

June 14, 2016

---

# Fiscal Year 2016-17 Proposed Budget

## Public Hearing

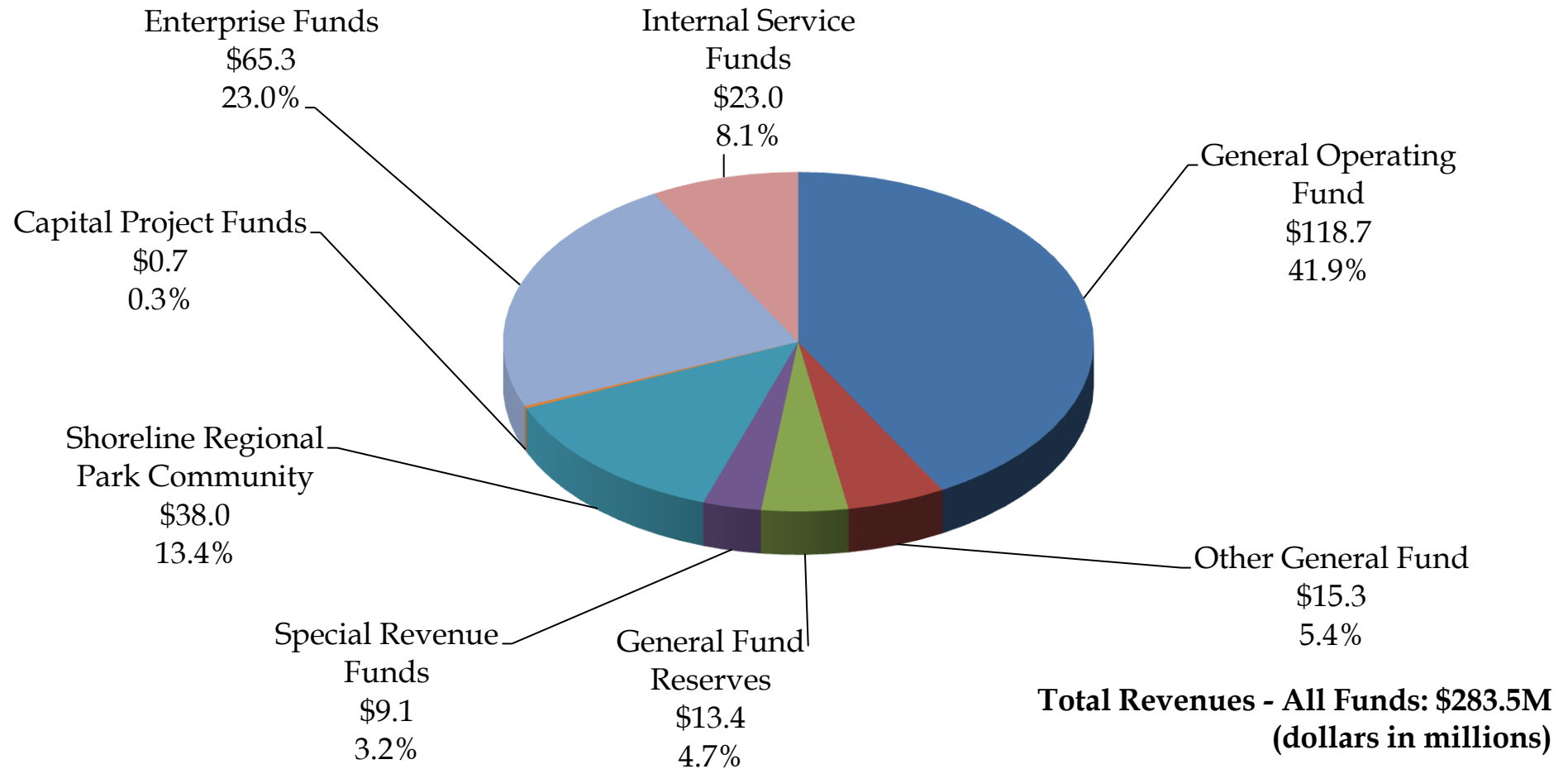


# Actions to Date

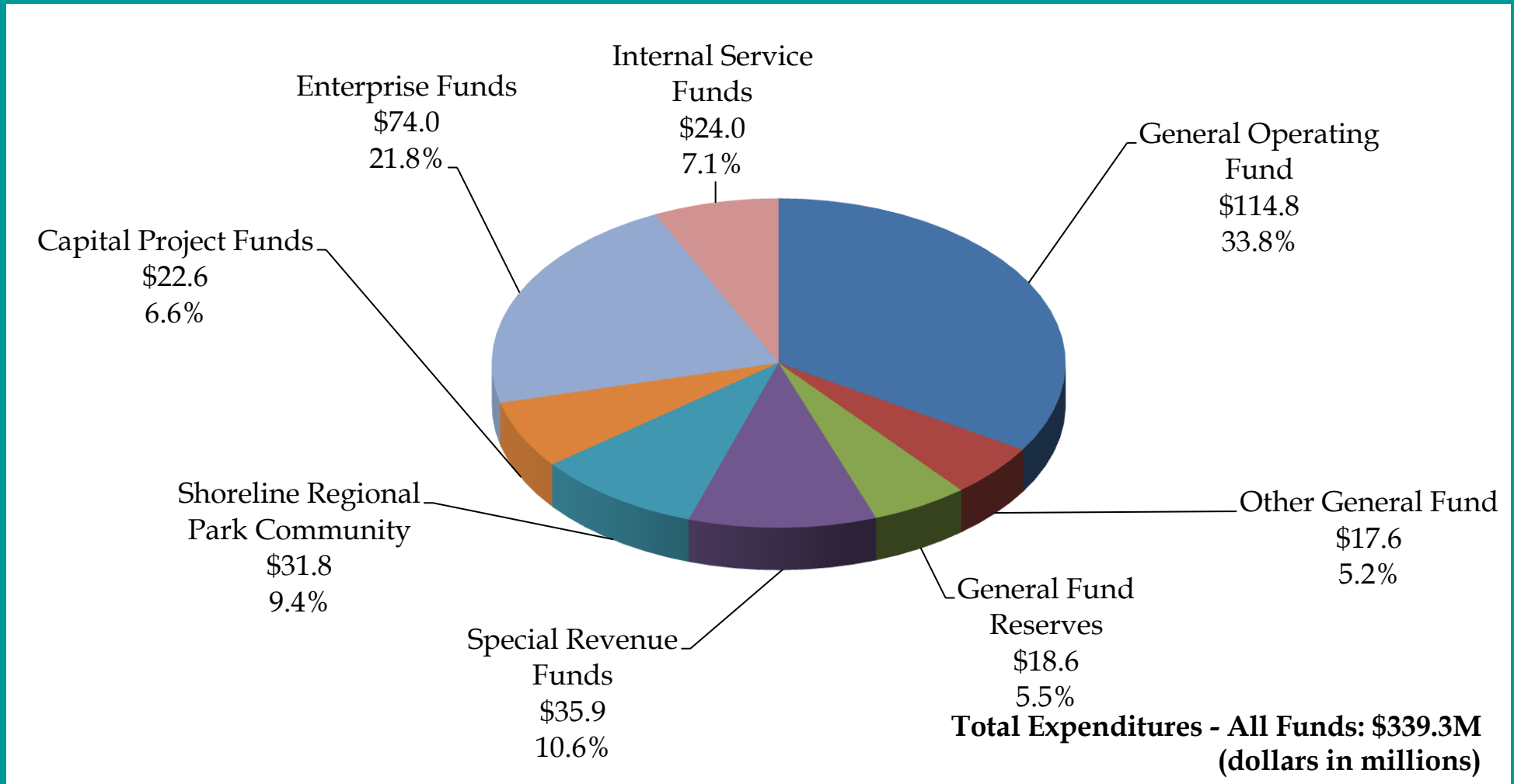
- February 9: Fiscal Year 2015-16 Midyear Budget Status Report and Fiscal Year 2016-17 Preliminary General Operating Fund Forecast
- March 29: Study Session for Preliminary Review of 5-Year CIP
- April 19: Public Hearing for CDBG/HOME Funding and General Fund Non-Profit Agency Funding
- April 26: Fiscal Year 2016-17 Narrative Budget Report, 5-Year Financial Forecast and Reaffirm Major Goals



