City of Palo Alto

MEMORANDUM

TO: City Council

DATE: May 25, 2021

SUBJECT: AGENDA ITEM #1: Fiscal Year 2022 Budget Wrap-Up Memorandum

Recommendation
Staff recommends that the Finance Committee:

1) Review the current budget adjustments to the Fiscal Year 2022 Proposed Operating and Capital Budgets and Municipal Fee Schedule in alignment with the work completed by the Committee May 4, 11, and 12, 2021 and the City Council budget review on May 17, 2021;
2) Review additional information provided either at staff’s behest or as requested by the Committee and City Council such as the revised General Fund financial forecast scenarios;
3) Recommend to the City Council the adoption of the FY 2022 Operating and Capital Budgets, Municipal Fee Schedule, and approve the FY 2022-2025 Capital Improvement Plan as amended by the actions outlined in this report and approved in the wrap-up discussion; and
4) Recommend to the City Council adjustments to the FY 2022 Operating Budget in the event the City does not reach agreement with labor groups on concessions estimated at $1.6 million in the General Fund and $2.5 million all funds.

Executive Summary
At the conclusion of the May 25, 2021 Budget Wrap-up discussion with the Finance Committee, the Committee is ultimately tasked with providing a recommendation of adjustments to the FY 2022 Proposed Operating, Capital and Municipal Fee Budgets and schedule for the City Council consideration and adoption scheduled for June 21, 2021. After significant deliberations, over the month of May, staff have consolidated all actions in this memorandum for ease of the Committee’s final review including:

1) Current recommended adjustments to the budgets;
2) Items for the Committee to consider recommending to the Council to refer to staff for further work;
3) Staff recommended adjustments;
4) Additional information provided either at the request of the Council and Committee or at staff’s behest; and
5) Summary of actions and references
In addition to these items, staff have not yet achieved agreement with any of the City’s labor groups for a zero general wage increase for FY 2022, an action that cannot be taken unilaterally. Therefore, staff recommends to the Committee to include in its recommendation to the City Council an alternative balancing strategy should concessions, an estimated savings of $1.6 million in the General Fund ($2.5 million all funds), not be achieved. Staff can provide these two plans for City Council adoption for ease in June depending on the outcome of the ongoing labor discussions. Given the nature of the conversation over the past few weeks and willingness to allocate additional funds, staff recommend this prudent planning in the event it is necessary for budget adoption.

1. **CURRENT STATUS OF RECOMMENDED ADJUSTMENTS TO BALANCING STRATEGY INCLUDING CITY COUNCIL REVIEW OF FINANCE COMMITTEE ITEMS**

During the deliberations with the Finance Committee on May 11 and 12, the Committee reviewed the FY 2022 Operating Budget, Capital Budget, and Municipal Fees. To balance the FY 2022 $13 million gap, the Proposed Budget included $7.7 million in net service and capital improvement investment reductions, $1.0 million use of program specific reserves (e.g. Development Center), an assumed $1.6 million in labor concessions, and use of $3.1 million in ARPA funds. Based on the proposed balancing strategy and well as new information made available as part of the committee’s deliberations, the Committee’s strategy recommends restoration of proposed FY 2022 budget reductions in the following departments: Police, Library, Community Services, Fire, Planning and Development Services, and some additional in adjustments in internal services departments.

On May 17, 2021, the City Council reviewed the current progress of budget deliberations that occurred with the Finance Committee on May 11 and 12, 2021. Staff summarized these proceedings in an at places memorandum assisting in facilitation of obtaining Council feedback on the assumptions and areas for focus by the Committee in the wrap-up meeting on May 25.

The seven items that the Finance Committee highlighted for the City Council to consider and discuss at the May 17, 2021 Council update are below as modified by the City Council. The items that the City Council revised or added on May 17, 2021, are noted as “revised” or “new” in the list below:

1. Propose lowering the level of the Budget Stabilization Reserve (BSR) by $2.5 million, below the 18.5 percent target to between 16.6 percent and 17.4 percent of estimated FY 2022 expense levels;
2. Propose a one-year solution where the City will continue to face gaps in FY 2023 if revenues do not grow faster than expenses;
3. **REVISED** Assume a 60-40 split of the receipt and appropriation of American Rescue Plan Act (ARPA) funding of $13.7 million over a 24-month period (previously 50-50);
4. Consider a moderate increase in the Electric Utility Rate in FY 2022;
5. Request the City Council or their representatives to engage with the school board on cost sharing for services such as, but not limited to: Crossing Guards, Children’s Theatre Outreach Productions, Safe Routes to School;
6. Assume the $1.6 million in labor concessions in the General Fund are achieved;
7. Recommend up to $1.0 million for the City Council to increase the Uncertainty Reserve, replenish the Budget Stabilization Reserve, and/or allocate towards service restoration.
8. **NEW** Add $565,000 for the following:
   - Outreach and Summer Hotdog Series Productions by the Children’s Theater ($260,000)
   - Youth Connectedness Initiative (YCI) matching County funds ($50,000)
   - Restore the Council Contingency to $100,000 ($75,000)
– Increase funding to Human Services Resource Allocation Process (HSRAP) ($150,000)
– Restore funding for the Twilight Concert Series ($30,000);

9. **NEW** Reduce funding to the Transportation Management Association (TMA) to $150,000;

10. **NEW** Consider an increase to Residential Parking Permit (RPP) fees to 10 percent higher than garages and appropriate fee levels at 2019 or 2020 rates;

11. **NEW** Return in fall 2021 with a long-range plan for Capital Improvement projects in FY 2023 and beyond to adjust for changes in the budget;

12. **NEW** Direct the Finance Committee to fund the Roth Building through the combination of impact fees and Stanford University Medical Center (SUMC) funds; and

13. **NEW** Move forward with Phase 4 of the Charleston/Arastradero Project using funding Option 1 ($1.2 million SUMC funding; $1.5 million from the Bike and Pedestrian Plan capital project (PL-04010); and $300,000 from various street maintenance projects).

The table below summarizes all General Fund actions tentatively approved by Finance Committee and City Council during May. These adjustments total $1.7 million in savings in FY 2022 and $2.9 million in ongoing costs.

