



COUNCIL REPORT

DATE: June 27, 2023

CATEGORY: Public Hearing

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

TITLE: **Adoption of Fiscal Year 2023-24 Budgets,
Appropriations Limit, Fee Modifications,
and Funding for Fiscal Year 2023-24
Capital Improvement Projects**

RECOMMENDATION

Convene a public hearing, accept public comment, and take the following actions necessary for the City of Mountain View, the Shoreline Regional Park Community, and the Mountain View Capital Improvement Financing Authority to adopt the Fiscal Year 2023-24 budgets, appropriations limit, fee modifications, and funding for the adopted Fiscal Year 2023-24 Capital Improvement Projects.

City of Mountain View Actions:

1. Adopt a Resolution of the City Council of the City of Mountain View Adopting Appropriations for the Adopted Capital Improvement Project 24-38, Underground Utilities at 1020 Terra Bella, Identified in the Recommended Fiscal Year 2023-24 through Fiscal Year 2027-28 Capital Improvement Program, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Adopt a Resolution of the City Council of the City of Mountain View Adopting the Fiscal Year 2023-24 City Budget and Appropriations for the Remainder of the Adopted Fiscal Year 2023-24 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 2 to the Council report).
3. Adopt a Resolution of the City Council of the City of Mountain View Adopting the Fiscal Year 2023-24 Appropriations Limit, to be read in title only, further reading waived (Attachment 3 to the Council report).
4. Adopt a Resolution of the City Council of the City of Mountain View Amending the City of Mountain View Master Fee Schedule, to be read in title only, further reading waived (Attachment 4 to the Council report).

5. Commit \$8,000,000 of Park Land Dedication Funds to the adopted Fiscal Year 2023-24 Capital Projects, including amendments to existing projects (Attachment 5 to the Council report).
6. Adopt a Resolution of the City Council of the City of Mountain View Authorizing the City Manager or Designee to Amend the Classification and Salary Plans for Regular and Hourly Employees for Fiscal Year 2023-24, to be read in title only, further reading waived (Attachment 6 to the Council report).

Mountain View Shoreline Regional Park Community Actions:

7. Adopt a Resolution of the Shoreline Regional Park Community of the City of Mountain View Adopting the Fiscal Year 2023-24 Shoreline Regional Park Community Budget and Appropriations for the Adopted Fiscal Year 2023-24 Capital Improvement Projects for the Shoreline Regional Park Community, Including Amendments to Existing Projects, to be read in title only, further reading waived (Attachment 7 to the Council report).

City of Mountain View Capital Improvements Financing Authority Action:

8. Adopt a Resolution of the Capital Improvements Financing Authority of the City of Mountain View Adopting the Fiscal Year 2023-24 Budget for Debt Service Payments, to be read in title only, further reading waived (Attachment 8 to the Council report).

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 2023-24 Capital Improvement Projects (Capital Projects). This process requires the City Council to review the Recommended Budget submitted by the City Manager, publicly notice and conduct a public hearing on the Recommended 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.

The budget process began in November 2022 and concludes with the adoption of the annual budget this evening. During this time, several updates were presented to Council, including: midyear budget status updates; updates to the Council Strategic Work Plan; and two Study Sessions on the Capital Improvement Program (CIP). The public hearings on June 13 and June 27, 2023 were noticed and satisfy the City Charter and other legal requirements. The Recommended Budget document has been available for public review on the City website since June 2, 2023.

ANALYSIS

At the June 13, 2023 public hearing, staff presented the Fiscal Year 2023-24 Recommended Budget. After the public hearing was closed, the City Council asked questions and provided input to staff. All of the items listed below have been added to the Recommended Budget and are included in the total City Budget and General Operating Fund (GOF) budget amounts, as appropriate, in the attached resolutions (Attachments 1 and 2).

Revisions to the Recommended Budget

- Increase funding for the Council Neighborhoods Committee
Neighborhood Grant Program (General Operating Fund—ongoing) \$7,000

In addition, staff is recommending funding the below additional items that were inadvertently left out of the Recommended Budget; most of the items are included as a result of learning more information about vehicle equipment that is becoming obsolete and anticipated savings on vehicle purchases if purchased within the next three months. The following new items were added to the total Recommended Budget after it was presented to the City Council on June 13, 2023.

