



DATE: June 19, 2018

CATEGORY: Public Hearing

DEPT.: City Manager's Office/
Finance and Administrative Services

TITLE: **Adoption of Fiscal Year 2018-19 Budgets, Appropriations Limit, Fee Modifications, and Funding for Fiscal Year 2018-19 Capital Improvement Projects**

RECOMMENDATION

Convene a public hearing, accept public comment, and take the following actions necessary for the City of Mountain View and the Shoreline Regional Park Community to adopt the Fiscal Year 2018-19 budgets, appropriations limit, fee modifications, and funding for the adopted Fiscal Year 2018-19 Capital Improvement Projects.

City of Mountain View Actions:

1. Adopt a Resolution Adopting the Fiscal Year 2018-19 City Budget and Appropriations for the Adopted Fiscal Year 2018-19 Capital Improvement Projects, Including Amendments to Existing Projects, but Excluding the Shoreline Regional Park Community, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Adopt a Resolution Adopting the Fiscal Year 2018-19 Appropriations Limit, to be read in title only, further reading waived (Attachment 2 to the Council report).
3. Adopt a Resolution Amending the City of Mountain View Master Fee Schedule, to be read in title only, further reading waived (Attachment 3 to the Council report).
4. Commit \$1,861,000 of Park Land Dedication funds to the adopted Fiscal Year 2018-19 Capital Projects, including amendments to existing projects, shown on Attachment 4 to the Council report.
5. Adopt a Resolution Authorizing the City Manager or His Designee to Amend the Classification and Salary Plans for Regular and Hourly Employees for Fiscal Year 2018-19, to be read in title only, further reading waived (Attachment 5 to the Council report).

Mountain View Shoreline Regional Park Community Actions:

6. Adopt a Resolution Adopting the Fiscal Year 2018-19 Shoreline Regional Park Community Budget and Appropriations for the Adopted Fiscal Year 2018-19 Capital Improvement Projects for the Shoreline Regional Park Community, Including Amendments to Existing Projects, to be read in title only, further reading waived (Attachment 6 to the Council report).

City of Mountain View Capital Improvements Financing Authority Actions:

7. Acknowledge the City of Mountain View Capital Improvements Financing Authority has no action items for this fiscal year.

BACKGROUND

City Charter Sections 1103, 1104, and 1105 specify the requirements and process to adopt the annual City budget, including funding of the adopted Fiscal Year 2018-19 Capital Improvement Projects (Capital Projects). This process requires the City Council review the Proposed Budget submitted by the City Manager, publicly notice and conduct a public hearing on the Proposed Budget, and adopt the annual budget by July 1, including any Council-approved amendments, following the public hearing. The same procedures are followed for the annual Shoreline Regional Park Community budget.

A summary of the process to prepare the budgets is as follows:

- February 13, 2018: The Midyear Budget Status Report and GOF Preliminary Forecast for Fiscal Year 2018-19, and Fiscal Years 2017-18 and 2018-19 City Council Goals Work Plan Midcycle Update were presented to the City Council.
- March 20, 2018: Study Session for a preliminary review of the Fiscal Year 2018-19 Capital Improvement Program (CIP).
- April 24, 2018: Community Development Block Grant (CDBG) public hearing on Fiscal Year 2018-19 funding cycle.
- May 1, 2018: Proposed Fiscal Year 2018-19 Capital Improvement Program Study Session and Narrative Budget Report Study Session—General Operating and

Other Funds, and Reserves; Utility Rate and other fee recommendations, and 10-Year Financial Forecast.

- June 12, 2018: Public hearing on the Fiscal Year 2018-19 Proposed Budget, including water, sewer, and trash and recycling rates, and various fees (Attachment 7).
- June 19, 2018: Adoption of the Proposed Fiscal Year 2018-19 Capital Improvement Program. Proposition 218 public hearing for trash and recycling rates. Public hearing on the Fiscal Year 2018-19 Proposed Budget, including water, sewer, and trash and recycling rates, and various fees, and funding for the Fiscal Year 2018-19 CIP, with adoption scheduled after the public hearing.

The public hearings on June 12 and June 19, 2018 were noticed and satisfy the City Charter and other legal requirements. As of June 5, 2018, these documents have been available for public review on the City website, in the City Clerk's Office, and at the City Library.

