



# City of Palo Alto

## City Council Staff Report

(ID # 9630)

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**Report Type: Consent Calendar**

**Meeting Date: 10/29/2018**

**Summary Title: Approval of Fiscal Year 2018 Reappropriation Requests and Budget Amendments**

**Title: Approval of the Fiscal Year 2018 Reappropriation Requests to be Carried Forward Into Fiscal Year 2019 and Approve Budget Amendments in Various Funds**

**From: City Manager**

**Lead Department: Administrative Services**

### **Recommendation**

Staff recommends that the City Council amend the Fiscal Year 2019 Budget Appropriation Ordinance for various funds as identified in Attachment A, various capital projects as identified in Attachment B, and technical clean-up actions as identified in Attachment C.

### **Background**

As a part of the fiscal year-end process, staff reviews the City's unencumbered and unspent appropriations of the fiscal year just ended, along with the City's spending plans. Encumbered amounts are those subject to the legal claims of other parties due to contractual obligations (for example, commitments made through purchase orders), which are carried forward from one fiscal year to the next. Each year there are a small number of important projects which staff was not able to complete or encumber funds against. The reappropriation process allows staff to bring forward funding recommendations to City Council to continue these projects into the next fiscal year.

On September 22, 2014, the City Council approved a recommendation to amend Chapter 2.28, Section 2.28.090 of the Municipal Code, reducing the previous two-step reappropriations process (preliminary and final reappropriation authorization) to one step as long as the Administrative Services Director certifies that sufficient unencumbered and unexpended funds are available in the Fiscal Year that just ended to be carried forward to the subsequent Fiscal Year.

Additionally, the City Council amended the Municipal Code to eliminate the provision allowing for the automatic reappropriation of capital project funds. However, capital projects may be delayed or deferred for various reasons. Therefore, there remains a need to reappropriate

funds for capital projects in some instances. This reappropriation is completed through a review of the status of projects as part of the annual budget process and built into the annual adopted budget. Now that Fiscal Year 2018 has closed and staff has processed necessary accounting transactions, any unexpended and unencumbered funds for each capital project have been reviewed one final time. Based on that review, staff recommends capital dollars remaining for some projects in various funds through Fiscal Year 2018 be reappropriated to Fiscal Year 2019. Also, as part of this review, staff realized that for some projects too much funding was recommended for reappropriation as additional expenditures occurred in Fiscal Year 2018. Therefore, this staff report also recommends reversing a portion of previously authorized reappropriations.

In limited instances, budget actions are recommended in this report to technically correct operating and capital appropriations that were inadvertently misstated or omitted in the FY 2019 Adopted Budget. In total, 12 adjustments are recommended in this report to adjust the budget levels to align with anticipated revenue or expenditure levels. These adjustments are discussed in more detail in the subsequent section and are outlined separately in Attachment C.

### **Discussion**

Attachment A identifies those operating budget requests that staff recommends for approval, while Attachment B lists recommended capital project requests. With the submission of this report for City Council consideration, the Administrative Services Director certifies sufficient unencumbered and unexpended funds are available from Fiscal Year 2018 to be reappropriated to Fiscal Year 2019.

### **Operating Budget Reappropriations**

The projects for which operating budget reappropriations are recommended can generally be grouped into the following categories:

- **Timing and Workload Delays:** Certain projects were delayed due to competing workload demands, appropriation of funds late in the fiscal year, or other unanticipated delays. Examples of projects in this category include but are not limited to: Purchasing Card Industry Analysis & Review (\$50,000), Body Worn Cameras (\$72,000), Labor Negotiation Contract Services (\$50,000), City Hall 4<sup>th</sup> Floor Remodel (\$45,000), Fire Hydrant Maintenance Program (\$125,000), North Ventura Grant and Sobrato Funding Agreement (\$188,847), Transportation Management Authority Services (\$240,000), and Art Center Equipment Repairs (\$40,181).
- **Technology Services:** Funding was approved for technology system evaluation and upgrade projects but contracts were not awarded before the end of the fiscal year. Projects in this category include the Project Portfolio Management (PPM) Tool (\$40,000), Geographical Information System (GIS) Modernization Project (\$700,000), Police Public Safety Mobile Responder Technology (\$30,400), SharePoint Training

Academy (\$50,000), Secondary Offsite Data Center Facility (\$120,000) and the Council Chambers Project (\$226,000).

- **Library Donation and Grant:** In June 2015, the City received a \$320,000 donation from the Palo Alto Library Foundation. The Library has utilized this funding for the purchase of additional technology, such as tablets, e-readers, and other devices for staff development and customer instruction. This action will reappropriate the remaining \$63,800 of the donation to continue workflow efficiency improvements, provide staff training, and help improve customer service efforts for the new facilities and products.
- **Human Services Resource Allocation Process (HSRAP) Reserve:** At the June 9, 2014 City Council meeting, the Council established a one-time reserve of \$50,000 for the HSRAP as part of the Budget Adoption for Fiscal Year 2015 and remained unspent through the close of Fiscal Year 2018. These unspent dollars are requested to be reappropriated to FY 2019.
- **Teen Services Programs:** At the June 2, 2014 City Council meeting, the City Council approved a recommendation from the Policy and Services Committee to use a portion of the net revenue collected from 455 Bryant Street in Fiscal Years 2009 through 2013 to fund Teen Programs for Fiscal Year 2015 (CMR #4776). Staff returned to Policy and Services in the spring of 2018 for Committee Review of the FY 2017 and FY 2018 use of the Bryant Street Garage Fund for Teen Services and options for a spending plan (CMR #8887). In Fiscal Year 2019, Staff anticipates promoting a Request For Proposal (RFP) process throughout the Palo Alto community in order to engage youth serving organizations and encourage agencies to provide project proposals for use of the remaining funding. Teen Services programming includes but is not limited to: Think Fund grants, ClickPA website, Teen Arts Council, MakeX, Art Center, Think Fund Gala and the Buoyancy Teen Festival. As a result, this action will reappropriate \$338,500 to continue supporting these programs as well as a sustainable, long-term approach for Teen Services utilizing Bryant Street funds.
- **Residential Housing In-Lieu Fund:** At the June 22, 2015 City Council meeting, the Council approved a \$375,000 loan with the Palo Alto Housing Corporation (PAHC) to deed restrict and rehabilitate property at 110-130 El Dorado Avenue. To date, \$64,523 has been drawn by PAHC. The continuation of housing transactions will require reappropriation of these funds for PAHC to continue the rehabilitation of the property (\$310,477).

