



# COUNCIL REPORT

**DATE:** June 14, 2022

**CATEGORY:** Public Hearing

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

**TITLE:** **Public Hearing for the Fiscal Year 2022-23  
Recommended Budget**

## **RECOMMENDATION**

1. Convene a public hearing, accept public comment, and provide input to staff on the Fiscal Year 2022-23 Recommended Budget (Attachment 1 to the Council report).
2. Commit a total of \$14,400 in Fiscal Year 2021-22 from three park in-lieu fees in the Park Land Dedication Fund to the acquisition of open space in the Central and Stierlin Planning Areas.

## **BACKGROUND**

The Fiscal Year 2022-23 Recommended Budget has been prepared in accordance with Section 1103 of the City Charter, the State Constitutional limit on the proceeds of taxes, and all applicable regulations. It contains the proposed financial plan for the General Operating Fund (GOF) and all other City funds, as well as the Shoreline Regional Park Community (Shoreline Community), a separate component unit of the City.

The budget process for Fiscal Year 2022-23 started in November 2021, with instructions to departments for preparation of budget requests. A brief summary of the budget development and adoption timeline is as follows:

- December 17, 2021: Department budget requests due to the Finance and Administrative Services Department.
- December 2021: The Capital Outlay Review Committee meets with each department and reviews their capital requests.
- January 2022: Departments develop and submit preliminary departmental goals.

- February 22, 2022: The Midyear Budget Status Report and GOF Preliminary Forecast for Fiscal Year 2022-23 were presented to the Council, along with an update on Council's Strategic Work Plan projects.
- February 2022: Department budget meetings with the City Manager and Budget Review Team.
- April 12, 2022: Proposed Fiscal Year 2022-23 Capital Improvement Program Study Session.
- April 26, 2022: Fiscal Year 2021-22 Third-Quarter Budget Status Update Report presented to Council.
- June 14, 2022: Public hearing on the Fiscal Year 2022-23 Recommended Budget, including trash and recycling rates and various fees.
- June 28, 2022: Proposition 218 public hearing.
- June 28, 2022: Public hearing to adopt the Fiscal Year 2022-23 Recommended Budget, including trash and recycling rates, various fees, and the Fiscal Year 2022-23 Capital Improvement Program.

## **ANALYSIS**

During the past year, the City experienced continued challenges with the COVID-19 pandemic and its impacts on the community and our workforce. These challenges persisted as the economy improved, at first, due to progress in the areas of consistent mask-wearing mandates, increased numbers of vaccinations, and more regular testing protocols, which helped control the spread and severity of the virus. Unfortunately, variants began to circulate in other parts of the world and then quickly spread domestically as international travel resumed. Combined with the removal of restrictions previously in place, a resurgence of COVID-19 occurred and, with it, a significant increase in the number of people being infected with the virus. The good news is, due in large part to a majority of the regional and local population having received vaccinations and booster shots, rates of hospitalization have remained relatively low, and most cases do not appear to be causing severe health effects as was the case earlier in the pandemic.

Throughout this period of time, the City continued its efforts to bring relief to the community by committing additional funding for a variety of programs and services to help mitigate the negative effects of the pandemic on the most vulnerable members of our community. A significant amount of focus was devoted to providing resources and implementing programs for low-income residents, homeless and unstably housed individuals, those at risk of losing their homes due to inability to pay their rent, and small businesses. The City's resources included allocating Federal relief funds from the American Rescue Plan Act (ARPA) and working with

community-based organizations (CBOs) and other advocacy groups to help identify eligible residents and distribute funds.

The economic impacts of COVID-19 have been ever-changing, but mostly positive, as recovery from the pandemic continues with the gradual return of many normal activities, such as indoor dining, live performances, and large-scale events, which were previously limited. Businesses began to reopen and bring back workers to the office. The jobs report has been positive as employment indicators have been encouraging in recent months. The Statewide unemployment rate for March was 4.9%, and the unemployment rate in Mountain View was just 1.7%, indicating the strength of the local economy.

Although the economy has been stabilizing locally, current developments around the world are contributing to increased uncertainty about the future of the economy. For example, the war being waged by Russia in Ukraine has the potential to continue for a much longer time-period, impacting nations and economies on a global scale. This, combined with the COVID-19-related lockdown of a number of cities in China for an extended period, also threatens economic supply chains, which are expected to have ongoing impacts to the economy, particularly related to inflation, which has been rising for the past year and extending beyond the time frame many experts had expected. Gasoline prices have also been rising due in large part to these global developments. Consequently, there is an increased risk that the economy may encounter stronger headwinds in the future that could hinder continued economic growth.

### **COVID-19 Response and Recovery**

The City has continued to respond effectively to pandemic-related issues by maintaining and building on innovative strategies designed to assist small businesses and the most vulnerable members of our community. The City has strengthened its collaboration with regional partners and community-based organizations to take a leadership role in responding to the crisis. In addition, the Citywide team has continued to adapt operations to provide high-quality services to the community, streamline processes, and design creative programs in the new environment created by the pandemic.

Significant City efforts over this past year include:

- Allocating over \$1.3 million toward the development and implementation of Elevate MV, the City's Guaranteed Basic Income pilot program, to provide \$500 in monthly income to 166 low-income residents with children.
- Contributing \$1.0 million and working in partnership with the Mountain View Solidarity Fund and Los Altos Mountain View Community Foundation to disburse one-time flexible financial assistance to extremely low-income residents.

- Providing additional \$1.0 million in funding for rent relief and other direct assistance to low-income residents through the Community Services Agency, totaling over \$4.0 million in funding toward establishing one of the largest local rent-relief programs in the Bay Area.
- Creating the City's first Human Services Division operating in the City Manager's Office and funded through a staff reduction in the Police Department.
- Securing \$5.0 million in Community Development Block Grant (CDBG) Homekey funding through the State for LifeMoves to acquire a site for parking and installing solar panels to support the LifeMoves Mountain View interim housing project.
- Securing \$16.6 million in Homekey funding from the State to redevelop the Crestview Hotel into permanent affordable housing with 67 units, in partnership with the County.
- Operating three 24/7 safe parking lots with capacity for more than 101 vehicles to park to assist unstably housed residents, the largest program in the County.
- Prioritizing engagement of our diverse community and providing critical information in English, Spanish, Chinese, and Russian.
- Providing extensive, hands-on, ongoing outreach to vulnerable populations to connect them with pandemic relief resources.
- Enhancing communication with the community through the new *City Hall Connection* bimonthly briefing and *The View* newsletter.
- Providing essential services for unhoused and unstably housed residents.
- Conducting ongoing housing help center/eviction prevention clinics facilitating access to rent relief and legal services.
- Developing a Mobile Home Rent Stabilization Ordinance and updating the Tenant Relocation Assistance Ordinance to provide protections to mobile home tenants.
- Continuing implementation of a utility bill relief program for residential and small business customers experiencing economic impacts due to the COVID-19 pandemic.
- Providing 97 grants totaling \$500,000 to Mountain View small businesses to support the recovery of the local economy.
- Implementing nine of the 10 Small Business Action Plan items to assist the City's small businesses during the pandemic and strengthen their resilience for the longer term.

