

JUNE 11, 2019

Fiscal Year 2019-20
Proposed Budget
Public Hearing

Presenters: Dan Rich, City Manager

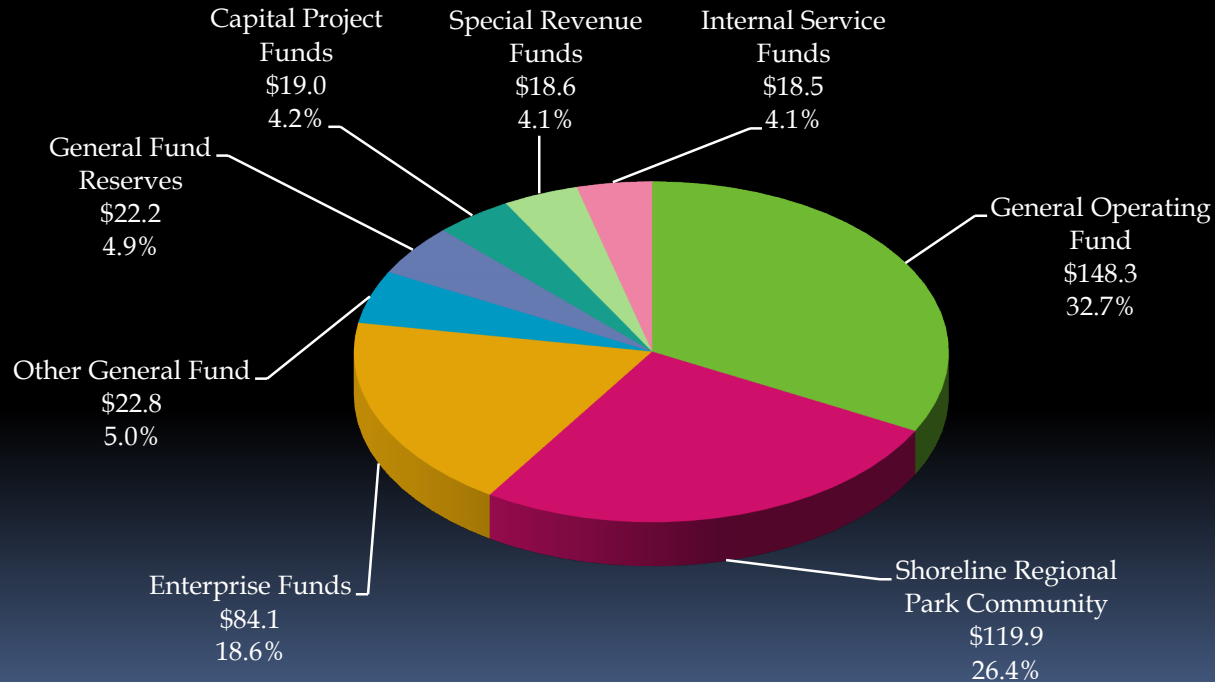
Jesse Takahashi, Finance and Administrative Services Director



