

**FY 2023 PROPOSED
BUDGET HEARINGS**

**INTERNAL SERVICE DEPT,
COUNCIL APPOINTED OFFICERS, &
NON-DEPARTMENTAL**

OPS PG. 115-156, 167-182, 211-242, 417-424

FY 2023 PROPOSED BUDGET

Department	General Fund			All Funds		
	Revenue	Expenses	FTE	Revenue	Expenses	FTE
City Attorney	\$1,587,167	\$4,213,233	10.00	\$1,587,167	\$4,213,233	10.00
City Auditor	\$441,638	\$978,604	0.00	\$441,638	\$978,604	0.00
City Clerk	\$675,507	\$1,424,193	5.00	\$675,507	\$1,424,193	5.00
City Council	\$190,709	\$439,640	7.00	\$190,709	\$439,640	7.00
City Manager	\$1,313,273	\$4,052,460	12.00	\$1,313,273	\$4,052,460	12.00
Administrative Srvcs	\$4,535,070	\$9,670,132	40.13	\$6,115,070	\$11,505,995	44.34
Human Resources	\$1,956,623	\$4,757,335	15.96	\$15,106,363	\$19,365,271	17.44
Information Technology	\$0	\$0	0.00	\$16,857,934	\$22,992,471	31.58

FY 2023 PROPOSED BUDGET



Administration and Governance	FY 2022 Adopted	FY 2023 Proposed	% change	FY 2022 Adopted FTE	FY2023 Proposed FTE	% change
General Fund	\$22.8 M	\$25.5 M	11.8%	85.13	90.09	5.8%
Other Funds	\$34.8 M	\$39.0 M	12.1%	35.27	37.27	5.8%

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Administrative Services Department

Operating Pg. 167 - 182

FY 2023 BUDGET SUMMARY (ADMINISTRATIVE SERVICES)

Reinvestment Strategy

ASD plans to focus on Council priorities such as fiscal sustainability efforts and internally, focus on an investment in improving the procurement process to facilitate contract management and solicitation workflow. Resourcing and investing in the services performed by ASD through recruiting, training, and resolve safety concerns.

Major Proposed Changes in General Fund

- Improve procurement processes: limited term staffing and software (\$140,000)
- Warehouse Staffing (\$109,000)
- Grant Support Consultant Services (\$25,000)

FY 2023 DEPARTMENT OUTLOOK (ASD)

- Implementation of hybrid work schedule approach while maintain team cohesion
- Engage in Purchasing Redesign project
- Provide continued support to the City's Fiscal Sustainability Conversation: Ballot Measures
- Cross-train and hire necessary staff to continue high level of citywide support
- Financial reporting including quarterly financial and investment reporting, the Annual Financial Report, Long Range Financial forecast, Mid-Year and Fiscal Year Budget adoption
- Continue support in Property Management, Treasury Services, Purchasing, Accounting, and general administration



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Human Resources Department

Operating Pg. 211 - 230

FY 2023 BUDGET SUMMARY (HUMAN RESOURCES)

Reinvestment Strategy

Council restored 1 Full-time and 2 Part-time positions at Midyear to support critical HR services. For the new FY, one-time funds of \$400k are requested to contract for outside expertise for update salary surveys, project work with benefits brokers, and negotiations support for 7 union contracts that expire during the fiscal year.

Major Proposed Changes in General Fund

One-time Labor Negotiations Funding (\$400,000)

- Updated Salary Surveys
- Negotiations support for expiring union contracts
- Expanded scope of work with Benefits Brokers

FY 2023 DEPARTMENT OUTLOOK (HR)

- **Streamline the hiring process to expedite the time to hire.**
 - HR implemented a virtual hiring platform and working to expand its use to streamline hiring and improve diversity outreach.
 - HR has designed an expedited hiring model which is now in a pilot phase with Public Works, Police, and CSD. Additional improvements and more depts will be added.
- **Implement Recruitment and Retention Strategies that improves the City's ability to attract and retain top talent.**
 - All 7 union contracts expire in FY 23 and HR will be in active bargaining to reach agreements that support recruitment and retention initiatives.
 - HR is partnering with depts to reduce turnover through improved performance coaching and employee training.
- **Improve the City's ability to manage a hybrid workforce.**
 - HR has partnered with the City's audit firm Baker Tilly on a project to identify jobs that are suitable for hybrid work and identify best management practices.
- **Continue to focus on a safe work environment.**
 - HR serves in a lead role for workplace safety and pandemic response. Efforts will continue through the next phase of adaptive recovery.



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Information Technology

Operating Pg. 231 - 242

FY 2023 BUDGET SUMMARY (INFORMATION TECHNOLOGY)

Reinvestment Strategy

Invest in further Citywide Geographic Information System (GIS) projects to enhance City services and to retire the legacy GIS platform. Funding will support new applications, improvements, data migration and integrations.

Major Proposed Changes in the Information Technology Fund

- Geographic Information System Modernization (\$350,000)

FY 2023 DEPARTMENT OUTLOOK (IT)

- GIS modernization
- Cybersecurity strategic planning and implementation
- Enterprise Resource Planning Phase 2
- IT risk management
- Technology infrastructure/cloud investments
- Encouraging workplace innovation to drive new ideas and improve efficiencies



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City Attorney's Office

Operating Pg. 115-122

FY 2023 BUDGET SUMMARY (CITY ATTORNEY'S OFFICE)

Reinvestment Strategy

- The additional resources will allow the City Attorney's Office access to research, training, and educational resources to cross-train attorneys and prepare to effectively address complex emerging municipal law issues such as electrification, state housing mandates, and fiber development.

