

FISCAL YEAR 2021

PROPOSED OPERATING BUDGET





CITY OF
**PALO
ALTO**

April 20, 2020

To the Honorable Mayor and City Council
2021 Fiscal Year Operating & Capital Budget Transmittal

Dear Mayor and Council Members:

In accordance with the City Charter, I am presenting the City of Palo Alto's Fiscal Year 2021 Proposed Operating Budget and Fiscal Year 2021 Proposed Capital Budget along with the Fiscal Year 2021-2025 Capital Improvement Program (CIP) Plan. The operating budget totals \$818.9 million and the capital budget totals \$288.7 million in FY 2021 and \$793.4 million over the five-year CIP. As required by the City Municipal Code, the Planning and Transportation Commission (PTC) will review the 2020-2024 CIP in May 2020 to evaluate the program's compliance with the Updated Comprehensive Plan which was adopted by City Council in November 2017. As discussed previously with the City Council, this a baseline for us to continue conversations to ensure alignment of revenue and expenses and long-term fiscal sustainability in light of the global health crisis.

At the time of the development of the FY 2021 budget, the world is grappling with the novel coronavirus (COVID-19), a global pandemic. Society through both government and industry are responding in order to slow the spread and contain the virus in order to safeguard as many lives as possible. The financial implications of this public health emergency are significant, with regional, national and global impacts on economies in response to shelter in place orders required by the State of California and the County of Santa Clara and related social distancing restrictions. Since the Santa Clara County Ordered a Shelter in Place on March 16, 2020, Palo Alto has seen retail stores, many hotels, and restaurants close their doors completely as the community struggles to adapt to this extraordinary challenge. We have also seen our daytime population drop as workers and visitors shelter in place, telework, and limit their movements to slow the spread of the virus. The impacts have been stark and immediate.

On March 12, 2020 the City Manager, acting as the Director of Emergency Services, issued a Proclamation of Local Emergency regarding the presence and community spread of COVID-19 in Santa Clara County and our region. The Proclamation allows the City to exercise extraordinary police powers, should these be needed; provides immunity for emergency actions; authorizes issuance of certain necessary orders and regulations; activates pre-established emergency processes; and is a prerequisite for requesting state or federal assistance related to the emergency, should such assistance become available. On Sunday, March 15, 2020, the City Manager activated the Emergency Operations Center and since that time, the City has managed the EOC virtually through a cross-functional multi-departmental team.

On March 16, 2020, the City Council ratified the Proclamation of Local Emergency. In the weeks since COVID-19 was detected and found to be transmitting via community spread, City staff have taken numerous actions to promote community safety and address existing and potential impacts on City services and operations. The City has transitioned a majority of its workforce to remote (telework) status, while maintaining essential services such as fire, police, public works, and utilities.

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Due to the immediate constraints on social activities, severe impacts to transient occupancy taxes, sales tax, documentary transfer tax, and revenue from licenses, permits, and charges for services are ongoing. Although anecdotal, staff expects hotel occupancy levels to be below 10 percent and restaurants and retail establishments to remain primarily closed while the current Shelter-in-Place Order and social distancing practices are in effect. The financial outlook beyond the current environment are also unknown as unemployment claims have reached unprecedented levels and the financial markets are volatile. Further, while the current County of Santa Clara Public Health Order runs to May 3, there are indications at both the local and State levels that the public health emergency will extend for months to come.

While mindful of the unprecedented circumstances at hand, this Budget Message includes the following sections to outline the City's resource allocations for the year ahead and beyond:

1. City Council Priorities
2. Council Adopted Budget Principles
3. Continuing Fiscal Sustainability Actions Previously Adopted
4. Fiscal Reality and Budget Priorities
5. Summary of Other Funds (including the FY 2021-2025 Capital Improvement Plan)
6. Budget Timeline
7. Acknowledgments

City Council Priorities

In February of this year, which may seem like a lifetime ago, the City Council held a retreat and selected three priorities to focus on in 2020. The priorities include:

- Housing with an emphasis on affordable housing
- Sustainability, in the context of the changing climate
- Improving mobility for all

In February of this year, which may seem like a lifetime ago, the City Council held a retreat and selected three priorities to focus on in 2020. The priorities include:

"Housing with an emphasis on affordable housing

"Sustainability, in the context of the changing climate

"Improving mobility for all

Two of these priorities, mobility, and sustainability, relate to City Council priorities from 2019. For the City Council Retreat staff report highlighting past Council priorities and community input gained to help inform this discussion, go here:

<https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=62811.92&BlobID=75033>

Since February, the City Council has adopted housing and sustainability workplans, guiding staff work associated with these priorities, and a revision to the existing transportation workplan was planned by June 2020. While progress is being made on all priorities, the realignment needed to reflect current circumstances will severely impact our ability to continue this work. The budget direction below considers suspending much of the work on all three priorities, in order to focus on legally mandated activities and redeploying staff to focus on recovery efforts.

Council Adopted Budget Principles

As part of the FY 2021 - FY 2030 Long Range Financial Forecast, the City Council approved budget guidelines that have driven development of the FY 2021 Proposed operating and capital budgets. The budget principles include:

1. Develop a structurally balanced budget that brings ongoing revenues and expenses into alignment. Develop a plan for any structural imbalance to ensure that the City maintains its fiscal sustainability over the short, medium, and long-term.
2. Allocate one-time resources for one-time needs rather than committing one-time resources to ongoing services. Examine appropriate uses of revenue surpluses that exceed forecasted levels including planning for recession needs.
3. Ensure appropriate resource allocation for City Council's existing priorities.
4. Focus on business process redesign to enhance quality, flexibility, and cost effectiveness of service delivery (include examining opportunities to streamline, simplify, reorganize, and reallocate resources to avoid duplication of effort).
5. Explore alternative service delivery models (such as partnerships with non-profits or other public/private sector groups) to minimize overlap, maximize cost share, and effectively use resources.
6. Continue to thoroughly analyze non-personnel/equipment/other costs, such as contract services, for cost savings opportunities.
7. Explore the expansion of existing revenue sources or the addition of new revenue sources, including the alignment of existing charges for services and the opportunity to establish new fees, when appropriate.
8. Continue to analyze and prioritize resource augmentations, seeking to offset augmentations with reductions elsewhere for net-zero impacts to the budget whenever possible.

The FY 2021 - FY 2030 Long Range Financial Forecast can be found here:

<http://cityofpaloalto.org/civicax/filebank/documents/74907>

Continuing Fiscal Sustainability Actions Previously Adopted

The FY 2021 baseline budget reflects the current service levels approved by the City Council with revenue projections prior to the COVID-19 emergency. As a balanced budget, the assumptions contained therein continue to follow conservative proactive fiscal management across all funds and includes a \$2.7 million contribution to the Budget Stabilization Reserve in the General Fund. This reflects the significant progress the City has made towards ongoing cost containment over the past several years and the reductions that have been made across the organization. It shows the continued push to proactively fund pensions with continuing the City Council approved additional annual payments to the City's irrevocable IRS Section 115 Pension Trust Fund ("Pension Trust Fund") (\$3.4 million General Fund, \$5.5 million all funds), additional payments to the City's OPEB Trust (approximately \$3.0 million annually all funds).

Investment in capital infrastructure has been a key priority as well and is funded by approval of two (2) Transient Occupancy Tax rate changes as well as a sizeable transfer from the General Fund to the Capital Improvement Fund for the catch-up and keep-up priorities identified by the

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Infrastructure Blue Ribbon Commission (IBRC). This capital budget continues to prioritize the 2014 Council approved Infrastructure Plan in the General Capital Improvement Fund. In order to accomplish this, some of the larger projects previously planned in the five-year CIP have been pushed out beyond the 2021-2025 timeframe.

The ability to maintain these financial investments in capital and proactive payment of long-term liabilities, while funding Council priorities over the years, has resulted in service and staffing reductions and service delivery changes such as the animal shelter transition to a public/private partnership with Pets in Need. This prioritization of fiscal sustainability did not come without impacts. The FY 2020 Adopted Budget and the FY 2021 Proposed Budget continues reductions in the Fire Department, position eliminations in the Library Department and Public Works, as well as ongoing expense reductions in the Office of the City Clerk, the City Manager's Office, the Office of Emergency Services, and Information Technology.

In addition, efforts to structurally balance the FY 2020 budget, the FY 2020 Adopted Budget included actions that were expected to start in FY 2021, such as the transition of Project Safety Net to a community-funded model with the City as a partner instead of the primary funder, and the realization of approximately \$450,000 in additional savings in the Police Department. This FY 2021 Proposed Budget includes continuation of these efforts.

These actions result in a baseline workforce of 1,034, which decreased by 1 position compared to the FY 2020 Adopted Budget. This is significantly less than the peak level of 1,076 citywide positions in 2009. In the General Fund, positions have decreased 11.9 percent, from 651 to 574, since 2009. Staff released the "City Services Guide" in December 2019 to assist in further conversations about the exceptional services provided by the City and the resources necessary to provide them.

You can find the City Services Guide and the appendix here:

<http://cityofpaloalto.org/civicax/filebank/documents/74888>

<http://cityofpaloalto.org/civicax/filebank/documents/74176>

Fiscal Reality and Revised Budget Approach

This year's proposed budget recognizes the need to set new priorities in light of the significant uncertainty the City faces. Per direction by the City Council on March 23, 2020, these proposed operating and capital budgets include less information and data than normal and are effectively a carryover budget. They reflect the cost of current service levels recalculated to FY 2021 rates and limited adjustments. The capital budget has been updated for the current status and cost estimates of projects based on engineering designs and only adds limited new projects for urgent health and safety needs. These budgets also begin what staff expects to be an ongoing conversation and difficult work ahead to plan for the return or recovery period once the shelter in place order is lifted. It is expected that these deliberations will require resetting expectations and many shared sacrifices moving forward.

Despite reflecting most recent figures, revenue estimates contained in these budgets are nonetheless likely overstated given the current state of the economy. It is expected that once the revenue estimates are revised, significant adjustments will be necessary to ensure a balanced budget in the several funds with economically sensitive revenues. This includes but is not limited to the General Fund, Refuse Fund, Parking Funds, and Enterprise Utility Funds. Staff

expects to begin these conversations with the release of these Proposed Budgets and continue through May and June. Ultimately, the City Council must adopt a balanced operating and capital budget by June 30 for the new fiscal year FY 2021 beginning July 1, 2020. Staff will work to achieve this with the City Council.

Depending on the length and depth of this current public health emergency, the severity of the financial ramifications remains unknown. In the General Fund, staff has worked to estimate the impacts on the potential loss in major tax revenues. Based on this, at the time of this transmittal, it is estimated that major General Fund taxes will decline at minimum by \$20.0 million in FY 2021 compared to the estimates carried in this baseline budget. Sales Tax and Transient Occupancy Taxes (TOT) alone make up nearly 30 percent of the General Fund revenues. In addition, preliminary figures from CalPERS reflect that they will not meet their expected investment returns this year. Through March, CalPERS is reporting -4 to -5 percent losses and are currently hovering around -1 percent to 0 percent investment returns. It is expected that these costs will materialize in the City's FY 2022-2023 retirement rates and continue through a 20-year period.

As we have all been reading in the current news, it is expected that society will be susceptible to restrictions and a possible resurgence of the infections of COVID-19. As we continue to grapple with these unknown effects, adding to the City Council's adopted Budget Principles highlighted above, I am recommending establishing a set of Budget and Fiscal Recovery Priorities to help guide our work to balance this significant change and continue to evolve through these uncertain times. These include:

- Support economic recovery through changes to our policies and programs
- Focus on resiliency over the long term while making service reductions and changes, ensuring that any services eliminated can be restored in future years
- Seek new ways to conduct our work through efficiencies and a learning environment
- Apply a broad-based approach to reductions, balancing impacts to the community
- Use temporary solutions to bridge extreme revenue losses expected in the short term

Recognizing that some of the necessary measures may not be sustainable in the long term, some deferrals of longstanding priorities will be necessary to respond to the downturn and allow for an economic recovery before resuming. We must assume this may take years, as the actual duration is unknown.

Through these new Budget and Fiscal Recovery Priorities, I've directed our Department Directors to think differently about our budget approach and challenges ahead including the following service changes and themes listed below. This is not a recommended budget approach at this time, nor comprehensive list, however it is intended to demonstrate the magnitude of changes needed to address expected financial constraints. Note that some workforce strategies are subject to bargaining over decisions and/or impacts, in some cases requiring mutual agreement. The City will work with labor to explore savings through these and other strategies.

Citywide Strategies

- Citywide Cost Containment: We will explore additional cost containment through continuing a hiring freeze and freezing all nonessential travel, eliminating current vacancies and reducing future vacancies through attrition, and/or implementing furloughs with corresponding service reductions such as reduced walk-in office hours.

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- City General Capital Infrastructure Fund Transfer Suspension: The City's General Fund transfers upwards of \$30 million annually to the General Capital Infrastructure Fund, consisting of a baseline transfer as well as the allocation of TOT receipts as designated by the City Council. This is expected to be significantly impacted by the losses in TOT revenues and reduction in the General Fund transfer would help bridge operating budget impacts. Both will significantly reduce the capacity for capital investments in the near term. We must prioritize investments including the Public Safety Building, 2014 City Council approved Infrastructure Plan, Parks improvements such as Birch Street, the newly acquired property adjacent to Boulware Park, and various transportation projects including but not limited to grade separations.
- Proactive Funding of Long-Term Liabilities: The City Council approved a proactive funding strategy to contribute to the City's Pension Trust Fund assuming a normal cost for contribution with a 6.2 percent discount rate. This resulted in additional annual contribution of \$5.5 million in all funds, \$3.4 million in the General Fund. We will explore pausing this practice to soften the extreme revenue losses in the short-term.
- Support of Economic Recovery through Changes to our Policies and Programs: The City is initiating Business Roundtables and other programs and services to continue supporting the business community. While implementation of outputs from the Business Roundtables may require near-term investments, they will also assist in the long term economic recovery of our community. Initiatives include the implementation of our new online permit system to ensure, even while sheltering in place, review of planning and permitting processes and policy changes to support businesses in the City.

Department Specific Strategies

- Public Safety: We will explore the suspension or elimination of specialized police units such as the traffic enforcement unit and investigation unit to maintain minimal police patrol services and shift the priority of police services to focus on urgent calls and reduce the level of service and ability to respond to non-urgent calls for services. Reduce officer training, promotional testing, uniform purchases and eliminate or change to full cost recovery for non-essential programming such as the Parent Project community education program, crossing guards, Stanford Athletics, and school resource officers. Explore the reduced availability of at least one of five fire stations and eliminate or freeze a staff vacancy in the Office of Emergency Services.
- Community & Library Services: We will explore reduced library hours, not opening select library branches, and not re-opening some community services facilities. This includes greater cost recovery through changes in service delivery, charges for services, and/or limiting operating hours, for facilities such as the new Junior Museum and Zoo (JMZ), one community center, the Children's Theatre, or the Art Center. We will also explore reducing the number of days or hours of operation that other Community Services facilities are open such as community centers, museums, theaters or open space preserves. Explore the reduction or elimination of programming such as special events, art exhibits, and teen programs and re-evaluate the shared services between the City and Palo Alto Unified School District (PAUSD), including suspension of programs unless greater cost recovery can be achieved. Explore termination of the Cubberley lease or resetting to a shared revenue structure.
- Planning & Infrastructure: Explore restrictions to use of contract inspectors, elimination of next day inspections and explore scheduled inspections, understanding that this could delay

services to our development community. Defer several Council adopted planning efforts such as the housing work plan, all electric commercial buildings initiatives and other work not legally mandated. Restructure work to in-house staff only, explore amendments to the City's municipal code to scale back on application processing requirements associated with wireless communication facilities. Explore other amendments to reduce the number of applications requiring review by the architectural review board and elimination of the individual review program to free up resources that support the Council's long-range planning policy interests.

Explore reducing code enforcement staffing, eliminating the Crosstown and Embarcadero shuttle programs or redesigning the delivery of this service to reduce costs. Evaluate the current parking program including the Residential Preferential Parking (RPP) program to full cost recovery including implementation of license plate recognition for efficiencies in parking enforcement, and implementation of a paid parking program to increase revenues. Explore deferral or reduction in tree trimming, vehicle replacement, suspending rate changes in various utility enterprise funds for the coming year(s) and explore shifting the City's sidewalk replacement and repairs program to cost-sharing or full property owner responsibility.

- Internal Services & Council Appointed Officers: Internal Services departments include the Information Technology, Human Resources, and Administrative Services Departments as well as the Council and appointed officers (City Manager, City Attorney, City Auditor and City Clerk). We will explore reductions in these areas in line with the proposed changes in services, aligning timeframes for assistance and review in areas such as recruitments, procurements, and risk management. Technology solutions would be constrained to only essential contracts and systems. The City Council may similarly review its expenses and areas for reduction.

Once again, we must recognize that many of these budget balancing strategies are not sustainable over the long term. However, these or similar solutions are necessary to bridge the gap created by a steep economic downturn, contain costs, and support our economic recovery.

Summary of Other Funds

The City's Enterprise and other funds, including the General Capital Fund, have also been brought forward in these proposed operating and capital budgets as working budgets. They reflect the priorities from the FY 2020 budget development with updates for FY 2021 rates and limited adjustments. The capital budgets have been updated for the current status and cost estimates of projects based on engineering designs and only adds limited new projects for urgent health and safety needs. The City will continue to maintain services and facilities for the community and the region, such as Utilities, Palo Alto Airport, and Wastewater Collection and Treatment plant. Although these budgets in this FY 2021 assume rate increases in various utilities, as noted above, staff is working to explore suspension of rate changes. Minimal changes are recommended in the various parking funds, one-time funding approved in FY 2020 are recommended to be continued for an additional year such as funding for the Transportation Management Association (TMA) and a General Fund subsidy in the RPP program. Parking permit prices are also recommended to increase by 2.6 percent, consistent with most other fees, except for resident permits which are recommended to remain at \$50.

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In FY 2021, a total of \$96.4 million will be allocated towards the capital program for the Enterprise Funds, with \$390.5 million allocated over the five-year CIP, representing 52.1 percent of CIP expenditures for all funds. Major investments continue in the Wastewater Treatment Plant's capital program, with approximately 64 percent of the expenses reimbursed by five contributing partner agencies outside of the City of Palo Alto, and the general Capital Improvement Fund, which is the second largest section of the 2021-2025 CIP, totals \$335.0 million with 91 projects. It is expected, as noted above, that a prioritization of investments will be necessary with the expected reduction in TOT receipts.

Budget Timeline



Acknowledgements

I would like to thank the City Council for your leadership and our Executive Leadership Team and the entire staff of the City for providing outstanding services to our community. While recognizing the challenges ahead, the Palo Alto community should be proud of your leadership and commitment to service.

A proposed budget takes countless hours of teamwork, collaboration, and patience to produce. I would like to offer special thanks to Kiely Nose, our Chief Financial Officer and the dedicated Office of Management and Budget Team - Christine Paras, Paul Harper, Steve Guagliardo, Jessie Deschamps, Alexandra Harris, Jamie Perez, Kayla Shapiro, and Chaitali Paliwal. Completing this budget could not have been accomplished without the skill, dedication, and professionalism of this team. Their willingness to work through these unique circumstances and sacrifice countless hours are a testament to their commitment to this organization and to the community. Thanks are also due to David Ramberg, Assistant Director, Administrative Services Department, and Tarun Narayan, Treasury Manager. I am also grateful to the Department Directors of our Executive Leadership Team and the department personnel who worked on the material. There are too

many to list here by name, but the budget could not have been produced without the senior/management analysts, division managers, administrative assistants, and others throughout the organization who helped produce this budget.

Respectfully Submitted,



City Manager

Attachment A: Fiscal Year 2021 Budget Balancing

The FY 2021 Operating Budget of \$818.9 million reflects a 13.1 percent increase from the FY 2020 Operating Budget of \$723.8 million. The increase primarily reflects the year-over-increase in programmed costs in the Capital Improvement Plan (CIP). The CIP expenses budgeted in FY 2020 were \$154.3 million; FY 2021 includes programmed expenses of \$254.2 million. The General Fund has \$238.8 million in budgeted expenses and represents 29.1% of the City's total expenditures.

This FY 2021 baseline budget reflects the current service levels approved by the City Council with revenue projections prior to the COVID-19 emergency. As a balanced budget, the assumptions contain therein continues to follow conservative proactive fiscal management across all funds and includes a \$2.7 million contribution to the Budget Stabilization Reserve in the General Fund. This reflects the significant progress the City has made towards ongoing cost containment over the past several years and the reductions that have been made across the organization prior to the impacts of COVID-19.

Despite reflecting most recent figures, revenue estimates contained in these budgets are nonetheless likely overstated given the current state of the economy. This budget begins what staff expects to be an ongoing conversation and difficult work ahead to plan for the return or recovery period once the shelter in place order is lifted and the impacts of COVID-19 continue to materialize financially. It is expected that these deliberations will require resetting expectations and many shared sacrifices moving forward.

Budget summaries outlining the baseline budget presented in this proposed budget for the City's main funds are below and far greater detail is provided in their respective sections of the budget document.

General Fund

The FY 2021 Proposed Operating Budget includes revenues of \$241.5 million in the General Fund, representing a 4.1% increase over the FY 2020 Adopted Budget of \$232.1 million. General Fund expenses are budgeted at \$238.8 million in FY 2021, representing an increase of 3.5% from the FY 2020 Adopted Budget of \$230.8 million. These moderate increases in revenues and expenses which reflect activity prior to the public health emergency and current baseline service levels are discussed below.

The FY 2020 Budget Stabilization Reserve (BSR) is anticipated to be \$47.1 million, which would be 19.7% of General Fund expenses, and \$2.9 million above the City Council target level of \$44.2 million, which would be 18.5% of General Fund expenses. The General Fund Budget currently includes a contribution of \$2.7 million to the BSR in FY 2021, since revenues in the budget exceed expenses by that amount. A significant draw on this reserve is forecasted for FY 2020 which would revise these figures due to the financial impact of the current shelter in place health order.

REVENUES

Revenues of \$241.5 million in the General Fund represent revenue estimates at the time the budget was developed, prior to the COVID-19 public health emergency. This \$9.4 million increase over the FY 2020 Budget was diffused throughout the revenue categories, with \$7.5 million of the increase attributed to various tax revenues. Each of these revenue estimates will be revised as more refined information becomes available and will be discussed with the City Council through budget hearings with the City Council. Below summarize the revenue estimates that this baseline budget assumes, however, it is expected that they are overstated.

- Sales Tax was projected to increase by 9.5% (from \$34.3 million to \$37.6 million),
- Property Taxes was anticipated to increase by 8.7% (from \$48.6 million to \$52.9 million), and
- Transient Occupancy Tax (TOT) was expected to increase by 1.3% (from \$29.3 million to \$29.6 million).

When the major tax categories are combined, including the above taxes as well as documentary transfer tax and Utilities User Tax, their revenues are anticipated to increase by \$7.5 million, or approximately 5.4%, from FY 2020 Adopted Budget of \$138.2 million to \$145.7 million.

The City will continue to monitor current revenues and analyze the economic and fiscal impacts of COVID-19. Additionally, funding from other sources, such as Measure B and SB1, are included in this budget to provide resources for Capital Infrastructure. They are discussed more in the FY 2020-FY 2024 Capital Budget, however impacts on external funding sources such as these will also need to be monitored and potentially adjusted.

EXPENSES

The City's FY 2021 General Fund expense budget is \$238.8 million. As a service-driven organization, salaries and benefits, including the City's proactive pension funding contributions, represent 58.9% of total General Fund expenses. This percentage is consistent with prior years. The next largest expense in the General Fund is transfers to other funds, which is increasing 9.1% from \$34.0 million to \$37.0 million. This category includes transfers to the infrastructure associated with TOT revenues.

As discussed earlier, the FY 2021 Proposed Budget does not yet contemplate the significant impacts of COVID-19. The FY 2021 Proposed budget includes current service delivery levels adjusted to FY 2021 costs and limited additional adjustments. The adjustments reflect only limited changes to service delivery that were both known and quantifiable at the time this budget was developed. Budgetary impacts of COVID-19 will be discussed through the budget hearing process. Budgeted expenses will be revised based on the discussions during those hearings for the FY 2021 Adopted Budget.

The increase in expenses year-over-year in the FY 2021 Proposed Budget reflects increased costs associated with salaries and benefits, which includes the City's contributions towards addressing long-term liabilities such as Retiree Health and Pension costs and the transfers to other funds discussed above.

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In the FY 2021 Proposed Budget, there is a net 1.0 full-time position elimination in the General Fund. All changes to positions included in the FY 2021 Proposed Budget are discussed in Attachment B of the transmittal letter along with more detail regarding salary and benefit changes.

Very limited one-time funding was included in the FY 2021 Proposed Budget, such as an expense for the November 2020 election in the Non-Departmental section of the Budget. The City is responsible for paying its proportional share of election costs, which is administered by Santa Clara County.

All Funds

This budget focuses not only on the General Fund but also on the City's other funds. Despite reflecting most recent figures, revenue estimates contained in this budget are nonetheless likely overstated given the current state of the economy. It is expected that once the revenue estimates are revised, significant adjustments will be necessary to ensure a balanced budget in the several funds with economically sensitive revenues. Staff expects to begin these conversations with the release of these Proposed Budgets and continue through May and June.

Major activities in non-general funds in this FY 2021 baseline budget include:

Wastewater Treatment Fund

The FY 2021 Budget includes significant funding for the Wastewater Treatment plant's seven capital projects programmed through the FY 2021 - FY 2025 Capital Improvement plan. \$9.7 million is budgeted in FY 2021 for these projects, including \$5.0 million for the Primary Sedimentation Tank Replacement, and \$3.9 million for the Outfall Line Construction. Through the five year CIP, expenses of \$106.8 million are programmed across the seven projects. It is important to note that approximately 64 percent of expenditures in the Wastewater Treatment Fund are reimbursed by five contributing partner agencies outside of the City of Palo Alto, based on each agency's expected capacity share. Details of these capital projects and expenses can be found in the Wastewater Treatment Fund section of the FY 2021 - FY 2025 Proposed Capital Budget.

Airport Fund

Revenues in the Airport Fund are anticipated to be \$21.8 million with corresponding expenses of \$23.4 million in FY 2021. While part of the Airport's increase in revenues are attributed to fees and charges that are scheduled to increase by 2.5 percent, \$17.3 million comes from the Federal Aviation Administration (FAA), which provides a grant to cover 90% of Airport's major construction projects. In addition to the grant, the Airport is seeking a \$2.0 million loan from the California Department of Transportation to offset some of the City's required 10% in matching funds to complete Phase III of the Apron project. The Airport continues to seek alternatives to ensure that there is sufficient funding for operating costs and continued services with minimal service delivery impact. In the past, the Airport Fund has received loans from the General Fund, totaling \$3.1 million in principal since the City took over operations. The Airport Fund began repayment to the General Fund in FY 2020 in the amount of \$272,000 annually for the next fifteen years as part of its commitment to fiscal sustainability and financial viability.

Various Parking Funds

This FY 2021 Proposed budget recommends minimal changes to staffing levels. It includes the extension of one limited-term position to provide customer support services during the implementation and transition to the new parking management software system. Similarly, capital improvement investments are relatively low due to the reprioritization of new projects and extension of timelines for existing projects. This budget recommends \$750,000 in continued funding for the Transportation Management Association (TMA) to support the reduction of single occupancy vehicles (SOV) rates in Palo Alto. Similar to the prior year, the Residential Preferential Parking (RPP) program continues to operate at a deficit and requires a General Fund subsidy of \$185,000 in FY 2021, down from \$683,000 in FY 2020. These expenditures are offset by recommended increases to parking permit revenue estimates to reflect the anticipated opening of the new California Avenue parking garage (345 parking spaces) and addition of a new residential parking district in Old Palo Alto. Parking permit prices are also recommended to increase by 2.6 percent, consistent with most other fees, with the exception of resident permits which are recommended to remain at \$50. A more detailed presentation of the FY 2020 Budget for the University Avenue Parking District Fund and California Avenue Parking District Fund are available at the end of the Special Revenue Funds Overview section.

Stormwater Management Fund

In FY 2021, the Stormwater Management fee is scheduled to increase by 2.5 percent. The Stormwater Management fee was approved by property owners through a ballot measure in April 2017. The projects and infrastructure component of this fee has a sunset date of June 1, 2032 unless extended through a subsequent ballot measure. This fee provides financial resources for a number of projects and infrastructure components as outlined in the Storm Drain Blue Ribbon Committee's recommendations, which identified 13 Capital Improvement projects. Work on those projects began in FY 2019 and is programmed in the FY 2021 -FY 2025 Proposed Capital Budget.

UTILITY RATE CHANGES

Preliminary FY 2021 rate projections included rate increases for Electric, Gas and Wastewater Collection utilities to ensure the City's ability to replenish lower reserves, provide sufficient funding to cover increasing expenses for commodity costs, and repair and replacement of the City's aging utility infrastructure. The median monthly residential utility bill is expected to increase by 2.4 percent, or \$7.55, from \$319.24 to \$326.79. These rate proposals were made prior to the City's proclamation of local emergency regarding the spread of COVID-19. These rate adjustments are in the process of being evaluated by the Utilities Advisory Commission and the Finance Committee and are subject to change with the goal of no changes.

Attachment B:

Fiscal Year 2021 Salaries, Benefits, and Position Details

The most significant asset the City has in serving our community is our employees. Local government services are primarily delivered by employees, whether they are police officers, utility linemen, librarians, or planners. Therefore, it should not be surprising that nearly 60 percent of the FY 2021 General Fund Budget is attributable to salaries and benefits. The City has negotiated labor agreements with SEIU and safety units that extend through FY 2021 and anticipates developing new labor agreements with UMPAPA and the Management groups whose contracts expire June 30, 2020. As in prior years, the FY 2021 Budget presumes funding for those units consistent with City Council authority.

This budget includes actions that are intended to maintain current service levels. These actions are primarily achieved through the realignment of resources, resulting in staffing levels that are generally consistent with the FY 2020 Adopted Budget. Staff anticipates bringing forward any additional changes as part of the public hearing process for the FY 2021 Adopted Budget. The changes that are included are discussed in detail below, and in the individual sections of the Budget document where the transactions occur.

Position Changes

This budget includes the net reduction of 1.00 FTEs across all funds from FY 2020 Adopted levels. This slight decrease from 1,034.85 in FY 2020 to 1,033.85 FTE in FY 2021 represents a 0.10 percent decrease. These adjustments are summarized in the following table that displays changes in full-time positions and discussed in more detail below.

Position Changes

FY 2020 Adopted to FY 2021 Proposed Budget

| | General Fund | Enterprise Funds | Other Funds* | Total |
|---|---------------|------------------|---------------|-----------------|
| Fiscal Year 2020 Adopted Budget | 574.93 | 358.61 | 101.31 | 1,034.85 |
| Fiscal Year 2020 Approved Adjustments | - | - | - | - |
| Fiscal Year 2020 Modified Budget | 574.93 | 358.61 | 101.31 | 1,034.85 |
| Fiscal Year 2021 Increase | 1.00 | 1.00 | - | 2.00 |
| Fiscal Year 2021 Decrease | (2.00) | (1.00) | - | (3.00) |
| Fiscal Year 2021 Reallocation | (0.25) | - | 0.25 | - |
| Fiscal Year 2021 Proposed Budget | 573.68 | 358.61 | 101.56 | 1,033.85 |
| Net Difference | (1.25) | - | 0.25 | (1.00) |

* Other Funds include Internal Service Funds, Special Revenue Funds, and the Capital Improvement Fund.

NOTE: This table does not include Hourly positions.

This budget recommends various net position changes, detailed below. In the General Fund, 2.0 FTE eliminations are partially offset by the addition of 1.00 FTE, and an additional 0.25 FTE are recommended to be shifted to the Cubberley Capital Fund, resulting in a total decrease of 1.25 FTE from the FY 2020 Adopted Budget. There is one recommended change in the Enterprise Funds in the Utility department, discussed below. Position Changes recommended in this budget include eliminations, reclassifications, and augmenting existing positions in order to best align the workforce with organizational needs.

Outright position eliminations recommended in the Budget include:

- Elimination of 1.0 Division Manager in the Community Services Department, reflecting a shift of responsibilities to the existing management resources.
- Scheduled elimination of a limit-dated 1.0 Principal Management Analyst in Planning and Development Services that was authorized on a one-time basis for FY 2020 to assist in the merge of Planning and Community Environment and Development Services.

The following position additions, augmentations/reclassifications, and realignments, augmentations, s included in this budget.

- Addition of 1.00 Producer of Arts and Sciences in the Community Services Department and reclassification of 1.0 Program Assistant I to 1.0 Program Assistant II for the reopening of the Junior Museum and Zoo (JMZ), reflecting the need for higher level oversight of operations, guest services, and animal care. Not included in the table above, an additional 5.79 part-time staff is requested as part of this action (CMR 11222).
- Addition of 1.0 Compliance Technician in the Utilities Department to meet operational needs and increased inspection levels. This action is offset by the reduction of 1.0 Lineperson Cablesplicer position.
- Reclassification of 6.70 FTE Heavy Equipment Operators in the Utilities fund to 4.70 Water, Gas, Wastewater (WGW) Heavy Equipment Operators and 2.0 Electric Heavy Equipment Operators, in accordance with labor agreement terms that distinguished the activities of this classification (CMR 10214).
- Reclassification of 1.0 Program Assistant I to 1.0 Program Assistant II in the Community Services Department to facilitate the development of a therapeutics program.
- Reclassification of 1.0 Performance Auditor II to 1.0 Senior Performance Auditor to align with current workload needs.
- Reclassification of 1.0 Senior Project Manager to 1.0 Senior Engineer in the Public Works Department to align the Parks and Open Space division with the management structure of other workgroups.
- Realignment in the Community Services Department to shift 1.0 Administrative Associate III from general administration to the recreation and youth science division and minor adjustments to various staff to better align with the organizational needs and programs in the department. An additional adjustment is recommended to realign building service staff to the Cubberley Fund (This action results in a net 0.25 FTE decrease in the General Fund and a net 0.25 FTE increase in the Cubberley Capital Fund).

TRANSMITTAL LETTER

- Realignment of 1.0 Performance Auditor II from the City Auditor Office to the Administrative Services Department to align staff with the shift the City's annual Performance Report, which was produced by the City Auditor Office in prior years.
- Realignment of 0.75 Management Analyst from the City Manager's Office to the Public Works Department, reflecting the transition of the Office of Sustainability to Public Works.

In addition, on a one-time basis, this Budget includes position freezes, recognizing savings equivalent to various positions throughout the organization in different departments. These positions will be held vacant through the duration of FY 2021 while the organization addresses the critical issue of long-term fiscal sustainability. This is beyond the normal vacancy savings presumed by the City as part of its regular budget process and will generate an additional \$650,000 in savings on a one-time basis in FY 2021.

- 2.0 Police Officers in the Police Department (which currently has 7 vacancies)
- 1.0 Deputy Fire Chief in the Fire Department

In addition to the changes to full-time positions discussed above, this budget also includes a net addition of 6.60 part-time positions, inclusive of the 5.59 positions requested for JMZ mentioned above. These part-time position changes are discussed in greater detail in individual department sections of this document.

Salary & Benefits

The City Council has implemented multiple efforts to minimize the growth of pension and other benefit expenses through labor negotiations. These are an important part of the City's overall cost-containment strategies. Past successful steps include:

- Continued employee payment of the CalPERS employee contribution for all bargaining groups.
- Employees contributing an additional amount between 1 percent and 4 percent of the employer portion of CalPERS.
- Employees sharing the cost of health plans with almost all bargaining units receiving a flat-rate medical benefit.
- Implementing a less costly second-tier pension plan, parallel to the state's implementation of a third tier that went into effect January 1, 2013. As expected, new employees are hired into the lower tiers as existing employees retire, thereby lowering the City's overall pension liability.

PENSION

This budget reflects the required employer pension contributions determined in the CalPERS actuarial valuation as of June 30, 2018 (discussed in City Manager's Report (CMR) 10641). The actuarial reports provide an update on the funding status, the results of assumption changes such as rate of return (ROR) which impacts the discount rate assumption, the new fiscal year Actuarial Determined Contribution (ADC) and the projected future ADC as a percentage of payroll. Discussed in more detail below, the contribution rates are highly dependent on the investment returns that CalPERS achieves. Therefore, there are likely significant impacts to the City's pension liability resulting from COVID-19 and associated current market volatility. Actuar-

ial reports are completed two years in arrears and any potential losses will materialize beginning in the June 30, 2020 valuation and FY 2023 budget. The City will continue to work to understand what the impacts will be and strategize appropriate actions to minimize additional impacts on City service levels.

The impacts may be lessened somewhat since CalPERS has taken a number of steps over the past few years that are intended to mitigate future impacts to cities even as they result in greater near-term costs. In December 2016, the CalPERS board voted to lower the discount rate (used in calculating investment returns) from 7.5 percent to 7.0 percent, phasing in the reduction over three years. This phase-in began in 2019 and reaches the final phase in this FY 2021 Proposed Budget. The discount rate used by CalPERS to calculate the City's FY 2021 Actuarially Determined Contribution (ADC) was 7.00 percent, down from 7.25 percent used in FY 2020. When compared to FY 2020, FY 2021 employer contribution rates increased in line with previous CalPERS projections.

- The Miscellaneous Plan increased by 3.0 percentage points, an increase of 7.9 percent year-over-over, from 35.6 percent of payroll in FY 2020 to 38.4 percent of payroll in FY 2021.
- The Safety plan increased by 3.8 percentage points, an increase of 9.4 percent year-over-year, from 59.4 percent of payroll in FY 2020 to 65.3 percent of payroll in FY 2021.

CalPERS projected pension rates through FY 2026 are included in the table below (expressed in percent):

Pension Rates By Plan (Fiscal Year) - CalPERS

| FY | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--------------------------|------|------|------|------|------|------|------|
| Miscellaneous (%) | 35.6 | 38.4 | 40.3 | 41.7 | 42.3 | 42.8 | 40.2 |
| Safety (%) | 59.4 | 65.3 | 69.4 | 72.7 | 74.4 | 75.6 | 75.6 |
| Discount Rate (%) | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |

As the above table indicates, the City's pension costs will continue to increase through FY 2025. CalPERS use of a 7.0 percent discount rate results in greater costs than when it had used a higher discount rate (7.5 percent). This is representative of CalPERS' efforts to meet its investment return more frequently. In a given year, if CalPERS meets or exceeds its investment return, the City's Unfunded Accrued Liability would shrink. This is because CalPERS provides, as part of its ADC to cities, not only a NormalCost (NC) which represents the 'pay-as-you-go' portion, but also an Unfunded Accrued Liability (UAL) payment calculation which represents the 'catch-up' payment. ., Thus, if CalPERS investment target is met in a given year, the normal cost would cover the 'pay-as-you-go' portion, and the UAL payment lessens the long-term liability.

Conversely, in a year when CalPERS does not meet its investment return, the UAL of the City would grow. In order to address this potential gap, the City Council directed that the City of Palo Alto fundamentally change its budgeting practice. Beginning in FY 2020, rather than use the CalPERS ADC (which is the standard practice for calculating pension costs in a given year) the City Council directed that the City use a discount rate of 6.2 percent, effectively decreasing the City's sensitivity to lower CalPERS returns.

TRANSMITTAL LETTER

This additional normal cost (pay as you go) is included in the FY 2021 budget and will be sent to the City's irrevocable section 115 trust. The FY 2021 budget transmits a total of \$5.5 million from all funds (\$3.4 million General Fund) to the PARS trust fund. This brings total contributions through FY 2021 to \$32.8 million (\$21.4 million General Fund) since the trust was created in FY 2017. This funding represents important contributions towards addressing the City's long-term pension liability and will help insulate the City against potential future increases to the UAL. In comparison to the \$50.1 million in CalPERS projected pension costs, this additional pay-as-you-go cost of \$5.5 million is roughly 11 percent of the City's annual pension costs. Of note, the contribution levels from FY 2020 to FY 2021 decreased from \$6.2 million to \$5.5 million due to the change in CalPERS discount rate from 7.25 percent to 7.00 percent thereby narrowing the funding gap to meet the 6.2 percent target.

In October 2019, Staff met with the Finance Committee to review and discuss options and elements to establish a Pension Funding Policy as discussed in CMR 10645. Staff anticipates continuing the conversation about a Pension Funding Policy with the full City Council parallel to the public hearing process for budget adoption.

Additional information regarding the City's plan for proactively addressing escalating pension costs, and the discussions that the City Council has already conducted to date, can be found in the Employee Information section of this document.

RETIREE HEALTHCARE

Consistent with past practice, this budget assumes the full payment of the Actuarial Determined Contribution (ADC) for not only retiree pension but also healthcare costs. With the payment of the ADC it is assumed that, all else being equal, the City will fully pay off its obligations for retiree healthcare costs. The City's outside actuarial consultant (Bartel Associates) performs an actuarial analysis of the City's OPEB funding every two years. The most recent report was completed on June 30, 2017 to inform both the FY 2019 and FY 2020 Operating Budgets. At the timing of the development of the FY 2021 Proposed Budget, the City had not yet received a finalized report for use in FY 2021 and FY 2022. Therefore, the FY 2021 Proposed Budget contains the long-range information provided in the most recent study. for the Proposed FY 2021 Budget for Retiree Healthcare increases to \$16.8 million, representing a 2.3 percent increase from the FY 2020 Adopted Budget of \$16.4 million.

The current actuarial study is anticipated to be completed before the end of the fiscal year, which will provide an update on the fund's status as of June 30, 2019. Staff anticipates discussing the latest actuarial valuation as part of the public hearing process for the adoption of the FY 2021 Budget.

Additional information regarding Retiree Healthcare can be found in the Employee Information section of this document.



Fiscal Year 2021 Proposed Operating Budget

City Council

Adrian Fine, Mayor

Tom DuBois, Vice Mayor

Alison Cormack

Eric Filseth

Liz Kniss

Lydia Kou

Greg Tanaka

Ed Shikada, City Manager

Kiely Nose, Director of Administrative Services/Chief Financial Officer

David Ramberg, Assistant Director of Administrative Services

Christine Paras, Assistant Director of Administrative Services

Paul Harper, Budget Manager, Office of Management and Budget

Greg Tanaka, Finance Committee Chair

CITY OF PALO ALTO

The government of the City of Palo Alto exists to promote and sustain a superior quality of life in Palo Alto. In partnership with our community, our goal is to deliver cost-effective services in a personal, responsive and innovative manner.

Our Values



Quality

Superior delivery of services

Courtesy

Providing service with respect and concern

Efficiency

Productive, effective use of resources

Integrity

Straight-forward, honest and fair relations

Innovation

Excellence in creative thought and implementation

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CITY OF
**PALO
ALTO**

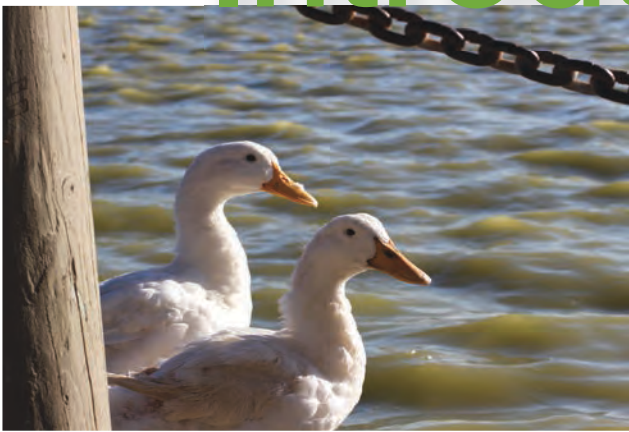
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Introduction





CITY OF
**PALO
ALTO**

Budget Acknowledgments

Department Budget Coordinators

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City Manager/Office of Transportation

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Judy Ng

Elizabeth Egli

Community Services

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Lindsay Wong

Fire

Amber Cameron

Human Resources

Frank Lee

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Sherrie Wong

Library

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Office of Emergency Services

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Planning & Development Services

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Sherry Nikzat

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Utilities

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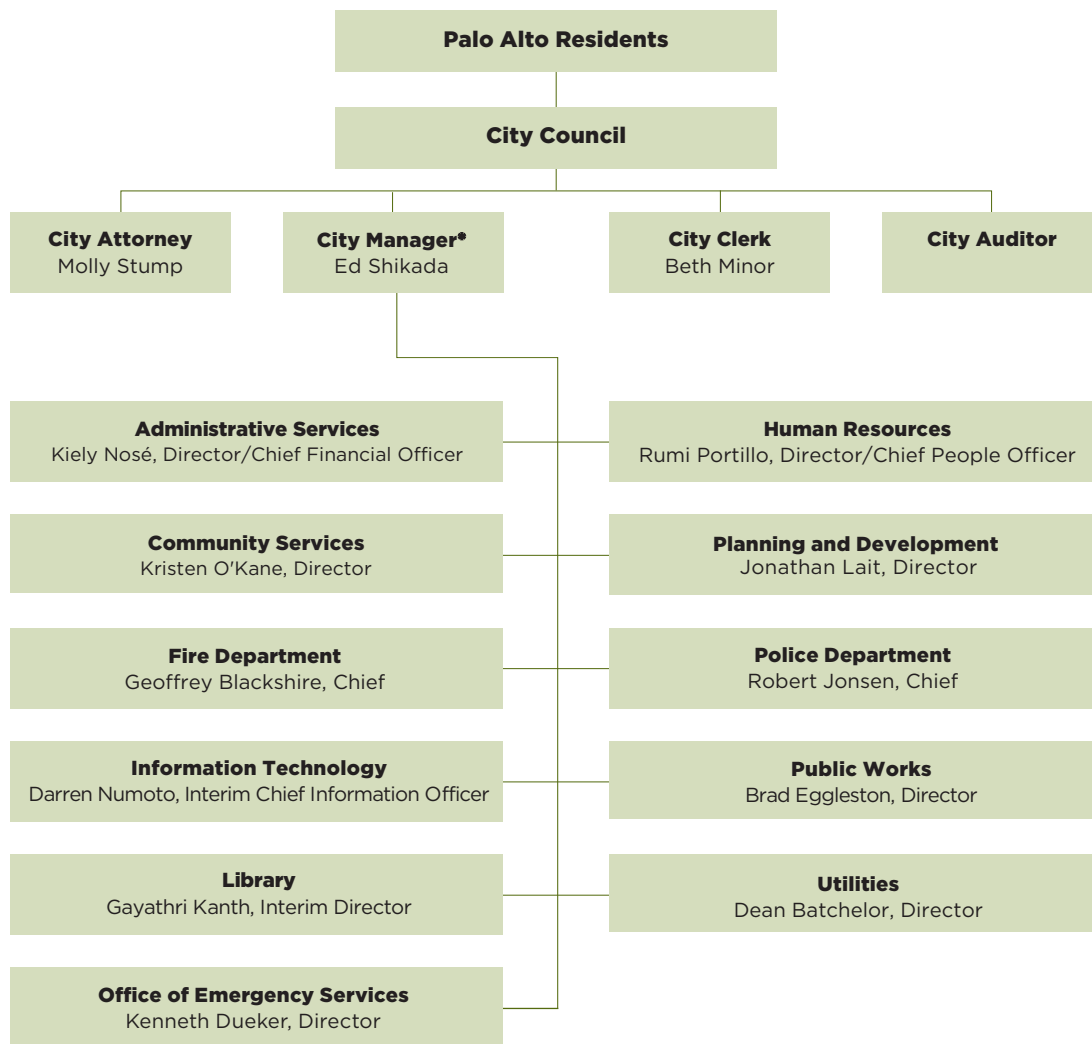
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Chaitali Paliwal
Jamie Perez
Kayla Shapiro



CITY OF
**PALO
ALTO**

City of Palo Alto Organizational Chart

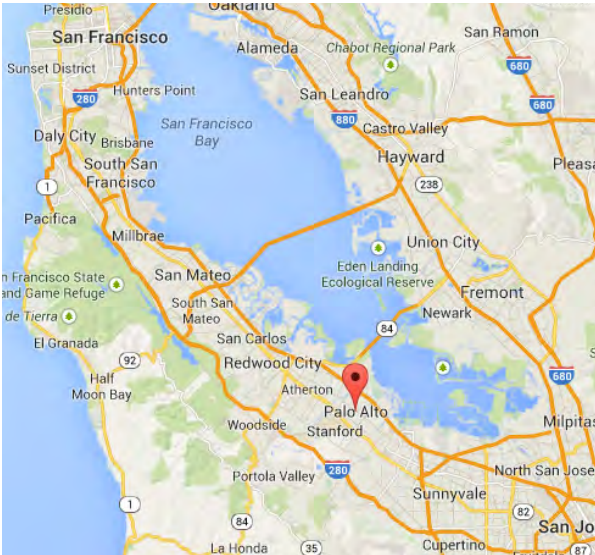


*The Office of Transportation is situated in the City Manager's Office.



CITY OF
**PALO
ALTO**

Palo Alto at a Glance



INCORPORATION

April 23, 1894

GOVERNMENT

Palo Alto is a charter city operating under the Council-Manager form of government

COUNTY

Santa Clara County

www.sccsgov.org

SCHOOL DISTRICT

Palo Alto Unified School District

www.pausd.org

LOCATION

33 miles south of San Francisco; 17 miles north of San Jose; and 356 miles north of Los Angeles

CLIMATE

Mediterranean climate with cool, wet winters
and warm, dry summers

AREA

25.85 square miles

ELEVATION

30 feet above sea level

PARKS, PRESERVES AND OPEN SPACE

4,385 acres

CREDIT RATING

AAA

PALO ALTO AT A GLANCE

POPULATION

Palo Alto's population was 67,019 in 2019. This represents a 0.1 percent decrease over the previous year and a 13.17 percent increase since 2000. Approximately 23.6 percent of the population is under the age of 18, and the median age is 41.9. Approximately 50.9 percent of the population is female, and 49.1 percent of the population is male.



EDUCATION

Palo Alto has one of the most outstanding educational systems in the nation and was recently named one of California's most educated cities. Over 97.4 percent of Palo Alto residents aged 25 or over have received a high school diploma. Over 81.9 percent have obtained a bachelor's degree or higher and 53.4 percent have earned a post-graduate or professional degree.



School enrollments in Palo Alto decreased to 11,938 from 12,230, or by 3.23 percent, between 2010 and 2019. In school-year 2018-19, Palo Alto and Gunn high schools had a average SAT scores of 1331 and 1377 on a scale of 1600. The average scores for the United States and California were 1,059 and 1065, respectively.

INCOME

In 2018, Palo Alto's median household income was \$147,537 and the per capita income was \$82,576. As of 2018, 64.9 percent of all households in Palo Alto had an annual income of greater than \$100,000.

PERSONS PER HOUSEHOLD

The average number of persons per household in Palo Alto owner-occupied and renter occupied homes was 2.52 in 2018, compared to 2.26 per household in 2000.



HOUSING UNITS

In 2018, 55.1 percent of the 26,212 housing units were owner-occupied and 44.9 percent were renter-occupied. In 2000, there were 26,048 housing units – 55.4 percent owner-occupied, 41.4 percent renter-occupied, and 3.2 percent were vacant. There were 0.6 percent more total housing units from 2000 to 2018.

DEVELOPMENT

The City issued approximately 2,395 residential and 525 commercial building permits in Fiscal Year (FY) 2019. The combined valuation for all permits was \$435.9 million.

OFFICE AND INDUSTRIAL RENTAL ACTIVITY

Palo Alto's net rentable office space totaled approximately 7.2 million square feet as of the fourth quarter of 2019. The vacancy rate during this same time period was 4.4 percent compared to 6.0 percent for the Silicon Valley market. Average asking rents in Palo Alto and the Silicon Valley were, respectively, \$9.39 and \$5.45 per square foot, as of the fourth quarter of 2019.

Net rentable square footage for industrial facilities in Palo Alto was 1.1 million, with a vacancy rate of 1.6 percent and average asking rent of \$2.20 per square foot for manufacturing and \$2.85 per square foot for warehouse. The Silicon Valley market had an average vacancy rate of 3.4 percent and asking rent averaged \$1.19 per square foot for manufacturing and \$1.10 for warehouse.

Net rentable space for Research and Development (R&D) facilities in Palo Alto totaled 10.3 million square feet with a vacancy factor of 7.2 percent and average asking rent of \$6.47 per square foot. The vacancy rate for the Silicon Valley market was 7.1 percent with an average asking rent of \$2.73 per square foot.



Top 25 Major Sales/Use Tax Contributors, FY 2019

| | | |
|----------------------------|-------------------------------------|------------------------|
| Anderson Honda | Lucile Packard Children's Hospital | Tencent |
| Apple Stores | Macy's Department Store | Tesla |
| Audi Palo Alto | Magnussen's Toyota of Palo Alto | Tesla Lease Trust |
| Bloomingdales | McLaren San Francisco | Tiffany & Company |
| Bon Appétit Management Co. | Neiman Marcus Department Store | Urban Outfitters |
| Hermes | Nest Labs | Varian Medical Systems |
| Houzz Shop | Nordstrom Department Stores | Volvo Cars Palo Alto |
| Hp Enterprise Services | Shell Service Stations | |
| Integrated Archive Systems | Stanford Outpatient Clinic Pharmacy | |

RETAIL SALES AND SALES TAX REVENUE

Sales and use tax totaled \$36.5 million in FY 2019 an increase of \$5.4 million, or 17.3 percent, due to combination of economic performance in sectors such as auto sales, leasing factors and restaurants. In fiscal year 2018 the California Department of Tax and Fee Administration (CDTFA) was established. CDTFA introduced a new technology and a

revamped collection process, which initially delayed distribution of FY 2018 sales tax. This resulted in lower sales tax in FY 2018 and higher sales tax in FY 2019. Included in the receipts are continued erosion of brick and mortar receipts that is resulting from steady growth in on-line retail sales. However, increase receipts from the county pool which includes a growing number of on-line retailers collecting sales and use tax, has been offsetting these losses.

Principal Property Taxpayers, FY 2019

| Rank | Taxpayer | Taxable Assessed Value |
|--------------|-----------------------------------|------------------------|
| 1 | Leland Stanford Jr. University | \$5,446,309 |
| 2 | Loral Space and Communications | \$248,247 |
| 3 | Google Inc. | \$213,982 |
| 4 | 395 Page Mill LLC | \$118,303 |
| 5 | ARE-San Francisco 69 LLC | \$114,575 |
| 6 | SVF Sherman Palo Alto Corporation | \$97,856 |
| 7 | Hohbach Realty Co. LP | \$94,642 |
| 8 | SI 45 LLC | \$81,145 |
| 9 | Gwin Property Inc. | \$78,540 |
| 10 | BVK Hamilton Avenue LLC | \$73,189 |
| Total | | \$6,566,788 |

PALO ALTO BUSINESSES

As the birthplace of the Silicon Valley, Palo Alto is the home to Stanford University and thousands of innovative companies including Hewlett-Packard, IDEO, Tesla, Flipboard, Palantir Technologies, Xerox's Palo Alto Research Center (PARC), Wilson Sonsini Goodrich & Rosati, Manatt Phelps Phillips, Accel Partners, Google, Genencor, Tencent America, Skype Technologies, Nest, the Institute for the Future, and many other leading technology and business services firms.

Palo Alto continues to be a desirable place to live due to its economy, climate and natural beauty, parks and recreational activities, excellent public school system, university presence, proximity to three major airports (Oakland, San Jose and San Francisco), rail service, world-class medical facilities, excellent retail centers and restaurants, and its highly acclaimed City services.

Businesses are drawn to Palo Alto not only because of its great location, workforce, and entrepreneurial culture but also because of incentives including: great local utilities (including dark fiber), no payroll tax, and no business license tax. Additionally, the City's Development Center is a "one-stop" service center staffed by the Planning and Development Services, Public Works, Utilities, and Fire departments.

EMPLOYMENT

The City had 32,287 employed residents in 2019. Due to its location on the Peninsula and the presence of Stanford University, the City is a job importer versus exporter with a total of 99,420 jobs citywide. Palo Alto's unemployment rate was 2.1 percent in 2019, which was considerably lower than the nation (3.7 percent), state (4.0 percent), and county (2.6 percent), during the same period.

LARGEST EMPLOYERS

Palo Alto's top ten employers as of June 30, 2019 reflect jobs in industries ranging from education and healthcare to technology and research and development.



Principal Employers, FY 2019

| Rank | Employer | Number of Employees |
|--------------|---|---------------------|
| 1 | Stanford Healthcare | 5,500 |
| 2 | Lucile Packard Children's Hospital | 5,700 |
| 3 | Stanford University | 4,500 |
| 4 | Veteran's Affairs Palo Alto Healthcare System | 3,900 |
| 5 | VMware, Inc. | 3,500 |
| 6 | SAP Labs Inc. | 3,500 |
| 7 | Space Systems/Loral | 2,800 |
| 8 | Hewlett-Packard Company | 2,500 |
| 9 | Palo Alto Medical Foundation | 2,200 |
| 10 | Varian Medical Systems | 1,400 |
| Total | | 35,500 |

Parks, Recreation & Community Centers

| Item (FY 2019) | Number |
|-------------------------------|--------|
| Parks | 36 |
| Parks Acreage | 174 |
| Dog Parks | 4 |
| Playgrounds | 30 |
| Community Centers & Museums | 5 |
| Zoo | 1 |
| Golf Courses | 1 |
| Gymnasiums/Fitness Rooms | 6 |
| Youth Centers | 1 |
| Walking/Biking Trails (Miles) | 41 |



Libraries

| Item (FY 2019) | Number |
|------------------------------------|-----------|
| Library Branches | 5 |
| Items Checked Out (Circulation) | 1,467,038 |
| Books (Inventory) | 247,030 |
| eBooks & eMusic (Inventory) | 191,449 |
| Audio/Visual - DVD/CDs (Inventory) | 46,678 |
| Reference Questions | 14,924 |

Public Safety

| Item (FY 2019) | Number |
|-----------------------------|--------|
| Police | |
| Police Stations | 1 |
| Sworn Police Personnel | 90 |
| Police Vehicles | 29 |
| Motorcycles | 3 |
| Canine Units | 2 |
| Number of Calls for Service | 54,979 |
| Item (FY 2019) | Number |
| Fire | |
| Fire Stations | 7 |
| Sworn Fire Personnel | 96 |
| Fire Engines | 9 |
| Fire Trucks | 2 |
| Ambulances | 6 |
| Number of Calls for Service | 9,086 |



Infrastructure, Maintenance & Development Activity

| Item (FY 2019) | Number |
|--------------------------------------|-----------------|
| Street Miles | 471 |
| Lane Miles Resurfaced Annually | 9.78 |
| Building Permits Issued Annually | 2,918 |
| Number of Fire Inspections | 10,984 |
| Active Capital Improvement Projects | 231 |
| Capital Improvement Projects Exp. | \$103.3 million |
| Miles of Water Municipal Mains | 235.3 |
| Gallons of Water Delivered Daily | 9 million |
| Miles of Municipal Wastewater Mains | 216 |
| Gallons of Wastewater Treated | 6,958 million |
| Miles of Gas Mains | 211 |
| Miles of Overhead Electrical Line | 211 |
| Miles of Underground Electrical Line | 267 |
| Miles of Fiber Optic Backbone | 48 |



Sustainability

| Item (FY 2019) | Number |
|---|---------|
| Total Tons of Material Recycled or Composted | 55,900 |
| Total Megawatt-hours Purchased from Eligible Renewable Sources* | 560,245 |
| Percent of Electric Portfolio Purchased from Eligible Renewable Sources | 62% |
| Percent of Electric Portfolio Purchased from Carbon Neutral Sources** | 100% |

* Fiscal year 2019. "Eligible Renewable Sources" are wind, solar, small hydroelectric, and biogas generators whose output is directly purchased by the City under a power purchase agreement.

** Fiscal year 2019 "Carbon Neutral Sources" include eligible renewable (62%) and large hydroelectric power (62%). Due to the bountiful hydro conditions in 2019, the City was able to sell surplus carbon neutral electricity supplies to other utilities.

SOURCES:

POPULATION:

U.S. Census Bureau, 2018 American Community Survey, Demographic and Housing Estimates, 5-Year Estimates, Table DP05. 2020 Official City Data Set.

EDUCATION:

U.S. Census Bureau, 2018 American Community Survey, Social Characteristics in United States, Educational Attainment, 5-Year Estimates, Table DP02.

City of Palo Alto 2018-2019 CAFR (Demographic and Economic Statistics- Last Ten Fiscal Years).

2019 average SAT scores on Prescholar.com for National and State level SAT scores. Data collected from College Board 2019 SAT reports.

INCOME:

2018 American Community Survey 5-Year Estimates, Selected Economic Characteristics, Table DP03.

PERSONS PER HOUSEHOLD AND HOUSING UNITS:

2018 American Community Survey 5-Year Estimates, Selected Housing Characteristics, Tables, DP04.

DEVELOPMENT:

City of Palo Alto Planning and Development Department

OFFICE AND INDUSTRIAL RENTAL ACTIVITY:

CBRE Silicon Valley MarketView Q4 2019

RETAIL SALES AND SALES TAX REVENUE:

City of Palo Alto Sales Tax Digest Summary 2019 (Office of the City Auditor)

City of Palo Alto 2018-2019 CAFR

TOP 25 MAJOR SALES/USE TAX CONTRIBUTORS:

City of Palo Alto Sales Tax Digest Summary Second Quarter Sales (April-June- 2019)-Top 25 Major Sales/Use Tax Contributors.

PRINCIPAL PROPERTY TAXPAYERS:

City of Palo Alto 2018-2019 CAFR- Principal Property Taxpayers-Current Year and Nine Years Ago.

EMPLOYMENT:

2020 Official City Data Set. California Employment Development Department- Labor Market Information Division for State and County unemployment rate, US Department of Labor-Bureau of Labor Statistics for Nation unemployment rate.

PALO ALTO BUSINESSES:

City of Palo Alto Economic Development

LARGEST EMPLOYERS:

City of Palo Alto 2018-2019 CAFR

The Budget Process and Document

Basis for Budget Development

The budget is the City's financial plan for delivering effective services and efficiently managing the revenues which support those services. The City's charter and municipal code provide broad governance for preparation of the operating and capital budgets. The budget is also developed based on the following:

- The City Council's top priorities and other City Council directives
- Organizational financial status and budgetary guidelines
- Service level prioritization, as identified by the City Manager
- Availability and sustainability of revenues
- Legal mandates
- Prioritization criteria, as outlined in the capital budget
- The City's policies regarding land use and community design, transportation, housing, natural environment, business, and economics, as outlined in the Comprehensive Plan

The review of the operating and capital budgets is structured around public hearings conducted prior to City Council adoption of the budget in order to incorporate community input into the decision-making process.

City Council Top Priorities

The City is committed to providing high quality, cost effective services that reflect the City's core values and strategic goals. In addition, each year the City Council establishes top priorities, which are topics or service areas that will receive particular, unusual, and significant attention during the year. The top priorities guide both budget development and department priority-setting. The following are the City Council's top priorities for 2020, adopted in February 2020:

- Housing
- Sustainability
- Mobility

Operating and Capital Budgets - Calendar of Activities

September - November: Operating budget preparation begins with determination of the base budget for the upcoming year. The base budget establishes the current year adopted budget service levels with updated costs, removes one-time revenue and expenses, and adds ongoing expenditures as approved by the City Council. The capital budget preparation process begins with department staff and appointed committees meeting to review and discuss potential modifications to the five-year capital plan.

November - December: Budget guidelines and timeframes are developed and distributed for the operating and capital budgets as well as the annual municipal fee schedule.

January: Departments submit requests to reallocate staffing and non-salary resources for the upcoming year to meet changing operational needs. The reallocation process results in no net change to the level of resources allocated to the department overall. The General Fund Capital Improvement Plan (CIP) Review Committee, consisting of senior managers in Public Works, Community Services, Administrative Services, and the Office of Transportation, reviews requests for General Fund capital projects.

February: Departmental requests for changes and/or augmentations to the base budget are submitted to the Office of Management and Budget (OMB) for analysis. Departments provide targeted outcomes and performance measures associated with requests for resource or service level augmentations. Departments also submit updates to the budget document regarding goals and objectives, significant accomplishments, and key performance and workload measures. OMB staff reviews operating and capital budget requests.

March: Internal budget hearings are held with the City Manager to discuss department budget requests and OMB's budget recommendations.

April: OMB staff complete preparation of the proposed operating and capital budget documents based on the City Manager's direction.

May: The City Manager releases and presents the proposed operating and capital budgets to the City Council and posts the budget document on the City's website. Through a series of public hearings, the budget is discussed and amendments are proposed.

June: Final adoption by the City Council occurs after a public hearing in June. All changes made during the public process are incorporated into the adopted budget documents which are distributed to City libraries as well as posted on the City's website and Open Budget website by early August.

THE BUDGET PROCESS AND DOCUMENT

| BUDGET HEARINGS* With City Council and Finance Committee FY 2021 Budget | | | |
|--|---------------------|----------------|---|
| Date | Description | Location | Description |
| Monday, April 20 | City Council | Teleconference | City Manager comments reviewing the proposed Capital and Operating Budgets and notices the start of public budgetary discussions in May |
| May, 2020 | City Council | Teleconference | City Council Budget Hearings |
| Monday, June 15 | City Council | Teleconference | Public Hearing - Budget Approval & Adoption |

*Public meetings will be held by virtual teleconference pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020. To prevent the spread of COVID-19, these meetings will be held by virtual teleconference only, with no physical location. These meetings will be broadcast on Cable TV Channel 26, live on YouTube at www.youtube.com/c/cityofpalosalto, and Midpen Media Center at www.midpenmedia.org. Members of the public who wish to participate by computer or phone can access the meeting by going to www.zoom.us/join and entering meeting ID 362 027 238. If you are calling from a land line or non-smart phone call 1-669-900-6833 to join the meeting.

Understanding the Budget Document

The operating budget document includes citywide information as well as information specific to each fund and each department. The City receives revenue from numerous sources, many of which have restrictions on how funds can be used. Separate funds are established to account for the different types of revenues and their allowable uses. The annual budget information is available after the publication of the Adopted Budget, which occurs in August.

General Fund: This is the primary fund used to account for all general revenues of the City (e.g. property, sales, transient occupancy, and utility user taxes). In general, these funds are allocated at the discretion of the City Council. This revenue is used to support citywide services such as public safety, community services, planning and development services, and administrative support services.

Enterprise Funds: These funds are established to function as self-supporting operations wherein expenditures are entirely offset by fees or charges for services. For example, the City of Palo Alto provides a variety of utility services (electric, gas, water, etc.) for the community. Revenues from fees or charges are accounted for in separate enterprise funds and can only be used to pay for expenses related to those services.

Internal Service Funds: These funds are established to account for a variety of business services provided by one City department (or division) to other City departments. Information technology, fleet maintenance, printing and mailing, general employee benefits, general liability, and workers' compensation services are provided to all City departments through internal service funds. Departments are charged for these services based on their respective utilization.

Capital Funds: Revenues and expenses for capital projects are also accounted for in a separate fund. Capital projects are those that have a minimum cost of \$50,000 for each standalone or combined project. Additionally, the project must have a useful life of at least five to seven years and/or extend the life of an existing asset or provide a new use for an existing asset for at least five years. The City produces a standalone budget document for capital projects with detailed information about each project.

Special Revenue Funds: These funds are used to account for the proceeds of revenues that are designated for specific or restricted uses. These funds include gas tax funds from the state, in-lieu housing fees assessed for the City's Below Market Rate housing projects, and transportation mitigation fees paid by developers. Other special revenue funds include assessments for parking lot bond payments, parking permit revenues, Community Development Block Grants (CDBG) funds from the federal government, and development impact fees related to libraries, parks, and community centers.

Debt Service Funds: Debt financing is occasionally undertaken for the purchase, replacement, or rehabilitation of capital assets. A separate fund is established to account for these non-operating expenses.

Open Budget

In order to facilitate understanding and transparency of the budget document, the City provides budget information through OpenGov, an online tool that provides users with different views of the City's budget data by fund, department, revenues, and expenditures. The tool can be accessed by visiting www.paloalto.opengov.com. The City invites you to use the online tool to:

- Search budget and financial data
- View trends in revenues and expenditures over time
- Drill down into expenses by department or account type
- Display the data as graphs or charts
- Download into Excel
- Share with friends using email or social media
- Send comments directly to the City online

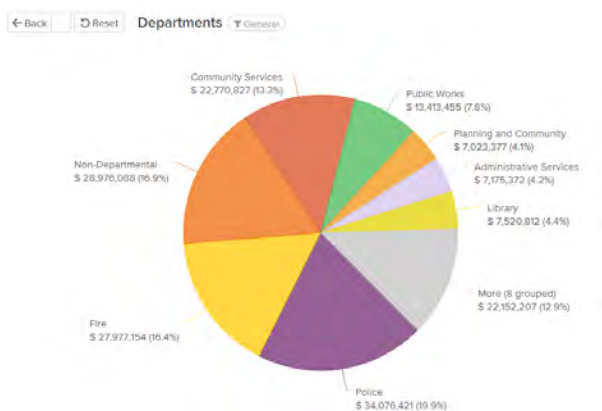
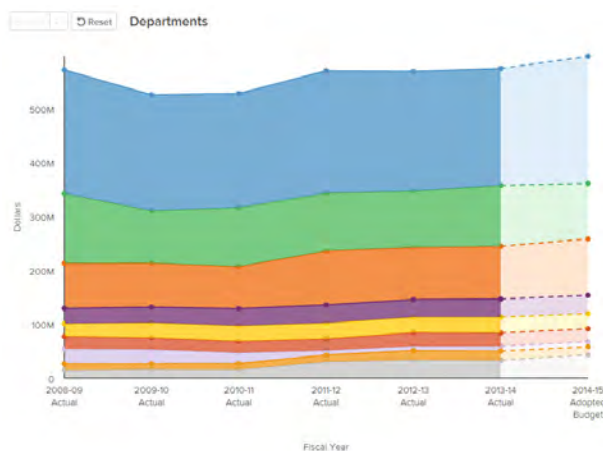
HOW DOES IT WORK?

Governmental budgets are composed of funds, departments, and accounts. Using a pull-down filter you can choose the combination you want to explore.

By clicking on one of these icons, you can choose whether you want to display graphs showing changes over the years, a pie chart for a single year, or download portions into Excel.



You can also cut and paste any illustration into another document, send it to friends using email or Twitter, or post it on Facebook.



Department and Enterprise Fund Information

The budget document includes the following information for each department and enterprise fund:

Mission Statement, Purpose, and Description: introduces the department.

Organizational Chart: depicts full-time equivalent (FTE) positions that report to a department director. The total FTE count in the organizational chart may not match the total FTE count in a department section if positions are budgeted in a fund not included in the particular department section. For example, the Administrative Services Department (ASD) Assistant Director oversees the SAP functional team, as displayed on the organizational chart but the positions are budgeted in the Technology Fund so they do not appear in the ASD departmental budget summary.

**Accomplishments: identifies the department's noteworthy accomplishments of the past fiscal year.

**Initiatives: highlights the major work plan items for the department for the upcoming fiscal year.

**Goals and Objectives: identifies major goals as well as activities that support achievement of those goals.

**Key Performance Measures: lists key department performance measures related to some goals and objectives.

**Workload Measures: identifies key quantifiable department outputs.






Budget Summary: summarizes key expenditure, revenue, and position data for the department and/or fund for several fiscal years (for example, in the FY 2021 Proposed Budget you will see FY 2018 Actuals, FY 2019 Actuals, FY 2020 Adopted and FY 2021 Proposed Budget). Revenues are shown as either internal or external depending on their source. External revenues include grant funds as well as fees collected for the provision of services such as inspections, plan checks, and recreational programs. Internal revenues are those that are received from another City department. For example, the Utilities Department reimburses the Attorney's Office for legal services. In FY 2021, it should be noted that a variance will be seen between FY 2019 Actuals and the FY 2020 Adopted Budget columns in the salary and benefits total expenses. This variance reflects the difference between estimated vacancies and staff costs actually incurred as well as the changes in labor terms from year to year.

Staffing: lists all full-time equivalent (FTE) positions and their respective salaries in a department based on their actual levels of compensation.

**The FY 2021 Proposed Budget will not include the following department information: accomplishments, initiatives, goals and objectives, key performance measures, nor workload measures. As approved by the City Council on March 23, 2020 in Staff Report 11208, the City of Palo Alto is producing a modified budget document that contains only essential financial information. This decision was made to allow greater time from the workforce to be spent on other critical and immediate issues related to the City's emergency response to COVID-19.

Budget Reconciliation: outlines the major base budget and adopted budget expenditure and revenue changes from the previously adopted budget to the newly presented proposed or adopted budget. Base budget reconciliation changes include updated salary and benefits cost in accordance with the salary and benefits structure approved by the City Council, deletion of one-time expenditures, and/or the addition of ongoing expenditures as approved by the City Council. The budget change table itemizes expenditure and revenue recommendations and the net impact on the fund.

Budget Adjustments: describes service level changes compared to the prior fiscal year as well as the anticipated performance impact as it relates to Quality, Cost, Cycle Time, Customer Satisfaction, and Sustainability, identified with icons as follows:

-  Quality
-  Cost
-  Cycle Time
-  Customer Satisfaction
-  Sustainability

BUDGETARY BASIS

The budget is prepared in accordance with Generally Accepted Accounting Principles. The budget for governmental funds has been prepared on a modified accrual basis. The modified accrual basis recognizes expenditures when the related fund liability is incurred. Revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

FUND STRUCTURE AND ACCOUNTING BASIS

The accounts of the City are made up of funds that help organize and account for restricted resources. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts (comprised of assets, liabilities, fund equity, revenues, and expenditures), which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with regulatory requirements. The City has the following fund type categories:

Governmental Fund Types

The Governmental funds include the General, Special Revenue, Debt Service, and Capital Project Funds. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Proprietary Fund Types

The Proprietary funds, which include the Enterprise and Internal Service Funds, are used to account for the City’s business-type activities. Proprietary funds are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are

THE BUDGET PROCESS AND DOCUMENT

recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Fiduciary Fund Types

The Fiduciary funds track assets held by the City in trust or as an agent for various assessment and community facilities districts. These funds are not included in the budget process.

Agency Fund Types

The Agency funds are custodial in nature and do not involve measurement of results of operations. The City maintains three agency funds, which are not included in the budget process.





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Palo Alto
California**

For the Fiscal Year Beginning

July 1, 2019

Christopher P. Morill

Executive Director



The Government Finance Officers Association
of the United States and Canada

presents this

CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION
to

Office of Management & Budget
City of Palo Alto, California



The Certificate of Recognition for Budget Preparation is presented by the Government Finance Officers Association to those individuals who have been instrumental in their government unit achieving a Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award, which is the highest award in governmental budgeting, is presented to those government units whose budgets are judged to adhere to program standards.

