



JOINT REPORT

DATE: June 25, 2024

CATEGORY: Public Hearing

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

TITLE: **Adoption of Fiscal Year 2024-25 Budgets,
Fee Modifications, and Funding for Fiscal
Year 2024-25 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 2024-25 budgets, fee modifications, and funding for the adopted Fiscal Year 2024-25 Capital Improvement Projects.

City of Mountain View Actions:

1. Adopt a Resolution of the City Council of the City of Mountain View Appropriating One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000) for Capital Improvement Project 24-38, Underground Utilities at 1020 Terra Bella, and Authorizing the Finance and Administrative Services Director to Make Adjustments and Corrections to Capital Improvement Program Amounts and Determine Final Capital Improvement Program Amounts Based on Council Direction, 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: (1) Adopting the Fiscal Year 2024-25 City Budget; (2) Appropriating Funds to Cover Expenditures Approved by Said Budget; (3) Establishing Public Benefit Amounts for the El Camino Real Precise Plan and San Antonio Precise Plan; (4) Establishing Community Benefits Values for the East Whisman Precise Plan; (5) Authorizing the City Manager to Execute Funding Agreements Consistent with Nonprofit Funding Appropriations in the Adopted Budget; and (6) Authorizing the Finance and Administrative Services Director to Adjust Appropriations in Various Funds as Needed to Align with Actual Revenue Earned and Received as Specifically Set Forth Herein, Make Final Adjustments to the Community Stabilization and Fair Rent Act and Mobile Home Rent Stabilization Ordinance Budgets and Fees, Adjust Appropriations Related to the Graham Middle School Site Based on Billed Invoices, and Determine Final Budget Amounts

Based on Council Direction, 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 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 \$1,800,000 of Park Land Dedication Funds to the adopted Fiscal Year 2024-25 Capital Projects, including amendments to existing projects (Attachment 4 to the Council report).
5. Adopt a Resolution of the City Council of the City of Mountain View Amending the Regular Salary Plan for Fiscal Year 2023-24 and Regular and Hourly Salary Plans for Fiscal Year 2024-25, 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 of the Board of Directors of the Shoreline Regional Park Community:
(1) Adopting the Fiscal Year 2024-25 Shoreline Regional Park Community Budget;
(2) Appropriating Funds to Cover Expenditures Approved by Said Budget; and
(3) Authorizing the Treasurer to Adjust Appropriations as Needed to Make Payments in Accordance with the Tax-Sharing Agreement with Santa Clara County and the Education Enhancement Reserve Joint Powers Agreement, to Align Appropriations with Actual Revenues Earned and Received as Specifically Set Forth Herein, and Determine Final Budget Amounts Based on Board Direction (Attachment 6 to the Council report).

City of Mountain View Capital Improvements Financing Authority Action:

7. Adopt a Resolution of the City of Mountain View Capital Improvements Financing Authority (“MVCIFA”) Adopting the Fiscal Year 2024-25 Budget for Debt Service Payments, Appropriating Funds to Cover Expenditures Approved by Said Budget, and Authorizing the MVCIFA Treasurer to Make Budget Adjustments and Determine Final Budget Amounts Based on MVCIFA Board Direction, 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 2024-25 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 2023 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 one Study Session on the Capital Improvement Program (CIP). The public hearings that were held on June 11 and June 25, 2024 were properly noticed and satisfy the City Charter and other legal requirements. The Recommended Budget document has been available for public review on the City's website and in the City Clerk's Office and the Mountain View Public Library since May 31, 2024.

ANALYSIS

At the June 11, 2024 public hearing, staff presented the Fiscal Year 2024-25 Recommended Budget. The Fiscal Year 2024-25 Recommended Budget was 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 of Mountain View (City) funds as well as the Shoreline Regional Park Community (Shoreline Community), a special government district administered by the City.

After the public hearing was closed, the City Council asked questions and provided input to staff. One of the key comments from the City Council was a request to review the annual funding set aside for the Sea Level Rise Reserve in the Shoreline Regional Park Community (SRPC) Fund. The SRPC Fund has \$156.3 million in projected spending for CIP Programs over the next five years, which include projects related to sea level rise, the Rengstorff Avenue grade separation, and the recycled water reservoir.

