CITY OF MOUNTAIN VIEW, CALIFORNIA

FISCAL YEAR 2003-04

ADOPTED BUDGET

Mission Statement:
The City of Mountain View provides quality services and facilities that meet the needs of a caring and diverse community in a financially responsible manner.

On the cover is a digital rendering of the new train station designed in the style of Mountain View's 1888 Southern Pacific train station. It is located in the Centennial Plaza next to the Downtown Transit Center at the corner of Castro Street and Evelyn Avenue where commuters have access to trains, light rail and buses at one central location within walking distance of the downtown area.

THE CITY OF MOUNTAIN VIEW, CALIFORNIA OPERATING BUDGET FISCAL YEAR 2003-04

CITY COUNCIL:

R. Michael Kasperzak, Jr., Mayor
Matt Pear, Vice Mayor

Nick Galiotto
Matt Neely
Gregory Perry
Rosemary Stasek
Mary Lou Zoglin

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City of Mountain View
California

Directory of City Officials

City Council

R. Michael Kasperzak, Jr, Mayor

Matt Pear, Vice Mayor
Nick Galiotto
Matt Neely
Gregory Perry
Rosemary Stasek
Mary Lou Zoglin

City Staff

Kevin C. Duggan, City Manager
Nadine P. Levin, Assistant City Manager
Michael D. Martello, City Attorney
Angelita M. Salvador, City Clerk
Robert F. Locke, Finance and Administrative Services Director
Kathy Farrar, Employee Services Director
Elaine Costello, Community Development Director
Cathy R. Lazarus, Public Works Director
David A. Muela, Community Services Director
Karen Burnett, Library Services Director
Marc Revere, Fire Chief
Scott S. G. Vermeer, Police Chief

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CITY OF MOUNTAIN VIEW

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July 1, 2003

Honorable City Council
City of Mountain View

FISCAL YEAR 2003-04 ADOPTED OPERATING BUDGET

Honorable Mayor Kasperzak and Members of the Council:

I am pleased to present to you the Adopted Operating Budget for the City of Mountain View for the fiscal year beginning July 1, 2003 and ending June 30, 2004. The Fiscal Year 2003-04 budget document is divided into five sections:

1. Introduction—includes a summary of the City's overall financial plan;

2. Department Budgets—includes operating plans for all City departments;

3. Statistical Section—includes statistical information about the City;

4. Fund Schedules—includes adopted budgets for all funds; and

5. Five-Year Forecast—includes the General Operating Fund revenue and expenditure forecast.

This budget, the budget process and the documents that accompany it have been prepared in accordance with Section 1103 of the City Charter, the State Constitutional limit on the proceeds of taxes and all applicable regulations.

OVERVIEW

The City is currently facing significant, and quite possibly unprecedented, financial challenges. The General Operating Fund Budget, the primary provider of City services, is experiencing severely constrained finances and was not able to maintain the prior year level of City services. With the significant decline in General Operating Fund revenues over the past two years, there is no longer sufficient revenue to cover even inflationary increases in General Operating Fund expenditures. With the adoption of the 2003-04 fiscal year budget for the period of July 1, 2003 through June 30, 2004, the

City Council had to make difficult choices from a variety of less than desirable alternatives.

While the current financial challenges facing the City are substantial, it is fortunate the potential for a serious economic adjustment was identified in previous years. Techniques such as creation of the Economic Stabilization Contingency and a Budget Transition Reserve have allowed the City's adjustment to financial challenges to be less traumatic than would otherwise be the case and will continue to provide flexibility into the future.

The total City budget for the 2002-03 fiscal year was $165.2 million, composed of a number of funds, the largest being the General Operating Fund. General Operating Fund revenues were adopted at $72.7 million for Fiscal Year 2002-03. Unaudited actual revenues total $70.7 million, $2.0 million or 2.8 percent lower than the adopted budget. Sales Tax, Hotel Tax, Utility Users Tax and Investment Earnings all fell below budget.

For the 2003-04 fiscal year, General Operating Fund revenues are adopted at $71.0 million, $294,000 or approximately 0.4 percent more than unaudited actuals for Fiscal Year 2002-03 and $1.7 million or 2.4 percent less than the adopted revenues for Fiscal Year 2002-03.

The Adopted Budget is not only balanced but has a projected positive ending balance of $2.6 million to serve as the Economic Stabilization Contingency for the 2003-04 fiscal year.

The State budget deficit was a major concern as we worked to adjust to our own General Operating Fund budget challenges. How the State will continue to deal with their budget issues and how local government revenues will be negatively impacted will be an ongoing concern of the City.

The Shoreline Golf Links operations (considered part of the General Operating Fund) are generating sufficient revenues for operations; however, Fiscal Year 2002-03 unaudited actuals are slightly less favorable than adopted.

Significant special funds, Revitalization Authority and Shoreline Regional Park (North Bayshore) Community Funds are generally in good financial condition. The Revitalization Authority Fund has sufficient projected revenues to support a bond issue for the necessary funding of a second parking structure in the downtown area. The Shoreline Regional Park Community continues to generate sufficient tax increment revenues to meet ongoing operations and capital needs; although with the continued high vacancy rates in commercial/industrial space, property tax increment revenues have declined.

The utility funds are generally in stable financial condition with the exception of the Wastewater Fund. Water rates were incrementally increased by 3.0 percent for the past two years to lessen the need for significant future rate increases. This strategy to incrementally increase rates in order to mitigate larger increases in future years resulted in staff recommending and Council approving a 6.0 percent rate adjustment for Fiscal Year 2003-04, much lower than would otherwise be necessary considering the 25.7 percent increase in wholesale water cost from San Francisco Water Department (SFWD). A more significant rate adjustment of 8.0 percent was approved to reduce the operating deficit in the Wastewater Fund where ongoing revenues are insufficient to meet ongoing expenditures and fund a base level of annual maintenance projects. With the proposal of the City to purchase the recycling and refuse toters to implement new automated recycling and refuse service, a 2.0 percent rate increase was approved for the Solid Waste Management Fund in lieu of a previously recommended 3 percent increase.

The Adopted Budget continues the City's commitment to infrastructure repair and replacement to the extent possible and includes significant funding for the first year of the Five-Year Capital Improvement Program. This Program includes new projects that are high priorities to the Council and the community. The Adopted Budget also includes the minimal investments necessary for capital outlay and equipment replacement.

Unfortunately, we do not anticipate this will be the last year of difficult economic times. We consider some of the revenue decline to be "structural" in nature and some key revenues such as sales tax will not return to previous levels. We also do not anticipate any potential economic turnaround to be in the immediate future in Silicon Valley. In addition, the City will be seriously challenged over the next few years to meet the costs associated with employee benefits, specifically, and of most concern, costs associated with the Public Employees Retirement System (PERS). Investment losses in the PERS portfolio will dramatically increase City costs over the next two to three years and into the future, especially relating to retirement benefits for Police and Fire safety personnel.

It appears clear that the level of tax revenues received by the General Operating Fund will not be able, in the foreseeable future, to fund all of the services to which the community has become accustomed. General taxes may at best be able to support basic services, and even those, potentially not at current service levels. We need to determine how services can be provided more efficiently, in what cases services can be modified or in what cases some services can be discontinued. Additionally, many services that are focused on specific customers, but may not be part of the City's "core" services, will need to focus on becoming more self-supporting (through new or increased fees and charges).

While many items approved in this report have negative consequences and most of these reductions are undesirable, they will help assure the long-term financial viability of the City and will help protect fundamental services and infrastructure. This strategy is not based on any "quick fixes" or overly optimistic economic forecasts. It confronts a structural decline in revenue with long-term expenditure reductions. While the City of Mountain View, its City Council and staff will continue to maintain the tradition of quality public services and facilities, we will need to do more prioritization and will not be able to accomplish as many tasks or always perform them in the same manner.