# FY 2016-17 Proposed Revenues - All Funds



# FY 2016-17 Proposed Expenditures - All Funds



# General Operating Fund Budget

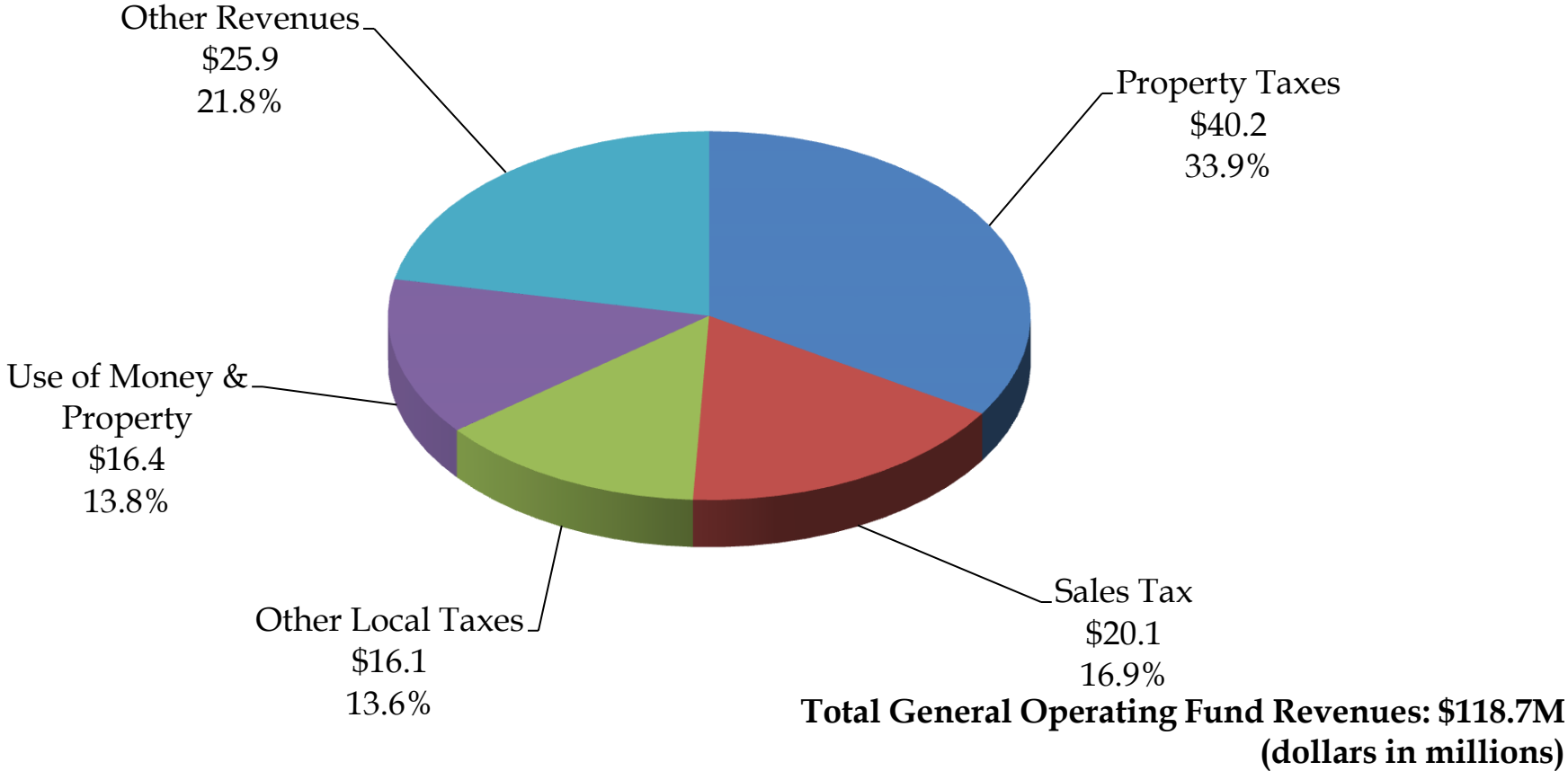
	<u>2014-15</u> <u>Audited</u>	<u>2015-16</u> <u>Adopted</u>	<u>2015-16</u> <u>Estimated</u>	<u>2016-17</u> <u>Proposed</u>
Revenues	\$ 106,940	107,134	113,964	118,718
Expenditures <sup>(1)</sup>	<u>(96,677)</u>	<u>(102,589)</u>	<u>(102,216)</u>	<u>(108,269)</u>
Operating Balance	10,263	4,545	11,748	10,449
Transfers to:				
General Non-Op Fund	(7,774)	-0-	(6,500)	-0-
General Fund Reserve	(1,555)	-0-	(2,248)	-0-
PERS Contribution	-0-	(2,000)	(2,000)	(2,000)
OPEB Contribution	(1,000)	(1,000)	(1,000)	(2,000)
SPAR	-0-	-0-	-0-	(2,500)
Reserve for Enc, Grants & Donations	<u>66</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Ending Balance	\$ <u><u>-0-</u></u>	<u><u>1,545</u></u>	<u><u>-0-</u></u>	<u><u>3,949</u></u>

(1) 2015-16 Adopted and 2016-17 Proposed expenditures include proposed budget savings.