### Capital Budget Reappropriations

As discussed in the Background section of this report, starting with the Fiscal Year 2016 capital budget, all capital project reappropriations require City Council approval. The FY 2019 Adopted Budget included approximately \$58.6 million in reappropriated funds, across all City funds

based on estimates of anticipated spending in FY 2018. Since the adoption of the capital budget, some adjustments and refinements to project reappropriations are required since FY 2018 year-end actuals and projects costs have been updated. These primarily reflect either increases or decreases to assumed reappropriations in the FY 2019 Adopted Budget:

- Additional reappropriations are recommended when project expenditures originally anticipated to occur before the end of FY 2018 will now likely occur in FY 2019;
- Downward adjustments to reappropriations are recommended when expenses were not anticipated to occur until FY 2019 and funding was reappropriated in the budget document to FY 2019. However, the expenses were realized in FY 2018, so an adjustment to reduce the budgeted reappropriation is needed because the activity no longer needs funding in FY 2019.

Table 1 on the following page summarizes the recommended net adjustments as detailed in Attachment B. These Fiscal Year 2019 adjustments represent the final step in the City Council-approved change to the reappropriation process. There are sufficient expenditure savings in Fiscal Year 2018 to support all recommended adjustments.

It should be noted that the revised process and active review of all project reappropriations results in a reduced level of reappropriated funding from one year to the next, compared to the process of automatically reappropriating unspent capital funding.

Table 1: Capital Project Reappropriation Summary – By Fund

| <b>Fund</b>                              | <b>Number of Projects</b> | <b>Recommended Revenue Reappropriation Adjustment</b> | <b>Recommended Expense Reappropriation Adjustment</b> |
|--|---------------------------|---|---|
| Airport Fund                             | 1                         | \$53,800  | \$0   |
| Capital Improvement Fund                 | 49                        | \$5,598,021   | \$3,393,801   |
| Cubberley Fund                           | 4                         | \$0   | \$860,416   |
| Electric Fund                            | 16                        | \$0   | (\$828,005)   |
| Fiber Optics Fund                        | 1                         | \$0   | (\$5,656)   |
| Gas Fund                                 | 1                         | \$0   | \$100,000   |
| Storm Drainage Fund                      | 2                         | \$0   | (\$37,062)  |
| Wastewater Collection Fund               | 4                         | \$0   | \$53,429  |
| Wastewater Treatment Fund                | 3                         | \$10,490,575  | \$1,576,376   |
| Water Fund                               | 4                         | \$0   | \$322,341   |
| Technology Fund                          | 5                         | \$0   | \$455,995   |
| Vehicle Replacement and Maintenance Fund | 4                         | \$0   | (\$1,466,752)   |
| <b>Total All Funds</b>                   | <b>94</b>                 | <b>\$16,142,396</b>                                   | <b>\$4,424,883</b>                                    |

## Technical Clean-Up Actions

Attachement C identifies a limited number of clean up adjustments that are recommended to correct operating and capital appropriations that were inadvertently misstated or omitted in the FY 2019 Adopted Budget. These adjustments can be grouped in the following categories:

- **Capital Projects:** Several capital projects were overexpended in FY 2018 and did not have sufficient reappropriated funding in the FY 2019 Adopted Budget to return funding from FY 2019 to FY 2018. In order to keep the overall projects' budgets the same across the life of the projects, the budget authority for these projects is recommended to be decreased in FY 2019 to offset the increase in FY 2018 recommended as part of the FY 2018 Year End process. These projects include:
  - Cubberley Repairs (CB-17001)
  - Gas Main Replacement – Project 22 (GS-12001)
  - Water Main Replacement – Project 26 (WS-12001)

In addition to these projects, the Utilities Department reassessed the Coleridge/Cowper/Tennyson 4/12kV Conversion project (EL-14000) and determined that there was only \$50,000 worth of work needed in FY 2019, so the project is recommended to be reduced by \$350,000 and the funding returned to the Electric Fund fund balance for other electric capital needs.

- **Contract Services:** At the May 29, 2018 meeting, the City Council approved a new citywide landscape maintenance contract ([CMR 9114](#)). As noted in the CMR the impact to the General Fund will be \$82,500 after accounting for the increased reimbursements for services to other funds; however, the additional costs associated with the new contract were erroneously left out of the FY 2019 Adopted Budget due to the timing of the CMR and the FY 2019 budget process. Therefore, an adjustment of \$136,500 is recommended to increase the expense appropriation in the Community Services Department to align with anticipated landscaping costs in FY 2019 partially offset by an increased transfer from the the Wastewater Treatment Fund (\$54,000) for landscaping services at the Wastewater Quality Control Plant.
- **Transfer alignment:** As part of the FY 2019 Adopted Budget, an additional transfer of \$160,400 from the General Fund to the Capital Improvement Fund was approved in the General Fund; however, the corresponding transfer was not recorded in the Capital Improvement Fund. This action is a technical clean-up that will recognize and approve the other half of the transfer in the Capital Improvement Fund.

