

June 13, 2017

Fiscal Year 2017-18 Proposed Budget

Public Hearing

Presenters: Dan Rich, City Manager

Patty J. Kong, Finance and Administrative Services Director

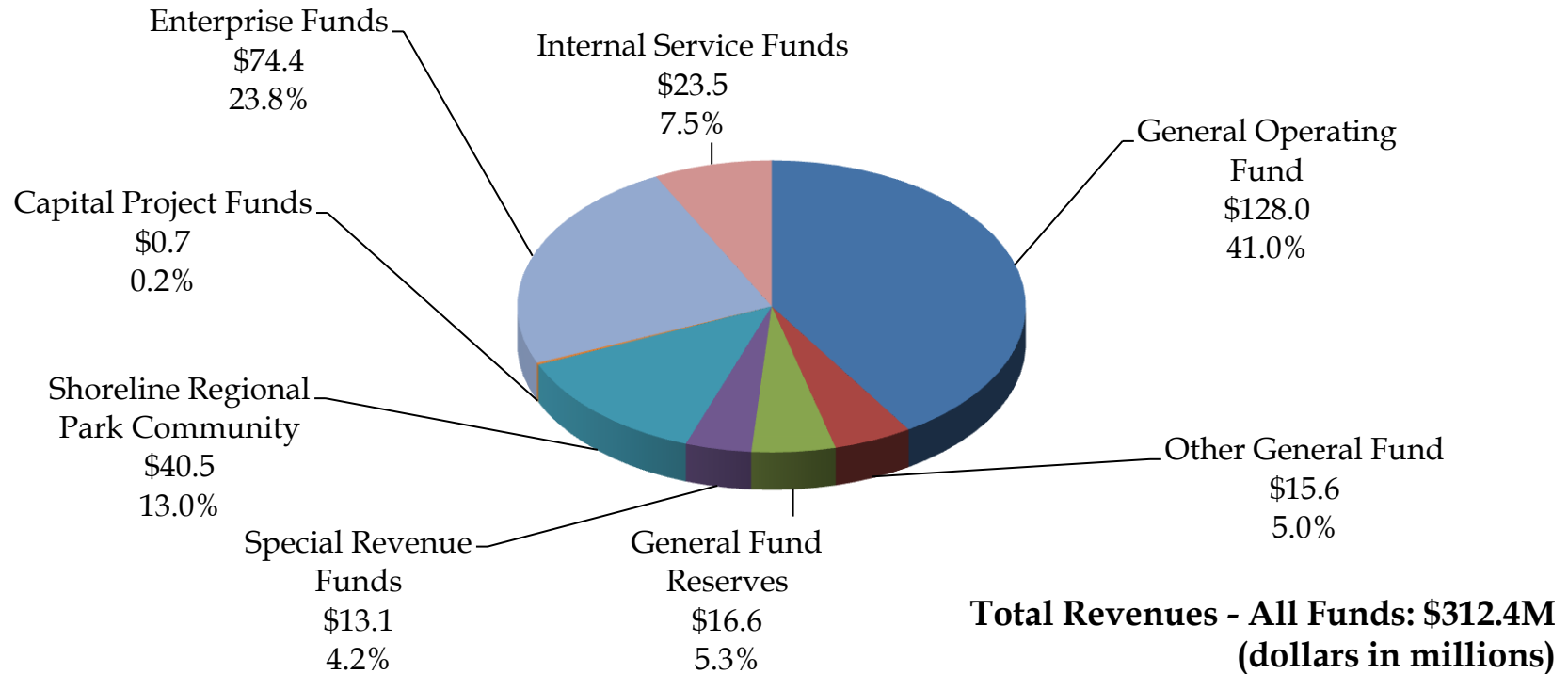


Actions to Date

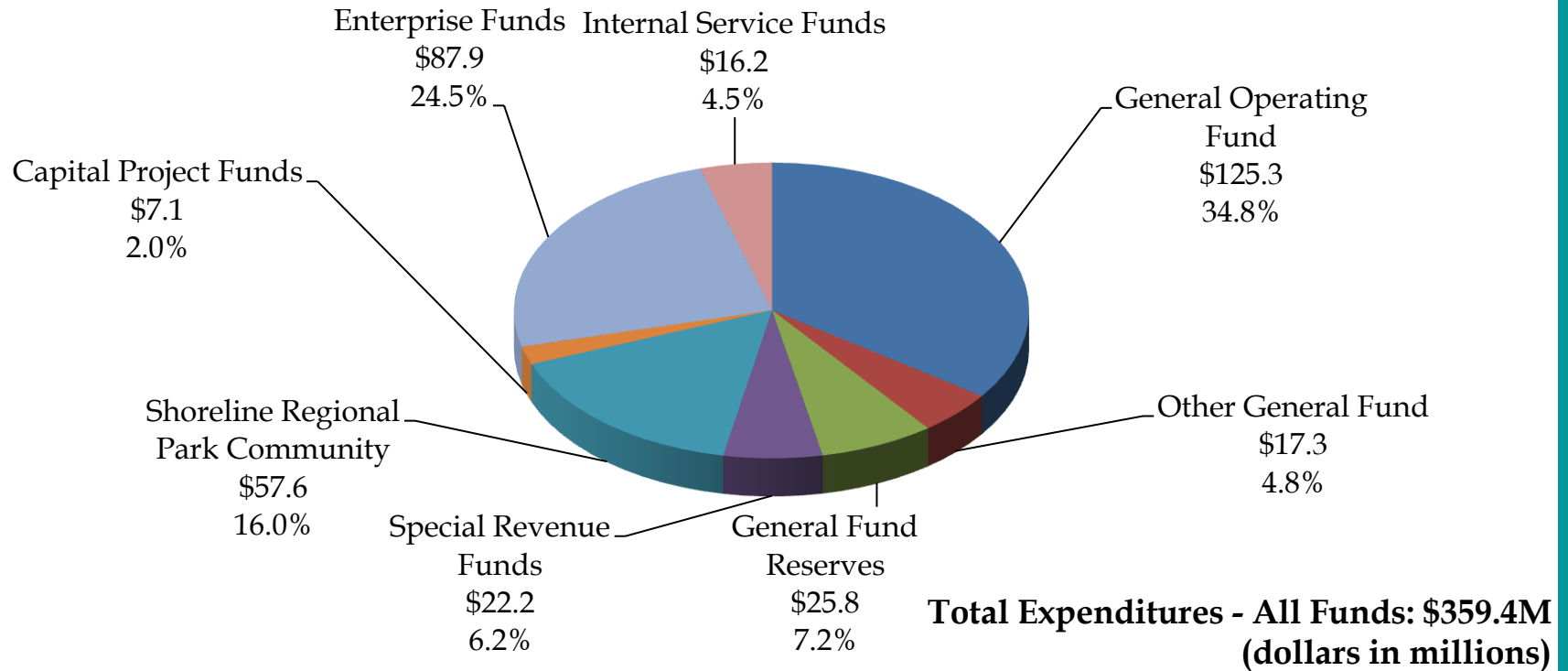
- February 14: Midyear Budget Status Report
- March 28: Preliminary Review of the Five-Year Capital Improvement Program
- April 27: Fiscal Year 2017-18 Narrative Budget Report
- May 2: Public Hearing for CDBG/HOME Funding
- May 16: Adoption of Fiscal Years 2017-18 and 2018-19 Major Council Goals and Projects
- June 6: Adoption of the Five-Year Capital Improvement Program



FY 2017-18 Proposed Revenues – All Funds



FY 2017-18 Proposed Expenditures – All Funds



General Operating Fund Budget

	<u>2015-16</u> <u>Audited</u>	<u>2016-17</u> <u>Adopted</u>	<u>2016-17</u> <u>Estimated</u>	<u>2017-18</u> <u>Proposed</u>
Revenues	\$ 115,911	118,718	125,018	128,022
Expenditures ⁽¹⁾	<u>(99,590)</u>	<u>(108,433)</u>	<u>(106,108)</u>	<u>(117,293)</u>
Operating Balance	16,321	10,285	18,910	10,729
Transfer to General Non-Op Fund	(6,995)	(500)	(500)	-0-
Transfer to General Fund Reserve	(2,248)	-0-	-0-	-0-
Contribution to CalPERS	(2,000)	(2,000)	(2,000)	(4,000)
Contribution to OPEB	(1,000)	(2,000)	(2,000)	(2,000)
Transfer to SPAR	-0-	(2,000)	(2,000)	(2,000)
Reserve ⁽²⁾	<u>(4,078)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Ending Balance	\$ <u><u>-0-</u></u>	<u><u>3,785</u></u>	<u><u>12,410</u></u>	<u><u>2,729</u></u> ⁽³⁾