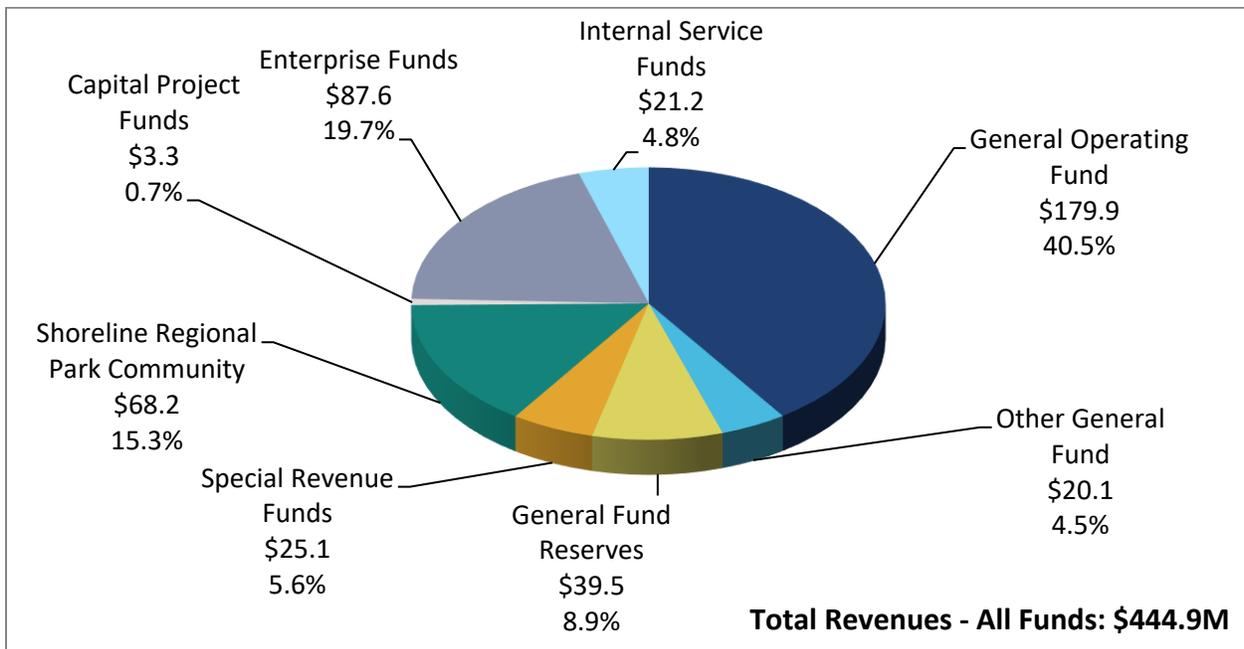
- Fire Heavy Rescue Vehicle additional funding for vehicle upgrade
(General Operating Fund—limited-period transfer) \$650,200
- Emergency Communications Center Logging Recorder
(General Operating Fund—capital outlay) \$240,000
- Information Technology Strategic Plan
(General Non-Operating Fund—limited-period) \$100,000
- Rebudget funding for truck purchase
(Shoreline Regional Park Community Fund—capital outlay) \$43,400
- Transfer \$80,000 funding for Short-Term Rental Ordinance Compliance
from the City Manager’s Office to the Finance and Administrative
Services Department (General Operating Fund—ongoing) No Net Change

The total budgeted revenues and expenditures for all funds for Fiscal Year 2023-24 are \$444,924,959 and \$578,593,701 (does not include \$9.0 million of budget savings), respectively. The General Operating Fund revenues and expenditures for Fiscal Year 2023-24 are \$180,845,980 and \$182,244,290 (does not include \$6.5 million of budget savings), respectively.

