Revenue Collections	0.00	0.00	0.00	0.70	0.70	0.00%
Manager Treasury, Debt & Investments	0.00	0.00	0.00	1.00	1.00	0.00%
Payroll Analyst	2.00	2.00	2.00	2.00	0.00	0.00%
Principal Management Analyst	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Senior Accountant	3.00	3.00	3.00	3.00	0.00	0.00%
Senior Management Analyst	6.10	5.90	5.90	4.20	-1.70	(28.81)%
Storekeeper-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Warehouse Supervisor	0.50	0.50	0.50	0.50	0.00	0.00%
Total Administrative Services	39.30	37.99	37.99	38.09	0.10	0.26%
City Attorney						
Assistant City Attorney	1.00	1.00	1.00	1.00	0.00	0.00%
City Attorney	1.00	1.00	1.00	1.00	0.00	0.00%
Claims Investigator	1.00	1.00	1.00	1.00	0.00	0.00%
Legal Fellow	0.00	0.00	1.00	1.00	0.00	0.00%
Legal Services Administrator	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Principal Attorney	0.00	0.00	0.00	1.00	1.00	0.00%
Secretary to City Attorney	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Assistant City Attorney	2.00	2.00	2.00	2.00	0.00	0.00%
Senior Deputy City Attorney	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Legal Secretary	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Management Analyst	0.00	0.00	0.00	1.00	1.00	0.00%
Total City Attorney	9.00	9.00	10.00	11.00	1.00	10.00%

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	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
City Auditor						
Administrative Assistant	1.00	1.00	1.00	0.00	-1.00	(100.00)%
City Auditor	1.00	1.00	1.00	1.00	0.00	0.00%
Performance Auditor	0.50	0.50	0.50	0.00	-0.50	(100.00)%
Performance Auditor I	0.00	0.00	0.00	1.00	1.00	0.00%
Performance Auditor II	0.00	0.00	0.00	1.00	1.00	0.00%
Senior Performance Auditor	2.00	2.00	2.00	2.00	0.00	0.00%
Total City Auditor	4.50	4.50	4.50	5.00	0.50	11.11%
City Clerk						
Administrative Associate III	3.00	2.00	2.00	2.00	0.00	0.00%
Assistant City Clerk	1.00	1.00	1.00	1.00	0.00	0.00%
City Clerk	1.00	1.00	1.00	1.00	0.00	0.00%
Deputy City Clerk	1.00	1.00	1.00	1.00	0.00	0.00%
Hearing Officer	0.75	0.75	0.75	0.75	0.00	0.00%
Total City Clerk	6.75	5.75	5.75	5.75	0.00	0.00%
City Manager						
Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Administrative Associate III	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant City Manager	1.00	1.00	2.00	2.00	0.00	0.00%
Assistant to the City Manager	1.05	1.00	0.00	0.00	0.00	0.00%
Chief Communications Officer	1.00	1.00	1.00	1.00	0.00	0.00%
Chief Sustainability Officer	0.00	0.05	0.05	0.00	-0.05	(100.00)%
City Manager	1.00	1.00	1.00	1.00	0.00	0.00%
Deputy City Manager	0.50	0.00	0.00	0.00	0.00	0.00%
Executive Asst. to the City Manager	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Communications	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Economic Development	1.00	1.00	1.00	1.00	0.00	0.00%
Total City Manager	9.55	9.05	9.05	9.00	-0.05	(0.55)%
Community Services						
Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Administrative Associate III	0.75	0.75	0.75	1.00	0.25	33.00%
Assistant Director Community Svcs.	1.00	2.00	2.00	2.00	0.00	0.00%
Building Serviceperson	2.00	2.00	2.00	2.00	0.00	0.00%
Building Serviceperson-Lead	2.00	2.00	2.00	2.00	0.00	0.00%
Coordinator Recreation Programs	4.00	4.00	4.00	4.00	0.00	0.00%
Director Community Services	1.00	1.00	1.00	1.00	0.00	0.00%

Table of Organization

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
Division Manager Open Space, Parks and Golf	1.00	1.00	1.00	1.00	0.00	0.00%
Division Manager, Recreations & Golf	1.00	0.00	0.00	0.00	0.00	0.00%
Heavy Equipment Operator	0.00	0.07	0.07	0.07	0.00	0.00%
Inspector, Field Services	2.00	2.00	2.00	2.00	0.00	0.00%
Junior Museum & Zoo Educator	2.25	2.25	2.75	2.75	0.00	0.00%
Management Analyst	0.00	0.00	1.00	1.00	0.00	0.00%
Management Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Community Services	7.00	6.00	5.00	5.00	0.00	0.00%
Manager Community Services Senior Program	3.00	4.00	5.00	4.00	-1.00	(20.00)%
Manager Human Services	0.00	0.00	0.00	1.00	1.00	0.00%
Park Maintenance Person	6.00	6.00	6.00	6.00	0.00	0.00%
Park Maintenance-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Park Ranger	5.00	5.00	5.00	5.00	0.00	0.00%
Parks/Golf Crew-Lead	2.00	2.00	2.00	2.00	0.00	0.00%
Producer Arts/Science Programs	11.75	11.75	11.75	12.50	0.75	6.38%
Program Assistant I	7.50	6.75	6.75	7.00	0.25	3.67%
Program Assistant II	3.00	4.00	4.00	4.00	0.00	0.00%
Senior Management Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Sprinkler System Representative	4.00	4.00	4.00	4.00	0.00	0.00%
Superintendent Community Services	2.00	2.00	2.00	2.00	0.00	0.00%
Superintendent Recreation	0.00	0.00	0.00	1.00	1.00	0.00%
Theater Specialist	1.00	1.00	1.00	1.00	0.00	0.00%
Volunteer Coordinator	0.50	0.75	0.75	0.00	-0.75	(100.00)%
Total Community Services	73.75	74.32	75.82	77.32	1.50	1.97%

Development Services						
Administrative Assistant	0.00	0.00	1.00	1.00	0.00	0.00%
Administrative Associate II	0.00	0.00	3.02	3.02	0.00	0.00%
Administrative Associate III	0.00	0.00	1.01	1.01	0.00	0.00%
Assistant Chief Building Official	0.00	0.00	0.00	1.00	1.00	0.00%
Assistant Director Public Works	0.00	0.00	0.02	0.02	0.00	0.00%
Associate Engineer	0.00	0.00	0.16	0.16	0.00	0.00%
Associate Planner	0.00	0.00	0.90	0.90	0.00	0.00%
Building Inspector Specialist	0.00	0.00	3.00	4.00	1.00	33.33%
Building/Planning Technician	0.00	0.00	1.80	1.80	0.00	0.00%
Chief Building Official	0.00	0.00	1.00	1.00	0.00	0.00%
Chief Planning Official	0.00	0.00	0.20	0.20	0.00	0.00%
Code Enforcement Officer	0.00	0.00	0.50	0.40	-0.10	(20.00)%
Code Enforcement-Lead	0.00	0.00	0.00	0.20	0.20	0.00%