- Securing over \$1.0 million through the Federal Shuttered Venue Operators Grant to reimburse Center for the Performing Arts staff expenses and offset revenue losses due to COVID-19.
- Supporting COVID-19 testing at the Mountain View Community Center and the Mountain View Center for the Performing Arts in conjunction with the County, with over 24,000 COVID-19 tests completed at City sites since May 2020 and over 7,000 completed in Fiscal Year 2021-22.
- Supporting the County's COVID-19 vaccination clinic site at the Community Center to provide vaccinations to the public, including booster shots and vaccinations for youth, with 137,561 vaccinations completed from January 22, 2021 through April 30, 2022 and over 58,000 completed in Fiscal Year 2021-22.
- Continuing operation of the Fire Department's COVID-19 mobile vaccination program in coordination with the Santa Clara County Public Health Department, administering vaccinations and booster shots to elderly and homebound Mountain View residents.
- Continuing robust internal communication and recognition efforts to keep employees informed and engaged, highlighting employee and team accomplishment, wellness resources, employee events, and COVID-19 protocols.
- Extending the Castro StrEATs program to close downtown Castro Street to vehicles in support of COVID-19 recovery for downtown restaurants and businesses.
- Implementing an enterprise scheduling application for departments to manage appointments with the community.
- Upgrading the Council Chambers to enable "hybrid" (in-person and remote) Council meetings.
- Securing Federal funding through the ARPA and Federal Emergency Management Agency for COVID-19-related community needs and expenses.

### **American Rescue Plan Act**

The City utilized funding provided by the ARPA that was passed by Congress and signed into law by President Joe Biden in March 2021. The City was awarded approximately \$15.7 million in direct funding over two years. Receipt of the funds are being made in two equal payments spaced one year apart. The first distribution, approximately \$7.8 million, was received in October 2021 and was allocated by the City Council as part of last year's budget development process. The

second distribution is expected to occur in or about October 2022. The City has until December 2024 to obligate these funds and until December 2026 to fully expend them.

The City may use these funds for eligible purposes, including the following:

- Revenue replacement for lost revenue due to the pandemic;
- Negative economic impacts from the pandemic;
- Assistance to small businesses, households, hard-hit industries, and economic recovery; and
- Investments in water, sewer, and broadband infrastructure.

Uses of the first tranche of funding included: direct assistance to residents in need through a Guaranteed Basic Income pilot, Mountain View Solidarity Fund, Community Services Agency, and utility bill relief; small business grants; development of an economic vitality strategy; nonprofit funding; technology to support City operational efficiencies and remote work; funding for City employees; and facility improvements and supplies required to maintain health and safety. Approximately \$240,000 of unspent allocations from the first distribution will be rebudgeted.

The Recommended Budget includes recommendations for the use of a portion of the second tranche of ARPA funding in the amount of approximately \$6.6 million. Several of the recommended uses of Year 2 ARPA funds provide continued support to uses approved last year.

For example, staff proposes a second year of funding for the Elevate MV Guaranteed Basic Income pilot program, which provides 166 residents with a fixed monthly income of \$500. This guaranteed income source is intended to lessen the impacts of the pandemic and create greater opportunities for participants to realize their economic potential. The additional funding would fund a second year of payments to the participants, expanding on the potential for a positive impact in their lives and in the community and enabling additional data gathering to assess the outcomes of the program. Staff has also recommended a second year of funding for relief efforts to assist vulnerable and low-income residents through the Community Services Agency and the Mountain View Solidarity Fund.

Additional funding is also recommended for the Castro StrEATs program. With a second year of funding, the City can expand on the aesthetic improvements funded last year, providing new amenities, such as street furniture, lighting, street barriers, coverings, wayfinding, and public activities, in addition to safety improvements, such as pedestrian crossing improvements at intersections, Americans with Disabilities Act (ADA) ramps, pick-up and drop-off areas, and sewer infrastructure improvements.

Brief descriptions of proposed uses are shown below in Table 1. In addition, out of the second tranche of funding, staff recommends that the remaining \$1.2 million, or approximately 18% of the Fiscal Year 2022-23 ARPA funding allocation, be dedicated to COVID-19 recovery-related uses determined with input from a community engagement process. Community members will be invited to participate in identifying broad priorities for the funds through an online platform. Additionally, staff will conduct outreach to engage community members aiming to advance equitable participation in the process. Staff will bring a selection of funding recommendations based on community-identified priorities and in compliance with ARPA guidance to the Council for consideration and adoption in fall 2022.

**Table 1: Recommended ARPA Funds Utilization**

<b>Recommended Uses</b>	<b>Amount</b>
<b>Fiscal Year 2022-23</b>	
<b>COVID-19 employee recognition</b> (committed last fiscal year) <i>(One-time payments bargained for and paid to all regular City employees in recognition for extraordinary service to the community, developing new programs and adapting and maintaining City operations in response to the pandemic)</i>	\$1,634,000
<b>Castro StrEATs improvements</b> <i>(Improvements to enrich the downtown experience and enhance safety, such as sewer, ADA, pedestrian improvements, public activities, street furniture, lighting, and other amenities)</i>	1,500,000
<b>Elevate MV Guaranteed Basic Income pilot program—Year 2</b> <i>(Second year of monthly payments to program participants; program implementation expenses, including lived-experience advisors and evaluation)</i>	1,300,000
<b>Community Services Agency (CSA)</b> <i>(Flexible funding for direct assistance to Mountain View residents to meet basic needs)</i>	500,000
<b>Mountain View Solidarity Fund</b> <i>(Community-based grants to Mountain View residents impacted by COVID-19 administered by the Mountain View Solidarity Fund in partnership with the Los Altos Mountain View Community Foundation)</i>	500,000
<b>Technology equipment, hardware, and IT contracts</b> <i>(Support for hybrid meetings, online services, remote work, Zoom-enabled conference rooms, and cybersecurity needs)</i>	450,000
<b>Community workforce development/job training</b> <i>(Support for Mountain View residents to receive online degrees and job training)</i>	250,000
<b>Economic/climate resilience support to small businesses</b>	200,000

<b>Recommended Uses</b>	<b>Amount</b>
<i>(Development of a toolkit to help Mountain View small businesses with risk assessment and mitigation strategies to continue to thrive in the face of increasing variability in the economy and environment)</i>	
<b>COVID-19 health and safety resources</b> <i>(Contract services, PPE, and facility improvements for maintaining health and safety for the public and City employees)</i>	150,000
<b>Housing and Eviction Help Center</b> <i>(Pilot Program connecting community members with housing support services and resources)</i>	100,000
<b>City workforce resilience and well-being programs</b> <i>(Enhanced orientation for City employees hired during the pandemic; supervisor coaching and training on developing strong, healthy work environments and teams)</i>	60,000
<b>TOTAL RECOMMENDED USES</b>	<b>\$6,644,000</b>
<b>Remaining balance to be recommended following community engagement process</b>	<b>\$1,195,540</b>
<b>Rebudget from Prior Year</b>	
Economic vitality strategy	<b>\$192,000</b>
Displacement strategy	<b>\$50,000</b>

### **Race, Equity, and Inclusion Action Plan**

In 2020, in response to calls for social justice and racial equity across the nation and locally, the City created a Council Ad Hoc Subcommittee on Race, Equity, and Inclusion and developed a Race, Equity, and Inclusion Action Plan (REI Action Plan) with three areas of focus, including: policing practices, policies, and accountability; celebration and recognition of community diversity; and review of City operations and policies, with opportunities for community engagement throughout. These focus areas are further described below.

