



DATE: June 20, 2017

CATEGORY: Public Hearing

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

TITLE: **Adoption of Fiscal Year 2017-18 Budgets, Appropriations Limit, Fee Modifications, and Funding for Fiscal Year 2017-18 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 2017-18 budgets, appropriations limit, fee modifications, and funding for the adopted Fiscal Year 2017-18 Capital Improvement Projects.

City of Mountain View Actions:

1. Adopt a Resolution Adopting the Fiscal Year 2017-18 City Budget and Appropriations for the Adopted Fiscal Year 2017-18 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 2017-18 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. Change the commitment of \$386,800 of Park Land Dedication funds from the unscheduled Rengstorff Area Acquisition project (\$136,800) to the Wyandotte Park Construction project (18-34) and from the unscheduled Stevens Creek Trail Dale/Heatherstone to Mountain View High School project (\$250,000) to the Stevens Creek Trail Dale/Heatherstone to West Remington Drive project (18-39) as shown on Attachment 4 to the Council report.

5. Commit \$5,701,132 (in addition to the \$386,800 above, for a total of \$6,087,932) of Park Land Dedication funds to adopted Fiscal Year 2017-18 Capital Projects, including amendments to existing projects, shown on Attachment 4 to the Council report.

Mountain View Shoreline Regional Park Community Actions:

6. Adopt a Resolution Adopting the Fiscal Year 2017-18 Shoreline Regional Park Community Budget and Appropriations for the Adopted Fiscal Year 2017-18 Capital Improvement Projects for the Shoreline Regional Park Community, Including Amendments to Existing Projects, to be read in title only, further reading waived (Attachment 5 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 2017-18 Capital Improvement Projects (Capital Projects). This process requires the City Council review the proposed budget submitted by the City Manager, publicly notice the hearing 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 were followed for the annual Shoreline Regional Park Community budget.

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

- February 14, 2017 – Preliminary forecast presented to the City Council.
- February 27, 2017 – Major Council Goals identified by the City Council at the Study Session.
- March 28, 2017 – Fiscal Years 2017-18 through 2021-22 Capital Improvement Program (CIP) preliminary review at the Study Session.

- April 18, 2017—Possible work plan items reviewed and some specific projects to support the four Major Council Goals prioritized at the Study Session.
- April 27, 2017—Recommended Budget, goals, projects/initiatives, and fees reviewed and direction provided at the [Narrative Budget](#) Study Session. Proposed Fiscal Years 2017-18 through 2021-22 CIP reviewed and refined at a second Study Session.
- May 16, 2017—[City Council Major Goals for Fiscal Years 2017-18 and 2018-19](#) adopted and recommended projects to implement the goals approved.
- June 6, 2017—[Fiscal Years 2017-18 through 2021-22 CIP](#) adopted.
- June 13, 2017—[Fiscal Year 2017-18 Proposed Budget](#) and fees reviewed at the public hearing (Attachment 6).
- June 20, 2017—Fiscal Year 2017-18 Proposed Budget, fees and funding for the Adopted Fiscal Year 2017-18 Capital Projects adopted at the Public Hearing.

The public hearings on June 13 and June 20, 2017 were noticed and satisfy the City Charter and other legal requirements. As of June 2, 2017, 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

The total City budget and General Operating Fund budget for Fiscal Year 2017-18 are \$304,715,136 and \$127,092,614, respectively. Fiscal Year 2017-18 Capital Projects in the amount of \$34,380,690 of which \$33,991,000 is City funding are included. The June 13, 2017 public hearing report identified nine work projects to support the adopted Fiscal Years 2017-18 and 2018-19 City Council Major Goals which, as a result of timing issues, were not included in the Fiscal Year 2017-18 Proposed Budget Document (see Attachment 6 for more detail). Also identified in the June 13, 2017 public hearing report and approved by Council on June 6, 2017 was \$42,500 for Cable TV broadcasting equipment for Fiscal Year 2017-18.

