

Report from the City Auditor

**City of Palo Alto
Service Efforts and Accomplishments
Report 2006-07
Annual Report on City Government Performance**



January 2008

City of Palo Alto

Office of the City Auditor

Honorable City Council
Palo Alto, California

January 14, 2007

City of Palo Alto Service Efforts and Accomplishments Report FY 2006-07

This is the City Auditor's sixth annual Service Efforts and Accomplishments Report for the City of Palo Alto. The report is intended to be informational. It provides data about the costs, quality, quantity, and timeliness of City services. It includes a variety of comparisons to other cities, and the results of a citizen survey. Our goal is to provide the City Council, staff, and the public with an independent, impartial assessment of past performance to strengthen public accountability, improve government efficiency and effectiveness, and support future decision making.

OVERALL SATISFACTION (pages 10-12 and page 19)

The fifth annual Citizen Survey, administered in conjunction with this report, reveals high ratings for City services. 86% rated the overall quality of City services good or excellent, placing Palo Alto in the 86th percentile compared to other jurisdictions. From 86% to 90% of respondents have rated the overall quality of city services good or excellent every year of the survey, although fewer residents rated services excellent (23%) than in previous years.

When asked to evaluate whether they felt they received good value for the City of Palo Alto taxes they pay, 67% agreed that they receive good value (compared to 74% last year) and 16% disagreed (compared to 12% last year). This placed Palo Alto in the 91st percentile compared to other jurisdictions. This year 57% reported they were pleased with the overall direction of the City (compared to 62% last year). 57% of respondents reported having contact with a City employee in the last 12 months, and 79% rated that contact good or excellent.

In comparison to responses from other jurisdictions, Palo Alto ranks in the 98th percentile for job opportunities, 95th percentile as a place to live, in the 94th percentile as a place to raise children and in overall quality of life, but only the 2nd percentile in access to affordable quality housing. This year Palo Alto ranked #1 as a place to work, in ease of walking, and in feelings of safety in your neighborhood during the day. When asked to rate potential problems in Palo Alto, 19% said too much growth, 18% said homelessness, 16% said traffic congestion, and 16% said taxes.

OVERALL SPENDING AND STAFFING (pages 17-23)

General Fund spending increased from \$119.2 to \$132.4 million (or 11%) over the last 5 years; Palo Alto's estimated population increased 3.7% and inflation was about 10% over the same period. In FY 2006-07, total citywide authorized staffing, including

temporary and hourly positions, was 1,160 full-time equivalent employees (FTE), or 4% less than five years ago.

On a per capita basis, FY 2006-07 net General Fund costs of \$1,518 included:

- \$335 for police services
- \$207 for community services
- \$186 for fire and emergency medical services¹
- \$152 for public works
- \$136 for administrative, legislative, and support services
- \$90 for library services
- \$45 for planning, building, code enforcement
- \$231 in operating transfers out (including \$140 in transfers for capital projects)
- \$136 for non-departmental expenses (including \$99 paid to the school district)

Infrastructure remains a City Council priority. Capital spending last year totaled \$46.4 million, including \$17.5 million in the general governmental funds and \$28.9 million in the enterprise funds. As of June 30, 2007, the City had \$15.8 million in reserves set aside to fund infrastructure rehabilitation (compared to \$33.4 million 5 years ago).

This year's report includes information about greenhouse gas emissions (page 23). In 2007, the City Council adopted climate protection as a top City priority, inventoried its municipal and community emissions, and set emission reduction goals (from 2005 baseline levels). Within the limitations of the measurement tools currently available, estimated baseline 2005 Palo Alto emissions totaled 728,720 metric tons of CO₂ equivalents. The City has committed to tracking and reporting greenhouse gas emissions on a regular basis, and measuring progress towards reducing emissions.

COMMUNITY SERVICES (pages 25-33)

Spending on community services increased 6% over the last five years to \$19.8 million. In FY 2006-07, volunteers donated more than 11,000 hours for open space restorative/resource management projects. Enrollment in classes was down 12% from 20,995 in FY 2002-03 to 18,433 in FY 2006-07. Online class registrations continue to increase, with 42% of registrations online last year compared to 11% five years ago. Attendance at Community Theatre performances was down 6%, but attendance at Children's Theatre performances was up 9%. In FY 2006-07, parks maintenance spending totaled about \$4 million or approximately \$15,000 per acre maintained. About 22% of maintenance spending was contracted out. The Golf Course continues to break even.

82% of residents rate the quality of recreation centers/facilities as good or excellent; 90% rate the quality of recreation programs/classes as good or excellent; 82% rate the range/variety of classes good or excellent; 89% rate their neighborhood park good or excellent; and 91% rate the quality of city parks good or excellent. In comparison to other jurisdictions, Palo Alto's survey responses ranked in the 99th percentile for recreation programs and classes, 96th in quality of parks, 95th percentile in opportunities to attend cultural events, and 92nd in recreational opportunities.

FIRE (pages 35-40)

The Fire Department provides Palo Alto and Stanford residents and businesses with emergency response, environmental and safety services. Fire Department expenditures of \$21.6 million were 19% more than five years ago. In FY 2006-07, 45% of costs were covered by revenue. In FY 2006-07, the Department responded to an average of 20 calls per day. The average response time for fire calls was 5:48 minutes, and the average response time for medical/rescue calls was 5:17 minutes. In FY 2006-07, there were more than 3,900 medical/rescue incidents, and only 221 fire incidents (including 68 residential structure fires). In FY 2006-07, the Department performed 24% fewer fire inspections and 21% fewer hazardous materials inspections (including only 53% of annual inspections of the 501 facilities permitted for hazardous materials) than it did five years ago. Palo Alto is the only city in Santa Clara County that provides ambulance services. 30% of line personnel are certified paramedics; the other 70% of line personnel are certified emergency medical technicians (EMTs). In FY 2006-07, the department provided 2,527 ambulance transports.

Residents give high marks to the quality of Fire Department service: 98% of residents rated fire services good or excellent, and 94% rated ambulance/emergency medical services good or excellent. In FY 2006-07, the Department provided 240 fire safety, bike safety, and disaster preparedness presentations to more than 17,000 residents. In response to a survey question about emergency preparedness, 57% of residents said that they were prepared to sustain themselves for 72 hours with sufficient food and water in the event of a major disaster such as an earthquake or flood.

LIBRARY (pages 41-45)

Operating expenditures for Palo Alto's five library facilities rose 12% over the last five years to \$5.8 million. Total circulation topped 1.4 million in FY 2006-07. More than 900,000 first time checkouts were completed on the Library's self-check machines, compared to about 45,000 five years ago. Over the last 5 years, the number of reference questions declined 35%, while the number of internet sessions increased 52% and the number of online database searches increased 192%. Volunteers donated more than 5,800 hours of service to the libraries in FY 2006-07 – 45% more than five years ago. 33% of survey respondents reported they used the library or its services more than 12 times last year.

81% of Palo Alto residents rated the quality of library services good or excellent (54th percentile in comparison to other jurisdictions asking this survey question), 75% rated the quality of neighborhood branch libraries good or excellent, and 75% rated the variety of library materials as good or excellent (also 54th percentile in comparison to other jurisdictions).

PLANNING AND COMMUNITY ENVIRONMENT (pages 47-52)

Planning and Community Environment expenditures totaled \$9.4 million in FY 2006-07. This was offset by revenue of \$6.6 million. A total of 299 planning applications were completed in FY 2006-07 – 8% fewer than five years ago. The average time to complete planning applications was 13.4 weeks. 49% of residents rate planning services good or excellent; 57% rated the overall quality of new development in Palo Alto as good or excellent; 61% rated economic development good or excellent. 58% of residents rated code enforcement services good or excellent; only 17% of residents consider run down buildings, weed lots, or

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junk vehicles a major or moderate problem. Over the last 5 years, the number of new code enforcement cases dropped from 764 to 369, or 52%.

The department issued a total of 3,136 building permits in FY 2006-07 – about the same number as 5 years ago. 76% of building permits were issued over the counter. For those permits that were not issued over the counter, the average for first response to plan checks was 27 days (compared to 28 days last year), and the average to issue a building permit was 102 days (compared to 98 days last year). According to the department, 99% of building permit inspection requests were responded to within one working day.

City Shuttle boardings are up 1% over the last five years, from about 167,000 in FY 2002-03 to about 169,000 in FY 2006-07. In response to the 2007 National Citizen Survey™, 55% of residents said traffic congestion was a major or moderate problem in Palo Alto. Interestingly, non-commute traffic constituted 30%, and work-related commuting constituted 6%, of estimated Palo Alto greenhouse gas emissions in 2005. 88% rated the ease of walking good or excellent, and 83% rated the ease of bicycle travel good or excellent.

POLICE (pages 53-60)

Police Department spending of \$25.9 million was 22% more than five years ago. The department handled more than 60,000 calls for service in FY 2006-07, or about 165 calls per day. Over the last 5 years, the average response times for emergency calls improved from 5:53 minutes to 5:08 minutes. The total number of traffic collisions declined by 16% over the five year period, however the number of bicycle/pedestrian collisions increased by 27%. There were 31 alcohol related collisions, and 257 DUI arrests in FY 2006-07. Police Department statistics show 135 reported crimes per 1,000 residents, with 81 reported crimes per officer last year. FBI statistics show that Palo Alto has fewer violent crimes per thousand residents than many local jurisdictions.

In comparison to other jurisdictions, Palo Alto ranked #1 in ratings of safety in your neighborhood during the day and in the 85th percentile after dark. Palo Alto ranked in the 91st percentile in feelings of safety in the downtown during the day, and the 82nd percentile at night. In FY 2006-07, residents' feelings of safety from violent and property crimes recovered from a one year drop in ratings last year to 86% and 75%, respectively. 91% of residents rated police services good or excellent – placing Palo Alto in the 92nd percentile in comparison to other jurisdictions. The Police Department reports it received 121 commendations and 11 complaints last year (one complaint was sustained).

PUBLIC WORKS (pages 61-69)

Public Works Department General Fund spending decreased by 7% in the last five years to \$12.4 million due to the reallocation of staffing and other costs to other funds. The General Fund services that Public Works provides include streets, sidewalks, trees, city facilities, and private development reviews. Capital spending for these activities included \$5.2 million for streets (up from \$2.4 million in FY 2005-06), and \$2.5 million for sidewalks. Over the past 5 years, more than ½ million square feet of sidewalks have been replaced or permanently repaired, and 326 ADA ramps were completed. In FY 2006-07, 67% rated street tree maintenance good or excellent, 56% rated sidewalk maintenance good or excellent, and 47% rated the quality of street repair good or excellent.

The Department is also responsible for refuse collection and disposal (\$25.1 million in FY 2006-07), storm drainage (\$3.5 million in FY 2006-07), wastewater treatment (\$18.1 million, of which more than 60% is reimbursed by other jurisdictions), and city fleet and equipment replacement and maintenance (\$3.3 million). These services are provided through enterprise and internal service funds. Over the last five years, tons of materials recycled increased 18%; tons of waste landfilled declined 8%; and tons of household hazardous materials collected increased 33%. In FY 2006-07, 91% of residents rated the quality of garbage collection as good or excellent (placing Palo Alto in the 95th percentile), and 93% rated recycling services good or excellent (99th percentile compared to other jurisdictions). 60% of residents rated storm drainage good or excellent.

UTILITIES (pages 71-79)

In FY 2006-07, operating expense for the electric utility totaled \$89.6 million, including \$62.5 million in electricity purchase costs (67% more than five years ago). The average monthly residential bill has increased 21% over the five year period. Average residential electric usage per capita increased 2% from five years ago. As of June 30, 2007, more than 17% of Palo Alto customers had enrolled in the voluntary Palo Alto Green energy program – supporting 100% renewable energy. 86% of residents rated electric utility services good or excellent.

Operating expense for the gas utility totaled \$30.1 million, including \$22.3 million in gas purchases (45% more than five years ago). The average monthly residential bill has increased 63% over the five year period. Average residential natural gas usage per capita declined 5% over five years ago. The number of service disruptions has decreased 60% over the five year period. 85% of residents rated gas utility services good or excellent.

Operating expense for the water utility totaled \$16.3 million, including \$7.8 million in water purchases (36% more than five years ago). The average residential water bill has increased 37% over the five year period. Average residential water usage per capita is down 5% from five years ago. 79% of residents rate water utility services good or excellent.

Operating expense for wastewater collection totaled \$10 million in FY 2006-07. The average residential sewer bill has increased 34% over the last five years. 82% of residents rated sewer services good or excellent. There were 152 sewage overflows in 2006.

This year's report includes information about the City's fiber optic utility (page 79). Launched in 1996, the fiber optic utility offers "dark" fiber optic network service to the Palo Alto business community. Operating revenue totaled \$2.2 million in FY 2006-07. Over the past five years, the number of service connections grew by 61% and operating revenue increased by 57%, while operating expense has remained relatively flat. In FY 2006-07, the system served 49 commercial customer accounts with a total of 161 service connections. It included 40.6 miles of backbone fiber and 39.5 miles of service connection fiber.

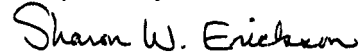
LEGISLATIVE AND SUPPORT SERVICES (pages 81-85)

This category includes the Administrative Services and Human Resources departments, and the offices of the City Manager, City Attorney, City Clerk, City Auditor, and the City Council, and includes performance information related to these departments.

By reviewing the entire report, readers will gain a better understanding of the mission and work of each of the City's departments. The background section includes a community profile, discussion of service efforts and accomplishments reporting, and information about the preparation of this report. Chapter 1 provides a summary of overall City spending and staffing over the last five years. Chapters 2 through 9 present the mission statements, description of services, background information, workload, performance measures, and survey results for the various City services. The full results of the National Citizen Survey™ are also attached.

Additional copies of this report are available from the Auditor's Office and are posted on the web at http://www.cityofpaloalto.org/depts/aud/service_efforts_and_accomplishments.asp. We thank the many departments and staff that contributed to this report. This report would not be possible without their support.

Respectfully submitted,



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City Auditor

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BACKGROUND

INTRODUCTION

This is the sixth annual report on the City of Palo Alto's Service Efforts and Accomplishments (SEA). The purpose of the report is to

- Provide consistent, reliable information on the performance of City services,
- Broadly assess trends in government efficiency and effectiveness, and
- Improve City accountability to the public.

The report contains summary information on spending and staffing, workload, and performance results for the fiscal year ended June 30, 2007 (FY 2006-07). It also includes the results of a resident survey rating the quality of City services. The report provides two types of comparisons:

- Five-year historical trends for fiscal years 2002-03 through 2006-07
- Selected comparisons to other cities

There are many ways to look at services and performance. This report looks at services on a department-by-department basis. All City departments are included in our review.

Chapter 1 provides a summary of overall spending and staffing over the last five years. Chapters 2 through 9 present the mission statements, description of services, background information, workload, performance measures, and survey results for:

- Community Services
- Fire
- Library
- Planning and Community Environment
- Police

- Public Works
- Utilities
- Legislative and Support Services

COMMUNITY PROFILE

Incorporated in 1894, Palo Alto is a largely built-out community of about 62,000 residents. The city covers about 26 square miles, stretching from the edges of San Francisco Bay to the ridges of the San Francisco peninsula. Located mid-way between San Francisco and San Jose, Palo Alto is in the heart of the Silicon Valley. Stanford University, adjacent to Palo Alto and one of the top-rated institutions of higher education in the nation, has produced much of the talent that founded successful high-tech companies in Palo Alto and Silicon Valley.

DEMOGRAPHICS

Palo Alto is a highly educated community. According to the 2000 census, of residents aged 25 years and over:

- 74% had a bachelor's degree or higher
- 43% had a graduate or professional degree.

The largest occupation groups are management-professional (76%), and sales and office (15%).

In 1999, the median household income was \$90,377, with 24% of families earning \$200,000 or more, and 10% of families earning less than \$35,000.

According to census statistics (2000), 73% of Palo Alto residents were white, and 17% were of Asian descent:

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Race-ethnicity	Population	Percent
White	42,682	73%
Asian	10,090	17%
Hispanic	2,722	5%
Black or African American	1,184	2%
Other	1,920	3%
Total	58,598	100%

Source: 2000 Census

At the time of the last census (2000), the median age was 40.2 years. The following table shows population by age:

Age	Population	Percent
Under 18	12,406	21%
18 - 34	11,406	19%
35 - 54	19,827	34%
Over 55	14,959	26%
Total	58,598	100%

Source: 2000 Census

The majority of residents own their homes, but a large number of dwellings are renter occupied:

Housing occupancy	Number	Percent
Owner occupied	14,420	55%
Renter occupied	10,796	42%
Vacant	832	3%
Total	26,048	100%

Source: 2000 Census

QUALITY OF LIFE

Residents give high ratings to the local quality of life. When asked to rate the overall quality of life in Palo Alto, 42% of residents said "excellent", 52% said "good", 6% said "fair", and 1% said "poor."

In comparison to other jurisdictions¹, Palo Alto ranked #1 as a place to work, in the 95th percentile as a place to live, in the 94th percentile in overall quality of life, as a place to raise children, and their neighborhood as a place to live. Palo Alto "as a place to retire", ranked somewhat lower, in the 65th percentile.

Quality of life ratings	Percent rating Palo Alto good or excellent	National ranking
Palo Alto as a place to work	91%	100 ^{%ile}
Palo Alto as a place to live	95%	95 ^{%ile}
Overall quality of life	94%	94 ^{%ile}
Palo Alto as a place to raise children	92%	94 ^{%ile}
Neighborhood as a place to live	92%	94 ^{%ile}
Palo Alto as a place to retire	60%	65 ^{%ile}

Source: National Citizen SurveyTM 2007 (Palo Alto)

Palo Alto residents give especially high marks to the City's overall image/reputation (93% good or excellent) and educational opportunities (94% good or excellent), putting Palo Alto in the 99th and 97th percentiles respectively, compared to other jurisdictions. Although only 61% of respondents rated job opportunities good or excellent, that was enough to put Palo Alto in the 98th percentile compared to other jurisdictions asking that question.

Community characteristics	Percent rating Palo Alto good or excellent	National ranking
Overall image/reputation of Palo Alto	93%	99 ^{%ile}
Job opportunities	61%	98 ^{%ile}
Educational opportunities	94%	97 ^{%ile}
Opportunities to attend cultural events	80%	95 ^{%ile}
Recreational opportunities	85%	92 ^{%ile}
Openness and acceptance	79%	92 ^{%ile}
Overall appearance of Palo Alto	86%	89 ^{%ile}
Shopping opportunities	79%	89 ^{%ile}
Air quality <NEW>	79%	79 ^{%ile}
Sense of community	70%	76 ^{%ile}

Source: National Citizen SurveyTM 2007 (Palo Alto)

¹ Based on survey results from over 500 jurisdictions collected by the National Research Center, Inc. (see Attachment 3)

Residents give high ratings to the ease of walking and bicycling in Palo Alto – ranking in the 100th and 99th percentiles compared to other jurisdictions. On the other hand, Palo Alto ranks in the 2nd percentile when rating accessibility to affordable quality housing, in the 14th percentile in accessibility to affordable quality child care, and 34th percentile in ease of bus travel in Palo Alto (as shown on page 12, only 28% reported that they had ridden a bus in Palo Alto in the past year).

Community access and mobility	Percent rating Palo Alto good or excellent	National ranking
Ease of walking in Palo Alto	88%	100 ^{%ile}
Ease of bicycle travel in Palo Alto	83%	99 ^{%ile}
Access to affordable quality food	71%	80 ^{%ile}
Access to affordable quality health care	56%	75 ^{%ile}
Ease of car travel in Palo Alto	64%	70 ^{%ile}
Ease of rail travel in Palo Alto	55%	50 ^{%ile}
Ease of bus travel in Palo Alto	36%	34 ^{%ile}
Access to affordable quality child care	26%	14 ^{%ile}
Access to affordable quality housing	10%	2 ^{%ile}

Source: National Citizen Survey™ 2007 (Palo Alto)

As shown below, when asked to rate potential problems in Palo Alto, the top four concerns (similar to last year) were too much growth, homelessness, traffic congestion, and taxes.

Potential problems	Percent “major problem”
Too much growth	19%
Homelessness	18%
Traffic congestion	16%
Taxes	16%
Toxic waste or other environmental hazards	5%
Noise	4%
Lack of growth	4%
Drugs	4%
Unsupervised youth	3%
Weeds <NEW>	2%
Run down buildings, weed lots, or junk vehicles	2%
Crime	2%
Absence of communications from the City of Palo Alto	2%

translated into languages other than English

Unwanted local businesses	1%
Graffiti	1%

Source: National Citizen Survey™ 2007 (Palo Alto)

In 2007, the rate of population growth in Palo Alto was viewed as “too fast” by 55% of survey respondents (compared to 44% last year). 29% said retail growth was too slow.

The percent of respondents who said that jobs growth was too slow has decreased sharply from 76% in 2003, to 69% in 2004, to 63% in 2005, to 49% in 2006, to 38% in 2007 – probably reflecting improvements in the local economy since the economic downturn in 2001.

This year 25% said they thought the economy would have a positive impact on their family income in the next 6 months, and 19% said it would have a negative impact.

COMMUNITY PARTICIPATION

Palo Alto residents participate actively in their community. When asked about their participation in various activities in Palo Alto in the last 12 months, 97% reported they recycled, 92% visited a Palo Alto park, 79% used the library or its services, and 67% used a Palo Alto recreation center. 52% reported they volunteered their time to some group/activity in Palo Alto. 26% reported they had watched a meeting of local elected officials or other local public meeting on cable television, and 26% said they attended such a meeting.

Palo Alto residents are active on-line. 93% of residents said they used the internet, 87% said they purchased an item over the internet, and 62% said that they had used the internet to conduct business with the City.

Percent engaging in various activities in the past year:	Percent
Recycled used paper, cans or bottles from your home	97%
Used the internet for anything	93%
Visited a Palo Alto park	92%
Purchased an item over the internet	87%
Used Palo Alto public library or its services	79%
Voted in the last election	76%
Used Palo Alto recreation centers	67%
Used the internet to conduct business with Palo Alto	62%

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Participated in a recreation program or activity	53%
Volunteered your time to some group/activity in Palo Alto	52%
Ridden a local bus within Palo Alto	28%
Watched a meeting of local elected officials or other local public meeting on cable television	26%
Attended a meeting of local elected officials or other local public meeting	26%

Source: National Citizen Survey™ 2007 (Palo Alto)

GOVERNMENT

Palo Alto is a charter city, operating under a council/manager form of government. There is a 9-member City Council, and a number of Council-appointed boards and commissions.² The City Council's top 4 priorities for 2007 included:

- Emergency/disaster prevention and preparedness
- Library plan and Public Safety building
- Global climate protection
- Sustainable budget

These priorities may change in 2008.³

SCOPE AND METHODOLOGY

The City Auditor's Office prepared this report in accordance with the City Auditor's FY 2007-08 Work Plan and government auditing standards. The workload and performance results that are outlined here reflect current City operations. We did not audit those operations as part of this project.

The City Auditor's Office compiled, examined, and reviewed sources of departmental data in order to provide reasonable assurance that the data we compiled are accurate, however we did not conduct detailed testing of that data. The report is intended to be informational. The

² Additional information about the City's boards and commissions can be found at <http://www.cityofpaloalto.org/knowzone/agendas/default.asp>.

³ The previous City Council top priorities for 2006 were: emergency and disaster preparedness and response, Library and Public Safety building, and increase infrastructure funding.

report provides insights into service results, but is not intended to thoroughly analyze those results.

SERVICE EFFORTS AND ACCOMPLISHMENTS REPORTING

In 1994, the Governmental Accounting Standards Board (GASB) issued *Concepts Statement No. 2, Service Efforts and Accomplishments Reporting*. The statement broadly describes "why external reporting of SEA measures is essential to assist users both in assessing accountability and in making informed decisions to improve the efficiency and effectiveness of governmental operations." According to the statement, the objective of SEA reporting is to provide more complete information about a governmental entity's performance than can be provided by the traditional financial statements and schedules, and to assist users in assessing the economy, efficiency, and effectiveness of services provided.

Other organizations including the Government Finance Officers Association (GFOA) and International City/County Management Association (ICMA) have long been advocates of performance measurement in the public sector. For example, the ICMA Performance Measurement Program provides local government benchmarking information for a variety of public services.

In 2003, GASB issued a special report on *Reporting Performance Information: Suggested Criteria for Effective Communication* that describes sixteen criteria that state and local governments can use when preparing external reports on performance information.⁴ Using the GASB criteria, the Association of Government Accountants (AGA) initiated a Certificate of Excellence in Service Efforts and Accomplishments Reporting project in 2003, in which Palo Alto was a charter participant. Our FY 2003-04, FY 2004-05, and FY 2005-06 reports received the Association's Certificate of Achievement for producing a high quality Service Efforts and Accomplishments Report.

The City of Palo Alto has utilized various performance indicators for a number of years. This report builds on existing systems and measurement efforts. In particular, the City's budget document includes

⁴ A summary of the GASB special report on reporting performance information is online at http://www.seagov.org/sea_gasb_project/criteria_summary.pdf

“benchmark” measures.⁵ Benchmarks include input, output, efficiency, and effectiveness measures. Where appropriate in the budget document, they are related to the City Auditor’s Service Efforts and Accomplishments Report by a notation. Similarly, where we included budget benchmarking measures in this document, they are noted with the symbol “⊙”.

SELECTION OF INDICATORS

We limited the number and scope of workload and performance measures in this report to items that we thought would be the most useful indicators of City government performance and would be of general interest to the public. This report is not intended to be a complete set of performance measures for all users.

From the outset of this project, we decided to use existing data sources to the extent possible. We reviewed existing benchmarking measures from the City’s adopted budget documents⁶, community indicators in the Comprehensive Plan⁷, performance measures from other jurisdictions, and benchmarking information from the ICMA⁸ and other professional organizations. We used audited information from the City’s Comprehensive Annual Financial Reports (CAFRs).⁹ We cited departmental mission statements and performance targets¹⁰ that are taken from the City’s annual operating budget where they are subject to public scrutiny and City Council approval as part of the annual budget process. We held numerous discussions with City staff to determine

⁵ In FY 2004-05, new “benchmarking” measures replaced the “impact” measures that were formerly in the budget document. The benchmarks were developed by staff and reviewed by the City Council as part of the annual budget process.

⁶ The budget is on-line at www.cityofpaloalto.org/depts/asd/budget.asp. The operating budget includes additional performance information.

⁷ The Comprehensive Plan is on-line at www.cityofpaloalto.org/compplan.

⁸ International City/County Management Association (ICMA), *Comparative Performance Measurement FY 2005 Data Report*. This report summarizes data from 87 jurisdictions, including several from California.

⁹ The CAFR is on-line at http://www.cityofpaloalto.org/depts/asd/financial_reporting.asp.

¹⁰ The operating budget may include additional performance targets for the budget benchmarking measures that are noted in this document with the symbol “⊙”.

what information was available and reliable, and best summarized the services they provide.

Wherever possible we have included five years of data. Generally speaking, it takes at least three data points to show a trend. In the future, we hope to include as much as ten years of data to show the impacts of changes in service delivery over time. Depending on the type of service and the availability of data, we have disaggregated performance information about some services based on age of participant, location of service, or other relevant factors.

Indicators that are in alignment with the City’s Climate Protection Plan¹¹, Zero Waste Plan¹² and sustainability goals are noted in the tables with an “S”.

Consistency of information is important to us. However, we occasionally add or delete some information that was included in a previous report. This sixth annual SEA report incorporates new performance information about greenhouse gas emissions (page 23) and the City’s fiber optic utility (page 79). We deleted one performance measure that was included in the previous report.¹³ Performance measures that have changed since the last report are noted in the tables as <NEW> or <REVISED>.

We will continue to use City Council, public, and staff feedback to ensure that the information items that we include in this report are meaningful and useful. We welcome your input. Please contact us with suggestions at city.auditor@cityofpaloalto.org.

THE NATIONAL CITIZEN SURVEY™

The National Citizen Survey™ is a collaborative effort between the National Research Center, Inc. (NRC), and the International City/County

¹¹ More information about the City’s plan to reduce greenhouse gases (the Climate Protection Plan) and other sustainability efforts is online at www.cityofpaloalto.org/environment.

¹² More information about the City’s Zero Waste Plan is online at www.cityofpaloalto.org/depts/pwd/recycle/zero_waste_program.asp.

¹³ On page 85 (City Manager’s Office), we deleted the “percent of complaints addressed within 2 days” because the data is no longer tracked due to staffing reductions in the City Manager’s Office.

Service Efforts and Accomplishments FY 2006-07

Management Association (ICMA).¹⁴ Respondents in each jurisdiction are selected at random. Participation is encouraged with multiple mailings and self-addressed, postage-paid envelopes. Results are statistically re-weighted, if necessary, to reflect the proper demographic composition of the entire community.

Surveys were mailed to a total of 1,200 Palo Alto households in September 2007. Completed surveys were received from 437 residents, for a response rate of 38%. Typical response rates obtained on citizen surveys range from 25% to 40%.

It is customary to describe the precision of estimates made from surveys by a “level of confidence” (or margin of error). The 95% confidence level for this survey of 1,200 residents is generally no greater than plus or minus 5 percentage points around any given percent reported for the entire sample.

The scale on which respondents are asked to record their opinions about service and community quality is “excellent”, “good”, “fair”, and “poor”. Unless stated otherwise, the survey data included in this report displays the responses only from respondents who had an opinion about a specific item – “don’t know” answers have been removed.

The NRC has collected citizen survey data from more than 500 jurisdictions in the United States. Inter-jurisdictional comparisons are available when similar questions are asked in at least five other jurisdictions. When comparisons are available, ranks are expressed as a percentile to indicate the percent of jurisdictions with identical or lower ratings.

In 2006, the ICMA and NRC announced “Voice of the People” Awards. To win, the jurisdiction’s National Citizen Survey rating for service quality must be one of the top three among all eligible jurisdictions and it must be in the top 10% of over 400 jurisdictions in the NRC database of citizen surveys. Palo Alto won in 5 categories in 2005 (emergency medical, fire, garbage collection, park, and police services) and in 4

¹⁴ The full report of Palo Alto’s survey results can be found in Attachments 1-3. The full text of previous survey results can be found in the appendices of our previous reports online at www.cityofpaloalto.org/depts/aud/service_efforts_and_accomplishments.asp.

categories in 2006 (emergency medical, fire, garbage collection, and recreation services).

POPULATION

Where applicable, we have used the most recent estimates of Palo Alto resident population from the California Department of Finance, as shown in the following table.¹⁵

Year	Population
FY 2002-03	60,381
FY 2003-04	60,589
FY 2004-05	61,650
FY 2005-06	62,424
FY 2006-07	62,615
Percent change over last 5 years:	+3.7%

We used population figures from sources other than the Department of Finance for some comparisons to other jurisdictions, but only in cases where comparative data was available only on that basis.

Some departments¹⁶ serve expanded service areas. For example, the Fire Department serves Palo Alto, Stanford, and Los Altos Hills (seasonally). The Regional Water Quality Control Plan serves Palo Alto, Mountain View, Los Altos, Los Altos Hills, Stanford, and East Palo Alto.

Some departments are heavily impacted by Palo Alto’s large daytime population. The Association of Bay Area Governments (ABAG) estimates that the daytime population for the Palo Alto/Stanford area was 139,032 in calendar year 2000.¹⁷

¹⁵ The Department of Finance periodically revises prior year estimates. Where applicable we used their revised population estimates to recalculate certain indicators in this report.

¹⁶ Additional information about the City’s departments can be found at <http://www.cityofpaloalto.org/depts/default.asp>.

¹⁷ ABAG calculates daytime population as follows: total Palo Alto/Stanford population (71,914) less number of employed residents (43,772) plus total employment (110,890).

INFLATION

Financial data has not been adjusted for inflation. In order to account for inflation, readers should keep in mind that the San Francisco Area Consumer Price Index for All Urban Consumers has increased by 10% over the 5 years of financial data that is included in this report. The index increased as follows:

Date	Index
June 2003	196.3
June 2004	199.0
June 2005	201.2
June 2006	209.1
June 2007	216.1
Percent change over last 5 years:	+10%

ROUNDING

For readability, most numbers in this report are rounded. In some cases, tables or graphs may not add to 100% or to the exact total because of rounding. In most cases the calculated “percent change over the last 5 years” is based on the percentage change in the underlying numbers, not the rounded numbers. However, where the data is expressed in percentages, the change over 5 years is the difference between the first and last year.

COMPARISONS TO OTHER CITIES

Where possible we included comparisons to nearby California cities. The choice of the cities that we use for our comparisons may vary depending on whether data is easily available. Regardless of which cities are included, comparisons to other cities should be used carefully. We tried to include “apples to apples” comparisons, but differences in costing methodologies and program design may account for unexplained variances between cities. For example, the California State Controller’s Office gathers and publishes comparative financial information from all California cities.¹⁸ We used this information where

possible, but noted that cities provide different levels of service and categorize expenditures in different ways.

ACKNOWLEDGEMENTS

This report could not have been prepared without the cooperation and assistance of City management and staff from every City department. Our thanks to all of them for their help. We also want to thank the City Council and community members who reviewed last year’s report and provided thoughtful comments.

We would also like to acknowledge our debt to the City of Portland Auditor’s Office that pioneered local government accountability for performance through its “City of Portland Service Efforts and Accomplishments” report – now in its 17th year of publication.

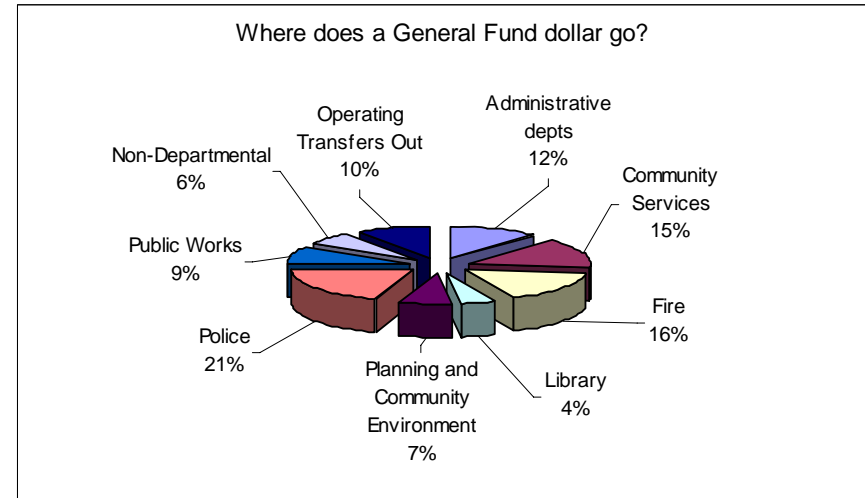
¹⁸ California State Controller, *Cities Annual Report Fiscal Year 2004-05* (<http://www.sco.ca.gov/ard/local/locprep/cities/reports/0405cities.pdf>).

