



DATE: June 23, 2020

CATEGORY: Public Hearing

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

TITLE: **Adoption of Fiscal Year 2020-21
Budgets, Appropriations Limit, Fee
Modifications, and Funding for Fiscal
Year 2020-21 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 2020-21 budgets, appropriations limit, fee modifications, and funding for the adopted Fiscal Year 2020-21 Capital Improvement Projects.

City of Mountain View Actions:

1. Adopt a Resolution Adopting the Fiscal Year 2020-21 City Budget and Appropriations for the Adopted Fiscal Year 2020-21 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 2020-21 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 \$1,635,000 of Park Land Dedication funds to the adopted Fiscal Year 2020-21 Capital Projects, including amendments to existing projects, shown on Attachment 4 to the Council report.
5. Adopt a Resolution Authorizing the City Manager or Her Designee to Amend the Classification and Salary Plans for Regular and Hourly Employees for Fiscal Year

2020-21, 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 2020-21 Shoreline Regional Park Community Budget and Appropriations for the Adopted Fiscal Year 2020-21 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. Adopt a Resolution Adopting the Fiscal Year 2020-21 Budget for MVCIFA Debt Service Payments, to be read in title only, further reading waived (Attachment 7 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 2020-21 Capital Improvement Projects (Capital Projects). This process requires the City Council to 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:

- December 13, 2019: Department budget requests due to the Finance and Administrative Services Department.
- February 2020: Department budget meetings with the Interim City Manager and Budget Review Team.
- February 11, 2020: Midyear Budget Status Report and GOF Preliminary Forecast for Fiscal Year 2020-21 presented to the City Council.

- February 25, 2020: Update on City Council Goals and work plan modifications.
- April 21, 2020: Proposed Fiscal Year 2020-21 Capital Improvement Program Study Session.
- May 5, 2020: Fiscal Year 2019-20 General Operating Fund Budget Status Update Report on the impacts of COVID-19.
- April/May 2020: City revenues, expenditures, and department budget requests reassessed due to the impacts of COVID-19.
- June 9, 2020: Public hearing on the Fiscal Year 2020-21 Proposed Budget, including water, sewer, and trash and recycling rates, and various fees (Attachment 8), and Adoption of the Proposed Fiscal Year 2020-21 CIP.
- June 23, 2020: Public hearing on the Fiscal Year 2020-21 Proposed Budget, including water, sewer, and trash and recycling rates, and various fees, and funding for the Fiscal Year 2020-21 CIP, with adoption scheduled after the public hearing.
- June 30, 2020: Community Development Block Grant (CDBG) public hearing.

The public hearings on June 9 and June 23, 2020 were noticed and satisfy the City Charter and other legal requirements. As of June 3, 2020, the Proposed Budget document has been available for public review on the City website.

ANALYSIS

At the June 9, 2020 public hearing, staff presented the Fiscal Year 2020-21 Proposed Budget. After the public hearing was closed, the City Council took action to remove four Police Department items included in the Proposed Budget document. All the items listed below have been removed and are not included in the total City Budget and General Operating Fund budget amounts discussed in this report and the attached resolution.

Items Removed from the Proposed Budget:

- | | |
|--|----------|
| • Patrol Rifles (30) (GOF – capital outlay) | \$52,500 |
| • Parking Enforcement Overtime (limited-period) (GNOF) | \$40,000 |

- Towing Fee Enhancement (limited-period) (GNOF) \$20,000
- Drones (rebudget balance) (GNOF – capital outlay) \$12,900

In addition to deferring the above \$125,400 in spending in the Police Department budget, the City will be taking a number of other actions to address the concerns and suggestions expressed by Mountain View residents stemming from the national outrage over the killing of Mr. George Floyd by a Minneapolis police officer. These actions include:

- The creation of a Council subcommittee on Race, Equity, and Inclusion consisting of Mayor Abe-Koga, Vice Mayor Kamei, and Councilmember Ramirez to engage the community in meaningful dialogue toward a vision of justice and equity in Mountain View and renewed public trust in law enforcement;
- A review of policing policies for alignment with best practice recommendations, including those advocated by the 8 Can't Wait campaign, Campaign Zero, and the California Attorney General;
- A Human Relations Commission Civility Roundtable on unconscious bias and other assistance in community convening and outreach as determined with the Council subcommittee and/or the Police Department;
- The exploration of alternative service delivery approaches to address and achieve better outcomes for community needs such as mental health, substance abuse, and homelessness; and
- A commitment to report back to the City Council on the above efforts in the fall of 2020.