Given the revenue and expense projections, instead of additional contributions to the Sea Level Rise Reserve, staff is recommending continuing to set aside \$6.0 million annually in the SRPC Fund for the Sea Level Rise Reserve and is proposing the creation of a new reserve for CIP in the SRPC Fund with an annual contribution of \$10.0 million. Staff is recommending this approach as it provides the most flexibility for meeting CIP needs. Any shortfalls in funding for CIP projects over the next five years will be resolved through a debt issuance.

The City Council also directed staff to modify the \$3.0 million transfer from the General Operating Fund to the Open Space Acquisition Reserve that was approved at the February 27, 2024 Council meeting, and instead reallocating it to the General Fund Strategic Property Acquisition Reserve. Staff has included this recommendation in a separate consent agenda item in tonight's meeting,

entitled “Fiscal Year 2023-24 Acceptance and Appropriation of Donations and Transfer of Reserves.”

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

- Annual contribution to the Capital Improvement Reserve
(SRPC Fund—ongoing) \$10,000,000

In addition, staff is recommending the additional items described below that were inadvertently left out of the Recommended Budget or were pending information from a third party, which was received after the Recommended Budget was prepared. The following new items were added to the total Recommended Budget after it was presented to the City Council on June 11, 2024.

- Rebudget BMR funding for Lot 12 (May 14, 2024 Council Meeting)
(Housing Fund—limited-period) \$5,000,000
- Rebudget Public Services Study
(General Non-Operating Fund—limited-period) \$125,000
- CSFRA Project Sentinel contracting services
(CSFRA Fund—ongoing) \$5,000
- Silicon Valley Animal Control Authority (SVACA)
(General Operating Fund—ongoing) (\$88,500)
- Reclassify Principal IT Analyst to IT Analyst I/II
(General Operating Fund—ongoing) (\$32,200)

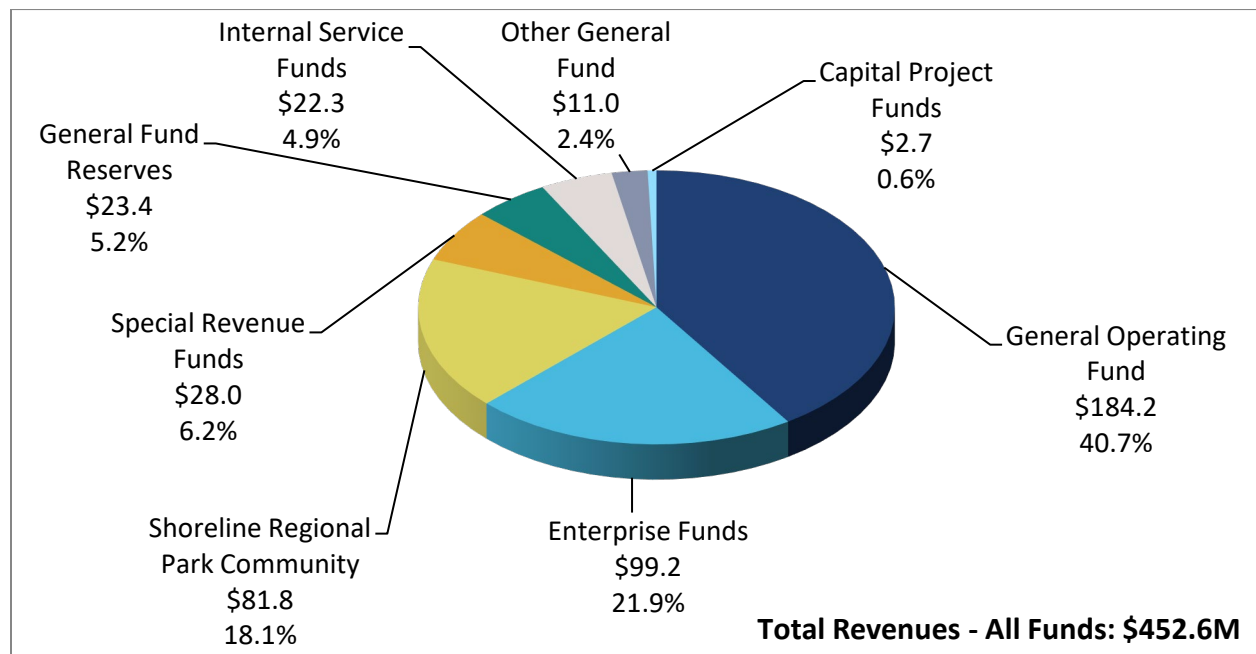
The total budgeted revenues and expenditures for all funds for Fiscal Year 2024-25 are \$452,581,731 and \$546,657,180 (does not include \$11.0 million of the estimated vacancy factor), respectively. The GOF revenues and expenditures for Fiscal Year 2024-25 are \$184,143,980 and \$192,212,766 (does not include \$8.5 million of the estimated vacancy factor), respectively.