The Fund Schedule Section of this budget presents the City's financial picture in detail. Following this letter are Exhibits 1, 2, 3 and 4, which detail revenues and expenditures for the Fiscal Year 2001-02 (audited actual), Fiscal Year 2002-03 (adopted and unaudited actual) and Fiscal Year 2003-04 (adopted) for the General Operating Fund and other funds.

MAJOR ACCOMPLISHMENTS FOR FISCAL YEAR 2002-03

City Clerk's Office

- Conducted Council candidate and new Councilmember orientations.
- Conducted the 2002 General Municipal Election.
- Implemented electronic distribution of City Council agendas, minutes and Fair Political Practice filing requirement notifications.

City Attorney's Office

- Implemented Administrative Remedies for Code Enforcement.
- Developed and implemented a permanent Gatekeeper/Application Workload Management Ordinance and Fiscal Impact Analysis Ordinance.
- Completed an update to the Companion Unit Ordinance to comply with a new State law.
- Implemented a new Conditional Use Permit Ordinance addressing changes of use for downtown, including approval of a fee schedule.
- Implemented the Interim Historic Preservation Ordinance. (Adopted Fiscal Year 2002-03 goal.)

- Updated the Heritage Tree Ordinance. (Adopted Fiscal Year 2002-03 goal.)

City Manager's Office

- Planned and implemented the Centennial Celebration events. (Adopted Fiscal Year 2002-03 goal.)

- Completed an expanded Fiscal Year 2003-04 budget process, resulting in Council adoption of a balanced General Fund Operating Budget. (Adopted Fiscal Year 2002-03 goal.)

- Completed a review of the environmental documents for NASA's development plan. (Adopted Fiscal Year 2002-03 goal.)

- Implemented the first two Spanish CERT classes, along with two in English, for a total of 114 graduates.

- Conducted first-time home buyer workshops for teachers and City employees. (Adopted Fiscal Year 2002-03 goal.)

- Began a funding and developer/operator search for the development of a child-care center at Rengstorff Park. (Adopted Fiscal Year 2002-03 goal.)

- Completed an Americans with Disabilities Act compliance survey of City facilities and parks.

- Completed multiple language translations of several City publications.

- Restructured City funding of KMVT's government and public access operations.

Employee Services Department

- Amended the Retirees Health Plan Program. (Adopted Fiscal Year 2002-03 goal.)

- Negotiated a one-year contract extension with Service Employees International Union, Local 715.

- Conducted harassment and discrimination prevention training for all City employees.

- Conducted professional and management front-line, supervisory and leadership training for City employees.

- Completed implementation of the Human Resource/Payroll system.

Finance and Administrative Services Department

- Completed an expanded Fiscal Year 2003-04 budget process, resulting in Council adoption of a balanced General Fund Operating Budget. (Adopted Fiscal Year 2002-03 goal.)

- Completed implementation of the Human Resource/Payroll system.

- Installed new Recreation class scheduling and facility booking software.

- Completed purchase of the Library Public Access Management software.

- Implemented financial statements in accordance with new GASB 34 requirements.

- Monitored fiscal impacts to the City from State budget proposals. (Continuing Fiscal Year 2002-03 adopted goal.)

- Received authorization for issuance of debt for new parking structure. (Continuing Fiscal Year 2002-03 adopted goal.)

- Implemented a new Utility Bill design.

Community Development Department

- Completed work with the Council Mobile Home Park Ad Hoc Committee to develop mobile home park initiatives for Council review and approval, held an Information and Resource Fair for mobile home park residents and facilitated the formation of residents committees at Santiago Villa and Sahara Village Mobile Home Parks.

- Developed a Request for Qualifications and completed selection of a new agency to provide Fair Housing services.

- Completed recruitment and selection of a new agency to own and operate the Transitional Home at 813 Alice Avenue.

- Completed a new "Tenant/Landlord Guide to Handling Rental Disputes" brochure.

- Developed and implemented changes to the CDBG/HOME budget process.

- Completed an analysis of 2000 Census data and distributed the Data Book.

- Developed and implemented a permanent Gatekeeper/Application Workload Management Ordinance and Fiscal Impact Analysis Ordinance.

- Completed an update to the Companion Unit Ordinance to comply with a new State law.

- Implemented a new Conditional Use Permit Ordinance addressing changes of use for downtown, including approval of a fee schedule.

- Began implementation of the work plan for Phase II of the Downtown Precise Plan update. (Adopted Fiscal Year 2002-03 goal.)

- Implemented the Interim Historic Preservation Ordinance. (Adopted Fiscal Year 2002-03 goal.)

- Approved a 60-unit condominium conversion project (Rock Street) that included the first seven Below-Market-Rate (BMR) units.

- Approved and permitted the building conversion for the Computer History Museum at 1401 North Shoreline Boulevard.

- Prepared a new, updated on-line, color version of the zoning and General Plan maps.

- Coordinated private development from design review through construction for projects such as: 400 Castro Street (Tishman Speyer); El Camino Real projects (Harry's Hofbrau site); CSMA; Efficiency Studios; Centennial Plaza; Whisman Station Expansion; 3 Bryant Street Condominium projects; and Ryland Homes Subdivision on Ortega Avenue. (Adopted Fiscal Year 2002-03 goal.)

- Completed the marketing phase of the City-owned Charleston East site with the selection of Hyatt Corporation to develop business terms for a potential hotel/conference center. (Continuing Fiscal Year 2002-03 adopted goal.)

- Completed Phase I of the retail recruitment strategy for the downtown. (Adopted Fiscal Year 2002-03 goal.)

Public Works Department

- Dedicated and began maintenance and operation of Stevens Creek Trail, Reach 4, Segment 1. (Adopted Fiscal Year 2002-03 goal.)

- Completed the Centennial Plaza project on time for the Centennial Celebration. (Adopted Fiscal Year 2002-03 goal.)

- Completed the Miramonte Water Main replacement project. (Adopted Fiscal Year 2002-03 goal.)

- Moved the 85/101 project to construction in collaboration with the County and VTA. (Adopted Fiscal Year 2002-03 goal.)

- Completed Evelyn Avenue, Phase II. (Adopted Fiscal Year 2002-03 goal.)

- Actively supported and participated in the development and passage of legislation to restructure the Bay Area Water Users Association and facilitate seismic repairs of the Hetch-Hetchy water system. (Adopted Fiscal Year 2002-03 goal.)

- Completed the Senior Center/Community Center Master Plan. (Adopted Fiscal Year 2002-03 goal.)

- Negotiated terms with the Avenidas organization to develop a Senior Day Health Care facility adjacent to the new Senior Center.

- Completed recruitment and selection of a new agency to own and operate the Transitional Home at 813 Alice Avenue.

- Developed a conceptual design for the downtown parking structure at California Street and Bryant Street. (Continuing Fiscal Year 2002-03 adopted goal.)

- Completed design of the temporary Senior Center and approved the "fast-track" process to design the new Senior Center. (Adopted Fiscal Year 2002-03 goal.)

- Passed the Bay Area Air Quality District landfill inspection with no violations.

- Received Air District Title V permit approval for landfill facilities.

- Circulated the Draft Environmental Impact Report for Stevens Creek Trail, Reach 4, Segment 2. (Adopted Fiscal Year 2002-03 goal.)

- Progressed with implementation of the Geographic Information Systems/ Computerized Maintenance Management Systems in Public Services program areas.

- Awarded a construction contract for Evelyn Avenue, Phase III. (Adopted Fiscal Year 2002-03 goal.)

Community Services Department

- Planned and implemented the Centennial Celebration events. (Adopted Fiscal Year 2002-03 goal.)

- Completed playground improvements at Cooper, Varsity, Monta Loma and Sylvan Parks.

- Dedicated and began maintenance and operation of Stevens Creek Trail, Reach 4, Segment 1. (Adopted Fiscal Year 2002-03 goal.)