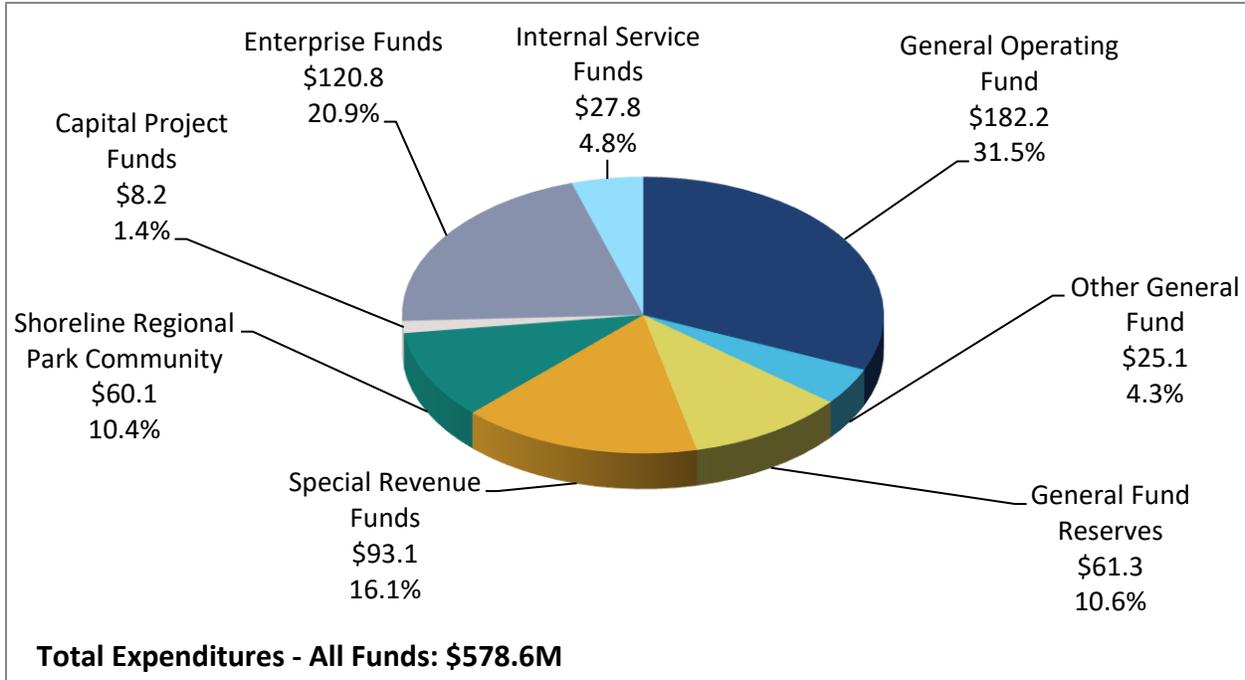
Including the \$6.5 million of estimated budget savings results in a **projected GOF operating balance of \$5.1 million**. GOF revenues are 10.4% higher than the Fiscal Year 2022-23 Adopted Budget, and operating expenditures are 9.7% higher (not including \$6.5 million estimated budget savings). Fiscal Year 2023-24 Capital Project funding in the amount of \$126,291,933, of which \$104,457,500 is City funding, is included.

The City budget and CIP resolutions (Attachments 1 and 2) provide for any amendments approved by the City Council on June 27, 2023 to be included in the Fiscal Year 2023-24 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. As authorized by the resolution, the Adopted Budget will be amended to include costs associated with approved labor agreements.

TOTAL REVENUES—ALL FUNDS, FISCAL YEAR 2023-24
(dollars in millions)