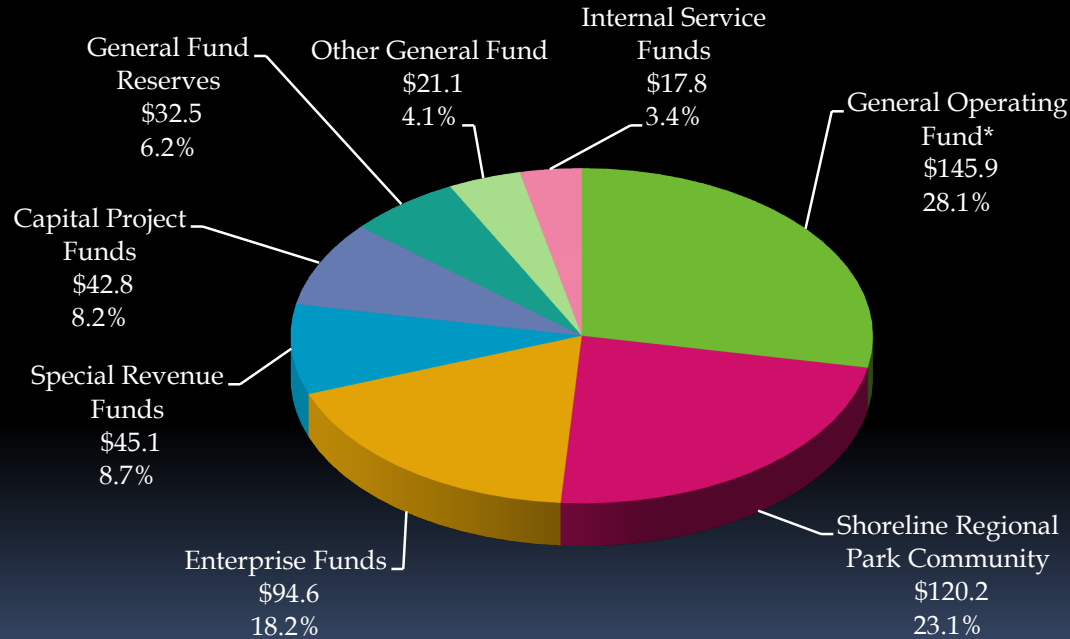
Actions to Date

- February 12: Midyear Budget Status Report and GOF Preliminary Fiscal Year 2019-20 Forecast
- March 26: Preliminary CIP Study Session
- April 23: Public Hearing for CDBG/HOME Funding and Action Plan Adoption
- April 25: Proposed Fiscal Year 2019-20 through 2023-24 CIP Study Session
Fiscal Year 2019-20 Narrative Budget Report Study Session

FY 2019-20 Proposed Revenues – All Funds \$453.4M



FY 2019-20 Proposed Expenditures – All Funds \$520.0M



* GOF is net of \$2.3 million projected budget savings

General Operating Fund Budget



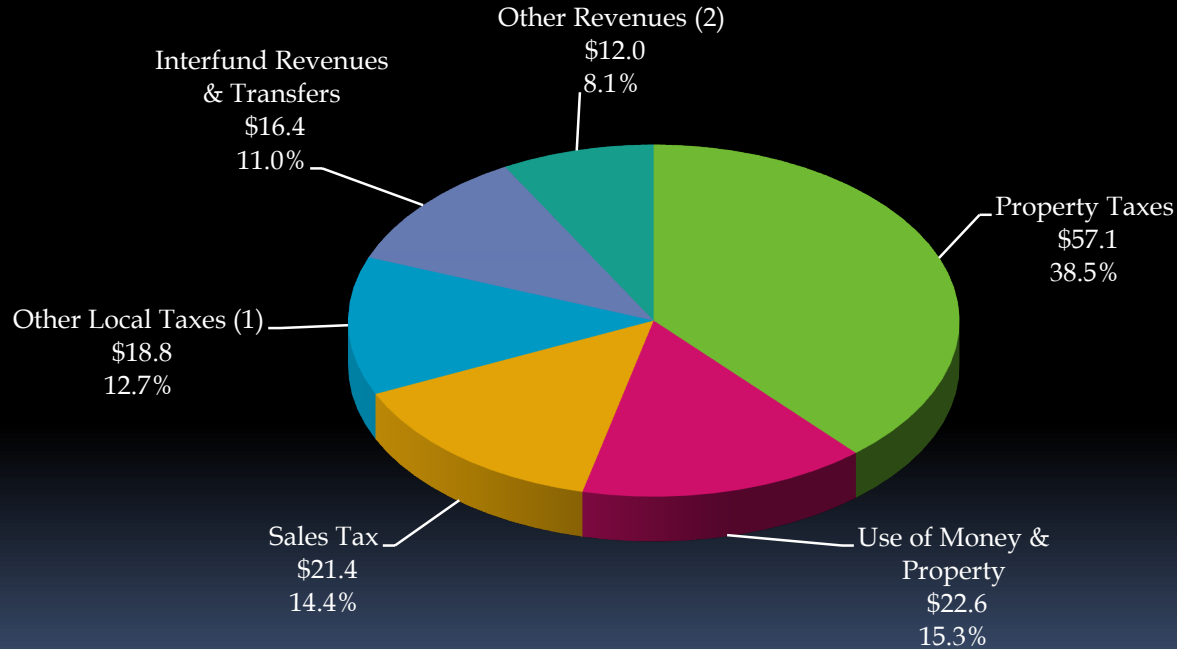
	2017-18 <u>Audited</u>	2018-19 <u>Adopted</u>	2018-19 <u>Estimated</u>	2019-20 <u>Proposed</u>
Revenues	\$ 136,377	137,682	143,374	148,324
Expenditures ⁽¹⁾	<u>(113,682)</u>	<u>(124,939)</u>	<u>(122,604)</u>	<u>(135,870)</u>
Operating Balance	22,695	12,743	20,770	12,454
Transfer to General Non-Oper Fund ⁽²⁾	(15,124)	-0-	(6,500)	(1,000)
Transfer to General Fund Reserve	-0-	(1,000)	(1,000)	(2,000)
Transfer to Transportation Reserve	-0-	(2,000)	(2,000)	-0-
Transfer to Capital Improvement Res	-0-	(2,000)	(2,000)	(3,000)
Transfer to SPAR	(2,000)	-0-	-0-	-0-
CalPERS Contribution	(4,000)	(4,000)	(4,000)	(4,000)
OPEB Contribution	(2,000)	-0-	(1,000)	-0-
Reserve ⁽³⁾	<u>429</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Ending Balance	\$ <u><u>-0-</u></u>	<u><u>3,743</u></u>	<u><u>4,270</u></u>	<u><u>2,454</u></u>