Christopher P. Morill

Executive Director

Date March 03, 2020



CITY OF
**PALO
ALTO**

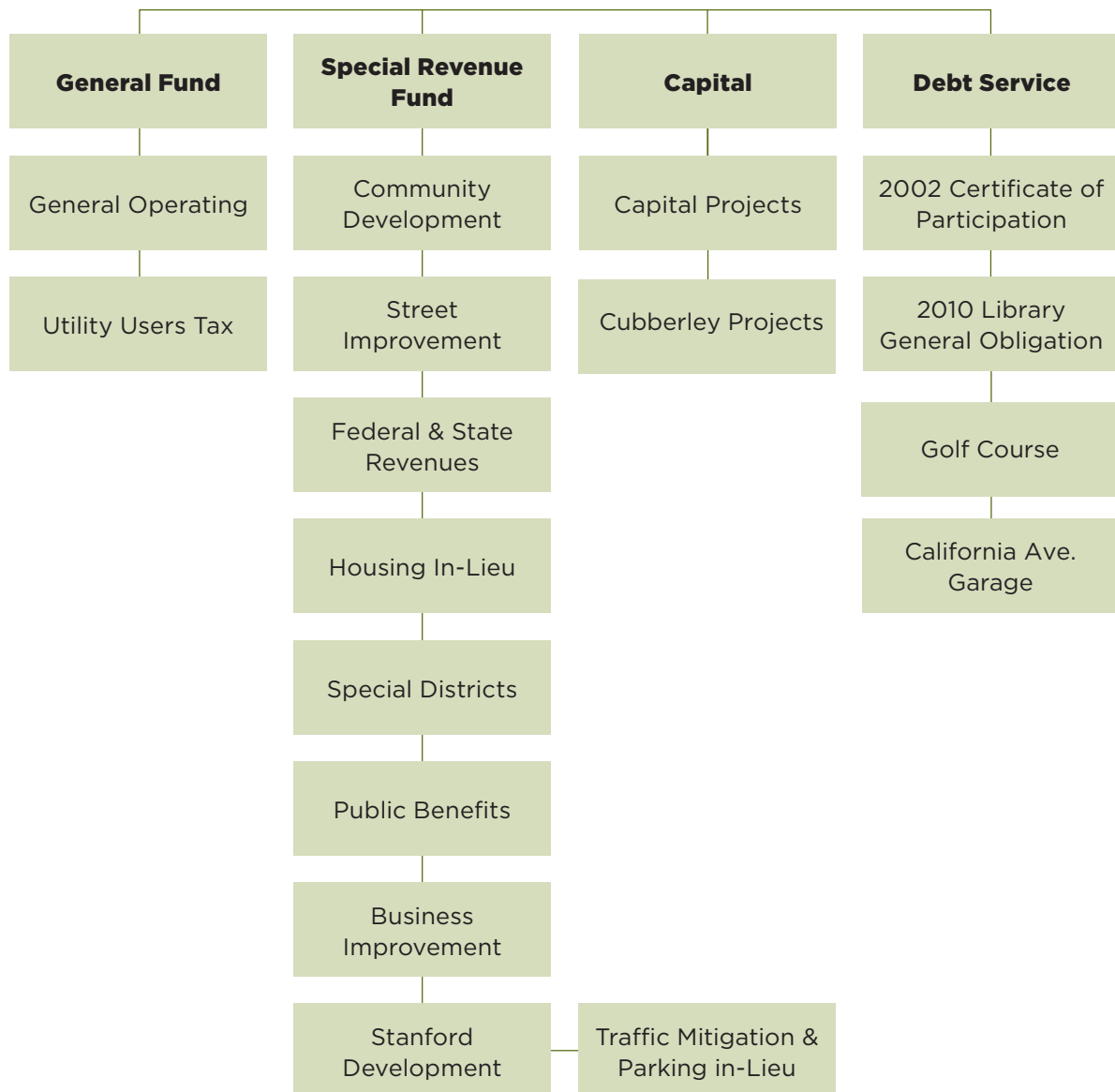
Citywide Funds



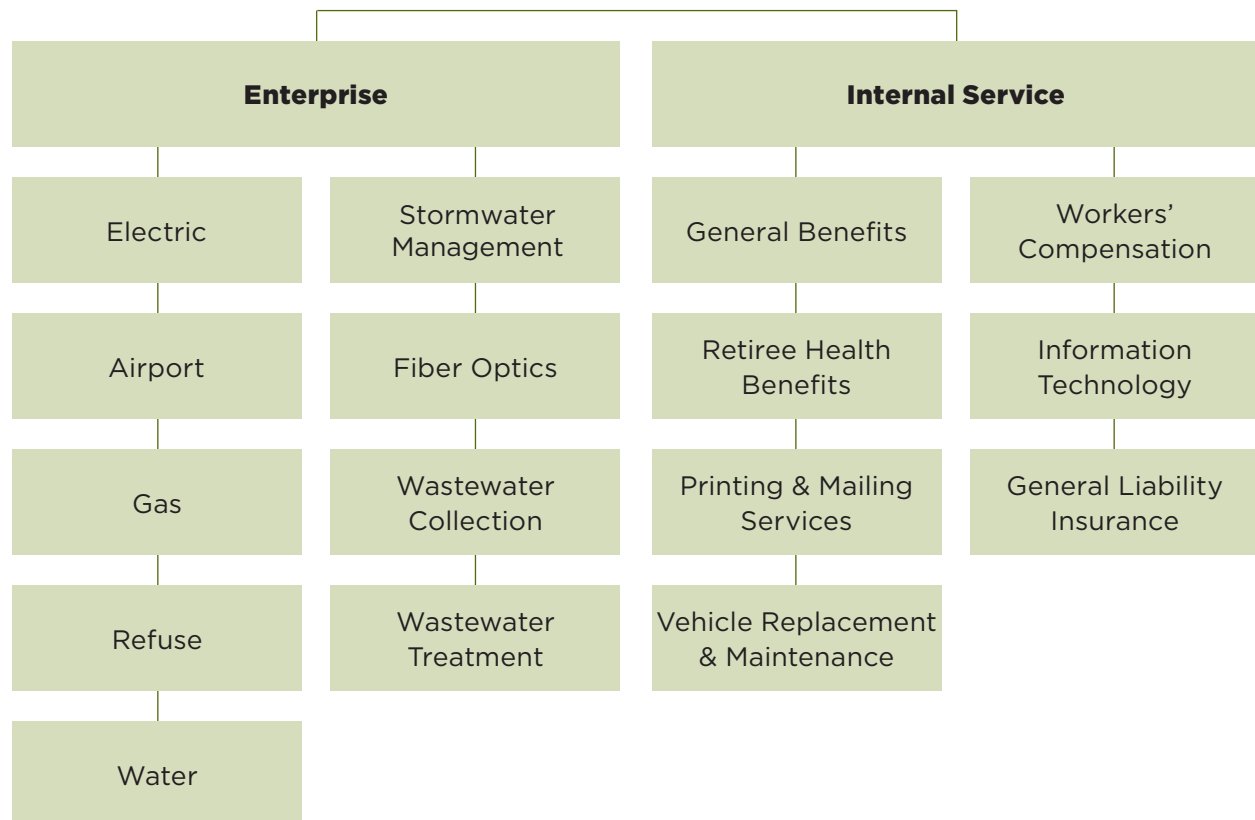


CITY OF
**PALO
ALTO**

Fund Structure



Fund Structure

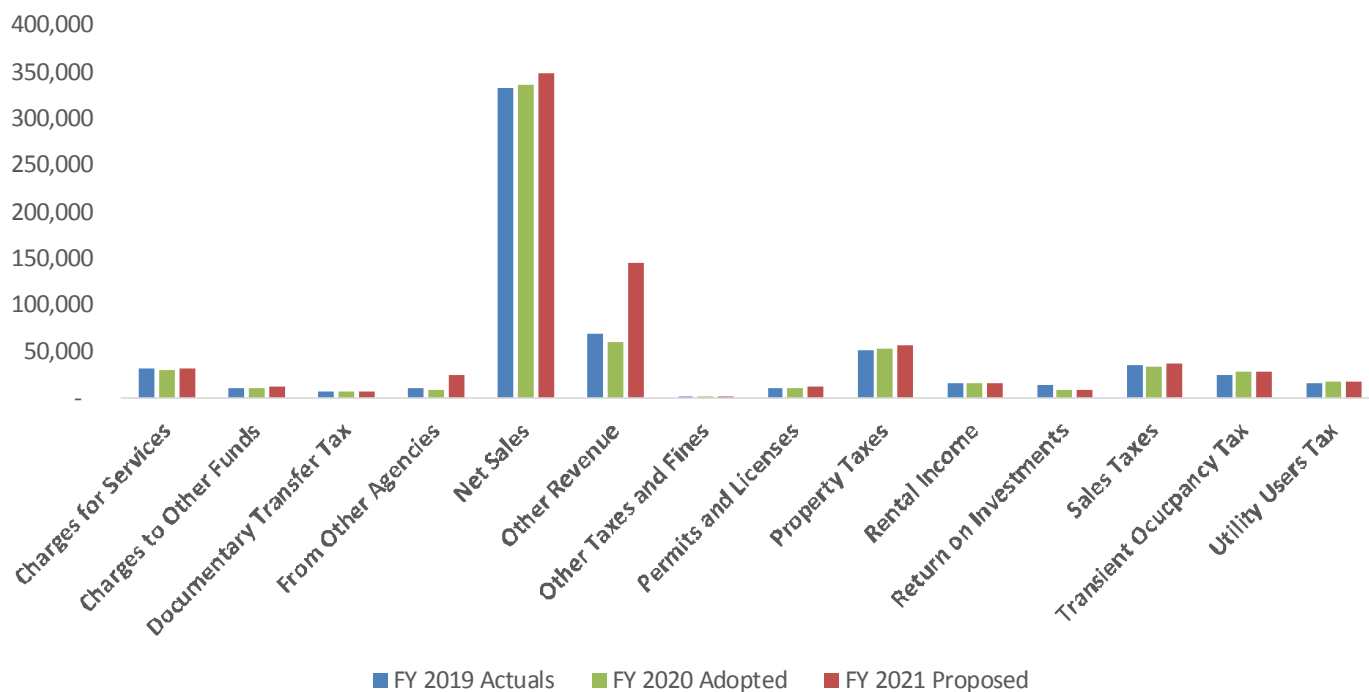


Total Citywide Revenue by Category

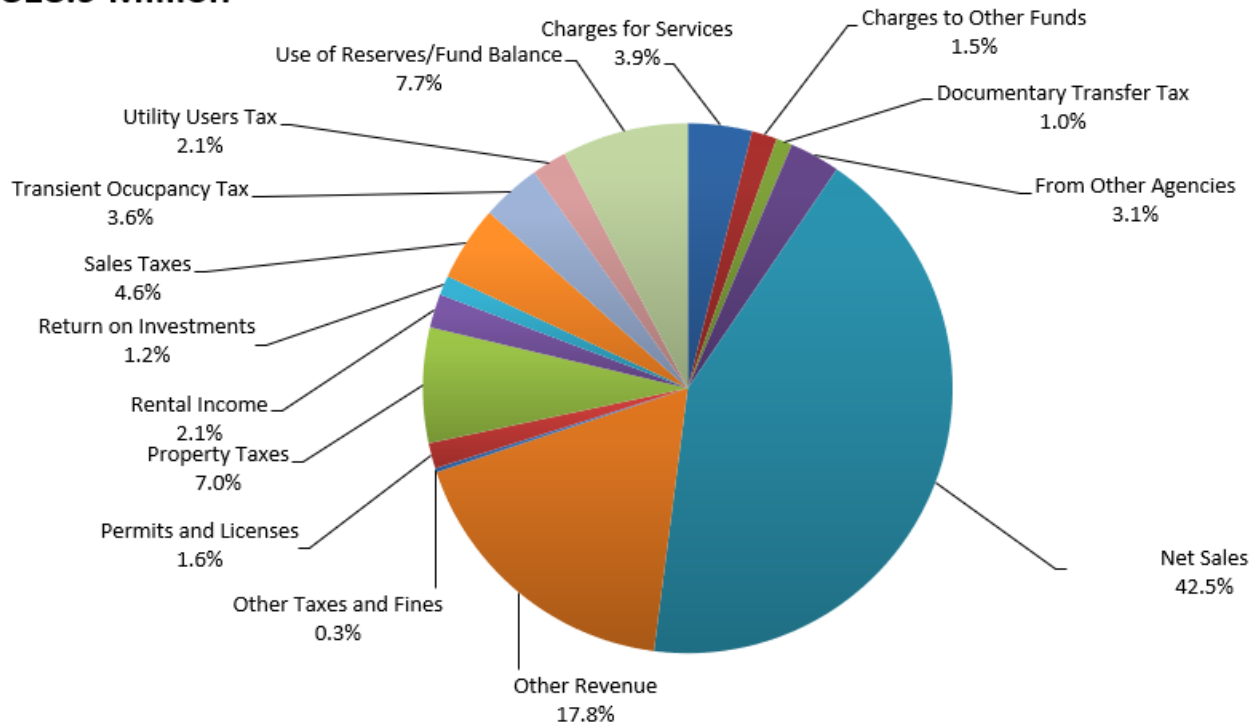
| (\$000s) | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Charges for Services | 28,699 | 32,298 | 31,440 | 32,065 | 625 | 2.0% |
| Charges to Other Funds | 12,706 | 11,361 | 11,477 | 12,590 | 1,113 | 9.7% |
| Documentary Transfer Tax | 9,229 | 6,923 | 8,369 | 8,016 | (353) | (4.2%) |
| From Other Agencies | 17,820 | 11,492 | 8,691 | 25,276 | 16,585 | 190.8% |
| Net Sales | 316,038 | 332,564 | 335,525 | 348,172 | 12,647 | 3.8% |
| Other Revenue | 42,968 | 69,846 | 60,864 | 145,972 | 85,108 | 139.8% |
| Other Taxes and Fines | 2,477 | 2,029 | 2,372 | 2,084 | (288) | (12.1%) |
| Permits and Licenses | 11,294 | 11,415 | 11,725 | 12,726 | 1,001 | 8.5% |
| Property Taxes | 47,242 | 51,776 | 53,217 | 57,562 | 4,345 | 8.2% |
| Rental Income | 16,507 | 17,059 | 17,186 | 16,852 | (334) | (1.9%) |
| Return on Investments | 9,150 | 14,768 | 10,057 | 9,684 | (373) | (3.7%) |
| Sales Taxes | 31,091 | 36,508 | 34,346 | 37,605 | 3,259 | 9.5% |
| Transient Occupancy Tax | 24,937 | 25,649 | 29,309 | 29,689 | 380 | 1.3% |
| Utility Users Tax | 15,414 | 16,402 | 17,581 | 17,553 | (28) | (0.2%) |
| Total | 585,572 | 640,090 | 632,159 | 755,846 | 123,687 | 19.6% |

CITYWIDE FUNDS OVERVIEW

3 Year Trend - Citywide Revenues By Category (\$000s)



FY 2021 Sources \$818.9 Million



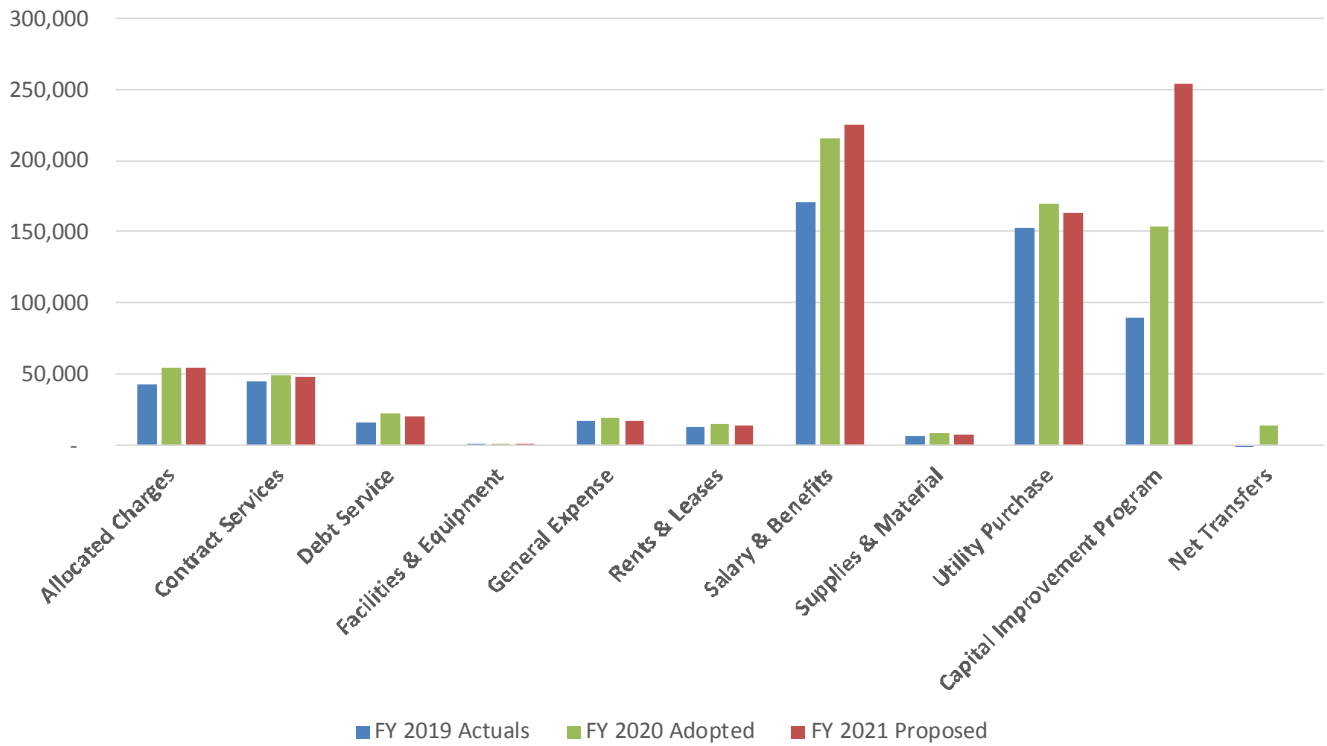
Total Citywide Expense by Category

| | FY 2018 Actuals* | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|-----------------------------|---------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Allocated Charges | 43,024 | 42,770 | 54,911 | 55,125 | 214 | (0.4%) |
| Contract Services | 36,473 | 44,806 | 48,993 | 48,686 | (307) | (0.6%) |
| Debt Service | 17,693 | 15,894 | 22,553 | 20,387 | (2,166) | (9.6%) |
| Facilities & Equipment | 437 | 613 | 904 | 519 | (385) | (42.6%) |
| General Expense | 32,491 | 17,225 | 19,408 | 17,799 | (1,609) | (8.3%) |
| Rents & Leases | 12,659 | 12,908 | 14,792 | 13,749 | (1,043) | (7.1%) |
| Salary & Benefits | 184,306 | 170,951 | 216,144 | 225,386 | 9,242 | 4.3% |
| Supplies & Material | 6,514 | 6,457 | 8,302 | 8,222 | (80) | (1.0%) |
| Utility Purchase | 154,157 | 152,748 | 169,713 | 164,135 | (5,578) | (3.3%) |
| Capital Improvement Program | 89,582 | 90,147 | 154,257 | 254,156 | 99,899 | 64.8% |
| Net Transfers | (1,264) | (6,592) | 13,860 | 10,705 | (3,155) | (22.8%) |
| Total | 576,072 | 547,927 | 723,837 | 818,869 | 95,032 | 13.1% |

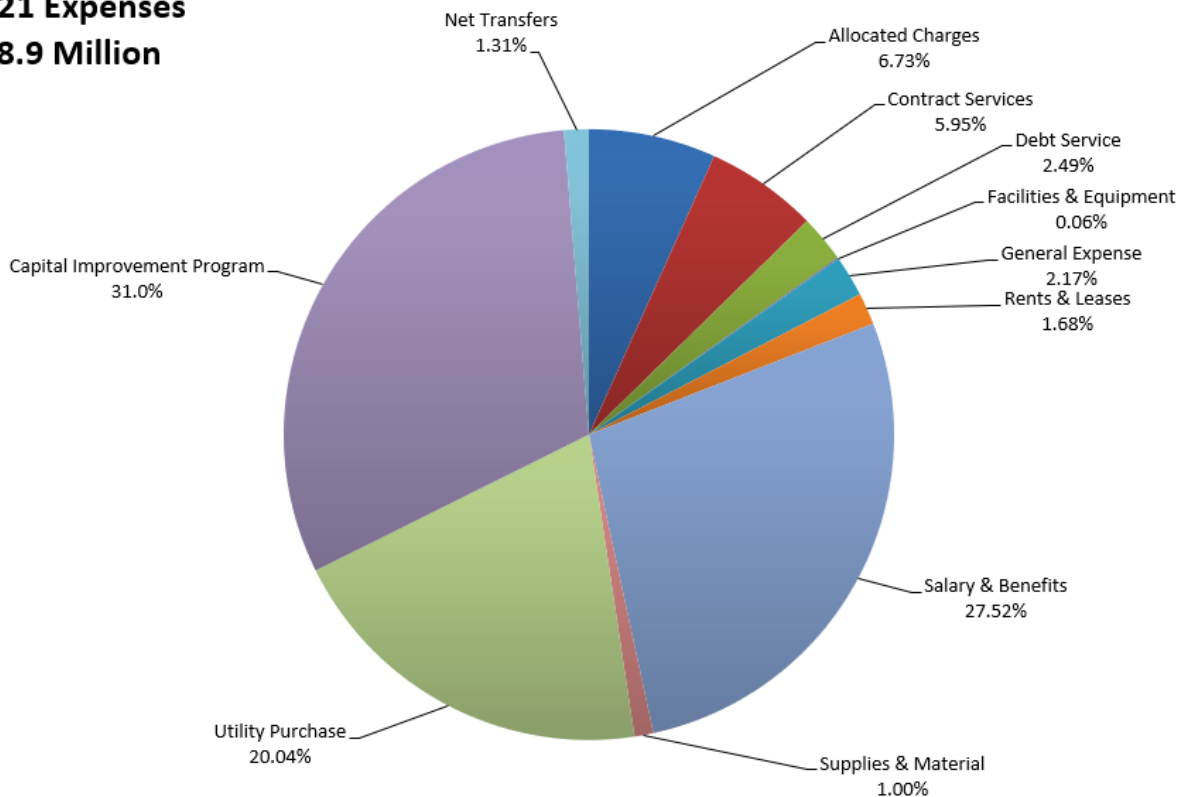
* FY 2018 Actuals as they appeared in the FY 2020 Adopted Budget inadvertently included an accounting transaction that should be excluded for budgetary purposes. The numbers in the table above correctly reflect the budgetary actuals for FY 2018.

CITYWIDE FUNDS OVERVIEW

3 Year Trend - Citywide Expenses By Category (\$000s)



FY 2021 Expenses \$818.9 Million



Citywide Projected Operating Fund Balance

| | ENDING FUND BALANCE 6/30/20 | ESTIMATED REVENUES | NET FUND TRANSFERS | ESTIMATED EXPENDITURES | ENDING FUND BALANCE 6/30/21 |
|--|--------------------------------------|-----------------------|-----------------------|---------------------------|--------------------------------------|
| GENERAL FUND | | | | | |
| General Fund | 44,398 | 220,150 | (15,733) | 201,710 | 47,105 |
| Total General Fund | 44,398 | 220,150 | (15,733) | 201,710 | 47,105 |
| CAPITAL FUNDS | | | | | |
| Capital Improvement Fund | 37,087 | 130,266 | 29,518 | 176,825 | 20,046 |
| Cubberley Property Infrastructure Fund | 3,578 | 0 | 1,864 | 2,190 | 3,252 |
| Total Capital Funds | 40,665 | 130,266 | 31,382 | 179,015 | 23,298 |
| DEBT SERVICE FUNDS | | | | | |
| 2018 Golf Course 2002B Refinancing | 248 | 0 | 530 | 530 | 248 |
| 2019 California Ave Parking Garage | 18 | 0 | 2,380 | 2,380 | 18 |
| Library Bonds | 3,660 | 4,589 | 0 | 4,645 | 3,604 |
| Total Debt Service Funds | 3,926 | 4,589 | 2,910 | 7,555 | 3,870 |
| ENTERPRISE FUNDS | | | | | |
| Electric Fund | 55,247 | 175,547 | (10,884) | 178,107 | 41,803 |
| Fiber Optics Fund | 32,022 | 5,563 | (102) | 3,488 | 33,995 |
| Gas Fund | (2,920) | 40,995 | (7,529) | 46,071 | (15,525) |
| Wastewater Collection Fund | (178) | 22,433 | (279) | 23,540 | (1,564) |
| Water Fund | 15,956 | 48,406 | 421 | 53,223 | 11,560 |
| Refuse Fund | 2,910 | 33,727 | (63) | 32,576 | 3,998 |
| Stormwater Management Fund | 475 | 7,909 | (7) | 10,066 | (1,689) |
| Wastewater Treatment Fund | (19,936) | 40,926 | (14) | 47,094 | (26,118) |
| Airport Fund | (10,641) | 21,813 | (273) | 21,152 | (10,253) |
| Total Enterprise Funds | 72,935 | 397,319 | (18,730) | 415,317 | 36,207 |
| INTERNAL SERVICE FUNDS | | | | | |
| General Benefits Fund | 2,304 | 77,264 | (2,384) | 74,243 | 2,941 |
| Retiree Health Benefit Fund | 1,135 | 14,467 | 2,384 | 16,849 | 1,137 |
| Workers' Compensation Fund | 959 | 6,178 | 0 | 6,961 | 176 |
| Liability Insurance Fund | 1,572 | 3,226 | 5 | 4,146 | 657 |

CITYWIDE FUNDS OVERVIEW

Citywide Projected Operating Fund Balance

| | ENDING FUND BALANCE 6/30/20 | ESTIMATED REVENUES | NET FUND TRANSFERS | ESTIMATED EXPENDITURES | ENDING FUND BALANCE 6/30/21 |
|---|--------------------------------------|-----------------------|-----------------------|---------------------------|--------------------------------------|
| Printing and Mailing Services Fund | 0 | 1,743 | 0 | 1,664 | 79 |
| Technology Fund | 18,293 | 15,285 | 1,355 | 21,353 | 13,580 |
| Vehicle Replacement and Maintenance Fund | 8,192 | 9,822 | (819) | 14,016 | 3,179 |
| Total Internal Service Funds | 32,455 | 127,985 | 541 | 139,232 | 21,749 |
| SPECIAL REVENUE FUNDS | | | | | |
| Community Development Fund | 9,843 | 1,009 | (3,355) | 0 | 7,497 |
| Street Improvement Fund | 330 | 3,063 | (3,074) | 0 | 319 |
| Federal and State Revenue Funds | 5,713 | 645 | 0 | 851 | 5,507 |
| Housing In-Lieu and BMR Fund | 44,036 | 2,817 | 0 | 358 | 46,495 |
| Special Districts Funds | 4,834 | 5,646 | 355 | 5,389 | 5,446 |
| Traffic Mitigation & Parking In-Lieu Fund | 12,348 | 536 | (400) | 0 | 12,484 |
| Downtown Business Improvement District | (32) | 140 | 0 | 148 | (40) |
| Stanford Development Agreement (SUMC) | 19,408 | 370 | (3,250) | 0 | 16,528 |
| Public Art Funds | 1,482 | 216 | 170 | 215 | 1,653 |
| Total Special Revenue Funds | 97,962 | 14,442 | (9,554) | 6,961 | 95,889 |
| TOTAL OPERATING FUND BALANCE | 292,341 | 894,751 | (9,184) | 949,790 | 228,118 |

Citywide Average Salary

| Category | Mgmt/ Prof | Utilities Mgmt/ Prof | Fire Chief Asscn. | Fire Fighters | Police Mgmt Asscn. | PAPOA | SEIU | Total/ Average |
|---|----------------|----------------------------|----------------------|------------------|--------------------------|----------------|----------------|-------------------|
| Full-Time Equivalent (FTE) | 231.75 | 49.50 | 4.00 | 88.00 | 7.00 | 83.00 | 570.6 | 1,033.85 |
| % of City | 22.4% | 4.8% | 0.4% | 8.5% | 0.7% | 8.0% | 55.2% | 100.0% |
| Salary (\$) ¹ | 149,306 | 178,871 | 199,790 | 142,092 | 227,779 | 147,255 | 100,293 | 123,618 |
| In-Lieu Holiday (\$) | N/A | N/A | N/A | 5,867 | N/A | 4,386 | 284 | 1,406 |
| Incentive Pay (\$) ² | N/A | N/A | N/A | 943 | N/A | 1,226 | 396 | 554 |
| Overtime (Average) (\$) | N/A | N/A | N/A | 21,945 | N/A | 16,795 | 4,966 | 8,305 |
| Management Leave (80 Hours) (\$) | 5,743 | 6,880 | 7,684 | N/A | 8,761 | N/A | N/A | 6,034 |
| Pension Employer Portion (\$) Misc 38.37%; Safety 65.33% ³ | 57,284 | 68,628 | 130,527 | 92,832 | 148,812 | 96,205 | 38,479 | 54,502 |
| Medicare (\$) | 2,165 | 2,594 | 2,897 | 2,060 | 3,303 | 2,135 | 1,454 | 1,792 |
| Medical (\$) | 18,821 | 20,021 | 24,114 | 19,506 | 22,111 | 19,394 | 18,173 | 18,668 |
| Dental/Vision (\$) | 1,946 | 2,179 | 2,274 | 2,129 | 2,166 | 1,971 | 1,898 | 1,951 |
| Retiree Medical (\$) ⁴ | 7,138 | 7,459 | 12,020 | 9,812 | 13,445 | 11,795 | 6,062 | 7,222 |
| Workers' Comp (\$) | 4,332 | 3,992 | N/A | 13,106 | N/A | 10,374 | 4,359 | 5,516 |
| LIFE/LTD/SUI (\$) | 665 | 668 | 668 | 668 | 668 | 668 | 669 | 668 |
| Non-salary Benefits (\$) ⁵ | 3,390 | 4,388 | 4,886 | 1,809 | 3,388 | 3,108 | 571 | 1,730 |
| Average Salary & Benefits (\$) | 250,791 | 295,679 | 384,860 | 312,767 | 430,432 | 315,312 | 177,605 | 231,968 |
| City's Proactive Contributions to Long-Term Pension Liabilities (Margin for using a 6.2% Discount Rate to calculate the Normal Cost) | 5,533 | 6,672 | 13,346 | 9,492 | 15,216 | 9,649 | 3,741 | 5,362 |
| Isolate Holiday Pay from Salary | | | | | | | | |
| Salary, includes holidays (\$) | 149,306 | 178,871 | 199,790 | 142,092 | 227,779 | 147,255 | 100,293 | 123,618 |
| Holidays (assumes 11, 9 hour days) (\$) | 7,106 | 8,514 | 9,509 | 6,763 | 10,841 | 7,009 | 4,774 | 5,884 |
| Salary, excludes holidays (\$) | 142,200 | 170,358 | 190,281 | 135,329 | 216,937 | 140,246 | 95,519 | 117,735 |

Notes:

(1) Salary is calculated at actual pay rate (base pay and special pays, as applicable) as of February 2020 adjusted for step increases in accordance with applicable Memoranda of Understandings with the City's bargaining groups or pay for performance increases for Management and Professional employees.

(2) Incentive pay includes: Fair Labor and Standards Act Charges and Night Shift Differential pay.

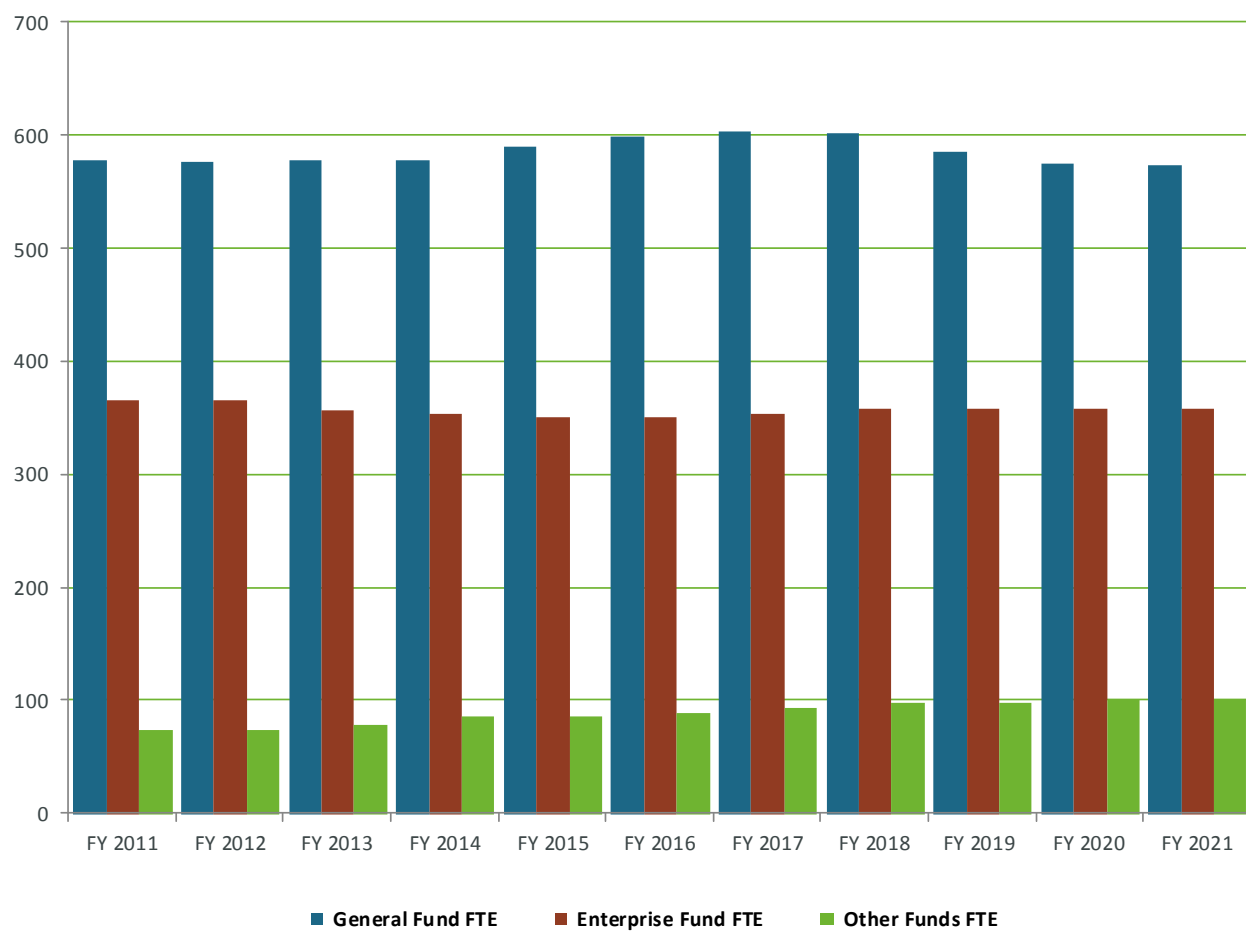
(3) Safety employees will pick-up up to 4.0% of the employer share of 65.33% (PAPOA - 3.5%), while MGMT and SEIU Employees will pick up 1% of the 38.37%.

(4) Annual amount incurred for active employees (normal cost only).

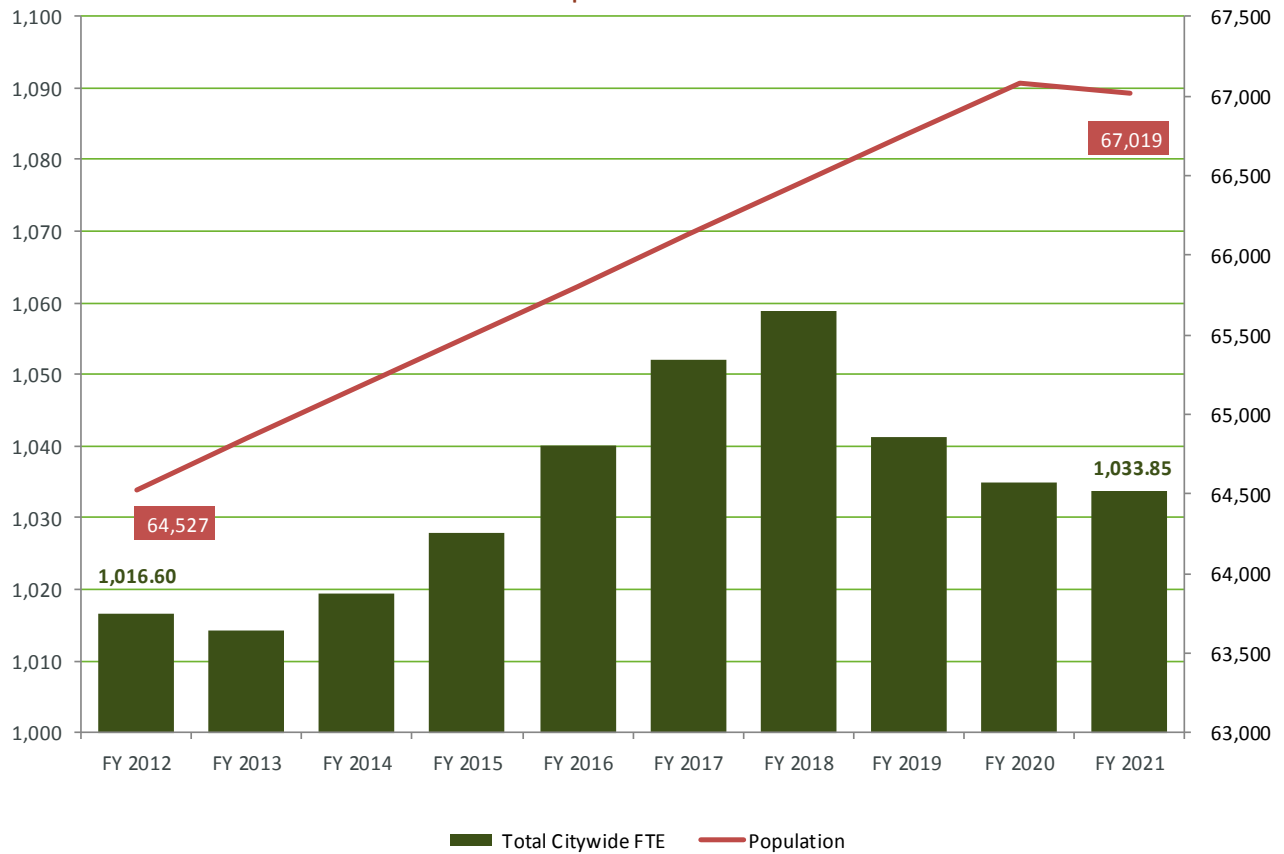
(5) Non-salary Benefits include professional development for Mgmt, Utilities Mgmt, FCA and PMA; tuition reimbursement for FCA and PMA; and management excess benefit for Mgmt, Utilities Mgmt, FCA and PMA. Does not include administrative fees for General Benefits and Workers' Compensation Funds.

CITYWIDE FUNDS OVERVIEW

10 Year Trend - Citywide FTE by Fund



10 Year Trend - Citywide FTE Positions vs. Population Growth





CITY OF
**PALO
ALTO**

General Fund





CITY OF
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ALTO**

GENERAL FUND OVERVIEW

Overview

The Long Range Financial Forecast (LRFF) marks the beginning of the annual budget process and is produced to project the City's General Fund financial position in the near-term and long-term horizon. The LRFF presents the fiscal health of the General Fund, based on City Council approved service levels, as well as alternative financial scenarios.

The LRFF was accepted by the Finance Committee on December 3, 2019 and was accepted by the City Council on February 3, 2020. The forecast continues to incorporate direction from the City Council to budget pension costs more conservatively than CalPERS projections. The base forecast projected a \$1.1 million General Fund surplus, followed by annual gaps where expenses outpace forecasted revenue growth ranging from a deficit of \$2.4 million in FY 2023, that tapers to \$1.1 million in FY 2025, before reaching significant surpluses in the final years of the forecast. The base forecast provided a preliminary baseline that assists in gauging effects of major policy changes against a "status quo" version of the future. It also assumed that the economy and world events continue to change and unfold in line with current expectations. It is shown below.

FY 2021 - FY 2030 Long Range Financial Forecast

Base Case

| | Adopted 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|-----------------|----------------|------------------|------------------|------------------|------------------|----------------|----------------|----------------|-----------------|-----------------|
| Total Revenue | 232,101 | 241,527 | 248,358 | 255,808 | 263,083 | 271,318 | 280,028 | 289,307 | 299,625 | 310,488 | 321,728 |
| | | 4.1% | 2.8% | 3.0% | 2.8% | 3.1% | 3.2% | 3.3% | 3.6% | 3.6% | 3.6% |
| Total Expenditures | 230,809 | 240,447 | 250,168 | 258,194 | 265,396 | 272,465 | 277,743 | 283,366 | 291,169 | 298,276 | 304,382 |
| | | 4.2% | 4.0% | 3.2% | 2.8% | 2.7% | 1.9% | 2.0% | 2.8% | 2.4% | 2.0% |
| Net One-Time Surplus/(Gap) | \$1,292 | \$1,080 | (\$1,810) | (\$2,386) | (\$2,313) | (\$1,147) | \$2,284 | \$5,941 | \$8,457 | \$12,212 | \$17,347 |
| Cumulative Net Operating Margin (One-Time) | | | | | | | | | | | \$39,664 |
| Net Operating Margin | | \$1,080 | (\$2,890) | (\$576) | \$73 | \$1,166 | \$3,431 | \$3,657 | \$2,516 | \$3,755 | \$5,135 |
| Cumulative Net Operating Margin | | | | | | | | | | | \$17,347 |

Assumes that the annual shortfalls are solved with ongoing solutions and annual surpluses are spent for ongoing expenditures.

The LRFF was developed at a time when national, state, and local economic indicators were mixed. Unemployment remained low, job growth slowed, and international trade had negative impacts on economic data. The nation continued to operate at "full employment" level with 3.6 percent unemployment as of October 2019. The Bay Area region boasted a 2.2 percent unemployment rate for the same month. Those levels have not occurred in 20 years, last appearing at the height of the Dot.Com Boom. Consumer consumption, government spending, and exports contributed to Growth Domestic Product (GDP) which grew by 1.9 percent in the third (calendar) quarter of 2019, which was expected to slow as real income and job growth further slowed in 2020. In addition to these indicators, economically sensitive revenue sources, such as transient occupancy tax and documentary transfer tax, showed declines, while sales tax growth

GENERAL FUND OVERVIEW

remained stable. The forecast continued the assumption that the strong foundations of the local economy – stable housing market, diverse and favorable mix of business segments lead by professional and technology industries, and academic and medical properties – would moderate the financial impact of a severe economic downturn. Tax revenues were modeled in correspondence with the health of the local economy and were projected to be \$9.8 million, or 7.0 percent, above the FY 2020 Adopted Budget.

While the LRFF is a valuable tool for extrapolating “status quo” financial scenarios and modeling the impacts of potential policy or economic changes, it is not meant to comprehensively forecast all impacts to the City’s Finances. The LRFF did not include several potential impacts to the FY 2021 budget and later in the forecast. Some of them were discussed in the LRFF itself for qualitative context. The list below details some of them; it is not intended to be a comprehensive list nor is the list in any priority order:

- Labor negotiations and changes to employee compensation in years where there is no agreement
- Operating costs associated with Capital Projects
- Grade separation
- Parks Master Plan funding strategy
- Other capital improvement projects
- Additional capital or operating investments for city owned assets operated by non-profit organizations
- Cubberley Community Center Concept Plan
- General Fund loans for special projects
- Legislative updates at the state and federal level
- Greater CalPERS contributions
- Tax revenue alignment with updated Comprehensive Plan
- Unknown changes in the local, regional, and national economy

Based on the LRFF, staff continued to review and refine estimates to establish the FY 2021 Base Budget. FY 2021 Budget Development Guidelines were transmitted to Council together with the LRFF. The Guidelines were used as part of the City’s efforts to strategically plan and prioritize spending to ensure financial stability. World events have since redirected the City’s outlook, fiscal and otherwise, towards the measures necessary to contain the spread of COVID-19. The economic impacts and disruptions to communities caused by COVID-19 are widespread and significant. Performance and volatility of markets contribute to an unprecedented challenge of minimizing the risk to our community while ensuring that crucial services continue uninterrupted. As a result of the uncertainties and challenges we face, the Proposed General Fund budget represents, in large part, current service levels adjusted to FY 2021 levels with limited additional adjustments. The adjustments reflect the critical changes to service delivery that are both known and quantifiable.

FISCAL YEAR 2021 GENERAL FUND BUDGET

Subsequent to the development of the LRFF, revenue and expense estimates were reviewed to calculate the Base Budget. The details of these adjustments can be found throughout this document. Significant base changes, which reflect the change in revenues and/or expenses to maintain services at their current levels or incorporate policy direction from City Council issued after the LRFF, and their General Fund impact, are discussed below:

- Tax revenue
- Salary and Benefits
- Allocation charges
- Contract services
- Transfers

The FY 2021 Proposed Budget assumes revenue totaling \$241.5 million, a 4.1 percent, or \$9.4 million increase compared to the FY 2020 Adopted Budget, and General Fund expenditures totaling \$238.8 million, a 3.5 percent, or \$8.0 million, increase over the FY 2020 Adopted Budget of \$230.8 million.

The Budget Stabilization Reserve (BSR) is estimated to be \$47.1 million, or 19.7 percent of the FY 2021 Proposed Budget. As discussed in the Reserves section of the General Fund Overview, the Proposed Budget contributes \$2.7 million to the BSR. With this funding level, the BSR would be \$3.0 million, or 1.2 percent above the 18.5 percent target. The following sections discuss the General Fund's major revenue and expense categories in the FY 2021 Proposed Budget compared to the FY 2020 Adopted Budget.

REVENUES

Revenues for the Proposed Budget were established based on a strong and stable overall U.S. economy albeit at slower growth rate. The Bay Area economy sustained better performance than the state and the nation with strong foreign trade, however challenges with expected slowdown in job growth and potential impacts to local housing markets posed uncertainty with predicting whether robust growth could be expected throughout the forecast. Tax revenues constitute 60 percent of General Fund resources. Based on economic indicators at the time of development, cautiously optimistic modeling was used to develop the FY 2021 Proposed Budget. The 2021 Proposed Budget assumes an overall \$9.4 million, 4.1 percent, increase compared to the FY 2020 Adopted Budget. Tax revenue represents \$7.5 million of the overall increase. It is anticipated that the City will revise its revenue assumptions as a result of COVID-19's economic impacts through conversations with the City Council as part of the public hearing process for the adoption of the FY 2021 Budget.

SALES TAX

The Proposed Budget assumes 9.5 percent growth, representing a \$3.2 million increase from the FY 2020 Adopted Budget. Revenue from this source totals \$37.6 million in the Proposed Budget. This estimate was developed assuming strong personal income and spending growth and a larger share of consumer spending online. As the nation transitions from a shopping center country to online sales, a surge in online retail sales will partially displace tax revenue from traditional industry segments to state and county pools. In addition, online sales data that can-

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not be tracked to a specific county jurisdiction are allocated to the Santa Clara County sales tax pool and then distributed to local jurisdictions based on local tax percentage. Palo Alto's average proportion of county pool sales tax allocation is approximately 7.3 percent. These trends will be monitored as the shift in consumer spending habits transition from brick and mortar to online and as economic impacts resulting from COVID-19 unfold.

PROPERTY TAX

Property tax revenue is the General Fund's largest revenue source and represents 21.9 percent of total revenues. Property tax grew 20.2 percent from FY 2017 levels of \$39.4 million to \$47.3 million in FY 2019 due to higher assessed values. These higher assessed values reflect continued robust commercial and residential real estate markets during those periods. The FY 2021 Proposed Budget assumes \$52.9 million in property tax revenue, a \$4.3 million or 8.7 percent increase, compared to FY 2020 Adopted Budget level of \$48.6 million.

In addition, FY 2017, FY 2018, and FY 2019 included receipts of \$0.7 million, \$1.4 million, and \$2.7 million, respectively, for excess Educational Revenue Augmentation Fund (ERAF) distributions from the County of Santa Clara. ERAF is the fund used to collect and disburse property taxes that are shifted to/from cities, the County, and special districts prior to their reallocation to K-14 school agencies. When the state shifts more local property tax than required to support schools these funds are returned and known as excess ERAF. Due to the uncertainty of whether local agencies will continue to receive excess ERAF funds, it is not considered a permanent local revenue source. The FY 2021 Proposed Budget assumes \$2.8 million in excess ERAF revenue.

TRANSIENT OCCUPANCY TAX (TOT)

In FY 2021, TOT revenue is estimated to be \$29.7 million, representing a \$0.4 million, or 1.3 percent, increase compared to the FY 2020 Adopted Budget. This estimate assumes the opening of two new hotels and is offset by a decrease in average occupancy rates seen in the second quarter of Fiscal Year 2020. The decline seen in the second quarter of FY 2020 decreases the City's revenue estimate for this category by 5.4 percent. This decrease corresponds with occupancy rate declines in San Francisco and the Silicon Valley markets. This segment is particularly impacted by COVID-19 and therefore includes considerable uncertainty. To address potential impacts to the City's revenue estimates, staff anticipates discussing revisions to this budget as part of the public hearing process for the adoption of the budget.

DOCUMENTARY TRANSFER TAX (DTT)

The Proposed Budget assumes \$8.0 million in DTT revenue, which is significantly lower than levels seen in recent years. As in past years, this revenue source is challenging to forecast since it is highly dependent on property sales volume and the mix of commercial and residential sales. The number of transactions through October 2019 (186) are running lower than those through October 2018 (217); however, the total value of these transactions has increased by 7.4 percent. Though the Palo Alto housing market remains strong, as discussed in the Property Taxes section, the residential median sales price in Palo Alto has declined.

UTILITY USERS' TAX (UUT)

The UUT is levied on electric, gas, and water consumption, as well as on telephone usage. In total, FY 2020 revenues were budgeted at \$17.6 million. The FY 2021 Proposed Budget assumes a consistent level of revenue.

OTHER TAXES AND FINES

The FY 2021 Proposed Budget assumes \$1.9 million in other taxes and fines, which is generally consistent with the FY 2020 Adopted Budget. The primary component of this revenue category is parking citation revenue which was projected to be consistent with prior years. Given the impact of COVID-19 on activities such as parking citations, staff anticipates discussing any necessary adjustments to this budget category with the City Council as part of the public hearing process for the adoption of the budget.

CHARGES FOR SERVICES

This revenue category consists of charges to Stanford for fire services and paramedic services; fees related to the City's golf course; arts and science classes, and plan check fees. The FY 2021 Proposed Budget assumes \$30.5 million in revenue. This represents a \$0.8 million, or 2.6 percent increase, compared to the FY 2020 Adopted Budget. The FY 2020 Adopted Budget levels for each category included reductions of revenue related to Animal Shelter services that were previously provided by the Police Department but are now provided by the City's non-profit partner Pets-in-Need. Golf course revenues trends were also reviewed as part of the FY 2020 budget process. Based on activity and appropriately categorizing costs associated with the golf course, revenue estimates were reduced in FY 2020 and are at a similar level in FY 2021. Development Services has been modeled as cost neutral in FY 2021.

Some of the revenues in this category offset operating expenses for certain services, such as Golf Course Operations. Staff anticipates discussing potential expense adjustments for service level changes resulting from COVID-19 as part of the public hearing process for the adoption of the FY 2021 Budget and will include commensurate revenue changes as appropriate.

The City has completed negotiations with Stanford University in regard to the provision of fire services to Stanford including an agreement of both service level and cost. The budget assumes reimbursement levels consistent with this agreement, however the actual contract value may be change if updates to the Fire Department budget occur; City staff will communicate with Stanford as adjustments occur. Additional reimbursements from Stanford for Public Safety Dispatch Services are also budgeted, resulting in a net reimbursement of \$7.7 million.

PERMITS AND LICENSES

Permits and licenses consist of payments to the City for issuance of Building Permits, Fire Permits, and miscellaneous health and safety-related licenses. Compared to the FY 2020 Adopted Budget, permit and licenses revenue increased \$1.0 million, or 8.5 percent, to total \$12.7 million in the FY 2021 Proposed Budget. This revenue source was modeled to assume cost neutral operations in Planning and Development Services.

RETURN ON INVESTMENT

The return on investment category reflects the interest earnings on the City's investment portfolio. This category is a combination of past investments, new investments at current market

GENERAL FUND OVERVIEW

rates, and available investable cash which fluctuates seasonally and annually. The average portfolio rate of return for FY 2019 was 2.3 percent, which is consistent with the rate of return at the end of the second quarter of FY 2020 of 2.3 percent. FY 2021 Return on investment revenue of \$1.4 million remains consistent with the FY 2020 Adopted Budget. Given the market volatility seen as a result of COVID-19, adjustments to this category may be discussed through the public hearing process.

RENTAL INCOME

Rental Income of \$16.0 million primarily reflects rent paid to the General Fund from the City's Enterprise Funds and the Cubberley Community Center. There is a slight decrease in rental income from FY 2020 to FY 2021, which represents the phase-out of payments from the Refuse Fund to the General Fund associated with the Landfill. In FY 2020, the City conducted a Rent Study to analyze the appropriate rates for rental payments from Enterprise Funds. The FY 2021 Operating Budget includes these revised rates and changes are detailed in the respective Enterprise Funds later in this document.

CHARGES TO OTHER FUNDS

The main source of revenues in this category is General Fund administrative cost allocation plan charges to the Enterprise and Internal Service Funds. Internal support departments such as Administrative Services, Human Resources, and Council Appointed Offices provide services to Enterprise and Internal Service Funds. The costs for these services are recovered through the administrative cost allocation plan charges. The FY 2021 estimate for Charges to Other Funds of \$12.0 million reflects growth of 10.0 percent from the FY 2020 Adopted Budget of \$10.9 million; this is primarily attributable to year over year increases in costs for salary and benefits and increased support for non-General Fund activities.

OTHER REVENUE

This revenue category is mainly comprised of Animal Services revenue from neighboring cities; the Palo Alto Unified School District's (PAUSD) share of maintenance for athletic fields; Public, Education, and Government (PEG) revenue from Cable Franchise Fees; and other one-time revenue sources such as grants. Revenues in this category are anticipated to remain flat at \$2.5 million in the FY 2021 Proposed Budget.

OPERATING TRANSFERS-IN

Overall, compared to the FY 2020 Adopted Budget, operating transfers-in increased by \$0.4 million, from \$21.0 million to \$21.4 million. Operating Transfers-in materialize as expenses in other funds throughout the City and as a revenue in the General Fund. This budget category includes the equity transfer from the Electric and Gas funds that represents the return on the initial investment the City made when the Utilities Department was created more than 100 years ago. In accordance with a methodology approved by the City Council in June 2009, the equity transfer is calculated by applying a rate of return on the capital asset base of the Electric and Gas funds. This rate of return is based on PG&E's rate of return on equity as approved by the California Public Utilities Commission (CPUC). The equity transfer from the Electric and Gas Funds is projected to be \$20.6 million in FY 2021, an increase of \$0.4 million from FY 2020. In addition, repayment of the loan to the Airport Fund began in FY 2020. The FY 2021 Proposed

Budget continues the scheduled repayment of the loan and includes a \$0.3 million transfer from the Airport Fund for that purpose.

EXPENSES

FY 2021 expenditures total \$238.8 million in the Proposed Budget, representing an \$8.0 million, or 3.5 percent, increase compared to the FY 2020 Adopted Budget. This increase is attributed to several adjustments that are discussed by budget category below, but is primarily driven by adjustments to salary and benefits, including increased CalPERS pensions costs, and increased transfers to the Capital Fund. As discussed earlier in this section and in the Transmittal Letter, the FY 2021 Proposed Budget represents current service levels adjusted to FY 2021 costs and limited additional adjustments that reflect only critical changes to service delivery that are known and quantifiable.

SALARY AND BENEFITS

Salary and benefit costs represent approximately 60 percent of the FY 2021 Proposed Budget. The salary and benefit budget in the General Fund totals \$140.7 million, which is a 4.5 percent increase from the FY 2020 Adopted total of \$134.5 million. This increase includes negotiated labor agreements completed in FY 2019 with public safety units and agreements with the miscellaneous units in the General Fund. In addition to labor terms outlined in employee agreements, CalPERS-determined retirement contribution levels, and offsetting attrition savings, the FY 2021 Proposed Budget also assumes \$3.4 million in proactive funding contributions above CalPERS required costs. While this is a decrease of \$0.4 million from the FY 2020 Adopted Budget's proactive pension funding level, it is still a significant investment above and beyond CalPERS' required funding and supports the City's commitment to fiscal sustainability. The budget for the additional pension contributions is based on what the normal cost component would be if the contribution was calculated at a 6.2 percent discount rate instead of 7.0 percent, the current CalPERS discount rate. These funds are transferred to the City's irrevocable pension trust fund, which is estimated to total \$32.8 million at the end of FY 2021, of which \$21.4 million is from the General Fund. Finally, the General Fund budget includes assumed vacancy savings of \$2.0 million that are expected to materialize as positions are vacated and new employees are hired through the normal course of business.

It should be noted that in the "Budget Summary" section of each document, a variance will be seen between FY 2019 Actuals and the FY 2020 Adopted Budget columns in the salary and benefits total expenses. This variance primarily reflects the difference between estimated vacancies and staff costs actually incurred. The variance also includes changes in labor terms from year to year, changes in CalPERS' required contributions, and FY 2020's proactive contributions to address the City's long-term pension liability.

Salaries: In FY 2021, salaries, including overtime, are projected to grow \$3.7 million in the General Fund, representing a 4.8 percent increase. Proposed actions to the base budget were limited to adjustments that are full cost recovery, reallocating positions between departments, and minimal cost adjustments as a result of aligning the Proposed Budget with prior year trends. These Base Budget adjustments include:

- Supporting the transition of Project Safety Net to a non-profit

GENERAL FUND OVERVIEW

- Transferring the Animal Services administrative citation function from the Community Services Department to the Police Department
- Aligning the overtime budget with contractually obligated salary increases

Pension Costs: CalPERS calculates an Actuarial Determined Contribution (ADC) for the City each year. The General Fund's ADC costs are increasing by 8.8 percent, from \$27.6 million to \$30.1 million, on a year-over-year basis before contemplating the General Fund's proactive contributions to prefund the City's long-term pension liabilities. The pension costs are driven by primarily by CalPERS and the City Council's direction to budget pension costs more conservatively than CalPERS. If the General Fund's additional \$3.4 million contribution towards the City's irrevocable trust is considered, the overall pension increase lessens to \$2.0 million, or 6.4 percent, from \$31.5 million to \$33.5 million.

CalPERS has been lowering its rate of return assumption (discount rate) since FY 2019 when it went from a 7.5 percent discount rate to 7.375 percent. In FY 2020, CalPERS used a 7.25 percent discount rate, and in FY 2021 it will use a 7.0 percent discount rate. From FY 2020 to FY 2021, the CalPERS pension 'blended rate' for Miscellaneous went from 35.6 percent to 38.4 percent and Safety went from 59.4 percent to 65.3 percent of salary. Including City Council's direction to use a discount rate of 6.2 percent for calculating FY 2021 normal cost resulted in the percentages effectively going from CalPERS provided 38.4 percent for Miscellaneous and 65.3 percent for Safety to 41.8 percent and 72.0 percent, respectively. For example, for every \$100,000 of salary, an additional \$3,700 to \$6,700 was budgeted for this proactive funding.

Retiree Health: The City's Other Post-Employment Benefits (OPEB) costs, primarily Retiree Healthcare, are increasing from \$9.1 million to \$9.2 million, a 1.5 percent increase. The City is required to perform an actuarial review of its Other Post Employment Benefits (OPEB) every two years. The June 30, 2019 valuation is currently being developed and it is anticipated to be discussed in May as part of the public hearing process.

Healthcare and Other Benefits: The budget includes negotiated increases for healthcare on a calendar year basis and moderate increases, consistent with past experience, for units who will not have a contract in place as of January 2021. Other benefits costs include special pays, long-term disability, Medicare, and management excess funding. These costs are generally consistent with FY 2020 levels.

Workers' Compensation: The City is self-insured for Workers' Compensation. The Workers' Compensation Fund operates as an internal service fund where the costs are centralized and recovered through allocated charges to departments. An outside consultant performs a valuation every year to inform the City's financial planning. Workers' Compensation costs in the General Fund are consistent with the FY 2020 Adopted Budget, totaling \$3.8 million in the FY 2021 Proposed Budget.

NON-DEPARTMENTAL EXPENSES

Non-departmental expenses include expenses that are not directly related to the operation of a single department, such as payments to the Palo Alto Unified School District (PAUSD) as part of the Cubberley Community Center lease, or debt service.

The FY 2020 Adopted Budget included several one-time items that were removed from the FY 2021 Proposed Budget. These items are detailed in the Non-Departmental section of this docu-

ment. The FY 2021 Proposed Budget includes one-time costs for the November 2020 City Council election.

A transfer to offset the operating deficit in the Residential Preferential Parking Fund (\$185,000) is also budgeted. As in prior years, ongoing funding is also included in the Non-Departmental section for property tax collection, which is administered by the County of Santa Clara.

CONTINGENCY ACCOUNTS

Contingency Accounts are budgeted appropriations that are used at the discretion of the City Council, City Manager, City Attorney, or Human Resources Director to fund unanticipated expenses. A \$100,000 ongoing adjustment to reallocate the City Attorney's Contingency Fund from the Non-Departmental Budget to the City Attorney's Office is proposed in this budget. In FY 2020, an early reappropriation was included to shift the \$100,000 of remaining funding in the Sustainability Contingency from FY 2019 to FY 2020. This has been removed from the FY 2021 budget, but it is anticipated that any funding remaining in the Sustainability Contingency may be included in the regular reappropriation process subsequent to the adoption of the budget. The other contingencies are maintained at levels previously approved by City Council

OPERATING TRANSFERS-OUT

Funds are transferred from the General Fund to various funds throughout the City, including the Capital Infrastructure Fund, the Cubberley Infrastructure Fund, the Debt Service Fund, and the Technology Fund on an annual basis. In FY 2021, a total of \$37.1 million is included to be transferred, with the majority of this (\$32.6 million) being transferred to the Infrastructure Fund. As discussed above, a one-time operating transfer of \$185,000 is included from the General Fund to the Residential Preferential Parking Fund to offset the operating deficit in that fund. The City will continue to evaluate the appropriate model and pricing for Residential Preferential Parking districts, led by the recently established Office of Transportation. The General Fund also transfers funds to the University Avenue parking fund to pay for employee parking permits; a total of \$318,000 is included in FY 2021 for this purpose. If the proposed parking rates for the University Avenue parking district were to change, the General Fund's transfer would need to be adjusted accordingly. The General Fund is also responsible for paying the electricity costs associated with streetlights and traffic signals. This is realized as a transfer to the Electric Fund of \$2.1 million in FY 2021.

RESERVES

The City's general reserve is referred to as the Budget Stabilization Reserve (BSR). By policy, the City maintains a reserve level of 15.0-20.0 percent of the General Fund operating budget, with a targeted goal of 18.5 percent. City Council approval is required prior to setting reserves lower than 15.0 percent. The City Manager is authorized to transfer any amount in excess of 18.5 percent to the Capital Projects Infrastructure Reserve at their discretion. At the time of this transmittal, the FY 2021 Proposed Budget is projected to have a \$47.1 million BSR balance, which exceeds the 18.5 percent target by \$2.9 million. Of the \$2.9 million surplus, \$2.7 million represents the difference between revenues and expenses in the FY 2021 Proposed Budget. This projected funding level is also predicated on a BSR of \$44.4 million at the end of FY 2020 that does not include any impacts resulting from COVID-19.

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As discussed earlier, the economic impacts of COVID-19 are widespread and significant. The City will continue to revise its estimate for FY 2020 ending Budget Stabilization Reserve as the situation develops. The contribution of \$2.7 million to the BSR presumed in this budget will be further discussed as part of the public hearing process for the adoption of the FY 2021 Budget.

General Fund Reserves

| Fund Summary (\$000) | FY 2019 Actuals | FY 2020 Adopted Changes | FY 2020 Net Adjustments | Projected FY 2020 Year-End | FY 2021 Proposed Budget | Projected FY 2021 Year-End |
|--|--------------------|-------------------------------|----------------------------|----------------------------------|-------------------------------|----------------------------------|
| Budget Stabilization Reserve (BSR) Activity: | | | | | | |
| BSR | 43,511 | 1,292 | (405) | 44,398 | 2,707 | 47,105 |
| Other Reserve Activity: | | | | | | |
| Human Services Resource Allocation Process (HSRAP) Reserve | 40 | - | - | 40 | - | 40 |
| Encumbrance & Reappropriation | 6,489 | - | - | 6,489 | - | 6,489 |
| Inventory of Materials & Supplies | 4,517 | - | - | 4,517 | - | 4,517 |
| Notes Receivable, Prepaid Items, Interfund Advances, & Unrealized Gains and Losses | 3,839 | - | - | 3,839 | - | 3,839 |
| Total Reserves | 58,396 | 1,292 | (405) | 59,283 | 2,707 | 61,990 |

1. The BSR is projected to be 19.7 percent of the FY 2021 Proposed Expense Budget at the end of FY 2021.
2. City reserve policy indicates a 15-20 percent range, with an 18.5 percent target.
3. Minimum FY 2021 BSR \$35.8 million (15 percent); Maximum FY 2021 BSR \$47.8 million (20 percent).
4. Target FY 2021 BSR \$44.2 million (18.5 percent)
5. Projected FY 2020 adjustments include BAOs through March 2020.
6. This assumes the remaining \$40,000 in the Human Services Resource Allocation Process Reserve will not be spent in FY 2020 and will be recommended to be carried forward to FY 2021.

General Fund Revenue Descriptions

PROPERTY TAX

Under current law, all taxable real and personal property is subject to a basic tax rate of one percent of assessed value collected by local jurisdictions and school districts for general service purposes. There are other taxes and levies on a typical property tax bill such as parcel, General Obligation bond, and special assessments.

On June 6, 1978, California voters approved Proposition 13, a seminal change in property tax levies. The proposition, which added Article XIII A to the state constitution, placed limits on increases in the valuation of real property. The major change was that the assessed value of real property could only be adjusted upward annually by the change in the California Consumer

Price Index (CCPI) up to a maximum of two percent per year. One exception to this rule, however, is that when property changes ownership and/or is substantially altered or newly-constructed, it would be reassessed at full market value in the first year and then subject to the CCPI or two percent cap thereafter.

Another important exception to the formula for increasing assessed valuations and taxes is that during periods of declining property values (e.g., recessions), the County Assessor has the flexibility to decrease assessments whether through appeal by property owners or through the Assessor's analysis of value declines. In effect, this reduces the property valuation and tax. As market conditions improve, however, and values return or increase, the Assessor can then increase assessed values and taxes.

In following years, another amendment to the constitution was passed that allows local governments and school districts to raise property taxes above one percent to finance general obligation (GO) bond sales. This change has to be approved by two-thirds of those voting in a local GO bond election. For school districts, however, the voting threshold for approving GO bonds was subsequently lowered to fifty-five percent.

Dating back to the early 1990s, the state has made numerous and complex adjustments to local jurisdiction property tax revenues to solve its budget shortfalls. In one such action in 1992, which is known as the "Educational Revenue Augmentation Funds (ERAF)", the state shifted millions of dollars in local government funds to school districts. As a consequence of this action the City of Palo Alto has foregone a cumulative \$119 million through Fiscal Year 2018 limiting its ability to meet its infrastructure needs.

The County of Santa Clara administers and collects property taxes and remits the appropriate amounts (based on law and a complex formula) to local jurisdictions. Contrary to commonly held views, the City receives a relatively small portion of the basic one percent property tax. The City receives around 9.4 percent or 9.4 cents for every property tax dollar a property owner pays to the county. The majority of the tax dollar paid, or 56.6 percent goes to the school district, community college and county school service, 15.9 percent goes to the county, and the remaining goes to special districts and to the State.

SALES AND USE TAX

The Sales Tax is a tax imposed on retailers for the privilege of selling tangible personal property such as clothing, automobiles, and computers. Currently, and according to State law, sales tax is not applied to personal services such as legal, dental, or consultant services. The Use Tax is a form of sales tax and is applied, for example, on the sale of tangible goods from an out-of-state vendor.

The City receives a specific portion or percentage of the sales tax paid by a consumer. Of the current 9 percent tax rate paid for goods sold within Palo Alto, the City receives 1.0 percent of the purchase price or 11.1 percent for each tax dollar paid. The remaining sales tax dollars are distributed as follows: State of California (5.5 percent), Public Safety Fund (0.5 percent), Transportation Development Act (TDA) (0.25 percent), Santa Clara County – Measure A (0.125 percent), Santa Clara Valley Transportation Districts (1.625 percent).

Sales tax rates may differ across jurisdictions since local jurisdictions have some flexibility on a countywide level (e.g. county or city) to increase the local portion of the sales tax with voter

GENERAL FUND RESERVES

approval. The local Sales and Use Tax is collected and administered by the State Board of Equalization.

TRANSIENT OCCUPANCY TAX

The Transient Occupancy Tax rate in Palo Alto is 15.5 percent and is applied to the daily rate charged by a hotel, motel, and lodging establishment. The rate only applies to stays of 30 days or less. In November 2018, Palo Alto voters approved increasing the tax rate from 14 percent to 15.5 percent. The rate increase was effective as of January 1, 2019.

DOCUMENTARY TRANSFER TAX

This tax is applied to the sale of real property within Palo Alto at the time property ownership is transferred. The current rate is \$3.30 per thousand dollars of sale value. A house that sells for \$1.5 million, for example, would result in the City collecting \$4,950. This tax is collected by Santa Clara County and then remitted to the City. The county also levies a transfer tax of \$1.10 per thousand dollars of sales value that is in addition to Palo Alto's tax.

UTILITY USERS TAX

The Utility Users Tax is charged to all users of electricity, gas, water, and telephone services. The current tax rate is for electricity, gas, and water is 5.0 percent and for telephone is 4.75 percent. In November 2014, Palo Alto voters approved decreasing the telephone utility user tax rate from 5 percent to 4.75 percent. This tax decrease became effective on April 1, 2015 due to Public Utility Commission advance noticing requirements.

OTHER TAXES AND FINES

The largest source of revenue in this category is derived from parking violations revenue. Other revenue items in this category include traffic violations, administrative citations, and library fines and fees.

CHARGES FOR SERVICES

Departmental charges are comprised of fees charged for services which are primarily provided by the following departments: Community Services, Development Services, Planning and Community Environment, Police, and Public Works. Charges for Services from departments are approved annually by the City Council through the adoption of the Municipal Fee Schedule.

The City has two separate agreements with Stanford University to provide Fire Response services and Dispatch services. As part of these agreements to reimburse the City for Stanford's proportional share of these services, Stanford is charged 16 percent of the Police Department's Communication and Dispatch Division. The Stanford contract for Fire Services is currently under negotiation.

PERMITS AND LICENSES

The City requires payment for the issuance of Building Permits, Fire Permits, and miscellaneous health and safety-related licenses and permits as approved annually by the City Council through the adoption of the Municipal Fee Schedule.

RETURN ON INVESTMENT

The City invests idle funds in order to earn interest. The total income varies with the market rates of interest and the funds available to invest. The basic principles underlying Palo Alto's investment philosophy is to ensure the safety of public funds; provide that sufficient money is always available to meet current expenditures; and achieve a reasonable rate of return on its investments.

RENTAL INCOME

The General Fund charges rent to internal and external entities. The majority of rental income is derived from the Enterprise Funds and the Cubberley Community Center.

REVENUE FROM OTHER AGENCIES

This revenue category includes revenue received from a variety of other local government agencies, the state, and the federal government usually due to grants or contracts for services.

CHARGES TO OTHER FUNDS

The General Fund recuperates the cost for services provided by internal services departments such as Administrative Services, Council Appointees, and Human Resources to Enterprise, Internal, and Special Revenue funds through allocated charges.

OTHER REVENUE

Major revenue sources in this category are Animal Services charges to Los Altos and Los Altos Hills, reimbursements from PAUSD for its share of Cubberley and athletic field maintenance, donations from non-profits for City libraries, and miscellaneous revenues.

OPERATING TRANSFERS-IN

Operating Transfers include the equity transfer from the Electric and Gas Funds. In accordance with a methodology approved by Council in June 2009, the equity transfer is calculated by applying a rate of return to the capital asset base of the Electric and Gas Funds. This rate of return is based on PG&E's rate of return on equity as approved by the California Public Utilities Commission (CPUC).

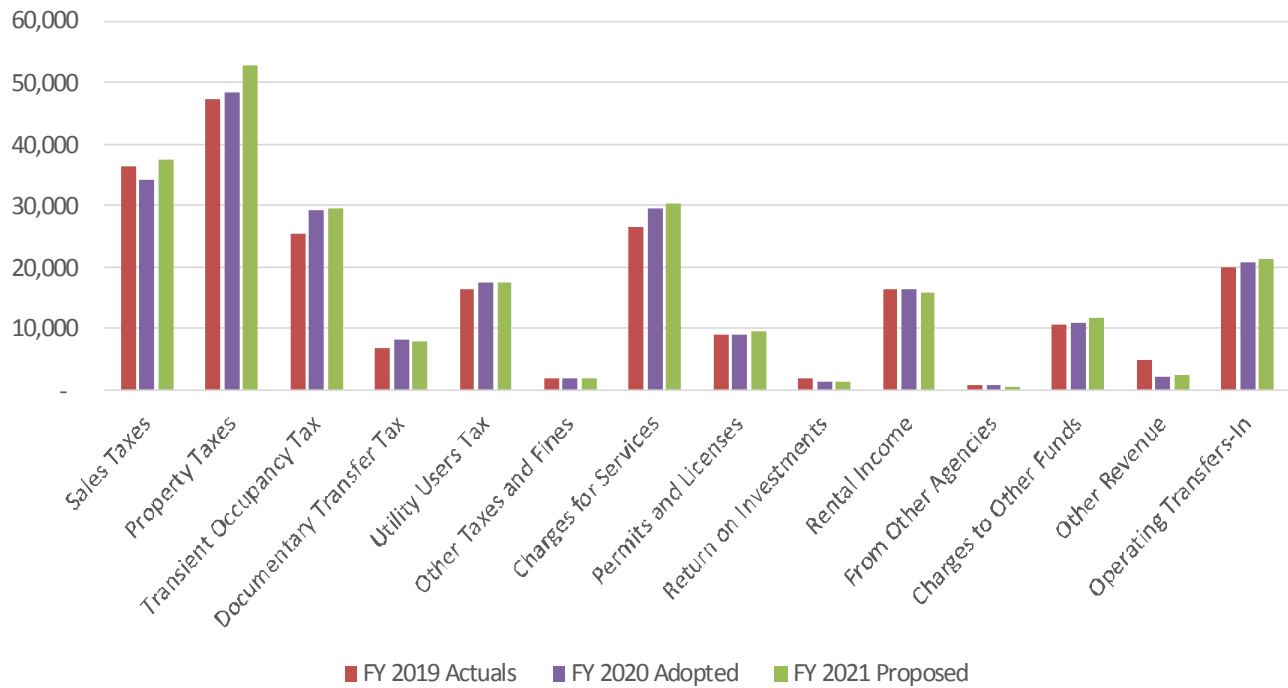
GENERAL FUND REVENUES

Total General Fund Revenue by Category

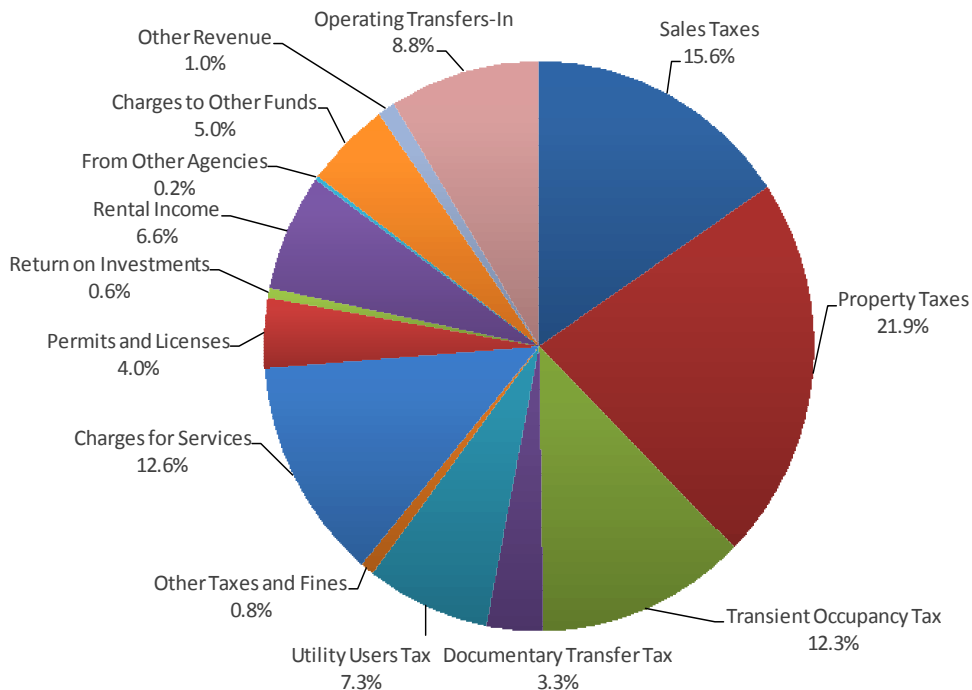
| Fund Summary (\$000) | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Charges for Services | 26,344 | 26,669 | 29,719 | 30,504 | 785 | 2.6% |
| Charges to Other Funds | 11,476 | 10,684 | 10,908 | 11,992 | 1,084 | 9.9% |
| Documentary Transfer Tax | 9,229 | 6,923 | 8,369 | 8,016 | (353) | (4.2)% |
| From Other Agencies | 1,461 | 951 | 980 | 551 | (429) | (43.7)% |
| Other Revenue | 2,513 | 5,084 | 2,362 | 2,494 | 132 | 5.5% |
| Other Taxes and Fines | 2,141 | 1,888 | 2,032 | 1,927 | (105) | (5.2)% |
| Permits and Licenses | 9,035 | 9,088 | 9,076 | 9,546 | 470 | 5.2% |
| Property Taxes | 42,839 | 47,327 | 48,634 | 52,863 | 4,229 | 8.7% |
| Rental Income | 15,969 | 16,411 | 16,399 | 16,042 | (357) | (2.2)% |
| Return on Investments | 1,437 | 2,018 | 1,388 | 1,368 | (20) | (1.5)% |
| Sales Taxes | 31,091 | 36,508 | 34,346 | 37,605 | 3,259 | 9.5% |
| Transient Occupancy Tax | 24,937 | 25,649 | 29,309 | 29,689 | 380 | 1.3% |
| Utility Users Tax | 15,414 | 16,402 | 17,581 | 17,553 | (28) | (0.2)% |
| Subtotal | 193,886 | 205,602 | 211,103 | 220,150 | 9,047 | 4.3% |
| Operating Transfers-In | 20,385 | 20,154 | 20,999 | 21,359 | 360 | 1.7% |
| Total | 214,271 | 225,756 | 232,102 | 241,509 | 9,407 | 4.1% |

GENERAL FUND REVENUES

3 Year Trend - General Fund Revenues By Category (\$000s)



\$241.5 Million/FY 2021 Budget



GENERAL FUND EXPENDITURES

Total General Fund Expenditures by Category

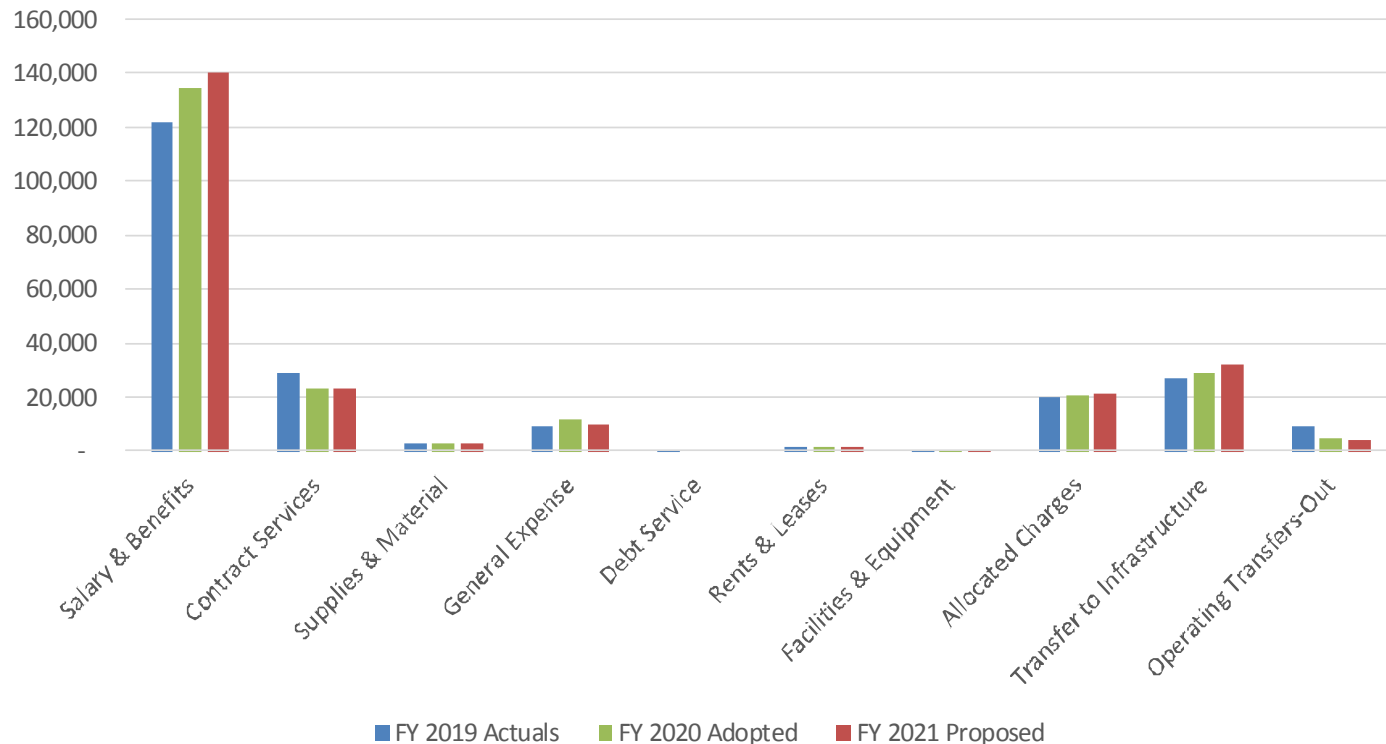
| Fund Summary (\$000) | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|----------------------------|-----------------|-----------------|------------------------|-------------------------|-------------------|------------------|
| Allocated Charges | 18,842 | 20,382 | 20,889 | 21,316 | 427 | 2.0% |
| Contract Services | 21,144 | 28,966 | 23,429 | 23,744 | 315 | 1.3% |
| Debt Service | 432 | 431 | — | — | — | —% |
| Facilities & Equipment | 399 | 576 | 771 | 468 | (303) | (39.3)% |
| General Expense | 10,062 | 9,258 | 12,090 | 10,284 | (1,806) | (14.9)% |
| Rents & Leases | 1,560 | 1,640 | 1,734 | 1,877 | 143 | 8.2% |
| Salary & Benefits | 120,798 | 121,953 | 134,546 | 140,649 | 6,103 | 4.5% |
| Supplies & Material | 3,350 | 3,181 | 3,366 | 3,372 | 6 | 0.2% |
| Subtotal | 176,588 | 186,387 | 196,825 | 201,710 | 4,885 | 2.5% |
| Operating Transfers-Out | 4,734 | 9,574 | 5,023 | 4,519 | (504) | (10.0)% |
| Transfer to Infrastructure | 24,801 | 27,514 | 28,962 | 32,572 | 3,610 | 12.5% |
| Subtotal | 29,535 | 37,088 | 33,985 | 37,091 | 3,106 | 9.1% |
| Total | 206,122 | 223,475 | 230,810 | 238,801 | 7,991 | 3.5% |

Total General Fund Expenditures by Department

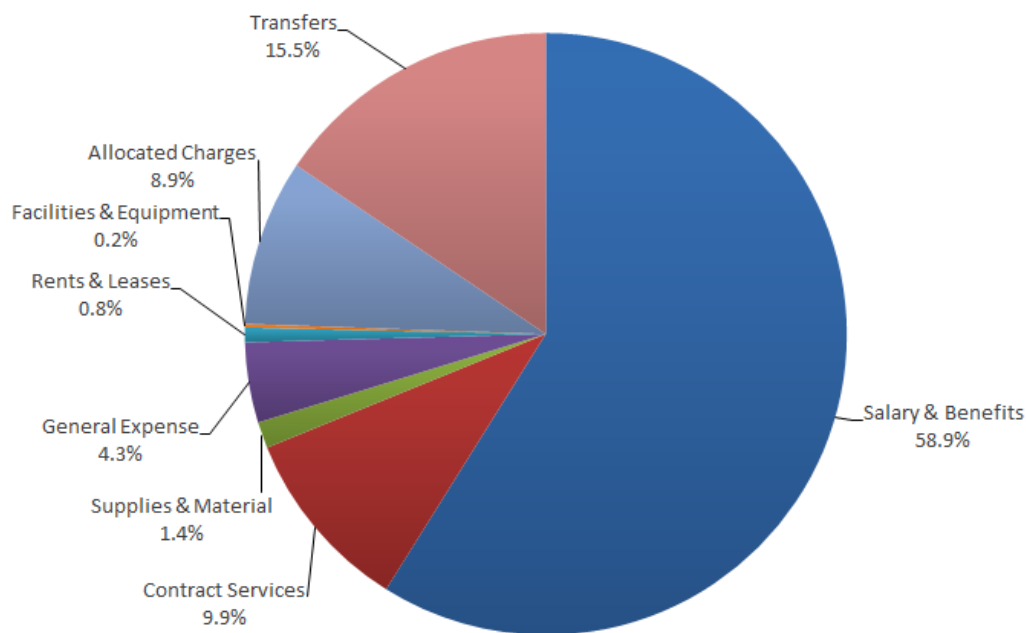
| Fund Summary (\$000) | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|-----------------------------------|-----------------|-----------------|------------------------|-------------------------|-------------------|------------------|
| Administrative Services | 7,680 | 7,588 | 8,519 | 9,375 | 856 | 10.0% |
| City Attorney | 3,307 | 3,651 | 3,387 | 3,825 | 438 | 12.9% |
| City Auditor | 1,233 | 1,183 | 1,235 | 1,057 | (178) | (14.4)% |
| City Clerk | 1,171 | 1,096 | 1,346 | 1,375 | 29 | 2.1% |
| City Council | 476 | 369 | 498 | 474 | (24) | (4.9)% |
| City Manager | 3,713 | 3,854 | 4,546 | 3,634 | (912) | (20.1)% |
| Community Services | 27,136 | 28,977 | 30,913 | 32,390 | 1,477 | 4.8% |
| Fire | 33,639 | 33,642 | 34,864 | 36,210 | 1,346 | 3.9% |
| Human Resources | 3,480 | 3,586 | 3,945 | 4,088 | 143 | 3.6% |
| Library | 9,121 | 9,288 | 10,314 | 10,448 | 134 | 1.3% |
| Non-Departmental | 6,402 | 12,177 | 9,024 | 7,211 | (1,813) | (20.1)% |
| Office of Emergency Services | 968 | 1,238 | 1,728 | 1,586 | (142) | (8.2)% |
| Office of Transportation | N/A | N/A | 2,312 | 2,436 | 123 | 5.3% |
| Planning and Development Services | 19,882 | 20,442 | 20,356 | 20,800 | 444 | 2.2% |
| Police | 39,983 | 42,177 | 44,666 | 47,109 | 2,443 | 5.4% |
| Public Works | 18,396 | 17,119 | 19,172 | 19,692 | 520 | 2.7% |
| Subtotal | 176,587 | 186,387 | 196,825 | 201,710 | 4,885 | 2.5% |
| Transfer to Infrastructure | 24,801 | 27,514 | 28,962 | 32,572 | 3,610 | 12.5% |
| Operating Transfers-Out | 4,734 | 9,574 | 5,023 | 4,519 | (504) | (10.0)% |
| Subtotal | 29,535 | 37,088 | 33,985 | 37,091 | 3,106 | 9.1% |
| Total | 206,122 | 223,476 | 230,810 | 238,801 | 7,991 | 3.5% |

GENERAL FUND EXPENDITURES

3 Year Trend - General Fund Expenses By Category (\$000s)



\$238.8 Million/FY 2021 Budget



Enterprise Funds





CITY OF
**PALO
ALTO**

ENTERPRISE FUNDS OVERVIEW

Overview

The City of Palo Alto's Utility and Public Works operations are comprised of the Airport, Electric, Fiber Optics, Gas, Refuse, Stormwater Management, Wastewater Collection, Wastewater Treatment, and Water Funds. A financial summary of the funds follows this overview along with discussion and pertinent information in each fund section.

REVENUES

The total budgeted revenue of the Enterprise Funds for FY 2021 is \$400.5 million, which represents a \$12.5 million, or 3.2 percent, increase from the FY 2020 Adopted Budget of \$388.0 million. This recognizes increased revenues associated with Capital Projects in the Airport Fund and Electric Fund in FY 2021 partially offset by the decrease in revenue from partner agencies for Capital Projects in the Wastewater Treatment Fund. Wastewater Treatment revenues are expected to decrease by \$17.6 million due to several major projects being postponed to FY 2022. Airport Fund revenues are expected to increase by approximately \$19.3 million from FY 2020 as a result of Federal Aviation Administration (FAA) funding for the Apron project. Revenues in the Electric Fund are also expected to increase by approximately \$9.6 million due to a proposed rate increase and higher market prices for local resource adequacy capacity sales. Utility services with rate increases for FY 2021 include Electric, Fiber Optics, Gas, Stormwater Management, and Wastewater. Water and Refuse rates will remain the same for FY 2021. Details on these changes are discussed below.

EXPENDITURES

The total budgeted expenditure of the Enterprise Funds for FY 2021 is \$437.2 million. FY 2021 proposed expenses are \$7.0 million, or 1.6 percent, higher than the FY 2020 Adopted level of \$430.2 million. The primary driver for this year over year change is the rising costs for commodities, capital improvement projects, and maintaining or updating the infrastructure.

UTILITY RATE CHANGES

The FY 2021 Proposed Budget includes utility rate adjustments for Electric, Fiber Optics, Gas, Stormwater Management, and Wastewater charges based on preliminary rates that are in the process of being approved by the Utilities Advisory Commission (UAC) and the Finance Committee.

In general, the size and timing of rate adjustments take into account current and future revenue requirements, capital projects and reserve levels. They may also smooth the impacts on customer bills by spreading rate adjustments during consecutive or alternate years.

- Electric Fund - Scheduled rate increase is 3.0 percent overall to fund substantial capital investment and replacement in the aging electric distribution system, rising transmission

ENTERPRISE FUNDS OVERVIEW

costs to accommodate new renewable projects coming online, increasing construction and contract expenses, and reduction in customer usage.

- Gas Fund - Scheduled rate increase is 5.0 percent due to increasing construction costs for gas main replacements and the Crossbore Gas Safety Program. Capital improvement program costs have the largest increase due to the City resuming a pattern of regular main replacement.
- Water Fund - No rate adjustment is scheduled for FY 2021 due to no change in supply costs and adequate reserves for capital improvement program.
- Wastewater Collection Fund - Scheduled rate increase is 6.0 percent due to significant increases in treatment costs due to rehabilitation of the aging Regional Water Quality Control Plant and increasing construction costs for sewer infrastructure replacement.
- Fiber Optics Fund - Scheduled rate increase is 2.5 percent, based on Consumer Price Index (CPI) for All Urban Consumers in the San Francisco Bay Area, for customers on the EDF-1 rate.
- Stormwater Management Fund - Scheduled rate increase of 2.5 percent per month based on CPI for All Urban Consumers in the San Francisco Bay Area.
- Refuse Fund - No rate adjustment is scheduled for FY 2021.

RENT

Enterprise Funds pay market-based rental fees for the sites needed to conduct their business operations. Rent is adjusted on an annual basis consistent with CPI and recently the City conducted a study to assess the appropriate rent expense for City-owned sites. As a result of that study, FY 2021 rents were adjusted throughout the enterprise funds. Additionally, the Refuse Fund will complete its payments associated with the landfill. As a result of these actions, the net change to rent year-over-year in the Enterprise Funds is a decrease of \$1.2 million, or 9.0 percent, from \$13.1 million to \$11.9 million.

EQUITY TRANSFERS

In FY 2009, the City Council adopted a change to the methodology, beginning in FY 2010, used to calculate the equity transfer from Utilities Funds to the General Fund. Under this methodology, the equity transfers are based on the asset base in the Electric and Gas Funds, along with the rate of return for each utility, which is based on Pacific Gas and Electric's (PG&E) rate of return on equity as approved by the California Public Utilities Commission (CPUC). For FY 2021, the equity transfers from the Electric and Gas Funds are projected to increase by approximately \$358,000, or 1.8 percent, from \$20.2 million to \$20.6 million.

RESERVES

The financial revenue and expense forecasts are estimates at a single point in time. Some Utilities reserves serve as balancing accounts, which mitigate the risk of commodity price swings and insure against default by the City's wholesale suppliers. Other reserves are used to provide cash for replacement parts during an emergency infrastructure failure or serve as temporary parking for planned expenditures. Reserve levels that are above guidelines are returned to cus-

tomers in the form of lower future rates or used to pay for expenses, which also result in lower future rates.

Based on the actions included in this budget, the total Enterprise Fund Reserve Balances are estimated to decrease by \$37.7 million from FY 2020 to FY 2021.

UTILITIES ENTERPRISE FUNDS

The City of Palo Alto Utilities (CPAU) had to rely on its reserves more heavily over the past few years to offset rate increases. In order for CPAU to cover its operating costs while maintaining and continuing to provide safe and reliable utility services to customers, rate increases are projected beyond FY 2021. Rate increases will ensure CPAU has the ability to replenish depleted reserves and provide sufficient funding for continued increasing expenses in commodity costs and repair and replacement of the City's aging utility infrastructure through various capital projects.

Electric

FY 2021 electric rates are scheduled to increase by 3.0 percent overall to recover costs for increasing transmission costs, new renewable projects coming online, and continued capital investment in the electric distribution system. Electricity purchase costs have increased substantially since FY 2013 as new renewable projects have come online to fulfill the City's environmental goals and as transmission costs have increased due to improvements being made to the California grid. Projected capital expenses include relocation of overhead lines for Caltrain, rebuilds of existing underground districts, substation improvements, 4kV to 12kV voltage conversion projects, foothills rebuild for fire mitigation, as well as the continuation of the Advanced Metering Infrastructure (AMI) and smart grid implementation. Once these larger, one-time project cost increases are completed, annual Capital Improvement Program (CIP) projects are anticipated to decline back to levels seen in recent years. The forecast also assumes that smart grid costs are funded from the Electric Special Projects Reserves.

Gas

FY 2021 gas rates are scheduled to increase by 5.0 percent due to increasing capital and operation costs. In the short term, some increases in operations costs are related to the Crossbore Gas Safety Program, but CIP costs have increased substantially as the City resumes a pattern of regular main replacement. While CPAU has historically planned a new gas main replacement project every year, bids were received in amounts that exceeded originally anticipated expenses, resulting in the need to resize and redesign some previously planned projects. Higher bid amounts can be attributed to the national and regional focus on gas infrastructure improvements, which drives market demand and increases construction costs. Future CIP project costs have been revised upwards from prior forecasts to reflect higher bids on gas CIP projects.

