

# Fiscal Year 2017 Proposed Budget

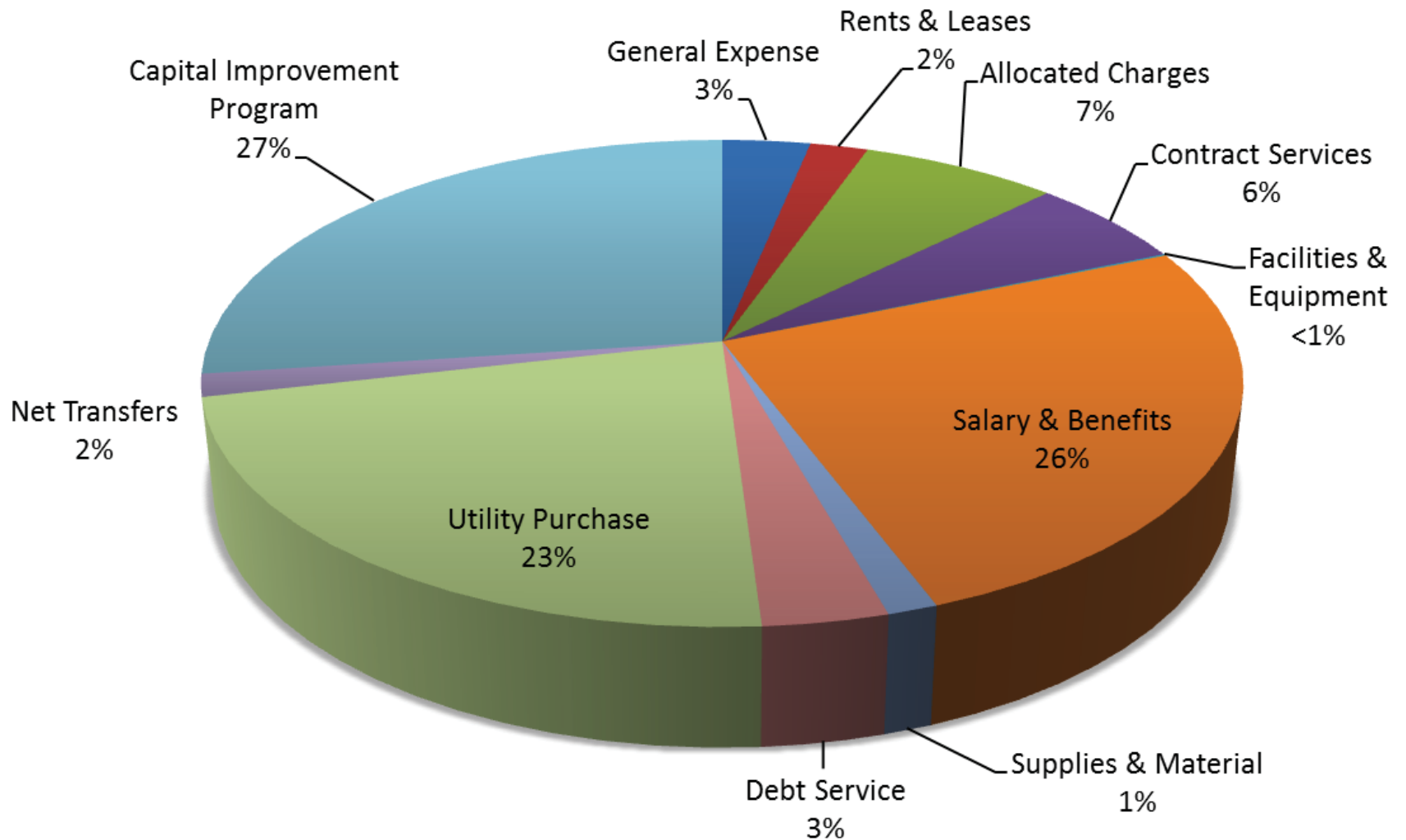
City Council

June 13, 2016