- Updated the Heritage Tree Ordinance. (Adopted Fiscal Year 2002-03 goal.)

- Completed design of the temporary Senior Center and approved the "fast-track" process to design the new Senior Center. (Adopted Fiscal Year 2002-03 goal.)

- Selected and approved a site for a BMX bicycle park.

- Modified the City Fee Waiver Program in conjunction with the Council Youth Ad-Hoc Committee.

- Completed the Springer School Field Renovation Project.

- Installed new Recreation class scheduling and facility booking software.

Library Services Department

- Completed the Library Strategic Plan. (Adopted Fiscal Year 2002-03 goal.)

- Developed, dedicated and began operation of the Teen Zone, a dedicated space for teens in the Library.
- Completed purchase of the Library Public Access Management software.
- Implemented the Link+ system, a library resource-sharing consortium.

Fire Department

- Implemented the first two Spanish CERT classes, along with two in English, for a total of 114 graduates.
- Purchased and began utilizing new heart monitor technology in the field by Paramedics.
- Began utilizing new radiation monitoring technology in the field by Firefighters.
- Began utilizing new air sampling technology to identify chemical agents.
- Delivered Advanced Cardiac Life Support and Pediatric Advanced Life Support training to all Paramedics in-house.

Police Department

- Completed the first year of data collection on bias-free policing.
- Developed the Automated Field Reporting System to allow Police Officers and Community Service Officers to complete and transmit Police reports in the field on their mobile data computers.
- Completed a Police Department reorganization to increase efficiency, department communication, customer service and internal support.
- Achieved a 10 percent decrease in reported significant crimes despite the national average of these crimes increasing.
- Expanded the Neighborhood Watch Program to over 65 watches throughout the City.
- Expanded the Volunteers in Partnership Program to 55 Police volunteers and 15 Police Explorers totaling over 5,000 hours to the department and community.

- Outfitted field patrol vehicles with less-lethal weapons and munitions to provide Officers with alternative weapons for use in certain types of incidents.

- Provided outreach to 33 at-risk youths through the "Dreams and Futures" program.

- Implemented and enforced the new false alarm/permit ordinance, helping to reduce false alarms by 53.5 percent over the previous year.

- Conducted over 110 crime prevention presentations, activities and outreach events with more than 20,000 community member contacts.

- Began using new digital child fingerprint/photo systems, fingerprinting several hundred children in the first few months of operation.

MAJOR GOALS FOR FISCAL YEAR 2003-04

The City will be undertaking a wide variety of projects and assignments during Fiscal Year 2003-04. Even with decreased staff and financial resources, there are important issues and projects to be addressed. The following goals, while only a small portion of the overall workload of the organization, are viewed as the most significant for the 2003-04 fiscal year. These goals are a result of City Council goal-setting study sessions on March 4 and April 22, 2003, were formally adopted by the City Council on May 27, 2003 and reflect City Council priorities for the 2003-04 fiscal year. This list reflects both existing projects/issues that are carrying over into Fiscal Year 2003-04 as well as new topics and projects.

The following is a summary of some of the most significant of these goals.

- Water System Master Plan Projects

  — Significant water system master plan projects will continue, including:

    > Design/initial construction of the Miramonte Reservoir expansion.

    > Design of the Graham Reservoir (including playing field improvements).

    > Completion of the Evelyn Avenue/Shoreline Boulevard water supply well.

- Construction of Evelyn Avenue Improvements, Phase III

  The third and final phase of the Evelyn Avenue improvements will be constructed between Pioneer Way and Bernardo Avenue, including road widening, sidewalk installation, new traffic signals, drainage and lighting improvements and the removal of overhead utility lines.

- Senior Center Project

  The interim Senior Center will be constructed and is expected to open by early fall. The design of the permanent Senior Center will begin shortly and will continue well into Fiscal Year 2004-05. Additionally, staff will be coordinating with the Avenidas organization regarding the design and construction of their new senior day health-care facility.

  The design phase of the Senior Center project will include an analysis of the impacts of using "green building" techniques in the construction of the project, including the potential on-site recycling of construction materials.

- Downtown Initiatives

  The second phase of the Downtown Precise Plan will be completed with recommended land use plan changes for those areas of the downtown not covered in the first phase of the project, including the "historic core" of the downtown.

  Implementation of the downtown retail recruitment strategy will continue.

- California/Bryant Parking Structure

  Important progress will be made toward the long-planned parking structure (with retail on the first floor) at the current City-owned parking lot at the corner of California and Bryant Streets. The design of the structure will commence and financing secured via the issuance of Revitalization Authority bonds.

- Housing Element Implementation Actions

  High-priority Housing Element implementation action items will proceed with an emphasis on those efforts most likely to generate progress toward housing goals in the near term.

- Americana Precise Plan/Camino Medical Group Campus

  A precise plan amendment/project review will be undertaken for the former Emporium site in the Americana Precise Plan area. A proposed 200,000 square foot medical office building for the Camino Medical Group has been proposed for this site.

- "Mayfield Mall" Precise Plan

  The potential redevelopment of the former "Mayfield Mall" Hewlett-Packard campus is likely to require a precise plan review and/or development planning review.

- Strategies for the Development of City-Owned Downtown Properties

  The City/Revitalization Authority owns three strategic properties in the downtown area. Work will commence on developing strategies and schedules for the redevelopment of these properties to achieve both financial and land use (downtown redevelopment) goals.

- Pedestrian Overcrossing of U.S. 101 at Permanente Creek

  A feasibility analysis will be conducted for the potential construction of a pedestrian/bicycle overcrossing of U.S. 101 at Permanente Creek.

- Budget Follow-Up Actions

  There will be a number of important budget follow-up actions required, including careful monitoring of revenue adjustments based on the State budget actions, implementation of service and staffing adjustments and a number of significant cost-of-service (cost recovery) evaluations.

- Charleston East Hotel Site

  Depending upon subsequent City Council authorization, staff will explore potential business terms for development of a hotel on the Charleston East site.

- Cuesta Park Annex Master Plan Schedule/Process

  A process, schedule and budget for the development of a Cuesta Park Annex Master Plan will be prepared for implementation in a subsequent fiscal year (possibly to be included in the Five-Year Capital Improvement Program).

- Some of the other major goals include:

  — Report/study session regarding the City use of pesticides.

  — Report/study session regarding community gardens.

  — Completion of the Rengstorff Avenue/Caltrain grade separation study.

  — Coordination with the Mountain View-Los Altos Union High School District regarding the new Alta Vista campus (former Bryant Avenue water tower site).

  — Exploration of the feasibility of bicycle boulevards.

  — Continued implementation of mobile home park initiatives.

  — Completion of the Environmental Impact Report for Stevens Creek Trail, Reach 4, Segment 2.

  — Review of alternatives for development of a "Recreation Plan."

  — Review of El Camino Hospital Redevelopment Plan.

As noted above, even with significantly reduced financial and staffing resources, the City Council and staff will be engaging a number of important issues and projects for Fiscal Year 2003-04.

BUDGET HIGHLIGHTS

- **General Operating Fund**

  General Operating Fund revenues adopted for Fiscal Year 2002-03 total $72.7 million. The unaudited actual revenues for Fiscal Year 2002-03 total $70.7 million ($2.0 million or 2.8 percent lower than the Adopted Budget). This is primarily a result of lower than budgeted Sales Taxes ($3.2 million), Transient Occupancy Tax ($728,000) and Utility Users Tax ($465,000).

General Operating Fund unaudited actual expenditures for Fiscal Year 2002-03 are $66.3 million or 6.1 percent lower than the Adopted Budget of $70.6 million. This is primarily a result of salary savings from vacant positions, but also reflects the effect of expenditure controls resulting in underexpended budgets for various supplies and services accounts.

Adopted revenues for Fiscal Year 2003-04 are $71.0 million, 2.4 percent lower than Fiscal Year 2002-03 adopted and 0.4 percent higher than Fiscal Year 2002-03 unaudited actual.