Water

FY 2021 water rates remain unchanged. The San Francisco Public Utilities Commission (SFPUC) is projecting no increases in water supply rates until FY 2023. Capital projects were deferred in FY 2019 and FY 2020 leading to lower capital costs than budgeted. Many of these deferred capital projects are anticipated to be completed in FY 2021 and reserve CIP funds are established to complete these projects while holding rates steady in FY 2021.

ENTERPRISE FUNDS OVERVIEW

Wastewater Collection

FY 2021 wastewater collection rates are scheduled to increase by 6.0 percent. Capital and operating costs are anticipated to increase for the wastewater collection system. In addition, CPAU anticipates treatment costs to rise over the forecast period due to increasing operating costs and capital replacement needs at the Regional Water Quality Control Plan.

Fiber Optics

FY 2021 Fiber optics rates are scheduled to increase by 2.5 percent for customers on the EDF-1 rate schedule. CPAU provides commercial dark fiber optic services within the boundaries of the City. In September 2006, the City Council approved the Dark Fiber Licensing Agreement allowing the commercial fiber optic fees charged under the EDF-1 and EDF-2 rate schedules to be adjusted annually in accordance with CPI. EDF-1 was a promotional rate and was closed to new dark fiber licenses in 2006. Customer expenses for engineering, construction and connection to the fiber optic backbone are charged under the EDF-2 rates. New fiber customers are enrolled under the Dark Fiber Licensing Services Rate Schedule EDF-3. As CPI increases are implemented for the EDF-1 rate, some customers may voluntarily choose to move from the EDF-1 rate to the EDF-3 rate for cost saving purposes.

PUBLIC WORKS ENTERPRISE FUNDS

Refuse

FY 2021 refuse rates remain unchanged. FY 2022 rates are projected to increase at a rate based on CPI, which corresponds with the end date for two Refuse Fund related agreements for waste processing and disposal. The City Council approved 2018 Zero Waste Plan includes initiatives that will help the City continue making progress on its Zero Waste goals to divert 95.0 percent or more waste from landfills by 2030.

Stormwater Management

The FY 2021 stormwater management fee is scheduled to increase by 2.5 percent. The Stormwater Management fee was approved by property owners through a ballot measure in April 2017. The projects and infrastructure component of this fee has a sunset date of June 1, 2032 unless extended through a subsequent ballot measure. The Stormwater Management Fund maintains activities that ensure adequate local drainage of the City's storm drainage system. This fund also provides litter reduction, urban pollution prevention programs, and flooding emergency response services with the goals of reducing stormwater runoff and maintaining stormwater quality protection for discharge to creeks and the San Francisco Bay.

Wastewater Treatment

The City's Regional Water Quality Control Plant serves six communities including Palo Alto, East Palo Alto, Mountain View, Stanford, Los Altos, and Los Altos Hills. The Wastewater Treatment Fund works with the City and Partner Cities' regional service area to protect the environment and the public's health while ensuring compliance with regulations protecting the San Francisco Bay. FY 2021 revenues in the Wastewater Treatment Fund are expected to decrease by approximately \$17.6 million or 30.1 percent compared to FY 2020. The majority of the decrease resulted from funding sources programmed for multiple capital improvement projects being postponed to FY 2022.

Airport

The City assumed airport operations from Santa Clara County in August 2014 for the Palo Alto Airport, which ranks among the busiest general aviation airports in the country. Under previous terms, the County exercised the right to sublease to Fixed Base Operators (FBOs) with agreements that expired in April 2017 and the City worked on signing new lease agreements. As a result of new lease agreements signed, Airport Fund revenues from rentals are projected to increase by approximately \$80,563 in FY 2021. The Airport's fees and charges are scheduled to increase by 2.5 percent. Expenses are also projected to increase due to major construction projects that incur costs which are 90.0 percent offset by grants from the Federal Aviation Administration. To ensure sufficient funding for operating costs and continued services with minimal service delivery impact, the Airport Fund is seeking a \$2.0 million loan from the California Department of Transportation to offset the City's 10 percent matching portion of the cost to complete Phase III of the Apron project. In addition to the state loan, the Airport fund has received loans from the General Fund, totaling \$3.1 million in principle since the City took over operations. The Airport Fund began repayment to the General Fund in FY 2020 in the amount of \$272,000 annually.

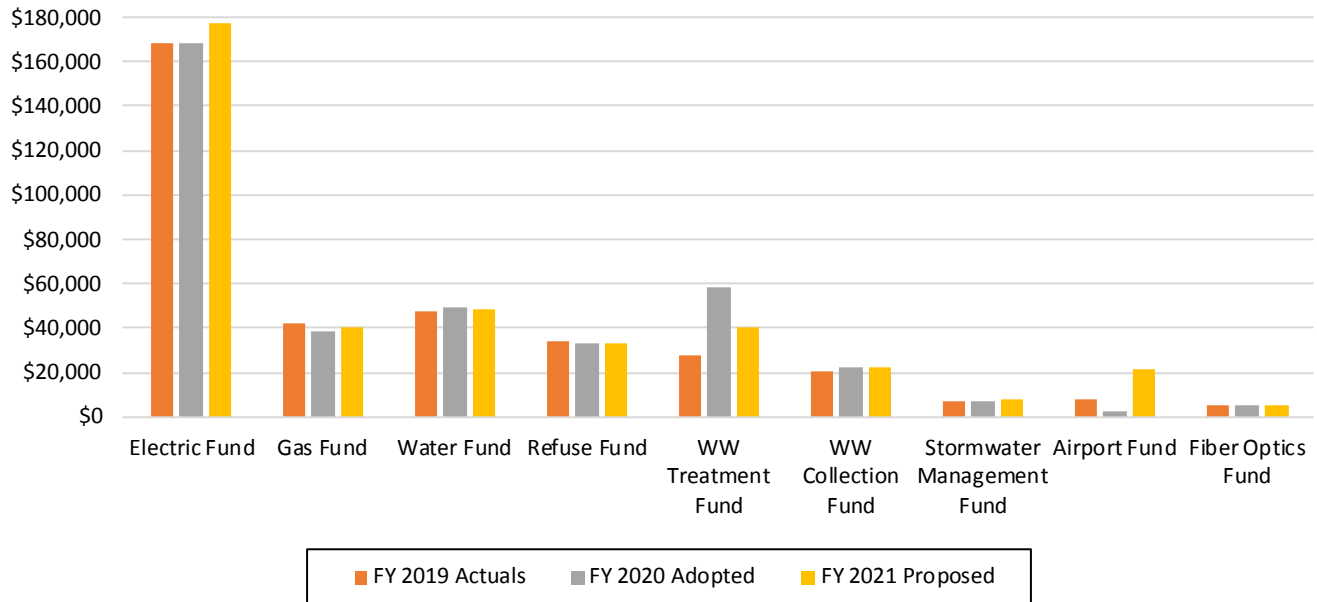
ENTERPRISE FUNDS OVERVIEW

Enterprise Funds Summary

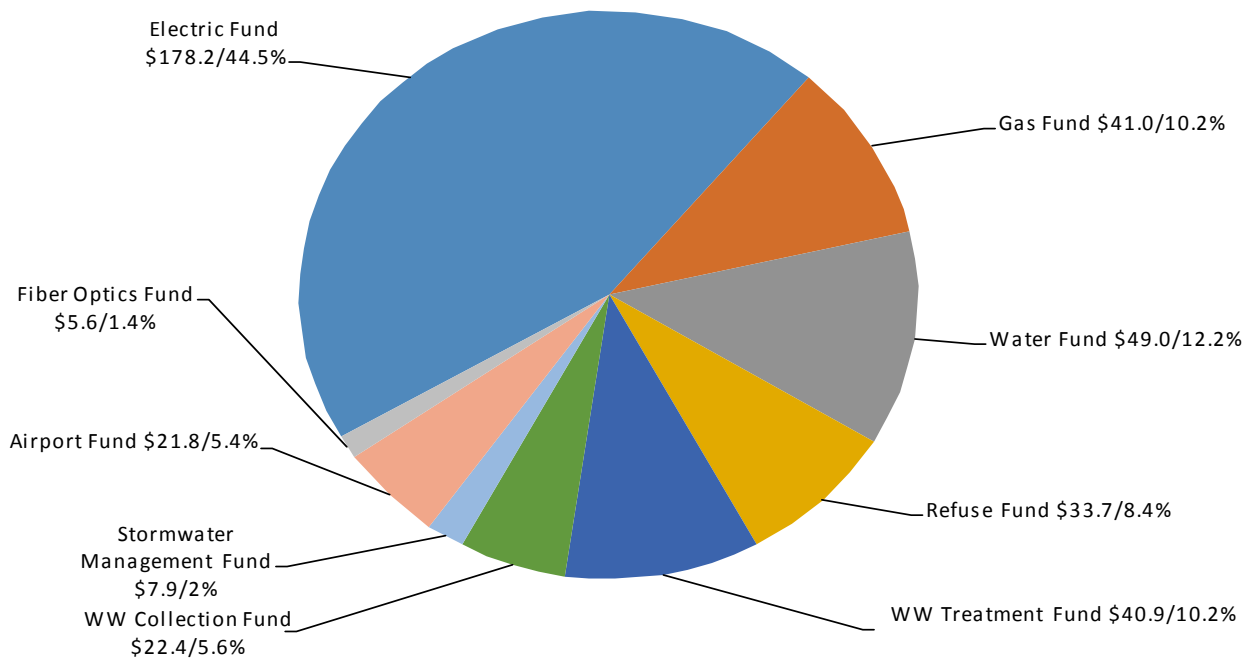
| Fund Summary (\$000) | Electric Fund | Gas Fund | Water Fund | Refuse Fund | Wastewater Treatment Fund | Wastewater Collection Fund | Stormwater Management Fund | Airport Fund | Fiber Optics Fund | Total |
|-----------------------------|----------------|---------------|---------------|---------------|---------------------------|----------------------------|----------------------------|---------------|-------------------|----------------|
| Revenues | | | | | | | | | | |
| Charges for Services | 220 | 20 | 10 | 34 | — | 10 | 118 | — | — | 412 |
| Charges to Other Funds | 145 | 105 | 91 | 161 | 62 | 33 | — | — | — | 597 |
| From Other Agencies | — | — | 577 | — | — | — | — | 19,289 | — | 19,866 |
| Net Sales | 164,200 | 39,335 | 46,026 | 30,732 | 30,852 | 21,843 | 7,635 | 627 | 4,716 | 345,966 |
| Operating Transfers-In | 2,645 | — | 557 | — | — | — | — | — | — | 3,202 |
| Other Revenue | 8,918 | 913 | 713 | 2,311 | 9,692 | 302 | — | 1,094 | 200 | 24,143 |
| Other Taxes and Fines | — | — | — | — | 4 | — | 3 | — | — | 7 |
| Rental Income | — | — | — | — | — | — | — | 801 | — | 801 |
| Return on Investments | 2,064 | 622 | 989 | 489 | 316 | 244 | 153 | 3 | 647 | 5,527 |
| Total | 178,192 | 40,995 | 48,963 | 33,727 | 40,926 | 22,432 | 7,909 | 21,814 | 5,563 | 400,521 |
| Expenses | | | | | | | | | | |
| Allocated Charges | 9,655 | 4,969 | 5,030 | 1,767 | 6,217 | 2,981 | 1,434 | 620 | 757 | 33,430 |
| Contract Services | 6,677 | 2,441 | 800 | 6,497 | 3,819 | 249 | 916 | 140 | 455 | 21,994 |
| Debt Service | 8,443 | 803 | 3,223 | 197 | 1,469 | 129 | 949 | — | — | 15,213 |
| Equity Transfer | 13,479 | 7,114 | — | — | — | — | — | — | — | 20,593 |
| Facilities & Equipment | 27 | 2 | 1 | 3 | 7 | 3 | 8 | — | — | 51 |
| General Expense | 3,442 | 778 | 670 | 112 | 432 | 122 | 147 | 36 | 12 | 5,751 |
| Operating Transfers-Out | 50 | 415 | 136 | 26 | 14 | 279 | 7 | 273 | 102 | 1,302 |
| Rents & Leases | 6,389 | 610 | 3,396 | 1,013 | 22 | 352 | 25 | 12 | 54 | 11,873 |
| Salary & Benefits | 25,938 | 10,654 | 9,922 | 3,046 | 14,203 | 5,663 | 2,793 | 1,073 | 1,557 | 74,849 |
| Supplies & Material | 924 | 495 | 619 | 143 | 1,970 | 381 | 94 | 56 | 9 | 4,691 |
| Transfer to Infrastructure | — | — | — | 37 | — | — | — | — | — | 37 |
| Utility Purchase | 97,084 | 14,625 | 21,371 | 19,799 | — | 11,256 | — | — | — | 164,35 |
| Capital Improvement Program | 19,528 | 10,693 | 8,191 | — | 18,955 | 2,404 | 3,700 | 19,215 | 644 | 83,330 |
| Total | 191,636 | 53,599 | 53,359 | 32,640 | 47,108 | 23,819 | 10,073 | 21,425 | 3,590 | 437,249 |

ENTERPRISE FUNDS OVERVIEW

3 YEAR TREND - ENTERPRISE FUNDS REVENUES BY FUND (\$THOUSANDS)

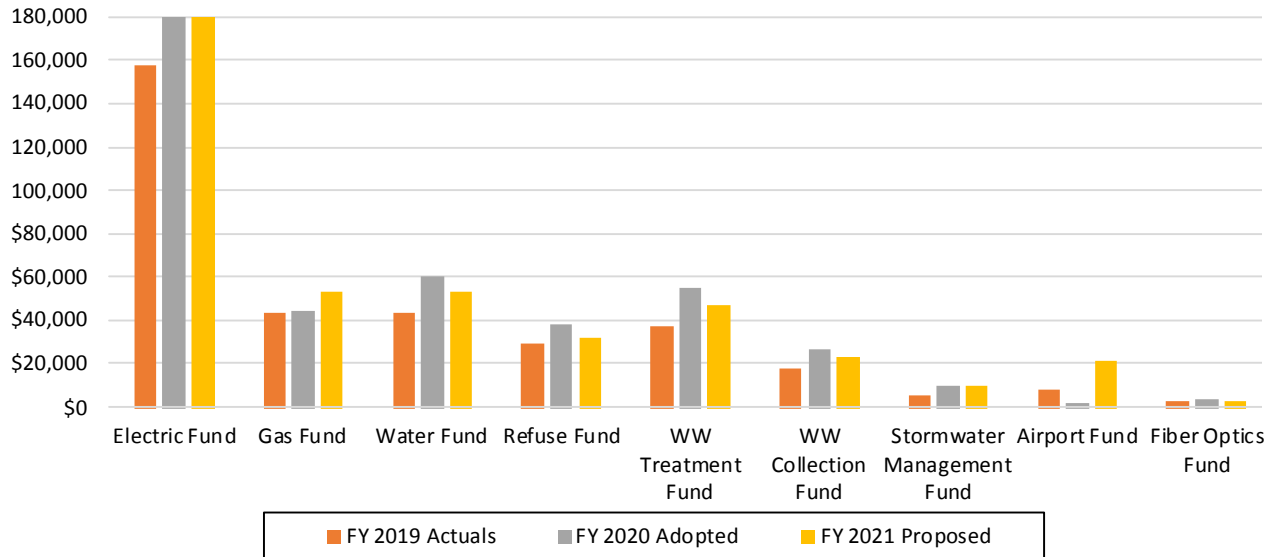


FY 2021 REVENUES / \$400.5 MILLION

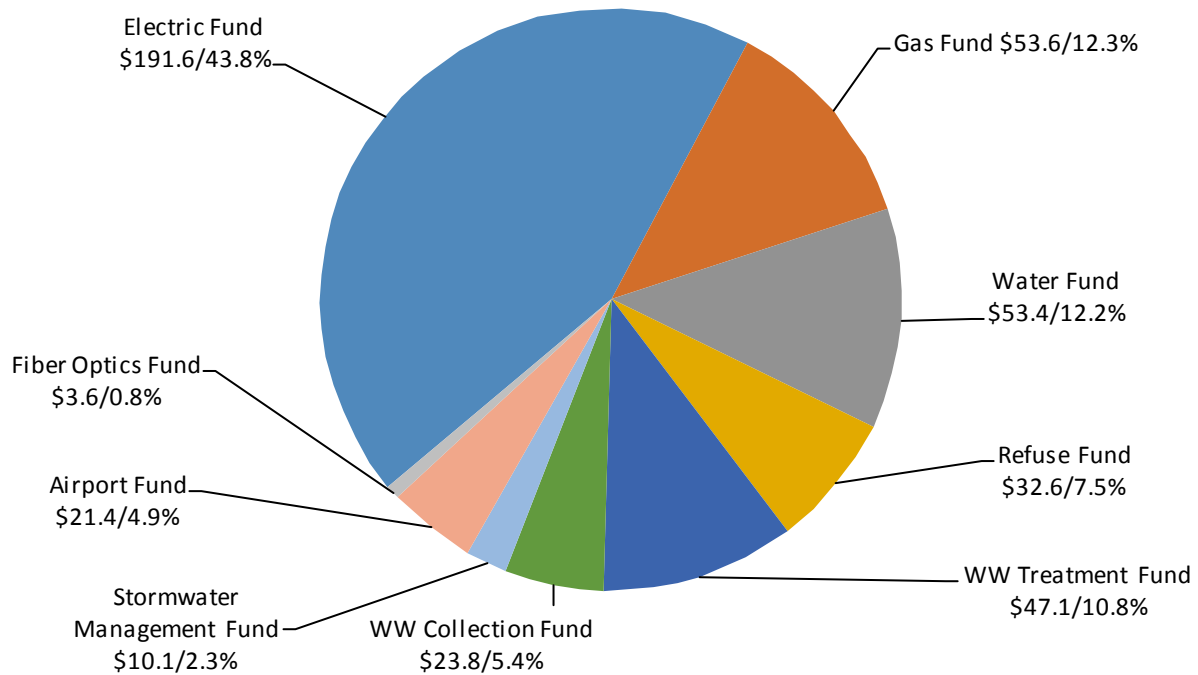


ENTERPRISE FUNDS OVERVIEW

3 YEAR TREND - ENTERPRISE FUNDS EXPENSES BY FUND (\$THOUSANDS)



FY 2021 EXPENSES /\$437.3 MILLION



Enterprise Fund Reserves

| Reserves (\$000) | FY 2020 Projected Ending Balance | FY 2021 Changes | FY 2021 Projected Ending Balance | FY 2021 Reserve Guideline Range |
|-----------------------------------|--|-----------------|--|------------------------------------|
| Electric Fund | | | | |
| Rate Stabilization | 4,213 | 0 | 4,213 | |
| Operations | 41,031 | (13,444) | 27,587 | 23,669-47,339 |
| Hydro Stabilization | 11,400 | 0 | 11,400 | |
| Electric Special Projects | 41,665 | 0 | 41,665 | |
| Public Benefit | 810 | 0 | 810 | |
| Underground Loan | 727 | 0 | 727 | |
| CIP Reserves | 880 | 0 | 880 | |
| GASB 68 Pension Reserve | (31,323) | 0 | (31,323) | |
| GASB 75 OPEB Reserve | (14,156) | 0 | (14,156) | |
| Subtotal | 55,247 | (13,444) | 41,803 | |
| Gas Fund | | | | |
| Rate Stabilization | 0 | 0 | 0 | |
| Operations | 8,814 | (4,285) | 4,529 | 5,279-10,558 |
| CIP Reserves | 8,320 | (8,320) | 0 | |
| GASB 68 Pension Reserve | (13,824) | 0 | (13,824) | |
| GASB 75 OPEB Reserve | (6,230) | 0 | (6,230) | |
| Subtotal | (2,920) | (12,605) | (15,525) | |
| Wastewater Collection Fund | | | | |
| Rate Stabilization | 0 | 0 | 0 | |
| Operations | 9,655 | (1,386) | 8,269 | 3,102-7,755 |
| CIP Reserves | 0 | 0 | 0 | |
| GASB 68 Pension Reserve | (7,449) | 0 | (7,449) | |
| GASB 75 OPEB Reserve | (2,384) | 0 | (2,384) | |
| Subtotal | (178) | (1,386) | (1,564) | |

ENTERPRISE FUNDS OVERVIEW

Enterprise Fund Reserves

| Reserves (\$000) | FY 2020 Projected Ending Balance | FY 2021 Changes | FY 2021 Projected Ending Balance | FY 2021 Reserve Guideline Range |
|------------------------------------|--|-----------------|--|------------------------------------|
| Water Fund | | | | |
| Rate Stabilization | 14,931 | (1,081) | 13,850 | |
| Operations | 12,721 | (3,315) | 9,406 | 6,670-13,340 |
| CIP Reserves | 5,726 | 0 | 5,726 | |
| GASB 68 Pension Reserve | (13,076) | 0 | (13,076) | |
| GASB 75 OPEB Reserve | (4,346) | 0 | (4,346) | |
| Subtotal | 15,956 | (4,396) | 11,560 | |
| Refuse Fund | | | | |
| Rate Stabilization | 9,909 | 1,088 | 10,997 | 5,323-10,645 |
| Landfill Corrective Action Reserve | 758 | 0 | 758 | |
| CIP Reserves | 268 | 0 | 268 | |
| GASB 68 Pension Reserve | (5,374) | 0 | (5,374) | |
| GASB 75 OPEB Reserve | (2,651) | 0 | (2,651) | |
| Subtotal | 2,910 | 1,088 | 3,998 | |
| Stormwater Management Fund | | | | |
| Rate Stabilization | 5,133 | (2,164) | 2,969 | |
| CIP Reserves | 0 | 0 | 0 | |
| GASB 68 Pension Reserve | (3,501) | 0 | (3,501) | |
| GASB 75 OPEB Reserve | (1,157) | 0 | (1,157) | |
| Subtotal | 475 | (2,164) | (1,689) | |
| Wastewater Treatment Fund | | | | |
| Rate Stabilization | 4,574 | (6,182) | (1,608) | 4,325-8,650 |
| Emergency Plant Replacement | 1,980 | 0 | 1,980 | |
| Notes and loans | 559 | 0 | 559 | |
| CIP Reserves | 0 | 0 | 0 | |
| GASB 68 Pension Reserve | (19,716) | 0 | (19,716) | |
| GASB 75 OPEB Reserve | (7,333) | 0 | (7,333) | |
| Subtotal | (19,936) | (6,182) | (26,118) | |

Enterprise Fund Reserves

| Reserves (\$000) | FY 2020 Projected Ending Balance | FY 2021 Changes | FY 2021 Projected Ending Balance | FY 2021 Reserve Guideline Range |
|--|--|-----------------|--|------------------------------------|
| Fiber Optics Fund | | | | |
| Rate Stabilization | 33,024 | 1,973 | 34,997 | 450-900 |
| Emergency Plant Replacement | 1,000 | 0 | 1,000 | |
| CIP Reserves | 0 | 0 | 0 | |
| GASB 68 Pension Reserve | (2,002) | 0 | (2,002) | |
| GASB 75 OPEB Reserve | 0 | 0 | 0 | |
| Subtotal | 32,022 | 1,973 | 33,995 | |
| Airport Fund | | | | |
| Rate Stabilization | (9,526) | 388 | (9,138) | |
| CIP Reserves | 0 | 0 | 0 | |
| GASB 68 Pension Reserve | (684) | 0 | (684) | |
| GASB 75 OPEB Reserve | (431) | 0 | (431) | |
| Subtotal | (10,641) | 388 | (10,253) | |
| TOTAL RESERVES | 72,934 | (36,728) | 35,125 | |
| Summary of Reserves | | | | |
| Emergency Plant Replacement | 2,980 | 0 | 2,980 | |
| Hydro Stabilization | 11,400 | 0 | 11,400 | |
| Rate Stabilization | 62,257 | (5,978) | 56,279 | |
| Operations | 72,221 | (22,430) | 49,791 | |
| CIP Reserves | 15,194 | (8,320) | 6,874 | |
| Electric Special Projects | 41,665 | 0 | 41,665 | |
| Public Benefit | 810 | 0 | 810 | |
| Notes and loans | 559 | 0 | 559 | |
| Underground Loan | 727 | 0 | 727 | |
| Landfill Corrective Action Reserve | 758 | 0 | 758 | |
| GASB 68 Pension Reserve | (96,949) | 0 | (96,949) | |
| GASB 75 OPEB Reserve | (38,688) | 0 | (38,688) | |
| TOTAL RESERVES | 72,934 | (36,728) | 36,206 | |
| Landfill Postclosure Care Liability | 6,975 | 126 | 7,101 | |
| TOTAL RESERVES AND FULLY-FUNDED LIABILITY | 79,909 | (36,602) | 43,307 | |

Residential Monthly Utility Cost Information

| Utility | FY 2020 Adjusted Bill ¹ | FY 2021 Proposed Bill ² | \$ Difference | % Difference |
|---------------------------|---------------------------------------|---------------------------------------|---------------|--------------|
| Electric | 57.31 | 59.03 | 1.72 | 3.0% |
| Gas | 55.24 | 58.00 | 2.76 | 5.0% |
| Water | 90.42 | 90.42 | 0.00 | 0.0% |
| Wastewater | 41.37 | 43.85 | 2.48 | 6.0% |
| Refuse | 50.07 | 50.07 | 0.00 | 0.0% |
| Storm Drain | 14.68 | 15.05 | 0.37 | 2.5% |
| User Tax | 10.15 | 10.37 | 0.22 | 2.2% |
| Total Monthly Bill | 319.24 | 326.79 | 7.55 | 2.4% |

1. FY 2020 Rates were effective July 1, 2019.

2. Proposed amounts reflect preliminary rates as of December 2019 and are subject to change

Internal Service Funds





CITY OF
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INTERNAL SERVICE FUNDS OVERVIEW

Overview

Internal Service Funds provide services to City departments and recover their costs through user charges. Charges for employee benefits (health, pension, life insurance, etc.) and workers' compensation are reflected in the departments' salary and benefit accounts. The remaining user charges are included in the 'allocated charges' expenditure category within each department or fund.

GENERAL BENEFITS FUND

This fund reflects costs for a variety of employee benefits including pension, health, dental, vision, and life insurance. Funds are also included for payments made to employees who elect to waive healthcare coverage under a City plan because they have other coverage. As discussed in the overview of this fund that appears in the 'Employee Information' section, costs for employee health benefits as well as pension benefits are projected to increase in Fiscal Year (FY) 2021 and will be allocated out to departments and funds in proportion to their share. In addition, the FY 2021 Proposed Budget continues to incorporate City Council's direction to make additional contributions to the City's irrevocable IRS Section 115 Pension Trust Fund. The General Benefits Fund displays the total Section 115 Pension Trust Fund contribution.

GENERAL LIABILITIES INSURANCE PROGRAM FUND

This fund reflects costs for the City's General Liability Insurance Program. In FY 2021, costs are projected to increase compared to the FY 2020 Adopted Budget. This increase is based on an actuarial analysis of the City's liability costs over the past few years and provides an 85 percent confidence level in the funding levels of the fund. This will ensure that the General Liabilities Insurance Program fund has the necessary resources to deal with unforeseen claims. The allocation of these charges is reevaluated annually as part of the budget process to ensure that sufficient resources are available and that the fund balance is maintained at an appropriate level.

PRINTING AND MAILING SERVICES FUND

This fund reflects costs for central copying, printing, and mailing services provided to City departments. An overview of the Fund is included in the 'Administrative Services Department' section of this document.

RETIREE HEALTH BENEFITS FUND

This fund reflects costs for medical insurance provided to retired City employees. In addition, this fund includes payments for the unfunded liability for future medical benefits that will be provided to current and future retirees. An overview of the Fund is included in the 'Employee Information' section of this document.

INTERNAL SERVICE FUNDS OVERVIEW

TECHNOLOGY FUND

This fund reflects costs associated with citywide Information Technology (IT) activities. IT staff maintain critical desktop, software, infrastructure, and maintenance activities for all City departments. An overview of the Fund is included in the 'Information Technology Department' section of this document.

VEHICLE REPLACEMENT AND MAINTENANCE FUND

This fund reflects costs for providing maintenance and replacement of vehicles and equipment used by City departments. In FY 2021, \$7.5 million is allocated for vehicles and equipment that are due for replacement. Of the \$7.5 million, \$4.2 million is for the continuation of projects approved by City Council in prior fiscal years. The 2021-2025 Capital Improvement Program (CIP) reflects funding totaling \$20.0 million over the next five years for vehicle replacements. The current reserve balance in the Vehicle Replacement and Maintenance Fund reflects funding allocated from City departments and committed to this five year plan.

WORKERS' COMPENSATION FUND

This fund reflects costs for the City's Workers' Compensation program. In FY 2021, costs are projected to increase compared to the FY 2020 Adopted Budget based on an actuarial analysis of the City's workers' compensation costs over the past few years and in order to provide an 85percent confidence level in the funding levels of the fund. This will ensure that the Workers' Compensation Fund has the necessary resources to deal with unforeseen claims. The allocation of these charges is reevaluated annually as part of the budget process to ensure that sufficient resources are available and that the fund balance is maintained at an appropriate level.

Internal Service Funds Summary

| Fund Summary (\$000) | Vehicle Replacement and Maintenance Fund | Technology Fund | Printing and Mailing Services | General Benefits Fund | Workers' Compensation Program Fund | General Liabilities Insurance Program Fund | Retiree Health Benefit Fund | Total |
|-----------------------------|--|-----------------|-------------------------------|-----------------------|------------------------------------|--|-----------------------------|----------------|
| Revenues | | | | | | | | |
| Charges to Other Funds | 9,428 | 14,718 | 1,743 | — | — | 3,017 | — | 28,906 |
| Operating Transfers-In | 50 | 1,386 | — | — | — | 5 | 2,384 | 3,825 |
| Other Revenue | 155 | 18 | — | 76,902 | 5,703 | 41 | 14,403 | 97,222 |
| Return on Investments | 239 | 549 | — | 363 | 475 | 168 | 64 | 1,858 |
| Total | 9,872 | 16,671 | 1,743 | 77,264 | 6,178 | 3,231 | 16,851 | 131,810 |
| Expenses | | | | | | | | |
| Allocated Charges | 1,240 | 1,671 | 372 | — | — | — | — | 3,282 |
| Contract Services | 624 | 5,127 | 60 | 221 | 7 | 72 | — | 6,110 |
| Facilities & Equipment | — | 874 | — | — | — | — | — | 874 |
| General Expense | 71 | 475 | 302 | — | 650 | 4,074 | — | 5,572 |
| Operating Transfers-Out | 124 | 31 | — | 2,384 | — | — | — | 2,540 |
| Rents & Leases | 337 | 401 | 512 | — | — | — | — | 1,251 |
| Salary & Benefits | 2,302 | 8,939 | 243 | 74,022 | 6,303 | — | 16,849 | 108,657 |
| Supplies & Material | 1,465 | 85 | 175 | — | — | — | — | 1,725 |
| Transfer to Infrastructure | 745 | — | — | — | — | — | — | 745 |
| Capital Improvement Program | 7,978 | 3,781 | — | — | — | — | — | 11,759 |
| Total | 14,885 | 21,384 | 1,664 | 76,627 | 6,961 | 4,146 | 16,849 | 142,515 |

INTERNAL SERVICE FUNDS OVERVIEW

Internal Service Funds Reserves

| | Vehicle Replacement and Maintenance Fund | Technology Fund | Printing and Mailing Services | General Benefits Fund | Workers' Compensation Program Fund | Liability Insurance Fund | Retiree Health Benefit Fund | Total Internal Service Funds |
|--|--|-----------------|-------------------------------|-----------------------|------------------------------------|--------------------------|-----------------------------|------------------------------|
| Changes to Unrestricted Assets | | | | | | | | |
| | | | | | | | | |
| June 30, 2020 Projected Unrestricted Assets | 8,192 | 18,293 | 0 | 2,304 | 959 | 1,572 | 1,135 | 32,455 |
| FY 2021 Proposed Changes | (5,013) | (4,713) | 79 | 637 | (783) | (915) | 2 | (10,706) |
| June 30, 2021 Projected Unrestricted Assets | 2,879 | 13,580 | 79 | 2,941 | 176 | 657 | 1,137 | 21,749 |

Special Revenue Funds





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SPECIAL REVENUE FUNDS OVERVIEW

Overview

Special Revenue Funds have revenues with either restriction on their use or special reporting requirements, such as development impact fees for community centers, libraries, parks, public facilities, and transportation; gas tax revenues from the state; housing mitigation fees assessed on commercial and industrial projects; in-lieu fees for the City's Below Market Rate (BMR) housing program; transportation mitigation fees paid by developers; parking in-lieu fees from commercial projects in the downtown area; parking permit revenues; and Community Development Block Grants (CDBG) from the federal government.

PUBLIC ART FUND

Administered by the Community Services Department, the Public Art Fund was created in FY 2014 to support the City's Public Art Program. The program seeks to increase the public's daily exposure to art through the commissioning and acquisition of a diverse range of artworks integrated into the City's urban environment. The Public Art Program strives to build the City's reputation as a dynamic public art locale with works of diverse styles, disciplines, and the highest aesthetic standards. Funding for the Public Art Program is determined by the Municipal Code's direction of 1 percent for Art in Private Development. Construction projects over 10,000 square feet that require Architectural Review and have an estimated construction value of more than \$200,000 have the option of commissioning artwork on the development site equal to the cost of 1 percent of the estimated construction valuation or paying the 1 percent to the Public Art Fund. In FY 2021, the projected revenue for the Public Art Fund is \$200,00 and includes a transfer of \$170,000 from the General Fund to comply with requirements that limit the administration costs that are funded through fees. Additionally, although not accounted for in this fund, the City requires that for specific City-funded capital projects a 1 percent public art expense is set aside (please refer to the FY 2021 - 2025 Capital Improvement Plan for further detail).

COMMUNITY DEVELOPMENT FUNDS

Revenue in this category comes from Development Impact Fees for community centers, libraries, parks, public facilities, and transportation. The Development Impact fees collected from new developments provide funding for the City's infrastructure related to community centers, libraries, parks, public safety facilities, general government facilities, and the Charleston-Arastradero Corridor. The projected revenue within the Community Development Impact Fee Funds is \$700,000 in FY 2021, primarily reflecting anticipated receipts in the Park Impact and Parkland Dedication Funds. The FY 2021 - 2025 Capital Improvement Plan includes a transfer of \$3.4 million for the completion of Byxbee Park (\$2.4 million), improvements at Fire Station six (\$400,000), design and construction of a new Public Safety building (\$350,000), renovations to the Junior Museum and Zoo (\$125,500), and design and an Automated Material Handling (AMH) systems to sort returned Library materials (\$80,000).

SPECIAL REVENUE FUNDS OVERVIEW

Annually, the Administrative Services Department issues a report of the activities in these funds, including the remaining balances within them. The 2018 annual report ending June 30, 2019, is included in CMR 10796 found here:

<https://www.cityofpaloalto.org/civicax/filebank/documents/74854>

STREET IMPROVEMENT FUNDS (SIF)

Revenue in this category comes from the state gas tax, including estimated receipts from the recently approved S.B.1 transportation funds and federal and state grants earmarked for street improvements. These funds are used for transportation and traffic-related capital projects.

Based on preliminary estimates from the State Department of Finance, the projected revenues are estimated to be \$3.1 million for FY 2021. This level of receipts remains relatively constant to the prior year and includes adjustments to Highway Users Tax Account (HUTA) allocations and the new S.B. 1 transportation funding bill, effective July 1, 2017. Under S.B. 1, it is anticipated that the City is allocated a total of \$1.3 million in revenue from the Road Maintenance and Rehabilitation Account (RMRA). Repayments from the State General Fund were received over three years at \$80,000 per year, ending in FY 2020.

In FY 2021, \$2.7 million is programmed to be transferred to the Capital Improvement Fund for various citywide transportation projects that include projects for street maintenance and safe routes to school. The City achieved its primary goal of reaching a citywide average Pavement Condition Index (PCI) score of 85 in 2018, three years earlier than the initial goal; however, funding is maintained through the 2021 - 2025 Capital Improvement Plan to work towards the City's secondary street maintenance goal of having no streets under a PCI score of 60.

FEDERAL AND STATE REVENUE FUNDS

The Federal and State Revenue Funds consist primarily of Community Development Block Grant (CDBG) funds. The City of Palo Alto receives funds annually from the U.S. Department of Housing and Urban Development (HUD) as an entitlement City under the CDBG program. This is the principal Federal program that provides funds to the CDBG Program to expand and maintain affordable housing supply, promote housing opportunities, improve and maintain community facilities, and increase economic opportunities for persons of low and moderate-income. CDBG project expenditures draw upon program income and prior year allocations that have been unspent.

The FY 2020-21 draft CDBG action plan includes agency requests totaling \$851,000 as tentatively scheduled for Finance Committee review in April 2020 (CMR 11148). Staff intends to bring the FY 2020-21 Action Plan for City Council approval in May 2020 to finalize and submit the final application to the Department of Housing and Urban Development (HUD) by the May 15, 2020 deadline. Any necessary budget adjustments will be brought forward after confirmation of final allocations.

A more detailed presentation of the FY 2021 Budget for the CDBG Fund is available at the end of the Special Revenue Funds Overview section.

HOUSING IN-LIEU FUNDS

In-lieu housing revenues come from fees required of commercial, industrial, and residential developers. These fees are used to provide housing for the City's Subsidized Housing Program.

SPECIAL REVENUE FUNDS OVERVIEW

For FY 2021, \$2.3 million in in-lieu fees are anticipated. These estimates remain constant from FY 2020 and are based on historical tracking and Planning and Development Services (PDS) Department staff projections.

Annually, the Administrative Services Department issues a report of the activities in these funds, including the remaining balances within them. The 2019 annual report ending June 30, 2019, is included in CMR 10796 found here:

<https://www.cityofpaloalto.org/civicax/filebank/documents/74854>

As of June 30, 2019, these funds had a balance of \$51.6 million. The majority of this funding is committed to projects in progress.

SPECIAL DISTRICTS FUNDS

Special District Funds reflect the combined financial activity of the following funds: University Avenue Parking District Fund, California Avenue Parking District Fund, and Residential Preferential Parking Fund. This grouping does not include Assessment District Funds. Revenue in these funds, generated from parking permits and citations, is used for maintenance, repair, enforcement, and beautification of parking facilities and public areas within the University and California Avenue business districts and Residential Preferential Parking (RPP) districts.

As of FY 2021, six neighborhoods are active in the RPP program to mitigate parking congestion in Palo Alto neighborhoods: College Terrace, Downtown, Evergreen Park/Mayfield, Crescent Park, Southgate, and Old Palo Alto (approved as a one-year pilot by City Council on October 21, 2019, in staff report 10612).

In FY 2021, the new California Avenue parking garage will be opening to the public. This will add 345 new available employee parking permits, which is enough to accommodate the entire existing waitlist. With this new garage coming online, additional revenue and expenses will occur in the California Avenue Parking Fund. One such additional cost is the increased custodial services needed to maintain the cleanliness of this new public space. A more detailed presentation of the FY 2021 Budget for the California Avenue Parking Fund is available at the end of the Special Revenue Funds Overview section.

The FY 2020 budget established a separate Office of Transportation (OOT) situated in the City Manager's Office. Transportation was previously a division in the Planning and Development Services Department; this change was in recognition of the significant need to develop and implement strategies that address the City Council priority to improve mobility and resolve traffic and transportation challenges. Additional information about the establishment and current operations of OOT can be found in the subsequent section for City Departments within the City Manager's Office.

This FY 2021 budget also includes a 2.6 percent increase, the General Rate of Increase (GRI) for FY 2021, to Employee Parking Permit rates. Employee Parking Permit rates are recommended to increase from \$806 to \$830 per year in University Avenue and Downtown RPP district and \$403 to \$620 per year in California Avenue, Evergreen Park/Mayfield RPP district, and Southgate RPP district. A price increase is not recommended in FY 2021 to annual residential parking permits so that these permits will remain at \$50. A more detailed presentation of parking fees can be found in the FY 2021 Municipal Fee schedule.

This FY 2021 Proposed Budget includes the following significant proposals:

SPECIAL REVENUE FUNDS OVERVIEW

- Extend the temporary 0.48 part-time Administrative Specialist II to provide customer support services during the implementation and transition to the new parking management software system (6-12 months, \$34,750 one-time);
- Continue to provide funding to the Transportation Management Association (TMA) to support the reduction of single-occupancy vehicles (SOV) rates in Palo Alto, at \$750,000 (one-time);
- Increase permit sales revenue estimates by \$5,900 in University Avenue, \$524,900 in California Avenue, and \$110,000 in Residential Preferential Parking Funds to reflect parking permit increases;
- Increase in revenues of \$185,000 recognizing an operating subsidy transfer from the General Fund to the RPP Fund to cover an operating deficit in FY 2021 (one-time); and
- Capital improvement investments in FY 20201 through a net transfer of \$100,000 to the General Capital Improvement Fund. The transfer is relatively low because these funds are supporting no new projects, and several existing projects have had their timelines pushed out to FY 2021. Major projects funded in FY 20201 include Parking Management and System Implementation (\$1.4 million) and University Avenue Parking Improvements (\$100,000). Additional project details can be found in the FY 2021 - 2025 Capital Improvement Plan.

The ability of these funds to meet future cash flow needs will be significantly impacted by existing projects in the pipeline and the design and complexity of the elements of the comprehensive parking strategy, including permit pricing. In the upcoming year, staff will continue to develop and implement potential strategies for the organization and scaling of a comprehensive parking strategy. In order to strategically manage existing projects and programs in the pipeline and to enact a comprehensive parking strategy, a pause on new projects and initiatives is still recommended in the upcoming fiscal year to allow staff to fill critical vacancies and assess the various programs.

A more detailed presentation of the FY 2021 Budget for the University Avenue Parking District Fund and California Avenue Parking District Fund is available at the end of the Special Revenue Funds Overview section.

TRAFFIC MITIGATION AND PARKING IN-LIEU FUNDS

Traffic mitigation fee revenue is derived from fees paid by developers of new, non-residential projects to alleviate additional traffic congestion resulting from new development. Parking in-lieu fees result from commercial projects in assessment district areas, which contribute a fee for parking spaces in lieu of providing the required spaces within the project area itself. In FY 2021, \$276,000 in traffic mitigation and parking in-lieu fees are anticipated. These estimates remain steady with 2020 revenues and are based on historical tracking and Office of Transportation (OOT) staff projections. The FY 2021 - 2025 Capital Improvement Plan includes a transfer of \$400,000 in FY 2021 for improvements to traffic signals.

Of note, the City Council approved recommendations on April 22, 2019 (CMR 9531) to phase out all but one of the area-specific transportation impact fees and transition to a single citywide fee. The full staff report detailing these actions can be found here: <https://www.cityofpaloalto.org/civicax/filebank/documents/70517>

PUBLIC BENEFIT FUNDS

Revenue in these funds is a result of a senior housing project on Hamilton Avenue and contributions and mitigation fees paid for Planned Community Zone approvals. The Hamilton Avenue funds will continue to be used by Avenidas (formerly Senior Coordinating Council) to provide services to seniors.

DOWNTOWN BUSINESS IMPROVEMENT DISTRICT (BID)

The Downtown Business Improvement District (BID) was established by an ordinance adopted in January 2004 to promote the economic revitalization and physical maintenance of the Palo Alto Downtown business district. The Council appointed the Board of Directors of the Palo Alto Downtown Business and Professional Association (PADBPA), a non-profit corporation, as the Advisory Board for the BID to advise the Council on the method and basis for levy of assessments in the BID and the expenditure of revenues derived from the assessments. In prior years, the BID has focused on street cleanliness, creating a safe downtown, and providing events and communication tools that bring business downtown.

Annually, the BID advisory board issues an action plan for the upcoming period for City Council review and approval. Staff anticipates submitting the FY 2020-21 action plan for City Council approval by June 2020, which will inform the development of the FY 2021 budget. Any necessary budget adjustments as a result of the action plan will be incorporated into the annual budget process or completed through a budget amendment, as appropriate.

The most recent action plan for FY 2019-20 was included in CMR 10315 and can be found here: <https://www.cityofpaloalto.org/civicax/filebank/documents/72074>

STANFORD UNIVERSITY MEDICAL CENTER (SUMC)

In 2011, the City of Palo Alto entered into a Development Agreement between the City of Palo Alto and the Stanford University Medical Center Parties (SUMC). Funds received in FY 2012 as part of this agreement were used in FY 2013 - 2014, and beyond as outlined in the agreement and approved by the City Council. In FY 2018, the City received the final payment of \$11.8 million, for a total amount of \$44.3 million throughout the development agreement. The funds received per the development agreement are allocated for specific purposes, which include funding for the 2014 City Council approved Infrastructure Plan. As outlined in the agreement, expenses and revenues for each category must be accounted for separately.

Annually the Planning and Development Services Department, formerly the Planning and Community Environment Department, issues a report of activities during the prior period for Council review to ensure compliance with the agreement. Staff anticipates bringing forward the annual report for 2017-2018 in FY 2021. The most recent annual report for the 2016-2017 period is included in CMR 8999 found here:

<https://www.cityofpaloalto.org/civicax/filebank/documents/65285>

Community Health and Safety: Funds are to be distributed to selected community health programs that benefit residents of the City. The projected beginning balance in this category is \$2.8 million. There are no planned transfers in FY 2021 to the FY 2021 - 2025 Capital Improvement Plan.

SPECIAL REVENUE FUNDS OVERVIEW

Stanford Hospital Expansion Cost Mitigation: Funds are being held in this category to assure that City costs associated with the project do not exceed revenues to the City and ensure cost neutrality of the development. The projected beginning balance for this category is \$2.9 million. The FY 2021 - 2025 Capital Improvement Plan includes a \$500,000 transfer in FY 2021 for rail-road grade separation and safety improvements.

Intermodal Transit: Funds are to enhance the pedestrian and bicycle connection from the Transit Center to the El Camino/Quarry Road intersection. The projected beginning balance in this category is \$1.2 million. There are no planned transfers in FY 2021 to the FY 2021 - 2025 Capital Improvement Plan.

Quarry Road Improvements: Funds are to improve and enhance the public right-of-way at the pedestrian and bicycle connection from El Camino to Welch Road along Quarry Road. Beginning in FY 2019, there is no longer a fund balance in this category. The remaining funding for Quarry Road Improvements and Transit Center Access will be expended from the Intermodal Transit Fund in future periods, consistent with the development agreement and recognizing cost increases incurred as a result of Quarry Road delays and mobilization of two separate projects rather than one combined project as initially planned.

Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing: Funds in this category are to be used in connection with infrastructure, sustainable neighborhoods and communities, and affordable housing. The projected beginning balance in this category is \$10.9 million. The FY 2021 - 2025 Capital Improvement Plan includes a \$1.5 million transfer for the replacement of Fire Station four (\$750,000) and the design and construction of a new Public Safety building (\$800,000).

Climate Change: Funds are to be used for projects and programs for a sustainable community, including programs identified in the City's Climate Action Plan. The projected beginning balance for this category is \$2.8 million. The FY 2021 - 2025 Capital Improvement Plan includes a \$1.2 million transfer for the Bicycle and Pedestrian Plan-Implementation Project.

A more detailed presentation of the FY 2021 budget for the Stanford University Medical Center Fund is available at the end of the Special Revenue Funds Overview section.

SPECIAL REVENUE FUNDS OVERVIEW

Special Revenue Summary by Fund Type

| Fund Summary (\$000) | Public Art Fund | Com. Dev. Funds | Bus. Improv. District | Housing In-Lieu Funds | Street Improv. Fund | Federal & State Rev. Funds | Special District Funds | Traffic Mitig. & Parking In-Lieu Funds | Stan. Univ. Medical Center Fund | Total |
|----------------------------|-----------------|-----------------|-----------------------|-----------------------|---------------------|----------------------------|------------------------|--|---------------------------------|---------------|
| Revenues | | | | | | | | | | |
| Charges for Services | 200 | 673 | — | — | — | — | — | 276 | — | 1,149 |
| From Other Agencies | — | — | — | — | 3,054 | 501 | — | — | — | 3,555 |
| Net Sales | — | — | — | — | — | — | 2,206 | — | — | 2,206 |
| Operating Transfers-In | 170 | — | — | — | — | — | 585 | — | — | 755 |
| Other Revenue | — | — | — | 2,345 | — | 136 | — | — | — | 2,481 |
| Other Taxes and Fines | — | — | — | — | — | — | 150 | — | — | 150 |
| Permits and Licenses | — | — | — | — | — | — | 3,180 | — | — | 3,180 |
| Property Taxes | — | — | 140 | — | — | — | — | — | — | 140 |
| Rental Income | — | — | — | 9 | — | — | — | — | — | 9 |
| Return on Investments | 16 | 337 | — | 463 | 9 | 7 | 109 | 260 | 370 | 1,571 |
| Total | 386 | 1,010 | 140 | 2,817 | 3,063 | 645 | 6,231 | 536 | 370 | 15,197 |
| Expenses | | | | | | | | | | |
| Allocated Charges | 2 | — | — | 1 | — | 3 | 320 | — | — | 326 |
| Contract Services | — | — | — | 247 | — | — | 2,586 | — | — | 2,833 |
| General Expense | 1 | — | 148 | 53 | — | 761 | 799 | — | — | 1,762 |
| Operating Transfers-Out | — | — | — | — | 364 | — | 130 | — | — | 494 |
| Salary & Benefits | 212 | — | — | 57 | — | 87 | 1,564 | — | — | 1,920 |
| Supplies & Material | — | — | — | — | — | — | 121 | — | — | 121 |
| Transfer to Infrastructure | — | 3,355 | — | — | 2,711 | — | 100 | 400 | 3,250 | 9,816 |
| Total | 215 | 3,355 | 148 | 358 | 3,074 | 851 | 5,619 | 400 | 3,250 | 17,271 |

SPECIAL REVENUE FUNDS OVERVIEW

Consolidated Special Revenue Funds

| Fund Summary (\$000) | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|---|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| REVENUES | | | | | | |
| Gas Tax | 1,858 | 2,602 | 2,891 | 3,054 | 163 | 5.64 |
| Federal CDBG | 363 | 687 | 393 | 501 | 108 | 27.48 |
| Housing In-Lieu | 1,145 | 5,613 | 2,150 | 2,150 | — | — |
| Traffic Mitigation Fees | 3,077 | 2,301 | 276 | 276 | — | — |
| Developer Impact Fees | 1,296 | 2,212 | 673 | 673 | — | — |
| Parking Mitigation Fees | 3,643 | 4,505 | 4,728 | 4,715 | (13) | (0.27) |
| BID Assessment | 72 | 58 | 140 | 140 | — | — |
| SUMC | 11,745 | — | — | — | — | — |
| Interest Income | 1,525 | 1,909 | 1,185 | 2,392 | 1,207 | 101.86 |
| Other Revenue | 717 | 1,117 | 375 | 540 | 165 | 44.00 |
| Subtotal Revenue | 25,440 | 21,004 | 12,811 | 14,441 | 1,630 | 12.72 |
| Transfers In | | | | | | |
| General Fund | 426 | 453 | 453 | 674 | 221 | 48.79 |
| Technology Fund | 21 | 24 | 24 | 27 | 3 | 12.50 |
| Utility Admin Fund | 48 | 47 | 47 | 55 | 8 | 17.02 |
| Subtotal Operating Transfers In | 495 | 524 | 524 | 756 | 232 | 44.27 |
| Total Source of Funds | 25,935 | 21,528 | 13,335 | 15,197 | 1,862 | 13.96 |
| EXPENDITURES | | | | | | |
| General Expense | 22,031 | 8,056 | 8,439 | 6,961 | (1,478) | (17.51) |
| Subtotal Expenditures | 22,031 | 8,056 | 8,439 | 6,961 | (1,478) | (17.51) |
| Transfers Out | | | | | | |
| General Fund | 739 | 565 | 500 | 494 | (6) | (1.30) |
| Capital Improvement Fund | 10,696 | 4,886 | 26,377 | 9,816 | (16,561) | (62.79) |
| General Benefits | — | 11 | 13 | — | (13) | (100.00) |
| Subtotal Operating Transfers Out | 11,435 | 5,462 | 26,890 | 10,310 | (16,561) | (61.66) |
| Total Use of Funds | 33,465 | 13,518 | 35,329 | 17,271 | (18,058) | (51.11) |
| Net To (From) Reserves | (7,530) | 8,010 | (21,994) | (2,074) | 19,920 | (90.57) |

Community Development Block Grant

| Community Development Block Grant Fund | FY 2020 Adopted Budget | FY 2021 Agency Requests | FY 2021 Proposed Budget |
|--|------------------------------|-------------------------------|-------------------------------|
| SOURCE OF FUNDS | | | |
| Housing & Urban Development, current year | 499,868 | — | 501,355 |
| Housing & Urban Development, prior years | — | — | — |
| Prior Year Excess/Reallocation ⁽¹⁾ | 88,661 | — | 213,167 |
| Program Income | | | |
| Palo Alto Housing Corporation | 136,049 | — | 136,049 |
| TOTAL SOURCE OF FUNDS | 724,578 | — | 850,571 |
| USE OF FUNDS | | | |
| Public Service | | | |
| Palo Alto Housing Corporation - SRO Resident Support Services | 31,831 | 50,697 | 29,220 |
| Catholic Charities - Long-Term Care Ombudsman | 10,000 | 10,000 | 10,000 |
| YWCA/Support Network - Domestic Violence Services | 5,000 | 10,000 | 5,000 |
| LifeMoves (formerly InnVision) - Opportunity Service Center | 31,832 | 46,575 | 29,220 |
| Silicon Valley Independent Living - Housing and Emergency Services | 12,000 | 28,826 | 12,000 |
| Subtotal: Public Service | 90,663 | 146,098 | 85,440 |
| Planning and Administration | | | |
| Project Sentinel/Fair Housing Services | 37,940 | 33,698 | 37,480 |
| City of Palo Alto - CDBG Administration includes 0.10 FTE & 0.48 Hourly CDBG Administrative Staff | 89,243 | 90,000 | 90,000 |
| Subtotal: Planning and Administration | 127,183 | 123,698 | 127,480 |
| Housing, Economic Development, Capital Projects, & Public Facilities | | | |
| Downtown Streets Team/Workforce Development | 361,473 | 336,400 | 336,400 |
| MayView Community Health Center | 145,259 | — | — |
| Habitat for Humanity - Minor Home Repair | — | 100,000 | 151,301 |
| Palo Alto Housing - Alma Place | — | 149,950 | 149,950 |
| Subtotal: Housing, Economic Development & Capital Projects | 506,732 | 586,350 | 637,651 |
| TOTAL USE OF FUNDS | 724,578 | 856,146 | 850,571 |
| ⁽¹⁾ Funds received in excess of revenue estimate for local program income (prior years) | | | |

SPECIAL REVENUE FUNDS OVERVIEW

University Avenue Parking Permit Fund

| | FY 2020 Adopted | FY 2020 Adjusted | FY 2021 Proposed |
|---|--------------------|---------------------|---------------------|
| Revenues | | | |
| Permit Sales | 2,372,000 | 2,277,100 | 2,358,860 |
| Day Passes | 675,000 | 579,800 | 580,000 |
| Ticket Machine | 215,000 | 386,900 | 388,000 |
| Transfer from Other Funds for City Share | 380,250 | 380,250 | 400,060 |
| Investment Income | 68,200 | 68,200 | 77,500 |
| Total Revenue | 3,710,450 | 3,692,250 | 3,804,420 |
| Expenditures | | | |
| Administration | | | |
| Positions | 1.66 | 1.66 | 1.66 |
| Salaries & Benefits | 249,261 | 189,728 | 256,443 |
| Contract Staffing | 182,248 | 173,071 | 182,248 |
| Parking Occupancy Services | 77,031 | 32,772 | 35,000 |
| Miscellaneous Supplies | 21,048 | 21,048 | 21,048 |
| Ticket Machine (bankcard services, transmission, maintenance) | 28,100 | 28,100 | 28,100 |
| Subtotal Administration | 557,688 | 444,719 | 522,839 |
| Maintenance | | | |
| Positions | 3.87 | 3.87 | 3.87 |
| Salaries & Benefits | 547,542 | 456,469 | 531,205 |
| Supplies | 60,090 | 60,090 | 60,090 |
| Twinkle/Tree Lights | 30,000 | 30,000 | 30,000 |
| Landscaping | 20,090 | 20,090 | 20,593 |
| Maintenance (garage, elevator, fire sprinkler) | 78,024 | 78,024 | 78,024 |
| Custodial (janitorial services, power washing, sweeping) | 280,346 | 280,346 | 280,346 |
| Steam Cleaning | 94,660 | 94,660 | 94,660 |
| Subtotal Maintenance | 1,110,752 | 1,019,679 | 1,094,918 |
| Police Patrol | | | |
| Positions | 0.50 | 0.50 | 0.50 |
| Salaries & Benefits | 128,598 | 128,598 | 130,000 |

University Avenue Parking Permit Fund

| | FY 2020 Adopted | FY 2020 Adjusted | FY 2021 Proposed |
|--|--------------------|---------------------|---------------------|
| Subtotal Patrols | 128,598 | 128,598 | 130,000 |
| Other | | | |
| Valet Programs (Lots R, CC, CW, & S) | 289,972 | 289,972 | 289,972 |
| Temporary Valet Programs (garage construction) | — | 150,000 | — |
| Downtown Streets Team | 118,744 | 118,744 | 118,744 |
| Transportation Management Authority (TMA) | 750,000 | 750,000 | 750,000 |
| Utilities/Indirect costs | 207,986 | 207,986 | 210,521 |
| Transfer to CIP Fund | 1,135,220 | 1,135,220 | 100,000 |
| Subtotal Other | 2,501,922 | 2,651,922 | 1,469,237 |
| Total Operating Expenses | 4,298,960 | 4,244,918 | 3,216,994 |
| Income from Operations | (588,510) | (552,668) | 587,426 |

SPECIAL REVENUE FUNDS OVERVIEW

California Avenue Parking Permit Fund

| | FY 2020 Adopted | FY 2020 Adjusted | FY 2021 Proposed |
|--|--------------------|---------------------|---------------------|
| Revenues | | | |
| Permit Sales | 296,625 | 251,788 | 821,500 |
| Day Passes | 225,000 | 287,178 | 290,000 |
| Investment Income | 12,000 | 12,000 | 12,800 |
| Total Revenue | 533,625 | 550,966 | 1,124,300 |
| Expenditures | | | |
| Administration | | | |
| Positions | 1.05 | 1.05 | 1.05 |
| Salaries & Benefits | 151,383 | 98,935 | 157,040 |
| Miscellaneous Supplies | 35,620 | 35,620 | 35,620 |
| Contract Staffing | 41,400 | 39,347 | 41,400 |
| Parking Occupancy Services | 17,545 | 13,497 | 17,545 |
| Subtotal Administration | 245,948 | 187,399 | 251,605 |
| Maintenance | | | |
| Positions | 0.43 | 0.43 | 0.43 |
| Salaries & Benefits | 73,601 | 55,812 | 72,544 |
| Supplies | 7,855 | 7,855 | 7,855 |
| Contracts | | | |
| Garage maintenance | 5,255 | 5,255 | 79,106 |
| Sweeping Ted Thompson and Cambridge garages | 4,008 | 4,008 | 4,008 |
| Fire sprinkler maintenance | 1,453 | 1,453 | 1,453 |
| Steam Cleaning | 7,060 | 7,060 | 7,060 |
| Landscaping | 10,597 | 10,597 | 10,597 |
| Facilities repair | 637 | 637 | 637 |
| Custodial | — | — | 54,650 |
| Street Sweeping | 82,101 | 82,101 | 82,101 |
| Subtotal Maintenance | 192,567 | 174,778 | 320,011 |
| Utilities/Indirect costs | 38,849 | 38,849 | 62,647 |
| Transfer to CIP Fund | 138,000 | 138,000 | — |
| Subtotal Other | 176,849 | 176,849 | 62,647 |
| Total Operating Expenses | 615,364 | 539,026 | 634,263 |
| Total Operating Expenses | (81,739) | 11,940 | 490,037 |

Stanford Development Agreement Fund

| | FY 2020 Estimated | FY 2021 Proposed | Change |
|---|----------------------|---------------------|--------------------|
| SOURCE OF FUNDS | | | |
| Unrestricted- Community Health and Safety | 2,778,889 | 2,825,721 | 46,832 |
| Unrestricted- Stanford Hospital Expansion Cost Mitigation | 2,865,946 | 2,914,245 | 48,299 |
| Unrestricted- Intermodal Transit | 1,203,107 | 1,021,697 | (181,410) |
| Unrestricted- Quarry Road Improvements | — | — | — |
| Unrestricted- Neighborhoods and Communities and Affordable Housing | 10,862,556 | 11,045,620 | 183,063 |
| Unrestricted- Climate Change | 2,771,602 | 1,608,199 | (1,163,403) |
| Total Beginning Fund Balance | 20,482,100 | 19,415,482 | (1,066,618) |
| Revenue | | | |
| Interest - Community Health and Safety | 46,832 | 53,893 | 7,062 |
| Interest - Stanford Hospital Expansion Cost Mitigation | 48,299 | 55,582 | 7,283 |
| Interest - Intermodal Transit | 18,590 | 19,486 | 896 |
| Interest - Quarry Road Improvements | — | — | — |
| Interest - Neighborhoods/Communities/Affordable Housing | 183,063 | 210,667 | 27,603 |
| Interest - Climate Change | 36,597 | 30,672 | (5,925) |
| Total Revenue | 333,382 | 370,300 | 36,918 |
| TOTAL SOURCE OF FUNDS | 20,815,482 | 19,785,782 | (1,029,700) |
| USE OF FUNDS | | | |
| Expenditures | | | |
| Transfers Out | | | |
| Community Health and Safety: Capital Improvement Fund | — | — | — |
| Stanford Hospital Expansion Cost Mitigation | — | 500,000 | — |
| Intermodal Transit: Capital Improvement Fund | 200,000 | — | (200,000) |
| Quarry Road Improvements: Capital Improvement Fund | — | — | — |
| Neighborhood and Communities and Affordable Housing: Capital Improvement Fund | — | 1,550,000 | 1,550,000 |
| Climate Change: Capital Improvement Fund | 1,200,000 | 1,200,000 | — |
| Total Transfers | 1,400,000 | 3,250,000 | 1,350,000 |

SPECIAL REVENUE FUNDS OVERVIEW

Stanford Development Agreement Fund

| | FY 2020 Estimated | FY 2021 Proposed | Change |
|--|----------------------|---------------------|--------------------|
| Total Expenditures | 1,400,000 | 3,250,000 | 1,850,000 |
| Ending Fund Balance | | | |
| Unrestricted- Community Health and Safety | 2,825,721 | 2,879,614 | 53,893 |
| Unrestricted- Stanford Hospital Expansion Cost Mitigation | 2,914,245 | 2,469,827 | (444,418) |
| Unrestricted- Intermodal Transit | 1,021,697 | 1,041,183 | 19,486 |
| Unrestricted- Quarry Road Improvements | — | — | — |
| Unrestricted- Neighborhoods and Communities and Affordable Housing | 11,045,620 | 9,706,286 | (1,339,333) |
| Unrestricted- Climate Change | 1,608,199 | 438,871 | (1,169,328) |
| Total Ending Fund Balance | 19,415,482 | 16,535,782 | (2,879,700) |
| TOTAL USE OF FUNDS | 20,815,482 | 19,785,782 | (1,029,700) |

Debt Service Funds





CITY OF
**PALO
ALTO**

DEBT SERVICE FUNDS OVERVIEW

Overview

CITY OF PALO ALTO DEBT POLICY

The City of Palo Alto recognizes the need for spending a prudent amount every year for ongoing capital replacement and rehabilitation needs. An ongoing capital improvement plan is vital to ensuring the future viability of services. To achieve this priority, the City funds its regular and ongoing capital needs primarily on a "pay-as-you-go" basis. There are, however, special or extraordinary capital improvement projects, refinancing of existing debt, and purchase of major and multiple pieces of equipment in which it is appropriate to consider debt financing. The City's Debt Policy establishes the guidelines to support the decision-making process for issuing debt.

DEBT POLICY GUIDELINES

The City's Debt Policy provides guidelines for refinancing existing debt; detailing the responsibilities of City staff engaged in issuing debt; delineating the debt instruments or vehicles (e.g. General Obligation Bonds or Certificates of Participation) the City can utilize; and describing situations in which tax-exempt and taxable debt can be used. The depth and breadth of the policy serve to guide current and future staff. Below are highlights of the Debt Policy guidelines for the use of debt and other financing.

A. Debt may be judiciously used when some or all of the following conditions exist:

- Estimated future revenue is sufficient to ensure the payment of annual debt service.
- Other financing options have been explored and are not viable for the timely or economic acquisition or completion of a capital project.
- A capital project is mandated by federal or state authorities with no other viable funding option available.
- The capital project or asset lends itself to debt financing rather than pay-as-you-go funding based on the expected useful life of the project.
- Debt will not be used to fund ongoing operating expenses of the City except for situations in which cash flow problems arise and the City may need to issue short-term Tax or Revenue Anticipation Notes.
- Annual debt service shall not exceed 10 percent of annual operating expenses for the General Fund unless an exception is approved by City Council. For all other City funds annual debt service shall not exceed 15 percent of annual operating expenses unless an exception is approved by City Council.

B. Minimize borrowing costs by:

DEBT SERVICE FUNDS OVERVIEW

- Maximizing the use of existing resources for capital projects and equipment needs.
- Issuing tax-exempt debt except in instances where IRS regulations require taxable bonds.
- Striving to obtain the highest credit ratings possible.
- Maintaining a competitive bid process on bond sales except for situations in which negotiated or private placement sales meet City objectives. In negotiated or private placement sales, City staff will work with its Municipal Advisor (aka Financial Advisor) to review proposed interest rates and proposed fees.
- Ensuring that the type of debt and debt structure developed ensure advantageous marketing of each issue.

C. Linking debt to appropriate revenue sources and project users:

- When possible, tie project financing directly to users of a specific facility or use. Examples include renovation of the Golf Course where user fees can offset debt service or replacing gas mains where gas rates can be increased to cover debt expense.
- Debt financing in the Enterprise Funds so as to avoid significant spikes in user rates by smoothing out costs over time.

In addition to capital projects, the City can finance essential equipment and vehicles. These assets range from public safety vehicles to utility equipment. The underlying asset must have a minimum useful life of three years. Short-term financings, including loans and capital lease purchase agreements, are executed to meet such needs. It has been the City's practice to fund these purchases with existing resources; however, debt financing flexibility for future needs remains an option.

Also, the Chief Financial Officer or Director of Administrative Services, supported by Treasury Division, will periodically evaluate its existing debt and execute refinancings when economically beneficial. A refinancing may include the issuance of bonds to refund existing bonds or the issuance of bonds in order to refund other obligations. A net present value analysis, both in dollar and percentage terms, will be conducted to determine whether a re-financing is optimal. As a "rule of thumb," a minimum 3 percent net present value savings will be used as a basis to begin re-financing efforts. As with new debt, all refinancings must be approved by City Council.

In September 2016, the state legislature adopted Senate Bill (SB) 1029 (Hertzberg), amending Government Code section 8855 to place additional reporting obligations on issuers of public debt, effective January 1, 2017. The amendments require an issuer to certify that they have adopted a debt policy concerning the use of debt and that the proposed debt issuance is consistent with that Policy. Though the City's Debt Policy prior to this legislation and practice substantially complied with the new requirements, minor updates to the Debt Policy were approved by the City Council in April 2017, to explicitly comply with SB 1029 requirements. This statute also added additional reporting requirement to the California Debt and Investment Advisory Commission (CDIAC) such as the submission of annual report for any issue of debt.

LEGAL DEBT LIMIT

Based upon the assessed valuation of \$36.8 billion for the fiscal year ending June 30, 2019, the City is limited to general obligation indebtedness of \$1.4 billion per State law. As of June 30, 2019, the amount of debt applicable to the debt limit was \$60.5 million, which is well below the

City's legal debt limit. The debt limit is applicable to voter-approved general obligation (GO) bonds that have been approved in prior years to fund capital improvement projects to renovate and build out the City's libraries including the Mitchell Park Library and Community Center.

DEBT OBLIGATION DESCRIPTIONS

2010A and 2013A General Obligation (GO) Bonds

On June 30, 2010, the City issued the first series of \$55.3 million and on June 26, 2013 the second series of \$20.6 million of GO bonds to finance costs for constructing a new Mitchell Park Library and Community Center, as well as substantial improvements to the Main Library and the Downtown Library. Principal payments are due annually on August 1 and interest payments semi-annually on February 1 and August 1, from 2.0 percent to 5.0 percent, and are payable from property tax revenues.

As of June 30, 2020, for the above 2010 and 2013 bonds, \$43.3 million and \$15.5 million principal and \$24.3 million and \$8.0 million interest will be the remaining debt service on the bonds with final payment occurring in Fiscal Year 2041 and Fiscal Year 2042, respectively.

2018 Capital Improvement ("Golf Course") Project and 2002B ("Civic Center Refinancing and Downtown Parking Improvements Project") Refinancing Certificates of Participation (COPs)

On June 5, 2018, the City issued taxable (Green Bonds) COPs of \$8.4 million for the renovation of Palo Alto's Municipal Golf Course and \$0.6 million to refinance the 2002B COPs. Debt service payments are due semi-annually on May 1 and November 1. The 2018 Capital Improvement Project and 2002B refinancing COPs maturity dates and true interest costs are November 2047 and 4.14 percent and November 2022 and 3.11 percent, respectively.

2019 California Avenue Parking Garage Certificates of Participation (COPs)

On March 21, 2019, the City issued \$26.8 million tax-exempt and \$10.6 million taxable COPs for the construction of a six story (four above ground levels and two below ground levels) parking garage in the California Avenue Business District. The new garage will replace existing parking stalls at two locations and provide 310 additional parking spaces, totaling 636 parking spaces in the new garage.

Debt service payments on the \$37.4 million COPs are due semi-annually on May 1 and November 1, with the first payment due on November 1, 2019. The COPs mature in FY 2049 and have a combined true interest cost (TIC) of 3.75 percent with the tax-exempt bonds' TIC being 3.52 percent and taxable bonds' TIC being 4.32 percent.

1995 Utility Revenue Bonds, Series A

On February 1, 1995 the City issued Utility Revenue Bonds to finance certain extensions and improvements to the City's Storm Drainage and Surface Water systems. The bonds are special obligations of the City payable solely from and secured by a pledge of and lien upon the revenues derived by the City from the funds, services, and facilities of all Enterprise Funds except the Refuse Fund and the Fiber Optics Fund. Principal payments are payable annually on June 1, and interest payments semi-annually on June 1 and December 1. A \$2.9 million 6.3 percent term

DEBT SERVICE FUNDS OVERVIEW

bond is due June 1, 2020. In lieu of a reserve fund, the Bonds are secured by a Surety Bond issued by AMBAC Indemnity Corporation.

The pledge of future net revenues for the above funds ends upon repayment of the \$0.6 million principal and \$40,313 interest as the remaining debt service on the bonds as of June 30, 2019 with final payment occurring in Fiscal Year 2020.

1999 Utility Revenue and Refunding Bonds, Series A

On June 1, 1999 the City issued Utility Revenue Bonds to refund the 1990 Utility Revenue Refunding Bonds, Series A and the 1992 Utility Revenue Bonds, Series A, and to finance rehabilitation of the Wastewater Treatment System's two sludge incinerators. The 1990 Utility Revenue Refunding Bonds, Series A and the 1992 Utility Revenue Bonds, Series A, were subsequently retired. The 1999 Bonds are special obligations of the City payable solely from and secured by a pledge of, and lien upon, certain net revenues derived by the City's sewer system and its storm and surface water system, the "Stormwater Management System". As of June 30, 2001, the 1999 Bonds had been allocated to and were repayable from net revenues of the following Enterprise Funds: Wastewater Collection (10.2 percent), Wastewater Treatment (64.6 percent) and Stormwater Management (25.2 percent). Principal payments are payable annually on June 1, and interest payments semi-annually on June 1 and December 1. In lieu of a reserve fund, the bonds are secured by a Surety Bond issued by AMBAC Indemnity Corporation.

The pledge of future net revenues for the above funds ends upon repayment of the \$6.7 million principal and \$0.9 million interest as the remaining debt service on the bonds as of June 30, 2020, with final payment occurring in Fiscal Year 2024.

2009 Water Revenue Bonds, Series A

On October 6, 2009, the City issued Water Revenue Bonds in the amount of \$35.5 million to finance certain improvements to the City's Water utility system. Principal payments are due annually on June 1, and interest payments are due semi-annually on June 1 and December 1, from 1.8 percent to 6.0 percent. The final debt service payment will be made in 2035. When these bonds were issued they were designated as 'Direct Payment Build America Bonds' under the provisions of the American Recovery and Reinvestment Act of 2009 ('Build America Bonds'). The City expected to receive a cash subsidy payment from the United States Treasury equal to 35.0 percent of the interest payable on the 2009 bonds, however, due to the United States federal government budget (sequestration) cuts in calendar year 2013, the receipts declined to 32.5 percent in 2013 and were 33.3 percent in calendar year 2018. The lien on the 1995 Bonds on the net revenues is senior to the lien on net revenues securing the 2009 Bonds and the 2002 Bonds. The City received subsidy payments amounting to \$0.5 million, which represents 33.3 percent of the two interest payments due on June 1 and December 1 annually.

The pledge of future net revenues of the above funds ends upon repayment of the \$25.5 million principal and \$13.3 million interest as the remaining debt service on the bonds as of June 30, 2020 with final payment occurring in Fiscal Year 2035.

2011 Utility Revenue Bonds, Series A

On September 22, 2011 the City issued Utility Revenue Bonds to refinance the 2002 Utility Revenue Bonds, which were issued for certain improvements to the City's Water and Natural Gas

utility system. The refinancing resulted in net present value savings of 16.9 percent and cash savings over 15 years of \$4.0 million. Principal payments are due annually on June 1, and interest payments are due semi-annually on June 1 and December 1 from 3.0 percent to 4.0 percent. The Revenue Bonds are secured by net revenues generated by the Water and Gas Funds.

The pledge of future net revenues ends upon repayment of the \$7.9 million principal and \$0.9 million interest remaining debt service on the bonds as of June 30, 2020 with final payment occurring in Fiscal Year 2026.

2007 Electric System Clean Renewable Energy Tax Credit Bonds

On November 1, 2007 the City issued \$1.5 million of Electric Utility Clean Renewable Energy Tax Credit Bonds (CREBS), 2007 Series A, to finance the City's photovoltaic solar panel project. The bonds do not bear interest. In lieu of receiving periodic interest payments, bondholders are allowed federal income tax credit in an amount equal to a credit rate for such CREBS multiplied by the outstanding principal amount of the CREBS owned by the bondholders. The bonds are payable solely from, and secured solely by, a pledge of the net revenues of the Electric system and other funds pledged therefore under the Indenture.

The pledge of future Electric Fund net revenues ends upon repayment of the \$0.2 million as the remaining debt service on the bonds as of June 30, 2020 with final payment occurring in Fiscal Year 2022.

2007 State Water Resources Loan

In October 2007, the City approved the \$9.0 million loan agreement with State Water Resources Control Board (SWRCB) to finance the City's Mountain View/Moffett Area Reclaimed Water Pipeline Project. Under the terms of the contract, the City agreed to repay \$9.0 million to the State in exchange for receiving \$7.5 million in proceeds to be used to fund the project. The difference between the repayment obligation and proceeds amounts to \$1.5 million and represents in-substance interest on the outstanding balance. Loan proceeds are drawn down as the project progresses and debt service payments commenced on June 30, 2010. Concurrently with the loan, the City entered into various other agreements including a cost sharing arrangement with the City of Mountain View. Pursuant to that agreement, the City of Mountain View agreed to finance a portion of the project with a \$5.0 million loan repayable to the City. This loan has been recorded as 'Due from other government agencies' in the financial statements.

The pledge of future net revenues of the above funds ends upon repayment of the \$4.1 million principal and \$0.7 million in-substance interest as the remaining debt service on the bonds as of June 30, 2020 with final payment occurring in Fiscal Year 2029.

2009 State Water Resources Loan

In October 2009, the City approved an \$8.5 million loan agreement with the State Water Resources Control Board (SWRCB) to finance the City's Ultraviolet Disinfection Project. As of June 30, 2011, the full loan in the amount of \$8.5 million was drawn down and became outstanding. Interest in the amount of \$96,000 was accrued and added to the outstanding balance.

The pledge of future net revenues of the above funds ends upon repayment of the \$5.3 million principal and \$0.9 million interest as the remaining debt service on the bonds as of June 30, 2020 with final payment occurring in Fiscal Year 2031.

2017 State Water Resources Loan

In June 2017, the State Water Resources Control Board (SWRCB) and the City executed an agreement for an award up to \$30.0 million at a rate of 1.8 percent, payable over 30 years, with the first annual installment due May 31, 2020 to finance the replacement of sewage sludge "bio-solids" incinerators at the City's Regional Water Quality Control Plant (RWQCP). In September 2017, due to the projected lower project costs, the agreement was amended to reduce the SWRCB loan amount to \$29.7 million. Under the terms of the contract, a portion of the loan amount, \$4.0 million, is a federally funded grant (by the U.S. Environmental Protection Agency).

The new facility will dewater the bio-solids and allow the material to be loaded onto trucks and taken to a separate facility for further treatment. The RWQCP provides treatment and disposal for wastewater for Palo Alto, Mountain View, Los Altos, Los Altos Hills, East Palo Alto Sanitary District, and Stanford University. Though Palo Alto is the recipient of the loan, the City's agreement with the partner agencies obliges them to pay their proportionate share of the principal and interest of this loan. Palo Alto's share of the loan payment is 38.2 percent with the partner agencies paying 61.8 percent. As of June 30, 2020, the City is anticipated to incur and draw down \$25.0 million of the project costs from the loan award.

Credit Rating Agencies

Credit rating is a critical component of strong municipal management. According to Moody's Investors Service, reserves are an important factor in the analysis of a municipality's fiscal health and, therefore, a jurisdiction's fiscal policies should include a plan for maintaining reserves. Rating agencies view sound reserves favorably, thus improving a municipality's rating and its ability to obtain low-cost financing for important projects. The City is proud to report that both Moody's and Standard and Poor's (S&P) awarded their highest credit ratings, Triple A, to the City's General Obligation Bonds for library and community center capital improvements in 2010 and 2013 and reaffirmed these ratings a few times, the last one being in July 2018 by Moody's and February 2019 by S&P. These ratings demonstrate that Palo Alto's prudent financial management and fiscal strength are viewed favorably by credit agencies. The four Utility bonds (1995, 1999, 2009, & 2011) that are rated also received S&P's highest credit rating of Triple A. Moody's has rated these Utility bonds with their second highest (Aa1) or third highest (Aa2) ratings.

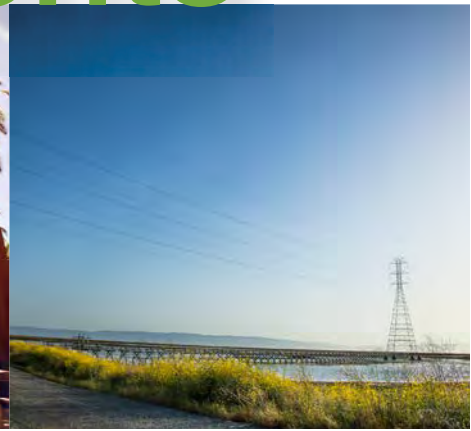
Debt Service Fund

| Fund Summary (\$000) | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted | FY 2021 Proposed | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|--------------------|---------------------|----------------------|---------------------|
| Revenues | | | | | | |
| Bond Proceeds | 595 | 301 | 0 | 0 | 0 | 0% |
| Property Tax | 4,331 | 4,390 | 4,443 | 4,558 | 115 | 2.6% |
| Return on Investments | 40 | 142 | 0 | 30 | 30 | 100% |
| Transient Occupancy Tax | 0 | 0 | 2,335 | 2,380 | 45 | 1.9% |
| Subtotal Revenues | 4,966 | 4,833 | 6,778 | 6,968 | 190 | 2.8% |
| Operating Transfers In | | | | | | |
| General Fund | 233 | 339 | 530 | 530 | 0 | 0% |
| Capital Projects Fund | 0 | 18 | 0 | 0 | 0 | 0% |
| Subtotal Operating Transfers | 233 | 357 | 530 | 530 | 0 | 0% |
| Total Source of Funds | 5,199 | 5,190 | 7,308 | 7,498 | 190 | 2.6% |
| Expenses | | | | | | |
| Golf Course 2018A Interest | 0 | 320 | 335 | 345 | 10 | 3.0% |
| Golf Course 2018A Principal | 0 | 35 | 35 | 185 | 150 | 428.6% |
| Library GO Bonds Debt Service | (11) | 0 | 0 | 0 | 0 | 0.0% |
| Library GO Bonds Interest | 2,863 | 2,787 | 2,718 | 3,015 | 297 | 10.9% |
| Library GO Bonds Principal | 1,570 | 1,640 | 1,725 | 1,630 | (95) | (5.5)% |
| Parking 2002B COPS Taxable Debt Service | 14 | 0 | 0 | 0 | 0 | 0.0% |
| Parking 2002B COPS Taxable/ 2018B Refinancing Interest | 77 | 0 | 15 | 0 | (15) | (100.0)% |
| Parking 2002B COPS Taxable/ 2018B Refinancing Principal | 975 | 0 | 145 | 0 | (145) | (100.0)% |
| Parking 2019A COPS Tax Exempt Interest | 0 | 0 | 1,488 | 1,340 | (148) | (9.9)% |
| Parking 2019B COPS Taxable Interest | 0 | 0 | 470 | 410 | (60) | (12.8)% |
| Parking 2019B COPS Taxable Principal | 0 | 0 | 375 | 630 | 255 | 68.0% |
| Parking 2019A&B COPS Issuance Expense | 0 | 285 | 0 | 0 | 0 | 0.0% |
| Total Use of Funds | 5,499 | 5,067 | 7,306 | 7,555 | 249 | 3.4% |
| Net to (from) Reserves | (300) | 123 | 2 | (57) | (59) | N/A |



CITY OF
**PALO
ALTO**

City Departments





CITY OF
**PALO
ALTO**

CITY ATTORNEY

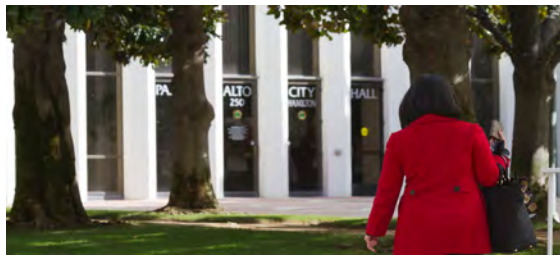
Mission Statement

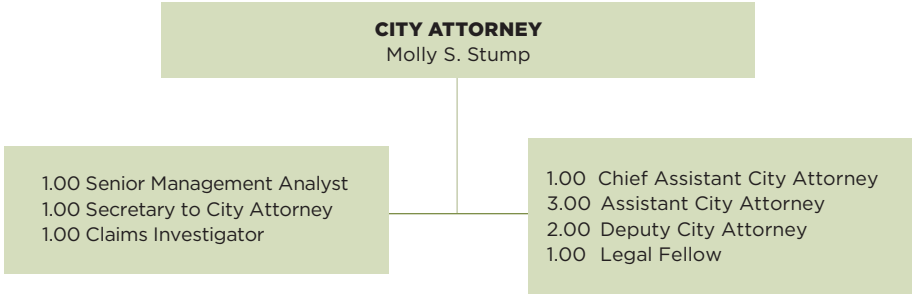


The Office of the City Attorney's mission is to serve Palo Alto and its policymakers by providing legal representation of the highest quality.

Purpose

The purpose of the Office of the City Attorney is to partner with City leaders to find creative approaches to the opportunities and challenges that face Palo Alto; draft contracts, legislation, legal opinions, and other legal documents; negotiate on behalf of the City; provide training and advice on how to manage risk and comply with the law; enforce the municipal code; and defend the City when it is sued.