1. **Policing Practices and Policies and Accountability:** The City of Mountain View is committed to examining Mountain View Police Department (MVPD) practices and procedures, increasing police accountability, engaging the public about their experiences with MVPD, and increasing public understanding of MVPD practices and policies.
2. **Celebration and Recognition of Community Diversity:** Mountain View is a diverse community with residents and visitors from around the world. Both past and present

community members have contributed to making Mountain View the great city that it is. We strive to recognize, celebrate, and increase understanding of Mountain View's diversity.

3. Review of City Operations and Policies: The City acknowledges that inequity is often rooted in longstanding policies and procedures. Staff will be reviewing internal operations as well as the policies and procedures of City departments to ensure that the City is promoting diversity, equity, and inclusion.

Over the past fiscal year, the City has continued to implement elements of the REI Action Plan. A summary of accomplishments and current efforts follows:

- Launch of the newly established Public Safety Advisory Board (PSAB) and adoption of a substantive PSAB annual work plan.
- PSAB assessment and recommendations for improvement of the MVPD School Resource Officer program.
- Completion of a Ph.D. Research Fellow assessment of MVPD Traffic Stop Data.
- Implementation of Racial Identity Profile Act data collection, in compliance with State Assembly Bill 953, with work under way by the PSAB to recommend approaches to enhance public access to the data.
- Continuation of MVPDx, Partnership for the Future of Policing, a program to foster dialogue and mutual learning between the MVPD and community members.
- Creation of the Police Chief's Latino Community Advisory Council and Mountain View Faith Leaders Council.
- Collaboration with the cities of Palo Alto and Los Altos to work with Congresswoman Anna Eshoo to secure Federal funding to develop alternative responses to mental health calls for service.
- Launch of the City's inaugural Chinese Language Civic Leadership Academy for 18 Chinese-speaking Mountain View residents.
- Continuation of the Spanish Language Civic Leadership Academy for 17 Spanish-speaking Mountain View residents.
- Providing bystander intervention training hosted by the Mountain View Library and led by the Council on American-Islamic Relations.

- Participation in United Against Hate Week through a series of events, displays, and programs.
- Plans for events led by the Human Relations Commission, including additional bystander training opportunities; a community dialogue to promote connections and healing across racial groups and other facets of Mountain View's diversity; and an event focused on the book *The Color of Law* to promote education and engagement regarding the history of housing and zoning in Mountain View.
- Celebration of the many cultures of Mountain View through the City's third Multicultural Festival, including performances, booths, and crafts, which was attended by approximately 3,000 community members.
- Launch of the City's first Race, Equity, and Inclusion Film Festival.
- Plans for commemorative historic Chinatown signage in downtown Mountain View.
- Application of a budget equity lens in the City's Budget and Capital Improvement Program (further described below).

### **Budget Equity Lens**

Last year, following a recommendation to the City Council from the Council Ad Hoc Subcommittee on Race, Equity, and Inclusion, the City incorporated the use of an equity lens into the budget development process. This supports the City's commitment to take a closer look at how decisions, specifically budget decisions, impact communities of color, lower-income residents, and those that may be disadvantaged or disabled and lacking the same access to the benefits and resources that are available to others in the community.

This practice has been carried forward to the development of the Fiscal Year 2022-23 Recommended Budget and was expanded to the development of the Capital Improvement Program (CIP). In assessing proposed budget adjustments and CIP projects, departments considered whether each proposal provided a benefit or could unintentionally burden communities of color and/or low-income residents.

The one-time and ongoing department requests included in the Fiscal Year 2022-23 Recommended Budget and CIP projects were determined to benefit (or be neutral regarding) communities of color and low-income residents.

## **One-Year Update to the Strategic Priorities and Council Work Plan**

On June 22, 2021, the City Council adopted a Strategic Roadmap identifying a vision for the next three to five years, seven critical strategic priorities for Fiscal Years 2021-22 and 2022-23, and a Strategic Action Plan, also called the Council Work Plan.

### **City of Mountain View Vision**

*“A welcoming, vibrant city that plans intentionally and leads regionally to create livable, sustainable neighborhoods, access to nature and open spaces, and a strong, innovation-driven local economy.”*

### **City of Mountain View Strategic Priorities**



The Council Work Plan, as adopted on June 22, 2021, included 42 projects. During the February 8, 2022 six-month implementation update, the Council removed a project related to acquiring the Shenandoah property for joint use with Mountain View Whisman School District for affordable housing and a school as Department of Defense plans to sell the parcel are on hold indefinitely. The City Council also chose to defer exploration of a Transient Occupancy Tax

measure in favor of refinancing Shoreline Regional Park Community bonds. As a result, the Council Work Plan now consists of 41 projects.

At the same meeting, Councilmembers expressed interest in a new project related to adopting the Dark Skies International Model Lighting Ordinance. Staff has determined that implementing this ordinance would require a 12- to 15-month effort from an interdepartmental team working with the assistance of a consultant. The work would entail developing standards for application across multiple departments in conjunction with numerous existing policies and regulations and identifying the necessary funding and staffing resources. Given existing staff workloads and the level of effort required to put the model ordinance into effect, staff recommends considering the lighting ordinance as a potential project during the next biannual process to establish the Council's goals and work plan, which will begin in February 2023.

A one-year update on the Council Work Plan, including the status of implementation, significant accomplishments, and upcoming milestones, is included in this report (Attachment 2.) As shown in Table 2 below, of the 41 action plan projects, three projects have been completed, 34 are in progress, and four have not yet been launched. Project accomplishments and milestones are summarized below in Figure 1.

**Table 2: Summary of Project Status**

<b>Project Status</b>	<b>Count</b>
Projects Completed	3
Projects in Progress	34
Projects Not Started	4
<b>Total Projects</b>	<b>41</b>

### Significant Accomplishments

- GBI Pilot: Program adopted (Feb. 2022)
- Homelessness Response Strategy: New Human Services Manager onboarded
- Mental Health Crisis Response: Following launch of MVPD's Behavioral Services Unit pilot program, number of frequently contacted individuals decreased
- Mobile Home Rent Stabilization: Ordinance adopted (Sep. 2021); Tenant Relocation Assistance Ordinance amended (Apr. 2021)

### Upcoming Milestones

- GBI Pilot: Program launch (Q3 2022)
- Responsible Construction: Ordinance introduction (Q3 2022)
- Wage Theft: Ordinance introduction (Q3 2022)
- Mobile Home Rent Stabilization: Item to Council with an update and options related to Mobile Home accords (June 2022)
- Homelessness Response Strategy: Develop draft strategy (Q1 2023)

## Community for All



### Significant Accomplishments

- Lot 12: MOU for Measure A funding approved (County: Feb. 22, 2022) and City (Mar. 22, 2022); Developer DDA approved (Apr. 2022)
- Crestview Hotel: \$16.7 million HomeKey funds awarded in addition to City and County funds (Apr. 2022)
- Housing Element: Study sessions (Nov. 2021 & Mar. 2022); Published on project website (May 2022)
- Zoning Ordinance / General Plan review: R1 and R2 parcels reviewed as part of Housing Element Study Session (Mar. 2022)