ANALYSIS

City of Mountain View

At the June 12, 2018 public hearing, the staff presented an overview of the Fiscal Year 2018-19 Proposed Budget, substantially the same as presented at the May 1, 2018 Narrative Budget Study Session, with the addition of three items. Subsequent to the Narrative Budget Study Session, the City Council took action on two items which were not incorporated into the Proposed Budget Document due to timing. In addition, staff reviewed three items discussed at the Narrative Budget Study Session for which the City Council requested additional information, reviewed three items proposed by staff included in the June 12, 2018 agenda report, and two additional items for City Council consideration at the public hearing.

The City Council approved all these items, in addition to \$250,000 to support three potential City ballot measures for the November 2018 ballot. These items are all listed below and are included in the total City Budget and General Operating Fund budget amounts discussed in this report and the attached resolution.

City Council Actions Subsequent to Narrative Budget:

- Palo Alto Housing NOFA Predevelopment (BMR Rebudget) \$1,700,000
- Plaza Activation (\$32,700 GOF, \$72,500 GNOF limited-period) \$105,200

Narrative Budget Follow-Up:

- Employee Appreciation One-Time Bonus (GNOF, Fiscal Year 2017-18 carryover) \$280,000
- Fire Department Antique Apparatus (GNOF limited-period) \$20,000
- Plaza Conference Room Tables (GNOF limited-period) \$5,000

Proposed by Staff:

- Environmental Sustainability (GNOF limited-period) \$131,000
- Excess Liability Insurance (Liability Fund) \$99,800
- Recycled Water Cost for Shoreline Golf Links (Shoreline Golf Links) \$30,000
(Reduces GOF revenue \$15,000)

Additional Recommendations:

- Rebudget of Nonprofit Agency Funding (GOF) \$192,327
 - Community Health Awareness Council \$104,273
 - MayView Community Health Center 50,000
 - Community Services Agency 33,054
 - Junior Achievement 5,000

- Silicon Valley Animal Control Authority (GOF) \$84,000

City Council Added June 12, 2018:

- City Ballot Measures (GNOF limited period) \$250,000*

*Staff recommends these fund be flexible to not only cover the cost of placing two measures on the ballot, but for any other related miscellaneous costs, such as any necessary consulting services.

At the June 12, 2018 public hearing, the City Council discussed several items and requested follow-up information be provided for the June 19, 2018 public hearing.

- Child-Care Center Scholarships
- Fiscal Year 2018-19 CDBG Fund Allocation

This information is being provided to the City Council in subsequent memos, prior to the June 19, 2018 City Council meeting.

The total revenues and expenditures for all funds for Fiscal Year 2018-19 are \$326,256,930 and \$360,058,871, respectively. The General Operating Fund revenues and expenditures for Fiscal Year 2018-19 are \$137,672,750 and \$136,413,210, respectively. General Operating Fund revenues are 7.5 percent higher than the Fiscal Year 2017-18 Adopted Budget and expenditures are 6.6 percent higher. Fiscal Year 2018-19 Capital Project funding in the amount of \$55,095,263 of which \$52,502,263 is City funding is included.

In addition, the two items listed below are proposed for City Council consideration and are not included in the total expenditure amounts discussed in the report and City Budget resolution.

- Property Insurance (Liability Fund) \$20,000

The Proposed Budget included an increase of 15 percent compared to the Fiscal Year 2017-18 property insurance premium, but the quote received just days ago is 33 percent higher. The significant increase is the result of the City's recent loss history – broken water pipe at City Hall, structural damage to Michaels

building and California-specific losses (wildfires, floods, and mudslides).

- Below-Market-Rate Affordable Housing Program (BMR Fund) \$100,000

To provide consultant services required as a component of the Council requested Phase II assessment and possible modification of the program.

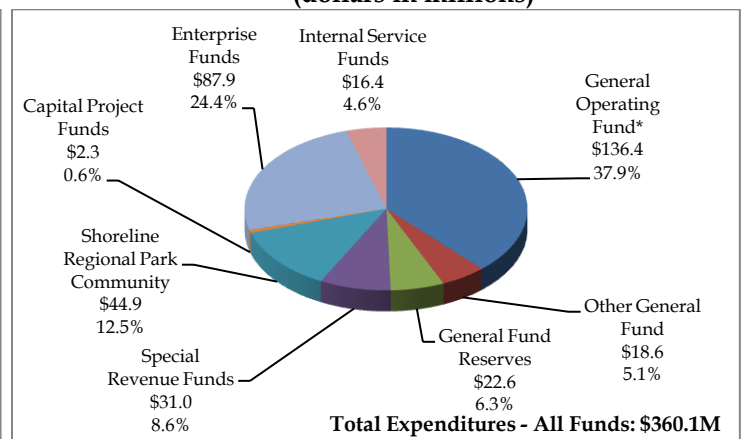
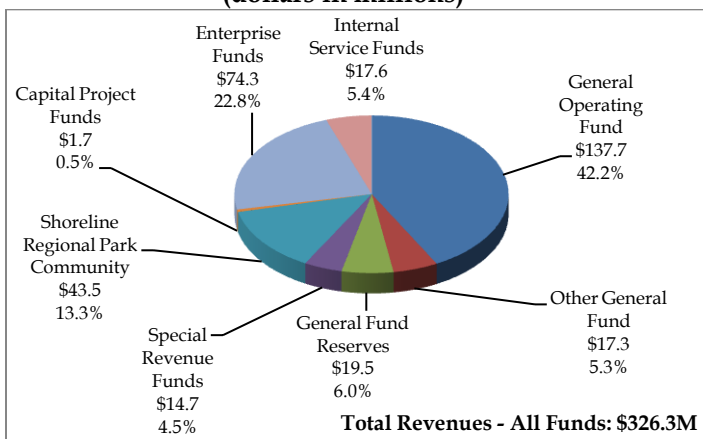
- East Whisman Precise Plan & EIR (Development Services Fund) \$270,000