Including the \$8.5 million of estimated vacancy factor results in a **projected GOF operating balance of \$431,000**. GOF revenues are 1.8% higher than the Fiscal Year 2023-24 Adopted Budget, and operating expenditures are 7.4% higher (not including \$8.5 million estimated

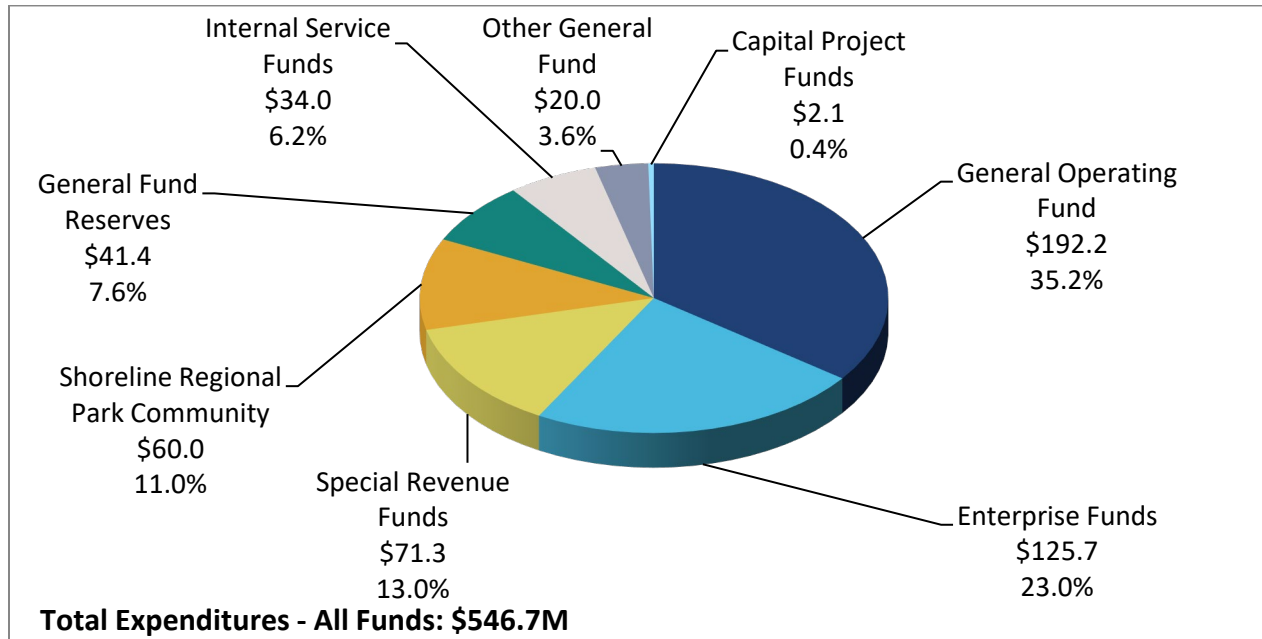
vacancy factor). Fiscal Year 2024-25 Capital Project funding in the amount of \$65,604,500, of which \$61,687,000 is City funding, is included.

The City budget and CIP resolutions (Attachments 1 and 2) provide for any amendments approved by the City Council on June 25, 2024 to be included in the Fiscal Year 2024-25 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 2024-25
(dollars in millions)