A total of \$660,000 was recommended to be transferred from the Storm Drainage Fund to the Charleston/Arastradero Corridor project (PE-13011) in FY 2018 for green stormwater infrastructure installation. Due to a change in the timing of funding needed in FY 2018, only \$330,000 of this transfer was approved in [CMR 9111](#), so the remaining \$330,000 is

recommended to be transferred in FY 2019 to fully fund the green stormwater portion of the Charleston/Arastradero Corridor project.

### **Resource Impact**

The requested items have been previously reviewed and approved by City Council as part of annual budget processes. The Director of Administrative Services has certified that sufficient funds exist for the recommended Fiscal Year 2018 Operating Budget adjustments (Attachment A), and Capital Budget adjustments (Attachment B). For Operating reappropriations, staff recommends expense reappropriations of \$1.8 million in the General Fund, \$0.6 million in Special Revenue Funds, \$0.2 million in Enterprise Funds, and \$1.2 million in Internal Service Funds. For capital projects, staff recommends a net \$4.3 million in expenses be reappropriated to FY 2019 in the Capital Improvement Funds and that \$5.6 million in revenue be reappropriated. Also recommended is a net \$1.2 million increase in expenditures in the various Enterprise Funds with reappropriated revenue of \$10.5 million, and a net reduction of \$1.0 million in expenditures in the Internal Service Funds.

### **Policy Implications**

This recommendation is consistent with adopted Council policy.

### **Environmental Review**

The action recommended is not a project for the purposes of the California Environmental Quality Act.

### **Attachments:**

- Attachment A: FY 2018 to FY 2019 Operating Budget Reappropriations
- Attachment B: FY 2018 to FY 2019 Capital Project Reappropriations
- Attachment C: FY 2019 Technical Clean-up Actions

| Fund Name    | Department                 | Title                                      | Description   | Recommended Reappropriation |
|--------------|----------------------------|--|---|-----------------------------|
| General Fund | Office of the City Auditor | Training and Development                   | This action reappropriates funding for training and mentoring services. This funding will be used to ensure that the City Auditor's Office can further enhance its professional competency, improve the quality of the audits performed, and comply with professional standards for continuing education.   | \$ 5,000                    |
| General Fund | Administrative Services    | City Hall 4th Floor Remodel                | This action reappropriates funding for furniture, fixtures and equipment (FF&E) to supplement the City Hall 4th Floor Remodel Capital Improvement project (PE-17008). The capital costs associated with this project (\$445,000) are budgeted in the Capital Improvement Fund, and were reappropriated to FY 2019 as part of the Adopted 2019 Capital Budget, due to the project being delayed to FY 2019. Supplemental funds in the Administrative Services Department were set aside in FY 2018 to fund FF&E for the remodel, which was not budgeted as part of PE-17008, and must be reappropriated to FY 2019 to complete the project as planned. | \$ 45,000                   |
| General Fund | Administrative Services    | Purchasing Card Industry Analysis & Review | This action reappropriates funding for a Payment Card Industry Data Security Standards (PCI DSS) compliance report. PCI DSS applies to entities of any size that accept credit card payments to ensure data is being handled securely with a PCI compliant hosting provider and is required every two years to remain in compliance with PCI banking requirements. The FY 2018 report was delayed due to staff turnover, but is anticipated to be completed in FY 2019.   | \$ 50,000                   |

| Fund Name    | Department         | Title  | Description  | Recommended Reappropriation |
|--------------|--------------------|--|--|-----------------------------|
| General Fund | Community Services | Art Center Bequest   | This action reappropriates funds for the repair and replacement of various equipment in the Palo Alto Art Center's Ceramics Studio. On June 19, 2017, the City Council approved a bequest of \$54,350 from the Sherrie Innis Estate to the Palo Alto Art Center's Ceramics Studio as part of CMR #8187. \$49,130 of that was unspent at the end of FY 2017 and reappropriated to FY 2018 . At the close of FY 2018, \$40,181 remained unspent and is recommended to be reappropriated. These funds were specifically donated to the City to maintain and upgrade the Ceramics Studio and it is anticipated that the remaining funds will be needed to repair or replace multiple pieces of equipment in FY 2019.   | \$ 40,181                   |
| General Fund | Community Services | Think Fund Teen Services (Formerly Bryant Street Garage Teen Programs) | This action reappropriates funds in the 'Think Fund' (previously named 'Bryant Street Garage Teen Program') that were previously allocated from the net revenue collected from 455 Bryant Street in Fiscal Years 2009 through 2013 to fund teen programs (CMR 4776) along with unspent rental income collected from 455 Bryant Street in FY 2018. The City leases out space on the ground floor of the garage at 455 Bryant Street to retail vendors. Community Services staff provided program updates to the Policy and Services Committee at the May 8, 2018 meeting through CMR 8887 and recommended engaging the community through a Request-For-Proposal process in FY 2019 to evaluate innovative proposals and determine the best use of the remaining funds. The reappropriation of these funds ensures resources will be available to continue providing quality teen services to the community and develop a long-term approach to maintain delivery of these services. | \$ 338,500                  |