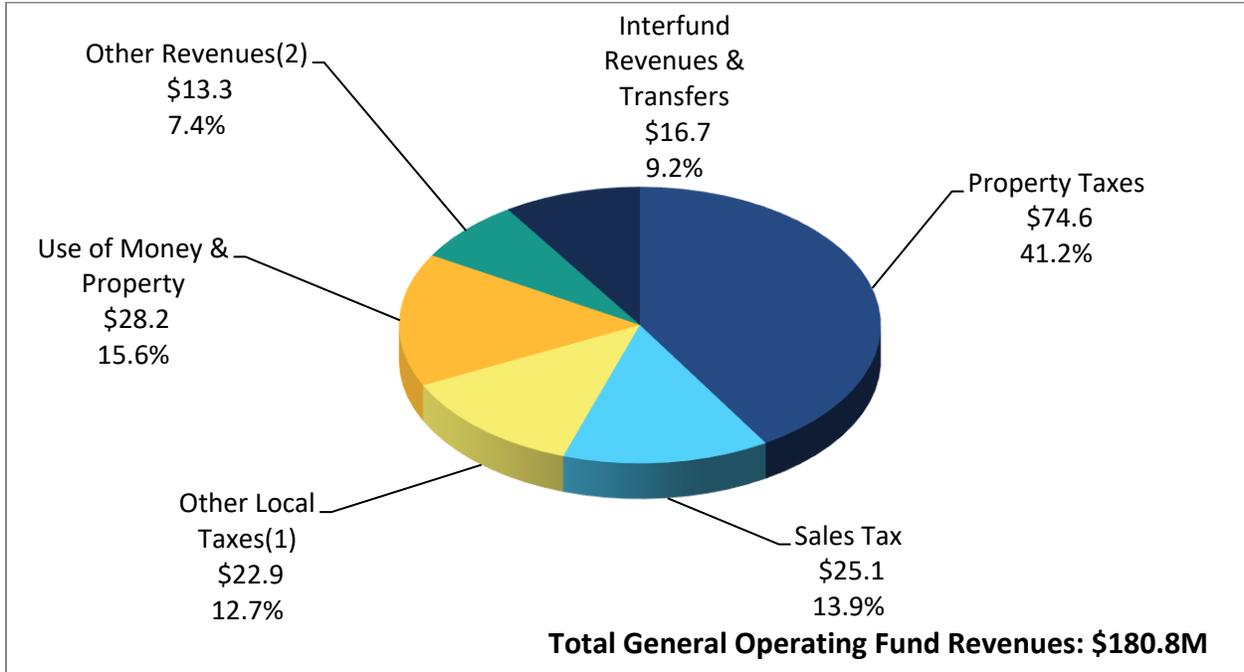


TOTAL EXPENDITURES—ALL FUNDS, FISCAL YEAR 2023-24
(dollars in millions)



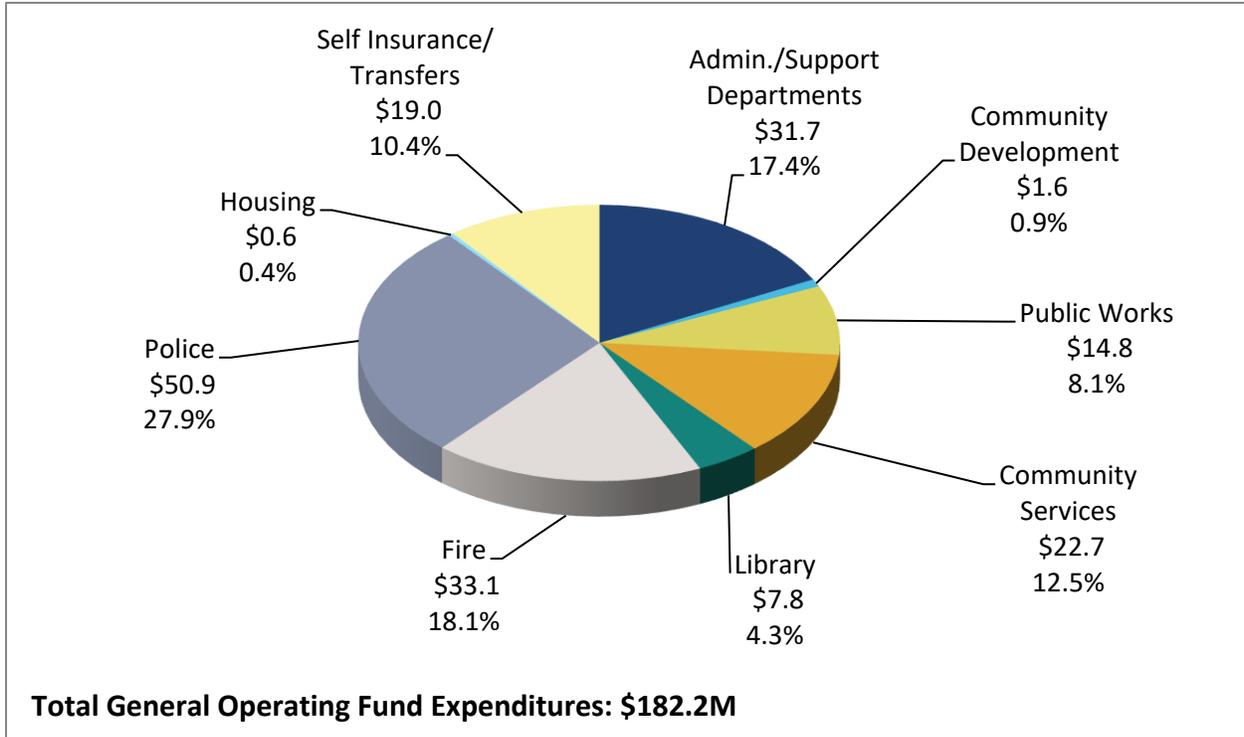
NOTE: General Operating Fund does not include the \$6.5 million estimated budget savings, and Other General Fund does not include the \$2.5 million estimated budget savings.

