

FY 2020 Proposed Budget

May 15th, Budget Hearing Continuation

May 23, 2019 Item #1



Current Status of FY 2020 FC Budget Hearings

2020 BUDGET PROCESS

ST: Short term, LT: long-term

Date	Draft Adjustments to Budget	FY 2020	Dept
		\$ -	

Available Funding

Date	FY 2020 Council Contingency
15-May	Balance \$ 125,000

Date	FY 2020 Council Reserve
15-May	Balance \$ 300,000

Date	Parking Lot Issues	Completed	Dept
15-May	LT: List of City leases/assets with non-profits operated/leased/partnered noted		ASD
15-May	ST: Updated organization chart for merged, PCE and DSD		PCE
15-May	ST: Restrictions on remaining funding for SUMC		PCE
15-May	LT: In depth review of Parking Fee structure (i.e. RPP), and shuttle update		OOT
15-May	ST: Human Resources \$50,000-\$100,000 one-time investment potential uses		HR
Total:		\$ -	



FY 2020 Proposed Municipal Fee Schedule

Staff Report 10225
Finance Committee
May 23, 2019 Item #2



Background & Fee Adjustment Summary

- **User Fee Cost Recovery Level Policy**
 - Low: 0.0 to 30.0%
 - Medium: 30.1 to 70.0%
 - High: 70.1 to 100.0%
- **Salary & Benefit Adjustment = 7.5%**
- **FY 2020 Proposed Municipal Fee Schedule Summary**
 - 8 new fees
 - 23 deleted fees
 - 61 changed fees

Changes to the Current Fee Policy

- CMR# 9664: Recommended to update the City's existing User Fee Cost Recovery Level Policy by clarifying which category of fees are exempt from state laws limiting cost recovery.

Cost Recovery Level Group	Cost Recovery Percentage Range
Low	0% - 30%
Medium	30.1% - 70%
High*	70.1% - 100.0+%*

**Certain types of fees, such as fines, penalties and/or late charges, or any charge imposed for entrance to or use of, as well as the purchase, rental, or lease of local government property, are not bound by state laws that limit to full cost recovery.*

New & Deleted Fees

New Fees

- Animal Shelter Pets-In-Need fees (Community Services)
- Plan Checks and Inspections (Development Services - Planning and Community Environment)

Deleted Fees

- Green Room and Dressing Rooms (Community Services)
- Locker Rental (Office of Transportation)
- Bingo Employee – Renewal (Police)

Changed Fees

Fee adjusted to align with market value

- Rentals & Reservations

Technical adjustments

- Parking In-Lieu Fee
- Parking Permit Fees
- Fee structure modifications

Fee adjusted to reach desired cost recovery

- Storm Drain Plan Check Fee

FY 2020 Proposed Budget Public Safety Departments

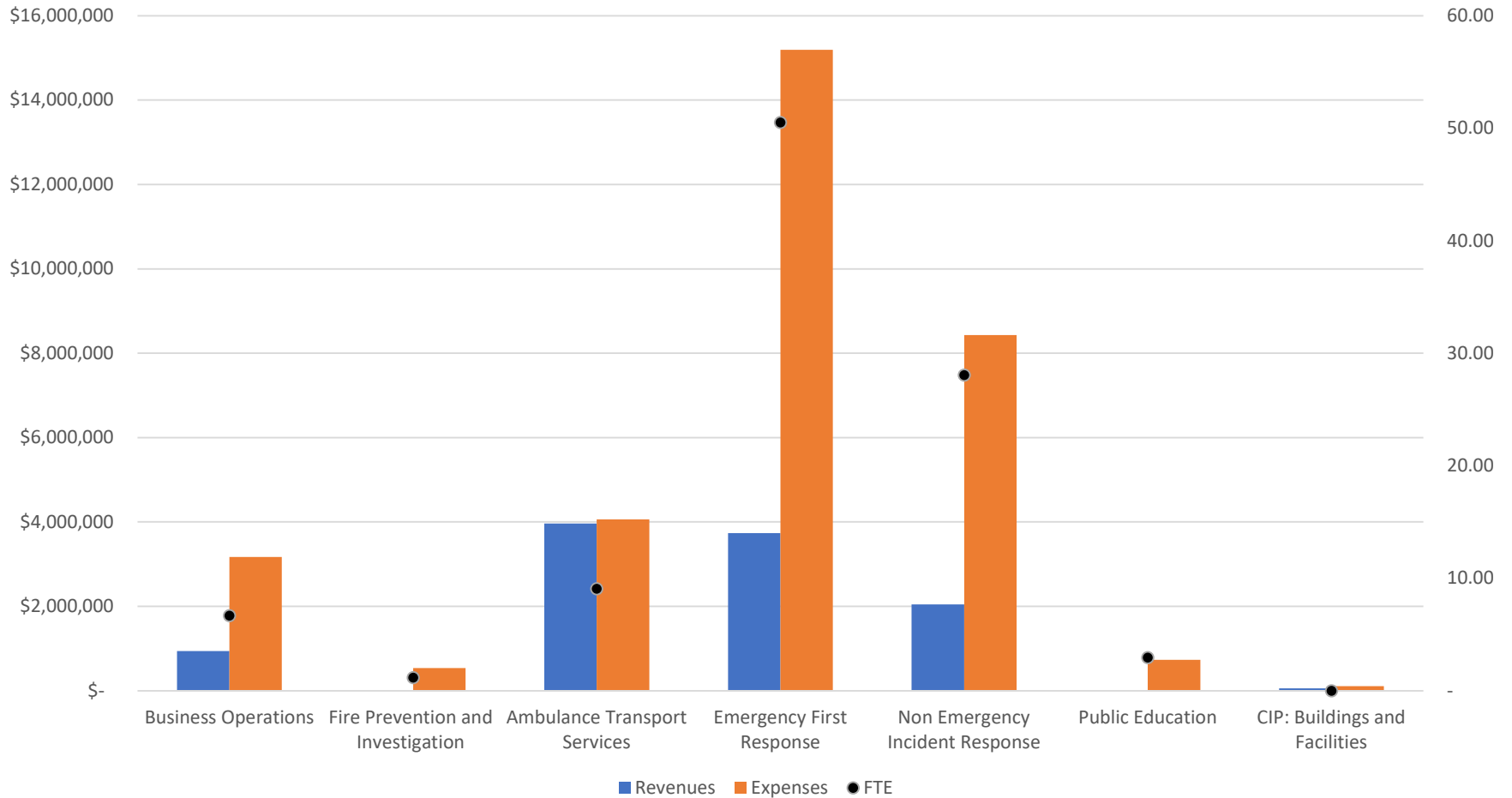
Fire Department, Office of Emergency Services, Police Department

