FY 2018 Proposed Operating Budget
May 9th Recap
Finance Committee
May 18, 2017

Current Status
Summary of "Parking Lot" Items
($'s in thousands)

<table>
<thead>
<tr>
<th>Date</th>
<th>Dept</th>
<th>Description</th>
<th>GF Rev</th>
<th>GF Exp</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/2</td>
<td>CMO</td>
<td>City Manager’s Office Staffing Reorganization approved by City Council in Fall 2016 and the role of economic development</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>5/2</td>
<td>Non-Departmental Section</td>
<td>Non-Departmental Section</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5/4</td>
<td>PW</td>
<td>Tree Trimming Cycle Time*</td>
<td>37,014</td>
<td>37,014</td>
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<tr>
<td>5/4</td>
<td>PW</td>
<td>Urban Forest Master Plan*</td>
<td>0</td>
<td>0</td>
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<tr>
<td>5/9</td>
<td>PCE</td>
<td>Vehicle Maintenance and Replacement Funds*</td>
<td>5,864</td>
<td>5,965</td>
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<tr>
<td>5/9</td>
<td>PCE</td>
<td>YCS Funding (three year matching grants)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5/9</td>
<td>PCE</td>
<td>University Avenue Parking Fund and Transportation Management Association (TMA)*</td>
<td>2,876</td>
<td>2,876</td>
</tr>
</tbody>
</table>

Total Parking Lot Items $59,377 $98,362 $16,113

* Some items have additional information provided in the following chart.

Background

User Fee Policy - Cost Recovery Levels

Annual Process

Cost of Services Study
- Development Services (Study to be completed in two phases; first phase completed in Dec ’16)

FY 2018 Proposed Municipal Fee Schedule
Staff Report #8020
Finance Committee
May 18, 2017

Fee Adjustment Recommendations

FY 2018 Salary & Benefit adjustment = 6.0%
Development Impact fee adjustments
- Construction Cost Index = 1.0%
FY 2018 Proposed Fee Changes:
- 14 new fees
- 16 deleted fees
- 120 changed fees

New & Deleted Fees

New Fees
- Corporate Package Add-on (Community Services)
- 3-D Printing (Library)
- Traffic Property Damage (Public Works)

Deleted Fees
- Personal Flotation Device – Foothills Park Only (Community Services)
- Playground Inspection Fee (Community Services)
- College Terrace – Guest Permit (Planning & Community Environment)
Recommended Changes to Fees

- Fee adjusted to align with market value (23 out of 120)
  - Cubberley Community Center: Amphitheater (Grass) – 8% increase

- Fee adjusted to reach desired cost recovery (83 out of 120)
  - Basic Life Support – Special Event Standby – 9.4% increase

- Technical adjustments (14 out of 120)
  - Landscape Inspection – 20% decrease

Summary of Recommended Parking Fees Changes

- Downtown Garage/Lot Permits
  - Daily Permits: $17.50 to $25.00/day
  - Annual Permits: $466.00 to $560.00/year

- California Avenue Garage/Lot Permits
  - Daily Permits: $8.00 to $25.00/day
  - Annual Permits: $149.00 to $280.00/year

- RPP Permits
  - Daily Employee Permits: $5.00 to $25.00/day
  - Annual Permits (Full Price)
    - Downtown: $466.00/year to $280/six months
    - Evergreen Park/Mayfield: $149/year to $140/six months

FY 2018-2022 Proposed Capital Budget

Capital Budget Overview

- FY 2018 Capital Improvement Fund Expenses

- 5-Year Capital Improvement Fund Planned Expenditures
New Projects

15 New Projects ($1.75 million FY 2018; $11.8 million total)
- Parks Master Plan – 4 Projects ($250,000 FY 2018; $1.35 million total)
  - Baylands Athletic Center 10.5 Acre Expansion ($0 in FY 2018; $100,000 total)
  - Dog Park Installation and Renovation ($150,000 in FY 2018; $450,000 total)
  - Park Restroom Installation ($0 in FY 2018; $700,000 total)
  - Turf Management Plan ($100,000 in FY 2018 & total)
- IBRC Keep Up – 3 Projects ($0 FY 2018; $1.14 million total)
  - Johnson Park Renovation ($0 in FY 2018; $940,000 total)
  - Heritage Park Site Amenities Replacement ($0 in FY 2018; $100,000 total)
  - Werry Park Playground Improvements ($0 in FY 2018; $100,000 total)