| Fund Name    | Department         | Title  | Description  | Recommended Reappropriation |
|--------------|--------------------|--|--|-----------------------------|
| General Fund | Community Services | Human Services Resource Allocation Program (HSRAP) Reserve | This action reappropriates funding for the Human Services Resource Allocation Program (HSRAP) Reserve into FY 2019. At the June 9, 2014 City Council meeting, the City Council established a one-time reserve of \$50,000 for the HSRAP as part of the Budget Adoption for FY 2015. This reserve funding has remained unspent through the close of FY 2018 and is recommended to be reappropriated to FY 2019.   | \$ 50,000                   |
| General Fund | Fire               | Fire Hydrant Maintenance Program                           | This action reappropriates funding to establish a Fire Hydrant Maintenance Program. In FY 2018, one-time funding of \$125,000 was appropriated to address a backlog of fire hydrant maintenance including: clearing overgrowth, painting, flow testing, and ensuring compliance with the National Fire Protection Agency (NFPA) standards. Bringing fire hydrants into compliance with standards set by the NFPA will increase safety of the community and assist in improving the Department Insurance Service Office (ISO) rating. The procurement process for these services was initiated in FY 2018 and is anticipated to be completed in FY 2019.  | \$ 125,000                  |
| General Fund | Human Resources    | Citywide Management Training                               | This action reappropriates funding for management training and professional development. The management benefit program provides \$1,000 per eligible employee with the purpose of providing employees with resources to improve and supplement their job and professional skills. In total, \$260,000 of this funding was reappropriated from the prior year and an additional savings of \$85,000 was realized in FY 2018 across departments in the General Fund. This action is recommended for the continuation of the program and will focus on the following training programs: Ethics, Civics and Citizen Engagement, Leadership and Management, Budget, Finance, Procurement, Interpersonal Communication, Presentation Skills, Business Writing, Time Management, Project Management, Change Management, Online based education, and Safety & Security. | \$ 345,000                  |

| Fund Name    | Department       | Title                                  | Description  | Recommended Reappropriation |
|--------------|------------------|--|--|-----------------------------|
| General Fund | Human Resources  | Labor Negotiation Contract Services    | This action reappropriates funding to continue contract services necessary for outside counsel, salary surveys, and other expenses expected in the upcoming labor negotiations in FY 2019. As of FY 2018 year end, the City reached agreements with two (SEIU-Hourly and PAPOA) of the six represented units, and completed negotiations with the other safety units (IAFF, FCA, and PAPMA) in early FY 2019. The Labor Team is currently in negotiations with SEIU, the City's largest bargaining unit.   | \$ 50,000                   |
| General Fund | Non-Departmental | Citywide Transportation Services Study | This action reappropriates funding for consultancy services to evaluate the Transportation ecosystem in the City of Palo Alto. In FY 2018, one-time funding of \$150,000 was appropriated to inform the path forward for the City's parking and transportation efforts, contribute to the integration of a strategic vision across each of those efforts, and review what organizational structure would best manage these new initiatives. This funding is recommended to be reappropriated to FY 2019 so that this work can be completed.  | \$ 150,000                  |
| General Fund | Non-Departmental | Sustainability Contingency             | This action reappropriates funding to the Sustainability Reserve, originally appropriated in FY 2017 and unspent through June 30, 2018. As part of Budget Adoption for FY 2017, the City Council established a one-time reserve of \$250,000 to potentially fund specific requests brought forth by the Office of Sustainability. Potential uses of the reserve include community engagement around the Sustainability and Climate Action Plan (S/CAP), S/CAP implementation scenarios, and management of existing and pending pilots. Changes to the Office of Sustainability were included in the Adopted FY 2019 Operating Budget and the reappropriation of the sustainability contingency will ensure sufficient resources remain available for sustainability initiatives. | \$ 250,000                  |

| Fund Name                                 | Department                         | Title   | Description  | Recommended Reappropriation |
|---|------------------------------------|---|--|-----------------------------|
| General Fund                              | Library                            | Palo Alto Library Foundation Donation for Training and Customer Service Improvement | This action reappropriates funding remaining from the Palo Alto Library Foundation donation of \$320,000 originally approved by the City Council in June 2015 through CMR 6343. With the implementation of a new library service platform, the application of 'Lean Library Principles' to library operations, and the ongoing education needed to adopt new technologies, this funding will continue to be used to improve and support outreach efforts and staff development/training.   | \$ 63,800                   |
| General Fund                              | Planning and Community Environment | North Ventura Grant and Sobrato Funding Agreement                                   | This action reappropriates funding for the North Ventura Grant and Sobrato Funding Agreement. In total, \$888,000 was appropriated in March 2018 through CMR 8986 to the Planning and Community Environment Department for the development of coordinated area plans that will guide development of the North Ventura area and the completion of the associated environmental clearance. The Department initiated the procurement process for this project in FY 2018, including consultancy services to assist staff with the planning and urban design of the area, but was unable secure all contracts prior to year end. This funding will ensure that the final contracts can be secured to complete the work.  | \$ 188,847                  |
| General Fund                              | Police                             | Body Worn Cameras   | This action reappropriates funding to purchase body worn cameras for sworn Police personnel on duty. These cameras integrate with, and enhance, the current in-car camera system and will assist in criminal prosecution, potentially reduce civil liability, and aid in the review of alleged misconduct. The Department undertook a comprehensive pilot program in 2017 utilizing ten cameras over a six-month period. In May 2018, the Department returned to City Council with an implementation plan for the in-field video program and contract to complete the purchase of the remaining fifty (50) body-worn cameras as discussed in CMR 9075. The procurement process for this purchase was initiated in FY 2018 and is anticipated to be completed in FY 2019. | \$ 72,000                   |
| <b>Total General Fund Reappropriation</b> |                                    |   |  | <b>\$ 1,773,328</b>         |