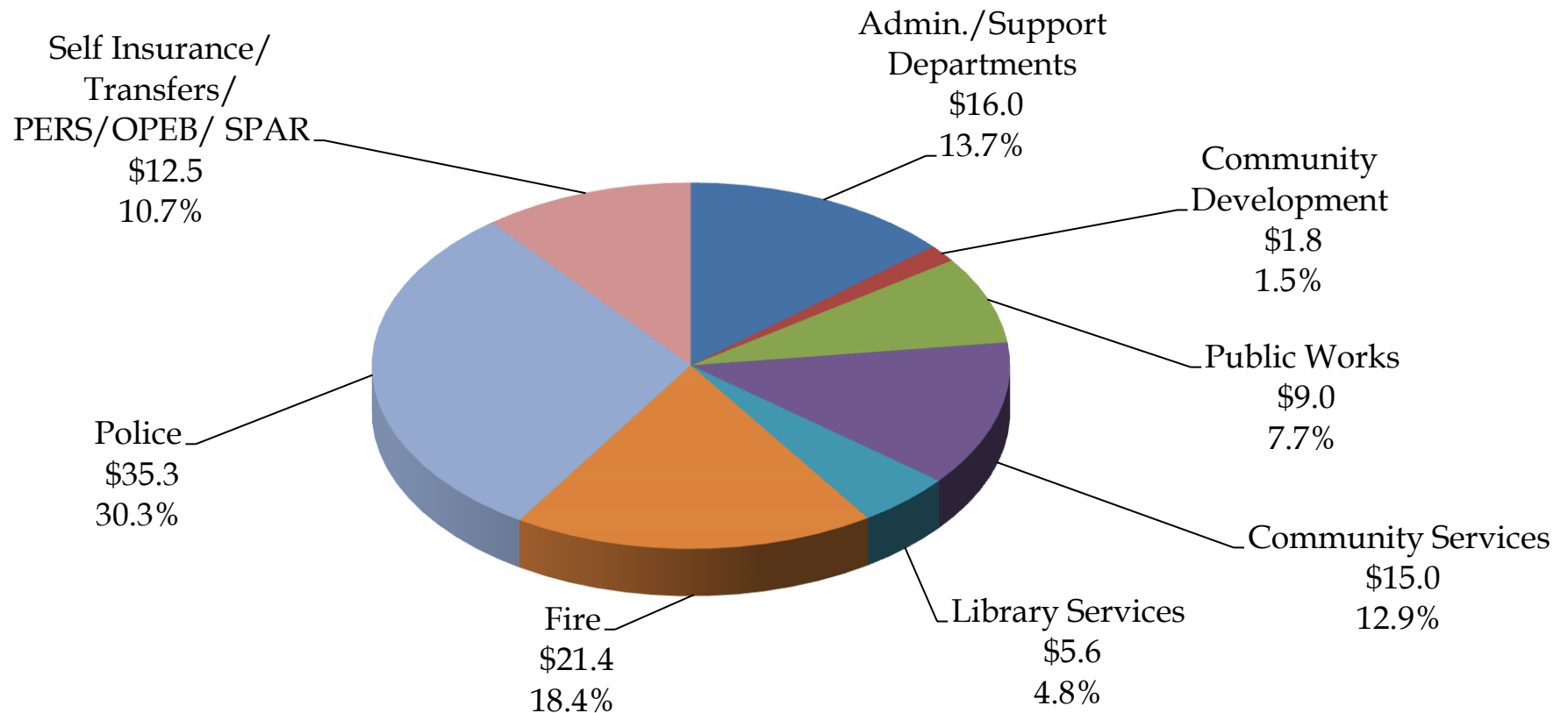
(dollars in thousands)



# FY 2016-17 General Operating Fund Revenues



# FY 2016-17 General Operating Fund Expenditures



Note: Does not include the \$1.8 M budget savings.

Total General Operating Fund Expenditures: \$116.6M  
(dollars in millions)

# Estimated FY 2015-16 Carryover Uses

## Recommended Allocations:

### Non-Discretionary:

Limited-Period Expenditures/Capital Outlay	(2,133)
General Fund Reserve <sup>(1)</sup>	(2,248)
Compensated Absences Reserve	(1,500)

### Discretionary:

Capital Improvement Reserve <sup>(2)</sup>	(2,919)
PERS	(1,000)
Retirees' Health OPEB	(1,000)
Strategic Property Acquisition Reserve	<u>(1,000)</u>

Total Recommended Allocations	<u>(11,800)</u>
-------------------------------	-----------------

(1) To be determined with the Adopted Budget.