### Upcoming Milestones

- VTA Evelyn Site Affordable Housing: RFP release (Q4 2022)
- Housing Element: Council Study Session (Q2 2022): HCD review (Q3 2022)
- Zoning Ordinance / General Plan review: Adoption of R1 and R2 Code amendments (Q4 2022)

## Intentional Development & Housing Options



**Significant Accomplishments**

- TDM Ordinance: New TDM Analyst onboarded (Q1 2022)
- Castro Pedestrian Mall: Council direction on design concepts (Oct. 2021) and contract approval for interim design guidelines (Dec. 2021)

**Upcoming Milestones**

- Castro Pedestrian Mall: Council resolution of intent to establish a pedestrian mall (Q2 2022); Public Hearing (Q3 2022)
- Transit Center Master Plan: Design contract approval by Caltrain (Q2 2022)
- Active Transportation Plan: Council authorization of consultant contract (Q2 2022)

## Mobility &amp; Connectivity

**Significant Accomplishments**

- South Bay Salt Ponds: Soil hauling began (May 2022)

**Upcoming Milestones**

- Shoreline Wildlife Management Plan: Draft plan for PRC and Council review (Q4 2022)
- South Bay Salt Ponds: Final design documents (Q4 2022)
- Biodiversity Requirements: Draft scope of work to PRC (Q2 2022)

## Sustainability &amp; Climate Resiliency

**Significant Accomplishments**

- Safe Storage for Firearms: Ordinance adopted (Mar. 8, 2022); In effect (May 2022)
- Historic Preservation Ordinance: Council approval of scope of work (Apr. 12, 2022)
- Parks and Recreation Strategic Plan: Parks and open space update to Council (May 2022)

**Upcoming Milestones**

- Visual Arts Committee: Draft Public Art strategy (Q4 2022)
- Parks and Recreation Strategic Plan: Draft scope for PRC and Council review (Q3 2022)
- Downtown Precise Plan for preserving character of downtown core: follow up on Council direction from June 2021 Study Session returning to EPC and Council (Q3 2022)
- Historic Preservation Ordinance: EPC and Council Study Sessions (Q1 2023)

## Livability &amp; Quality of Life

**Significant Accomplishments**

- COVID-19 Recovery: Ongoing implementation of Small Business Action Plan; \$485,000 in small business grants awarded
- Economic Vitality strategy: Consultant contract approved (May 2022)

## Economic Vitality

**Significant Accomplishments**

- Enhanced Legislative Program: Advocacy consultant onboarded (Q4 2021); Council adoption of Legislative Platform (Jan. 2022); Congresswoman Eshoo submittal of Mountain View projects to House Appropriations Committee (May 2022)
- COVID-19 Recovery: Technology upgrades for hybrid Council meetings; Laptop program for remote work
- Campaign Disclosure: Council adoption of Ordinance (Apr. 2022)

**Upcoming Milestones**

- Building Workspace Study: Workspace analysis survey results (Q2 2022)
- Campaign Disclosure: Additional provisions to Council (Q2 2022)

## Organizational Strength &amp; Good Governance



**Figure 1: Significant Accomplishments and Upcoming Milestones**

### **City Workforce Impacts and Solutions**

The COVID-19 pandemic has brought both challenges and opportunities for how the organization attracts, retains, and assigns staff to meet the needs of the community. It has been necessary for the City's workforce to adapt quickly to uncertainty and change; collaborate with government, nonprofit, and community partners; develop innovative programs for providing urgently needed pandemic relief to residents and small businesses; and find new and more efficient ways to maintain City services and operations. A few examples include:

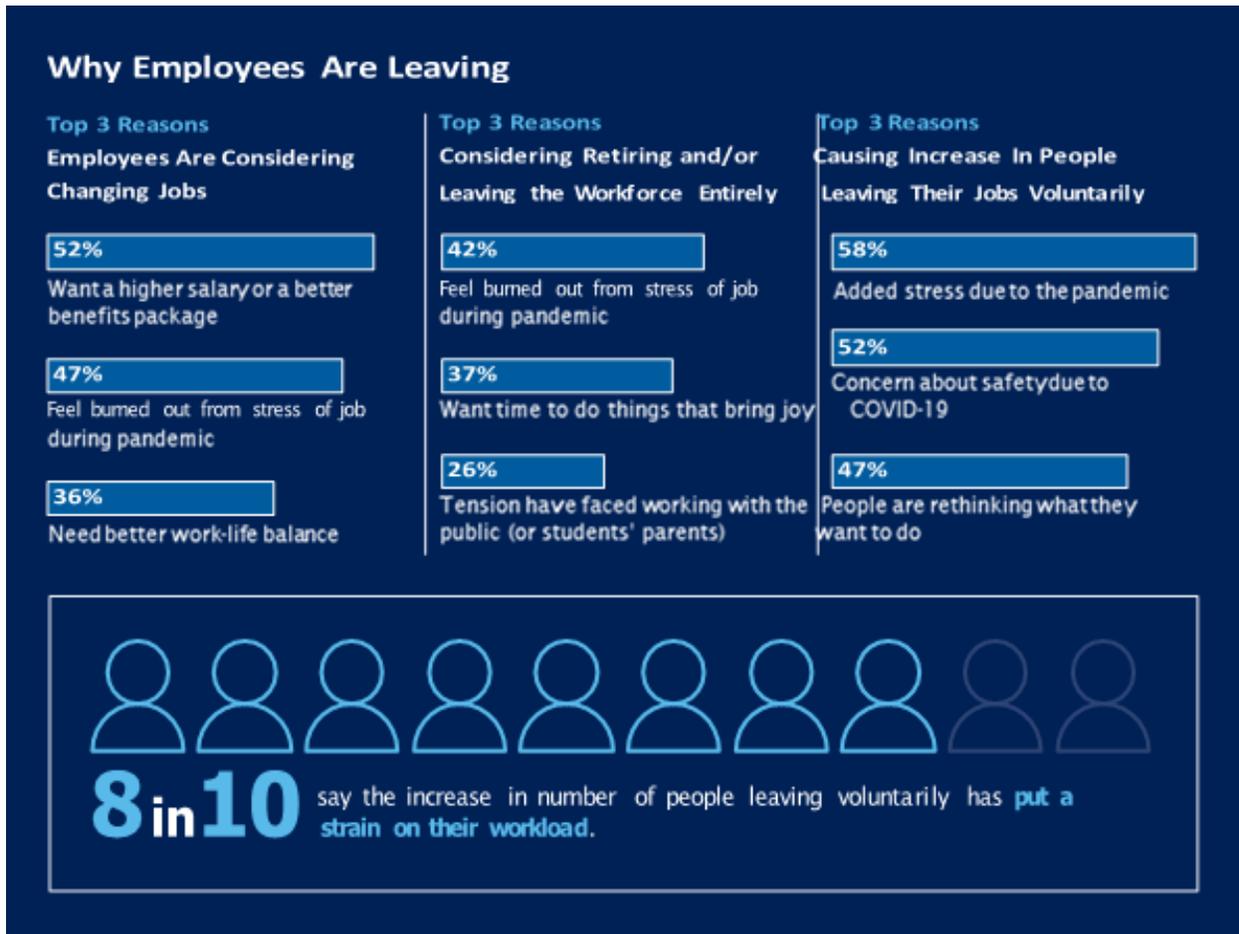
- Hosting the first mass-vaccination site in Santa Clara County at the Mountain View Community Center, where City staff worked in partnership with the County to get the site up and running over a holiday weekend and dedicated that space and supported its operation for nearly 1-1/2 years;
- Collaborating with LifeMoves to secure State Homekey funds and transform an underutilized land parcel into interim modular housing for 100 households in less than six months from the start of construction to opening of the project, called LifeMoves Mountain View; and
- Working with the Los Altos Mountain View Community Foundation to establish the TogetherMV Fund, enabling Mountain View residents and companies to make contributions to fund small business loans and tenant rent relief.