Capital Accomplishments

- Baylands Interpretive Center Improvements
- Lucie Stern Center and Community Theatre Improvements
- Bowden Park Improvements
- Stanford/Palo Alto Playing Fields Turf
- Increased streets PCI score to 83
- Completed cycle of sidewalk districts work
- 53 countdown pedestrian heads Downtown
- Quarry Road to Transit Center pathway

Infrastructure Plan

$196 million estimated cost
(excludes full salaries & benefits and public art funding)
- Public Safety Building (potential $75.3 million)
- California Avenue Area Parking Garage ($34.8 million, CMR #7738, 4/3/17)*
- Downtown Area Parking Garage ($23.5 million, CMR #7942, 4/11/17)*
- Bicycle/Pedestrian Transportation Plan ($20.0 million)
- Replacement of Fire Stations 3 and 4 ($15.6 million)
- Highway 101 Bicycle/Pedestrian Bridge ($14.0 million)
- Charleston/Arastradero Corridor Improvements ($10.0 million)
- Byxbee Park Completion ($2.8 million)

* Includes additional costs of $15.7 million as approved by the City Council in April 2017

New Projects (Cont’d.)

Safety Issues and Infrastructure Repair – 8 Projects ($3.5 million FY 2018; $9.3 million total)
- CalTrain Corridor Video Management System ($1.55 million in FY 2018 & total)
- El Camino Real Pedestrian Safety and Streetscape ($84,000 in FY 2018; $5.56 million total)
- Foothills Park Boronda Lake Dock Replacement ($135,000 in FY 2018 & total)
- Foothills Park Dam Seepage Study ($30,000 in FY 2018 & total)
- High Street Parking Garage Waterproofing ($50,000 in FY 2018; $350,000 total)
- Parking Lot J Elevator Modernization ($700,000 in FY 2018 & total)
- Pearson Arastradero Preserve Park Lot Improve. ($155,000 in FY 2018 & total)
- Self-Contained Breathing Apparatus (SCBA) ($800,000 in FY 2018 & total)

Progress of IBRC “Catch-up Log”

<table>
<thead>
<tr>
<th>Category</th>
<th>IBRC Final Report $</th>
<th>“Catch-up” $</th>
<th>FY 2018-2022 Backlog</th>
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<tbody>
<tr>
<td>Building</td>
<td>$5.0 million</td>
<td>$2.2 million</td>
<td>$2.8 million</td>
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<tr>
<td>Cubberley</td>
<td>$6.9 million</td>
<td>$0.7 million</td>
<td>$6.2 million</td>
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<tr>
<td>Parks</td>
<td>$14.4 million</td>
<td>$8.1 million</td>
<td>$6.3 million</td>
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<tr>
<td>Surface</td>
<td>$14.9 million</td>
<td>$12.3 million</td>
<td>$2.6 million</td>
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<tr>
<td>Total</td>
<td>$41.2 million</td>
<td>$23.3 million</td>
<td>$17.9 million</td>
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Potential Unfunded Capital Projects

Animal Shelter
Avenidas
Former ITT Site (Baylands)
Full JMYZ Renovation
Parks Master Plan
- Baylands 10.5 Acre Expansion
- Boulware Park Acquisition
- Cubberley
- Foothills Park 7.7 Acres

Roth Building
NOTE: This is not a comprehensive list
Cubberley Property Infrastructure

Accomplishments
- Completion of Roof Replacements for Wings M and P and the Auditorium
- Installation of new flooring in Wing H1

Changes for FY 2018-2022
- One new project – Cubberley Track and Field Replacement ($0 in FY 2018; $1.8 million total)

Accomplishments & Initiatives

Accomplishments
- Capital infrastructure projects (electric, gas, water, sewer, and fiber)
- New 24x7 Interactive voice response (IVR) system for customer service
- 80 MW New Solar Online
- Carbon Neutral Gas Program
- Solar PV Successor NEM Program

Initiatives
- Utilities Strategic Plan
- Downtown University CIP Projects
- Smart Grid Work Plan Review
- Customer Self-Service Portal
- Workforce Development

Rate Comparison – Neighboring Agencies
Accomplishments & Initiatives

ELECTRIC
Accomplishments
• Increased the City’s Renewable Portfolio Standard (RPS) from 32% to 53% 80 MW New Solar
• Received five Palo Alto Clean Local Energy Accessible Now (CLEAN) applications 1.6 MW
Initiatives
• Safety & Reliability
  — Finalize decision on second transmission line
  — Rebuild underground districts
• Energy Efficiency
  — Continue to evaluate and develop potential cost-effective Electrification programs

Operating Requests
• Electric and Gas General Consulting Agreement $132,000
• Rate increase 14%