<table>
<thead>
<tr>
<th>General Fund Adjustments</th>
<th>One-time $(savings)/cost</th>
<th>Ongoing $(savings)/cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>City Council &amp; Finance Committee Recommendations May 11, 12, &amp; 17</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60-40 split of $13.7 million American Rescue Plan Act (ARPA) Revenues ($8.2 million in FY 2022 and $5.5 million in FY 2021)</td>
<td>(1,950,000)</td>
<td>750,000</td>
</tr>
<tr>
<td>Draw on unallocated “Reserve: Remaining American Recovery Act Plan (ARPA) Funding” (proposed Operating Budget page 398)</td>
<td>(3,192,580)</td>
<td>(3,192,580)</td>
</tr>
<tr>
<td>Reduce City Council Contingency (from $125,000 to $100,000)</td>
<td>(25,000)</td>
<td>-</td>
</tr>
<tr>
<td>Draw from Budget Stabilization Reserve (BSR) (funding level approximately 17%)</td>
<td>(2,500,000)</td>
<td>-</td>
</tr>
<tr>
<td>Children’s Theater Outreach and Summer Hotdog Series*</td>
<td>260,000</td>
<td>260,000</td>
</tr>
<tr>
<td>Twilight Concert Series</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Youth Connectedness Initiative (YCI) Matching County Funds</td>
<td>50,000</td>
<td>-</td>
</tr>
<tr>
<td>Human Services Resource Allocation Process (HRSP) Funds ($200,000 one-time, $50,000 from SUMC)</td>
<td>150,000</td>
<td>-</td>
</tr>
<tr>
<td>Eliminate Finance Committee recommended $125,000 to CSD at staff’s discretion*</td>
<td>(125,000)</td>
<td>-</td>
</tr>
<tr>
<td>Reduce JMZ ticket price ($18 to $10) and associated revenue</td>
<td>914,000</td>
<td>914,000</td>
</tr>
<tr>
<td>Restore Art Center Hours/Program/Fees</td>
<td>208,025</td>
<td>208,025</td>
</tr>
<tr>
<td>Restore CSD Admin Support</td>
<td>152,200</td>
<td>152,200</td>
</tr>
<tr>
<td>Restore Sports and Recreation Staffing</td>
<td>38,202</td>
<td>38,202</td>
</tr>
<tr>
<td>Restore JMZ Marketing (funding of $150,000 is 75% of initial estimates)</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Restore Cubberley Theatre Administration</td>
<td>94,123</td>
<td>94,123</td>
</tr>
<tr>
<td>Restore Children’s Theatre Operations and production</td>
<td>68,224</td>
<td>68,224</td>
</tr>
</tbody>
</table>
### General Fund Adjustments

<table>
<thead>
<tr>
<th>Description</th>
<th>One-time $ (savings)/cost</th>
<th>Ongoing $ (savings)/cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restore Teen Services/Use of ThinkFunds</td>
<td>55,209</td>
<td>55,209</td>
</tr>
<tr>
<td>Restore Baylands Interpretive Center Hours</td>
<td>15,321</td>
<td>15,321</td>
</tr>
<tr>
<td>Restore Cubberley Artist Studio Administration</td>
<td>12,173</td>
<td>12,173</td>
</tr>
<tr>
<td>Restore Emergency Incident Brown Out at Fire Station 2 (maintains weekday 8am to 8pm staffing)</td>
<td>709,000</td>
<td>709,000</td>
</tr>
<tr>
<td>Add Funding for Fire Equity Hiring Initiatives</td>
<td>50,000</td>
<td>-</td>
</tr>
<tr>
<td>Restore Patrol Staffing (maintains FY 2021 adopted budget staffing levels)</td>
<td>1,008,737</td>
<td>1,008,737</td>
</tr>
<tr>
<td>Restore Crossing Guard Services (maintains full funding for approx. 30 crossings)</td>
<td>304,310</td>
<td>304,310</td>
</tr>
<tr>
<td>Restore Lieutenant, previously reallocated to CMO</td>
<td>292,903</td>
<td>292,903</td>
</tr>
<tr>
<td>Restore Police Administration Programming</td>
<td>47,450</td>
<td>47,450</td>
</tr>
<tr>
<td>Restore Library Hours at College Terrace, Downtown, and Children’s (Maintains FY 2021 adopted budget services of 3 days/week)</td>
<td>544,918</td>
<td>544,918</td>
</tr>
<tr>
<td>Restore Current Planning Staff</td>
<td>138,146</td>
<td>138,146</td>
</tr>
<tr>
<td>Restore Federal Lobbyist Contract Services</td>
<td>40,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Restore Minutes Transcription Services</td>
<td>63,000</td>
<td>63,000</td>
</tr>
<tr>
<td>Establish a FY 2022 Council Uncertainty Reserve</td>
<td>500,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal City Council &amp; Finance Committee Recommendations</strong></td>
<td>($1,996,579)</td>
<td>$2,313,711</td>
</tr>
</tbody>
</table>

**Staff recommended adjustments to the General Fund in this report (section 3):**

<table>
<thead>
<tr>
<th>Description</th>
<th>One-time $ (savings)/cost</th>
<th>Ongoing $ (savings)/cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Works Facility and Allocated Charges</td>
<td>53,000</td>
<td>53,000</td>
</tr>
<tr>
<td>Business Registry Revenue Adjustment</td>
<td>82,000</td>
<td>82,000</td>
</tr>
<tr>
<td>Restore Administrative Functions (Section 3)</td>
<td>875,000</td>
<td>495,000</td>
</tr>
<tr>
<td>Eliminate General Fund Transitional Reserve (Section 3)</td>
<td>(750,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal Staff Recommended General Fund Adjustments</strong></td>
<td>$260,000</td>
<td>$630,000</td>
</tr>
</tbody>
</table>

**TOTAL** ($1,736,579) $2,943,711

* Staff recommends using the $125,000 one-time funding tentatively approved by the Finance Committee on May 12 for the Community Services Department for this purpose.

