



FY 2026 PROPOSED BUDGET HEARINGS

INTERNAL SUPPORT & ADMINISTRATION INTERNAL SERVICE DEPARTMENTS Part II

Please refer to Dept Sections for Page Numbers

SERVICE AREA SUMMARY

	FY 2025 Adopted	FY 2026 Proposed	% change	FY 2025 Adopted FTE	FY 2026 Proposed FTE	% change
General Fund	\$17.5 M	\$17.5 M	0.1%	62.30	62.66	0.6%
Other Funds*	\$175.6 M	\$184.6 M	5.1%	39.66	39.68	0.1%

Department	Revenue	Expenses	FTE
Administrative Services (GF)	\$5.1M	\$11.8 M	42.69
Human Resources (GF)	\$2.3 M	\$5.7 M	19.97
Information Technology	\$22.7 M	\$29.0 M	34.58

**Includes printing & mailing services, benefit and insurance funds, and information technology. Additional information is available in the Internal Service Fund section.*



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Information Technology

Operating Pg. 267-279

FY 2026 BUDGET SUMMARY (INFORMATION TECHNOLOGY)

Community Impact

Provide technical guidance and innovative solutions to enhance IT's ability to support City departments in providing responsive and thorough customer service to the community and enhance organizational resilience.

Major Proposed Changes in IT Fund

- Reclass of 1.00 Senior Technologist to IT Manager (GIS Division)
- Transfer of \$2.0M from Technology Fund reserves to support FY 2026 City initiatives

FY 2026 DEPARTMENT OUTLOOK (IT)

- Strengthen the City's cybersecurity posture
- Council Chambers Audio Visual (A/V) enhancements
- Replace the current City Intranet
- Upgrade IT Infrastructure
- Continue supporting the technology efforts for the new Public Safety Building
- Improve operational efficiencies and citizen engagement using innovative technologies such as AI
- Enterprise Resource Planning improvements and upgrade
- Continue partnering with the Utilities Department on the Fiber Expansion, including Fiber-to-the-Premises (FTTP)



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Administrative Services Department

Operating Pg. 185-204

FY 2026 BUDGET SUMMARY (ADMINISTRATIVE SERVICES)

Community Impact

Strategic support to community and other City departments for strong fiscal management, cost control, revenue enhancements including grants, taking on risk management in ASD, and support of complex projects and financing.

Major Proposed Changes in General Fund

- City Hall Customer Service Staffing (Two 0.48 FTE Administrative Specialist)
- Reclassify analyst classification to align with duties and division structure
- Transition investment management to specialized firm (net neutral)

FY 2026 DEPARTMENT OUTLOOK (ASD)

- Partner with CSD and CMO on the Cubberley Project Master Plan update, community and stakeholder outreach and engagement, and planning for a ballot measure in November 2026.
- Support CSD, PW and UTIL on real estate including 445 Bryant, RWQCP Lab, UTIL project storage unit, fire mitigation easement(s) and others.
- Continuous improvement of Purchasing and Accounting policies and procedures.
- Project cash flow and recommend strategies for Enterprise Funds to ensure positive cashflow and cost-effective financing for projects.
- Debt financing for grid modernization.
- Continue Risk Management function within ASD, previously HR.
- Continue Citywide grants oversight – established in FY2025, especially critical with Federal funding reductions.
- Focus on organizational resilience through recruitment & retention

DEBT SERVICE (ASD)

- Ongoing capital replacement and rehabilitation needs are vital to ensuring future viability of services.
- Criteria for the City's issuances, repayment, and management of debt is set forth in the City's Debt Policy.
- Debt Service Fund FY 2026 Proposed Budget (p. 123-133)
 - No new General Fund debt is assumed
 - Governmental Debt Service: \$11.9M
- Enterprise Funds Debt Service (p. 85): \$10.6M
 - Line of credit financing for the Wastewater Treatment Fund, totaling \$31M
 - Planned Electric Utility Revenue Bonds for \$70M to \$100M for System Modernization



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Human Resources Department

Operating Pg. 241-266

FY 2025 BUDGET SUMMARY (HUMAN RESOURCES)

Community Impact

Recruit, retain, and develop the City's workforce to ensure the delivery of critical services and advancing the Council's identified priorities and goals. Expand organizational resilience to implement strategic plans in the areas of recruitment, professional development/growth, flexible benefits, equity and inclusive practices, and workplace culture.

Focusing on the cultivation of talent pipelines by leverage university and other local organization partnerships.

Changes in General Fund

- Employee Survey Vendor Contract (\$24,000)

FY 2025 DEPARTMENT OUTLOOK (HR)

Continue Workforce Recruitment Strategic Plan Progress

- Complete process improvements, and continue to increase candidate engagement
- Foster Organizational Resilience
- Maintain Palo Alto's position as an employer of choice through continued focus on people, process, and purpose. Key efforts include successful negotiation/implementation of successor MOAs with unionized work groups, and continue equity and inclusion/workplace culture action plan work

Formalize Workforce Career Advancement and Continuity Planning (WCACP)

- Enhance Citywide organizational development, continuity planning and career advancement guidance (Four main pillars: Leadership Fundamentals, Business & Productivity Tools, Safety & Compliance, Positive Work Environment)

Continue expansion of Employee Benefits self-service enrollment portal and wellness programming

- Automating processes enable staff to focus on new hire candidate experience and wellness programming to align with the City's Positive Work Environment initiative

Finalize the transition to a new Workers' Compensation Administrator

- Successfully transfer open claims files and data and develop self-help tools for employees and managers