FY 2021 POSITION TOTALS
11.00 - Full-time

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

Description

The Office of the City Attorney legally represents the City by providing legal advice and/or training to the City Council, City Manager, boards, commissions, and operating departments; investigating and resolving claims against the City; defending the City in litigation and administrative actions; initiating and prosecuting litigation on behalf of the City; and drafting and approving contracts, legislation, and other legal documents.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Administration | 553,106 | 595,602 | 644,611 | 653,017 | 8,406 | 1.3% |
| Consultation and Advisory | 1,619,693 | 1,810,065 | 1,904,890 | 2,115,628 | 210,738 | 11.1% |
| Litigation and Dispute Resolution | 1,044,767 | 1,156,868 | 717,728 | 932,310 | 214,582 | 29.9% |
| Official and Administration Duties | 89,885 | 113,556 | 119,725 | 124,193 | 4,468 | 3.7% |
| Total | 3,307,450 | 3,676,092 | 3,386,954 | 3,825,148 | 438,195 | 12.9% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 128,784 | 120,239 | 155,397 | 149,509 | (5,889) | (3.8)% |
| Other Benefits | 81,506 | 80,307 | 71,484 | 82,244 | 10,760 | 15.1% |
| Pension | 424,196 | 451,560 | 621,851 | 644,484 | 22,634 | 3.6% |
| Retiree Medical | 152,481 | 115,560 | 119,026 | 120,593 | 1,567 | 1.3% |
| Salary | 1,452,038 | 1,576,263 | 1,764,909 | 1,816,821 | 51,913 | 2.9% |
| Workers' Compensation | — | 42,882 | 60,951 | 63,420 | 2,469 | 4.1% |
| Total Salary & Benefits | 2,239,004 | 2,386,811 | 2,793,619 | 2,877,071 | 83,453 | 3.0% |
| Allocated Charges | 123,759 | 150,152 | 138,831 | 137,223 | (1,607) | (1.2)% |
| Contract Services | 910,987 | 1,063,494 | 372,301 | 728,650 | 356,349 | 95.7% |
| Facilities & Equipment | — | 1,545 | 1,000 | 1,000 | — | —% |
| General Expense | 13,709 | 30,831 | 52,642 | 52,642 | — | —% |
| Operating Transfers-Out | — | 24,857 | — | — | — | —% |
| Rents & Leases | 1,265 | 1,245 | 2,130 | 2,130 | — | —% |
| Supplies & Material | 18,725 | 17,157 | 26,432 | 26,432 | — | —% |
| Total Dollars by Expense Category | 3,307,450 | 3,676,092 | 3,386,954 | 3,825,148 | 438,195 | 12.9% |
| Revenues | | | | | | |
| Charges for Services | — | — | 28,052 | 28,052 | — | —% |
| Charges to Other Funds | 1,063,627 | 1,001,904 | 704,051 | 1,578,427 | 874,375 | 124.2% |
| Other Revenue | 16,000 | 2,015 | 10,789 | 10,789 | — | —% |
| Total Revenues | 1,079,627 | 1,003,919 | 742,892 | 1,617,268 | 874,375 | 117.7% |

Budget Summary

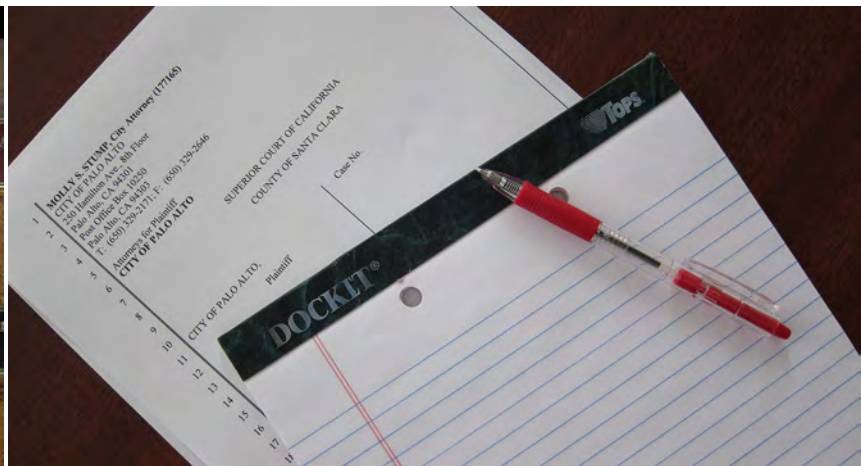
| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|------------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Positions by Division | | | | | | |
| Administration | 1.47 | 1.47 | 1.47 | 1.47 | — | —% |
| Consultation and Advisory | 7.31 | 6.46 | 6.46 | 6.46 | — | —% |
| Litigation and Dispute Resolution | 1.86 | 1.71 | 1.71 | 1.71 | — | —% |
| Official and Administration Duties | 0.36 | 0.36 | 0.36 | 0.36 | — | —% |
| Total | 11.00 | 10.00 | 10.00 | 10.00 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Assistant City Attorney | 3.00 | 3.00 | 3.00 | 3.00 | — | 596,024 |
| Chief Assistant City Attorney | 1.00 | 1.00 | 1.00 | 1.00 | — | 254,405 |
| City Attorney | 1.00 | 1.00 | 1.00 | 1.00 | — | 313,414 |
| Claims Investigator | 1.00 | 1.00 | 1.00 | 1.00 | — | 84,989 |
| Deputy City Attorney | 1.00 | 1.00 | 1.00 | 1.00 | — | 142,938 |
| Legal Fellow | 1.00 | 1.00 | 1.00 | 1.00 | — | 104,416 |
| Secretary to City Attorney | 1.00 | 1.00 | 1.00 | 1.00 | — | 77,792 |
| Senior Legal Secretary | 1.00 | — | — | — | — | — |
| Senior Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | — | 116,189 |
| Sub-total: Full-Time Equivalent Positions | 11.00 | 10.00 | 10.00 | 10.00 | — | 1,690,166 |
| Total Positions | 11.00 | 10.00 | 10.00 | 10.00 | — | 1,690,166 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|---|--------------|------------------|------------------|---------------------|
| Prior Year Budget | 10.00 | 3,386,954 | 742,893 | 2,644,061 |
| One-Time Prior Year Budget Adjustments | | | | |
| None | | | | |
| One-Time Prior Year Budget Adjustments | | | | |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 80,984 | — | 80,984 |
| General Fund Cost Allocation Plan | — | — | 874,375 | (874,375) |
| Contract Services | — | 256,349 | — | 256,349 |
| Information Technology Allocated Charges | — | (8,574) | — | (8,574) |
| Liability Insurance Allocated Charges | — | 5,920 | — | 5,920 |
| Printing & Mailing Services Allocated Charges | — | 1,047 | — | 1,047 |
| Workers' Compensation Allocated Charges | — | 2,469 | — | 2,469 |
| Adjustments to Costs of Ongoing Activities | — | 338,195 | 874,375 | (536,181) |
| Total FY 2021 Base Budget | 10.00 | 3,725,148 | 1,617,268 | 2,107,880 |
| Budget Adjustments | | | | |
| 1 Shift City Attorney's Contingency Funds to City Attorney's Budget (From Non-Departmental) | — | 100,000 | — | 100,000 |
| Total Budget Adjustments | — | 100,000 | — | 100,000 |
| Total FY 2021 Proposed Budget | 10.00 | 3,825,148 | 1,617,268 | 2,207,880 |



Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net General Fund |
|---|-----------|--------------|----------|------------------|
| 1 Shift City Attorney's Contingency Funds to City Attorney's Budget (From Non-Departmental) | 0.00 | 100,000 | 0 | 100,000 |

This ongoing action shifts the City Attorney's contingency funds into the City Attorney's budget. This funding alignment will streamline operations and decrease administrative work associated with the movement of authorized funding to the City Attorney's departmental budget. This change does not result in any increased cost, it is a technical adjustment. (Ongoing costs: \$100,000)

Performance Results



This action aligns the contingency funding with the correct department and will decrease administrative work and increase efficiency.



CITY OF
**PALO
ALTO**

CITY AUDITOR

Mission Statement



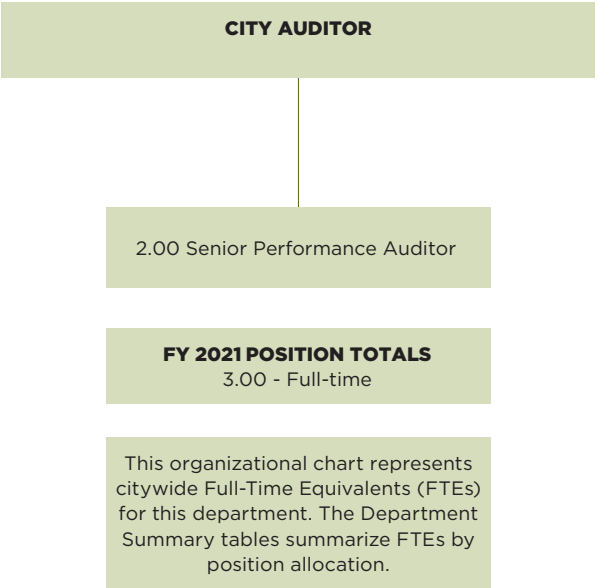
The mission of the Office of the City Auditor is to promote honest, efficient, effective, economical, fully accountable, and transparent City government.

Purpose

The purpose of the Office of the City Auditor is to conduct internal audits and examinations of any City department, program, service, activity, or fiscal transaction to provide the City Council and City management with information and evaluations regarding the effectiveness and efficiency with which City resources are employed, the adequacy of the system of internal

controls, and compliance with City policies and procedures and regulatory requirements. In addition, the City Auditor's Office ensures that City departments and officers responsible for accounting and financial management activities comply with statutory requirements and accounting standards, and provides other analyses of financial and operating data as directed by the City Council.





Description

The Office of the City Auditor (OCA) conducts performance audits and reviews of City departments, programs, and services. Performance audits provide the City Council, City management, and public with independent and objective information regarding the economy, efficiency, and effectiveness of City programs and activities.

Each fiscal year, the OCA presents an annual audit work plan for City Council approval. The OCA will continue to report quarterly to the City Council on the status of audit projects and the recommendations made as a result of those audits.

The OCA contracts with an independent certified public accountant for the City's annual external financial audit. The OCA also conducts and coordinates revenue monitoring of sales and use tax.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Audit Services | 1,233,315 | 1,192,633 | 1,235,450 | 1,057,042 | (178,409) | (14.4)% |
| Total | 1,233,315 | 1,192,633 | 1,235,450 | 1,057,042 | (178,409) | (14.4)% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 31,468 | 42,958 | 51,724 | 45,498 | (6,226) | (12.0)% |
| Other Benefits | 33,253 | 27,655 | 24,144 | 23,826 | (318) | (1.3)% |
| Pension | 173,254 | 151,515 | 202,989 | 178,762 | (24,227) | (11.9)% |
| Retiree Medical | 36,399 | 44,844 | 46,189 | 47,189 | 999 | 2.2% |
| Salary | 613,045 | 522,842 | 577,387 | 505,017 | (72,370) | (12.5)% |
| Workers' Compensation | — | 17,129 | 24,256 | 25,239 | 982 | 4.1% |
| Total Salary & Benefits | 887,418 | 806,944 | 926,690 | 825,530 | (101,159) | (10.9)% |
| Allocated Charges | 60,540 | 64,516 | 63,501 | 60,252 | (3,249) | (5.1)% |
| Contract Services | 248,993 | 299,786 | 228,000 | 155,000 | (73,000) | (32.0)% |
| General Expense | 33,817 | 10,681 | 14,279 | 13,279 | (1,000) | (7.0)% |
| Operating Transfers-Out | — | 9,505 | — | — | — | —% |
| Supplies & Material | 2,547 | 1,201 | 2,980 | 2,980 | — | —% |
| Total Dollars by Expense Category | 1,233,315 | 1,192,633 | 1,235,450 | 1,057,042 | (178,409) | (14.4)% |
| Revenues | | | | | | |
| Charges to Other Funds | 363,802 | 318,326 | 1,012,636 | 965,884 | (46,752) | (4.6)% |
| Sales Taxes | 470,263 | 189,256 | 150,000 | — | (150,000) | (100.0)% |
| Total Revenues | 834,065 | 507,582 | 1,162,636 | 965,884 | (196,752) | (16.9)% |
| Positions by Division | | | | | | |
| Audit Services | 5.00 | 4.00 | 4.00 | 3.00 | (1.00) | (25.00)% |
| Total | 5.00 | 4.00 | 4.00 | 3.00 | (1.00) | (25.00)% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| City Auditor | 1.00 | 1.00 | 1.00 | 1.00 | — | 195,042 |
| Performance Auditor I | 1.00 | 1.00 | — | — | — | — |
| Performance Auditor II | 1.00 | 1.00 | 2.00 | — | (2.00) | — |
| Senior Performance Auditor | 2.00 | 1.00 | 1.00 | 2.00 | 1.00 | 274,808 |
| Sub-total: Full-Time Equivalent Positions | 5.00 | 4.00 | 4.00 | 3.00 | (1.00) | 469,850 |
| Total Positions | 5.00 | 4.00 | 4.00 | 3.00 | (1.00) | 469,850 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|---|---------------|------------------|------------------|---------------------|
| Prior Year Budget | 4.00 | 1,235,450 | 1,162,636 | 72,814 |
| One-Time Prior Year Budget Adjustments | | | | |
| None | | | | |
| One-Time Prior Year Budget Adjustments | | | | |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 34,314 | — | 34,314 |
| General Fund Cost Allocation Plan | — | — | (46,752) | 46,752 |
| Contract Services | — | 4,000 | — | 4,000 |
| Information Technology Allocated Charges | — | (5,228) | — | (5,228) |
| Liability Insurance Allocated Charges | — | 2,372 | — | 2,372 |
| Printing & Mailing Services Allocated Charges | — | (393) | — | (393) |
| Workers' Compensation Allocated Charges | — | 982 | — | 982 |
| Adjustments to Costs of Ongoing Activities | — | 36,047 | (46,752) | 82,799 |
| Total FY 2021 Base Budget | 4.00 | 1,271,497 | 1,115,884 | 155,613 |
| Budget Adjustments | | | | |
| 1 Reclassification of 1.0 FTE Performance Auditor II to 1.0 FTE Senior Performance Auditor | — | 57,555 | — | 57,555 |
| 2 Tax Compliance and National Citizens Survey (Transfer from City Auditor to Administrative Services and City Managers' Office) | — | (77,000) | (150,000) | 73,000 |
| 3 Reallocate 1.0 FTE Performance Auditor II to Administrative Services for Performance Report | (1.00) | (195,011) | — | (195,011) |
| Total Budget Adjustments | (1.00) | (214,456) | (150,000) | (64,456) |
| Total FY 2021 Proposed Budget | 3.00 | 1,057,042 | 965,884 | (91,157) |



Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net General Fund |
|--|-----------|--------------|----------|------------------|
| 1 Reclassification of 1.0 FTE Performance Auditor II to 1.0 FTE Senior Performance Auditor | 0.00 | 57,555 | 0 | 57,555 |

This ongoing action reclassifies a 1.0 FTE Performance Auditor II to a 1.0 FTE Senior Performance Auditor. This will align staffing with current workload needs. (Ongoing costs: \$60,000)

Performance Results



This action aligns the duties of this position with the correct classification and will ensure clear communication and efficient audit support.

| | | | | |
|---|------|----------|-----------|--------|
| 2 Tax Compliance and National Citizens Survey (Transfer from City Auditor to Administrative Services and City Managers' Office) | 0.00 | (77,000) | (150,000) | 73,000 |
|---|------|----------|-----------|--------|

This ongoing action moves tax compliance service expenses (\$50,000) and estimated revenues (\$150,000) to the Administrative Services Department and the National Citizen Survey function and expenses (\$27,000) to the City Manager's Office. The Administrative Services Department handles similar tax services and is best suited for tax analysis and compliance. The City Manager's Office leads existing initiatives in citywide data gathering and assessment to ensure the City of Palo Alto services are accurately and meaningfully benchmarked against other similar jurisdictions, and is best suited to take on the National Citizen Survey function. A corresponding action is recommended in the Administrative Services Department and City Manager's Office. (Ongoing savings: \$73,000)

Performance Results



This action aligns the duties and associated funding of the City Auditor's Office, the Administrative Services Department, and the City Manager's Office.

Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net General Fund |
|---|-----------|--------------|----------|------------------|
| 3 Reallocate 1.0 FTE Performance Auditor II to Administrative Services for Performance Report | (1.00) | (195,011) | 0 | (195,011) |

This ongoing action reallocates 1.0 FTE Performance Auditor II from the City Auditor's Office to the Administrative Services Department, Office of Management and Budget (OMB). The move of this position will increase workload capacity and allow OMB to produce the City's annual Performance Report which was produced by the Auditor's Office in prior years. The City's performance measure data for both the Operating Budget document and the annual Performance Report is stored in the City's budget production software database, so this action will align the City's performance reporting within OMB. A corresponding action is recommended in the Administrative Services Department. (Ongoing savings: \$195,011)

Performance Results



This action aligns the duties of the City Auditor's Office and the Administrative Services Department.

CITY CLERK

Mission Statement



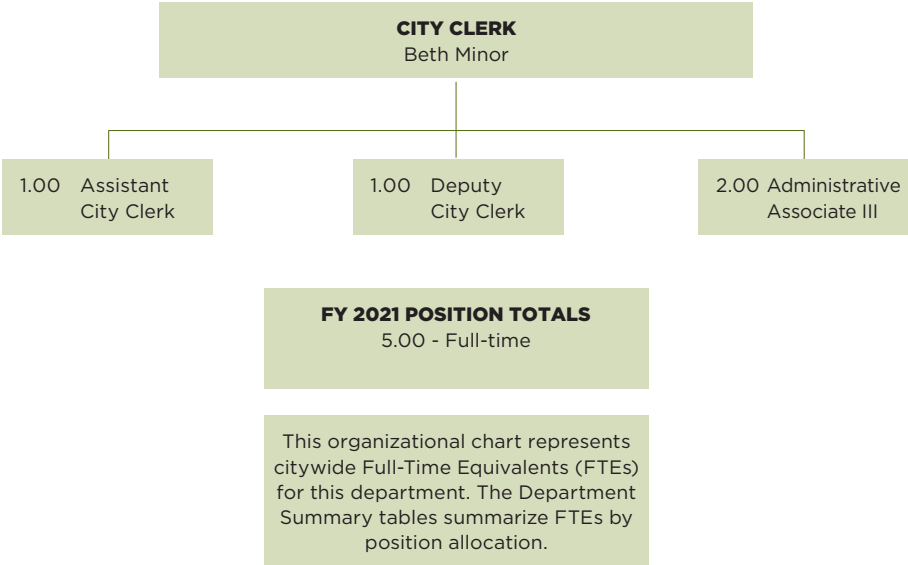
The City Clerk's Office promotes transparency and public engagement through coordinating the legislative process, records management, elections, and public records requests; supporting the Mayor and City Council; and acting as a liaison between the City Council and the public.



Purpose

The purpose of the City Clerk's Office is to provide prompt, high quality public service by connecting the public with the legislative process; ensuring the City's legislative processes are open and transparent

through friendly customer service, knowledgeable staff, and easily accessible technology; administering elections; facilitating the preservation of Palo Alto's legislative history, including approved action minutes; coordinating public records requests, claims against the City, applications for boards and commissions, and updates and maintenance of City Ordinances and the Municipal Code; providing access to legislative meeting information; and coordinating Statements of Economic Interest as well as campaign and other financial disclosure related filings.



Description

The City Clerk's Office provides a wide range of public services including: supporting the City Council, City staff, and public by providing copies of agendas and associated reports; posting and publishing legal notices and scheduling public hearings; transcribing meeting minutes; recording Ordinances and Resolutions; engaging in records management, elections, and board and commission recruitments; and processing public records requests.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Administration | 145,167 | 497,654 | 562,057 | 660,666 | 98,609 | 17.5% |
| Administrative Citations | 79,118 | 55,363 | 85,634 | 80,193 | (5,441) | (6.4)% |
| Council Support Services | 660,249 | 384,715 | 514,672 | 442,388 | (72,285) | (14.0)% |
| Election/Conflict of Interest | 110,879 | 109,186 | 120,772 | 125,203 | 4,432 | 3.7% |
| Legislative Records Management | 90,769 | 57,457 | 62,687 | 66,151 | 3,464 | 5.5% |
| Public Information | 84,626 | — | — | — | — | (100.0)% |
| Total | 1,170,808 | 1,104,374 | 1,345,822 | 1,374,602 | 28,780 | 2.1% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 37,875 | 33,391 | 37,961 | 48,361 | 10,400 | 27.4% |
| Other Benefits | 18,649 | 19,349 | 22,401 | 26,023 | 3,622 | 16.2% |
| Overtime | 2,586 | 3,842 | 7,048 | 7,232 | 183 | 2.6% |
| Pension | 139,312 | 145,547 | 191,630 | 196,199 | 4,569 | 2.4% |
| Retiree Medical | 84,602 | 40,532 | 41,748 | 41,945 | 197 | 0.5% |
| Salary | 474,887 | 488,284 | 539,752 | 551,392 | 11,640 | 2.2% |
| Workers' Compensation | 10,353 | 16,186 | 21,804 | 22,687 | 883 | 4.1% |
| Total Salary & Benefits | 768,264 | 747,131 | 862,344 | 893,839 | 31,494 | 3.7% |
| Allocated Charges | 151,503 | 144,826 | 159,999 | 155,683 | (4,316) | (2.7)% |
| Contract Services | 195,124 | 143,007 | 254,346 | 254,346 | — | —% |
| General Expense | 46,440 | 56,857 | 62,640 | 64,241 | 1,601 | 2.6% |
| Operating Transfers-Out | — | 8,510 | — | — | — | —% |
| Supplies & Material | 9,475 | 4,044 | 6,493 | 6,493 | — | —% |
| Total Dollars by Expense Category | 1,170,808 | 1,104,374 | 1,345,822 | 1,374,602 | 28,780 | 2.1% |
| Revenues | | | | | | |
| Charges for Services | 6 | 135 | 2,043 | 2,043 | — | —% |
| Charges to Other Funds | 352,022 | 290,532 | 671,548 | 647,391 | (24,157) | (3.6)% |
| Other Revenue | 354 | 524 | 3,143 | 3,143 | — | —% |
| Total Revenues | 352,382 | 291,192 | 676,734 | 652,577 | (24,157) | (3.6)% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Positions by Division | | | | | | |
| Administration | 0.35 | 2.85 | 2.85 | 2.85 | — | —% |
| Administrative Citations | 1.23 | 0.48 | — | — | — | —% |
| Council Support Services | 2.85 | 1.30 | 1.30 | 1.30 | — | —% |
| Election/Conflict of Interest | 0.65 | 0.55 | 0.55 | 0.55 | — | —% |
| Legislative Records Management | 0.50 | 0.30 | 0.30 | 0.30 | — | —% |
| Public Information | 0.65 | — | — | — | — | —% |
| Total | 6.23 | 5.48 | 5.00 | 5.00 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Administrative Associate III | 2.00 | 2.00 | 2.00 | 2.00 | — | 168,064 |
| Assistant City Clerk | 1.00 | 1.00 | 1.00 | 1.00 | — | 117,229 |
| City Clerk | 1.00 | 1.00 | 1.00 | 1.00 | — | 159,182 |
| Deputy City Clerk | 1.00 | 1.00 | 1.00 | 1.00 | — | 86,944 |
| Hearing Officer | 0.75 | — | — | — | — | — |
| Sub-total: Full-Time Equivalent Positions | 5.75 | 5.00 | 5.00 | 5.00 | — | 531,419 |
| Temporary/Hourly | 0.48 | 0.48 | — | — | — | — |
| Total Positions | 6.23 | 5.48 | 5.00 | 5.00 | — | 531,419 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|---|-------------|------------------|-----------------|---------------------|
| Prior Year Budget | 5.00 | 1,345,822 | 676,734 | 669,088 |
| One-Time Prior Year Budget Adjustments | | | | |
| None | | | | |
| One-Time Prior Year Budget Adjustments | | | | |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 30,611 | — | 30,611 |
| Association Membership Fees | — | 1,602 | — | 1,602 |
| General Fund Cost Allocation Plan | — | — | (24,157) | 24,157 |
| Information Technology Allocated Charges | — | (3,230) | — | (3,230) |
| Liability Insurance Allocated Charges | — | 2,132 | — | 2,132 |
| Printing & Mailing Services Allocated Charges | — | (3,218) | — | (3,218) |
| Workers' Compensation Allocated Charges | — | 883 | — | 883 |
| Adjustments to Costs of Ongoing Activities | — | 28,779 | (24,157) | 52,937 |
| Total FY 2021 Proposed Budget | 5.00 | 1,374,602 | 652,577 | 722,025 |



CITY COUNCIL

Mission Statement



The City Council's mission is to develop an overall vision for the community as a whole.

Purpose

The City Council is responsible for the scope, direction, and financing of City services; establishing policy based on information provided by staff, advisory boards and commissions, and the general public; and implementing policy through staff under the Council-Manager form of government.



Description

Under the Council-Manager form of government, the City Council is responsible for the legislative functions of the City such as establishing policies and priorities, developing an overall vision, and approving the annual spending plan for the City. The terms of the Mayor and the Vice-Mayor are one year, expiring at the first meeting in January. The terms of Council members are four years, and the General Municipal Election is held in even-numbered years on the first Tuesday after the first Monday in November.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|----------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| City Council Operations | 475,912 | 370,419 | 498,261 | 473,822 | (24,440) | (4.9)% |
| Total | 475,912 | 370,419 | 498,261 | 473,822 | (24,440) | (4.9)% |

| | | | | | | |
|--|----------------|----------------|----------------|----------------|-----------------|---------------|
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 111,678 | 90,338 | 136,904 | 111,526 | (25,378) | (18.5)% |
| Other Benefits | 8,158 | 8,023 | 5,729 | 6,022 | 293 | 5.1% |
| Pension | 21,743 | 18,774 | 32,634 | 32,851 | 218 | 0.7% |
| Retiree Medical | 87,553 | 49,156 | 50,631 | 51,558 | 927 | 1.8% |
| Salary | 108,014 | 96,474 | 84,000 | 84,000 | — | —% |
| Workers' Compensation | — | 3,076 | 5,331 | 5,547 | 216 | 4.1% |
| Total Salary & Benefits | 337,148 | 265,842 | 315,228 | 291,504 | (23,724) | (7.5)% |
| Allocated Charges | 15,871 | 18,007 | 17,149 | 16,433 | (716) | (4.2)% |
| Contract Services | 80,460 | 43,233 | 108,000 | 108,000 | — | —% |
| General Expense | 41,020 | 39,877 | 54,955 | 54,955 | — | —% |
| Operating Transfers-Out | — | 1,686 | — | — | — | —% |
| Supplies & Material | 1,414 | 1,775 | 2,930 | 2,930 | — | —% |
| Total Dollars by Expense Category | 475,912 | 370,419 | 498,261 | 473,822 | (24,440) | (4.9)% |

| | | | | | | |
|------------------------|----------------|----------------|---------------|----------------|---------------|--------------|
| Revenues | | | | | | |
| Charges to Other Funds | 138,473 | 103,376 | 94,792 | 155,566 | 60,774 | 64.1% |
| Total Revenues | 138,473 | 103,376 | 94,792 | 155,566 | 60,774 | 64.1% |

| | | | | | | |
|------------------------------|-------------|-------------|-------------|-------------|----------|-----------|
| Positions by Division | | | | | | |
| City Council Operations | 9.00 | 7.00 | 7.00 | 7.00 | — | —% |
| Total | 9.00 | 7.00 | 7.00 | 7.00 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| City Council | 9.00 | 7.00 | 7.00 | 7.00 | — | 84,000 |
| Sub-total: Full-Time Equivalent Positions | 9.00 | 7.00 | 7.00 | 7.00 | — | 84,000 |
| Total Positions | 9.00 | 7.00 | 7.00 | 7.00 | — | 84,000 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|---|-------------|-----------------|----------------|---------------------|
| Prior Year Budget | 7.00 | 498,261 | 94,792 | 403,469 |
| One-Time Prior Year Budget Adjustments | | | | |
| None | | | | |
| One-Time Prior Year Budget Adjustments | | | | |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | (23,940) | — | (23,940) |
| General Fund Cost Allocation Plan | — | — | 60,774 | (60,774) |
| Liability Insurance Allocated Charges | — | 522 | — | 522 |
| Information Technology Allocated Charges | — | (1,237) | — | (1,237) |
| Workers' Compensation Allocated Charges | — | 216 | — | 216 |
| Adjustments to Costs of Ongoing Activities | — | (24,439) | 60,774 | (85,213) |
| Total FY 2021 Proposed Budget | 7.00 | 473,822 | 155,566 | 318,256 |





CITY OF
**PALO
ALTO**

CITY MANAGER

Mission Statement



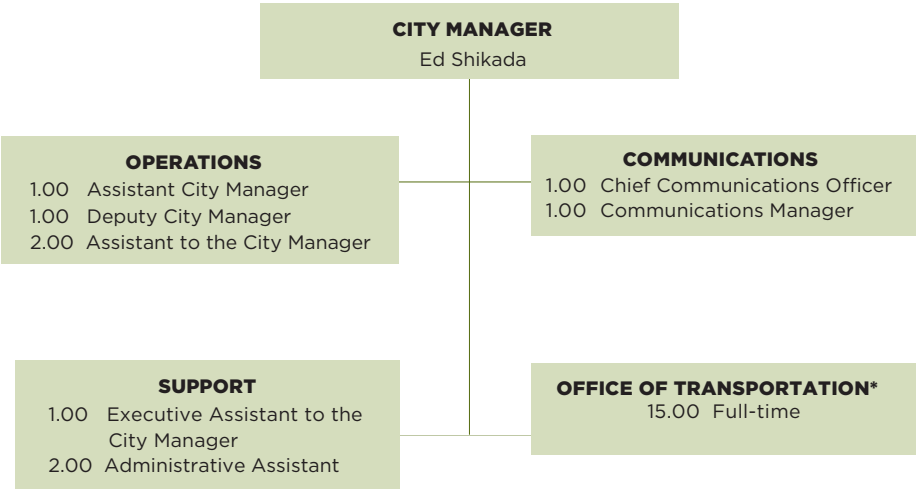
The City Manager's Office provides leadership and professional management to the City government organization and works with the City Council to develop and implement its policies to maintain and enhance Palo Alto's quality of life.

Purpose



The City Manager's Office adheres to guiding values that emphasize community, stewardship, and public service.

CITY MANAGER



FY 2021 POSITION TOTALS
25.00 - Full-time
0.48 - Hourly

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

* A detailed breakdown of the organizational structure of the Office of Transportation is included later in this section.

Description

The City Manager's Office provides strategic leadership and guidance to the City operations and services for the City of Palo Alto through the following areas (including incubation of new programs):

FACILITATE CITY COUNCIL LEGISLATIVE ACTIONS

The City Council sets policy direction for the City of Palo Alto and confers that direction through legislative actions. To support the Council's work, the City Manager's Office (CMO) prepares City Manager Reports, including analysis and recommended Council action, and implements Council actions. The CMO acts on priorities identified by the City Council during the annual Council Retreat and Council-initiated policies or programs. The CMO also engages other governments through participation in regional, statewide, and national organizations, and directs state and federal legislative advocacy efforts on behalf of the City.

MANAGE SPECIAL INTERDEPARTMENTAL PROJECTS

Each year, the City tackles special projects that, due to their scale and scope, require immense interdepartmental coordination, community outreach, and engagement with neighboring communities and public agencies. The CMO takes responsibility for managing these special projects in order to ensure efficient and effective coordination, implementation, and to achieve the City's goals. Some projects may be planned and identified as Council priorities, such as grade separation, and others may arise as the City responds to unfolding events and community concerns.

DIRECT AND COORDINATE DEPARTMENT OPERATIONS

The CMO provides strategic leadership and guidance to City's executive leadership team to ensure the provision of high-quality, cost-effective, and focused services throughout Palo Alto. The CMO ensures City operations demonstrate transparency and fiduciary responsibility to the public. In this capacity, the CMO also provides timely, accurate, and results-oriented financial and operational reports. Through the budget and development of citywide business plans, the CMO ensures resources are allocated to the Council's policies and priorities.

SUPPORT A PRODUCTIVE AND HEALTHY WORKFORCE

The CMO maintains a highly qualified, engaged, and effective workforce to successfully attain the City's goals and objectives. To that end, the CMO cultivates a strong service culture and provides ongoing, informative communications to City employees regarding key objectives, challenges, and accomplishments. As vacancies occur within the organization, the CMO provides support to maintain service delivery. In addition, the CMO mentors junior and senior staff, developing a pipeline of qualified managers within the organization.

COORDINATE COMMUNICATIONS & COMMUNITY ENGAGEMENT

Palo Alto stands out as a well-informed and engaged community. The CMO builds on this strength by proactively communicating public information, creating and supporting community partnerships, and facilitating citizen involvement in order to develop mutual understanding and support between City government and constituents. The CMO achieves this by supporting new

community engagement efforts, such as Cool Block, while also promoting best communication practices throughout the City. In addition, communications staff respond to requests from media and the public, broadcast information on a range of platforms, and assist departments in their communication activities.

FACILITATE BUSINESS ENGAGEMENT & ECONOMIC VITALITY

The CMO maintains collaborative relationships with businesses and residents to facilitate desired economic activity. Local and regional associations serve as leaders and partners in this endeavor; accordingly, the City Manager assigns staff to these organizations. The CMO acts as an ombudsman for the City, connecting business with appropriate departments, answering questions, and addressing issues that arise. In addition, the CMO leads Palo Alto's participation in Sister Cities, creating meaningful connections with cities around the world and integrating technology into our everyday operations.

LEAD TRANSPORTATION & TRAFFIC IMPROVEMENTS

The newly created Office of Transportation (OOT), situated within the City Manager's Office, was established in recognition of the scale, complexity, and level of citizen engagement related to transportation. The Office was created to improve the safety of the users of all modes of transportation, reduce reliance on single-occupancy vehicles, address congestion, and reduce through traffic and non-resident parking in Palo Alto neighborhoods, leading to an integrated transportation system that serves local, regional, and intercity travel.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Administration and City Management | 2,777,772 | 2,917,905 | 3,543,655 | 3,341,747 | (201,908) | (5.7)% |
| Economic Development | 163,802 | 41,253 | 111,447 | 26,393 | (85,055) | (76.3)% |
| Public Communication | 287,076 | 234,988 | 257,136 | 265,655 | 8,519 | 3.3% |
| Sustainability | 487,332 | 692,445 | 635,564 | — | (635,564) | (100.0)% |
| Total | 3,715,982 | 3,886,591 | 4,547,803 | 3,633,795 | (914,008) | (20.1)% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 182,623 | 179,667 | 220,033 | 212,172 | (7,861) | (3.6)% |
| Other Benefits | 127,634 | 110,832 | 71,067 | 76,036 | 4,969 | 7.0% |
| Overtime | 210 | — | — | — | — | —% |
| Pension | 489,601 | 490,421 | 700,537 | 662,230 | (38,307) | (5.5)% |
| Retiree Medical | 131,822 | 126,770 | 130,574 | 122,747 | (7,827) | (6.0)% |
| Salary | 1,846,341 | 1,821,458 | 1,986,232 | 1,871,175 | (115,057) | (5.8)% |
| Workers' Compensation | 5,188 | 42,653 | 69,863 | 67,621 | (2,242) | (3.2)% |
| Total Salary & Benefits | 2,783,419 | 2,771,802 | 3,178,306 | 3,011,981 | (166,325) | (5.2)% |
| Allocated Charges | 175,155 | 175,508 | 203,839 | 185,445 | (18,395) | (9.0)% |
| Contract Services | 532,169 | 764,712 | 1,074,935 | 338,185 | (736,750) | (68.5)% |
| General Expense | 212,202 | 134,197 | 77,641 | 88,391 | 10,750 | 13.8% |
| Operating Transfers-Out | 2,039 | 31,999 | 2,039 | — | (2,039) | (100.0)% |
| Rents & Leases | 54 | 45 | 154 | 154 | — | —% |
| Supplies & Material | 10,945 | 8,329 | 10,889 | 9,639 | (1,250) | (11.5)% |
| Total Dollars by Expense Category | 3,715,982 | 3,886,591 | 4,547,803 | 3,633,795 | (914,008) | (20.1)% |
| Revenues | | | | | | |
| Charges to Other Funds | 1,205,312 | 971,893 | 1,702,712 | 1,549,472 | (153,240) | (9.0)% |
| From Other Agencies | 42,374 | 340,807 | 260,000 | — | (260,000) | (100.0)% |
| Other Revenue | 16,487 | — | — | — | — | —% |
| Total Revenues | 1,264,173 | 1,312,699 | 1,962,712 | 1,549,472 | (413,240) | (21.1)% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|------------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Positions by Division | | | | | | |
| Administration and City Management | 9.35 | 9.35 | 9.10 | 9.10 | — | —% |
| Public Communication | 0.90 | 0.90 | 0.90 | 0.90 | — | —% |
| Sustainability | 1.96 | 1.75 | 0.75 | — | (0.75) | (100.00)% |
| Total | 12.21 | 12.00 | 10.75 | 10.00 | (0.75) | (6.98)% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Administrative Assistant | 1.00 | 1.00 | 2.00 | 2.00 | — | 178,621 |
| Administrative Associate III | 1.00 | 1.00 | — | — | — | — |
| Assistant City Manager | — | — | 1.00 | 1.00 | — | 256,838 |
| Assistant City Manager/Utilities General Manager | 0.25 | 0.25 | — | — | — | — |
| Assistant to the City Manager | 2.00 | 2.00 | 2.00 | 2.00 | — | 314,870 |
| Chief Communications Officer | 1.00 | 1.00 | 1.00 | 1.00 | — | 180,003 |
| Chief Sustainability Officer | 1.00 | 1.00 | — | — | — | — |
| City Manager | 1.00 | 1.00 | 1.00 | 1.00 | — | 356,013 |
| Deputy City Manager | 2.00 | 2.00 | 1.00 | 1.00 | — | 220,542 |
| Executive Assistant to the City Manager | 1.00 | 1.00 | 1.00 | 1.00 | — | 107,328 |
| Management Analyst | — | 0.75 | 0.75 | — | (0.75) | — |
| Manager Communications | 1.00 | 1.00 | 1.00 | 1.00 | — | 126,360 |
| Sub-total: Full-Time Equivalent Positions | 11.25 | 12.00 | 10.75 | 10.00 | (0.75) | 1,740,576 |
| Temporary/Hourly | 0.96 | — | — | — | — | — |
| Total Positions | 12.21 | 12.00 | 10.75 | 10.00 | (0.75) | 1,740,576 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|--|---------------|------------------|------------------|---------------------|
| Prior Year Budget | 10.75 | 4,547,803 | 1,962,712 | 2,585,091 |
| Base Adjustments | | | | |
| One-Time Prior Year Budget Adjustments | | | | |
| Recruitment and Retention Initiatives | — | (250,000) | — | (250,000) |
| Contractual Funding for Office of Sustainability | — | (100,000) | — | (100,000) |
| Economic Development Funding | — | (72,000) | — | (72,000) |
| One-Time Prior Year Budget Adjustments | — | (422,000) | — | (422,000) |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salaries and Benefits Adjustments | — | 473 | — | 473 |
| Office of Sustainability Transition to Public Works | (0.75) | (263,994) | (118,751) | (145,243) |
| Federal Transit Administration (FTA) Grant Completion | — | (260,000) | (260,000) | — |
| Contract Services | — | (7,000) | — | (7,000) |
| Transfer to Electric Fund for Canopy Contract | — | (2,039) | — | (2,039) |
| General Fund Cost Allocation Plan | — | — | (34,489) | 34,489 |
| City Manager Relocation Expense Reimbursement | — | 24,000 | — | 24,000 |
| Information Technology Department Allocated Charges | — | (12,531) | — | (12,531) |
| Liability Insurance Allocated Charges | — | 4,170 | — | 4,170 |
| Printing & Mailing Allocated Charges | — | (10,033) | — | (10,033) |
| Workers' Compensation Allocated Charges | — | 7,946 | — | 7,946 |
| Adjustments to Costs of Ongoing Activities | (0.75) | (519,009) | (413,240) | (105,768) |
| Total FY 2021 Base Budget | 10.00 | 3,606,795 | 1,549,472 | 2,057,323 |
| Budget Adjustments | | | | |
| 1 National Citizens Survey (Transfer from City Auditor to City Managers' Office) | — | 27,000 | — | 27,000 |
| Total Budget Adjustments | — | 27,000 | — | 27,000 |
| Total FY 2021 Proposed Budget | 10.00 | 3,633,795 | 1,549,472 | 2,084,323 |



Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net General Fund |
|--|-----------|--------------|----------|------------------|
| 1 National Citizens Survey (Transfer from City Auditor to City Managers' Office) | 0.00 | 27,000 | 0 | 27,000 |

This ongoing action moves the National Citizen Survey function and expenses (\$27,000) to the City Manager's Office. The City Manager's Office leads existing initiatives in citywide data gathering and assessment to ensure the City of Palo Alto services are accurately and meaningfully benchmarked against other similar jurisdictions, and is best suited to take on the National Citizen Survey function. A corresponding action is recommended in the City Auditor's Office. (Ongoing costs: \$27,000)

Performance Results



This action aligns the duties and associated funding of the City Auditor's Office and the City Manager's Office.

OFFICE OF TRANSPORTATION

Mission Statement



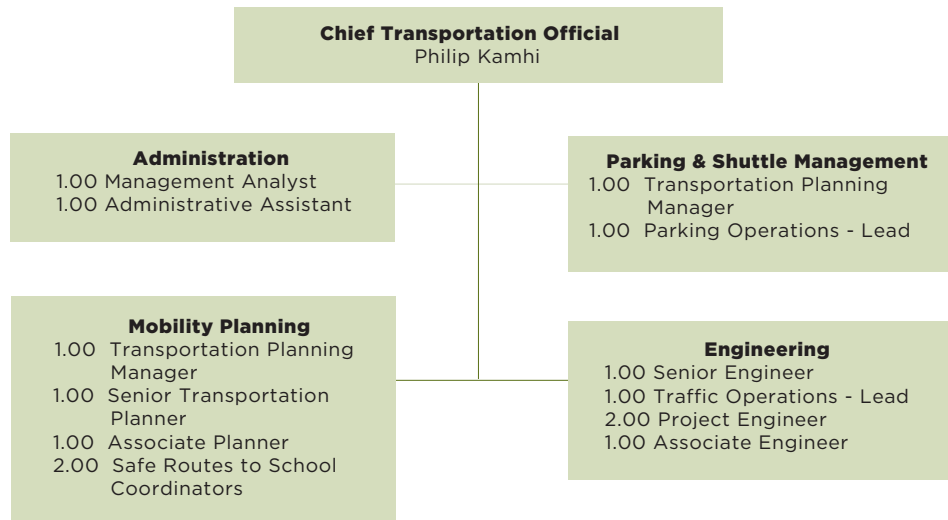
The Office of Transportation's mission is to preserve and enhance the quality of life for Palo Alto residents, visitors, and businesses by providing efficient and cost-effective transportation services for all modes of transportation.

Purpose



The purpose of the Office of Transportation is to improve the safety of the users of all modes of transportation, reduce reliance on single-occupancy vehicles, address congestion, and reduce through traffic and non-resident parking in Palo

Alto neighborhoods, leading to an integrated transportation system that serves local, regional, and intercity travel.



FY 2021 POSITION TOTALS

15.00 - Full-time
0.48 - Hourly

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

Description

The Office of Transportation (OOT) was established in recognition of the scale, complexity, and level of citizen engagement related to transportation. High-profile issues include the separation of at-grade rail crossings, neighborhood traffic safety and bike boulevards, permit parking, traffic mitigation, and the safety of vulnerable road users. The Office is responsible for mobility, engineering, and parking in coordination with other City departments and agencies (such as Valley Transportation Authority, Caltrain, Metropolitan Transportation Commission, California Public Utilities Commission, Palo Alto Unified School District and neighboring cities) through the following programs:

MOBILITY

Responsible for sustainable transportation systems that aim to reduce traffic congestion and auto emissions through increased pedestrian, bicycle, public transportation use, and other alternative modes of transportation. Programs include:

Bicycle and Pedestrian - This program includes the discrete capital improvement projects and the programmatic elements needed to implement goals of the Palo Alto Bicycle & Pedestrian Transportation Plan, including the Neighborhood Traffic Safety & Bicycle Boulevard project. This program also provides staffing to the Pedestrian and Bicycle Advisory Committee (PABAC).

Palo Alto Shuttle - This program provides free shuttle services on two different routes - one from Downtown to the Baylands Business Park and the other from Downtown to South Palo Alto.

Safe Routes to School - In partnership with the Palo Alto Unified School District (PAUSD) and Palo Alto PTA, this program aims to reduce risk, and educate and encourage more families to safely walk, bicycle, bus, and carpool to school. It also includes the development of capital improvement projects to provide safer routes to schools.

PARKING

Plan, develop, and administer the Residential Permit Parking (RPP) program, parking in the City's garages and lots, and on-street parking in business districts.

ENGINEERING

Oversee the City's traffic and transportation infrastructure investments through long- and short- range plans, corridor plans, traffic studies, and review of proposed private developments; transportation demand management initiatives; traffic impact fees; and regional coordination. Projects include:

Rail Grade Separations: This is a monumental capital improvement to improve safety at existing railroad crossings. This project will span more than a decade to complete planning, environmental review, design, and construction.

Traffic Operations & Capital Improvement Projects: These projects include the monitoring, operations, and modifications of the traffic system; investigation and response to citizen inquiries; and development of plans and funding for capital improvement projects that provide enhanced safety and relieve traffic congestion.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|----------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Administration | 261,621 | 473,466 | 624,274 | 693,552 | 69,278 | 11.1% |
| Engineering and Planning | 606,628 | 499,205 | 532,481 | 514,548 | (17,933) | (3.4)% |
| Programs | 796,624 | 861,232 | 1,155,380 | 1,227,533 | 72,153 | 6.2% |
| Total | 1,664,873 | 1,833,902 | 2,312,134 | 2,435,633 | 123,499 | 5.3% |

Dollars by Category

Salary & Benefits

| | | | | | | |
|--|------------------|------------------|------------------|------------------|----------------|-------------|
| Healthcare | 67,804 | 50,920 | 121,341 | 106,652 | (14,689) | (12.1)% |
| Other Benefits | 12,328 | 11,358 | 24,821 | 30,715 | 5,894 | 23.7% |
| Overtime | 1,459 | 2,897 | 7,597 | 7,795 | 198 | 2.6% |
| Pension | 125,212 | 116,288 | 295,707 | 309,852 | 14,146 | 4.8% |
| Retiree Medical | 58,534 | 74,971 | 77,220 | 82,849 | 5,629 | 7.3% |
| Salary | 461,605 | 431,343 | 854,147 | 853,792 | (355) | —% |
| Workers' Compensation | — | 15,948 | 17,523 | 24,620 | 7,097 | 40.5% |
| Total Salary & Benefits | 726,942 | 703,726 | 1,398,355 | 1,416,276 | 17,920 | 1.3% |
| Allocated Charges | 121,435 | 133,778 | — | 94,578 | 94,578 | —% |
| Contract Services | 624,852 | 754,971 | 642,779 | 670,779 | 28,000 | 4.4% |
| Facilities & Equipment | — | — | 21,000 | 5,000 | (16,000) | (76.2)% |
| General Expense | 189,595 | 233,380 | 244,750 | 228,750 | (16,000) | (6.5)% |
| Operating Transfers-Out | — | 7,780 | — | — | — | —% |
| Supplies & Material | 2,049 | 267 | 5,250 | 20,250 | 15,000 | 285.7% |
| Total Dollars by Expense Category | 1,664,873 | 1,833,902 | 2,312,134 | 2,435,633 | 123,499 | 5.3% |

Revenues

| | | | | | | |
|------------------------|----------------|----------------|----------------|----------------|----------|-----------|
| Operating Transfers-In | 128,000 | 128,000 | 128,000 | 128,000 | — | —% |
| Other Revenue | 1,195 | — | — | — | — | —% |
| Permits and Licenses | 33,460 | 13,332 | 13,332 | 13,332 | — | —% |
| Total Revenues | 162,655 | 141,332 | 141,332 | 141,332 | — | —% |

CITY MANAGER

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Positions by Division | | | | | | |
| Administration | 0.50 | 0.50 | 2.18 | 2.33 | 0.15 | 6.4% |
| Engineering and Planning | 3.15 | 2.18 | 1.70 | 1.70 | — | —% |
| Programs | 2.20 | 2.21 | 2.80 | 2.80 | — | —% |
| Total | 5.85 | 4.89 | 6.68 | 6.83 | 0.15 | 2.25% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Administrative Assistant | — | — | 0.50 | 0.50 | — | 43,680 |
| Administrative Associate III | 0.70 | 0.30 | — | — | — | — |
| Associate Engineer | 0.73 | 0.65 | 0.30 | 0.30 | — | 37,421 |
| Associate Planner | — | 0.24 | 0.30 | 0.45 | 0.15 | 49,065 |
| Chief Transportation Official | 0.37 | 0.55 | 0.70 | 0.70 | — | 133,006 |
| Coordinator Transportation Systems Management | 0.88 | 0.74 | 1.25 | 1.25 | — | 139,308 |
| Management Analyst | — | 0.02 | 0.50 | 0.50 | — | 55,130 |
| Parking Operations - Lead | — | 0.10 | — | — | — | — |
| Program Assistant II | 0.60 | — | — | — | — | — |
| Project Engineer | 0.50 | 0.50 | 0.45 | 0.45 | — | 68,047 |
| Senior Engineer | — | — | 0.20 | 0.20 | — | 30,335 |
| Senior Planner | 0.15 | 0.28 | 0.50 | 0.50 | — | 67,309 |
| Traffic Engineering-Lead | 0.38 | 0.65 | 0.35 | 0.35 | — | 55,692 |
| Transportation Planning Manager | 0.20 | 0.36 | 1.15 | 1.15 | — | 170,797 |
| Sub-total: Full-Time Equivalent Positions | 4.51 | 4.39 | 6.20 | 6.35 | 0.15 | 849,790 |
| Temporary/Hourly | 0.53 | 0.50 | 0.48 | 0.48 | — | 30,122 |
| Total Positions | 5.04 | 4.89 | 6.68 | 6.83 | 0.15 | 879,912 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|---|-------------|------------------|----------------|------------------|
| Prior Year Budget | 6.68 | 2,312,134 | 141,332 | 2,170,802 |
| One-Time Prior Year Budget Adjustments | | | | |
| VMT Estimation Tool (one-time surcharge) | — | (14,000) | — | (14,000) |
| One-Time Prior Year Budget Adjustments | — | (14,000) | — | (14,000) |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits | 0.15 | 10,823 | — | 10,823 |
| Shuttle Service Contract Funding Alignment | — | 25,000 | — | 25,000 |
| Information Technology Allocated Charges | — | 63,594 | — | 63,594 |
| Liability Insurance Allocated Charges | — | 23,630 | — | 23,630 |
| Printing & Mailing Services Allocated Charges | — | 7,354 | — | 7,354 |
| Workers' Compensation Allocated Charges | — | 7,097 | — | 7,097 |
| Adjustments to Costs of Ongoing Activities | 0.15 | 137,498 | — | 137,498 |
| Total FY 2021 Proposed Budget | 6.83 | 2,435,633 | 141,332 | 2,294,300 |





CITY OF
**PALO
ALTO**

ADMINISTRATIVE SERVICES

Mission Statement



The Administrative Services Department strives to provide proactive financial and analytical support to City departments and decision-makers and to safeguard and facilitate the optimal use of City resources.

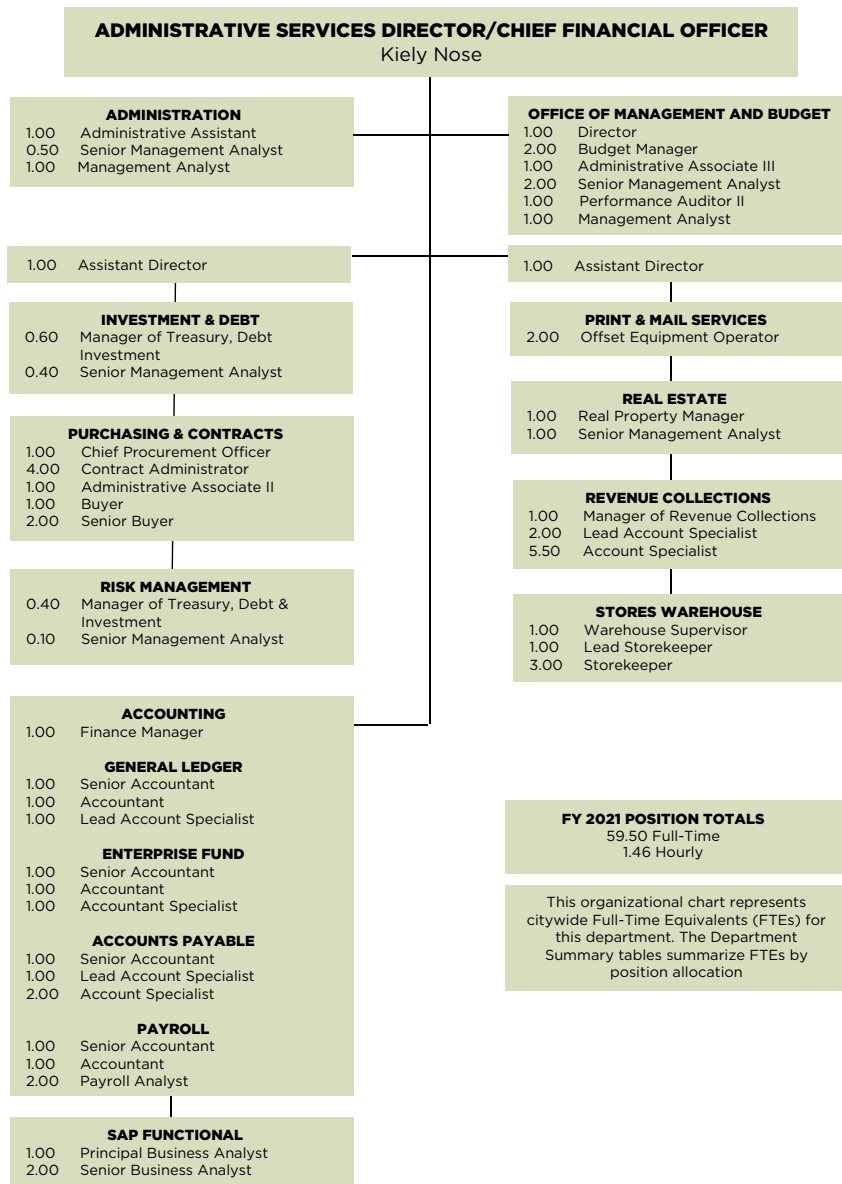
Purpose



The purpose of the Administrative Services Department is to provide excellent customer service to decision-makers, the public, employees, and City departments; provide analytical, organizational, and administrative support for a wide variety

of projects; record, monitor, and protect City assets in a responsible manner; provide essential financial management and forecasting reports; and prepare and present financial reporting to various committees and City Council.

ADMINISTRATIVE SERVICES



Description

The Administrative Services Department (ASD) is responsible for the following functions:

ADMINISTRATION

Provides financial, analytical, budget, strategic, and administrative support services for the department and organization.

ACCOUNTING

Performs financial transactions and provides accurate, timely, and reliable financial information for internal and external customers, including vendor payments, payroll, and financial reporting.

PURCHASING AND CONTRACTS

Facilitates negotiations, purchasing, and contracting needs in a timely, efficient, and customer-oriented manner.

OFFICE OF MANAGEMENT AND BUDGET (OMB)

Oversees the citywide operating and capital budget preparation, review, and analysis, performance measures, and budget monitoring. In addition, prepares the long-range financial forecast and provides independent analytical support to the organization.

PROPERTY MANAGEMENT AND ACQUISITION

Provides asset management, acquires property rights, manages leasing of City properties, prepares real estate agreements, completes easement acquisitions/vacations, negotiates real estate deals, and provides real estate services citywide.

TREASURY AND REVENUE COLLECTIONS

Treasury safeguards and invests the City's portfolio, forecasts major General Fund tax revenues, issues and manages debt, and performs Utility Risk Management oversight. Revenue Collections collects payment revenue and provides customer support for parking permits and payment transactions. Provides print shop services to departments and warehouse services, including logistics, for the City's Electric, Water, Gas, and Wastewater Utilities, as well as for Public Works and the Regional Water Quality Control Plant.

ADMINISTRATIVE SERVICES

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|----------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Fund | | | | | | |
| General Fund-Operating | 7,680,331 | 7,653,228 | 8,519,330 | 9,375,006 | 855,675 | 10.0% |
| Printing & Mailing Services Fund | 1,644,249 | 1,608,751 | 1,730,856 | 1,663,767 | (67,088) | (3.9)% |
| Total | 9,324,580 | 9,261,979 | 10,250,186 | 11,038,773 | 788,587 | 7.7% |
| Revenues | | | | | | |
| Charges for Services | 13,890 | 9,077 | 187,673 | 191,266 | 3,592 | 1.9% |
| Charges to Other Funds | 4,090,745 | 3,679,830 | 3,186,802 | 3,536,620 | 349,818 | 11.0% |
| Other Revenue | 145,266 | 168,531 | 171,400 | 171,400 | — | —% |
| Return on Investments | (1,100) | (1,163) | 2,300 | — | (2,300) | (100.0)% |
| Sales Taxes | — | — | — | 150,000 | 150,000 | —% |
| Total Revenues | 4,248,801 | 3,856,274 | 3,548,175 | 4,049,285 | 501,110 | 14.1% |
| Positions by Fund | | | | | | |
| General Fund | 40.06 | 39.61 | 40.61 | 41.61 | 1.00 | 2.46% |
| Printing and Mailing Services | 2.10 | 2.10 | 2.10 | 2.10 | — | —% |
| Total | 42.16 | 41.71 | 42.71 | 43.71 | 1.00 | 2.34% |

GENERAL FUND

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Accounting | 2,154,241 | 2,360,606 | 2,517,142 | 2,715,387 | 198,246 | 7.9% |
| Administration | 701,429 | 654,087 | 362,163 | 498,277 | 136,114 | 37.6% |
| Office of Management and Budget | 1,471,554 | 1,380,332 | 1,515,138 | 1,751,002 | 235,865 | 15.6% |
| Purchasing | 1,561,940 | 1,441,582 | 1,719,881 | 1,789,015 | 69,135 | 4.0% |
| Real Estate | 567,478 | 602,957 | 682,402 | 688,910 | 6,508 | 1.0% |
| Treasury | 1,223,689 | 1,213,665 | 1,722,605 | 1,932,413 | 209,808 | 12.2% |
| Total | 7,680,331 | 7,653,228 | 8,519,330 | 9,375,006 | 855,675 | 10.0% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 659,957 | 640,224 | 786,754 | 785,789 | (965) | (0.1)% |
| Other Benefits | 164,532 | 152,448 | 169,450 | 200,918 | 31,468 | 18.6% |
| Overtime | 23,104 | 48,289 | 35,499 | 36,422 | 923 | 2.6% |
| Pension | 1,185,868 | 1,176,622 | 1,661,345 | 1,752,978 | 91,633 | 5.5% |
| Retiree Medical | 564,670 | 473,449 | 487,653 | 493,732 | 6,079 | 1.2% |
| Salary | 4,146,162 | 4,070,985 | 4,198,750 | 4,748,433 | 549,683 | 13.1% |
| Workers' Compensation | 39,412 | 108,269 | 171,647 | 178,599 | 6,952 | 4.1% |
| Total Salary & Benefits | 6,783,704 | 6,670,287 | 7,511,098 | 8,196,871 | 685,773 | 9.1% |
| Allocated Charges | 405,529 | 491,501 | 461,207 | 466,909 | 5,702 | 1.2% |
| Contract Services | 304,787 | 238,703 | 288,148 | 455,348 | 167,200 | 58.0% |
| Facilities & Equipment | 2,570 | 633 | 4,200 | 4,200 | — | —% |
| General Expense | 144,980 | 149,751 | 207,924 | 204,924 | (3,000) | (1.4)% |
| Operating Transfers-Out | — | 65,146 | — | — | — | —% |
| Rents & Leases | 12,856 | 12,856 | 12,856 | 12,856 | — | —% |
| Supplies & Material | 25,905 | 24,351 | 33,898 | 33,898 | — | —% |
| Total Dollars by Expense Category | 7,680,331 | 7,653,228 | 8,519,330 | 9,375,006 | 855,675 | 10.0% |

ADMINISTRATIVE SERVICES

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|---------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Revenues | | | | | | |
| Charges for Services | 13,890 | 9,077 | 187,673 | 191,266 | 3,592 | 1.9% |
| Charges to Other Funds | 2,333,469 | 2,075,728 | 1,466,507 | 1,793,879 | 327,372 | 22.3% |
| Other Revenue | 145,266 | 168,531 | 171,400 | 171,400 | — | —% |
| Sales Taxes | — | — | — | 150,000 | 150,000 | —% |
| Total Revenues | 2,492,625 | 2,253,336 | 1,825,580 | 2,306,544 | 480,964 | 26.3% |
| Positions by Division | | | | | | |
| Accounting | 13.60 | 13.52 | 13.52 | 13.52 | — | —% |
| Administration | 1.60 | 1.60 | 1.60 | 1.60 | — | —% |
| Office of Management and Budget | 6.62 | 6.02 | 6.02 | 7.02 | 1.00 | 16.61% |
| Purchasing | 8.57 | 9.05 | 9.05 | 9.05 | — | —% |
| Real Estate | 2.32 | 2.32 | 2.32 | 2.32 | — | —% |
| Treasury | 7.35 | 7.10 | 8.10 | 8.10 | — | —% |
| Total | 40.06 | 39.61 | 40.61 | 41.61 | 1.00 | 2.46% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Account Specialist | 4.88 | 4.63 | 4.63 | 4.63 | — | 362,392 |
| Account Specialist-Lead | 3.05 | 3.45 | 3.45 | 3.45 | — | 289,121 |
| Accountant | 3.00 | 3.00 | 3.00 | 3.00 | — | 306,966 |
| Administrative Assistant | 1.00 | 1.00 | 1.00 | 1.00 | — | 90,480 |
| Administrative Associate II | 1.00 | 1.00 | 1.00 | 1.00 | — | 78,395 |
| Administrative Associate III | 1.00 | 1.00 | 1.00 | 1.00 | — | 84,032 |
| Assistant Director Administrative Services | 1.65 | 1.65 | 1.65 | 1.65 | — | 330,318 |
| Buyer | 1.00 | 1.00 | 1.00 | 1.00 | — | 104,416 |
| Chief Procurement Officer | 1.00 | 1.00 | 1.00 | 1.00 | — | 149,864 |
| Contracts Administrator | 2.70 | 2.70 | 2.70 | 2.70 | — | 293,372 |
| Director Administrative Services/ CFO | 0.80 | 0.80 | 0.80 | 0.80 | — | 189,530 |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Director Office of Management and Budget | 1.00 | 1.00 | 1.00 | 1.00 | — | 199,035 |
| Management Analyst | — | 1.00 | 2.00 | 2.00 | — | 195,104 |
| Manager Accounting | 1.00 | — | — | — | — | — |
| Manager Budget | 1.00 | 2.00 | 2.00 | 2.00 | — | 328,640 |
| Manager Real Property | 1.00 | 1.00 | 1.00 | 1.00 | — | 154,523 |
| Manager Revenue Collections | 0.62 | 0.62 | 0.62 | 0.62 | — | 99,041 |
| Manager Treasury, Debt & Investments | 0.60 | 0.60 | 0.60 | 0.60 | — | 93,026 |
| Manager, Finance | — | 1.00 | 1.00 | 1.00 | — | 177,923 |
| Payroll Analyst | 2.00 | 2.00 | 2.00 | 2.00 | — | 186,659 |
| Performance Auditor II | — | — | — | 1.00 | 1.00 | 110,074 |
| Senior Accountant | 3.00 | 3.00 | 3.00 | 3.00 | — | 382,450 |
| Senior Buyer | 1.00 | 1.00 | 1.00 | 1.00 | — | 109,637 |
| Senior Management Analyst | 4.90 | 2.30 | 2.30 | 2.30 | — | 293,632 |
| Storekeeper | 1.00 | 1.00 | 1.00 | 1.00 | — | 79,498 |
| Storekeeper-Lead | 0.20 | 0.20 | 0.20 | 0.20 | — | 17,019 |
| Warehouse Supervisor | 0.20 | 0.20 | 0.20 | 0.20 | — | 20,688 |
| Sub-total: Full-Time Equivalent Positions | 38.60 | 38.15 | 39.15 | 40.15 | 1.00 | 4,725,833 |
| Temporary/Hourly | 1.46 | 1.46 | 1.46 | 1.46 | — | 101,077 |
| Total Positions | 40.06 | 39.61 | 40.61 | 41.61 | 1.00 | 4,826,910 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|---|--------------|------------------|------------------|------------------|
| Prior Year Budget | 40.61 | 8,519,330 | 1,825,580 | 6,693,750 |
| One-Time Prior Year Budget Adjustments | | | | |
| Administrative Services Staffing Vacancies | — | 277,547 | — | 277,547 |
| One-Time Prior Year Budget Adjustments | — | 277,547 | — | 277,547 |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits | — | 207,264 | — | 207,264 |
| General Fund Cost Allocation Plan | — | — | 288,872 | (288,872) |
| Tax and Fee Consulting Services (CMR 10493) | — | 59,700 | — | 59,700 |
| Minimum Wage Compliance | — | 15,000 | — | 15,000 |
| Business Registry Fee | — | — | 3,592 | (3,592) |
| General Liability Insurance Allocated Charges | — | 12,473 | — | 12,473 |
| Information Technology Allocated Charges | — | (14,073) | — | (14,073) |
| Printing & Mailing Services Allocated Charges | — | 13,432 | — | 13,432 |
| Vehicle Replacement & Maintenance Allocated Charges | — | (6,130) | — | (6,130) |
| Workers' Compensation Allocated Charges | — | 6,952 | — | 6,952 |
| Adjustments to Costs of Ongoing Activities | — | 294,618 | 292,464 | 5,746 |
| Total FY 2021 Base Budget | 40.61 | 9,091,495 | 2,118,044 | 6,973,451 |
| Budget Adjustments | | | | |
| 1 Reallocate 1.0 FTE Performance Auditor II from City Auditor's Office for Performance Report | 1.00 | 195,011 | — | 195,011 |
| 2 Tax Compliance (Transfer from City Auditor's Office) | — | 50,000 | 150,000 | (100,000) |
| 3 Real Estate Software | — | 38,500 | 38,500 | — |
| Total Budget Adjustments | 1.00 | 283,511 | 188,500 | 95,011 |
| Total FY 2021 Proposed Budget | 41.61 | 9,375,006 | 2,306,544 | 7,068,462 |



Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net General Fund |
|---|-----------|--------------|----------|------------------|
| 1 Reallocate 1.0 FTE Performance Auditor II from City Auditor's Office for Performance Report | 1.00 | 195,011 | 0 | 195,011 |

This ongoing action reallocates 1.0 FTE Performance Auditor II from the City Auditor's Office to the Administrative Services Department, Office of Management and Budget (OMB). The move of this position will increase workload capacity and allow OMB to produce the City's annual Performance Report, which was produced by the Auditor's Office in prior years. This action will consolidate the City's performance reporting within OMB by storing the City's performance measure data for both the Operating Budget document and the Annual Performance Report in the City's budget production software database. A corresponding action is recommended in the City Auditor's Office. (Ongoing costs: \$195,011)

Performance Results

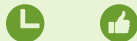


This action aligns the duties and associated funding of the City Auditor's Office and the Administrative Services Department.

| | | | | |
|--|------|--------|---------|-----------|
| 2 Tax Compliance (Transfer from City Auditor's Office) | 0.00 | 50,000 | 150,000 | (100,000) |
|--|------|--------|---------|-----------|

This action moves one-time funding for contractual tax compliance services and the ongoing estimated revenue generated by the compliance services to the Administrative Services Department. This will align the City's tax revenue services. A corresponding action is recommended in the City Auditor's Office. (Ongoing savings: \$150,000)

Performance Results



This action aligns the duties and associated funding formerly in the City Auditor's Office, in the Administrative Services Department.

| | | | | |
|------------------------|------|--------|--------|---|
| 3 Real Estate Software | 0.00 | 38,500 | 38,500 | 0 |
|------------------------|------|--------|--------|---|

This cost-neutral action allocates one-time funding (\$20,000) to purchase and implement new lease administration software as well as ongoing funding for the annual licensing (\$18,500). The costs are offset by recognizing increased lease revenue from outside vendors that rent City owned property. (Ongoing costs: \$0)

Performance Results



The software will streamline and automate lease management for the City's various properties that are rented to external tenants as well as internal non-General Fund departments. In addition, the software will automate and standardize lease reporting to prepare for implementation of Government Accounting Standards Board (GASB) Pronouncement No. 87: Lease Accounting,

PRINTING AND MAILING SERVICES

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Printing and Mailing | 1,644,249 | 1,608,751 | 1,730,856 | 1,663,767 | (67,088) | (3.9)% |
| Total | 1,644,249 | 1,608,751 | 1,730,856 | 1,663,767 | (67,088) | (3.9)% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 28,566 | 29,760 | 28,291 | 31,872 | 3,581 | 12.7% |
| Other Benefits | 3,267 | 3,289 | 3,359 | 4,179 | 820 | 24.4% |
| Overtime | 4,779 | 1,582 | — | — | — | —% |
| Pension | 30,959 | 33,209 | 47,533 | 42,055 | (5,478) | (11.5)% |
| Retiree Medical | 62,960 | 14,663 | 15,103 | 14,856 | (248) | (1.6)% |
| Salary | 128,064 | 134,197 | 142,079 | 144,298 | 2,219 | 1.6% |
| Workers' Compensation | 462 | 3,289 | 5,387 | 5,605 | 218 | 4.1% |
| Total Salary & Benefits | 259,056 | 219,990 | 241,752 | 242,865 | 1,113 | 0.5% |
| Allocated Charges | 205,990 | 273,237 | 360,090 | 371,663 | 11,572 | 3.2% |
| Contract Services | — | 29,083 | 239,711 | 60,000 | (179,711) | (75.0)% |
| General Expense | 370,562 | 292,503 | 286,975 | 301,600 | 14,625 | 5.1% |
| Operating Transfers-Out | 3,154 | 1,598 | 9,200 | 400 | (8,800) | (95.7)% |
| Rents & Leases | 640,236 | 636,515 | 512,870 | 512,240 | (630) | (0.1)% |
| Supplies & Material | 165,252 | 155,826 | 80,258 | 175,000 | 94,742 | 118.0% |
| Total Dollars by Expense Category | 1,644,249 | 1,608,751 | 1,730,856 | 1,663,767 | (67,088) | (3.9)% |
| Revenues | | | | | | |
| Charges to Other Funds | 1,757,276 | 1,604,102 | 1,720,295 | 1,742,741 | 22,446 | 1.3% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Return on Investments | (1,100) | (1,163) | 2,300 | — | (2,300) | (100.0)% |
| Total Revenues | 1,756,175 | 1,602,939 | 1,722,595 | 1,742,741 | 20,146 | 1.2% |
| Positions by Division | | | | | | |
| Printing and Mailing | 2.10 | 2.10 | 2.10 | 2.10 | — | —% |
| Total | 2.10 | 2.10 | 2.10 | 2.10 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Manager Revenue Collections | 0.10 | 0.10 | 0.10 | 0.10 | — | 15,974 |
| Offset Equipment Operator | 1.52 | 1.52 | 1.52 | 1.52 | — | 105,850 |
| Sub-total: Full-Time Equivalent Positions | 1.62 | 1.62 | 1.62 | 1.62 | — | 121,825 |
| Temporary/Hourly | 0.48 | 0.48 | 0.48 | 0.48 | — | 27,256 |
| Total Positions | 2.10 | 2.10 | 2.10 | 2.10 | — | 149,081 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Printing and Mailing Services |
|--|-------------|------------------|------------------|--|
| Prior Year Budget | 2.10 | 1,730,856 | 1,722,595 | 8,261 |
| One-Time Prior Year Budget Adjustments | | | | |
| Transfer to Technology Fund (TE-19001 City Council Chambers Upgrade) | — | (9,200) | — | (9,200) |
| One-Time Prior Year Budget Adjustments | — | (9,200) | — | (9,200) |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 895 | — | 895 |
| Return on Investments | — | — | (2,300) | 2,300 |
| Rents & Leases Expenditure Alignment | — | (35,630) | — | (35,630) |
| General Fund Cost Allocation Plan | — | 9,000 | — | 9,000 |
| Transfer to Technology Fund (TE-19001 City Council Chambers Upgrade) | — | 400 | — | 400 |
| Printer Maintenance and Repair | — | (35,344) | — | (35,344) |
| General Liability Insurance Allocated Charges | — | 392 | — | 392 |
| Information Technology Allocated Charges | — | 2,180 | — | 2,180 |
| Printing & Mailing Services Allocated Charges | — | — | 22,446 | (22,446) |
| Workers' Compensation Allocated Charges | — | 218 | — | 218 |
| Adjustments to Costs of Ongoing Activities | — | (57,889) | 20,146 | (78,035) |
| Total FY 2021 Proposed Budget | 2.10 | 1,663,767 | 1,742,741 | (78,974) |



COMMUNITY SERVICES

Mission Statement



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

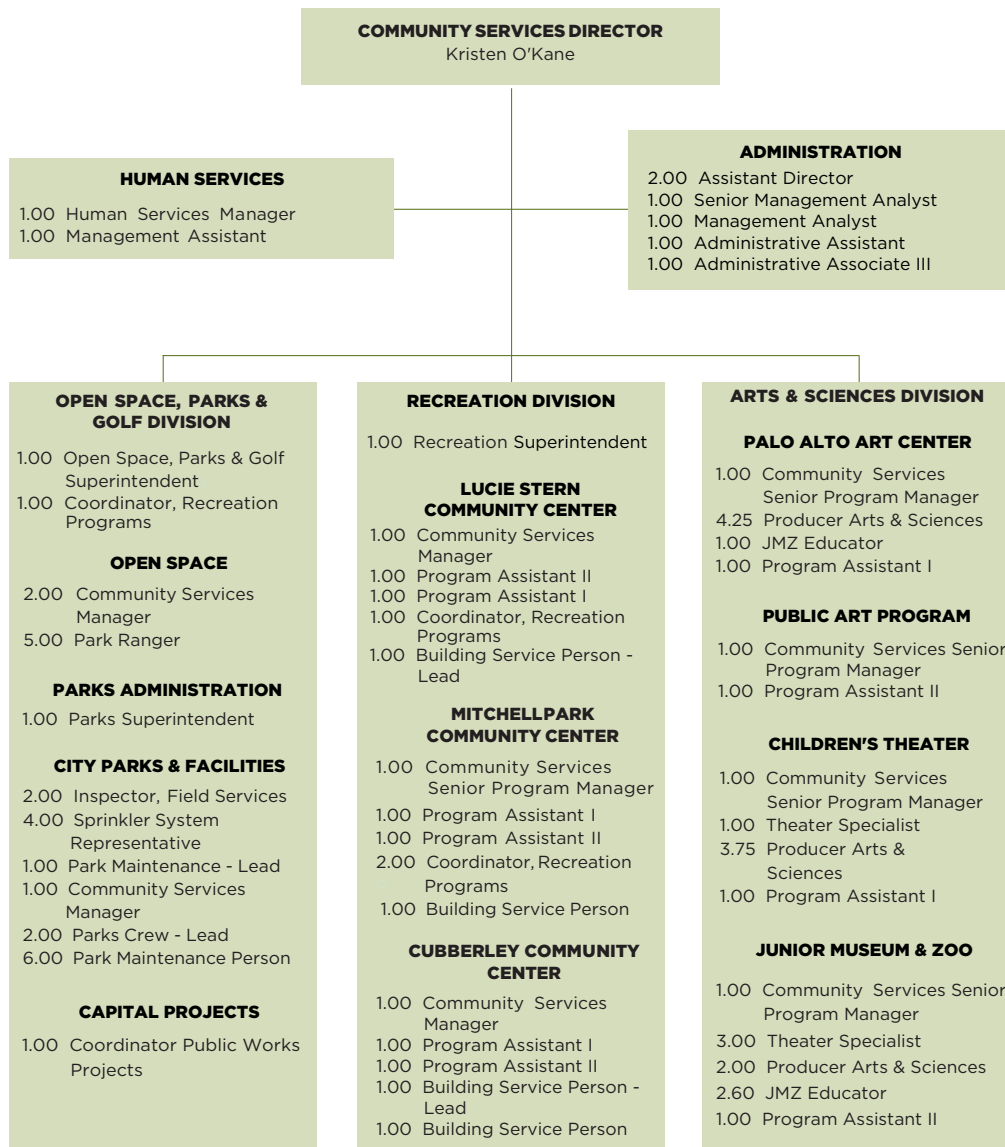
Purpose



The purpose of the Community Services Department is to provide a diverse range of quality programs and services that are highly valued and relevant to the needs of the community. Community Services aims to develop and provide programs for increased knowledge, creativity, artistic

expression, physical activity, social help, and enjoyment of the outdoors; seeks to be responsible stewards of many unique community assets including open space, parks and their related interpretive centers, the Animal Shelter, Children's Theatre, Palo Alto Art Center, Junior Museum and Zoo and three community centers at Cubberley, Mitchell Park and Lucie Stern, and the Palo Alto Public Art collection; seeks to provide comfortable, safe, and attractive facilities; strives for sustainable practices that lower the City's carbon footprint; and develops and maintains mutually beneficial partnerships and collaborations with local organizations, businesses, individuals and foundations to achieve its mission.

COMMUNITY SERVICES



FY 2021 POSITION TOTALS
75.37 - Full-time 55.34 - Hourly

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary table summarizes FTEs by position allocation.

Description

The Community Services Department operates three divisions and an Office of Human Services, providing the following services to the community:

ARTS AND SCIENCES

Provides visual and performing arts, music, dance, and science programs to youth and adults, with a focus on family programs. The division manages the Art Center, Junior Museum and Zoo (JMZ), Children's Theatre, Community Theatre, Cubberley Theatre, the Public Art Program, the Cubberley Artist Studios Program, and the MakeX studio.

OPEN SPACE, PARKS, AND GOLF

Maintains nature interpretive centers and operates more than 4,000 acres of open space and urban parkland including 43 miles of trails, 4 community gardens, 4 dog parks, and dozens of sports fields. The division offers programs in ecology and natural history in open space, maintenance of facilities for outdoor recreational use in City parks, and a full-service golf complex.

RECREATION

Provides a diverse range of programs and activities for the community, establishing a culture of health and well-being for families and individuals of all ages. Programs include youth development and enrichment, teen services, summer camps, organized sports, aquatics, special events, and a wide variety of adult recreation classes. The Recreation Division manages and operates three community centers, a teen center, and through a contracted vendor, the Rinconada Pool.