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	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
Deputy Chief/Fire Marshal	0.00	0.00	0.84	0.85	0.01	1.19%
Development Project Coordinator II	0.00	0.00	2.00	2.00	0.00	0.00%
Development Project Coordinator III	0.00	0.00	3.00	3.00	0.00	0.00%
Development Services Director	0.00	0.00	1.00	1.00	0.00	0.00%
Engineer	0.00	0.00	0.62	0.62	0.00	0.00%
Engineering Technician III	0.00	0.00	2.10	2.10	0.00	0.00%
Fire Fighter	0.00	0.00	1.00	1.00	0.00	0.00%
Fire Inspector	0.00	0.00	4.00	4.00	0.00	0.00%
Hazardous Materials Inspector	0.00	0.00	1.90	1.90	0.00	0.00%
Industrial Waste Inspector	0.00	0.00	0.01	0.01	0.00	0.00%
Industrial Waste Investigator	0.00	0.00	0.21	0.21	0.00	0.00%
Inspector, Field Services	0.00	0.00	0.70	0.70	0.00	0.00%
Management Analyst	0.00	0.00	0.01	0.01	0.00	0.00%
Manager Development Center	0.00	0.00	1.00	1.00	0.00	0.00%
Manager Environmental Control Program	0.00	0.00	0.10	0.10	0.00	0.00%
Manager Planning	0.00	0.00	1.80	2.00	0.20	11.11%
Manager Urban Forestry	0.00	0.00	0.04	0.04	0.00	0.00%
Manager Watershed Protection	0.00	0.00	0.05	0.05	0.00	0.00%
Planner	0.00	0.00	0.80	0.25	-0.55	(68.75)%
Planning Arborist	0.00	0.00	0.25	0.25	0.00	0.00%
Plans Check Engineer	0.00	0.00	1.00	0.00	-1.00	(100.00)%
Project Engineer	0.00	0.00	0.15	0.13	-0.02	(13.33)%
Project Manager	0.00	0.00	0.07	0.07	0.00	0.00%
Senior Engineer	0.00	0.00	0.68	0.68	0.00	0.00%
Senior Industrial Waste Investigator	0.00	0.00	0.01	0.01	0.00	0.00%
Senior Management Analyst	0.00	0.00	1.00	1.00	0.00	0.00%
Senior Planner	0.00	0.00	0.40	0.36	-0.04	(10.00)%
Senior Technologist	0.00	0.00	0.50	0.00	-0.50	(100.00)%
Supervisor Inspection and Surveying	0.00	0.00	0.27	0.27	0.00	0.00%
Surveyor, Public Works	0.00	0.00	0.47	0.00	-0.47	(100.00)%
Total Development Services	0.00	0.00	38.59	38.32	-0.27	(0.70)%

Fire

40-Hour Training Battalion Chief	0.00	0.00	1.00	1.00	0.00	0.00%
40-Hour Training Captain	1.00	1.00	0.00	1.00	1.00	0.00%
Administrative Assistant	0.50	1.50	1.50	1.00	-0.50	(0.33)%
Administrative Associate II	4.00	3.00	2.00	2.00	0.00	0.00%
Battalion Chief	3.00	3.00	3.00	3.00	0.00	0.00%
Business Analyst	0.40	0.80	0.80	0.80	0.00	0.00%

Table of Organization

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
Deputy Chief/Fire Marshal	0.84	0.84	0.00	0.00	0.00	0.00%
Deputy Director Tech Services Division	0.20	0.20	0.20	0.20	0.00	0.00%
Deputy Fire Chief	2.00	2.00	2.00	2.00	0.00	0.00%
Emergency Medical Service Director	1.00	1.00	1.00	1.00	0.00	0.00%
Emergency Medical Service Data Specialist	1.00	1.00	1.00	1.00	0.00	0.00%
Fire Apparatus Operator	30.00	30.00	30.00	30.00	0.00	0.00%
Fire Captain	22.00	22.00	22.00	21.00	-1.00	(4.55)%
Fire Chief	1.00	1.00	1.00	1.00	0.00	0.00%
Fire Fighter	41.00	41.00	40.00	40.00	0.00	0.00%
Fire Inspector	4.00	4.00	0.00	0.00	0.00	0.00%
Geographic Information System Specialist	1.00	0.50	0.50	0.50	0.00	0.00%
Hazardous Materials Inspector	1.90	1.90	0.00	0.00	0.00	0.00%
Police Chief	0.50	0.50	0.50	0.00	-0.50	(100.00)%
Public Safety Dispatcher-Lead	0.40	0.00	0.00	0.00	0.00	0.00%
Senior Management Analyst	0.50	0.50	1.00	1.00	0.00	0.00%
Total Fire	116.24	115.74	107.50	106.50	-1.00	(0.93)%

Human Resources

Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant Director Human Resources	1.00	1.00	1.00	1.00	0.00	0.00%
Director Human Resources/CPO	1.00	1.00	1.00	1.00	0.00	0.00%
Human Resources Assistant	4.00	4.00	4.00	0.00	-4.00	(100.00)%
Human Resources Representative	3.00	2.00	2.00	2.00	0.00	0.00%
Human Resources Technician	0.00	0.00	0.00	4.00	4.00	0.00%
Manager Employee Benefits	0.00	1.00	1.00	1.00	0.00	0.00%
Manager Employee Relations	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Human Resources Administrator	4.00	4.00	4.00	4.00	0.00	0.00%
Senior Management Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Total Human Resources	16.00	16.00	16.00	16.00	0.00	0.00%

Library

Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant Director Library Services	1.00	1.00	1.00	1.00	0.00	0.00%
Business Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Coordinator Library Programs	1.00	1.00	1.00	1.00	0.00	0.00%
Director Libraries	1.00	1.00	1.00	1.00	0.00	0.00%
Division Head Library Services	1.00	1.00	1.00	1.00	0.00	0.00%
Librarian	5.00	5.00	6.70	7.00	0.30	4.49%

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	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
Library Assistant	5.50	5.50	4.50	0.00	-4.50	(100.00)%
Library Associate	5.00	5.00	7.00	7.00	0.00	0.00%
Library Specialist	7.00	7.00	7.00	12.50	5.50	78.57%
Management Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Library Services	4.00	4.00	4.00	4.00	0.00	0.00%
Senior Librarian	8.25	8.25	8.50	8.50	0.00	0.00%
Supervising Librarian	0.00	0.00	0.00	2.00	2.00	0.00%
Total Library	41.75	41.75	44.70	48.00	3.30	7.38%

Office of Emergency Services

Director Office of Emergency Services	1.00	1.00	1.00	1.00	0.00	0.00%
Office of Emergency Services Coordinator	1.00	1.00	1.00	1.00	0.00	0.00%
Program Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Total Office of Emergency Services	3.00	3.00	3.00	3.00	0.00	0.00%

Office of Sustainability

Assistant to the City Manager	0.50	0.00	0.00	0.00	0.00	0.00%
Chief Sustainability Officer	0.00	0.50	0.50	1.00	0.50	100.00%
Total Office of Sustainability	0.50	0.50	0.50	1.00	0.50	100.00%

Planning and Community Environment

Administrative Assistant	1.00	2.00	1.00	1.00	0.00	0.00%
Administrative Associate I	1.00	1.00	1.00	1.00	0.00	0.00%
Administrative Associate II	3.80	3.80	1.00	1.00	0.00	0.00%
Administrative Associate III	1.00	2.00	2.00	2.00	0.00	0.00%
Assistant Building Official	1.00	0.00	0.00	0.00	0.00	0.00%
Assistant Director PCE	1.00	1.00	1.00	1.00	0.00	0.00%
Associate Engineer	1.00	1.00	1.00	1.00	0.00	0.00%
Associate Planner	0.00	1.00	0.10	0.10	0.00	0.00%
Building Inspector	4.00	0.00	0.00	0.00	0.00	0.00%
Building Inspector Specialist	1.00	3.00	0.00	0.00	0.00	0.00%
Building/Planning Technician	2.00	2.00	0.20	0.20	0.00	0.00%
Business Analyst	0.00	0.00	1.00	1.00	0.00	0.00%
Chief Building Official	1.00	1.00	0.00	0.00	0.00	0.00%
Chief Planning Official	1.00	1.00	0.80	0.80	0.00	0.00%
Chief Transportation Official	1.00	0.90	0.50	0.50	0.00	0.00%
Code Enforcement Officer	2.00	2.00	1.50	1.60	0.10	6.67%
Code Enforcement-Lead	0.00	0.00	0.00	0.80	0.80	0.00%
Coordinator Transportation Systems Management	0.50	0.50	0.90	0.85	-0.05	(5.56)%

