



**FY 2023 PROPOSED BUDGET  
HEARINGS  
ENTERPRISE FUNDS CAPITAL  
IMPROVEMENT PLAN  
AND INTERNAL SERVICE FUNDS  
CAPITAL IMPROVEMENT PLAN  
CAP PG. 259-525, 527-581**

**May 10, 2022**

**[www.cityofpaloalto.org/budget](http://www.cityofpaloalto.org/budget)**



CITY OF  
**PALO  
ALTO**

# **INTERNAL SERVICE FUND PROJECTS**

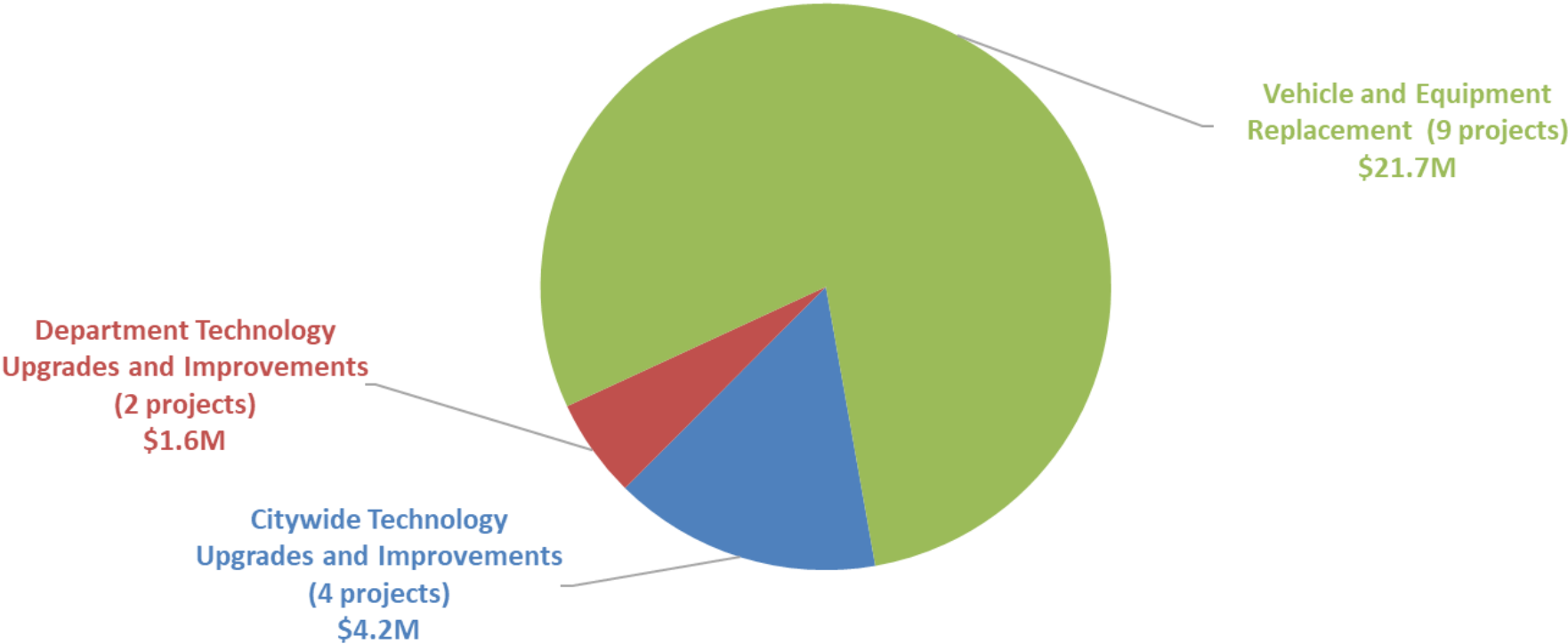
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Technology Fund Projects Pg. 529-556