OFFICE OF HUMAN SERVICES

Provides funding and coordinates grants to nonprofit organizations through the Human Services Resource Allocation Process (HSRAP). Provides oversight of the afterschool child care program, the Palo Alto Mediation Program, and the Family Resources database. Serves as a key liaison to local social services organizations and child care providers.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Administration and Human Services | 4,238,687 | 4,878,165 | 5,402,694 | 5,151,958 | (250,735) | (4.6)% |
| Arts and Sciences | 6,207,926 | 6,413,922 | 6,865,224 | 7,937,370 | 1,072,147 | 15.6% |
| Open Space, Parks and Golf | 10,433,800 | 11,662,062 | 12,059,618 | 12,598,023 | 538,405 | 4.5% |
| Recreation and Cubberley | 6,262,160 | 6,133,781 | 6,592,649 | 6,703,143 | 110,494 | 1.7% |
| Total | 27,142,572 | 29,087,930 | 30,920,184 | 32,390,494 | 1,470,310 | 4.8% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 1,734,186 | 1,687,053 | 1,792,800 | 1,840,304 | 47,504 | 2.6% |
| Other Benefits | 250,676 | 251,024 | 260,263 | 326,309 | 66,046 | 25.4% |
| Overtime | 182,169 | 170,818 | 107,157 | 109,916 | 2,759 | 2.6% |
| Pension | 1,966,642 | 2,053,046 | 2,543,515 | 2,641,104 | 97,589 | 3.8% |
| Retiree Medical | 998,502 | 909,817 | 937,111 | 947,267 | 10,156 | 1.1% |
| Salary | 8,784,819 | 8,729,623 | 9,032,247 | 9,610,294 | 578,047 | 6.4% |
| Workers' Compensation | 84,027 | 240,516 | 345,719 | 359,722 | 14,003 | 4.1% |
| Total Salary & Benefits | 14,001,021 | 14,041,898 | 15,018,813 | 15,834,916 | 816,103 | 5.4% |
| Allocated Charges | 5,132,897 | 5,594,001 | 5,416,584 | 5,763,625 | 347,041 | 6.4% |
| Contract Services | 5,279,123 | 7,664,389 | 8,661,260 | 8,786,693 | 125,433 | 1.4% |
| Facilities & Equipment | 33,308 | 39,356 | 73,700 | 67,700 | (6,000) | (8.1)% |
| General Expense | 1,981,352 | 994,865 | 1,049,787 | 1,144,801 | 95,014 | 9.1% |
| Operating Transfers-Out | 6,990 | 110,605 | 6,990 | — | (6,990) | (100.0)% |
| Rents & Leases | 19,753 | 16,858 | 25,983 | 25,983 | — | —% |
| Supplies & Material | 688,129 | 625,958 | 667,066 | 766,776 | 99,710 | 14.9% |
| Total Dollars by Expense Category | 27,142,572 | 29,087,930 | 30,920,184 | 32,390,494 | 1,470,310 | 4.8% |
| Revenues | | | | | | |
| Charges for Services | 4,356,738 | 6,792,563 | 7,594,929 | 8,961,845 | 1,366,916 | 18.0% |
| Charges to Other Funds | 56,230 | 111,636 | 197,455 | 202,581 | 5,126 | 2.6% |
| From Other Agencies | 8,324 | — | — | 43,500 | 43,500 | —% |
| Other Revenue | 650,289 | 528,085 | 820,882 | 861,086 | 40,205 | 4.9% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|-----------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Other Taxes and Fines | 770 | 1,463 | 1,026 | 1,026 | — | —% |
| Rental Income | 1,204,639 | 1,383,915 | 1,107,654 | 1,109,094 | 1,440 | 0.1% |
| Total Revenues | 6,276,990 | 8,817,663 | 9,721,945 | 11,179,132 | 1,457,187 | 15.0% |
| Positions by Division | | | | | | |
| Administration and Human Services | 6.24 | 6.24 | 6.72 | 6.79 | 0.07 | 1.04% |
| Arts and Sciences | 46.28 | 44.42 | 44.75 | 52.98 | 8.23 | 18.39% |
| Open Space, Parks and Golf | 32.87 | 30.59 | 30.59 | 29.59 | (1.00) | (3.27)% |
| Recreation and Cubberley | 59.65 | 42.85 | 42.85 | 41.35 | (1.50) | (3.50)% |
| Total | 145.04 | 124.10 | 124.91 | 130.71 | 5.80 | 4.64% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|---|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Administrative Assistant | 1.00 | 1.00 | 1.00 | 1.00 | — | 95,826 |
| Administrative Associate III | 1.00 | 1.00 | 1.00 | 1.00 | — | 84,032 |
| Assistant Director Community Services | 2.00 | 2.00 | 2.00 | 2.00 | — | 371,467 |
| Building Serviceperson | 2.00 | 1.25 | 1.25 | 1.00 | (0.25) | 64,563 |
| Building Serviceperson-Lead | 2.00 | 0.60 | 0.60 | 0.60 | — | 41,471 |
| Coordinator Recreation Programs | 4.00 | 3.00 | 4.00 | 4.00 | — | 363,834 |
| Director Community Services | 1.00 | 1.00 | 1.00 | 1.00 | — | 222,498 |
| Division Manager Open Space, Parks and Golf | 1.00 | 1.00 | 1.00 | — | (1.00) | — |
| Heavy Equipment Operator | 0.07 | 0.07 | 0.07 | 0.07 | — | 7,331 |
| Inspector, Field Services | 2.00 | 2.00 | 2.00 | 2.00 | — | 212,618 |
| Junior Museum & Zoo Educator | 3.60 | 3.60 | 3.60 | 3.60 | — | 292,856 |
| Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | — | 108,160 |
| Management Assistant | 1.00 | 1.00 | 1.00 | 1.00 | — | 85,488 |
| Manager Community Services | 5.00 | 5.00 | 5.00 | 5.00 | — | 499,179 |
| Manager Community Services Senior Program | 4.00 | 4.00 | 4.00 | 4.00 | — | 392,218 |
| Manager Human Services | 1.00 | 1.00 | 1.00 | 1.00 | — | 138,736 |

COMMUNITY SERVICES

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Park Maintenance Person | 6.00 | 6.00 | 6.00 | 6.00 | — | 464,131 |
| Park Maintenance-Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 89,648 |
| Park Ranger | 5.00 | 5.00 | 5.00 | 5.00 | — | 438,880 |
| Parks/Golf Crew-Lead | 2.00 | 2.00 | 2.00 | 2.00 | — | 168,272 |
| Producer Arts/Science Program | 11.00 | 11.00 | 11.00 | 12.00 | 1.00 | 1,153,173 |
| Program Assistant I | 8.00 | 8.00 | 8.00 | 6.00 | (2.00) | 477,360 |
| Program Assistant II | 4.00 | 4.00 | 3.00 | 5.00 | 2.00 | 427,440 |
| Project Manager | 0.10 | 0.10 | 0.10 | 0.10 | — | 11,985 |
| Senior Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | — | 149,427 |
| Sprinkler System Representative | 4.00 | 4.00 | 4.00 | 4.00 | — | 314,579 |
| Superintendent Community Services | 2.00 | 2.00 | 2.00 | 2.00 | — | 269,318 |
| Superintendent Recreation | 1.00 | 1.00 | 1.00 | 1.00 | — | 127,587 |
| Theater Specialist | 2.00 | 2.00 | 2.00 | 2.00 | — | 210,912 |
| Sub-total: Full-Time Equivalent Positions | 78.77 | 75.62 | 75.62 | 75.37 | (0.25) | 7,282,989 |
| Temporary/Hourly | 66.27 | 48.48 | 49.29 | 55.34 | 6.05 | 2,916,080 |
| Total Positions | 145.04 | 124.10 | 124.91 | 130.71 | 5.80 | 10,199,069 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|---|---------------|-------------------|------------------|-------------------|
| Prior Year Budget | 124.91 | 30,920,184 | 9,721,945 | 21,198,239 |
| One-Time Prior Year Budget Adjustments | | | | |
| Impact Fee Nexus Study | — | (60,000) | — | (60,000) |
| One-Time Prior Year Budget Adjustments | — | (60,000) | — | (60,000) |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 255,892 | — | 255,892 |
| Project Safety Net Transition (Year 2) | (0.45) | (196,790) | — | (196,790) |
| Animal Control Staffing Realignment | (0.48) | (60,663) | — | (60,663) |
| Youth Community Services Funding Expiration | — | (50,000) | — | (50,000) |
| Realignment of Cubberley Staffing to Cubberley Fund (CMR #9925, approved by the City Council on December 17, 2018) | (0.25) | (29,662) | — | (29,662) |
| Eliminate Funding for Downtown Streets Team Park Maintenance | — | (29,124) | — | (29,124) |
| General Contract Adjustments | — | (12,701) | — | (12,701) |
| Animal Services Shelter Transition from Police Department to Community Services Department with Pets-In-Need (CMR #9822 Approved by the City Council on November 26, 2018) (Year 2) | — | (6,840) | — | (6,840) |
| Transfer to Electric Fund for Canopy Contract | — | (6,990) | — | (6,990) |
| Arastradero Stewardship Consumer Price Index Adjustment | — | 2,030 | — | 2,030 |
| Technical Clean-Up for Arts & Sciences Professional | — | 5,369 | — | 5,369 |
| Supplies and Materials Adjustments | — | 9,000 | 9,000 | — |
| CSD Management Alignment (Year 2) and Net Benefit Adjustments | (1.00) | 33,942 | — | 33,942 |
| Human Services Resource Allocation Program/ Avenidas/PACC (consumer price index) | — | 40,713 | — | 40,713 |
| Golf Course Revenue and Expense (CMR #8848, approved by the City Council on April 6, 2018) | — | 41,280 | 1,440 | 39,840 |
| Institute of Museum and Library Services Grant for Interns | — | 43,500 | 43,500 | — |
| Glyphosate ('RoundUp') Elimination at Road Medians Around 6 Schools | — | 67,000 | — | 67,000 |
| Expansion of Special Interest Classes | — | 70,500 | 70,500 | — |
| Recreation Management System Software | — | 101,170 | 101,170 | — |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|--|---------------|-------------------|-------------------|-------------------|
| Communication Services Allocated Charges | — | 8,600 | — | 8,600 |
| Information Technology Allocated Charges | — | (50,183) | — | (50,183) |
| Landscape Maintenance Contract/Allocated Charges | — | — | 5,126 | (5,126) |
| Liability Insurance Allocated Charges | — | 36,094 | — | 36,094 |
| Printing & Mailing Services Allocated Charges | — | 38,295 | — | 38,295 |
| Refuse Allocated Charges | — | 14,236 | — | 14,236 |
| Stormwater Management Allocated Charges | — | 1,102 | — | 1,102 |
| Utilities Allocated Charges | — | 254,925 | — | 254,925 |
| Vehicle Replacement & Maintenance Allocated Charges | — | 43,972 | — | 43,972 |
| Workers' Compensation Allocated Charges | — | 14,003 | — | 14,003 |
| Adjustments to Costs of Ongoing Activities | (2.18) | 638,670 | 230,736 | 407,934 |
| Total FY 2021 Base Budget | 122.73 | 31,498,854 | 9,952,681 | 21,546,173 |
| Budget Adjustments | | | | |
| 1 New Junior Museum and Zoo Operating Plan | 6.79 | 845,454 | 1,186,247 | (340,793) |
| 2 Therapeutics Staffing (Reclassification) | — | 5,982 | — | 5,982 |
| 3 Art Center Position Request & Contract Funding | 0.20 | 40,205 | 40,205 | — |
| 4 Art Center and Public Art Installation Position Requests | 0.99 | — | — | — |
| Total FY 2021 Budget Adjustments | 7.98 | 891,640 | 1,226,452 | (334,811) |
| Total FY 2021 Proposed Budget | 130.71 | 32,390,494 | 11,179,133 | 21,211,362 |

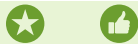


Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net General Fund |
|--|-----------|--------------|-----------|------------------|
| 1 New Junior Museum and Zoo Operating Plan | 6.79 | 845,454 | 1,186,247 | (340,793) |

This ongoing action adds 6.79 FTE (3.16 in Animal Care and Experiences, 0.75 in Exhibitions and Museum Maintenance, and 2.88 in Guest Services), reclassifies 1.0 FTE Program Assistant I to a 1.0 FTE Program Assistant II, adds approximately \$370,000 in operating expenses, and recognizes an estimated \$733,000 in revenues. These actions constitute the implementation of the initial operating plan for the newly built Junior Museum and Zoo (JMZ), as approved by Finance Committee in Staff Report 11093 and presented to City Council on April 20, 2020 in Staff Report 11222. The JMZ will reopen as a state-of-the-art museum and zoo built with a focus on inclusion, accessibility and the highest standards in animal care. These actions are recommended in order to ensure a safe and enjoyable experience for users of the new facility. (Ongoing net costs: \$346,800)

Performance Results

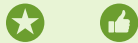


This action will enhance the quality of service and increase customer satisfaction at the Junior Museum and Zoo by expanding exhibit programming and animal collections, providing appropriate staffing levels, expanding hours of operation, and ensuring ongoing maintenance of the new facility.

| | | | | |
|--|------|-------|---|-------|
| 2 Therapeutics Staffing (Reclassification) | 0.00 | 5,982 | 0 | 5,982 |
|--|------|-------|---|-------|

This ongoing action reclassifies a existing 1.0 FTE Program Assistant I to a 1.0 FTE Program Assistant II to create capacity for an existing 0.48 FTE Project Specialist to take on the role of therapeutics programming. The Community Services Department (CSD) strives to provide recreation services to all members of the Palo Alto community, and currently accommodates community members with special needs as requests are received. This action allows CSD to create a therapeutics program with a standardized approach to inclusion for existing programs. This action reallocates existing staffing resources to enable CSD to dedicate an existing 0.48 FTE Project Specialist position to evaluate the Department's existing programming and develop a comprehensive Therapeutic Recreation Plan that will guide the City's strategy to providing inclusionary services moving forward. (Ongoing costs: \$6,500)

Performance Results



This action would expand and standardize Therapeutics programming and enhance the City's ability to provide services to those with special needs.

| | | | | |
|--|------|--------|--------|---|
| 3 Art Center Position Request & Contract Funding | 0.20 | 40,205 | 40,205 | 0 |
|--|------|--------|--------|---|

This ongoing, cost neutral action adds 0.20 FTE Arts & Sciences Professional I and contract services funding, and recognizes commensurate offsetting revenue from the Palo Alto Art Center Foundation. The Arts & Sciences Professional I will support the Community Services Department's Project Look program. Project Look is a school tour program that provides field trips and educational experiences at the Art Center to local schools with interactive tours led by Art Center volunteers, as well as hands-on activities taught by professional artist educators. The contract services funding will fund the Cultural Kaleidoscope teaching artists. Cultural Kaleidoscope is an artist-in-the-schools program that links the neighboring and diverse communities of Palo Alto, East Palo Alto, and Menlo Park, by building bridges through the arts and partnering with K-5 classrooms. The Arts & Sciences Professional I will be responsible for coordination of these programs and oversight of part-time staff and contracted teaching arts who implement the programs. Previously, this position was employed by the Palo Alto Art Center Foundation, however this action allows the City to hire a staff member directly while being reimbursed by the Foundation. (Ongoing costs: \$0)

Performance Results



This action will be cost neutral and provides greater flexibility in Art Center staffing to continue to provide these high quality programs.

Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net General Fund |
|--|-----------|--------------|----------|------------------|
| 4 Art Center and Public Art Installation Position Requests | 0.99 | 0 | 0 | 0 |

This ongoing action realigns staffing for the Palo Alto Art Center and Public Art program through a cost neutral reallocation of contract dollars to fund 1.06 total FTE Staff Specialist positions (one 0.38 FTE, three 0.17 FTE, one 0.10 FTE, and one 0.07 FTE). The 0.07 FTE will be funded by the ongoing capital project Art in Public Spaces, AC-86017, while all others will be funded within the General Fund. The Art Center and Public Art program host exhibits and manage art installations annually and skilled support is needed to prepare exhibition spaces and safely transport and handle the artwork. This action will ensure the Art Center and Public Art programs remain in compliance with state and local laws governing this type of work, as well as the insurance policies for valuable artworks. This action will also provide the necessary staffing support for both programs while maintaining service delivery levels by providing greater flexibility for seasonal staffing to assist with exhibition gallery maintenance, preparation, and shipping work. (Ongoing costs: \$0)

Performance Results



This action will be cost neutral and ensure safe handling of artwork and high quality art exhibit installations.

CSD Golf Course Financials

| | FY 2017 Actuals ¹ | FY 2018 Actuals ² | FY 2019 Actuals | FY 2020 Projected | FY 2021 Proposed |
|------------------------------------|---------------------------------|---------------------------------|--------------------|----------------------|---------------------|
| REVENUES | | | | | |
| Tournament Fees | 40 | 0 | 211,290 | 58,470 | 118,390 |
| Green Fees | 0 | 532,552 | 2,231,690 | 2,406,680 | 2,565,755 |
| Driving Range | 227,072 | 199,251 | 359,495 | 345,115 | 402,850 |
| Cart/Club Rentals | 1,236 | 0 | 362,810 | 348,300 | 449,300 |
| Proshop Lease | 13,175 | 12,677 | 239,190 | 229,620 | 228,355 |
| Restaurant Lease | 32,657 | 2,222 | 0 | 48,000 | 49,440 |
| Restaurant Utilities | 16,500 | 1,500 | 0 | 18,000 | 18,000 |
| Other Fee | 4,039 | 6,738 | 15,180 | 14,575 | 0 |
| Total Revenue | 294,719 | 754,940 | 3,419,655 | 3,468,760 | 3,832,090 |
| EXPENDITURES | | | | | |
| Operating Expenses | | | | | |
| Salaries & Benefits | 111,906 | 117,662 | 120,590 | 172,720 | 134,540 |
| Advertising & Publishing | 1,126 | 7,714 | 0 | 0 | 0 |
| Supplies and Materials | 27,008 | 42,669 | 0 | 0 | 0 |
| General Expense | 52 | 347 | 1,015 | 1,000 | 1,440 |
| Facilities and Equipment Purchases | 6,434 | 18,860 | 0 | 0 | 0 |
| Allocated Charges | 156,748 | 180,057 | 245,770 | 262,970 | 216,600 |
| Subtotal | 303,274 | 367,307 | 367,375 | 436,690 | 352,580 |
| Contract Services | | | | | |
| Golf Maintenance | 364,666 | 750,978 | 2,522,515 | 2,611,281 | 2,648,418 |
| Miscellaneous | 49,068 | 9,437 | 0 | 0 | 0 |
| Range Fees | 195,631 | 166,902 | 0 | 0 | 0 |
| Cart Rentals | 0 | 0 | 0 | 0 | 0 |
| Club Rentals | 0 | 0 | 0 | 0 | 0 |
| Management Fees | 30,500 | 924,477 | 108,000 | 111,240 | 114,577 |
| Contract Contingency | 0 | 0 | 0 | 26,825 | 27,630 |
| Subtotal | 639,865 | 1,851,795 | 2,630,515 | 2,749,346 | 2,790,625 |
| Total Operating Expenses | 943,139 | 2,219,102 | 2,997,890 | 3,186,036 | 3,143,205 |
| Income From Operations | (648,420) | (1,464,162) | 421,765 | 282,724 | 688,885 |

CSD Golf Course Financials

| | FY 2017 Actuals ¹ | FY 2018 Actuals ² | FY 2019 Actuals | FY 2020 Projected | FY 2021 Proposed |
|--------------------------|---------------------------------|---------------------------------|--------------------|----------------------|---------------------|
| Debt Expenses | | | | | |
| Debt Service (Refunded) | 432,150 | 432,271 | 431,154 | 0 | 0 |
| Debt Service (New) | 0 | 0 | 338,886 | 369,771 | 373,733 |
| Subtotal | 432,150 | 432,271 | 770,040 | 369,771 | 373,733 |
| | | | | | |
| Net Income (Loss) | (1,080,570) | (1,896,433) | (348,275)) | (87,047) | 315,152 |

1. The Golf Course was closed during FY 2017 due to renovation.
2. The renovated Golf Course opened in May 2018 under the new management.

CSD Human Service Contracts

| Human Services Contracts | FY 2020 Adopted | FY 2020 Agency Award | FY 2021 Base Budget | FY 2021 Agency Requests | FY 2021 Proposed Budget |
|---|--------------------|----------------------------|------------------------|-------------------------------|-------------------------------|
| GENERAL HUMAN SERVICES CONTRACTS¹ | | | | | |
| Avenidas - Senior Services | 508,356 | 508,356 | 521,065 | 508,356 | 521,065 |
| PACCC - Child Care Subsidy and Outreach | 515,013 | 515,013 | 527,888 | 515,013 | 527,888 |
| Mediation Service Provider ⁴ | 69,223 | 69,223 | 70,954 | 69,223 | 70,954 |
| County of Santa Clara ⁴ | 125,000 | 125,000 | 125,000 | 125,000 | 125,000 |
| Youth Community Sv. (YCS) - Youth Connectedness Initiative ⁴ | 50,000 | 50,000 | 50,000 | 50,000 | 0 |
| General Human Service Contracts Subtotal | 1,267,592 | 1,267,592 | 1,294,907 | 1,267,592 | 1,244,907 |
| HUMAN SERVICES RESOURCE ALLOCATION PROCESS CONTRACTS² | | | | | |
| Abilities United | 53,757 | 53,757 | 53,757 | 51,739 | 55,101 |
| Ada's Café | 5,195 | 5,195 | 5,195 | 50,000 | 5,325 |
| Adolescent Counseling Services (Outlet Program) | 44,157 | 44,157 | 44,157 | 100,000 | 45,261 |
| Blossom Birth | 0 | 0 | 0 | 15,000 | 0 |
| Counseling and Support Services for Youth (CASSY) | 44,157 | 44,157 | 44,157 | 50,000 | 45,261 |
| Downtown Streets Team | 37,840 | 37,840 | 37,840 | 36,420 | 38,786 |
| DreamCatchers | 25,975 | 25,975 | 25,975 | 25,000 | 26,624 |
| KARA | 22,858 | 22,858 | 22,858 | 22,000 | 23,429 |
| LifeMoves (formerly InnVision Shelter Network) | 81,989 | 81,989 | 81,989 | 132,739 | 84,039 |
| La Comida de California | 48,181 | 48,181 | 48,181 | 46,372 | 49,386 |
| MayView Community Health Center | 41,560 | 41,560 | 41,560 | 40,000 | 42,599 |
| Palo Alto Housing Corporation | 31,170 | 31,170 | 31,170 | 36,000 | 31,949 |
| Senior Adults Legal Assistance | 15,949 | 15,949 | 15,949 | 15,350 | 16,348 |
| The Health Trust | 10,390 | 10,390 | 10,390 | 20,000 | 10,650 |
| Vista Center for the Blind & Visually Impaired | 41,560 | 41,560 | 41,560 | 42,070 | 42,599 |
| Youth Community Sv. (YCS) | 31,170 | 31,170 | 31,170 | 30,000 | 31,949 |
| Two-Year Contractors Subtotal | 535,908 | 535,908 | 535,908 | 712,690 | 549,306 |
| TOTAL | 1,803,500 | 1,803,500 | 1,830,815 | 1,980,282 | 1,794,213 |

CSD Human Service Contracts

| Human Services Contracts | FY 2020 Adopted | FY 2020 Agency Award | FY 2021 Base Budget | FY 2021 Agency Requests | FY 2021 Proposed Budget |
|--|--------------------|----------------------------|------------------------|-------------------------------|-------------------------------|
| HSRAP Emerging Needs Fund ³ | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |

1. Not part of the Human Services Resource Allocation Process.
2. Human Services Resource Allocation Process (HSRAP) contracts are requested as part of a two-year cycle, and once approved, the agencies receive the same level of funding across each year of the cycle. The Agency Request amounts reflect the request made for each year.
3. Funding is in the Non-Departmental section of this document.
4. These existing contracts have been added to this chart to provide a holistic display of all the General Human Services Contracts in the City. As these contracts are already established, there is no new budgetary impact as a result of their inclusion.

FIRE

Mission Statement

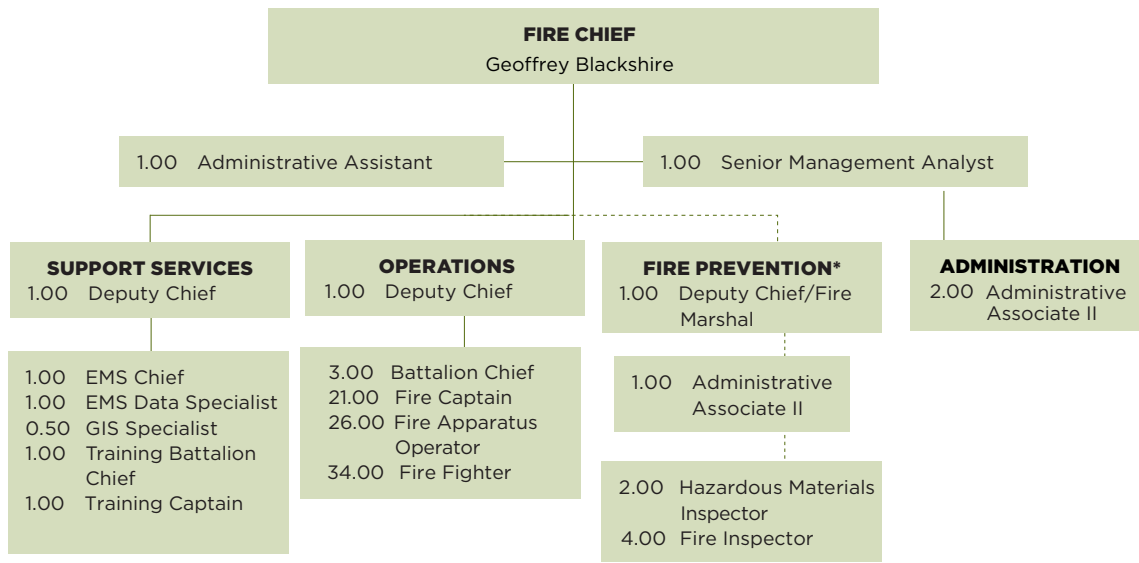


We are a professional team of individuals dedicated to safeguarding and enriching the lives of anyone, anytime, anywhere with compassion and pride.

Purpose

The purpose of the Fire Department is to protect life, property, and the environment from fire, hazardous materials, and other disasters; provide rapid emergency response, proactive code enforcement, modern fire prevention methods, and progressive safety education for our citizens and coworkers; and promote customer satisfaction by maintaining quality, professional, and friendly service to others.





FY 2021 POSITION TOTALS

103.50 - Full-time
0.55 - Hourly

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

* Fire Prevention is functionally a part of the Planning and Development Services Department. The Fire Department retains administrative oversight over department personnel.

Description

The Fire Department provides a wide range of community and employee related services for the City of Palo Alto through the following service programs:

FIRE SUPPRESSION

Maintain a state of readiness to effectively respond to emergency and non-emergency calls. Provide a means for a safer Palo Alto through community outreach, public education, and prevention.

EMERGENCY MEDICAL SERVICES

In an emergency setting, rapid assessment, treatment, and transport of patients to definitive care in a safe and efficient manner.

FIRE PREVENTION BUREAU

Improve the quality of life for the Palo Alto community through risk assessment, code enforcement, fire investigation, public education, and hazardous materials management.

EMPLOYEE FIRE/EMS CERTIFICATION TRAINING

Provide training to certify that staff maintain safe, efficient, and effective practices when responding to emergencies. Ensure personnel are familiar with and able to utilize the most up-to-date and proven techniques. Training specific to required EMT and/or Paramedic re-certification is also incorporated.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|---------------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Administration | 1,916,884 | 2,212,337 | 2,745,530 | 2,767,105 | 21,574 | 0.8% |
| Emergency Response | 29,345,212 | 30,441,361 | 30,703,654 | 31,969,489 | 1,265,835 | 4.1% |
| Environmental Safety Management | 151,752 | 433,531 | 558,962 | 603,693 | 44,732 | 8.0% |
| Records and Information Management | 342,412 | 384 | — | — | — | —% |
| Training and Personnel | 1,882,244 | 861,339 | 855,545 | 870,547 | 15,002 | 1.8% |
| Total | 33,638,504 | 33,948,953 | 34,863,692 | 36,210,834 | 1,347,143 | 3.9% |

| | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|------------------|-------------|
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 1,952,238 | 1,992,070 | 2,182,484 | 2,096,067 | (86,418) | (4.0)% |
| Other Benefits | 351,540 | 339,714 | 307,559 | 516,288 | 208,729 | 67.9% |
| Overtime | 3,568,300 | 2,914,480 | 1,672,872 | 1,931,121 | 258,249 | 15.4% |
| Pension | 6,030,222 | 6,665,085 | 8,091,590 | 8,638,189 | 546,599 | 6.8% |
| Retiree Medical | 2,559,706 | 2,223,229 | 2,289,926 | 2,320,105 | 30,179 | 1.3% |
| Salary | 13,191,022 | 13,685,234 | 14,211,642 | 14,642,324 | 430,681 | 3.0% |
| Workers' Compensation | 1,027,998 | 753,623 | 1,108,460 | 1,153,357 | 44,897 | 4.1% |
| Total Salary & Benefits | 28,681,026 | 28,573,435 | 29,864,533 | 31,297,451 | 1,432,917 | 4.8% |
| Allocated Charges | 3,144,612 | 3,071,942 | 3,282,610 | 3,353,461 | 70,850 | 2.2% |
| Contract Services | 762,479 | 590,569 | 566,625 | 546,000 | (20,625) | (3.6)% |
| Facilities & Equipment | 151,244 | 340,204 | 327,723 | 246,723 | (81,000) | (24.7)% |
| General Expense | 436,545 | 628,320 | 388,800 | 393,800 | 5,000 | 1.3% |
| Operating Transfers-Out | — | 306,850 | — | — | — | —% |
| Supplies & Material | 462,598 | 437,631 | 433,400 | 373,400 | (60,000) | (13.8)% |
| Total Dollars by Expense Category | 33,638,504 | 33,948,953 | 34,863,692 | 36,210,834 | 1,347,143 | 3.9% |

| | | | | | | |
|------------------------|-----------|-----------|------------|------------|-----------|--------|
| Revenues | | | | | | |
| Charges for Services | 9,815,952 | 9,589,264 | 10,649,581 | 10,388,794 | (260,787) | (2.4)% |
| Charges to Other Funds | 161,322 | 163,605 | 162,610 | 162,610 | — | —% |
| From Other Agencies | 1,093,263 | 259,946 | 170,000 | 175,000 | 5,000 | 2.9% |
| Other Revenue | 18,931 | 410,191 | 282,000 | 282,000 | — | —% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|-----------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Other Taxes and Fines | (275) | — | — | — | — | —% |
| Total Revenues | 11,089,193 | 10,423,007 | 11,264,190 | 11,008,403 | (255,787) | (2.3)% |

Positions by Division

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|---------------------------------------|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|---------------------|
| Administration | 3.00 | 5.68 | 5.68 | 5.68 | — | —% |
| Emergency Response | 99.07 | 89.57 | 89.57 | 89.57 | — | —% |
| Environmental Safety Management | 0.48 | 1.15 | 1.15 | 1.15 | — | —% |
| Records and Information Management | 1.50 | — | — | — | — | —% |
| Training and Personnel | 5.15 | 2.00 | 2.00 | 2.00 | — | —% |
| Total | 109.20 | 98.40 | 98.40 | 98.40 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| 40-Hour Training Battalion Chief | 1.00 | 1.00 | 1.00 | 1.00 | — | 203,070 |
| 40-Hour Training Captain | 1.00 | 1.00 | 1.00 | 1.00 | — | 164,486 |
| Administrative Assistant | 1.00 | 1.00 | 1.00 | 1.00 | — | 86,549 |
| Administrative Associate II | 2.00 | 2.20 | 2.20 | 2.20 | — | 172,469 |
| Battalion Chief | 3.00 | 3.00 | 3.00 | 3.00 | — | 580,420 |
| Business Analyst | 0.80 | 0.80 | 0.80 | 0.80 | — | 124,268 |
| Deputy Chief/Fire Marshal | 0.05 | 0.05 | 0.05 | 0.05 | — | 10,758 |
| Deputy Director Technical Services Division | 0.20 | 0.20 | 0.20 | 0.20 | — | 42,898 |
| Deputy Fire Chief | 2.00 | 2.00 | 2.00 | 2.00 | — | 438,090 |
| Emergency Medical Services Director | 1.00 | 1.00 | 1.00 | 1.00 | — | 177,133 |
| Emergency Medical Services Data Specialist | 1.00 | 1.00 | 1.00 | 1.00 | — | 84,032 |
| Fire Apparatus Operator | 30.00 | 26.00 | 26.00 | 26.00 | — | 3,738,018 |
| Fire Captain | 21.00 | 21.00 | 21.00 | 21.00 | — | 3,343,791 |
| Fire Chief | 1.00 | 1.00 | 1.00 | 1.00 | — | 258,024 |
| Fire Fighter | 41.00 | 34.00 | 34.00 | 34.00 | — | 4,517,356 |
| Fire Inspector | 0.80 | 0.80 | 0.80 | 0.80 | — | 131,589 |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Geographic Information System Specialist | 0.50 | 0.50 | 0.50 | 0.50 | — | 65,198 |
| Hazardous Materials Inspector | 0.30 | 0.30 | 0.30 | 0.30 | — | 49,346 |
| Senior Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | — | 154,586 |
| Sub-total: Full-Time Equivalent Positions | 108.65 | 97.85 | 97.85 | 97.85 | — | 14,342,080 |
| Temporary/Hourly | 0.55 | 0.55 | 0.55 | 0.55 | — | 54,739 |
| Total Positions | 109.20 | 98.40 | 98.40 | 98.40 | — | 14,396,820 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|---|--------------|-------------------|-------------------|-------------------|
| Prior Year Budget | 98.40 | 34,863,692 | 11,264,190 | 23,599,502 |
| One-Time Prior Year Budget Adjustments | | | | |
| Fire Staffing Adjustment | — | 352,511 | — | 352,511 |
| Firefighter New Hire Costs | — | (80,625) | — | (80,625) |
| Equipment Replacement | — | (48,000) | — | (48,000) |
| One-Time Prior Year Budget Adjustments | — | 223,886 | — | 223,886 |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 762,325 | — | 762,325 |
| Overtime Adjustments | — | 63,958 | — | 63,958 |
| Stanford Emergency Fire Services Annual Revenue Alignment | — | — | (260,787) | 260,787 |
| State Quality Assurance Fee Alignment | — | 5,000 | 5,000 | — |
| Communication Services Allocated Charges | — | 14,800 | — | 14,800 |
| Industrial Waste Discharge Fee Allocated Charges | — | 2,910 | — | 2,910 |
| Information Technology Allocated Charges | — | (33,841) | — | (33,841) |
| Liability Insurance Allocated Charges | — | 37,381 | — | 37,381 |
| Printing & Mailing Services Allocated Charges | — | 339 | — | 339 |
| Refuse Allocated Charges | — | (621) | — | (621) |
| Stormwater Management Allocated Charges | — | (194) | — | (194) |
| Utilities Allocated Charges | — | 13,178 | — | 13,178 |
| Vehicle Replacement & Maintenance Allocated Charges | — | 3,899 | — | 3,899 |
| Workers' Compensation Allocated Charges | — | 44,897 | — | 44,897 |
| Adjustments to Costs of Ongoing Activities | — | 914,031 | (255,787) | 1,169,818 |
| Total FY 2021 Base Budget | 98.40 | 36,001,609 | 11,008,403 | 24,993,206 |
| Budget Adjustments | | | | |
| 1 Modified Staffing and Overtime Adjustment | — | 209,225 | — | 209,225 |
| Total Budget Adjustments | — | 209,225 | — | 209,225 |
| Total FY 2021 Proposed Budget | 98.40 | 36,210,834 | 11,008,403 | 25,202,431 |

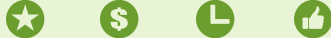


Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net General Fund |
|---|-----------|--------------|----------|------------------|
| 1 Modified Staffing and Overtime Adjustment | 0.00 | 209,225 | 0 | 209,225 |

This one-time action restores Medic 61, recognizes savings of \$353,500, equivalent to 1.0 FTE Deputy Fire Chief position as a temporary measure to create savings for the duration of FY 2021. With additional time to operate with fewer executive management positions in FY 2021, the department will continue to analyze and assess ongoing options for staffing adjustments to continue cost containment and return with recommendations. (Ongoing costs: \$0)

Performance Results



This action is anticipated to help manage medical services call volume and maintain the department's current level of service.

HUMAN RESOURCES

Mission Statement



The Human Resources Department's mission 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 lead City departments in positive employee relations, talent management, succession planning, and employee engagement.

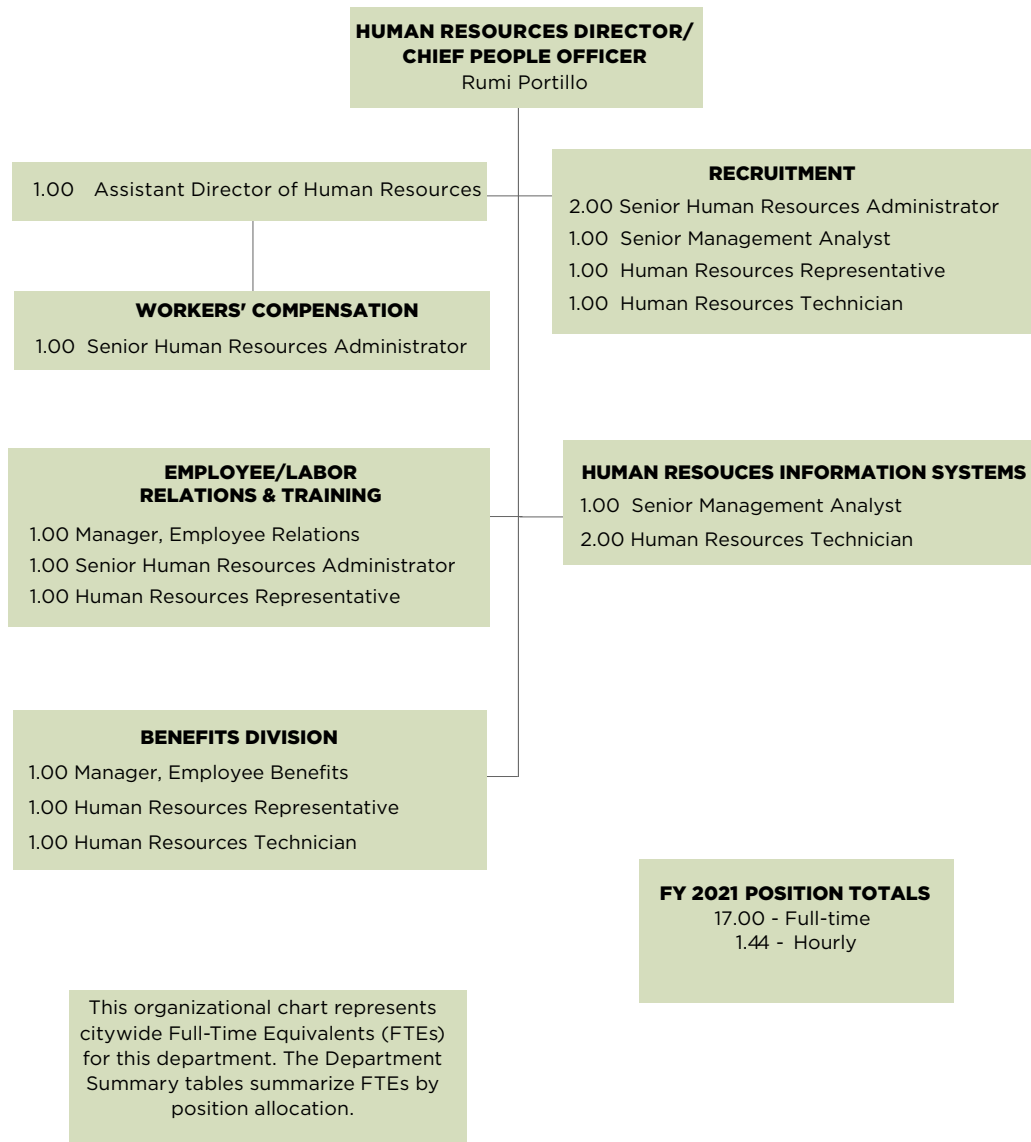


Purpose

The purpose of Human Resources is to support City departments in achieving key goals and objectives; to provide a range of services, including new employee orienta-

tion, staffing and recruitment management, talent and skill development, performance assessment, safety and wellness programs; and to support employee relations, compensation, job classification, risk management, and organization development to City departments.

HUMAN RESOURCES



Description

The Human Resources Department provides guidance to City departments in the following areas:

TOTAL COMPENSATION

Administer salary, health, pension, and other benefits.

EMPLOYEE AND LABOR RELATIONS

Provide guidance to City staff to enhance performance, create a positive work environment, and effectively resolve complaints, grievances, and other problems, as well as lead the City through labor contract negotiations.

ORGANIZATION AND EMPLOYEE DEVELOPMENT

Identify and implement training and development opportunities to enhance skills, innovation, and leadership of City staff members.

TALENT MANAGEMENT

Recruit, select, and onboard employees who have a passion for public service and the right knowledge, skills, and abilities to take on increasingly complex public service roles.

RISK MANAGEMENT, SAFETY, AND WORKERS COMPENSATION

Support workplace safety, reduce injuries, and actively manage risk and other potential liabilities.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|---------------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Fund | | | | | | |
| General Fund-Operating | 3,479,721 | 3,614,677 | 3,945,119 | 4,087,691 | 142,572 | 3.6% |
| Liability Insurance | 2,647,980 | 4,481,136 | 2,971,622 | 4,146,146 | 1,174,524 | 39.5% |
| Worker's Compensation | 3,513,168 | 6,233,418 | 6,738,337 | 6,960,576 | 222,239 | 3.3% |
| Total | 9,640,869 | 14,329,231 | 13,655,078 | 15,194,413 | 1,539,335 | 11.3% |
| Revenues | | | | | | |
| Charges to Other Funds | 2,842,356 | 3,901,219 | 4,333,860 | 4,931,659 | 597,799 | 13.8% |
| Operating Transfers-In | 5,000 | 5,000 | 5,000 | 5,000 | — | —% |
| Other Revenue | 2,025,670 | 4,595,511 | 5,522,040 | 5,744,040 | 222,000 | 4.0% |
| Return on Investments | 541,650 | 602,871 | 708,600 | 642,900 | (65,700) | (9.3)% |
| Total Revenues | 5,414,677 | 9,104,601 | 10,569,500 | 11,323,599 | 754,099 | 7.1% |
| Positions by Fund | | | | | | |
| General Fund | 17.20 | 16.96 | 16.96 | 16.96 | — | —% |
| Workers' Compensation Program Fund | 1.00 | 1.00 | 1.48 | 1.48 | — | —% |
| Total | 18.20 | 17.96 | 18.44 | 18.44 | — | —% |

GENERAL FUND

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Administration, Employee Org Development and HR Systems | 1,214,231 | 1,352,856 | 1,245,888 | 1,422,446 | 176,557 | 14.2% |
| Benefits and Compensation | 435,416 | 457,524 | 516,904 | 525,650 | 8,745 | 1.7% |
| Employee and Labor Relations | 1,180,702 | 1,156,530 | 1,339,974 | 1,304,201 | (35,773) | (2.7)% |
| Recruitment | 375,727 | 424,826 | 484,318 | 495,421 | 11,102 | 2.3% |
| Risk Mgmt, Safety, Workers' Compensation | 273,645 | 222,940 | 358,034 | 339,973 | (18,060) | (5.0)% |
| Total | 3,479,721 | 3,614,677 | 3,945,119 | 4,087,691 | 142,572 | 3.6% |

| | | | | | | |
|--|------------------|------------------|------------------|------------------|----------------|-------------|
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 237,758 | 260,430 | 314,498 | 292,772 | (21,726) | (6.9)% |
| Other Benefits | 75,229 | 85,945 | 94,705 | 107,349 | 12,644 | 13.4% |
| Overtime | 1,147 | 2,638 | — | — | — | —% |
| Pension | 482,170 | 532,637 | 702,839 | 741,743 | 38,903 | 5.5% |
| Retiree Medical | 201,668 | 190,587 | 196,305 | 199,241 | 2,936 | 1.5% |
| Salary | 1,746,388 | 1,860,870 | 1,956,231 | 2,148,808 | 192,577 | 9.8% |
| Workers' Compensation | — | 55,727 | 70,466 | 73,320 | 2,854 | 4.1% |
| Total Salary & Benefits | 2,744,360 | 2,988,834 | 3,335,044 | 3,563,231 | 228,188 | 6.8% |
| Allocated Charges | 155,613 | 193,988 | 218,126 | 212,510 | (5,616) | (2.6)% |
| Contract Services | 462,714 | 311,923 | 285,309 | 205,309 | (80,000) | (28.0)% |
| Facilities & Equipment | — | — | 4,150 | 4,150 | — | —% |
| General Expense | 58,875 | 40,192 | 43,098 | 43,098 | — | —% |
| Operating Transfers-Out | — | 28,209 | — | — | — | —% |
| Rents & Leases | 43,000 | 43,000 | 43,000 | 43,000 | — | —% |
| Supplies & Material | 15,159 | 8,532 | 16,392 | 16,392 | — | —% |
| Total Dollars by Expense Category | 3,479,721 | 3,614,677 | 3,945,119 | 4,087,691 | 142,572 | 3.6% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Revenues | | | | | | |
| Charges to Other Funds | 1,067,356 | 976,010 | 1,856,860 | 1,914,659 | 57,799 | 3.1% |
| Other Revenue | 41,593 | — | — | — | — | —% |
| Total Revenues | 1,108,949 | 976,010 | 1,856,860 | 1,914,659 | 57,799 | 3.1% |

| | | | | | | |
|--|--------------|--------------|--------------|--------------|----------|-----------|
| Positions by Division | | | | | | |
| Administration, Employee Org Development and HR Systems | 5.56 | 5.56 | 5.56 | 5.56 | — | —% |
| Benefits and Compensation | 2.44 | 2.20 | 2.20 | 2.20 | — | —% |
| Employee and Labor Relations | 5.00 | 5.00 | 5.00 | 5.00 | — | —% |
| Recruitment | 2.60 | 2.60 | 2.60 | 2.60 | — | —% |
| Risk Mgmt, Safety, Workers' Compensation | 1.60 | 1.60 | 1.60 | 1.60 | — | —% |
| Total | 17.20 | 16.96 | 16.96 | 16.96 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Assistant Director Human Resources | 1.00 | 1.00 | 1.00 | 1.00 | — | 201,448 |
| Director Human Resources/CPO | 1.00 | 1.00 | 1.00 | 1.00 | — | 237,806 |
| Human Resources Representative | 3.00 | 3.00 | 3.00 | 3.00 | — | 278,346 |
| Human Resources Technician | 4.00 | 4.00 | 4.00 | 4.00 | — | 309,379 |
| Manager Employee Benefits | 1.00 | 1.00 | 1.00 | 1.00 | — | 149,968 |
| Manager Employee Relations | 1.00 | 1.00 | 1.00 | 1.00 | — | 163,051 |
| Senior Human Resources Administrator | 3.00 | 3.00 | 3.00 | 3.00 | — | 321,651 |
| Senior Management Analyst | 2.00 | 2.00 | 2.00 | 2.00 | — | 287,914 |
| Sub-total: Full-Time Equivalent Positions | 16.00 | 16.00 | 16.00 | 16.00 | — | 1,949,563 |
| Temporary/Hourly | 1.20 | 0.96 | 0.96 | 0.96 | — | 103,324 |
| Total Positions | 17.20 | 16.96 | 16.96 | 16.96 | — | 2,052,888 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|---|--------------|------------------|------------------|------------------|
| Prior Year Budget | 16.96 | 3,945,119 | 1,856,860 | 2,088,259 |
| One-Time Prior Year Budget Adjustments | | | | |
| Candidate Screening Tools | — | (80,000) | — | (80,000) |
| One-Time Prior Year Budget Adjustments | — | (80,000) | — | (80,000) |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 225,334 | — | 225,334 |
| General Fund Cost Allocation Plan | — | — | 57,799 | (57,799) |
| Liability Insurance Allocated Charges | — | 9,006 | — | 9,006 |
| Information Technology Allocated Charges | — | (4,855) | — | (4,855) |
| Printing & Mailing Services Allocated Charges | — | (9,767) | — | (9,767) |
| Workers' Compensation Allocated Charges | — | 2,854 | — | 2,854 |
| Adjustments to Costs of Ongoing Activities | — | 222,572 | 57,799 | 164,773 |
| Total FY 2021 Proposed Budget | 16.96 | 4,087,691 | 1,914,659 | 2,173,032 |



GENERAL LIABILITIES INSURANCE PROGRAM

Description

The City's General Liability Program provides funding to cover flood, property, and various other insurance policies for City-owned equipment and machinery. The City is self-insured for the first \$1.0 million in losses per occurrence and participates in a Joint Powers Authority for coverage up to \$150 million per occurrence. Reserves for this program are set at an 85 percent confidence level, calculated by an outside actuarial consultant, for financial planning to ensure adequate resources are available for anticipated expenses.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|----------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Non-Departmental | 2,647,980 | 4,481,136 | 2,971,622 | 4,146,146 | 1,174,524 | 39.5% |
| Total | 2,647,980 | 4,481,136 | 2,971,622 | 4,146,146 | 1,174,524 | 39.5% |

| | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|--------------|
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Total Salary & Benefits | — | — | — | — | — | —% |
| Contract Services | 52,139 | 41,938 | 71,820 | 71,820 | — | —% |
| General Expense | 2,595,841 | 4,439,116 | 2,899,802 | 4,074,326 | 1,174,524 | 40.5% |
| Rents & Leases | — | 81 | — | — | — | —% |
| Total Dollars by Expense Category | 2,647,980 | 4,481,136 | 2,971,622 | 4,146,146 | 1,174,524 | 39.5% |

| | | | | | | |
|------------------------|------------------|------------------|------------------|------------------|----------------|--------------|
| Revenues | | | | | | |
| Charges to Other Funds | 1,775,000 | 2,925,209 | 2,477,000 | 3,017,000 | 540,000 | 21.8% |
| Operating Transfers-In | 5,000 | 5,000 | 5,000 | 5,000 | — | —% |
| Other Revenue | 42,900 | 536,912 | 41,040 | 41,040 | — | —% |
| Return on Investments | 126,629 | 141,817 | 168,200 | 168,200 | — | —% |
| Total Revenues | 1,949,529 | 3,608,938 | 2,691,240 | 3,231,240 | 540,000 | 20.1% |

| | | | | | | |
|------------------------------|---|---|---|---|---|----|
| Positions by Division | | | | | | |
| Total | — | — | — | — | — | —% |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Liabilities Insurance Program |
|---|-----------|------------------|------------------|---|
| Prior Year Budget | — | 2,971,622 | 2,691,240 | 280,382 |
| One-Time Prior Year Budget Adjustments | | | | |
| None | — | — | — | — |
| Adjustments to Costs of Ongoing Activities | | | | |
| Charges to Other Funds | — | — | 540,000 | (540,000) |
| Umbrella Excess Liability Insurance Increase | — | 896,704 | — | 896,704 |
| Property Loss Insurance Increase | — | 121,820 | — | 121,820 |
| General Liability Insurance Claims | — | 156,000 | — | 156,000 |
| Adjustments to Costs of Ongoing Activities | — | 1,174,524 | 540,000 | 634,524 |
| Total FY 2021 Proposed Budget | — | 4,146,146 | 3,231,240 | 914,906 |

WORKERS' COMPENSATION FUND

Description

The Workers' Compensation Program provides wage and medical benefits for employees who sustain an injury or develop an occupational illness within the course and scope of employment. Reserves for this fund are set at an 85 percent confidence level, calculated by an outside actuarial consultant, for financial planning to ensure adequate resources are available for anticipated expenses.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Non-Departmental | 3,513,168 | 6,233,418 | 6,738,337 | 6,960,576 | 222,239 | 3.3% |
| Total | 3,513,168 | 6,233,418 | 6,738,337 | 6,960,576 | 222,239 | 3.3% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 10,020 | 10,183 | 11,166 | 10,310 | (856) | (7.7)% |
| Other Benefits | 198,412 | 280,276 | 251,514 | 251,577 | 63 | —% |
| Pension | 35,757 | 37,780 | 52,034 | 48,535 | (3,499) | (6.7)% |
| Salary | 124,472 | 125,882 | 161,746 | 166,278 | 4,532 | 2.8% |
| Workers' Compensation | 2,704,248 | 5,190,579 | 5,604,340 | 5,826,340 | 222,000 | 4.0% |
| Total Salary & Benefits | 3,072,909 | 5,644,701 | 6,080,800 | 6,303,039 | 222,239 | 3.7% |
| Contract Services | 4,750 | 6,750 | 7,079 | 7,079 | — | —% |
| General Expense | 432,049 | 580,155 | 650,458 | 650,458 | — | —% |
| Operating Transfers-Out | 3,460 | 1,813 | — | — | — | —% |
| Total Dollars by Expense Category | 3,513,168 | 6,233,418 | 6,738,337 | 6,960,576 | 222,239 | 3.3% |
| Revenues | | | | | | |
| Other Revenue | 1,941,177 | 4,058,599 | 5,481,000 | 5,703,000 | 222,000 | 4.1% |
| Return on Investments | 415,022 | 461,055 | 540,400 | 474,700 | (65,700) | (12.2)% |
| Total Revenues | 2,356,199 | 4,519,654 | 6,021,400 | 6,177,700 | 156,300 | 2.6% |
| Positions by Division | | | | | | |
| Non-Departmental | 1.00 | 1.00 | 1.48 | 1.48 | — | —% |
| Total | 1.00 | 1.00 | 1.48 | 1.48 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|-----------------|-----------------|------------------------|-------------------------|--------------------|----------------|
| Senior Human Resources Administrator | 1.00 | 1.00 | 1.00 | 1.00 | — | 127,566 |
| Sub-total: Full-Time Equivalent Positions | 1.00 | 1.00 | 1.00 | 1.00 | — | 127,566 |
| Temporary/Hourly | — | — | 0.48 | 0.48 | — | 29,163 |
| Total Positions | 1.00 | 1.00 | 1.48 | 1.48 | — | 156,730 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Workers' Compensation Fund |
|--|---------------|------------------|------------------|--------------------------------|
| Prior Year Budget | 1.48 | 6,738,337 | 6,021,400 | 716,937 |
| Adjustments to Costs of Ongoing Activities | | | | |
| Workers' Compensation Program Temporary Staffing | (0.48) | (30,386) | — | (30,386) |
| One-Time Prior Year Budget Adjustments | (0.48) | (30,386) | — | (30,386) |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefit Adjustments | — | 1,039 | — | 1,039 |
| Charges to Other Funds | — | — | 222,000 | (222,000) |
| Workers' Compensation Insurance Claims Adjustments | — | 222,000 | — | 222,000 |
| Investment Income Adjustment | — | — | (65,700) | — |
| Adjustments to Costs of Ongoing Activities | — | 223,039 | 156,300 | 1,039 |
| Total FY 2021 Base Budget | 1.00 | 6,930,990 | 6,177,700 | 687,590 |
| Budget Adjustments | | | | |
| 1 Workers' Compensation Program Temporary Staffing | 0.48 | 29,586 | — | 29,586 |
| Total Budget Adjustments | 0.48 | 29,586 | — | 29,586 |
| Total FY 2021 Proposed Budget | 1.48 | 6,960,576 | 6,177,700 | 717,176 |

Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net Workers' Compensation Fund |
|--|-----------|--------------|----------|--------------------------------|
| 1 Workers' Compensation Program Temporary Staffing | 0.48 | 29,586 | 0 | 29,586 |

This action extends a 0.48 FTE Management Specialist for an additional one-year term to assist with workloads in workers' compensation and risk management administration. This request will add capacity to maintain ongoing operations and assist with correct salary continuation for injured workers and accuracy of department timecard coding, tracking injured worker and return to work status and maintaining Human Resources claim files. This position will also assist in completing reporting for community facilities special event insurance, scheduling annual hearing audiogram testing, and other risk management programs as time permits. Staff will continue to assess the needs in workers' compensation and risk management loss control and bring forward recommendations for ongoing support as part of future budget cycles. (Ongoing costs: \$0)

Performance Results



This action provides resources necessary to implement audit recommendations that streamline the workers' compensation reporting process and improve the accuracy and completeness of claim forms.

INFORMATION TECHNOLOGY

Mission Statement

The Information Technology Department's mission is to provide innovative technology solutions that support City departments in delivering quality services to the community.

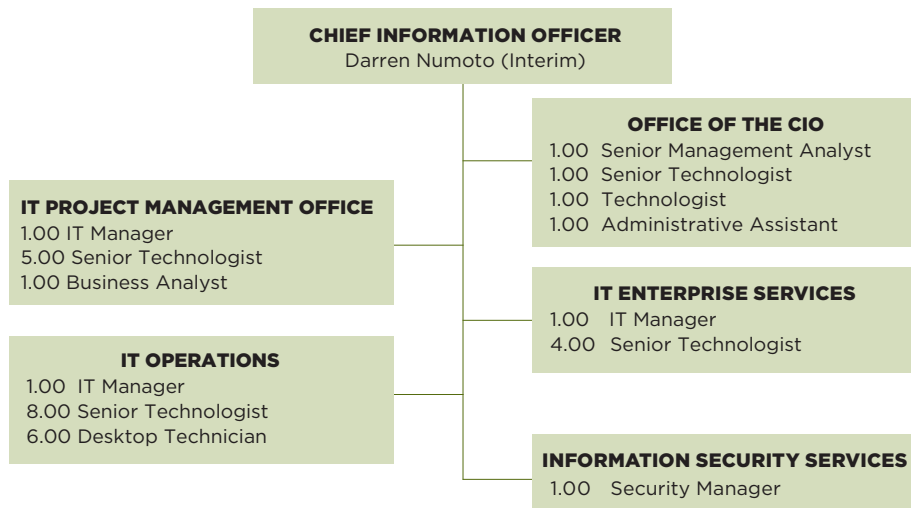
Purpose

The purpose of the Information Technology Department is to champion an inspiring and forward-leaning vision for citywide technology that reflects the unique role of the City of Palo Alto as a global leader in technology innovation; to provide a broad range of high-quality technology-related solutions to employees, departments, council members, and the community in

order for each to meet their respective goals; to support and continuously improve essential technology infrastructure for enabling the day-to-day operations of the City; and to create and maintain an exciting workplace for the Information Technology Department team that inspires high-performance and provides career growth opportunities.



INFORMATION TECHNOLOGY



FY 2021 POSITION TOTALS

33.00 - Full-time
0.48 - Hourly

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

Description

The Information Technology Department's vision statement is, "Build and enable a leading smart and digital city." A digital city broadly adopts innovative internet-based technologies to enable quality services and processes among City employees, citizens, visitors, and businesses. A smart city integrates technology and digital capabilities with the physical environment to improve livability, workability, and sustainability.

In Fiscal Year 2013, the Information Technology Department embarked on a multi-year journey to transform itself into being a provider of higher-value information technology solutions and make steady progress towards building a leading digital city.

The Information Technology Department provides a wide range of services for the City of Palo Alto through the following operational divisions:

OFFICE OF THE CIO (OCIO)

Provides leadership and strategic direction for the City of Palo Alto's use of technology. OCIO provides advisory services to City departments regarding opportunities to leverage technology to improve government services. In addition, the division sets IT policies and directions for the IT Department and the City. This division is often the public-facing component of the team and is responsible for fostering mutually beneficial public-private, technology-related partnerships. The core services include IT strategic planning, financial management, contract management, communications, work force development, overall department administration, and data analytics.

IT PROJECT MANAGEMENT OFFICE (PMO)

The IT PMO ensures successful execution of technology projects in a consistent and cost-conscious manner. Through IT project governance the department maintains project awareness and manages the project assessment lifecycle. The IT PMO is the City's center of excellence for technology projects, within IT and all other City departments, through the promotion of standards, awareness, and education.

IT OPERATIONS

Maintains and supports all deployed back-end and front-end City technologies, including the process of retiring products and services. The team also ratifies standards working alongside other IT divisions. Services include enterprise architecture, service desk, infrastructure support,

server hosting, office automation software support, technical training and support, and asset management.

IT ENTERPRISE SERVICES

Maintains a core set of large enterprise systems such as the Enterprise Resource Planning (ERP), Utility Billing & Customer Information System (CIS), Customer Relationship Management (CRM), Business Intelligence & Warehouse systems (BI/BW) for supporting Financial, Human Resource, Utilities business processes, information flow, reporting, data analytics, and enterprise data governance for the City.

These services include all aspects of enterprise systems management such as planning, architecture, development, integration, administration, support, maintenance, governance, and change management.

INFORMATION SECURITY SERVICES

Develops and implements the citywide information security program that includes the preservation of the availability, integrity, and confidentiality of the City's information resources. These services include security policy and procedures, legal compliance, risk management, disaster recovery, and security audit.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|----------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| CIP Technology Fund | 2,094,809 | 590,523 | 7,892,514 | 3,781,000 | (4,111,514) | (52.1)% |
| Enterprise Systems | 3,115,197 | 3,039,401 | 3,460,217 | 3,512,043 | 51,826 | 1.5% |
| Office of the CIO | 2,599,009 | 2,754,666 | 3,562,652 | 3,348,467 | (214,185) | (6.0)% |
| Operations | 6,782,791 | 6,761,641 | 8,506,210 | 8,609,031 | 102,821 | 1.2% |
| Project Services | 1,653,497 | 1,693,828 | 2,014,474 | 2,133,363 | 118,889 | 5.9% |
| Total | 16,245,303 | 14,845,934 | 25,436,067 | 21,383,905 | (4,052,162) | (15.9)% |

| | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|--------------------|----------------|
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 752,469 | 772,301 | 877,401 | 838,588 | (38,813) | (4.4)% |
| Other Benefits | 185,468 | 184,640 | 188,658 | 218,729 | 30,071 | 15.9% |
| Overtime | 3,913 | 3,439 | 19,564 | 20,073 | 509 | 2.6% |
| Pension | 1,316,033 | 1,376,049 | 2,046,081 | 1,913,742 | (132,339) | (6.5)% |
| Retiree Medical | 314,799 | 347,609 | 358,038 | 360,905 | 2,868 | 0.8% |
| Salary | 4,500,068 | 4,614,661 | 5,206,438 | 5,536,907 | 330,469 | 6.3% |
| Workers' Compensation | 7,873 | 92,201 | 137,314 | 142,876 | 5,562 | 4.1% |
| Total Salary & Benefits | 7,080,624 | 7,390,900 | 8,833,494 | 9,031,821 | 198,327 | 2.2% |
| Allocated Charges | 998,111 | 1,436,029 | 1,721,906 | 1,670,601 | (51,305) | (3.0)% |
| Contract Services | 4,361,775 | 3,913,285 | 5,140,131 | 5,126,509 | (13,622) | (0.3)% |
| Facilities & Equipment | 644,357 | 549,739 | 868,296 | 874,425 | 6,129 | 0.7% |
| General Expense | 452,063 | 417,447 | 475,179 | 475,179 | — | —% |
| Operating Transfers-Out | 161,418 | 99,746 | 30,590 | 31,150 | 560 | 1.8% |
| Rents & Leases | 362,749 | 374,357 | 388,957 | 401,220 | 12,263 | 3.2% |
| Supplies & Material | 49,732 | 45,335 | 85,000 | 85,000 | — | —% |
| Capital Improvement Program | 2,134,475 | 619,097 | 7,892,514 | 3,688,000 | (4,204,514) | (53.3)% |
| Total Dollars by Expense Category | 16,245,303 | 14,845,934 | 25,436,067 | 21,383,905 | (4,052,162) | (15.9)% |

| | | | | | | |
|------------------------|------------|------------|------------|------------|-----------|---------|
| Revenues | | | | | | |
| Charges to Other Funds | 13,774,906 | 14,570,588 | 14,409,229 | 14,717,911 | 308,682 | 2.1% |
| From Other Agencies | — | 15,000 | — | — | — | —% |
| Operating Transfers-In | 2,031,612 | 1,365,708 | 2,137,482 | 1,386,005 | (751,477) | (35.2)% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|-----------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Other Revenue | — | 318,973 | 103,264 | 17,713 | (85,551) | (82.8)% |
| Return on Investments | 488,765 | 561,304 | 644,400 | 549,200 | (95,200) | (14.8)% |
| Total Revenues | 16,295,283 | 16,831,573 | 17,294,375 | 16,670,828 | (623,547) | (3.6)% |

Positions by Division

| | | | | | | |
|--------------------|--------------|--------------|--------------|--------------|----------|-----------|
| Enterprise Systems | 9.50 | 9.00 | 9.00 | 9.00 | — | —% |
| Office of the CIO | 6.10 | 6.10 | 5.10 | 5.10 | — | —% |
| Operations | 14.48 | 14.48 | 14.48 | 14.48 | — | —% |
| Project Services | 7.00 | 7.00 | 8.00 | 8.00 | — | —% |
| Total | 37.08 | 36.58 | 36.58 | 36.58 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Administrative Assistant | 1.00 | 1.00 | 1.00 | 1.00 | — | 95,826 |
| Assistant Director Administrative Services | 0.10 | 0.10 | 0.10 | 0.10 | — | 21,509 |
| Business Analyst | 1.00 | 1.00 | 1.00 | 1.00 | — | 155,334 |
| Desktop Technician | 6.00 | 6.00 | 6.00 | 6.00 | — | 558,605 |
| Director Information Technology/ CIO | 1.00 | 1.00 | 1.00 | 1.00 | — | 220,085 |
| Manager Information Technology | 4.00 | 3.00 | 3.00 | 3.00 | — | 490,194 |
| Manager Information Technology Security | 1.00 | 1.00 | 1.00 | 1.00 | — | 167,086 |
| Principal Business Analyst | 1.00 | 1.00 | 1.00 | 1.00 | — | 165,027 |
| Senior Business Analyst | 2.00 | 2.00 | 2.00 | 2.00 | — | 300,893 |
| Senior Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | — | 147,264 |
| Senior Technologist | 17.00 | 18.00 | 18.00 | 18.00 | — | 2,631,283 |
| Technologist | 1.00 | 1.00 | 1.00 | 1.00 | — | 155,334 |
| Sub-total: Full-Time Equivalent Positions | 36.10 | 36.10 | 36.10 | 36.10 | — | 5,108,440 |
| Temporary/Hourly | 0.98 | 0.48 | 0.48 | 0.48 | — | 46,056 |
| Total Positions | 37.08 | 36.58 | 36.58 | 36.58 | — | 5,154,497 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Technology Fund |
|---|--------------|--------------------|-------------------|---------------------------|
| Prior Year Budget | 36.58 | 25,436,067 | 17,294,375 | 8,141,692 |
| One-Time Prior Year Budget Adjustments | | | | |
| None | | | | |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits | — | 99,765 | — | 99,765 |
| Return on Investments & Other Revenue | — | — | (94,752) | 94,752 |
| Contract Adjustments & Equipment Cost Changes | — | (6,933) | — | (6,933) |
| Rents and Leases | — | 12,263 | — | 12,263 |
| Transfer from General Fund-Technology Surcharge | — | — | 29,523 | (29,523) |
| Charges to Other Funds-Technology Services | — | — | 308,682 | (308,682) |
| Capital Improvement Funding | — | (4,111,514) | (867,000) | (3,244,514) |
| General Fund Cost Allocation Plan | — | (61,200) | — | (61,200) |
| Communication Services Allocated Charges | — | 1,500 | — | 1,500 |
| General Liability Insurance Allocated Charges | — | 13,429 | — | 13,429 |
| Printing & Mailing Services Allocated Charges | — | (1,262) | — | (1,262) |
| Refuse Allocated Charges | — | 31 | — | 31 |
| Utilities Allocated Charges | — | (5,534) | — | (5,534) |
| Vehicle Replacement & Maint. Allocated Charges | — | 1,731 | — | 1,731 |
| Workers' Compensation Allocated Charges | — | 5,562 | — | 5,562 |
| Adjustments to Costs of Ongoing Activities | — | (4,052,162) | (623,547) | (3,428,615) |
| Total FY 2021 Proposed Budget | 36.58 | 21,383,905 | 16,670,828 | 4,713,077 |





CITY OF
**PALO
ALTO**

LIBRARY

Mission Statement



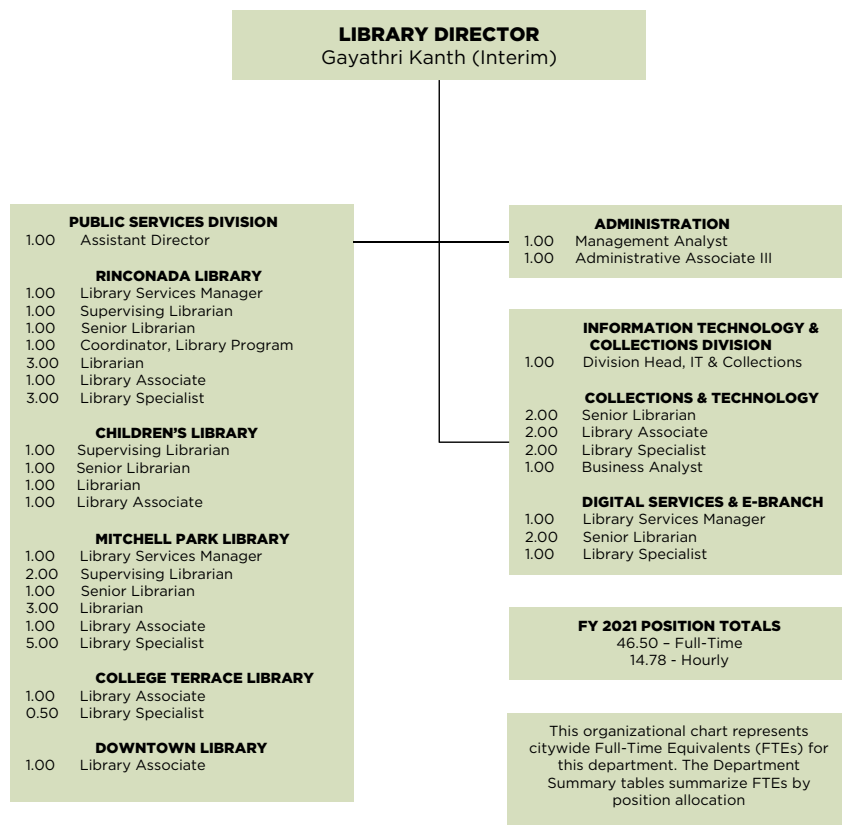
The Palo Alto City Library connects our diverse community through knowledge, resources and opportunities. We nurture innovation, discovery, and delight.

Purpose

The purpose of the Library Department is to provide exceptional, responsive public service to Palo Alto residents and employees; promote exploration of library resources to support learning, recreation, and personal enrichment; foster a love of reading, creative expression, and community engagement for all ages; and develop library facilities, technology, and staff to

create a welcoming, inclusive environment in which to share valuable resources and skilled expertise.





Description

The Library provides a wide range of public services for the City of Palo Alto through the following:

PUBLIC SERVICES & PROGRAMS

Offers a variety of programs free of charge to library users of all ages, interests, and abilities, to provide educational, self-help, recreational, technological, and multi-lingual outreach. When appropriate, partners with other civic, non-profit, business, and educational organizations to present these programs.

INFORMATION, TECHNOLOGY, & COLLECTIONS

Library collections include a diverse selection of print and non-print materials, and digital resources such as electronic books, magazines, and media, to meet the educational, informational, and recreational needs of its clientele, reflecting the variety of languages, cultures, and interests of our community. Provides opportunities (sometimes through experimental partnerships with other agencies) for the public to access a variety of technologies both inside and outside library facilities, including hardware devices, online databases, free WiFi, mobile applications.

BUILDINGS, SUPPORT, & ADMINISTRATION

Provides information, training, and support for City employees and the public, and ensures that all aspects of library services and policies are delivered with the highest degree of public stewardship in mind. By funding major facility renovations and improvements to three libraries through a dedicated library bond and two previous renovation projects, Palo Alto has modern libraries offering comfortable, inviting, and flexible spaces for everyone in our community to gather and learn.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Administration | 1,164,911 | 1,244,458 | 1,187,866 | 1,083,156 | (104,710) | (8.8)% |
| Collection and Technical Services | 2,591,757 | 2,785,373 | 2,817,967 | 2,955,456 | 137,489 | 4.9% |
| Public Services | 5,364,455 | 5,318,107 | 6,308,195 | 6,409,241 | 101,046 | 1.6% |
| Total | 9,121,123 | 9,347,938 | 10,314,028 | 10,447,853 | 133,825 | 1.3% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 892,788 | 845,474 | 990,332 | 943,369 | (46,963) | (4.7)% |
| Other Benefits | 127,532 | 119,568 | 132,680 | 162,338 | 29,658 | 22.4% |
| Overtime | 12,020 | 10,079 | 72,406 | 74,289 | 1,883 | 2.6% |
| Pension | 1,096,212 | 1,087,781 | 1,484,589 | 1,537,777 | 53,188 | 3.6% |
| Retiree Medical | 458,425 | 444,128 | 457,452 | 461,399 | 3,947 | 0.9% |
| Salary | 4,329,080 | 4,302,479 | 4,624,038 | 4,756,815 | 132,776 | 2.9% |
| Workers' Compensation | 3,107 | 100,737 | 148,509 | 154,524 | 6,015 | 4.1% |
| Total Salary & Benefits | 6,919,165 | 6,910,246 | 7,910,006 | 8,090,510 | 180,504 | 2.3% |
| Allocated Charges | 1,024,363 | 1,132,770 | 1,259,768 | 1,207,897 | (51,871) | (4.1)% |
| Contract Services | 379,141 | 405,532 | 337,993 | 343,185 | 5,192 | 1.5% |
| Facilities & Equipment | 24,131 | 1,599 | 9,900 | 9,900 | — | —% |
| General Expense | 97,546 | 62,219 | 88,430 | 91,430 | 3,000 | 3.4% |
| Operating Transfers-Out | — | 59,859 | — | — | — | —% |
| Supplies & Material | 676,778 | 775,713 | 707,931 | 704,931 | (3,000) | (0.4)% |
| Total Dollars by Expense Category | 9,121,123 | 9,347,938 | 10,314,028 | 10,447,853 | 133,825 | 1.3% |
| Revenues | | | | | | |
| Charges for Services | 22,988 | 20,240 | 25,461 | 25,461 | — | —% |
| Operating Transfers-In | — | 15,000 | — | — | — | —% |
| Other Revenue | 37,029 | 63,504 | 60,123 | 51,400 | (8,723) | (14.5)% |
| Other Taxes and Fines | 95,675 | 91,614 | 124,433 | 39,255 | (85,178) | (68.5)% |
| Total Revenues | 155,691 | 190,358 | 210,017 | 116,116 | (93,901) | (44.7)% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|-----------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Positions by Division | | | | | | |
| Administration | 0.40 | 0.40 | 0.40 | 0.40 | — | —% |
| Collection and Technical Services | 13.24 | 13.55 | 13.55 | 13.59 | 0.04 | 0.3% |
| Public Services | 49.94 | 48.63 | 47.33 | 47.29 | (0.04) | (0.1)% |
| Total | 63.58 | 62.58 | 61.28 | 61.28 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Administrative Associate III | 1.00 | 1.00 | 1.00 | 1.00 | — | 84,032 |
| Assistant Director Library Services | 1.00 | 1.00 | 1.00 | 1.00 | — | 173,326 |
| Business Analyst | 1.00 | 1.00 | 1.00 | 1.00 | — | 155,334 |
| Coordinator Library Programs | 1.00 | 1.00 | 1.00 | 1.00 | — | 92,706 |
| Director Libraries | 1.00 | 1.00 | 1.00 | 1.00 | — | 237,994 |
| Division Head Library Services | 1.00 | 1.00 | 1.00 | 1.00 | — | 161,824 |
| Librarian | 7.00 | 7.00 | 6.00 | 6.00 | — | 489,840 |
| Library Associate | 7.00 | 7.00 | 7.00 | 7.00 | — | 513,531 |
| Library Specialist | 12.50 | 11.50 | 11.50 | 11.50 | — | 798,210 |
| Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | — | 92,248 |
| Manager Library Services | 4.00 | 4.00 | 3.00 | 3.00 | — | 364,104 |
| Senior Librarian | 9.00 | 9.00 | 8.00 | 8.00 | — | 741,645 |
| Supervising Librarian | 2.00 | 2.00 | 4.00 | 4.00 | — | 389,314 |
| Sub-total: Full-Time Equivalent Positions | 48.50 | 47.50 | 46.50 | 46.50 | — | 4,294,108 |
| Temporary/Hourly | 15.08 | 15.08 | 14.78 | 14.78 | — | 776,881 |
| Total Positions | 63.58 | 62.58 | 61.28 | 61.28 | — | 5,070,989 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|---|--------------|-------------------|-----------------|---------------------|
| Prior Year Budget | 61.28 | 10,314,028 | 210,017 | 10,104,011 |
| One-Time Prior Year Budget Adjustments | | | | |
| Pacific Library Partnership (PLP) Grant Funds Distribution | — | (8,723) | (8,723) | — |
| One-Time Prior Year Budget Adjustments | — | (8,723) | (8,723) | — |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 174,489 | — | 174,489 |
| Library Equipment Maintenance Expenses Adjustment | — | 13,915 | — | 13,915 |
| General Liability Insurance Allocated Charges | — | 13,292 | — | 13,292 |
| Information Technology Allocated Charges | — | (55,443) | — | (55,443) |
| Printing & Mailing Allocated Charges | — | (128) | — | (128) |
| Refuse Allocated Charges | — | 10,868 | — | 10,868 |
| Stormwater Management Allocated Charges | — | 60 | — | 60 |
| Utilities Allocated Charges | — | (20,934) | — | (20,934) |
| Vehicle Replacement & Maintenance Charges | — | 413 | — | 413 |
| Workers Compensation Allocated Charges | — | 6,015 | — | 6,015 |
| Adjustments to Costs of Ongoing Activities | — | 142,548 | — | 142,548 |
| Total FY 2021 Base Budget | 61.28 | 10,447,853 | 201,294 | 10,246,559 |
| Budget Proposals | | | | |
| 1 Elimination of Library Late Fines for Overdue Adult Materials | — | — | (85,178) | 85,178 |
| Budget Changes | — | — | (85,178) | 85,178 |
| Total FY 2021 Proposed Budget | 61.28 | 10,447,853 | 116,116 | 10,331,737 |



Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net General Fund |
|---|-----------|--------------|----------|------------------|
| 1 Elimination of Library Late Fines for Overdue Adult Materials | 0.00 | 0 | (85,178) | 85,178 |

This ongoing action eliminates budgeted revenue from library late fines for overdue adult materials. This action aligns the budget with the updated policy to no longer charge these fines. This change is recommended in response to industry trends towards removing barriers to access, implementation of automatic renewals, and the recommendation of the Library Advisory Commission on August 22, 2019. Eliminating adult library late fines will also decrease administrative work associated with the collection and enforcement of fines. (Ongoing costs: \$85,178)

Performance Results



This elimination of late fines for overdue adult materials will align the budget with Library policy, reduce barriers to access, and reduce administrative work.



CITY OF
**PALO
ALTO**

OFFICE OF EMERGENCY SERVICES

Mission Statement

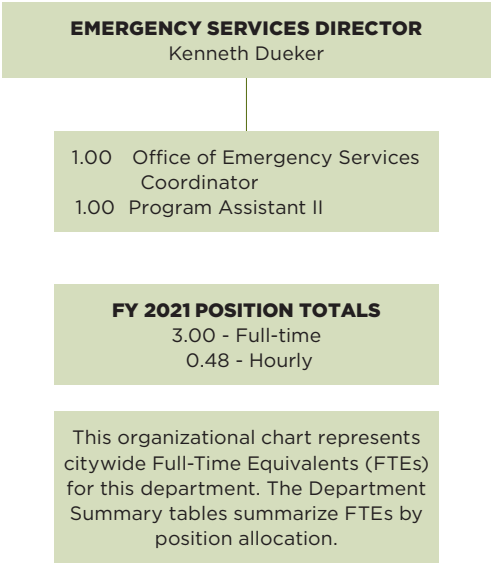


The mission of the Office of Emergency Services is to prevent, prepare for, mitigate, respond to, and recover from all hazards.

Purpose

The purpose of the Office of Emergency Services is to develop, maintain, and sustain a citywide, comprehensive, all-hazard, risk-based emergency management program that engages the whole community.





Description

The Office of Emergency Services (OES) develops, maintains, and sustains a citywide, comprehensive, all-hazard, risk-based emergency management program that engages the whole community.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|----------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Emergency Services | 968,477 | 1,243,411 | 1,728,080 | 1,585,814 | (142,266) | (8.2)% |
| Total | 968,477 | 1,243,411 | 1,728,080 | 1,585,814 | (142,266) | (8.2)% |

| | | | | | | |
|--|----------------|------------------|------------------|------------------|------------------|---------------|
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 35,781 | 37,365 | 42,910 | 60,871 | 17,961 | 41.9% |
| Other Benefits | 12,098 | 13,831 | 14,719 | 17,167 | 2,448 | 16.6% |
| Overtime | 2,283 | 5,300 | — | — | — | —% |
| Pension | 101,659 | 113,636 | 138,382 | 144,134 | 5,752 | 4.2% |
| Retiree Medical | 54,299 | 49,844 | 51,339 | 54,087 | 2,748 | 5.4% |
| Salary | 383,382 | 395,155 | 420,657 | 440,192 | 19,536 | 4.6% |
| Workers' Compensation | 1,596 | 16,272 | 22,402 | 24,229 | 1,827 | 8.2% |
| Total Salary & Benefits | 591,098 | 631,402 | 690,409 | 740,681 | 50,273 | 7.3% |
| Allocated Charges | 54,407 | 104,411 | 116,550 | 218,003 | 101,453 | 87.0% |
| Contract Services | 114,993 | 304,689 | 559,500 | 465,508 | (93,992) | (16.8)% |
| Facilities & Equipment | 134,493 | 122,131 | 277,000 | 77,000 | (200,000) | (72.2)% |
| General Expense | 28,788 | 29,276 | 34,700 | 34,700 | — | —% |
| Operating Transfers-Out | — | 5,631 | — | — | — | —% |
| Supplies & Material | 44,699 | 45,872 | 49,922 | 49,922 | — | —% |
| Total Dollars by Expense Category | 968,477 | 1,243,411 | 1,728,080 | 1,585,814 | (142,266) | (8.2)% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Revenues | | | | | | |
| Charges to Other Funds | 94,623 | 96,336 | 95,589 | 95,589 | — | —% |
| From Other Agencies | 2,600 | — | 200,000 | — | (200,000) | (100.0)% |
| Total Revenues | 97,223 | 96,336 | 295,589 | 95,589 | (200,000) | (67.7)% |
| Positions by Division | | | | | | |
| Emergency Services | 3.48 | 3.48 | 3.48 | 3.48 | — | —% |
| Total | 3.48 | 3.48 | 3.48 | 3.48 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Director Office of Emergency Services | 1.00 | 1.00 | 1.00 | 1.00 | — | 167,794 |
| Office of Emergency Services Coordinator | 1.00 | 1.00 | 1.00 | 1.00 | — | 142,189 |
| Program Assistant | 1.00 | — | — | — | — | — |
| Program Assistant II | — | 1.00 | 1.00 | 1.00 | — | 85,488 |
| Sub-total: Full-Time Equivalent Positions | 3.00 | 3.00 | 3.00 | 3.00 | — | 395,470 |
| Temporary/Hourly | 0.48 | 0.48 | 0.48 | 0.48 | — | 35,942 |
| Total Positions | 3.48 | 3.48 | 3.48 | 3.48 | — | 431,413 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|--|-------------|------------------|------------------|------------------|
| Prior Year Budget | 3.48 | 1,728,080 | 295,589 | 1,432,491 |
| One-Time Prior Year Budget Adjustments | | | | |
| Mobile Solar Energy Generation and Storage Trailer | — | (200,000) | (200,000) | — |
| One-Time Prior Year Budget Adjustments | — | (200,000) | (200,000) | — |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits | — | 48,446 | — | 48,446 |
| Contract Services Realignment (Shift to Communication Services and Utilities Allocation) | — | (100) | — | (100) |
| Information Technology Allocated Charges | — | 423 | — | 423 |
| Liability Insurance Allocated Charges | — | 2,046 | — | 2,046 |
| Printing & Mailing Services Allocated Charges | — | 2,363 | — | 2,363 |
| Vehicle Replacement & Maintenance Allocated Charges | — | 2,729 | — | 2,729 |
| Workers' Compensation Allocated Charges | — | 1,827 | — | 1,827 |
| Adjustments to Costs of Ongoing Activities | — | 57,734 | — | 57,734 |
| Total FY 2021 Proposed Budget | 3.48 | 1,585,814 | 95,589 | 1,490,225 |





CITY OF
**PALO
ALTO**

PLANNING AND DEVELOPMENT SERVICES

Mission Statement



The mission of the Planning and Development Services Department is to provide effective implementation of land use development, planning, housing and environmental policies, and efficient processing of building permit applications that maintain and enhance the City as a safe, vital, and attractive community.

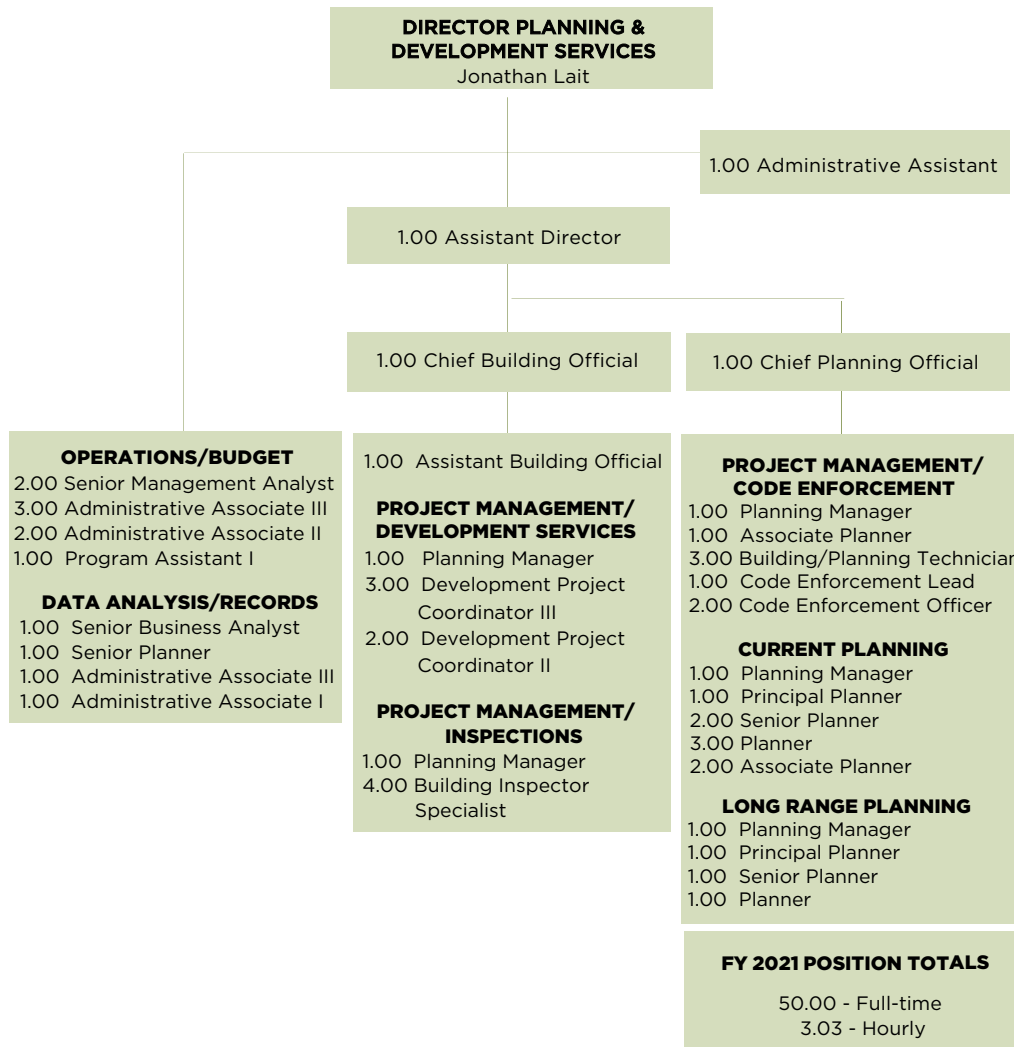


Purpose

The Planning and Development Services Department is responsible for a range of actions aimed at preserving and enhancing the quality of life in Palo Alto, protecting

the public health, safety, and general welfare while facilitating land use and development decisions through consistent and transparent processes.

PLANNING AND DEVELOPMENT SERVICES



Description

The Planning and Development Services (PDS) Department is responsible for the following functions:

ADMINISTRATION

Provides personnel, contract, budget, operations, and project support, including managing and measuring performance metrics and responding to data requests for the department. The division also supports the Planning and Transportation Commission, Architectural Review Board, Historic Resources Board, and other public meetings.

CODE ENFORCEMENT

Responsible for enforcement of code requirements and conditions of approval.

CURRENT PLANNING

Responsible for the review of public and private projects pursuant to the California Environmental Quality Act (CEQA), the City's Zoning Ordinance, and the Comprehensive Plan. Activities include the review of applications submitted for planning entitlements, review of applications for building permits, and providing general information to the public regarding the City's zoning and Comprehensive Plan provisions.

DEVELOPMENT SERVICES

Responsible for taking in applications for entitlements and permits, routing and coordinating with other departments such as Public Works, Fire, and Utilities to ensure that the proposed and completed construction complies with all state and local code requirements, including Green Building requirements.

LONG RANGE PLANNING

Responsible for updating and maintaining the City's Comprehensive Plan, including its Housing Element. The division also prepares zoning ordinance amendments and site-specific plans and is responsible for data and analysis to support a wide variety of planning projects.