(1) FY 2018-19 Adopted and FY 2019-20 Proposed expenditures include projected budget savings of \$2.3 M.

(2) Includes \$6.5 million and \$1.0 million in FYs 2018-19 and 2019-20, respectively, for Sustainability CIP.

(3) Change in assets, liabilities and reserve for encumbrances, grants, and donations. (dollars in thousands)

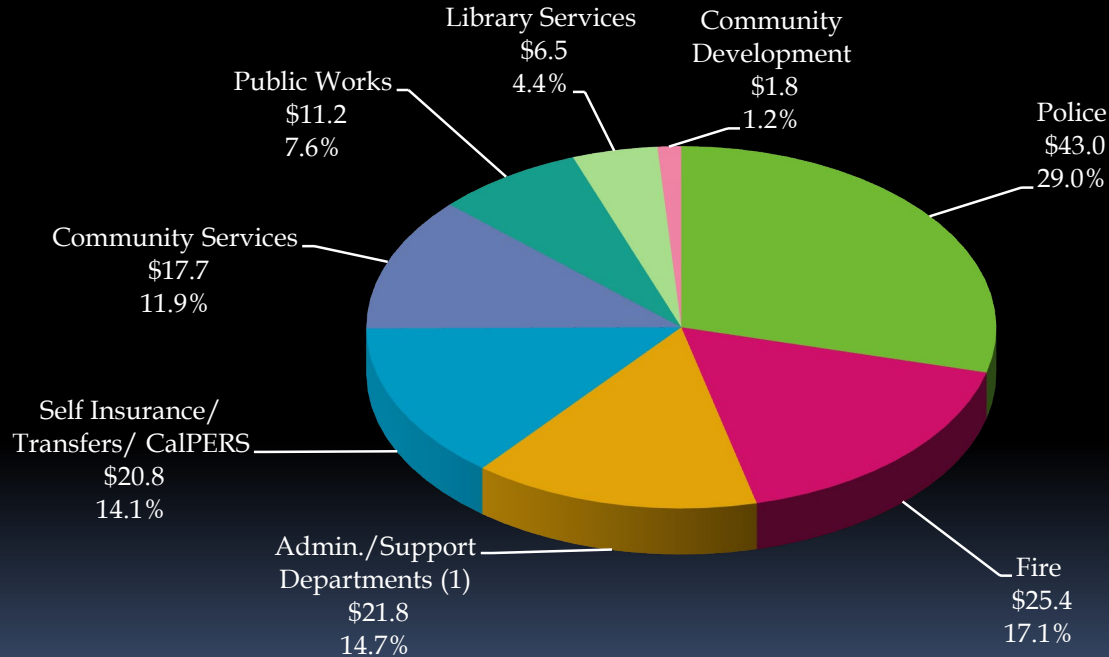
FY 2019-20 General Operating Fund Revenues \$148.3M



¹ Other Local Taxes consist of Transient Occupancy Tax, Business Licenses, and Utility Users Tax.