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	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
Deputy City Manager	0.50	0.00	0.00	0.00	0.00	0.00%
Development Project Coordinator II	0.00	2.00	0.00	0.00	0.00	0.00%
Development Project Coordinator III	3.00	3.00	0.00	0.00	0.00	0.00%
Development Services Director	1.00	1.00	0.00	0.00	0.00	0.00%
Director Planning/Community Environment	1.00	1.00	1.00	1.00	0.00	0.00%
Engineer	1.00	1.00	0.00	0.00	0.00	0.00%
Engineering Technician II	1.00	0.00	0.00	0.00	0.00	0.00%
Management Analyst	0.50	0.40	0.40	0.40	0.00	0.00%
Manager Development Center	1.00	1.00	0.00	0.00	0.00	0.00%
Manager Planning	2.00	3.00	1.20	2.00	0.80	66.67%
Parking Operations-Lead	0.00	0.00	0.00	0.30	0.30	0.00%
Planner	3.75	3.75	3.15	3.00	-0.15	(4.76)%
Plans Check Engineer	2.00	1.00	0.00	0.00	0.00	0.00%
Plans Examiner	1.00	0.00	0.00	0.00	0.00	0.00%
Project Engineer	1.00	1.00	1.65	1.65	0.00	0.00%
Senior Management Analyst	1.00	2.00	1.00	1.00	0.00	0.00%
Senior Planner	7.00	7.00	7.60	7.64	0.04	0.53%
Senior Project Engineer	0.00	1.00	0.20	0.00	-0.20	(100.00)%
Traffic Operations-Lead	0.00	0.00	0.00	1.00	1.00	0.00%
Transportation Planning Manager	0.00	0.00	0.00	0.20	0.20	0.00%
Total Planning and Community Environment	49.05	50.35	28.20	31.04	2.84	10.07%

Police						
Administrative Assistant	0.50	0.50	0.50	1.00	0.50	100.00%
Administrative Associate II	3.00	3.00	3.00	3.00	0.00	0.00%
Animal Control Officer	3.50	4.00	3.00	3.00	0.00	0.00%
Animal Control Officer-Lead	0.00	0.00	1.00	1.00	0.00	0.00%
Animal Services Specialist II	2.00	2.00	2.00	2.00	0.00	0.00%
Assistant Police Chief	1.00	1.00	1.00	1.00	0.00	0.00%
Business Analyst	0.60	1.20	1.20	1.20	0.00	0.00%
Code Enforcement Officer	1.00	1.00	1.00	1.00	0.00	0.00%
Communications Technician	1.00	1.00	1.00	1.00	0.00	0.00%
Community Service Officer	8.50	8.50	8.50	8.50	0.00	0.00%
Court Liaison Officer	1.00	1.00	1.00	1.00	0.00	0.00%
Crime Analyst	1.00	1.00	1.00	1.00	0.00	0.00%
Deputy Director Tech Services Division	0.80	0.80	0.80	0.80	0.00	0.00%
Geographic Information System Specialist	0.00	0.50	0.50	0.50	0.00	0.00%
Police Agent	19.00	19.00	19.00	19.00	0.00	0.00%

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	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
Police Captain	2.00	2.00	2.00	2.00	0.00	0.00%
Police Chief	0.50	0.50	0.50	1.00	0.50	100.00%
Police Lieutenant	5.00	5.00	5.00	5.00	0.00	0.00%
Police Officer	49.00	50.00	50.00	50.00	0.00	0.00%
Police Records Specialist II	6.00	6.00	6.00	6.00	0.00	0.00%
Police Records Specialist-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Police Sergeant	14.00	14.00	14.00	14.00	0.00	0.00%
Program Assistant II	1.00	1.00	1.00	1.00	0.00	0.00%
Property Evidence Technician	2.00	2.00	2.00	2.00	0.00	0.00%
Public Safety Communications Manager	0.00	0.00	0.00	1.00	1.00	0.00%
Public Safety Dispatcher I	2.00	2.00	2.00	2.00	0.00	0.00%
Public Safety Dispatcher II	14.00	14.00	14.00	14.00	0.00	0.00%
Public Safety Dispatcher-Lead	4.60	4.00	4.00	4.00	0.00	0.00%
Public Safety Manager I	3.00	2.00	2.00	0.00	-2.00	(100.00)%
Public Safety Manager II	0.00	1.00	1.00	0.00	-1.00	(100.00)%
Public Safety Program Manager	0.00	0.00	0.00	2.00	2.00	0.00%
Senior Management Analyst	1.50	1.50	1.00	1.00	0.00	0.00%
Superintendent Animal Services	1.00	1.00	1.00	1.00	0.00	0.00%
Veterinarian	1.00	1.00	1.00	1.00	0.00	0.00%
Veterinarian Technician	2.00	2.00	2.00	2.00	0.00	0.00%
Volunteer Coordinator	0.50	0.00	0.00	0.00	0.00	0.00%
Total Police	153.00	154.50	154.00	155.00	1.00	0.65%
Public Works						
Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Administrative Associate I	0.50	0.60	0.60	0.60	0.00	0.00%
Administrative Associate II	2.85	2.65	2.63	2.63	0.00	0.00%
Assistant Director Public Works	1.30	1.30	1.28	0.85	-0.43	(33.59)%
Associate Engineer	0.10	0.30	0.30	0.30	0.00	0.00%
Building Serviceperson	1.00	1.00	1.00	1.00	0.00	0.00%
Building Serviceperson-Lead	2.00	1.80	1.80	1.80	0.00	0.00%
Cement Finisher	0.00	0.00	0.00	3.00	3.00	0.00%
Cement Finisher-Lead	0.00	0.00	0.00	0.26	0.26	0.00%
Coordinator Public Works Projects	0.00	0.00	0.00	1.00	1.00	0.00%
Director Public Works/City Engineer	1.00	1.00	1.00	1.00	0.00	0.00%
Electrician	1.00	0.80	0.80	0.80	0.00	0.00%
Engineer	0.30	0.30	0.30	0.40	0.10	33.33%
Engineering Technician III	3.30	3.20	1.20	1.20	0.00	0.00%
Equipment Operator	3.46	3.46	3.46	3.46	0.00	0.00%

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	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
Facilities Carpenter	1.00	1.00	1.00	1.00	0.00	0.00%
Facilities Maintenance-Lead	2.00	1.85	1.85	1.85	0.00	0.00%
Facilities Mechanic	6.00	5.55	5.55	5.55	0.00	0.00%
Facilities Painter	2.00	1.75	1.75	1.75	0.00	0.00%
Heavy Equipment Operator	1.90	2.13	2.13	2.33	0.20	9.39%
Heavy Equipment Operator-Lead	0.85	0.85	0.85	0.85	0.00	0.00%
Inspector, Field Services	1.00	1.33	0.83	0.10	-0.73	(87.95)%
Landscape Architect Park Planner	0.00	0.00	0.00	0.10	0.10	0.00%
Management Analyst	0.60	0.60	0.60	0.70	0.10	16.67%
Manager Facilities	0.00	0.00	0.00	0.90	0.90	0.00%
Manager Maintenance Operations	2.10	1.95	1.95	1.20	-0.75	(38.46)%
Manager Urban Forestry	1.00	1.00	0.96	0.96	0.00	0.00%
Planning Arborist	1.00	1.00	0.75	0.75	0.00	0.00%
Project Engineer	0.20	0.30	0.30	0.40	0.10	33.33%
Project Manager	1.25	1.70	1.63	1.63	0.00	0.00%
Senior Engineer	1.10	2.10	1.47	0.57	-0.90	(61.22)%
Senior Management Analyst	1.11	1.11	1.11	1.11	0.00	0.00%
Senior Project Manager	0.10	0.10	0.10	0.10	0.00	0.00%
Supervisor Inspection and Surveying	0.80	0.80	0.53	0.10	-0.43	(81.13)%
Surveying Assistant	0.78	0.00	0.00	0.00	0.00	0.00%
Surveyor, Public Works	0.78	0.78	0.31	0.10	-0.21	(67.74)%
Traffic Controller Maintainer-Lead	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Traffic Controller Maintainer I	1.94	1.94	1.94	1.94	0.00	0.00%
Traffic Controller Maintainer II	2.00	2.00	2.00	2.00	0.00	0.00%
Tree Maintenance Person	1.00	1.00	1.00	1.00	0.00	0.00%
Tree Trim/Line Clear	7.00	7.00	7.00	7.00	0.00	0.00%
Tree Trim/Line Clear-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Total Public Works	57.32	57.25	52.98	54.29	1.31	2.47%
Total General Fund	579.71	579.70	588.58	599.31	10.73	1.82%
Enterprise Funds						
Public Works						
Account Specialist	0.45	0.45	0.45	0.45	0.00	0.00%
Accountant	0.40	0.40	0.40	0.40	0.00	0.00%
Administrative Associate I	0.00	0.10	0.10	0.10	0.00	0.00%
Administrative Associate II	2.15	2.15	2.15	2.15	0.00	0.00%
Administrative Associate III	0.00	0.10	0.10	0.10	0.00	0.00%
Assistant Director Public Works	1.30	1.30	1.30	1.30	0.00	0.00%
Assistant Manager WQCP	2.00	2.00	2.00	2.00	0.00	0.00%