Finance Committee May 23, 2019 Item #3

Operating pgs 213-226, 273-282, 313-326



Services Inventory: Fire



Department Highlights: Fire

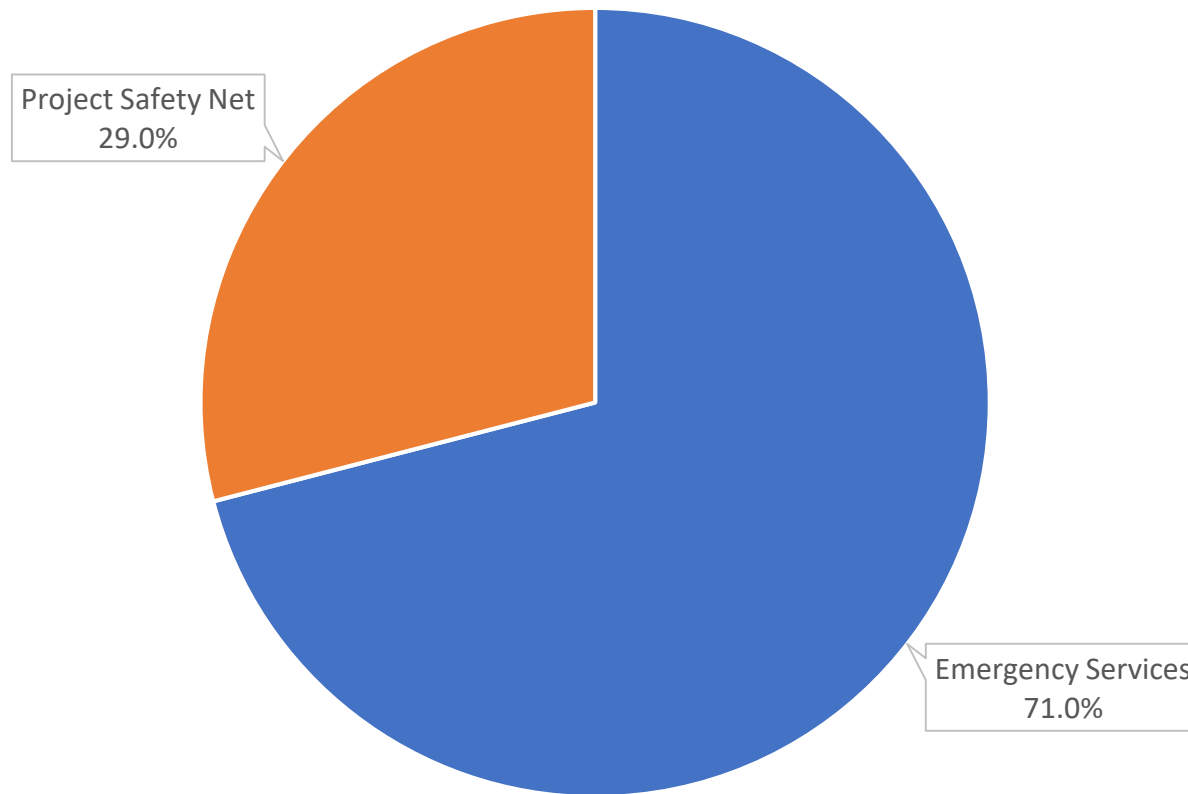
What We Accomplished

- International Accreditation
- Successfully renegotiated the Fire Services Contract with Stanford University
- Outfitted our firefighters with new Self-Contained Breathing Apparatus (SCBAs)
- Updated Strategic Plan through 2024

Where We Plan to Focus

- Optimizing deployment and exhausting all avenues of minimizing the impact on response time performance with reduced resources
- Reducing Fire Alarms
- Recruiting qualified and diverse entry level firefighters

Services Inventory: OES



Department Highlights: OES

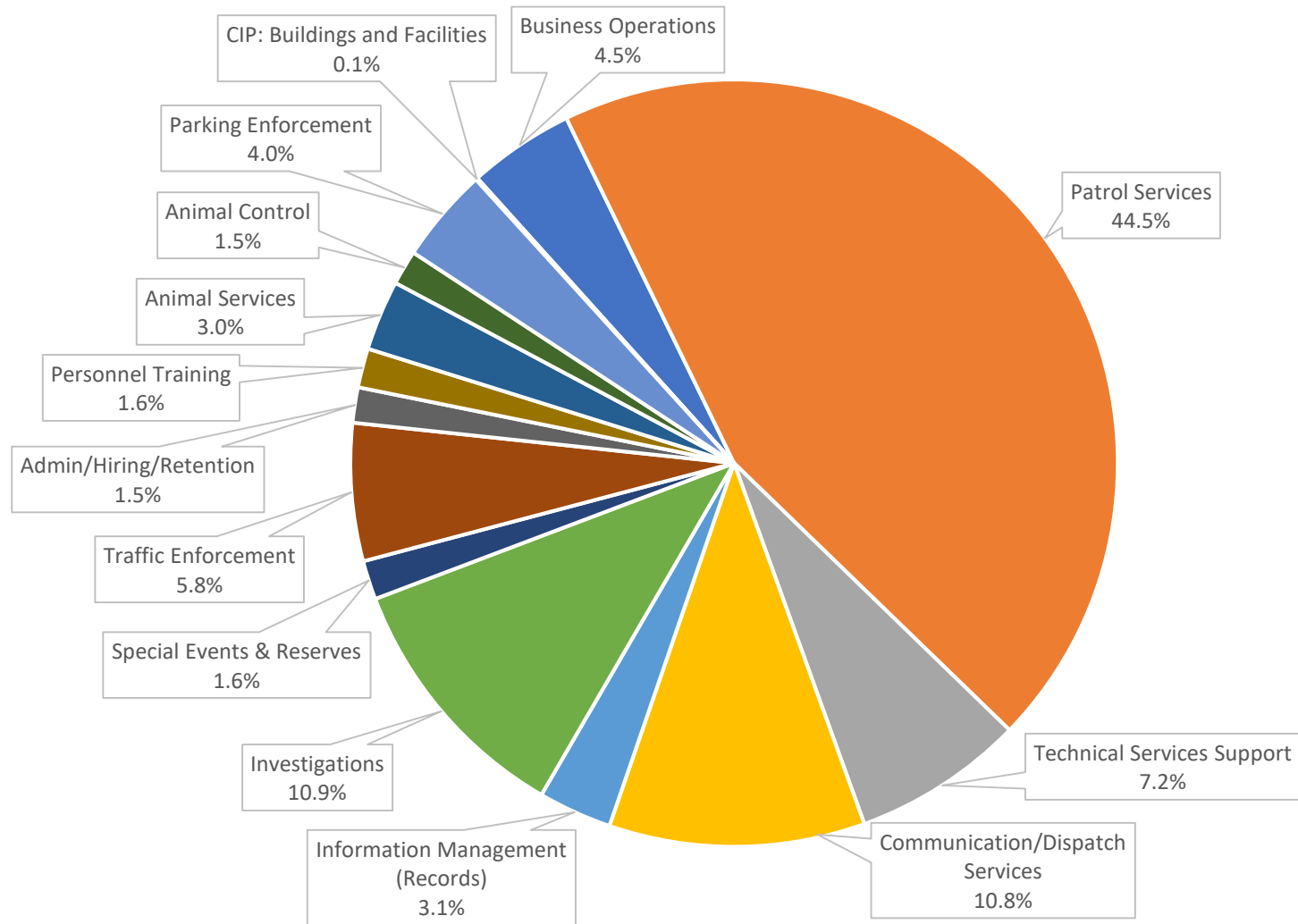
What's Working Well

- Intrusion Detection System integration
- OES regional collaboration, coordination, and interagency support (OES staff supported Town of Paradise EOC efforts during the Camp Fire in Nov 2018)
- Whole community involvement in outreach, consultation, and training (163 events in FY2019)