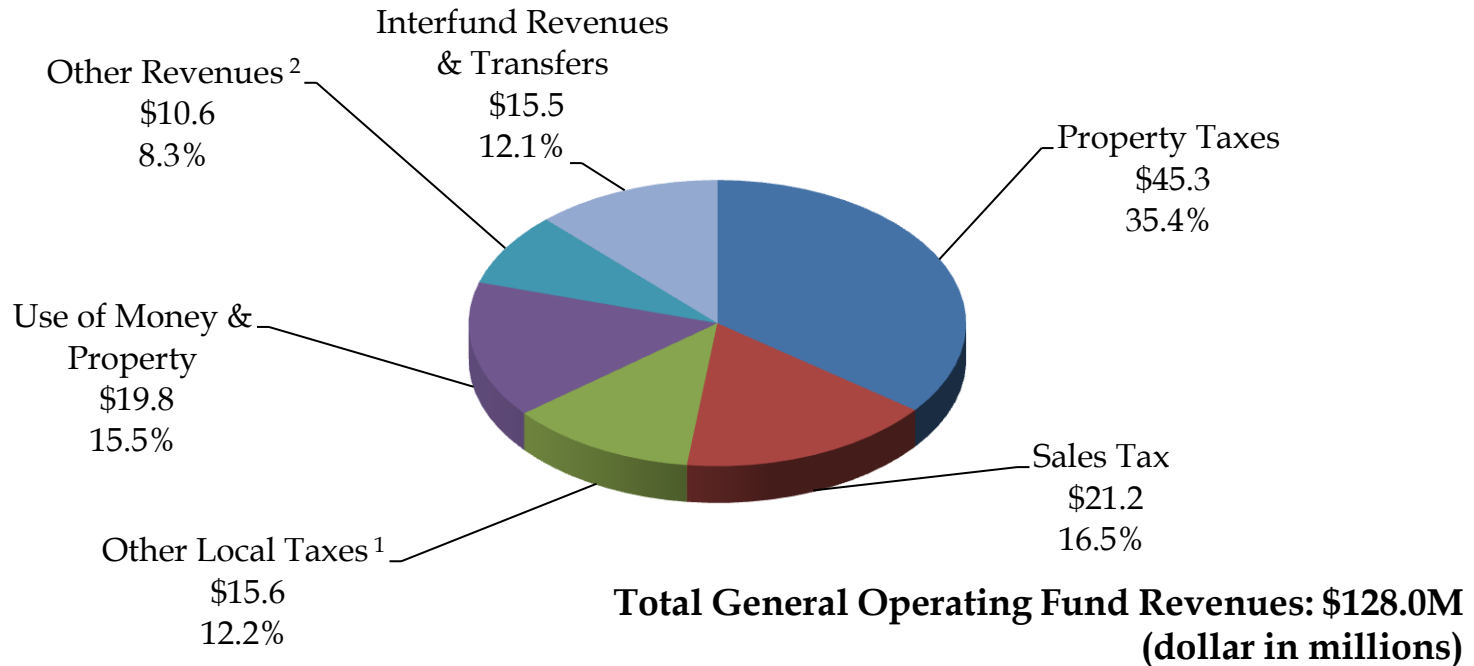
(1) FY 2016-17 Adopted and FY 2017-18 Proposed expenditures include budget savings of \$1.8 M.

(2) Change in assets, liabilities and reserve for encumbrances, grants, and donations.

(3) Prior to final labor agreements.

(dollars in thousands)

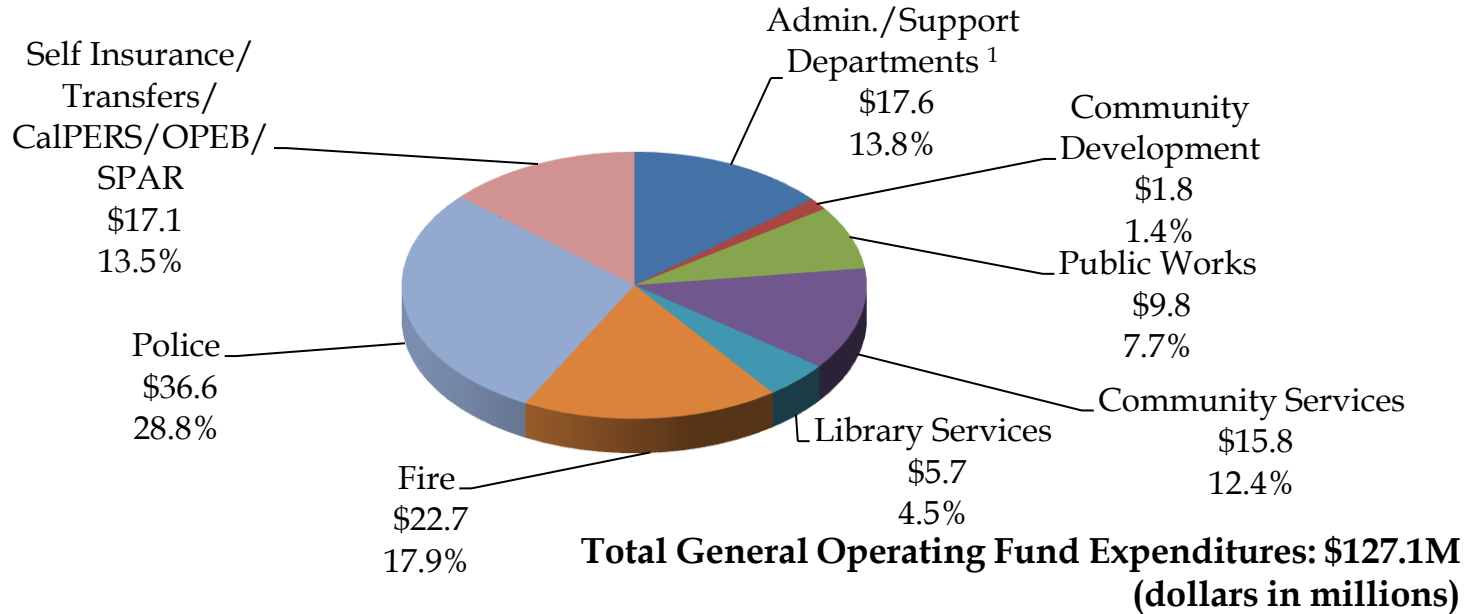
FY 2017-18 General Operating Fund Revenues