CHAPTER 1 – OVERALL SPENDING AND STAFFING

Palo Alto, like other cities, uses various funds to track specific activities. The General Fund is used for all general revenues and governmental functions including parks, fire, libraries, planning, police, public works, legislative, and support services. These services are supported by general City revenues and program fees. Enterprise Funds are used to account for the City's utilities (including water, electricity, gas, wastewater collection and treatment, refuse, and storm drains) and are generally supported by charges paid by users based on the amount of service they use.

The pie chart to the right shows where a General Fund dollar goes. The table below shows more detail. In FY 2006-07, the City's total General Fund expenditures and other uses of funds totaled \$132.4 million. This included \$12.7 million in transfers to other funds (including \$8.7 million for capital projects, \$2.9 million for retiree health, and \$1.1 million for debt service).

Total General Fund uses of funds increased 11% over the last five years (some expenses were transferred to other funds), or less than inflation (10% over the same five-year period).



Source: FY 2006-07 expenditure data

General Fund operating expenditures and other uses of funds (in millions)

	Admin. Depts ¹	Community Services	Fire	Library	Planning and Community Environment	Police	Public Works	Non-departmental ²	Operating transfers out ³	TOTAL	Enterprise Fund operating expenses
FY 2002-03	\$18.4	\$18.7	\$18.1	\$5.1	\$8.1	\$21.2	\$13.4	\$5.5	\$10.7	\$119.2	\$151.5
FY 2003-04	\$14.9	\$19.1	\$18.8	\$5.3	\$8.5	\$22.0	\$10.6	\$5.9	\$9.2	\$114.4	\$158.2
FY 2004-05	\$15.2	\$19.1	\$19.1	\$5.1	\$9.1	\$22.5	\$11.0	\$8.6	\$8.2 ⁴	\$118.0 ⁴	\$162.6
FY 2005-06	\$15.3	\$19.5	\$20.2	\$5.7	\$9.2	\$24.4	\$11.3	\$13.6	\$8.0	\$127.1	\$183.7
FY 2006-07	\$15.9	\$20.1	\$21.6	\$5.9	\$9.4	\$25.9	\$12.4	\$8.5	\$12.7	\$132.4	\$190.3
Change over last 5 years	-14%	+8%	+19%	+14%	+15%	+22%	-7%	+55%	+20%	+11%	+26%

¹ Includes the City Manager, City Attorney, City Clerk, City Council, City Auditor, Administrative Services Department, and Human Resources Department.

² Includes payments to the Palo Alto Unified School District as part of the Cubberley lease and covenant not to develop (\$6.2 million in FY 2006-07).

³ Includes transfers from the General Fund to the Capital Projects Fund, to the Retiree Health Fund, and debt service funds.

⁴ Does not include FY 2004-05 transfer of the Infrastructure Reserve (\$35.9 million) from the General Fund to the Capital Fund.

PER CAPITA SPENDING

There are at least two ways to look at per capita spending: annual spending (shown below) and net cost (shown on the right).

As shown below, in FY 2006-07, General Fund operating expenditures and other uses of funds totaled \$2,115 per Palo Alto resident, including operating transfers to fund the City's Capital Improvement Program (CIP).

However, as shown on the right, General Fund departments generate revenues or are reimbursed for some of their activities by other jurisdictions and/or the enterprise funds. As a result, we estimate the net General Fund cost per resident in FY 2006-07 was about \$1,518.

Enterprise Fund operating expenses totaled \$3,039 per capita. Palo Alto's enterprise funds include Electric, Gas, Water, Wastewater Collection, Wastewater Treatment, Refuse, Storm Drainage, and External Services. Enterprise funds generally work like a business and charge fees to cover the cost of services.

Net General Fund cost per resident²

On a per capita basis, FY 2006-07 net General Fund costs of \$1,518 included:

- \$335 for police services
- \$207 for community services
- \$186 for fire and emergency medical services¹
- \$152 for public works
- \$136 for administrative, legislative, and support services
- \$90 for library services
- \$45 for planning, building, code enforcement
- \$231 in operating transfers out (including \$140 in transfers for capital projects)
- \$136 for non-departmental expenses (including \$99 paid to the school district)

	Per capita General Fund spending and other uses of funds ³										Per capita ³		Net General Fund cost per resident
	Administrative departments	Community Services	Fire ¹	Library	Planning and Community Environment	Police	Public Works	Non-departmental	Operating transfers out	TOTAL	Capital outlay (governmental funds)	Enterprise Fund operating expenses (includes capital)	
FY 2002-03	\$306	\$308	\$300	\$85	\$135	\$350	\$223	\$91	\$176	\$1,973	\$537	\$2,509	\$1,400
FY 2003-04	\$247	\$325	\$310	\$79	\$141	\$363	\$175	\$98	\$152	\$1,888	\$368	\$2,611	\$1,381
FY 2004-05	\$247	\$310	\$309	\$83	\$148	\$365	\$179	\$139	\$133	\$1,914	\$346	\$2,637	\$1,390
FY 2005-06	\$244	\$312	\$323	\$91	\$147	\$391	\$181	\$218	\$128	\$2,035	\$212	\$2,943	\$1,371
FY 2006-07	\$254	\$322	\$344	\$93	\$150	\$414	\$199	\$136	\$203	\$2,115	\$279	\$3,039	\$1,518
Change over last 5 years:	-17%	+5%	+15%	+10%	+11%	+18%	-11%	+49%	+16%	+7%	-48%	+21%	+8%

¹ Not adjusted for Fire department's expanded service area.

² Net cost is defined as total program cost less the revenues/reimbursements generated by the specific activities.

³ Where applicable, prior year per capita costs have been recalculated based on revised population estimates from the California Department of Finance.

RESIDENT PERCEPTIONS

OVERALL QUALITY OF SERVICES

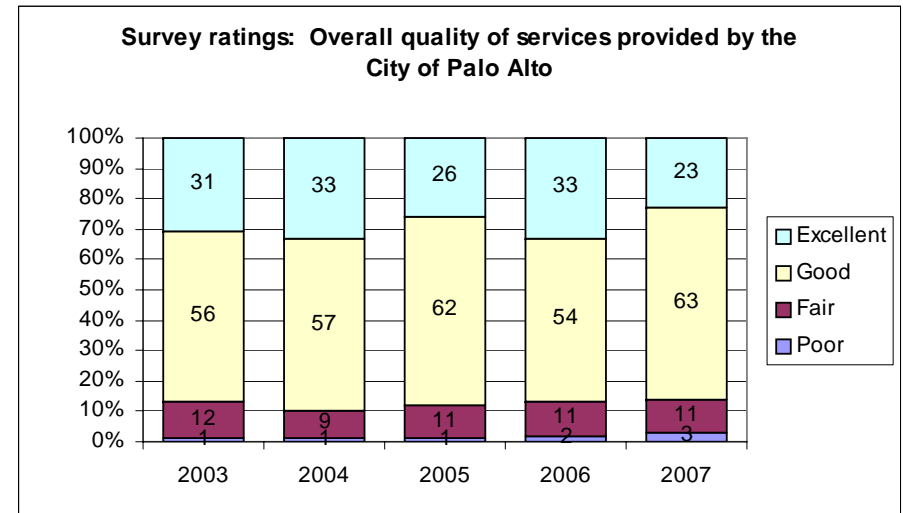
In 2006, Palo Alto ranked in the 86th percentile of nationwide responses to the National Citizen Survey™ on the overall quality of city services. As shown in the chart on the right, from 86% to 90% of Palo Alto residents rated the overall quality of city services good or excellent, although fewer residents rated services “excellent” last year than in previous years.

PUBLIC TRUST

Ratings of public trust declined last year. When asked to evaluate whether they feel they receive good value for the City taxes they pay, 67% of residents agree (compared to 74% last year). 57% of residents are pleased with the overall direction the city is taking (compared to 62% last year). 68% feel the City welcomes citizen involvement (compared to 73% last year), and 52% feel the City listens to citizens (compared to 59% last year).

RATINGS OF CONTACT WITH CITY EMPLOYEES

57% of survey respondents reported they had contact with a City of Palo Alto employee. Of those respondents, 79% said their overall impression was good or excellent. Respondents tend to give higher ratings to knowledge and courtesy than to responsiveness.¹



Source: National Citizen Survey™ 2003 through 2007 (Palo Alto)

Citizen Survey

	Overall quality of services			Public trust				Impression of contact with Palo Alto employees				
	Percent rating city services good or excellent	Percent rating Federal Government services good or excellent	Percent rating State Government services good or excellent	Percent agreeing they receive good value for the City taxes they pay	Percent pleased with overall direction of the City	Percent who feel the City welcomes citizen involvement	Percent who feel the City listens to citizens	Percent having contact with a city employee in the last 12 months	Good or excellent impression of knowledge	Good or excellent impression of responsiveness	Good or excellent impression of courtesy	Overall impression good or excellent
FY 2002-03	87%	32%	31%	69%	54%	64%	55%	62%	84%	74%	83%	78%
FY 2003-04	90%	38%	36%	75%	63%	70%	60%	64%	86%	84%	84%	84%
FY 2004-05	88%	32%	32%	70%	54%	59%	50%	56%	84%	77%	83%	80%
FY 2005-06	87%	32%	38%	74%	62%	73%	59%	54%	83%	78%	83%	80%
FY 2006-07	86%	33%	44%	67%	57%	68%	52%	57%	85%	80%	84%	79%
Change over last 5 years:	-1%	+1%	+13%	-2%	+3%	+4%	-3%	-5%	+1%	+6%	+1%	+1%

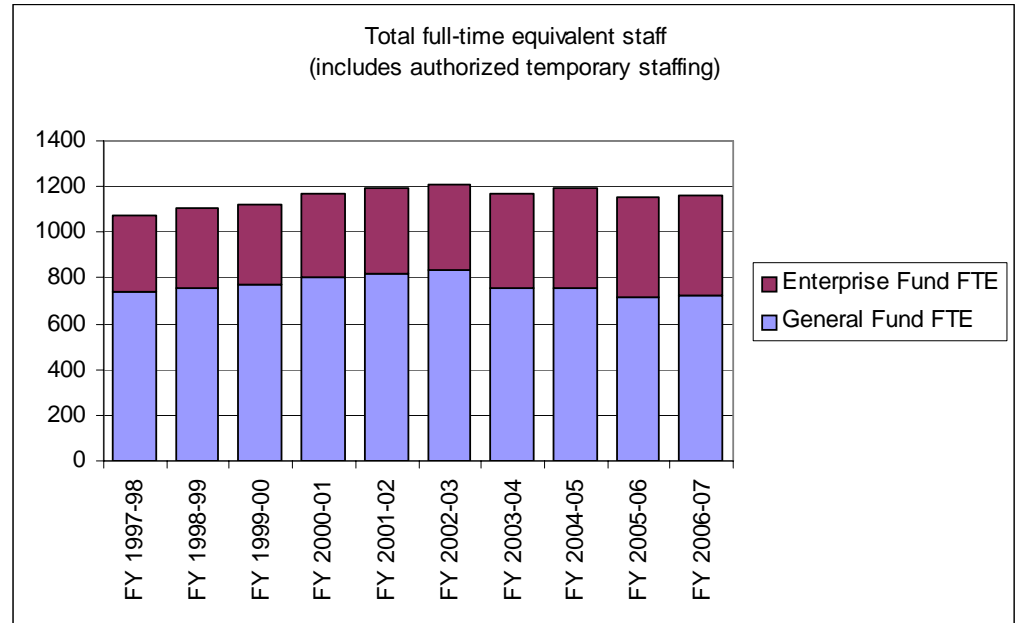
¹ Full results of the National Citizen Survey™ 2007 are included in the attachments. The full text of previous survey results can be found in the appendices of our previous reports online at http://www.cityofpaloalto.org/depts/aud/service_efforts_and_accomplishments.asp.

AUTHORIZED STAFFING

City staffing is measured in full-time equivalent staff, or FTE. In FY 2006-07, there were a total of 1,160 authorized FTE citywide – including 725 authorized FTE in General Fund departments, and 435 authorized FTE in other funds.¹ 100 authorized positions were vacant as of June 30, 2007.

Over the last five years, total FTE (including authorized temporary and hourly positions) declined by 4%.

- General Fund FTE decreased by 13%, including 34 regular FTE eliminated³ and 61 regular FTE moved to other funds.⁴
- Authorized staffing in other funds increased by 16%, including the 61 regular FTE moved from the General Fund⁴ and 3 regular FTE added.



Source: Operating budgets

	Total General Fund authorized staffing (FTE ¹)								Total other authorized staffing (FTE ¹)					TOTAL (FTE ¹)	
	Admin. Depts.	Community Services	Fire	Library	Planning and Community Environment	Public Police Works	Subtotal	Refuse Fund	Storm Drainage Fund	Wastewater Treatment Fund	Electric, Gas, Water, and Wastewater	Other ²	Subtotal		
FY 2002-03	150	157	133	57	62	183	91	833	34	10	69	236	27	375	1,208
FY 2003-04	108 ³	152	128	54	61	177	77	757	34	10	69	241	73 ³	416	1,172
FY 2004-05	108	158	129	56	61	173	75	759	35	10	69	241	75	430	1,189
FY 2005-06	98	146	126	57	53	169	69	718	35	10	69	241	78	432	1,150
FY 2006-07	100	148	128	57	55	168	68	725	35	10	69	243	78	435	1,160
Change over last 5 years	-33%	-6%	-4%	0%	-10%	-8%	-25%	-13%	+3%	-3%	+1%	+3%	+196%	+16%	-4%

¹ Includes authorized temporary and hourly positions and allocated departmental administration.

² Includes the Technology Fund, Capital Fund, Special Revenue, and Internal Service Funds.

³ Net General Fund regular position changes since June 30, 2002, included 10 FTE added in FY 2002-03, 30 FTE eliminated in FY 2003-04, 1 FTE eliminated in FY 2004-05, 16 FTE eliminated in FY 2005-06, and 3 FTE added in FY 2006-07.

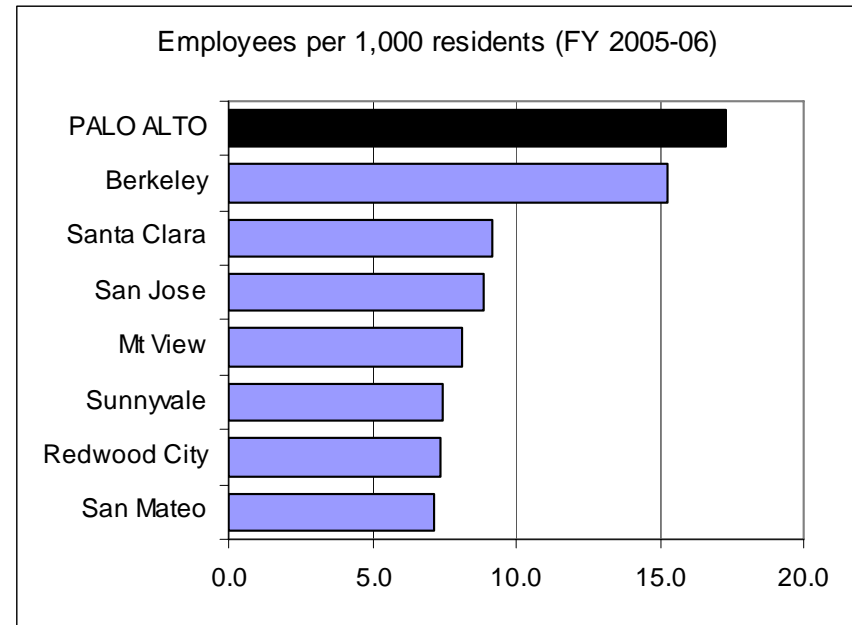
⁴ Regular positions moved from the General Fund to other funds included 52 FTE moved to other funds in FY 2003-04 (including 33 FTE in IT Division moved to Technology Fund), 3 FTE moved to other funds in FY 2004-05, and 6 FTE moved to other funds in FY 2005-06.

AUTHORIZED STAFFING (cont.)

As shown in the graph to the right, Palo Alto had more employees per 1,000 residents than several other local jurisdictions. However staffing comparisons between cities are problematic – no other city in California offers a full complement of utility services like Palo Alto, and Palo Alto employees provide some services to other jurisdictions that are reimbursed by those jurisdictions (e.g. fire, dispatch, information technology, water treatment, and animal control).

Citywide regular authorized staffing decreased 4% over the past five years from 1,123 to 1,080 FTE. Authorized temporary and hourly staffing decreased from 85 FTE to 80 FTE citywide. Of total staffing, about 7% is temporary or hourly.

General Fund salaries and wages (not including overtime) decreased 1% over the last five years due to staffing reductions in the General Fund. Over the same period, employee benefit expense increased 37% – from \$19 million (35% of salaries and wages) to \$26.1 million (48% of salaries and wages).³



Source: Cities' Comprehensive Annual Financial Reports and Operating Budgets

	Regular authorized staffing citywide (FTE)	Authorized temporary and hourly staffing citywide (FTE)	Total authorized staffing citywide (FTE)	Total authorized staffing per 1,000 residents	General Fund salaries and wages ¹ (in millions)	General Fund overtime (in millions)	General Fund employee benefits (in millions)	Employee benefits rate ²	Employee costs as a percentage of total General Fund expenditures
FY 2002-03	1,123	85	1,208	20.0	\$54.3	\$3.0	\$19.0	35%	64%
FY 2003-04	1,093	79	1,172	19.4	\$49.8	\$3.3	\$19.1	38%	63%
FY 2004-05	1,094	96	1,189	19.3	\$52.3	\$3.6	\$23.7	45%	68%
FY 2005-06	1,074	76	1,150	18.4	\$53.2	\$3.4	\$26.4	50%	64%
FY 2006-07	1,080	80	1,160	18.5	\$53.9	\$4.0	\$26.1	48%	65%
Change over last 5 years	-4%	-6%	-4%	-7%	-1%	+34%	+37%	+13%	+1%

¹ Does not include overtime

² "Employee benefits rate" is General Fund benefit costs as a percentage of General Fund salaries and wages, not including overtime.

³ For more information on projected salary and benefits costs see the City of Palo Alto Long Range Financial Forecast at http://www.cityofpaloalto.org/depts/asd/financial_reporting.asp

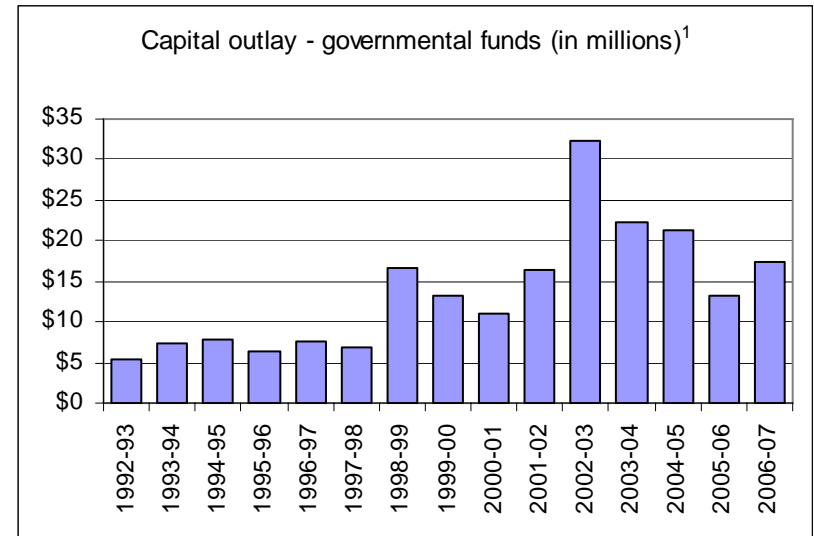
CAPITAL SPENDING

Several years ago the City inventoried, assessed, and prioritized work on its buildings, facilities, streets, sidewalks, medians, bikeways, parks, and open space. This effort resulted in a long-term plan to rehabilitate Palo Alto's General Fund infrastructure. Infrastructure remains a City Council priority.

With the implementation of GASB Statement 34 in FY 2001-02, the City has recorded all its capital assets in its citywide financial statements.² Capital assets are valued at historical cost, net of accumulated depreciation. This includes buildings and structures, vehicles and equipment, roadways, and utility distribution systems.

As shown in the graph on the right, capital outlay by governmental funds¹ has increased over ten years ago. As of June 30, 2007, net general capital assets totaled \$335.7 million (26% more than 5 years ago). The General Fund invested \$106.7 million in capital projects over the last 5 years, spending down reserves set aside to fund infrastructure rehabilitation. The Infrastructure Reserve fell to \$15.8 million (compared to \$33.4 million 5 years ago).

The enterprise funds invested \$28.9 million in capital projects in FY 2006-07, for a total of \$118.9 million over the last 5 years. As of June 30, 2007, net Enterprise Fund capital assets totaled \$383.8 million.



Source: Comprehensive Annual Financial Reports

	Infrastructure Reserve (in millions)	General governmental funds (in millions)			Enterprise funds (in millions)		
		Net general capital assets	Capital outlay ¹	Depreciation	Net Enterprise Fund capital assets	Capital expense	Depreciation
FY 2002-03	\$33.4	\$293.1	\$32.4	\$9.4	\$315.2	\$24.1	\$11.0
FY 2003-04	\$35.9	\$310.0	\$22.3	\$8.8	\$329.1	\$22.8	\$11.4
FY 2004-05	\$25.2	\$318.5	\$21.3	\$9.5	\$346.9	\$22.8	\$11.7
FY 2005-06	\$20.7	\$324.8	\$13.2	\$12.3	\$360.9	\$20.3	\$11.8
FY 2006-07	\$15.8	\$335.7	\$17.5	\$11.0	\$383.8	\$28.9	\$12.7
Change over last 5 years	-48%	+26%	+3%	+64%	+27%	+15%	+22%

¹ Includes capital expenditures in the General Fund, Capital Projects and Special Revenue funds. Does not include capital expense associated with Utility or other enterprise funds. FY 2002-03 and FY 2003-04 outlay included \$32.3 million for two new downtown parking structures funded by an assessment district.

² The City's financial statements are on-line at http://www.cityofpaloalto.org/depts/asd/financial_reporting.asp.

GREENHOUSE GAS EMISSIONS <NEW>

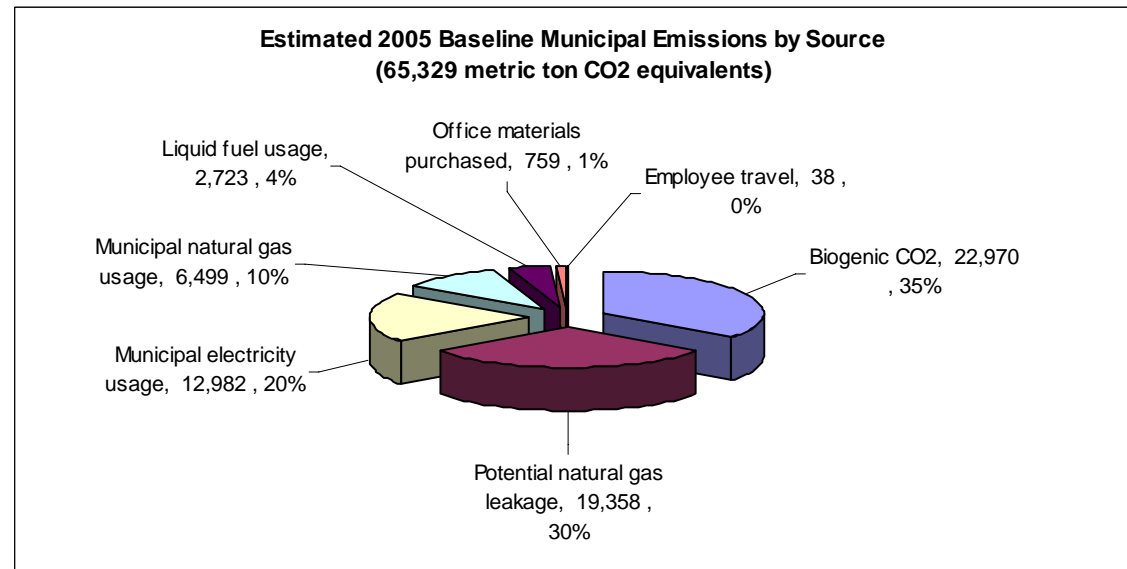
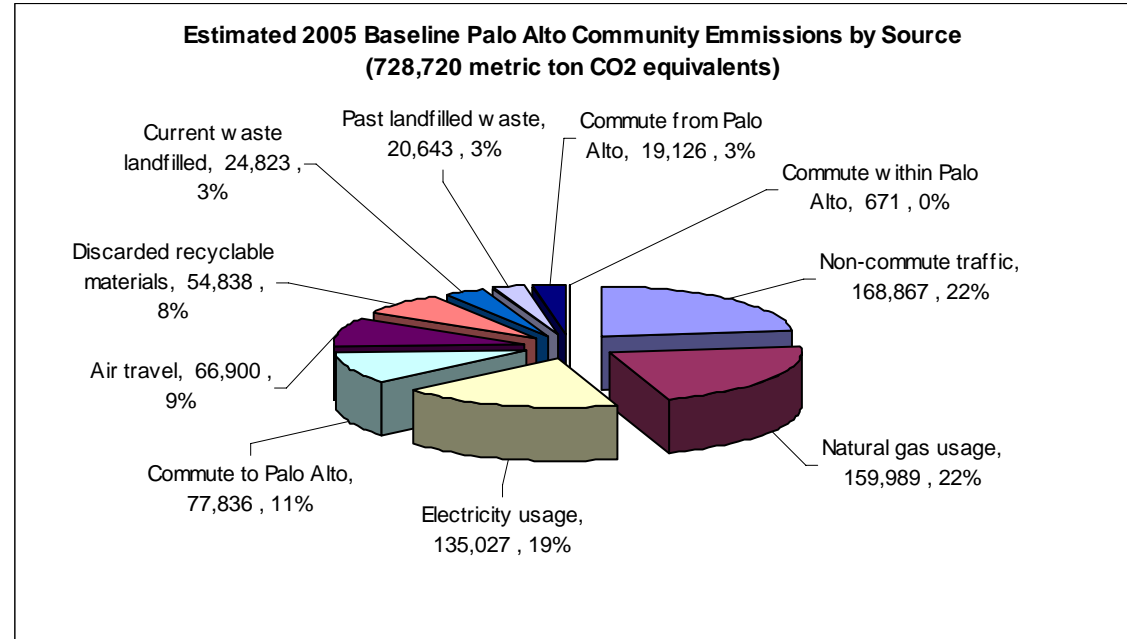
In 2007, the City Council adopted climate protection as a top City priority. The City inventoried its municipal and community emissions and set emission reduction goals (from 2005 baseline levels) of

- 5% of municipal emissions, or 3,266 metric tons of carbon dioxide (CO₂), by July 2009
- 5% of municipal **and community** emissions, or 39,702 metric tons of CO₂, by 2012
- 15% of municipal and community emissions, or 119,107 metric tons of CO₂, by 2020.

Within the limitations of the measurement tools currently available, estimated baseline 2005 Palo Alto emissions totaled 728,720 metric tons of CO₂ equivalents. This includes emissions by individuals who live, work, visit, or transit the City limits. Of that amount, municipal sources were estimated to generate 65,329 metric tons of CO₂ equivalents. As shown in the graph on the right, the largest sources of municipal emissions were estimated to be biogenic CO₂, potential natural gas leakage, and municipal natural gas and electricity usage.

Community emissions were estimated to generate 728,720 metric tons of CO₂. As shown in the second graph on the right, the largest sources of community emissions were estimated to be non-commute traffic, and natural gas and electricity usage.

The City has committed to tracking and reporting greenhouse gas emissions on a regular basis, and measuring progress towards reducing emissions. Some of these monitoring measures are already included in the chapters that follow.



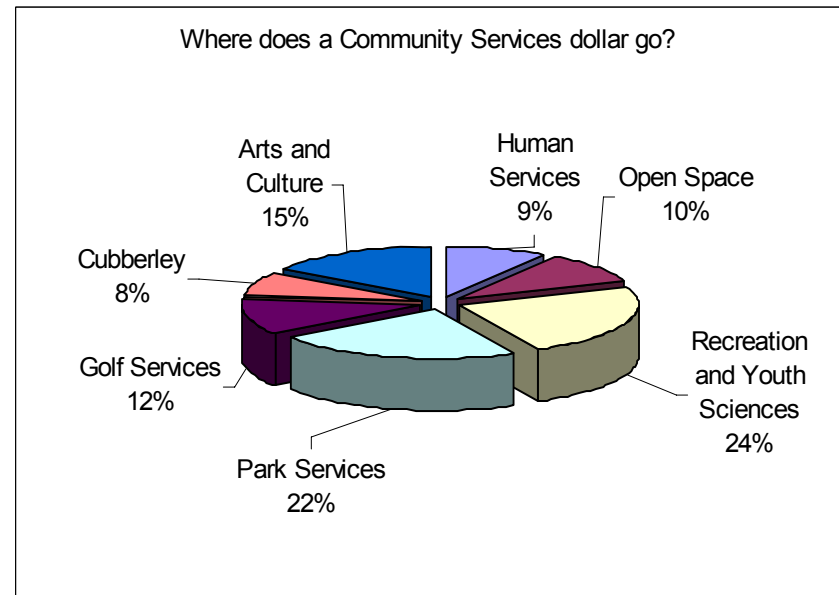
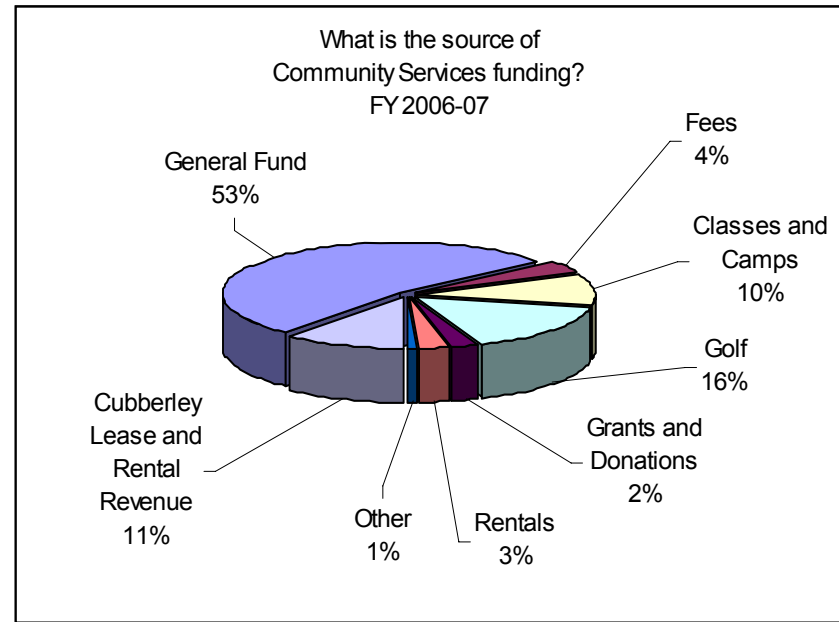
Source: Palo Alto Climate Protection Plan December 3, 2007

CHAPTER 2 – COMMUNITY SERVICES

The mission of the Community Services Department is to engage individuals and families in creating a strong and healthy community through parks, recreation, social services, arts and sciences.

The Department has five major divisions:

- Arts and Culture – visual arts, children’s performing arts, adult performing arts, arts community partnerships, arts facility operations
- Cubberley Community Center and Human Services – Cubberley Center services and maintenance; human services contract administration, child care services, community partnership/public services, and family resources
- Parks and Golf– maintenance of City parks and certain facilities, landscapes, and school district athletic fields; golf course maintenance and business operations
- Open Space – Open space maintenance, park rangers, open space community partnership, wildlife and resource management
- Recreation and Youth Sciences – adult programs, youth and teen programs, Junior Museum and Zoo, programs for persons with special needs, recreation facilities, special events, sports programs, a teen drop-in center, swimming pools and camps.



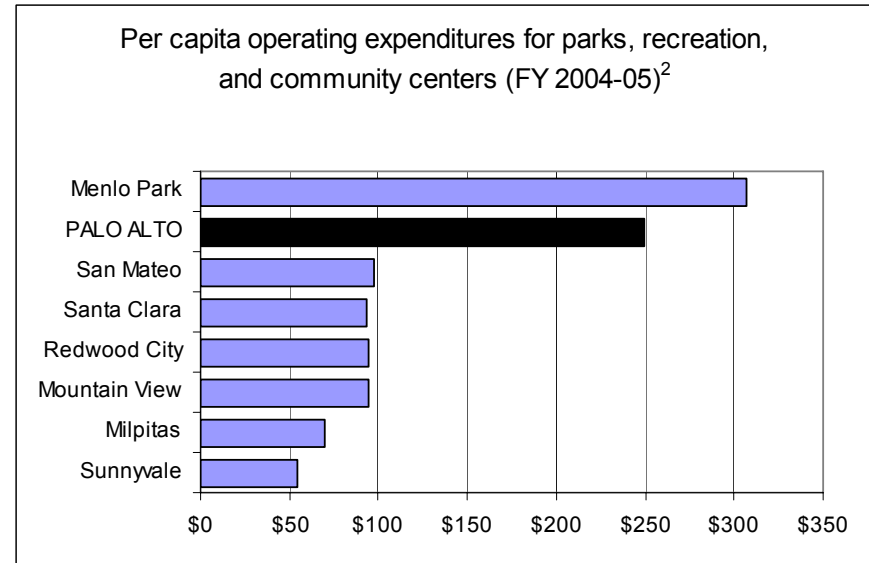
Source: FY 2006-07 revenue and expenditure data

SPENDING AND REVENUE

Total Community Services spending increased by approximately 6% in the last five years.

Palo Alto's expenditures per capita for parks, recreation, and community centers are the second highest compared with seven other nearby cities. It should be noted that each jurisdiction offers different levels of service and budgets for those services differently. Palo Alto data include expenditures related to 3,744 acres of open space, municipal golf course, human services programs, Cubberley Community Center, the Art Center, the Children's Theatre and the Junior Museum and Zoo.

Community Services staffing decreased 6% over the last five years from 157 to 148. However, it increased slightly from FY 2005-06 to 148 from 146. In FY 2006-07, temporary or hourly staffing accounted for about 33% of the Department's total staffing.