These and many other examples demonstrate the Council-adopted Strategic Priority of Organizational Strength and Good Governance.

#### *The Great Resignation*

The many and varied accomplishments over the past two years have occurred in the midst of a national phenomenon in the labor market that has been referred to as the "Great Resignation," in which a large number of employees have chosen to change jobs, pursue new careers, or leave the workforce entirely.

The public sector has not been immune to this trend. In late 2021, the MissionSquare Research Institute conducted a survey of 1,100 State and local government employees and teachers to assess the impact of the COVID-19 pandemic on public-sector workers. This survey found that 52% of surveyed public-sector workers were considering leaving their jobs and 80% said that the number of people leaving had put a strain on their workload.



**Figure 2: MissionSquare Findings About the Great Resignation**

Mountain View has experienced these impacts, seeing both a higher-than-usual turnover rate driven by a considerable number of retirements and resignations as people left the workforce or moved on to other jobs for various reasons, such as moving to areas with lower costs of living. This past fiscal year alone, the City experienced 40 retirements and currently has 82 vacant positions. This has created a significant impact on existing employees, resulting in higher workloads for staff, at the same time that they are responding to the pandemic and leaving fewer people to deliver on the City’s ambitious Strategic Priorities and Council Work Plan. Consequently, increased levels of employee stress and burnout are occurring. The ability to recruit for new employees is also more strained in the current public-sector environment. Recruitments may sometimes take longer than they have in the past due to smaller candidate pools and the need to reopen recruitments for second or third rounds. This is a byproduct of the Great Resignation and the region’s high cost of living and has an impact on the City’s existing employees as vacant positions are open for longer time periods.

The City is in a period of rebuilding and adapting to the “next normal,” and staff are focused on maintaining Mountain View’s great organizational culture to retain current employees and attract new ones. The City will continue to provide exceptional service to the community, but there will be tradeoffs and limitations in the timing and ability to deliver every desired project and initiative.

### **Strategies for Organizational Strength and Good Governance**

In order to respond to the aforementioned challenges, the City has undertaken a number of strategies and initiatives to maintain and enhance the strength of the organization’s workforce to be an employer of choice for the most highly qualified employees and to continue to provide high-quality services to the Mountain View community. These strategies include the following and are also reflected in proposals within the Fiscal Year 2022-23 Recommended Budget:

- Streamlining and innovating the City’s hiring process and adding staff capacity to the Human Resources Department in order to attract top talent and fill vacancies as quickly as possible;
- Providing training, development, and coaching to employees to support the City’s commitment to promote from within;
- Strengthening workplace engagement and culture through a robust program of employee communication, team-building, recognition, and celebration;
- Participating in regional, Statewide, and National “Next Generation” efforts to attract people into the local government profession and develop those already working in the profession to take on higher levels of responsibility in their careers; and
- Assessing operations and organizational structures to identify opportunities to improve service delivery effectiveness and efficiency and align staffing levels to achieve operational goals and accomplish the City’s Strategic Priorities. An example of such an assessment, the recent Development Review Study, is provided below.

#### *Development Review Study*

In 2020, the City hired Matrix Consulting Group (Matrix) to conduct a study of the City of Mountain View’s development review process by which the Community Development and Public Works Departments, along with other City departments, process the review and approval of private property development projects. The study gathered information from permit applicants through a survey, focus groups, and individual interviews; reviewed permit history; identified best practices; evaluated technology and existing tools; and assessed existing staffing levels and workloads. The study identified several strengths as well as areas for improvement and

presented 53 recommendations. These recommendations vary in the degree of staff time, complexity, and resource needs and are expected to be implemented over multiple years. More information about the study and recommendations are available at: [www.mountainview.gov/services/developmentrev/development\\_review\\_study.asp](http://www.mountainview.gov/services/developmentrev/development_review_study.asp).

The Fiscal Year 2022-23 Recommended Budget includes staffing changes in the Community Development Department, Public Works Department, and Information Technology Department needed to achieve the operating improvements recommended in the Development Review Study. The recommended new positions related to the Development Review Study are detailed below and total \$307,100 in the General Operating Fund, \$1.3 million in the Development Services Fund, and \$106,000 in the Shoreline Community Fund.

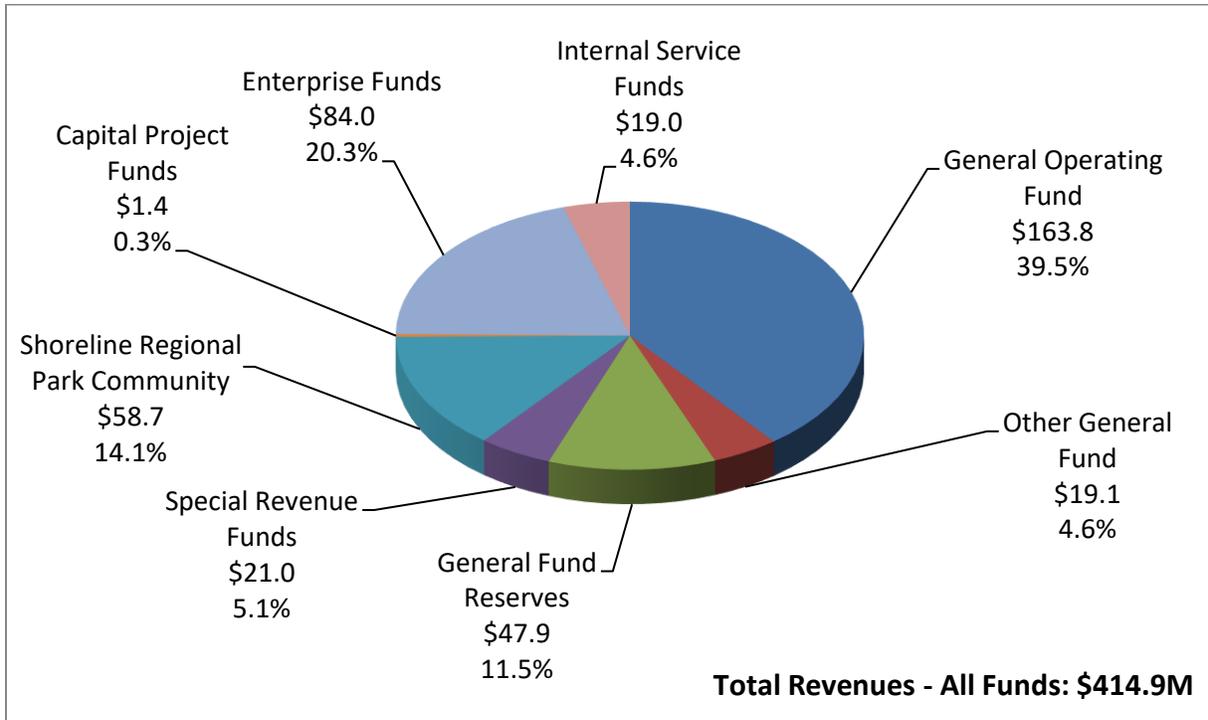
Position	Development Services Fund		Shoreline Community Fund		General Operating Fund		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Asst. CDD Director	0.65	\$ 196,800	0.35	\$106,000	-	-	1.00	\$ 302,800
Executive Assistant	0.75	130,500	-	-	0.25	\$43,500	1.00	174,000
Jr./Asst./Assoc. Planner	1.00	209,500	-	-	-	-	1.00	209,500
Senior Planner	0.90	204,100	-	-	0.10	22,700	1.00	226,800
Sr. Civil Engineer—Land Dev.	1.00	256,200	-	-	-	-	1.00	256,200
Sr. Civil Engineer—Traffic	1.00	256,200	-	-	-	-	1.00	256,200
PW Inspector I/II—Construction*	1.00	43,800	-	-	-	-	1.00	43,800
Senior IT Analyst	-	-	-	-	1.00	240,900	1.00	240,900
<b>TOTAL</b>	<b>6.30</b>	<b>\$1,297,100</b>	<b>0.35</b>	<b>\$106,000</b>	<b>1.35</b>	<b>\$307,100</b>	<b>8.00</b>	<b>\$1,710,200</b>