Where We Plan to Focus

- Work with the Information Technology and Utility departments to deploy a new public safety wireless network
- Continue to participate in and influence the design of the new Public Safety Building
- Explore new technologies, including resilient power for key sites and critical systems – this includes a grant funded solar generator in 2020

Services Inventory: Police



Department Highlights: Police

Accomplishments

- Brought back the traffic team
- Implemented Body Worn Cameras on Patrol Officers
- Added Community Safety Officers to the Patrol Division
- Enhanced community engagement through social media and outreach programs



Department Focus in FY 2020

- Retention/recruitment of Police Officers & Public Safety Dispatchers
- Public Safety Building project to be completed in 2022
- Online reporting

Budget Overview

- ❖ Realizes \$353,000 in vacancy savings in FD (equivalent of 1.0 FTE, one-time)
- ❖ Eliminates a 12-hour ambulance and cross-staffs a 24-hour fire engine and ambulance in FD (-\$315,360 in FY 2020; -\$630,720, ongoing)
- ❖ Reduces funding in OES for emergency services equipment (-\$40,000, ongoing)
- ❖ Realizes \$855,000 in vacancy savings in the Police Department in FY 2020 (equivalent of 4.0 FTE, one-time) and recommends elimination of 1.0 to 2.0 FTE positions in FY 2021 (-\$440,000, ongoing)
- Increases funding in FD by \$100,000 for the State Quality Assurance Fee offset by anticipated tax and federal reimbursement revenue of \$100,000
- Increases funding in FD for new hire and equipment replacement costs (+\$128,625, one-time)
- Recognizes one-time funding in OES of \$200,000 from the State Homeland Security Grant Program to purchase a mobile solar energy generation and storage trailer

FY 2020 Proposed Budget Capital Project Funds

General Capital Improvement Fund & Cubberley Property Infrastructure Fund

Finance Committee May 23, 2019 Item #4

Capital pgs 51-309

Highlights

Baylands Boardwalk Improvements



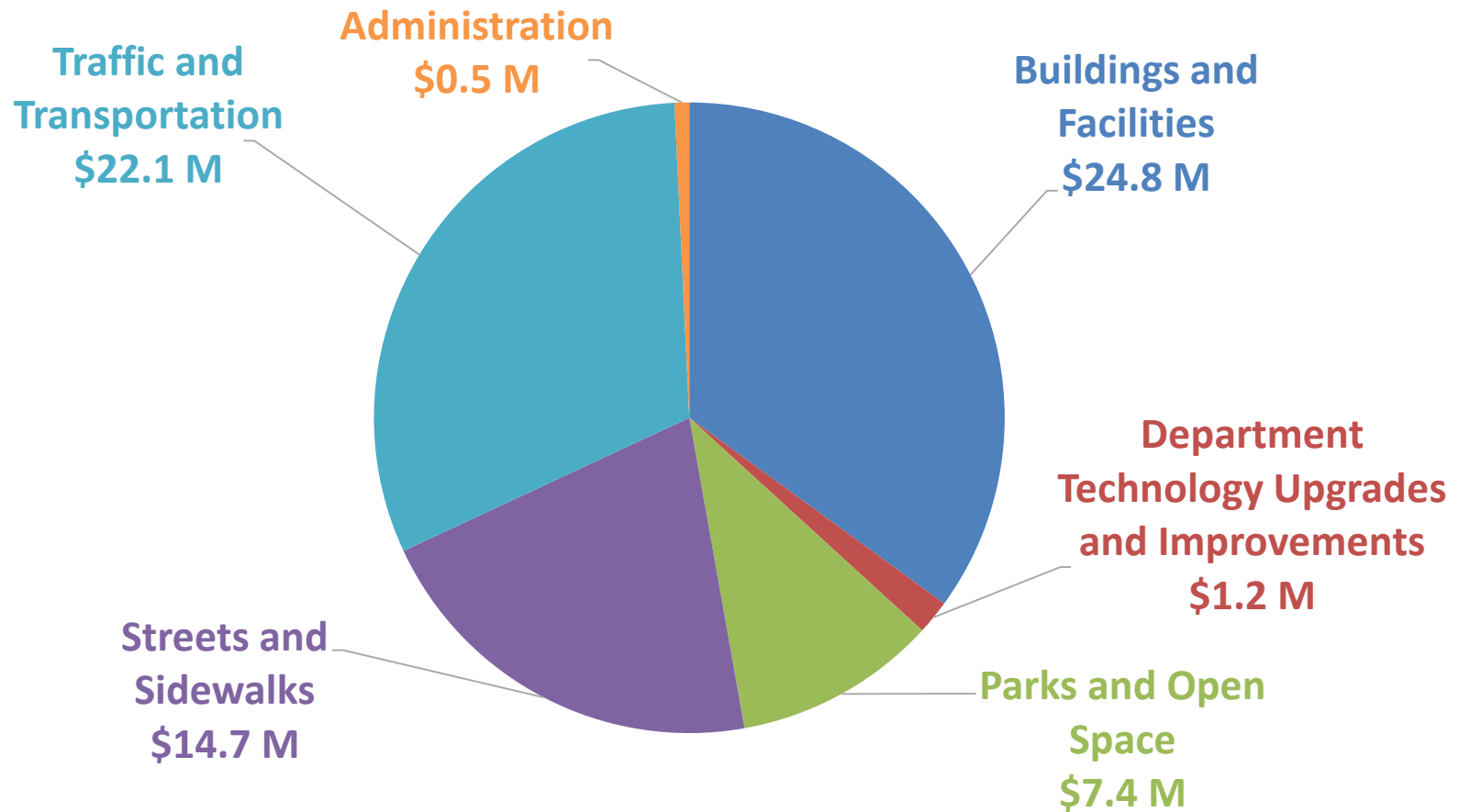
Fire Station 3 Replacement
(Embarcadero Rd. & Newell Rd.)

Downtown Mobility & Safety Improvements



FY 2020 General Capital Improvement Fund

2020 Capital Improvement Fund Expenditures by Category - \$70.7 Million



Capital Improvement Plan Prioritization

Guiding Principles

- City Council's Top Priorities and other City Council direction
- City Council-Approved 2014 Infrastructure Plan
- Comprehensive Plan
- Service Level and Infrastructure Needs

Capital Improvement Fund Review Process

- Department Five-Year Plan Submittal
- Meeting with Capital Budget Review Team
- Presentation to City Manager
- Planning and Transportation Commission (PTC)

General Capital Improvement Fund Assumptions

- Focus on funding Infrastructure Plan (IP) Projects and maintaining funding for Infrastructure Blue Ribbon Committee (IBRC) “catch-up” and “keep-up”
- Initial “Catch-up” backlog \$41.2M
 - \$23.8M funded up through the Proposed 2020-2024 CIP
 - \$17.4M remaining
- November 2018 ballot measure passed to increase TOT 1.5%
 - New Marriott Hotels anticipated to come online in FY 2021
 - \$103M in bond funding estimated for Public Safety Building
 - Debt ratio under 60%

9 New Projects (\$2.1 million FY 2020; \$7.8 million total)

Enhanced Public Safety Projects (\$1.3M in FY 2020; \$1.8M total)