Source: California State Controller, *Cities Annual Report Fiscal Year 2004-05*

Operating expenditures (in millions)

	Parks	Golf course	Recreation and youth sciences	Arts and culture	Open space	Cubberley community center	Human services	TOTAL	Operating expenditures per capita ²	Total revenue (in millions)	Total authorized staffing (FTE)	Percent of authorized staffing that is temporary/ hourly	Authorized staffing per 1,000 population
FY 2002-03	\$3.7	\$2.2	\$3.6	\$2.9	\$2.7	\$1.5	\$2.0	\$18.7	\$309	\$9.2	157	30%	2.6
FY 2003-04	\$3.9	\$2.3	\$3.7	\$3.0	\$2.8	\$1.5	\$2.0	\$19.1	\$316	\$8.8	152	32%	2.5
FY 2004-05	\$4.0	\$2.2	\$3.9	\$3.2	\$2.8	\$1.3	\$1.7	\$19.1	\$312	\$8.6	158	31%	2.6
FY 2005-06	\$4.2	\$2.2	\$4.5 ¹	\$3.2	\$2.0 ¹	\$1.5	\$2.0	\$19.5	\$312	\$9.0	146	33%	2.3
FY 2006-07	\$4.4	\$2.3	\$4.7	\$3.1	\$1.9	\$1.6	\$1.8	\$19.8	\$317	\$9.3	148	33%	2.4
Change over last 5 years	+17%	+5%	+30%	+5%	-27%	+5%	-8%	+6%	+2%	+2%	-6%	+3%	-9%

¹ The Recreation and Youth Sciences division formed in FY 2005-06. Previously, youth sciences were included with Open Space.

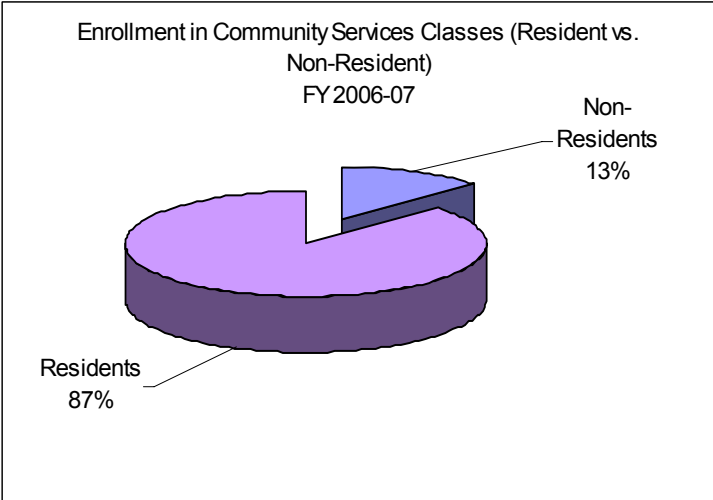
² Data in graph and table may differ because City of Palo Alto and Controller's Office compile data differently.

CLASSES

Community Services offers classes to the public on a variety of topics including recreation and sports, arts and culture, nature and the outdoors. Classes for children include aquatics, digital art, animation, music, and dance. Other classes are targeted specifically for adults, senior citizens and pre-schoolers. In FY 2006-07, 145 camp sessions were offered for kids.

Over the last five years, the number of camps offered decreased by 3% but enrollment in camps decreased by 17%. The number of kids' classes offered decreased by 36%, but enrollment in kid's classes only decreased by 7%. Enrollment in adult classes decreased by 7%; the number of classes offered for adults decreased by 8%. In FY 2006-07, 42% of class registrations were online, compared to 11% five years earlier.

In FY 2006-07, 82% of residents rated the range and variety of classes good or excellent.



Source: Community Services Department

	Total number of classes/camps offered ¹					Total enrollment ¹					Citizen Survey		
	Camp sessions	Kids (excluding camps)	Adults	Pre-school	Total	Camps	Kids (excluding camps)	Adults	Pre-school	Total [Ⓞ]	Percent of class registrations online [Ⓞ]	Percent of class registrants who are non-residents	Percent rating the range/variety of classes good or excellent
FY 2002-03	149	322	345	140	956	7,011	4,681	5,323	3,980	20,995	11%	18%	-
FY 2003-04	170	352	366	177	1,065	7,270	5,165	6,070	4,160	22,665	33%	14%	-
FY 2004-05	156	276	362	171	965	6,601	4,862	5,676	3,764	20,903	40%	16%	84%
FY 2005-06	153	235	294	160	842	5,906	4,604	5,485	3,628	19,623	41%	15%	86%
FY 2006-07	145	206	318	137	806	5,843	4,376	4,936	3,278	18,433	42%	13%	82%
Change over last 5 years	-3%	-36%	-8%	-2%	-16%	-17%	-7%	-7%	-18%	-12%	+31%	-5%	-

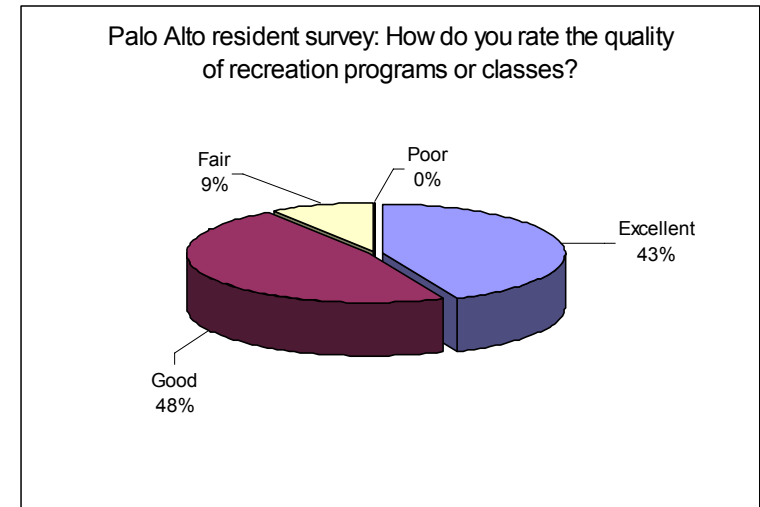
¹ Data shown is in format available from CSD registration system. Types of classes offered include arts, sports, nature and outdoors, and recreation.
[Ⓞ] Budget benchmarking measure

RECREATION AND YOUTH SCIENCES

Recreation produces a large number of the classes offered by the Department overall as well as summer camps. Recreation also works collaboratively with the Palo Alto Unified School District (PAUSD) to provide middle school athletics at all middle schools and camps in conjunction with the PAUSD's summer school program.

Other Recreation services include aquatics programs, facility rentals through which members of the community may rent meeting room and event space, the swimming pool or gym space for parties and events, field and picnic site scheduling, and a variety of youth and teen program opportunities. In addition to class offerings for adults, Recreation has seasonal adult sports leagues. Recreation sponsors special events each year such as the May Fete Parade and the Chili Cook-Off. There were three special events in FY 2006-07; they received outside funding of about \$375,000.

Founded in 1934, the Junior Museum was the first children's museum west of the Mississippi, and continues to be a local leader in children's science education since its inception. The Zoo opened in 1969. The Junior Museum and Zoo provides summer camps, outreach programs, and exhibits for area children.



Source: National Citizen Survey™ 2007 (Palo Alto)

	Enrollment in Recreation Classes ¹							Citizen Survey			Junior Museum and Zoo	
	Dance	Recreation	Aquatics	Middle school sports	Therapeutic	Private tennis lessons	Camps	Percent rating recreation centers/facilities good or excellent	Percent rating recreation programs/classes good or excellent [Ⓞ]	Percent rating services to youth good or excellent	Enrollment in Junior Museum classes and camps ^{1,2}	Estimated number of outreach participants ³
FY 2002-03	1,741	5,820	184	1,035	272	218	7,011	77%	83%	66%	1,777	-
FY 2003-04	1,570	5,784	269	1,091	223	228	7,270	84%	86%	68%	2,321	3,491
FY 2004-05	1,531	5,055	223	1,242	216	259	6,601	78%	87%	68%	1,934	3,388
FY 2005-06	1,326	5,681	199	1,247	175	234	5,906	80%	85%	70%	1,832	2,414
FY 2006-07	1,195	5,304	225	1,391	228	274	5,843	82%	90%	73%	1,805	2,532
Change over last 5 years	-31%	-9%	+22%	+34%	-16%	+26%	-17%	+5%	+7%	+7%	+2%	-

¹ Enrollment shown here is also reflected in totals on "Classes" page.

² Classes and camps are paid for by parents who selectively enroll their children.

³ Outreach includes interpretive programs. These are programs paid for by the schools, whether they are taught at the schools or at the Junior Museum and Zoo. The number of outreach participants decreased in FY 2005-06 because the City lost its grant funding for outreach to East Palo Alto schools.

Ⓞ Budget benchmarking measure

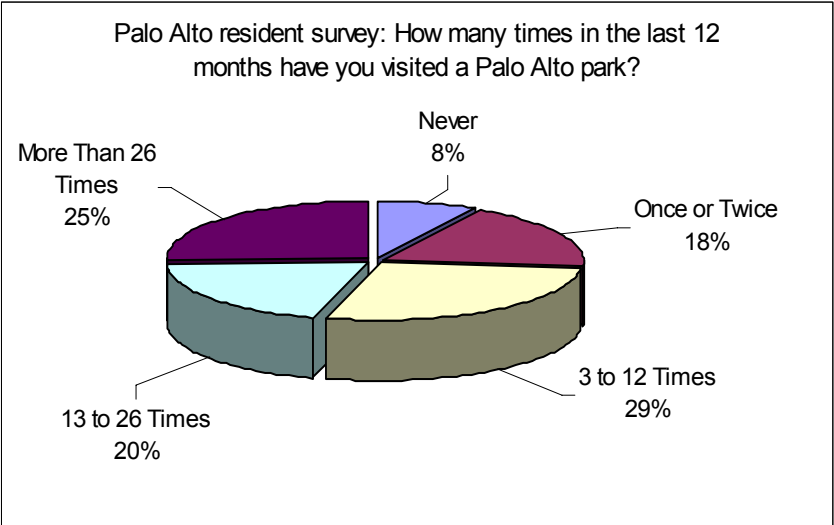
PARKS AND LANDSCAPE MAINTENANCE

The Parks and Golf Division maintains approximately 268 acres of land including:

- Urban/neighborhood parks (157 acres or 59% of total)²
- City facilities (26 acres or 10%)
- School athletic fields (43 acres or 16%)
- Utility sites (11 acres or 4%)
- Median strips (26 acres or 10%)
- Business Districts and parking lots (5 acres or 2%)

In FY 2006-07, maintenance spending on the above acres totaled about \$3.9 million, or approximately \$15,042 per acre maintained. About 22% of this maintenance is contracted out.

In response to the 2007 National Citizen Survey,TM 91% of residents rate city parks good or excellent, and 89% rate their neighborhood park good or excellent. 92% report they visited a neighborhood or city park in the last 12 months.



Source: National Citizen SurveyTM 2007 (Palo Alto)

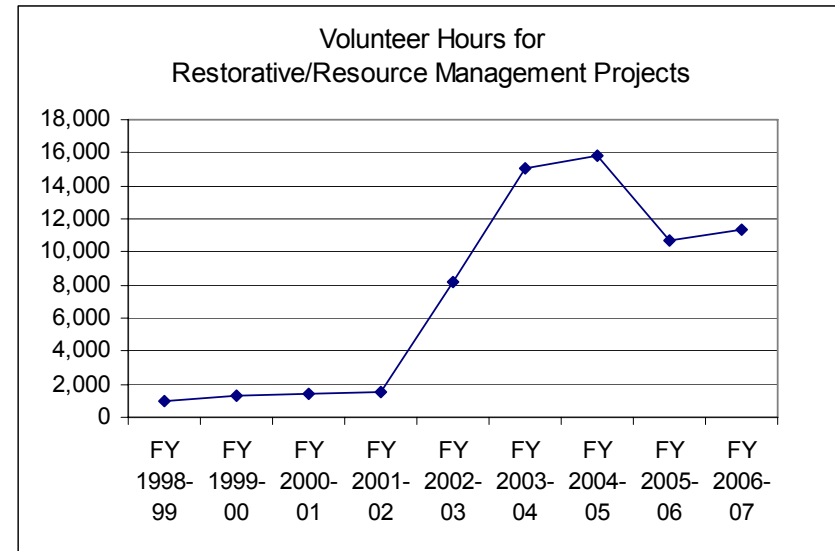
	Maintenance Expenditures ³					Citizen Survey			
	Parks and landscape maintenance (in millions)	Athletic fields in City parks (in millions)	Athletic fields on school district sites ¹ (in millions)	Total maintenance cost per acre	Percent of park maintenance expenditures contracted out	Total hours of neighborhood park athletic field usage	Urban/ acreage per 1,000 residents ²	Percent rating city parks as good or excellent	Percent rating their neighborhood park good or excellent
FY 2002-03	\$2.5	\$0.7	\$0.5	\$14,308	18%	-	2.4	90%	85%
FY 2003-04	\$2.4	\$0.6	\$0.4	\$13,017	20%	-	2.4	91%	90%
FY 2004-05	\$2.7	\$0.6	\$0.5	\$14,572	16%	65,748	2.4	91%	89%
FY 2005-06	\$2.5	\$0.6	\$0.6	\$14,302	22%	65,791	2.4	88%	87%
FY 2006-07	\$2.7	\$0.6	\$0.7	\$15,042	22%	70,769	2.4	91%	89%
Change over last 5 years	+6%	-22%	+39%	+5%	+4%	-	0%	+1%	+4%

¹ PAUSD reimburses the City for 50 percent of maintenance costs on these school district sites.
² Does not include 3,744 acres of open space (discussed on page 2.6).
³ Includes budgeted operating expenditures. Does not include cost plan charges or capital costs.

OPEN SPACE

The City has 3,744 acres¹ of open space that it maintains, consisting of Foothills Park, Baylands Nature Preserve (including Byxbee Park), Pearson-Arastradero Preserve, and Esther Clark Nature Preserve. In FY 2006-07 this amounted to about 60 acres per 1,000 residents.

Open space acreage per 1,000 residents decreased during the last five years from 62.0 to 60.0 acres per 1,000 residents because of an increase in population. Similarly, total urban parks and open space acreage declined from 64.3 to 62.3 acres per 1,000 residents. This was true even though the City added 13 acres to the Pearson-Arastradero Preserve with the acquisition of the Bressler property.



Source: Community Services Department

	Visitors at Foothills Park [©]	Volunteer hours for restorative/ resource management projects	Open space acres per park ranger	Number of Baylands outreach programs for school-age children	Enrollment in open space interpretive classes	Open space acreage per 1,000 residents ¹	Total urban/ neighborhood parks and open space acreage per 1,000 residents ²
FY 2002-03	145,000	8,200 ³	466	70	403	62.0	64.3
FY 2003-04	139,787	15,055	466	54	1,166	62.0	64.1
FY 2004-05	121,574	15,847	466	48	1,188	61.0	63.2
FY 2005-06	127,457	10,738	535	48	1,280	60.0	62.4
FY 2006-07	140,437	11,380	535	63	1,226	60.0	62.3
Change over last 5 years	-3%	+39%	+15%	-10%	+204%	-3%	-3%

¹ Does not include the 268 acres of developed parks and land maintained by the Parks and Golf Division (discussed on page 29). Neither does this include 2,200 acres of Montebello Open Space Preserve and 200 acres of Los Trancos Open Space Preserve that are operated by the Mid-Peninsula Open Space District.

² Based on total open space and urban parks acreage.

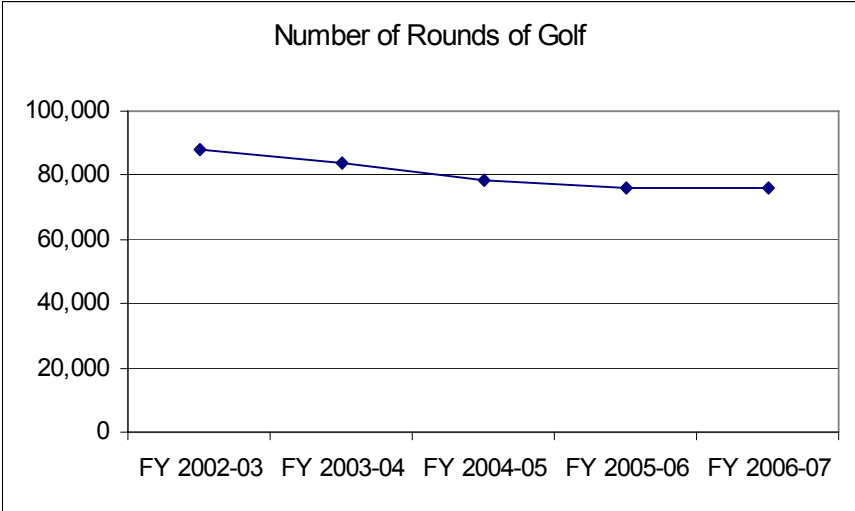
³ Includes collaborative partnerships with non-profit groups. Staff attributes the increase in FY 2003-04 to more volunteer hours primarily at the Baylands by the non-profit partner Save the Bay.

© Budget benchmarking measure

GOLF COURSE

The City owns and maintains the municipal golf course, and coordinates the golf shop, driving range, and restaurant operations with separate tenants.

According to the Department, the number of rounds of golf has decreased to 76,241 from 87,892 five years ago.



Source: Community Services Department

	Number of rounds of golf	Golf course revenue (in millions)	Golf course operating expenditures ¹ (in millions)	Golf course debt service (in millions)	Net revenue/ (cost) (in millions) ²
FY 2002-03	87,892	\$3.0	\$2.3	\$0.7	(\$0.0)
FY 2003-04	83,728	\$2.9	\$2.3	\$0.6	\$0.0
FY 2004-05	78,410	\$2.9	\$2.4	\$0.6	(\$0.1)
FY 2005-06	76,000	\$3.0	\$2.3	\$0.6	\$0.1
FY 2006-07	76,241	\$3.1	\$2.5	\$0.6	\$0.0
Change over last 5 years ¹	-13%	+1%	+6%	-20%	-

¹ Includes allocated charges and overhead.

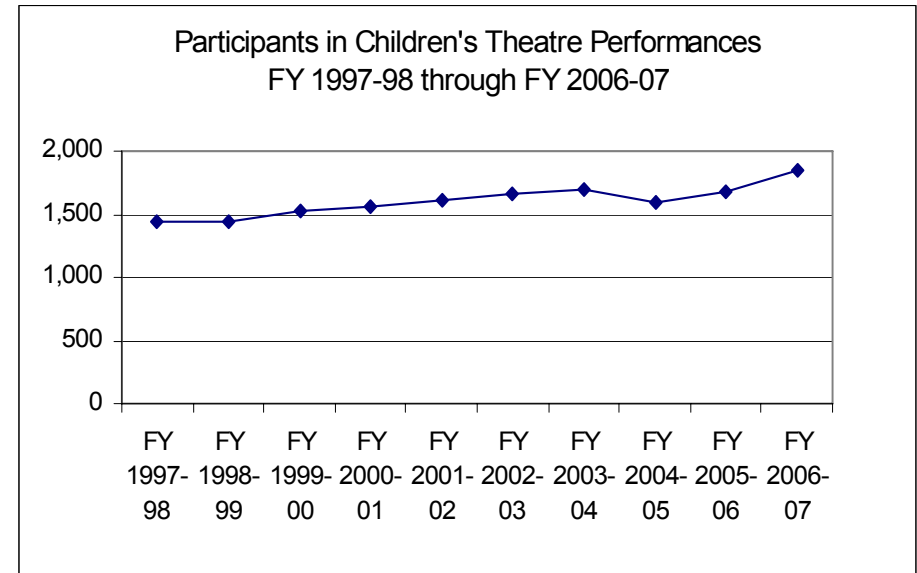
² Loss in FY 2002-03 was \$2,156; profit in FY 2003-04 was \$49,006; loss in FY 2004-05 was \$72,031; profit in 05-06 was \$148,154; profit in 06-07 was \$43,015.

ARTS AND CULTURE

Arts and Culture provides a broad range of arts-related enrichment programs including the Palo Alto Art Center, Children's Theatre, Lucie Stern Community Theatre, Art in Public Places, and concerts.

Community Theatre attendance at performances decreased from last year and was 6% lower than five years ago. The number of participants in Children's Theatre has increased 11% over the last five years. There were 139 performances at the Children's Theatre in FY 2006-07, up 22% from 114 in FY 2002-03.

The Art Center had about 16,200 exhibition visitors in FY 2006-07. Outside funding for visual arts programs was about 1% higher than it was in FY 2002-03. One new public art work (Bishop Building mural on California Avenue) was installed in FY 2006-07.



Source: Community Services Department

	Community Theatre		Children's Theatre				Art Center					
	Number of performances	Attendance at performances	Attendance at performances	Participants in performances and programs	Theatre class, camp and workshop registrants	Theatre volunteers	Exhibition visitors	Concerts ¹	Total attendance (users)	Enrollment in art classes, camps, and workshops (adults and children) ²	Outside funding for visual arts programs	Attendance at Project LOOK! tours and family days ³
FY 2002-03	173	48,472	21,114	1,660	572	439	18,710	36	81,348	3,450	\$342,094	-
FY 2003-04	175	54,052	22,663	1,692	605	456	19,034	40	79,984	4,406	\$268,473	-
FY 2004-05	172	50,111	22,734	1,592	581	392	19,307	53	76,264	3,559	\$275,909	6,722
FY 2005-06	183	55,204	22,788	1,670	597	397	19,448	59	73,305	4,137	\$284,838	6,191
FY 2006-07	171	45,571	23,117	1,845	472	446	16,191	43	70,387	3,956	\$345,822	6,855
Change over last 5 years	-1%	-6%	+9%	+11%	-17%	+2%	-13%	+19%	-13%	+15%	+1%	-

¹ All of the concerts are part of the Community Theatre program though some are performed at the Art Center.

² Enrollment shown here is also reflected in totals on "Classes" page.

³ Project LOOK! Offers docent-led tours of exhibitions at the Palo Alto Art Center to K-12th grade school groups. Tours are followed by a hands-on activity at the Project LOOK! Studio.

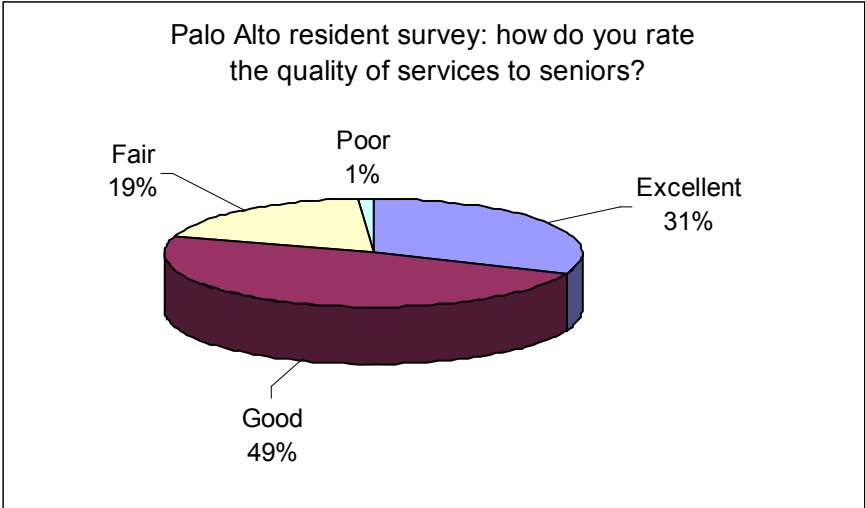
CUBBERLEY COMMUNITY CENTER HUMAN SERVICES

Cubberley Community Center rents space for community meetings, seminars, social events, dances, theater performances, and athletic events. In FY 2006-07, rental revenue totaled about \$811,000 for about 36,000 hours rented.

The Cubberley Community Center also leases former classroom space to artists and Foothill College on a long-term basis. In FY 2006-07, there was a total of 39 leaseholders, and lease revenue of about \$1.4 million.

The Human Services Division provides connections to resources for families and grants to local non-profits. Human Services' grants to local non-profits totaled approximately \$1.2 million in FY 2006-07, about 9% less than in FY 2002-03.

Residents give high ratings to senior services (80% rate services good or excellent). Residents give lower marks when rating access to affordable quality child care (only 26% good or excellent).



Source: National Citizen Survey™ 2007 (Palo Alto)

	Cubberley Community Center				Citizen Survey		
	Hours rented ©	Hourly rental revenue (in millions)©	Number of leaseholders	Lease revenue (in millions)	Human Services' grants to local non-profits (in millions)	Percent rating access to affordable quality child care good or excellent	Percent rating senior services good or excellent
FY 2002-03	38,500	\$0.8	32	\$1.4	\$1.4	25%	77%
FY 2003-04	33,392	\$0.7	37	\$1.3	\$1.3	26%	82%
FY 2004-05	38,624	\$0.8	35	\$1.3	\$1.3	25%	78%
FY 2005-06	38,407	\$0.9	38	\$1.3	\$1.3	34%	84%
FY 2006-07	36,489	\$0.8	39	\$1.4	\$1.2	26%	80%
Change over last 5 years	-5%	+2%	+22%	-1%	-9%	+1%	+3%

© Budget benchmarking measure

CHAPTER 3 – FIRE

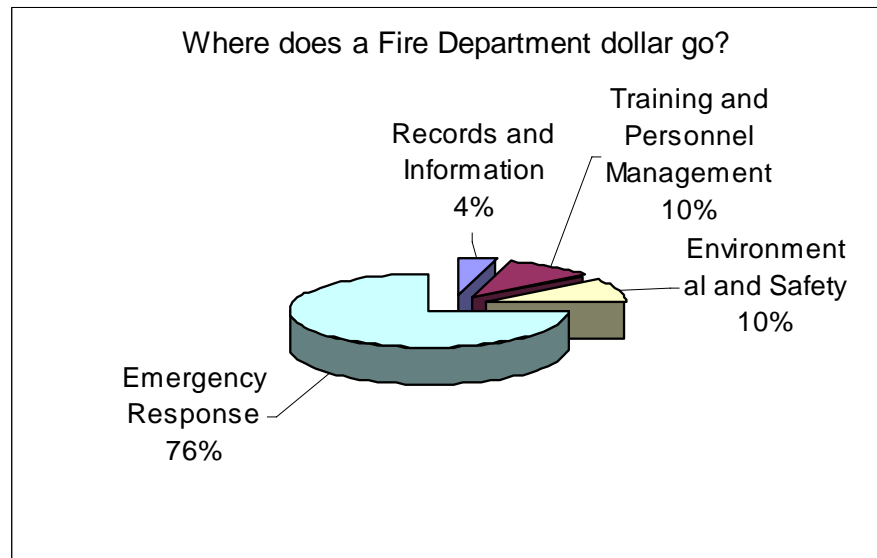
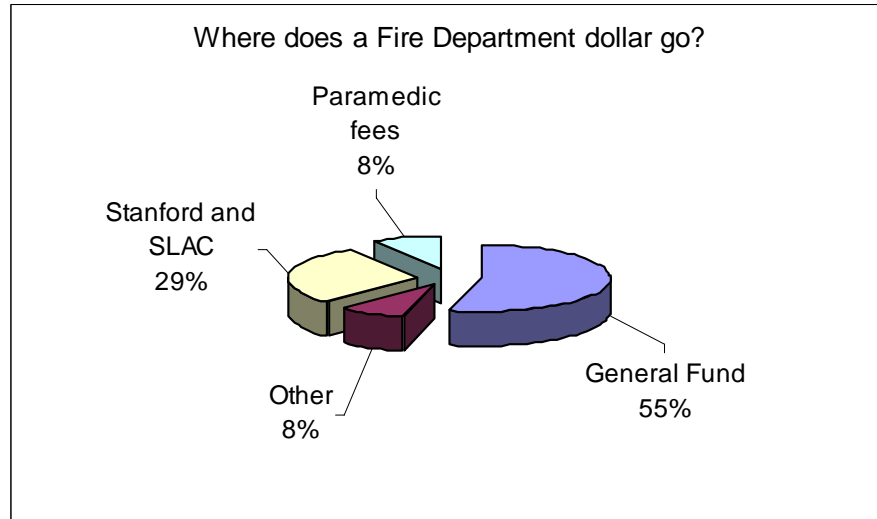
The mission of the Fire Department is to protect life, property and the environment from the perils of fire, hazardous materials, and other disasters through rapid emergency response, proactive code enforcement, modern fire prevention methods, and progressive public safety education for the community.

The Department has four major functional areas:

- Emergency response – emergency readiness and medical, fire suppression, and hazardous materials response
- Environmental and safety management – fire and hazardous materials code research, development and enforcement; fire cause investigations; public education; and disaster preparedness
- Training and personnel management
- Records and information management

The Department serves the resident population of Palo Alto and Stanford.

Fire Department revenue in FY 2006-07 totaled \$9.9 million (or 45% of costs), including about \$6.3 million for services to Stanford and the Stanford Linear Accelerator (SLAC), \$1.8 million for paramedic services, \$0.8 million in plan check fees, \$0.4 million in hazardous materials permits, and \$0.6 million in other revenues and reimbursements.



Source: FY 2006-07 revenue and expenditure data

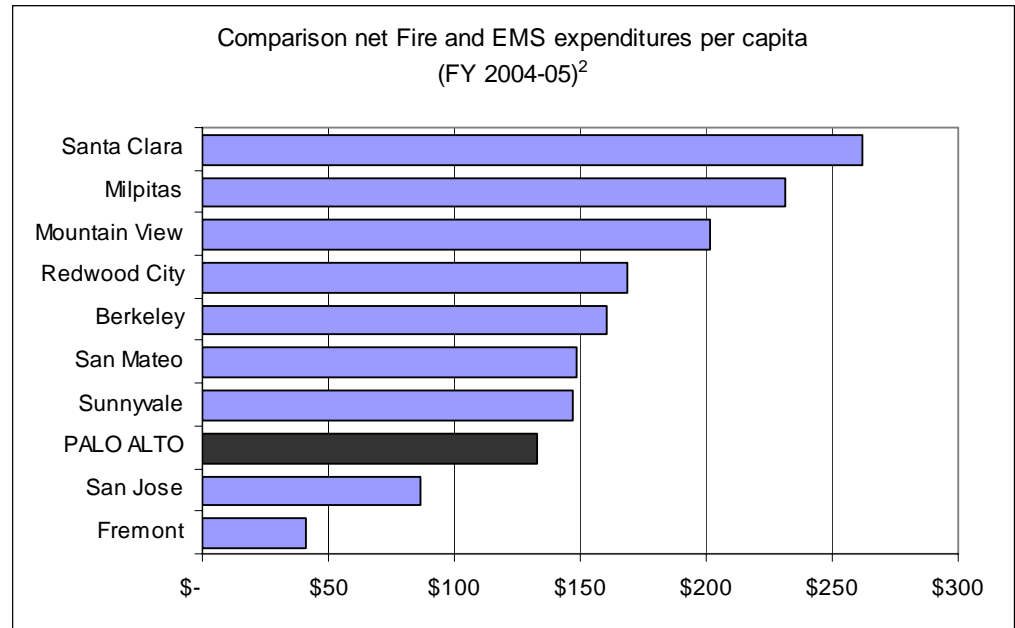
FIRE DEPARTMENT SPENDING

Over the last five years:

- Total Fire Department spending increased from \$18.1 million to \$21.6 million, or 19% in the last five years.
- Total expenditures per resident served increased from \$246 to \$284.
- Revenue and reimbursements increased 24% (from \$8.0 million to \$9.9 million). In FY 2006-07, 45% of costs were covered by revenues.

The chart on the right shows that Palo Alto's net Fire and EMS expenditures per capita are lower than several other local jurisdictions.

In the most recent citizen survey, 98% of residents rated fire services good or excellent; and 79% said they feel very or somewhat safe from fire. In FY 2005-06 and FY 2006-07, the department won the national Voice of the People Award for the high ratings residents give to fire and emergency medical services.



Source: California State Controller, *Cities Annual Report FY 2004-05*

	Operating expenditures (in millions)					Resident population of area served ¹	Expenditures per resident served ¹	Revenue (in millions)	Citizen Survey	
	Emergency response	Environmental and fire safety	Training and personnel management	Records and information	TOTAL				Percent rating fire services good or excellent ☺	Percent feeling very or somewhat safe from fire
FY 2002-03	\$12.5	\$1.6	\$2.4	\$1.6	\$18.1	73,696	\$246	\$8.0	96%	78%
FY 2003-04	\$13.7	\$1.8	\$2.1	\$1.2	\$18.8	73,904	\$254	\$7.9	97%	79%
FY 2004-05	\$14.5	\$1.9	\$1.8	\$0.9	\$19.1	74,965	\$254	\$8.9	94%	80%
FY 2005-06	\$15.0	\$2.1	\$2.1	\$0.9	\$20.2	75,739	\$266	\$9.4	95%	77%
FY 2006-07	\$16.2	\$2.2	\$2.2	\$1.0	\$21.6	75,930	\$284	\$9.9	98%	79%
Change over last 5 years	+30%	+35%	-8%	-40%	+19%	+3%	+16%	+24%	+2%	+1%

¹ Based on number of residents in the Fire Department's expanded service area (Palo Alto and Stanford). Prior year population revised per California Department of Finance estimates.

² Figures are net of functional revenues, and may not reconcile to total spending due to differences in the way the information was compiled. Note that cities categorize their expenditures in different ways.

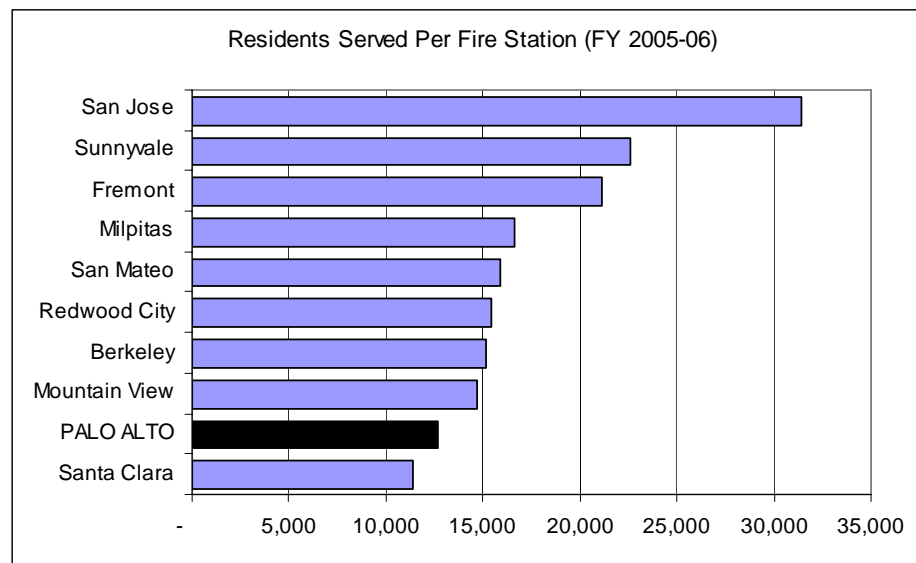
FIRE DEPARTMENT STAFFING AND CALLS FOR SERVICE

During FY 2006-07, the Fire Department handled 7,236 calls for service (an average of 20 calls per day) including:

- 221 fire calls
- 3,951 medical/rescue calls
- 1,276 false alarms
- 362 service calls
- 199 hazardous condition calls

Palo Alto has a total of 8 fire stations. Average on-duty staffing is 31 during the day, and 29 at night. 30% of line personnel are certified paramedics; the other 70% of line personnel are certified emergency medical technicians (EMTs).