Overall, this table articulates that in FY 2022, revenues and use of reserves are expected to exceed programmed expenses by $1.7 million. This assumes the City reaches agreement with labor groups and achieves approximately $1.6 million in savings in the General Fund in FY 2022. In FY 2023, this articulates that additional cost, or expense of $2.9 million would result once one-time adjustments are annualized. Scenarios of the quick calculation of the Long Range Financial Forecast (LRFF) revised is in the Additional Information Section 4 below.
The City Council and Finance Committee also recommended adjustments to non-General Fund activities which are summarized in full below. This table does not include staff recommended additional actions recommended by staff which can be found in section 3 of this document.

<table>
<thead>
<tr>
<th>Other Fund Adjustments</th>
<th>Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>City Council &amp; Finance Committee Recommendations May 11, 12, &amp; 17</strong></td>
<td></td>
</tr>
<tr>
<td>Add Phase 4 Charleston/Arastradero Corridor Project in CIP plan +$3 million (offset by $1.2 million SUMC funding; $1.5 million from the Bike and Pedestrian Plan capital project (PL-04010); and $300,000 from various street maintenance projects)</td>
<td>Capital Improvement Fund &amp; Stanford University Medical Center (SUMC)</td>
</tr>
<tr>
<td>Adjust Commodity Purchases in Gas (decrease $1.6 million)</td>
<td>Gas Operating Fund</td>
</tr>
<tr>
<td>Reduce the funding allocated to the Transportation Management Association (TMA) to $150,000</td>
<td>University Avenue Parking Permit Fund</td>
</tr>
<tr>
<td>Fund the ROTH Building Phase 1 rehabilitation (aka “warm shell”) of 300 Homer Ave. estimated at $4.0 to 4.5 million</td>
<td>To Be Determined</td>
</tr>
</tbody>
</table>

2. **FUTURE FOLLOW-UP ITEMS (POTENTIAL REFERRALS)**

Various discussions arose around more in–depth review of or summary information regarding topics or service delivery changes not currently included in the FY 2022 Proposed Budget. Staff has noted these items for the Finance Committee consideration to recommend to the City Council as referrals to staff. Staff has also outlined any plans already in the works for context for the Committee’s consideration.

- Review cost sharing options for mutual activities with the Palo Alto Unified School District (PAUSD), such as crossing guards, Children’s Theater outreach, and Safe Routes to School.
  - City/Schools have already begun discussing this at their May 20, 2021 meeting
- Staff to analyze potential scenarios for Utility Electric Rates and impact to the Electric Fund Reserves. Currently Electric Rate increases are held flat for FY 2022 at 0%, which is estimated to draw down Electric Fund Reserves by $23 million.
  - Staff have included in Section 4 of this memorandum, Additional Information, discussing what a 1 percent increase in the Electric Rate would result in.
- Consider an increase to Residential Parking Permit (RPP) fees to 10 percent higher than garages and appropriate fee levels at 2019 or 2020 rates.
  - Staff plan on returning after summer recess to City Council on parking permit program rates including the fees for the Residential Parking Permit program.
- Return in fall 2021 with a long-range plan for Capital Improvement projects in FY 2023 and beyond to adjust for changes in the budget.
  - Staff expect that long-term multi-year expense needs will be included as a component of the upcoming local ballot measure discussions expected to begin in June 2021 with the Finance Committee.
- Fund the Roth Building through the combination of impact fees and Stanford University Medical Center (SUMC) funds.
  - Staff have provided the analysis of available funding later in this report in section 4, Additional Information. Therefore, the Committee may provide direction as part of their recommendation to the City Council for budget adoption at their pleasure.
3. ADDITIONAL STAFF RECOMMENDED ADJUSTMENTS

In addition to the tentative adjustments outlined by the Finance Committee and City Council, staff recommends adjustments for several items that require technical corrections to align the budget with anticipated activity levels and changes that occurred subsequent to the release of the FY 2022 budget:

GENERAL FUND

Public Works Facility and Custodial Allocated Charges
In staff’s review of the actions taken by the Council such as restoration of Library services and the Baylands Interpretive Center open hours, staff identified that the Public Works Department budget assumed $53,000 in cost savings for facility and custodial services associated with those service reductions and closures. Staff recommends a corresponding action to increase these costs to ensure that sufficient resources are available to support the restored service levels.

Business Registry Revenue Adjustment
On May 17, 2021, staff brought forward a recommendation to the City Council to waive the Business Registry Certificate (BRC) and Business Improvement District (BID) fees in calendar year 2021 (CMR 12167). As part of this action, staff recommends an adjustment to reduce the associated fee revenues by $82,000. This assumes fees will be restored for FY 2023.

Restore Citywide Administrative Support Functions
In the May 17 City Council meeting, staff noted that the organization has been operating with a hiring freeze and expectation for further reductions and constrained resources. Throughout the organization, including internal service departments, there is little to no staff back-up for teams. Therefore, the provision of hiring services and contract services are critical to be done as expeditiously as possible just to ensure continuity of business.

Staff recommends the following adjustments to assist in the administration of continuing services to the community as have been recommended for restoration by the Council. These are modest increases after compounding reductions and therefore, should not be expected to be a rapid response, however, will assist in the expected burst of needs as a result of the current planned restoration and readying the organization for the next recovery phase of the pandemic. In total, these additions reflect less than a 50 percent restoration from the FY 2022 proposed reductions. This is in contrast to the tentative restoration of approximately 65 percent of community facing services.

Staff recommend offsetting these restorations in FY 2021 with the use of the proposed General Fund Transitional Reserve (initial balance of $750,000) and recommend setting aside an additional $300,000 for unknown administration needs. The Transition Reserve was previously set aside for a number of costs such as severance, separation timing, and service changes likely to incur one-time transition costs. However, with the current revised proposal, it is not expected to be necessary.
<table>
<thead>
<tr>
<th>Department</th>
<th>Position/Service Restoration</th>
<th>General Fund Cost</th>
<th>All Funds Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Services</td>
<td>Restore Purchasing 0.50 FTE Administrative Associate and realign staff resources</td>
<td>94,000</td>
<td>94,000</td>
</tr>
<tr>
<td>City Attorney’s Office</td>
<td>Restore Assistant City Attorney from underfilled Deputy City Attorney</td>
<td>92,000</td>
<td>92,000</td>
</tr>
<tr>
<td>City Auditor’s Office</td>
<td>Restore Auditor services contract</td>
<td>30,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Fire</td>
<td>Add 1.0 FTE Administrative Associate II, eliminate hourly Administrative Specialist II</td>
<td>68,000</td>
<td>68,000</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Recruitment support staffing</td>
<td>75,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Information Technology</td>
<td>Technology consultant services (one-time)</td>
<td>80,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Public Works</td>
<td>Restore 1.0 FTE Facilities Technician</td>
<td>136,000</td>
<td>136,000</td>
</tr>
<tr>
<td>Non-Departmental</td>
<td>Reserve for administration support (one-time)</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$875,000</strong></td>
<td><strong>$1,005,000</strong></td>
</tr>
</tbody>
</table>

