

June 14, 2016

Fiscal Year 2016-17 Proposed Budget

Public Hearing

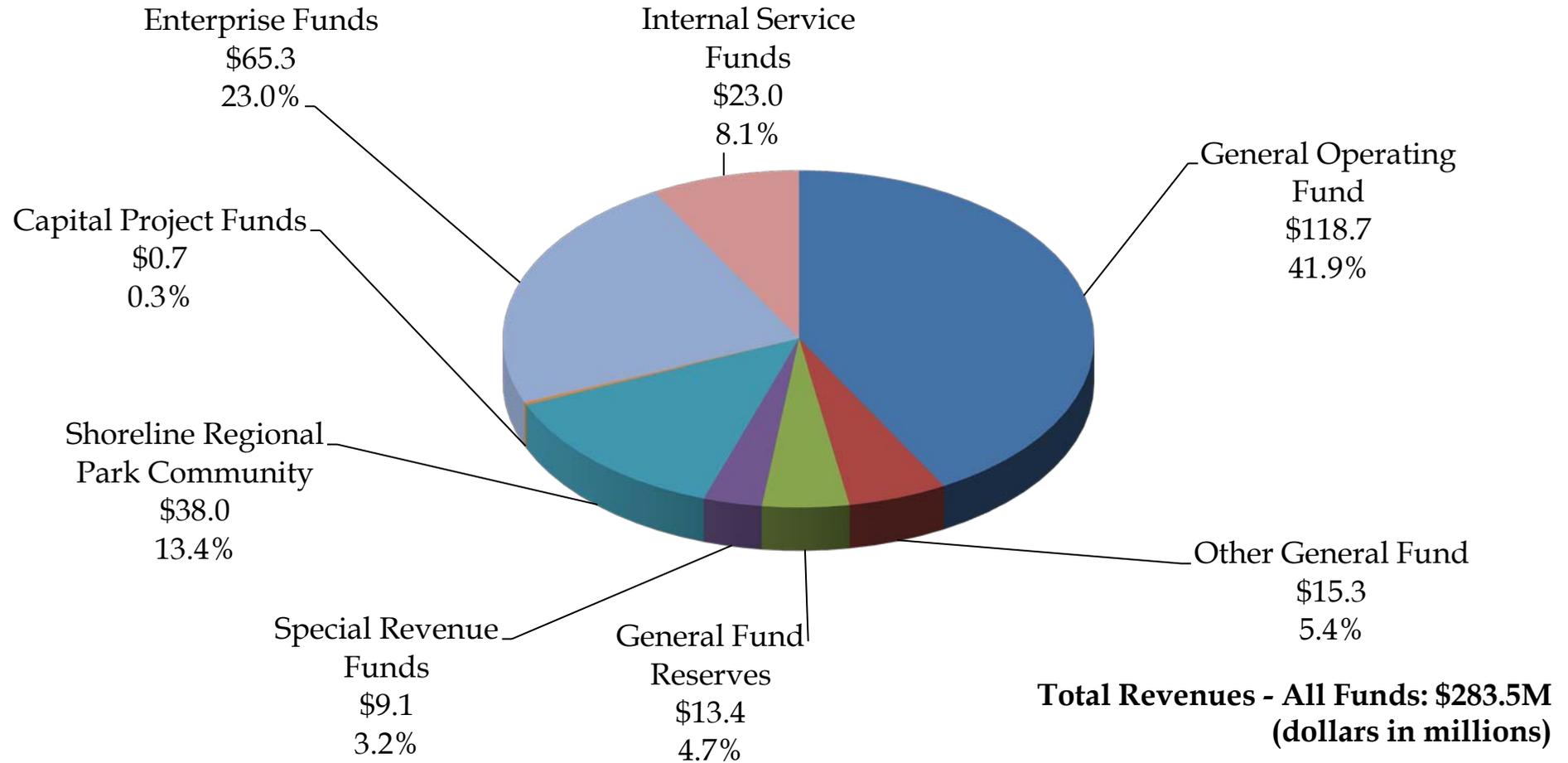


Actions to Date

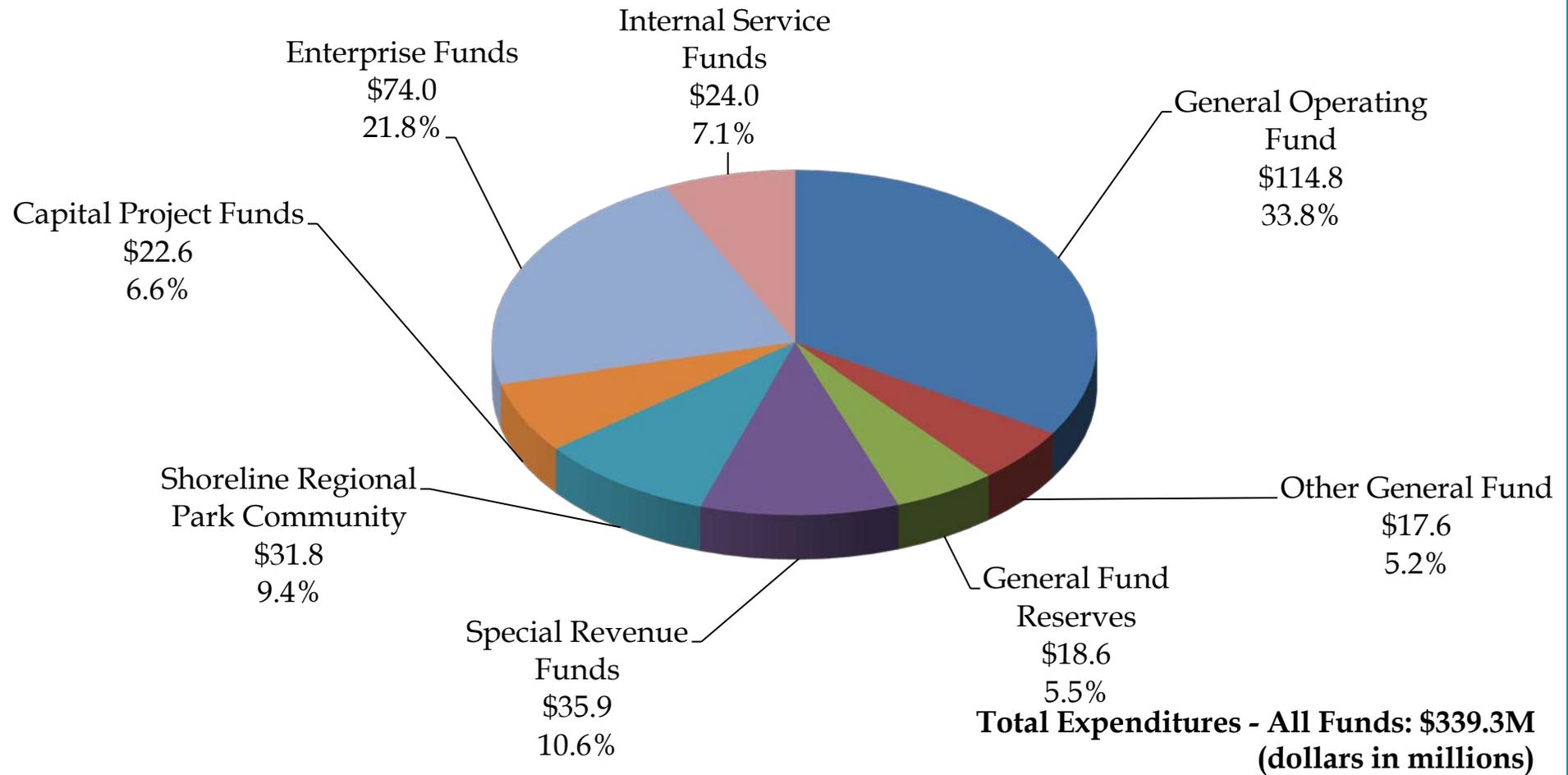
- February 9: Fiscal Year 2015-16 Midyear Budget Status Report and Fiscal Year 2016-17 Preliminary General Operating Fund Forecast
- March 29: Study Session for Preliminary Review of 5-Year CIP
- April 19: Public Hearing for CDBG/HOME Funding and General Fund Non-Profit Agency Funding
- April 26: Fiscal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