Staffing Requests
• Utilities Compliance Group Workload Realignment $54,320
• Electric Engineering Staffing $25,949
• Customer Service and Part-time Staff Reorganization $5,661

Significant Budget Proposals - Electric
• Electrification Research and Development Projects $150,000
• Utilities Compliance Group Workload Realignment $54,320
• Electric Engineering Staffing $25,949
• Customer Service and Part-time Staff Reorganization $5,661

GAS
Accomplishments
• Adopted a Carbon Neutral Natural Gas Plan
• Reduced 289,000 therms or 1.08% of the City’s gas load in 2016 as a result of gas energy efficiency programs; exceeding annual goal of 0.55%
Initiatives
• Implement Gas Carbon Neutral Plan
• Gas Main Replacement Project 22 and Downtown University Avenue
• Cross Bore Safety inspection program

Operating Requests
• Rate increase 4% (Carbon Neutral Program)

Staffing Requests
• Gas and Water Meter Shop Reorganization $109,117

Significant Budget Proposals - Gas
• Gas and Water Meter Shop Reorganization $109,117
• Replace ABS service lines; New Project (FY2019 $1.5M)
• GMR 22 University Avenue Project – re-evaluating bid

WASTEWATER COLLECTION
Accomplishments
• Completion of sanitary sewer replacement projects SSR 24/25/26 (University South, Professorville, and Old Palo Alto) $7.9M
• Construction of sanitary sewer replacement project SSR 27 (Downtown North, Crescent Park, Community Center, and Duvened/St. Francis) $3.8M
Initiatives
• Design SSR 28, Charleston Meadows and Leland Manor/Garland $3.5M
• Cost of service study for wastewater collection

Operating Requests
• Cost of service study for wastewater collection
Accomplishments & Initiatives

WATER

Accomplishments

• Drought water savings of 24%, far surpassing the 10% voluntary water reduction goal established by the State Water Resources Control Board.

• Environmental Impact Report approved for phase III of the Recycled Water Pipeline Project

Initiatives

• Water Main Replacement 26 – Downtown Hawthorne, Hamilton, Everett $6.8M

• Water System Study to improve system reliability and water quality; develop emergency response plan

Significant Budget Proposals - Water

Operating Requests

• Gas and Water Meter Shop Reorganization $109,117

• Rate impact (3%) (drought surcharge)

Capital Improvement Projects FY2018-2022

• University Avenue Project

Changes to FY 2018 Proposed Budget Citywide

($'s in thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>Revenues</th>
<th>Expenses</th>
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<tbody>
<tr>
<td>Revised Citywide Proposed Budget (REVISED)</td>
<td>$693,682</td>
<td>$663,796</td>
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<tr>
<td>Financial Committee Hearing Amendments:</td>
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<td></td>
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<tr>
<td>Tentatively Approved:</td>
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<tr>
<td>Audit Office Code Enforcement Survey</td>
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<td>$0</td>
</tr>
<tr>
<td>Storm Drainage Fund Balanced Measure Implementation</td>
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<td>Staff Recommended:</td>
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<tr>
<td>Airport Tenant Revenue Correction</td>
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<td>Below Market Rate Program Oversight Contract</td>
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<td>Utilities Capital Improvement Program Corrections</td>
<td>$0</td>
<td>($12,240)</td>
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<td>Various Capital Reappropriations</td>
<td>$7,069</td>
<td>$6,782</td>
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<tr>
<td>Citywide Proposed Revenue and Expenses (as of May 18th Wrap-up)</td>
<td>$693,682</td>
<td>$658,459</td>
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Current Status

Summary of “Parking Lot” Items

($'s in thousands)

<table>
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<th>Date</th>
<th>Description</th>
<th>All Fund Rev</th>
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<tr>
<td>5/2</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
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<tr>
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<td>PW Vehicle Maintenance and Replacement Fund*</td>
<td>0</td>
<td>0</td>
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<td>PCE YCS Funding (three year matching grants)</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>Total Parking Lot Items</td>
<td>2,514</td>
<td>2,876</td>
<td></td>
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* These items have additional information provided in the following chart.

Decision Points

Staff Recommended Changes:

• Airport Funding Increase

• Below Market Rate Program Oversight Contract

• Capital Reappropriations and Adjustments

• JMZ Capital Funding Shift

Finance Committee Parking Lot Items:

• City Manager’s Office Staffing

• Non-Departmental Budget

• Public Works – Tree Trimming, Urban Forest Master Plan

• Matching Funds (County Grant for YCS)

• Vehicle Maintenance and Replacement Fund

• TMA