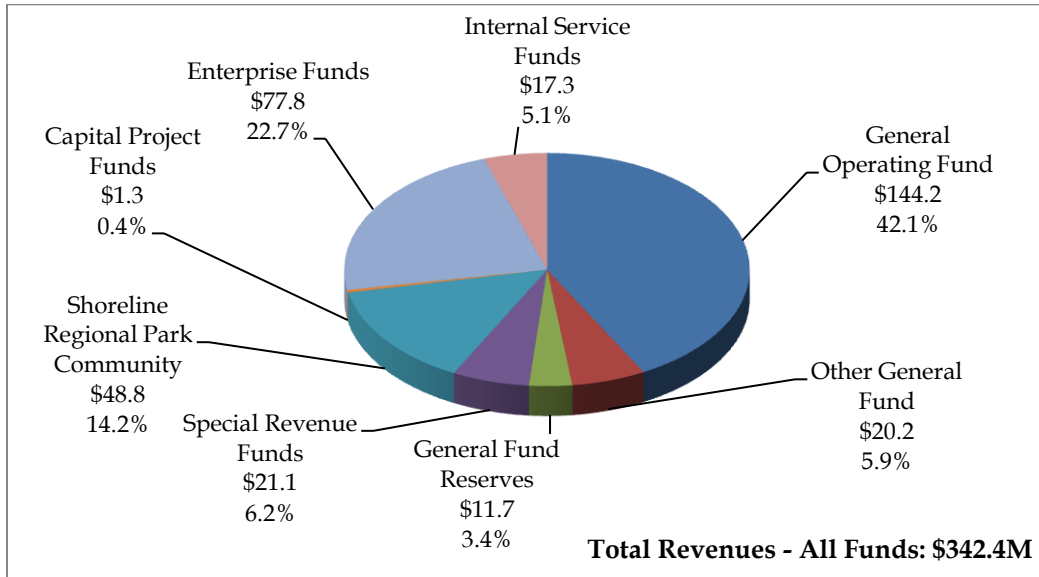
The total revenues and expenditures for all funds for Fiscal Year 2020-21 are \$342,432,078 and \$350,534,827, respectively. The General Operating Fund revenues and expenditures for Fiscal Year 2020-21 are \$144,162,250 and \$147,999,932, respectively. General Operating Fund revenues are 2.8 percent lower than the Fiscal Year 2019-20 Adopted Budget, and operating expenditures are 7.5 percent higher (not including estimated budget savings). Fiscal Year 2020-21 Capital Project funding in the amount of \$33,491,000, of which \$33,376,000 is City funding, and a capital project refund in the amount of \$640,000 is included.

In Addition, the item listed below is proposed for City Council consideration and is not included in the total expenditure amounts discussed in this report and the City budget resolution.

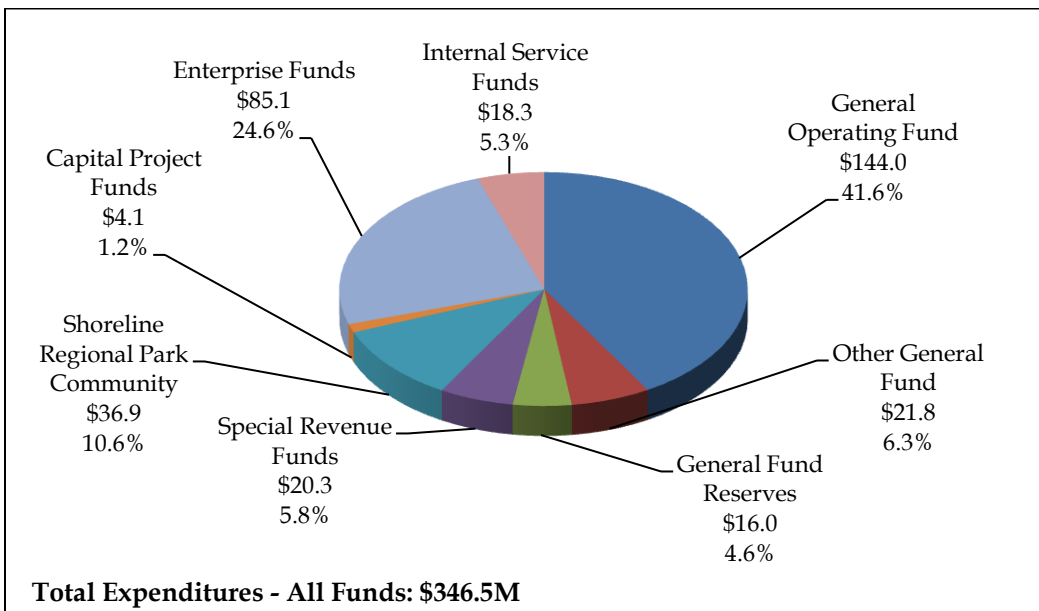
- Rebudget the balance of the \$600,000 allocation from the General Non-Operating Fund for COVID-19 emergency expenditures approved June 9, 2020.