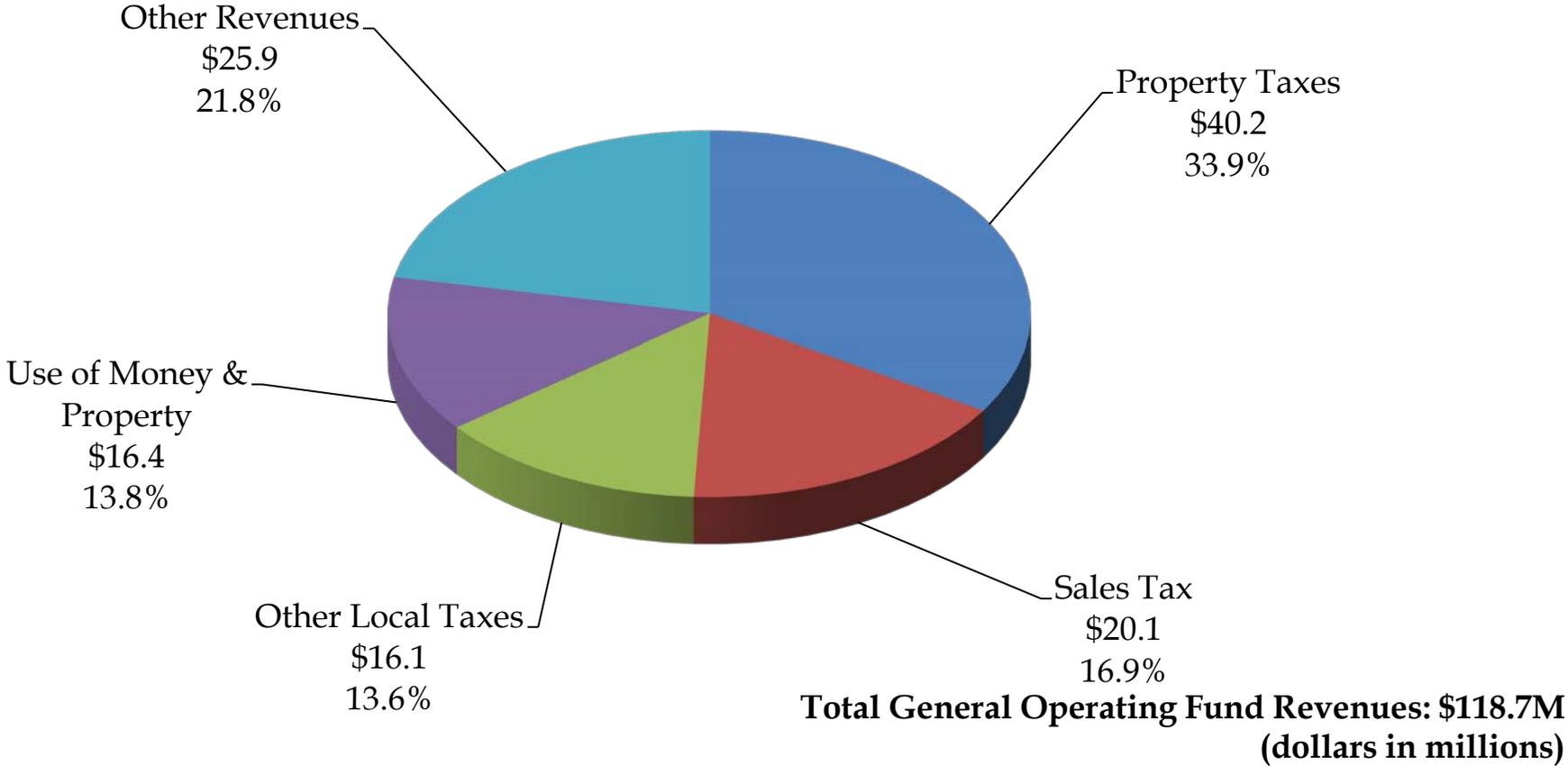
	<u>2014-15</u> <u>Audited</u>	<u>2015-16</u> <u>Adopted</u>	<u>2015-16</u> <u>Estimated</u>	<u>2016-17</u> <u>Proposed</u>
Revenues	\$ 106,940	107,134	113,964	118,718
Expenditures ⁽¹⁾	<u>(96,677)</u>	<u>(102,589)</u>	<u>(102,216)</u>	<u>(108,269)</u>
Operating Balance	10,263	4,545	11,748	10,449
Transfers 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.