Additional funding to analyze additional freeway segments and intersections is included in the Proposed Budget to be funded by the Development Services Fund. This funding is to be transferred to CIP 15-47.

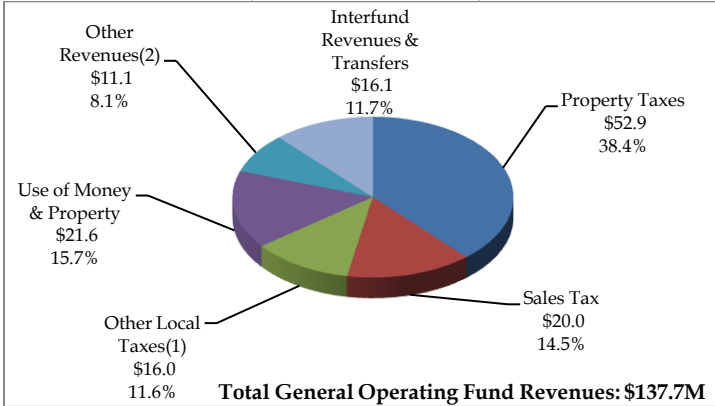
The City budget and CIP resolution (Attachment 1) provides for any amendments approved by the City Council on June 19, 2018 to be included in the Fiscal Year 2018-19 Adopted Budget and authorizes the Finance and Administrative Services Director to make corrections as necessary and report out the final Adopted Budget and any reconciling changes by informational memorandum.

**TOTAL REVENUES - ALL FUNDS
FISCAL YEAR 2018-19
(dollars in millions)**

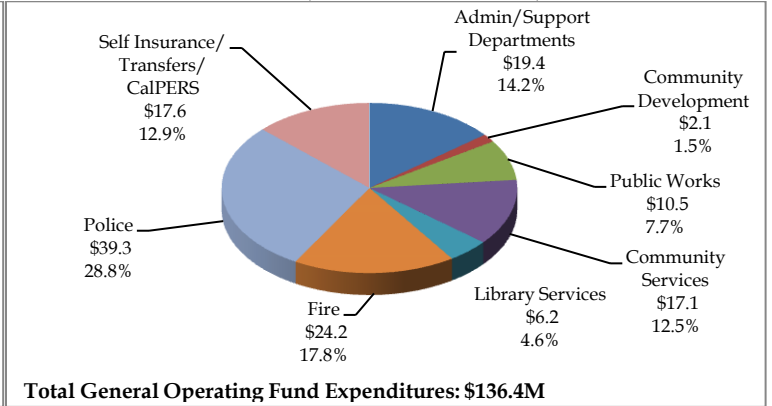
**TOTAL EXPENDITURES - ALL FUNDS
FISCAL YEAR 2018-19
(dollars in millions)**



**GENERAL OPERATING FUND REVENUES
FISCAL YEAR 2018-19
(dollars in millions)**



**GENERAL OPERATING FUND EXPENDITURES
FISCAL YEAR 2018-19
(dollars in millions)**



* General Operating Fund does not include the \$2.3 million projected budget savings.

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

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

The resolution authorizing the City Manager or Designee to Amend the Classification and Salary Plans for Regular and Hourly Employees for Fiscal Year 2018-19 allows the proposed changes to position classifications included in the Fiscal Year 2018-19 Proposed Budget to be incorporated into the Classification and Salary Plans for Regular and Hourly Employees.