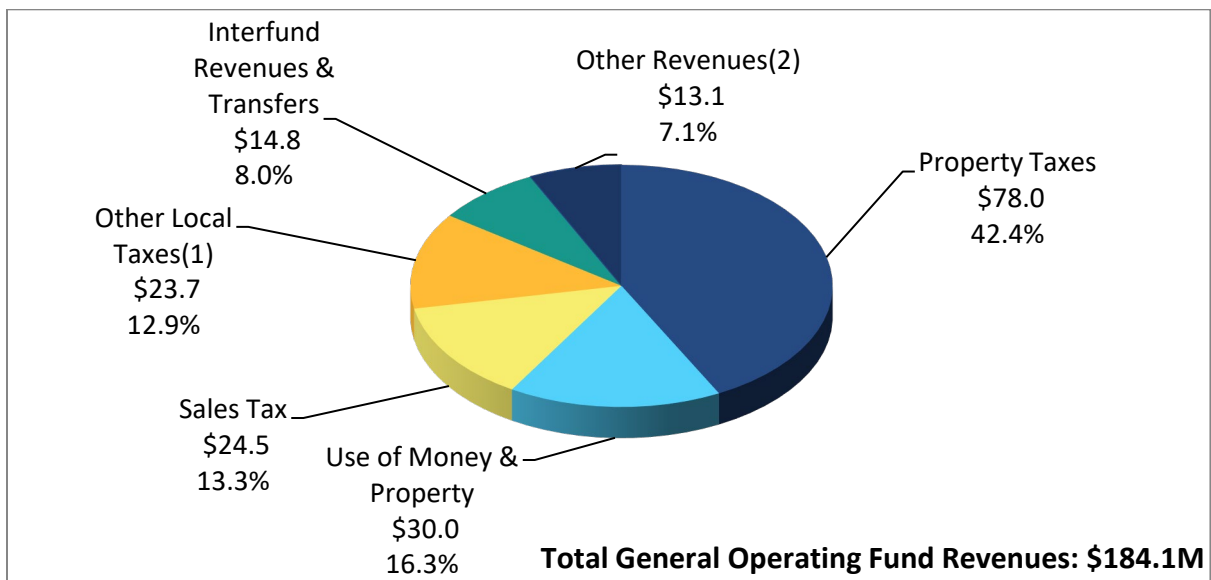


TOTAL EXPENDITURES—ALL FUNDS, FISCAL YEAR 2024-25
(dollars in millions)



NOTE: General Operating Fund does not include the \$8.5 million estimated vacancy factor, and Other General Fund does not include the \$2.5 million estimated vacancy factor.

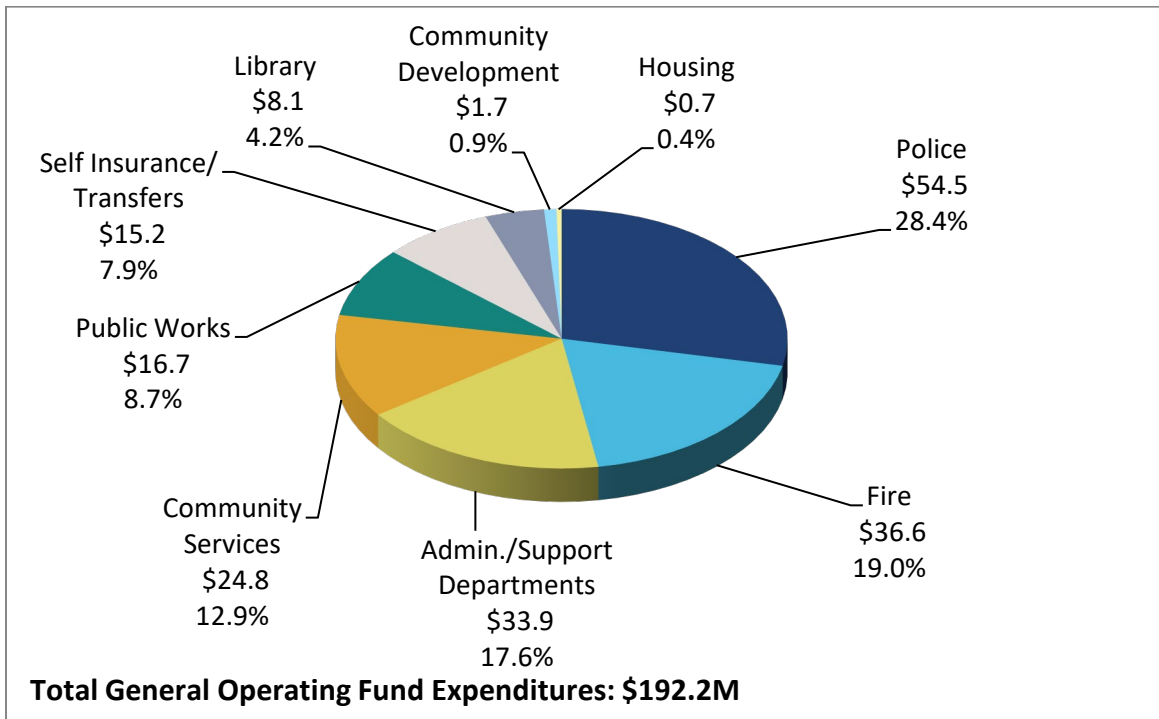
GENERAL OPERATING FUND REVENUES, FISCAL YEAR 2024-25
(dollars in millions)



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 2024-25
(dollars in millions)**



NOTE: General Operating Fund does not include the \$8.5 million estimated vacancy factor.