1. Automated External Defibrillator Replacement (\$0.2M total)
2. Cardiac Monitor Replacement (\$0.9M FY 2020 & total)
3. Extrication Tool Replacement (\$0.2M total)
4. Police Video Recording Systems Replacement (\$0.2M FY 2020; \$0.3M total)
5. SCBA Compressor Replacement (\$0.1M FY 2020 & total)
6. Thermal Imaging Cameras Replacement (\$0.1M FY 2020 & total)

Facility Upgrade Projects (\$0.3M in FY 2020; \$1.5M total)

1. City Bridge Improvements (\$0.02M FY 2020; \$1.2M total)
2. City Facilities Assessment & Record Mgmt System (\$0.3M FY 2020 & total)

Transportation Safety Project (\$0.5M in FY 2020; \$4.5M total)

1. Churchill Avenue/Alma Street Railroad Crossing Safety Improvements

Infrastructure Plan Project Expenditures

Project Name	Estimated Completion	Through FY 2019	2020-2024 CIP Budget	Total Project Budget*
Fire Station 3 Replacement (PE-15003)	Summer 2019	\$9.8M	\$0.3M	\$10.1M
Charleston/Arastradero Corridor Project (PE-13011)	Spring 2020	\$13.3M	\$6.3M	\$19.6M
California Avenue Parking Garage (PE-18000)	Summer 2020	\$49.0M	\$1.1M	\$50.1M
Highway 101 Pedestrian/Bicycle Overpass (PE-11011)	Fall 2020	\$18.4M	\$0.3M	\$18.7M
Downtown Automated Parking Guidance Systems (PL-15002)	Spring 2021	\$0.3M	\$2.5M	\$2.8M
Byxbee Park Completion (PE-18006)	Spring 2021	\$0.6M	\$3.0M	\$3.6M
Fire Station 4 Replacement (PE-18004)	Fall 2021	\$0	\$10.2M	\$10.2M
Public Safety Building (PE-15007)	Fall 2022	\$7.7M	\$107.8M	\$115.5M
Bicycle and Pedestrian Transportation Plan Implementation (PL-04010)	On Hold	\$9.7M	\$11.1M	\$20.8M
Downtown Parking Garage (PE-15007)	On Hold	\$2.5M	\$26.6M	\$29.1M
	Total	\$111.4M	\$169.2M	\$280.6M

*Does not include debt service payments for COP bond proceeds.

Infrastructure Plan Funding Sources

Funding Source	Through FY 2019	2020-2024 Funding	Total Project Funding
Certificates of Participation (COP) Bond Proceeds	\$42.0M	\$103.0M	\$145.0M
Transient Occupancy Tax (TOT)	\$32.7M	\$44.6M	\$77.3M*
Stanford University Medical Center (SUMC) Development Agreement	\$21.5M	\$13.0M	\$34.5M
Grant Funding from Other Local Agencies	\$0.8M	\$9.6M	\$10.4M
Downtown Parking In-Lieu Fees	\$1.3M	\$5.5M	\$6.8M
Parks Dedication Fees	\$0.4M	\$2.4M	\$2.8M
SB1 Gas Tax Funding	\$1.1M	\$0	\$1.1M
Reimbursement from Google	\$0	\$1.0M	\$1.0M
Charleston/Arastradero Impact Fees	\$0.8M	\$0	\$0.8M
Stormwater Management Fund	\$0.7M	\$0	\$0.7M
Total	\$101.3M	\$179.1M	\$280.4M

*TOT funding through FY 2022 when a majority of the projects will be complete.

Infrastructure Plan Projects Timeline



www.infrastructure.cityofpaloalto.org/

Community Asset Projects and Reserves

Community Asset Projects *(currently unfunded)*

- Animal Shelter Reconstruction
- Birch Street Property
- Caltrain Westside Fencing
- Cubberley Master Plan Implementation
- Junior Museum and Zoo Phase II
- Parks Master Plan
 - Baylands 10.5 Acre Expansion
 - Parkland Acquisition
 - Foothills Park 7.7 Acres



Funding Reserves

- Reserve for Debt Service
- Reserve for Future Capital Needs

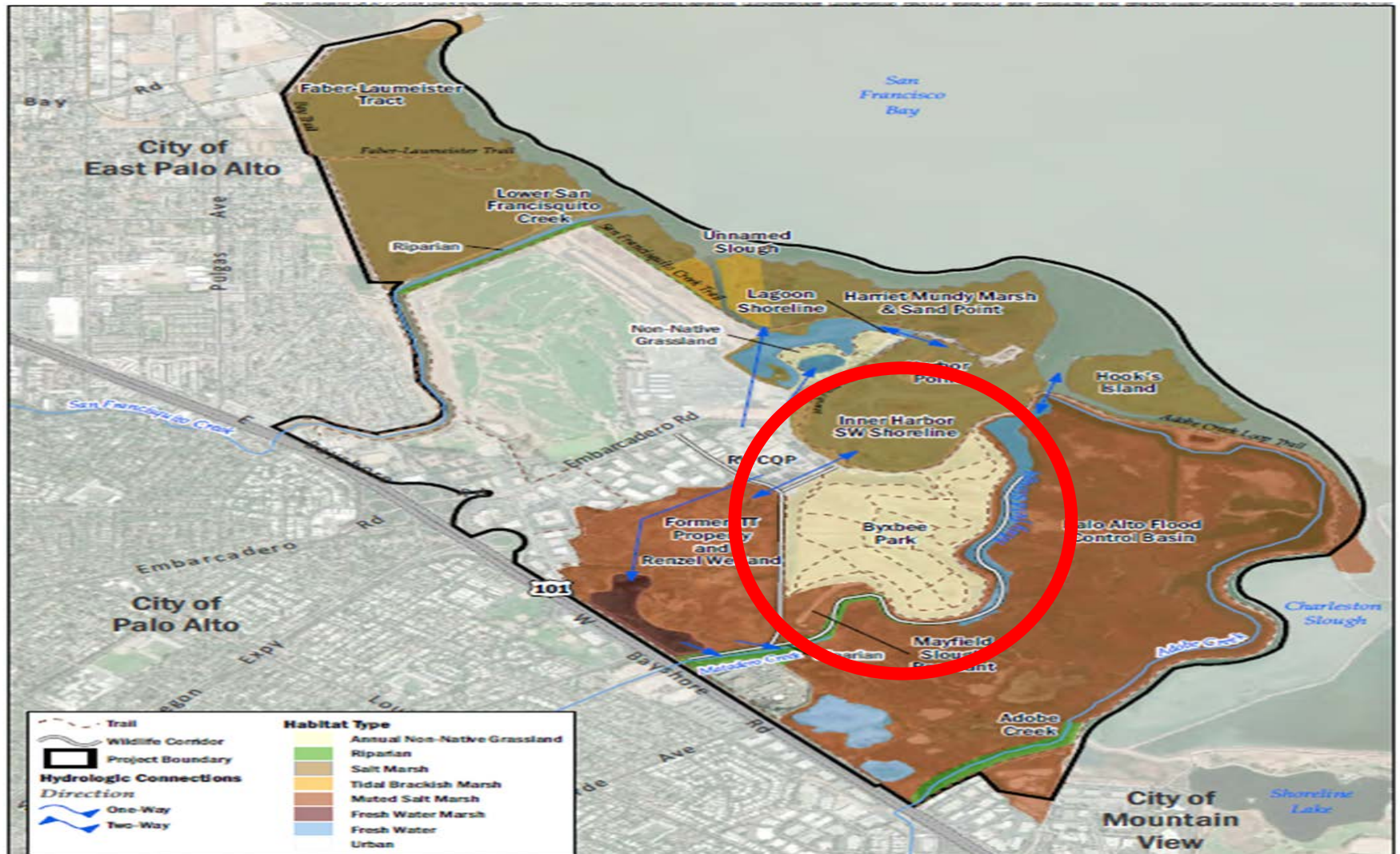
Cubberley Property Infrastructure Fund

- Funded by \$1.86M annual transfer from General Fund
 - 2014 lease agreement to use former covenant not to develop funding
- Cubberley Master Plan currently being developed in partnership with the Palo Alto Unified School District (PAUSD)
- Capital projects include emergency repairs, scheduled roof replacements, and replacement of the track and field