Vehicle Replacement Fund Projects Pg. 557-581

# FY 2023 PROPOSED BUDGET SUMMARY

2023-2027 INTERNAL SERVICE FUNDS CIP PROJECTS BY FUND (15 TOTAL)  
\$27.4 MILLION



# FY 2023 INFORMATION TECHNOLOGY FUND

## 2023-2027 CIP Proposed Budget Summary

	FY 2023 Proposed	FY 2024	FY 2025	FY 2026	FY 2027	5-Year Total
Revenues	\$0.6M	\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$1.0M
Expenses	\$5.3M	\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$5.7M

### FY 2023 – FY 2027 Information Technology Fund CIP Outlook

- Phase 2 of Enterprise Resource Planning (ERP) Upgrade to begin at end of FY 2022 and continue in FY 2023, \$2M
- City Council Chambers Audio Visual and ADA Upgrade will be revisited in FY 2023, \$1.7M
- Computer Aided Dispatch (CAD) Upgrade to be defined, designed, and developed in FY 2023, \$0.7M

# FY 2023 VEHICLE REPLACEMENT FUND

## 2023-2027 CIP Proposed Budget Summary

	FY 2023 Proposed	FY 2024	FY 2025	FY 2026	FY 2027	5-Year Total
Revenues	\$3.8M	\$3.7M	\$3.7M	\$3.7M	\$3.7M	\$18.6M
Expenses	\$5.4M	\$4.1M	\$4.0M	\$4.0M	\$4.2M	\$21.7M

## FY 2023 – FY 2027 Vehicle Replacement Fund CIP Outlook

- FY 2023 includes reappropriated funding from previous years for vehicles that still need to be ordered or outfitted
- FY 2021 and FY 2022 replacement budgets were reduced by 60%
- FY 2023 – FY 2027 Shifting back to pre-pandemic vehicle replacement budgets and planning for Fleet electrification
- New project: Vehicle & Equipment Replacement-FY2027 (VR-27000): \$3.6M



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## **ENTERPRISE FUND PROJECTS**

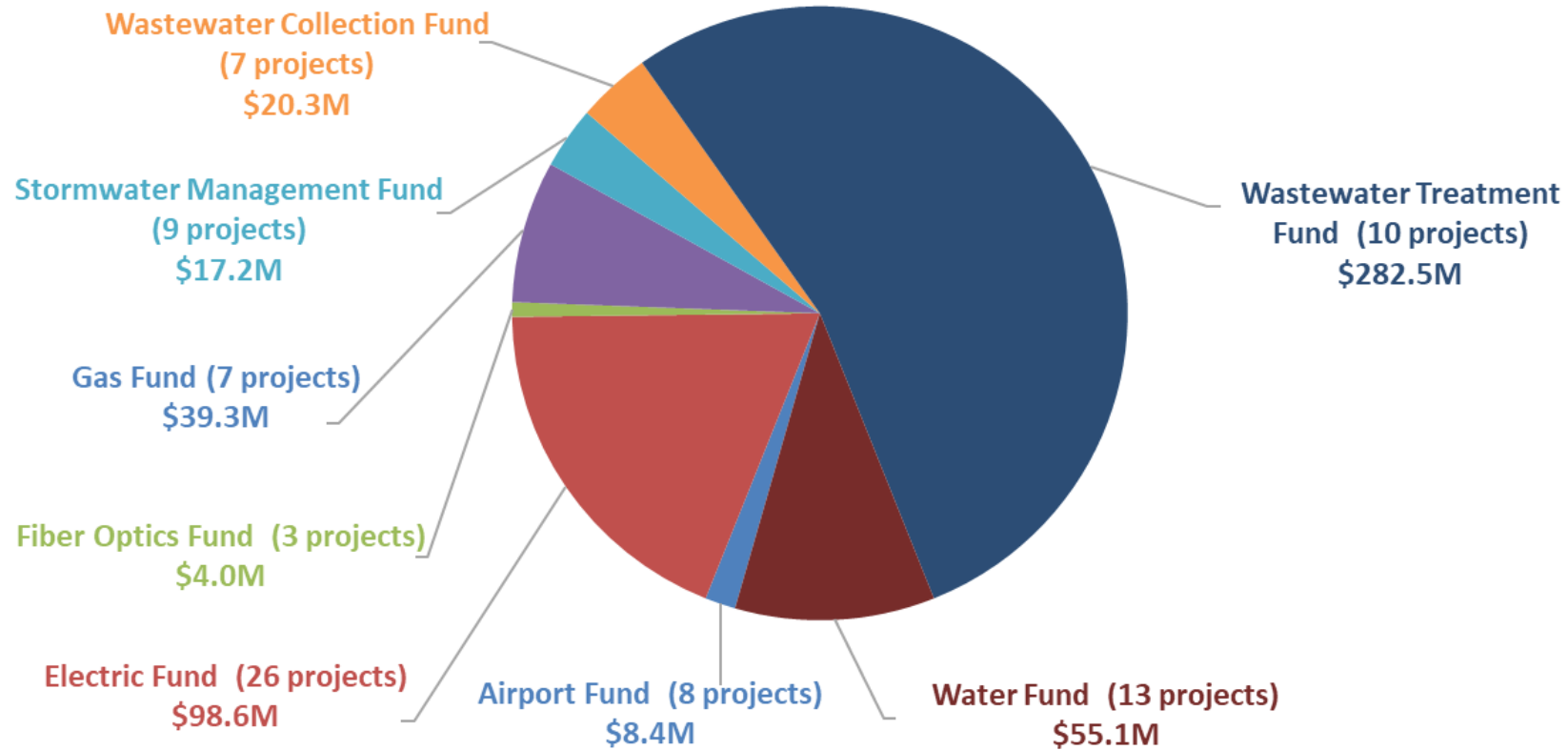
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Public Works Projects Pgs. 261-285; 397-426; 451-486