¹ Other Local Taxes is comprised of Transient Occupancy Tax (TOT), Utility Users Tax (UUT), and Business Licenses.

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

FY 2017-18 General Operating Fund Expenditures



¹ Admin./Support Departments include: City Council, City Clerk, City Attorney, City Manager, Information Technology, and Finance and Administrative Services.

Note: Does not include \$1.8 million budget savings, but does include the \$4.0 million toward the CalPERS Liability, \$2.0 million toward the Retirees' Health Liability, and \$2.0 million to the SPAR.

Estimated FY 2016-17 GF Carryover & Proposed Uses

Estimated Available Balance	\$ 12,910
Recommended Allocations:	
Limited-Period Expenditures/Capital Outlay	(3,839)
General Fund Reserve	3,171
Compensated Absences Reserve	(550)
Capital Improvement Reserve ⁽¹⁾	(3,692)
CalPERS	(6,000)
Retirees' Health	<u>(2,000)</u>
Total Recommended Allocations	<u>(12,910)</u>
Estimated Remaining Balance Available	\$ <u> -0-</u>

(1) Recommend any balance remaining up to \$4.0 million be allocated to the CIP Reserve.

(dollars in thousands)

FY 2017-18 GOF Proposed Budget

Non-Discretionary Increases: \$894,600

- Major items are:

- Information Technology Costs \$352,600
- Minimum Wage Impact 1/2 year 200,000
- Contract Services 152,200
- PG&E Cost 66,200
- City Utility Costs 60,000



FY 2017-18 GOF Proposed Budget

Discretionary Increases:

\$1.3 million

- Major items are:

- | | |
|---|------------|
| - Positions (4.50 FTE) | \$ 686,800 |
| - Hiring, Retention, and Training | 140,000 |
| - Reclassification of Six Firefighter Positions to Paramedic Level
(Changing the Authorized Level of Paramedics from 21 to 27) | 116,100 |
| - Silicon Valley Clean Energy 100 Percent Renewable Energy | 80,000 |
| - Materials and equipment | 75,000 |
| - Hourly Wages | 36,800 |



FY 2017-18 GOF Proposed Budget

Limited-Period Expenditures (excluding rebudgeted items): \$3.5 million (net)

- Major items are:

- Positions (10.95 FTE)	\$ 1,679,300
- Programs (Fire Special Ops, Employee, Sidewalk, Wellness, Sustainability Outreach)	766,000
- Transfer to the CSFRA Fund	346,000
- Hourly Wages	180,000
- Firefighter Recruit Academy	150,000
- Nonprofit Agency Funding	49,600
- Workplace Investigations	45,000
- Labor Negotiations	35,000
- Automatic Locks and Installation for Park Restrooms	28,000
- Placeholder for Goal Related to Vulnerable Populations	25,000



GF Changes from the Narrative Budget Included in the Proposed

Ongoing Changes:

- City Utility Cost – reduce funding to \$60,000 \$ (140,000)
- Transportation Manager Position (0.75) – increase 13,000
- Open City Hall Subscription – removed reduction 12,000
- CHAC Funding – increase 6,700

Limited Period Changes:

- Transfer to CSFRA Fund for Positions and Project Sentinel 196,000
- Communications Training Supervisor Position 189,700
- Public Safety Dispatch Overhire Position 172,100
- Two Police Officer Trainee Positions (funded at 50%) 157,900
- Nonprofit Agency Funding 49,600
- Visual Arts Committee 10,000
- Furniture for Committee Room 3,000
- Rebudget items



Non-GF Changes from the Narrative Budget Included in the Proposed

- Associate Planner and Office Assistant II Positions (1/2-year funding) (CSFRA, LP) \$136,000
- Project Sentinel (CSFRA, LP) 60,000
- Senior Planner Position (0.25) (BMR Housing, Ongoing) 37,300
- Transportation Manager Position (0.25) – increase (SRPC, Ongoing) 4,300
- Rebudget items (various funds, LP)



Changes from the Narrative Budget Not Included in the Proposed

- Council Goals: Proposed New Projects that Require Funding

<u>Project and Additional Funding Source(s)</u>	<u>Amount</u>
1.6 Collaborate with regional partners to improve access to information and referral resources for immigrants. (in addition to \$25,000 placeholder) (GNOF LP)	\$ 50,000
2.12 Short-Term Residential Rental Regulations (Airbnb). (GNOF LP)	50,000
2.6 Begin marketing and RFP process for Lot 12. (BMR LP)	150,000
2.9B Terra Bella Visioning and Development Principles. (Land Use Documentation Fee LP)	150,000
2.8 Community Benefit Financial Study for Gatekeeper Applications. (Dev. Services Fund LP)	50,000
3.2 Downtown Parking Long-Term Solutions – Shared and Paid Parking Study. (Parking Fund LP)	200,000
3.4 North Bayshore – Residential TDM Guidelines. (Shoreline Community LP)	60,000
4.A Reestablish the Environmental Sustainability Task Force to provide volunteer resources to support sustainability initiatives. (GNOF LP)	75,000
4.2 North Bayshore – District Sustainability Performance Measurements. (Shoreline Community LP)	25,000

GNOF Total = \$175,000

- Cable TV Broadcasting Equipment (Cable) \$ 42,500



Narrative Budget Follow-up

- Credit Card Processing Fees
- GF Reserve Background, CalPERS Strategy Proposal, and Funding the second \$10.0 million
- Investment returns of CalPERS and City, and risk associated with contributing additional funds to CalPERS
- Forecast Results
- Friends of Caltrain



Other Funds

- Development Services
 - Development activity anticipated to remain strong.
 - A total of 8.70 FTE are proposed (3.20 LP)
 - Projected FY17-18 balance available of \$8.0 M.
- Shoreline Golf Links
 - Course conditions continue to improve.
 - Anticipate transfer of \$125,000 to the City's GOF.
- Shoreline Regional Park Community
 - Property taxes projected lower than current fiscal year estimate due to resolved appeals.
 - Capital Improvement Projects \$28.2 M
 - Significant CIPs and anticipated debt service for potential future infrastructure needs.



Proposed Utility Rates

- Water
 - 7.0 percent increase for average cost of water and meter rates, 3.0 percent increase for recycled water
- Wastewater
 - 10.0 percent overall rate increase
 - 2.0 percent Treatment Plant cost increase
 - 2.0 percent fourth year phase-in of future Treatment Plant capital expenditures
 - 6.0 percent increase previously approved June 21, 2016 for unanticipated Treatment Plant costs in FY2015-16
- Solid Waste Management
 - 10.0 percent increase for carts (includes final phase-in for cost of service study)
 - 2.0 percent increase for all other trash and recycling services



FY 2017-18 Fee Recommendations

- Majority of fees recommended with inflationary increases.
- Community Services' fees, including Shoreline Golf Links, are impacted by the City's Minimum Wage Ordinance.
- New Fees
 - Marriage Officiant Off-Site
 - Tree Replacement
 - Recreation Grass and Synthetic Field Rentals
 - Residential Parking Permit Program
 - Compost 6 times/week Bin Service
 - Recycling Compactor Services

FY 2017-18 Capital Projects Summary

• Total Non-Discretionary Projects (32)	\$ 12,622
• Total Discretionary Projects (36)	44,338
• Total Amendments to Existing Projects (24)	<u>5,595</u>
• Total CIP	\$ 62,555

(dollars in thousands)



Next Steps

- June 20 – Public hearing and adoption of Fiscal Year 2017-18 Proposed Budgets and funding for the adopted Fiscal Year 2017-18 Capital Improvement Projects



Public Input and Council Direction

- Proposed Operating Budget
 - Narrative Budget Follow Up
- Other Funds
- Utility Rates
- Fee Modifications