GENERAL OPERATING FUND REVENUES, FISCAL YEAR 2023-24
(dollars in millions)



1. Other Local Taxes consists of Transient Occupancy Tax, Business Licenses, and Utility Users Tax.
2. Other Revenues consists of Licenses, Permits and Franchise Fees, Fines and Forfeitures, Intergovernmental, Charges for Services, and Miscellaneous.

**GENERAL OPERATING FUND EXPENDITURES, FISCAL YEAR 2023-24
(dollars in millions)**



NOTE: General Operating Fund does not include the \$6.5 million estimated budget savings.

Salary Plan Changes: The resolution authorizing the City Manager or designee to amend the classification and salary plans for regular and hourly employees (Attachment 6) includes changes implemented under City Manager authority since the midyear budget report (Exhibit A) and employee compensation changes for the period including July 1, 2023 through June 30, 2024, previously included in separate resolutions reviewed by the Mountain View City Council in Item 6.1 on the June 28, 2022 agenda. Salary Plans included as Exhibits B and C to Attachment 6 also include new position classifications and/or title changes included in the Fiscal Year 2023-24 Recommended Budget.

Salary for Mayor and Councilmembers: The City's Salary Plan for regular employees (Attachment 6) reflects the automatic annual adjustment made in accordance with the City of Mountain View's Charter, Part 1, Article V, Section 5.03. The cost-of-living adjustment of 3.6% is effective June 25, 2023 and will be included in the Fiscal Year 2023-24 Adopted Budget.

Title Changes: The items below have been modified by staff since the Fiscal Year 2023-24 Proposed Budget on the June 13, 2023 agenda. These title changes are now brought forward in the resolution and salary plan for the Fiscal Year 2023-24 Adopted Budget:

1. Forestry and Roadway Manager to Urban Forest Manager
2. Forestry Supervisor/Arborist to Urban Forest Supervisor
3. Forestry Coordinator to Urban Forest Coordinator
4. Open Space Planner to Community Services Project Administrator
5. Security Guard to Lead Security Services Guard

Overhires: Per Council Policy D-10, "City Manager Approval of Overhire Positions," staff is required to report the number of overhires approved by the City Manager on staff during Fiscal Year 2022-23. There were two overhires approved by the City Manager during Fiscal Year 2022-23.

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 2023-24 appropriation limit is \$356,727,282, and those funds subject to limitation are \$133,942,950. This information was provided in the Recommended Budget document on Page 7-95 and has been noticed on the City website and on the *Mountain View Voice* website.

Fee Modifications

Recommended fee modifications were reviewed and discussed at the June 13, 2023 public hearing. Attachment 4 contains a detailed listing of all fees recommended for modification, including utility rates.

Mountain View Shoreline Regional Park Community

The total Shoreline Regional Park Community (Shoreline Community) budget for Fiscal Year 2023-24 is \$60,075,883, which includes appropriations for the Fiscal Year 2023-24 Capital Projects in the amount of \$22,109,000.

