

# City of Los Altos

## FY 2018/19 Proposed Budget & 5-year CIP Plan

City Council Meeting

June 12, 2018

# FY 2018/19 Proposed Operating Budget

## Revenue Assumptions

- **\$41M Total**
- Taxes increase (7%) - \$2M over FY 2017/18 Approved Budget
  - Property Tax increase (9%) - 6.5% growth year over year
  - Transient Occupancy Tax (TOT) - 3% growth
  - Sales Tax – 0% growth
  - All other taxes – flat or constant
- Interest Income – (28%) increase of \$55K
- Community Development Fees revenue growth (7%)
- All other fees flat
  - Recreation
  - Police

# FY 2018/19 Proposed Operating Budget

## Expenditure Assumptions

- All Salary assumptions built in
  - MOU commitments & cost of living adjustments
  - Health care costs
  - Retirement costs
- Nearly fully staffed for FY 2018/19 and 134 authorized positions – 1 added position proposed
  - Deputy City Clerk Position
- PERS increases to be paid annually and out of PERS reserve if needed
  - Current \$4M Reserve

# Operating Budget Highlights

## ► Balanced Budget

- Projected \$2.6M Revenue over Expenses
  - Needed to fund annual CIP projects
  - Upcoming debt payment

## ► General Election (\$50K each measure budgeted)

- Transient Occupancy Tax Increase
  - 11% to 14% (possible increase of \$700K)
- Cannabis Tax – (TBD)

## ► New Public Arts Fund

- 1% or \$200k Max

## ► Affordable Housing Impact Fee

- Housing Mitigation Fund

<b>GENERAL FUND</b>	<b>2017-18 BUDGET ADOPTED</b>	<b>2017-18 YEAR END PROJECTED</b>	<b>2018-19 BUDGET ADOPTED</b>	<b>2018-19 PROPOSED BUDGET</b>
<b>Revenues</b>				
Taxes	29,890,900	30,688,600	31,062,500	31,901,300
Income	219,000	278,000	234,000	274,000
Fees	8,310,700	8,440,500	8,370,800	8,576,300
Miscellaneous Revenue	130,400	154,000	130,400	130,400
<b>Total General Fund Revenue</b>	<b>38,551,000</b>	<b>39,561,100</b>	<b>39,797,700</b>	<b>40,882,000</b>
Transfers In/One-Time Revenue	160,000	160,000	160,000	160,000
<b>Total General Fund Revenue/Transfers In</b>	<b>\$ 38,711,000</b>	<b>\$ 39,721,100</b>	<b>\$ 39,957,700</b>	<b>\$ 41,042,000</b>
<b>Expenditures</b>				
Legislative	253,930	246,312	255,349	254,772
Executive	2,200,193	2,134,187	2,235,789	2,176,949
Administrative Services	3,399,129	3,297,155	3,201,104	3,348,345
Public Safety	17,437,509	16,914,384	18,613,174	18,666,245
Community Development	2,863,734	2,777,822	2,954,415	2,941,809
Recreation and Community Services	2,486,192	2,411,606	2,384,730	2,773,793
Public Works	8,093,793	7,850,979	8,313,980	8,092,212
<b>Total General Fund Expenditures</b>	<b>36,734,480</b>	<b>35,632,445</b>	<b>37,958,540</b>	<b>38,254,126</b>
Transfers Out	166,060	170,000	171,880	171,880
<b>Total General Fund Expenditures/Transfers Out</b>	<b>\$ 36,900,540</b>	<b>\$ 35,802,445</b>	<b>\$ 38,130,420</b>	<b>\$ 38,426,006</b>
<b>Revenues over Expenditures</b>	<b>\$ 1,810,460</b>	<b>\$ 3,918,655</b>	<b>\$ 1,827,280</b>	<b>\$ 2,615,994</b>

# Proposed 5-Year CIP Budget and Plan

- FY 2019-23
  - Updated Annually
  - Appropriation for first year / Plan for outlying years
- Multiple Funding Streams
  - General Fund, Grants, Other Taxes
- \$71.3M over 5 years (\$104M including prior appropriations)
  - **\$43M General Fund**
- Addresses multiple priorities
  - Community Center
  - Park Improvements
  - Deferred Maintenance and Infrastructure
  - Streets and Roads Maintenance and Enhancements



# New CIP Projects FY 2019-23

## ➤ Three New Projects for FY 2018/19

### ➤ Asset Management System – Public Works

- \$300,000 Total (\$150K GF / \$150K Sewer Fund)

### ➤ Intersection Access Barrier Removal – Public Works

- \$280,000 Total (CDBG Funds)