Utilities Projects Pgs. 287-353; 355-367; 369-395; 427-449; 487-525

# FY 2023 PROPOSED BUDGET SUMMARY

## 2023-2027 ENTERPRISE CIP PROJECTS BY FUND (83 TOTAL) \$525.5 MILLION



# COUNCIL CONSIDERATIONS & PUBLIC WORKS ENTERPRISE PROJECT SUMMARY

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## **FY 2023 – FY 2027 Capital Improvement Plan Strategy**

- Continuing other Airport improvements following completion of Apron project
- Implementing 13 Storm Water Ballot Measure priority projects
- Ramping up rebuilding and rehabilitation of the Regional Water Quality Control Plant (RWQCP)



# FY 2023 PUBLIC WORKS - AIRPORT FUND p.261

## 2023-2027 CIP Proposed Budget Summary

	FY 2023 Proposed	FY 2024	FY 2025	FY 2026	FY 2027	5-Year Total
Revenues	\$1.1M	\$0.6M	\$1.3M	\$1.0M	\$2.5M	\$6.5M
Expenses	\$1.7M	\$0.8M	\$1.7M	\$1.2M	\$3.0M	\$8.4M

## FY 2023 – FY 2027 Airport Fund CIP Outlook

- Airport Apron Reconstruction project completion in FY 2022 allows for focus on other, smaller planned CIPs
- The health of the Airport Fund allows for the continued repayment to the General Fund as well as capacity for planned Capital work
- **New projects:**
  - Airport Zero Emission Vehicle Replacement (AP-23000): \$0.3M
  - Airport Access Road Reconstruction (AP-24000): \$3.8M
  - Airport Parking Lot EV Charger Installation (AP-24001): \$31,800

# FY 2023 PUBLIC WORKS - STORMWATER MANAGEMENT FUND p.397

## 2023-2027 CIP Proposed Budget Summary

	FY 2023 Proposed	FY 2024	FY 2025	FY 2026	FY 2027	5-Year Total
Revenues	\$0.6M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.6M
Expenses	\$6.8M	\$3.3M	\$1.6M	\$2.3M	\$3.2M	\$17.2M

## FY 2023 – FY 2027 Stormwater Management Fund CIP Outlook

- Complete design and start construction on the Corporation Way System Upgrades and Pump Station project
- Begin design on the East Meadow Drive System Upgrades project
- Complete design on the West Bayshore Road Pump Station and the West Bayshore Road Trunk Line Improvements projects
- New project: East Meadow Circle Connection to Adobe Creek Pump Station (SD-26000): \$0.7M