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	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
Assistant to the City Manager	0.10	0.00	0.00	0.00	0.00	0.00%
Associate Engineer	3.00	1.50	1.35	1.35	0.00	0.00%
Associate Planner	1.00	0.00	0.00	0.00	0.00	0.00%
Business Analyst	0.13	0.13	0.13	0.00	-0.13	(100.00)%
Buyer	1.00	1.00	1.00	1.00	0.00	0.00%
Chemist	3.00	3.00	3.00	3.00	0.00	0.00%
Chief Sustainability Officer	0.00	0.10	0.10	0.00	-0.10	(100.00)%
Coordinator Public Works Projects	1.00	1.00	1.00	1.00	0.00	0.00%
Deputy Chief/Fire Marshal	0.08	0.08	0.08	0.07	-0.01	(12.50)%
Electrician	3.00	3.00	3.00	3.00	0.00	0.00%
Electrician-Lead	2.00	2.00	2.00	2.00	0.00	0.00%
Engineer	1.00	1.00	1.00	1.00	0.00	0.00%
Engineering Technician III	1.30	0.30	0.20	0.20	0.00	0.00%
Environmental Specialist	2.00	2.00	2.00	2.00	0.00	0.00%
Equipment Operator	0.54	0.54	0.54	0.54	0.00	0.00%
Hazardous Materials Inspector	0.04	0.04	0.04	0.04	0.00	0.00%
Heavy Equipment Operator	1.90	1.61	1.61	0.90	-0.71	(44.10)%
Heavy Equipment Operator-Lead	2.15	1.86	1.86	1.15	-0.71	(38.17)%
Industrial Waste Inspector	2.00	3.00	2.99	2.99	0.00	0.00%
Industrial Waste Investigator	2.00	2.00	1.79	1.79	0.00	0.00%
Laboratory Technician WQC	2.50	2.50	3.00	3.00	0.00	0.00%
Landfill Technician	1.00	1.00	1.00	1.00	0.00	0.00%
Maintenance Mechanic	7.00	7.00	7.00	7.00	0.00	0.00%
Management Analyst	2.20	2.30	2.30	1.30	-1.00	(43.48)%
Manager Airport	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Environmental Control Program	3.00	3.00	3.90	4.90	1.00	25.64%
Manager Laboratory Services	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Maintenance Operations	1.00	0.96	0.96	1.96	1.00	104.17%
Manager Solid Waste	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Water Quality Control Plant	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Watershed Protection	1.00	1.00	0.95	0.95	0.00	0.00%
Program Assistant I	1.00	1.00	1.00	1.00	0.00	0.00%
Program Assistant II	2.00	2.00	2.00	2.00	0.00	0.00%
Project Engineer	2.00	1.85	1.81	1.83	0.02	1.10%
Project Manager	0.00	0.35	0.35	0.35	0.00	0.00%
Senior Accountant	0.30	0.30	0.30	0.30	0.00	0.00%
Senior Chemist	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Engineer	1.90	1.80	1.76	1.76	0.00	0.00%
Senior Industrial Waste Investigator	0.00	1.00	0.99	0.99	0.00	0.00%

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	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
Senior Management Analyst	0.21	0.21	0.21	0.21	0.00	0.00%
Senior Mechanic	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Operator WQC	6.00	6.00	6.00	6.00	0.00	0.00%
Senior Technologist	1.13	1.13	1.13	1.00	-0.13	(11.50)%
Storekeeper	1.00	1.00	1.00	1.00	0.00	0.00%
Street Maintenance Assistant	2.00	0.00	0.00	0.00	0.00	0.00%
Street Sweeper Operator	7.00	5.96	5.96	1.63	-4.33	(72.65)%
Supervisor WQCP Operations	3.00	3.00	3.00	3.00	0.00	0.00%
Surveying Assistant	0.11	0.00	0.00	0.00	0.00	0.00%
Surveyor, Public Works	0.11	0.11	0.11	0.35	0.24	218.18%
Technologist	0.00	1.00	1.00	1.00	0.00	0.00%
Traffic Controller Maintainer I	0.06	0.06	0.06	0.06	0.00	0.00%
WQC Plant Operator II	17.00	16.00	16.00	16.00	0.00	0.00%
Zero Waste Coordinator	2.00	2.00	2.00	2.00	0.00	0.00%
Total Public Works	104.06	99.19	99.98	95.12	-4.86	(4.86)%

Utilities						
Account Specialist	2.55	2.55	2.55	2.55	0.00	0.00%
Accountant	0.60	0.60	0.60	0.60	0.00	0.00%
Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Administrative Associate I	2.00	1.00	0.00	0.00	0.00	0.00%
Administrative Associate II	7.00	5.00	6.00	6.00	0.00	0.00%
Assistant Director Admin Services	0.00	0.25	0.25	0.25	0.00	0.00%
Assistant Director Utilities Customer Support Services	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant Director Utilities Engineering	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant Director Utilities Operations	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant Director Utilities/Resource Management	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant to the City Manager	0.35	0.00	0.00	0.00	0.00	0.00%
Associate Engineer	0.00	0.50	0.50	0.50	0.00	0.00%
Business Analyst	6.87	6.87	6.87	7.00	0.13	1.89%
Cathodic Protection Tech. Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Cathodic Technician	1.00	1.00	1.00	1.00	0.00	0.00%
Cement Finisher	1.00	1.00	1.00	1.00	0.00	0.00%
Chief Sustainability Officer	0.00	0.35	0.35	0.00	-0.35	(100.00)%
Contracts Administrator	1.00	0.70	0.70	0.70	0.00	0.00%
Coordinator Utilities Projects	4.00	6.00	7.00	7.00	0.00	0.00%
Coordinator Utilities Safety & Security	1.00	1.00	0.00	0.00	0.00	0.00%
Customer Service Representative	5.00	6.00	6.00	6.00	0.00	0.00%
Customer Service Specialist	2.00	2.00	2.00	2.00	0.00	0.00%