### ➤ Veteran's Community Plaza Sun Shades

- \$60,000 Total (GF)

## ➤ Equipment Replacement Fund

### • Police Support Services vehicle

- \$30,000

### ➤ Multi-purpose utility vehicle

- \$65,000



# Closed and Unfunded CIP Projects

## ► Closed Projects (\$1.2M)

- Covington Bicycle and Pedestrian Improvements
- Park Hydration Station Installation
- City Hall HVAC System Upgrades
- Grant Park Community Center Improvement Project
- City Hall Roof Replacement
- Commercial Wayfinding Sign Program
- Illuminated Crosswalk Replacement
- Speed Feedback Sign at Fremont
- W. Edith Avenue/University Avenue Crosswalk Improvements (School Route Project)
- University Ave/Lincoln Crosswalk Improvements (School Route Project)

## ► Defunded Projects

- Grant Park Kitchen (\$500K in-Lieu Park Fund)
- MSC Fuel Dispensing Station Overhead Canopy (\$25K CIP)

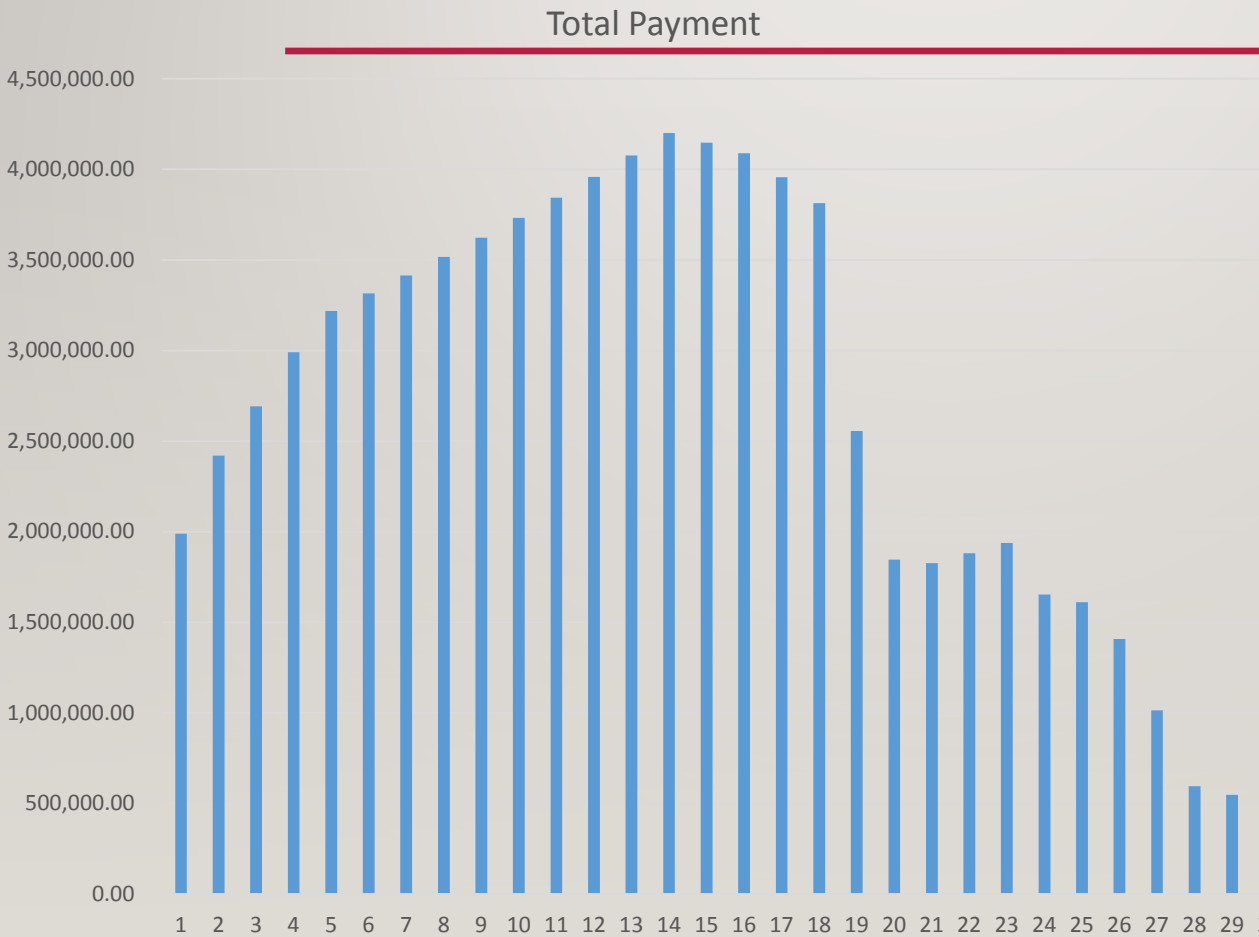


# Proposed CIP Budget by Funding Stream

Funding Source	Prior Appropriations	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	Total Project Funding
CIP/General Fund	15,955,349	6,524,500	14,360,000	17,185,000	2,960,000	2,960,000	59,944,849
Community Development Block Grant	0	750,000	0	0	0	0	750,000
Downtown Parking Fund	100,000	0	0	0	0	0	100,000
Equipment Replacement Fund	1,164,000	240,000	0	0	0	0	1,404,000
Gas Tax	2,470,000	800,000	700,000	800,000	700,000	800,000	6,270,000
in-Lieu Park Fund	475,000	4,150,000	300,000	300,000	300,000	300,000	5,825,000
Measure B	0	0	550,000	550,000	550,000	550,000	2,200,000
Other Funding	7,000	0	0	0	0	0	7,000
Sewer Fund	8,030,202	2,670,000	2,548,000	2,204,000	2,207,000	2,269,000	19,928,202
TDA Article III Grant	0	50,000	50,000	50,000	50,000	50,000	250,000
Technology Reserve	2,597,557	0	0	0	0	0	2,597,557
Traffic Impact Fees	1,045,025	1,556,000	175,000	175,000	175,000	175,000	3,301,025
Vehicle Registration Fee	965,000	550,000	0	0	0	0	1,515,000
<b>Total</b>	<b>\$ 32,809,132</b>	<b>\$ 17,290,500</b>	<b>\$ 18,683,000</b>	<b>\$ 21,264,000</b>	<b>\$ 6,942,000</b>	<b>\$ 7,104,000</b>	<b>\$ 104,092,632</b>

