

City of Los Altos Financial Status Update

Preliminary FY 2020 Year End
and FY 2021 Status

October 13, 2020 - Budget Study Session

OUTLINE

- Where We Left Off
- Where We Are Now
- What Happened Since Then
- Upcoming Fiscal Events
- Current Reserves vs Cash
- Community Center Budget Update
- Next Steps

WHERE WE LEFT OFF FY 2020 PROJECTED VS ACTUAL

- **Ending available fund balance \$2.35M (\$3.2M)**
 - Mid year transfers accounted for
 - CIP Savings by prioritizing / delaying projects
- Small Business Relief Grant Included **\$250K**
- Property Tax - No Change
- Sales Tax revenue decrease **(\$500K) (-\$500K)**
- TOT revenue decrease **(\$840K) (-870K)**
- Community Development decrease **(\$360K) (-\$270K)**
- Recreation revenue decrease **(\$400K) (-\$622K)**

WHERE ARE WE NOW?

FY 2021 – REVENUE ASSUMPTIONS

- **Projected Unassigned Fund Balance \$414K After CIP**
- CARES Act revenue - **383K** (383K expected)
- \$10M Loan for Community Center – **\$630K debt service** (700K budgeted)
- Property Tax 6% Growth
- TOT decrease (**\$1.9M**) (\$2.8M)
- Sales Tax decrease (**\$660K**) (unchanged)
- Community Development decrease of (**\$360K**) (No decrease?)
- Recreation Decrease of (**\$740K**) (unchanged)

WHAT HAPPENED SINCE THEN?

FY 2020 & FY 2021

- 999 Fremont Purchase (\$2.85M)
- Small Business Grants (\$250K)
- 40 Main Settlement (\$490k)*
 - *Significant Note Disclosure on CAFR

WHAT'S UPCOMING?

- 40 Main St. demand for legal fees
- Other pending litigation
- Continued COVID-19 fiscal impact
- Essential and scheduled repairs (CIP)
- Debt service for New Community Center

CASH AND CURRENT RESERVES

Cash and Investment Balance

	Balance As of 8/31/2020	Projected Balance As of 9/30/2020
US Bank	1,000,000	7,800,000
Local Agency Investment Fund (LAIF)	4,401,200	901,200
Public Financial Management (PFM)	59,315,800	54,764,243
TOTAL INVESTMENT PORTFOLIO	64,717,000	63,465,443