Salary Plan Changes: The resolution authorizing the City Manager or designee to amend the classification and salary plans for regular and hourly employees (Attachment 5) includes changes implemented under City Manager authority since the midyear budget report (Exhibit A) and employee compensation changes for the period including July 1, 2024 through June 30, 2025, included in separate resolutions on today’s agenda in Item 7.2. Salary Plans included as Exhibits B and C to Attachment 5 also include new position classifications and/or title changes included in the Fiscal Year 2024-25 Recommended Budget.

Salary for Mayor and Councilmembers: The City’s Salary Plan for regular employees (Attachment 5) 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 3.9% is effective June 23, 2024 and will be included in the Fiscal Year 2024-25 Adopted Budget.

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.

Fee Modifications

Recommended fee modifications were reviewed and discussed at the June 11, 2024 public hearing. Attachment 3 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 2024-25 is \$59,974,419, which includes appropriations for the Fiscal Year 2024-25 Capital Projects in the amount of \$17,466,000.

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 2024-25 is \$851,899 for debt service related to the 2018 Wastewater Bank Loan.

FISCAL IMPACT

City of Mountain View (City): Adoption of the total Fiscal Year 2024-25 Recommended Budget for those funds governed by the City Council, in the amount of \$441,609,862, and the appropriations for the Fiscal Year 2024-25 Capital Projects, in the amount of \$48,138,500, of which \$44,221,000 is City funding, authorizes total expenditures of \$489,748,362 for Fiscal Year 2024-25. The budget includes GOF revenues in the amount of \$184,143,980 and expenditures in the amount of \$192,212,766 (excluding projected vacancy factor of \$8,500,000). 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 11, 2024 public hearing. The final budget will be modified to include any changes adopted at the June 25, 2024 public hearing (Attachments 1 and 2).

City of Mountain View Master Fee Schedule: Adoption of the Fiscal Year 2024-25 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 2024-25 CIP includes the commitment of Park Land Dedication fees totaling \$1,800,000 to new and amended projects. Attachment 4 contains additional information regarding the commitment of these Park Land Dedication fees to Capital Projects.

Mountain View Shoreline Community: Adoption of the Fiscal Year 2024-25 Recommended Budget for the Shoreline Community in the amount of \$42,508,419 and the appropriations for the Fiscal Year 2024-25 Capital Projects in the amount of \$17,466,000 authorizes total expenditures of \$59,974,419 for Fiscal Year 2024-25. This amount will be modified to include any changes adopted at the June 25, 2024 Shoreline Community public hearing.

City of Mountain View Capital Improvements Financing Authority: Adoption of the Fiscal Year 2024-25 Recommended Budget for the MVCIFA authorizes total expenditures in the amount of \$851,899 for debt service related to the 2018 Wastewater Bank Loan. This will be modified to include any changes adopted at the June 25, 2024 public hearing.

Appropriations for the total budget for all City funds, Capital Projects, the Shoreline Community, and Capital Improvements Financing Authority are \$546,657,180.

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 2024-25 recommended budgets, fee modifications, and funding for the Fiscal Year 2024-25 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 2024-25 CIP 24-38 Funding
 2. Resolution—Fiscal Year 2024-25 City Budget and Remainder of Capital Project Funding
 3. Resolution—Amending Master Fee Schedule
 4. Park Land Dedication Fee Commitments
 5. Resolution—Amending the Fiscal Year 2024-25 Classification and Salary Plans for Regular and Hourly Employees
 6. Resolution—Fiscal Year 2024-25 SRPC Budget and Capital Project Funding
 7. Resolution—Fiscal Year 2024-25 Budget for MVCIFA Debt Service Payments
 8. June 11, 2024 [Public Hearing for Fiscal Year 2024-25 Recommended Budget](#)