Palo Alto has more fire stations per capita than most other local jurisdictions. As shown in the chart on the right, the number of residents served per fire station is lower than many other local jurisdictions.



Source: Auditor's Office. Palo Alto calculation excludes Station 7 (dedicated to SLAC) and Station 8 (seasonal).

	Calls for service							Staffing					Residents served per fire station ^{1,2}	
	Fire	Medical/ rescue	False alarms	Service calls	Hazardous condition	Other	TOTAL	Average number of calls per day <NEW>	Total authorized staffing (FTE)	Staffing per 1,000 residents served ¹	Average on-duty staffing	Annual training hours per firefighter		Overtime as a percent of regular salaries
FY 2002-03	260	3,721	1,370	382	211	692	6,636	18	133	1.81	33 day/31 night	256	-	12,283
FY 2003-04	248	3,796	1,378	373	218	662	6,675	18	129	1.74	31 day/29 night	264	17%	12,317
FY 2004-05	224	3,633	1,300	358	211	688	6,414	18	129	1.72	31 day/29 night	312	23%	12,494
FY 2005-06	211	3,780	1,184	399	203	1,120	6,897	19	127	1.67	31 day/29 night	288	18%	12,623
FY 2006-07	221	3,951	1,276	362	199	1,227	7,236	20	128	1.68	31 day/29 night	235	21%	12,655
Change over last 5 years	-15%	+6%	-7%	-5%	-6%	+77%	+9%	+9%	-4%	-7%	-	-8%	-	+3%

¹ Based on number of residents in the Fire Department's expanded service area (Palo Alto and Stanford).

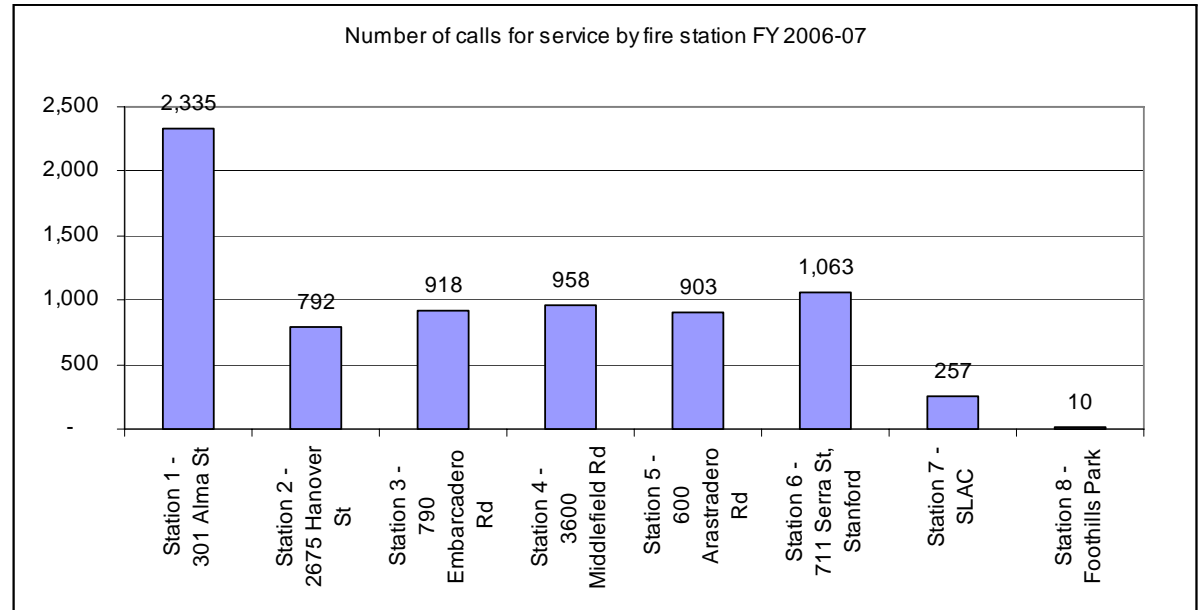
² Calculation is based on 6 fire stations, and does not include Station 7 (dedicated to the SLAC complex) or Station 8 (Foothills Park, open seasonally).

FIRE SUPPRESSION

There were 221 fire incidents and 2 fire deaths in FY 2006-07. This included 68 residential structure fires. Over the last five years, the number of fire incidents and residential structure fires has declined by 15% and 13% respectively.

Average response times vary from year to year. In FY 2006-07, the Fire Department responded to 87% of fire emergencies within 8 minutes (the goal is 90%). The average response time for fire calls was 5:48 minutes.

According to the Fire Department, 70% of fires were confined to the room or area of origin. This is less than the department's goal of 90%. The standard PAFD response to a working structure fire is 18 personnel.



Source: Palo Alto Fire Department data

	Number of fire incidents [⊙]	Average response time for fire calls [⊙]	Percent responses to fire emergencies within 8 minutes ¹ ⊙	Percent of fires confined to the room or area of origin	Number of residential structure fires	Number of fire deaths	Fire vehicles
FY 2002-03	260	5:27 minutes	89%	63%	78	0	22
FY 2003-04	248	5:15 minutes	90%	62%	51	0	23
FY 2004-05	224	5:09 minutes	91%	73%	58	0	25
FY 2005-06	211	5:28 minutes	91%	63%	62	1	25
FY 2006-07	221	5:48 minutes	87%	70%	68	2	25
Change over last 5 years	-15%	+6%	-2%	+7%	-13%	-	+14%

[⊙] Budget benchmarking measure

¹ Response time is from receipt of 911-call to arrival on scene; does not include cancelled in route, not completed incidents, or mutual aid calls.

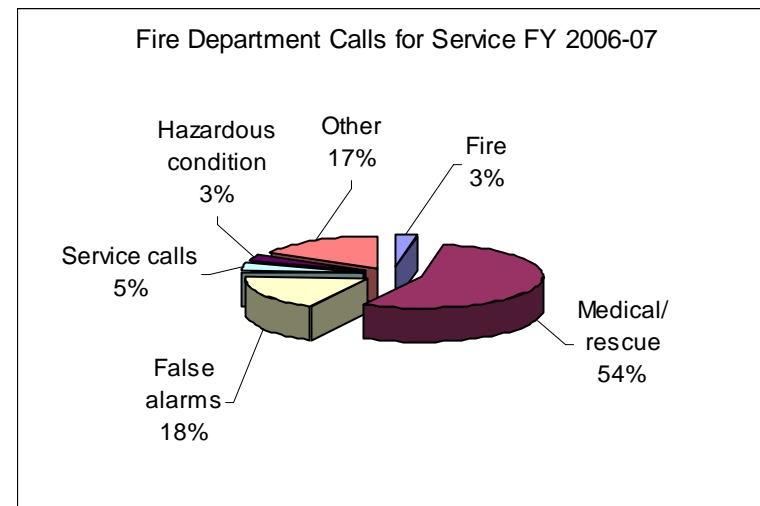
EMERGENCY MEDICAL SERVICES

The Department responded to 3,951 medical/rescue incidents in FY 2006-07. As shown in the chart on the right, medical/rescue calls represented 54% of the Fire Department calls for service in FY 2006-07. The average response time for medical/rescue calls was 5:17 minutes in FY 2006-07. The Department responded to:

- 92% of emergency medical requests for service within 8 minutes (the Department's goal is 90%)
- 97% of paramedic calls for service within 12 minutes (the Department's goal is 90%)

Palo Alto is the only city in Santa Clara County that provides primary ambulance transport services. In FY 2004-05, the City increased paramedic staffing to provide 4 engine companies with Advance Life Support (ALS) capability. Average on-duty paramedic staffing increased to 8 during the day, and an average of 6 at night. In FY 2005-06, the Department implemented a Basic Life Support (BLS) transport program. Of the 2,527 EMS transports in FY 2006-07, 2,268 were ALS and 259 were BLS transports.

94% of survey respondents rated ambulance/emergency medical service as good or excellent.



Source: Fire Department

	Medical/rescue incidents [⊙]	Average response time for medical/rescue calls ^{⊙1}	First response to emergency medical requests for service within 8 minutes ^{1,⊙}	Ambulance response to paramedic calls for service within 12 minutes ^{1,2}	Average on-duty paramedic staffing	Number of EMS transports	Paramedic revenue (in millions) <NEW>	Citizen Survey Percent rating ambulance/emergency medical services good or excellent
FY 2002-03	3,721	5:11 minutes	93%	99%	4 day/2 night	1,564	-	95%
FY 2003-04	3,796	5:47 minutes	94%	99%	4 day/2 night	2,141	\$1.3	94%
FY 2004-05	3,633	5:28 minutes	95%	98%	8 day/6 night	2,744	\$1.5	94%
FY 2005-06	3,780	5:13 minutes	94%	99%	8 day/6 night	2,296	\$1.6	94%
FY 2006-07	3,951	5:17 minutes	92%	97%	8 day/6 night	2,527	\$1.8	94%
Change over last 5 years	+6%	+2%	-1%	-2%	-	+62%	-	-1%

⊙ Budget benchmarking measure

¹ Response time is from receipt of 911-call to arrival on scene; does not include cancelled in route, not completed incidents, or mutual aid calls.

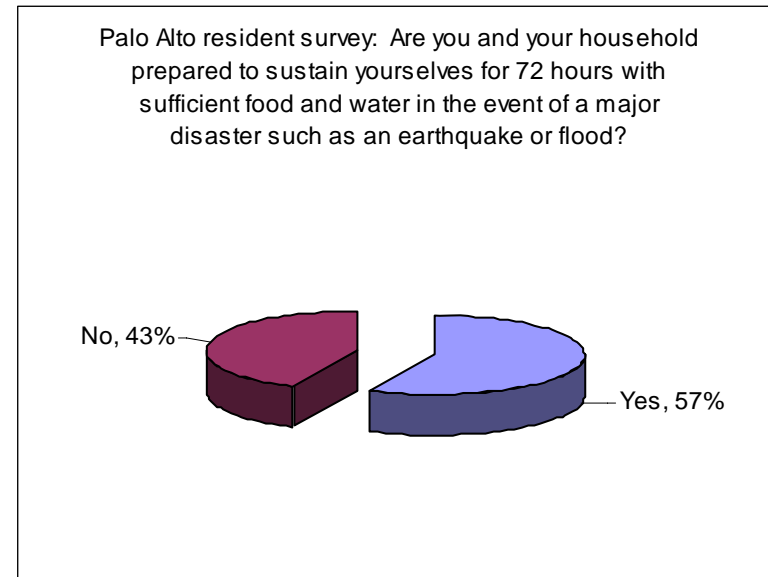
² Includes non-City ambulance responses.

HAZARDOUS MATERIALS AND FIRE SAFETY

In FY 2006-07, the Hazardous Materials Response Team (Rescue 2) responded to 199 hazardous condition calls including auto accidents with fuel spills, downed power lines, natural gas leaks. 9 of those 199 calls were designated as hazardous materials incidents.²

Over the past five years, the number of facilities permitted for hazardous materials increased from 488 to 501 facilities. However, in FY 2006-07, the Department performed 21% fewer hazardous materials inspections (including only 53% of annual inspections of the 501 facilities permitted for hazardous materials) and 24% fewer fire inspections than 5 years ago. In FY 2003-04, the Department eliminated two Fire Inspector positions, and reprioritized its inspection program. One Fire Inspector position was added back in July 2006.

According to the Department, 240 fire safety, bike safety, and disaster preparedness presentations reached a total of 17,131 residents during FY 2006-07.



Source: National Citizen Survey™ 2007 (Palo Alto)

	Hazardous Materials						Citizen Survey		
	Number of hazardous materials incidents ^{2,S}	Number of facilities permitted for hazardous materials ^S	Number of hazardous materials inspections [⊙]	Percent of annual hazardous materials and underground storage inspections performed [⊙]	Number of fire inspections [⊙]	Number of plan reviews ¹ [⊙]	Fire safety, bike safety, and disaster preparedness presentations [⊙]	Percent rating fire prevention and education good or excellent [⊙]	Percent respondents prepared to sustain themselves for 72 hours in the event of disaster
FY 2002-03	15	488	338	69%	1,349	710	209	-	-
FY 2003-04	12	493	259	53%	793	833	199	85%	-
FY 2004-05	19	503	241	48%	1,488	982	219	82%	-
FY 2005-06	20	497	243	49%	899	983	281	84%	57%
FY 2006-07	9	501	268	53%	1,021	928	240	86%	57%
Change over last 5 years	-40%	+3%	-21%	-16%	-24%	+31%	+15%	-	-

¹ Does not include over-the-counter building permit reviews.

² Hazardous materials incidents include flammable gas or liquid, chemical release, chemical release reaction or toxic condition, or chemical spill or release.

[⊙] Budget benchmarking measure

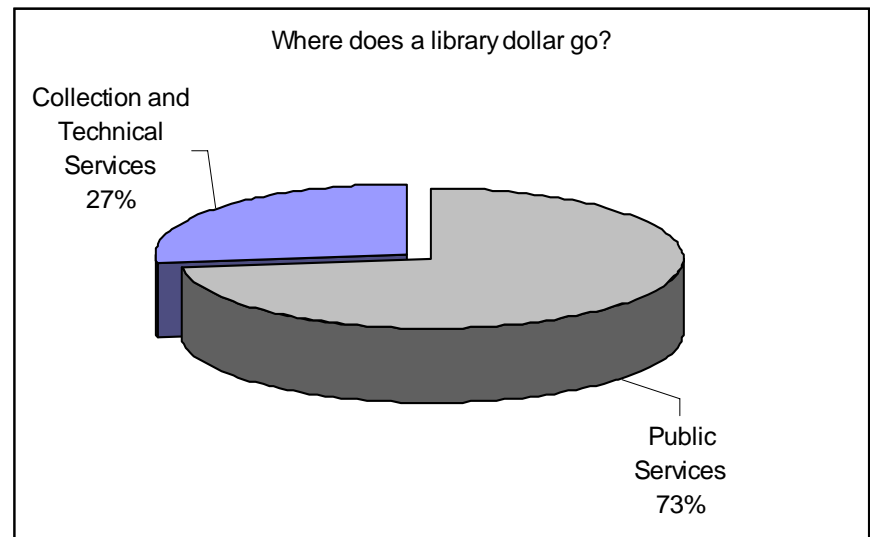
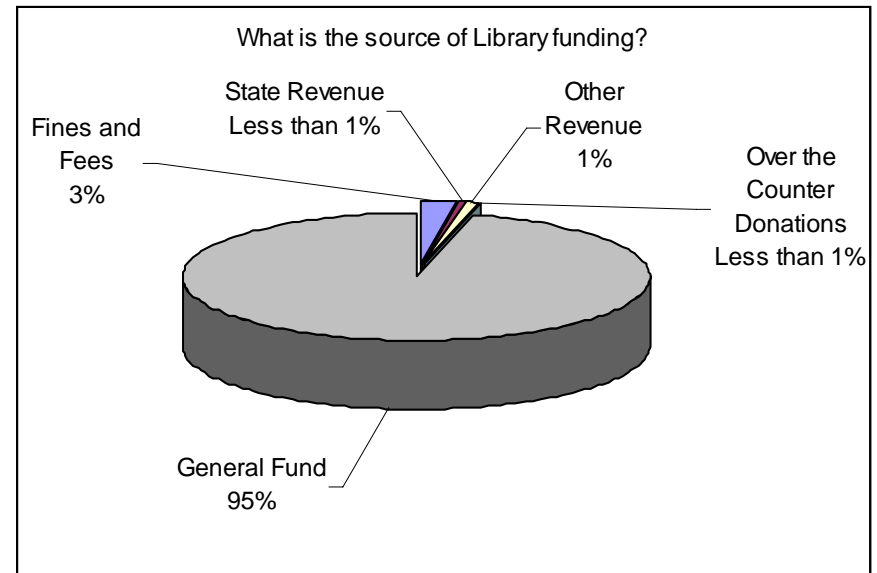
^S Sustainability indicator

CHAPTER 4 – LIBRARY

The mission of the Library is to enable people to explore library resources to enrich their lives with knowledge, information and enjoyment.

The Library has two major activities:

- Collection and Technical Services – to acquire and develop quality collections, manage databases, and provide technology that enhances the community’s access to library resources
- Public Services – to provide access to library materials, information and learning opportunities through services and programs



Source: FY 2006-07 revenue and expenditure data

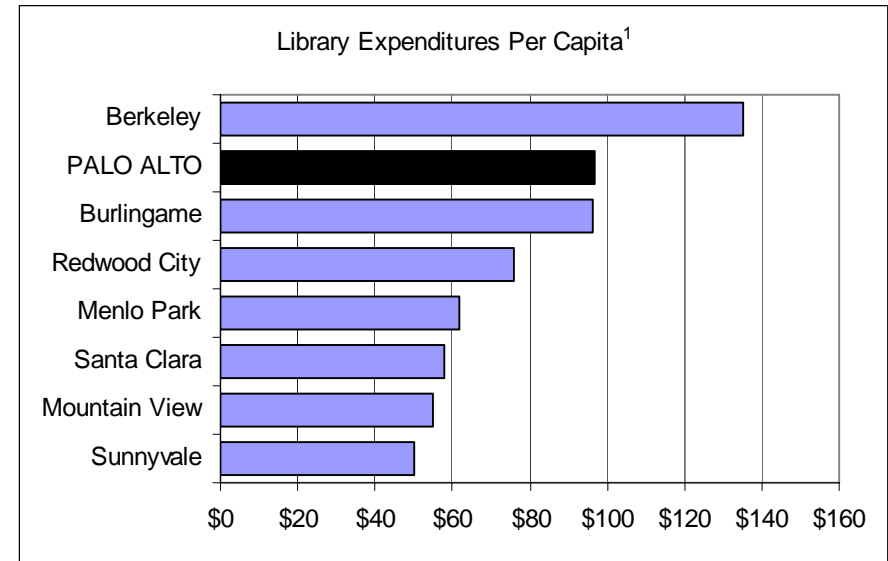
LIBRARY SPENDING

In FY 2006-07, Palo Alto had five libraries:

- Main (open 62 hours per week)
- Mitchell Park (open 58 hours per week)
- Children’s (closed for renovation during all of FY 2006-07)
- Downtown (open 35 hours per week)
- College Terrace (open 35 hours per week)

Palo Alto has more libraries than surrounding communities and more than other communities of its size. In comparison, Redwood City has 3 libraries, Mountain View has 1, Menlo Park has 2, and Sunnyvale has 1. Palo Alto library expenditures per capita were less than those of Berkeley in FY 2005-06 but more than those of other area cities.

Library spending increased 12% over the last five years, to \$5.8 million in FY 2006-07. 81% of residents rate library services good or excellent; this places Palo Alto in the 54th percentile compared to other jurisdictions. 75% rate the quality of neighborhood branch libraries good or excellent.



Source: *California Library Statistics 2007* (Fiscal Year 2005-06 data)

	Operating Expenditures (in millions)			Library expenditures per capita	Citizen Survey	
	Public Services	Collections and Technical Services	TOTAL		Percent rating quality of public library services good or excellentⓄ	Percent rating quality of neighborhood branch libraries good or excellent
FY 2002-03	\$2.8	\$2.4	\$5.1	\$85	81%	74%
FY 2003-04	\$3.0	\$2.3	\$5.3	\$89	81%	76%
FY 2004-05	\$2.9	\$2.2	\$5.1	\$83	80%	78%
FY 2005-06	\$4.0	\$1.6	\$5.7	\$91	78%	73%
FY 2006-07	\$4.2	\$1.6	\$5.8	\$92	81%	75%
Change over last 5 years	+52%	-34%	+12%	+8%	0%	+1%

¹ Data in graph and table may differ because City of Palo Alto and California Library Statistics compile data differently on a different basis. In addition, different jurisdictions offer differing levels of service and budget for those services differently.

Ⓞ Budget benchmarking measure

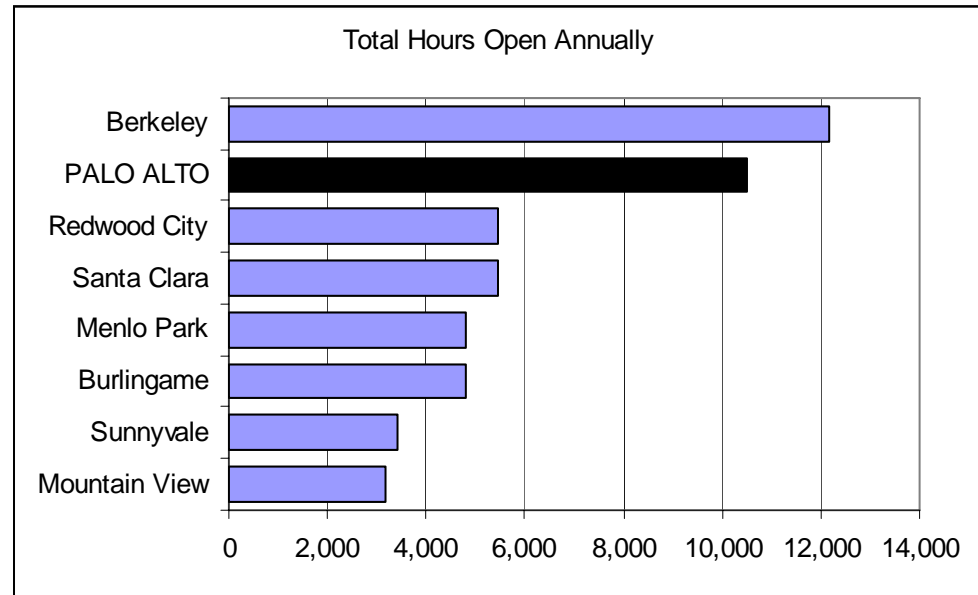
LIBRARY STAFFING

Total authorized Library staffing in FY 2006-07 was 57 FTE, the same as it was in FY 2002-03. Temporary and hourly staff accounts for approximately 23% of the Library’s total staff. In FY 2006-07, 13 of 57 FTE staff were temporary or hourly.

Volunteers donated approximately 5,865 hours to the libraries in FY 2006-07. This was a 45% increase over the last five years and was a slight increase from FY 2005-06.

Palo Alto libraries were open a total of 9,386 hours in FY 2006-07. This was an 11% decrease from FY 2005-06 and a 31% decrease from five years earlier. The decrease compared to FY 2005-06 was due to the closure of Children’s Library for renovation during FY 2006-07. All Palo Alto libraries combined were open a total of 190 hours per week during FY 2006-07.

As shown in the graph on the right, Palo Alto libraries were open more hours than most other local jurisdictions in FY 2005-06 because the City has multiple branches.



Source: California Library Statistics 2007 (Fiscal Year 2005-06 data)

	Authorized Staffing (FTE)			Number of residents per library staff FTE	Volunteer hours	Total hours open annually ¹	FTE per 1,000 hours open ²
	Regular	Temporary/hourly	TOTAL				
FY 2002-03	44	13	57	1,059	4,057	13,597	4.16
FY 2003-04	43	11	54	1,120	6,630	11,540	4.70
FY 2004-05	44	12	56	1,097	7,537	11,268	4.94
FY 2005-06	44	13	57	1,095	5,838	10,488	5.41
FY 2006-07	44	13	57	1,099	5,865	9,386	6.06
Change over last 5 years	+1%	-2%	0%	+4%	+45%	-31%	+46%

¹ Decrease in hours due to closing of Children’s Library in December 2005 for renovations.

² The increase in FTE per 1,000 hours in FY 2005-06 and FY 2006-07 was due significantly to the closure of Children’s Library for renovation from December 2005 to June 2007.

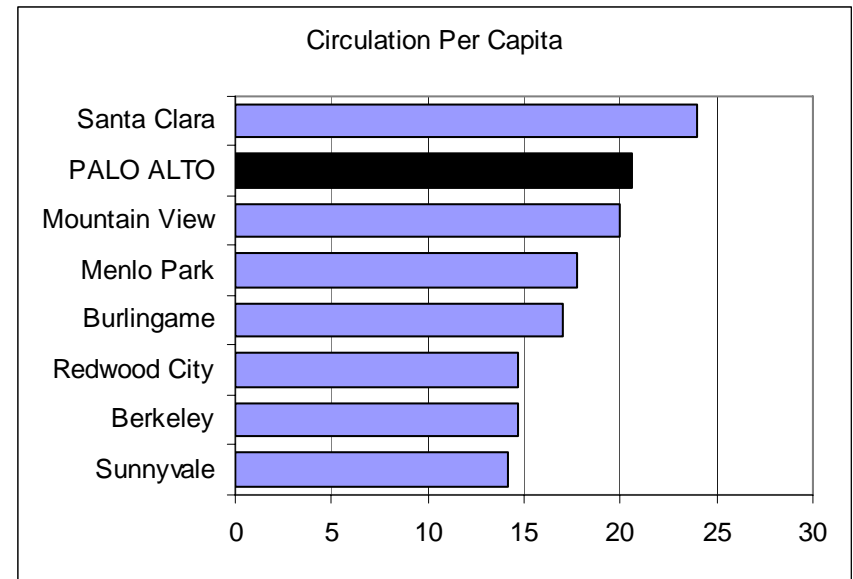
LIBRARY COLLECTION AND CIRCULATION

The total number of items in the Library's collection has increased by 3,399, or approximately 1% over the last five years. The number of titles in the collection has increased by about 1%; the number of book volumes remained about constant.

Circulation increased 14% over the last five years. In FY 2005-06, non-resident circulation accounted for approximately 21% of the library's total circulation. This percentage was the same as it was five years ago.

75% of survey respondents rate the variety of library materials as good or excellent. This places Palo Alto in the 54th percentile compared to other jurisdictions.

Of all the libraries, Main had the highest circulation in FY 2006-07, with 630,895 items circulating. Mitchell Park had the second highest circulation at 604,894 followed by College Terrace (107,005), Downtown (67,227). Children's Library was closed for renovation during FY 2006-07. An additional 4,488 check outs were made from the Library's digital book service. Historically, circulation at Mitchell Park has been higher than at Main. However, in FY 2006-07, it appears that the closure of Children's Library for renovation increased the circulation at Main Library.



Source: California Library Statistics 2007 (Fiscal Year 2005-06 data)

	Total number of items in collection	Total number of titles in collection	Number of book volumes	Number of media items	Volumes held per capita	Total circulation ¹	Percent non-resident circulation	Circulation per capita	Number of items placed on hold	Number of first time checkouts completed on self-check machines	Average number of checkouts per item	Citizen Survey Percent rating variety of library materials good or excellent
FY 2002-03	267,356	164,604	239,584	27,772	3.97	1,240,099	21%	20.55	48,124	44,855	4.64	76%
FY 2003-04	267,693	165,573	239,089	28,604	3.95	1,314,790	23%	21.74	97,414	171,501	4.91	74%
FY 2004-05	264,511	164,280	236,575	27,928	3.85	1,282,888	20%	20.88	125,883	306,519	4.85	75%
FY 2005-06	260,468	163,045	232,602	27,866	3.73	1,280,547	20%	20.51	181,765	456,364	4.92	71%
FY 2006-07	270,755	167,008	240,098	30,657	3.83	1,414,509	21%	22.59	208,719	902,303	5.22	75%
Change over last 5 years	+1%	+1%	0%	+10%	-3%	+14%	0%	+10%	+334%	+1,912%	+13%	-1%

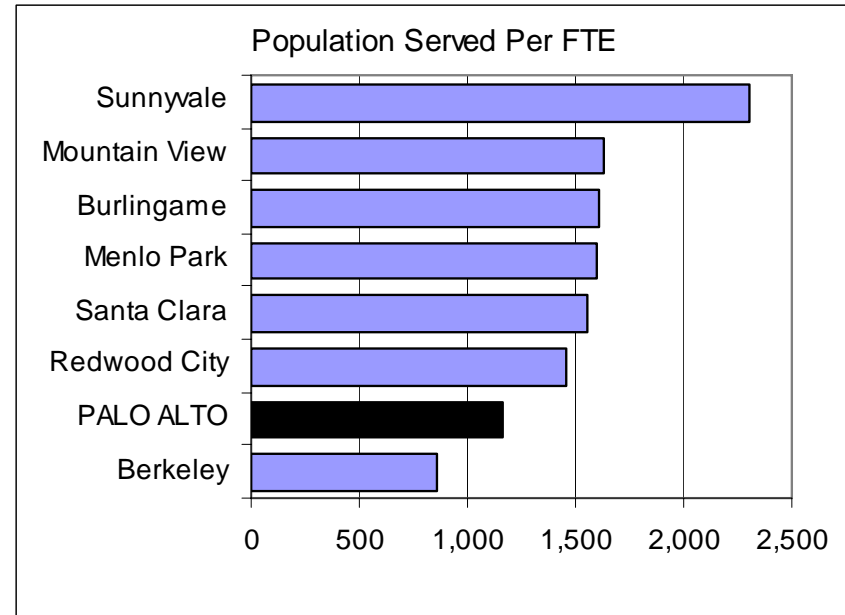
¹ It should be noted that the lending period has changed. In FY 2005-06 the loan period on all items except DVDs was increased from three to four weeks.

LIBRARY SERVICES

The total number of library cardholders increased 7% from 49,448 to 53,009 over the last five years, and the percent of Palo Alto residents who are cardholders increased from 56% to 57%. Total library visits decreased by 5% over the same time frame as remote use of libraries increased. In 2007, 33% of survey respondents reported they used libraries or their services more than 12 times during the last year.

The total number of items delivered to homebound borrowers decreased by 1,251 items, or 44%, and the total number of reference questions received by librarians decreased by 31,504, or 35% over the five-year period. However, online database searches and internet sessions have increased by 192% and 52%, respectively, over the last five years. This reflects an ongoing shift in how the public retrieves information from libraries.

While the number of family programs offered increased from 517 to 580, or approximately 12%, the total attendance at such programs decreased by about 10%.



Source: California Library Statistics 2007 (Fiscal Year 2005-06 data)

	Total number of cardholders	Percent of Palo Alto residents who are cardholdersⓄ	Library visits	Total items delivered to homebound borrowers	Total number of reference questions	Total number of online database searches	Number of Internet sessions	Number of laptop loans <NEW>	Number of family programs	Total family program attendance	Citizen Survey Percent who used libraries or their services more than 12 times during the last yearⓄ
FY 2002-03	49,448	56%	905,248	2,833	88,759	17,811	98,480	-	517	33,625	31%
FY 2003-04	50,171	57%	882,918	2,391	86,818	22,845	96,654	-	451	33,994	30%
FY 2004-05	52,001	59%	873,594	2,217	80,842	39,357	113,980	1,748	519	31,141	25%
FY 2005-06	55,909	61%	885,565	1,627	69,880	42,094	155,558	9,693	564	30,739	32%
FY 2006-07	53,099	57%	862,081	1,582	57,255	52,020	149,280	11,725	580	30,221	33%
Change over last 5 years	+7%	+1%	-5%	-44%	-35%	+192%	+52%	-	+12%	-10%	+2%

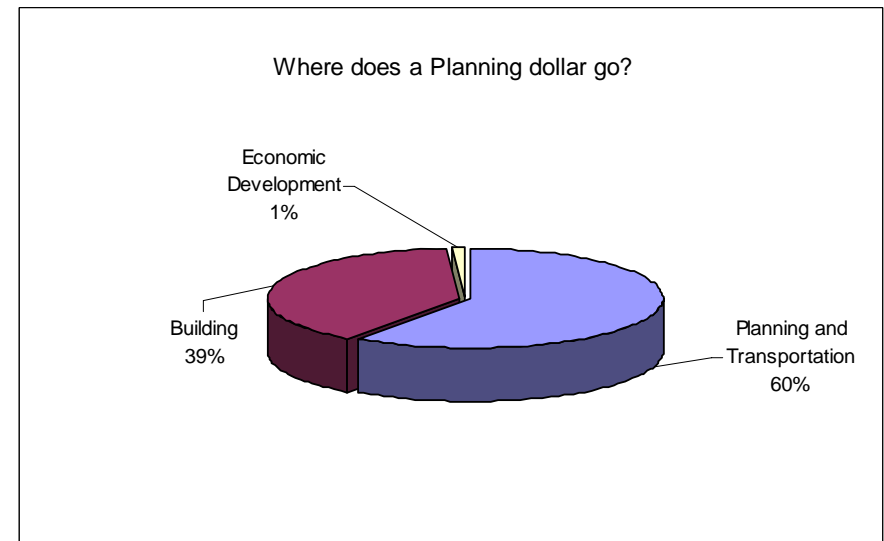
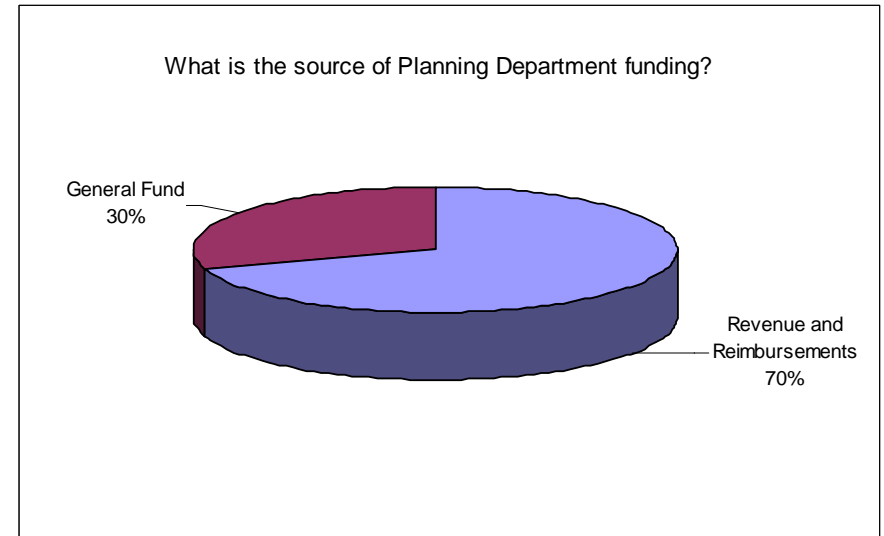
Ⓞ Budget benchmarking measure

CHAPTER 5 – PLANNING AND COMMUNITY ENVIRONMENT

The mission of the Planning and Community Environment Department is to provide the City Council and community with creative guidance on, and effective implementation of, land use development, planning, transportation, housing and environmental policies, plans and programs that maintain and enhance the City as a safe, vital and attractive community.

In May 2006, the Planning Department combined Planning and Transportation into one division with the goal of making it easier to consider land use and transportation issues simultaneously in long-range planning. Economic Development was moved from the City Manager's Office to the Planning Department in October 2006.

- Planning and Transportation - To provide professional leadership in planning for Palo Alto's future by recommending and effectively implementing land use, transportation, environmental, housing and community design policies and programs that preserve and improve Palo Alto as a vital and highly desirable place to live, work, and visit.
- Building - To review construction projects and improvements for compliance with all applicable codes and ordinances in a professional and efficient manner; and to ensure that all developments subject to the development review process achieve the specified quality and design.
- Economic Development - To provide information and data on the local economy and business community that will assist the City Council in decision-making; identify initiatives that will increase City revenues and economic health; and facilitate communication and working relationships within the business community.