PLANNING AND DEVELOPMENT SERVICES

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|----------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Administration | 4,337,696 | 4,371,624 | 4,943,202 | 5,253,633 | 310,431 | 6.3% |
| Building | 5,635,155 | 5,403,597 | 5,128,576 | 5,318,943 | 190,367 | 3.7% |
| Fire | 2,073,943 | 2,423,849 | 2,454,984 | 2,561,977 | 106,994 | 4.4% |
| Green Building | 386,349 | 200,378 | 304,000 | 304,000 | — | —% |
| Planning Counter Support | 644,137 | 634,305 | 789,567 | 870,620 | 81,053 | 10.3% |
| Planning | 4,230,918 | 4,607,829 | 5,492,973 | 5,177,747 | (315,226) | (5.7)% |
| Public Works | 942,688 | 1,096,344 | 1,249,830 | 1,312,712 | 62,882 | 5.0% |
| Total | 18,250,886 | 18,737,926 | 20,363,132 | 20,799,632 | 436,500 | 2.1% |

| | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|----------------|-------------|
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 1,018,091 | 965,048 | 1,334,024 | 1,205,912 | (128,112) | (9.6)% |
| Other Benefits | 193,234 | 182,876 | 217,265 | 264,609 | 47,344 | 21.8% |
| Overtime | 287,343 | 144,855 | 97,854 | 100,398 | 2,544 | 2.6% |
| Pension | 2,105,557 | 1,985,454 | 2,852,430 | 2,919,703 | 67,273 | 2.4% |
| Retiree Medical | 664,519 | 645,983 | 665,362 | 669,546 | 4,184 | 0.6% |
| Salary | 6,415,444 | 6,064,343 | 7,293,386 | 7,491,178 | 197,792 | 2.7% |
| Workers' Compensation | 101,488 | 172,769 | 241,480 | 244,873 | 3,393 | 1.4% |
| Total Salary & Benefits | 10,785,675 | 10,161,329 | 12,701,803 | 12,896,220 | 194,418 | 1.5% |
| Allocated Charges | 1,647,953 | 2,056,715 | 2,198,509 | 2,058,729 | (139,780) | (6.4)% |
| Contract Services | 4,161,066 | 4,682,121 | 3,634,699 | 3,909,899 | 275,200 | 7.6% |
| Facilities & Equipment | 2,405 | 13,483 | 15,650 | 15,650 | — | —% |
| General Expense | 468,571 | 452,650 | 522,514 | 521,514 | (1,000) | (0.2)% |
| Operating Transfers-Out | 33,933 | 121,412 | 7,607 | — | (7,607) | (100.0)% |
| Rents & Leases | 1,092,015 | 1,216,867 | 1,241,381 | 1,356,650 | 115,269 | 9.3% |
| Supplies & Material | 59,268 | 33,349 | 40,969 | 40,969 | — | —% |
| Total Dollars by Expense Category | 18,250,886 | 18,737,926 | 20,363,132 | 20,799,632 | 436,500 | 2.1% |

| | | | | | | |
|------------------------|------------|-----------|-----------|-----------|-----------|--------|
| Revenues | | | | | | |
| Charges for Services | 10,470,401 | 8,971,258 | 9,803,816 | 9,653,690 | (150,125) | (1.5)% |
| Charges to Other Funds | 362,500 | 761,268 | 21,797 | 22,364 | 567 | 2.6% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Other Revenue | 270,931 | 17,884 | 3,413 | 3,413 | — | —% |
| Other Taxes and Fines | 120,133 | 381,153 | 25,637 | 25,773 | 136 | 0.5% |
| Permits and Licenses | 8,055,975 | 7,582,819 | 8,209,915 | 8,756,691 | 546,777 | 6.7% |
| Total Revenues | 19,277,459 | 17,714,382 | 18,064,577 | 18,461,932 | 397,355 | 2.2% |
| Positions by Division | | | | | | |
| Administration | 12.16 | 12.01 | 13.44 | 13.74 | 0.30 | 2.23% |
| Building | 17.81 | 17.28 | 15.60 | 15.60 | — | —% |
| Fire | 7.08 | 6.88 | 6.88 | 6.88 | — | —% |
| Planning Counter Support | 5.09 | 5.09 | 4.50 | 4.75 | 0.25 | 5.56% |
| Planning | 19.66 | 19.94 | 19.45 | 17.75 | (1.70) | (8.74)% |
| Public Works | 4.81 | 5.50 | 5.50 | 5.50 | — | —% |
| Total | 66.50 | 66.70 | 65.37 | 64.22 | (1.15) | (1.76)% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|-----------------------------------|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Administrative Assistant | 2.00 | 2.00 | 1.00 | 1.00 | — | 79,830 |
| Administrative Associate I | 1.00 | 1.00 | 1.00 | 1.00 | — | 72,176 |
| Administrative Associate II | 3.00 | 2.80 | 2.80 | 2.80 | — | 213,287 |
| Administrative Associate III | 4.00 | 3.59 | 4.00 | 4.00 | — | 330,491 |
| Assistant Chief Building Official | 1.00 | 1.00 | 1.00 | 1.00 | — | 151,258 |
| Assistant Director PCE | 1.00 | 1.00 | 1.00 | 1.00 | — | 190,549 |
| Associate Engineer | 0.75 | 0.67 | 0.22 | 0.22 | — | 27,442 |
| Associate Planner | 1.00 | 3.27 | 3.15 | 3.00 | (0.15) | 327,101 |
| Building Inspector Specialist | 4.00 | 4.00 | 4.00 | 4.00 | — | 470,080 |
| Building/Planning Technician | 3.00 | 3.00 | 3.00 | 3.00 | — | 265,262 |
| Business Analyst | 1.00 | 1.00 | — | — | — | — |
| Chief Building Official | 1.00 | 1.00 | 1.00 | 1.00 | — | 189,530 |
| Chief Planning Official | 1.00 | 1.00 | 1.00 | 1.00 | — | 167,752 |
| Chief Transportation Official | 0.43 | 0.64 | — | — | — | — |
| Code Enforcement Officer | 2.00 | 2.00 | 2.00 | 2.00 | — | 211,494 |

PLANNING AND DEVELOPMENT SERVICES

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|---|-----------------|-----------------|------------------------|-------------------------|--------------------|----------------|
| Code Enforcement-Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 113,110 |
| Coordinator Transportation Systems Management | 0.88 | 0.74 | — | — | — | — |
| Deputy Chief/Fire Marshal | 0.80 | 0.80 | 0.80 | 0.80 | — | 172,124 |
| Development Project Coordinator II | 2.00 | 2.00 | 2.00 | 2.00 | — | 192,150 |
| Development Project Coordinator III | 3.00 | 3.00 | 3.00 | 3.00 | — | 317,928 |
| Development Services Director | 1.00 | 1.00 | — | — | — | — |
| Director Planning/Community Environment | 1.00 | 1.00 | 1.00 | 1.00 | — | 245,523 |
| Engineer | 0.64 | 0.64 | 0.64 | 0.64 | — | 89,923 |
| Engineering Technician III | 1.78 | 1.78 | 1.78 | 1.78 | — | 175,420 |
| Fire Inspector | 3.20 | 3.20 | 3.20 | 3.20 | — | 526,356 |
| Hazardous Materials Inspector | 1.60 | 1.60 | 1.60 | 1.60 | — | 263,178 |
| Industrial Waste Inspector | 0.01 | 0.01 | 0.01 | 0.01 | — | 974 |
| Industrial Waste Investigator | 0.35 | 0.35 | 0.35 | 0.35 | — | 38,293 |
| Inspector, Field Services | 0.68 | 0.68 | 0.68 | 0.68 | — | 72,290 |
| Landscape Architect Park Planner | — | 0.50 | 0.50 | 0.50 | — | 59,509 |
| Management Analyst | 1.99 | 1.81 | 0.01 | 0.01 | — | 1,082 |
| Manager Development Center | 1.00 | 1.00 | — | — | — | — |
| Manager Environmental Control Program | 0.10 | 0.10 | 0.10 | 0.10 | — | 12,921 |
| Manager Planning | 4.00 | 3.00 | 5.00 | 5.00 | — | 714,377 |
| Manager Urban Forestry | 0.04 | 0.04 | 0.04 | 0.04 | — | 6,528 |
| Parking Operations-Lead | — | 0.10 | — | — | — | — |
| Planner | 4.00 | 4.00 | 4.00 | 4.00 | — | 458,598 |
| Planning Arborist | 0.29 | — | — | — | — | — |
| Planning Division Manager | — | 1.00 | — | — | — | — |
| Principal Management Analyst | — | — | 1.00 | — | (1.00) | — |
| Principal Planner | — | 1.00 | 2.00 | 2.00 | — | 245,606 |
| Program Assistant | — | — | 1.00 | — | (1.00) | — |
| Program Assistant I | — | — | — | 1.00 | 1.00 | 79,560 |
| Program Assistant II | 0.60 | — | — | — | — | — |
| Project Engineer | 0.53 | 0.83 | 0.13 | 0.13 | — | 19,658 |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|-----------------|-----------------|------------------------|-------------------------|--------------------|------------------|
| Senior Business Analyst | — | — | 1.00 | 1.00 | — | 158,746 |
| Senior Engineer | 0.46 | 0.46 | 0.46 | 0.46 | — | 79,472 |
| Senior Industrial Waste Investigator | 0.01 | 0.01 | 0.01 | 0.01 | — | 1,247 |
| Senior Management Analyst | 2.00 | 1.88 | 2.00 | 2.00 | — | 293,571 |
| Senior Planner | 6.75 | 3.88 | 3.60 | 3.60 | — | 484,623 |
| Supervisor Inspection and Surveying | 0.27 | 0.27 | 0.27 | 0.27 | — | 36,863 |
| Traffic Engineering-Lead | 0.38 | 0.65 | 0.10 | 0.10 | — | 15,912 |
| Transportation Planning Manager | 0.20 | 0.41 | — | — | — | — |
| Sub-total: Full-Time Equivalent Positions | 66.74 | 66.71 | 62.45 | 61.30 | (1.15) | 7,571,797 |
| Temporary/Hourly | 4.91 | 4.88 | 2.92 | 2.92 | — | 267,394 |
| Total Positions | 71.65 | 71.59 | 65.37 | 64.22 | (1.15) | 7,839,190 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|--|---------------|-------------------|-------------------|------------------|
| Prior Year Budget | 65.37 | 20,363,132 | 18,064,577 | 2,298,555 |
| One-Time Prior Year Budget Adjustments | | | | |
| Planning and Development Services Department Staffing Reorganization | (1.00) | (267,683) | — | (267,683) |
| Planning and Development Services Department Vacancies | — | 152,393 | — | 152,393 |
| One-Time Prior Year Budget Adjustments | (1.00) | (115,290) | — | (115,290) |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits | (0.15) | 305,315 | — | 305,315 |
| Revenue Adjustment (align with cost recovery levels) | — | — | 397,354 | (397,354) |
| On-Call Contracts Increase | — | 165,200 | — | 165,200 |
| Rent and Lease Expenditure (office space lease at 526 Bryant St) | — | 115,269 | — | 115,269 |
| Utilities Transfer for Electric Services | — | (7,607) | — | (7,607) |
| Communication Services Allocated Charges | — | 800 | — | 800 |
| Information Technology Allocated Charges | — | (101,606) | — | (101,606) |
| Liability Insurance Allocated Charges | — | 11,979 | — | 11,979 |
| Printing & Mailing Services Allocated Charges | — | (67,119) | — | (67,119) |
| Utilities Allocated Charges | — | (30,600) | — | (30,600) |
| Vehicle Replacement & Maintenance Allocated Charges | — | 46,767 | — | 46,767 |
| Workers' Compensation Allocated Charges | — | 3,393 | — | 3,393 |
| Adjustments to Costs of Ongoing Activities | (0.15) | 441,790 | 397,354 | 44,436 |
| Total FY 2021 Base Budget | 64.22 | 20,689,632 | 18,461,931 | 2,227,701 |
| Budget Adjustments | | | | |
| 1 Planning and Development Services Fee Study | — | 110,000 | — | 110,000 |
| Total Budget Adjustments | — | 110,000 | — | 110,000 |
| Total FY 2021 Proposed Budget | 64.22 | 20,799,632 | 18,461,931 | 2,337,701 |



Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net General Fund |
|---|-----------|--------------|----------|------------------|
| 1 Planning and Development Services Fee Study | 0.00 | 110,000 | 0 | 110,000 |

This action provides one-time funding for a fee analysis of Planning and Development Services Department fees. In Fiscal Year 2020, the Planning and Community Environment Department (PCE) and Development Services Department (DSD) merged into a single Planning and Development Services (PDS) Department. With this merge, staff recommends a study of municipal fees to determine staff time and related costs spent on each fee-related activity. Adjustments to Planning and Development Services Department fees, and potential establishment of new fees, will be brought forward for City Council consideration during Fiscal Year 2021 or as part of the Fiscal Year 2022 Proposed Municipal Fee Schedule. (Ongoing costs: \$0)

Performance Results



This action will ensure that fees are set at proper levels and will allow the City Council and the community to be informed about the cost recovery level for fee-related activities.



CITY OF
**PALO
ALTO**

POLICE

Mission Statement

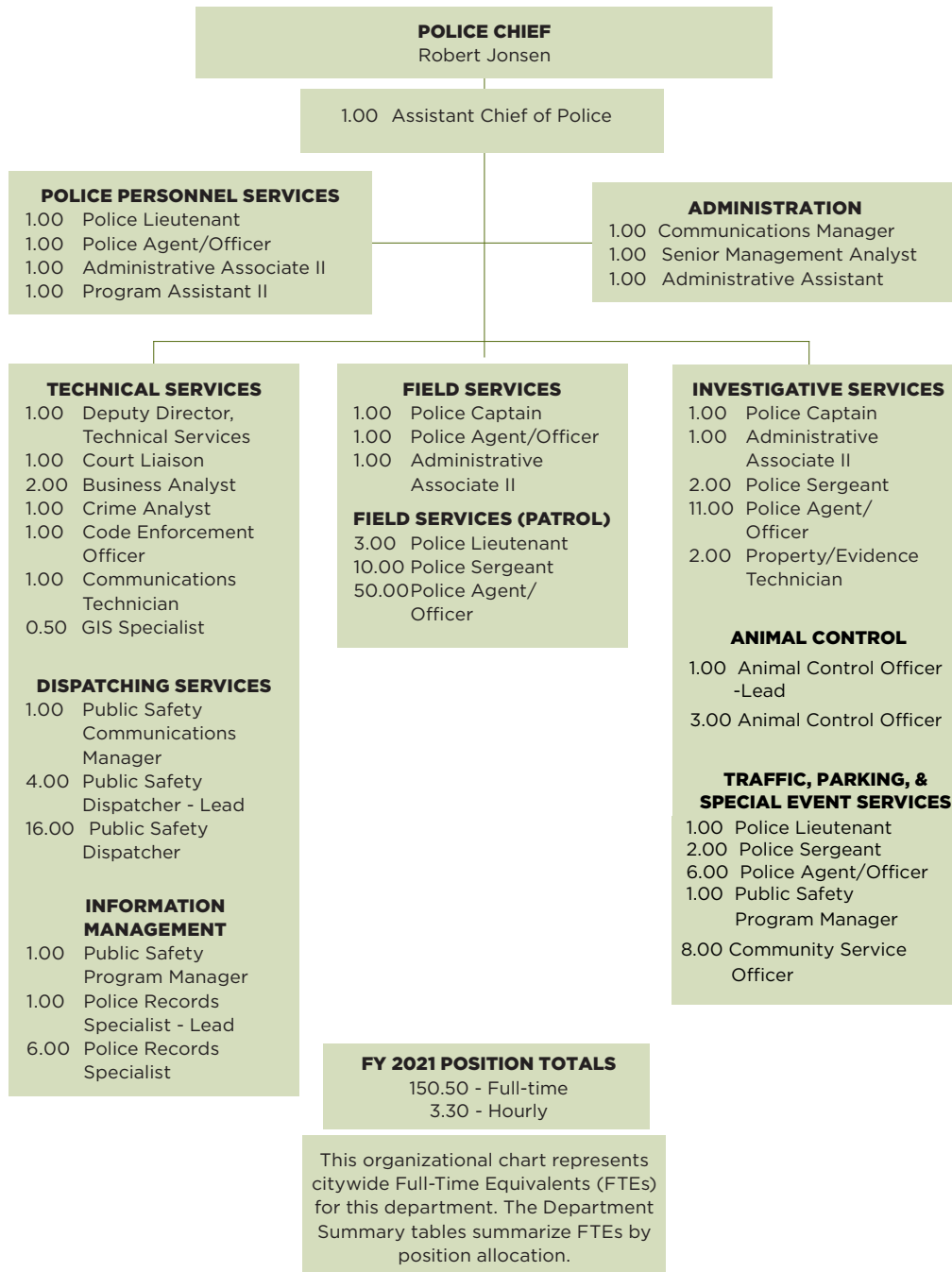


To proudly serve and protect the public with respect and integrity.

Purpose

In line with the six pillars of the Department of Justice Implementation Guidebook on 21st Century Policing, the purpose of the Police Department is to build trust and legitimacy, provide for policy and oversight, implement modern technology solutions and social media platforms, focus on community policing and crime reduction, implement officer training and education, and ensure officer safety and wellness.





Description

The Police Department provides a wide range of public safety services for the City of Palo Alto through the following divisions:

FIELD SERVICES

Responsible for police response, critical incident resolution, regional assistance response, and police services for special events.

TECHNICAL SERVICES

Provides 911 dispatch services for Police, Fire, Utilities, Public Works, Stanford, and Police information technology management.

INVESTIGATIONS

Conducts police investigations, oversees storage and maintenance of evidence, and coordinates some youth services activities.

TRAFFIC SERVICES

Responsible for traffic enforcement, complaint resolution, and school safety.

PARKING SERVICES

Responsible for parking enforcement, parking citations and adjudication, and abandoned vehicle abatement.

POLICE PERSONNEL SERVICES

Oversees police hiring, retention, personnel records, and training.

ANIMAL CONTROL

Provides regional animal control and enforcement.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|---|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Administration | 1,306,311 | 1,703,481 | 1,253,980 | 1,261,088 | 7,109 | 0.6% |
| Animal Control | 1,591,383 | 1,392,255 | 888,578 | 769,203 | (119,375) | (13.4)% |
| Field Services | 20,053,299 | 21,122,982 | 22,695,327 | 24,720,801 | 2,025,474 | 8.9% |
| Investigations and Crime Prevention Services | 4,651,584 | 5,013,053 | 5,359,118 | 5,458,300 | 99,183 | 1.9% |
| Parking Services | 1,517,466 | 1,670,222 | 1,751,550 | 1,809,810 | 58,260 | 3.3% |
| Police Personnel Selection | 1,431,168 | 1,392,010 | 1,483,792 | 1,499,123 | 15,331 | 1.0% |
| Technical Services | 8,414,141 | 9,026,838 | 9,729,426 | 10,204,250 | 474,823 | 4.9% |
| Traffic Services | 1,017,739 | 1,254,156 | 1,504,711 | 1,387,498 | (117,213) | (7.8)% |
| Total | 39,983,091 | 42,574,997 | 44,666,482 | 47,110,074 | 2,443,592 | 5.5% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 2,779,207 | 2,739,511 | 3,231,563 | 3,168,458 | (63,105) | (2.0)% |
| Other Benefits | 1,027,281 | 1,111,984 | 752,408 | 787,513 | 35,105 | 4.7% |
| Overtime | 2,286,527 | 2,604,366 | 1,842,231 | 1,948,180 | 105,949 | 5.8% |
| Pension | 7,108,339 | 7,930,395 | 10,147,394 | 11,183,243 | 1,035,849 | 10.2% |
| Retiree Medical | 2,805,449 | 2,575,256 | 2,652,514 | 2,686,345 | 33,831 | 1.3% |
| Salary | 16,950,029 | 18,094,964 | 19,030,233 | 20,111,140 | 1,080,906 | 5.7% |
| Workers' Compensation | 421,542 | 840,707 | 1,157,437 | 1,203,398 | 45,960 | 4.0% |
| Total Salary & Benefits | 33,378,375 | 35,897,184 | 38,813,780 | 41,088,275 | 2,274,495 | 5.9% |
| Allocated Charges | 3,202,873 | 3,626,937 | 3,511,437 | 3,504,778 | (6,659) | (0.2)% |
| Contract Services | 2,397,033 | 1,612,777 | 1,365,894 | 1,585,250 | 219,356 | 16.1% |
| Facilities & Equipment | 48,871 | 56,860 | 34,500 | 34,500 | — | —% |
| General Expense | 450,935 | 462,074 | 446,089 | 446,089 | — | —% |
| Operating Transfers-Out | — | 398,383 | — | — | — | —% |
| Rents & Leases | 3,335 | 3,408 | 3,560 | 4,960 | 1,400 | 39.3% |
| Supplies & Material | 501,670 | 517,375 | 491,221 | 446,221 | (45,000) | (9.2)% |
| Total Dollars by Expense Category | 39,983,091 | 42,574,997 | 44,666,482 | 47,110,074 | 2,443,592 | 5.5% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Revenues | | | | | | |
| Charges for Services | 1,211,543 | 1,161,326 | 1,379,804 | 1,205,235 | (174,569) | (12.7)% |
| Charges to Other Funds | 481,000 | 481,000 | 481,000 | 641,850 | 160,850 | 33.4% |
| From Other Agencies | 258,639 | 304,391 | 349,900 | 332,900 | (17,000) | (4.9)% |
| Other Revenue | 256,417 | 327,531 | 28,899 | 176,300 | 147,401 | 510.1% |
| Other Taxes and Fines | 1,890,505 | 1,360,237 | 1,881,255 | 1,861,358 | (19,897) | (1.1)% |
| Permits and Licenses | 289,090 | 242,505 | 230,302 | 153,675 | (76,627) | (33.3)% |
| Rental Income | 400 | 150 | 1,067 | — | (1,067) | (100.0)% |
| Total Revenues | 4,387,594 | 3,877,140 | 4,352,227 | 4,371,318 | 19,091 | 0.4% |

| | | | | | | |
|---|---------------|---------------|---------------|---------------|-------------|--------------|
| Positions by Division | | | | | | |
| Administration | 5.30 | 5.30 | 5.30 | 5.30 | — | —% |
| Animal Control | 10.56 | 10.56 | 4.00 | 4.48 | 0.48 | 12.00% |
| Field Services | 73.55 | 73.55 | 73.55 | 73.55 | — | —% |
| Investigations and Crime Prevention Services | 16.38 | 16.38 | 16.38 | 16.38 | — | —% |
| Parking Services | 7.75 | 8.75 | 8.75 | 8.75 | — | —% |
| Police Personnel Selection | 4.10 | 4.10 | 4.22 | 4.22 | — | —% |
| Technical Services | 37.00 | 37.00 | 37.00 | 37.00 | — | —% |
| Traffic Services | 3.74 | 2.74 | 2.62 | 2.62 | — | —% |
| Total | 158.38 | 158.38 | 151.82 | 152.30 | 0.48 | 0.32% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|-------------------------------|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Administrative Assistant | 1.00 | 1.00 | 1.00 | 1.00 | — | 72,779 |
| Administrative Associate II | 3.00 | 3.00 | 3.00 | 3.00 | — | 235,186 |
| Animal Control Officer | 3.00 | 3.00 | 3.00 | 3.00 | — | 222,706 |
| Animal Control Officer-Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 79,435 |
| Animal Services Specialist II | 2.00 | 2.00 | — | — | — | — |
| Assistant Police Chief | 1.00 | 1.00 | 1.00 | 1.00 | — | 212,243 |
| Business Analyst | 1.20 | 1.20 | 1.20 | 1.20 | — | 186,401 |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|-----------------|-----------------|------------------------|-------------------------|--------------------|-------------------|
| Code Enforcement Officer | 1.00 | 1.00 | 1.00 | 1.00 | — | 105,747 |
| Communications Manager | 1.00 | 1.00 | 1.00 | 1.00 | — | 131,997 |
| Communications Technician | 1.00 | 1.00 | 1.00 | 1.00 | — | 108,326 |
| Community Service Officer | 7.50 | 7.50 | 7.50 | 7.50 | — | 605,904 |
| Court Liaison Officer | 1.00 | 1.00 | 1.00 | 1.00 | — | 105,123 |
| Crime Analyst | 1.00 | 1.00 | 1.00 | 1.00 | — | 105,123 |
| Deputy Director Technical Services Division | 0.80 | 0.80 | 0.80 | 0.80 | — | 171,592 |
| Geographic Information System Specialist | 0.50 | 0.50 | 0.50 | 0.50 | — | 65,198 |
| Police Agent | 19.00 | 19.00 | 19.00 | 19.00 | — | 3,010,405 |
| Police Captain | 2.00 | 2.00 | 2.00 | 2.00 | — | 466,877 |
| Police Chief | 1.00 | 1.00 | 1.00 | 1.00 | — | 278,658 |
| Police Lieutenant | 5.00 | 5.00 | 5.00 | 5.00 | — | 1,066,250 |
| Police Officer | 50.00 | 50.00 | 50.00 | 50.00 | — | 7,004,762 |
| Police Records Specialist II | 6.00 | 6.00 | 6.00 | 6.00 | — | 468,998 |
| Police Records Specialist-Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 83,637 |
| Police Sergeant | 14.00 | 14.00 | 14.00 | 14.00 | — | 2,491,923 |
| Program Assistant II | 1.00 | 1.00 | 1.00 | 1.00 | — | 85,488 |
| Property Evidence Technician | 2.00 | 2.00 | 2.00 | 2.00 | — | 161,699 |
| Public Safety Communications Manager | 1.00 | 1.00 | 1.00 | 1.00 | — | 136,677 |
| Public Safety Dispatcher | 16.00 | 16.00 | 16.00 | 16.00 | — | 1,859,874 |
| Public Safety Dispatcher-Lead | 4.00 | 4.00 | 4.00 | 4.00 | — | 534,061 |
| Public Safety Program Manager | 2.00 | 2.00 | 2.00 | 2.00 | — | 264,160 |
| Senior Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | — | 123,635 |
| Superintendent Animal Services | 1.00 | 1.00 | — | — | — | — |
| Veterinarian | 1.00 | 1.00 | — | — | — | — |
| Veterinarian Technician | 2.00 | 2.00 | — | — | — | — |
| Sub-total: Full-Time Equivalent Positions | 155.00 | 155.00 | 149.00 | 149.00 | — | 20,444,863 |
| Temporary/Hourly | 3.38 | 3.38 | 2.82 | 3.30 | 0.48 | 306,676 |
| Total Positions | 158.38 | 158.38 | 151.82 | 152.30 | 0.48 | 20,751,539 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|---|---------------|-------------------|------------------|---------------------|
| Prior Year Budget | 151.82 | 44,666,482 | 4,352,227 | 40,314,255 |
| One-Time Prior Year Budget Adjustments | | | | |
| CAD Reporting System Update | — | (45,000) | — | (45,000) |
| One-Time Prior Year Budget Adjustments | — | (45,000) | — | (45,000) |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits | — | 2,053,362 | — | 2,053,362 |
| Overtime Adjustment | — | 51,537 | — | 51,537 |
| Animal Services Revenue Alignments/Adjustments | — | — | (369,157) | 369,157 |
| SVRIA Subscription Fee Adjustments | — | 197,550 | 46,300 | 151,250 |
| Staffing Vacancies Alignment | — | 88,636 | — | 88,636 |
| Animal Control Staffing Realignment | 0.48 | 35,000 | — | 35,000 |
| Contractual Increases | — | 15,400 | — | 15,400 |
| Revenue Alignments | — | — | (13,000) | 13,000 |
| Crossing Guards (CMR #8952 approved June 25, 2018) | — | 7,806 | — | 7,806 |
| Stanford Emergency Communication Services Revenue | — | — | 64,098 | (64,098) |
| Task Force Reimbursement | — | — | 130,000 | (130,000) |
| Communication Services Allocated Charges | — | — | 160,850 | (160,850) |
| Information Technology Allocated Charges | — | (97,090) | — | (97,090) |
| Liability Insurance Allocated Charges | — | 86,247 | — | 86,247 |
| Printing & Mailing Services Allocated Charges | — | 10,893 | — | 10,893 |
| Utilities Allocated Charges | — | (3,743) | — | (3,743) |
| Vehicle Replacement & Maintenance Allocated Charges | — | (2,966) | — | (2,966) |
| Workers' Compensation Allocated Charges | — | 45,960 | — | 45,960 |
| Adjustments to Costs of Ongoing Activities | 0.48 | 2,488,592 | 19,091 | 2,469,501 |
| Total FY 2021 Proposed Budget | 152.30 | 47,110,074 | 4,371,318 | 42,738,756 |



PUBLIC WORKS

Mission Statement



To preserve and enhance the quality of life for Palo Alto residents and visitors by providing efficient, safe, and cost effective services in partnership with our citizens while maintaining City assets and being environmental stewards of the community.

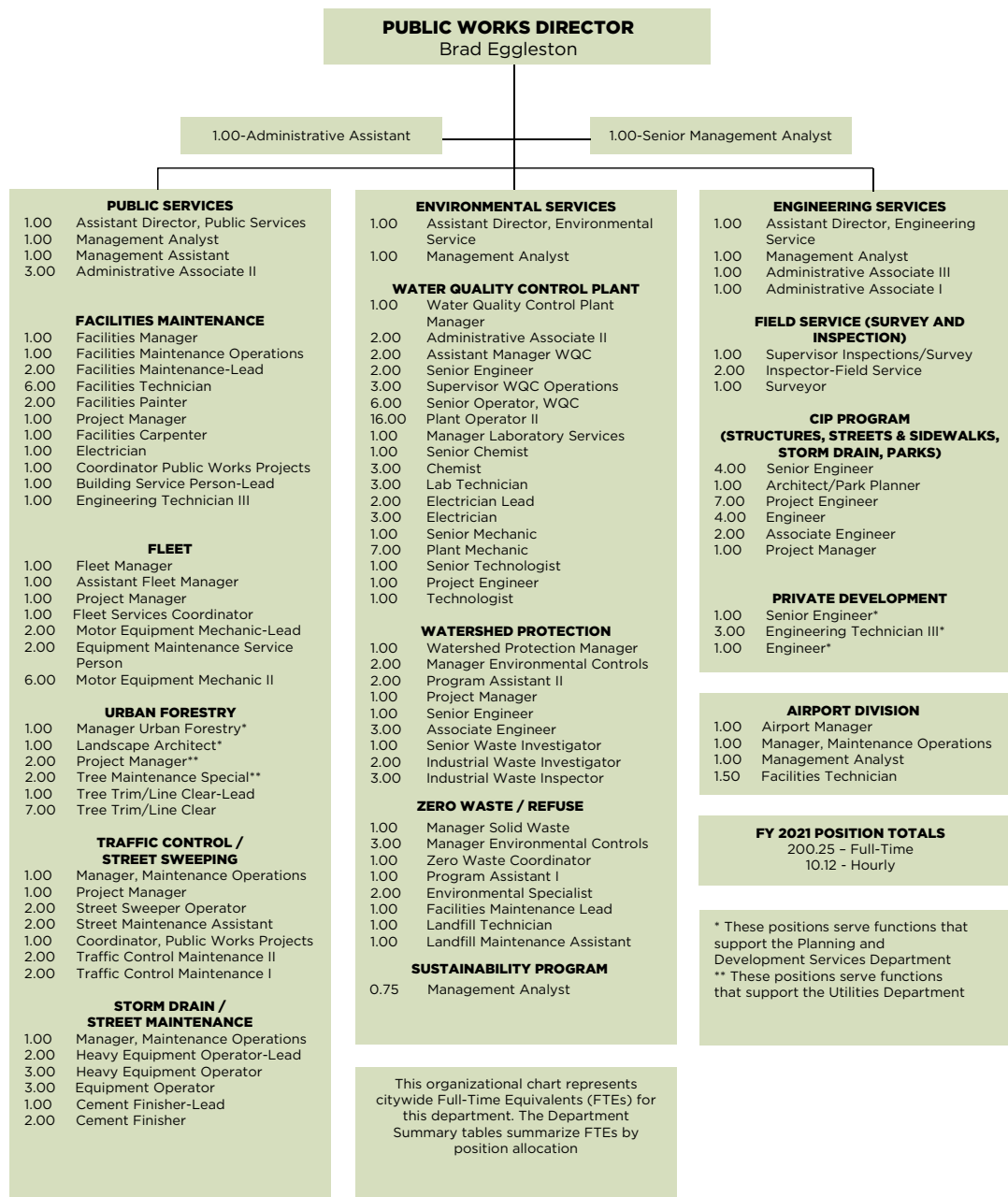
Purpose



The purpose of the Public Works Department is to ensure the City's valuable infrastructure is well-maintained and available well into the future; promote the protection and enhancement of Palo Alto's urban forest; enhance the quality of life for resi-

dents and visitors by preventing pollution of the creeks and bay, promoting reuse and recycling, and encouraging use of alternative fuel vehicles; ensure continuous operation of the Regional Water Quality Control Plant; provide efficient and cost effective garbage, recyclables, and compostables collection, processing, and disposal; deliver timely support to City departments in the area of engineering services; operate a safe and financially sustainable general aviation airport; and effectively manage the City's Capital Improvement Fund, including the Council Infrastructure Plan.

PUBLIC WORKS



Description

The Public Works Department is responsible for operations and capital projects in the following areas:

ENGINEERING SERVICES

Designs and constructs City-owned facilities, streets, sidewalks, storm drains, parks, and airport infrastructure; and provides engineering support to City departments for construction in the public right of way.

PUBLIC SERVICES

Maintains and renovates City-owned and leased structures, streets, sidewalks, storm drains, street signage and parking lots; manages the City's urban forest; manages the street sweeping program; and maintains the City's fleet.

ENVIRONMENTAL SERVICES

Operates and maintains the Regional Water Quality Control Plant; maintains a pretreatment program for control of industrial and commercial dischargers; provides pollution and waste prevention and stormwater management information and programs to residents and businesses; manages the City's zero waste programs, household hazardous waste program, sustainability program, and the post-closure maintenance and monitoring of the City's closed land-fill.

AIRPORT OPERATIONS

Operates the Palo Alto Airport; maintains airport facilities and grounds; manages agreements with airport tenants; serves as liaison with the Federal Aviation Administration (FAA) and the Palo Alto flying community; and maintains compliance with FAA regulations.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|---|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Fund | | | | | | |
| Airport Enterprise Fund | 11,884,689 | 8,211,989 | 2,447,323 | 21,424,863 | 18,977,540 | 775.4% |
| General Fund-Operating | 18,412,469 | 17,213,301 | 19,188,318 | 19,691,803 | 503,485 | 2.6% |
| Refuse Fund - Operating | 28,300,353 | 29,985,449 | 38,600,779 | 32,639,395 | (5,961,384) | (15.4)% |
| Storm Drainage - Operating | 9,873,062 | 5,684,038 | 9,944,891 | 10,072,681 | 127,790 | 1.3% |
| Vehicle Replacement & Maintenance Fund | 10,718,000 | 8,754,905 | 14,075,104 | 14,885,038 | 809,934 | 5.8% |
| Wastewater Treatment - Operating | 39,920,647 | 37,482,291 | 55,434,126 | 47,108,201 | (8,325,925) | (15.0)% |
| Total | 119,109,220 | 107,331,972 | 139,690,541 | 145,821,982 | 6,131,440 | 4.4% |
| Revenues | | | | | | |
| Charges for Services | 202,666 | 166,454 | 199,208 | 199,208 | — | —% |
| Charges to Other Funds | 13,390,921 | 12,413,563 | 11,762,186 | 11,806,283 | 44,097 | 0.4% |
| From Other Agencies | 13,333,527 | 5,869,673 | — | 19,288,640 | 19,288,640 | —% |
| Net Sales | 65,334,402 | 66,097,248 | 69,427,158 | 69,845,759 | 418,601 | 0.6% |
| Operating Transfers-In | 222,433 | 196,107 | 196,107 | 246,107 | 50,000 | 25.5% |
| Other Revenue | 5,491,951 | 4,775,942 | 30,938,300 | 13,258,020 | (17,680,280) | (57.1)% |
| Other Taxes and Fines | 900 | 2,475 | 6,500 | 6,500 | — | —% |
| Permits and Licenses | 656,944 | 1,248,297 | 622,096 | 622,096 | — | —% |
| Rental Income | 527,173 | 631,362 | 778,100 | 801,443 | 23,343 | 3.0% |
| Return on Investments | 1,113,433 | 1,229,925 | 1,414,100 | 1,200,100 | (214,000) | (15.1)% |
| Total Revenues | 100,274,350 | 92,631,046 | 115,343,755 | 117,274,156 | 1,930,401 | 1.7% |
| Positions by Fund* | | | | | | |
| Airport Fund | 5.46 | 5.46 | 5.94 | 5.94 | — | —% |
| General Fund | 56.66 | 52.49 | 50.45 | 51.20 | 0.75 | 1.49% |
| Refuse Fund | 15.65 | 15.65 | 15.93 | 15.93 | — | —% |
| Stormwater Management Fund | 13.55 | 13.55 | 13.55 | 13.55 | — | —% |
| Vehicle Replacement and Maintenance Fund | 17.26 | 16.53 | 16.01 | 16.01 | — | —% |
| Wastewater Treatment Fund | 71.26 | 71.26 | 71.26 | 71.26 | — | —% |
| Total | 179.84 | 174.94 | 173.14 | 173.89 | 0.75 | 0.43% |

*This table does not reflect positions in the Capital Improvement Fund nor the Cubberley Property Infrastructure Fund.

GENERAL FUND

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|---|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| General Fund Administration | 1,543,614 | 1,462,803 | 1,653,749 | 1,621,142 | (32,607) | (2.0)% |
| General Fund Engineering Services | 1,257,574 | 1,198,656 | 1,095,381 | 1,103,514 | 8,132 | 0.7% |
| General Fund Public Services: Streets | 3,763,354 | 3,191,234 | 3,878,053 | 4,042,929 | 164,876 | 4.3% |
| General Fund Public Services: Structures and Grounds | 7,655,871 | 7,117,954 | 8,029,740 | 8,120,600 | 90,860 | 1.1% |
| General Fund Public Services: Trees | 4,192,056 | 4,242,654 | 4,531,396 | 4,541,853 | 10,457 | 0.2% |
| Sustainability | — | — | — | 261,767 | 261,767 | —% |
| Total | 18,412,469 | 17,213,301 | 19,188,318 | 19,691,803 | 503,485 | 2.6% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 1,116,308 | 1,004,852 | 1,137,805 | 1,094,827 | (42,978) | (3.8)% |
| Other Benefits | 151,664 | 137,372 | 146,112 | 184,622 | 38,510 | 26.4% |
| Overtime | 239,717 | 265,771 | 167,886 | 172,251 | 4,365 | 2.6% |
| Pension | 1,491,805 | 1,388,663 | 1,804,560 | 1,893,619 | 89,059 | 4.9% |
| Retiree Medical | 949,314 | 825,828 | 850,603 | 892,681 | 42,078 | 4.9% |
| Salary | 5,094,927 | 4,641,204 | 4,920,549 | 5,174,386 | 253,837 | 5.2% |
| Workers' Compensation | 127,270 | 133,352 | 199,115 | 212,252 | 13,136 | 6.6% |
| Total Salary & Benefits | 9,171,005 | 8,397,042 | 9,226,630 | 9,624,637 | 398,007 | 4.3% |
| Allocated Charges | 3,425,459 | 3,422,668 | 3,840,817 | 3,880,512 | 39,696 | 1.0% |
| Contract Services | 4,688,287 | 4,392,507 | 4,879,358 | 4,947,214 | 67,856 | 1.4% |
| Facilities & Equipment | 2,000 | — | 2,146 | 2,146 | — | —% |
| General Expense | 67,588 | 58,001 | 125,009 | 138,259 | 13,250 | 10.6% |
| Operating Transfers-Out | 16,574 | 94,518 | 16,574 | — | (16,574) | (100.0)% |
| Rents & Leases | 210,191 | 168,978 | 227,974 | 227,974 | — | —% |
| Supplies & Material | 831,365 | 679,589 | 869,811 | 871,061 | 1,250 | 0.1% |
| Total Dollars by Expense Category | 18,412,469 | 17,213,301 | 19,188,318 | 19,691,803 | 503,485 | 2.6% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|---|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Revenues | | | | | | |
| Charges for Services | 77,881 | 47,778 | 47,320 | 47,320 | — | —% |
| Charges to Other Funds | 3,796,696 | 3,331,386 | 2,355,516 | 2,155,112 | (200,405) | (8.5)% |
| Operating Transfers-In | 196,107 | 196,107 | 196,107 | 196,107 | — | —% |
| Other Revenue | 46,345 | 119,557 | 54,500 | 6,000 | (48,500) | (89.0)% |
| Permits and Licenses | 656,944 | 1,248,297 | 622,096 | 622,096 | — | —% |
| Total Revenues | 4,773,973 | 4,943,125 | 3,275,539 | 3,026,635 | (248,905) | (7.6)% |
| Positions by Division | | | | | | |
| General Fund Administration | 3.05 | 3.05 | 3.05 | 3.05 | — | —% |
| General Fund Engineering Services | 5.29 | 4.92 | 3.38 | 3.38 | — | —% |
| General Fund Public Services: Streets | 18.22 | 15.74 | 15.74 | 15.74 | — | —% |
| General Fund Public Services: Structures and Grounds | 17.31 | 15.83 | 15.33 | 15.33 | — | —% |
| General Fund Public Services: Trees | 12.79 | 12.95 | 12.95 | 12.95 | — | —% |
| Sustainability | — | — | — | 0.75 | 0.75 | —% |
| Total | 56.66 | 52.49 | 50.45 | 51.20 | 0.75 | 1.49% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|-------------------------------------|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Administrative Assistant | 1.00 | 1.00 | 1.00 | 1.00 | — | 93,205 |
| Administrative Associate I | 0.60 | 0.60 | 0.10 | 0.10 | — | 7,218 |
| Administrative Associate II | 2.65 | 2.65 | 2.65 | 2.65 | — | 207,747 |
| Administrative Associate III | 0.01 | 0.01 | 0.01 | 0.01 | — | 840 |
| Assistant Director Public Works | 0.87 | 0.87 | 0.73 | 0.73 | — | 138,014 |
| Associate Engineer | 0.30 | 0.30 | — | — | — | — |
| Building Serviceperson | 1.00 | — | — | — | — | — |
| Building Serviceperson-Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 69,118 |
| Cement Finisher | 3.00 | 2.00 | 2.00 | 2.00 | — | 190,154 |
| Cement Finisher-Lead | 0.26 | 0.26 | 0.26 | 0.26 | — | 26,440 |
| Coordinator Public Works Projects | 1.50 | 1.50 | 1.50 | 1.50 | — | 129,420 |
| Director Public Works/City Engineer | 1.00 | 1.00 | 1.00 | 1.00 | — | 221,478 |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|-----------------|-----------------|------------------------|-------------------------|--------------------|------------------|
| Electrician | 0.80 | 0.80 | 0.80 | 0.80 | — | 89,507 |
| Engineer | 0.66 | 0.66 | 0.36 | 0.36 | — | 50,581 |
| Engineering Technician III | 1.47 | 1.47 | 1.47 | 1.47 | — | 144,869 |
| Equipment Operator | 3.46 | 2.46 | 2.46 | 2.46 | — | 215,264 |
| Facilities Carpenter | 1.00 | 1.00 | 1.00 | 1.00 | — | 95,077 |
| Facilities Maintenance-Lead | 1.85 | 1.85 | 1.85 | 1.85 | — | 227,147 |
| Facilities Painter | 1.75 | 1.75 | 1.75 | 1.75 | — | 166,384 |
| Facilities Technician | 4.05 | 4.05 | 4.05 | 4.05 | — | 400,224 |
| Heavy Equipment Operator | 2.33 | 2.33 | 2.33 | 2.33 | — | 244,016 |
| Heavy Equipment Operator-Lead | 0.85 | 0.85 | 0.85 | 0.85 | — | 95,189 |
| Inspector, Field Services | 0.11 | 0.11 | 0.11 | 0.11 | — | 11,694 |
| Landscape Architect Park Planner | 0.10 | 0.60 | 0.60 | 0.60 | — | 73,482 |
| Management Analyst | 0.70 | 0.70 | 0.70 | 1.45 | 0.75 | 172,132 |
| Manager Facilities | 0.90 | 0.90 | 0.90 | 0.90 | — | 141,317 |
| Manager Maintenance Operations | 1.20 | 1.20 | 1.20 | 1.20 | — | 168,605 |
| Manager Urban Forestry | 0.96 | 0.96 | 0.96 | 0.96 | — | 156,669 |
| Manager Watershed Protection | 0.05 | 0.05 | 0.05 | 0.05 | — | 8,060 |
| Planning Arborist | 0.71 | — | — | — | — | — |
| Project Engineer | 0.50 | 0.50 | — | — | — | — |
| Project Manager | 2.65 | 2.65 | 2.65 | 2.65 | — | 293,679 |
| Senior Engineer | 0.79 | 0.79 | 0.59 | 0.59 | — | 103,085 |
| Senior Management Analyst | 1.11 | 1.11 | 1.11 | 1.11 | — | 144,172 |
| Senior Project Manager | 0.10 | 0.10 | — | — | — | — |
| Supervisor Inspection and Surveying | 0.10 | 0.10 | 0.10 | 0.10 | — | 13,653 |
| Surveyor, Public Works | 0.33 | 0.33 | 0.33 | 0.33 | — | 35,507 |
| Traffic Controller Maintainer I | 1.94 | 1.94 | 1.94 | 1.94 | — | 166,613 |
| Traffic Controller Maintainer II | 2.00 | 2.00 | 2.00 | 2.00 | — | 159,078 |
| Tree Maintenance Person | 1.00 | 1.00 | 1.00 | 1.00 | — | 88,150 |
| Tree Trim/Line Clear | 7.00 | 7.00 | 7.00 | 7.00 | — | 607,443 |
| Tree Trim/Line Clear-Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 92,810 |
| Sub-total: Full-Time Equivalent Positions | 54.66 | 51.45 | 49.41 | 50.16 | 0.75 | 5,248,044 |
| Temporary/Hourly | 2.00 | 1.04 | 1.04 | 1.04 | — | 87,826 |
| Total Positions | 56.66 | 52.49 | 50.45 | 51.20 | 0.75 | 5,335,870 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|--|--------------|-------------------|------------------|---------------------|
| Prior Year Budget | 50.45 | 19,188,318 | 3,275,539 | 15,912,779 |
| One-Time Prior Year Budget Adjustments | | | | |
| None | | | | |
| One-Time Prior Year Budget Adjustments | | | | |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 227,090 | — | 272,245 |
| Office of Sustainability Transition | 0.75 | 261,767 | (2,516) | 264,283 |
| Custodial Contract (Amendment #2) | — | 67,850 | — | 67,850 |
| Custodial Contract (Year 4 & Contingency) | — | 60,455 | — | 60,455 |
| Charges to Other Funds for Engineering Services | — | — | (40,874) | 40,874 |
| San Francisquito Creek Joint Powers Authority (SFJPA) Annual Membership Fee | — | 9,250 | — | 9,250 |
| Contract Services Alignment | — | 1,396 | — | 1,396 |
| Urban Forestry Mitigation Fee for Tree Planting | — | (48,500) | (48,500) | — |
| Urban Forestry Contract Alignment | — | (104,345) | — | (104,345) |
| Transfer to Electric Fund | — | (16,574) | — | (16,574) |
| General Fund Cost Allocation Plan | — | — | (130,717) | 130,717 |
| Communication Services Allocated Charges | — | 35,150 | — | 35,150 |
| Liability Insurance Allocated Charges | — | 45,584 | — | 45,584 |
| Information Technology Allocated Charges | — | (19,268) | — | (19,268) |
| Printing & Mailing Services Allocated Charges | — | 10,759 | — | 10,759 |
| Public Works Administration Allocated Charges | — | — | (26,297) | 26,297 |
| Refuse Allocated Charges | — | (4,888) | — | (4,888) |
| Stormwater Management Allocated Charges | — | 748 | — | 748 |
| Utilities Allocated Charges | — | (132,335) | — | (132,335) |
| Vehicle Replacement & Maintenance Allocated Charges | — | 101,282 | — | 101,282 |
| Workers' Compensation Allocated Charges | — | 8,064 | — | 8,064 |
| Adjustments to Costs of Ongoing Activities | — | 503,485 | (248,904) | 752,389 |
| Total FY 2021 Proposed Budget | 51.20 | 19,691,803 | 3,026,635 | 16,665,168 |



AIRPORT FUND

Description

The Palo Alto Airport serves as a general aviation reliever airport to the Bay Area's major air carrier airports. It is the fourth busiest airport in the Bay Area, averaging 150,000 annual operations; open 24 hours each day, 365 days annually; and has a Federal Aviation Administration-staffed air traffic control tower.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Airport Administration | 893,430 | 890,722 | 1,058,650 | 977,103 | (81,547) | (7.7)% |
| Airport Operations | 620,616 | 673,141 | 1,042,477 | 1,080,084 | 37,608 | 3.6% |
| CIP Airport Fund | 10,370,643 | 6,648,126 | 346,196 | 19,367,676 | 19,021,480 | 5,494.4% |
| Total | 11,884,689 | 8,211,989 | 2,447,323 | 21,424,863 | 18,977,540 | 775.4% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 101,705 | 99,225 | 131,582 | 109,120 | (22,462) | (17.1)% |
| Other Benefits | 18,545 | 21,246 | 21,521 | 25,314 | 3,793 | 17.6% |
| Overtime | 11,972 | 24,407 | — | — | — | —% |
| Pension | 136,462 | 155,080 | 217,892 | 207,027 | (10,865) | (5.0)% |
| Retiree Medical | 11,804 | 43,990 | 45,310 | 45,441 | 131 | 0.3% |
| Salary | 531,225 | 574,373 | 632,325 | 664,363 | 32,038 | 5.1% |
| Workers' Compensation | — | 14,961 | 20,763 | 21,604 | 841 | 4.1% |
| Total Salary & Benefits | 811,714 | 933,283 | 1,069,393 | 1,072,869 | 3,476 | 0.3% |
| Allocated Charges | 647,135 | 637,851 | 669,891 | 620,486 | (49,405) | (7.4)% |
| Contract Services | 100,229 | 51,014 | 140,700 | 139,900 | (800) | (0.6)% |
| General Expense | 89,588 | 96,890 | 36,480 | 36,480 | — | —% |
| Operating Transfers-Out | 11,231 | 7,471 | 281,200 | 272,500 | (8,700) | (3.1)% |
| Rents & Leases | 10,322 | 6,123 | 11,630 | 11,630 | — | —% |
| Supplies & Material | 29,947 | 10,458 | 56,472 | 56,472 | — | —% |
| Capital Improvement Program | 10,184,522 | 6,468,900 | 181,556 | 19,214,526 | 19,032,970 | 10,483.2% |
| Total Dollars by Expense Category | 11,884,689 | 8,211,989 | 2,447,323 | 21,424,863 | 18,977,540 | 775.4% |
| Revenues | | | | | | |
| From Other Agencies | 9,333,527 | 5,869,673 | — | 19,288,640 | 19,288,640 | —% |
| Net Sales | 641,868 | 667,142 | 654,767 | 626,767 | (28,000) | (4.3)% |
| Other Revenue | 1,145,804 | 1,155,324 | 1,008,800 | 1,094,020 | 85,220 | 8.4% |
| Rental Income | 593,303 | 631,362 | 778,100 | 801,443 | 23,343 | 3.0% |
| Return on Investments | 20,629 | 22,874 | 21,400 | 2,500 | (18,900) | (88.3)% |
| Total Revenues | 11,735,131 | 8,346,376 | 2,463,067 | 21,813,370 | 19,350,303 | 785.6% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Positions by Division | | | | | | |
| Airport Administration | 2.00 | 2.00 | 2.48 | 2.48 | — | —% |
| Airport Operations | 2.21 | 2.21 | 2.71 | 2.71 | — | —% |
| CIP Airport Fund | 1.25 | 1.25 | 0.75 | 0.75 | — | —% |
| Total | 5.46 | 5.46 | 5.94 | 5.94 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Facilities Technician | 1.50 | 1.50 | 1.50 | 1.50 | — | 148,231 |
| Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | — | 121,098 |
| Manager Airport | 1.00 | 1.00 | 1.00 | 1.00 | — | 174,907 |
| Manager Maintenance Operations | 1.00 | 1.00 | 1.00 | 1.00 | — | 121,930 |
| Sub-total: Full-Time Equivalent Positions | 4.50 | 4.50 | 4.50 | 4.50 | — | 566,166 |
| Temporary/Hourly | 0.96 | 0.96 | 1.44 | 1.44 | — | 86,676 |
| Total Positions | 5.46 | 5.46 | 5.94 | 5.94 | — | 652,842 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Airport Fund |
|---|-------------|-------------------|-------------------|---------------------|
| Prior Year Budget | 5.94 | 2,447,323 | 2,463,067 | (15,744) |
| One-Time Prior Year Budget Adjustments | | | | |
| None | | | | |
| One-Time Prior Year Budget Adjustments | | | | |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 2,635 | — | 2,635 |
| Revenue Adjustments | — | — | 80,563 | (80,563) |
| Return on Investments | — | — | (18,900) | 18,900 |
| Transfer to Technology Fund (TE-19001 Council Chambers Project) | — | (8,700) | — | (8,700) |
| Capital Improvement Projects and FAA Grant Funding | — | 19,034,600 | 17,288,640 | 1,745,960 |
| General Fund Cost Allocation Plan | — | (91,899) | — | (91,899) |
| Industrial Waste Discharge Fee Allocated Charges | — | 582 | — | 582 |
| Information Technology Allocated Charges | — | 2,003 | — | 2,003 |
| Liability Insurance Allocated Charges | — | 4,753 | — | 4,753 |
| Printing & Mailing Services Allocated Charges | — | (1,091) | — | (1,091) |
| Public Works Administration Allocated Charges | — | (2,630) | — | (2,630) |
| Refuse Allocated Charges | — | 49,564 | — | 49,564 |
| Utilities Allocated Charges | — | (19,059) | — | (19,059) |
| Vehicle Replacement & Maintenance Allocated Charges | — | 5,941 | — | 5,941 |
| Workers' Compensation Allocated Charges | — | 841 | — | 841 |
| Adjustments to Costs of Ongoing Activities | — | 18,977,540 | 17,350,303 | 1,627,237 |
| Total FY 2021 Base Budget | 5.94 | 21,424,863 | 19,813,370 | 1,611,493 |
| Budget Adjustments | | | | |
| 1 Department of Transportation (DOT) Loan | — | 2,000,000 | 2,000,000 | — |
| Total Budget Adjustments | — | 2,000,000 | 2,000,000 | — |
| Total FY 2021 Proposed Budget | 5.94 | 23,424,863 | 21,813,370 | 1,611,493 |



Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net Airport Fund |
|---|-----------|--------------|-----------|------------------|
| 1 Department of Transportation (DOT) Loan | 0.00 | 2,000,000 | 2,000,000 | 0 |

This one-time cost-neutral action recognizes the acceptance of a \$2,000,000 loan from the Department of Transportation (DOT) increasing both expenses and revenues by a commensurate amount. This loan will help support the Airport Apron Reconstruction Project (AP-16000) funding Phase III of the project. This is a 17-year loan with annual debt service payments beginning in FY 2022. (Ongoing Costs: \$146,307)

Performance Results



This action will ensure that the Airport has adequate resources to support operations and implementation of the Airport Apron Project (AP-16000) in FY 2021.

REFUSE FUND

Description

Public Works provides refuse-related services on a user charge basis to Palo Alto's residents and businesses. The Refuse Fund goals are to minimize waste generation, maximize recycling and reuse to meet and exceed the City's Zero Waste goals, protect the environment by safely collecting and disposing of household hazardous waste, and maintain and monitor the City's closed landfill.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Refuse Administration | 3,771,780 | 3,486,653 | 3,652,067 | 2,325,509 | (1,326,558) | (36.3)% |
| Refuse Collection, Hauling and Disposal: Operations | 4,501,196 | 20,978,767 | 29,749,071 | 25,004,710 | (4,744,361) | (15.9)% |
| Refuse Collection, Hauling and Disposal: Payment to GreenWaste | 15,264,971 | — | — | — | — | —% |
| Refuse Solid Waste: Operations | 3,476,378 | 4,195,810 | 3,710,915 | 3,830,467 | 119,552 | 3.2% |
| Refuse Street Sweeping | 1,286,027 | 1,324,218 | 1,488,727 | 1,478,710 | (10,017) | (0.7)% |
| Total | 28,300,353 | 29,985,449 | 38,600,779 | 32,639,395 | (5,961,384) | (15.4)% |

| | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|--------------------|----------------|
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 226,357 | 252,782 | 293,415 | 290,025 | (3,390) | (1.2)% |
| Other Benefits | 44,742 | 49,162 | 53,426 | 63,509 | 10,082 | 18.9% |
| Overtime | 41,215 | 39,379 | 43,990 | 45,134 | 1,144 | 2.6% |
| Pension | 409,227 | 445,520 | 650,896 | 601,497 | (49,399) | (7.6)% |
| Retiree Medical | 380,709 | 219,089 | 225,662 | 228,078 | 2,417 | 1.1% |
| Salary | 1,551,087 | 1,448,451 | 1,699,773 | 1,754,434 | 54,661 | 3.2% |
| Workers' Compensation | 29,936 | 41,152 | 60,728 | 63,188 | 2,460 | 4.1% |
| Total Salary & Benefits | 2,683,274 | 2,495,535 | 3,027,889 | 3,045,864 | 17,975 | 0.6% |
| Allocated Charges | 1,841,980 | 1,974,933 | 1,863,189 | 1,766,606 | (96,583) | (5.2)% |
| Contract Services | 6,103,675 | 6,921,151 | 6,355,681 | 6,497,221 | 141,540 | 2.2% |
| Debt Service | 155,637 | 196,299 | 195,864 | 196,509 | 645 | 0.3% |
| Facilities & Equipment | — | — | 3,000 | 3,000 | — | —% |
| General Expense | 29,660 | 14,730 | 112,275 | 112,275 | — | —% |
| Operating Transfers-Out | 62,283 | 42,586 | 55,100 | 25,725 | (29,375) | (53.3)% |
| Rents & Leases | 2,277,759 | 2,191,696 | 2,161,066 | 1,013,231 | (1,147,835) | (53.1)% |
| Supplies & Material | 86,334 | 92,335 | 142,805 | 142,805 | — | —% |
| Transfer to Infrastructure | — | — | 73,000 | 37,250 | (35,750) | (49.0)% |
| Utility Purchase | 15,059,752 | 16,056,182 | 24,610,909 | 19,798,909 | (4,812,000) | (19.6)% |
| Total Dollars by Expense Category | 28,300,353 | 29,985,449 | 38,600,779 | 32,639,395 | (5,961,384) | (15.4)% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Revenues | | | | | | |
| Charges for Services | 70,804 | 65,897 | 34,000 | 34,000 | — | —% |
| Charges to Other Funds | 251,309 | 160,552 | 160,552 | 160,552 | — | —% |
| Net Sales | 31,202,240 | 31,070,886 | 30,662,000 | 30,732,000 | 70,000 | 0.2% |
| Other Revenue | 3,186,411 | 2,704,985 | 2,311,000 | 2,311,000 | — | —% |
| Other Taxes and Fines | (1,300) | (425) | — | — | — | —% |
| Rental Income | (66,129) | — | — | — | — | —% |
| Return on Investments | 428,095 | 612,423 | 517,800 | 489,100 | (28,700) | (5.5)% |
| Total Revenues | 35,071,430 | 34,614,317 | 33,685,352 | 33,726,652 | 41,300 | 0.1% |

| | | | | | | |
|---|--------------|--------------|--------------|--------------|----------|-----------|
| Positions by Division | | | | | | |
| Refuse Administration | 0.43 | 0.43 | 0.43 | 0.43 | — | —% |
| Refuse Collection, Hauling and Disposal: Operations | 1.00 | 1.00 | 1.00 | 1.00 | — | —% |
| Refuse Solid Waste: Operations | 11.54 | 11.54 | 11.82 | 11.82 | — | —% |
| Refuse Street Sweeping | 2.68 | 2.68 | 2.68 | 2.68 | — | —% |
| Total | 15.65 | 15.65 | 15.93 | 15.93 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|---------------------------------------|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Account Specialist | 0.10 | 0.10 | 0.10 | 0.10 | — | 7,827 |
| Accountant | 0.10 | 0.10 | 0.10 | 0.10 | — | 9,707 |
| Assistant Director Public Works | 0.35 | 0.35 | 0.35 | 0.35 | — | 71,531 |
| Deputy Chief/Fire Marshal | 0.03 | 0.03 | 0.03 | 0.03 | — | 6,455 |
| Environmental Specialist | 2.00 | 2.00 | 2.00 | 2.00 | — | 231,795 |
| Facilities Maintenance Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 107,453 |
| Hazardous Materials Inspector | 0.02 | 0.02 | 0.02 | 0.02 | — | 3,290 |
| Landfill Technician | 1.00 | 1.00 | 1.00 | 1.00 | — | 107,453 |
| Management Analyst | 0.43 | 0.43 | 0.43 | 0.43 | — | 48,910 |
| Manager Environmental Control Program | 3.00 | 3.00 | 3.00 | 3.00 | — | 400,275 |
| Manager Maintenance Operations | 0.46 | 0.46 | 0.46 | 0.46 | — | 60,881 |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Manager Solid Waste | 1.00 | 1.00 | 1.00 | 1.00 | — | 161,096 |
| Program Assistant I | 1.00 | 1.00 | 1.00 | 1.00 | — | 79,560 |
| Project Manager | 0.20 | 0.20 | 0.20 | 0.20 | — | 22,156 |
| Senior Accountant | 0.10 | 0.10 | 0.10 | 0.10 | — | 13,237 |
| Senior Management Analyst | 0.08 | 0.08 | 0.08 | 0.08 | — | 10,899 |
| Street Maintenance Assistant | 1.00 | 1.00 | 1.00 | 1.00 | — | 73,382 |
| Street Sweeper Operator | 1.63 | 1.63 | 1.63 | 1.63 | — | 142,363 |
| Zero Waste Coordinator | 1.00 | 1.00 | 1.00 | 1.00 | — | 101,650 |
| Sub-total: Full-Time Equivalent Positions | 14.50 | 14.50 | 14.50 | 14.50 | — | 1,659,921 |
| Temporary/Hourly | 1.15 | 1.15 | 1.43 | 1.43 | — | 70,743 |
| Total Positions | 15.65 | 15.65 | 15.93 | 15.93 | — | 1,730,664 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Refuse Fund |
|---|--------------|--------------------|-------------------|--------------------|
| Prior Year Budget | 15.93 | 38,600,779 | 33,685,352 | 4,915,427 |
| One-Time Prior Year Budget Adjustments | | | | |
| Refuse Hauling Fleet Replacement | — | (7,100,000) | — | (7,100,000) |
| One-Time Prior Year Budget Adjustments | — | (7,100,000) | — | (7,100,000) |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 15,515 | — | 15,515 |
| Refuse Hauling Fleet Replacement | — | 1,850,000 | — | 1,850,000 |
| Residential and Commercial Refuse Hauling and Processing Services | — | 553,365 | — | 553,365 |
| Rents & Leases | — | 64,645 | — | 64,645 |
| Return on Investments | — | — | (28,700) | 28,700 |
| Debt Service: City of Sunnyvale Solid Waste Revenue Refunding Bonds | — | 645 | — | 645 |
| Contract Services Alignment | — | (5,460) | — | (5,460) |
| Transfers to Technology Fund (Citywide Technology CIP) | — | (29,375) | — | (29,375) |
| Transfers to Infrastructure Fund (City facilities CIP) | — | (35,750) | — | (35,750) |
| Postclosure Landfill Rent | — | (1,212,480) | — | (1,212,480) |
| General Fund Cost Allocation Plan | — | (71,244) | — | (71,244) |
| Communication Services Allocated Charges | — | 4,850 | — | 4,850 |
| General Liability Insurance Allocated Charges | — | 13,902 | — | 13,902 |
| Industrial Waste Discharge Fee Allocated Charge | — | 3,423 | — | 3,423 |
| Information Technology Allocated Charges | — | (28,187) | — | (28,187) |
| Printing & Mailing Services Allocated Charges | — | 6,340 | — | 6,340 |
| Public Works Administration Allocated Charges | — | (5,259) | — | (5,259) |
| Refuse Allocated Charges | — | — | 70,000 | (70,000) |
| Stormwater Management Allocated Charges | — | 41 | — | 41 |
| Utilities Allocated Charges | — | (15,088) | — | (15,088) |
| Vehicle Replacement & Maintenance Allocated Charges | — | (9,727) | — | (9,727) |
| Workers' Compensation Allocated Charges | — | 2,460 | — | 2,460 |
| Adjustments to Costs of Ongoing Activities | — | 1,102,616 | 41,300 | 1,061,316 |
| Total FY 2021 Base Budget | 15.93 | 32,603,395 | 33,726,652 | (1,123,257) |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Refuse Fund |
|--------------------------------------|--------------|-------------------|-------------------|--------------------|
| Budget Adjustments | | | | |
| 1 Landfill Compressor Replacement | — | 25,000 | — | 25,000 |
| 2 Zero Waste Program Implementation | — | 11,000 | — | 11,000 |
| Total Budget Adjustments | — | 36,000 | — | 36,000 |
| Total FY 2021 Proposed Budget | 15.93 | 32,639,395 | 33,726,652 | (1,087,257) |

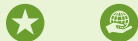


Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net Refuse Fund |
|-----------------------------------|-----------|--------------|----------|-----------------|
| 1 Landfill Compressor Replacement | 0.00 | 25,000 | 0 | 25,000 |

This one-time action provides funding for the replacement of the landfill compressor nearing the end of its useful life. The compressor is used at the landfill to comply with federal, state, and local requirements for landfill leachate extraction operations. The compressor is a vital part of the landfill leachate collection system, supplying air to power the 24 pneumatic pumps within the leachate extraction wells. (Ongoing costs: \$0)

Performance Results



This action ensures the necessary equipment is available to maintain compliance with federal, state, and local requirements and proper operation at the City's landfill.

| | | | | |
|-------------------------------------|------|--------|---|--------|
| 2 Zero Waste Program Implementation | 0.00 | 11,000 | 0 | 11,000 |
|-------------------------------------|------|--------|---|--------|

This action increases the expense budget to fund initiatives identified in the City's Zero Waste Plan. Funding will support the continuation and expansion of the ReThink Disposable program, which provides tools to identify and redesign wasteful practices, products, and packaging, and promotes the purchase more environmentally preferred products. (Ongoing costs: \$11,000)

Performance Results



This action aligns funding with the City's Zero Waste goals outlined in the Zero Waste Plan.

STORMWATER MANAGEMENT FUND

Description

The City's stormwater management services are funded through user fees charged to property owners of developed parcels in Palo Alto. Stormwater management activities include inspection, clean-up, operation, maintenance, replacement of and improvement to the storm drainage system to ensure adequate local drainage consistent with the 2015 Stormwater Master Plan and the 2019 Green Stormwater Infrastructure Plan. The Fund also provides litter reduction, urban pollution prevention programs, commercial and residential rebates, and flooding emergency-response services with the goals of reducing stormwater runoff and maintaining stormwater quality protection for discharge to creeks and San Francisco Bay.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| CIP Stormwater Management Fund | 5,551,183 | 1,675,333 | 4,505,895 | 4,188,660 | (317,235) | (7.0)% |
| Stormwater Environmental Compliance | 935,125 | 982,027 | 1,156,254 | 1,249,481 | 93,227 | 8.1% |
| Stormwater Management Administration | 1,768,546 | 1,394,876 | 1,934,221 | 2,048,425 | 114,204 | 5.9% |
| Stormwater Operations and Maintenance | 1,425,879 | 1,425,569 | 1,646,677 | 1,877,383 | 230,705 | 14.0% |
| Stormwater Systems Improvement Flood Control | 192,330 | 206,232 | 701,845 | 708,734 | 6,889 | 1.0% |
| Total | 9,873,062 | 5,684,038 | 9,944,891 | 10,072,681 | 127,790 | 1.3% |

| | | | | | | |
|--|------------------|------------------|------------------|-------------------|----------------|-------------|
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 236,012 | 210,877 | 242,292 | 252,378 | 10,086 | 4.2% |
| Other Benefits | 35,186 | 37,409 | 43,837 | 52,150 | 8,313 | 19.0% |
| Overtime | 17,655 | 35,883 | 52,032 | 53,385 | 1,353 | 2.6% |
| Pension | 406,962 | 404,257 | 605,953 | 584,843 | (21,110) | (3.5)% |
| Retiree Medical | 66,895 | 144,909 | 149,256 | 155,548 | 6,291 | 4.2% |
| Salary | 1,287,106 | 1,271,169 | 1,512,516 | 1,639,673 | 127,158 | 8.4% |
| Workers' Compensation | 94,896 | 28,410 | 53,111 | 55,262 | 2,151 | 4.1% |
| Total Salary & Benefits | 2,144,712 | 2,132,914 | 2,658,997 | 2,793,238 | 134,241 | 5.0% |
| Allocated Charges | 1,089,398 | 969,252 | 1,059,274 | 1,434,049 | 374,775 | 35.4% |
| Contract Services | 474,599 | 376,615 | 907,899 | 915,379 | 7,480 | 0.8% |
| Debt Service | 298,580 | 258,899 | 949,300 | 949,300 | — | —% |
| Facilities & Equipment | 7,881 | — | 7,621 | 7,621 | — | —% |
| General Expense | 11,059 | 12,164 | 145,960 | 146,960 | 1,000 | 0.7% |
| Operating Transfers-Out | 34,722 | 25,403 | 36,700 | 7,050 | (29,650) | (80.8)% |
| Rents & Leases | 47,482 | 45,211 | 50,468 | 25,031 | (25,437) | (50.4)% |
| Supplies & Material | 63,949 | 87,720 | 94,726 | 93,726 | (1,000) | (1.1)% |
| Transfer to Infrastructure | 330,000 | 330,000 | — | — | — | —% |
| Capital Improvement Program | 5,370,680 | 1,445,861 | 4,033,947 | 3,700,328 | (333,619) | (8.3)% |
| Total Dollars by Expense Category | 9,873,062 | 5,684,038 | 9,944,891 | 10,072,681 | 127,790 | 1.3% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Revenues | | | | | | |
| Charges for Services | 53,980 | 52,779 | 117,888 | 117,888 | — | —% |
| Charges to Other Funds | — | 1,806 | — | — | — | —% |
| Net Sales | 6,911,617 | 7,194,560 | 7,449,209 | 7,635,439 | 186,230 | 2.5% |
| Other Revenue | 129 | 44 | — | — | — | —% |
| Other Taxes and Fines | 2,200 | 1,900 | 2,500 | 2,500 | — | —% |
| Return on Investments | 153,636 | 126,469 | 225,900 | 153,400 | (72,500) | (32.1)% |
| Total Revenues | 7,121,562 | 7,377,559 | 7,795,497 | 7,909,227 | 113,730 | 1.5% |
| Positions by Division | | | | | | |
| CIP Stormwater Management Fund | 2.37 | 2.37 | 2.37 | 2.37 | — | —% |
| Storm Drainage Operations and Maintenance | — | — | 5.00 | — | (5.00) | (100.00)% |
| Stormwater Environmental Compliance | 4.59 | 4.59 | 4.59 | 4.59 | — | —% |
| Stormwater Management Administration | 0.80 | 0.80 | 0.80 | 0.80 | — | —% |
| Stormwater Operations and Maintenance | 5.00 | 5.00 | — | 5.00 | 5.00 | —% |
| Stormwater Systems Improvement Flood Control | 0.79 | 0.79 | 0.79 | 0.79 | — | —% |
| Total | 13.55 | 13.55 | 13.55 | 13.55 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|---------------------------------|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Account Specialist | 0.10 | 0.10 | 0.10 | 0.10 | — | 7,827 |
| Accountant | 0.05 | 0.05 | 0.05 | 0.05 | — | 4,854 |
| Administrative Associate I | 0.10 | 0.10 | 0.10 | 0.10 | — | 7,218 |
| Administrative Associate II | 0.15 | 0.15 | 0.15 | 0.15 | — | 11,759 |
| Administrative Associate III | 0.10 | 0.10 | 0.10 | 0.10 | — | 8,403 |
| Assistant Director Public Works | 0.30 | 0.30 | 0.30 | 0.30 | — | 59,172 |
| Associate Engineer | 1.19 | 1.19 | 1.19 | 1.19 | — | 148,438 |
| Electrician | 0.10 | 0.10 | 0.10 | 0.10 | — | 11,188 |
| Electrician-Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 119,808 |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Engineer | 0.90 | 0.90 | 0.90 | 0.90 | — | 126,454 |
| Engineering Technician III | 0.25 | 0.25 | 0.25 | 0.25 | — | 24,638 |
| Equipment Operator | 0.54 | 0.54 | 0.54 | 0.54 | — | 47,253 |
| Heavy Equipment Operator | 0.90 | 0.90 | 0.90 | 0.90 | — | 94,255 |
| Heavy Equipment Operator-Lead | 1.15 | 1.15 | 1.15 | 1.15 | — | 128,785 |
| Industrial Waste Inspector | 0.40 | 0.40 | 0.40 | 0.40 | — | 38,954 |
| Industrial Waste Investigator | 1.00 | 1.00 | 1.00 | 1.00 | — | 109,408 |
| Management Analyst | 0.30 | 0.30 | 0.30 | 0.30 | — | 34,409 |
| Manager Environmental Control Program | 0.70 | 0.70 | 0.70 | 0.70 | — | 90,709 |
| Manager Maintenance Operations | 0.50 | 0.50 | 0.50 | 0.50 | — | 67,309 |
| Manager Watershed Protection | 0.20 | 0.20 | 0.20 | 0.20 | — | 32,240 |
| Program Assistant II | 0.60 | 0.60 | 0.60 | 0.60 | — | 51,293 |
| Project Engineer | 0.83 | 0.83 | 0.83 | 0.83 | — | 125,509 |
| Project Manager | 0.55 | 0.55 | 0.55 | 0.55 | — | 66,238 |
| Senior Accountant | 0.10 | 0.10 | 0.10 | 0.10 | — | 13,237 |
| Senior Engineer | 0.76 | 0.76 | 0.76 | 0.76 | — | 119,256 |
| Senior Industrial Waste Investigator | 0.10 | 0.10 | 0.10 | 0.10 | — | 12,474 |
| Surveyor, Public Works | 0.12 | 0.12 | 0.12 | 0.12 | — | 12,912 |
| Technologist | 0.30 | 0.30 | 0.30 | 0.30 | — | 46,600 |
| Traffic Controller Maintainer I | 0.06 | 0.06 | 0.06 | 0.06 | — | 5,153 |
| Sub-total: Full-Time Equivalent Positions | 13.35 | 13.35 | 13.35 | 13.35 | — | 1,625,752 |
| Temporary/Hourly | 0.20 | 0.20 | 0.20 | 0.20 | — | 8,320 |
| Total Positions | 13.55 | 13.55 | 13.55 | 13.55 | — | 1,634,072 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Stormwater Management Fund |
|--|--------------|-------------------|------------------|--------------------------------|
| Prior Year Budget | 13.55 | 9,944,891 | 7,795,497 | 2,149,394 |
| One-Time Prior Year Budget Adjustments | | | | |
| None | | | | |
| One-Time Prior Year Budget Adjustments | | | | |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 132,090 | — | 132,090 |
| Return on Investments | — | — | (72,500) | 72,500 |
| Contractual Adjustments | — | 7,480 | — | 7,480 |
| Rents & Leases Expenditures | — | (25,437) | — | (25,437) |
| Stormwater Rate Adjustment (CPI increase of 4.5%) | — | — | 175,960 | (175,960) |
| Transfers to Technology Fund (Citywide Technology CIP) | — | (29,650) | — | (29,650) |
| Capital Improvement Program | — | (335,941) | — | (335,941) |
| General Fund Cost Allocation Plan | — | 147,166 | — | 147,166 |
| Communication Services Allocated Charge | — | 2,250 | — | 2,250 |
| Information Technology Allocated Charges | — | (13,200) | — | (13,200) |
| Liability Insurance Allocated Charges | — | 12,159 | — | 12,159 |
| Printing & Mailing Services Allocated Charges | — | (721) | — | (721) |
| Public Works Administration Allocated Charges | — | (3,945) | — | (3,945) |
| Stormwater Management Allocated Charges | — | — | 10,270 | (10,270) |
| Utilities Allocated Charges | — | 239,365 | — | 239,365 |
| Vehicle Replacement & Maintenance Allocated Charges | — | (5,977) | — | (5,977) |
| Workers' Compensation Allocated Charges | — | 2,151 | — | 2,151 |
| Adjustments to Costs of Ongoing Activities | — | 127,790 | 113,730 | 14,060 |
| Total FY 2021 Proposed Budget | 13.55 | 10,072,681 | 7,909,227 | 2,163,454 |

VEHICLE REPLACEMENT AND MAINTENANCE FUND

Description

The Vehicle Replacement and Maintenance Fund is an internal service fund providing fleet management services for City vehicles and heavy equipment. Timely maintenance and replacement of vehicles and equipment ensures safe, reliable, and efficient use of resources. This program also provides for safe, efficient fuel storage and dispensing facilities while pursuing alternative fuel technologies, and minimizing the pollution and carbon footprint generated by the City's vehicle fleet.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| Vehicle Operations and Maintenance | 5,399,075 | 5,264,698 | 7,389,956 | 6,906,820 | (483,136) | (6.5)% |
| Vehicle Replacement and Additions | 5,318,926 | 3,490,206 | 6,685,148 | 7,978,218 | 1,293,070 | 19.3% |
| Total | 10,718,000 | 8,754,905 | 14,075,104 | 14,885,038 | 809,934 | 5.8% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 302,081 | 318,880 | 335,879 | 310,494 | (25,384) | (7.6)% |
| Other Benefits | 48,298 | 49,631 | 49,456 | 59,676 | 10,221 | 20.7% |
| Overtime | 9,277 | 14,935 | 59,592 | 61,141 | 1,549 | 2.6% |
| Pension | 394,672 | 430,641 | 577,445 | 549,165 | (28,280) | (4.9)% |
| Retiree Medical | 91,489 | 148,359 | 152,810 | 154,674 | 1,864 | 1.2% |
| Salary | 1,296,957 | 1,365,098 | 1,447,511 | 1,545,316 | 97,805 | 6.8% |
| Workers' Compensation | 69,959 | 38,855 | 57,764 | 60,104 | 2,340 | 4.1% |
| Total Salary & Benefits | 2,212,733 | 2,366,399 | 2,680,456 | 2,740,570 | 60,113 | 2.2% |
| Allocated Charges | 1,287,670 | 1,415,931 | 1,262,711 | 1,239,506 | (23,205) | (1.8)% |
| Contract Services | 437,272 | 379,511 | 517,748 | 623,940 | 106,192 | 20.5% |
| Facilities & Equipment | 126,894 | (1,550) | — | — | — | —% |
| General Expense | 82,805 | 78,267 | 70,630 | 70,630 | — | —% |
| Operating Transfers-Out | 38,394 | 142,786 | 184,769 | 124,069 | (60,700) | (32.9)% |
| Rents & Leases | 188,086 | 194,454 | 202,467 | 337,068 | 134,600 | 66.5% |
| Supplies & Material | 1,218,310 | 1,028,759 | 1,427,924 | 1,464,938 | 37,014 | 2.6% |
| Transfer to Infrastructure | — | — | 1,460,000 | 745,000 | (715,000) | (49.0)% |
| Capital Improvement Program | 5,125,837 | 3,150,348 | 6,268,399 | 7,539,318 | 1,270,919 | 20.3% |
| Total Dollars by Expense Category | 10,718,000 | 8,754,905 | 14,075,104 | 14,885,038 | 809,934 | 5.8% |
| Revenues | | | | | | |
| Charges to Other Funds | 9,305,728 | 8,875,562 | 9,192,300 | 9,428,100 | 235,800 | 2.6% |
| Operating Transfers-In | 26,326 | — | — | 50,000 | 50,000 | —% |
| Other Revenue | 346,482 | 429,638 | 155,000 | 155,000 | — | —% |

Budget Summary

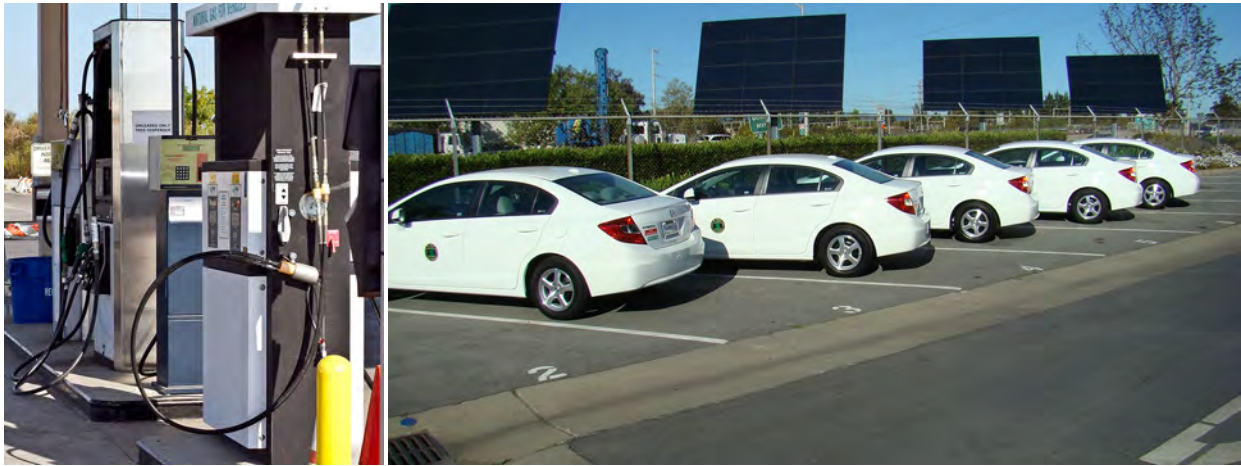
| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|------------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Return on Investments | 203,870 | 220,163 | 260,000 | 239,100 | (20,900) | (8.0)% |
| Total Revenues | 9,882,406 | 9,525,363 | 9,607,300 | 9,872,200 | 264,900 | 2.8% |
| Positions by Division | | | | | | |
| Vehicle Operations and Maintenance | 15.86 | 14.28 | 13.61 | 13.61 | — | —% |
| Vehicle Replacement and Additions | 1.40 | 2.25 | 2.40 | 2.40 | — | —% |
| Total | 17.26 | 16.53 | 16.01 | 16.01 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Administrative Associate III | 1.00 | 1.00 | — | — | — | — |
| Assistant Director Public Works | 0.25 | 0.25 | 0.25 | 0.25 | — | 46,930 |
| Assistant Fleet Manager | 1.00 | 1.00 | 1.00 | 1.00 | — | 112,882 |
| Equipment Maintenance Service Person | 2.00 | 2.00 | 2.00 | 2.00 | — | 141,690 |
| Fleet Services Coordinator | 2.00 | 2.00 | 1.00 | 1.00 | — | 90,459 |
| Management Analyst | 0.20 | 0.20 | 0.20 | 0.20 | — | 25,172 |
| Management Assistant | — | — | 1.00 | 1.00 | — | 91,312 |
| Manager Fleet | 1.00 | 1.00 | 1.00 | 1.00 | — | 138,382 |
| Motor Equipment Mechanic II | 6.00 | 6.00 | 6.00 | 6.00 | — | 602,410 |
| Motor Equipment Mechanic-Lead | 2.00 | 2.00 | 2.00 | 2.00 | — | 214,822 |
| Project Manager | 1.00 | 1.00 | 1.00 | 1.00 | — | 108,077 |
| Senior Management Analyst | 0.08 | 0.08 | 0.08 | 0.08 | — | 10,899 |
| Sub-total: Full-Time Equivalent Positions | 16.53 | 16.53 | 15.53 | 15.53 | — | 1,583,035 |
| Temporary/Hourly | 0.73 | — | 0.48 | 0.48 | — | 21,935 |
| Total Positions | 17.26 | 16.53 | 16.01 | 16.01 | — | 1,604,970 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Vehicle Replacement and Maintenance Fund |
|---|--------------|-------------------|------------------|--|
| Prior Year Budget | 16.01 | 14,075,104 | 9,607,300 | 4,467,804 |
| One-Time Prior Year Budget Adjustments | | | | |
| None | | | | |
| One-Time Prior Year Budget Adjustments | | | | |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 57,773 | — | 57,773 |
| Rents & Leases Expenditure | — | 134,600 | — | 134,600 |
| Vehicle Parts and Fuel Contractual and Managed Services | — | 41,566 | — | 41,566 |
| Return on Investments | — | — | (20,900) | 20,900 |
| Contract Services Alignment | — | 1,640 | — | 1,640 |
| Transfer to Infrastructure Fund (Citywide Facilities CIP) | — | (715,000) | — | (715,000) |
| Capital Improvements Program | — | 1,267,759 | — | 1,267,759 |
| Transfer to Technology Fund (Citywide Technology CIP) | — | (60,700) | — | (60,700) |
| General Fund Cost Allocation Plan | — | (30,320) | — | (30,320) |
| Communication Services Allocated Charges | — | 1,150 | — | 1,150 |
| Industrial Waste Discharge Fee Allocated Charges | — | 582 | — | 582 |
| Information Technology Allocated Charges | — | (43,993) | — | (43,993) |
| Liability Insurance Allocated Charges | — | 13,224 | — | 13,224 |
| Printing & Mailing Services Allocated Charges | — | (488) | — | (488) |
| Public Works Administration Allocated Charges | — | (9,204) | — | (9,204) |
| Utilities Allocated Charges | — | 49,005 | — | 49,005 |
| Vehicle Replacement & Maintenance Allocated Charges | — | — | 235,800 | (235,800) |
| Workers' Compensation Allocated Charges | — | 2,340 | — | 2,340 |
| Adjustments to Costs of Ongoing Activities | — | 709,934 | 214,900 | 495,034 |
| Total FY 2021 Base Budget | 16.01 | 14,785,038 | 9,822,200 | 4,962,838 |
| Budget Adjustments | | | | |
| 1 Electric Vehicle Charger and Location Study | — | 100,000 | 50,000 | 50,000 |
| Total Budget Adjustments | — | 100,000 | 50,000 | 50,000 |
| Total FY 2021 Proposed Budget | 16.01 | 14,885,038 | 9,872,200 | 5,012,838 |



Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net Vehicle Replacement and Maintenance Fund |
|---|-----------|--------------|----------|--|
| 1 Electric Vehicle Charger and Location Study | 0.00 | 100,000 | 50,000 | 50,000 |

This one-time action adds funding to conduct a study assessing current and potential future locations of electric vehicle chargers at City facility sites. The study will also explore the standardization of chargers to support fueling for existing and new City vehicles. With the expansion of electric vehicles in the City's fleet, the number of chargers must also expand. Funding for this study is supported by the Vehicle Replacement and Maintenance Fund Reserve (\$50,000) and the Utilities Department (\$50,000) through a transfer from the Electric Fund. A corresponding action is proposed in the Electric Fund. (Ongoing Costs: \$0)

Performance Results



This action supports the Sustainability and Climate Action Plan goal of expanding the electric vehicle deployment of the City's fleet.