² Other Revenues consist of Licenses, Permits & Franchise Fees, Fines & Forfeitures, Intergovernmental, Charges for Services, and Miscellaneous Revenues.

FY 2019-20 General Operating Fund Expenditures \$148.2M



¹ Admin./Support Departments include: City Council, City Clerk, City Attorney, City Manager, IT, and FASD.

Note: Does not include the \$2.3 million budget savings, but does include the transfers of \$1.0 M to the GNOF Reserve for Sustainability CIP, \$2.0 M to the GF Reserve, \$3.0 M to the Capital Improvement Reserve, and \$4.0 M toward the CalPERS Liability.

Estimated FY 2018-19 GF Carryover and Proposed Allocations



Estimated Available Carryover Balance	\$ 4,270	
Remaining Available Balance from FY 2017-18	<u>5,827</u>	
Total Available Balance		\$ <u>10,097</u>
Allocations:		
Limited-Period Expenditures	(4,141)	
General Fund Reserve	(1,800)	
Capital Improvement Reserve	(156) ⁽¹⁾	
Compensated Absences Reserve	(2,000)	
CalPERS Contribution	<u>(2,000)</u>	
Total Allocations		<u>(10,097)</u>
Estimated Remaining Balance Available		\$ <u><u>-0-</u></u>

(1) Proposed any balance remaining be allocated to the CIP Reserve up to \$3.0 million based on the actual balance available after the fiscal year-end close.

(dollars in thousands)

FY 2019-20 GOF Proposed Budget

Non-Discretionary



Major Non-Discretionary Recommendations

- Shared Public Safety System Maintenance (offset by revenue) \$ 155,000
- Information Technology Licenses and Maintenance 146,200
- Janitorial Cost Increases for City Facilities 91,900
- School Crossing Guard Services 65,300
- City Utility Cost Increase 65,000

Total Non-Discretionary Increases: \$746,000

FY 2019-20 GOF Proposed Budget Discretionary



Major Discretionary Recommendations

- Positions (net 7.8 FTE) \$ 1,163,200
- Short-Term Rental Compliance Contract 80,000
- Library Books, eBooks, and Electronic Resources 51,800
- Fire Special Operations Overtime for Training 51,000

Total Discretionary Recommendations: \$1.4 million

FY 2019-20 GOF Proposed Budget Limited-Period



Major Limited-Period Recommendations

• Positions (10.4 FTE)	\$ 1,187,200
• Contract Services	664,100
• Firefighter Recruit Academy	497,000
• Hourly Wages	365,000
• HazMat Training/Fire Training & Education	229,800
• Homeless Enforcement Initiatives	200,000
• Smart City Innovation	150,000
• Programs (Employee wellness, sustainability, fire recruitment)	133,000
• Citywide Succession Planning	125,000
• Visual Arts Committee	60,000
• Peninsula Bikeway Phase II/Bike Racks	54,700

Total Limited Period Recommendations:

Net \$4.1 million

Items Identified at the Narrative Budget Included in the Proposed Budget



City Council Direction

	<u>GOF</u>	<u>GNOF/LP</u>	<u>OTHER</u>
• Library Fee Elimination	\$60,000		
• Community Health Awareness Council (CHAC)	\$5,200		

Proposed by Staff

• Homeless and Enforcement		\$200,000	\$370,000
• Public Works Succession Planning			\$250,000
• Fire and Environmental Protection Division Staffing	-\$292,500		\$242,700
• Nonprofit Funding		\$49,600	\$5,000
• Police Command Staff Succession Planning	\$47,900		
• Homeless Census Count			\$6,600
		<hr/>	<hr/>
Total:	-\$179,400	\$249,600	\$874,300

Narrative Budget Follow-up



- Childcare Subsidies: \$100,000 (Childcare Commitment Reserve for the next 5 years)
- Feminine Hygiene Products at City Facilities: Est \$250 to \$1,000
- Friends of Caltrain: \$5,000 (GOF ongoing)
- Community Outreach (Multilingual) Coordinator 0.25 FTE limited-period position: \$35,800 (GNOF LP)