Checking
Account



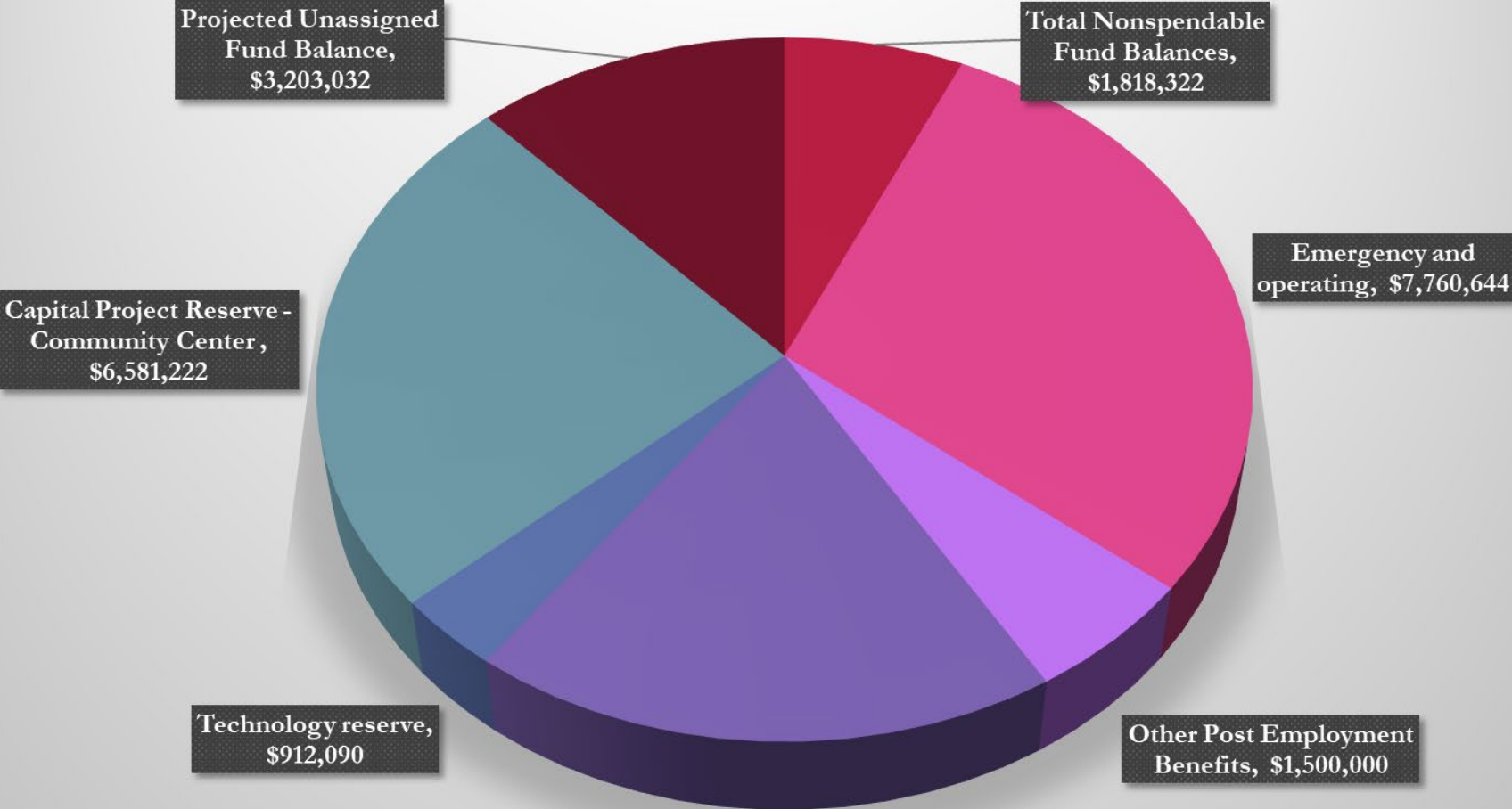
Savings
Account



Investment
Account

CASH AND CURRENT RESERVES

General Fund Reserves
Projected Balance as of 9/30/2020
\$26.8M*



*Does not include \$3.5M in CIP Fund
*Does not include \$5.3M in Park in Lieu

Notes:
CalPERS Total Liability is \$39M
OPEB \$ held in Trust

BUDGETARY CAUTION: FY 2021 & FY 2022

- Budget realistically for litigation fees and possible judgments
- Monitor Approved Budget
- Include essential and scheduled repairs (CIP)
- Increase CIP spending as funds arise
- Continue debt service for Community Center

LITIGATION ANALYSIS AND MANAGEMENT

- Budget realistically for litigation fees
- Book known liabilities – Currently no funds are reserved for possible judgments
- Legal costs vs. competing priorities
- Dollar for dollar Impact
- Financial Note Disclosure Impact