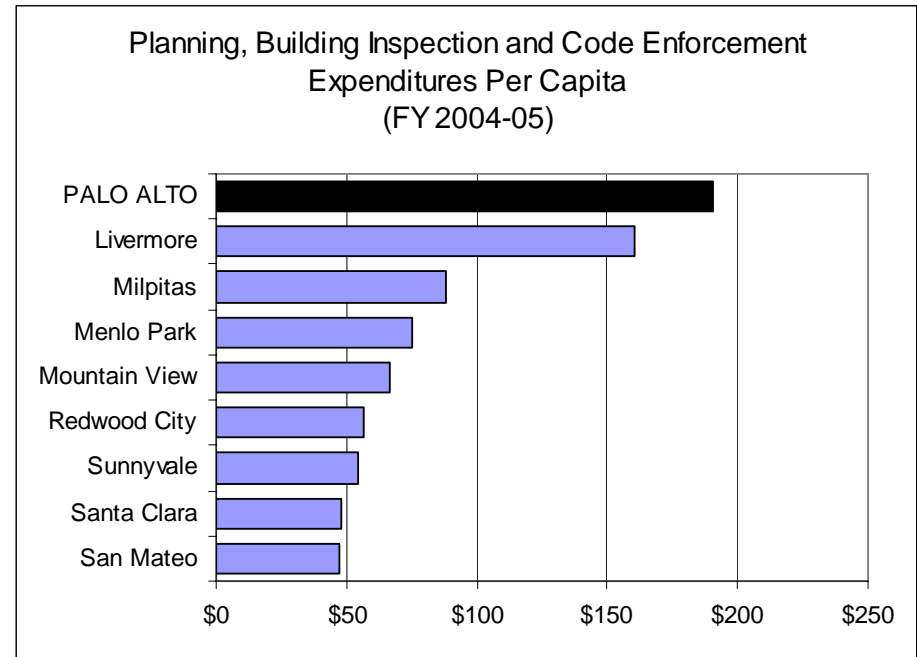
Source: FY 2006-07 revenue and expenditure data

SPENDING AND STAFFING

Spending increased from about \$8.1 million to \$9.4 million over the last 5 years, or approximately 15%. The Department's revenue increased from \$5.2 to \$6.6 million, or 27%, over the same period. According to the Department, revenue increases in FY 2006-07 were due to several large multi-family and commercial projects, as well as one-time grant revenue.

Authorized staffing for the Department decreased from 62 to 55 FTE, or 10% over the last five years. According to the Department, this was the result of a decrease in hourly staffing as well as one plan check engineer.

The graph shows the California State Controller's assessment of Palo Alto's per capita Planning, Building, and Code Enforcement spending. Data in the graph on the right and table below differ because City of Palo Alto and Controller's office compile data differently. Palo Alto's Planning Department expenditures per capita appear higher than those of surrounding jurisdictions, but it should be noted that different cities budget expenditures in different ways. For example, Palo Alto includes a transportation division, shuttle services and rent for the Development Center in its costs.



Source: California State Controller, *Cities Annual Report Fiscal Year 2004-05*

	Operating Expenditures (in millions)			TOTAL	Expenditures per capita	Revenue (in millions)	Authorized staffing (FTE)
	Planning and Transportation ¹	Building	Economic Development ²				
FY 2002-03	\$5.2	\$2.9	-	\$8.1	\$135	\$5.2	62
FY 2003-04	\$5.5	\$3.0	-	\$8.5	\$141	\$3.5	61
FY 2004-05	\$6.0	\$3.1	-	\$9.1	\$148	\$4.2	61
FY 2005-06	\$5.9	\$3.3	-	\$9.2	\$147	\$5.6	53 ³
FY 2006-07	\$5.6	\$3.7	\$0.1	\$9.4	\$150	\$6.6	55⁴
Change over last 5 years	+8%	+25%	-	+15%	+11%	+27%	-10%

¹ The Planning and Transportation Divisions merged in Spring 2006.

² Economic Development moved from the City Manager's Office to the Planning and Community Environment Department in FY 2006-07.

³ The Department reduced temporary staffing; the City also adopted a new method for calculating temporary staffing.

⁴ The Department also has one position in Refuse Fund and one position in the Community Development Block Grant (CDBG) Fund.

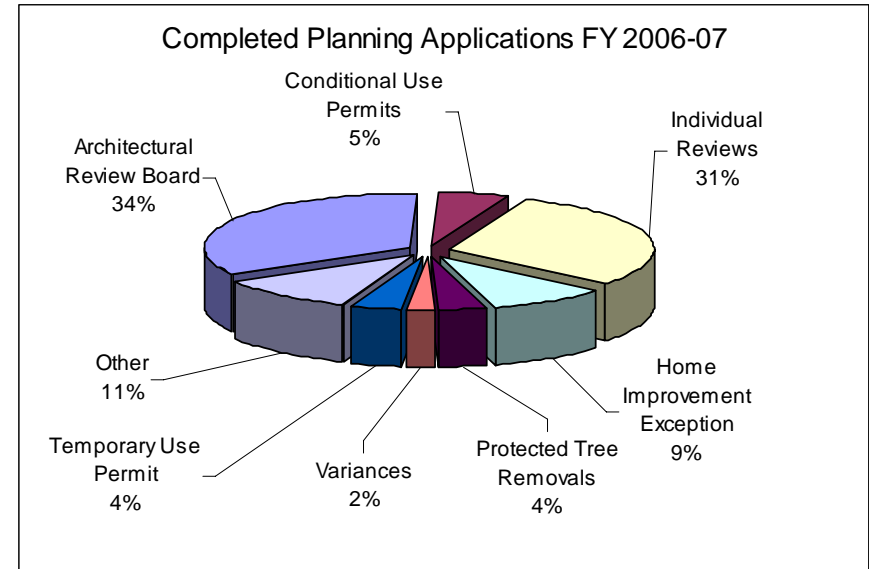
ADVANCE PLANNING AND DEVELOPMENT REVIEW

A total of 299 planning applications were completed in FY 2006-07 – 8% fewer than in FY 2002-03.

The average time in weeks to complete applications increased from 12.7 weeks in FY 2002-03 to 13.4 weeks in FY 2006-07 (a 6% increase). The increase reflects several large multi-family, commercial, and mixed-use projects in-process or completed in FY 2005-06 and FY 2006-07.

The Department completed 100 Architectural Review applications, an increase of 1% from five years earlier. The number of business outreach contacts has dropped by 66% in the last five years.¹

49% of residents rated the quality of land use, planning and zoning as good or excellent. 57% rated the overall quality of new development in Palo Alto as good or excellent. 61% rated economic development services good or excellent.



Source: Planning and Community Environment Department

	Planning applications completed [Ⓞ]	Architectural Review Board applications completed	Average time to complete planning applications ² [Ⓞ]	Citizen Survey		Economic Development	
				Percent rating quality of land use, planning, and zoning in Palo Alto as good or excellent	Percent rating overall quality of new development in Palo Alto as good or excellent	Number of business outreach contacts	<u>Citizen Survey</u> Percent rating economic development good or excellent
FY 2002-03	324	99	12.7 weeks	40%	-	70	49%
FY 2003-04	409	149	13.5 weeks	48%	-	60	58%
FY 2004-05	327	108	11.1 weeks	46%	56%	48	55%
FY 2005-06	390	115	13.6 weeks	50%	51%	36 ¹	60%
FY 2006-07	299	100	13.4 weeks	49%	57%	24	61%
Change over last 5 years	-8%	+1%	+6%	+9%	-	-66%	+12%

¹ In FY 2005-06, staffing for business outreach was reduced from 2 to 1 FTE. In previous years, the number of outreach contacts was higher because Executive Staff and City Council members were also involved in business outreach.

² In FY 2006-07, the Current Planning section had projects consisting of more than 600 residential units and 1.6 million square feet of non-residential space in process. This was a significantly higher amount than any other year since FY 2000-01.

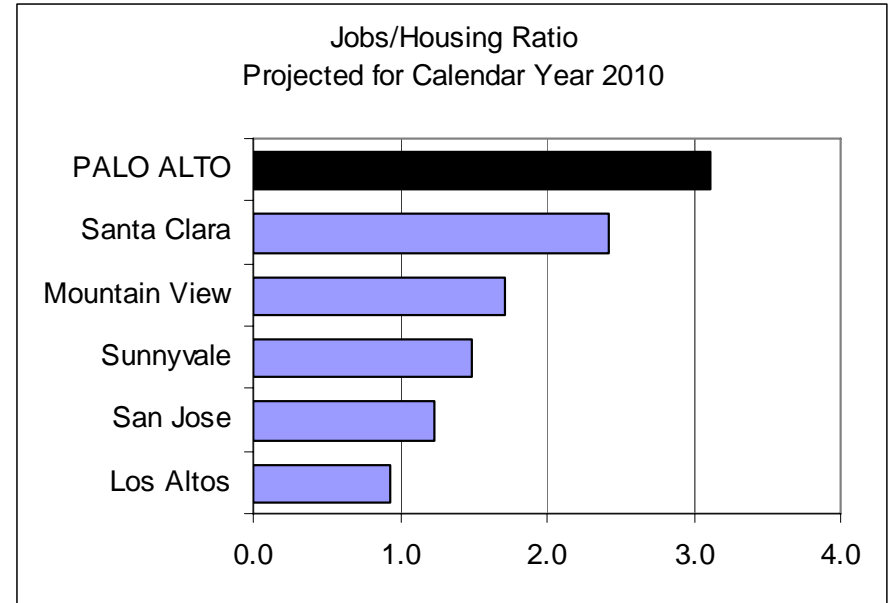
[Ⓞ] Budget benchmarking measure

ADVANCE PLANNING (cont.) CODE ENFORCEMENT

Based on data from the Association of Bay Area Governments, Palo Alto's jobs/housing ratio is projected to be 3.1 in 2010, higher than five nearby jurisdictions. However, this is lower than the 3.8 in 2000 and 3.2 in 2005. The number of residential units increased from 26,934 to 27,763, or 3% over the last five years.

The average home price in 2006 was over \$1.5 million – up 31% over 2002. However, it was down slightly from 2005. Only 10% of survey respondents rated access to affordable quality housing as good or excellent, placing Palo Alto in the second percentile compared to other jurisdictions.

The number of new code enforcement cases decreased from 764 in FY 2002-03 to 369 in FY 2006-07. 58% of those surveyed rated code enforcement services good or excellent. This places Palo Alto in the 82nd percentile compared to other jurisdictions. 17% consider run-down buildings, weed lots, or junk vehicles to be a major or moderate problem. However, only 2% consider them a major problem.



Source: Association of Bay Area Governments (ABAG), Projections 2007

Advance Planning (cont.)

	Number of residential units	Average price – single family home in Palo Alto ¹	Estimated new jobs resulting from projects approved during year ²	Number of new housing units approved ⁵	Cumulative number of below market rate (BMR) units
FY 2002-03	26,934	\$1,152,922	+65	104	280
FY 2003-04	27,019	\$1,096,579	+127	141	280
FY 2004-05	27,522	\$1,339,274	-197	81	322
FY 2005-06	27,767	\$1,538,318	-345	371	322
FY 2006-07	27,763	\$1,516,037	0	517	381
Change over last 5 years	+3%	+31%	-100%	+397%	+36%

Code Enforcement

Number of new cases [⊙]	Number of reinspections	Percent of cases resolved within 120 days of date received ³ ⊙	Citizen Survey	
			Percent rating quality of code enforcement good or excellent	Percent who consider run down buildings, weed lots, or junk vehicles a major or moderate problem
764	1,611	90%	56%	19%
630	1,094	94%	59%	17%
473	796	91%	55%	21%
421	667	94%	61%	16%
369	639	76%	58%	17%
			+2%	-2%

¹ Average home price is on a calendar year basis (e.g. FY 2006-07 data is for calendar year 2006). Source is http://rereport.com/scc/annual/palo_alto.html.

² Job loss over the last several years is due to the conversion or rezoning of properties from commercial/industrial uses to residential.

³ The Department's target in FY 2006-07 was 75%.

⊙ Budget benchmarking measure

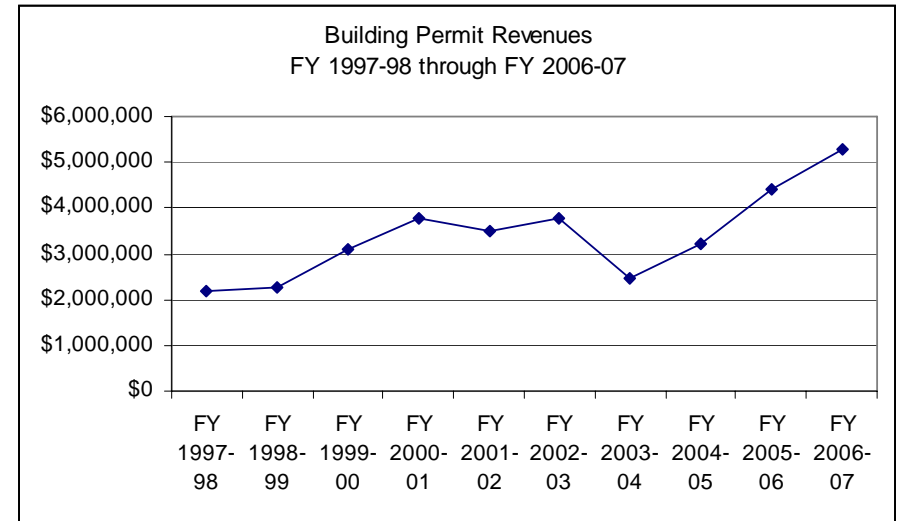
⁵ Sustainability measure

BUILDING INSPECTION

Compared to five years ago, the number of building permits issued in FY 2006-07 was about the same at 3,136. During that same period, the valuation of construction for issued permits increased from about \$263 million to about \$299 million, or 14%. Building permit revenue, however, increased from \$3.8 to \$4.6 million, or 22%.³

Staff completed 14,822 inspections in FY 2006-07. According to staff, 99% of inspection requests were responded to within one working day or within the timeframe of the customer's request. The average number of days for first response to plan checks was 27 days excluding over-the-counter plan checks (the target was 30 days). The average was 9 days when over-the-counter plan checks are included.

The average number of days to issue a building permit has increased from 86 to 102 days excluding permits issued over the counter. Planning staff notes that the increased complexity of projects submitted and the loss of one plan check engineer position in July 2005 have contributed to the increase in the number of days to issue building permits. The average was 26 days when over-the-counter permits are included.



Source: Planning and Community Environment Department

	Building permit applications	City's average Cost per permit application	Building permits issued ©	Percent of building permits issued over the counter	Valuation of construction for issued permits (in millions)	Building permit revenue (in millions)	Average number of days for first response to plan checks ¹	Average number of days to issue building permits ¹	Number of inspections completed©	City's average cost per inspection	Percent of inspection requests for permitted work responded to within one working day ² ©
FY 2002-03	3,151	-	3,151	-	\$263.1	\$3.8	-	-	13,833	-	92%
FY 2003-04	3,340	-	3,236	75%	\$129.2	\$2.5	21 days	86 days	13,310	-	93%
FY 2004-05	3,219	-	3,081	69%	\$214.9	\$3.2	24 days	94 days	12,186	-	91%
FY 2005-06	3,296	\$662	3,081	78%	\$276.9	\$4.4 ³	28 days	98 days	11,585	\$139	94%
FY 2006-07	3,236	\$736	3,136	76%	\$298.7	\$4.6	27 days	102 days	14,822	\$127	99%
Change over last 5 years	+3%	-	0%	-	+14%	+22%	-	-	+7%	-	+7%

¹ Average number of days does not include over the counter plan checks or building permits. Staff advises that the increased number of days was due to an increase in the complexity of projects and reduction in the plan check staffing in FY 2005-06.

² In some cases, a customer requests a specific day or time as opposed to within one working day; this percentage indicates how often the Department met the one working day deadline or, when applicable, the customer's specific request. The Department's target was 90%.

³ In FY 2005-06, building permit fees were increased, with the goal of recovering 100% of costs.

© Budget benchmarking measure

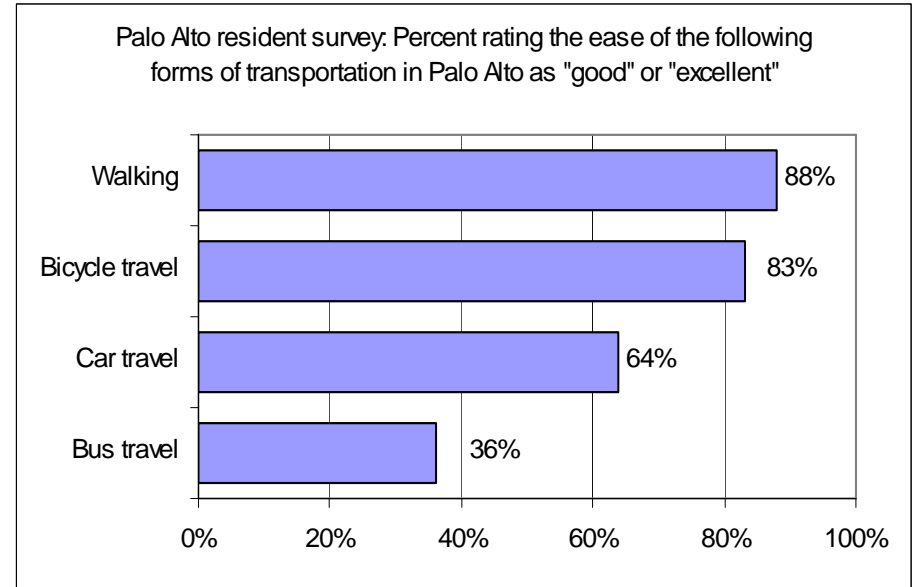
TRANSPORTATION PLANNING

In the 2007 Citizen Survey, 88% of respondents rated the ease of walking good or excellent, and 83% rated the ease of bicycle travel good or excellent. 55% of respondents considered traffic congestion to be a major or moderate problem in Palo Alto, a decrease from the 64% who thought so in 2003. Of those who usually drive to work, 10% reported that they usually carpool. The City has 97 intersections with signals; 34 of the intersections have signals coordinated during commute time.

The City operates a free shuttle. In FY 2006-07, the Department reports there were 168,710 shuttle boardings.

The City and the school district encourage alternatives to driving to school by teaching age-appropriate road safety skills to students in kindergarden through 6th grade. In FY 2006-07, staff provided scheduling, administrative support, training and follow-up parent education materials for:

- 68 pedestrian safety presentations to 2,365 students in kindergarden through 2nd grade
- A three lesson bicycle/traffic safety curriculum for all 831 3rd graders²
- A refresher bicycle/traffic safety lesson for all 801 5th graders²
- Six assemblies for 775 6th graders in three middle schools



Source: National Citizen Survey™ 2007 (Palo Alto)

	Number of monitored intersections with an unacceptable level of service during evening peak	Number of intersections with 10 or more accidents ¹	City Shuttle boardings [Ⓞ]	City's cost per shuttle boarding [Ⓞ]	Caltrain average weekday boardings	Average number of employees participating in the City commute program [Ⓞ] [§]	Citizen Survey		
							Percent who consider traffic congestion to be a major or moderate problem in Palo Alto	Of those who usually drive to work, percent who usually carpool	Percent who consider the amount of public parking good or excellent
FY 2002-03	2 of 21	11	167,454	-	2,906	-	64%	12%	-
FY 2003-04	2 of 21	8	170,719	\$1.89	2,825	127	60%	14%	56%
FY 2004-05	2 of 21	11	169,048	\$1.92	3,264	117	58%	9%	57%
FY 2005-06	2 of 21	7	175,471	\$1.91	3,882	104	60%	11%	58%
FY 2006-07	2 of 21	13	168,710	\$2.00	4,203	105	55%	10%	65%
Change over last 5 years	-	+18%	+1%	-	+45%	-	-9%	-2%	-

¹ Accidents within 200 feet of intersection.

² In cooperation with the Palo Alto Fire Department.

[Ⓞ] Budget benchmarking measure

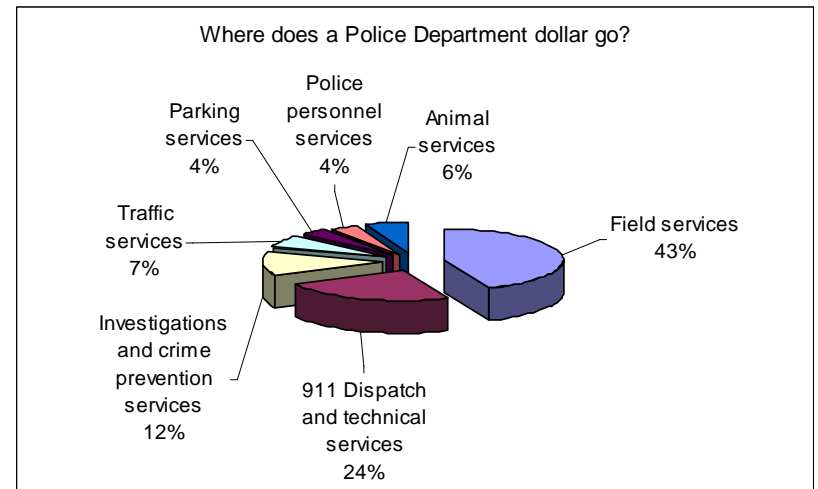
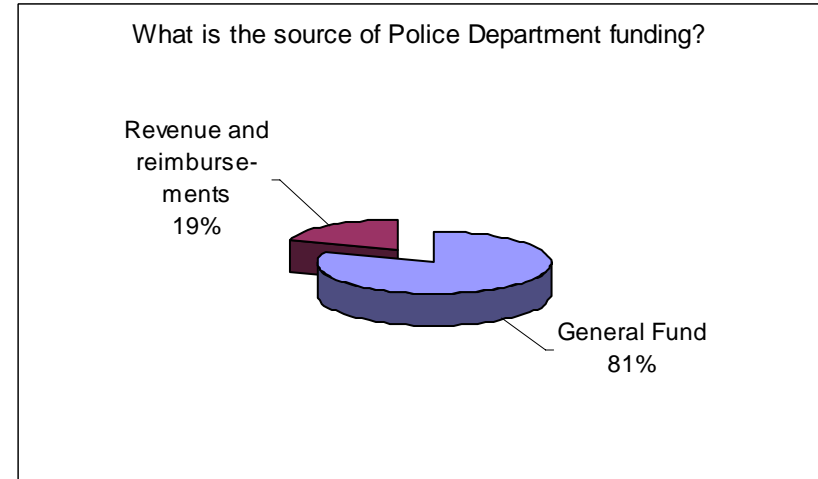
[§] Sustainability measure

CHAPTER 6 – POLICE

The mission of the Police Department is to proudly serve and protect the public with respect and integrity.

The Department has seven major functional areas:

- Field services – police response, critical incident resolution, regional assistance response, and police services for special events
- Technical services – 911 dispatch services for police, fire, utilities, public works and Stanford, and police information management
- Investigations and crime prevention services – police investigations, property and evidence, youth services, and community policing
- Traffic services – traffic enforcement, complaint resolution, and school safety
- Parking services – parking enforcement, parking citations and adjudication, and abandoned vehicle abatement
- Police personnel services – police hiring, retention, personnel records, training, and volunteer programs
- Animal services – animal control, pet recovery/adoption services, animal care, animal health and welfare, and regional animal services



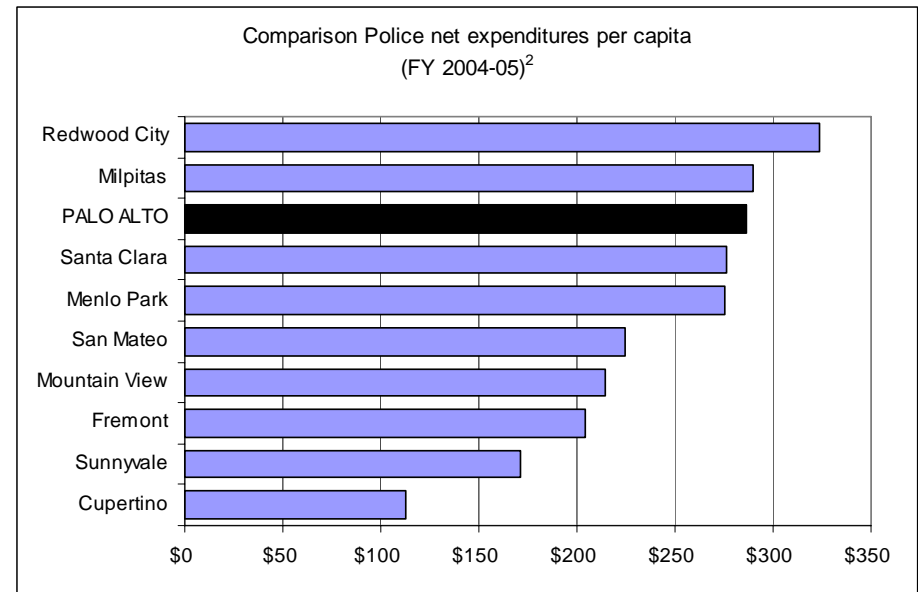
Source: FY 2006-07 revenue and expenditure data

POLICE SPENDING AND REVENUE

Total Police Department spending increased from \$21.2 to \$25.9 million, or 22%, in the last five years. This includes animal services and 911-dispatch services provided to other jurisdictions. Over the same five year period, total revenue and reimbursements increased from \$4.3 to \$5 million, or 15%.

A comparison of police expenditures during FY 2004-05 (the most recent data available from the State Controller) shows Palo Alto spends more per capita than some other local jurisdictions. It should be noted that every jurisdiction has different levels of service and categorizes expenditures in different ways. For example, Cupertino contracts with the Santa Clara County Sheriff's Office for police services, and Sunnyvale's Department of Public Safety provides both police and fire services.

The most recent survey of resident satisfaction shows 91% of residents rate police services good or excellent – placing Palo Alto in the 92nd percentile compared to other jurisdictions. In FY 2005-06, the department won the national Voice of the People Award for the high ratings residents give to police services.



Source: California State Controller, *Cities Annual Report Fiscal Year 2004-05*

	Operating Expenditures (in millions)										Citizen Survey Percent rating police services good or excellent [⊙]
	Field services	Technical services	Investigations and crime prevention	Traffic services	Parking services	Police personnel services	Animal services	TOTAL	Total spending per resident	Total revenue	
FY 2002-03	\$7.8	\$4.0	\$2.9	\$2.1	\$0.1	\$2.9	\$1.3	\$21.2	\$351	\$4.3	89%
FY 2003-04	\$9.0 ³	\$5.3 ³	\$2.7 ³	\$1.4 ³	\$0.8 ³	\$1.3 ³	\$1.4	\$22.0	\$363	\$5.1 ¹	90%
FY 2004-05	\$9.8	\$4.8	\$3.2	\$1.5	\$1.1	\$0.8	\$1.4	\$22.5	\$367	\$4.5	87%
FY 2005-06	\$10.9	\$5.4	\$3.1	\$1.5	\$1.1	\$0.9	\$1.5	\$24.4	\$393	\$4.8	87%
FY 2006-07	\$11.4	\$6.2	\$3.2	\$1.7	\$1.0	\$1.0	\$1.5	\$25.9	\$414	\$5.0	91%
Change over last 5 years	+45%	+54%	+8%	-19%	-	-66%	+14%	+22%	+18%	+15%	+2%

¹ FY 2003-04 revenues included an unusually high bail forfeiture amount.

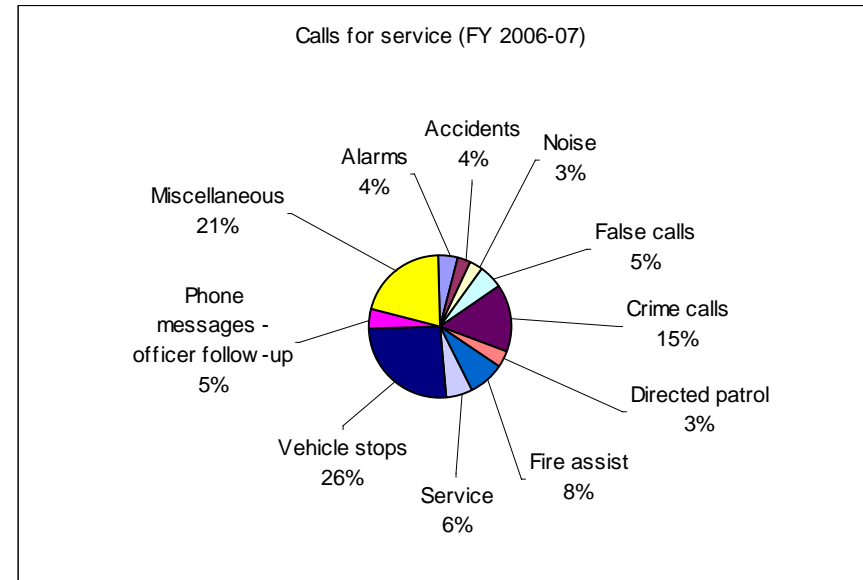
² Comparison of operating expenditures does not include animal control. Palo Alto figures include dispatch and some animal services expenditures.

³ FY 2003-04 expenditures reflect a change in the way that the department accounts for employees' time, not a change in service levels.

CALLS FOR SERVICE

The Police Department handled over 60,000 calls for service during FY 2006-07, or about 165 calls per day. Over the last five years:

- The percent of emergency calls dispatched within 60 seconds of receipt rose to 96% (the target is 95%). Emergency calls are generally “life threatening” or high danger crimes in progress.
- The average response times for emergency calls improved by 45 seconds – from 5:53 minutes to 5:08 minutes. However, the percent of responses within 6 minutes dropped from 84% to 73% (the target is 90% within 6 minutes). Response times are measured from receipt of the 911 call to arrival on-scene.
- The average response times for urgent calls improved by more than one minute – from 8:27 minutes to 7:24 minutes – with 79% of responses within 10 minutes. Urgent calls are generally non-life threatening, or less dangerous property crimes that are in progress or just occurred. The target for urgent calls is 10 minutes.
- The average response time for non-emergency calls was 19:26 minutes – with 95% of responses within 60 minutes. Non-emergency calls are generally routine or report-type calls that can be handled as time permits.



Source: Police Department

	Total Police Department calls for service		Percent emergency calls dispatched within 60 seconds of receipt of call	Average emergency response	Average urgent response	Average non-emergency response	Percent emergency calls responded within 6 minutes	Percent urgent calls responded within 10 minutes	Percent non-emergency calls responded within 60 minutes	Citizen Survey	
		False alarms								Percent reported having contact with the Police Dept	Percent rating quality of their contact good or excellent
FY 2002-03	53,143	3,113	92%	5:53 minutes ¹	8:27 minutes ¹	-	84% ¹	-	-	-	-
FY 2003-04	52,489	2,681	98%	4:59 minutes ¹	7:55 minutes ¹	-	72% ¹	-	-	-	-
FY 2004-05	52,233	2,385	94%	5:01 minutes	7:50 minutes	18:15 minutes	71%	78%	96%	36%	78%
FY 2005-06	57,017	2,419	88%	4:41 minutes	7:39 minutes	20:36 minutes	78%	78%	95%	-	-
FY 2006-07	60,079	2,610	96%	5:08 minutes	7:24 minutes	19:26 minutes	73%	79%	95%	33%	81%
Change over last 5 years	+13%	-16%	+4%	-13%	-12%	-	-11%	-16%	-	-	-

⊙ Budget benchmarking measure

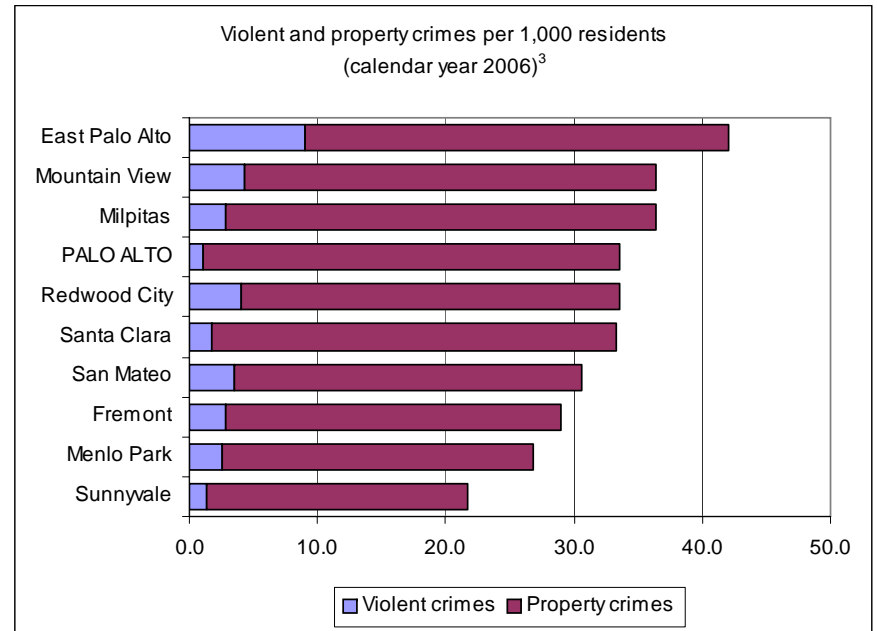
¹ Due to redefinition of emergency, urgent, and non-emergency calls and targets in FY 2004-05, previous years may not be exactly comparable.

CRIME

The Police Department categorizes crime as Part 1¹ and Part 2.² Compared to FY 2002-03, the number of reported Part 1 crimes dropped by 16%, and the number of Part 2 crimes increased by 14%. Although Palo Alto is a relatively quiet, affluent community of about 62,000, it has a daytime population estimated at nearly 140,000, a regional shopping center, and a downtown with an active nightlife.

Police Department statistics show 120 reported crimes per 1,000 residents, with 81 reported crimes per officer last year. FBI statistics show that Palo Alto has more property crimes per thousand residents, but fewer violent crimes per thousand, than several other local jurisdictions.

In the most recent citizen survey, 9% of households reported being the victim of a crime in the last 12 months. Of those households, 61% said they reported the crime.



Source: FBI Uniform Crime Reporting Program (www.fbi.gov/ucr/ucr.htm)

	Reported crimes				Citizen Survey		Arrests		Clearance rates for part 1 crimes ¹			
	Part 1 ¹ crimes reported	Part 2 ² crimes reported	Reported crimes per 1,000 residents	Reported crimes per officer ⁵	Percent households reported being victim of crime in last 12 months	Percent households that were victim of a crime who reported the crime	Juvenile arrests	Total arrests ⁴	Homicide cases cleared/closed [⊙]	Rape cases cleared/closed [⊙]	Robbery cases cleared/closed [⊙]	Theft cases cleared/closed
FY 2002-03	2,205	4,980	119	74	13%	76%	293	2,851	None reported	43%	34%	28%
FY 2003-04	2,370	4,719	117	76	11%	59%	344	2,577	100%	63%	44%	21%
FY 2004-05	2,466	4,994	121	80	10%	64%	256	2,134	100%	78%	46%	14%
FY 2005-06	2,520	5,140	123	82	12%	59%	241	2,530	None reported	67%	68%	14%
FY 2006-07	1,855	5,662	120	81	9%	61%	244	3,059	None reported	100%	42%	18%
Change over last 5 years	-16%	+14%	+1%	+9%	-4%	-15%	-17%	+7%	-	+57%	+8%	-10%

⊙ Budget benchmarking measure

¹ Part 1 crimes include assault, burglary, homicide, rape, robbery, larceny/theft, vehicle theft, and arson.