REFERENCE SLIDES

Baylands Nature Preserve

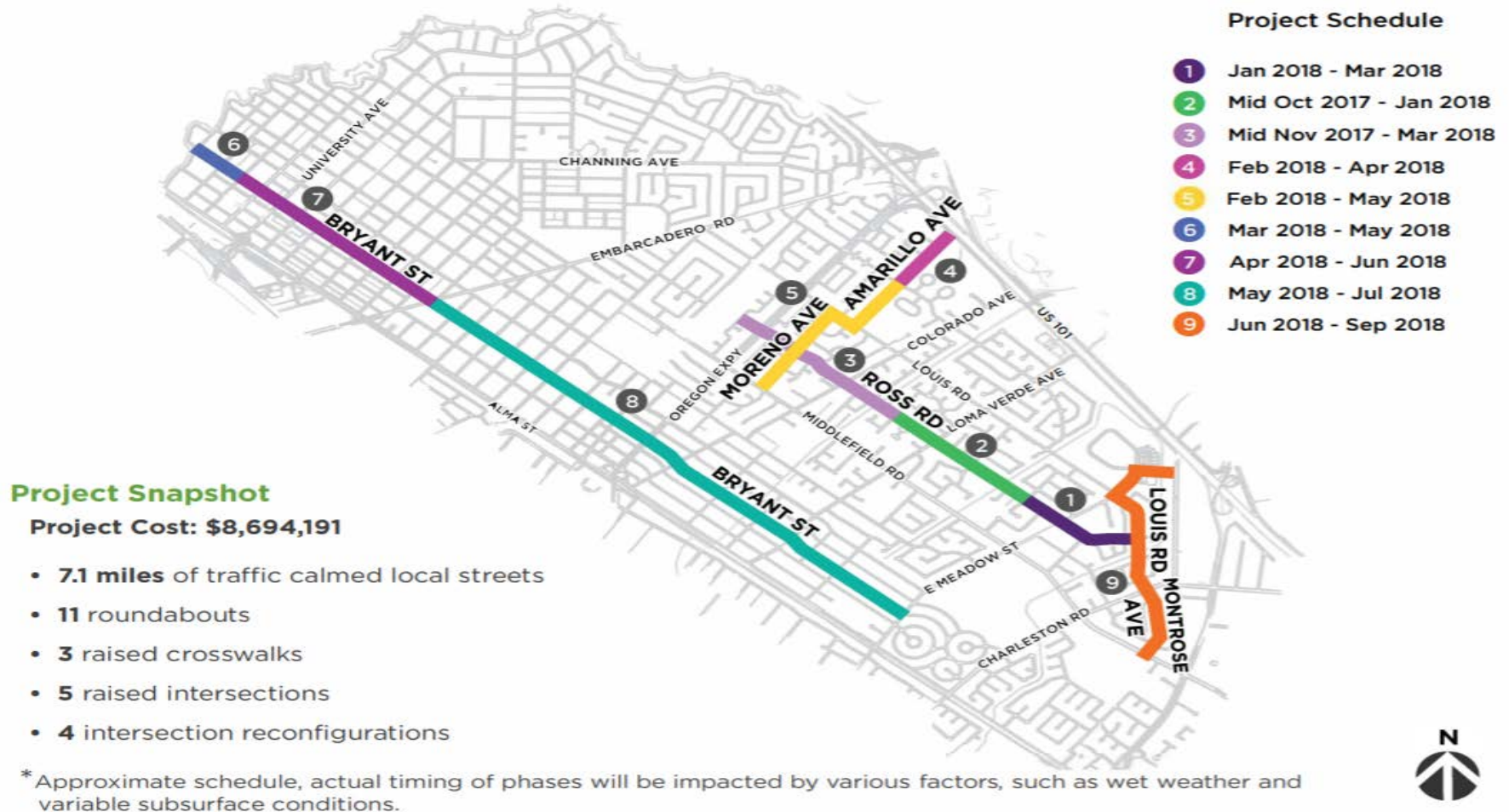


Byxbee Park



Bicycle and Pedestrian Plan Phase 1

Neighborhood Traffic Safety & Bicycle Boulevards Phase 1 Construction Schedule



Bicycle and Pedestrian Plan Phase 2

BIKE BOULEVARD IMPROVEMENTS

PARK BLVD, WILKIE WAY, STANFORD AVE,
BRYANT ST & MAYBELL AVE

PALO ALTO, CALIFORNIA



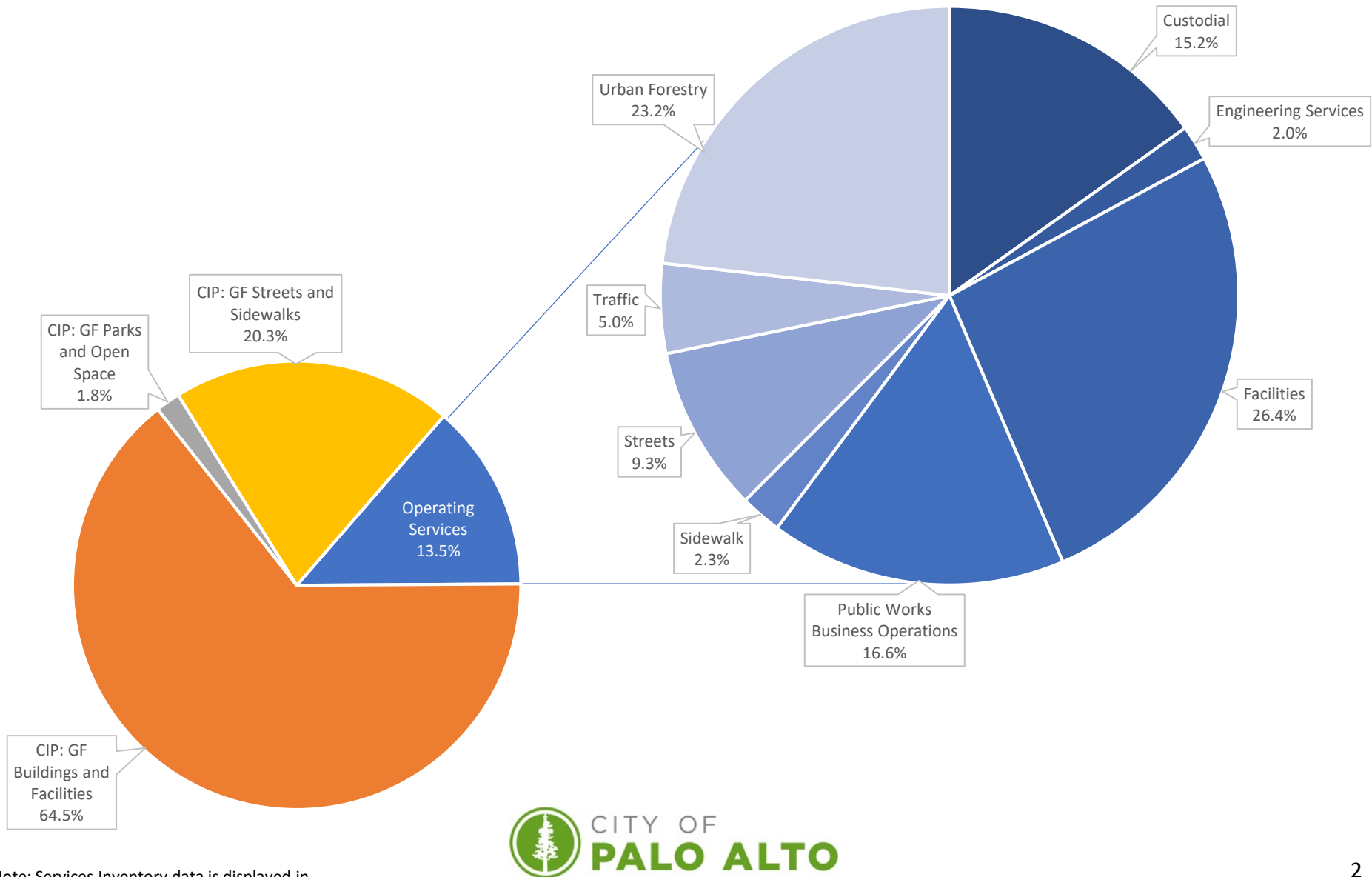
FY 2020 Proposed Budget Placemaking & Infrastructure