Considering financial constraints the City is facing, the above list represents a minimum of staff’s recommended restorations of administrative and internal support functions that includes a variety of work to ensure that operations continue to be in compliance with state and federal regulations; the City’s Charter and Municipal Code; health and safety guidelines and directives; and, through recruitment, that staffing levels are maintained for all of these requirements to be met. Administrative support is critical in ensuring the ability to deliver frontline services across the organization. Without a contract, a service provider cannot teach a class or provide a grant to a non-profit recipient; without staffing, libraries cannot open and classes cannot be offered; and without safe facilities and technology, staff cannot return to the workplace as the organization adjusts to the evolving pandemic. It is important to note that these recommended adjustments reflect resources needed to continue the overall level of resources and service to be provided by the organization. In the next six to twelve months, staff expects a burst of needs especially on technology, staffing, contracts, and facilities in order to set-up the frontline services the Council is recommending be restored. The additional $300,000 is what staff is recommending be set aside to help with this surge; however, the necessary public processes do take time and staff expects the availability of resources to meter the pace at which departments can react to providing the recommended service restorations.

In total, the recommendations in this report restore 18 full-time staff (15.4 FTE) and 21 part-time staff (5.21 FTE). With these restorations, the City is experiencing an approximate 10 percent vacancy rate in full-time staffing levels (Attachment A). Of the part-time staff proposed for restoration, approximately 50 percent are currently vacant. After significant reductions adopted, most back-up and redundancy in staffing has been eliminated, eliminating the organization’s ability to quickly pivot should an absence or vacancy occur. Therefore, it is expected with this level of vacancies there will be a “ramp up” period necessary. As outlined in Section 4 of this memorandum, Additional Information, the near-term City financials remain uncertain. It is expected that both staff and potential candidates will see some barriers and resistance to hiring as both seek to avoid any further layoffs or involuntary separations due to financial constraints in the future. This may further delay the time to provide services immediately upon adoption of this FY 2022 budget as staff work through these uncertainties.
**SPECIAL REVENUE FUNDS**

**Community Development Block Grant (CDBG) Adjustment**
On May 4, 2021, the City Council approved the FY 2021-22 CDBG annual action plan (CMR 12014). On May 13, 2021, the department for Housing and Urban Development (HUD) informed the City that they discovered an error in the formula calculations for the CDBG program and revised Palo Alto’s annual allocation from $528,961 to $536,756, an increase of $7,795. This funding is recommended to be allocated to the Rebuilding Together Peninsula Safe at Home project, which focuses on critical health and safety related home repair needs for low-income Palo Alto homeowners. Staff recommends that the annual funding is adjusted to align with the revised calculation and final submission of the annual action plan to HUD.

**State Gas Tax Funding**
The City received an updated Gas Tax revenue estimate for FY 2022 that is $132,000 lower than the amount assumed in the FY 2022 Proposed Budget. This revenue is generated by state collections of fuel taxes and vehicle registration fees and distributed to local jurisdictions to fund road rehabilitation and maintenance work on local streets and roads. This type of work is budgeted in the ongoing Streets Maintenance Capital Project (PE-86070) in the Capital Improvement Fund. Staff recommends a reduction of $132,000 in Gas Tax Revenue in the Gas Tax Fund offset by a $132,000 reduction in funding for the Streets Maintenance Capital Project (PE-86070) in the Capital Improvement Fund.

**ENTERPRISE FUNDS**

**Utilities Position Reclassifications**
On May 3, 2021, the City Council approved an updated salary schedule for Water Gas Wastewater (WGW) Field Inspector classifications in accordance with an arbitration decision in January 2021 (CMR 12156). As a result of this action, 9.00 positions will be reclassified from a Field Service Inspector to a WGW Utilities Field Service Inspector classification beginning in FY 2022. The new classification aligns the role with the specific area of service and includes a 10 percent increase effective October 2016. This action aligns the Table of Organization in FY 2022 with these actions already approved by the City Council.

**CAPITAL IMPROVEMENT PROGRAM (CIP) PLAN**

**Capital Project Reappropriations**
The Municipal Code requires City Council authorization to reappropriate fund for capital projects from one year to the next. These amounts are assessed in early spring to develop the FY 2021 Proposed budget and as an amendment to the proposed budget once more refined estimates are available. These adjustments do not change the overall funding levels and “true-up” the budget to the fiscal year that activity is anticipated to occur; projects experiencing delays in the current year will have funding increased and available at the onset of FY 2022 and projects with higher than anticipated expenditure levels in the current year will have funding reduced in FY 2022. Departments have refined current year estimates and staff recommends a total of $77.6 million to be reappropriated from FY 2021 to FY 2022 across all funds, a $21 million increase from the $56.6 million in the Proposed Budget. This re-review of projects results in an increase to the FY 2022 Capital Improvement Fund Budget by $11.1 million, from $31.7 million to $42.8
million. These amounts supersedethe reappropriations presented to the Finance Committee at the May 11 at places memo and a detailed presentation of adjustments will be included in the FY 2022 Budget Adoption staff report, tentatively scheduled for City Council review on June 21, 2021. A summary of these adjustments is presented in Attachment B.

4. ADDITIONAL INFORMATION INCLUDING REVISED GENERAL FUND FINANCIAL FORECAST

During the various meeting with both the Finance Committee and the City Council, additional pieces of information were requested. May have already been presented through various at places memorandum that are linked in the resource section of this document or can be found on the City’s Office of management and Budget website. Below are the final outstanding requests for additional information

*Updated near term Financial Forecast (update the Long-Range Financial Forecast for FY 2022-2024 based on current recommended adjustments)*

On May 11, 2021, the Finance Committee requested that staff return with a projected financial outlook that incorporates tentative adjustments. During the deliberations, the Finance Committee acknowledged that the tentative FY 2022 balancing strategy includes significant use of one-time funding resources solutions to restore ongoing services and that it will be necessary to structurally balance long-term operating revenues and expenses to mitigate future funding gaps. As directed by the City Council, the FY 2022 Proposed Budget was developed using the Long Range Financial Forecast (LRFF) Scenario B (CMR 11954) that assumes a three to five year economic recovery.