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	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
Customer Service Specialist-Lead	2.00	2.00	2.00	2.00	0.00	0.00%
Deputy Chief/Fire Marshal	0.08	0.08	0.08	0.08	0.00	0.00%
Director Administrative Services/CFO	0.25	0.20	0.20	0.20	0.00	0.00%
Director Utilities	1.00	1.00	1.00	1.00	0.00	0.00%
Electric Project Engineer	2.00	2.00	2.00	2.00	0.00	0.00%
Electric Underground Inspector - Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Electric Underground Inspector	2.00	2.00	2.00	2.00	0.00	0.00%
Electrician Assistant I	4.00	4.00	4.00	4.00	0.00	0.00%
Engineer	4.00	4.00	4.00	4.00	0.00	0.00%
Engineering Manager - Electric	1.00	1.00	1.00	1.00	0.00	0.00%
Engineering Manager - GWG	1.00	1.00	1.00	1.00	0.00	0.00%
Engineering Technician III	3.00	4.00	4.00	4.00	0.00	0.00%
Equipment Operator	1.00	1.00	1.00	1.00	0.00	0.00%
Gas System Technician	2.00	2.00	2.00	2.00	0.00	0.00%
Gas Systems Technician II	1.00	1.00	1.00	1.00	0.00	0.00%
Hazardous Materials Inspector	0.06	0.06	0.06	0.06	0.00	0.00%
Heavy Equipment Operator	8.00	8.70	8.70	8.70	0.00	0.00%
Inspector, Field Services	5.00	4.00	4.00	4.00	0.00	0.00%
Lineperson/Cable Specialist	11.00	11.00	11.00	11.00	0.00	0.00%
Lineperson/Cable Specialist- Lead	4.00	4.00	4.00	4.00	0.00	0.00%
Maintenance Mechanic-Welding	2.00	2.00	2.00	2.00	0.00	0.00%
Manager Communications	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Customer Service	0.00	0.00	0.00	1.00	1.00	0.00%
Manager Customer Service and Meter Reading	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Manager Electric Operations	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Utilities Compliance	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Utilities Credit & Collection	0.00	1.00	1.00	1.00	0.00	0.00%
Manager Utilities Marketing Services	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Utilities Operations GWG	1.00	1.00	1.00	1.00	0.00	0.00%
Manager Utilities Telecommunications	1.00	1.00	1.00	1.00	0.00	0.00%
Marketing Engineer	1.00	1.00	1.00	1.00	0.00	0.00%
Meter Reader	6.00	6.00	6.00	6.00	0.00	0.00%
Meter Reader-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Metering Technician	2.00	2.00	3.00	3.00	0.00	0.00%
Metering Technician-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Offset Equipment Operator	0.48	0.48	0.48	0.48	0.00	0.00%
Overhead Underground Troubleshooter	2.00	2.00	2.00	2.00	0.00	0.00%
Planner	0.30	0.30	0.30	0.00	-0.30	(100.00)%
Power Engineer	3.00	3.00	3.00	3.00	0.00	0.00%

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	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
Principal Business Analyst	0.00	0.00	0.00	1.00	1.00	0.00%
Principal Management Analyst	0.00	0.00	1.00	0.00	-1.00	(100.00)%
Program Assistant I	3.00	2.50	2.50	2.50	0.00	0.00%
Project Engineer	5.00	5.00	5.00	5.00	0.00	0.00%
Project Manager	0.75	0.75	0.75	0.75	0.00	0.00%
Resource Planner	5.00	5.00	5.00	5.00	0.00	0.00%
Restoration Lead	1.00	1.00	1.00	1.00	0.00	0.00%
SCADA Technologist	2.00	2.00	2.00	2.00	0.00	0.00%
Senior Accountant	0.70	0.70	0.70	0.70	0.00	0.00%
Senior Business Analyst	1.00	2.00	2.00	2.00	0.00	0.00%
Senior Deputy City Attorney	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Electrical Engineer	4.00	4.00	4.00	4.00	0.00	0.00%
Senior Engineer	0.00	5.00	4.00	5.00	1.00	25.00%
Senior Management Analyst	3.40	2.40	2.40	2.40	0.00	0.00%
Senior Mechanic	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Performance Auditor	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Project Engineer	4.00	0.00	1.00	0.00	-1.00	(100.00)%
Senior Resource Planner	7.00	6.00	6.00	6.00	0.00	0.00%
Senior Technologist	0.87	0.87	0.87	0.00	-0.87	(100.00)%
Senior Utilities Field Service Representative	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Water Systems Operator	2.00	2.00	2.00	2.00	0.00	0.00%
Storekeeper	2.00	2.00	2.00	2.00	0.00	0.00%
Street Light Traffic Signal & Fiber-Lead	2.00	2.00	2.00	2.00	0.00	0.00%
Street Light, Traffic Signal and Fiber Technician	4.00	4.00	4.00	5.00	1.00	25.00%
Street Light, Traffic Signal & Fiber Technician Apprentice	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Substation Electrician	6.00	6.00	6.00	6.00	0.00	0.00%
Substation Electrician-Lead	2.00	2.00	2.00	2.00	0.00	0.00%
Supervising Electric Project Engineer	1.00	1.00	1.00	1.00	0.00	0.00%
Supervising Project Engineer	1.00	0.00	0.00	0.00	0.00	0.00%
Supervisor Inspection Services	0.00	1.00	1.00	1.00	0.00	0.00%
Tree Maintenance Person	1.00	1.00	1.00	1.00	0.00	0.00%
Utilities Compliance Technician	2.00	2.00	2.00	2.00	0.00	0.00%
Utilities Compliance Technician-Lead	1.00	1.00	1.00	1.00	0.00	0.00%
Utilities Locator	3.00	3.00	3.00	3.00	0.00	0.00%
Utilities Account Representative	4.00	4.00	4.00	0.00	-4.00	(100.00)%
Utilities Credit/Collection Specialist	1.00	2.00	2.00	2.00	0.00	0.00%
Utilities Engineer Estimator	5.00	5.00	5.00	5.00	0.00	0.00%
Utilities Field Services Representative	5.00	5.00	5.00	5.00	0.00	0.00%

TABLE OF ORGANIZATION

Table of Organization

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
Utilities Install Repair Lead-Welding Certified	2.00	2.00	2.00	2.00	0.00	0.00%
Utilities Install Repair-Welding Certified	3.00	3.00	3.00	3.00	0.00	0.00%
Utilities Install/Representative	12.00	12.00	12.00	12.00	0.00	0.00%
Utilities Install/Representative Asst.	1.00	1.00	1.00	1.00	0.00	0.00%
Utilities Install/Representative-Lead	5.00	5.00	5.00	5.00	0.00	0.00%
Utilities Key Account Representative	3.00	3.00	3.00	3.00	0.00	0.00%
Utilities Marketing Program Admin.	0.00	0.00	0.00	3.00	3.00	0.00%
Utilities Safety Officer	0.00	0.00	1.00	1.00	0.00	0.00%
Utilities Supervisor	11.00	11.00	11.00	11.00	0.00	0.00%
Utilities System Operator	5.00	5.00	5.00	5.00	0.00	0.00%
Warehouse Supervisor	0.50	0.50	0.50	0.50	0.00	0.00%
Water Meter Cross Connection Tech.	3.00	2.00	2.00	2.00	0.00	0.00%
Water System Operator II	4.00	4.00	4.00	4.00	0.00	0.00%
Total Utilities	253.76	255.36	258.36	255.97	-2.39	(0.93)%
Total Enterprise Funds	357.82	354.55	358.34	351.09	-7.25	(2.02)%
Other						
Capital						
Administrative Associate I	1.00	0.80	0.80	0.80	0.00	0.00%
Administrative Associate III	1.00	0.90	0.89	0.89	0.00	0.00%
Assistant Director Public Works	0.15	0.15	0.15	0.58	0.43	286.67%
Associate Engineer	0.90	2.70	2.69	2.69	0.00	0.00%
Cement Finisher	3.00	3.00	3.00	0.00	-3.00	(100.00)%
Cement Finisher-Lead	1.00	1.00	1.00	0.74	-0.26	(26.00)%
Chief Transportation Official	0.00	0.00	0.50	0.50	0.00	0.00%
Contracts Administrator	0.60	0.60	0.60	0.60	0.00	0.00%
Coordinator Public Works Projects	0.00	0.00	0.00	1.00	1.00	0.00%
Coord. Transportation Systems Mgmt.	0.00	0.00	0.10	0.15	0.05	50.00%
Engineer	2.70	2.70	2.08	2.98	0.90	43.27%
Engineering Technician III	2.40	0.50	0.50	0.50	0.00	0.00%
Heavy Equipment Operator	0.20	0.20	0.20	0.00	-0.20	(100.00)%
Inspector, Field Services	0.00	0.67	0.47	1.20	0.73	155.32%
Landscape Architect Park Planner	1.00	1.00	1.00	0.90	-0.10	(10.00)%
Management Analyst	1.50	1.50	1.49	1.39	-0.10	(6.71)%
Manager Facilities	0.00	0.00	0.00	0.10	0.10	0.00%
Manager Maintenance Operations	0.90	0.90	0.90	1.65	0.75	83.33%
Program Assistant I	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Project Engineer	3.80	4.85	5.09	4.99	-0.10	(1.96)%