\* Public Works Inspector position partially funded by CIPs.

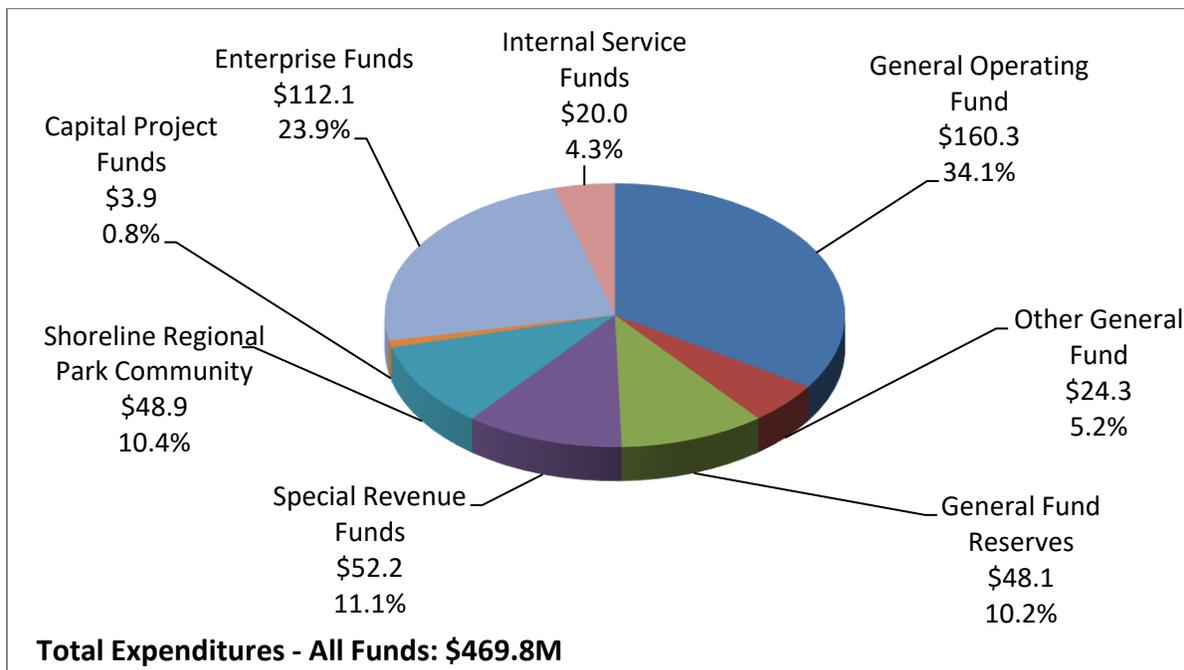
### **FISCAL YEAR 2022-23 BUDGET OVERVIEW**

The total Recommended Budget for Fiscal Year 2022-23 is \$414.9 million in revenues and \$469.8 million in expenditures. Expenditures are greater than revenues as some expenditures, such as capital projects, are funded from existing available resources. The Fund Schedules Section of this document presents the City's financial picture in detail.

**Total Fiscal Year 2022-23 Recommended Revenues—All Funds  
(dollars in millions)**



**Total Fiscal Year 2022-23 Recommended Expenditures—All Funds  
(dollars in millions)**

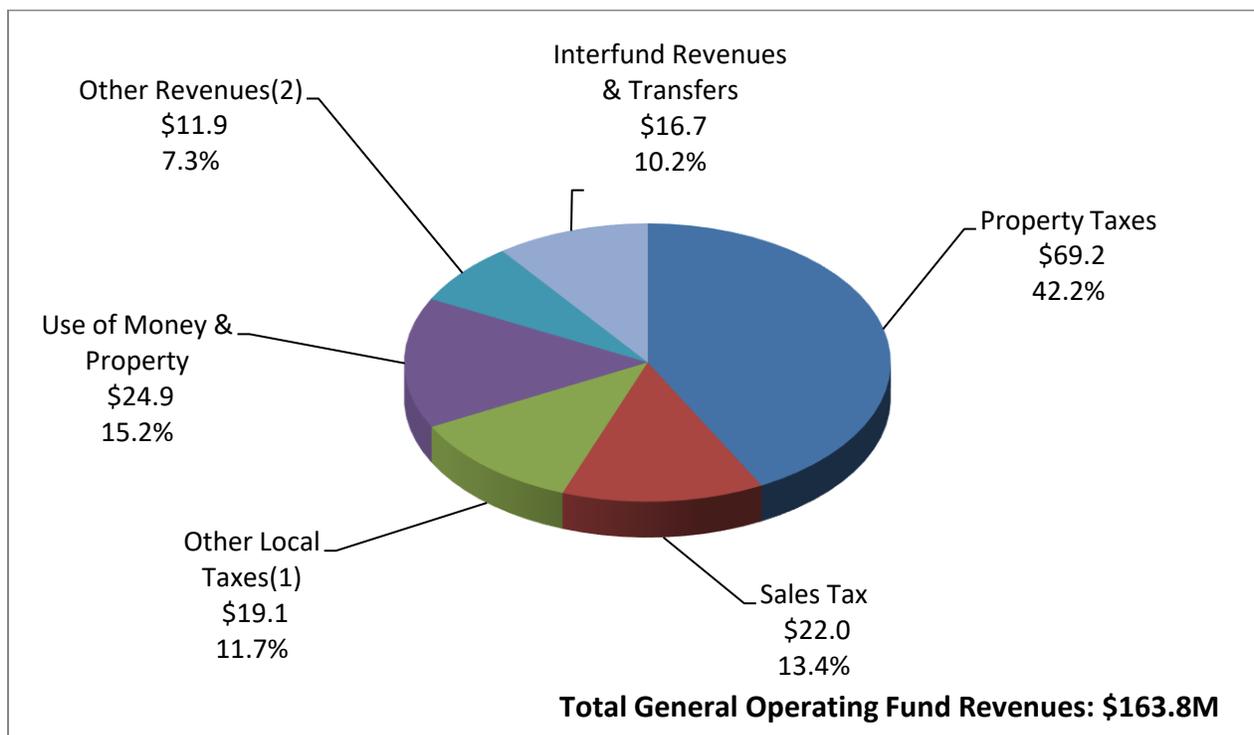


The GOF is the single largest City fund and provides funding for the core services of the City, such as Police, Fire, Parks, Recreation, Library, some Planning and Public Works, Sustainability, and all City Administration functions, including the City Attorney's Office, City Clerk's Office, City Manager's Office as well as the Human Resources, Finance and Administrative Services, and Information Technology Departments. The GOF Recommended Budget includes the City Manager's recommendations and is currently estimated to achieve a modest surplus.