The City’s financial position over the next five years, assuming tentative service restorations recommended by the Finance Committee and City Council, is modeled below, using the same general assumptions as Scenario B in the LRFF. As discussed earlier in this memorandum, a significant unknown in the current proposed balancing strategy remains, the assumed savings from labor concessions. Staff prepared an alternative model that assumes labor concessions are not achieved. Staff did not do a full refresh of the City’s annual LRFF since the time necessary for a full update would not be completed in time for continued deliberations. Therefore, this represents the incremental adjustments layered on top of the existing LRFF models for the actions currently included in the tentative balancing strategy outlined in section 1 of this report. A full refresh of assumptions will be completed as part of the annual financial planning the City routinely executes.

**Baseline Scenario: ARPA 60/40 assumes savings from labor concessions**

The baseline scenario aligns with the Finance Committee and City Council recommendations to date.

<table>
<thead>
<tr>
<th></th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of Reserves/Fund Balance</td>
<td>$3,450</td>
<td>$159</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$205,691</td>
<td>$213,002</td>
<td>$218,366</td>
<td>$225,186</td>
<td>$231,642</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$207,462</td>
<td>$221,977</td>
<td>$232,524</td>
<td>$240,846</td>
<td>$243,149</td>
</tr>
<tr>
<td>Net One-Time Surplus/(Gap)</td>
<td>$1,679</td>
<td>(8,816)</td>
<td>(14,158)</td>
<td>(15,661)</td>
<td>(11,507)</td>
</tr>
<tr>
<td>Cumulative Net Operating Margin (One-Time)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Operating Margin</td>
<td>$1,679</td>
<td>($10,495)</td>
<td>($5,342)</td>
<td>($1,503)</td>
<td>$4,154</td>
</tr>
<tr>
<td>Cumulative Net Operating Margin</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9
Alternative Scenario 1: ARPA 60/40 does not assume any labor concessions

This alternative scenario aligns with the Finance Committee and City Council recommendations to date and assumes that labor concessions totaling $1.6 million in the General Fund are not achieved.

<table>
<thead>
<tr>
<th></th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of Reserves/Fund Balance</td>
<td>$3,450</td>
<td>$159</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$205,691</td>
<td>$213,002</td>
<td>$218,366</td>
<td>$225,186</td>
<td>$231,642</td>
</tr>
<tr>
<td></td>
<td>3.6%</td>
<td>2.5%</td>
<td>3.1%</td>
<td>2.9%</td>
<td></td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$209,062</td>
<td>$223,484</td>
<td>$234,030</td>
<td>$242,350</td>
<td>$244,647</td>
</tr>
<tr>
<td></td>
<td>6.9%</td>
<td>4.7%</td>
<td>3.6%</td>
<td>0.9%</td>
<td></td>
</tr>
<tr>
<td>Net One-Time Surplus/(Gap)</td>
<td>$79</td>
<td>($10,323)</td>
<td>($15,664)</td>
<td>($17,165)</td>
<td>($13,005)</td>
</tr>
<tr>
<td>Cumulative Net Operating Margin (One-Time)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($56,078)</td>
</tr>
</tbody>
</table>

| Net Operating Margin | $79 | ($10,402) | ($5,341) | ($1,501) | $4,160 |
| Cumulative Net Operating Margin |         |         |         |         | ($13,005) |

As a point of reference, the baseline scenario and the alternative scenario includes the adjustments that were tentatively approved by the Finance Committee and City Council as outlined in section 1 of this report and includes additional staff recommended adjustments outlined in Section 3 – Additional Staff Recommendations of this report. It also assumes the five-year phase in of the base transfer to the Capital Improvement Fund from $2.6 million in FY 2022 to $17.7 million in FY 2026. This is a return to the pre-pandemic base transfer level assumed in FY 2026, as outlined in the LRFF reviewed by the City Council on February 8, 2021.

Junior Museum and Zoo Operating Plan and Fee Sensitivity Impact on Attendance

Staff have estimated annual attendance to the new Junior Museum and Zoo based on Finance Committee’s recommended $10 ticket fee, facility capacity, standard visitation variability for museums and zoos, and consultation with a management consultant. Staff defined full capacity as “comfortable capacity”, which is less than the maximum defined by fire code but is what JMZ staff estimate will allow for comfortable usage of the space. The estimate assumes the JMZ reaches capacity every weekend and during holiday breaks, and at 50 percent capacity on weekdays. This also assumes visitors stay for two hours. Based on these parameters, and that the new facility is substantially larger than the old facility, staff estimate annual visitation to be 189,000, which slightly higher than the proforma that assumed visitation of 185,000. This estimate does not take into account that higher visitation may occur on weekdays during the summer months. The higher estimated annual visitation assumes that square footage of the museum has increased by 68 percent and the area of the zoo has increased 85 percent; the number of interactive exhibits has increased from 40 to 78.

As was shared with Finance Committee on May 4, JMZ Scenario 5, which includes a $10 ticket price, is estimated to generate $1.53 million of costs in excess of the ticket revenue in the General Fund in FY 2022. This is approximately $914,000 higher than the previously approved business plan, which included an $18 ticket price, assuming the same annual attendance of 185,000. On May 12, 2021, the Finance Committee also tentatively approved the restoration of $50,000 of the $100,000 proposed reduction in the JMZ marketing budget, which adjusts these figures to $1.6 million and $964,000, respectively. The cost recovery level of JMZ Scenario 5 is estimated to be 58 percent, which falls within the medium (31.1
percent – 70 percent) cost recovery level, in FY 2022. Feedback from the Friends of the JMZ and the Finance Committee was that 185,000 is an over-estimation of attendance for a higher ticket price. If it is assumed that attendance will decrease as ticket prices increase, the cost impact to the General Fund is expected to be greater than what was identified in the May 4 Finance Committee report for each price point above $10. The Friends of the JMZ agree that a $10 admission fee is aligned with other similar facilities.