The City budget and CIP resolution (Attachment 1) provides for any amendments approved by the City Council on June 23, 2020 to be included in the Fiscal Year 2020-21 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 2020-21
(dollars in millions)**

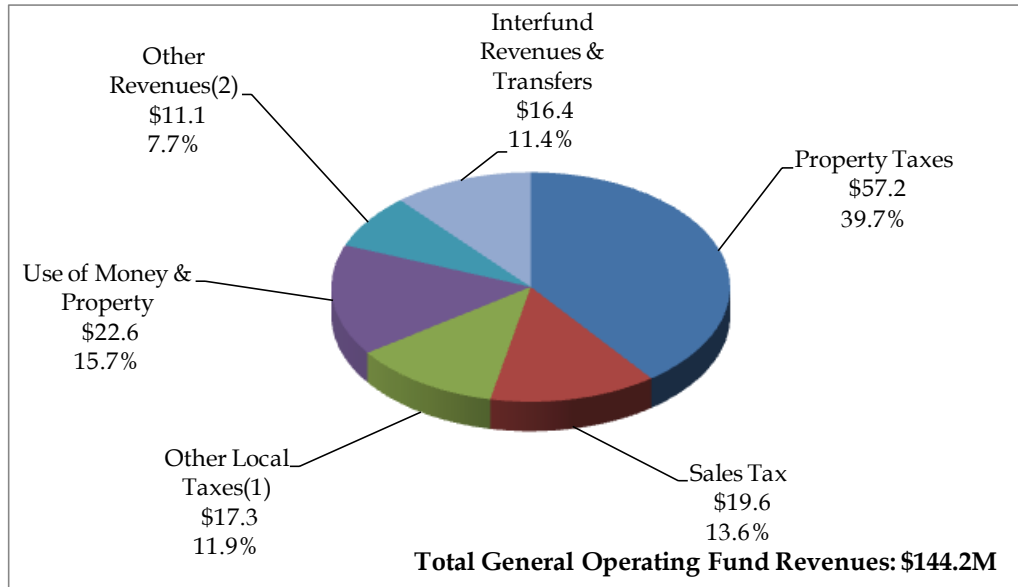


**TOTAL EXPENDITURES – ALL FUNDS
FISCAL YEAR 2020-21
(dollars in millions)**

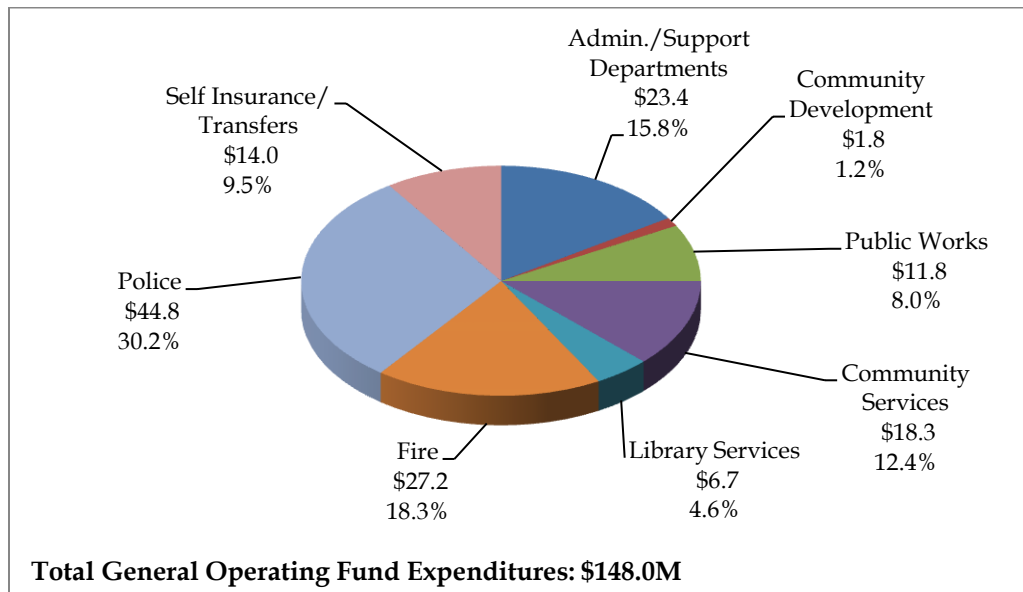


Note: General Operating Fund net of the \$4.0 million estimated budget savings.