Public Works Department, Operating & Capital Budgets

Finance Committee May 23, 2019 Item #5

Operating pgs 327-382; Capital pgs 313-336, 477-500, 533-556, 641-668

Services Inventory: General Fund Services



Department Highlights: General Fund

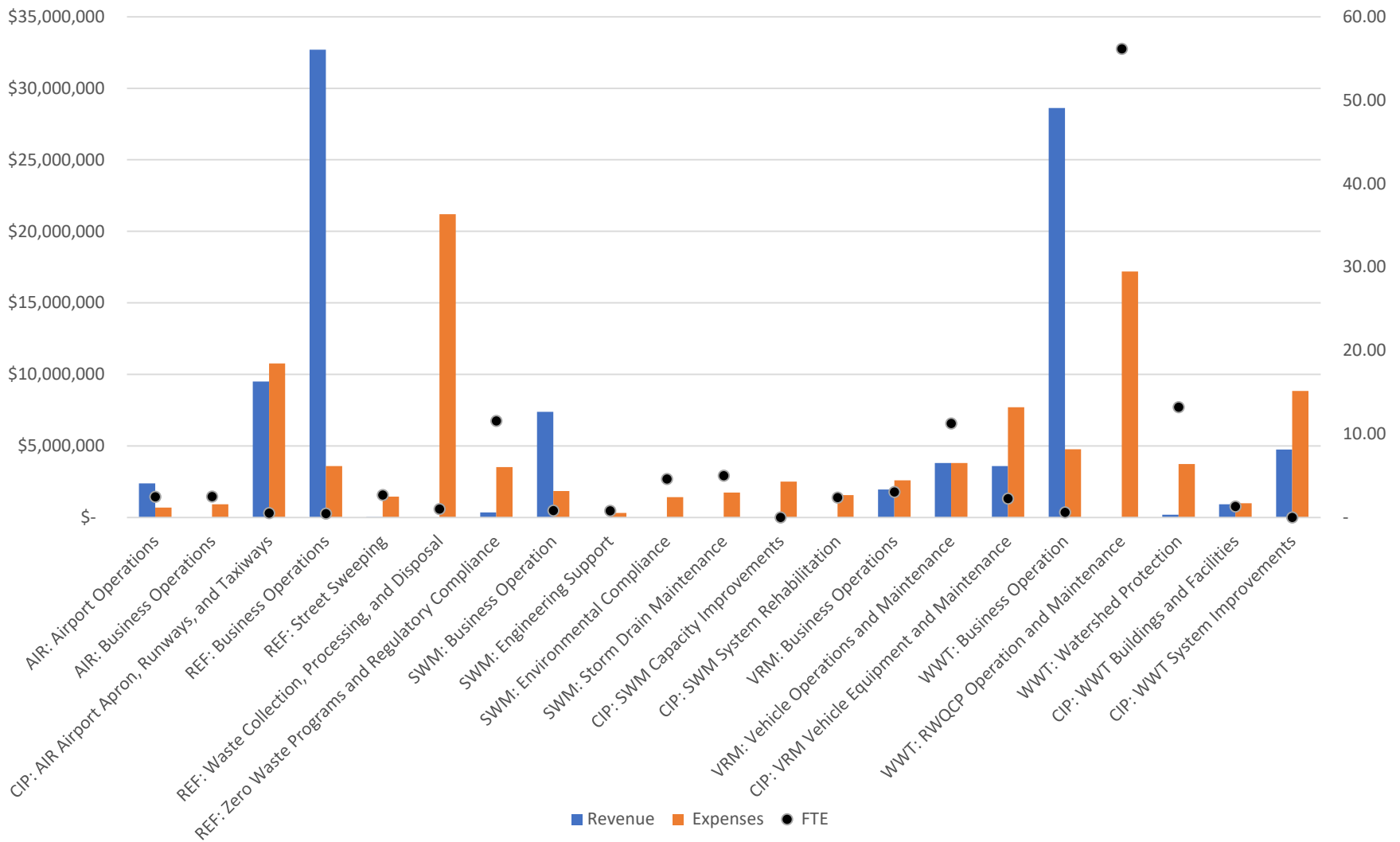
What's Working Well

- Achieved citywide Pavement Condition Index goal ahead of schedule
- Made significant progress on the 2014 Council Infrastructure Plan
- Added 200 net new trees to Palo Alto's urban forest

Focus Areas for FY 2020

- Continue progress on the 2014 Council Infrastructure Plan
- Complete environmental review and design for Newell Road Bridge
- Complete American Public Works Association Reaccreditation process

Services Inventory: Non-General Fund Services



Department Highlights: Enterprise Funds

What's Working Well

- Completed construction of the RWQCP sludge dewatering building
- Made significant airport investments with over \$18 million in federal funding
- Prepared an updated Zero Waste Plan

Focus Areas For FY 2020

- Complete Airport facilities assessment and business plan
- Begin implementing new Zero Waste Plan initiatives
- Continue RWQCP capital improvement program

Department Highlights: Vehicle Fund

What's Working Well

- Continued progress on implementing recommendations from organizational and cost recovery assessments
- Developed fleet electrification pilot program

Focus Areas for FY 2020

- Complete staff review of replacement strategy and cycle
- Continue and monitor results of fleet electrification pilot program
- Develop plan for electric vehicle charging needs
- Conduct underutilized vehicle review