² Part 2 crimes include assaults or attempted assaults where a weapon is not used or where serious injuries did not occur; forgery and counterfeiting; fraud; embezzlement; buying, receiving, and possessing stolen property; vandalism; weapons offenses; prostitution and other vice crimes; sex offenses other than rape; drug offenses; gambling; offenses against family and children; drunk driving; liquor laws; drunk in public; disorderly conduct; and vagrancy.

³ Does not include arson or larceny/theft under \$400.

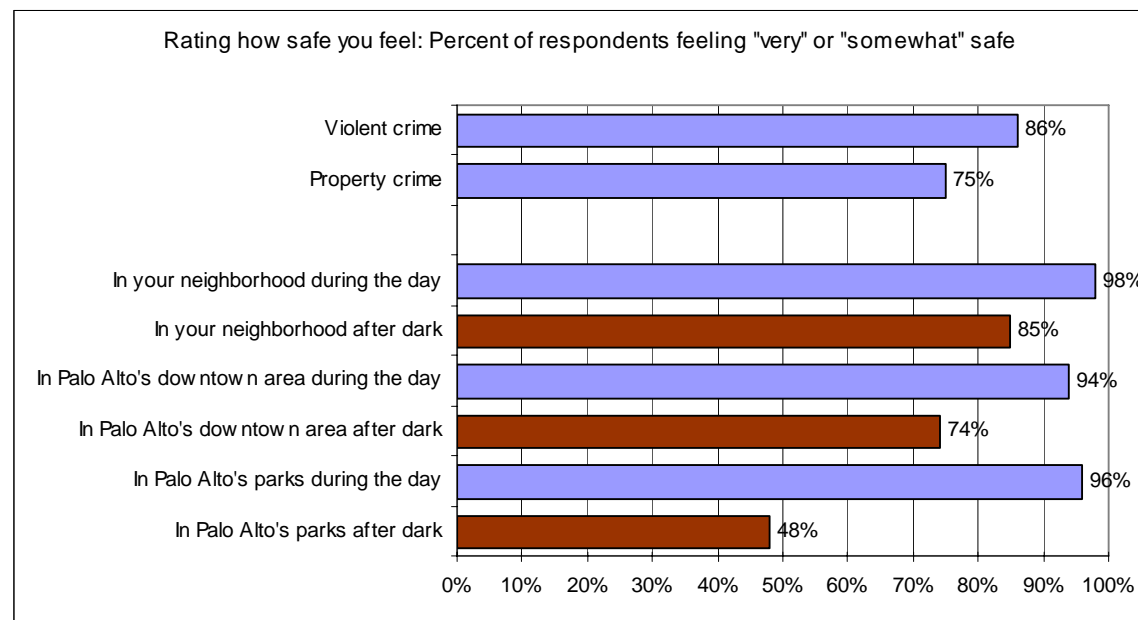
⁴ Total arrests does not include drunk in public where suspects are taken to the sobering station, or traffic warrant arrests.

⁵ Based on authorized sworn staffing.

PERCEPTIONS OF SAFETY

When evaluating safety in the community,

- 86% of residents felt “very” or “somewhat safe” from violent crimes in Palo Alto, and 75% felt safe from property crime. This placed Palo Alto in the 87th and 88th percentiles compared to other jurisdictions.
- In their neighborhood during the day, 98% of residents felt “very” or “somewhat safe”. After dark, 85% of residents felt “very” or “somewhat safe” in their neighborhoods. In comparison to other jurisdictions, Palo Alto ranked #1 in ratings of safety in your neighborhood during the day, and in the 85th percentile after dark.
- 94% of residents felt “very” or “somewhat safe” in Palo Alto’s downtown during the day (91st percentile compared to other jurisdictions) and 74% felt safe after dark (82nd percentile).
- 96% of residents felt safe in Palo Alto’s parks during the day (89th percentile) and 48% after dark (62nd percentile).



Source: National Citizen Survey™ 2007 (Palo Alto)

	Citizen Survey: Percent of residents feeling very or somewhat safe								Citizen Survey
	From violent crime [⊙]	From property crime	In your neighborhood during the day	In your neighborhood after dark	In Palo Alto's downtown area during the day	In Palo Alto's downtown area after dark	In Palo Alto's parks during the day	In Palo Alto's parks after dark	Percent rating crime prevention good or excellent
FY 2002-03	84%	73%	97%	83%	95%	71%	94%	41%	-
FY 2003-04	84%	71%	98%	82%	94%	76%	92%	38%	87%
FY 2004-05	87%	76%	98%	84%	96%	69%	94%	43%	85%
FY 2005-06	75%	62%	94%	79%	91%	69%	90%	41%	77%
FY 2006-07	86%	75%	98%	85%	94%	74%	96%	48%	83%
Change over last 5 years	+2%	+2%	+1%	+2%	-1%	+3%	+2%	+7%	-

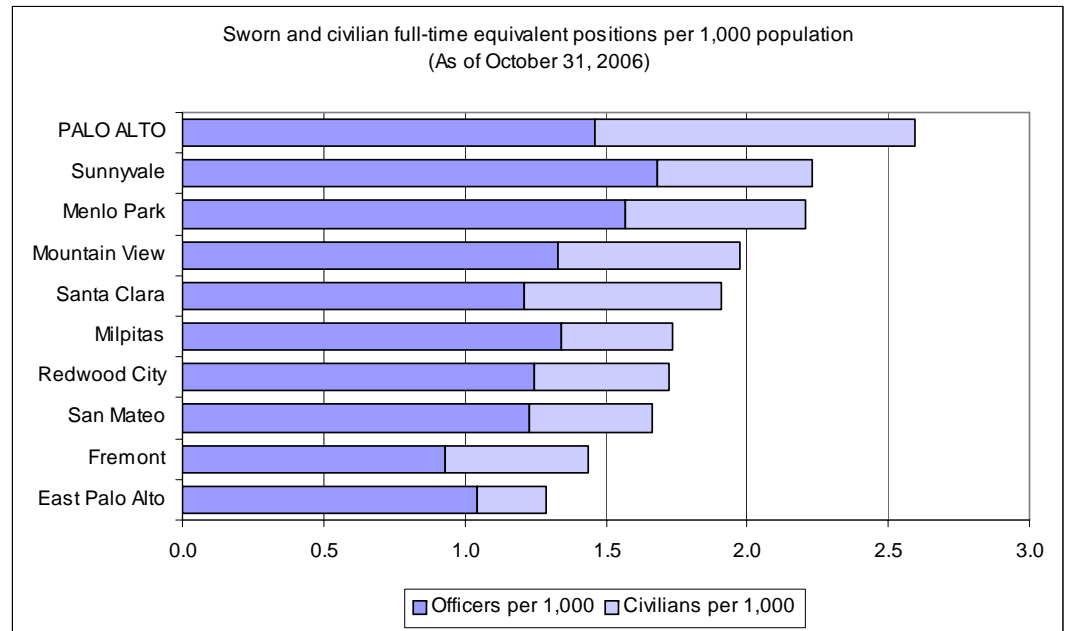
⊙ Budget benchmarking measure

POLICE STAFFING, EQUIPMENT, AND TRAINING

Authorized departmental staffing decreased from 183 to 168 full time equivalents over the last five years, or 8%. The number of police officers has decreased from 97 to 93, or 4%. As of June 30, 2006, the department was down 4 police officers due to vacancies, injuries, training, and other leave situations. An average of 8 officers are on patrol at all times.

With 2.68 sworn and civilian FTE per 1,000 residents, Palo Alto's total staffing is higher than other local jurisdictions, but it includes full dispatch services and animal services provided to other jurisdictions.

The Department reports it received 121 commendations and 11 complaints during FY 2006-07; one of the complaints was sustained.



Source: FBI Uniform Crime Reporting Program (www.fbi.gov/ucr/ucr.htm)

	Authorized staffing (FTE)	Authorized staffing per 1,000 residents	Number of police officers	Police officers per 1,000 residents	Average number of officers on patrol ¹	Number of patrol vehicles	Number of motor-cycles	Training hours per officer ² ⊙	Overtime as a percent of regular salaries <NEW>	Number of citizen commendations received ⊙	Number of citizen complaints filed ⊙
FY 2002-03	183	3.03	97	1.61	8	30	10	143	-	-	-
FY 2003-04	177	2.92	93	1.54	8	30	10	146	13%	-	-
FY 2004-05	173	2.82	93	1.51	8	30	10	137	12%	-	-
FY 2005-06	169	2.72	93	1.50	8	30	9	153	13%	144	7 (0 sustained)
FY 2006-07	168	2.68	93	1.49	8	30	9	142	16%	121	11 (1 sustained)
Change over last 5 years	-8%	-11%	-4%	-8%	0%	-9%	-10%	-1%	-	-	-

⊙ Budget benchmarking measure
¹ Does not include traffic motor officers.
² Does not include academy.

TRAFFIC AND PARKING CONTROL

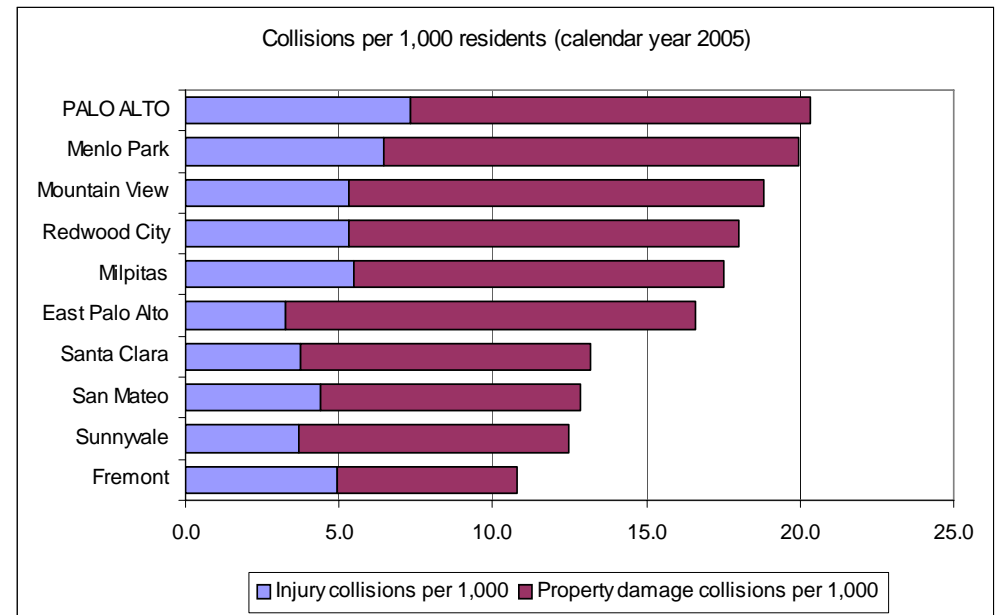
Over the past five years, the total number of

- traffic collisions decreased by 16%, however the total number of bicycle/pedestrian collisions increased by 27%
- alcohol related collisions increased by 3%, and the number of DUI arrests increased by 35%

In FY 2006-07, police personnel made more than 15,000 traffic stops, and issued more than 6,000 traffic citations and more than 57,000 parking citations. The percent of residents rating traffic enforcement good or excellent improved from 63% to 71% in the last year.

The number of traffic collisions per 1,000 residents decreased 19% over the past 5 years (from 25 to 20 per 1,000 residents), and the percent of traffic collisions with injury decreased from 26% to 23% over the five year period.

Comparison data for calendar year 2005 shows that Palo Alto had more collisions per 1,000 residents than other local jurisdictions. Palo Alto has a large non-resident daytime population. In addition, Palo Alto documents minor damage collisions to a much larger extent than other jurisdictions.



Source: California Highway Patrol 2005 Annual Report of Fatal and Injury Motor Vehicle Traffic Collisions, and California Department of Finance

	Traffic collisions	Bicycle/pedestrian collisions [⊙]	Alcohol related collisions	Total injury collisions [⊙]	Traffic collisions per 1000 residents	Percent of traffic collisions with injury	Number of DUI arrests <NEW>	Number of traffic stops	Traffic citations issued ^{1 ⊙}	Parking citations	Citizen Survey Percent rating traffic enforcement good or excellent [⊙]
FY 2002-03	1,490	81	30	390	25	26%	191	9,956	8,287	52,422	64%
FY 2003-04	1,429	91	34	400	24	28%	172	9,731	7,301	47,860	64%
FY 2004-05	1,419	97	32	407	23	29%	111	8,822	5,671	52,235	63%
FY 2005-06	1,287	113	43	396	21	31%	247	11,827	7,687	56,502	63%
FY 2006-07	1,257	103	31	390	20	23%	257	15,563	6,232	57,222	71%
Change over last 5 years	-16%	+27%	+3%	0%	-19%	-3%	+35%	+56%	-25%	+9%	+7%

[⊙] Budget benchmarking measure

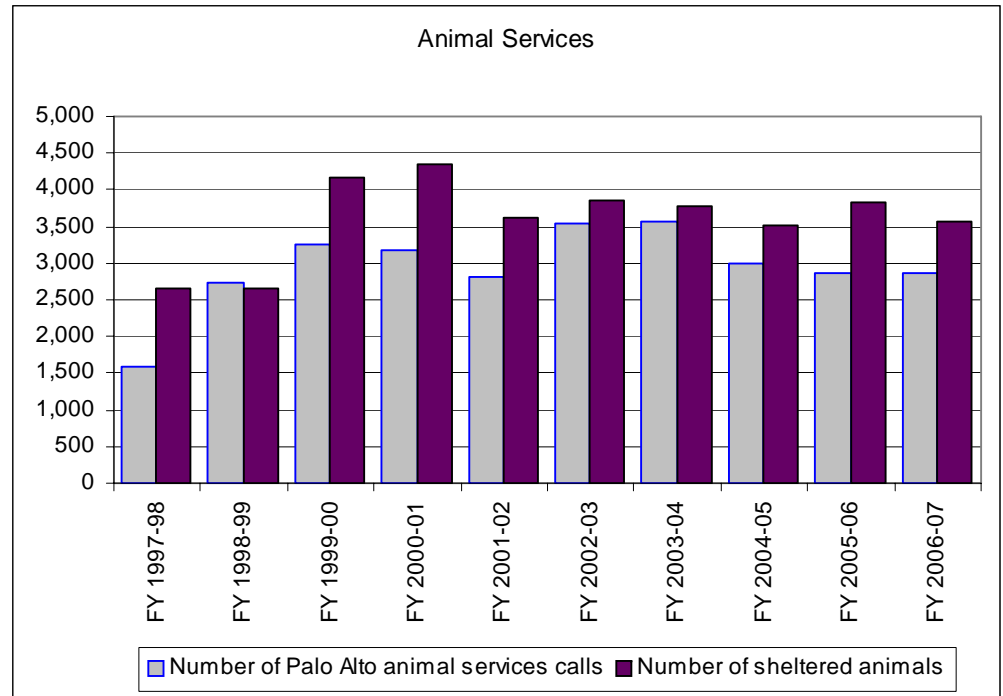
¹ Does not include warnings.

ANIMAL SERVICES

Palo Alto provides regional animal control services to the cities of Palo Alto, Los Altos, Los Altos Hills, and Mountain View. Animal Services also provides pet recovery and adoption services, animal care, animal health and welfare (including spay and neuter clinics and vaccinations), and other services at the Animal Shelter on East Bayshore Road.

In FY 2006-07, Animal Services responded to 88% of Palo Alto live animal calls within 45 minutes – the department’s goal is 90%. The department successfully returned to their owners 82% of dogs and 18% of cats received by the shelter during FY 2006-07, exceeding their targets of 80% and 12% respectively.

78% of survey respondents rated animal control services good or excellent – placing Palo Alto in the 97th percentile compared to other jurisdictions surveyed.



Source: Police Department

	Animal Services expenditures	Animal Services revenue	Number of Palo Alto animal services calls [⊙]	Number of regional animal services calls [⊙] <NEW>	Percent Palo Alto live animal calls for service responded to within 45 minutes [⊙]	Number of sheltered animals [⊙]	Percent dogs received by shelter returned to owner [⊙]	Percent cats received by shelter returned to owner [⊙]	Citizen Survey Percent rating animal control services good or excellent
FY 2002-03	\$1.3	\$0.7	3,545	1,804	96%	3,849	73%	10%	79%
FY 2003-04	\$1.4	\$0.9	3,575	1,766	98%	3,780	80%	11%	79%
FY 2004-05	\$1.4	\$0.9	4,994	1,604	91%	3,514	77%	12%	79%
FY 2005-06	\$1.4	\$0.9	2,861	1,944	89%	3,839	78%	9%	78%
FY 2006-07	\$1.5	\$1.0	2,990	1,773	88%	3,578	82%	18%	78%
Change over last 5 years	+12%	+57%	-16%	-2%	-8%	-7%	+9%	+8%	-1%

⊙ Budget benchmarking measure

CHAPTER 7 – PUBLIC WORKS

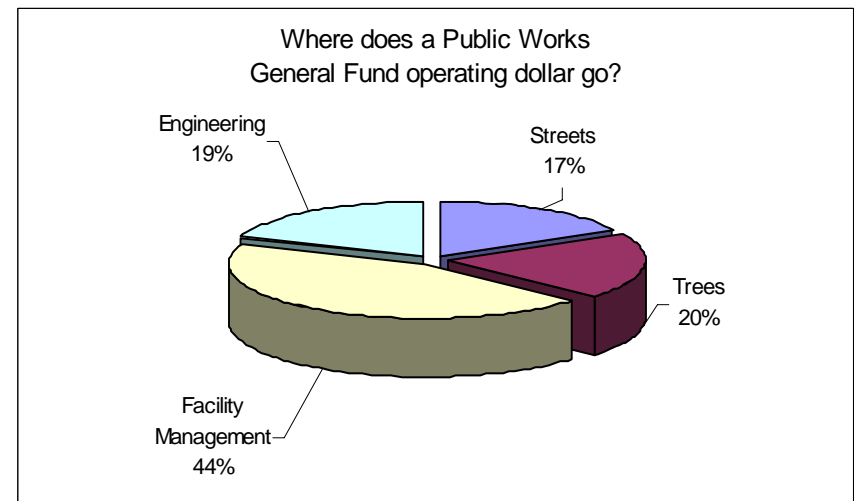
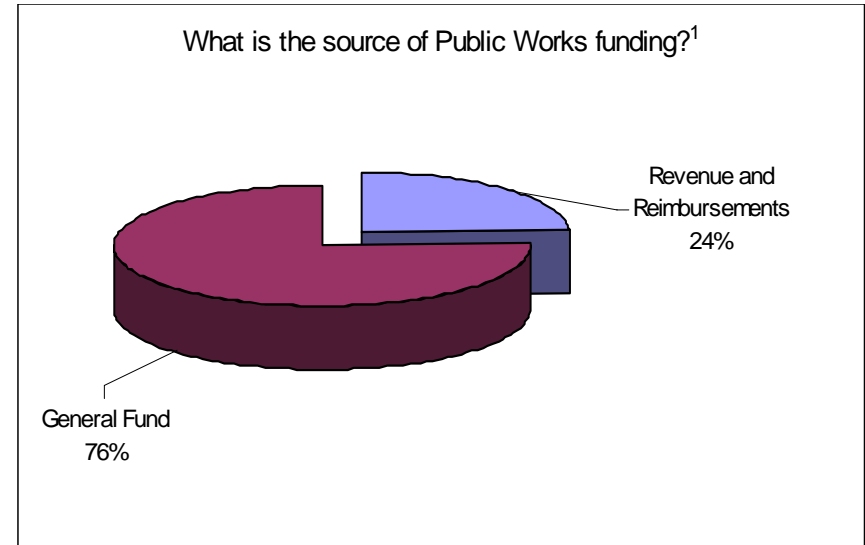
The mission of the Department of Public Works is to provide efficient, cost effective construction, maintenance, and management of Palo Alto streets, sidewalks, parking lots, buildings and other public facilities; to provide appropriate maintenance, replacement and utility line clearing of City trees; and to ensure timely support to other City departments in the area of engineering services.

The Department is responsible for the following services that are provided through the General Fund:

- Streets – to develop and maintain the structural integrity and ride quality of streets to maximize the effective life of the pavement and traffic control clarity of streets and to facilitate the safe and orderly flow of vehicles, bicycles, and pedestrians
- Trees – to manage a sustainable urban forest by selecting appropriate species and providing timely maintenance and replacement of City trees as well as providing utility line clearing for front and rear easements
- Structures and Grounds – to build, maintain, renovate, and operate City-owned and leased structures, parking lots, grounds, parks and open space to achieve maximum life expectancy of the facilities
- Engineering – to construct, renovate, and maintain City-owned infrastructure through the City's Capital Improvement Program; to ensure safety, comfort, and maximum life expectancy and value of City structures, facilities, and streets; to provide engineering support to City Departments and private development through the expeditious review and inspection of projects to ensure compliance with applicable regulations and conformance with approved plans and specifications

The Department is responsible for the following services that are provided through enterprise and internal service funds (non-General Fund):

- Refuse collection and disposal
- Storm Drainage
- Wastewater treatment including the Regional Water Quality Control Plant
- Vehicle Replacement and Maintenance (includes equipment)



Source: FY 2006-07 revenue and expenditure data

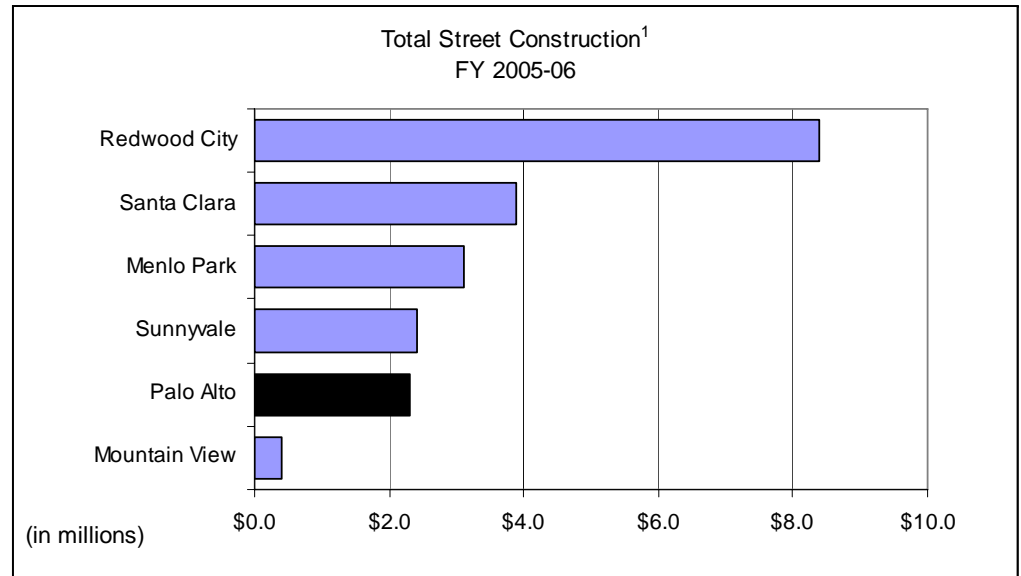
¹ Excludes Public Works Enterprise funds

STREETS

The City is responsible for maintaining 463 lane miles of streets. In addition, Santa Clara County is responsible for 26 lane miles, and the State of California is responsible for maintaining 24 lane miles within Palo Alto's borders.

47% of survey respondents rate street repair good or excellent. This places Palo Alto in the 50th percentile compared to other jurisdictions.

In FY 2006-07, 1,188 potholes were repaired, with 82% of those repairs within 15 days of notification.



¹ Includes street reconstruction; signals, safety devices and street lights; pedestrian ways and bikepaths

Source: California State Controller's Office, State of California Streets and Roads Annual Report Fiscal Year 2005-06

	Operating expenditures (in millions)	Capital projects spending (in millions)Ⓞ	Authorized Staffing (FTE)		Total lane miles maintained	Lane miles resurfaced	Percent of lane miles resurfaced	Number of potholes repairedⓄ	Percent of potholes repaired within 15 days of notification Ⓞ	Number of signs repaired or replaced Ⓞ	Citizen Survey Percent rating street repair good or excellent
			General fund	Capital projects fund							
FY 2002-03	\$3.9	\$3.0	23	0	463	17	4%	2,943	100%	-	50%
FY 2003-04	\$1.9¹	\$3.8	15	3	463	17	4%	2,907	80%	1,602	46%
FY 2004-05	\$2.2	\$3.3	15	2	463	20	4%	3,221	76%	1,620 est.	48%
FY 2005-06	\$2.1	\$2.4	13	2	463	20	4%	2,311	95%	1,754	47%
FY 2006-07	\$2.0	\$5.2	13	2	463	20	4%	1,188	82%	1,475	47%
Change over last 5 years	-48%	+73%	-43%	-	0%	+18%	-	-18%	-18%	-	-3%

¹ In FY 2003-04, expenditures for street lights were transferred to Utilities.

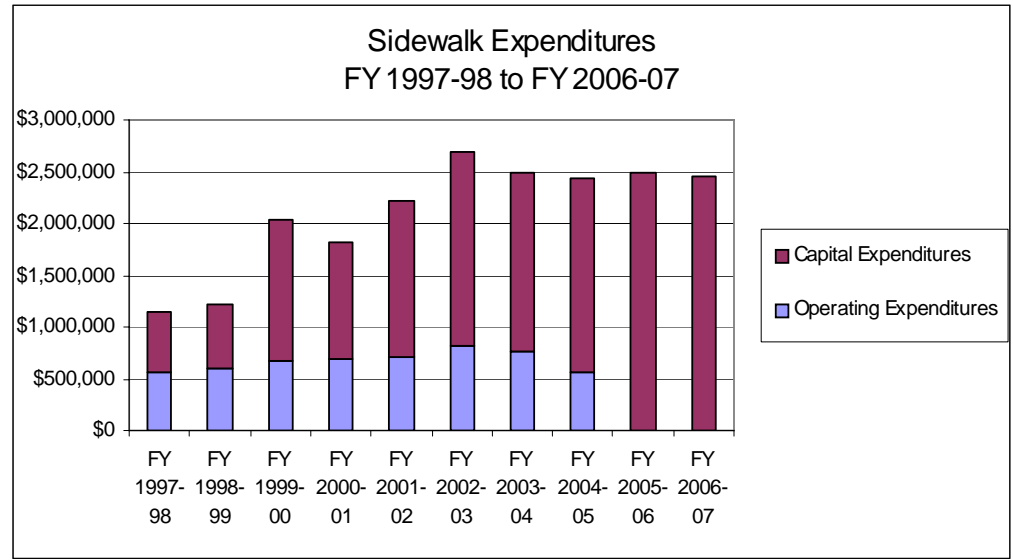
Ⓞ Budget benchmarking measure data shown here may differ from budget document due to timing differences.

SIDEWALKS

In FY 2006-07, about 95,000 square feet of sidewalks were replaced or permanently repaired and 70 new ADA ramps were completed. In the past five years, this totals more than 500,000 square feet of sidewalk replaced or permanently repaired and 326 ADA ramps completed.

The Department reports that 98% of temporary repairs were completed within 15 days of initial inspection. 56% of survey respondents rate sidewalk maintenance good or excellent.

The FY 2007-09 Capital Budget notes a new policy regarding sidewalks: property owners will be responsible for the cost of sidewalk replacement if the damage to the sidewalk was not caused by tree roots. Historically, the City has covered all costs related to sidewalk replacement, regardless of the cause.



Source: Public Works Department

	Operating expenditures (in millions) ¹	Capital projects spending (in millions)	Authorized Staffing (FTE)		Number of square feet of sidewalks	Square feet of sidewalk replaced or permanently repaired ³	Number ADA ramps completed	Percent of temporary repairs completed within 15 days of initial inspection	Citizen Survey Percent rating sidewalk maintenance good or excellent
			General fund ²	Capital projects fund					
FY 2002-03	\$0.8	\$1.9	7	0	6,679,200	101,410	77	81%	49%
FY 2003-04	\$0.8	\$1.5	6	0	6,679,200	115,352	67	70%	50%
FY 2004-05	\$0.6	\$1.9	4	2	6,679,200	132,430	46	76%	51%
FY 2005-06	-	\$2.5	0	8	6,679,200	126,574	66	87%	52%
FY 2006-07	-	\$2.5	0	7	6,679,200	94,620	70	98%	56%
Change over last 5 years	-	+31%	-100%	+100%	0%	-7%	-9%	+17%	+7%

¹ Excludes costs in Engineering Division.

² In FY 2005-06, operating expenditures for sidewalks and associated staff were transferred to the Capital Projects Fund.

³ Includes both in-house and contracted work.

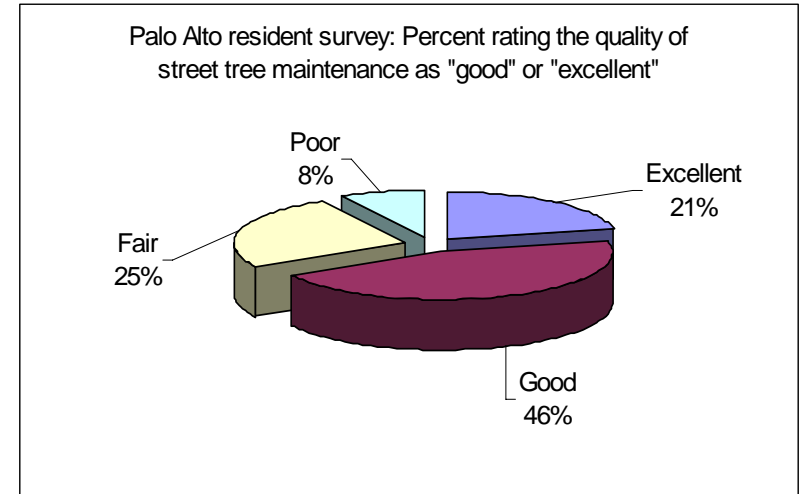
TREES

Public Works maintains all City-owned trees, including street trees, all trees in the parks, and trees in City facilities. This includes planting new trees, trimming/pruning existing trees, removing dead/diseased trees, fertilizing and pest control, line clearing around electrical wires, 24/7 emergency response, and providing Certified Arborist advice to residents regarding care of City trees. Managers in the tree group also oversee several tree-related contracts including stump removal, electrical line clearing, and annual tree maintenance contracts.

In FY 2006-07, City-maintained trees totaled 34,556. In FY 2006-07, a total of 164 trees were planted by the City and Canopy (a non-profit organization).

The number of trees trimmed (excluding trees trimmed for utility line clearing) or removed in FY 2006-07 was 3,409, or 36% lower than it was in FY 2002-03.

67% of survey respondents rated street tree maintenance good or excellent, down from 72% last year.



Source: National Citizen Survey™ 2007

Citizen Survey

	Operating expenditures (in millions)	Authorized staffing (FTE) (general fund)	Total number of City-maintained trees ¹	Number of trees planted ¹	Number of trees trimmed or removed ² ☉	Percent of urban forest pruned ☉	Percent of total tree lines cleared ☉	Number of tree-related electrical service disruptions ☉	Average cost per tree maintained	Percent rating street tree maintenance good or excellent
FY 2002-03	\$2.3	16	34,939	322	5,298	-	-	-	\$66.93	66%
FY 2003-04	\$1.9	14	35,440	242	5,222	-	-	-	\$53.52	70%
FY 2004-05	\$1.9	14	35,096	164	4,775	14%	26%	5	\$54.42	82%
FY 2005-06	\$2.2	14	34,841	263	3,422 ³	10%	21%	13 ⁴	\$63.28	72%
FY 2006-07	\$2.3	14	34,556	164	3,409	10%	30%	15	\$67.90	67%
Change over last 5 years	0%	-13%	-1%	-49%	-36%	-	-	-	+1%	+1%

¹ Includes trees planted by Canopy; data source is Department of Public Works' workload statistics.

² Excludes trees trimmed to clear power lines.

³ Estimated

⁴ Public Works notes that 7 of the 13 outages occurred during one storm.

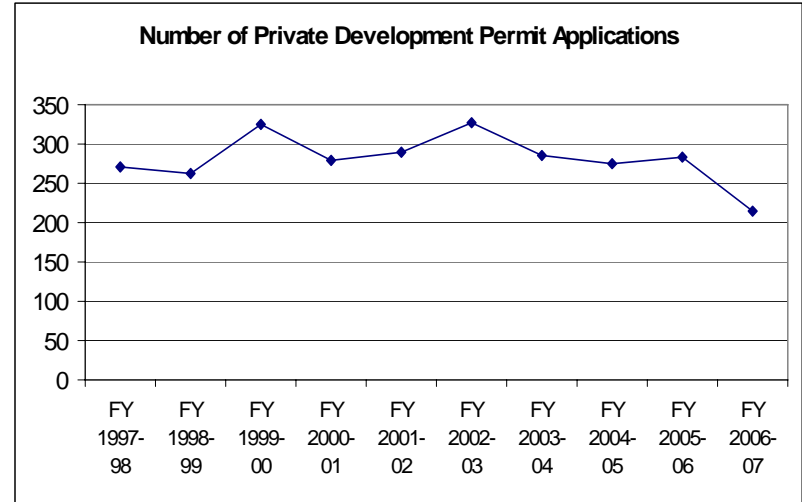
☉ Budget benchmarking measure; data shown here may differ from budget document due to timing differences.

**CITY FACILITIES
ENGINEERING
PRIVATE DEVELOPMENT**

Public Works builds, renovates and maintains City-owned and leased structures, parking lots, grounds, parks and open space. The Department also provides citywide capital improvement program (CIP) support including design, engineering, contract management, and project management.

Facilities staff handled an estimated 2,320 service calls in FY 2006-07 related to building mechanics, carpentry, electrical, locks and painting; this figure does not include preventive maintenance.

Maintaining and improving infrastructure continues to be one of the City Council's top priorities.