Fiscal Year 2003-04 adopted operating expenditures include the minimum, unavoidable increases for items such as Police overtime and labor contracts. Fiscal Year 2003-04 adopted operating expenditures also include significant reductions, including the elimination of Fiscal Year 2002-03 unfunded positions for a total of 41.51 full-time equivalent positions in the General Operating Fund. With these changes, adopted expenditures are $68.5 million, 3.1 percent lower than Fiscal Year 2002-03 Adopted Budget. The Adopted Budget includes a reservation of revenues totaling $2.6 million or 3.6 percent of revenues as an Economic Stabilization Contingency.

Shoreline Golf Links

Fiscal Year 2002-03 unaudited actual revenues are $3.9 million compared to budgeted revenues of $4.2 million. Unaudited actual expenditures are $4.1 million (including $320,000 for capital projects and $250,000 for recreation programs) compared to the Adopted Budget of $4.2 million (including capital projects and recreation programs). Shoreline Golf Links has an unaudited ending balance of $2.0 million for Fiscal Year 2002-03.

For Fiscal Year 2003-04, adopted revenues are $3.9 million, and adopted expenditures are $3.8 million (including $250,000 for recreation programs). This results in revenues exceeding expenditures by approximately $88,000 and a projected ending balance of $2.1 million.

- **Special Funds**

Revitalization Authority Fund

Fiscal Year 2002-03 unaudited actual revenues are $2.7 million (excluding $1.9 million loan), slightly less than budget of $2.8 million. Unaudited actual expenditures are $4.9 million (excluding $1.9 million property purchase), on target

with the Adopted Budget. Expenditures include the 20.0 percent Housing Set-Aside based on property tax receipts in addition to $3.0 million of capital projects funding for the downtown parking structure. The fund has an unaudited ending balance of $1.2 million for Fiscal Year 2002-03.

Revenues for Fiscal Year 2003-04 are adopted at $3.1 million, and expenditures are adopted at $1.9 million. Adopted revenues exceed expenditures by approximately $1.2 million and is sufficient to fund the debt service necessary for the bond issue in the amount for the parking structure and provide protection against proposals to shift redevelopment tax increment to the State. The fund has a projected ending balance of $2.3 million.

Shoreline Regional Park (North Bayshore) Community Fund

For Fiscal Year 2002-03, unaudited actual revenues are $24.7 million compared to budget of $21.4 million. This is primarily a result of assessed values generating higher than anticipated property tax revenue, higher than expected interest earnings and capital project refunds. Unaudited actual expenditures are $16.7 million (excluding $1.9 million loan but including capital projects of $4.5 million) compared to the Adopted Budget of $17.0 million (which included capital projects of $4.4 million). This fund has an unaudited balance of $40.0 million for Fiscal Year 2002-03.

For Fiscal Year 2003-04, revenues are adopted at $22.2 million, and adopted expenditures are $27.1 million (including capital projects of $13.2 million). The ending balance for Fiscal Year 2003-04 is projected at $35.1 million.

Water Fund

Unaudited actual revenues for Fiscal Year 2002-03 are $15.5 million, a little higher than the Adopted Budget of $15.4 million. Unaudited actual expenditures are $15.6 million (including capital projects of $3.4 million), lower than the Adopted Budget of $16.0 million. This fund has an unaudited balance of $3.2 million in addition to a reserve balance of $5.4 million for Fiscal Year 2002-03.

Water rates were incrementally increased by 3.0 percent over the prior two years. The strategy to incrementally increase rates in order to mitigate larger increases in future years resulted in an approved 6.0 percent rate adjustment for Fiscal Year 2003-04, much lower than would otherwise be necessary considering the 25.7 percent increase in wholesale water cost from SFWD.

SFWD and Santa Clara Valley Water Department (SCVWD) have projected 15.9 percent and 8.0 percent rate increases, respectively, for Fiscal Year 2004-05. Staff will review rates for Fiscal Year 2004-05 to determine the impact of these proposals. Lastly, the City intends to further expand water storage capacity (Graham Reservoir) which will require the City to issue debt that may impact future rates.

With the 6.0 percent rate increase, adopted revenues for Fiscal Year 2003-04 are $16.3 million. Adopted operating expenditures for Fiscal Year 2003-04 total $16.4 million (including capital projects of $2.1 million). The projected ending balance for Fiscal Year 2003-04 is $3.3 million, excluding reserves of $5.8 million.

Wastewater Fund

Unaudited actual revenues for Fiscal Year 2002-03 are $10.5 million, $259,000 above the budget of $10.3 million. Wastewater service revenues and investment earnings are slightly lower than budgeted. Expenditures were originally budgeted (including capital projects of $1.5 million) at $12.9 million. Fiscal Year 2002-03 unaudited actual expenditures are $11.9 million (including capital projects of $2.0 million). As the City's volume and proportionate share of wastewater treatment has declined, a credit of approximately $400,000 for Fiscal Year 2002-03 wastewater treatment costs has been included in the unaudited actuals, thereby reducing the amount owed for the 2002-03 fiscal year. The fund has an unaudited ending balance of $4.3 million and a reserve balance of $8.7 million for Fiscal Year 2002-03.

Council approved a rate increase of 8.0 percent for Fiscal Year 2003-04. This rate increase will bring the operating revenues more in line with operating expenditures, but does not fund a baseline of annual capital maintenance projects. A 28.0 percent rate increase would be needed to additionally fund a $1.5 million base level of annual projects. Currently, capital projects are being funded from available balance and reserves, which are higher than required by policy. The 8.0 percent rate increase essentially balances ongoing revenues and expenditures, but not annual CIPs. A larger rate increase can be deferred at this time as there is a sufficient available balance and reserve balance to fund annual CIPs. However, it will be necessary to continue to recommend significant rate increases for future years until this fund is brought into balance.

With this increase, Fiscal Year 2003-04 adopted revenues for this fund are $10.5 million, and adopted operating expenditures (including capital projects of $1.8 million) total $13.1 million. The ending balance for Fiscal Year 2003-04 is projected at $2.5 million with a reserve balance of $8.4 million.

Solid Waste Management Fund

For the second year in a row, no general rate increase was adopted for Fiscal Year 2002-03. City unaudited actual revenue for Fiscal Year 2002-03 totals $8.1 million compared to the Adopted Budget of $8.5 million. Revenues are lower than budget as a result of decreased refuse service demand related to increased commercial/industrial recycling and to the slower economy, reduced construction activity and higher office/commercial vacancy rates.

City unaudited actual expenditures are $8.3 million, compared to the budget of $8.8 million (excluding payment to Foothill of $8.3 million). Lower demand for refuse service caused disposal tonnage to be down from that budgeted for Fiscal Year 2002-03. A credit is projected for the reduction in disposal costs, but will not be received until Fiscal Year 2003-04. The fund has an unaudited balance of $7.1 million and reserves of $2.4 million for Fiscal Year 2002-03.

In November 2002, Council authorized the extension of Foothill's agreement with the provision of adding automated refuse collection (to be phased in over three to four years) and recycling services. At that time, it was estimated that a 1.0 percent general rate increase would be necessary to recover the cost of providing carts for refuse and recycling services.

The Fiscal Year 2003-04 budget includes the purchase of new carts for the automated recycling and refuse service, thereby eliminating the estimated 1.0 percent rate increase associated with these programs. The fund has an accumulated $7.1 million balance that is available to fund the $1.6 million purchase of carts.

There has been no general rate increase to refuse services in the prior two years. Any increases provided by contract to Foothill have been absorbed by reducing the City's share of refuse revenues. The increases associated with Foothill's expenditures can no longer be absorbed; therefore, a 2.0 percent rate increase (versus the 3.0 percent originally proposed) was adopted for Fiscal Year 2003-04.