Budget Overview: Public Works Department

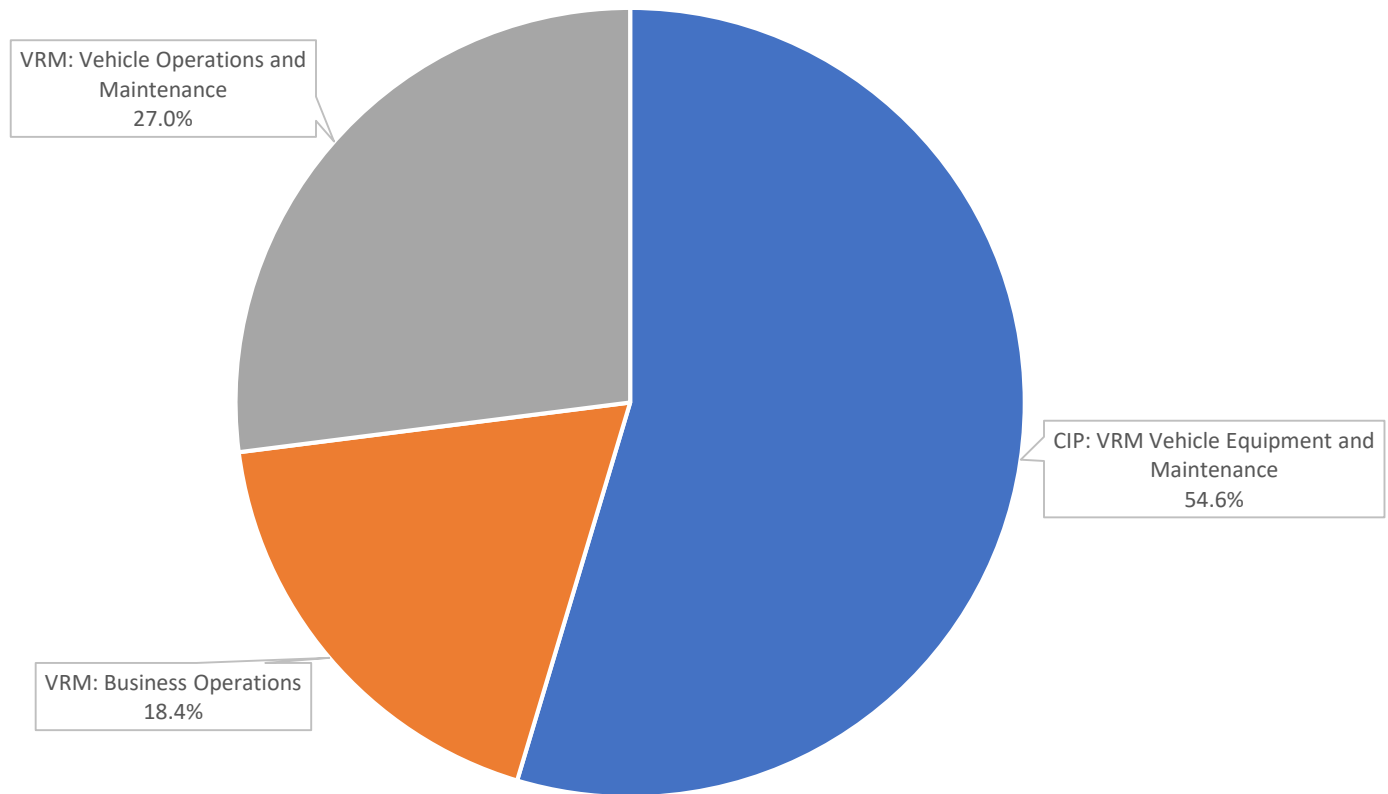
- ❖ Capital engineering staff realignment (-\$216,000, -\$394,000 General Fund)
 - Staffing elimination (-1.50 FTE, -2.04 General Fund FTE)
 - Funding realignment
- Airport annual \$272,000 loan repayment to General Fund initiation; Realignment of Airport CIP timing
- Refuse vehicles for collection and hauling replacement – purchase of 20 new vehicles (+\$7.1 million, one-time)
- Refuse new Zero Waste programs and the Construction and Deconstruction Materials Management Program implementation (+\$1.3 million, +0.28 FTE part-time)

Budget Overview: Public Works Department

- Storm Water Management Fee rate increase of 4.5% recommended;
Continuation of 2017 Storm Water Management Fee ballot measure projects (5-year CIP: \$15.8 million, 6 of the 13 projects)
- Wastewater Treatment major CIP investments funded via partner agreements, debt issuance, and SRF Loans (5-year CIP: \$131.7 million, 7 projects)
- ❖ Vehicle staffing realigned based on current staffing complement to achieve cost reduction with minimal service impacts (-\$209,000; -1.0 FTE; +0.48 FTE part-time)
- Vehicle and Equipment Replacement schedule continuation, replacing an average of 43 vehicles/equipment per year (5-year CIP: \$21.9 million, 9 projects)

REFERENCE SLIDES

Services Inventory: VRM





FY 2020 Proposed Budget

Community and Neighborhood Services

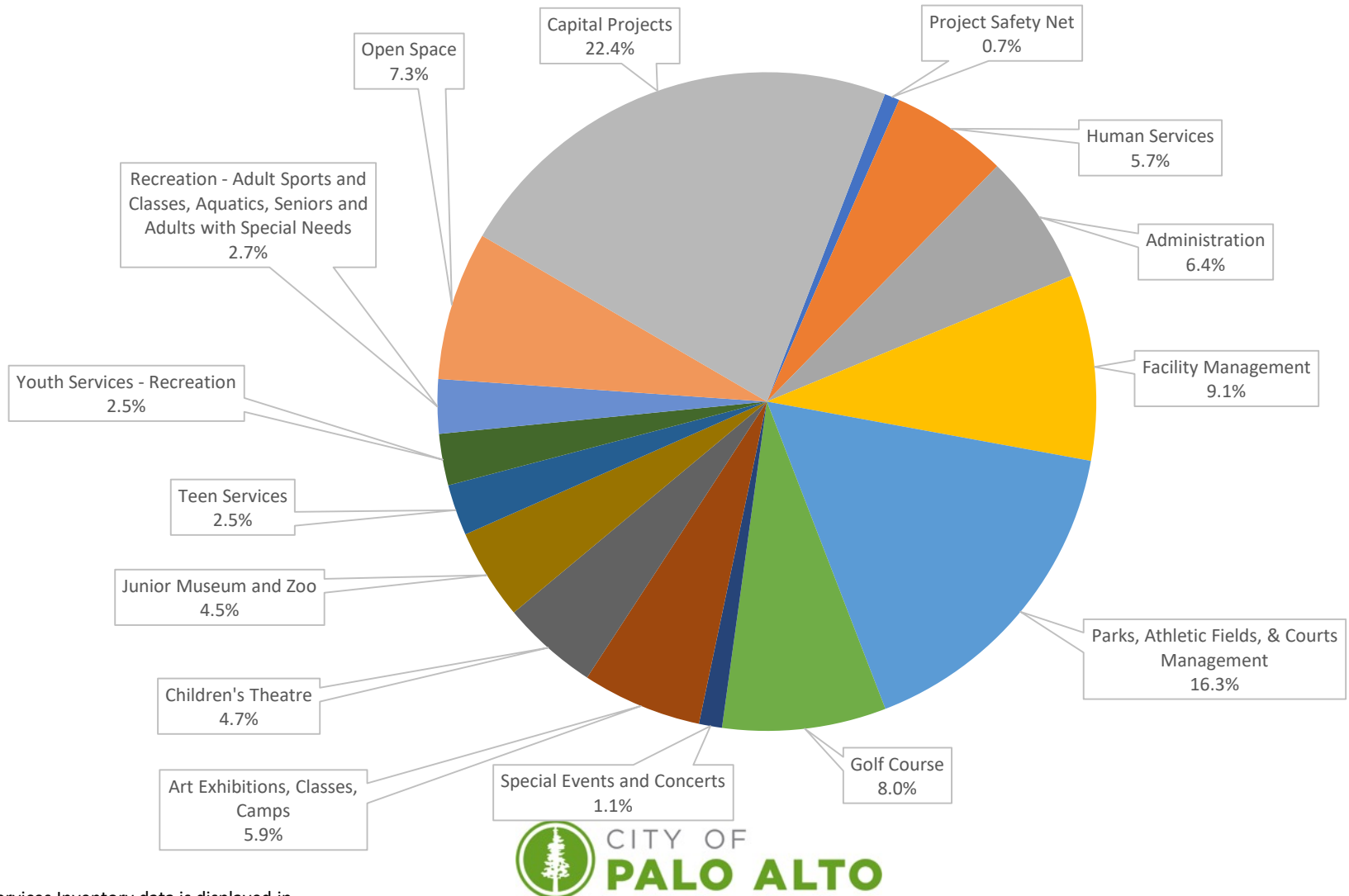
Community Services Department, Library Department