| Fund Name   | Department                         | Title                                     | Description   | Recommended Reappropriation |
|---|------------------------------------|---|---|-----------------------------|
| Housing In-Lieu/Residential                       | Planning and Community Environment | Affordable Housing Agreement: El Dorado   | This action reappropriates funding for the El Dorado affordable housing agreement. In total, \$375,000 was approved by the City Council in June 2015 for the Palo Alto Housing Corporation (PAHC) to deed restrict and rehabilitate property at 110-1030 El Dorado Avenue through CMR 5712. The deed restriction ensures that the three units on this property are leased only to qualifying low income households. At FY 2018 year-end, PAHC had only drawn on \$64,523 of the \$375,000. The remaining funds are recommended to be reappropriated so that there is sufficient funding to finish the rehabilitation of the properties. | \$ 310,477                  |
| University Avenue Fund                            | Planning and Community Environment | Transportation Management Authority (TMA) | This action reappropriates funding for services previously rendered by the Transportation Management Association (TMA). In total, \$480,000 was appropriated as part of the FY 2018 Adopted Budget to the TMA to support the reduction of single occupancy vehicle (SOV) rates in Palo Alto. Due to significant invoicing delays, the third and fourth installments for services from January 1, 2018 through June 30, 2018 are not anticipated to be billed to the City until the beginning of FY 2019. This action will ensure that sufficient funding is available to meet the City's obligations.                                   | \$ 240,000                  |
| <b>Total Special Revenue Fund Reappropriation</b> |                                    |   |   | <b>\$ 550,477</b>           |

| Fund Name                                    | Department             | Title   | Description  | Recommended Reappropriation |
|--|------------------------|---|--|-----------------------------|
| Wastewater Treatment Fund                    | Public Works           | Environmental Impact Report (EIR) Addendum for Advanced Water Purification Facility | This action reappropriates funding to conduct an Environmental Impact Report (EIR) Addendum as part of the planning effort for the Advanced Water Purification Facility capital project (WQ-19003). The EIR was not completed prior to the end of FY 2018, and this action ensures sufficient funding is available for the EIR Addendum in FY 2019.  | \$ 75,000                   |
| Storm Drain Fund                             | Public Works           | Embarcadero Pump Station Maintenance  | This action reappropriates funding to perform maintenance at the Embarcadero Pump Station to remove and examine two pumps for necessary repairs, parts replacements, or complete rebuild and installation. Completion of this maintenance will ensure that potential failures during winter storms are avoided. Funding for this was originally appropriated as part of the FY 2018 Adopted Budget; however, due to staffing resource constraints the work will now be completed in FY 2019. | \$ 100,000                  |
| <b>Total Enterprise Fund Reappropriation</b> |                        |   |  | <b>\$ 175,000</b>           |
| Technology Fund                              | Information Technology | Project Portfolio Management Tool   | This action reappropriates funding to procure and implement a project management software solution, which will centralize projects for the IT's Project Management Office in one view, enabling staff to keep current projects on-track and manage upcoming projects in the pipeline. The procurement and installation was originally scheduled to occur in FY 2017; however after a series of delays, this project will now occur in FY 2019.   | \$ 40,000                   |
| Technology Fund                              | Information Technology | Geographical Information System (GIS) Modernization Project                         | This action reappropriates funding for the Geographical Information System (GIS) Modernization Project. Esri was selected as the new GIS vendor for the City, and \$750,000 was appropriated as part of the FY 2018 Adopted Budget. Due to various delays, the remaining funding is recommended to be reappropriated to FY 2019. This is a multi-year project with many components to upgrade the City's GIS. Full integration of Esri is anticipated by FY 2021.                            | \$ 700,000                  |

| Fund Name       | Department             | Title   | Description  | Recommended Reappropriation |
|-----------------|------------------------|---|--|-----------------------------|
| Technology Fund | Information Technology | Mobile Responder and Online Reporting Enhancement | This action reappropriates funding necessary to complete implementation of two Police Department applications, the Mobile Responder Application and the Online Reporting Application. Both provide enhanced functionality to the Computer Aided Dispatch (CAD) system. Once fully implemented, these applications will minimize staff report time and enhance service delivery to the public. This project was initially anticipated to occur in FY 2017; however, due to delays associated with integrating the records management system, it will now occur in FY 2019. Remaining funds will be used for the purchase of a Mobile Responder Application in partnership with the cities of Mountain View and Los Altos. | \$ 30,400                   |
| Technology Fund | Information Technology | SharePoint Training Academy                       | This action reappropriates funding to establish a training solution for the City of Palo Alto's SharePoint deployment (City Center 2). The SharePoint Academy provides a framework for understanding SharePoint features, functions, administration, and collaboration. This course will provide attendees with professionally delivered training classes. One-time funding of \$50,000 for this training program was appropriated as part of the FY 2018 Adopted Budget; however, the project was delayed and it is now scheduled to be implemented in FY 2019.   | \$ 50,000                   |
| Technology Fund | Information Technology | Secondary Offsite Data Center Facility            | This action reappropriates funding to identify, build-out, and deploy a secondary offsite facility to house and support critical data center infrastructure. Providing a redundant set of servers offsite ensures accessibility to core systems that could otherwise be inaccessible in the event that servers at the primary location are damaged. This project was initially scheduled for FY 2017 but is now anticipated to occur in FY 2019.   | \$ 120,000                  |

| Fund Name  | Department             | Title                              | Description  | Recommended Reappropriation |
|--|------------------------|------------------------------------|--|-----------------------------|
| Technology Fund                                    | Information Technology | Council Chambers Project (Reserve) | This action reappropriates funding to replace the current analog media and recording equipment in the City Council Chambers with digital equipment. The current equipment is past its serviceable life and beyond its warranty, has no back-up, and does not have a redundancy capability, which jeopardizes the ability to stream and record meetings in the City Council Chambers. The funding for equipment replacement was already collected through the technology surcharge to the General Fund, as well as from other funds around the City. It is anticipated that the Department will return to Finance Committee in Fall 2018 to determine the scope of the full City Council Chamber Upgrade project, and that this funding will be used to partially offset the full project costs at that time. | \$ 226,000                  |
| <b>Total Internal Service Fund Reappropriation</b> |                        |                                    |  | <b>\$ 1,166,400</b>         |
| <b>Total Reappropriation All Funds</b>             |                        |                                    |  | <b>\$ 3,665,205</b>         |