With a 2.0 percent general rate increase, revenues for Fiscal Year 2003-04 are adopted at $8.0 million (excluding Foothill Disposal Company revenues of $8.6 million), and adopted expenditures are $9.7 million (including $1.6 million for the purchase of carts and excluding payments to Foothill Disposal Company of $8.6 million). The ending balance for Fiscal Year 2003-04 is projected at $5.5 million with reserves of $2.4 million.

- **Reserves**

  The compensated absence reserve is being supplemented by $1.0 million during Fiscal Year 2003-04 in order to maintain the required policy or target balance. This reserve is augmented from the $9.9 million remaining unallocated Fiscal Year 2001-02 General Operating Fund carryover.

  In this Adopted Budget, reserves are consistent with the City's Financial Policies that ensure reserves will be maintained at prudent levels.

- **Capital Improvement Projects, Capital Outlay and Equipment Replacement**

  On May 27, 2003, the City Council adopted a Five-Year Capital Improvement Plan for Fiscal Years 2003-04 through 2007-08. The Adopted Budget includes funding for Fiscal Year 2003-04 projects in the amount of $22.5 million. A detailed list of adopted capital projects is included in the Statistical Section.

  Included in the Fiscal Year 2003-04 Adopted Budget is approximately $91,000 for capital outlay expenditures in the General Operating Fund. An additional $1.6 million of capital outlay is adopted for other funds (includes the $1.6 million for new refuse and recycling carts) for a total of $1.7 million.

  In addition, approximately $1.4 million is included in the Fiscal Year 2003-04 Adopted Budget for equipment replacement in accordance with the equipment replacement plan. The General Operating Fund, Special Funds and the Enterprise (Utility) Funds all contribute to the Equipment Replacement Fund.

  Detailed lists of adopted capital outlay expenditures and adopted equipment replacement expenditures are included in the Statistical Section of this document.

The following sections describe the budget process, the basis of accounting utilized by the City of Mountain View and the budget amendment process.

THE BUDGET PROCESS

The budget process begins in November of each year, when all City departments begin preparation of their budget proposals for the upcoming fiscal year.

Departments submit budget requests to the Budget Review Team (consisting of the Assistant City Manager and the Finance and Administrative Services Director) in late December. The Budget Review Team reviews these requests and submits recommendations to the City Manager.

The City Manager assesses the Budget Review Team's recommendations, meets with department heads for further discussion and typically submits recommendations to the City Council in the form of the Narrative Budget Report in May. Because of the significant challenges for Fiscal Year 2003-04, the Council received the City Manager's recommendations earlier than usual for the General Operating Fund on April 15, 2003. The other funds were presented to the City Council on May 6, 2003. The City Council is then able to review and discuss the recommendations and consider the budget prior to the presentation of the Proposed Budget.

The Proposed Budget is presented to the City Council in early June and considered at public hearings. This year, the City Council made a few changes at the Proposed Budget hearing, adding back a Deputy Fire Marshal position, adding back funding for the Hazardous Materials Response Team, adjusting the Center for the Performing Arts ticket service charge fee and adding one-time funding for an operational review of the Fire Inspection Program.

The City's annual budget must be adopted prior to the beginning of each fiscal year (July 1). For a more detailed time line, refer to the Budget Review Process in the Statistical Section.

FINANCIAL AND BUDGETARY POLICIES

The City Council has established financial and budgetary policies which are reviewed and updated as necessary by the City Council. A comprehensive and consistent set of financial and budgetary policies provides a basis for sound financial planning, identifies appropriate directions for service level development, aids budgetary decision-making and serves as an overall framework to guide financial management and operations of the City.

A city's adoption of financial policies also promotes public confidence and increases the City's credibility in the eyes of bond rating agencies and potential investors. Such policies also provide the resources to react to potential financial emergencies in a prudent manner.

A summary of financial and budgetary policies is included in the Statistical Section of this document.

BUDGET AMENDMENT PROCESS

Pursuant to financial policy, budgets are approved at the fund and department level (legal level of control) and may not be exceeded without City Council approval. Trans-

fers and adjustments between funds, departments and capital projects must be submitted to the City Council for approval. The City Charter requires approval by five votes of the seven-member City Council to amend the budget.

Budget adjustments are also required for grants and reimbursed services that were not anticipated or budgeted. Council Resolution No. 15443 authorizes the Finance and Administrative Services Director and the City Manager to increase appropriations up to $10,000 and $36,000 (indexed for inflation), respectively, when outside grants or reimbursement revenues have been received to offset expenditures that were not anticipated or budgeted. If the grant or reimbursement is not within the City Manager's level of authorization, a request for an appropriation increase must be submitted to the City Council for approval (five votes required).

Department heads are responsible for managing expenditures within their budget and assuring funds are only expended for properly authorized City expenses. Department heads are also responsible for expending funds consistent with the goals and objectives approved by the City Council.

BASIS OF BUDGETING

All Governmental Fund Type annual budgets are presented on a basis consistent with the general purpose financial statements prepared in accordance with generally accepted accounting principles. The City's Fiscal Year 2001-02 Comprehensive Annual Financial Report was prepared in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34. The accounting and financial reporting treatment applied to a fund is determined by the measurement focus of the fund.

Governmental Fund Types are accounted for using the modified accrual basis of accounting. Revenues are recorded as received, or accrued if they are both measurable and available to finance expenditures of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recorded when paid.

Proprietary Fund Types are accounted for using the accrual basis of accounting wherein revenues, unbilled or billed, are recognized in the accounting period in which they are earned, and expenses are recognized in the period liabilities are incurred. For budgetary purposes, capital projects are appropriated for the estimated cost of the total project. These financial uses of funds are not reflected as expenses in the City's financial statements but are capitalized and depreciated in accordance with generally accepted accounting principles.

COST ALLOCATION PLAN

The City prepares an A-87, cost allocation plan, to identify the costs associated with providing certain services. These indirect charges, noted as General Fund Administration on the Fund Schedules, reimburse the General Operating Fund for services such as those provided by the City Attorney, Employee Services, Payroll, Accounts Payable and Information Services. The full cost allocation plan delineates the basis of allocation by department and can include total operating budget, the number of full-time equivalent positions per department, the number of work requests, square footage occupied, number of items processed, number of applicable devices, etc.

The City also has six Internal Service Funds that provide services to all major funds within the City and, in turn, charge these funds for the cost of providing services. Revenues received for providing services are noted as Interfund Service Charges on the Fund Schedules.

DEBT ADMINISTRATION

As of June 30, 2003, the City will have various debt obligations outstanding. These obligations are comprised of (dollars in thousands):

Entity	Principal Outstanding
City of Mountain View	$10,130
Shoreline Regional Park Community	$55,025
Revitalization Authority	$7,145
Special Assessment Debt	$2,319

The City of Mountain View's 2001 debt was issued to refinance and call bonds on the City lease component of the 1992 Capital Improvement Financing Authority Revenue Bonds.

The Shoreline Regional Park Community (the Community) has three outstanding tax allocation bond issues. The 1993 Series A Bonds were issued to finance certain landfill closure projects and other public improvements within the Community. The 1996 Series A Bonds were issued to fund the acquisition of certain land from the City and to fund road, water, sewer and other public improvements along certain roadways. The 2001 Refunding Bonds were issued to refinance and call bonds on the 1992 Refunding Bonds.

The Revitalization Authority funds debt payments for the 1995 Refunding Certificates of Participation debt issuance. The Certificates were issued to refinance all of the outstanding Revitalization Authority, 1986 Tax Allocation Bonds issued for the reconstruction of Castro Street.

Special Assessment Debt consists of various issues to finance property owner improvements within the City.