GENERAL OPERATING FUND REVENUES
FISCAL YEAR 2020-21
(dollars in millions)



GENERAL OPERATING FUND EXPENDITURES
FISCAL YEAR 2020-21
(dollars in millions)



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

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

Note: General Operating Fund does not include the \$4.0 million estimated budget savings.

The resolution authorizing the City Manager or Designee to Amend the Classification and Salary Plans for Regular and Hourly Employees for Fiscal Year 2020-21 allows the changes in employee compensation for the period of June 28, 2020 through June 30, 2021 as adopted by resolutions on April 28, 2020 and the proposed changes to and new position classifications, included in the Fiscal Year 2020-21 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 2020-21 appropriation limit is \$293,019,226, and those funds subject to limitation are \$101,944,621.

Fee Modifications

Proposed fee modifications were reviewed and discussed at the June 9, 2020 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 2020-21 is \$36,896,998, which includes appropriations for the Fiscal Year 2020-21 Capital Projects in the amount of \$4,152,000.

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 2020-21 is \$852,800 for debt service related to the 2018 Wastewater Bank Loan.

FISCAL IMPACT

City of Mountain View (City) – Adoption of the total Fiscal Year 2020-21 Proposed Budget for those funds governed by the City Council, in the amount of \$284,413,829 and the appropriations for the Fiscal Year 2020-21 Capital Projects, in the amount of \$29,339,000 of which \$29,224,000 is City funding, authorizes total expenditures of \$313,752,829 for Fiscal Year 2020-21. The budget includes General Operating Fund revenues in the amount of \$144,162,250 and expenditures in the amount of \$147,999,932 (excluding projected budget savings of \$4,000,000). These amounts exclude the items removed by City Council at the June 9, 2020 public hearing that were included in the Proposed Budget. The total budget will be modified to include any changes adopted at the June 23, 2020 public hearing (Attachment 1).

City of Mountain View Master Fee Schedule – Adoption of the Fiscal Year 2020-21 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 Year 2020-21 CIP includes \$4,091,000 of Park Land Dedication (PLD) fees, \$1,635,000 recommended to be committed to new and amended projects, and \$2,456,000 previously committed over various Fiscal Years. Attachment 4 contains additional information regarding the commitment of these PLD fees to Capital Projects.

Mountain View Shoreline Community – Adoption of the Fiscal Year 2020-21 Proposed Budget for the Shoreline Community in the amount of \$32,744,998 and the appropriations for the Fiscal Year 2020-21 Capital Projects in the amount of \$4,152,000 authorizes total expenditures of \$36,896,998 for Fiscal Year 2020-21. This amount will be modified to include any changes adopted at the June 23, 2020 Shoreline Community public hearing.

City of Mountain View Capital Improvements Financing Authority – Adoption of the Fiscal Year 2020-21 Proposed Budget for the MVCIFA authorizes total expenditures in the amount of \$852,800 for debt service related to the 2018 Wastewater Bank Loan. This will be modified to include any changes adopted at the June 23, 2020 public hearing.

Appropriations for the total budget for all City funds, Capital Projects, and the Shoreline Community is \$350,649,827.

CONCLUSION

The actions tonight satisfy the Charter requirements for adopting the annual City budget. The total Fiscal Year 2020-21 Proposed Budget for the City and CIP is \$313,752,829, and the total for the Shoreline Community is \$36,896,998. The General Operating Fund budget for Fiscal Year 2020-21 is \$147,999,932 (excluding projected budget savings of \$4,000,000). Proposed fee modifications are detailed in Attachment 3, including utility rates.

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 2020-21 proposed budgets, goals, appropriations limit, fee modifications, and funding for the Fiscal Year 2020-21 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 *San Jose Post-Record* and advertised on the *Mountain View Voice* website.

Prepared by:

Ann Trinh
Senior Financial Analyst

Rafaela Duran
Principal Financial Analyst

Suzanne Niederhofer
Assistant Finance and Administrative
Services Director

Approved by:

Jesse Takahashi
Finance and Administrative
Services Director

Kimbra McCarthy
City Manager

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- Attachments:
1. Resolution—Fiscal Year 2020-21 City Budget and Capital Project Funding
 2. Resolution—Fiscal Year 2020-21 Appropriations Limit
 3. Resolution—Amending Master Fee Schedule
 4. Park Land Dedication Fee Commitments
 5. Resolution—Amend the Fiscal Year 2020-21 Classification and Salary Plans
 6. Resolution—Fiscal Year 2020-21 SRPC Budget and Capital Project Funding
 7. Resolution—Fiscal Year 2020-21 Budget for MVCIFA Debt Service Payments
 8. June 9, 2020 [Public Hearing for Fiscal Year 2020-21 Proposed Budget](#)