Major Proposed Changes in General Fund

- Restore departmental operating expenses that were reduced in prior years for cross-training, continuing education, professional memberships, and reference materials, which will provide the department with the resources necessary to provide high-quality legal services. (\$47,000)
- Increase to contract services for integrated online research information system that attorneys use for specialized legal content. (\$21,000)

FY 2023 DEPARTMENT OUTLOOK (ATTORNEY)

- Support development of ballot measures that Council may propose to the voters in November 2022
- Support development and approval of Housing Element update; draft no-net-loss housing policy and other legislation promoting housing
- Assist City to advance electrification and other sustainability programs
- Support leveraging of public-private partnerships to deliver community services, programs, and facilities
- Support planning and implementation of major infrastructure projects: Fire Station 4, Newell Bridge, RWQCP rehab, Public Safety Bldg



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City Auditor's Office

Operating Pg. 123-130

FY 2023 BUDGET SUMMARY (CITY AUDITOR'S OFFICE)

Reinvestment Strategy

- The City plans to renew the contract with Baker Tilly to serve as the City Auditor.

Major Proposed Changes in General Fund

- The budget for services from Baker Tilly does not have a major change to the FY23 budget.

FY 2023 DEPARTMENT OUTLOOK (AUDITOR)

- Fulfill the mission of the Office of the City Auditor, which furthers the City Council's commitment to internal auditing, transparency, and accountability in government.
- The annual budget accounts for annual external audit services, including the City's audited financials, single audit services, and other initiatives.



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City Clerk's Office

Operating Pg. 131-139

FY 2023 BUDGET SUMMARY (CITY CLERK'S OFFICE)

Reinvestment Strategy

Invest in meeting and record management innovations to increase public access and participation, promote transparency, and efficient service delivery; invest in staff development for department rebuilding and continuity of operations

Major Proposed Changes in General Fund

- Legal and public notices expansion opportunity
- Transcription services innovation
- Municipal Code codification services adaption
- Increased training for staff development

FY 2023 DEPARTMENT OUTLOOK (CLERK)

- Implementation of an enterprise-wide agenda and meeting management solution
- Activation of new record management system and public portal launch
- Increase community engagement opportunities as a recruitment strategy
- 2022 Election facilitation and development of Council Member onboarding
- Ongoing support network for public meetings, expanding hybrid options
- Revision of record management policies incorporating new business practices



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City Council

Operating Pg. 141-144

FY 2023 BUDGET SUMMARY (CITY COUNCIL OFFICE)

Reinvestment Strategy

Restore service levels for Council/Community engagement with minimal impacts to overall City finances.

Major Proposed Changes in General Fund

Restoration of eliminated funds during COVID for special events, meeting support and Council activities. (\$13,995)

FY 2023 DEPARTMENT OUTLOOK (CCO)

- The City Council will continue to provide leadership and management to the City government organization while working with the Council Appointed Officers Offices to maintain and enhance Palo Alto's quality of life.
- Focus on current Council Priorities
 - Economic Recovery & Transition
 - Housing for Social and Economic Balance
 - Community Health and Safety
 - Climate Change – Protection and Adaptation



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City Manager's Office

Operating Pg. 145-156

FY 2023 BUDGET SUMMARY (CITY MANAGER'S OFFICE)

Reinvestment Strategy

The additional resources will allow the City Manager's Office to complete and progress important City Council priorities, including further advancing workforce retention and equity and inclusion goals. Investments also include support for economic vitality efforts as directed by the City Council and allow the department to effectively fulfill duties related to the City's Sister Cities and Sibling City.

Major Proposed Changes in General Fund

- Adding a Senior Management Analyst to serve as the City's Equity and Inclusion Official. This position will help organize and operationalize equity in and through City Services and serve an important role in helping the City continue its equity and inclusion efforts. (\$199,345)

FY 2023 DEPARTMENT OUTLOOK (CMO)

Major Proposed Changes in General Fund (continued)

- Adding to continue support of Neighbors Abroad, a Palo Alto based non-profit that works to foster a sense of connectedness with the City's eight international Sister Cities and a first-of-its-kind domestic Sibling City relationship with Bloomington, Indiana. (\$30,000; 2-year limited term)
- Included in Mid-Year: Adding an Economic Development Manager (Assistant to the City Manager) and restoring an Assistant to the City Manager position who will focus on housing service coordination and related community partnerships.



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Non-Departmental

Operating Pg. 417-424

FY 2023 BUDGET SUMMARY (NON-DEPARTMENTAL)

Balancing Strategy

Non-Departmental includes things not associated with specific departments like the payments associated with the month-to-month Cubberley Lease to PAUSD and the Transfer to Infrastructure as well as contingencies for various departments.

Major Proposed Changes in General Fund

- Reserve: Utilities Transfer Litigation (Equity Transfer) (\$8.6M)
- Reserve: FY 2023 Service Reinvestments (2nd year) (\$3.7M)
- Reserve: Supplemental Trust Fund Contributions (\$1.3M)
- Reserve: Project Homekey (\$1.0M)
- Reserve: Labor and Inflation (\$0.9M)
- Residential Parking Permit (RPP) Loan (\$0.4M)

FY 2023 DEPARTMENT OUTLOOK (Non-Dept.)

- The City will continue to monitor the endemic recovery as service restorations are implemented and place an emphasis on emerging economic trends such as high inflation and low unemployment.