Source: Public Works Department

	City Facilities				Engineering			Private Development			
	City facilities operating expenditures (in millions)	City facilities authorized staffing (FTE)	City facilities capital expenditures (in millions)	Capital projects authorized staffing (FTE)	Total square feet of facilities maintained ¹ ☉	Maintenance cost per square foot ☉	Custodial cost per square foot ☉	Engineering operating expenditures (in millions)	Engineering authorized staffing (FTE)	Number of private development permits issued ² ☉	Number of permits per FTE ☉
FY 2002-03	\$3.2	36	-	0	1,420,721	-	-	-	-	327	-
FY 2003-04	\$4.2	25	\$13.8 ³	7	1,461,468	\$1.32	\$1.12	\$1.8	14	285	95
FY 2004-05	\$4.5	24	\$7.0	8	1,402,225	\$1.38	\$1.12	\$1.9	15	276	92
FY 2005-06	\$4.9	23	\$6.1	8	1,402,225	\$1.52	\$1.18	\$2.1	15	284	95
FY 2006-07	\$5.3	23	\$7.2	8	1,613,392	\$1.38	\$1.04	\$1.3	14	215	83
Change over last 5 years	+67%	-35%	-	-	+14%	-	-	-	-	-34%	-

¹ The increase in square footage was due to the addition of the following sites during FY 2006-07: Arastradero Gateway Facility, Stanford Playing Fields, Hoover Park Restroom, Homer Tunnel, and Lot J (Cowper/Webster Garage).

² Includes permits for: street work, encroachment, and certificate of compliance.

³ Includes some costs of the downtown parking structures

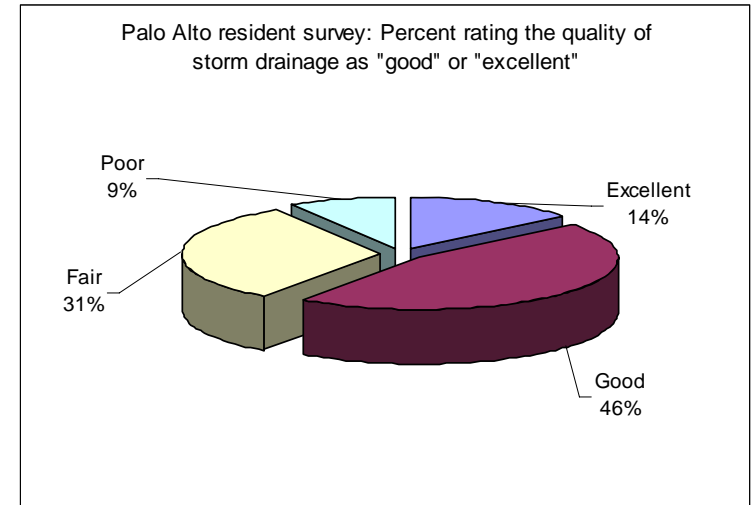
☉ Budget benchmarking measure; data shown here may differ from budget document due to timing differences.

STORM DRAINS

The purpose of the City's storm drain system is to provide adequate drainage, reduce the risk of flooding, and enhance water quality. Storm drain expenses are paid from the Storm Drain Enterprise Fund. The average monthly residential bill is \$10.20 to operate and maintain the storm drainage system. The Storm Drain Fund did not receive a transfer from the General Fund in FY 2006-07. However, the budget states that the Storm Drain Oversight Committee "has noted that the Fund will likely experience capital project funding shortfalls in coming years" due to escalating construction costs.

In FY 2006-07, the Department reported it cleaned and inspected 100% of catch basins and cleaned 287,957 feet of storm drain pipelines.

In FY 2006-07, 60% of residents surveyed rated storm drainage good or excellent



Source: National Citizen Survey™ 2007

Revenues, expenses, transfers and reserves (in millions)

	Total operating revenue	Total operating expense	Capital expense ¹	Transfer from General Fund to Storm Drain Fund	Reserve balance	Average monthly residential bill	Authorized staffing (FTE)	Feet of storm drain pipelines cleaned ^{⊙ C}	Calls for assistance with storm drains ² [⊙]	Percent of industrial sites in compliance with storm water regulations ^S [⊙]	Citizen Survey Percent rating the quality of storm drainage good or excellent
FY 2002-03	\$2.2	\$2.2	\$0.5	\$0.9	\$0.9	\$4.25	10	157,335	241	-	65%
FY 2003-04	\$2.2	\$2.3	\$0.1	\$0.3	\$0.6	\$4.25	10	219,106	126	87%	57%
FY 2004-05	\$2.5	\$2.5	\$0.1	\$0.5	\$0.6	\$4.25	10	316,024	50	89%	60%
FY 2005-06	\$5.2	\$2.1	\$0.3	\$0.5	\$3.1	\$10.00	10	128,643	24	83% ³	60%
FY 2006-07	\$5.2	\$2.0	\$1.5	\$0.0	\$4.5	\$10.20	10	287,957	4	71%	60%
Change over last 5 years	+136%	-8%	+200%	-100%	+374%	+140%	-3%	+83%	-98%	-	-5%

¹ Includes direct labor, materials, supplies, and contractual services. Does not include overhead.

² Estimated

³ Environmental Compliance staff advises that the decrease since FY 2005-06 was due to a revised State definition of "compliance." Staff also advises that food service facilities account for a larger share of the total inspections than in the past and they tend to have lower compliance rates.

[⊙] Budget benchmarking measure; data shown here may differ from budget document due to timing differences.

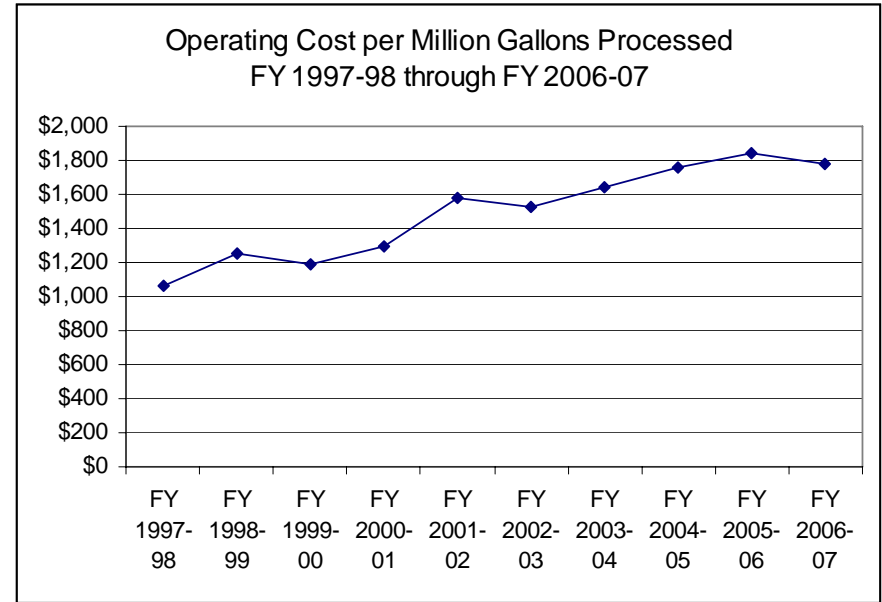
^C Comprehensive Plan item

^S Sustainability indicator

WASTEWATER TREATMENT WASTEWATER ENVIRONMENTAL COMPLIANCE

The Wastewater Treatment Fund is an enterprise fund operated by the Public Works Department. Its purpose is two-fold: to maintain and monitor the Regional Water Quality Control Plant (RWQCP) and to ensure compliance with regulations protecting the San Francisco Bay and environment.

In addition to treating Palo Alto’s wastewater, the RWQCP treats wastewater from five other areas: Mountain View, Los Altos, Los Altos Hills, Stanford and East Palo Alto.



	Wastewater Treatment Fund					Regional Water Quality Control Plant				Wastewater Environmental Compliance		
	Total operating revenue (in millions)	Total operating expense (in millions)	Percent of operating expenses reimbursed by other jurisdictions	Capital expense (in millions) ²	Reserve balance (in millions)	Authorized Staffing (FTE)	Millions of gallons processed ³ ☉	Operating cost per million gallons processed ⁴	Fish toxicity test (percent survival) ⁵ ☉	Authorized staffing FTE	Number of inspections performed	Percent of industrial discharge tests in compliance ⁵ ☉
FY 2002-03	\$13.6	\$14.1	63%	\$2.4	\$10.8	54	8,704	\$1,529	99.75%	14	182	99.29%
FY 2003-04	\$14.7	\$14.3	64%	\$1.2	\$11.6	56	8,238	\$1,647	100.00%	12	182	98.95%
FY 2004-05	\$15.9	\$16.1	63%	\$1.5	\$12.6	54	8,497	\$1,755	100.00%	14	191	99.38%
FY 2005-06	\$18.8	\$16.9	63%	\$2.2	\$13.6	55	8,972	\$1,839	100.00%	14	192	99.40%
FY 2006-07	\$17.0	\$16.3	64%	\$1.8	\$13.8	55	8,853	\$1,784	100.00%	14	114	99.40%
Change over last 5 years ¹	+25%	+16%	+1%	-26%	+28%	+2%	+2%	+17%	+0.25%	-3%	-37%	+0.11%

¹ Figures are based on actual data, however percentage or total may not tally due to rounding.

² Includes direct labor, materials, supplies, and contractual services. Does not include overhead.

³ Includes gallons processed for all cities served by Palo Alto’s Wastewater Treatment Plant.

☉ Budget benchmarking measure; data shown here may differ from budget document due to timing differences.

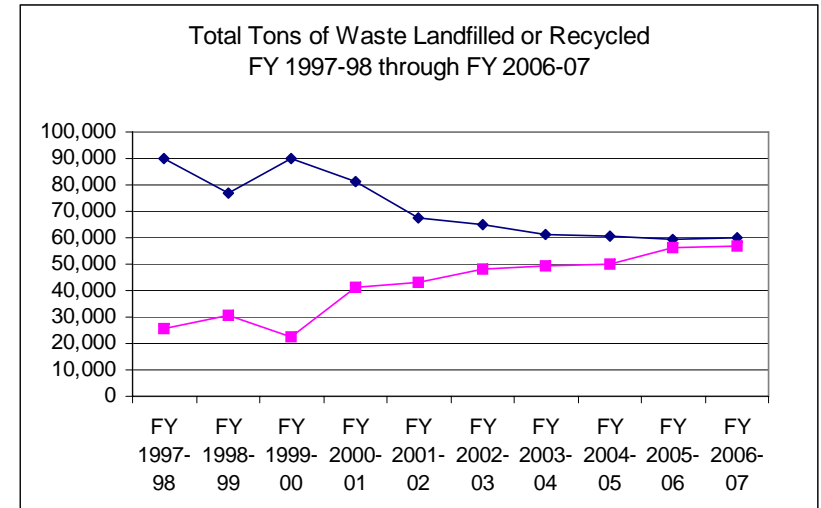
⁵ Sustainability indicator

REFUSE

The City coordinates refuse services for Palo Alto residents and businesses. This includes the collection, hauling, processing, recycling and disposal of waste materials. The City funds these activities through the Refuse Enterprise Fund.

Operating expenses for refuse services have increased from \$23.8 to \$25.1 million, or approximately 5% over the last five years. As a result, reserve balances have declined over the last 5 years. Nonetheless, the Refuse Fund balance is still above the City Council approved reserve guideline of \$2.2 to \$4.4 million.

Over the past 5 years, total tons of waste landfilled decreased by 5,232 tons, or 8%. Tons of materials recycled increased by 8,775 tons, or 18%. Tons of household hazardous waste collected increased by 33%.



Source: Public Works Department

Refuse Fund (in millions)					Citizen Survey									
Operating revenue	Operating expense	Capital expense ¹	Reserve balance	Authorized staffing (FTE)	Total tons of waste landfilled ⁴	Tons of materials recycled ^{4, S}	State-approved diversion percentage ^{2, S} ⊙	Tons of household hazardous materials collected ^S	Average monthly residential bill	Number of curb miles swept ³	Percent rating garbage collection good or excellent ⊙	Percent rating recycling services good or excellent	Percent of residents who recycled more than 12 times during the year	
FY 2002-03	\$21.7	\$23.8	\$0.1	\$11.3	34	65,170	48,062	55%	240	-	21,905	94%	90%	89%
FY 2003-04	\$21.9	\$24.1	\$0.0	\$8.5	34	61,266	49,268	57%	281	\$18.00	21,227	92%	90%	87%
FY 2004-05	\$23.4	\$24.5	\$0.3	\$7.2	35	60,777	50,311	62%	324	\$19.80	21,697	92%	92%	92%
FY 2005-06	\$24.8	\$26.4	\$0.1	\$4.7	35	59,276	56,013	63%	309	\$21.38	22,340	92%	91%	90%
FY 2006-07	\$25.6	\$25.1	\$0.0	\$5.9	35	59,938	56,837	n/a⁵	320	\$21.38	22,718	91%	93%	92%
Change over last 5 years	+18%	+5%	-100%	-48%	+3%	-8%	+18%	-	+33%	-	+4%	-3%	+3%	+3%

¹ Includes direct labor, materials, supplies, and contractual services. Does not include overhead.

² Diversion data is calculated on a calendar year basis and reported as the subsequent year (e.g. calendar year 2005 is shown as FY 2005-06).

³ Most streets are swept weekly; business districts are swept three times a week.

⁴ Does not include materials disposed of by self-haul customers, going to other landfills.

⁵ Data not yet available from the State.

⊙ Budget benchmarking measure; data shown here may differ from budget document due to timing differences.

^S Sustainability indicator

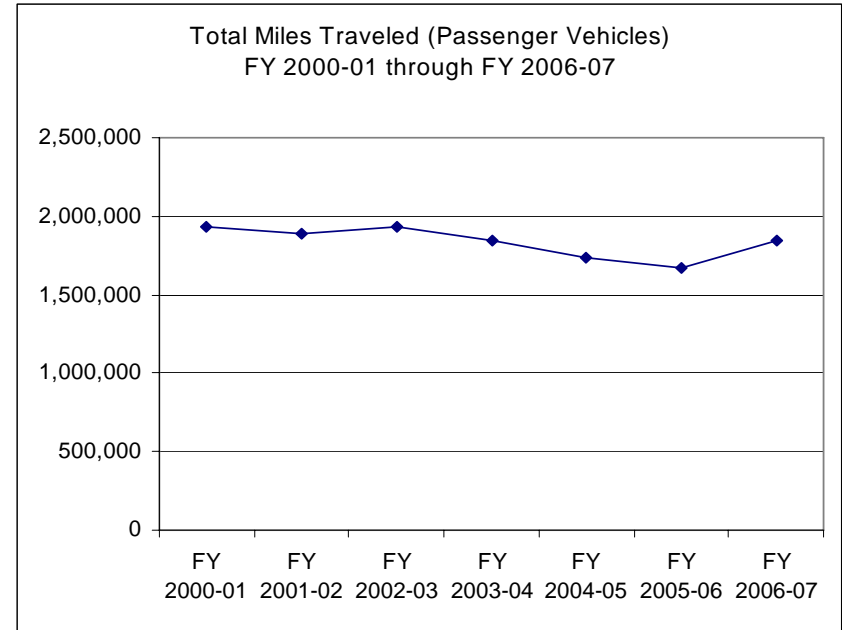
CITY FLEET AND EQUIPMENT

The City accounts for its fleet and equipment in the Vehicle Replacement and Maintenance Fund. The Fund provides for the maintenance and replacement of vehicles and equipment.

The department reports that the City's fleet includes 293 light duty vehicles (including police patrol cars and fire response vehicles), 121 heavy equipment items (self-propelled construction equipment such as loaders, backhoes, and motor graders), and 232 other pieces of other equipment (turf equipment, trailers, asphalt rollers, etc.). This includes 61 emergency response vehicles and light duty fire response vehicles.

Vehicle operations and maintenance costs totaled about \$3.3 million in FY 2006-07. The median age of light duty vehicles has increased to 6.8 years. The maintenance cost per light-duty vehicle decreased to \$1,886.

The Auditor's Office is conducting an audit of City fleet that will be issued in 2008.



Source: Public Works Department

	Operating and maintenance expenditures for vehicles and equipment (in millions)	Authorized staffing (FTE)	Current value of fleet and equipment (in millions)	Number of alternative fuel vehicles ^S	Percent of fleet fuel consumption that is alternative fuels ^S	Total miles traveled (light duty vehicles) ¹	Median mileage of light duty vehicles ¹	Median age of light duty vehicles ¹	Maintenance cost per light duty vehicle ²	Percent of scheduled preventive maintenance performed within five business days of original schedule
FY 2002-03	\$2.8	15	\$11.4	79	-	1,937,687	38,200	5.4	\$1,816	97%
FY 2003-04	\$2.7	16	\$11.5	73	-	1,845,362	37,700	5.9	\$1,869	95%
FY 2004-05	\$3.0	16	\$10.9	73	16	1,731,910	38,897	6.5	\$1,790	96%
FY 2005-06	\$3.2	16	\$11.9	74	19	1,674,427	41,153	6.8	\$1,781	95%
FY 2006-07	\$3.3	16	\$11.9	79	20	1,849,600	41,920	6.8	\$1,886	86%
Change over last 5 years	+20%	+4%	+4%	0%	-	-5%	+10%	+26%	+4%	-11%

¹ The Public Works Department defines "light duty vehicles" as automobiles and light trucks (less than 10,000 pounds gross vehicle weight).

² Includes all maintenance costs except for fuel and accident repairs. Includes 30 police patrol cars.

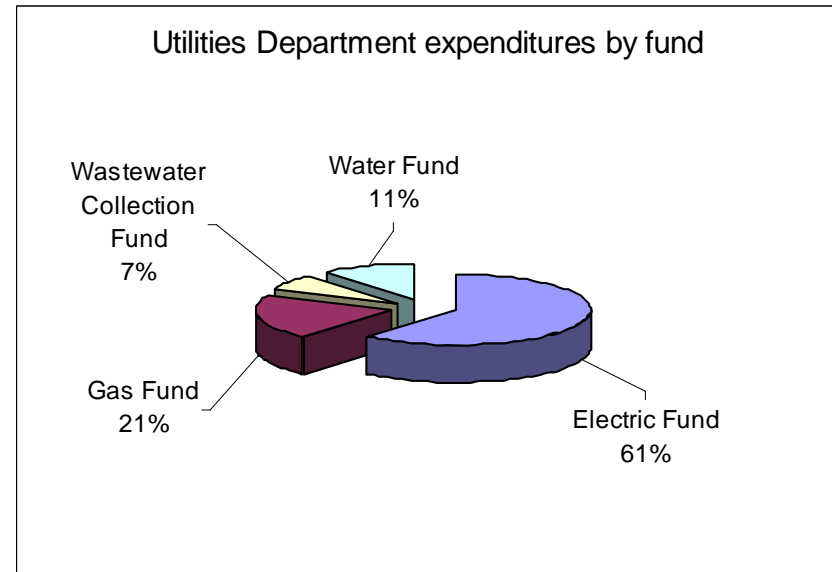
^S Sustainability indicator

CHAPTER 8 – UTILITIES

The mission of the Utilities department is to provide valued utility services to customers and dependable returns to the City.

The department is responsible for the following utility services:¹

- Electric – Founded in 1900, the electric utility purchases and delivers over 975,000 megawatt hours per year to more than 28,000 customers.
- Gas – Founded in 1917, the gas utility purchases and delivers over 31 million therms to over 23,000 customers.
- Water – Founded in 1896, the water system purchases and distributes more than 5 million cubic feet per year to more than 19,000 customers.
- Wastewater collection – Founded in 1898, the wastewater collection utility maintains more than 200 miles of sanitary sewer lines, annually transporting over 3 billion gallons of sewage and wastewater to the Regional Water Quality Control Plant.
- Fiber optic services <NEW> – This year we are including additional performance information about the fiber utility, and showing it as a separate utility. The Fiber Utility is actually a sub-fund within the Electric Fund. Founded in 1996, the fiber utility offers “dark” fiber service to Palo Alto businesses.



Source: 2006-07 Comprehensive Annual Financial Report

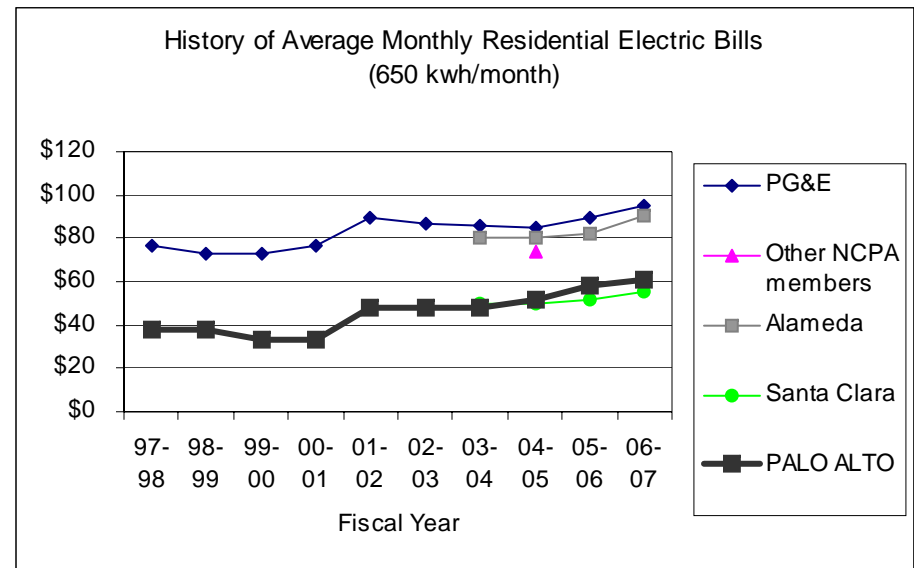
¹ The Public Works department (see Chapter 7) is responsible for refuse, storm drainage, and wastewater treatment.

ELECTRICITY

Electric utility operating expense totaled \$89.6 million in FY 2006-07, or 34% more than 5 years ago, including electricity purchases of \$62.5 million, or 67% more than 5 years ago.

Although Palo Alto's average residential electric bill has increased by 21% over five years (from \$47.94 to \$57.93 per month), it is far lower than comparable Pacific Gas & Electric (PG&E) rates as shown in the graph on the right.

In 2007, 86% of respondents to the Citizen Survey rated electric utility services good or excellent.



Source: Utilities Department

Revenues, expenses, and reserves (in millions)

Citizen Survey

	Operating revenue	Operating expense	Capital expense ¹	Equity transfers	Electric Fund reserves	Electricity purchases (in millions)	Average purchase cost per MWH [⊙]	Energy conservation/efficiency program expense (in millions)	Average monthly residential bill (650 KWH/month)	Authorized staffing (FTE)	Percent rating electric utility good or excellent [⊙]	Percent rating street lighting good or excellent
FY 2002-03	\$91.6	\$67.1	\$9.5	\$7.8	\$152.6	\$37.5	\$35.67	\$1.7	\$47.94	127	89% ²	67%
FY 2003-04	\$92.6	\$68.7	\$10.2	\$8.0	\$158.0	\$41.3	\$38.81	\$1.4	\$47.94	124	88% ²	65%
FY 2004-05	\$88.7	\$68.1	\$7.3	\$8.2	\$148.0	\$41.0	\$41.25	\$1.5	\$51.98	117	68% ^{2,3}	63%
FY 2005-06	\$119.4	\$83.1	\$7.2	\$8.5	\$161.3	\$55.6	\$48.62	\$1.2	\$57.93	119	88%	66%
FY 2006-07	\$102.5	\$89.6	\$10.5	\$8.7	\$156.4	\$62.5	\$64.97	\$1.3	\$57.93	114	86%	61%
Change over last 5 years	+12%	+34%	+11%	+13%	+3%	+67%	+82%	-23%	+21%	-11%	+3%	-6%

¹ Includes direct labor, materials, supplies, and contractual services; does not include overhead.

² Prior to FY 2005-06, ratings were based on electric and gas services together.

³ In FY 2004-05, satisfaction with electric and gas services dropped dramatically. In our opinion, three major events may have contributed to the 20-point decline in ratings: (1) gas rates increased 15 percent and electric rates increased 11.5 percent, (2) it was revealed that several employees in the Utilities Department were disciplined due to irregularities, and (3) the City agreed to a settlement with Enron Corporation. Satisfaction rates recovered in FY 2005-06.

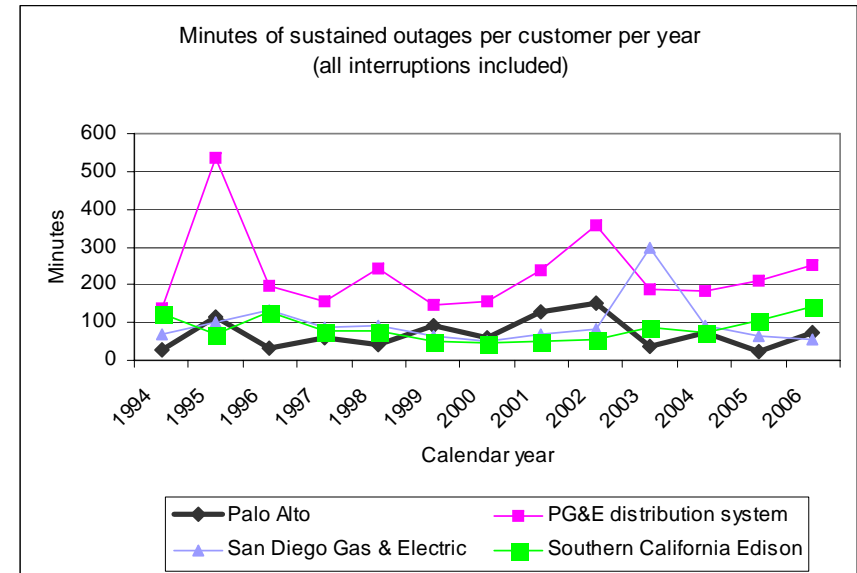
[⊙] Budget benchmarking measure

ELECTRICITY (cont.)

Residential electricity consumption increased by 6% over the last 5 years (adjusted for population growth, per capita residential electricity usage increased by 2%), while commercial consumption increased by 2% over the same period. In calendar year 2006, Palo Alto obtained more than 98% of its power from renewable resources, including 84% in the large hydro category, 10% in the qualifying renewable category, and 4% through voluntary subscriptions to the Palo Alto Green program.

By the end of FY 2006-07, 18.5% of customers were enrolled in the Palo Alto Green program. Palo Alto Green is a voluntary program available to resident and business customers that offers the option of supporting 100% renewable energy from the wind at some of the lowest rates in the nation.

The number of electric service interruptions and the average minutes per customer affected are highly variable from year to year. Including storm related outages, electric service interruptions over 1 minute in duration were down 2% over 5 years ago, and the average minutes per customer affected was down 66% over 5 years ago.



Source: California Public Utilities Commission and Utilities department data

	Number of accounts	Residential MWH consumed ^S	Commercial MWH consumed ^S	Average residential electric usage per capita (MWH/person) ^S <NEW>	Percent power content ¹			Voluntary Palo Alto Green program ^{S,⊙}	Percent customers enrolled in Palo Alto Green ^{S,⊙}	Electric service interruptions over 1 minute in duration	Average minutes per customer affected [⊙]	Circuit miles under-grounded during the year
					Renewable large hydro facilities ^S	Qualifying renewables ^{S,2}						
FY 2002-03	28,408	153,783	802,589	2.55	71%	5%	0.1%	0.7%	49	140 minutes	0	
FY 2003-04	28,482	158,099	799,927	2.61	60%	7%	0.5%	5.1%	30	43 minutes	0	
FY 2004-05	28,556	161,440	797,132	2.62	58%	5%	2.1%	12.6%	28	65 minutes	2	
FY 2005-06	28,653	161,202	804,908	2.58	61%	8%	3.2%	14.6%	39	63 minutes	1	
FY 2006-07	28,684	162,405	815,721	2.59	84%	10%	4.0%	18.5%	48	48 minutes	1	
Change over last 5 years	+1%	+6%	+2%	+2%	+13%	+5%	+4.1%	+16.4%	-2%	-66%	-	

¹ Combined CPAU and Palo Alto Green mix for the calendar year. Calendar year data is reported in the subsequent fiscal year (e.g. calendar year 2005 data is shown in FY 2005-06).

² Qualifying renewables include bio mass, geothermal, small hydro facilities (not large hydro), solar, and wind. In 2007, the City Council established renewable energy targets of 20% by 2008 and 33% by 2015. For more information see http://www.cityofpaloalto.org/depts/utl/forms_and_downloads.asp.

⊙ Budget benchmarking measure

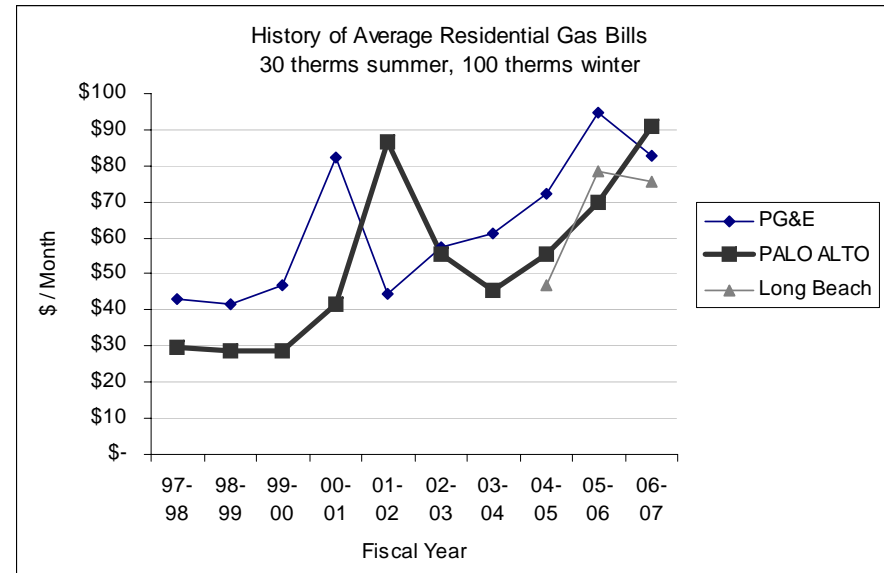
^S Sustainability indicator

GAS

Gas enterprise operating expense totaled \$30.1 million in FY 2006-07, including \$22.3 million in gas purchases (compared to \$15.3 million in gas purchases 5 years ago). Capital spending of \$3.6 million in FY 2006-07 was 35% less than five years ago.

The average monthly residential gas bill increased to \$90.97 last year. This was 63% more than five years ago, and is more than a comparable PG&E bill (as shown on the right).

In 2007, 85% of respondents to the Citizen Survey rated gas utility services good or excellent.



Source: Utilities Department data (weighted average of rate changes during year)

	Revenues, expenses, and reserves (in millions)					Gas purchases (in millions)	Average purchase cost (per therm)⊙	Average monthly residential bill (30/100 therms per month)	Authorized staffing (FTE)	Citizen Survey
	Operating revenue	Operating expense	Capital expense ¹	Equity transfers	Gas Fund reserves					Percent rating gas utility good or excellent⊙
FY 2002-03	\$29.7	\$22.1	\$5.5	\$2.6	\$27.3	\$15.3	\$0.52	\$55.66	44	89% ²
FY 2003-04	\$24.8	\$23.0	\$5.5	\$2.7	\$20.5	\$15.9	\$0.49	\$45.44	48	88% ²
FY 2004-05	\$31.2	\$26.7	\$5.3	\$2.8	\$12.8	\$18.8	\$0.57	\$59.24	47	68% ^{2,3}
FY 2005-06	\$37.0	\$28.3	\$3.3	\$2.9	\$13.2	\$21.4	\$0.66	\$69.76	47	88%
FY 2006-07	\$42.2	\$30.1	\$3.6	\$3.0	\$16.9	\$22.3	\$0.69	\$90.97	48	85%
Change over last 5 years	+42%	+36%	-35%	+13%	-38%	+45%	+33%	+63%	+9%	-4%

¹ Includes direct labor, materials, supplies, and contractual services; does not include overhead.

² Prior to FY 2005-06, ratings were based on electric and gas services together.

³ In FY 2004-05, satisfaction with gas and electric services dropped dramatically. In our opinion, three major events may have contributed to the 20-point decline in ratings: (1) gas rates increased 15 percent and electric rates increased 11.5 percent, (2) it was revealed that several employees in the Utilities Department were disciplined due to irregularities, and (3) the City agreed to a settlement with Enron Corporation.

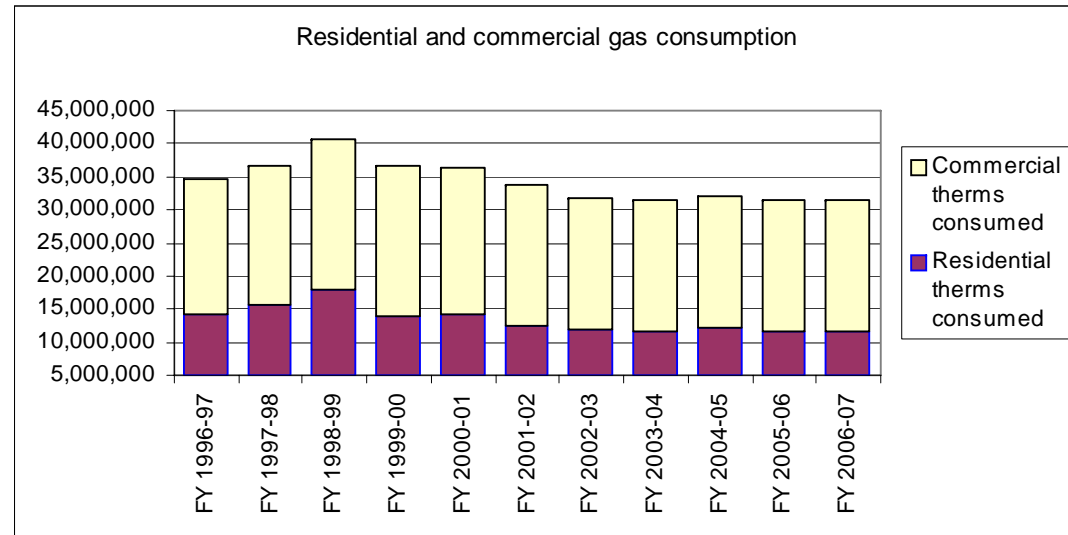
⊙ Budget benchmarking measure

GAS (cont.)

Residents consumed 1% less natural gas in FY 2006-07 than 5 years ago, and businesses consumed 2% less. According to staff, gas usage is weather dependent.

During FY 2006-07, 207 miles of pipeline were surveyed for leaks, and 2.3 miles of gas mains were replaced.

The number of service disruptions and customers affected has declined since FY 2002-03. In FY 2006-07, there were 18 service disruptions affecting 307 customers. In FY 2006-07, the department responded to 95% of gas leaks within 30 minutes, and completed 90% of mainline repairs within 4 hours.