Table of Organization

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
Project Manager	1.00	1.20	1.20	1.00	0.00	0.00%
Senior Engineer	2.00	1.10	1.09	1.99	0.90	82.57%
Senior Management Analyst	0.60	0.60	0.60	0.60	0.00	0.00%
Senior Project Engineer	0.00	0.00	0.70	0.00	-0.70	(100.00)%
Senior Project Manager	0.90	0.90	0.90	0.90	0.00	0.00%
Supervisor Inspection and Surveying	0.20	0.20	0.20	0.63	0.43	215.00%
Surveying Assistant	0.11	0.00	0.00	0.00	0.00	0.00%
Surveyor, Public Works	0.11	0.11	0.11	0.55	0.44	400.00%
Transportation Planning Manager	0.00	0.00	0.00	0.70	0.70	0.00%
Total Capital	26.07	26.58	27.26	28.23	0.97	3.56%

Information Technology

Administrative Assistant	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant Director Admin. Services	0.20	0.10	0.10	0.00	-0.10	(100.00)%
Business Analyst	0.00	0.00	0.00	1.00	1.00	0.00%
Desktop Technician	5.00	5.00	5.00	5.00	0.00	0.00%
Director Administrative Services/CFO	0.20	0.10	0.10	0.10	0.00	0.00%
Director Information Technology/CIO	1.00	1.00	1.00	1.00	0.00	0.00%
Management Analyst	2.00	1.00	1.00	0.00	-1.00	(100.00)%
Manager Information Technology	4.00	4.00	4.00	4.00	0.00	0.00%
Manager Information Technology Security	1.00	1.00	1.00	1.00	0.00	0.00%
Principal Business Analyst	0.00	0.00	0.00	1.00	1.00	0.00%
Principal Management Analyst	1.00	1.00	1.00	0.00	-1.00	(100.00)%
Senior Business Analyst	1.00	2.00	0.00	2.00	2.00	0.00%
Senior Management Analyst	0.00	0.00	2.00	1.00	-1.00	(50.00)%
Senior Technologist	12.00	12.00	13.50	15.00	1.50	11.11%
Technologist	3.00	4.00	2.00	2.00	0.00	0.00%
Total Information Technology	31.40	32.20	31.70	34.10	2.40	7.57%

Printing and Mailing Fund

Buyer	0.05	0.00	0.00	0.00	0.00	0.00%
Manager Revenue Collections	0.00	0.00	0.00	0.10	0.10	0.00%
Offset Equipment Operator	1.52	1.52	1.52	1.52	0.00	0.00%
Senior Management Analyst	0.10	0.10	0.10	0.00	-0.10	(100.00)%
Total Printing and Mailing Fund	1.67	1.62	1.62	1.62	0.00	0.00%

Special Revenue Funds

Account Specialist	0.50	1.55	1.55	1.55	0.00	0.00%
Account Specialist-Lead	0.00	0.41	0.41	0.41	0.00	0.00%

TABLE OF ORGANIZATION

Table of Organization

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Adopted Budget	FY 2016 Adopted Budget	FY 2016 Change FTE	FY 2016 Change %
Administrative Associate II	0.20	0.40	0.20	0.20	0.00	0.00%
Building Serviceperson-Lead	0.00	0.20	0.20	0.20	0.00	0.00%
Chief Transportation Official	0.00	0.10	0.00	0.00	0.00	0.00%
Community Service Officer	0.50	0.50	0.50	0.50	0.00	0.00%
Electrician	0.00	0.20	0.20	0.20	0.00	0.00%
Facilities Maintenance-Lead	0.00	0.15	0.15	0.15	0.00	0.00%
Facilities Mechanic	0.00	0.45	0.45	0.45	0.00	0.00%
Facilities Painter	0.00	0.25	0.25	0.25	0.00	0.00%
Heavy Equipment Operator	0.00	0.29	0.29	0.00	-0.29	(100.00)%
Heavy Equipment Operator-Lead	0.00	0.29	0.29	0.00	-0.29	(100.00)%
Manager Community Svcs Sr. Program	0.00	0.00	1.00	1.00	0.00	0.00%
Manager Maintenance Operations	0.00	0.19	0.19	0.19	0.00	0.00%
Manager Revenue Collections	0.00	0.00	0.00	0.20	0.20	0.00%
Parking Operations-Lead	0.00	0.00	0.00	0.70	0.70	0.00%
Planner	0.95	0.95	0.75	0.75	0.00	0.00%
Senior Management Analyst	0.00	0.20	0.20	0.00	-0.20	(100.00)%
Senior Project Engineer	0.00	0.00	0.10	0.00	-0.10	(100.00)%
Street Maintenance Assistant	0.00	2.00	2.00	2.00	0.00	0.00%
Street Sweeper Operator	0.00	1.04	1.04	0.37	-0.67	(64.42)%
Transportation Planning Manager	0.00	0.00	0.00	0.10	0.10	0.00%
Total Special Revenue Funds	2.15	9.17	9.77	9.22	-0.55	(5.63)%
Vehicle Replacement Fund						
Administrative Associate III	1.00	1.00	1.00	1.00	0.00	0.00%
Assistant Director Public Works	0.25	0.25	0.25	0.25	0.00	0.00%
Assistant Fleet Manager	1.00	1.00	1.00	1.00	0.00	0.00%
Equipment Maintenance Svc. Person	2.00	2.00	2.00	2.00	0.00	0.00%
Fleet Services Coordinator	2.00	2.00	2.00	2.00	0.00	0.00%
Management Analyst	0.20	0.20	0.20	0.20	0.00	0.00%
Manager Fleet	1.00	1.00	1.00	1.00	0.00	0.00%
Mobile Service Technician	1.00	1.00	0.00	0.00	0.00	0.00%
Motor Equipment Mechanic II	7.00	7.00	6.00	6.00	0.00	0.00%
Motor Equipment Mechanic-Lead	0.00	0.00	2.00	2.00	0.00	0.00%
Project Manager	1.00	1.00	1.00	1.00	0.00	0.00%
Senior Management Analyst	0.08	0.08	0.08	0.08	0.00	0.00%
Total Vehicle Replacement Fund	16.53	16.53	16.53	16.53	0.00	0.00%
Total Other	77.82	86.10	86.88	89.70	2.82	3.25%
Total Citywide Positions	1,015.35	1,020.35	1,033.80	1,040.10	6.30	0.61%



CITY OF
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ALTO**



SUPPLEMENTAL INFORMATION



CITY OF
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ALTO**

FINANCIAL POLICIES

Reserve Policies

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 Officers 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 16.6 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; specifically, 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.

General Fund Budget Stabilization Reserve

The City's Budget Stabilization Reserve (BSR) serves as the primary General Fund reserve. By policy, the BSR is maintained in the range of 15 to 20 percent of General Fund operating expenditures, with a target of 18.5 percent. Any reduction to the reserve below 15 percent requires City Council approval. At the discretion of the City Manager, any BSR balance above 18.5 percent may be transferred to the Infrastructure Reserve (IR), which was established to provide funding for maintenance and rehabilitation of the City's capital assets. The BSR is used to fund unanticipated one-time costs as opposed to ongoing or recurring operating expenditures. The City's intent is to fund ongoing programs and services with ongoing dollars.