| Project ID | Project Title   | Fund                     | Revenue Reappropriation Adjustment | Expense Reappropriation Adjustment |
|------------|---|--------------------------|------------------------------------|------------------------------------|
| AP-16000   | Airport Apron Reconstruction                              | Airport                  | \$ 53,800                          | \$ -                               |
| AC-18001   | JMZ Renovation  | Capital Improvement Fund | \$ 259,187                         | \$ 790,335                         |
| AC-86017   | Art in Public Places                                      | Capital Improvement Fund |                                    | \$ 13,322                          |
| FD-14002   | Fire Ringdown System Replacement                          | Capital Improvement Fund |                                    | \$ 96,977                          |
| FD-18000   | Self-Contained Breathing Apparatus (SCBA) Replacement     | Capital Improvement Fund |                                    | \$ 83,417                          |
| OS-00001   | Open Space Trails & Amenities                             | Capital Improvement Fund |                                    | \$ (1,979)                         |
| OS-00002   | Open Space Lakes/Ponds Maintenance                        | Capital Improvement Fund |                                    | \$ 43,188                          |
| OS-09001   | Off-Road Pathway Resurfacing and Repair                   | Capital Improvement Fund |                                    | \$ 49,999                          |
| PE-08001   | Rinconada Park Improvements                               | Capital Improvement Fund |                                    | \$ (300,000)                       |
| PE-09003   | City Facility Parking Lot Maintenance                     | Capital Improvement Fund |                                    | \$ 3,995                           |
| PE-11011   | Highway 101 Pedestrian/Bicycle Overpass Project           | Capital Improvement Fund | \$ 333,000                         | \$ -                               |
| PE-12011   | Newell Road Bridge / SFC Bridge Replacement               | Capital Improvement Fund |                                    | \$ (97,100)                        |
| PE-12017   | City Hall 1st Floor                                       | Capital Improvement Fund |                                    | \$ 202,625                         |
| PE-13011   | Charleston Arastradero                                    | Capital Improvement Fund | \$ 1,700,604                       | \$ 87,188                          |
| PE-14015   | Lucie Stern Building                                      | Capital Improvement Fund |                                    | \$ 25,320                          |
| PE-15011   | Ventura Building Improvements                             | Capital Improvement Fund |                                    | \$ 405,821                         |
| PE-15020   | Civic Center Waterproofing Study                          | Capital Improvement Fund |                                    | \$ 4,132                           |
| PE-15028   | Baylands Levee Improv Feasibility Study                   | Capital Improvement Fund |                                    | \$ 500                             |
| PE-17004   | California Avenue District Gateway Signs                  | Capital Improvement Fund |                                    | \$ 143,125                         |
| PE-17005   | Boulevard Park Improvements                               | Capital Improvement Fund |                                    | \$ (30,000)                        |
| PE-17008   | City Hall Floor 4 Remodel                                 | Capital Improvement Fund |                                    | \$ (18,449)                        |
| PE-17009   | City Hall Floor 5 Remodel                                 | Capital Improvement Fund |                                    | \$ 25,733                          |
| PE-17010   | Civic Center Electric Upgrade & EV Charger Installation   | Capital Improvement Fund | \$ 203,000                         | \$ 323,780                         |
| PE-18000   | New California Avenue Area Parking Garage                 | Capital Improvement Fund |                                    | \$ (339,919)                       |
| PE-18001   | Caltrain Corridor Video Management System Installation    | Capital Improvement Fund |                                    | \$ (28,311)                        |
| PE-18002   | High Street Parking Garage Waterproofing Study and Repair | Capital Improvement Fund |                                    | \$ 44,744                          |
| PE-18006   | Byxbee Park Completion                                    | Capital Improvement Fund |                                    | \$ 62,869                          |
| PE-86070   | Street Maintenance  | Capital Improvement Fund | \$ 826,639                         | \$ (99,918)                        |
| PF-00006   | Roofing Replacement                                       | Capital Improvement Fund |                                    | \$ (60,242)                        |
| PF-02022   | Interior Finishes Construction                            | Capital Improvement Fund |                                    | \$ (26,233)                        |
| PF-14002   | Fire Station 1 Improvements                               | Capital Improvement Fund |                                    | \$ 100,000                         |
| PF-14003   | University Ave Parking                                    | Capital Improvement Fund |                                    | \$ 25,004                          |
| PF-16003   | Parking Lot Q Elevator Modernization                      | Capital Improvement Fund | \$ 25,591                          | \$ -                               |
| PF-16006   | Municipal Service Center Improvements                     | Capital Improvement Fund |                                    | \$ 582,323                         |