Utility Electric Rates and impact to the Electric Fund Reserves. Currently Electric Rate increases are held flat for FY 2022 at zero percent, which is estimated to draw down Electric Fund Reserves by $23 million. Staff performed some preliminary calculations on the impact of a 1 percent rate increase. Raising Electric rates from zero to 1 percent could bring in approximately $1.3 million in additional revenue, from $124.5 million to $125.8 million. This would increase the monthly average residential bill by approximately $0.60 and the commercial bill between $3 - $2,500 per month. General Fund impact would be about $14,000 increase in allocated expenses for electric utilities paid by General Fund departments, roughly 1 percent of the $1.4 million General Fund allocated expenses for Electric utility.

Fund the Roth Building through the combination of impact fees and Stanford University Medical Center (SUMC) funds.

The City Council directed the Finance Committee to review the current partnership with the Palo Alto Museum and necessary funding for the Phase 1 rehabilitation of 300 Homer Avenue, ROTH building. The Council requested looking at use of impact fees and the Stanford University Medical Center Funds. Below is information staff previously provided the City Council in December 2020, updated for the most current information available, including tentative adjustments recommended in the balancing strategy outlined in Section 1 of this memorandum. Currently the estimated cost of the Phase 1 rehabilitation (aka “warm shell”) of the building is $10.5 million. As shown in the table below, the project has funding of $6.2 to $6.5 million, leaving a gap of $4.0 to 4.3 million needed to fully fund the $10.5 million Phase 1 rehabilitation.

<table>
<thead>
<tr>
<th>FUNDING SOURCE</th>
<th>ESTIMATED FUNDING CONTRIBUTION</th>
<th>PROJECTED GAP TO PHASE 1 $10.5M</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDR proceeds and a $1.0 million contribution from the General Fund</td>
<td>$4.9 M</td>
<td></td>
</tr>
<tr>
<td>Grants from the County of Santa Clara (roof replacement $0.3 million)</td>
<td>$0.3 M</td>
<td></td>
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<tr>
<td>Library impact fees designated for the establishment of the City archives</td>
<td>$0.3 M</td>
<td></td>
</tr>
<tr>
<td>PAM cash on hand (MGO reports approximately $0.8 million available with some needs for operating costs)</td>
<td>$0.5 M</td>
<td></td>
</tr>
</tbody>
</table>

**SUMMARY OF PHASE 1 PROJECT FUNDING**

**Available Financial Support**

| Funds are either already set aside in city / PAM funds or awarded grants |

| PLEDGES | Funds are not received verbal/ written donor support |

- **Readily Available Funds** | $6.0 M | ($4.5 M) |
- **PAM pledges; MGO Audit report estimated $0.2 million are more likely to be collectable** | $0.2 - $0.5 M |
- **Additional Funds including pledges** | $6.2 - $6.5 M | ($4.0 – 4.3M) |
As requested by the City Council, staff have focused on Stanford University Medical Fund (SUMC) funds and various impact fee funds for potential funding sources of this project. The tables below show several Impact Fee Funds as well as the Stanford University Medical Center Fund that may be eligible to be allocated in various combinations to cover the $4.0 to $4.3 million gap. In the Impact Fee Funds, the available funds are those that are not currently committed to other projects, while the eligible funds are the full amounts that could be used to fund the gap for the Phase 1 rehabilitation; however, full use of these funds would require impacting/defunding other projects. Staff expects that as the Committee deliberates and identifies a certain combination of funding, staff will then confirm eligibility of that strategy with the appropriate agreements and restrictions of funding sources prior to returning this a final recommendation. These are currently provided as estimates to inform the decision making of the Committee on a funding strategy.

### DEVELOPMENT IMPACT FEE AND SUMC FUNDING ELIGIBILITY AND AVAILABILITY FOR ROTH REHABILITATION

<table>
<thead>
<tr>
<th>FUNDING SOURCE</th>
<th>ELIGIBLE?</th>
<th>PURPOSE &amp; AUTHORITY FOR COLLECTION</th>
<th>POTENTIAL USES IDENTIFIED (FOR FUNDING ROTH)</th>
<th>AVAILABLE/ELIGIBLE FUNDS</th>
<th>ARE THESE FUNDS ALLOCATED TO A DIFFERENT CAPITAL PROJECT IN THE FY 2022-2026 CIP?</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPACT FEE - COMM. CTR. (211)</td>
<td>Maybe</td>
<td>Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Community Centers. PAMC Ch. 16.58</td>
<td>To use these funds, the Roth Building would need to contain aspects qualifying as a community center (as defined by the nexus study).</td>
<td>$0.5M / $2.3M</td>
<td>Yes: Funding beyond $0.5M in available funds would require defunding Rinconada Improvements (PE-08001, $2.1M) which coincides with the JMZ upgrade project and upgrade to the entire area for the new JMZ and surrounding areas. These fees would also be a potential funding source for community center improvements such as Cubberley AMH project and the Children’s Library reopening would be impacted.</td>
</tr>
<tr>
<td>IMPACT FEE - LIBRARY (212)</td>
<td>Yes</td>
<td>Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Libraries. PAMC ch. 16.58</td>
<td>To use these funds, the Roth Building would need to build additional library space. Eligible funds reflect 6.7% of the building occupied by City archives.</td>
<td>$0.1M / $0.8M ($0.8M eligible funding incl. dedicated $0.3M)</td>
<td>Yes: Funding beyond $0.1M in available funds would require defunding Library Automated Mat'l Handling (LB-21000, $0.9M). The Automated Materials Handling (AMH) machine will automate check-in of Library materials at smaller library branches to increase efficiency. Budgets for FY21 and beyond were created based on the allocation of Impact Fee funds to this AMH project and the Children’s Library reopening would be impacted.</td>
</tr>
<tr>
<td>IMPACT FEE - PARKS (210)</td>
<td>Yes</td>
<td>Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Parks. PAMC Ch. 16.58</td>
<td>To use these funds, the Roth Building could build a bathroom outfacing and accessible to the park. Assumes average cost to build a new restroom as assumed in the five-year CIP.</td>
<td>$0.3M / $0.3M</td>
<td>No</td>
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### STANFORD UNIVERSITY MEDICAL CENTER (SUMC) CURRENT FUND STATUS SUMMARY (MILLIONS)