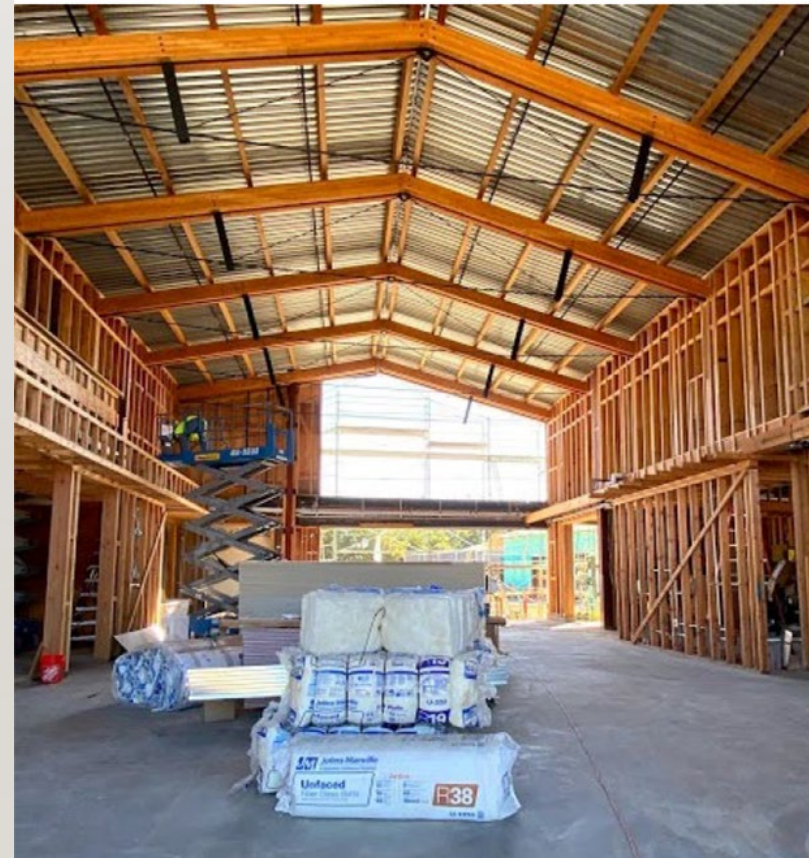
LOS ALTOS COMMUNITY CENTER-- UPDATE

THROUGH SEPTEMBER 2020



LOS ALTOS COMMUNITY CENTER--UPDATE

- October 2020 construction activities:
 - Continue implementation of COVID-19 health and safety protocols in accordance with Santa Clara County Health Order
 - Install drywall and wall finishes in North Wing
 - Continue electrical installations and completion of electrical room
 - Continue building exterior waterproofing, insulation, finishes, and windows
 - Install building exterior finishes: cement board, plaster, and cedar siding
 - Construct courtyard canopies

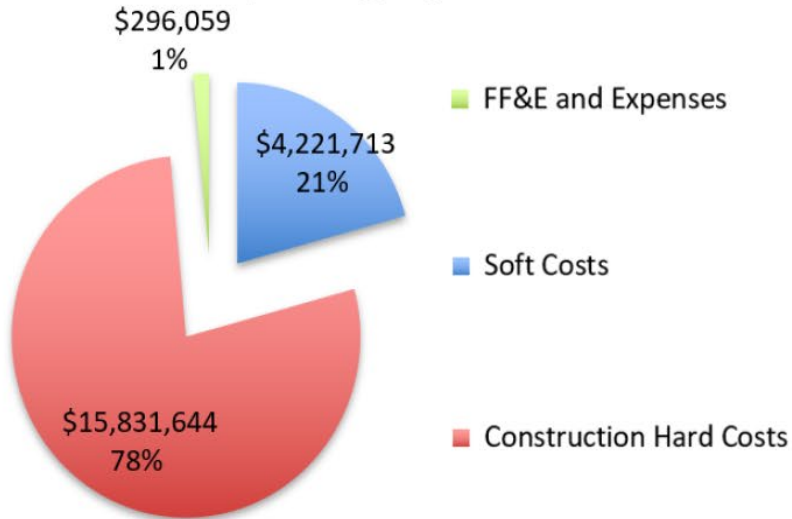


BUDGET THROUGH SEPTEMBER

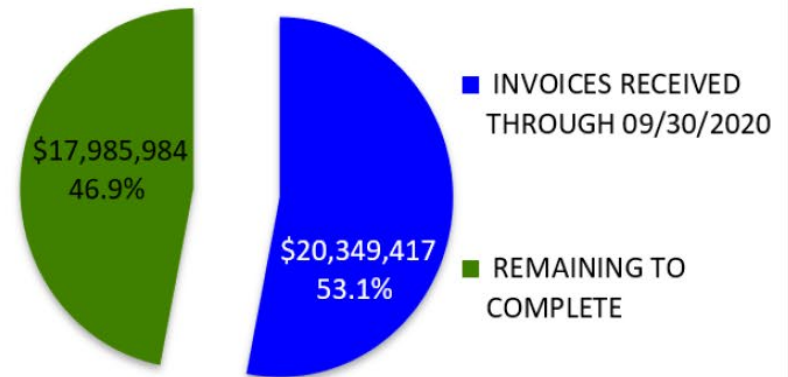
BUDGET LINE DESCRIPTION	APPROVED PROJECT BUDGET AUG 2019	INVOICES RECEIVED THROUGH 09/30/2020	REMAINING TO COMPLETE	PERCENT COMPLETE
Soft Costs	\$ 5,535,443	\$ 4,221,713	\$ 1,313,730	76.3%
Construction Hard Costs	\$ 31,035,400	\$ 15,831,644	\$ 15,203,756	51.0%
FF&E and Expenses	\$ 1,764,557	\$ 296,059	\$ 1,468,498	16.8%
Total Project Costs	\$ 38,335,400	\$ 20,349,417	\$ 17,985,984	53.1%