| Project ID | Project Title   | Fund                     | Revenue Reappropriation Adjustment | Expense Reappropriation Adjustment |
|------------|---|--------------------------|------------------------------------|------------------------------------|
| PF-93009   | Americans With Disabilities Act Compliance            | Capital Improvement Fund |                                    | \$ (160,005)                       |
| PG-06001   | Tennis & Basketball Court Resurfacing                 | Capital Improvement Fund |                                    | \$ 335,023                         |
| PG-06003   | Benches, Signage, Fencing, Walkways, Landscaping      | Capital Improvement Fund |                                    | \$ (98,103)                        |
| PG-09002   | Park & Open Space Emergency Repairs                   | Capital Improvement Fund |                                    | \$ (3,638)                         |
| PG-13003   | Golf Reconfig & Baylands                              | Capital Improvement Fund | \$ 2,250,000                       | \$ 408,482                         |
| PG-15000   | Buckeye Creek Hydrology Study                         | Capital Improvement Fund |                                    | \$ 10,904                          |
| PL-00026   | Safe Routes to School (Local/Neigh. Coll St. Calming) | Capital Improvement Fund |                                    | \$ (17,464)                        |
| PL-04010   | Bicycle Boulevards Implementation Project             | Capital Improvement Fund |                                    | \$ 225,435                         |
| PL-05030   | Traffic Signal Upgrades                               | Capital Improvement Fund |                                    | \$ (42,077)                        |
| PL-11002   | California Avenue Transit Hub Corridor                | Capital Improvement Fund |                                    | \$ 15,000                          |
| PL-14000   | El Camino/ Churchill Intersection Improv              | Capital Improvement Fund |                                    | \$ 250,000                         |
| PL-14001   | Midtown Connector                                     | Capital Improvement Fund |                                    | \$ 53,120                          |
| PL-15001   | Embarcadero Road Corridor Improvements                | Capital Improvement Fund |                                    | \$ 288,155                         |
| PL-17001   | Railroad Grade Separation                             | Capital Improvement Fund |                                    | \$ 303,115                         |
| PO-12001   | Curb and Gutter Repairs                               | Capital Improvement Fund |                                    | \$ 70,375                          |
| PO-89003   | Sidewalk Repairs-GF                                   | Capital Improvement Fund |                                    | \$ (356,767)                       |
| CB-16001   | Cubberley Community Center Master Plan                | Cubberley                |                                    | \$ 665,972                         |
| CB-16001   | Cubberley Roof Replacements                           | Cubberley                |                                    | \$ 255,080                         |
| CB-17001   | Cubberley Repairs                                     | Cubberley                |                                    | \$ (247)                           |
| CB-17002   | Cubberley Field Restroom                              | Cubberley                |                                    | \$ (60,389)                        |
| EL-04012   | Utility Site Security                                 | Electric                 |                                    | \$ (337)                           |
| EL-11003   | Rebuild Underground District 15                       | Electric                 |                                    | \$ (2,040)                         |
| EL-11010   | Underground District 47                               | Electric                 |                                    | \$ (15,378)                        |
| EL-12001   | Underground District 46                               | Electric                 |                                    | \$ (14,279)                        |
| EL-13003   | Rebuild UG District 15                                | Electric                 |                                    | \$ (7,587)                         |
| EL-13007   | UG Distribution System Security                       | Electric                 |                                    | \$ (300,000)                       |
| EL-13008   | Upgrade Electrical Estimating System                  | Electric                 |                                    | \$ (19,136)                        |
| EL-14000   | Coleridge/Cowper/Tennyson 4/12kV Conversion           | Electric                 |                                    | \$ (120,000)                       |
| EL-16001   | UG System Rebuild                                     | Electric                 |                                    | \$ (30,496)                        |
| EL-16002   | Capacitor Bank Installation                           | Electric                 |                                    | \$ (150,889)                       |
| EL-17000   | Rebuild Underground District 23                       | Electric                 |                                    | \$ (150,000)                       |
| EL-17005   | HCB Pilot Wire Relay                                  | Electric                 |                                    | \$ (76,324)                        |
| EL-17007   | Facility Relocation                                   | Electric                 |                                    | \$ (5,299)                         |
| EL-17008   | Utility Control Center Upgrade                        | Electric                 |                                    | \$ (81,805)                        |

| Project ID             | Project Title  | Fund                  | Revenue Reappropriation Adjustment | Expense Reappropriation Adjustment |
|------------------------|--|-----------------------|------------------------------------|------------------------------------|
| EL-89038               | Substation Protection  | Electric              |                                    | \$ 31,640                          |
| EL-89044               | Substation Facility  | Electric              |                                    | \$ 113,925                         |
| FO-16000               | Fiber Optic System R   | Fiber Optics          |                                    | \$ (5,656)                         |
| GS-11000               | GMR - Project 21   | Gas                   |                                    | \$ 100,000                         |
| SD-06101               | Storm Drain System R   | Storm Drainage        |                                    | \$ (133,331)                       |
| SD-13003               | Matadero Creek Storm Water                                     | Storm Drainage        |                                    | \$ 96,269                          |
| TE-01012               | IT Disaster Recovery Plan                                      | Technology            |                                    | \$ 33,785                          |
| TE-05000               | Radio Infrastructure Replacement                               | Technology            |                                    | \$ (7,920)                         |
| TE-10001               | Utilities Customer Bill System Improvements                    | Technology            |                                    | \$ 66,480                          |
| TE-12001               | Development Center Blueprint Technology Enhancement            | Technology            |                                    | \$ 313,650                         |
| TE-13004               | Infrastructure Management System                               | Technology            |                                    | \$ 50,000                          |
| VR-15000               | Vehicle Replacement FY 2015                                    | Vehicle               |                                    | \$ (23,922)                        |
| VR-16000               | Vehicle Replacement FY 2016                                    | Vehicle               |                                    | \$ (56,244)                        |
| VR-17000               | Vehicle Replacement FY 2017                                    | Vehicle               |                                    | \$ (278,612)                       |
| VR-18000               | Vehicle Replacement FY 2018                                    | Vehicle               |                                    | \$ (1,107,974)                     |
| WC-11000               | Wastewater Collection Rehabilitation/Augmentation - Project 24 | Wastewater Collection |                                    | \$ 34,852                          |
| WC-13001               | Wastewater Collection Rehabilitation/Augmentation - Project 26 | Wastewater Collection |                                    | \$ 46,387                          |
| WC-14001               | Wastewater Collection Rehabilitation/Augmentation - Project 27 | Wastewater Collection |                                    | \$ 73,015                          |
| WC-15001               | Wastewater Collection Rehabilitation/Augmentation - Project 28 | Wastewater Collection |                                    | \$ (100,825)                       |
| WQ-14001               | Dewatering and Loadout Facility                                | Wastewater Treatment  | \$ 10,490,575                      | \$ 60,697                          |
| WQ-14002               | New Laboratory & Environmental Services Building               | Wastewater Treatment  |                                    | \$ 400,034                         |
| WQ-19002               | Plant Repair, Retrofit, and Equipment Replacement              | Wastewater Treatment  |                                    | \$ 1,115,645                       |
| WS-08001               | Water Reservoir Coating Improvements                           | Water                 |                                    | \$ (5,286)                         |
| WS-09000               | Seismic Water System Upgrades                                  | Water                 |                                    | \$ (53,450)                        |
| WS-11000               | Water Main Replacement - Project 25                            | Water                 |                                    | \$ 381,939                         |
| WS-13001               | Water Main Replacement - Project 27                            | Water                 |                                    | \$ (862)                           |
| <b>Total All Funds</b> |  |                       | <b>\$ 16,142,396</b>               | <b>\$ 4,424,883</b>                |