<table>
<thead>
<tr>
<th>Development Agreement Expenditure Category</th>
<th>PRINCIPAL FUNDING</th>
<th>FY 2021 Beginning Balance</th>
<th>FY 2021 Interest (EST)</th>
<th>Planned Commitments FY 2021</th>
<th>Planned Commitments FY 2022-26</th>
<th>NOT Committed</th>
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<tbody>
<tr>
<td>Community Health and Safety</td>
<td>4.0</td>
<td>2.9</td>
<td>0.04</td>
<td>0.5</td>
<td>1.25</td>
<td>1.19</td>
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<tr>
<td>Expansion Cost Mitigation</td>
<td>2.4</td>
<td>3.0</td>
<td>0.03</td>
<td>0.7</td>
<td>0.5</td>
<td>1.83</td>
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<tr>
<td>Intermodal Transit</td>
<td>2.3</td>
<td>1.3</td>
<td>0.02</td>
<td>-</td>
<td>1.5</td>
<td>(0.18)</td>
</tr>
<tr>
<td>Quarry Road Impv. &quot;Linkages&quot;</td>
<td>0.4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Infrastructure and Affordable Housing</td>
<td>23.2</td>
<td>10.4</td>
<td>0.14</td>
<td>0.8</td>
<td>8.9</td>
<td>0.84</td>
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<tr>
<td>Climate Change and Sustainable Communities</td>
<td>12.0</td>
<td>2.9</td>
<td>0.03</td>
<td>0.4</td>
<td>2.0</td>
<td>0.53</td>
</tr>
</tbody>
</table>

$44.3 \quad $20.5 \quad $0.26 \quad $2.4 \quad $14.15 \quad $4.21

Italicized and underlined figures have been adjusted to account for the current recommended adjustments by the Council and Finance Committee for HSRAP and Charleston/Arastradero Project funding.

**Planning and Transportation Commission Review of the New Projects in the 2022-2026 Capital Improvement Plan**

On May 12, 2021, the Planning and Transportation Commission reviewed the seven new projects in the 2022-2026 Capital Improvement Plan for each of the project’s compliance with the City’s 2030 Comprehensive Plan. The Commission determined that all seven projects are in compliance with the Comprehensive Plan and submitted a Letter of Conformance (Attachment C) for the Finance Committee and the City Council’s review.

### 5. SUMMARY OF FINANCE COMMITTEE REVIEW OF FY 2022 PROPOSED BUDGET (ACTIONS & REFERENCES)

Action Minutes to the Finance Committee Hearings can be found on the City’s webpage here: [https://www.cityofpaloalto.org/Departments/City-Clerk/City-Council-Standing-Committees/Finance-Committee](https://www.cityofpaloalto.org/Departments/City-Clerk/City-Council-Standing-Committees/Finance-Committee). In addition, throughout the Finance Committee Budget Hearings, various memoranda were distributed “At Places” in order to respond to inquiries made by the Committee or provide additional pertinent information at staff’s behest. In addition, summary presentations were given at each hearing providing high level overviews of each item. Specific meetings and reference links to materials are outlined below.

**May 4, 2021 Finance Committee**

Action Minutes:

Presentations:
- Stanford University Medical Center (SUMC) Fund Status: 
- FY 2022 Proposed Budget Overview: 

Video: https://www.youtube.com/watch?v=HPZZuhlXEB4

**May 11, 2022 Finance Committee**

Action Minutes: pending

Presentations:
- FY 2021-2022 Proposed Operating and Capital Budgets: 

Video: https://www.youtube.com/watch?v=HPZZuhlXEB4

**May 12, 2022 Finance Committee**

Action Minutes: pending

Presentations:
- FY 2021-2022 Proposed Operating and Capital Budgets Continuation: 

Video: https://youtu.be/t4I5XP4jsz4

**May 17, 2022 City Council Meeting**

Action Minutes: pending

Presentations:
- FY 2021-2022 Finance Committee Review with City Council: 

Video: https://youtu.be/xcz2LMrNZlg

**List of Supplemental Information provided during Budget Deliberations**

During the Finance Committee hearings and the City Council update, staff provided additional information to Committee members to assist in the review of the Fiscal Year 2022 Proposed Budget. Below is a list of links to those memoranda:

- May 11 At Places Memorandum: Additional Information
- May 12 At Places Memorandum: Palo Alto Transportation Management Association
- May 12 At Places Memorandum: Additional Information and Clarification
- May 17 At Places Memorandum: Continued Discussion of the Fiscal Year 2022 Budget
- May 17 At Place Memorandum: Palo Alto Museum (PAM) at the Roth Building

Additional Information and Clarification Memos from May 11 and 12 (provided at staff’s behest)

In previous years, the City Council has made a variety of requests to provide context and/or additional...
data points of reference to aid in budget deliberations. Staff compiled and transmitted the following items at the May 11 and 12, 2021 budget meetings:
- Capital Fund reappropriations list
- Vacancy report, as of May 2021
- City’s list of lease information
- Service provider spend report
- Department organization charts
- Responses to City Council questions from May 4 Overview Meeting
- Crossing Guard Locations
- Community Budget Survey Results

**Community Budget Survey Results**
The City released an online survey on May 5, 2021 to facilitate community feedback on the FY 2022 budget, including prioritization of service areas, proposed reductions, and alternative funding sources. Staff included preliminary survey results in the May 12 Finance Committee meeting, and updated survey results in the May 17 City Council meeting. Final survey results are available on the City’s [Budget website](#) as the survey closed on May 21, 2021 at 12pm. For ease of reference, initial results through May 11 can be found [here](#) on slides 4-6. Updated results through May 17 can be found [here](#) on slides 3-5. Final results can be found on the Budget website.