# FY 2023 PUBLIC WORKS – WASTEWATER TREATMENT FUND p.451

## 2023-2027 CIP Proposed Budget Summary

	FY 2023 Proposed	FY 2024	FY 2025	FY 2026	FY 2027	5-Year Total
Revenues	\$197.8M	\$33.4M	\$0.0M	\$43.6M	\$0.0M	\$274.8M
Expenses	\$186.6M	\$38.0M	\$4.7M	\$48.4M	\$4.8M	\$282.5M

## FY 2023 – FY 2027 Wastewater Treatment Fund CIP Outlook

- Secondary Treatment Upgrade project design is 100% complete with construction to begin in Winter FY 2023
- Advanced Water Purification project design estimated to be completed Winter FY2023. SRF application amounts will be updated after 60% design cost estimate is completed
- New project: Joint Intercepting Sewer Rehab Phase 1 (WQ-24000): \$12.6M

# COUNCIL CONSIDERATIONS & UTILITIES ENTERPRISE PROJECT SUMMARY

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## **FY 2023 – FY 2027 Capital Improvement Plan Strategy**

- Efforts focused on maintaining momentum on infrastructure replacement and upgrades to ensure system safety, reliability, resiliency, and future capacity.
- Master plan studies underway to assess capacity needs, infrastructure condition and replacement schedule which will inform on project prioritization.
- For FY 2023, Utilities will be preparing for major infrastructure investments, building electrification, and S/CAP implementation.
- Evaluate debt financing for future large CIPs (i.e. grid modernization, second transmission line, main replacements)

# FY 2023 UTILITIES - ELECTRIC FUND p.287

## 2023-2027 CIP Proposed Budget Summary

	FY 2023 Proposed	FY 2024	FY 2025	FY 2026	FY 2027	5-Year Total
Revenues	\$1.9 M	\$1.9 M	\$1.9 M	\$1.9 M	\$1.9 M	\$9.5 M
Expenses	\$26.1 M	\$21.1 M	\$21.1 M	\$14.6 M	\$15.7 M	\$98.6 M

## FY 2023 – FY 2027 Electric Fund CIP Outlook

- Smart Grid (Advanced Metering Infrastructure) \$10.0M - completion in FY 2024
  - Funded by Electric Special Projects Reserves
- Foothills Rebuild (Fire Mitigation) \$11.0M - completion in FY 2025
- 115kV Electric Intertie \$7.9M - pending Cal-ISO study
- Substation Projects
  - Physical Security \$3.0M
  - Breaker Replacement \$5.9M
  - Protection Improvements \$1.8M

# FY 2023 UTILITIES - FIBER FUND p.355

## 2023-2027 CIP Proposed Budget Summary

	FY 2023 Proposed	FY 2024	FY 2025	FY 2026	FY 2027	5-Year Total
Revenues	\$0.2M	\$0.2M	\$0.2M	\$0.2M	\$0.2M	\$1.0M
Expenses	\$1.8M	\$0.8M	\$0.5M	\$0.5M	\$0.5M	\$4.1M

## FY 2023 – FY 2027 Fiber Fund CIP Outlook

- Fiber Optics Network System Rebuild \$1M
  - Completion of detailed engineering design, business plan for FTTP and construction bids
- Fiber System Improvements \$1.8M
  - Adding fiber conduit in foothills in conjunction with Electric Fund Foothills Rebuild (Fire Mitigation) project (EL-21001)

# FY 2023 UTILITIES - GAS FUND p.369

## 2023-2027 CIP Proposed Budget Summary

	FY 2023 Proposed	FY 2024	FY 2025	FY 2026	FY 2027	5-Year Total
Revenues	\$0.9M	\$0.9M	\$0.9M	\$0.9M	\$0.9M	\$4.5M
Expenses	\$10.5M	\$4.3M	\$10.3M	\$4.1M	\$10.1M	\$39.3M