New Items Included in the Proposed Budget



City Council Actions

GNOF/LP

- Environmental Sustainability

\$7,500,000

Proposed by Staff

- ADA Consultant

\$200,000

Total:

\$7,700,000



Proposed Rebudgets

Included in the Proposed Budget

	<u>GNOF/LP</u>	<u>OTHER</u>
• Affordable Housing Project at 950 West El Camino Real		\$21,100,000
• Los Altos School District/ acquisition of joint-use open space and recreational facility at a future school site and a public park		\$43,000,000

Not Included in the Proposed Budget

• Plaza Activation (Artistic Bike Rack & Synthetic Turf at Civic Center Plaza)	\$28,400	
• Police Department Organization Staffing Study	\$80,000	
• City Predevelopment Cost for Affordable Housing Project at 950 W El Camino Real rebudget balance		\$265,000
Total:	\$108,400	\$64,365,000

Recommended Items Not Included in the Proposed Budget



	<u>GOF</u>	<u>GNOF/LP</u>	<u>OTHER</u>
• Reclassification of an Associate Planner position to Senior Planner	\$1,500		\$13,000
• Additional Senior Civil Engineer position tied to the Google Reimbursement Agreement (\$234,200*)			
• City Council Goals Work Plan		\$267,500	\$1,085,000
• Principal Planner Position	<u>\$21,800</u>	<u></u>	<u>\$196,600</u>
	Total: \$23,300	\$267,500	\$1,294,600

*position authorization only

Other Funds



- **Development Services**
 - Development activity projected to remain strong
 - Total of 5.55 FTE positions are proposed (3.25 FTE LP)
 - Projected FY19-20 ending balance for future services
- **Shoreline Golf Links and Restaurant**
 - Impacted by competition of neighboring courses and weather conditions
 - Recommended increases to some fees
- **Shoreline Regional Park Community**
 - Assessed value projected to increase
 - Capital Improvement Projects \$87.9M (\$69.3M from bond proceeds)
 - Total of 2.25 FTE positions are proposed (0.35 FTE LP)

Proposed Utility Rates



- **Water**
 - 1.0 percent increase for average cost of water and meter rates
 - 20.0 percent increase for recycled water
 - Second year of a three-year phase-in of increased rates to cover cost of program
 - Capital Improvement Projects \$9.3M
- **Wastewater**
 - 3.0 percent overall rate increase
 - 1.0 percent operating cost increase
 - 2.0 percent sixth year phase-in of planned Treatment Plant capital costs
 - Capital Improvement Projects \$10.0M (\$5.9M funded by loan proceeds)
- **Solid Waste Management**
 - 3.0 percent overall increase
 - Cost at SMaRT increasing due to increased tonnage attributed to debris box construction activity which has associated revenue



FY 2019-20 Proposed Fees

- Majority of fees proposed with inflationary increases
- New or Modified Fees
 - CPA Rental & Technical Services
 - Aquatics Programs and Classes
 - Recreation Swim Season Passes
 - Red Cross (lifeguard) Training Classes
 - CSD Facility Rental Hours
 - SGL Fees
 - Business License Replacement
 - Taxi Permits
 - Parking Citations
 - Vehicle Repossession
 - Utility Rates
- Several Fees Proposed for Elimination

FY 2019-20 Capital Projects Summary



• Total Non-Discretionary Projects (32)	\$ 15,936
• Total Discretionary Projects (34)	122,309*
• Total Amendments to Existing Projects (9)	<u>3,263</u>
• Total CIP	\$ <u>141,508</u>

*Does not include proposed new CIP for R3 Zone standards (\$1.0M land use doc fee)

(dollars in thousands)

Council Direction/Next Steps



- **June 11 –Public Hearing:**
 - Feedback and Council Direction
 - Proposed Operating Budget
 - Narrative Budget Follow Up (Agenda Report, Page 6)
 - New Items Proposed by Staff (Agenda Report, Pages 7-10)
 - Other Funds
 - Utility Rates
 - Fee Modifications
- **June 18 –Public Hearing:**
 - Budget Adoption
 - Capital Improvement Program Funding Adoption