The GOF Recommended Budget is summarized below (dollars in thousands):

Total Revenues	\$163,836
Total Expenditures	(158,737)
Transfer to General Fund Reserve	<u>(1,600)</u>
<b>Operating Balance</b>	<b><u>\$ 3,499</u></b>

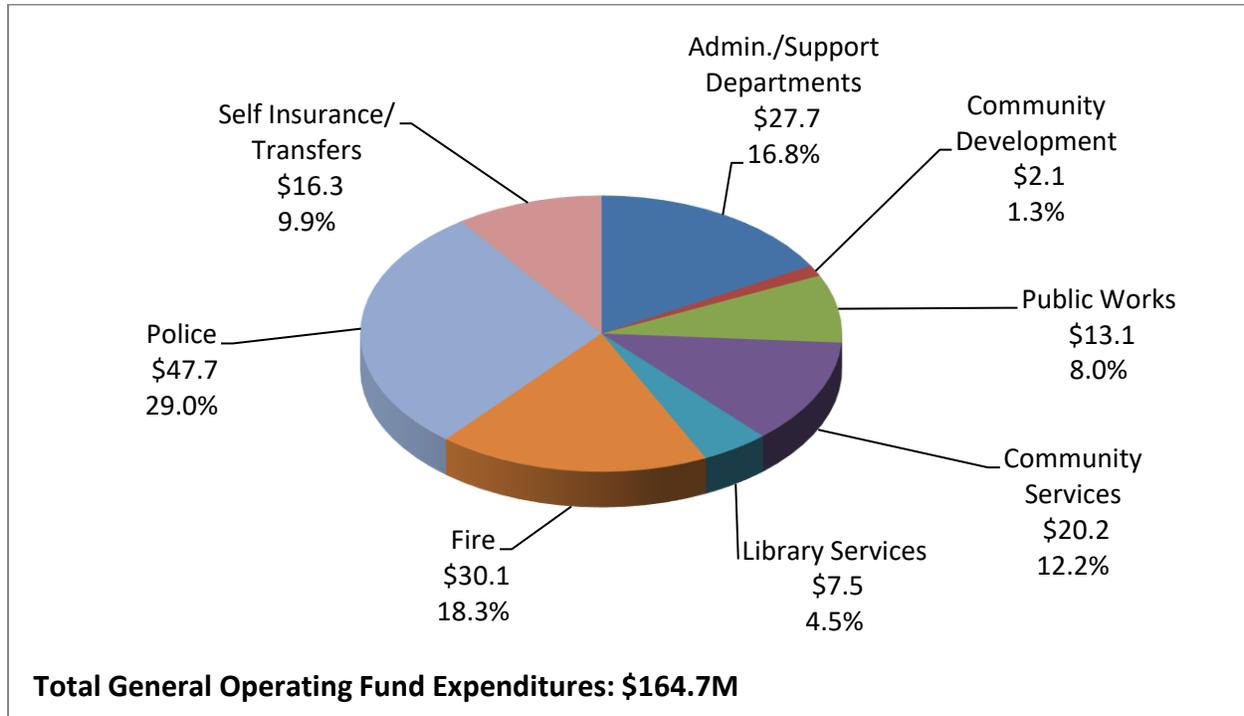
**Fiscal Year 2022-23 General Operating Fund Recommended Revenues  
(dollars in millions)**



<sup>1</sup> Other Local Taxes consist of Transient Occupancy Tax, Business Licenses, and Utility Users Tax.

<sup>2</sup> Other Revenues consist of Licenses, Permits and Franchise Fees, Fines and Forfeitures, Intergovernmental, Charges for Services, and Miscellaneous Revenues.

**Fiscal Year 2022-23 General Operating Fund Recommended Expenditures  
(dollars in millions)**



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

NOTE: Excludes the \$6.0 million estimated budget savings and \$1.6 million transfer to the General Fund Reserve.

**General Operating Fund Five-Year Financial Forecast (Forecast)**

Included in this Recommended Budget document is the Forecast beginning on Page 3-1. Forecasting is an important part of a city's financial planning process. While it is challenging to accurately predict local government revenues due to the variable nature of the revenue sources and their connection to regional, State, national, and even international economic conditions, it is possible to identify reasonable financial trends and provide a conceptual financial picture for a multi-year period, which is useful to the City Council's decision-making. However, with the degree of uncertainty surrounding the current economic climate, forecasting financial trends is difficult to project. The Forecast includes staff's best estimates for the projected fiscal outlook for the GOF (including the Fiscal Year 2022-23 Recommended Budget).

The Forecast was prepared assuming the positive revenue trends for the future years. However, some revenues, such as sales tax and other local taxes, are not expected to recover fully until well into the subsequent Forecast years. For Fiscal Year 2022-23, the General Operating Fund is estimated to end with a \$3.5 million operating balance. The Forecast also projects the fund will

end with a smaller surplus in the following two years due to higher projected expenditures. The fourth and the fifth Forecast years are projected to have a healthy surplus.

### **Public Safety Building Funding Strategy**

Since the Fiscal Year 2017-18 budget, the City began transferring lease-related revenues generated from the Ameswell Hotel and Office development into the City's Budget Contingency Reserve to be utilized for funding limited-period expenditures until such time as these funds could be used to pay for debt service on a new Public Safety Building, originally expected to start construction in Fiscal Year 2022-23. However, due to delays from the COVID-19 pandemic and a significant increase in the estimated construction cost of the new building, it is recommended that, until the City can establish a new funding plan for the project, the annual revenue being generated from Ameswell, estimated to be \$2.8 million in Fiscal Year 2022-23, along with an estimated \$10.2 million previously deposited into the Budget Contingency Reserve, be set aside and dedicated for the Public Safety Building until such time it is needed for debt service. This strategy will provide a source of dedicated funding for this important project.

### **OTHER MAJOR FUNDS**

The City has three other funds considered to be major funds besides the GOF:

- Development Services Fund
- Shoreline Golf Links and Michaels at Shoreline Restaurant Fund
- Shoreline Regional Park Community Fund

Additional information on these funds can be found beginning on Page 1-28 of the Recommended Budget.