| Fund Name                              | Department         | Title   | Description  | Expense     | Revenue    |
|--|--------------------|---|--|-------------|------------|
| General Fund                           | Community Services | Citywide Landscape Maintenance Contract                                       | At the May 29, 2018 meeting, the City Council approved a new citywide landscape maintenance contract. The additional costs associated with the new contract were erroneously omitted from the FY 2019 Adopted Budget. This adjustment will increase the funding for the contract in FY 2019 as well as the revenue from the Wastewater Treatment Fund for landscaping services at the wastewater control plant.  | \$ 136,500  | \$ 54,000  |
| Capital Improvement Fund               | Non-Departmental   | Transfer from General Fund (Transient Occupancy Tax for Infrastructure)       | As part of the FY 2019 Adopted Budget, an additional transfer of \$160,400 associated, associated with Transient Occupancy Tax revenues for Infrastructure, from the General Fund to the Capital Improvement Fund was approved in the General Fund. However, the corresponding recognition of the transfer was not included in the Capital Improvement Fund. This action is a technical clean-up that will recognize and approve the other half of the transfer in the Capital Improvement Fund. | \$ -        | \$ 160,400 |
| Capital Improvement Fund               | Public Works       | Transfer from Storm Drainage Fund for Charleston/Arastradero Corridor Project | A total of \$660,000 was recommended to be transferred from the Storm Drainage Fund to the Charleston/Arastradero Corridor Project (PE-13011) in FY 2018 for green stormwater infrastructure installation. Only \$330,000 of this transfer was approved in CMR 9111; the remaining \$330,000 is recommended to be transferred in FY 2019 to fully fund the green stormwater portion of the project. The corresponding expense increase in the Storm Drainage Fund is included in this document.  | \$ -        | \$ 330,000 |
| Cubberley Property Infrastructure Fund | Public Works       | Cubberley Repairs Capital Project   | The Cubberley Repairs capital project (CB-17001) was over expended in FY 2018, and the budget was increased by \$20,710 as part of the FY 2018 Year-End process. In order to maintain the total project budget over the life of the project, a corresponding decrease of \$20,710 is recommended in FY 2019.   | \$ (20,710) | \$ -       |

| Fund Name                 | Department   | Title   | Description  | Expense             | Revenue           |
|---------------------------|--------------|---|--|---------------------|-------------------|
| Electric Fund             | Utilities    | Coleridge/Cowper/Tennyson 4/12kV Conversion Capital Project           | The Coleridge/Cowper/Tennyson 4/12kV Conversion capital project (EL-14000) was adopted with a budget of \$400,000 in FY 2019; however, the Department has determined that there is only \$50,000 of work needed. A reduction of \$350,000 is recommended to reduce the project and return the funding to the Electric Fund ending fund balance to use for other electric capital needs.  | \$ (350,000)        | \$ -              |
| Gas Fund                  | Utilities    | Gas Main Replacement - Project 22 Capital Project                     | The Gas Main Replacement - Project 22 capital project (GS-12001) was over expended in FY 2018, and the budget was increased by \$132,365 as part of the FY 2018 Year-End process. In order to maintain the total project budget over the life of the project, a corresponding decrease of \$132,365 is recommended in FY 2019.   | \$ (132,365)        | \$ -              |
| Storm Drainage Fund       | Public Works | Transfer to Capital Fund for Charleston/ Arastradero Corridor Project | A total of \$660,000 was recommended to be transferred from the Storm Drainage Fund to the Charleston/Arastradero Corridor Project (PE-13011) in FY 2018 for green stormwater infrastructure installation. Only \$330,000 of this transfer was approved in CMR 9111. The remaining \$330,000 is recommended to be transferred in FY 2019 to fully fund the green stormwater portion of the project. The corresponding revenue increase in the Capital Fund is included in this document. | \$ 330,000          | \$ -              |
| Wastewater Treatment Fund | Public Works | Citywide Landscape Maintenance Contract                               | At the May 29, 2018 meeting, the City Council approved a new citywide landscape maintenance contract through CMR 9114. The additional costs associated with the new contract were erroneously omitted from the FY 2019 Adopted Budget. This adjustment will increase the funding for landscaping services at the wastewater control plant.   | \$ 54,000           | \$ -              |
| Water Fund                | Utilities    | Water Main Replacement - Project 26 Capital Project                   | The Water Main Replacement - Project 26 capital project (WS-12001) was over expended in FY 2018, and the budget was increased by \$259,937 as part of the FY 2018 Year-End process. In order to maintain the total project budget over the life of the project, a corresponding decrease of \$259,937 is recommended in FY 2019.   | \$ (259,937)        | \$ -              |
| <b>Total All Funds</b>    |              |   |  | <b>\$ (242,512)</b> | <b>\$ 544,400</b> |