Source: Utilities Department data

	Customer accounts	Residential therms consumed ^s	Commercial/ industrial therms consumed ^s	Average residential natural gas usage per capita (therms/person) ^s <NEW>	Number of service disruptions	Total customers affected	Percent gas mainline repairs within 4 hours ¹	Percent response to gas leaks within 30 minutes	Miles of gas main	Miles of pipeline surveyed for leaks	Miles of gas main replaced during year
FY 2002-03	23,169	11,875,753	19,962,297	197	45	1,001	100%	95%	207	207	5.7
FY 2003-04	23,216	11,700,335	19,806,752	193	37	850	100%	100%	207	207	5.7
FY 2004-05	23,301	12,299,158	19,765,077	200	31	639	97%	98%	207	207	2.8
FY 2005-06	23,353	11,745,883	19,766,876	188	19	211	100%	90%	207	207	2.8
FY 2006-07	23,357	11,759,842	19,581,761	188	18	307	90%	95%	207	207	2.3
Change over last 5 years	+1%	-1%	-2%	-5%	-60%	-69%	-10%	0%	0%	0%	-60%

¹ Utilities Strategic Plan performance objective

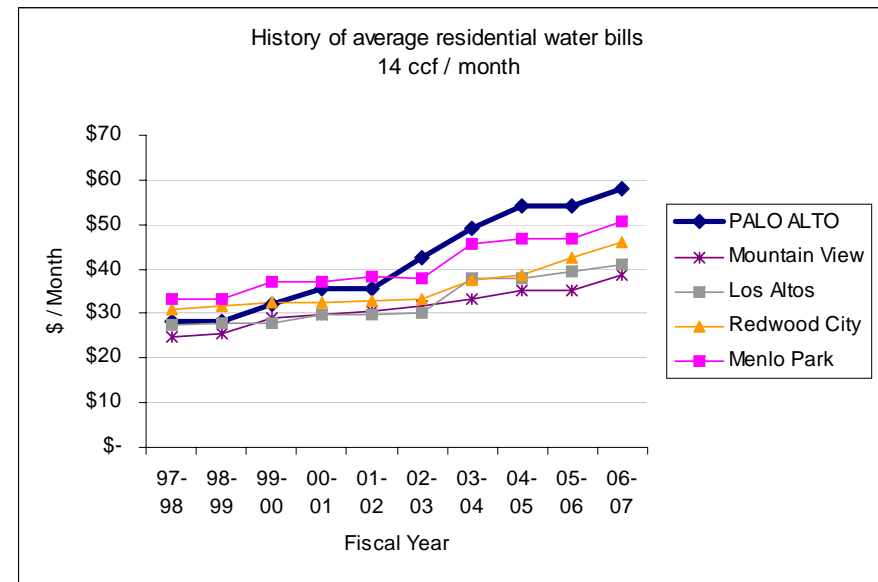
^s Sustainability indicator

WATER

The City of Palo Alto Utilities Department constructs, maintains, and operates the water delivery system. About 85% of the water Palo Alto purchases from the San Francisco Public Utilities Commission (SFPUC) originates from high Sierra snowmelt. This water, stored in Hetch Hetchy Reservoir in Yosemite National Park, is of such high quality that it is exempt from federal and state filtration requirements. The other 15% of SFPUC water comes from rainfall and runoff stored in the Calaveras and San Antonio Reservoirs located in Alameda and Santa Clara counties, and supplemented by groundwater in Sunol. The SFPUC treats and filters these local water sources prior to delivery to its consumers.

Over the last 5 years,

- Operating expense increased 33%, including a 36% increase in the cost of water purchases.
- Capital spending increased from \$2.5 million to \$3.9 million.
- The average residential water bill increased 37% to \$58.17 per month.
- As shown in the graph on the right, Palo Alto's average residential water bill has moved higher than the other jurisdictions surveyed.



Source: Utilities Department data [It should be noted that cities allocate costs differently and may have different levels of capital investment.]

Revenues, expenses, and reserves (in millions)

	Operating revenue	Operating expense	Capital expense ¹	Equity transfers	Water Fund reserves	Water purchases (in millions)	Average purchase cost (per CCF)⊙	Average residential water bill	Percent service orders processed within 2 working days of scheduled date	Authorized staffing (FTE)
FY 2002-03	\$17.7	\$13.1	\$2.5	\$2.2	\$24.1	\$5.7	\$0.95	\$42.45	85% est.	40
FY 2003-04	\$22.0	\$16.0	\$3.0	\$2.3	\$23.9	\$7.5	\$1.16	\$49.07	100%	41
FY 2004-05	\$21.0	\$15.0	\$4.6	\$2.4	\$22.2	\$6.7	\$1.17	\$54.12	99%	41
FY 2005-06	\$20.8	\$15.3	\$4.7	\$2.4	\$19.2	\$6.5	\$1.13	\$54.12	95%	41
FY 2006-07	\$23.5	\$16.3	\$3.9	\$2.5	\$21.3	\$7.8	\$1.32	\$58.17	95%	45
Change over last 5 years	+33%	+24%	+56%	+13%	-12%	+36%	+40%	+37%	+10%	+17%

¹ Includes direct labor, materials, supplies, and contractual services. Does not include overhead.

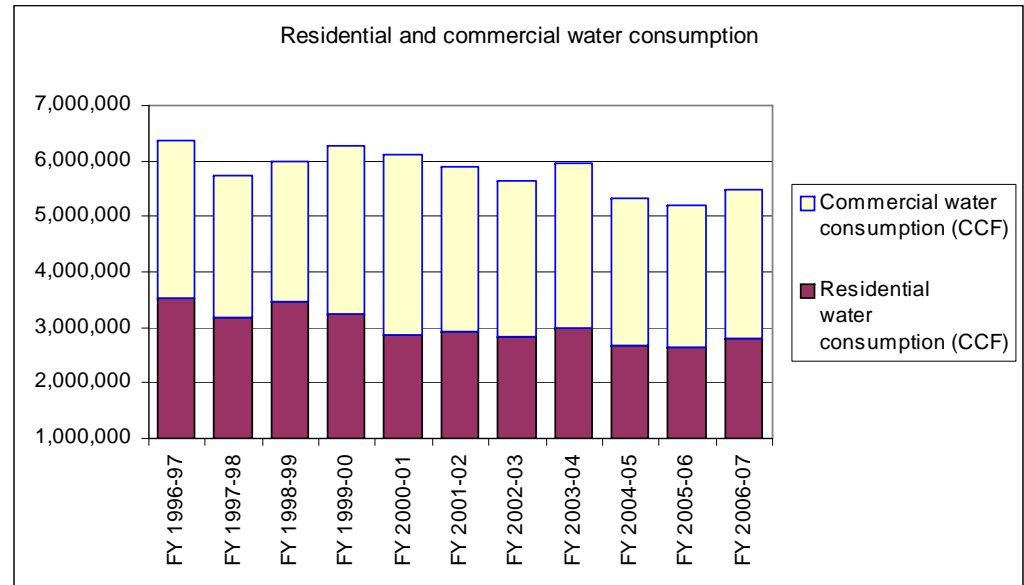
⊙ Budget benchmarking measure

WATER (cont.)

Residential water consumption is down 1% from five years ago. On a per capita basis, residents are using 5% less water than five years ago. Commercial water consumption is down 4% from five years ago. Water consumption, like that of natural gas, is highly weather dependent. Palo Alto's Water Utility revenues are based entirely on consumption (some water agencies bill on a combination of consumption and fixed monthly charges).

The number of service disruptions varies from year to year. The total number of service disruptions increased by 50% over five years, and the number of customers affected increased from 242 to 783.

In the 2007 citizen survey, 79% of respondents rated water utility services good or excellent.



Source: Utilities Department data

	Water consumption				Number of service disruptions	Total customers affected	Percent water main repairs within 4 hours ^{⊙1}	Miles of water mains	Estimated miles of water mains replaced	Water quality compliance with all required Calif. Department of Health and EPA testing ^{⊙S}	Citizen Survey
	Customer accounts	Residential water consumption (CCF) ^S	Commercial water consumption (CCF) ^{2,S}	Average residential water usage per capita (CCF) ^S							Percent rating water utility good or excellent [⊙]
FY 2002-03	19,487	2,844,916	2,785,893	47	18	242	83%	226	3	100%	82%
FY 2003-04	19,557	3,000,645	2,962,121	50	16	303	95%	226	3	100%	75%
FY 2004-05	19,605	2,686,507	2,644,817	44	10	193	100%	226	3	100%	81%
FY 2005-06	19,645	2,647,758	2,561,145	42	11	160	100%	219	0	100%	85%
FY 2006-07	19,726	2,807,477	2,673,126	45	27	783	97%	219	3	100%	79%
Change over last 5 years	+1%	-1%	-4%	-5%	+50%	+224%	+14%	-3%	0%	0%	-3%

¹ Utilities Strategic Plan performance objective
² Includes commercial, public, and City facilities
[⊙] Budget benchmarking measure
^S Sustainability indicator

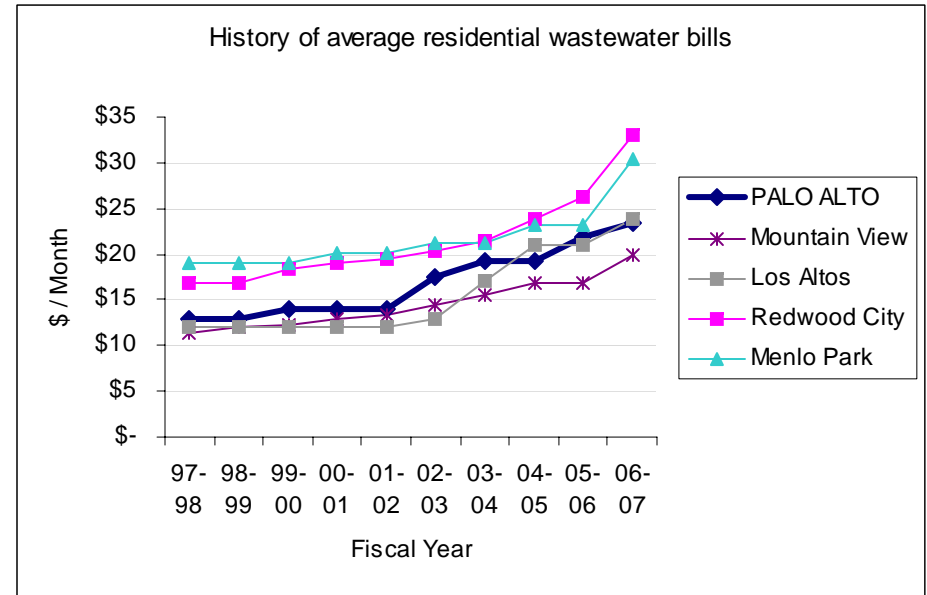
WASTEWATER COLLECTION

The department cleaned or treated 140 miles of the city's 202 miles of sewer lines in FY 2006-07. There were 152 sewage overflows in calendar year 2006. The department responded to 99% of sewage spills and line blockages within 2 hours.

In the 2007 citizen survey, 82% of respondents rated sewer services good or excellent.

Over the past 5 years,

- Operating expense increased 39%.
- Capital spending increased to \$7.7 million in FY 2006-07.
- The average residential bill increased from \$17.50 to \$23.48, or 34%. As shown on the right, Palo Alto's residential bill is midrange of other cities.



Source: Utilities Department data [It should be noted that cities allocate costs differently and may have different levels of capital investment.]

Revenues, expenses, and reserves (in millions)

	Revenues, expenses, and reserves (in millions)				Average residential sewage bill	Authorized staffing (FTE)	Customer accounts	Miles of sewer lines	Miles of mains cleaned/ treated [⊙]	Estimated miles of sewer lines replaced	Number of sewage overflows (calendar year) <REVISED> ²	Percent sewage spills and line blockage responses within 2 hours [⊙]	Citizen Survey
	Operating revenue	Operating expense	Capital expense ¹	Wastewater Collection Fund reserves									Percent rating quality of sewer services good or excellent [⊙]
FY 2002-03	\$10.7	\$8.5	\$3.6	\$12.5	\$17.50	27	21,819	202	98	5	-	95%	83%
FY 2003-04	\$12.6	\$9.1	\$2.8	\$13.6	\$19.25	23	21,830	202	79	3	-	99%	80%
FY 2004-05	\$12.0	\$8.9	\$3.8	\$13.5	\$19.25	24	21,763	202	115	5	-	99%	82%
FY 2005-06	\$13.8	\$10.8	\$2.4	\$14.5	\$21.85	23	21,784	202	89	0	310	99%	83%
FY 2006-07	\$14.8	\$10.0	\$7.7	\$12.4	\$23.48	25	21,789	202	140	7	152	99%	82%
Change over last 5 years	+39%	+17%	+114%	0%	+34%	-5%	0%	0%	+43%	+38%	-	+4%	-1%

¹ Includes direct labor, materials, supplies, and contractual services. Does not include overhead.

² In 2007, the State Water Resources Control Board changed the tracking and reporting requirements for sewer overflows. Under the new requirements, the department must report all sewage overflows.

⊙ Budget benchmarking measure

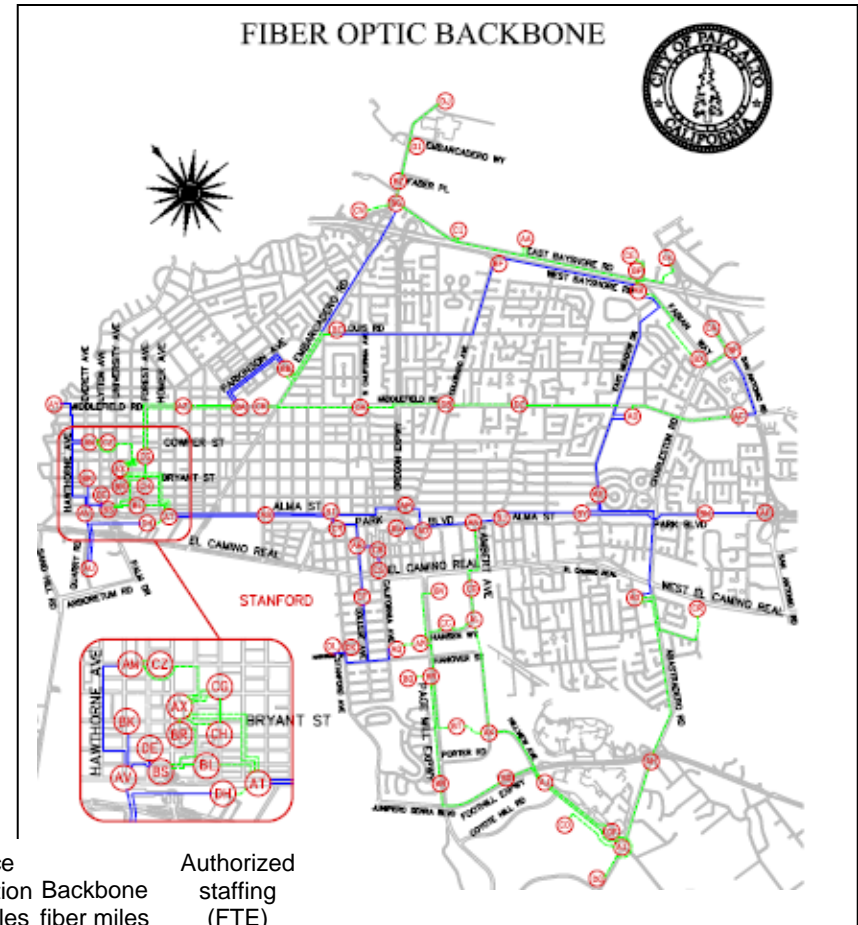
FIBER OPTIC UTILITY <NEW>

This report includes new performance information about the City’s fiber optic utility. Launched in 1996, the commercial fiber optics utility offers “dark” fiber optic network service to the Palo Alto business community. The system is comprised of a 40.6-mile fiber optic “backbone ring” (shown at right), with customers connected via fiber optic “service connections”. New customers pay the construction fees required to connect to the fiber optics backbone.

Over the past 5 years,

- Operating revenue increased by 57%, while operating expense declined by 12%.
- The number of service connections grew 61%.

CPAU currently provides service to 49 business customers (including resellers and home-based businesses) and several City departments (including Utilities, Libraries, the Wastewater Treatment Plant, Foothills Park Interpretive Center, and traffic signals). Simpler pricing methodologies and streamlined service agreements were adopted in 2006. Fiber Optic staff is aggressively marketing the fiber optic infrastructure system in order to attract new customers and retain existing customers.



	Operating revenue <NEW>	Operating expense <NEW>	Capital expense <NEW>	Fund balance <NEW>	Number of customer accounts <NEW>	Number of service connections <NEW>	Service connection fiber miles <NEW>	Backbone fiber miles <NEW>	Authorized staffing (FTE) <NEW>
FY 2002-03	\$1.4	\$0.8	\$0.5	-	34	100	23.1	-	-
FY 2003-04	\$1.1	\$0.8	\$0.6	-	34	99	25.4	-	7.0
FY 2004-05	\$1.4	\$1.0	\$0.3	-	39	116	30.6	-	5.4
FY 2005-06	\$1.6	\$0.8	\$0.2	\$1.0	42	139	34.8	-	4.9
FY 2006-07	\$2.2	\$0.7	\$0.1	\$2.7	49	161	39.5	40.6	3.1
Change over last 5 years	+57%	-12%	-70%	-	+44%	+61%	+71%	-	-

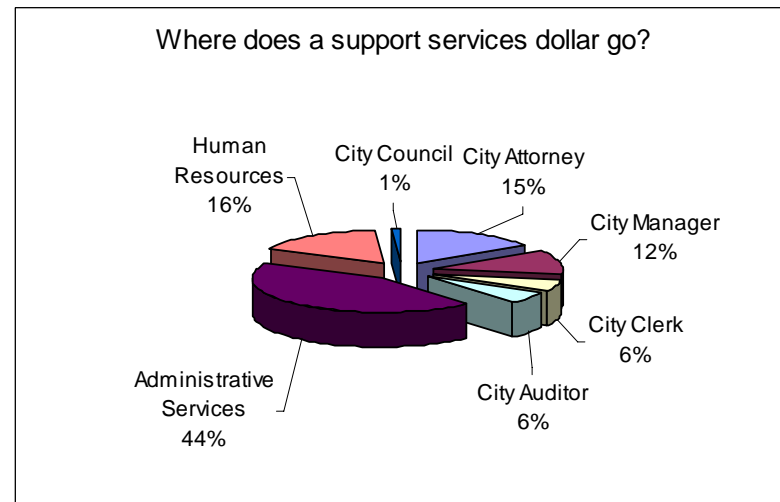
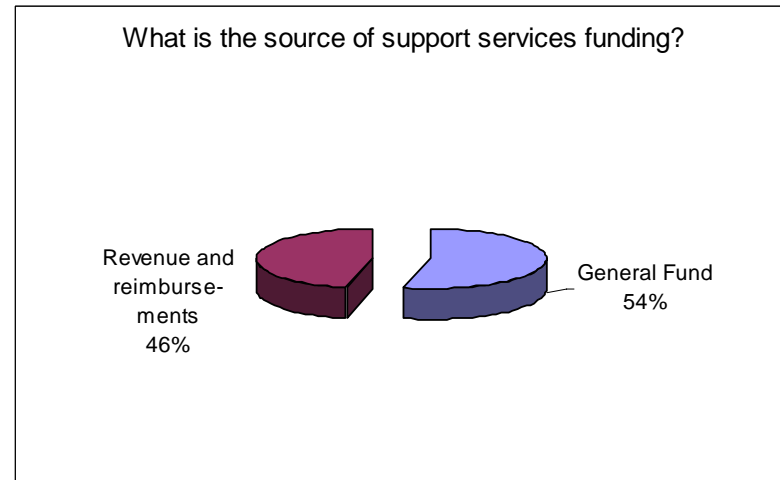
¹ Includes direct labor, materials, supplies, contract services, and allocated charges; does not include overhead.

² The Fiber Utility is a sub-fund within the Electric Fund. The original fiber backbone was funded with a \$2 million loan from the Electric Fund; the current loan balance is \$1.9 million.

CHAPTER 9 – LEGISLATIVE AND SUPPORT SERVICES

Legislative and support services include:

- Administrative Services Department – provides financial support services, property management, money management, financial analysis and reporting, purchasing, and information technology services.
- Human Resources – provides employee compensation and benefits, recruitment, employee and labor relations, employee development, and risk management services.
- City Manager – provides leadership to the organization in the implementation of City Council policies and the provision of quality services to the community. The Office also coordinates City Council relations, community and intergovernmental relations, and economic resources planning.
- City Attorney – provides legal representation, consultation and advice, and litigation and dispute resolution services.
- City Clerk – provides public information, Council support, administers elections, preserves the legislative history of the City, and provides oversight of administrative citation hearings.
- City Auditor – coordinates performance audits and reviews of City departments, programs, and services; revenue audits; and the annual external financial audit.
- City Council

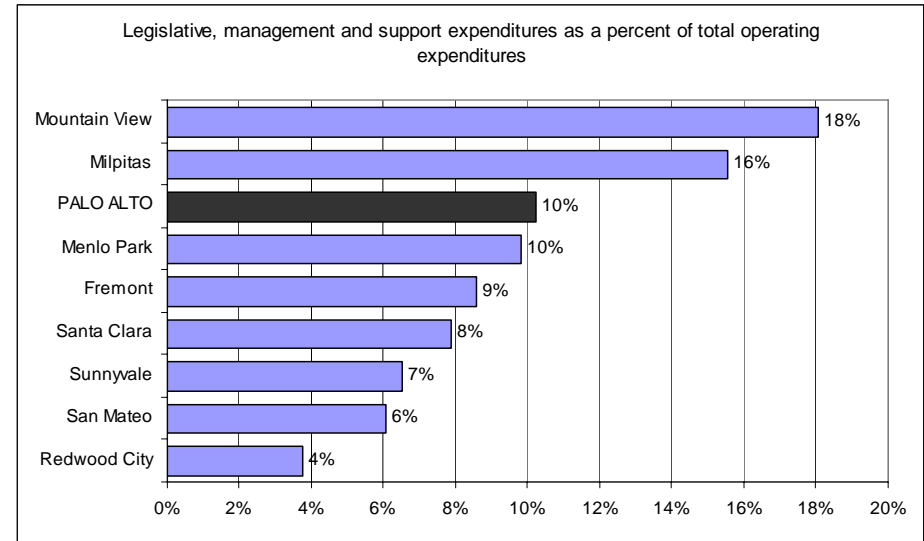


Source: FY 2006-07 revenue and expenditure data

SPENDING AND STAFFING

Palo Alto's legislative, management and support expenditures (about 10%) were 3rd highest of 9 local jurisdictions. It should be noted that jurisdictions offer different levels of service and classify expenditures in different ways.

- Administrative Services Department expenditures were about \$7 million in FY 2006-07. The department had a total of 99 authorized staff.²
- Human Resources expenditures were approximately \$2.6 million in FY 2006-07. The department had a total of 16 authorized FTE.
- Spending in the Office of the City Manager was about \$1.9 million in FY 2006-07. The Office had a total of 9 authorized FTE.
- Spending for the Office of the City Attorney, including outside legal fees, was about \$2.5 million in FY 2006-07. The Attorney's Office had 12 authorized FTE.
- Spending in the City Clerk's Office was about \$0.9 million in FY 2006-07. The Clerk's Office had 7 authorized FTE.
- The City Auditor's Office expenditures were about \$0.9 million in FY 2006-07. The Office had 4 authorized FTE.



Source: State of California Cities Annual Report FY 2004-05

	Operating expenditures (in millions)							Authorized staffing (FTE)					
	Administrative Services	Human Resources	City Manager	City Attorney	City Clerk	City Auditor	City Council	Administrative Services ²	Human Resources	City Manager	City Attorney	City Clerk	City Auditor
FY 2002-03	\$10.8	\$2.2	\$1.7	\$2.2	\$0.7	\$0.6	\$0.2	98	16	12	15	6	4
FY 2003-04	\$6.7 ¹	\$2.3	\$1.7	\$2.4	\$0.9	\$0.7	\$0.3	102	15	11	15	6	4
FY 2004-05	\$6.7	\$2.5	\$1.7	\$2.6	\$0.8	\$0.8	\$0.1	103	15	11	14	6	4
FY 2005-06	\$6.6	\$2.5	\$1.6	\$2.6	\$1.0	\$0.9	\$0.1	98	15	9	12	6	4
FY 2006-07	\$7.0	\$2.6	\$1.9	\$2.5	\$0.9	\$0.9	\$0.2	99	16	9	12	7³	4
Change over last 5 years	-35%	+20%	+10%	+13%	+31%	+40%	-28%	+2%	-2%	-26%	-22%	+18%	+10%

¹ In FY 2003-04, information technology expenditures moved to the Technology Fund (an internal service fund). Allocated IT costs are now shown in each department based on their use of IT services.

² Includes Administrative Services Department staff charged to other funds.

³ In FY 2006-07, the City Clerk's Office absorbed the Administrative Citation Hearings function from the Police Department.

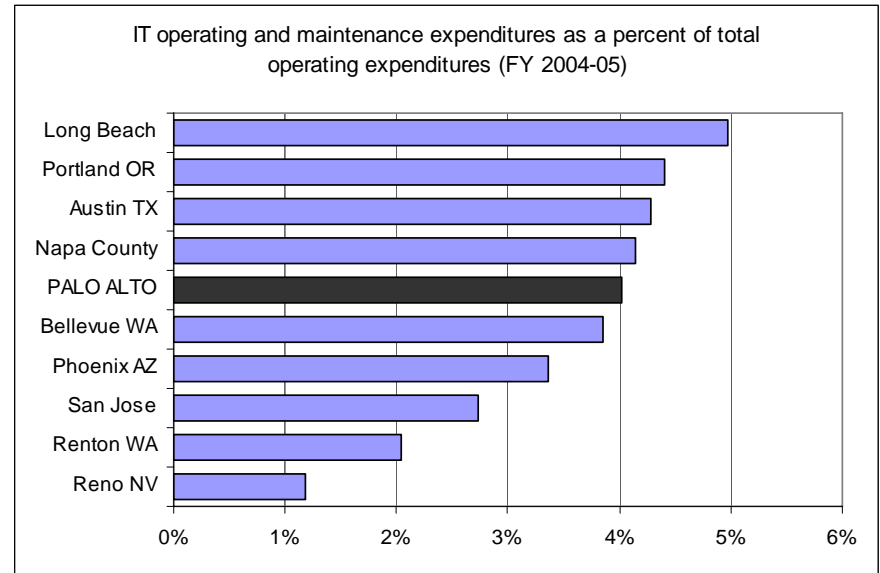
ADMINISTRATIVE SERVICES

The mission of the Administrative Services Department (ASD) is to provide proactive administrative and technical support to City departments and decision makers, and to safeguard and facilitate the optimal use of City resources. ASD encompasses a variety of services that might well be separate departments in a larger city.

The department monitors the City's cash and investments. In FY 2006-07, the rate of return was 4.35%. The City's overall AAA rating from Standard & Poor's is the highest general city credit rating possible.

According to staff, the number of checks issued and purchasing documents processed is dropping due to increased use of purchasing cards.

The chart on the right compares Palo Alto's spending on information technology (IT) services to some other jurisdictions.³ It should be noted that cities budget for IT expenditures differently, and they each offer different levels of IT and web services to their staffs and to the public.



Source: ICMA Comparative Performance Measurement FY 2004-05, and City of Palo Alto²

	Cash and investments (in millions)	Rate of return on investments	General Fund reserves (in millions) ¹	Number of accounts payable checks issued [⊙]	Percent invoices paid within 30 days [⊙]	Number of purchasing documents processed [⊙]	Dollar value goods and services purchased (in millions)	Number computer work-stations [⊙]	Requests for computer help desk services resolved within 5 days [⊙]	IT operating and maintenance expenditures as a percent of total operating expenditures ^{2,⊙}	Citizen Survey	
											Percent who used the internet to conduct business with the City	Percent who watched a public meeting on cable TV
FY 2002-03	\$413.6	5.03%	\$58.2	22,314	80% est.	5,618	\$64.0	913	90%	2.8%	47%	28%
FY 2003-04	\$402.7	4.48%	\$60.1	17,763	80% est.	5,265	\$70.6	978	90%	2.4%	52%	27%
FY 2004-05	\$367.3	4.24%	\$24.5 ⁴	16,813	80% est.	3,268	\$70.2	1,000	89%	4.0%	52%	29%
FY 2005-06	\$376.2	4.21%	\$26.3	15,069	80% est.	2,847	\$61.3	1,000	87%	3.9%	54%	31%
FY 2006-07	\$402.6	4.35%	\$31.0	14,802	80% est.	2,692	\$107.5	1,000	87%	3.3%	62%	26%
Change over last 5 years	-3%	-0.68%	-47% ⁴	-34%	0%	-52%	+68%	+10%	-3%	+0.5%	+15%	-2%

¹ Total unreserved/designated fund balances

² Adjusted to exclude IT services provided to the Utilities Department.

³ Through the CPA External Services Fund, ASD has provided IT services to Los Altos, East Palo Alto, Emeryville, Menlo Park, Atherton, Los Altos Hills, Saratoga, and Morgan Hill. Those agreements will terminate at the end of 2007.

⁴ In FY 2004-05, the Infrastructure Reserve balance of \$35.9 million was transferred from the General Fund to the Capital Projects Fund.

⊙ Budget benchmarking measure

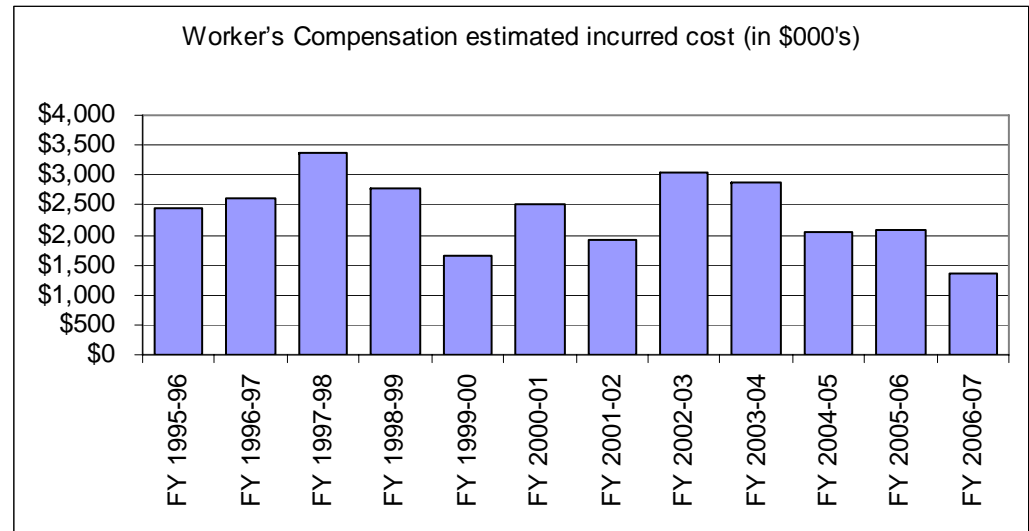
HUMAN RESOURCES

The mission of the Human Resources (HR) department is to recruit, develop and retain a diverse, well-qualified, and professional workforce that reflects the high standards of the community we serve and to provide a high level of support to City departments.³

The ratio of HR staff to total City staff is 1 to 74. The department coordinated more than 7,000 hours of employee training in FY 2006-07.⁴

The estimated incurred cost for workers' compensation claims has declined in each of the last 5 years, however it should be noted that early estimates of current claim costs often continue to grow as claims develop.

Due to a change in federal reporting requirements, the number of days lost to work-related illness or injury is now based on calendar days, not work days. 1,676 calendar days were lost to work-related illness or injury in FY 2006-07.



Source: Human Resources Department

	Ratio HR staff to total authorized staffing (FTE)	Number of new hires processed ⁴ ⊙	Percent of first year turnover ⊙	Percent of grievances settled before arbitration	Citywide training hours provided ⊙	Worker's Compensation estimated incurred cost (in millions) ¹	Calendar days lost to work-related illness or injury ⁵ <REVISED> ⊙
FY 2002-03	1 to 75	-	-	-	15,127 ²	\$3.2	-
FY 2003-04	1 to 76	51	7%	100%	19,080 ²	\$2.8	-
FY 2004-05	1 to 79	128	0%	67%	9,537	\$1.9	2,836
FY 2005-06	1 to 75	125	3%	100%	8,052	\$1.7	2,592
FY 2006-07	1 to 74	138	7%	100%	7,121	\$1.4¹	1,676
Change over last 5 years	-2%	-	-	-	-53%	-55%	-

¹ Early estimates of current claim costs grow as claims develop. Prior year estimates are revised to reflect current estimated costs for claims incurred during that fiscal year.

² Training hours were significantly higher than normal in FY 2001-02 through FY 2003-04 due to citywide implementation of SAP computer system.

³ Information about citywide staffing levels that was included on this page in previous SEA reports, is shown on page 20 of this report.

⁴ Includes transfers and internal promotions.

⁵ Due to a change in federal reporting requirements, the number of days lost to work-related illness or injury is now based on calendar days, not work days.

⊙ Budget benchmarking measure

CITY MANAGER, CITY ATTORNEY, CITY CLERK, CITY AUDITOR

The mission of the City Manager's Office is to provide leadership to the organization in the implementation of City Council policies and the provision of quality services to the community. The City Manager's Office coordinated preparation of at least 341 City Manager Reports (CMRs) during FY 2006-07. The City Manager's Office also coordinates public information services.

The mission of the City Attorney's Office is to serve Palo Alto and its policy makers by providing legal representation of the highest quality. The current ratio of staff attorneys to regular full-time equivalent employees is 1 to 193.

The mission of the City Clerk's Office is to provide public information; to provide Council support; to administer elections; and to preserve the legislative history of the City. In FY 2003-04, the Office reduced the average time to finalize City Council minutes from 5 weeks to 4 weeks – a 20 percent improvement.

The mission of the City Auditor's Office is to promote honest, efficient, effective, and fully accountable City Government. The Office conducts performance audits, revenue audits, and coordinates the annual external audit of the financial statements. In FY 2006-07, revenue audit recoveries totaled \$78,770, and the office made 27 audit recommendations.

	City Manager			City Attorney			City Clerk	City Auditor	
	Number of City Manager Reports (CMRs) issued	Citizen Survey Percent rating public information services good or excellent⊙	Citizen Survey Percent respondents read Palo Alto newsletter in last 12 months	Number of claims handled⊙	Number of work requests processed ⊙	Ratio staff attorneys to total employees (FTE)	Average time to finalize City Council minutes⊙	Number of audit recommendations⊙	Revenue audit recoveries⊙
FY 2002-03	368	72%	-	162	1,013	1 to 161	5 weeks	21	\$355,456
FY 2003-04	381	76%	62%	130	1,284	1 to 176	4 weeks	85	\$140,461
FY 2004-05	369	74%	63%	144	1,635	1 to 170	4 weeks	49	\$232,895
FY 2005-06	336	72%	84%	107	2,123	1 to 172	4 weeks	53	\$917,597
FY 2006-07	341	73%	83%	149	2,511	1 to 193	4 weeks	27	\$78,770
Change over last 5 years	-7%	+1%	-	-8%	+148%	+20%	-20%	+29%	-78%

⊙ Budget benchmarking measure