### **Utility Funds**

The City's enterprise utility funds are fully funded by the rates charged to customers; there is no General Fund support to the utility funds. Utility rates charged by governmental entities for water, sewer, and trash and recycling services are considered property-related fees and are subject to the procedural requirements of Proposition 218, Article XIII, of the California Constitution. Proposition 218 requires governmental agencies to conduct a majority protest hearing prior to adopting any changes in utility rates. A notice is required to be mailed no later than 45 days prior to the public hearing and is required to include the proposed rate adjustment, the calculation methodology, and describe the process for submitting a protest vote. The legislation also provides for future rate increases within prescribed limits to be approved without holding a hearing each year for up to an additional four years.

A Proposition 218 hearing is not required for the recommended water and wastewater rate increases as the recommended increases for Fiscal Year 2022-23 are within the prescribed limits, as noticed May 7, 2021 and approved at the June 22, 2021 public hearing. However, the recommended solid-waste rate increase requires a Proposition 218 hearing, scheduled for June 28, 2022, prior to the adoption of any rate modifications. A Proposition 218 hearing will be held on June 28, 2022 for the recommended rate increases for Fiscal Year 2022-23, and notices were mailed on or before May 13, 2022, as required.

### **Water Fund**

For Fiscal Year 2022-23, the wholesale water rate increase from the San Francisco Public Utilities Commission (SFPUC) is 15.6%. Valley Water (formerly the Santa Clara Valley Water District) adopted a 15.6% increase for groundwater (well production) and a 14.5% increase for treated water. Due to the SFPUC and Valley Water rate increases and City cost increases, potable water and meter rates are recommended with a 12.0% increase for Fiscal Year 2022-23. This results in a monthly increase of \$13.17 for the average single-family residence. The Recycled Water rate is recommended with a 5.0% rate increase corresponding to the Consumer Price Index (CPI). There are significant capital improvement projects recommended for Fiscal Year 2022-23 that will draw from the \$15.5 million estimated available balance. On March 22, 2022, the City Council approved the Recycled Water Feasibility Study Update Draft Report, which discussed future CIP needs ranging from \$92.0 million to \$102.0 million over approximately 25 years. The cost of these projects will most likely require a bond issue and will have a significant impact on the recycled water rate.

### **Wastewater Fund**

For Fiscal Year 2022-23, costs for the Palo Alto Regional Water Quality Control Plant (Treatment Plant) are increasing 6.8%. An 8.0% overall rate increase is recommended: 6.0% due to Treatment Plant and City operating cost increases and 2.0% for the eighth year of the phase-in of planned Treatment Plant capital costs.

### **Solid Waste Management Fund**

For Fiscal Year 2022-23, the increase for Recology for collection services is 3.38%, reflecting the change in CPI per the agreement. The City's share of SMaRT® Station costs are approximately 2.4% lower for Fiscal Year 2022-23; however, taking into consideration the processing services moved from the SMaRT® Station to other specialized facilities as of January 1, 2022, costs are estimated to increase approximately 1.0%. City operating costs are increasing approximately 23.0%, primarily due to the processing services changes and increase in commercial composting costs, resulting in a \$1.7 million increase in operating costs. Senate Bill 1383 mandates residential and commercial composting, which require increased composting services. As a result of all of

these increases, trash and recycling rates would need to increase approximately 15.0% to maintain a balanced operating budget; however, there is a sufficient balance in the fund to smooth the rate increase over three fiscal years. Therefore, trash and recycling rates are recommended with a 6.0% increase for Fiscal Year 2022-23, with the remainder spread over the following two fiscal years. This results in a monthly increase of \$2.25 for a 32-gallon cart.

## **OTHER RECOMMENDATIONS**

### **Park In-Lieu Fees in the Park Land Dedication Fund**

The Mountain View City Code requires residential developments to dedicate a certain amount of park land and/or pay an in-lieu fee based on the number of net new market-rate units (affordable units are exempt) in a proposed development to offset the impacts on existing parks and open space facilities. Chapter 41 sets forth the City's process for calculating, collecting, committing, and allocating in-lieu fees to parks and recreation projects. The Park Land Dedication (PLD) Ordinance was adopted in 1971 as part of the City's Subdivision Ordinance, pursuant to California Government Code Section 66477, also known as the Quimby Act. The Quimby Act requires local agencies to commit in-lieu fees within five years of the payment of the fee. Council Policy K-15 determines the City's use of in-lieu fees and prioritizes the use of fees, first to land acquisition located within one mile of the residential development generating the fee, and then to acquisition within the same planning area as the residential development.

Currently, there are three separate fees totaling \$14,400 within the Park Land Development Fund that were received nearly five years ago and remain uncommitted. Two of these fees were collected from residential development in the Central Planning Area and one fee was collected from the Stierlin Planning Area. These fees are further outlined below. The Community Services Department recommends committing these funds to land acquisition per the prioritization outlined in Council Policy K-15 as there are no planned projects in these planning areas that currently require use of these fees. If committed to land acquisition, these fees will be available for use in the future as land acquisition opportunities become available in these planning areas.

<b>Funding Source</b>	<b>Planning Area</b>	<b>Uncommitted Fees in Area</b>	<b>PLD Priority</b>	<b>PLD Fee</b>
1986 San Ramon Avenue	Stierlin	\$13,774,200	1	\$4,800
1585 Villa Street	Central	\$4,141,560	1	\$4,800
260 Franklin Street	Central	\$4,141,560	1	\$4,800

**TOTAL PLD  
COMMITMENT    \$14,400**

## **FISCAL IMPACT**

The Recommended Budget provides a fiscal plan for the City for Fiscal Year 2022-23 with a balanced GOF and projected year-end operating balance of \$3.5 million. The Recommended Budget includes a total of \$1.4 million of nondiscretionary increases, \$2.6 million for discretionary expenses, and \$3.8 million for new limited-period items in the GOF.

The recommendations include additional recommendations for the Fiscal Year 2021-22, and the fiscal impacts are identified and discussed within this report.

## **SUMMARY AND CONCLUSION**

The City has spent a tremendous amount of effort and funding to address the COVID-19 pandemic during the past years for vulnerable and disadvantaged residents by implementing programs and working with community nonprofit agencies in the area of rent relief, safe parking, sheltering and homeless services, eviction moratorium, small business assistance grants, utility relief, and a host of other financial and nonfinancial assistance for the benefit of the community-at-large. The Fiscal Year 2022-23 Recommended Budget continues many of these programs and will make further increases to programs necessary to improve the welfare for those of lower income and most impacted during the pandemic. Benefitting from the improved economic conditions that we are now seeing, along with the infusion of Federal funding from ARPA, the City is also well-positioned to continue its fiscal recovery while assisting the community financially and through a revised vision for racial equity and inclusion that will bring the City and our residents together by recognizing and building upon our collective diversity and working toward making Mountain View a community for all.

## **ALTERNATIVES**

Council may request modifications to the Fiscal Year 2022-23 Recommended Budget as presented or provide other direction prior to finalizing the budget on June 28, 2022.

**PUBLIC NOTICING**

Agenda posting, notice of fee modification as required, and notice of the public hearing was published in two newspapers of general circulation.

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575-06-14-22CR  
202088

- Attachments:
1. [Fiscal Year 2022-23 Recommended Budget](#)
  2. Fiscal Years 2021-22 and 2022-23 Council Strategic Work Plan Update