### FY 2023 – FY 2027 Gas Fund CIP Outlook

- Gas Main Replacement (GMR) Project 24: \$8M with construction in FY 2023
- GMR Project 25: \$10M with completion in FY 2025
- Gas Distribution System Improvements: \$2.8M
- Gas Meters and Regulators: \$2.5M

# FY 2023 UTILITIES – WASTEWATER COLLECTION FUND p.427

## 2023-2027 CIP Proposed Budget Summary

	FY 2023 Proposed	FY 2024	FY 2025	FY 2026	FY 2027	5-Year Total
Revenues	\$0.5M	\$0.5M	\$0.5M	\$0.5M	\$0.5M	\$2.5M
Expenses	\$3.6M	\$5.1M	\$3.2M	\$5.1M	\$3.3M	\$20.3M

## FY 2023 – FY 2027 Wastewater Collection Fund CIP Outlook

- Sanitary Sewer Replacement (SSR) Project 31 – \$5.2M in FY2023/FY2024
- Sanitary Sewer Replacement (SSR) Project 32 – \$5.2M in FY2025/ FY2026
- Wastewater Collection System Improvements - Master Plan Study



# FY 2023 UTILITIES - WATER FUND p.487

## 2023-2027 CIP Proposed Budget Summary

	FY 2023 Proposed	FY 2024	FY 2025	FY 2026	FY 2027	5-Year Total
Revenues	\$1.2M	\$1.3M	\$1.3M	\$1.3M	\$1.4M	\$6.5M
Expenses	\$13.7M	\$13.0M	\$4.6M	\$19.2M	\$4.6M	\$55.1M

## FY 2023 – FY 2027 Water Fund CIP Outlook

- Water Tank Seismic Upgrade and Rehabilitation \$15.9M
  - Park (FY 2023) and Dahl (FY 2026)
- Water Main Replacement Project 29 \$9.2M, construction in FY 2024
- Water Main Replacement Project 30 \$9.4M, construction in FY 2026
- Water System Supply Improvements \$5.1M



# SUSTAINABILITY AND CLIMATE ACTION PLAN

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Utilities Operating Budget Pgs. 368-369, 390-391, 415  
Other Departments : Public Works,  
Planning and Development Services,  
Office of Transportation

# FY 2023 BUDGET SUMMARY (Sustainability and Climate Action Plan)

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## Balancing Strategy

New proposed Sustainability and Climate Action Plan expenditures are mostly offset by outside revenues restricted to programs reducing carbon emissions.

## FY 2022 Mid-Year Investments (net 5.25 position additions)

- Overall sustainability and S/CAP coordination including implementation
  - Manager of Environmental Control Program and Environmental specialist
- Support for non-residential building electrification: Utilities Program Services Manager
- Focus on electrification through engineering and operations:
  - Technical oversight and scaling of electrification, Senior Engineer
  - Engineering capacity, electric project coordinator and 3 Electric Project Engineers

# FY 2023 BUDGET SUMMARY (Sustainability and Climate Action Plan)

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## Major FY 2023 Proposed Changes

- Net +1.50 FTE increase in Utilities Resource Management Division to support building electrification, EV adoption, and S/CAP water-related programs and planning efforts.
- \$2.8 million budget for building electrification for existing and new programs (i.e. water heating, space heating, cooking) in both residential and non-residential buildings
- Electric distribution system and grid modernization assessment study funded, but no specific capital projects added yet.

Not included: funding for alternative transportation, PDS staffing to support S/CAP, administrative support (technology, recruitment, contracts, legal)

# FY 2023 PROGRAM OUTLOOK

## (Sustainability and Climate Action Plan)

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- One Water and Sea Level Rise planning
- Completing initial S/CAP Committee work
- Engagement to raise awareness in the community of climate goals and promote electrification readiness
- Launching ambitious but grid-friendly building electrification programs and enhancing existing electric vehicle programs
- Exploring electrification pilots (e.g. low/medium income)
- Maintaining core alternative transportation programs
- Updating Reach Codes and Green Building Codes
- Increasing Utilities infrastructure investment to facilitate electrification and S/CAP implementation
- Expanding tree canopy, zero waste programs