WASTEWATER TREATMENT FUND

Description

The City's Regional Water Quality Control Plant (RWQCP) operates 24 hours a day to treat all wastewater from the City of Palo Alto and the City's five partner agency regional service areas (Mountain View, Los Altos, Los Altos Hills, Stanford, and East Palo Alto Sanitary District) to ensure the compliance with regulations protecting the San Francisco Bay and the environment.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|---|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| CIP Wastewater Treatment Fund | 16,876,892 | 14,088,055 | 28,282,159 | 19,314,556 | (8,967,604) | (31.7)% |
| Wastewater Treatment Administration | 633,281 | 780,836 | 4,188,831 | 4,896,098 | 707,267 | 16.9% |
| Wastewater Treatment Environmental Compliance | 4,865,706 | 4,290,281 | 3,801,407 | 3,880,669 | 79,262 | 2.1% |
| Wastewater Treatment Systems Improvement Operations | 17,544,767 | 18,323,119 | 19,161,729 | 19,016,878 | (144,850) | (0.8)% |
| Total | 39,920,647 | 37,482,291 | 55,434,126 | 47,108,201 | (8,325,925) | (15.0)% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 1,311,044 | 1,226,483 | 1,459,350 | 1,420,487 | (38,863) | (2.7)% |
| Other Benefits | 175,441 | 186,828 | 206,957 | 255,937 | 48,980 | 23.7% |
| Overtime | 310,868 | 332,744 | 326,462 | 334,950 | 8,488 | 2.6% |
| Pension | 1,986,062 | 2,003,517 | 3,059,763 | 2,848,677 | (211,086) | (6.9)% |
| Retiree Medical | 858,810 | 853,066 | 878,658 | 886,970 | 8,313 | 0.9% |
| Salary | 6,788,334 | 6,715,499 | 7,802,750 | 8,167,753 | 365,003 | 4.7% |
| Workers' Compensation | 102,448 | 195,136 | 277,378 | 288,613 | 11,235 | 4.1% |
| Total Salary & Benefits | 11,533,008 | 11,513,272 | 14,011,318 | 14,203,387 | 192,069 | 1.4% |
| Allocated Charges | 6,659,425 | 6,907,185 | 5,593,553 | 6,217,153 | 623,600 | 11.1% |
| Contract Services | 2,524,990 | 2,442,785 | 3,738,908 | 3,818,758 | 79,850 | 2.1% |
| Debt Service | 406,136 | 366,808 | 1,468,851 | 1,468,851 | — | —% |
| Facilities & Equipment | — | 3,210 | 7,500 | 7,500 | — | —% |
| General Expense | 452,963 | 713,092 | 389,029 | 431,729 | 42,700 | 11.0% |
| Operating Transfers-Out | 210,478 | 107,065 | 156,100 | 14,000 | (142,100) | (91.0)% |
| Rents & Leases | — | 1,496 | — | 21,700 | 21,700 | —% |
| Supplies & Material | 1,391,491 | 1,500,930 | 2,069,754 | 1,969,754 | (100,000) | (4.8)% |
| Capital Improvement Program | 16,742,155 | 13,926,447 | 27,999,113 | 18,955,369 | (9,043,744) | (32.3)% |
| Total Dollars by Expense Category | 39,920,647 | 37,482,291 | 55,434,126 | 47,108,201 | (8,325,925) | (15.0)% |
| Revenues | | | | | | |
| Charges to Other Funds | 37,189 | 44,257 | 53,818 | 62,519 | 8,701 | 16.2% |
| From Other Agencies | 4,000,000 | — | — | — | — | —% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|---|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Net Sales | 26,578,677 | 27,164,660 | 30,661,182 | 30,851,553 | 190,371 | 0.6% |
| Other Revenue | 766,779 | 366,393 | 27,409,000 | 9,692,000 | (17,717,000) | (64.6)% |
| Other Taxes and Fines | — | 1,000 | 4,000 | 4,000 | — | —% |
| Return on Investments | 307,203 | 247,996 | 389,000 | 316,000 | (73,000) | (18.8)% |
| Total Revenues | 31,689,848 | 27,824,306 | 58,517,000 | 40,926,072 | (17,590,928) | (30.1)% |
| Positions by Division | | | | | | |
| CIP Wastewater Treatment Fund | 1.30 | 1.30 | 1.30 | 1.30 | — | —% |
| Wastewater Treatment Administration | 0.59 | 0.59 | 0.59 | 0.59 | — | —% |
| Wastewater Treatment Environmental Compliance | 13.21 | 13.21 | 13.21 | 13.21 | — | —% |
| Wastewater Treatment Systems Improvement Operations | 56.16 | 56.16 | 56.16 | 56.16 | — | —% |
| Total | 71.26 | 71.26 | 71.26 | 71.26 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|---------------------------------|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Account Specialist | 0.10 | 0.10 | 0.10 | 0.10 | — | 7,827 |
| Accountant | 0.25 | 0.25 | 0.25 | 0.25 | — | 24,268 |
| Administrative Associate II | 2.00 | 2.00 | 2.00 | 2.00 | — | 156,790 |
| Assistant Director Public Works | 0.65 | 0.65 | 0.65 | 0.65 | — | 137,174 |
| Assistant Manager WQCP | 2.00 | 2.00 | 2.00 | 2.00 | — | 297,398 |
| Associate Engineer | 1.80 | 1.80 | 1.80 | 1.80 | — | 224,528 |
| Chemist | 3.00 | 3.00 | 3.00 | 3.00 | — | 317,616 |
| Deputy Chief/Fire Marshal | 0.04 | 0.04 | 0.04 | 0.04 | — | 8,606 |
| Electrician | 2.90 | 2.90 | 2.90 | 2.90 | — | 324,461 |
| Electrician-Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 119,808 |
| Hazardous Materials Inspector | 0.02 | 0.02 | 0.02 | 0.02 | — | 3,290 |
| Industrial Waste Inspector | 2.59 | 2.59 | 2.59 | 2.59 | — | 252,229 |
| Industrial Waste Investigator | 0.15 | 0.15 | 0.15 | 0.15 | — | 16,411 |
| Laboratory Technician WQC | 3.00 | 3.00 | 3.00 | 3.00 | — | 284,107 |
| Management Analyst | 0.57 | 0.57 | 0.57 | 0.57 | — | 62,742 |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Manager Environmental Control Program | 1.20 | 1.20 | 1.20 | 1.20 | — | 157,410 |
| Manager Laboratory Services | 1.00 | 1.00 | 1.00 | 1.00 | — | 149,386 |
| Manager Water Quality Control Plant | 1.00 | 1.00 | 1.00 | 1.00 | — | 192,733 |
| Manager Watershed Protection | 0.75 | 0.75 | 0.75 | 0.75 | — | 120,900 |
| Plant Mechanic | 7.00 | 7.00 | 7.00 | 7.00 | — | 722,904 |
| Program Assistant II | 1.40 | 1.40 | 1.40 | 1.40 | — | 119,683 |
| Project Engineer | 1.00 | 1.00 | 1.00 | 1.00 | — | 151,216 |
| Project Manager | 0.60 | 0.60 | 0.60 | 0.60 | — | 74,431 |
| Senior Accountant | 0.10 | 0.10 | 0.10 | 0.10 | — | 13,237 |
| Senior Buyer | 1.00 | 1.00 | 1.00 | 1.00 | — | 109,637 |
| Senior Chemist | 1.00 | 1.00 | 1.00 | 1.00 | — | 117,603 |
| Senior Engineer | 3.00 | 3.00 | 3.00 | 3.00 | — | 475,197 |
| Senior Industrial Waste Investigator | 0.89 | 0.89 | 0.89 | 0.89 | — | 111,016 |
| Senior Management Analyst | 0.13 | 0.13 | 0.13 | 0.13 | — | 17,340 |
| Senior Mechanic | 1.00 | 1.00 | 1.00 | 1.00 | — | 113,298 |
| Senior Operator WQC | 6.00 | 6.00 | 6.00 | 6.00 | — | 706,867 |
| Senior Technologist | 1.00 | 1.00 | 1.00 | 1.00 | — | 158,746 |
| Storekeeper | 1.00 | 1.00 | 1.00 | 1.00 | — | 79,498 |
| Supervisor WQCP Operations | 3.00 | 3.00 | 3.00 | 3.00 | — | 375,981 |
| Technologist | 0.70 | 0.70 | 0.70 | 0.70 | — | 108,734 |
| WQC Plant Operator II | 16.00 | 16.00 | 16.00 | 16.00 | — | 1,662,003 |
| Sub-total: Full-Time Equivalent Positions | 68.84 | 68.84 | 68.84 | 68.84 | — | 7,975,075 |
| Temporary/Hourly | 2.42 | 2.42 | 2.42 | 2.42 | — | 216,177 |
| Total Positions | 71.26 | 71.26 | 71.26 | 71.26 | — | 8,191,252 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Wastewater Treatment Fund |
|---|--------------|--------------------|---------------------|--|
| Prior Year Budget | 71.26 | 55,434,125 | 58,517,000 | (3,082,875) |
| One-Time Prior Year Budget Adjustments | | | | |
| None | | | | |
| One-Time Prior Year Budget Adjustments | | | | |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 180,835 | — | 180,835 |
| FY 2020 Municipal Fee Revenue Adjustment | — | — | (75,000) | 75,000 |
| Return on Investments | — | — | (73,000) | 73,000 |
| Source Control Program Increases | — | 42,700 | — | 42,700 |
| Strategic Plan (Revenue from Santa Clara Valley Water District) Recycled Water Year 3 | — | (9,000) | (9,000) | — |
| Water Quality Control Plant (WQCP) Operations Alignment | — | (10,000) | — | (10,000) |
| Tributary Agency Partner Contribution | — | — | 243,591 | (243,591) |
| Transfer to Technology Fund (Citywide Technology CIP) | — | (142,100) | — | (142,100) |
| Capital Improvements Projects | — | (9,044,943) | (17,708,000) | 8,663,057 |
| General Fund Cost Allocation Plan | — | 412,416 | — | 412,416 |
| Industrial Waste Discharge Fee Allocated Charges | — | — | 7,497 | (7,497) |
| Information Technology Allocated Charges | — | 431,219 | — | 431,219 |
| Liability Insurance Allocated Charges | — | 63,500 | — | 63,500 |
| Printing & Mailing Services Allocated Charges | — | 4,406 | — | 4,406 |
| Public Works Administration Allocated Charges | — | (5,259) | — | (5,259) |
| Refuse Allocated Charges | — | (1,946) | — | (1,946) |
| Stormwater Management Allocated Charges | — | 249 | — | 249 |
| Utilities Allocated Charges | — | (298,731) | — | (298,731) |
| Vehicle Replacement & Maintenance Allocated Charges | — | 17,795 | — | 17,795 |
| Wastewater Treatment Allocated Charges | — | — | 22,984 | (22,984) |
| Workers' Compensation Allocated Charges | — | 11,235 | — | 11,235 |
| Adjustments to Costs of Ongoing Activities | — | (8,347,624) | (17,590,928) | 9,243,304 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Wastewater Treatment Fund |
|--------------------------------------|--------------|-------------------|-------------------|-------------------------------|
| Total FY 2021 Base Budget | 71.26 | 47,086,501 | 40,926,072 | 6,160,429 |
| Budget Adjustments | | | | |
| 1 Trailer Rental Lease | — | 21,700 | — | 21,700 |
| Total Budget Adjustments | — | 21,700 | — | 21,700 |
| Total FY 2021 Proposed Budget | 71.26 | 47,108,201 | 40,926,072 | 6,182,129 |

Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net Wastewater Treatment Fund |
|------------------------|-----------|--------------|----------|-------------------------------|
| 1 Trailer Rental Lease | 0.00 | 21,700 | 0 | 21,700 |

This action increases the department's expenses by \$21,700 for costs associated with a rental trailer used for temporary office space for City employees and contractors implementing Capital Improvement Program (CIP) projects at the Regional Water Quality Control Plant (RWQCP) where office spaces and work stations are at full capacity. The contractor currently leasing the trailer will be done with their work in early FY 2021, so the department will be taking over the trailer lease on a month to month basis. The department will continue to analyze ongoing options for the temporary office space and will return with recommendations. (Ongoing costs: \$0)

Performance Results



This action will continue to provide temporary office space for City employees during planned rehabilitation and replacement of buildings at the RWQCP.

UTILITIES

Mission Statement



in sound financial condition.

The City of Palo Alto Utilities' mission is to provide safe, reliable, environmentally sustainable, and cost-effective services.

Purpose

The purpose of the City of Palo Alto Utilities is to provide high quality, cost-effective electric, gas, fiber optics, water and wastewater collection services; promote effective energy and water efficiency programs; proactively manage infrastructure needs and replace deteriorated or aging facilities with new technologies to ensure safe and reliable delivery of services; and ensure the City's utilities are

UTILITIES DIRECTOR Dean Batchelor

ELECTRIC ENGINEERING & OPERATIONS

2.00 Administrative Associate II
1.00 Assistant Director Utilities Operations
1.00 Business Analyst
1.00 Coordinator Utilities Projects
3.00 Electrician Assistant I
1.00 Electric Equipment Technician
2.00 Electric Heavy Equipment Operator
4.00 Electric Project Engineer
2.00 Electric Underground Inspectors
1.00 Electric Underground Inspector-Lead
1.00 Engineering Manager – Electric
2.00 Engineer Technician III
10.00 Lineperson / Cable Splicer
4.00 Lineperson / Cable Splicer-Lead
1.00 Manager Electric Operations
3.00 Metering Technician
1.00 Metering Technician- Lead
2.00 Overhead/Underground Troubleshooter
1.00 Power Engineer
2.00 SCADA Technologist
4.00 Senior Electrical Engineer
5.00 Street Light, Traffic Signal & Fiber Technician
2.00 Street Light, Traffic Signal & Fiber Technician-Lead
6.00 Substation Electrician
2.00 Substation Electrician-Lead
1.00 Supervisor, Electric Project Engineer
3.00 Utilities Comp Tech
1.00 Utilities Comp Tech-Lead
3.00 Utilities Engineer Estimator
1.00 Utilities Engineer Estimator-Lead
3.00 Utilities Locator
6.00 Utilities Supervisor
5.00 Utilities System Operator

UTILITIES ADMINISTRATION

1.00 Administrative Assistant
1.00 Administrative Associate II
2.00 Business Analyst
1.00 Chief Operating Officer
1.00 Compliance Manager
1.00 Coordinator, Utilities Projects
1.00 Manager Communications
1.00 Manager Utilities Telecom
1.00 Principal Business Analyst
0.50 Program Assistant
1.00 Safety Officer
3.00 Senior Business Analyst
1.00 Senior Resource Planner
1.00 Strategic Business Manager

CUSTOMER SUPPORT SERVICES

1.00 Assistant Director Utilities Customer Support Services
2.00 Credit and Collections Specialist
2.00 Customer Service Specialist-Lead
7.00 Customer Service Representative
2.00 Customer Service Specialist
1.00 Manager Customer Service
1.00 Manager, Utilities Credit and Collections
6.00 Meter Reader
1.00 Meter Reader-Lead

RESOURCE MANAGEMENT

1.00 Assistant Director, Resource Management
1.00 Administrative Associate II
1.00 Business Analyst
3.00 Key Account Representative
1.00 Manager, Utility Program Services
4.00 Marketing Program Administrator
1.00 Program Assistant II
5.00 Resource Planner
5.5 Senior Resource Planner

FY 2021 POSITION TOTALS

245.0 - Full-time
9.46 - Hourly

This organizational chart represents citywide Full-Time Equivalents (FTEs) for this department. The Department Summary tables summarize FTEs by position allocation.

WGW ENGINEERING & OPERATIONS

2.00 Administrative Associate II
1.00 Assistant Director Utilities Engineering
2.00 Business Analyst
1.00 Cathodic Protection Tech-Asst
1.00 Cathodic Technician
2.00 Cement Finisher
4.00 Coordinator Utilities Projects
4.00 Engineer
1.00 Engineering Manager – WGW
1.00 Engineering Technician III
1.00 Gas & Water Meter Measurement and Control Technician - Lead
4.00 Gas & Water Meter Measurement and Control Technician
4.00 Heavy Equipment Operator / Installer Repairer
5.00 Inspector, Field Services
2.00 Maintenance Mechanic Welding
1.00 Manager WGW Operations
1.00 Program Assistant
5.00 Project Engineer
1.00 Restoration Lead
5.00 Senior Project Engineer
1.00 Senior Mechanic
1.00 Senior Utilities Field Service Rep
2.00 Senior Water System Operator
2.00 Utilities Engineer Estimator
5.00 Utilities Field Service Rep
10.00 Utilities Installer/Repairer
1.00 Utilities Installer/Repairer Assistant
5.00 Utilities Install/Rep-Lead
3.00 Utilities Install/Rep-Welding
2.00 Utilities Install/Rep-Welding-Lead
6.00 Utilities Supervisor
4.00 Water Systems Operator II
5.00 WGW Heavy Equipment Operator

Description

Palo Alto is the only city in California that offers a full array of utility services to its citizens and businesses. Because of this, the City has a unique opportunity to partner with the Palo Alto community to enjoy the benefits and achievements of reliable, home-grown, and environmentally-focused utilities. Palo Alto has a tradition of over 100 years of successful public utility operations. It is a tradition that continues to provide the Palo Alto community with safe and reliable utilities service, local decision-making over policies, utility rate-making, environmental programs, and customized services.

The City of Palo Alto Utilities (CPAU) continues to focus on customer service, infrastructure reliability, regulatory compliance, and cost containment. CPAU also supports the City's sustainability goals by building a low-carbon energy supply through the use of renewable energy and offsets and by promoting programs to help customers use energy and water more efficiently, reduce their carbon footprint, and help them integrate new technologies.

At CPAU, our people empower tomorrow's ambitions while caring for today's needs. We make this possible with our outstanding professional workforce, leading through collaboration, and optimizing resources to ensure a sustainable and resilient Palo Alto.

ADMINISTRATION

Utilities Administration is responsible for the overall management of the CPAU including communication, regulatory compliance, strategic planning, budget coordination, legislation and regulatory policy analysis, and personnel and administrative support to the entire Department.

CUSTOMER SUPPORT SERVICES

Customer Support Services annually bills \$250 million for the City's electric, natural gas, water, commercial fiber optic, wastewater collection (operated by CPAU), storm drain, and refuse (operated by Public Works) services; operates the Customer Service Call Center with 75,000 annual customer interactions; reads 90,000 utility meters per month; and implements Credit and Collection policies and financial assistance programs.

UTILITIES

ENGINEERING

Engineering is responsible for managing all phases of CPAU's capital improvement projects which include providing new or upgrading existing service to customers and replacing and rehabilitating the City's electric, fiber, gas, water, and wastewater distribution systems.

OPERATIONS

Utilities Operations is responsible for the operations, maintenance, and emergency response for the electric, fiber, gas, water, and wastewater distribution systems.

RESOURCE MANAGEMENT

Resource Management is responsible for the long-term resource acquisition plan for, electricity, natural gas, and water; contract negotiations to acquire renewable resources; financial planning; rate development; energy efficiency and water conservation programs; and management of key accounts.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|-----------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Fund | | | | | | |
| Electric Fund - Operating | 51,443,024 | 56,136,690 | 76,606,602 | 79,254,105 | 2,647,503 | 3.5% |
| Electric Supply | 108,624,454 | 102,141,767 | 110,086,193 | 112,382,196 | 2,296,003 | 2.1% |
| Fiber Optics | 3,377,476 | 2,885,744 | 4,325,932 | 3,589,532 | (736,400) | (17.0)% |
| Gas Fund - Operating | 23,120,579 | 26,255,608 | 26,707,978 | 36,489,947 | 9,781,969 | 36.6% |
| Gas Supply | 14,110,302 | 17,293,927 | 17,866,764 | 17,109,788 | (756,976) | (4.2)% |
| Wastewater Collection - Operating | 17,880,581 | 18,415,551 | 27,310,057 | 23,818,873 | (3,491,184) | (12.8)% |
| Water Fund - Operating | 46,737,022 | 43,711,111 | 60,843,556 | 53,359,316 | (7,484,240) | (12.3)% |
| Total | 265,293,438 | 266,840,398 | 323,747,082 | 326,003,756 | 2,256,675 | 0.7% |
| Revenues | | | | | | |
| Charges for Services | 459,431 | 509,624 | 420,000 | 260,000 | (160,000) | (38.1)% |
| Charges to Other Funds | 841,410 | 470,943 | 354,717 | 375,311 | 20,594 | 5.8% |
| From Other Agencies | 500,773 | 488,052 | 576,632 | 576,632 | — | —% |
| Net Sales | 248,735,959 | 264,444,785 | 264,139,740 | 276,120,189 | 11,980,448 | 4.5% |
| Operating Transfers-In | 3,977,536 | 3,873,979 | 3,163,724 | 3,202,109 | 38,385 | 1.2% |
| Other Revenue | 9,785,634 | 11,348,937 | 11,719,065 | 11,045,946 | (673,119) | (5.7)% |
| Rental Income | 5,000 | 10,000 | — | — | — | —% |
| Return on Investments | 4,131,918 | 4,908,650 | 5,160,700 | 4,565,900 | (594,800) | (11.5)% |
| Total Revenues | 268,437,661 | 286,054,971 | 285,534,578 | 296,146,086 | 10,611,508 | 3.7% |
| Positions by Fund | | | | | | |
| Electric Fund | 111.23 | 111.33 | 110.95 | 111.34 | 0.39 | 0.35% |
| Fiber Optics Fund | 7.60 | 7.60 | 7.50 | 7.10 | (0.40) | (5.33)% |
| Gas Fund | 53.11 | 53.83 | 53.83 | 53.83 | — | —% |
| Utilities Administration | 19.21 | 19.21 | 19.46 | 19.46 | — | —% |
| Wastewater Collection Fund | 29.00 | 29.16 | 29.16 | 28.50 | (0.66) | (2.26)% |
| Water Fund | 47.90 | 46.92 | 46.94 | 47.61 | 0.67 | 1.43% |
| Total | 268.05 | 268.05 | 267.84 | 267.84 | — | —% |

ELECTRIC FUND

Description

On January 16, 1900, the City of Palo Alto began operation of its own electric system. A steam engine was the initial source of the City's electricity and was replaced by a diesel engine in 1914. As demand for electricity and the population continued to grow, the City of Palo Alto Utilities (CPAU) connected to the Pacific Gas and Electric distribution system and purchased power from additional sources.

The integrity of the infrastructure required for achieving a high level of reliability and value for customers is of paramount importance to CPAU. The Electric Fund strives to enhance the customer service connection experience, increase energy efficiency participation, and increase the percentage of electric supply obtained from renewable energy supplies. The City has entered into a number of contracts with producers of wind, landfill gas, and solar energy for more than 15-year terms.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|-------------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| CIP Electric Fund | 10,315,316 | 15,615,817 | 23,765,466 | 25,675,767 | 1,910,301 | 8.0% |
| Electric Administration | 24,586,157 | 23,218,636 | 27,176,349 | 27,202,118 | 25,768 | 0.1% |
| Electric Customer Service | 2,292,027 | 2,306,400 | 2,665,595 | 2,702,805 | 37,211 | 1.4% |
| Electric Demand Side Management | 3,958,743 | 3,716,457 | 6,991,511 | 7,060,480 | 68,969 | 1.0% |
| Electric Engineering (Operating) | 1,790,943 | 1,843,389 | 2,415,964 | 2,538,266 | 122,302 | 5.1% |
| Electric Operations and Maintenance | 11,664,339 | 11,606,585 | 16,103,804 | 17,465,526 | 1,361,722 | 8.5% |
| Electric Resource Management | 105,459,953 | 99,971,173 | 107,574,106 | 108,991,339 | 1,417,233 | 1.3% |
| Total | 160,067,478 | 158,278,458 | 186,692,795 | 191,636,301 | 4,943,506 | 2.6% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 1,949,617 | 1,820,670 | 2,475,451 | 2,378,757 | (96,694) | (3.9)% |
| Other Benefits | 304,713 | 318,143 | 373,996 | 462,288 | 88,292 | 23.6% |
| Overtime | 929,360 | 1,017,707 | 517,920 | 531,386 | 13,466 | 2.6% |
| Pension | 3,103,244 | 3,214,302 | 5,290,653 | 5,332,020 | 41,367 | 0.8% |
| Retiree Medical | 1,617,277 | 1,555,185 | 1,601,840 | 1,626,258 | 24,418 | 1.5% |
| Salary | 10,816,735 | 10,846,696 | 13,384,300 | 15,147,711 | 1,763,411 | 13.2% |
| Workers' Compensation | 123,558 | 292,351 | 441,673 | 459,563 | 17,889 | 4.1% |
| Total Salary & Benefits | 18,844,505 | 19,065,053 | 24,085,834 | 25,937,983 | 1,852,149 | 7.7% |
| Allocated Charges | 5,506,903 | 4,253,400 | 10,434,079 | 9,655,240 | (778,839) | (7.5)% |
| Contract Services | 3,096,678 | 2,786,957 | 7,615,180 | 6,677,366 | (937,814) | (12.3)% |
| Debt Service | 8,770,695 | 8,368,513 | 8,476,576 | 8,442,678 | (33,898) | (0.4)% |
| Equity Transfer | 12,887,000 | 12,973,000 | 13,129,000 | 13,479,000 | 350,000 | 2.7% |
| Facilities & Equipment | 2,174 | 18,379 | 64,155 | 27,300 | (36,855) | (57.4)% |
| General Expense | 2,135,223 | 2,258,230 | 3,441,967 | 3,441,967 | — | —% |
| Operating Transfers-Out | 560,572 | 297,973 | — | 50,000 | 50,000 | —% |
| Rents & Leases | 5,612,918 | 5,784,139 | 6,276,636 | 6,389,015 | 112,379 | 1.8% |
| Supplies & Material | 474,977 | 533,907 | 924,207 | 924,207 | — | —% |
| Transfer to Infrastructure | — | 199,167 | — | — | — | —% |
| Utility Purchase | 94,659,116 | 89,680,963 | 95,678,373 | 97,084,000 | 1,405,627 | 1.5% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Capital Improvement Program | 7,516,715 | 12,058,775 | 16,566,787 | 19,527,544 | 2,960,758 | 17.9% |
| Total Dollars by Expense Category | 160,067,478 | 158,278,458 | 186,692,795 | 191,636,301 | 4,943,506 | 2.6% |

| Revenues | | | | | | |
|------------------------|--------------------|--------------------|--------------------|--------------------|------------------|-------------|
| Charges for Services | 310,863 | 375,880 | 380,000 | 220,000 | (160,000) | (42.1)% |
| Charges to Other Funds | 460,890 | 193,480 | 139,712 | 145,401 | 5,689 | 4.1% |
| Net Sales | 145,962,397 | 154,155,483 | 154,329,190 | 164,199,920 | 9,870,730 | 6.4% |
| Operating Transfers-In | 3,465,100 | 3,334,701 | 2,615,588 | 2,644,849 | 29,261 | 1.1% |
| Other Revenue | 7,508,222 | 8,797,973 | 8,928,000 | 8,918,000 | (10,000) | (0.1)% |
| Rental Income | 5,000 | 10,000 | — | — | — | —% |
| Return on Investments | 1,941,997 | 2,431,950 | 2,158,000 | 2,063,800 | (94,200) | (4.4)% |
| Total Revenues | 159,654,470 | 169,299,467 | 168,550,490 | 178,191,970 | 9,641,480 | 5.7% |

| Positions by Division | | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|-------------|--------------|
| CIP Electric Fund | 31.90 | 31.90 | 31.90 | 24.35 | (7.55) | (23.67)% |
| Electric Customer Service | 11.70 | 12.00 | 11.90 | 11.90 | — | —% |
| Electric Demand Side Management | 6.17 | 6.17 | 5.59 | 5.59 | — | —% |
| Electric Engineering (Operating) | 4.98 | 4.98 | 4.98 | 6.67 | 1.69 | 33.94% |
| Electric Operations and Maintenance | 48.10 | 48.10 | 48.10 | 54.35 | 6.25 | 12.99% |
| Electric Resource Management | 8.38 | 8.18 | 8.48 | 8.48 | — | —% |
| Total | 111.23 | 111.33 | 110.95 | 111.34 | 0.39 | 0.35% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Account Specialist | 0.31 | 0.31 | 0.31 | 0.31 | — | 24,264 |
| Administrative Associate II | 3.90 | 3.90 | 3.30 | 3.30 | — | 258,704 |
| Assistant Director Administrative Services | 0.20 | 0.20 | 0.20 | 0.20 | — | 36,462 |
| Assistant Director Utilities Customer Support Services | 0.40 | 0.40 | 0.40 | 0.40 | — | 81,178 |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|-----------------|-----------------|------------------------|-------------------------|--------------------|----------------|
| Assistant Director Utilities Engineering | 0.40 | 0.40 | 0.40 | 0.40 | — | 86,969 |
| Assistant Director Utilities Operations | 0.60 | 0.60 | 0.60 | 0.60 | — | 136,307 |
| Assistant Director Utilities/Resource Management | 0.50 | 0.50 | 0.50 | 0.50 | — | 104,447 |
| Business Analyst | 1.94 | 1.60 | 1.60 | 1.60 | — | 248,535 |
| Contracts Administrator | 0.10 | 0.10 | 0.10 | 0.10 | — | 10,113 |
| Coordinator Utilities Projects | 1.55 | 1.55 | 1.55 | 1.55 | — | 148,385 |
| Customer Service Representative | 1.87 | 1.87 | 1.87 | 1.87 | — | 145,277 |
| Customer Service Specialist | 0.66 | 0.66 | 0.66 | 0.66 | — | 56,381 |
| Customer Service Specialist-Lead | 0.58 | 0.58 | 0.58 | 0.58 | — | 52,985 |
| Electric Heavy Equipment Operator | — | — | — | 2.00 | 2.00 | 217,318 |
| Electric Project Engineer | 1.95 | 1.95 | 3.25 | 3.65 | 0.40 | 580,788 |
| Electric Underground Inspector | 2.00 | 2.00 | 2.00 | 2.00 | — | 228,883 |
| Electric Underground Inspector-Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 122,387 |
| Electrical Equipment Technician | 1.00 | 1.00 | 1.00 | 1.00 | — | 116,958 |
| Electrician Assistant I | 3.00 | 3.00 | 3.00 | 3.00 | — | 272,563 |
| Engineering Manager - Electric | 0.55 | 0.55 | 0.55 | 0.55 | — | 118,244 |
| Engineering Technician III | 1.40 | 1.40 | 1.40 | 1.40 | — | 137,971 |
| Heavy Equipment Operator | 2.00 | 2.00 | 2.00 | — | (2.00) | — |
| Inspector, Field Services | 0.25 | 0.25 | 0.25 | 0.25 | — | 26,577 |
| Lineperson/Cable Specialist | 11.00 | 11.00 | 11.00 | 10.00 | (1.00) | 1,574,352 |
| Lineperson/Cable Specialist-Lead | 4.00 | 4.00 | 4.00 | 4.00 | — | 673,837 |
| Manager Customer Service | 0.33 | 0.33 | 0.33 | 0.33 | — | 52,070 |
| Manager Electric Operations | 1.00 | 1.00 | 1.00 | 1.00 | — | 192,546 |
| Manager Treasury, Debt & Investments | 0.30 | 0.30 | 0.30 | 0.30 | — | 46,513 |
| Manager Utilities Compliance | 0.15 | 0.15 | 0.15 | 0.15 | — | 29,531 |
| Manager Utilities Credit & Collection | 0.15 | 0.15 | 0.15 | 0.15 | — | 23,902 |
| Manager Utilities Program Services | 0.40 | 0.40 | 0.40 | 0.40 | — | 61,718 |
| Meter Reader | 1.99 | 1.99 | 1.99 | 1.99 | — | 145,286 |
| Meter Reader-Lead | 0.33 | 0.33 | 0.33 | 0.33 | — | 25,781 |

UTILITIES

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Metering Technician | 3.00 | 3.00 | 3.00 | 3.00 | — | 409,157 |
| Metering Technician-Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 145,974 |
| Offset Equipment Operator | 0.48 | 0.48 | 0.48 | 0.48 | — | 33,426 |
| Overhead Underground Troubleman | 2.00 | 2.00 | 2.00 | 2.00 | — | 330,720 |
| Power Engineer | 2.30 | 2.30 | 1.00 | 1.00 | — | 150,030 |
| Principal Business Analyst | 0.34 | 0.34 | 0.34 | 0.34 | — | 62,064 |
| Program Assistant II | — | — | 0.60 | 0.60 | — | 51,293 |
| Project Manager | 0.75 | 0.75 | 0.75 | 0.75 | — | 81,806 |
| Resource Planner | 3.85 | 3.65 | 2.85 | 2.85 | — | 409,091 |
| SCADA Technologist | 1.00 | 1.00 | 1.00 | 1.01 | 0.01 | 154,031 |
| Senior Business Analyst | 0.68 | 1.02 | 1.02 | 1.02 | — | 161,921 |
| Senior Electrical Engineer | 3.95 | 3.95 | 3.95 | 3.95 | — | 766,016 |
| Senior Management Analyst | 0.10 | 0.10 | 0.10 | 0.10 | — | 12,881 |
| Senior Resource Planner | 3.06 | 3.06 | 3.36 | 3.36 | — | 600,182 |
| Senior Utilities Field Service Representative | 0.10 | 0.10 | 0.10 | 0.10 | — | 11,588 |
| Street Light, Traffic Signal & Fiber Technician | 3.00 | 3.00 | 3.00 | 3.00 | — | 391,310 |
| Street Light, Traffic Signal & Fiber- Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 139,610 |
| Substation Electrician | 5.50 | 5.50 | 5.50 | 5.50 | — | 782,839 |
| Substation Electrician-Lead | 2.00 | 2.00 | 2.00 | 2.00 | — | 304,595 |
| Supervising Electric Project Engineer | 1.00 | 1.00 | 1.00 | 1.00 | — | 162,968 |
| Tree Maintenance Person | 1.00 | 1.00 | 1.00 | 1.00 | — | 88,150 |
| Utilities Compliance Technician | 2.00 | 2.00 | 2.00 | 3.00 | 1.00 | 472,306 |
| Utilities Compliance Technician- Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 168,459 |
| Utilities Credit/Collection Specialist | 2.00 | 2.00 | 2.00 | 2.00 | — | 201,469 |
| Utilities Engineer Estimator | 3.25 | 3.25 | 3.25 | 3.23 | (0.02) | 422,605 |
| Utilities Field Services Representative | 0.50 | 0.50 | 0.50 | 0.50 | — | 54,184 |
| Utilities Key Account Representative | 1.35 | 1.35 | 1.35 | 1.35 | — | 162,106 |
| Utilities Locator | 1.95 | 1.95 | 1.95 | 1.95 | — | 203,652 |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Utilities Marketing Program Administrator | 1.60 | 1.90 | 2.70 | 2.70 | — | 307,981 |
| Utilities Safety Officer | 0.55 | 0.55 | 0.55 | 0.55 | — | 72,781 |
| Utilities Supervisor | 5.00 | 5.00 | 5.00 | 5.00 | — | 851,822 |
| Utilities System Operator | 5.00 | 5.00 | 5.00 | 5.00 | — | 881,400 |
| Utility Engineering Estimator - Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 141,336 |
| Sub-total: Full-Time Equivalent Positions | 107.12 | 107.22 | 107.52 | 107.91 | 0.39 | 15,226,987 |
| Temporary/Hourly | 4.11 | 4.11 | 3.43 | 3.43 | — | 290,926 |
| Total Positions | 111.23 | 111.33 | 110.95 | 111.34 | 0.39 | 15,517,913 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Electric Fund |
|--|---------------|--------------------|--------------------|----------------------|
| Prior Year Budget | 110.95 | 186,692,795 | 168,550,490 | 18,142,305 |
| One-time Prior Year Budget Adjustments | | | | |
| Elwell Court Improvements | — | (170,791) | — | 170,791 |
| Administrative Services Staffing Vacancies | — | 19,968 | — | 19,968 |
| One-time Prior Year Budget Adjustments | — | (150,823) | — | 190,759 |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 1,739,961 | — | 1,739,961 |
| Electric Commodity Revenue Adjustments | — | — | 5,969,877 | (5,969,877) |
| Electric Customer Sales Revenue (3% Rate Increase) | — | — | 4,150,377 | (4,150,377) |
| Realignment of Contract Services | — | (937,814) | — | (937,814) |
| Transfer from the General Fund (Traffic Signal and Streetlight Electric Costs) | — | — | 62,471 | (62,471) |
| Radio Subscription Fees | — | (36,855) | — | (36,855) |
| Utility Payment Processing | — | — | 5,689 | (5,689) |
| Transfer from the General Fund (Canopy Contract CMR 10959) | — | — | (33,210) | 33,210 |
| Utilities Capital Staffing Alignment | 0.39 | 92,220 | — | 92,220 |
| Return on Investments | — | — | (94,200) | 94,200 |
| Surplus Energy Revenue | — | — | (249,524) | 249,524 |
| Rents & Leases Expenditure Alignment | — | 283,170 | — | 283,170 |
| Equity Transfer to the General Fund | — | 350,000 | — | 350,000 |
| Electric Commodity Purchases Expenditure | — | 1,371,729 | — | 1,371,729 |
| Capital Improvement Program | — | 2,960,758 | (170,000) | 3,130,758 |
| General Fund Cost Allocation Plan | — | 218,681 | — | 218,681 |
| General Liability Insurance Allocated Charges | — | 26,634 | — | 26,634 |
| Grounds Maintenance Allocated Charges | — | 627 | — | 627 |
| Print & Mail Allocated Charges | — | 14,182 | — | 14,182 |
| Public Works Engineering & Inspection Allocated Charges | — | (4,812) | — | (4,812) |
| Refuse Sales Allocated Charges | — | (333) | — | (333) |
| Stormwater Management Allocated Charges | — | 856 | — | 856 |
| Utilities Administration Allocated Charges Adjustment | — | (826,083) | — | (826,083) |
| Utilities Allocated Charges | — | (215,318) | — | (215,318) |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Electric Fund |
|---|---------------|--------------------|--------------------|--------------------|
| Utilities Allocated Charges Adjustment | — | (2,280) | — | (2,280) |
| Vehicle Replacement & Maintenance Charges | — | 9,006 | — | 9,006 |
| Adjustments to Costs of Ongoing Activities | 0.39 | 5,044,329 | 9,641,480 | (4,597,151) |
| Total FY 2021 Base Budget | 111.34 | 191,586,301 | 178,191,970 | 13,735,913 |
| 1 Compliance Group Staffing Realignment | — | 0 | — | — |
| 2 Study of Electric Vehicle Chargers/Locations | — | 50,000 | — | 50,000 |
| Total FY 2021 Proposed Budget | 111.34 | 191,636,301 | 178,191,970 | 13,785,913 |



Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net Electric Fund |
|---|-----------|--------------|----------|-------------------|
| 1 Compliance Group Staffing Realignment | 0.00 | 0 | 0 | 0 |

This ongoing action will add one vacant 1.0 FTE Compliance Technician and drop one vacant 1.0 FTE Linerperson Cablesplicer position to reallocate resources from the Linerperson group to the Compliance group. The Compliance group is responsible for inspecting and coordinating electrical line construction, including construction by contractors. Reallocating resources to the Compliance group aligns with the current business operational needs to meet the growing amount of inspections being conducted and will have minimal impact to the Linerperson group, which receives additional support through a third party contractor.

Performance Results



Reallocating resources from the Linerperson group to the Compliance group will help meet the current business operational needs with minimal to no impact to costs and service delivery.

Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net Electric Fund |
|--|-----------|--------------|----------|-------------------|
| 2 Study of Electric Vehicle Chargers/Locations | 0.00 | 50,000 | 0 | 50,000 |

This one-time action adds funding to conduct a study assessing current and potential future locations of electric vehicle chargers at City facility sites. The study will also explore the standardization of chargers to support fueling for existing and new City vehicles. With the expansion of electric vehicles in the City's fleet, the number of chargers must also expand. Funding for this study is supported by the Vehicle Replacement and Maintenance Fund Reserve (\$50,000) and the Utilities Department (\$50,000) through a transfer from the Electric Fund. A corresponding action is proposed in the Vehicle Replacement and Maintenance Fund. (Ongoing Costs: \$0)

Performance Results



This action supports the Sustainability and Climate Action Plan goal of expanding the electric vehicle deployment of the City's fleet.

FIBER OPTICS FUND

Description

In 1996, the City built a dark fiber ring around Palo Alto capable of supporting multiple network developers and service providers with significant growth potential. The fiber backbone network was routed to pass by and provide access to key City facilities and the Palo Alto business community, including research centers and commercial properties.

Dark fiber optics service consists of providing the fiber optics cabling, splice points, service connections, and other infrastructure providing high-capacity bandwidth needed to transport large quantities of data. This service excludes the transmitters, receivers, and data itself, which are owned and operated by each customer.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| CIP Fiber Optics Fund | 1,047,968 | 791,530 | 1,525,441 | 749,961 | (775,481) | (50.8)% |
| Fiber Optics Administration | 188,357 | 205,681 | 919,370 | 897,311 | (22,060) | (2.4)% |
| Fiber Optics Customer Service | 678,580 | 633,076 | 1,241,621 | 1,234,507 | (7,114) | (0.6)% |
| Fiber Optics Operations and Maintenance | 1,462,572 | 1,255,457 | 639,500 | 707,753 | 68,254 | 10.7% |
| Total | 3,377,476 | 2,885,744 | 4,325,932 | 3,589,532 | (736,400) | (17.0)% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 163,825 | 152,237 | 171,660 | 139,597 | (32,063) | (18.7)% |
| Other Benefits | 24,736 | 23,681 | 29,786 | 33,953 | 4,168 | 14.0% |
| Overtime | 21,055 | 20,229 | 25,521 | 26,184 | 664 | 2.6% |
| Pension | 242,846 | 247,607 | 358,230 | 329,389 | (28,841) | (8.1)% |
| Salary | 1,007,041 | 884,605 | 967,733 | 995,746 | 28,014 | 2.9% |
| Workers' Compensation | 666 | 19,047 | 30,967 | 32,221 | 1,254 | 4.1% |
| Total Salary & Benefits | 1,460,169 | 1,347,406 | 1,583,895 | 1,557,091 | (26,804) | (1.7)% |
| Allocated Charges | 542,597 | 412,690 | 747,422 | 756,600 | 9,178 | 1.2% |
| Contract Services | 161,241 | 173,912 | 454,646 | 454,646 | — | —% |
| Facilities & Equipment | — | 1,224 | 2,457 | — | (2,457) | (100.0)% |
| General Expense | 2,430 | 2,125 | 12,000 | 12,000 | — | —% |
| Operating Transfers-Out | 129,531 | 123,557 | 102,176 | 102,176 | — | —% |
| Rents & Leases | 75,375 | 77,787 | 82,360 | 53,531 | (28,829) | (35.0)% |
| Supplies & Material | 8,738 | 1,661 | 9,000 | 9,000 | — | —% |
| Transfer to Infrastructure | 5,700 | 15,218 | — | — | — | —% |
| Capital Improvement Program | 991,695 | 730,163 | 1,331,975 | 644,488 | (687,488) | (51.6)% |
| Total Dollars by Expense Category | 3,377,476 | 2,885,744 | 4,325,932 | 3,589,532 | (736,400) | (17.0)% |
| Revenues | | | | | | |
| Charges for Services | 37,224 | 26,712 | — | — | — | —% |
| Charges to Other Funds | 135,895 | — | — | — | — | —% |
| Net Sales | 4,356,872 | 4,566,484 | 4,594,824 | 4,716,421 | 121,597 | 2.6% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|-----------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Other Revenue | 66,032 | 163 | 200,000 | 200,000 | — | —% |
| Return on Investments | 582,095 | 683,895 | 749,500 | 646,700 | (102,800) | (13.7)% |
| Total Revenues | 5,178,117 | 5,277,254 | 5,544,324 | 5,563,121 | 18,797 | 0.3% |

Positions by Division

| | | | | | | |
|---|-------------|-------------|-------------|-------------|---------------|----------------|
| CIP Fiber Optics Fund | 0.79 | 0.79 | 0.79 | 0.39 | (0.40) | (50.63)% |
| Fiber Optics Customer Service | 3.68 | 3.68 | 3.58 | 3.58 | — | —% |
| Fiber Optics Operations and Maintenance | 3.13 | 3.13 | 3.13 | 3.13 | — | —% |
| Total | 7.60 | 7.60 | 7.50 | 7.10 | (0.40) | (5.33)% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|---|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Administrative Associate II | 0.20 | 0.20 | 0.20 | 0.20 | — | 15,679 |
| Assistant Director Utilities Customer Support Services | 0.20 | 0.20 | 0.20 | 0.20 | — | 40,589 |
| Assistant Director Utilities Engineering | 0.05 | 0.05 | 0.05 | 0.05 | — | 10,871 |
| Business Analyst | 0.30 | 0.30 | 0.30 | 0.30 | — | 46,600 |
| Electric Project Engineer | 0.05 | 0.05 | 0.45 | 0.05 | (0.40) | 7,956 |
| Manager Utilities Compliance | 0.10 | 0.10 | 0.10 | 0.10 | — | 19,687 |
| Manager Utilities Credit & Collection | 0.40 | 0.40 | 0.40 | 0.40 | — | 63,740 |
| Manager Utilities Program Services | 0.20 | 0.20 | 0.20 | 0.20 | — | 30,859 |
| Manager Utilities Telecommunications | 1.00 | 1.00 | 1.00 | 1.00 | — | 154,586 |
| Power Engineer | 0.40 | 0.40 | — | — | — | — |
| Senior Electrical Engineer | 0.05 | 0.05 | 0.05 | 0.05 | — | 9,637 |
| Street Light, Traffic Signal & Fiber Technician | 2.00 | 2.00 | 2.00 | 2.00 | — | 260,874 |
| Street Light, Traffic Signal & Fiber- Lead | 1.00 | 1.00 | 1.00 | 1.00 | — | 139,610 |
| Utilities Key Account Representative | 0.80 | 0.80 | 0.80 | 0.80 | — | 96,063 |

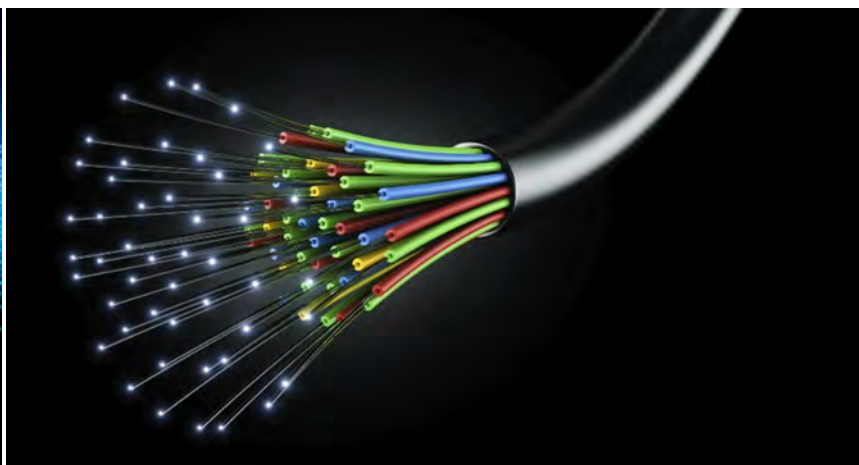
UTILITIES

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Utilities Locator | 0.03 | 0.03 | 0.03 | 0.03 | — | 3,133 |
| Sub-total: Full-Time Equivalent Positions | 6.78 | 6.78 | 6.78 | 6.38 | (0.40) | 899,882 |
| Temporary/Hourly | 0.82 | 0.82 | 0.72 | 0.72 | — | 74,506 |
| Total Positions | 7.60 | 7.60 | 7.50 | 7.10 | (0.40) | 974,388 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Fiber Optics Fund |
|--|---------------|------------------|------------------|-----------------------------|
| Prior Year Budget | 7.50 | 4,325,932 | 5,544,324 | (1,390,428) |
| One-time Prior Year Budget Adjustments | | | | |
| None | | | | |
| One-time Prior Year Budget Adjustments | | | | |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 66,822 | — | 66,822 |
| Utilities Capital Staffing Alignment | (0.40) | (93,626) | — | (93,626) |
| Fiber Optics Revenue (Rate Increase of 2.5% CPI for EDF-1) | — | — | 121,597 | (121,597) |
| Rents & Leases Expenditure Alignment | — | (28,829) | — | (28,829) |
| Radio Subscription Fees | — | (2,457) | — | (2,457) |
| Return on Investments | — | — | (102,800) | 102,800 |
| Capital Improvement Program | — | (687,488) | — | (687,488) |
| General Fund Cost Allocation Plan | — | 31,697 | — | 31,697 |
| Liability Insurance Allocated Charges | — | 2,409 | — | 2,409 |
| Utilities Administration Allocated Charges | — | (24,928) | — | (24,928) |
| Adjustments to Costs of Ongoing Activities | (0.40) | (736,400) | 18,797 | (755,197) |
| Total FY 2021 Proposed Budget | 7.10 | 3,589,532 | 5,563,121 | (2,145,625) |



GAS FUND

Description

The municipal natural gas system began operations in 1917 when Palo Alto acquired a privately-owned gas business. During the early years, gas was manufactured from coal tar. This was replaced in the 1920s by natural gas from Pacific Gas and Electric. Today, gas is purchased from several sources. The Gas Utility services include Crossbore Safety, Gas Main Replacements, and Home Energy Audits. The Gas utility infrastructure and its crews maintain an excellent safety record. The gas fund is responsible for planning, designing, budgeting, and constructing major capital improvements to the City's gas distribution system.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|------------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| CIP Gas Fund | 5,504,869 | 9,145,930 | 3,342,737 | 13,153,717 | 9,810,980 | 293.5% |
| Gas Administration | 11,065,620 | 10,587,695 | 13,182,008 | 12,930,773 | (251,235) | (1.9)% |
| Gas Customer Service | 1,529,936 | 1,564,025 | 1,911,680 | 1,942,647 | 30,968 | 1.6% |
| Gas Demand Side Management | 828,561 | 536,424 | 1,567,605 | 1,580,301 | 12,696 | 0.8% |
| Gas Engineering (Operating) | 350,902 | 400,087 | 670,487 | 720,445 | 49,958 | 7.5% |
| Gas Operations and Maintenance | 4,673,257 | 4,957,368 | 7,101,687 | 7,853,574 | 751,887 | 10.6% |
| Gas Resource Management | 13,277,736 | 16,358,006 | 16,798,537 | 15,418,277 | (1,380,260) | (8.2)% |
| Total | 37,230,881 | 43,549,535 | 44,574,742 | 53,599,734 | 9,024,993 | 20.2% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 883,093 | 911,670 | 1,143,407 | 1,098,276 | (45,130) | (3.9)% |
| Other Benefits | 120,687 | 134,145 | 176,172 | 205,324 | 29,152 | 16.5% |
| Overtime | 200,797 | 192,593 | 198,165 | 203,318 | 5,152 | 2.6% |
| Pension | 1,333,372 | 1,428,625 | 2,310,105 | 2,149,058 | (161,047) | (7.0)% |
| Retiree Medical | 625,662 | 667,617 | 687,645 | 704,333 | 16,688 | 2.4% |
| Salary | 4,151,790 | 4,384,864 | 5,432,855 | 6,098,587 | 665,733 | 12.3% |
| Workers' Compensation | 90,119 | 124,864 | 186,916 | 194,487 | 7,571 | 4.1% |
| Total Salary & Benefits | 7,405,521 | 7,844,377 | 10,135,265 | 10,653,383 | 518,118 | 5.1% |
| Allocated Charges | 2,690,914 | 2,527,804 | 5,033,119 | 4,969,057 | (64,063) | (1.3)% |
| Contract Services | 617,044 | 542,232 | 2,463,313 | 2,441,313 | (22,000) | (0.9)% |
| Debt Service | 203,683 | 179,933 | 802,615 | 802,615 | — | —% |
| Equity Transfer | 6,699,000 | 6,601,000 | 7,106,000 | 7,114,000 | 8,000 | 0.1% |
| Facilities & Equipment | 2,027 | 8,570 | 19,039 | 1,840 | (17,199) | (90.3)% |
| General Expense | 421,873 | 358,847 | 762,991 | 778,491 | 15,500 | 2.0% |
| Operating Transfers-Out | 972,491 | 713,892 | 410,403 | 414,965 | 4,562 | 1.1% |
| Rents & Leases | 735,359 | 757,276 | 851,539 | 610,121 | (241,418) | (28.4)% |
| Supplies & Material | 344,184 | 355,647 | 488,816 | 495,316 | 6,500 | 1.3% |
| Transfer to Infrastructure | 5,700 | 84,833 | — | — | — | —% |
| Utility Purchase | 12,921,050 | 15,957,533 | 16,012,329 | 14,625,296 | (1,387,033) | (8.7)% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Capital Improvement Program | 4,212,033 | 7,617,592 | 489,312 | 10,693,338 | 10,204,026 | 2,085.4% |
| Total Dollars by Expense Category | 37,230,881 | 43,549,535 | 44,574,742 | 53,599,734 | 9,024,993 | 20.2% |

| Revenues | | | | | | |
|------------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------|
| Charges for Services | 28,560 | 34,269 | 20,000 | 20,000 | — | —% |
| Charges to Other Funds | 115,229 | 111,459 | 100,622 | 105,529 | 4,907 | 4.9% |
| Net Sales | 35,794,564 | 40,955,173 | 37,278,530 | 39,334,842 | 2,056,312 | 5.5% |
| Other Revenue | 1,109,304 | 1,023,183 | 1,124,303 | 913,000 | (211,303) | (18.8)% |
| Return on Investments | 568,475 | 596,995 | 802,300 | 621,800 | (180,500) | (22.5)% |
| Total Revenues | 37,616,132 | 42,721,079 | 39,325,755 | 40,995,171 | 1,669,416 | 4.2% |

| Positions by Division | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|----------|-----------|
| CIP Gas Fund | 15.80 | 15.80 | 15.80 | 11.73 | (4.07) | (25.76)% |
| Gas Customer Service | 9.03 | 9.13 | 9.03 | 9.03 | — | —% |
| Gas Demand Side Management | 1.94 | 1.54 | 1.54 | 1.54 | — | —% |
| Gas Engineering (Operating) | 1.40 | 1.40 | 1.40 | 1.85 | 0.45 | 32.14% |
| Gas Operations and Maintenance | 23.98 | 24.30 | 24.30 | 27.92 | 3.62 | 14.90% |
| Gas Resource Management | 0.96 | 1.66 | 1.76 | 1.76 | — | —% |
| Total | 53.11 | 53.83 | 53.83 | 53.83 | — | —% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Account Specialist | 0.23 | 0.23 | 0.23 | 0.23 | — | 18,002 |
| Administrative Associate II | 0.85 | 0.85 | 0.60 | 0.60 | — | 47,037 |
| Assistant Director Administrative Services | 0.05 | 0.05 | 0.05 | 0.05 | — | 9,116 |
| Assistant Director Utilities Customer Support Services | 0.20 | 0.20 | 0.20 | 0.20 | — | 40,589 |
| Assistant Director Utilities Engineering | 0.20 | 0.20 | 0.20 | 0.20 | — | 43,484 |
| Assistant Director Utilities Operations | 0.15 | 0.15 | 0.15 | 0.15 | — | 34,077 |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|---|-----------------|-----------------|------------------------|-------------------------|--------------------|----------------|
| Assistant Director Utilities/Resource Management | 0.25 | 0.25 | 0.25 | 0.25 | — | 52,224 |
| Business Analyst | 1.48 | 1.15 | 1.15 | 1.15 | — | 178,635 |
| Cathodic Protection Technician Assistant | 1.00 | 1.00 | 1.00 | 1.00 | — | 106,621 |
| Cathodic Technician | 1.00 | 1.00 | 1.00 | 1.00 | — | 130,853 |
| Cement Finisher | 0.68 | 0.68 | 0.68 | 0.68 | — | 64,652 |
| Contracts Administrator | 0.10 | 0.10 | 0.10 | 0.10 | — | 10,113 |
| Coordinator Utilities Projects | 1.26 | 1.26 | 1.26 | 1.26 | — | 144,092 |
| Customer Service Representative | 1.87 | 1.87 | 1.87 | 1.87 | — | 145,277 |
| Customer Service Specialist | 0.68 | 0.68 | 0.68 | 0.68 | — | 58,089 |
| Customer Service Specialist-Lead | 0.58 | 0.58 | 0.58 | 0.58 | — | 52,985 |
| Engineer | 2.00 | 2.00 | 2.00 | 2.00 | — | 281,008 |
| Engineering Manager - Electric | 0.15 | 0.15 | 0.15 | 0.15 | — | 32,248 |
| Engineering Manager - WGW | 0.33 | 0.33 | 0.33 | 0.33 | — | 66,540 |
| Engineering Technician III | 0.70 | 0.70 | 0.70 | 0.70 | — | 68,985 |
| Gas and Water Meter Measurement and Control Technician | 3.20 | 3.20 | 3.20 | 3.40 | 0.20 | 345,326 |
| Gas and Water Meter Measurement and Control Technician - Lead | 0.80 | 0.80 | 0.80 | 0.80 | — | 86,944 |
| Heavy Equipment Operator | 2.52 | 2.52 | 2.52 | — | (2.52) | — |
| Heavy Equipment Operator - Install/Repair | 0.65 | 0.65 | 0.65 | 0.65 | — | 68,635 |
| Inspector, Field Services | 1.42 | 1.42 | 1.42 | 2.05 | 0.63 | 217,933 |
| Maintenance Mechanic-Welding | 1.00 | 1.00 | 1.00 | 1.00 | — | 106,538 |
| Manager Customer Service | 0.33 | 0.33 | 0.33 | 0.33 | — | 52,070 |
| Manager Treasury, Debt & Investments | 0.10 | 0.10 | 0.10 | 0.10 | — | 15,504 |
| Manager Utilities Compliance | 0.25 | 0.25 | 0.25 | 0.25 | — | 49,218 |
| Manager Utilities Credit & Collection | 0.15 | 0.15 | 0.15 | 0.15 | — | 23,902 |
| Manager Utilities Operations WGW | 0.20 | 0.20 | 0.20 | 0.20 | — | 37,041 |
| Manager Utilities Program Services | 0.20 | 0.20 | 0.20 | 0.20 | — | 30,859 |
| Meter Reader | 1.98 | 1.98 | 1.98 | 1.98 | — | 144,556 |
| Meter Reader-Lead | 0.33 | 0.33 | 0.33 | 0.33 | — | 25,781 |
| Principal Business Analyst | 0.33 | 0.33 | 0.33 | 0.33 | — | 60,238 |

UTILITIES

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|-----------------|-----------------|------------------------|-------------------------|--------------------|------------------|
| Program Assistant I | 0.33 | 0.33 | 0.33 | 0.33 | — | 26,255 |
| Program Assistant II | — | — | 0.25 | 0.25 | — | 21,372 |
| Project Engineer | 1.00 | 1.00 | 1.00 | 1.00 | — | 151,216 |
| Resource Planner | (0.05) | 0.65 | 0.45 | 0.45 | — | 64,593 |
| Restoration Lead | 0.43 | 0.43 | 0.43 | 0.43 | — | 48,530 |
| SCADA Technologist | 0.20 | 0.20 | 0.20 | 0.10 | (0.10) | 15,251 |
| Senior Business Analyst | 0.66 | 0.99 | 0.99 | 0.99 | — | 157,158 |
| Senior Engineer | 2.70 | 2.70 | 2.70 | 2.35 | (0.35) | 400,449 |
| Senior Mechanic | 0.33 | 0.33 | 0.33 | 0.33 | — | 37,388 |
| Senior Resource Planner | 0.46 | 0.46 | 0.56 | 0.56 | — | 97,650 |
| Senior Utilities Field Service Representative | 0.41 | 0.41 | 0.41 | 0.41 | — | 47,509 |
| Substation Electrician | 0.10 | 0.10 | 0.10 | 0.25 | 0.15 | 35,584 |
| Utilities Engineer Estimator | 0.85 | 0.85 | 0.85 | 0.73 | (0.12) | 91,288 |
| Utilities Field Services Representative | 1.75 | 1.75 | 1.75 | 1.75 | — | 189,644 |
| Utilities Install Repair-Lead-Welding Certified | 1.30 | 1.30 | 1.30 | 0.77 | (0.53) | 90,859 |
| Utilities Install Repair-Welding Certified | 1.95 | 1.95 | 1.95 | 1.43 | (0.52) | 141,077 |
| Utilities Install/Repair | 3.85 | 3.85 | 3.85 | 4.56 | 0.71 | 481,828 |
| Utilities Install/Repair Assistant | 0.65 | 0.65 | 0.65 | 0.65 | — | 58,244 |
| Utilities Install/Repair-Lead | 1.98 | 1.98 | 1.98 | 1.93 | (0.05) | 205,564 |
| Utilities Key Account Representative | 0.50 | 0.50 | 0.50 | 0.50 | — | 60,039 |
| Utilities Locator | 0.29 | 0.29 | 0.29 | 0.29 | — | 30,287 |
| Utilities Marketing Program Administrator | 1.00 | 0.70 | 0.90 | 0.90 | — | 102,660 |
| Utilities Safety Officer | 0.20 | 0.20 | 0.20 | 0.20 | — | 26,466 |
| Utilities Supervisor | 2.37 | 2.37 | 2.37 | 2.37 | — | 363,019 |
| Water System Operator II | 0.66 | 0.66 | 0.66 | 0.66 | — | 65,345 |
| WGW Heavy Equipment Operator | — | — | — | 2.50 | 2.50 | 263,484 |
| Sub-total: Full-Time Equivalent Positions | 51.14 | 51.54 | 51.64 | 51.64 | — | 6,121,931 |
| Temporary/Hourly | 1.97 | 2.29 | 2.19 | 2.19 | — | 121,205 |
| Total Positions | 53.11 | 53.83 | 53.83 | 53.83 | — | 6,243,137 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Gas Fund |
|---|--------------|-------------------|-------------------|-------------------|
| Prior Year Budget | 53.83 | 44,574,742 | 39,325,755 | 5,248,987 |
| One-time Prior Year Budget Adjustments | | | | |
| Elwell Court Improvements | — | (67,452) | — | (67,452) |
| One-time Prior Year Budget Adjustments | — | (67,452) | — | (67,452) |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 565,917 | — | 565,917 |
| Gas Customer Sales Revenue (5% Rate Increase) | — | — | 2,061,219 | (2,061,219) |
| Rents & Leases Expenditure Alignment | — | (173,966) | — | (173,966) |
| Utilities Capital Staffing Alignment | — | (47,798) | — | (47,798) |
| Contract Services | — | (22,000) | — | (22,000) |
| Radio Subscription Fees | — | (17,199) | — | (17,199) |
| Transfer to the Water Fund | — | 4,562 | — | 4,562 |
| Supplies & Material | — | 6,500 | — | 6,500 |
| Equity Transfer to the General Fund | — | 8,000 | — | 8,000 |
| General Expense | — | 15,500 | — | 15,500 |
| Return on Investments | — | — | (180,500) | 180,500 |
| Capital Improvement Program | — | 10,204,025 | (211,303) | 10,415,328 |
| General Fund Cost Allocation Plan | — | 205,498 | — | 205,498 |
| General Liability Insurance Allocated Charges | — | 11,070 | — | 11,070 |
| Landscape Maintenance Contract | — | 116 | — | 116 |
| Printing & Mailing Allocated Charges | — | 4,472 | — | 4,472 |
| Public Works Engineering & Inspection Allocated Charges | — | (4,811) | — | (4,811) |
| Stormwater Management Allocated Charges | — | 2 | — | 2 |
| Utilities Administration Allocated Charges Adjustment | — | (290,345) | — | (290,345) |
| Utilities Allocated Charges Adjustment | — | (1,387,033) | — | (1,387,033) |
| Vehicle Replacement & Maintenance Charges | — | 9,936 | — | 9,936 |
| Adjustments to Costs of Ongoing Activities | — | 9,092,444 | 1,669,416 | 7,423,028 |
| Total FY 2021 Proposed Budget | 53.83 | 53,599,734 | 40,995,171 | 12,604,563 |



WASTEWATER COLLECTION FUND

Description

In 1898, Palo Alto approved \$28,000 in bond money to fund construction of the City's first sewer network, which was completed in 1899. Private cesspools and privies were banned, and the City Health Officer had residents connected to the sewer system within a few years.

Wastewater Collection's staff is responsible for design, construction, operation, and maintenance of approximately 216 miles of sewer mains and over 18,000 City-owned laterals. Staff continues overlapping the design and construction elements of rehabilitation and augmentation projects. Wastewater Collection's priorities are maintaining infrastructure reliability, identifying problems in mains and service laterals through expanded use of video technology, complying with all regulatory requirements, and maintaining its excellent safety record.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| CIP Wastewater Collection Fund | 2,948,288 | 3,328,061 | 8,257,990 | 4,539,588 | (3,718,402) | (45.0)% |
| Wastewater Collection Administration | 2,024,750 | 1,755,355 | 3,038,712 | 2,914,040 | (124,671) | (4.1)% |
| Wastewater Collection Customer Service | 283,291 | 306,092 | 355,693 | 370,071 | 14,378 | 4.0% |
| Wastewater Collection Engineering (Operating) | 345,136 | 328,587 | 560,183 | 517,053 | (43,130) | (7.7)% |
| Wastewater Collection Operations and Maintenance | 12,279,116 | 12,697,456 | 15,097,480 | 15,478,122 | 380,642 | 2.5% |
| Total | 17,880,581 | 18,415,551 | 27,310,057 | 23,818,873 | (3,491,184) | (12.8)% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 530,834 | 521,663 | 659,170 | 602,798 | (56,372) | (8.6)% |
| Other Benefits | 65,624 | 66,144 | 88,978 | 103,544 | 14,566 | 16.4% |
| Overtime | 204,273 | 200,097 | 154,911 | 158,939 | 4,028 | 2.6% |
| Pension | 748,942 | 777,467 | 1,271,815 | 1,154,251 | (117,564) | (9.2)% |
| Retiree Medical | 143,626 | 259,629 | 267,418 | 271,771 | 4,354 | 1.6% |
| Salary | 2,238,681 | 2,307,005 | 3,192,081 | 3,262,834 | 70,753 | 2.2% |
| Workers' Compensation | 19,139 | 68,779 | 104,473 | 108,705 | 4,232 | 4.1% |
| Total Salary & Benefits | 3,951,119 | 4,200,783 | 5,738,846 | 5,662,842 | (76,004) | (1.3)% |
| Allocated Charges | 1,173,511 | 925,975 | 3,043,020 | 2,981,634 | (61,385) | (2.0)% |
| Contract Services | 95,622 | 142,314 | 248,986 | 248,986 | — | —% |
| Debt Service | 38,190 | 33,560 | 129,001 | 129,001 | — | —% |
| Facilities & Equipment | — | 4,897 | 12,828 | 3,000 | (9,828) | (76.6)% |
| General Expense | 67,985 | 91,013 | 122,900 | 122,900 | — | —% |
| Operating Transfers-Out | 442,062 | 340,672 | 274,068 | 278,630 | 4,562 | 1.7% |
| Rents & Leases | 432,531 | 420,220 | 480,121 | 351,729 | (128,391) | (26.7)% |
| Supplies & Material | 270,575 | 236,250 | 380,618 | 380,618 | — | —% |
| Transfer to Infrastructure | — | 47,444 | — | — | — | —% |
| Utility Purchase | 9,559,183 | 9,842,738 | 11,233,922 | 11,255,702 | 21,780 | 0.2% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Capital Improvement Program | 1,849,801 | 2,129,686 | 5,645,748 | 2,403,831 | (3,241,918) | (57.4)% |
| Total Dollars by Expense Category | 17,880,581 | 18,415,551 | 27,310,057 | 23,818,873 | (3,491,184) | (12.8)% |
| Revenues | | | | | | |
| Charges for Services | 22,450 | 21,253 | 10,000 | 10,000 | — | —% |
| Charges to Other Funds | 30,107 | 30,890 | 31,693 | 33,238 | 1,545 | 4.9% |
| Net Sales | 18,026,146 | 20,129,208 | 21,106,047 | 21,843,118 | 737,071 | 3.5% |
| Other Revenue | 229,212 | 313,720 | 1,082,534 | 302,000 | (780,534) | (72.1)% |
| Return on Investments | 169,663 | 201,076 | 297,700 | 244,400 | (53,300) | (17.9)% |
| Total Revenues | 18,477,578 | 20,696,146 | 22,527,974 | 22,432,756 | (95,217) | (0.4)% |
| Positions by Division | | | | | | |
| CIP Wastewater Collection Fund | 12.52 | 12.52 | 12.52 | 9.82 | (2.70) | (21.57)% |
| Wastewater Collection Customer Service | 2.22 | 2.22 | 2.22 | 2.22 | — | —% |
| Wastewater Collection Engineering (Operating) | 1.40 | 1.40 | 1.40 | 1.40 | — | —% |
| Wastewater Collection Operations and Maintenance | 12.86 | 13.02 | 13.02 | 15.06 | 2.04 | 15.66% |
| Total | 29.00 | 29.16 | 29.16 | 28.50 | (0.66) | (2.26)% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Account Specialist | 0.23 | 0.23 | 0.23 | 0.23 | — | 18,002 |
| Administrative Associate II | 0.40 | 0.40 | 0.40 | 0.40 | — | 31,358 |
| Assistant Director Utilities Engineering | 0.15 | 0.15 | 0.15 | 0.15 | — | 32,613 |
| Assistant Director Utilities Operations | 0.10 | 0.10 | 0.10 | 0.10 | — | 22,718 |
| Business Analyst | 0.75 | 0.75 | 0.75 | 0.75 | — | 116,501 |
| Cement Finisher | 0.76 | 0.76 | 0.76 | 0.76 | — | 72,258 |
| Contracts Administrator | 0.05 | 0.05 | 0.05 | 0.05 | — | 5,056 |

UTILITIES

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|---|-----------------|-----------------|------------------------|-------------------------|--------------------|----------------|
| Coordinator Utilities Projects | 1.10 | 1.10 | 1.10 | 1.10 | — | 125,794 |
| Customer Service Representative | 1.45 | 1.45 | 1.45 | 1.45 | — | 112,648 |
| Customer Service Specialist-Lead | 0.25 | 0.25 | 0.25 | 0.25 | — | 22,838 |
| Engineer | 1.00 | 1.00 | 1.00 | 1.00 | — | 140,504 |
| Engineering Manager - Electric | 0.15 | 0.15 | 0.15 | 0.15 | — | 32,248 |
| Engineering Manager - WGW | 0.34 | 0.34 | 0.34 | 0.34 | — | 68,556 |
| Engineering Technician III | 0.45 | 0.45 | 0.45 | 0.45 | — | 44,348 |
| Heavy Equipment Operator | 0.23 | 0.23 | 0.23 | — | (0.23) | — |
| Heavy Equipment Operator - Install/Repair | 3.15 | 3.15 | 3.15 | 3.15 | — | 315,006 |
| Industrial Waste Investigator | 0.50 | 0.50 | 0.50 | 0.50 | — | 54,704 |
| Inspector, Field Services | 1.68 | 1.68 | 1.68 | 0.96 | (0.72) | 102,056 |
| Maintenance Mechanic-Welding | 0.20 | 0.20 | 0.20 | 0.20 | — | 21,308 |
| Manager Utilities Credit & Collection | 0.15 | 0.15 | 0.15 | 0.15 | — | 23,902 |
| Manager Utilities Operations WGW | 0.30 | 0.30 | 0.30 | 0.30 | — | 55,561 |
| Program Assistant I | 0.34 | 0.34 | 0.34 | 0.34 | — | 27,050 |
| Project Engineer | 2.00 | 2.00 | 2.00 | 2.00 | — | 302,432 |
| Restoration Lead | 0.26 | 0.26 | 0.26 | 0.26 | — | 29,344 |
| Senior Engineer | 1.30 | 1.30 | 1.30 | 0.91 | (0.39) | 148,083 |
| Senior Mechanic | 0.33 | 0.33 | 0.33 | 0.33 | — | 37,388 |
| Utilities Engineer Estimator | 0.47 | 0.47 | 0.47 | 0.56 | 0.09 | 68,831 |
| Utilities Field Services Representative | 1.25 | 1.25 | 1.25 | 1.25 | — | 135,460 |
| Utilities Install Repair-Lead-Welding Certified | 0.24 | 0.24 | 0.24 | 0.58 | 0.34 | 68,439 |
| Utilities Install Repair-Welding Certified | 0.36 | 0.36 | 0.36 | 0.63 | 0.27 | 67,816 |
| Utilities Install/Repair | 4.25 | 4.25 | 4.25 | 4.00 | (0.25) | 422,656 |
| Utilities Install/Repair-Lead | 2.00 | 2.00 | 2.00 | 2.00 | — | 230,589 |
| Utilities Locator | 0.39 | 0.39 | 0.39 | 0.39 | — | 40,730 |
| Utilities Safety Officer | 0.10 | 0.10 | 0.10 | 0.10 | — | 13,233 |
| Utilities Supervisor | 1.72 | 1.72 | 1.72 | 1.72 | — | 253,660 |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| WGW Heavy Equipment Operator | — | — | — | 0.23 | 0.23 | 24,241 |
| Sub-total: Full-Time Equivalent Positions | 28.40 | 28.40 | 28.40 | 27.74 | (0.66) | 3,287,933 |
| Temporary/Hourly | 0.60 | 0.76 | 0.76 | 0.76 | — | 50,339 |
| Total Positions | 29.00 | 29.16 | 29.16 | 28.50 | (0.66) | 3,338,272 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Wastewater Collection Fund |
|--|---------------|--------------------|-------------------|---|
| Prior Year Budget | 29.16 | 27,310,057 | 22,527,974 | 2,662,015 |
| One-time Prior Year Budget Adjustments | | | | |
| Elwell Court Improvements | — | (48,087) | — | (48,087) |
| One-time Prior Year Budget Adjustments | — | (48,087) | — | (48,087) |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 61,038 | — | 61,038 |
| Wastewater Collection Customer Sales Revenue (6% Rate Increase) | — | — | 1,238,616 | (1,238,616) |
| Utilities Capital Staffing Alignment | (0.66) | (141,273) | — | (141,273) |
| Rents & Leases Expenditure Alignment | — | (80,304) | — | (80,304) |
| Facilities and Equipment Alignment | — | (9,828) | — | (9,828) |
| Transfer to Water Fund (WS-02014 Water, Gas, Wastewater Utility GIS Data) | — | 4,562 | — | 4,562 |
| Wastewater Treatment Expenses | — | 21,780 | — | 21,780 |
| Return on Investments | — | — | (53,300) | 53,300 |
| Capital Improvement Program | — | (3,245,816) | (1,280,534) | (1,965,282) |
| General Fund Cost Allocation Plan | — | 136,368 | — | 136,368 |
| Liability Insurance Allocated Charges | — | 8,843 | — | 8,843 |
| Printing & Mailing Allocated Charges | — | (79) | — | (79) |
| Public Works Services Allocated Charges | — | (27,721) | — | (27,721) |
| Utilities Administration Allocated Charges | — | (175,357) | — | (175,357) |
| Vehicle Replacement & Maintenance Allocated Charges | — | 458 | — | 458 |
| Workers' Compensation Allocated Charges | — | 4,232 | — | 4,232 |
| Adjustments to Costs of Ongoing Activities | (0.66) | (3,443,097) | (95,218) | (3,352,111) |
| Total FY 2021 Proposed Budget | 28.50 | 23,818,873 | 22,432,756 | (738,184) |

WATER FUND

Description

From 1895 until 1928, the City's water supply came from deep wells. When the groundwater supply started to decline, water was purchased from the San Francisco Regional Water System to supplement the local water system. Since 1962, when Palo Alto's wells were discontinued as the primary water system, 100 percent of the water has come from the Regional Water System: 85 percent derived from snow melt flowing into the Hetch Hetchy Reservoir and the balance from runoff stored in San Francisco Bay Area reservoirs. The Water Fund focuses on increasing infrastructure reliability and responsiveness to meet the City's water supply needs during an emergency; maintaining high-quality and reliable sources of water; updating water efficiency goals; and implementing water efficiency programs and services. Additionally, the engineering division is implementing a seismic upgrade to the existing reservoirs, wells and receiving stations to increase supply reliability during catastrophic emergencies.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Division | | | | | | |
| CIP Water Fund | 8,504,410 | 6,039,680 | 16,973,334 | 9,424,670 | (7,548,664) | (44.5)% |
| Water Administration | 7,639,414 | 7,482,882 | 9,042,889 | 9,154,922 | 112,033 | 1.2% |
| Water Customer Service | 1,625,334 | 1,628,726 | 2,443,155 | 2,491,312 | 48,157 | 2.0% |
| Water Engineering (Operating) | 354,598 | 384,551 | 641,946 | 796,149 | 154,202 | 24.0% |
| Water Operations and Maintenance | 5,732,995 | 5,999,504 | 8,371,072 | 8,916,073 | 545,000 | 6.5% |
| Water Resource Management | 22,880,271 | 22,175,768 | 23,371,160 | 22,576,191 | (794,968) | (3.4)% |
| Total | 46,737,022 | 43,711,111 | 60,843,556 | 53,359,316 | (7,484,240) | (12.3)% |
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 821,267 | 822,482 | 1,021,133 | 967,427 | (53,706) | (5.3)% |
| Other Benefits | 119,660 | 125,716 | 164,802 | 198,776 | 33,974 | 20.6% |
| Overtime | 199,089 | 196,939 | 282,078 | 289,412 | 7,334 | 2.6% |
| Pension | 1,246,740 | 1,306,588 | 2,091,774 | 2,019,119 | (72,656) | (3.5)% |
| Retiree Medical | 300,042 | 427,827 | 440,662 | 444,796 | 4,134 | 0.9% |
| Salary | 4,959,173 | 5,266,306 | 5,372,634 | 5,814,292 | 441,658 | 8.2% |
| Workers' Compensation | 92,187 | 118,581 | 181,202 | 188,541 | 7,339 | 4.1% |
| Total Salary & Benefits | 7,738,159 | 8,264,439 | 9,554,284 | 9,922,363 | 368,078 | 3.9% |
| Allocated Charges | 3,702,043 | 3,404,874 | 5,220,481 | 5,030,475 | (190,006) | (3.6)% |
| Contract Services | 190,454 | 386,318 | 819,002 | 799,502 | (19,500) | (2.4)% |
| Debt Service | 1,697,010 | 1,632,435 | 3,222,606 | 3,222,606 | — | —% |
| Facilities & Equipment | — | — | 16,711 | 1,150 | (15,561) | (93.1)% |
| General Expense | 511,796 | 480,190 | 658,077 | 670,077 | 12,000 | 1.8% |
| Operating Transfers-Out | 698,113 | 551,820 | 136,335 | 136,335 | — | —% |
| Rents & Leases | 1,906,700 | 1,983,270 | 3,144,502 | 3,396,161 | 251,660 | 8.0% |
| Supplies & Material | 451,691 | 390,121 | 610,982 | 618,482 | 7,500 | 1.2% |
| Transfer to Infrastructure | 5,700 | 93,339 | — | — | — | —% |
| Utility Purchase | 21,957,711 | 21,210,399 | 22,177,643 | 21,371,296 | (806,347) | (3.6)% |
| Capital Improvement Program | 7,877,646 | 5,313,905 | 15,282,934 | 8,190,870 | (7,092,064) | (46.4)% |
| Total Dollars by Expense Category | 46,737,022 | 43,711,111 | 60,843,556 | 53,359,316 | (7,484,240) | (12.3)% |

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|----------------------------------|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Revenues | | | | | | |
| Charges for Services | 60,334 | 51,511 | 10,000 | 10,000 | — | —% |
| Charges to Other Funds | 99,288 | 135,114 | 82,690 | 91,143 | 8,453 | 10.2% |
| From Other Agencies | 500,773 | 488,052 | 576,632 | 576,632 | — | —% |
| Net Sales | 44,595,981 | 44,638,437 | 46,831,149 | 46,025,887 | (805,263) | (1.7)% |
| Operating Transfers-In | 512,436 | 539,278 | 548,136 | 557,260 | 9,124 | 1.7% |
| Other Revenue | 872,864 | 1,213,898 | 384,228 | 712,946 | 328,718 | 85.6% |
| Return on Investments | 869,689 | 994,735 | 1,153,200 | 989,200 | (164,000) | (14.2)% |
| Total Revenues | 47,511,365 | 48,061,024 | 49,586,035 | 48,963,068 | (622,967) | (1.3)% |
| Positions by Division | | | | | | |
| CIP Water Fund | 8.03 | 8.03 | 8.03 | 5.34 | (2.69) | (33.49)% |
| Water Customer Service | 9.66 | 9.66 | 9.58 | 9.58 | — | —% |
| Water Engineering (Operating) | 1.35 | 1.35 | 1.35 | 2.33 | 0.98 | 72.59% |
| Water Operations and Maintenance | 25.34 | 24.85 | 24.85 | 27.23 | 2.38 | 9.58% |
| Water Resource Management | 3.52 | 3.02 | 3.12 | 3.12 | — | —% |
| Total | 47.90 | 46.92 | 46.94 | 47.61 | 0.67 | 1.43% |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|---|--------------------|--------------------|------------------------------|-------------------------------|-----------------------|-------------------|
| Account Specialist | 0.23 | 0.23 | 0.23 | 0.23 | — | 18,002 |
| Administrative Associate II | 0.65 | 0.65 | 0.50 | 0.50 | — | 39,198 |
| Assistant Director Utilities Customer Support Services | 0.20 | 0.20 | 0.20 | 0.20 | — | 40,589 |
| Assistant Director Utilities Engineering | 0.20 | 0.20 | 0.20 | 0.20 | — | 43,484 |
| Assistant Director Utilities Operations | 0.15 | 0.15 | 0.15 | 0.15 | — | 34,077 |
| Assistant Director Utilities/Resource Management | 0.25 | 0.25 | 0.25 | 0.25 | — | 52,224 |
| Business Analyst | 1.53 | 1.20 | 1.20 | 1.20 | — | 186,401 |
| Cement Finisher | 0.56 | 0.56 | 0.56 | 0.56 | — | 53,243 |
| Contracts Administrator | 0.10 | 0.10 | 0.10 | 0.10 | — | 10,113 |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|---|-----------------|-----------------|------------------------|-------------------------|--------------------|----------------|
| Coordinator Utilities Projects | 1.09 | 1.09 | 1.09 | 1.09 | — | 124,651 |
| Customer Service Representative | 1.81 | 1.81 | 1.81 | 1.81 | — | 140,615 |
| Customer Service Specialist | 0.66 | 0.66 | 0.66 | 0.66 | — | 56,381 |
| Customer Service Specialist-Lead | 0.59 | 0.59 | 0.59 | 0.59 | — | 53,899 |
| Electric Project Engineer | — | — | 0.30 | 0.30 | — | 47,736 |
| Engineer | 1.00 | 1.00 | 1.00 | 1.00 | — | 140,504 |
| Engineering Manager - Electric | 0.15 | 0.15 | 0.15 | 0.15 | — | 32,248 |
| Engineering Manager - WGW | 0.33 | 0.33 | 0.33 | 0.33 | — | 66,540 |
| Engineering Technician III | 0.45 | 0.45 | 0.45 | 0.45 | — | 44,348 |
| Gas and Water Meter Measurement and Control Technician | 0.80 | 0.80 | 0.80 | 0.60 | (0.20) | 60,940 |
| Gas and Water Meter Measurement and Control Technician - Lead | 0.20 | 0.20 | 0.20 | 0.20 | — | 21,736 |
| Heavy Equipment Operator | 1.95 | 1.95 | 1.95 | — | (1.95) | — |
| Heavy Equipment Operator - Install/Repair | 0.20 | 0.20 | 0.20 | 0.20 | — | 21,086 |
| Inspector, Field Services | 1.65 | 1.65 | 1.65 | 1.74 | 0.09 | 184,977 |
| Maintenance Mechanic-Welding | 0.80 | 0.80 | 0.80 | 0.80 | — | 85,230 |
| Manager Customer Service | 0.34 | 0.34 | 0.34 | 0.34 | — | 53,648 |
| Manager Utilities Compliance | 0.50 | 0.50 | 0.50 | 0.50 | — | 98,436 |
| Manager Utilities Credit & Collection | 0.15 | 0.15 | 0.15 | 0.15 | — | 23,902 |
| Manager Utilities Operations WGW | 0.50 | 0.50 | 0.50 | 0.50 | — | 92,602 |
| Manager Utilities Program Services | 0.20 | 0.20 | 0.20 | 0.20 | — | 30,859 |
| Meter Reader | 2.03 | 2.03 | 2.03 | 2.03 | — | 148,206 |
| Meter Reader-Lead | 0.34 | 0.34 | 0.34 | 0.34 | — | 26,562 |
| Power Engineer | 0.30 | 0.30 | — | — | — | — |
| Principal Business Analyst | 0.33 | 0.33 | 0.33 | 0.33 | — | 60,238 |
| Program Assistant I | 0.33 | 0.33 | 0.33 | 0.33 | — | 26,255 |
| Program Assistant II | — | — | 0.15 | 0.15 | — | 12,823 |
| Project Engineer | 2.00 | 2.00 | 2.00 | 2.00 | — | 302,432 |
| Resource Planner | 1.20 | 0.70 | 0.70 | 0.70 | — | 100,479 |
| Restoration Lead | 0.31 | 0.31 | 0.31 | 0.31 | — | 34,987 |
| SCADA Technologist | 0.80 | 0.80 | 0.80 | 0.89 | 0.09 | 135,730 |

Staffing

| Job Classification | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Salary |
|--|-----------------|-----------------|------------------------|-------------------------|--------------------|------------------|
| Senior Business Analyst | 0.66 | 0.99 | 0.99 | 0.99 | — | 157,158 |
| Senior Engineer | 1.00 | 1.00 | 1.00 | 1.74 | 0.74 | 285,652 |
| Senior Mechanic | 0.34 | 0.34 | 0.34 | 0.34 | — | 38,521 |
| Senior Resource Planner | 1.68 | 1.68 | 1.78 | 1.78 | — | 322,997 |
| Senior Utilities Field Service Representative | 0.49 | 0.49 | 0.49 | 0.49 | — | 56,780 |
| Senior Water Systems Operator | 2.00 | 2.00 | 2.00 | 2.00 | — | 224,640 |
| Substation Electrician | 0.40 | 0.40 | 0.40 | 0.25 | (0.15) | 35,584 |
| Utilities Engineer Estimator | 0.43 | 0.43 | 0.43 | 0.48 | 0.05 | 60,037 |
| Utilities Field Services Representative | 1.50 | 1.50 | 1.50 | 1.50 | — | 162,552 |
| Utilities Install Repair-Lead-Welding Certified | 0.46 | 0.46 | 0.46 | 0.65 | 0.19 | 76,699 |
| Utilities Install Repair-Welding Certified | 0.69 | 0.69 | 0.69 | 0.94 | 0.25 | 96,201 |
| Utilities Install/Repair | 1.90 | 1.90 | 1.90 | 1.44 | (0.46) | 152,156 |
| Utilities Install/Repair Assistant | 0.35 | 0.35 | 0.35 | 0.35 | — | 31,362 |
| Utilities Install/Repair-Lead | 1.02 | 1.02 | 1.02 | 1.07 | 0.05 | 114,631 |
| Utilities Key Account Representative | 0.35 | 0.35 | 0.35 | 0.35 | — | 42,027 |
| Utilities Locator | 0.34 | 0.34 | 0.34 | 0.34 | — | 35,509 |
| Utilities Marketing Program Administrator | 0.40 | 0.40 | 0.40 | 0.40 | — | 45,627 |
| Utilities Safety Officer | 0.15 | 0.15 | 0.15 | 0.15 | — | 19,849 |
| Utilities Supervisor | 2.91 | 2.91 | 2.91 | 2.91 | — | 459,430 |
| Water System Operator II | 3.34 | 3.34 | 3.34 | 3.34 | — | 330,687 |
| WGW Heavy Equipment Operator | — | — | — | 1.97 | 1.97 | 207,625 |
| Sub-total: Full-Time Equivalent Positions | 45.29 | 44.79 | 44.89 | 45.56 | 0.67 | 5,661,105 |
| Temporary/Hourly | 2.61 | 2.13 | 2.05 | 2.05 | — | 171,414 |
| Total Positions | 47.90 | 46.92 | 46.94 | 47.61 | 0.67 | 5,832,519 |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net Water Fund |
|--|--------------|--------------------|-------------------|--------------------|
| Prior Year Budget | 46.94 | 60,843,556 | 49,586,035 | 13,756,527 |
| One-time Prior Year Budget Adjustments | | | | |
| Elwell Court Improvements | — | (69,643) | — | (69,643) |
| One-time Prior Year Budget Adjustments | — | (69,643) | — | (69,643) |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits Adjustments | — | 170,291 | — | 170,291 |
| Water Commodity Purchases Expenditure | — | (806,347) | — | (806,347) |
| Revenue from Water System Customer Connections | — | — | 328,718 | (328,718) |
| Transfer From Wastewater and Gas Fund (WS-02014 Water, Gas, Wastewater Utility GIS Data) | — | — | 9,124 | (9,124) |
| Radio Subscription Fees | — | (15,561) | — | (15,561) |
| Return on Investment | — | — | (164,000) | 164,000 |
| Utilities Capital Staffing Alignment | 0.67 | 190,447 | — | 190,447 |
| Rents & Leases Expenditure Alignment | — | 321,303 | — | 321,303 |
| Water Customer Sales Revenue (0% Rate Increase) | — | — | (796,809) | 796,809 |
| Capital Improvement Program | — | (7,092,064) | — | (7,092,064) |
| General Fund Cost Allocation Plan | — | 78,472 | — | 78,472 |
| Liability Insurance Allocated Charges | — | 12,704 | — | 12,704 |
| Printing & Mailing Services Allocated Charges | — | 5,158 | — | 5,158 |
| Public Works Services Allocated Charges | — | (4,671) | — | (4,671) |
| Stormwater Management Allocated Charges | — | 9 | — | 9 |
| Utilities Administration Allocated Charges | — | (267,368) | — | (267,368) |
| Utilities Allocated Charges | — | (30,881) | — | (30,881) |
| Vehicle Replacement & Maintenance Allocated Charges | — | 16,572 | — | 16,572 |
| Workers' Compensation Allocated Charges | — | 7,339 | — | 7,339 |
| Adjustments to Costs of Ongoing Activities | 0.67 | (7,414,597) | (622,967) | (6,791,630) |
| Total FY 2021 Proposed Budget | 47.61 | 53,359,316 | 48,963,068 | 6,895,254 |





CITY OF
**PALO
ALTO**

NON-DEPARTMENTAL

Description

The General Fund Non-Departmental budget includes revenue and expenditure appropriations that are not related to a specific department or function. These costs typically benefit the City as a whole and include such items as Cubberley lease payments to Palo Alto Unified School District (PAUSD). The Non-Departmental budget may also include estimated provisions or placeholders for certain revenues and expenditures that have not yet materialized or distributed at the time the budget is developed or adopted. These items can be one-time or ongoing depending on the nature and frequency of the item.