# CALPERS INCREASES

BEFORE AMORTIZATION POLICY CHANGE



Total Payment	Total Increase	Date
1,989,084.00	0.00	Jun-18
2,420,781.00	431,697.00	Jun-19
2,692,180.00	703,096.00	Jun-20
2,990,012.00	1,000,928.00	Jun-21
3,218,918.00	1,229,834.00	Jun-22
3,315,485.00	1,326,401.00	Jun-23
3,414,950.00	1,425,866.00	Jun-24
3,517,398.00	1,528,314.00	Jun-25
3,622,920.00	1,633,836.00	Jun-26
3,731,608.00	1,742,524.00	Jun-27
3,843,556.00	1,854,472.00	Jun-28
3,958,863.00	1,969,779.00	Jun-29
4,077,629.00	2,088,545.00	Jun-30
4,199,958.00	2,210,874.00	Jun-31
4,148,185.00	2,159,101.00	Jun-32
4,089,524.00	2,100,440.00	Jun-33
3,957,193.00	1,968,109.00	Jun-34
3,813,241.00	1,824,157.00	Jun-35
2,556,125.00	567,041.00	Jun-36
1,845,992.00	(143,092.00)	Jun-37
1,826,617.00	(162,467.00)	Jun-38
1,881,415.00	(107,669.00)	Jun-39
1,937,858.00	(51,226.00)	Jun-40
1,652,937.00	(336,147.00)	Jun-41
1,611,021.00	(378,063.00)	Jun-42
1,408,144.00	(580,940.00)	Jun-43
1,014,173.00	(974,911.00)	Jun-44
595,296.00	(1,393,788.00)	Jun-45
548,071.00	(1,441,013.00)	Jun-46
193,928.00	(1,795,156.00)	Jun-47

# Areas of Focus

- Community Center Project
  - Total Cost of \$34.7M
  - Debt Payment over 15 to 20 years
- CalPERS Unfunded Liability
  - Current Liability
  - Future Increases / Changes
- Prioritize Capital Improvement Plan
  - General Fund commitment
  - Cash Flow
- Impact of Council Decisions
  - Future Ballot Measures (TOT, Cannabis)
  - Future Development Projects



# Next Steps

- ▶ June 26<sup>th</sup> - I.T. Road Map presentation and update – Andrew Tseng
  - ▶ Major Investments
    - ▶ Superion Trak-It
    - ▶ Superion One Solution
    - ▶ Recreation Software
    - ▶ Tablets / PC's / Computer Monitors
    - ▶ Council Chambers Upgrade
- ▶ Project Financing Presentation – Financial Commission
- ▶ CalPERS Subcommittee recommendations – late summer / early fall
- ▶ Prepare for next downturn in economy
- ▶ Prioritize CIP Projects