City of Mountain View Capital Improvements Financing Authority

The Mountain View Capital Improvements Financing Authority (MVCIFA) was established in 1992 to facilitate the refinancing of a previous bonded debt issue, which was later retired. The MVCIFA was utilized for the Child-Care Center financing, which was paid off in Fiscal Year 2015-16, and is currently being used for the Wastewater Loan. It is anticipated the MVCIFA will be used for future City financing needs related to the Police/Fire Administration Building and downtown parking. As required by State law and the resolution establishing the procedures for the MVCIFA, an annual meeting for this special-purpose authority is held.

The total MVCIFA budget for Fiscal Year 2023-24 is \$852,361 for debt service related to the 2018 Wastewater Bank Loan.

FISCAL IMPACT

City of Mountain View (City): Adoption of the total Fiscal Year 2023-24 Recommended Budget for those funds governed by the City Council, in the amount of \$435,316,957, and the appropriations for the Fiscal Year 2023-24 Capital Projects, in the amount of \$104,182,933, of which \$82,348,500 is City funding, authorizes total expenditures of \$539,499,890 for Fiscal Year 2023-24. The budget includes GOF revenues in the amount of \$180,845,980 and expenditures in the amount of \$182,244,290 (excluding projected budget savings of \$6,500,000). These amounts include the Recommended Budget as presented as well as the additional items recommended by staff and approved by the City Council at the June 13, 2023 public hearing. The final budget will be modified to include any changes adopted at the June 27, 2023 public hearing (Attachments 1 and 2).

City of Mountain View Master Fee Schedule: Adoption of the Fiscal Year 2023-24 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 4).

Park Land Dedication Funds: The adopted Fiscal Year 2023-24 CIP includes the commitment of Park Land Dedication fees totaling \$8,000,000 to new and amended projects. Attachment 5 contains additional information regarding the commitment of these Park Land Dedication fees to Capital Projects.

Mountain View Shoreline Community: Adoption of the Fiscal Year 2023-24 Recommended Budget for the Shoreline Community in the amount of \$37,966,883 and the appropriations for the Fiscal Year 2023-24 Capital Projects in the amount of \$22,109,000 authorizes total expenditures of \$60,075,883 for Fiscal Year 2023-24. This amount will be modified to include any changes adopted at the June 27, 2023 Shoreline Community public hearing.

City of Mountain View Capital Improvements Financing Authority: Adoption of the Fiscal Year 2023-24 Recommended Budget for the MVCIFA authorizes total expenditures in the amount of \$852,361 for debt service related to the 2018 Wastewater Bank Loan. This will be modified to include any changes adopted at the June 27, 2023 public hearing.

Appropriations for the total budget for all City funds, Capital Projects, the Shoreline Community, and Capital Improvements Financing Authority is \$578,593,701.

ALTERNATIVES

The City Council, the Shoreline Community Board of Directors, and the Mountain View Capital Improvements Financing Authority Board of Directors may request modifications to the Fiscal Year 2023-24 recommended budgets, strategic priorities, appropriations limit, fee modifications, and funding for the Fiscal Year 2023-24 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 the *Daily Post* and advertised on the *Mountain View Voice* website.

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- Attachments:
1. Resolution—Fiscal Year 2023-24 CIP 24-38 Funding
 2. Resolution—Fiscal Year 2023-24 City Budget and Remainder of Capital Project Funding
 3. Resolution—Fiscal Year 2023-24 Appropriations Limit
 4. Resolution—Amending Master Fee Schedule
 5. Park Land Dedication Fee Commitments
 6. Resolution—Amending the Fiscal Year 2023-24 Classification and Salary Plans for Regular and Hourly Employees
 7. Resolution—Fiscal Year 2023-24 SRPC Budget and Capital Project Funding
 8. Resolution—Fiscal Year 2023-24 Budget for MVCIFA Debt Service Payments
 9. Final Fiscal Years 2021-23 Council Work Plan Update
 10. June 13, 2023 [Public Hearing for Fiscal Year 2023-24 Recommended Budget](#)