In Fiscal Year 2021, various one-time items that appeared in the Fiscal Year 2020 Budget, including one-time costs for contractual services such as a sea level rise and efforts related to airplane noise have been removed, as have reserves that were established in FY 2020.

This proposed FY 2021 budget includes various adjustments in the Non-Departmental section, such as aligning costs for the City's agreement with PAUSD, parking permits for City employees, and the operating subsidy necessary to ensure the continued operation of the Residential Parking Permit Program Fund.

The proposed FY 2021 budget also includes one-time funding for costs associated with the November 2020 Election. The election is administered by the County Clerk and the City is charged a proportional share of expenses. This budget also recommends an ongoing realignment of funding that was in the City Attorney contingency to the City Attorney's departmental budget to streamline operations.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Category | | | | | | |
| Cubberly - Lease Payments to PAUSD | 5,737,855 | 5,830,103 | 6,284,437 | 6,194,522 | (89,915) | (1.4)% |
| Contingent Accounts | | | | | | |
| City Manager | — | — | 200,000 | 200,000 | — | —% |
| City Council | — | — | 125,000 | 125,000 | — | —% |
| City Attorney | — | — | 100,000 | — | (100,000) | (100.0)% |
| Human Resources | — | — | 50,000 | 50,000 | — | —% |
| Human Services Resource Allocation Process (HSRAP) | 10,000 | — | 50,000 | 50,000 | — | —% |
| Innovations & Special Events | — | — | 50,000 | 50,000 | — | —% |
| Sustainability | — | — | 100,000 | — | (100,000) | (100.0)% |
| Budget Uncertainty Reserve | — | — | 1,625,899 | — | (1,625,899) | (100.0)% |
| Other | | | | | | |
| Contract Services | 2,200 | 5,693,384 | 170,000 | 245,000 | 75,000 | 44.1% |
| Debt Service | 432,271 | 431,154 | — | — | — | —% |
| General Expense | 42,026 | 44,931 | 91,326 | 93,700 | 2,374 | 2.6% |
| Operating Transfers-Out | 4,674,446 | 8,298,952 | 4,990,118 | 4,518,734 | (471,384) | (9.4)% |
| Rents & Leases | 177,786 | 177,127 | 177,127 | 203,000 | 25,873 | 14.6% |
| Transfer to Infrastructure | 24,800,953 | 27,513,960 | 28,961,724 | 32,572,248 | 3,610,524 | 12.5% |
| Total Dollars by Expense | 35,877,536 | 47,989,612 | 42,975,631 | 44,302,205 | 1,326,574 | 3.1% |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net General Fund |
|---|-----------|--------------------|----------|--------------------|
| Prior Year Budget | — | 42,975,631 | — | 42,975,631 |
| One-Time Prior Year Budget Adjustments | | | | |
| Reserve: Budget Operations Reserve | — | (1,125,899) | — | (1,125,899) |
| Residential Parking Permit Program Operating Deficit Transfer to RPP Fund | — | (683,810) | — | (683,810) |
| Reserve: Recruitment and Retention Initiatives | — | (500,000) | — | (500,000) |
| Airplane Noise Funding | — | (100,000) | — | (100,000) |
| Sea Level Rise Study Funding | — | (50,000) | — | (50,000) |
| Transfer to Business Improvement District Funding | — | (17,000) | — | (17,000) |
| One-Time Prior Year Budget Adjustments | — | (2,476,709) | — | (2,476,709) |
| Adjustments to Costs of Ongoing Activities | | | | |
| Transfer to Infrastructure | — | 3,610,524 | — | 3,610,524 |
| Residential Parking Permit Program Operating Deficit Transfer to RPP Fund | — | 185,000 | — | 185,000 |
| Traffic and Streetlight Electricity Costs Adjustment | — | 62,472 | — | 62,472 |
| CPI Adjustment for El Camino Park Lease | — | 25,873 | — | 25,873 |
| Transfer to University Avenue Parking Fund | — | 16,470 | — | 16,470 |
| Property Tax Administration | — | 2,374 | — | 2,374 |
| Transfer to Public Art Fund | — | 2 | — | 2 |
| Transfer to Debt Service Fund | — | (40) | — | (40) |
| Transfer to Technology Fund (Technology Surcharge) | — | (34,477) | — | (34,477) |
| Cubberley Lease Payments to PAUSD | — | (89,915) | — | (89,915) |
| Sustainability Contingency (FY 2019 Reappropriation) | — | (100,000) | — | (100,000) |
| Adjustments to Costs of Ongoing Activities | — | 3,678,283 | — | 3,778,283 |
| Total FY 2020 Base Budget | — | 44,177,205 | — | 44,277,205 |
| Budget Adjustments | | | | |
| 1 November 2020 Elections | — | 225,000 | — | 225,000 |
| 2 Shift City Attorney's Contingency Funds to City Attorney's Budget | — | (100,000) | — | (100,000) |
| Total Budget Adjustments | — | 125,000 | — | 125,000 |
| Total FY 2020 Adopted Budget | — | 44,302,205 | — | 44,402,205 |

Budget Adjustments

| Budget Adjustments | Positions | Expenditures | Revenues | Net General Fund |
|---------------------------|-----------|--------------|----------|------------------|
| 1 November 2020 Elections | 0.00 | 225,000 | 0 | 225,000 |

This one-time action provides funding for the administration of the General FY 2020 Election. The City is responsible for paying the County for costs associated with the election. (Ongoing Costs: \$0)

Performance Results



This funding supports the City's efforts to conduct elections in an open and transparent manner, improving the quality of the election.

| | | | | |
|---|------|-----------|---|-----------|
| 2 Shift City Attorney's Contingency Funds to City Attorney's Budget | 0.00 | (100,000) | 0 | (100,000) |
|---|------|-----------|---|-----------|

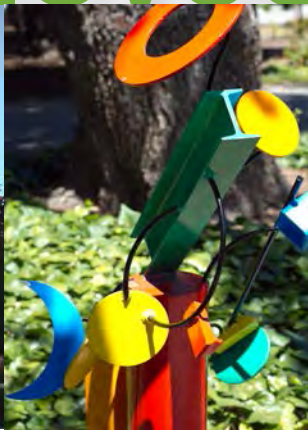
This ongoing action shifts the City Attorney's contingency funds from non-departmental into the City Attorney's departmental budget. This funding alignment will streamline operations and decrease administrative work associated with the movement of authorized funding to the City Attorney's departmental budget throughout the year. This change does not result in any increased cost; it is a technical adjustment. A corresponding action appears in the City Attorney's department section. (Ongoing Savings: \$100,000)

Performance Results



This action ensures the continued quality of work products from the City Attorney's Office and decreases the cycle time of those products.

Employee Information





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EMPLOYEE INFORMATION

General Benefits Fund

Overview

The General Benefits Fund includes funding for employee pension benefits, health benefits (medical, dental, and vision) for current City employees and several other benefits, such as life insurance, the employee assistance program, and the employee commute program. Funding for retired employees' healthcare costs is reflected in the Retiree Health Benefits Fund, discussed elsewhere in this document.

There is an overall net \$260,000, or 0.3 percent, increase in costs in the General Benefits Fund over FY 2020 Adopted levels of \$76.4 million to \$76.6 million. This reflects increases for pension, healthcare, and other benefits.

PENSION COSTS

The City of Palo Alto provides a defined pension benefit to its employees through the State of California Pension Retirement System (CalPERS), which manages and administers the program. The CalPERS program maintains two trust accounts: 1) a plan for safety employees (sworn fire and police personnel), and 2) a plan for miscellaneous employees (all other non-safety personnel employed by the City such as field personnel, administrative support, and managers). With the passage of the California Public Employees' Pension Reform Act (PEPRA), the City has three retirement benefit tiers for Miscellaneous and Safety Plans. As of 2020, approximately 53 percent of the City's employees are either in Tier 2 or Tier 3.

Annually, CalPERS provides actuarial reports detailing the latest status of the City of Palo Alto Pension trust plans for employees and retirees. These actuarial reports are used to calculate the Actuarial Determined Contribution (ADC) which reflects the blended or combined cost of both the Normal Cost (NC) and Unfunded Accrued Liability (UAL) used in the annual billing of employer contributions to the trust for pension obligations. Staff transmits these valuation reports to the Finance Committee for review and discussion, most recently on September 24th, 2019, the June 30, 2018 CalPERS Annual Valuation Reports (CMR 10641). The total ADC for FY 2021 is \$50.1 million (\$33.4 million for the Miscellaneous Plan and \$16.7 million for the Safety Plan). This reflects the blended cost of both the NC (percentage of payroll) and UAL (flat-rate) as outlined in more detail below:

- Miscellaneous plan: There is a blended cost increase of 3.0 percentage points, from an employer contribution rate of 35.6 percent to 38.4 percent (7.9 percent growth).
- Safety plan: Blended cost increase of 3.8 percentage points, from an employer contribution rate of 59.4 percent to 65.3 percent (9.4 percent growth).

EMPLOYEE INFORMATION

Normal Cost (NC): The NC reflects the employer contribution for the plan retirement benefits provided to current employees assessed as a percentage of payroll. The CalPERS calculated normal cost is increasing by 0.8 percentage points, from 10.7 percent to 11.5 percent, for Miscellaneous and by 1.4 percentage points, 20.2 percent to 21.6 percent, for Safety.

Unfunded Accrued Liability (UAL): The UAL represents the employer amortization of unfunded accrued liability and is assessed as a flat rate. The City's current net UAL is \$455.6 million (\$284.9 million for the Miscellaneous Plan and \$170.7 million for the Safety Plan), a \$40.7 million or 9.8 percent increase over the prior year.

The annual UAL payment calculated by CalPERS and assumed in the development of the FY 2021 budget is \$33.6 million (\$22.7 million for the Miscellaneous Plan and \$10.9 million for the Safety Plan). The budget assumes pre-payment of the UAL portion of the annual pension cost, which confers \$1,150,000 in savings across the organization (\$700,000 realized in the General Fund). These savings are calculated by CalPERS.

The City's current funded status is 65.8 percent for the Miscellaneous Plan and 62.2 percent for the Safety Plan.

Timeline of the City's Pension Discussions:

The City has been diligent in its discussion and planning efforts to address the costs both known and forecasted for pension benefits. Below is a brief timeline of notable discussions or actions CalPERS and/or the City has taken in recent years.

- In December 2016, the CalPERS board voted to lower actuarial assumptions for the discount rate (assumed rate of return on investments) from 7.50 percent to 7.00 percent using a three-year phase-in beginning in FY 2019 and ending in FY 2021. The annual valuation report (using data as of June 30, 2018) was used for FY 2021 budget development and assumes a discount rate of 7.00 percent.
- During FY 2017 and FY 2018, the City staff and Council acted to establish an irrevocable IRS Section 115 Pension Trust Fund and began contributing funds above the ADC as additional funding was available. By the close of FY 2018, \$5.4 million had been contributed to this trust citywide.
- As part of the FY 2019 Adopted Budget, the City Council approved a reduction of \$4.0 million in budgeted expenses in the General Fund to proactively address pension obligations by assuming the normal cost at a more conservative discount rate and contributing proceeds above the CalPERS ADC to the pension trust fund. Staff developed two plans to address this referral: 1) "immediate action" and 2) "strategic action". The immediate action was completed in December 2018 with the approval of \$4.0 million in one-time and structural reductions in the FY 2019 budget.
- During FY 2019, the City Council directed staff to develop the Long Range Financial Forecast to include a base case that reflected a more conservative discount rate and adopted "Fiscal Sustainability" as one of four priorities in 2019, including initiatives to develop a policy that addresses unfunded liability.
- In April 2019, staff brought forward a Fiscal Sustainability Workplan that included strategic actions to address pension funding for review, feedback, and discussion. Included was a recommendation to use a 6.2 percent discount rate for the normal cost of pensions in

financial planning and a referral for the Finance Committee to look at ways to address the unfunded pension liability portion of the budget.

- Beginning with the FY 2020 Adopted Budget, staff implemented a practice to include a normal cost pension expense of 6.2 percent as part of financial planning. This resulted in budgeted retirement costs above required CalPERS levels of \$6.2 million (\$3.8 million General Fund). An additional one-time contribution of \$2.3 million was made in FY 2020 to align other funds with the General Fund's contributions to date.
- In October 2019, Staff returned to the Finance Committee to review and discuss the options for a Pension Funding Policy and elements to consider in the establishment of a Pension Funding Policy. Four scenarios were presented to the Committee including different timelines, mechanisms, and options available to reach a target funded status of 100 percent.
- This FY 2021 Proposed Budget continues the practice to include a normal cost pension expense of 6.2% as part of financial planning for all funds. This results in budgeted retirement costs above required CalPERS levels of \$5.5 million (\$3.4 million General Fund) in FY 2021. The contributions levels from FY 2020 to FY 2021 decreased from \$6.2 million to \$5.5 million due to the change in CalPERS discount rate from 7.25 percent to 7.00 percent; narrowing the gap to meet the 6.2 percent target.

In total, planned contributions (principal) of \$32.8 million to the pension Trust Fund will have been made since inception in FY 2017 through FY 2021 (\$21.4 million, or 65 percent, of the total is from the General Fund), an average annual contribution of \$6.6 million.

As discussed above, one-time surpluses resulting from excess revenues or expense savings at year-end continue to be brought forward for City Council consideration as potential contributions to the Trust Fund. During FY 2020, a total of \$5.2 million (\$3.5 million General Fund) from FY 2019 savings was made to the trust. In the prior year, a total of \$2.0 million (\$1.3 million General Fund) was made from FY 2018 savings.

The City continues to strive to contain costs with measures such as cost-sharing with employees. New labor agreements with the Safety Units that extend through FY 2021 include employee contributions up to 4.0 percent. It is anticipated that additional cost-share agreements with the miscellaneous units, who currently pick-up 1.0 percent of the employer share, will also be explored through current and future negotiations.

Staff anticipates returning to the City Council in April 2020 to continue the discussion of a Pension Funding Policy, as a part of the 2019 Fiscal Sustainability Workplan. These options are intended to identify a path forward for the City to address its pension obligations on an ongoing basis in order to ensure prudent and proactive financial planning.

HEALTHCARE COSTS

The FY 2021 budget for healthcare is based on the health plan choices employees made for Calendar Year 2020. Increases for the various bargaining units' healthcare costs are included in the memoranda of agreements and these costs are modeled appropriately throughout the budget per these terms. All bargaining units are now on a flat rate medical plan, with UMPAPA converting from a 90/10 contribution structure to a flat rate plan in Fall 2018. The flat rate medical plan helps the City's efforts to contain benefit costs as it provides a maximum exposure level to ris-

EMPLOYEE INFORMATION

ing health costs. For calendar year 2021, the budget models a four percent annual increase in flat rate medical costs.

Consistent with the FY 2020 Adopted Budget and Government Accounting Standards Board pronouncements that require government agencies to recognize the true cost of medical health care by active employees and retirees, an implied subsidy for retiree healthcare was calculated. Health care premiums are contracted at a blended rate, they are the same regardless of age or active versus retired status, with the exception of Medicare premiums. Despite the contractually blended rate, the implied subsidy is calculated in order to recognize the higher cost of medical services for retirees, which is reduced from the active employees' health care costs and identified as a retiree medical cost.

In FY 2021, the City's full cost of active employee healthcare is budgeted in the various City departments and collected in the General Benefits Fund to be paid to CalPERS. In order to account for the implied subsidy, health care costs for active employees have been reduced in the General Benefits Fund by \$2.4 million, and a corresponding transfer from the General Benefits Fund to the Retiree Health Benefits Fund has been continued to reflect the full payment of the City's Actuarial Determined Contribution (ADC) for Retiree Healthcare in the Retiree Health Benefits Fund. Additional discussion of Retiree Healthcare costs and the ADC are located in the Retiree Health Benefits Fund section of this document.

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Healthcare | 18,505,699 | 17,663,571 | 19,662,524 | 21,049,492 | 1,386,968 | 7.1% |
| Other Benefits | 611,652 | 588,334 | 1,118,496 | 1,118,483 | (13) | (0.0)% |
| Pension | 32,031,449 | 35,854,780 | 53,141,658 | 51,831,417 | (1,310,241) | (2.5)% |
| Salary | 570,924 | 274,627 | 23,882 | 22,963 | (919) | (3.8)% |
| Total Salary & Benefits | 51,719,725 | 54,381,312 | 73,946,560 | 74,022,355 | 75,795 | 0.1% |
| Contract Services | 214,103 | 148,275 | 220,795 | 220,795 | — | —% |
| General Expense | 14,110 | 115,507 | — | — | — | —% |
| Operating Transfers-Out | 2,444,000 | 2,197,000 | 2,197,000 | 2,384,000 | 187,000 | 8.5% |
| Supplies & Material | — | 3,540 | — | — | — | —% |
| Total Dollars by Expense Category | 54,391,938 | 56,845,634 | 76,364,355 | 76,627,150 | 262,795 | 0.3% |
| Revenues | | | | | | |
| Charges for Services | 535 | — | — | — | — | —% |
| Operating Transfers-In | 1,427,044 | 5,991,729 | — | — | — | —% |
| Other Revenue | 56,428,791 | 57,060,208 | 75,701,183 | 76,901,891 | 1,200,708 | 1.6% |
| Return on Investments | 197,653 | 152,730 | 433,000 | 362,600 | (70,400) | (16.3)% |
| Total Revenues | 58,054,023 | 63,204,667 | 76,134,183 | 77,264,491 | 1,130,308 | 1.5% |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net |
|--|-------------|-------------------|-------------------|------------------|
| Prior Year Budget | 0.48 | 76,364,355 | 76,134,183 | 230,172 |
| One-Time Prior Year Budget Adjustments | | | | |
| None | | | | |
| One-Time Prior Year Budget Adjustments | 0.48 | 76,364,355 | 76,134,183 | 230,172 |
| Adjustments to Costs of Ongoing Activities | | | | |
| Salary and Benefits | — | (931) | — | (931) |
| PARs Contributions and Expenses (Normal Cost Calculated at 6.2 Percent Discount Rate) | — | (3,005,290) | (3,005,290) | — |
| Citywide Pension | — | 4,079,049 | — | 4,079,049 |
| Citywide Vision Insurance | — | 75,764 | — | 75,764 |
| Citywide Healthcare Insurance | — | (842,549) | — | (842,549) |
| Return on Investments | — | — | (70,400) | 70,400 |
| Citywide Dental Insurance | — | (43,248) | — | (43,248) |
| Department Charges for General Benefits | — | — | 4,205,998 | (4,205,998) |
| Adjustments to Costs of Ongoing Activities | — | 262,795 | 1,130,308 | (867,513) |
| Total FY 2021 Proposed Budget | 0.48 | 76,627,150 | 77,264,491 | (637,341) |

Retiree Health Benefit Fund

Overview

In addition to providing pension benefits, the City participates in the California Public Employees' Medical and Hospital Care Act (PEMHCA) program to provide certain health care benefits for retired employees. This fund reflects costs for this program as well as payments for the unfunded liability for future medical benefits that will be provided to current and future retirees. The City uses actuarial studies, completed on a biennial basis by Bartel Associates, to inform the development of annual operating budgets. The most recent report was completed on June 30, 2017 to inform both the FY 2019 and FY 2020 Operating Budgets. At the timing of the development of the FY 2021 Proposed Budget, the City had not yet received a finalized report for use in FY 2021 and FY 2022. Therefore, the FY 2021 Proposed Budget contains the long-range information provided in the most recent study, as of June 30, 2017. The current actuarial study is anticipated to be completed before the end of the fiscal year, which will provide an update on the fund's status as of June 30, 2019. Any necessary budget adjustments will be brought forth as an amendment to the Adopted Budget.

The City's ADC for FY 2021 is \$16.8 million, or a 2.3 percent increase from FY 2020 (\$16.4 million). This increase aligns with actuarial expectations in the most recent report. Though the ADC assumed for the FY 2021 budget is \$16.8 million, the charges to the City's funds are budgeted at \$14.4 million. The difference of \$2.4 million represents the City's implied subsidy for retiree healthcare. This is the same subsidy briefly mentioned in the General Benefits Fund Overview section preceding this. There is a requirement, first imposed in FY 2017, that government agencies must recognize the true cost of medical health care of active employees and retirees. The health care premiums are the same regardless of age or active status with the exception of Medicare premiums. The new requirement is intended to recognize that as people age, their medical costs increase; therefore, an actuarial calculation has been performed to recognize the higher cost of medical services for retirees, which is reduced from the active employees' health care costs. This difference is known as the 'implied subsidy'. In FY 2021, the full cost of active employee healthcare is budgeted in the various City departments and collected in the General Benefits Fund to be paid to CalPERS. In order to account for the implied subsidy, healthcare costs for active employees have been reduced in the General Benefits Fund by \$2.4 million, and a transfer from the General Benefits Fund of \$2.4 million to the Retiree Health Benefits Fund has been established. This transfer reflects the full payment of the City's annual ADC for Retiree Healthcare in the Retiree Health Benefits Fund.

RETIREE HEALTH BENEFIT FUND OVERVIEW

Budget Summary

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change \$ | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|----------------------|---------------------|
| Dollars by Category | | | | | | |
| Salary & Benefits | | | | | | |
| Other Benefits | 42,599 | 24,221 | 61,560 | 61,560 | — | —% |
| Retiree Medical | 16,867,362 | 15,997,000 | 16,410,999 | 16,787,000 | 376,001 | 2.3% |
| Total Salary & Benefits | 16,909,962 | 16,021,221 | 16,472,559 | 16,848,560 | 376,001 | 2.3% |
| Total Dollars by Expense Category | 16,909,962 | 16,021,221 | 16,472,559 | 16,848,560 | 376,001 | 2.3% |
| Revenues | | | | | | |
| Operating Transfers-In | 2,444,000 | 2,197,000 | 2,197,000 | 2,384,000 | 187,000 | 8.5% |
| Other Revenue | 14,526,970 | 13,800,000 | 14,213,999 | 14,403,000 | 189,001 | 1.3% |
| Return on Investments | 69,691 | 93,008 | 46,900 | 63,800 | 16,900 | 36.0% |
| Total Revenues | 17,040,661 | 16,090,008 | 16,457,899 | 16,850,800 | 392,901 | 2.4% |

Budget Reconciliation

| | Positions | Expenditures | Revenues | Net |
|---|-----------|--------------|------------|----------|
| Prior Year Budget | — | 16,472,559 | 16,457,899 | 14,660 |
| One-Time Prior Year Budget Adjustments | | | | |
| None | | | | |
| One-Time Prior Year Budget Adjustments | — | 16,472,559 | 16,457,899 | 14,660 |
| Adjustments to Costs of Ongoing Activities | | | | |
| Citywide Retiree Health Benefits Adjustment | — | 376,001 | 376,001 | — |
| Return on Investments | — | — | 16,900 | (16,900) |
| Adjustments to Costs of Ongoing Activities | — | 376,001 | 392,901 | (16,900) |
| Total FY 2021 Proposed Budget | — | 16,848,560 | 16,850,800 | (2,240) |



CITY OF
**PALO
ALTO**

Table of Organization

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| General Fund | | | | | | |
| Administrative Services | | | | | | |
| Account Specialist | 4.88 | 4.63 | 4.63 | 4.63 | 0.00 | 0.00% |
| Account Specialist-Lead | 3.05 | 3.45 | 3.45 | 3.45 | 0.00 | 0.00% |
| Accountant | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Administrative Assistant | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Administrative Associate II | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Administrative Associate III | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Assistant Director Administrative Services | 1.65 | 1.65 | 1.65 | 1.65 | 0.00 | 0.00% |
| Buyer | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Chief Procurement Officer | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Contracts Administrator | 2.70 | 2.70 | 2.70 | 2.70 | 0.00 | 0.00% |
| Director Administrative Services/CFO | 0.80 | 0.80 | 0.80 | 0.80 | 0.00 | 0.00% |
| Director Office of Management and Budget | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Management Analyst | 0.00 | 1.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Manager Accounting | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Manager Budget | 1.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Manager Real Property | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Revenue Collections | 0.62 | 0.62 | 0.62 | 0.62 | 0.00 | 0.00% |
| Manager Treasury, Debt & Investments | 0.60 | 0.60 | 0.60 | 0.60 | 0.00 | 0.00% |
| Manager, Finance | 0.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Payroll Analyst | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Performance Auditor II | 0.00 | 0.00 | 0.00 | 1.00 | 1.00 | 0.00% |
| Principal Management Analyst | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Senior Accountant | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Senior Buyer | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Management Analyst | 4.90 | 2.30 | 2.30 | 2.30 | 0.00 | 0.00% |
| Storekeeper | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Storekeeper-Lead | 0.20 | 0.20 | 0.20 | 0.20 | 0.00 | 0.00% |
| Warehouse Supervisor | 0.20 | 0.20 | 0.20 | 0.20 | 0.00 | 0.00% |
| Total Administrative Services | 38.60 | 38.15 | 39.15 | 40.15 | 1.00 | 2.55% |
| City Attorney | | | | | | |
| Assistant City Attorney | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Chief Assistant City Attorney | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| City Attorney | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Claims Investigator | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Deputy City Attorney | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Legal Fellow | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |

TABLE OF ORGANIZATION

Table of Organization

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|---|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| Principal Attorney | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Secretary to City Attorney | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Assistant City Attorney | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Senior Deputy City Attorney | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Senior Legal Secretary | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Senior Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Total City Attorney | 11.00 | 10.00 | 10.00 | 10.00 | 0.00 | 0.00% |
| City Auditor | | | | | | |
| Administrative Assistant | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| City Auditor | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Performance Auditor I | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Performance Auditor II | 1.00 | 1.00 | 2.00 | 0.00 | -2.00 | (100.00)% |
| Senior Performance Auditor | 2.00 | 1.00 | 1.00 | 2.00 | 1.00 | 100.00% |
| Total City Auditor | 5.00 | 4.00 | 4.00 | 3.00 | -1.00 | (25.00)% |
| City Clerk | | | | | | |
| Administrative Associate III | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Assistant City Clerk | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| City Clerk | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Deputy City Clerk | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Hearing Officer | 0.75 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Total City Clerk | 5.75 | 5.00 | 5.00 | 5.00 | 0.00 | 0.00% |
| City Manager | | | | | | |
| Administrative Assistant | 1.00 | 1.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Administrative Associate III | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Assistant City Manager | 0.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Assistant City Manager/Utilities General Manager | 0.25 | 0.25 | 0.00 | 0.00 | 0.00 | 0.00% |
| Assistant to the City Manager | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Chief Communications Officer | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Chief Sustainability Officer | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| City Manager | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Deputy City Manager | 2.00 | 2.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Executive Assistant to the City Manager | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Management Analyst | 0.00 | 0.75 | 0.75 | 0.00 | -0.75 | (100.00)% |
| Manager Communications | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Economic Development | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Total City Manager | 11.25 | 12.00 | 10.75 | 10.00 | -0.75 | (6.98)% |

Table of Organization

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|---|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| Community Services | | | | | | |
| Administrative Assistant | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Administrative Associate III | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Assistant Director Community Services | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Building Serviceperson | 2.00 | 1.25 | 1.25 | 1.00 | -0.25 | (20.00)% |
| Building Serviceperson-Lead | 2.00 | 0.60 | 0.60 | 0.60 | 0.00 | 0.00% |
| Coordinator Recreation Programs | 4.00 | 3.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| Director Community Services | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Division Manager Open Space, Parks and Golf | 1.00 | 1.00 | 1.00 | 0.00 | -1.00 | (100.00)% |
| Heavy Equipment Operator | 0.07 | 0.07 | 0.07 | 0.07 | 0.00 | 0.00% |
| Inspector, Field Services | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Junior Museum & Zoo Educator | 3.60 | 3.60 | 3.60 | 3.60 | 0.00 | 0.00% |
| Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Management Assistant | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Community Services | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 | 0.00% |
| Manager Community Services Senior Program | 4.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| Manager Human Services | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Park Maintenance Person | 6.00 | 6.00 | 6.00 | 6.00 | 0.00 | 0.00% |
| Park Maintenance-Lead | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Park Ranger | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 | 0.00% |
| Parks/Golf Crew-Lead | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Producer Arts/Science Program | 11.00 | 11.00 | 11.00 | 11.00 | 0.00 | 0.00% |
| Producer Arts/Science Programs | 0.00 | 0.00 | 0.00 | 1.00 | 1.00 | 0.00% |
| Program Assistant I | 8.00 | 8.00 | 8.00 | 6.00 | -2.00 | (25.00)% |
| Program Assistant II | 4.00 | 4.00 | 3.00 | 5.00 | 2.00 | 66.67% |
| Project Manager | 0.10 | 0.10 | 0.10 | 0.10 | 0.00 | 0.00% |
| Senior Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Sprinkler System Representative | 4.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| Superintendent Community Services | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Superintendent Recreation | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Theater Specialist | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Volunteer Coordinator | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Total Community Services | 78.77 | 75.62 | 75.62 | 75.37 | -0.25 | (0.33)% |
| Fire | | | | | | |
| 40-Hour Training Battalion Chief | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| 40-Hour Training Captain | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |

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| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| Administrative Assistant | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Administrative Associate II | 2.00 | 2.20 | 2.20 | 2.20 | 0.00 | 0.00% |
| Battalion Chief | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Business Analyst | 0.80 | 0.80 | 0.80 | 0.80 | 0.00 | 0.00% |
| Deputy Chief/Fire Marshal | 0.05 | 0.05 | 0.05 | 0.05 | 0.00 | 0.00% |
| Deputy Director Technical Services Division | 0.20 | 0.20 | 0.20 | 0.20 | 0.00 | 0.00% |
| Deputy Fire Chief | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Emergency Medical Service Director | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Emergency Medical Services Data Specialist | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Fire Apparatus Operator | 30.00 | 26.00 | 26.00 | 26.00 | 0.00 | 0.00% |
| Fire Captain | 21.00 | 21.00 | 21.00 | 21.00 | 0.00 | 0.00% |
| Fire Chief | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Fire Fighter | 41.00 | 34.00 | 34.00 | 34.00 | 0.00 | 0.00% |
| Fire Inspector | 0.80 | 0.80 | 0.80 | 0.80 | 0.00 | 0.00% |
| Geographic Information System Specialist | 0.50 | 0.50 | 0.50 | 0.50 | 0.00 | 0.00% |
| Hazardous Materials Inspector | 0.30 | 0.30 | 0.30 | 0.30 | 0.00 | 0.00% |
| Police Chief | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Senior Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Technologist | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Total Fire | 108.65 | 97.85 | 97.85 | 97.85 | 0.00 | 0.00% |
| Human Resources | | | | | | |
| Administrative Assistant | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Assistant Director Human Resources | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Director Human Resources/CPO | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Human Resources Representative | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Human Resources Technician | 4.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| Manager Employee Benefits | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Employee Relations | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Human Resources Administrator | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Senior Management Analyst | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Total Human Resources | 16.00 | 16.00 | 16.00 | 16.00 | 0.00 | 0.00% |
| Library | | | | | | |
| Administrative Assistant | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Administrative Associate III | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Assistant Director Library Services | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |

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| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| Business Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Coordinator Library Programs | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Director Libraries | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Division Head Library Services | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Librarian | 7.00 | 7.00 | 6.00 | 6.00 | 0.00 | 0.00% |
| Library Assistant | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Library Associate | 7.00 | 7.00 | 7.00 | 7.00 | 0.00 | 0.00% |
| Library Specialist | 12.50 | 11.50 | 11.50 | 11.50 | 0.00 | 0.00% |
| Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Management Assistant | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Manager Library Services | 4.00 | 4.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Senior Librarian | 9.00 | 9.00 | 8.00 | 8.00 | 0.00 | 0.00% |
| Supervising Librarian | 2.00 | 2.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| Total Library | 48.50 | 47.50 | 46.50 | 46.50 | 0.00 | 0.00% |
| Office of Emergency Services | | | | | | |
| Director Office of Emergency Services | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Office of Emergency Services Coordinator | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Program Assistant | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Program Assistant II | 0.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Total Office of Emergency Services | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Office of Transportation^a | | | | | | |
| Administrative Assistant | 0.00 | 0.00 | 0.50 | 0.50 | 0.00 | 0.00% |
| Administrative Associate III | 0.70 | 0.30 | 0.00 | 0.00 | 0.00 | 0.00% |
| Associate Engineer | 0.73 | 0.65 | 0.30 | 0.30 | 0.00 | 0.00% |
| Associate Planner | 0.00 | 0.24 | 0.30 | 0.45 | 0.15 | 50.00% |
| Chief Transportation Official | 0.37 | 0.55 | 0.70 | 0.70 | 0.00 | 0.00% |
| Coordinator Transportation Systems Management | 0.88 | 0.74 | 1.25 | 1.25 | 0.00 | 0.00% |
| Management Analyst | 0.00 | 0.02 | 0.50 | 0.50 | 0.00 | 0.00% |
| Parking Operations - Lead | 0.00 | 0.10 | 0.00 | 0.00 | 0.00 | 0.00% |
| Program Assistant II | 0.60 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Project Engineer | 0.50 | 0.50 | 0.45 | 0.45 | 0.00 | 0.00% |
| Senior Engineer | 0.00 | 0.00 | 0.20 | 0.20 | 0.00 | 0.00% |
| Senior Planner | 0.15 | 0.28 | 0.50 | 0.50 | 0.00 | 0.00% |
| Traffic Engineering-Lead | 0.38 | 0.65 | 0.35 | 0.35 | 0.00 | 0.00% |
| Transportation Planning Manager | 0.20 | 0.36 | 1.15 | 1.15 | 0.00 | 0.00% |
| Total Office of Transportation | 4.51 | 4.39 | 6.20 | 6.35 | 0.15 | 2.42% |

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| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| Planning and Development Services^b | | | | | | |
| Administrative Assistant | 2.00 | 2.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Administrative Associate I | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Administrative Associate II | 3.00 | 2.80 | 2.80 | 2.80 | 0.00 | 0.00% |
| Administrative Associate III | 3.30 | 3.29 | 4.00 | 4.00 | 0.00 | 0.00% |
| Assistant Chief Building Official | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Assistant Director PCE | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Assistant Director Public Works | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Associate Engineer | 0.02 | 0.02 | 0.22 | 0.22 | 0.00 | 0.00% |
| Associate Planner | 1.00 | 3.03 | 3.15 | 3.00 | -0.15 | (4.76)% |
| Building Inspector Specialist | 4.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| Building/Planning Technician | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Business Analyst | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Chief Building Official | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Chief Planning Official | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Chief Transportation Official | 0.06 | 0.09 | 0.00 | 0.00 | 0.00 | 0.00% |
| Code Enforcement Officer | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Code Enforcement-Lead | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Deputy Chief/Fire Marshal | 0.80 | 0.80 | 0.80 | 0.80 | 0.00 | 0.00% |
| Development Project Coordinator II | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Development Project Coordinator III | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Development Services Director | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Director Planning/Community Environment | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Engineer | 0.64 | 0.64 | 0.64 | 0.64 | 0.00 | 0.00% |
| Engineering Technician III | 1.78 | 1.78 | 1.78 | 1.78 | 0.00 | 0.00% |
| Fire Fighter | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Fire Inspector | 3.20 | 3.20 | 3.20 | 3.20 | 0.00 | 0.00% |
| Hazardous Materials Inspector | 1.60 | 1.60 | 1.60 | 1.60 | 0.00 | 0.00% |
| Industrial Waste Inspector | 0.01 | 0.01 | 0.01 | 0.01 | 0.00 | 0.00% |
| Industrial Waste Investigator | 0.35 | 0.35 | 0.35 | 0.35 | 0.00 | 0.00% |
| Inspector, Field Services | 0.68 | 0.68 | 0.68 | 0.68 | 0.00 | 0.00% |
| Landscape Architect Park Planner | 0.00 | 0.50 | 0.50 | 0.50 | 0.00 | 0.00% |
| Management Analyst | 1.99 | 1.79 | 0.01 | 0.01 | 0.00 | 0.00% |
| Manager Development Center | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Manager Environmental Control Program | 0.10 | 0.10 | 0.10 | 0.10 | 0.00 | 0.00% |
| Manager Planning | 4.00 | 3.00 | 5.00 | 5.00 | 0.00 | 0.00% |
| Manager Urban Forestry | 0.04 | 0.04 | 0.04 | 0.04 | 0.00 | 0.00% |
| Manager Watershed Protection | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Planner | 4.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00% |

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| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|---|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| Planning Arborist | 0.29 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Planning Division Manager | 0.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Plans Check Engineer | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Principal Management Analyst | 0.00 | 0.00 | 1.00 | 0.00 | -1.00 | 0.00% |
| Principal Planner | 0.00 | 1.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Program Assistant | 0.00 | 0.00 | 1.00 | 0.00 | -1.00 | (100.00)% |
| Program Assistant I | 0.00 | 0.00 | 0.00 | 1.00 | 1.00 | 0.00% |
| Project Engineer | 0.03 | 0.33 | 0.13 | 0.13 | 0.00 | 0.00% |
| Project Manager | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Senior Business Analyst | 0.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Engineer | 0.46 | 0.46 | 0.46 | 0.46 | 0.00 | 0.00% |
| Senior Industrial Waste Investigator | 0.01 | 0.01 | 0.01 | 0.01 | 0.00 | 0.00% |
| Senior Management Analyst | 2.00 | 1.88 | 2.00 | 2.00 | 0.00 | 0.00% |
| Senior Planner | 6.60 | 3.60 | 3.60 | 3.60 | 0.00 | 0.00% |
| Senior Technologist | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Supervisor Inspection and Surveying | 0.27 | 0.27 | 0.27 | 0.27 | 0.00 | 0.00% |
| Surveyor, Public Works | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Traffic Engineering-Lead | 0.00 | 0.00 | 0.10 | 0.10 | 0.00 | 0.00% |
| Transportation Planning Manager | 0.00 | 0.05 | 0.00 | 0.00 | 0.00 | 0.00% |
| Total Planning and Community Environment | 62.23 | 62.32 | 62.45 | 61.30 | -1.15 | (0.24)% |

| Police | | | | | | |
|--|-------|-------|-------|-------|------|-------|
| Administrative Assistant | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Administrative Associate II | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Animal Control Officer | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Animal Control Officer-Lead | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Animal Services Specialist II | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Assistant Police Chief | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Business Analyst | 1.20 | 1.20 | 1.20 | 1.20 | 0.00 | 0.00% |
| Code Enforcement Officer | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Communications Manager | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Communications Technician | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Community Service Officer | 7.50 | 7.50 | 7.50 | 7.50 | 0.00 | 0.00% |
| Court Liaison Officer | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Crime Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Deputy Director Technical Services Division | 0.80 | 0.80 | 0.80 | 0.80 | 0.00 | 0.00% |
| Geographic Information System Specialist | 0.50 | 0.50 | 0.50 | 0.50 | 0.00 | 0.00% |
| Police Agent | 19.00 | 19.00 | 19.00 | 19.00 | 0.00 | 0.00% |

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| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|---|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| Police Captain | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Police Chief | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Police Lieutenant | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 | 0.00% |
| Police Officer | 50.00 | 50.00 | 50.00 | 50.00 | 0.00 | 0.00% |
| Police Records Specialist II | 6.00 | 6.00 | 6.00 | 6.00 | 0.00 | 0.00% |
| Police Records Specialist-Lead | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Police Sergeant | 14.00 | 14.00 | 14.00 | 14.00 | 0.00 | 0.00% |
| Program Assistant II | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Property Evidence Technician | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Public Safety Communications Manager | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Public Safety Dispatcher | 16.00 | 16.00 | 16.00 | 16.00 | 0.00 | 0.00% |
| Public Safety Dispatcher - Lead | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Public Safety Dispatcher I | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Public Safety Dispatcher II | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Public Safety Dispatcher-Lead | 4.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| Public Safety Program Manager | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Senior Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Technologist | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Superintendent Animal Services | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Veterinarian | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Veterinarian Technician | 2.00 | 2.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Total Police | 155.00 | 155.00 | 149.00 | 149.00 | 0.00 | 0.00% |
| Public Works | | | | | | |
| Administrative Assistant | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Administrative Associate I | 0.60 | 0.60 | 0.10 | 0.10 | 0.00 | 0.00% |
| Administrative Associate II | 2.65 | 2.65 | 2.65 | 2.65 | 0.00 | 0.00% |
| Administrative Associate III | 0.01 | 0.01 | 0.01 | 0.01 | 0.00 | 0.00% |
| Assistant Director Public Works | 0.87 | 0.87 | 0.73 | 0.73 | 0.00 | 0.00% |
| Associate Engineer | 0.30 | 0.30 | 0.00 | 0.00 | 0.00 | 0.00% |
| Building Serviceperson | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Building Serviceperson-Lead | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Cement Finisher | 3.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Cement Finisher-Lead | 0.26 | 0.26 | 0.26 | 0.26 | 0.00 | 0.00% |
| Coordinator Public Works Projects | 1.50 | 1.50 | 1.50 | 1.50 | 0.00 | 0.00% |
| Director Public Works/City Engineer | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Electrician | 0.80 | 0.80 | 0.80 | 0.80 | 0.00 | 0.00% |
| Engineer | 0.66 | 0.66 | 0.36 | 0.36 | 0.00 | 0.00% |
| Engineering Technician III | 1.47 | 1.47 | 1.47 | 1.47 | 0.00 | 0.00% |

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| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|-------------------------------------|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| Equipment Operator | 3.46 | 2.46 | 2.46 | 2.46 | 0.00 | 0.00% |
| Facilities Carpenter | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Facilities Maintenance-Lead | 1.85 | 1.85 | 1.85 | 1.85 | 0.00 | 0.00% |
| Facilities Mechanic | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Facilities Painter | 1.75 | 1.75 | 1.75 | 1.75 | 0.00 | 0.00% |
| Facilities Technician | 4.05 | 4.05 | 4.05 | 4.05 | 0.00 | 0.00% |
| Heavy Equipment Operator | 2.33 | 2.33 | 2.33 | 2.33 | 0.00 | 0.00% |
| Heavy Equipment Operator-Lead | 0.85 | 0.85 | 0.85 | 0.85 | 0.00 | 0.00% |
| Inspector, Field Services | 0.11 | 0.11 | 0.11 | 0.11 | 0.00 | 0.00% |
| Landscape Architect Park Planner | 0.10 | 0.60 | 0.60 | 0.60 | 0.00 | 0.00% |
| Management Analyst | 0.70 | 0.70 | 0.70 | 1.45 | 0.75 | 107.14% |
| Manager Facilities | 0.90 | 0.90 | 0.90 | 0.90 | 0.00 | 0.00% |
| Manager Maintenance Operations | 1.20 | 1.20 | 1.20 | 1.20 | 0.00 | 0.00% |
| Manager Urban Forestry | 0.96 | 0.96 | 0.96 | 0.96 | 0.00 | 0.00% |
| Manager Watershed Protection | 0.05 | 0.05 | 0.05 | 0.05 | 0.00 | 0.00% |
| Planning Arborist | 0.71 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Project Engineer | 0.50 | 0.50 | 0.00 | 0.00 | 0.00 | 0.00% |
| Project Manager | 2.65 | 2.65 | 2.65 | 2.65 | 0.00 | 0.00% |
| Senior Engineer | 0.79 | 0.79 | 0.59 | 0.59 | 0.00 | 0.00% |
| Senior Management Analyst | 1.11 | 1.11 | 1.11 | 1.11 | 0.00 | 0.00% |
| Senior Project Manager | 0.10 | 0.10 | 0.00 | 0.00 | 0.00 | 0.00% |
| Supervisor Inspection and Surveying | 0.10 | 0.10 | 0.10 | 0.10 | 0.00 | 0.00% |
| Surveyor, Public Works | 0.33 | 0.33 | 0.33 | 0.33 | 0.00 | 0.00% |
| Traffic Controller Maintainer-Lead | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Traffic Controller Maintainer I | 1.94 | 1.94 | 1.94 | 1.94 | 0.00 | 0.00% |
| Traffic Controller Maintainer II | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Tree Maintenance Person | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Tree Trim/Line Clear | 7.00 | 7.00 | 7.00 | 7.00 | 0.00 | 0.00% |
| Tree Trim/Line Clear-Lead | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Total Public Works | 54.66 | 51.45 | 49.41 | 50.16 | 0.75 | 1.52% |
| | | | | | | |
| Total General Fund | 602.92 | 582.28 | 574.93 | 573.68 | -1.25 | (0.22)% |
| | | | | | | |
| Enterprise Fund | | | | | | |
| Public Works | | | | | | |
| Account Specialist | 0.30 | 0.30 | 0.30 | 0.30 | 0.00 | 0.00% |
| Accountant | 0.40 | 0.40 | 0.40 | 0.40 | 0.00 | 0.00% |
| Administrative Associate I | 0.10 | 0.10 | 0.10 | 0.10 | 0.00 | 0.00% |
| Administrative Associate II | 2.15 | 2.15 | 2.15 | 2.15 | 0.00 | 0.00% |
| Administrative Associate III | 0.10 | 0.10 | 0.10 | 0.10 | 0.00 | 0.00% |

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| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| Assistant Director Public Works | 1.30 | 1.30 | 1.30 | 1.30 | 0.00 | 0.00% |
| Assistant Manager WQCP | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Associate Engineer | 2.99 | 2.99 | 2.99 | 2.99 | 0.00 | 0.00% |
| Business Analyst | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Buyer | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Chemist | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Chief Sustainability Officer | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Coordinator Public Works Projects | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Deputy Chief/Fire Marshal | 0.07 | 0.07 | 0.07 | 0.07 | 0.00 | 0.00% |
| Electrician | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Electrician-Lead | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Engineer | 0.90 | 0.90 | 0.90 | 0.90 | 0.00 | 0.00% |
| Engineering Technician III | 0.25 | 0.25 | 0.25 | 0.25 | 0.00 | 0.00% |
| Environmental Specialist | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Equipment Operator | 0.54 | 0.54 | 0.54 | 0.54 | 0.00 | 0.00% |
| Facilities Maintenance Lead | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Facilities Technician | 1.50 | 1.50 | 1.50 | 1.50 | 0.00 | 0.00% |
| Hazardous Materials Inspector | 0.04 | 0.04 | 0.04 | 0.04 | 0.00 | 0.00% |
| Heavy Equipment Operator | 0.90 | 0.90 | 0.90 | 0.90 | 0.00 | 0.00% |
| Heavy Equipment Operator-Lead | 1.15 | 1.15 | 1.15 | 1.15 | 0.00 | 0.00% |
| Industrial Waste Inspector | 2.99 | 2.99 | 2.99 | 2.99 | 0.00 | 0.00% |
| Industrial Waste Investigator | 1.15 | 1.15 | 1.15 | 1.15 | 0.00 | 0.00% |
| Laboratory Technician WQC | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Landfill Technician | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Maintenance Mechanic | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Management Analyst | 2.30 | 2.30 | 2.30 | 2.30 | 0.00 | 0.00% |
| Manager Airport | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Environmental Control Program | 4.90 | 4.90 | 4.90 | 4.90 | 0.00 | 0.00% |
| Manager Laboratory Services | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Maintenance Operations | 1.96 | 1.96 | 1.96 | 1.96 | 0.00 | 0.00% |
| Manager Solid Waste | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Water Quality Control Plant | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Watershed Protection | 0.95 | 0.95 | 0.95 | 0.95 | 0.00 | 0.00% |
| Plant Mechanic | 7.00 | 7.00 | 7.00 | 7.00 | 0.00 | 0.00% |
| Program Assistant I | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Program Assistant II | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Project Engineer | 1.83 | 1.83 | 1.83 | 1.83 | 0.00 | 0.00% |
| Project Manager | 1.35 | 1.35 | 1.35 | 1.35 | 0.00 | 0.00% |
| Senior Accountant | 0.30 | 0.30 | 0.30 | 0.30 | 0.00 | 0.00% |

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| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|--------------------------------------|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| Senior Buyer | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Chemist | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Engineer | 3.76 | 3.76 | 3.76 | 3.76 | 0.00 | 0.00% |
| Senior Industrial Waste Investigator | 0.99 | 0.99 | 0.99 | 0.99 | 0.00 | 0.00% |
| Senior Management Analyst | 0.21 | 0.21 | 0.21 | 0.21 | 0.00 | 0.00% |
| Senior Mechanic | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Operator WQC | 6.00 | 6.00 | 6.00 | 6.00 | 0.00 | 0.00% |
| Senior Technologist | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Storekeeper | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Street Maintenance Assistant | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Street Sweeper Operator | 1.63 | 1.63 | 1.63 | 1.63 | 0.00 | 0.00% |
| Supervisor WQCP Operations | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Surveyor, Public Works | 0.12 | 0.12 | 0.12 | 0.12 | 0.00 | 0.00% |
| Technologist | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Traffic Controller Maintainer I | 0.06 | 0.06 | 0.06 | 0.06 | 0.00 | 0.00% |
| WQC Plant Operator II | 16.00 | 16.00 | 16.00 | 16.00 | 0.00 | 0.00% |
| Zero Waste Coordinator | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Total Public Works | 101.19 | 101.19 | 101.19 | 101.19 | 0.00 | 0.00% |

| Utilities | | | | | | |
|---|------|------|------|------|------|-------|
| Account Specialist | 1.70 | 1.70 | 1.70 | 1.70 | 0.00 | 0.00% |
| Accountant | 0.60 | 0.60 | 0.60 | 0.60 | 0.00 | 0.00% |
| Administrative Assistant | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Administrative Associate II | 7.00 | 7.00 | 6.00 | 6.00 | 0.00 | 0.00% |
| Assistant City Manager/Utilities General Manager | 0.75 | 0.75 | 0.00 | 0.00 | 0.00 | 0.00% |
| Assistant Director Administrative Services | 0.25 | 0.25 | 0.25 | 0.25 | 0.00 | 0.00% |
| Assistant Director Utilities Customer Support Services | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Assistant Director Utilities Engineering | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Assistant Director Utilities Operations | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Assistant Director Utilities/Resource Management | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Associate Engineer | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Business Analyst | 7.00 | 6.00 | 6.00 | 6.00 | 0.00 | 0.00% |
| Cathodic Protection Technician Assistant | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Cathodic Technician | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Cement Finisher | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Chief Sustainability Officer | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |

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|--|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| Contracts Administrator | 0.70 | 0.70 | 0.70 | 0.70 | 0.00 | 0.00% |
| Coordinator Utilities Projects | 6.00 | 6.00 | 6.00 | 6.00 | 0.00 | 0.00% |
| Customer Service Representative | 7.00 | 7.00 | 7.00 | 7.00 | 0.00 | 0.00% |
| Customer Service Specialist | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Customer Service Specialist-Lead | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Deputy Chief/Fire Marshal | 0.08 | 0.08 | 0.08 | 0.08 | 0.00 | 0.00% |
| Deputy City Attorney | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Director Administrative Services/CFO | 0.20 | 0.20 | 0.20 | 0.20 | 0.00 | 0.00% |
| Director Utilities | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Electric Heavy Equipment Operator | 0.00 | 0.00 | 0.00 | 2.00 | 2.00 | 0.00% |
| Electric Project Engineer | 2.00 | 2.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| Electric Underground Inspector | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Electric Underground Inspector-Lead | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Electrical Equipment Technician | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Electrician Assistant I | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Engineer | 4.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| Engineering Manager - Electric | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Engineering Manager - WGW | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Engineering Technician III | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Equipment Operator | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Gas and Water Meter Measurement and Control Technician | 4.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| Gas and Water Meter Measurement and Control Technician - Lead | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Gas System Technician | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Gas System Technician II | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Hazardous Materials Inspector | 0.06 | 0.06 | 0.06 | 0.06 | 0.00 | 0.00% |
| Heavy Equipment Operator | 6.70 | 6.70 | 6.70 | 0.00 | -6.70 | (100.00)% |
| Heavy Equipment Operator - Install/ Repair | 4.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| Industrial Waste Investigator | 0.50 | 0.50 | 0.50 | 0.50 | 0.00 | 0.00% |
| Inspector, Field Services | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 | 0.00% |
| Lineperson/Cable Specialist | 11.00 | 11.00 | 11.00 | 10.00 | -1.00 | (9.09)% |
| Lineperson/Cable Specialist-Lead | 4.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| Maintenance Mechanic-Welding | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Manager Communications | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Customer Service | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Electric Operations | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Treasury, Debt & Investments | 0.40 | 0.40 | 0.40 | 0.40 | 0.00 | 0.00% |
| Manager Utilities Compliance | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |

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| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|---|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| Manager Utilities Credit & Collection | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Utilities Marketing Services | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Manager Utilities Operations WGW | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Utilities Program Services | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Utilities Strategic Business | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Utilities Telecommunications | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Marketing Engineer | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Meter Reader | 6.00 | 6.00 | 6.00 | 6.00 | 0.00 | 0.00% |
| Meter Reader-Lead | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Metering Technician | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Metering Technician-Lead | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Offset Equipment Operator | 0.48 | 0.48 | 0.48 | 0.48 | 0.00 | 0.00% |
| Overhead Underground Troubleshooter | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Planner | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Power Engineer | 3.00 | 3.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Principal Business Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Program Assistant I | 1.50 | 1.50 | 1.50 | 1.50 | 0.00 | 0.00% |
| Program Assistant II | 0.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Project Engineer | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 | 0.00% |
| Project Manager | 0.75 | 0.75 | 0.75 | 0.75 | 0.00 | 0.00% |
| Resource Planner | 6.00 | 6.00 | 5.00 | 5.00 | 0.00 | 0.00% |
| Restoration Lead | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| SCADA Technologist | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Senior Accountant | 0.70 | 0.70 | 0.70 | 0.70 | 0.00 | 0.00% |
| Senior Business Analyst | 2.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Senior Deputy City Attorney | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Senior Electrical Engineer | 4.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| Senior Engineer | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 | 0.00% |
| Senior Management Analyst | 0.70 | 0.70 | 0.70 | 0.70 | 0.00 | 0.00% |
| Senior Mechanic | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Performance Auditor | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Resource Planner | 6.00 | 6.00 | 6.50 | 6.50 | 0.00 | 0.00% |
| Senior Technologist | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Senior Utilities Field Service Representative | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Water Systems Operator | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Storekeeper | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Storekeeper-Lead | 0.80 | 0.80 | 0.80 | 0.80 | 0.00 | 0.00% |
| Street Light, Traffic Signal & Fiber Technician | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 | 0.00% |

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| Street Light, Traffic Signal & Fiber Technician Apprentice | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Street Light, Traffic Signal & Fiber-Lead | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Substation Electrician | 6.00 | 6.00 | 6.00 | 6.00 | 0.00 | 0.00% |
| Substation Electrician-Lead | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Supervising Electric Project Engineer | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Supervisor Inspection Services | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Tree Maintenance Person | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Utilities Account Representative | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Utilities Chief Operating Officer | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Utilities Compliance Technician | 2.00 | 2.00 | 2.00 | 3.00 | 1.00 | 50.00% |
| Utilities Compliance Technician-Lead | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Utilities Credit/Collection Specialist | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Utilities Director | 0.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Utilities Engineer Estimator | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 | 0.00% |
| Utilities Field Services Representative | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 | 0.00% |
| Utilities Install Repair-Lead-Welding Certified | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Utilities Install Repair-Welding Certified | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Utilities Install/Repair | 10.00 | 10.00 | 10.00 | 10.00 | 0.00 | 0.00% |
| Utilities Install/Repair Assistant | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Utilities Install/Repair-Lead | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 | 0.00% |
| Utilities Key Account Representative | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Utilities Locator | 3.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Utilities Marketing Program Administrator | 3.00 | 3.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| Utilities Safety Officer | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Utilities Supervisor | 12.00 | 12.00 | 12.00 | 12.00 | 0.00 | 0.00% |
| Utilities System Operator | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 | 0.00% |
| Utility Engineering Estimator - Lead | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Warehouse Supervisor | 0.80 | 0.80 | 0.80 | 0.80 | 0.00 | 0.00% |
| Water Meter Cross Connection Technician | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Water System Operator I | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Water System Operator II | 4.00 | 4.00 | 4.00 | 4.00 | 0.00 | 0.00% |
| WGW Heavy Equipment Operator | 0.00 | 0.00 | 0.00 | 4.70 | 4.70 | 0.00% |
| Total Utilities | 256.67 | 256.67 | 257.42 | 257.42 | 0.00 | 0.00% |
| Total Enterprise Fund | 357.86 | 357.86 | 358.61 | 358.61 | 0.00 | 0.00% |

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| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|--|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| Other Funds | | | | | | |
| Capital Project Fund | | | | | | |
| Administrative Assistant | 0.00 | 0.00 | 0.15 | 0.15 | 0.00 | 0.00% |
| Administrative Associate I | 0.80 | 0.80 | 0.80 | 0.80 | 0.00 | 0.00% |
| Administrative Associate III | 0.89 | 1.09 | 0.89 | 0.89 | 0.00 | 0.00% |
| Assistant Director Public Works | 0.58 | 0.58 | 0.72 | 0.72 | 0.00 | 0.00% |
| Associate Engineer | 2.96 | 3.04 | 2.49 | 2.49 | 0.00 | 0.00% |
| Associate Planner | 0.00 | 0.31 | 0.30 | 0.30 | 0.00 | 0.00% |
| Building Serviceperson | 0.00 | 0.75 | 0.75 | 1.00 | 0.25 | 33.33% |
| Building Serviceperson-Lead | 0.00 | 1.40 | 1.40 | 1.40 | 0.00 | 0.00% |
| Cement Finisher | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Cement Finisher-Lead | 0.74 | 0.74 | 0.74 | 0.74 | 0.00 | 0.00% |
| Chief Transportation Official | 0.52 | 0.36 | 0.30 | 0.30 | 0.00 | 0.00% |
| Contracts Administrator | 0.60 | 0.60 | 0.60 | 0.60 | 0.00 | 0.00% |
| Coordinator Public Works Projects | 1.30 | 1.30 | 1.30 | 1.30 | 0.00 | 0.00% |
| Coordinator Transportation Systems Management | 0.62 | 0.76 | 0.75 | 0.75 | 0.00 | 0.00% |
| Engineer | 2.80 | 2.80 | 3.10 | 3.10 | 0.00 | 0.00% |
| Engineering Technician III | 0.50 | 0.50 | 0.50 | 0.50 | 0.00 | 0.00% |
| Facilities Technician | 1.50 | 1.50 | 1.50 | 1.50 | 0.00 | 0.00% |
| Heavy Equipment Operator | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Inspector, Field Services | 1.21 | 1.21 | 1.21 | 1.21 | 0.00 | 0.00% |
| Landscape Architect Park Planner | 0.90 | 0.90 | 0.90 | 0.90 | 0.00 | 0.00% |
| Management Analyst | 0.79 | 0.82 | 0.94 | 0.94 | 0.00 | 0.00% |
| Manager Facilities | 0.10 | 0.10 | 0.10 | 0.10 | 0.00 | 0.00% |
| Manager Maintenance Operations | 0.65 | 0.65 | 0.65 | 0.65 | 0.00 | 0.00% |
| Parking Operations-Lead | 1.00 | 0.35 | 0.40 | 0.40 | 0.00 | 0.00% |
| Program Assistant I | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Program Assistant II | 0.40 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Project Engineer | 7.14 | 6.84 | 7.59 | 7.59 | 0.00 | 0.00% |
| Project Manager | 1.15 | 1.15 | 1.15 | 1.15 | 0.00 | 0.00% |
| Senior Engineer | 1.99 | 1.99 | 2.99 | 3.99 | 1.00 | 33.44% |
| Senior Management Analyst | 0.60 | 0.72 | 0.60 | 0.60 | 0.00 | 0.00% |
| Senior Planner | 0.85 | 0.72 | 0.50 | 0.50 | 0.00 | 0.00% |
| Senior Project Manager | 0.90 | 0.90 | 1.00 | 0.00 | -1.00 | (100.00)% |
| Supervisor Inspection and Surveying | 0.63 | 0.63 | 0.63 | 0.63 | 0.00 | 0.00% |
| Surveyor, Public Works | 0.55 | 0.55 | 0.55 | 0.55 | 0.00 | 0.00% |
| Traffic Engineering-Lead | 0.62 | 0.35 | 0.55 | 0.55 | 0.00 | 0.00% |
| Transportation Planning Manager | 0.50 | 0.35 | 0.35 | 0.35 | 0.00 | 0.00% |
| Total Capital Project Fund | 33.79 | 34.76 | 36.40 | 36.65 | 0.25 | 0.69% |

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| Printing and Mailing Services | | | | | | |
| Manager Revenue Collections | 0.10 | 0.10 | 0.10 | 0.10 | 0.00 | 0.00% |
| Offset Equipment Operator | 1.52 | 1.52 | 1.52 | 1.52 | 0.00 | 0.00% |
| Total Printing and Mailing Services | 1.62 | 1.62 | 1.62 | 1.62 | 0.00 | 0.00% |
| Special Revenue Funds | | | | | | |
| Account Specialist | 1.62 | 1.87 | 1.87 | 1.87 | 0.00 | 0.00% |
| Account Specialist-Lead | 0.95 | 0.55 | 0.55 | 0.55 | 0.00 | 0.00% |
| Administrative Assistant | 0.00 | 0.00 | 0.35 | 0.35 | 0.00 | 0.00% |
| Administrative Associate II | 0.20 | 0.20 | 0.20 | 0.20 | 0.00 | 0.00% |
| Administrative Associate III | 0.00 | 0.21 | 0.00 | 0.00 | 0.00 | 0.00% |
| Associate Planner | 0.00 | 0.42 | 0.25 | 0.25 | 0.00 | 0.00% |
| Building Serviceperson-Lead | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Chief Transportation Official | 0.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Community Service Officer | 0.50 | 0.50 | 0.50 | 0.50 | 0.00 | 0.00% |
| Coordinator Public Works Projects | 0.20 | 0.20 | 0.20 | 0.20 | 0.00 | 0.00% |
| Electrician | 0.20 | 0.20 | 0.20 | 0.20 | 0.00 | 0.00% |
| Facilities Maintenance-Lead | 0.15 | 0.15 | 0.15 | 0.15 | 0.00 | 0.00% |
| Facilities Mechanic | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Facilities Painter | 0.25 | 0.25 | 0.25 | 0.25 | 0.00 | 0.00% |
| Facilities Technician | 0.45 | 0.45 | 0.45 | 0.45 | 0.00 | 0.00% |
| Management Analyst | 0.02 | 0.17 | 0.35 | 0.35 | 0.00 | 0.00% |
| Manager Community Services Senior Program | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Maintenance Operations | 0.19 | 0.19 | 0.19 | 0.19 | 0.00 | 0.00% |
| Manager Revenue Collections | 0.28 | 0.28 | 0.28 | 0.28 | 0.00 | 0.00% |
| Parking Operations-Lead | 0.00 | 0.55 | 0.60 | 0.60 | 0.00 | 0.00% |
| Planner | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Program Assistant II | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Senior Planner | 0.40 | 0.40 | 0.40 | 0.40 | 0.00 | 0.00% |
| Street Maintenance Assistant | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Street Sweeper Operator | 0.37 | 0.37 | 0.37 | 0.37 | 0.00 | 0.00% |
| Transportation Planning Manager | 0.30 | 0.24 | 0.50 | 0.50 | 0.00 | 0.00% |
| Total Special Revenue Funds | 9.13 | 10.20 | 10.66 | 10.66 | 0.00 | 0.00% |
| Technology Fund | | | | | | |
| Administrative Assistant | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Assistant Director Administrative Services | 0.10 | 0.10 | 0.10 | 0.10 | 0.00 | 0.00% |
| Business Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |

Table of Organization

| | FY 2018 Actuals | FY 2019 Actuals | FY 2020 Adopted Budget | FY 2021 Proposed Budget | FY 2021 Change FTE | FY 2021 Change % |
|---|--------------------|--------------------|------------------------------|-------------------------------|--------------------------|---------------------|
| Desktop Technician | 6.00 | 6.00 | 6.00 | 6.00 | 0.00 | 0.00% |
| Director Administrative Services/CFO | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Director Information Technology/CIO | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Management Analyst | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Manager Information Technology | 4.00 | 3.00 | 3.00 | 3.00 | 0.00 | 0.00% |
| Manager Information Technology Security | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Principal Business Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Business Analyst | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Senior Management Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Technologist | 17.00 | 18.00 | 18.00 | 18.00 | 0.00 | 0.00% |
| Technologist | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Total Technology Fund | 36.10 | 36.10 | 36.10 | 36.10 | 0.00 | 0.00% |
| Vehicle Replacement and Maintenance Fund | | | | | | |
| Administrative Associate III | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Assistant Director Public Works | 0.25 | 0.25 | 0.25 | 0.25 | 0.00 | 0.00% |
| Assistant Fleet Manager | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Equipment Maintenance Service Person | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Fleet Services Coordinator | 2.00 | 2.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Management Analyst | 0.20 | 0.20 | 0.20 | 0.20 | 0.00 | 0.00% |
| Management Assistant | 0.00 | 0.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Manager Fleet | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Motor Equipment Mechanic II | 6.00 | 6.00 | 6.00 | 6.00 | 0.00 | 0.00% |
| Motor Equipment Mechanic-Lead | 2.00 | 2.00 | 2.00 | 2.00 | 0.00 | 0.00% |
| Project Manager | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Senior Management Analyst | 0.08 | 0.08 | 0.08 | 0.08 | 0.00 | 0.00% |
| Total Vehicle Replacement and Maintenance Fund | 16.53 | 16.53 | 15.53 | 15.53 | 0.00 | 0.00% |
| Workers' Compensation Program Fund | | | | | | |
| Senior Human Resources Administrator | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Workers' Compensation Program Fund | | | | | | |
| Total Workers' Compensation Program Fund | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 | 0.00% |
| Total Other Funds | 98.17 | 100.21 | 101.31 | 101.56 | 0.25 | 0.25% |
| Total Citywide Positions | 1,058.95 | 1,040.35 | 1,034.85 | 1,033.85 | (1.00) | (0.10)% |

TABLE OF ORGANIZATION

a. The Office of Transportation was created within the City Manager's Office in FY 2020 through the reallocation of staff and resources from the Planning and Development Services Department (previously the Planning and Community Environment Department). For demonstrative purposes, prior years in the Office of Transportation have been restated to include Transportation staff.

b. The Planning and Development Services Department was established in FY 2020 through the merging of the Development Services Department and the Planning and Community Environment Department and the reallocation of resources to create a dedicated Office of Transportation within the City Manager's Office. For demonstrative purposes, prior years have been restated to include staffing of the prior Development Services Department and the Planning and Community Environment Department.

Supplemental Information





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Reserve Policies

One of the key components of a financially stable organization is the adherence to a policy of maintaining an appropriate level of reserves. The Government Finance Officers Association (GFOA) recommends, at a minimum, that general purpose governments, regardless of size, maintain reserves (unrestricted fund balance) in their General Fund of no less than two months of operating revenues or expenditures, or a minimum of approximately 16.6 percent of General Fund operating expenditures. The GFOA further recommends that reserve levels be directly related to the degree of uncertainty the local government faces; specifically, the greater the uncertainty, the greater the financial resources necessary. Since reserves are used to mitigate risk, during these uncertain economic times, it is crucial that the City continue its practice of adhering to this GFOA guidance. This will provide the City with resources to cope with unforeseen expenditures, unanticipated events, or revenue shortfalls.

General Fund Budget Stabilization Reserve

The City's Budget Stabilization Reserve (BSR) serves as the primary General Fund reserve. By policy, the BSR is maintained in the range of 15.0 to 20.0 percent of General Fund operating expenditures, with a target of 18.5 percent. Any reduction to the reserve below 15.0 percent requires City Council approval. At the discretion of the City Manager, any BSR balance above 18.5 percent may be transferred to the Infrastructure Reserve (IR), which was established to provide funding for maintenance and rehabilitation of the City's capital assets. The BSR is used to fund unanticipated one-time costs as opposed to ongoing or recurring operating expenditures. The City's intent is to fund ongoing programs and services with ongoing dollars.

The City has held a long-standing practice of maintaining a BSR balance of no less than 15.0 percent of General Fund operating expenses. The table below depicts the BSR balances for seven years, the last five years of actual ending BSR balances, and two years of budgeted ending BSR balances. As discussed in this document, the Fiscal Year 2021 Budget assumes a BSR ending balance of \$47.1 million or 19.7 percent; this is aligned with City Council direction.

| | FY 2015 Actuals | FY 2016 Actuals | FY 2017 Actuals | FY 2018 Actuals | FY 2019 Adopted | FY 2020 Adopted | FY 2021 Proposed |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Ending BSR Balance (in millions) | \$48.2 | \$49.5 | \$48.1 | \$52.8 | \$41.0 | \$42.7 | \$47.1 |
| % of Total Expenses | 25.96% | 24.06% | 22.87% | 25.63% | 19.16% | 18.50% | 19.73% |

Over the years, the City's BSR has served as a repository for unspent operating funds at year-end and to fund one-time unexpected needs that arise outside of the regular budget preparation process. Prudent financial management practices dictate that the BSR not be used to fund or solve on-going, recurring financial needs. The City has adhered to this practice and has not used the BSR to provide ongoing budget stabilization during periods of economic downturns.

HUMAN SERVICES RESOURCE ALLOCATION PROCESS (HSRAP) RESERVE

In Fiscal Year 2015, the City Council set aside an earmarked reserve for the Human Resource Allocation Process (HSRAP) in the amount of \$50,000 to be used during future budget cycles. Any remaining funds that are unspent at the conclusion of Fiscal Year 2020 will be recommended to be carried forward to Fiscal Year 2021.

Credit Rating Agencies

Credit rating agencies view General Fund reserves as a critical component of strong municipal management. According to Moody's Investors Service, reserves are an important factor in the analysis of a municipality's fiscal health and, therefore, a jurisdiction's fiscal policies should include a plan for maintaining reserves. Rating agencies view sound reserves favorably, thus improving a municipality's rating and its ability to obtain low-cost financing for important projects. The City is proud to report that both Moody's and Standard and Poor's (S&P) awarded their highest credit ratings, Triple A, to the City's General Obligation Bonds for library and community center capital improvements in 2010 and 2013, and have reaffirmed these ratings in February 2019 by S&P and July 2019 by Moody's. These ratings demonstrate that Palo Alto's prudent financial management and fiscal strength are viewed most favorably by credit agencies.

The four Utility bonds that are rated by S&P also received their highest credit rate of Triple A. Moody's has rated these Utility bonds with either their second highest (Aa1) or third highest (Aa2) ratings.

Capital Fund Reserve

Infrastructure Reserve (IR)

The Infrastructure Reserve (IR) provides a mechanism for financing the City's infrastructure maintenance and rehabilitation requirements and allows the City to apply for reimbursable infrastructure grants and respond to urgent infrastructure needs. The primary purpose of the IR is to fund projects which are critical to the maintenance of existing infrastructure. Between FY 2012 and FY 2019 unspent monies from General Fund capital projects are returned to the IR and retained within the Capital Fund. General Fund Operating Budget surpluses of \$40.5 million have been transferred to the Infrastructure Reserve beyond base budget transfers. Investment income from this reserve is also retained within the IR to fund future capital project needs.

Other Policies

Debt Policy

The City of Palo Alto recognizes the need for spending a prudent amount every year for ongoing capital replacement and rehabilitation needs. An ongoing capital improvement plan is vital to ensuring the future viability of services. To achieve this priority, the City funds its regular and ongoing capital needs primarily on a "pay-as-you-go" basis. There are, however, special or

extraordinary capital improvement projects, refinancing of existing debt, and purchase of major and multiple pieces of equipment in which it is appropriate to consider debt financing.

The City's Debt Policy establishes the guidelines to support the decision-making process for issuing debt. These guidelines were adopted by the City Council on May 13, 1997 (City Manager's Report 210:97). Staff revised the guidelines at the April 11, 2017 City Council meeting to explicitly comply with the recently passed SB 1029 amendments to Government Code section 8855. A summary of the Debt Service guidelines, including more information on the new reporting requirements, is in the Debt Service Fund Overview section.

Investment Policy

The basic principles underlying Palo Alto's investment philosophy are to ensure the safety of public funds, provide that sufficient money is always available to meet current expenditures, and achieve a reasonable rate of return on its investments. Safety is the top priority, followed by liquidity, and yield.

The City pools cash from all sources and funds - except restricted bond proceeds with fiscal agents and/or with a trust - and invests its pooled idle cash in accordance with state law and the City's charter. The City follows the "Prudent Investor Standard" cited in State Government Code (Section 53600.3). Under this standard, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of the City are trustees and, therefore, fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with the same care, skill, prudence and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiarity with those matters would use in the same circumstances to safeguard the principal and maintain the liquidity needs of the agency. Prevailing circumstances include, but are not limited to, economic conditions and the anticipated needs of the agency.

The City's preferred and chief practice is to buy securities and to hold them to their date of maturity rather than trade or sell securities prior to maturity. The City may, however, elect to sell a security prior to its maturity date should there be a significant financial need. If securities are purchased and held to their maturity date, then any changes in the market value of those securities during their life will have no effect on the principal value. Under a buy and hold philosophy, the City is able to protect its invested principal. The economy, money markets and various financial institutions (such as the Federal Reserve System) are monitored carefully to make prudent investments and assess the condition of the City's portfolio.

A detailed explanation of investment objectives, applicability, and general investment guidelines can be found on the City's website. The Investment Policy also delineates authorized investments, authorized investment personnel, and administrative procedures.

City staff is evaluating possible recommendations to the City Council for changes to the Investment Policy and other financial practices to encourage investments that support sound environmental, social, and governance (ESG) investing. This includes encouraging investments in entities that support community well-being through safe and environmentally sound practices and fair labor practices and equality of rights. Also, administratively, staff doesn't invest in entities that manufacture tobacco products, firearms, or nuclear weapons and production and/or drilling of fossil fuels. Staff will be looking at making a recommendation to formalize this practice in the Investment Policy.



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Key Budget Terms

Accrual Accounting: A method of accounting that recognizes expenses when incurred and revenues when earned rather than when payment is made or received

Adopted Budget: The budget that is approved and enacted by the City Council annually on or before June 30th.

Appropriation: The allocation of an expense budget for a particular project or program usually for a specific period of time.

Balanced Budget: A balanced budget exists when total revenues are equal to, or greater than, total expenses.

Bond: A debt investment in which an investor loans money to an entity (governmental or otherwise) that borrows the money for a defined period of time at a fixed interest rate to pay for a variety of projects.

Budget Stabilization Reserve (BSR): The BSR was established as a prudent measure to maintain the City's fiscal stability in the event that unanticipated events reduce revenue or create obligations that significantly impact the current-year budget. Examples of such events include a downturn in the economy, a natural disaster or actions that may be taken by another governmental agency that reduce revenues and/or increase expenses for the City.

Capital Budget: A plan of proposed capital outlays and the means of financing them for the current fiscal period. In a two-year budget, the second year of the Capital Improvement Program is adopted-in-concept.

Capital Improvement Program (CIP): The City's plan for current and future projects related to the acquisition, expansion, or rehabilitation of buildings, equipment, parks, streets, and other public infrastructure.

Capital Projects Fund: A fund created to account for all resources to be used for the construction or acquisition of designated fixed assets by a governmental unit except those financed by proprietary or fiduciary funds.

City Manager's Report (CMR): Staff reports for City Council meetings as well as boards and commissions that are prepared by City staff and submitted through the City Manager's Office.

Comprehensive Plan: The Palo Alto Comprehensive Plan contains the City's official policies on land use and community design; transportation; natural environment; safety; community services and facilities; and business and economics. Its focus is on the physical form of the City and is applicable to both public and private properties. The Budget integrates the 2030 Comprehensive Plan into the budget process.

Cost Accounting: The branch of accounting that provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, carry on an activity or operation, or complete a unit of work or a specific job.

Enterprise Funds: Funds used to account for services that are provided to the public on a user charge basis, similar to the operation of a commercial business. The City's enterprise funds include the gas, electric, water, fiber optics and wastewater collection and treatment funds.

GLOSSARY

Fiduciary Fund: A fund used to account for assets held by the City acting in a fiduciary capacity for other individuals or entities. These funds are operated to carry out the specific actions required by the trust agreements, ordinances and other governing regulations.

Fiscal Agent: A bank or other corporate fiduciary that performs the function of paying, on behalf of the governmental unit, or other debtor, interest on debt or principal of debt when due.

Fiscal Year: A 12-month period of time to which the annual budget applies and at the end of which a governmental unit determines its financial position and the results of operations. Palo Alto's fiscal year begins on July 1st and ends on June 30th.

Fixed Assets: Assets such as land, structures and improvements, furniture and/or equipment that are expected to last and/or be used for more than one year.

Full-Time Equivalent (FTE): Used to quantify staffing hours for permanent and temporary employees. A 1.00 FTE employee works full time; a 0.50 FTE employee works half-time.

Fund Balance: An excess of the assets of a fund over its liabilities.

General Fund: The primary fund used to account for the City's general purpose revenues such as sales, property, utility users and transient occupancy taxes. General Fund revenues typically pay for citywide services such as public safety, community development, recreation, libraries and parks. The General Fund is distinguished from Special Funds in that the latter are used to account for revenues that have restricted uses (e.g. gas tax funds that must be used for street maintenance or repair).

Governmental Funds: A generic classification used to refer to all funds other than proprietary and fiduciary funds. Governmental funds include the general fund, capital fund, special revenue funds and debt service funds.

Infrastructure Assets: Roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems installed for the common good.

Infrastructure Management Plan (IMP): A portion of the General Fund capital improvement program which focuses on rehabilitating the City's infrastructure. In 1998-99, an outside consultant on the City's infrastructure prepared a report known as the Adamson report. Within this report the City's infrastructure was cataloged and ranked based on when the infrastructure needed to be upgraded or replaced and the cost for each item. At that time, the City Council decided to establish a plan using the Adamson report as a guide for both timeline and cost.

Internal Service Funds: These funds provide services to City departments and recover their costs through user charges. For example the Vehicle Replacement Fund is an Internal Service Fund managing the replacement and maintenance of the City fleet.

Method of Accounting: The City's General Fund budget is developed using a modified accrual basis of accounting, with revenues being recorded when measurable and available, and expenditures recorded when the liability is incurred. Enterprise Funds and Internal Service Funds are budgeted on a generally accepted accounting principles (GAAP) basis, which for Proprietary Funds is on a full accrual accounting basis.

Operating Transfer: Amounts transferred between funds, not considered a revenue or expense. For example, legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

Pay-As-You-Go-Basis: A term used to describe the financial policy of a governmental unit that finances all of its capital outlays from current revenues rather than by borrowing.

Proposed Budget: The proposed budget is the preliminary version of the budget that is sent to the Finance Committee and City Council by the City Manager. The proposed budget is reviewed by the Finance Committee and the City Council, updated with any changes, and then adopted by the City Council prior to the beginning of the next fiscal year.

Proprietary Funds: A generic classification used to refer to all funds other than governmental funds or fiduciary funds. Proprietary funds include internal service funds and enterprise funds.

Reimbursements: Inter-fund transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it but that properly apply to another fund. For example, the Enterprise Funds reimburse the Technology Fund for CIP projects from which the Enterprise Funds benefit.

Reserve: Represents the portion of fund balance set aside for financing future financing needs and addressing one-time emergency or unanticipated events.

Revenues: Revenues include compensation received by the project for specific services to the public (external revenues), as well as revenues received from other funds (internal revenues).

Special Revenue Funds: These funds account for the proceeds derived from specific revenue sources that are legally restricted to expenditures for specified purposes. The Street Improvement Fund (SIF) is a Special Revenue Fund that derives its funding from state gas tax revenues. Capital appropriations from the SIF must be spent on the construction and maintenance of the road network system of the City.



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AMERICANS WITH DISABILITIES ACT

IN COMPLIANCE WITH
AMERICANS WITH DISABILITIES ACT (ADA) OF 1990,
THIS DOCUMENT MAY BE PROVIDED
IN OTHER ACCESSIBLE FORMATS.

For information contact:

ADA Coordinator
City of Palo Alto
285 Hamilton Ave
(650) 329-2550



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PALO ALTO

Spanish explorers named the area for the tall, twin-trunked redwood tree they camped beneath in 1769. Palo Alto incorporated in 1894 and the State of California granted its first charter in 1909. The City has long been known for its innovative people and its exploration of ideas that have changed the world. In Palo Alto, our history has always been about the future.

CITY OF PALO ALTO

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