The City has held a long-standing practice of maintaining a BSR balance of no less than 15 percent of General Fund operating expenses. The table below depicts the BSR balances for seven years, last five years of actual ending BSR balances and two years of budgeted ending BSR balances. As discussed in this document, the Fiscal Year 2016 Adopted Budget assumes a BSR ending balance of \$34.6 million or 18.7 percent.

	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Actuals	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Budget	FY 2016 Adopted
Ending BSR Balance (in millions)	\$27.4	\$26.5	\$27.1	\$30.4	\$33.1	\$31.8	\$34.6
% of Total Expenses	18.10%	19.00%	18.50%	18.50%	19.33%	18.60%	18.70%

Over the years, the City's BSR has served as a repository for unspent operating funds at year-end and to fund one-time unexpected needs that arise outside of the regular budget prepara-

tion process. Prudent financial management practices dictate that the BSR not be used to fund or 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 periods of economic downturns.

HUMAN SERVICES RESOURCE ALLOCATION PROCESS (HSRAP) RESERVE

In Fiscal Year 2015, the City Council set aside an earmarked reserve for the Human Resource Allocation Process (HSRAP) in the amount of \$50,000 to be used during future budget cycles. As part of the annual reappropriations process, staff will bring forward for Council consideration a recommendation to carry-forward this reserve to Fiscal Year 2016.

Credit Rating Agencies

Credit rating agencies view 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, therefore, a jurisdiction's fiscal policies should include a plan for maintaining reserves. Rating agencies view sound reserves favorably, thus improving a municipality's rating and its ability to obtain low-cost financing 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. These ratings demonstrate that Palo Alto's prudent financial management and fiscal strength are viewed most favorably by credit agencies.

Capital Fund Reserve

Infrastructure Reserve (IR)

The Infrastructure Reserve (IR) provides a mechanism for financing the City's infrastructure maintenance and rehabilitation requirements and allows for the City to apply for reimbursable infrastructure grants and respond to urgent infrastructure needs. The primary purpose of the IR is to fund projects which are critical to the maintenance of existing infrastructure. As part of the Council approved Infrastructure Plan, the Infrastructure Reserve will fund \$12.5 million of the plans funding needs. Unspent monies from General Fund capital projects are returned to the IR and retained within the Capital Fund. Investment income from this reserve is also retained within the IR to fund future capital project needs.

Other Policies

Debt

The City of Palo Alto recognizes the need for spending a prudent amount every year for the ongoing maintenance and replacement of capital assets. 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 times when 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.

A significant backlog of Enterprise Fund capital improvement projects has developed and cannot be addressed through the ongoing capital budget without a significant impact on utility rates.

Funding a large project (or grouping of similar projects) would have a significantly negative impact on the availability of financing for other ongoing capital needs.

Capital leases may also be considered for the purchase of large pieces of equipment.

Investments

The basic principles underlying Palo Alto's investment philosophy are to ensure the safety of public funds, provide that sufficient money is always available to meet current expenditures and achieve a reasonable rate of return on its investments. Safety is the top priority, followed by liquidity and yield.

The City pools cash from all sources and funds - except restricted bond proceeds with fiscal agents - and invests its pooled idle cash in accordance with state law and the City's charter. The City follows the "Prudent Investor Standard" cited in State Government Code (Section 53600.3). Under this standard, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of the City are trustees and, therefore, fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with the same care, skill, prudence and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiarity with those matters would use in the same circumstances to safeguard the principal and maintain the liquidity needs of the agency. Prevailing circumstances include, but are not limited to, economic conditions and the anticipated needs of the agency.

The City's preferred and chief practice is to buy securities and to hold them to their date of maturity rather than trade or sell securities prior to maturity. The City may, however, elect to sell a security prior to its maturity date should there be a significant financial need. If securities are purchased and held to their maturity date, then any changes in the market value of those securities during their life will have no effect on the principal value. Under a buy and hold philosophy,

FINANCIAL POLICIES

the City is able to protect its invested principal. The economy, money markets and various financial institutions (such as the Federal Reserve System) are monitored carefully to make prudent investments and assess the condition of the City's portfolio.

A detailed explanation of investment objectives, applicability and general investment guidelines can be found on the City's website. The Investment policy also delineates authorized investments, authorized investment personnel and administrative procedures.

Budget Adoption Ordinance

BUDGET ADOPTION ORDINANCE

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ORDINANCE NO. 5329

ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO ADOPTING THE BUDGET FOR FISCAL YEAR 2016

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 2016; and

B. Pursuant to the provisions of Section 12 of Article III of the Charter, the Council did, on June 8 and 15, 2015, hold public hearings on the budget after publication of notice in accordance with Section 2.28.070 of the Palo Alto Municipal Code; and

C. In accordance with the provisions of Chapter 8 of Division 1, of Title 7, commencing with Section 66016 of the Government Code, as applicable, the Council did on June 8 and 15, 2015, 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 2016:

- (a) The budget document (Exhibit "1") containing the proposed operating and capital budgets submitted on April 27, 2015, by the City Manager for Fiscal Year 2016, entitled "City of Palo Alto - City Manager's Fiscal Year 2016 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 2016 Proposed Budget, attached hereto as Exhibit "2," and made a part hereof; and
- (c) Changes and revised pages in the Table of Organization, attached hereto as Exhibit "3," and made a part hereof; and
- (d) Fee changes 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 2015 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 2015 shall be carried forward and added to the fund or department appropriations for Fiscal Year 2016.

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 2015 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 2016.

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 & Community Environment Department and Development Services 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.

BUDGET ADOPTION ORDINANCE

SECTION 11. As provided in Section 2.04.330 of the Palo Alto Municipal Code, this ordinance shall become effective upon adoption.

SECTION 12. 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.

INTRODUCED AND PASSED: June 15, 2015

AYES: BERMAN, BURT, DUBOIS, FILSETH, HOLMAN, KNISS, SCHARFF, SCHMID,
WOLBACH

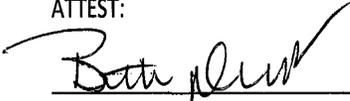
NOES:

ABSENT:

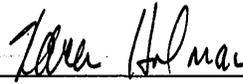
ABSTENTIONS:

NOT PARTICIPATING:

ATTEST:



City Clerk



Mayor

APPROVED AS TO FORM:



APPROVED:

^{for} City Manager

DocuSigned by:

C2CEDD84ABC3429

DocuSigned by:

B2ADE35ED7C5498

City Attorney

Director of Administrative Services

Fiscal Year 2016 Appropriations Limit Resolution and Calculation

APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

RESOLUTION NO.9532

RESOLUTION OF THE COUNCIL OF THE CITY OF PALO ALTO DETERMINING THE CALCULATION OF THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2016

WHEREAS, under Article XIII B 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 2016, which was adopted by ordinance of the Council on June 15, 2015; 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 3.82% percent change in California per capita income and a 1.13% 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 net appropriations subject to limitation are approximately \$100.60 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 2016, 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 \$41.31 million.

SECTION 2. The Council hereby adopts the final calculation of the Appropriations Limit of the City for Fiscal Year 2016, a copy of which is attached hereto as Exhibit A.

APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

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 29, 2015

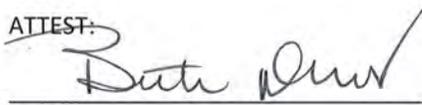
AYES: BERMAN, BURT, FILSETH, HOLMAN, KNISS, SCHARFF, SCHMID, WOLBACH

NOES:

ABSENT: DUBOIS

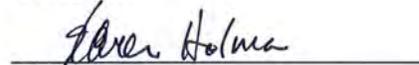
ABSTENTIONS:

ATTEST:



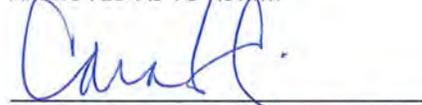
City Clerk

APPROVED:

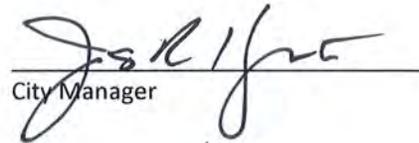


Mayor

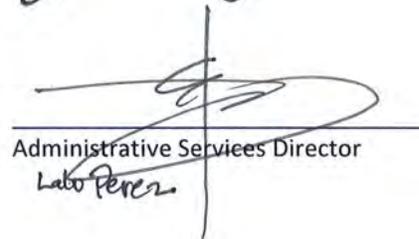
APPROVED AS TO FORM:



Senior Assistant City Attorney



City Manager



Administrative Services Director

Lalo Perez

APPROPRIATIONS LIMIT RESOLUTION AND CALCULATION

APPROPRIATIONS LIMITATION COMPLIANCE CALCULATION FOR FISCAL YEAR 2016 ADOPTED BUDGET

(\$ IN MILLIONS)

Total Budgeted Appropriations	General Fund	Capital Projects Funds	Special Revenue Funds	Debt Service Fund	Combined Funds
FY 2016 Adopted Budget	\$ 185.67	\$ 47.54	\$ 9.85	\$ 4.90	\$ 247.96
Less:					
Interfund Transfers	\$ (22.71)	\$ -	\$ (5.75)	\$ -	\$ (28.47)
Allocated Charges	\$ (16.43)	\$ -	\$ -	\$ -	\$ (16.43)
Non-Proceeds	\$ (49.74)	\$ (47.54)	\$ (5.18)	\$ -	\$ (102.46)
Net Appropriations Subject to Limit	\$ 96.79	\$ -	\$ (1.08)	\$ 4.90	\$ 100.60



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FY 2016 Per Capita Income Change (CA Department of Finance)	3.82%
Factor A	1.0382
FY 2016 Population Change (Santa Clara County)	1.13%
Factor B	1.0113
FY 2015 Adopted Appropriations Limit	\$ 135.17
Factor A x Factor B	1.0499
FY 2016 Adopted Appropriations Limit	\$ 141.92
Net Appropriations Subject to Limit	\$ 100.60
Amount Under the Limit	\$ 41.31

The City of Palo Alto remains well within its appropriations limit in FY 2016. 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, Capital Projects Fund, and Special Revenue Funds.

Fiscal Year	Per Capita Income Factor	Population Change Factor	Total Adjustment Factor	Appropriations Limit	Appropriations Subject to Limit	Amount Under the Limit
2015	0.9977	1.0150	1.0127	\$ 135.17	\$ 82.93	\$ 52.24
2014	1.0512	1.0157	1.0677	\$ 133.48	\$ 90.28	\$ 43.20
2013	1.0377	1.0124	1.0506	\$ 125.01	\$ 96.73	\$ 28.28
2012	1.0251	1.0089	1.0342	\$ 119.00	\$ 89.00	\$ 30.00
2011	0.9746	1.0144	0.9886	\$ 115.06	\$ 78.94	\$ 36.12
2010	1.0062	1.0220	1.0283	\$ 116.38	\$ 72.00	\$ 44.38
2009	1.0429	1.0172	1.0608	\$ 113.17	\$ 78.64	\$ 34.53
2008	1.0442	1.0152	1.0601	\$ 106.68	\$ 73.30	\$ 33.38
2007	1.0396	1.0118	1.0519	\$ 100.64	\$ 70.45	\$ 30.19
2006	1.0526	1.0182	1.0718	\$ 95.68	\$ 65.87	\$ 29.80

On November 6, 1979, California voters approved Proposition 4, an initiative that added Article XIII B to the state Constitution. The provisions of this article place limits on the amount of revenue that can be appropriated by all entities of government. The Appropriations Limit is based on actual appropriations during the 1978-1979 fiscal year, as increased each year using specified population and inflationary growth factors.

GLOSSARY

Key Budget Terms

Accrual Accounting: A method of accounting that recognizes expenses when incurred and revenues when earned rather than when payment is made or received

Adopted Budget: The budget that is approved and enacted by the City Council annually on or before June 30th.

Appropriation: The allocation of an expense budget for a particular project or program usually for a specific period of time.

Balanced Budget: A balanced budget exists when total revenues are equal to, or greater than, total expenses.

Bond: A debt investment in which an investor loans money to an entity (governmental or otherwise) that borrows the money for a defined period of time at a fixed interest rate to pay for a variety of projects.

Budget Stabilization Reserve (BSR): The BSR was established as a prudent measure to maintain the City's fiscal stability in the event that unanticipated events reduce revenue or create obligations that significantly impact the current-year budget. Examples of such events include a downturn in the economy, a natural disaster or actions that may be taken by another governmental agency that reduce revenues and/or increase expenses for the City.

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 City's plan for current and future projects related to the acquisition, expansion, or rehabilitation of 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.

City Manager's Report (CMR): Staff reports for City Council meetings as well as boards and commissions that are prepared by City staff and submitted through the City Manager's Office.

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 focus is on the physical form of the City and is applicable to both public and private properties. The Proposed Budget integrates the 1998-2010 Comprehensive Plan into the budget process.

GLOSSARY

Cost Accounting: The branch of accounting that provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, carry on an activity or operation, or complete a unit of work or a specific job.

Enterprise Funds: Funds used to account for services that are provided to the public on a user charge basis, similar to the operation of a commercial business. The City's enterprise funds include the gas, electric, water, fiber optics and wastewater collection and treatment funds.

Fiduciary Fund: A fund used to account for assets held by the City acting in a fiduciary capacity for other individuals or entities. These funds are operated to carry out the specific actions required by the trust agreements, ordinances and other governing regulations.

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. Palo Alto's fiscal year begins on July 1st and ends on June 30th.

Fixed Assets: Assets such as land, structures and improvements, furniture and/or equipment that are expected to last and/or be used for more than one year.

Full-Time Equivalent (FTE): Used to quantify staffing hours for permanent and temporary employees. A 1.0 FTE employee works full time; a .50 FTE employee works half-time.

Fund Balance: An excess of the assets of a fund over its liabilities.

General Fund: The primary fund used to account for the City's general purpose revenues such as sales, property, utility users and transient occupancy taxes. General Fund revenues typically pay for citywide services such as public safety, community development, recreation, libraries and parks. The General Fund is distinguished from Special Funds in that the latter are used to account for revenues that have restricted uses (e.g. gas tax funds that must be used for street maintenance or repair).

Governmental Funds: A generic classification used to refer to all funds other than proprietary and fiduciary funds. Governmental funds include the general fund, capital fund, special revenue funds and debt service 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 cataloged 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 the Vehicle Replacement Fund is an Internal Service Fund managing the replacement and maintenance of the City fleet.

Method of Accounting: The City's General Fund budget is developed using a modified accrual basis of accounting, with revenues being recorded when measurable and available, and expenditures recorded when the liability is incurred. Enterprise Funds and Internal Service Funds are budgeted on a generally accepted accounting principles (GAAP) basis, which for Proprietary Funds is on a full accrual accounting basis.

Operating Transfer: Amounts transferred between funds, not considered a revenue or expense. For example, legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

Pay-As-You-Go-Basis: A term used to describe the financial policy of a governmental unit that finances all of its capital outlays from current revenues rather than by borrowing.

Proposed Budget: The proposed budget is the budget that is sent to the Finance Committee by the City Manager. The proposed budget, including changes made by the Finance Committee during their review, is reviewed and then adopted by the City Council.

Proprietary Funds: A generic classification used to refer to all funds other than governmental funds or fiduciary funds. Proprietary funds include internal service funds and enterprise funds.

Reimbursements: Inter-fund 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 financing needs and addressing one-time emergency or unanticipated events.

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.



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