Appropriations Limit

The City is required by the Constitution of the State of California, Article XIII B, to annually establish the maximum amount of appropriations funded from tax revenues that are subject to limitation. The City's Fiscal Year 2018-19 appropriation limit is \$265,968,636, and those funds subject to limitation are \$96,163,444.

Fee Modifications

Proposed fee modifications were reviewed and discussed at the May 1, 2018 Narrative Budget Study Session and the June 12, 2018 public hearing. Attachment 3 contains a detailed listing of all fees proposed for modification, including utility rates.

Mountain View Shoreline Regional Park Community

The total Shoreline Regional Park Community (Shoreline Community) budget for Fiscal Year 2018-19 is \$44,875,321, which includes appropriations for the Fiscal Year 2018-19 Capital Projects in the amount of \$13,518,000.

City of Mountain View Capital Improvements Financing Authority (MVCIFA)

The MVCIFA was established in 1992 to facilitate the refinancing of a previous bonded debt issue which was later defeased. The MVCIFA was also utilized for the Child-Care Center financing, which was paid off in Fiscal Year 2015-16. It is anticipated the MVCIFA will be used for future City financing needs related to the Police/Fire Administration Building and Downtown Parking. Although there is currently no budget to adopt, as required by State law and the resolution establishing the procedures for the MVCIFA, an annual meeting for this special-purpose authority is held.

FISCAL IMPACT

City of Mountain View (City)—Adoption of the total Fiscal Year 2018-19 Proposed Budget for those funds governed by the City Council, in the amount of \$276,199,287 and the appropriations for the Fiscal Year 2018-19 Capital Projects, in the amount of \$41,577,263 of which \$38,894,263 is City funding, authorizes total expenditures of \$317,776,550 for Fiscal Year 2018-19. The budget includes General Operating Fund revenues in the amount of \$137,672,750 and expenditures in the amount of \$136,413,210 (excluding projected budget savings of \$2,300,000). These amounts include the items approved by City Council at the June 12, 2018 public hearing that were not included in the Proposed Budget. The total budget will be modified to include any changes adopted at the June 19, 2018 public hearing (Attachment 1).

City of Mountain View Master Fee Schedule—Adoption of the Fiscal Year 2018-19 amendments to the City of Mountain View Master Fee Schedule authorizes fee modifications as detailed in the exhibits to the attached Master Fee Schedule resolution (Attachment 3).

Park Land Dedication Funds—The adopted Fiscal Years 2018-19 CIP includes the commitment of Park Land Dedication (PLD) fees totaling \$1,861,000 to new and amended projects. Attachment 4 contains additional information regarding these PLD fees and Capital Projects.

Mountain View Shoreline Community—Adoption of the Fiscal Year 2018-19 Proposed Budget for the Shoreline Community in the amount of \$31,357,321 and the appropriations for the Fiscal Year 2018-19 Capital Projects in the amount of \$13,518,000 authorizes total expenditures of \$44,875,321 for Fiscal Year 2018-19. This amount will be modified to include any changes adopted at the June 19, 2018 Shoreline Community public hearing.

Appropriations for the total budget for all City funds, Capital Projects, and the Shoreline Community is \$362,651,871.

CONCLUSION

The budget preparation and adoption process is a lengthy one which has included several meetings with the City Council, including public input. The actions tonight satisfy the Charter requirements for adopting the annual City budget. The total Fiscal Year 2018-19 Proposed Budget for the City is \$317,776,550,805,550, and the total for the Shoreline Community is \$44,875,321. The General Operating Fund budget for Fiscal Year 2018-19 is \$136,413,210 (excluding projected budget savings of \$2,300,000). Proposed fee modifications are detailed in Attachment 3, including utility rates.

ALTERNATIVES

The City Council and the Shoreline Community Board of Directors may request modifications to the Fiscal Year 2018-19 proposed budgets, goals, appropriations limit, fee modifications, and funding for the Fiscal Year 2018-19 Capital Projects as presented. Council Policy A-11 requires an annual operating budget be adopted before July 1 each year.

PUBLIC NOTICING

Agenda posting and a notice of the public hearing was published in two newspapers of general circulation.

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- Attachments:
1. Resolution – Fiscal Year 2018-19 City Budget and Capital Project Funding
 2. Resolution – Fiscal Year 2018-19 Appropriations Limit
 3. Resolution – Amending Master Fee Schedule
 4. Park Land Dedication Commitments
 5. Resolution – Amend the Fiscal Year 2018-19 Classification and Salary Plans
 6. Resolution – Fiscal Year 2018-19 SRPC Budget and Capital Project Funding
 7. [Public Hearing for FY18-19 Proposed Budget](#)