CALCULATION OF APPROPRIATIONS LIMIT

The City is required by the State Constitution, Article XIIIB, to annually calculate the maximum amount of appropriations subject to limitation. This calculation is intended to limit the annual growth in tax revenues used to fund governmental expenditures in California. Article XIIIB was changed with the passage of Proposition 111 on the June 1990 ballot. These changes permit greater flexibility with regard to annually calculating increases in the appropriations limit by allowing additional growth factors to be used. The factors permitting the maximum allowable increase in the appropriations limit are chosen for the calculation each fiscal year.

Factors were previously estimated for Fiscal Year 2002-03 as final information was not available. The amended calculation is detailed below in addition to the annual appropriations limit calculation for Fiscal Year 2003-04.

As can be seen, the City is substantially under its appropriations limit. The difference between the appropriations limit and the appropriations subject to limitation has grown over the past decade as the limit has been substantially increased by the annual adjustment factors. The population growth factors and the growth in California per-capita income have had a combined average increase of 5.3 percent since Fiscal Year 1993-94.

This, combined with the comparatively slower pace of growth in proceeds of taxes over the same time period, has contributed to the amount under the appropriations limit.

Fiscal Year 2001-02 Limit	133,742,915
2001-02 Population Change in Santa Clara County	1.0125
2001-02 Change in Per Capita Income	.9873
Fiscal Year 2002-03 Amended Limit	133,694,935
Fiscal Year 2002-03 Budget Amount Subject to Limitation	48,454,053
Amount Under Appropriation Limit (Amended)	$ 85,240,882
Fiscal Year 2002-03 Limit	133,694,935
2002-03 Population Change in Santa Clara County	1.0179
2002-03 Change in Per Capita Personal Income	.9769
Fiscal Year 2003-04 Limit	132,944,440
Fiscal Year 2003-04 Budget Amount Subject to Limitation	43,854,223
Amount Under Appropriation Limit	$ 89,090,217

AWARDS

For the tenth time, the Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to the City of Mountain View for the Fiscal Year 2002-03 annual budget.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan and a communications device.

In addition, for the seventeenth year, the California Society of Municipal Finance Officers (CSMFO) has presented the City with an award for Excellence in Operational Budgeting for the Fiscal Year 2002-03 budget documents.

The awards are valid for a period of one year only. The Fiscal Year 2003-04 budget documents continue to conform to program requirements and will be submitted to GFOA and CSMFO to determine eligibility for another award.

CONCLUSION

This budget has been one of the most, if not the most, difficult I have prepared. It negatively impacts service levels in a variety of areas and also impacts a number of existing staff. It was also developed during a period of significant fiscal instability and uncertainty.

The positive aspect of this difficult process is that it can result in a budget that is "responsibly balanced" and places the City in an effective position to deal with continued economic uncertainty. It provides a financial plan that does not transfer challenges into future years, when it is quite possible that new challenges will confront us.

Fiscal Year 2003-04 adopted General Fund revenues are $71.0 million, and adopted expenditures are $68.5 million. There is no revenue balance after reserving for the Economic Stabilization Contingency of $2.6 million. General Fund revenues for Fiscal Year 2003-04 are projected to increase by 0.4 percent from Fiscal Year 2002-03 unaudited actuals and are projected 2.4 percent lower than Fiscal Year 2002-03 adopted revenues. Significant department operating reductions have been made in order to balance the budget. A few unavoidable increases have been included.

The Shoreline Golf Links operations are experiencing lower revenues as a result of the slowdown in the economy. Green fees and driving range fee increases are approved for the 2003-04 fiscal year.

The Revitalization Authority has seen an increase in its tax increment revenues and, based on current information, it has sufficient financial capacity to support a bond issue for the new parking structure.

The Shoreline Regional Park Community continues to experience high commercial vacancy rates and it is projected unsecured property tax increment revenue will decline in the 2003-04 fiscal year.

The incremental rate increases of the past two years have assisted in allowing a modest rate adjustment of 6.0 percent for the 2003-04 fiscal year when wholesale water costs are projected to rise 25.7 percent for the Hetch-Hetchy water system.

The Wastewater Fund requires an 8.0 percent rate increase for Fiscal Year 2003-04 to almost balance ongoing revenues against expenditures. This will not fund a baseline

level of annual capital maintenance projects. A continuation of rate increases in the future will be needed for revenues to fund expenditures and capital projects.

The Solid Waste Fund has not implemented a general rate increase for two years. With the implementation of automated refuse and recycling services, $1.6 million for capital outlay is adopted and, in conjunction with the significant cost increases experienced by Foothill Disposal, has resulted in a rate increase of 2.0 percent for Fiscal Year 2003-04.

Reserves are generally in good condition, and required supplemental allocations are funded by the remaining unallocated Fiscal Year 2001-02 General Fund carryover balance.

The operating expenditure adjustments adopted in the Fiscal Year 2003-04 budget reflect the decline in revenue due to economic conditions and necessary actions taken in order to maintain the City's financial health into the future. The Five-Year Forecast for the General Operating Fund points out the need for careful expenditure management.

Many staff members have contributed significantly to the preparation of this report. All department heads have shown the type of teamwork, cooperative spirit and creativity necessary for this process. I would particularly like to thank Assistant City Manager Nadine Levin, Finance and Administrative Services Director Robert Locke, Assistant Finance and Administrative Services Director Patty Kong, Principal Financial Analysts Helen Ansted and Suzy Niederhofer, Senior Administrative Analyst Lori Topley and Administrative Analyst Raella Frazier for their assistance with the Operating Budget. I would also like to thank Administrative Services Manager Jim Williamson and Assistant Public Works Director—Public Services Jim Russell for their assistance with the capital outlay process and the Document Processing and Copy Center staff for their constant support in the preparation of this document.

Kevin C. Duggan
City Manager

KCD/SN/6/BUD
541-08-25-03L^

Enclosures

NOTES

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TOTAL FUND REVENUES

		AUDITED ACTUAL 2001-02	ADOPTED BUDGET 2002-03	UNAUDITED ACTUAL 2002-03	ADOPTED BUDGET 2003-04
GENERAL FUND	$	72,630,836	72,739,224	70,735,881	71,029,822
GF-SHORELINE GOLF LINKS		4,204,668	4,206,570	3,888,126	3,896,970
RESERVES		22,568,670	12,421,131	18,786,630	4,389,972
GAS TAX		1,908,489	1,617,540	1,502,456	1,388,780
CONVEYANCE TAX		5,042,564	2,533,540	2,764,142	1,914,940
BELOW MARKET HOUSING		357,258	5,070	928,625	30,540
TRANSIT ORIENTED DEVELOPMENT		2,011,372	0	90,650	476,140
REVITALIZATION AUTHORITY		2,781,760	2,848,460	4,651,561	3,076,190
PARKING DISTRICT & IN LIEU FEES		962,922	473,950	488,214	451,386
SUPPLEMENTAL LAW ENFCMNT		144,398	146,509	142,220	146,892
C.D.B.G.		3,459,619	1,446,000	1,144,568	1,386,980
LOCAL LAW ENFCMT BLOCK GRT		118,337	11,397	104,249	15,569
CABLE T.V.		754,257	750,500	665,579	573,000
SHORELINE COMMUNITY		29,517,138	21,440,998	24,714,174	22,155,516
STORM DRAIN CONSTRUCTION		92,534	47,104	83,026	40,938
PARK LAND DEDICATION		1,452,076	376,419	707,857	336,259
WATER		15,773,651	15,395,062	15,540,615	16,320,000
WASTEWATER		9,934,467	10,274,949	10,533,518	10,537,280
SOLID WASTE		8,924,898	8,513,957	8,138,457	8,040,160
EQUIPMENT MAINTENANCE		4,244,307	3,757,798	3,760,633	3,048,204
WORKERS COMPENSATION		1,564,012	1,441,787	1,405,480	2,397,140
UNEMPLOYMENT		74,865	73,412	72,177	69,270
LIABILITY		838,801	994,660	2,002,420	1,031,110
RETIREES HEALTH		1,149,679	682,036	669,355	637,208
EMPLOYEE BENEFITS		81,403	77,445	79,077	77,758
TOTAL	$	190,592,981	162,275,518	173,599,690	153,468,024