BUDGET THROUGH SEPTEMBER

Spent to Date By Category



Spent to Date - Total Project



BUDGET THROUGH SEPTEMBER

Description	Approved Budget	Change Orders	Committed Spending To Date	Amount Under Budget To Date
SOFT COST: Permits, Fees, Consultants, Testing, Inspections, etc.	\$ 5,037,053	\$(207,512)	\$ 4,829,541	
<i>Contingency (~10%)</i>	\$ 498,390			
SOFT COST TOTAL	\$ 5,535,443		\$ 5,327,931	\$ 207,512
HARD COST: Construction	\$ 28,214,000		\$28,214,000	
<i>Contingency (10%)</i>	\$ 2,821,400	\$ 340,282	\$ 340,282	
HARD COST TOTAL	\$ 31,035,400		\$28,554,282	\$ 2,481,118
FURNITURE, FIXTURES & EQUIPMENT	\$ 1,593,757	\$(307,068)	\$ 1,286,689	
<i>Contingency (~8.5%)</i>	\$ 135,800			
FF&E TOTAL	\$ 1,729,557		\$ 1,286,689	\$ 442,868
EXPENSES	\$ 35,000		\$ 35,000	\$ -
PROJECT TOTAL	\$ 38,335,400		\$35,203,902	\$ 3,131,498

MILESTONE SCHEDULE

Item	Description	Duration	Scheduled Start	Scheduled Finish	Actual Start	Actual Finish
1	Execute Contract	0	8/3/2019	8/3/2019	8/3/2019	8/19/2019
2	Notice to Proceed	0	8/21/2019	8/21/2019	8/21/2019	8/21/2019
3	Start of Construction	0	9/3/2019	9/3/2019	9/3/2019	9/3/2019
4	Building Abatement	23	9/9/2019	10/2/2019	9/9/2019	10/2/2019
5	Building & Site Demolition	22	10/3/2019	10/25/2019	10/11/2019	11/25/2019
6	Site Preparation and Layout for Building	13	10/25/2019	11/7/2019	12/11/2019	12/20/2019
7	Excavate for Site Utilities: Storm/Bio-ret.	24	10/25/2019	11/18/2019	12/13/2019	1/20/2020
8	Excavate for Site Utilities: Sanitary	12	11/8/2019	11/20/2019	1/27/2020	2/26/2920
9	Footings/Slab: North Portion; New Bldg.	67	11/8/2019	1/14/2020	12/23/2019	02/21/2920
10	Footings/Slab: South Portion; New Bldg.	74	11/15/2019	1/28/2020	1/2/2020	2/21/2920
11	Frame Walls/Roof Structures	231	2/3/2020	9/21/2020	2/4/2020	
12	Roof Decking and Gables/Flat Roofs	206	2/28/2020	9/21/2020	02/13/2020	
13	Roofing Shingles/Flat Roof Membrane	198	5/27/2020	12/11/2020	5/27/2020	
14	Exterior Wall Finishes	172	5/18/2020	11/6/2020	6/1/2020	
15	Interior Finishes	323	3/9/2020	1/26/2021	3/9/2020	
16	Library Connector Sitework	35	5/26/2020	6/30/2020	5/26/2020	
17	Parking Lot Construction/Paving	105	5/26/2020	9/8/2020	5/26/2020	
18	Exterior Sitework; Landscape/Lights	63	11/6/2020	1/8/2021		
19	Concrete Sidewalk & Trellis Systems	59	11/6/2020	1/4/2021		
20	Commissioning of Systems	45	12/11/2020	1/25/2021		
21	Substantial Completion	9	2/22/2021	3/3/2021		
22	Temporary Certificate of Occupancy	27	1/26/2021	2/22/2021		
23	Furniture Move-in	20	3/3/2021	3/23/2021		
24	Final Occupancy	16	3/23/2021	4/8/2021		

TAKEAWAYS

- Budget projections are solid
 - Realistically address legal costs and related risks
 - Transient Occupancy Tax (TOT) review
- Regular and Enhanced Financial Analysis and Budget Monitoring
- Financial Commission Input
 - Community Center Loan Review and Recommendation
 - Review of Financial Policies and Practices
- Complete funding of \$38M Community Center
- Fund CRITICAL CIP Priorities



QUESTIONS / DISCUSSION