(2) Recommend any balance remaining be allocated to the Capital Improvement Reserve up to \$4.0 million after the fiscal year-end close.

(dollars in thousands)





# FY 2016-17 Proposed Budget GOF

---

- Non-Discretionary Increases: \$244,700  
(offset by \$25,000 in new revenue)
- Major components include:
  - PG&E Cost Increase \$119,500
  - Contract Services 33,700



# FY 2016-17 Proposed Budget GOF

- Discretionary Increases: \$1.3 million  
(offset by \$174,500 in new revenue)
  
- Major components include:
  - IT Analyst I/II-Applications Support Position \$ 169,600
  - Senior Management Analyst Position in FASD 169,500
  - Rental Housing Dispute Resolution Program (offset by fees) 110,000
  - Online Payment Processing 99,000
  - Communications Coordinator Position (0.50) 92,700
  - Wireless Data/South Bay Information Sharing System/CopLink 71,800

# FY 2016-17 Proposed Budget GOF

- Major components include (continued):

- Office Assistant III Position (0.50) in Police	\$ 58,600
- Housing Trust Boomerang Funds	51,000
- GIS Data Conversion Services (offset by fees)	50,000
- Generator Maintenance	45,000
- Librarian I/II Position (0.25)	40,400
- Library Materials	40,000
- Parks Maintenance Worker I/II Position – South Parks (0.25)	29,200
- Parks Maintenance Worker I/II Position – Roadway Crew (0.25)	29,200



# FY 2016-17 Proposed Budget GOF

- Limited-Period Expenditures: \$2.1 million  
(excluding rebudgeted items)
  
- Major components include:
  - Senior Management Analyst Position in FASD \$ 169,500
  - Public Safety Dispatch Overhire Position 169,300
  - Two Police Officer Trainee Positions 155,700
  - Human Resources Analyst I/II Position 147,000
  - ICMA Fellow in CMO 135,700
  - November 2016 Election 110,000



# FY 2016-17 Proposed Budget GOF

- Major components include (continued):
  - Fire Department Overtime Training \$ 100,000
  - Employee Transportation Program 80,000
  - Associate Civil Engineer – Traffic Position (0.45) 78,300
  - Legal Services 75,000
  - Marketing and Public Relations Manager Position (0.50) 71,000
  - Secretary Position (0.50) in IT 66,800
  - Labor Negotiations Attorney 60,000
  - Public Safety Network Design 60,000



# Changes from the Narrative Budget

## Ongoing Changes:

- City wide utility costs increase (\$170,500)
- SMaRT Station final budget (\$133,700)
- Parking Fund PG&E (\$10,000)

## Limited Period Changes:

- Non Profit 2<sup>nd</sup> year funding cycle \$21,000
- CSA Alpha Omega & InnVision Funding \$10,000
- Rebudget items



# Narrative Budget Follow-up

- One-time employee bonus (\$250,000 GNOF from SPAR allocation).
- Recruitment enhancement for critical positions and/or hard-to-fill positions (\$100,000 GOF, \$50,000 GNOF from SPAR allocation).
- Additional new positions (\$169,500 GOF, \$188,700 GNOF from SPAR allocation, \$298,600 DSF).
- Homeless services support (\$250,000 Housing Fund).
- Early childhood education/after-school programs for low-income families.
- Additional items recommended by staff
  - Bike Share Program rebudget balance: \$93,500 (limited-period)
  - Library VDI system upgrade: \$70,000 (limited-period)

# Net Impact

- Transfer to SPAR: \$2.5 M to \$2.0 M
- GOF Balance: \$3.9 M to \$3.7 M
- GNOF Limited-Period Expenditures: \$2.1 M to \$2.6 M
- DSF Balance: \$3.2 M to \$2.9 M
- Housing Fund Balance: \$5.4 M to \$5.2 M





# Other Funds

- Development Services
  - Development activity anticipated to remain strong.
  - Projected FY15-16 balance available of \$6.3 M.
  - A total of 6.05 FTE are proposed (1.0 FTE regular and 5.05 FTE limited-period, not including additional recommendations)
- Shoreline Golf Links
  - Course conditions continue to improve.
  - Anticipate transfer of \$150,000 to the City's GOF.
- Shoreline Regional Park Community
  - Property taxes projected to rise.
  - Projected FY15-16 balance available of \$36.0 M.