Finance Committee May 23, 2019 Item #6

Operating pgs 193-212, 261-272

Services Inventory: Community Services

FY 2019 Expenses by Service - \$37.7 Million



Note: Services Inventory data is displayed in
FY 2019 Adopted Budget figures.

Department Highlights: Community Services

What's Working Well

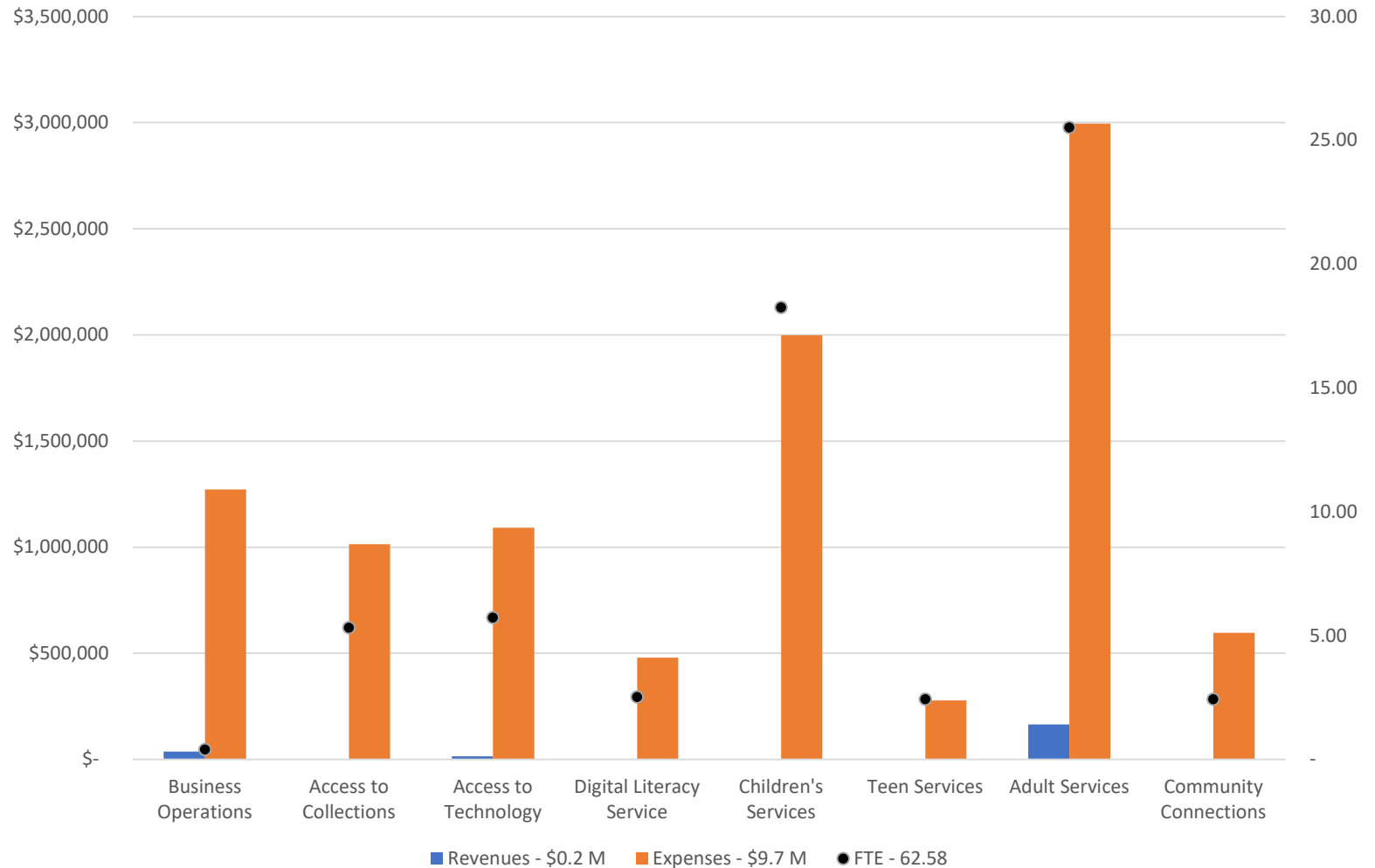
- Expanding opportunities for popular activities, such as pickleball
- Partnering with outside organizations for new service delivery models
- Nearing completion on the Baylands Comprehensive Conservation Plan

Where We Plan to Focus

- Complete the Cubberley Master Plan and create a path for realizing the vision
- Successfully open the reconstructed Junior Museum & Zoo
- Continue to explore funding and implementation strategies for the Parks Master Plan
- Continue to refine department organization and cost recovery

Services Inventory: Library

FY 2019 Revenues/Expenses by Service with FTE



Department Highlights: Library

What's Working Well

- Public utilization of community study and meeting room spaces
- Collaboration with Palo Alto Unified School District: Student Asset Card Initiative
- New Americans Program: new Americans and visitors learn U.S. customs and values , English-language learning, provide support referrals

Where We Plan to Focus

- Emerging Technology Use in Libraries: for example, VR, robotics, Distributed Web, blockchain
- Community Partnerships
- Children's Library Carpet Replacement Project (CIP #PF-02022)

Budget Overview for Community Services and Library

- ❖ Consolidate Contracts, Realign City-funded Grants and Programs with Actual Usage (-\$224,000)
 - includes Project Safety Net transition
- ❖ Reduce Librarian Staffing and Children's Library Hours (-\$145,000; -1.30 FTE)
- ❖ Realign Supervising Library Staffing and Expenses (-\$48,000)
- Realign Community Services Management (-\$266,000, one-time)
- Pacific Library Partnership Grant Funds Distribution (\$0)
- Impact Fee Nexus Study (+\$60,000, one-time)