The total City budget does not include appropriations for final employee compensation packages. While there are sufficient funds available in Fiscal Year 2017-18 to fund the

labor agreements, the projected operating balance will be lower than estimated in the Narrative Budget Report as a result of the agreements. In conjunction with the labor agreements, staff recommended increasing the budget savings, after further review of historical data, to \$2.3 million and lowering the “at risk” revenues associated with the City’s leases in the North Bayshore Area from 15.0 percent to 10.0 percent beginning in Fiscal Year 2017-18. The resolution authorizes the Finance and Administrative Services Director to make these adjustments in the Final Budget, as well as other corrections necessary and report out the final Adopted Budget and any reconciling changes by informational memorandum.

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 2017-18 appropriation limit is \$254,038,158, and those funds subject to limitation are \$90,755,214.

Fee Modifications

Proposed fee modifications were reviewed and discussed at the April 27, 2017 Narrative Budget Study Session and the June 13, 2017 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 2017-18 is \$57,735,194. The Shoreline Community budget does not include appropriations for final employee compensation packages, but does include appropriations for the Fiscal Year 2017-18 Capital Projects in the amount of \$28,175,000. The impact of labor agreements on the Shoreline Community will be incorporated in the final Adopted Budget.

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. Although there is no longer a 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 2017-18 Proposed Budget for those funds governed by the City Council, in the amount of \$270,334,446 and the appropriations for the Fiscal Year 2017-18 Capital Projects, in the amount of \$34,380,690, of which \$33,991,000 is City funding, authorizes total expenditures of \$304,715,136 for Fiscal Year 2017-18. The budget includes General Operating Fund revenues in the amount of \$128,022,060 and expenditures in the amount of \$127,092,614 (excluding projected budget savings of \$1,800,000). These amounts include the items called out at the June 13, 2017 public hearing that were not included in the Proposed Budget Document at the time of \$742,500. The total budget will be modified to include any changes adopted at the June 20, 2017 public hearing as well as final employee compensation packages approved by Council (Attachment 1).

City of Mountain View Master Fee Schedule—Adoption of the Fiscal Year 2017-18 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 2017-18 through 2021-22 CIP includes the recommitment of two Park Land Dedication (PLD) fees totaling \$386,800, from unscheduled projects to Fiscal Year 2017-18 Capital Projects. It also includes additional commitments of \$5,701,132 for a total of \$6,087,932 PLD fees 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 2017-18 Proposed Budget for the Shoreline Community in the amount of \$29,560,194 and the appropriations for the Fiscal Year 2017-18 Capital Projects in the amount of \$28,175,000 authorizes total expenditures of \$57,735,194 for Fiscal Year 2017-18. This amount includes the items called out at the June 13, 2017 public hearing that were not included in the Proposed Budget document at the time of \$85,000, but will be modified to include any changes adopted at the June 20, 2017 Shoreline Community public hearing as well as final employee compensation packages approved by the Council.

Appropriations for the total budget for all City funds and the Shoreline Community is \$362,450,330.

CONCLUSION

The budget preparation and adoption process is a lengthy one which has included several meetings with the City Council. The actions tonight satisfy the Charter requirements for adopting the annual City budget. The total Fiscal Year 2017-18 Proposed Budget for the City is \$304,715,136 and the total for the Shoreline Community is \$57,735,194. The General Operating Fund budget for Fiscal Year 2017-18 is \$127,092,614 (excluding projected budget savings). Proposed fee modifications are detailed in Attachment 3, including utility rates.

ALTERNATIVES

City Council and the Shoreline Community Board of Directors may request modifications to the Fiscal Year 2017-18 proposed budgets, goals, appropriations limit, fee modifications, and funding for the Fiscal Year 2017-18 Capital Projects as presented. Council Policy A-11 requires an annual operating budget be adopted before the first of July each year.

PUBLIC NOTICING

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

Prepared by:

Helen Ansted
Principal Financial Analyst

Suzanne Niederhofer
Assistant Finance and Administrative
Services Director

Approved by:

Patty J. Kong
Finance and Administrative
Services Director

Daniel H. Rich
City Manager

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- Attachments:
1. Resolution – Fiscal Year 2017-18 City Budget and Capital Project Funding
 2. Resolution – Fiscal Year 2017-18 Appropriations Limit
 3. Resolution – Amending Master Fee Schedule
 4. Park Land Dedication Recommitments and Commitments
 5. Resolution – Fiscal Year 2016-17 SRPC Budget and Capital Project Funding
 6. [Public Hearing for the Fiscal Year 2017-18 Proposed Budget \(June 13, 2017\)](#)