TOTAL FUND EXPENDITURES

	AUDITED ACTUAL 2001-02	ADOPTED BUDGET 2002-03	UNAUDITED ACTUAL 2002-03	ADOPTED BUDGET 2003-04
GENERAL FUND	$ 67,281,132	70,633,214	66,340,243	68,465,273
GF - SHORELINE GOLF LINKS	3,686,017	4,176,043	4,095,118	3,808,613
RESERVES	25,681,629	13,704,557	14,554,226	2,413,984
GAS TAX	2,061,920	2,093,290	1,953,290	1,324,683
CONVEYANCE TAX	3,845,000	2,814,000	2,814,000	3,203,282
BELOW MARKET HOUSING	255,180	25,000	252,220	25,000
TRANSIT ORIENTED DEVELOPMENT	1,275,000	0	0	697,782
REVITALIZATION AUTHORITY	1,647,479	4,976,242	6,786,576	1,904,103
PARKING DISTRICT & IN LIEU FEES	683,829	2,069,884	2,019,582	378,954
SUPPLEMENTAL LAW ENFRCMNT	217,114	189,811	187,760	137,789
C.D.B.G.	3,459,619	1,339,000	1,144,568	1,336,980
LOCAL LAW ENFCMT BLOCK GRT	125,920	0	96,095	85,713
CABLE T.V.	804,461	795,500	691,505	1,323,000
SHORELINE COMMUNITY	19,598,008	16,981,123	18,620,202	27,051,933
STORM DRAIN CONSTRUCTION	26,000	26,000	61,000	26,218
PARK LAND DEDICATION	667,756	103,741	1,113,072	832,162
WATER	16,206,053	15,970,934	15,587,236	16,351,268
WASTEWATER	12,372,620	12,927,469	11,851,621	13,135,915
SOLID WASTE	7,344,386	8,831,806	8,310,842	9,739,636
EQUIPMENT MAINTENANCE	2,659,028	3,844,484	2,802,714	3,158,755
WORKERS COMPENSATION	1,444,996	1,774,080	1,429,290	1,658,000
UNEMPLOYMENT	21,385	67,250	67,250	67,250
LIABILITY	738,178	1,018,340	799,167	2,415,550
RETIREES HEALTH	570,789	715,193	732,899	942,018
EMPLOYEE BENEFITS	56,131	112,090	64,823	114,770
TOTAL	$ 172,729,630	165,189,051	162,375,299	160,598,631

GENERAL OPERATING FUND REVENUES

FISCAL YEAR	OPERATING REVENUE	% CHANGE FROM PRIOR YEAR
1992-93	$45,248,000	(1.4%)
1993-94	$46,921,000	3.7%
1994-95	$51,766,000	10.3%
1995-96	$57,149,000	10.4%
1996-97	$64,510,000	12.9%
1997-98	$67,027,000	3.9%
1998-99	$67,900,000	1.3%
1999-2000	$74,712,000	10.0%
2000-01	$82,708,000	10.7%
2001-02	$72,631,000	(12.2%)
2002-03 *	$70,736,000	(2.6%)
2003-04 **	$71,030,000	0.4%

* Unaudited Actual
** Adopted

GENERAL OPERATING FUND EXPENDITURES

FISCAL YEAR	OPERATING EXPENDITURES (1)	% CHANGE FROM PRIOR YEAR
1992-93	$42,718,000	(3.6%)
1993-94	$41,831,000	(2.1%)
1994-95	$48,080,000	14.9%
1995-96	$47,783,000	(0.6%)
1996-97	$52,019,000	8.9%
1997-98	$54,380,000	4.5%
1998-99	$57,504,000	5.7%
1999-2000	$61,054,000	6.2%
2000-01	$61,265,000	0.3%
2001-02	$65,259,000	6.5%
2002-03 *	$64,775,000	(0.7%)
2003-04 **	$68,465,000	5.7%

* Unaudited Actual
** Adopted

(1) Includes changes in encumbrances.

CITY OF MOUNTAIN VIEW
RESOLUTION NO. 16813
SERIES 2003

A RESOLUTION ADOPTING THE FISCAL YEAR 2003-04 BUDGET

WHEREAS, the City Council held duly noticed study sessions on April 15 and May 6, 2003 and held duly noticed public hearings on June 3 and June 10, 2003, and heard all persons wishing to be heard regarding said proposed budgets. The City Council considered these comments and deliberated the City Manager's proposed budget;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Mountain View as follows:

1. The City of Mountain View proposed budget in the amount of $122,395,706 as recommended by the City Manager, plus any amendments approved b the City Council on June 10, 2003, on file in the City Clerk's Office, including the Fund Schedules Section of the Proposed Budget, is hereby adopted as the Fiscal Year 2003-04 budget of this agency.

2. The City Council appropriate $9,678,000 for the Fiscal Year 2003-04 Capital Improvement Program and transfer $400,000 from Hetch-Hetchy Trail Design and Construction, Project 02-27, to the Transit-Oriented Development Fund as this project completed.

3. An appropriation in the amount of $33,333 is included to match potential Homeland Security grant funding. If the grant is not awarded, this appropriation will not be utilized.

4. The City Council has included appropriations sufficient to meet all its bond debt service obligations.

5. Except for continuing appropriations for capital improvement projects not yet completed, Community Development Block Grant programs, grant funding, legal cases and other expenditures lawfully encumbered or accrued, all other unexpended appropriations shall lapse at the end of the fiscal year in accordance with City Charter Section 1105.

6. Appropriations as needed from investment earnings and other program income received on grant funds are hereby authorized.

7. Appropriations in the compensated absence reserve are hereby authorized a needed for vacation and sick leave balances of employees during Fiscal Year 2003-04.

8. Appropriations for the Police Asset Forfeiture Fund are hereby authorized u to the uncommitted cash balance in the Police Asset Forfeiture Fund.

9. Appropriations in the Unemployment Fund for unemployment claims payments are hereby authorized as needed.

10. Appropriations in the Employee Benefits Fund are hereby authorized as needed to be funded by the contributions of the City, employees and retirees.

11. The City Manager or designee is authorized to increase appropriations in th Cable Television Fund for payments and transfers that are calculated on franchise fees

received, payment of interest earned on the endowment funds and annually rebudg the remaining balance of the miscellaneous maintenance funds.

12. The City Manager or designee is authorized to increase appropriations fo specific retail and golf lesson expenditures of the Shoreline Golf Links operations th are offset by retail sales and golf lesson revenues.

13. The Finance and Administrative Services Director is hereby authorized tc make adjustments and corrections to budgeted amounts for reasons such as: (1) amendments adopted by City Council; (2) final benefit coverage costs; (3) fin represented and nonrepresented employee compensation costs; (4) adjustments between funds and departments for internal service charges and administrative overhead reimbursements; (5) modifications to revenue and appropriations for the actual Public Library Fund grant amount received; and (6) other corrections as necessary. The Finance and Administrative Services Director is authorized to determine the budgeted amounts for implementation of the decisions made at the public hearings and will report the final adopted budget and any reconciling chang the compilation of the budget to the City Council by an informational memorandur and will file said final adopted budget with the City Clerk's Office.

The foregoing Resolution was regularly introduced and adopted at a Special Meeting of the City Council of the City of Mountain View, duly held on the 10th da June, 2003, by the following vote:

AYES:	Councilmembers Galiotto, Neely, Pear, Zoglin and Mayor Kasperzak
NOES:	Councilmember Perry
ABSENT:	Councilmember Stasek
NOT VOTING:	None

ATTEST:

ANGELITA M. SALVADOR
CITY CLERK

APPROVED:

R. MICHAEL KASPERZAK, JR.
MAYOR

I do hereby certify that the foregoing resolution wa passed and adopted by the City Council of the City Mountain View at a Special Meeting held on the 10 of June, 2003, by the foregoing vote.