# Proposed Utility Rates

- Water
  - 10.0 percent rate increase for average cost of water and meter rates, 3.0 percent increase for recycled water
- Wastewater
  - 19.0 percent overall rate increase (includes 2.0 percent for Treatment Plant Long-term Capital Plan)
- Solid Waste
  - 10.0 percent rate increase for carts (up to a maximum 20.0 percent rate increase for carts and 2.0 percent rate increase for bins and compactors for possible organics collection program and weekly recycling – returning in Fall 2016)

# FY 2016-17 Fee Recommendations

---

- Parking In-Lieu increase to \$48,000/space
- Majority of remaining fees recommended with inflationary increases
- New Fees
  - Minor Wireless Telecommunications Facilities
  - Data Digitization (pending)



# CIP Summary

• Total Non-Discretionary Projects	\$ 11,153
• Total Discretionary Projects	34,662
• Total Amendments to Existing Projects	<u>1,457</u>
• Total CIP	\$ 47,272

(dollars in thousands)



# CIP Changes

Six projects added since the March 29, Study Session

- These two projects are not included in the Proposed Budget
  - Street Lane Line and Legend Repainting  
(Construction/Conveyance Tax Fund) \$90,000
  - Add Castro Street Bike Lane Study  
(Construction/Conveyance Tax Fund) \$100,000



# City Council Major Goals

- Improve the Quantity, Diversity, and Affordability of Housing
  - 8 Adopted Projects
    - 3 Completed by end of FY2015-16
    - 2 Projects delayed to FY2017-18
  - 3 New Proposed Projects
- Enhance Environmental Sustainability Efforts
  - 16 Adopted Projects
    - 6 Completed by end of FY2015-16
    - 1 Project delayed to FY2017-18
  - 5 New Proposed Projects
- Improve Transportation by Enhancing Mobility and Connectivity
  - 14 Adopted Projects
    - 1 Completed by end of FY2015-16
    - 1 Project delayed to FY2017-18
  - 6 New Proposed Projects

# City Council Major Goals: Proposed New Projects

- Improve the Quantity, Diversity, and Affordability of Housing
  - Explore a variety of efforts designed to help homeless vehicle dwellers.
  - Develop and implement rent relief programs, as directed by Council.
  - Continue to provide staff support for the three Notice of Funding Availability (NOFA) affordable housing projects during the funding reservation, design and entitlement process.
- Enhance Environmental Sustainability Efforts
  - Continue to support Palo Alto's feasibility study of recycled water advanced treatment.
  - Manage the recycled water program to improve water quality, maximize water use, expand the City's distribution system and participate in efforts to develop a regional distribution system.
  - Begin design and construction of new community gardens at Shoreline Boulevard/Latham Street.
  - Establish the financing for the Silicon Valley Clean Energy JPA.
  - **Prepare code amendment to require installation of dual plumbing for new construction projects.**



# City Council Major Goals: Proposed New Projects

(cont.)

- Improve Transportation by Enhancing Mobility and Connectivity
  - Work with Safe Moves to offer programs during Summer Reading.
  - Pilot remote services like Lawyers in the Library and Social Security appointments to eliminate car trips.
  - Consider other bicycle and pedestrian mobility improvements that are low cost and easily implementable.
  - Continue planning and design of utility and transportation infrastructure improvements to support North Bayshore Development.
  - **Develop Castro Street bike lane study.**
  - **Explore bike share program options and solutions.**





# Goals Deferred

- Improve the Quantity, Diversity, and Affordability of Housing
  - Hold outreach meetings and workshops with affordable housing developers to identify barriers to affordable housing and innovative solutions to those obstacles.
  - Identify new funding sources and initiate partnerships with affordable housing developers to apply for limited-term State and Federal affordable housing funding.
- Enhance Environmental Sustainability Efforts
  - Investigate the feasibility of using treated contaminated groundwater for irrigation and nonpotable needs.
- Improve Transportation by Enhancing Mobility and Connectivity
  - Analyze Shoreline Boulevard right-of-way and tree impact.



# Next Steps

---

- June 21 – Budget Adoption
  - Utility Rate Hearing (Prop 218)
  - Capital Improvement Program Adoption
  - Proposed Budget Public Hearing



# Public Input and Council Direction

---

- Proposed Operating Budget
  - Narrative Budget Follow-up
- Utility Rates
- Fee Modifications
- City Council Major Goals