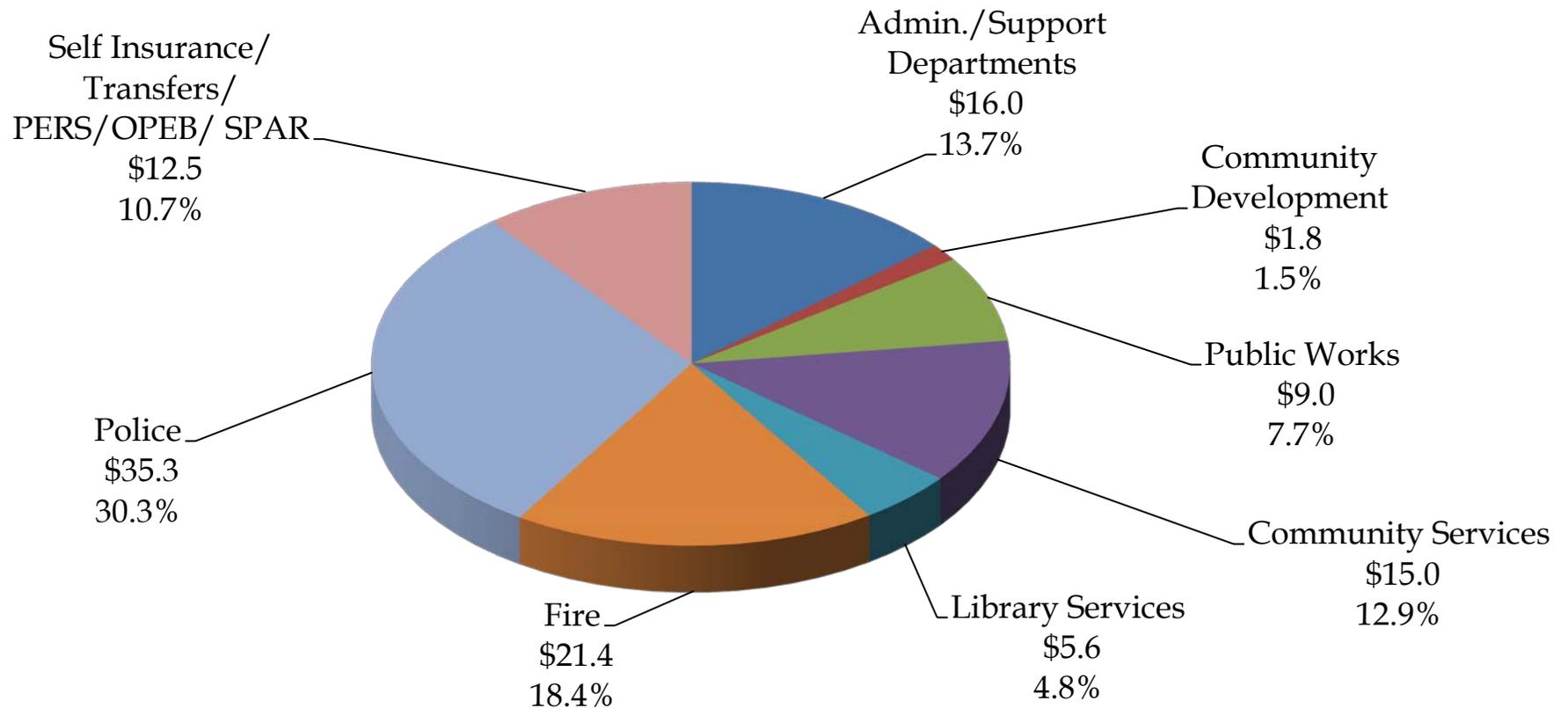
(dollars in thousands)



FY 2016-17 General Operating Fund Revenues



FY 2016-17 General Operating Fund Expenditures



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

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



Estimated FY 2015-16 Carryover Uses

Recommended Allocations:

Non-Discretionary:

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

Discretionary:

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

Total Recommended Allocations (11,800)

(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 2nd 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

(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