**DEPARTMENT HEAD:**

KIELY NOSE
Director, Administrative Services/CFO

**CITY MANAGER:**

ED SHIKADA
City Manager

**List of Attachments**

**Attachment A:** Vacancy List as of May 2021, Revised for Recommendations
**Attachment B:** Capital Projects Reappropriations FY 2021 to FY 2022
**Attachment C:** Planning and Transportation Commission Review of the New Projects in the 2022-2026 Capital Improvement Plan
## Administrative Services

<table>
<thead>
<tr>
<th>Position</th>
<th>Date</th>
<th>General Fund</th>
<th>Enterprise Funds</th>
<th>Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountant*</td>
<td>6/22/2018</td>
<td>-</td>
<td>1.00</td>
<td>-</td>
<td>1.00</td>
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<tr>
<td>Administrative Assistant*</td>
<td>07/31/2020</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>1.00</td>
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<tr>
<td>Administrative Associate II (RESTORED BY STAFF)</td>
<td>08/01/2020</td>
<td>0.50</td>
<td>-</td>
<td>-</td>
<td>0.50</td>
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<tr>
<td>Buyer (TENTATIVELY APPROVED)</td>
<td>N/A</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>1.00</td>
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<tr>
<td>Contracts Administrator*</td>
<td>03/27/2021</td>
<td>0.30</td>
<td>0.70</td>
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<td>Management Analyst</td>
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<tr>
<td>Offset Equip Op</td>
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<td>1.00</td>
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<td>1.00</td>
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<tr>
<td>Offset Equip Op*</td>
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<td>0.48</td>
<td>0.52</td>
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<td>Senior Accountant*</td>
<td>04/26/2021</td>
<td>1.00</td>
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<td>-</td>
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<td><strong>City Attorney’s Office</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assistant City Attorney*</td>
<td>11/14/2020</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>1.00</td>
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<tr>
<td><strong>City Clerk’s Office</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Associate III</td>
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<td>1.00</td>
<td>-</td>
<td>-</td>
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<td>Assistant City Manager</td>
<td>03/13/2021</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
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<td>Assistant to City Manager</td>
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<td>Manager Communications*</td>
<td>09/26/2020</td>
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<td>-</td>
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<td><strong>Community Services</strong></td>
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<td></td>
</tr>
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<td>Administrative Assistant (RESTORED)</td>
<td>01/01/2021</td>
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<td>-</td>
<td>-</td>
<td>1.00</td>
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<tr>
<td>Jr Museum &amp; Zoo Educator (RESTORED)</td>
<td>07/31/2020</td>
<td>0.65</td>
<td>-</td>
<td>-</td>
<td>0.65</td>
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<tr>
<td>Mgr Comm Svc/ Supervising Ranger (TENTATIVELY APPROVED)</td>
<td>5/1/2020</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>1.00</td>
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<tr>
<td>Prod Arts/Sci Prog - Jr. Museum &amp; Zoo*</td>
<td>07/01/2020</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>1.00</td>
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<td>Senior Management Analyst*</td>
<td>11/07/2020</td>
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<td>-</td>
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<tr>
<td><strong>Fire Department</strong></td>
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</tr>
<tr>
<td>Hazardous Materials Inspector EMT</td>
<td>07/03/2020</td>
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<td>-</td>
<td>-</td>
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<tr>
<td><strong>Human Resources Department</strong></td>
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<tr>
<td>Human Resources Technician</td>
<td>10/23/2020</td>
<td>0.75</td>
<td>-</td>
<td>-</td>
<td>0.75</td>
</tr>
<tr>
<td><strong>Information Technology Department</strong></td>
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<td></td>
<td></td>
<td></td>
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<td>12/14/2018</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Library Department</strong></td>
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</tr>
<tr>
<td>Librarian (RESTORED)</td>
<td>12/28/2020</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Library Specialist (RESTORED)</td>
<td>01/30/2021</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Library Specialist (RESTORED)</td>
<td>04/12/2021</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Library Specialist</td>
<td>11/12/2020</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>1.00</td>
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<tr>
<td><strong>Planning &amp; Development Services</strong></td>
<td></td>
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</tr>
<tr>
<td>Administrative Associate III</td>
<td>10/09/2020</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>1.00</td>
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<tr>
<td>Assistant Building Official*</td>
<td>1/29/2021</td>
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<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Assoc Planner (RESTORED)</td>
<td>10/10/2020</td>
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<td>-</td>
<td>-</td>
<td>1.00</td>
</tr>
<tr>
<td>Bidg Inspector Spec*</td>
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## Utilities Department
## City of Palo Alto Full-time Position Vacancies
(as of May 2021)

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<th>Enterprise Funds</th>
<th>Other Funds</th>
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- This list excludes positions that were frozen in FY 2021 and eliminated in the FY 2022 Base Budget
- (*) indicates that the position is in the recruitment process
- Italicized indicates that the position is eliminated in the FY 2022 Proposed Budget

| Approximate Vacancy Rate (%) | 8% | 13% | 7% | 10% | 93.15 |

ATTACHMENT A
### Attachment B: Capital Improvement Plan FY 2021 Reappropriations to FY 2022 as of May 2021

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Project Title</th>
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<th>Revenue Reappropriation Adjustment</th>
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<th>Proj. No.</th>
<th>Revenue Reappropriation Adjustment</th>
<th>Expense Reappropriation Adjustment</th>
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Attachment B: Capital Improvement Plan FY 2021 Reappropriations to FY 2022 as of May 2021

<table>
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<tr>
<th>Fund Name</th>
<th>Project Title</th>
<th>Proj. No.</th>
<th>Revenue Reappropriation Adjustment</th>
<th>Expense Reappropriation Adjustment</th>
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</table>
May 13, 2021

Honorable City Council
C/O City of Palo Alto
250 Hamilton Avenue
Palo Alto, CA 94301

RE: PTC Review of 2022-2026 Proposed Capital Improvement Plan (CIP)

Dear Mayor and Members of the Palo Alto City Council,

The Planning and Transportation Commission (PTC) reviewed the 2022-2026 proposed Capital Improvement Plan at its regular meeting on Wednesday, May 12, 2021, determined that all of the seven new Capital Improvement Projects included in the 2022-2026 Capital Budget are consistent with the adopted Comprehensive Plan, and recommended forwarding this finding to the City Council and Finance Committee. The motion was made by Commissioner Michael Alcheck and seconded by Commissioner Bryna Chang. The motion was approved by a vote of 7-0.

Respectfully submitted,

Bart Hechtman, Chair
Planning and Transportation Commission