City Clerk
City of Mountain View

HMA/6/RESO
530-06-10-03R-4^

MOUNTAIN VIEW REVITALIZATION AUTHORITY (MVRA)
RESOLUTION NO. RA-93
SERIES 2003

A RESOLUTION ADOPTING THE FISCAL YEAR 2003-04 BUDGET

WHEREAS, the MVRA Board of Directors (Board) held a duly noticed study session on May 6, 2003 and held duly noticed public hearings on June 3 and June 10, 2003 and heard all persons wishing to be heard regarding said proposed budgets;

NOW, THEREFORE, BE IT RESOLVED by the Board of the Mountain View Revitalization Authority as follows:

1. The Mountain View Revitalization Authority proposed budget in the amount of $1,904,100, as recommended by the City and Authority Manager, plus any amendments approved by the Board on June 10, 2003, on file in the City Clerk's Office, is hereby adopted as the Fiscal Year 2003-04 budget of this agency.

2. The Board has included appropriations sufficient to meet all its bonded debt obligations.

3. Except for continuing appropriations for capital improvement projects not yet completed and other expenditures lawfully encumbered or accrued, all other unexpended appropriations shall lapse at the end of the fiscal year.

4. The Treasurer/Finance and Administrative Services Director is authorized to adjust the Housing Set-Aside appropriation based on the applicable property tax received.

5. The Treasurer/Finance and Administrative Services Director is hereby authorized to make adjustments and corrections to budgeted amounts for reasons such as: (1) amendments adopted by the Board; (2) final benefit coverage costs; (3) final represented and nonrepresented employee compensation costs; (4) adjustments between funds and departments for internal service charges and administrative overhead reimbursements; and (5) other corrections as necessary. The Treasurer/ Finance and Administrative Services Director is authorized to determine the budgeted amounts for implementation of the decisions made at the public hearings and will report the final adopted budget and any reconciling changes in the compilation of the budget to the Board by an informational memorandum and will file said final adopted budget with the City Clerk's Office.

The foregoing Resolution was regularly introduced and adopted at a Special Meeting of the Mountain View Revitalization Authority, duly held on the 10th day of June, 2003, by the following vote:

AYES: Board members Galiotto, Neely, Pear, Zoglin and President Kasperzak

NOES: Board member Perry

ABSENT: Board member Stasek

NOT VOTING: None

ATTEST:

ANGELITA M. SALVADOR
SECRETARY

APPROVED:

R. MICHAEL KASPERZAK, JR.
PRESIDENT

I do hereby certify that the foregoing resolution was passed and adopted by the Mountain View Revitalization Authority at a Special Meeting held on the 10th day of June, 2003, by the foregoing vote.

Secretary
Mountain View Revitalization Authority

HMA/6/RESO
530-06-10-03R^

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY (SRPC)
RESOLUTION NO. S-120
SERIES 2003

A RESOLUTION ADOPTING THE FISCAL YEAR 2003-04 BUDGET

WHEREAS, the SRPC Board of Directors (Board) held a duly noticed study session on May 6, 2003 and held duly noticed public hearings on June 3 and June 10, 2003 and heard all persons wishing to be heard regarding said proposed budget;

NOW, THEREFORE, BE IT RESOLVED by the Board of the Mountain View Shoreline Regional Park Community as follows:

1. The Mountain View Shoreline Regional Park Community proposed budget in the amount of $13,868,981 as recommended by the City and Community Manager, plus any amendments approved by the Board on June 10, 2003, on file in the City Clerk's Office, is hereby adopted as the Fiscal Year 2003-04 budget of this agency.

2. The Board appropriate funding in the amount of $13,187,000 for the Fiscal Year 2003-04 Capital Improvement Program.

3. The Board has included appropriations sufficient to meet all its bonded debt obligations.

4. Except for continuing appropriations for capital improvement projects not yet completed and other expenditures lawfully encumbered or accrued, all other unexpended appropriations shall lapse at the end of the fiscal year.

5. The Treasurer/Finance and Administrative Services Director is hereby authorized to make adjustments and corrections to budgeted amounts for reasons such as: (1) amendments adopted by the Board; (2) final benefit coverage costs; (3) final represented and nonrepresented employee compensation costs; (4) adjustments between funds and departments for internal service charges and administrative overhead reimbursements; and (5) other corrections as necessary. The Treasurer/ Finance and Administrative Services Director is authorized to determine the budgeted amounts for implementation of the decisions made at the public hearings and will report the final adopted budget and any reconciling changes in the compilation of the budget to the Board by an informational memorandum and will file said final adopted budget with the City Clerk's Office.

The foregoing Resolution was regularly introduced and adopted at a Special Meeting of the Mountain View Shoreline Regional Park Community, duly held on the 10th day of June, 2003, by the following vote:

AYES: Board members Galiotto, Neely, Pear, Zoglin and President Kasperzak

NOES: Board member Perry

ABSENT: Board member Stasek

NOT VOTING: None

ATTEST:

ANGELITA M. SALVADOR
SECRETARY

APPROVED:

R. MICHAEL KASPERZAK, JR.
PRESIDENT

I do hereby certify that the foregoing resolution was passed and adopted by the Mountain View Shoreline Regional Park Community at a Special Meeting held on the 10th day of June, 2003, by the foregoing vote.

Secretary
Mountain View Shoreline Regional Park Community

HMA/6/RESO
530-06-10-03R-1^

CITY OF MOUNTAIN VIEW
RESOLUTION NO. 16814
SERIES 2003

A RESOLUTION ADOPTING
THE FISCAL YEAR 2003-04 APPROPRIATIONS LIMIT

WHEREAS, Article XIIIB of the Constitution of the State of California requires that total annual appropriations of the City of Mountain View funded from the proceeds of taxes shall not exceed the appropriations limit of the City for the prior fiscal year adjusted for specified changes; and

WHEREAS, this Article requires the City to establish its appropriations limit by resolution each fiscal year at a regularly scheduled meeting or at a noticed special meeting, before the beginning of each fiscal year; and

WHEREAS, the City Finance and Administrative Services Department has prepared the budget documentation as intended by Article XIIIB of the California Constitution and has made such documents available for public review;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Mountain View hereby amends the Fiscal Year 2002-03 Appropriations Limit to $133,694,935 based on final fiscal year information and adopts the Appropriations Limit for Fiscal Year 2003-04 of $132,944,440.

The foregoing Resolution was regularly introduced and adopted at a Special Meeting of the City Council of the City of Mountain View, duly held on the 10th day of June, 2003, by the following vote:

AYES:	Councilmembers Galiotto, Neely, Pear, Zoglin and Mayor Kasperzak
NOES:	Councilmember Perry
ABSENT:	Councilmember Stasek
NOT VOTING:	None

ATTEST:

ANGELITA M. SALVADOR
CITY CLERK

APPROVED:

R. MICHAEL KASPERZAK, JR.
MAYOR

I do hereby certify that the foregoing resolution was passed and adopted by the City Council of the City of Mountain View at a Special Meeting held on the 10th day of June, 2003, by the foregoing vote.

City Clerk
City of Mountain View

HMA/6/RESO
530-06-10-03R-3^

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Mountain View

California

For the Fiscal Year Beginning

July 1, 2002

President

Executive Director

California Society of Municipal Finance Officers

Certificate of Award

Excellence in Operational Budgeting 2002-2003

Presented to

City of Mountain View

This certificate recognizes the achievement of Excellence in Operational Budgeting and reflects an outstanding budget document and the underlying budgeting process through which the budget is implemented.

February 24, 2003

Joan Michaels
Chair, Budgeting & Financial Management

Vice-Chair, Budgeting & Financial Management

Dedicated to Excellence in Municipal Financial Management