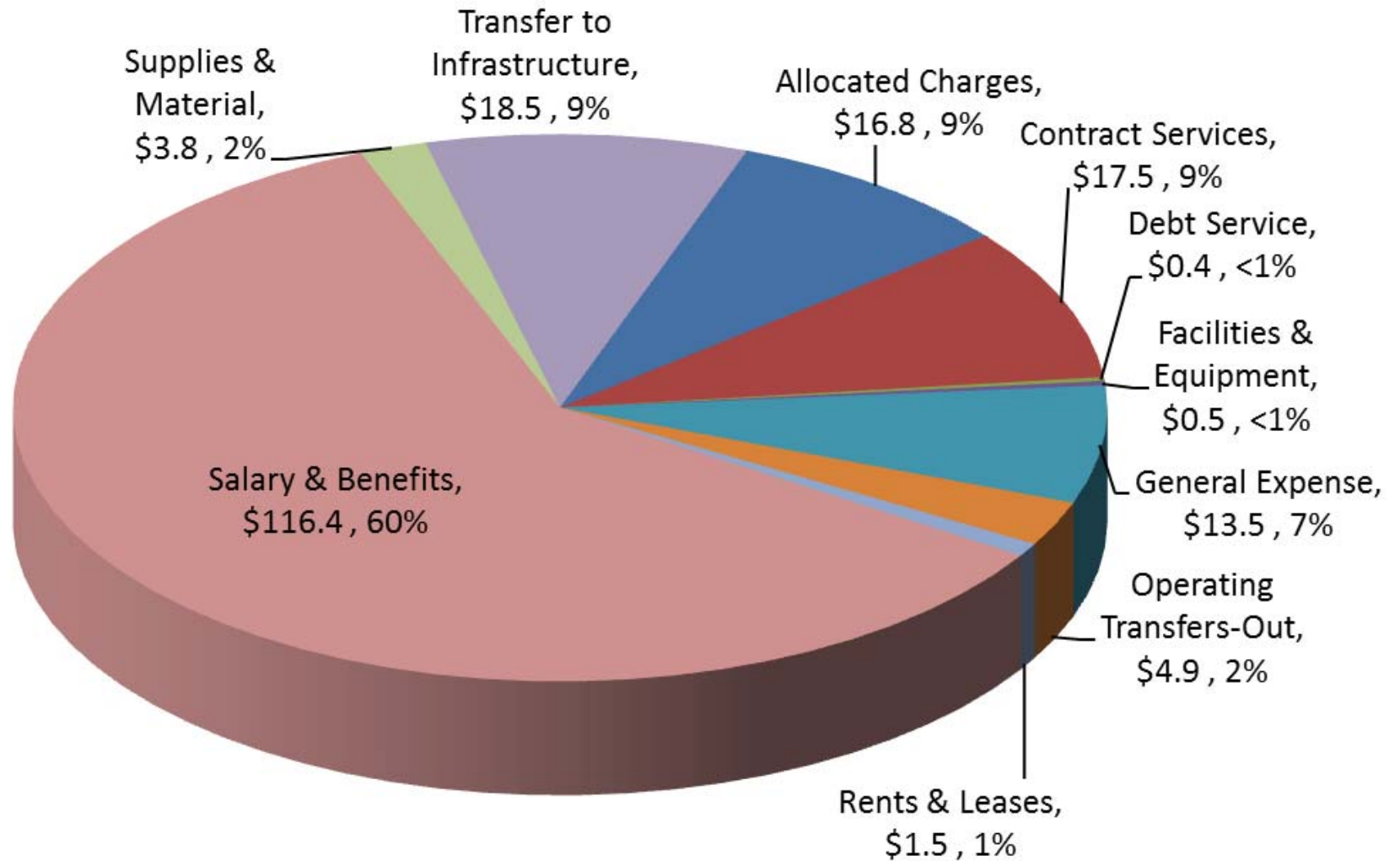
# Overview

- Current Status
- Finance Committee Changes
  - General Fund
  - All Funds
- Looking Forward

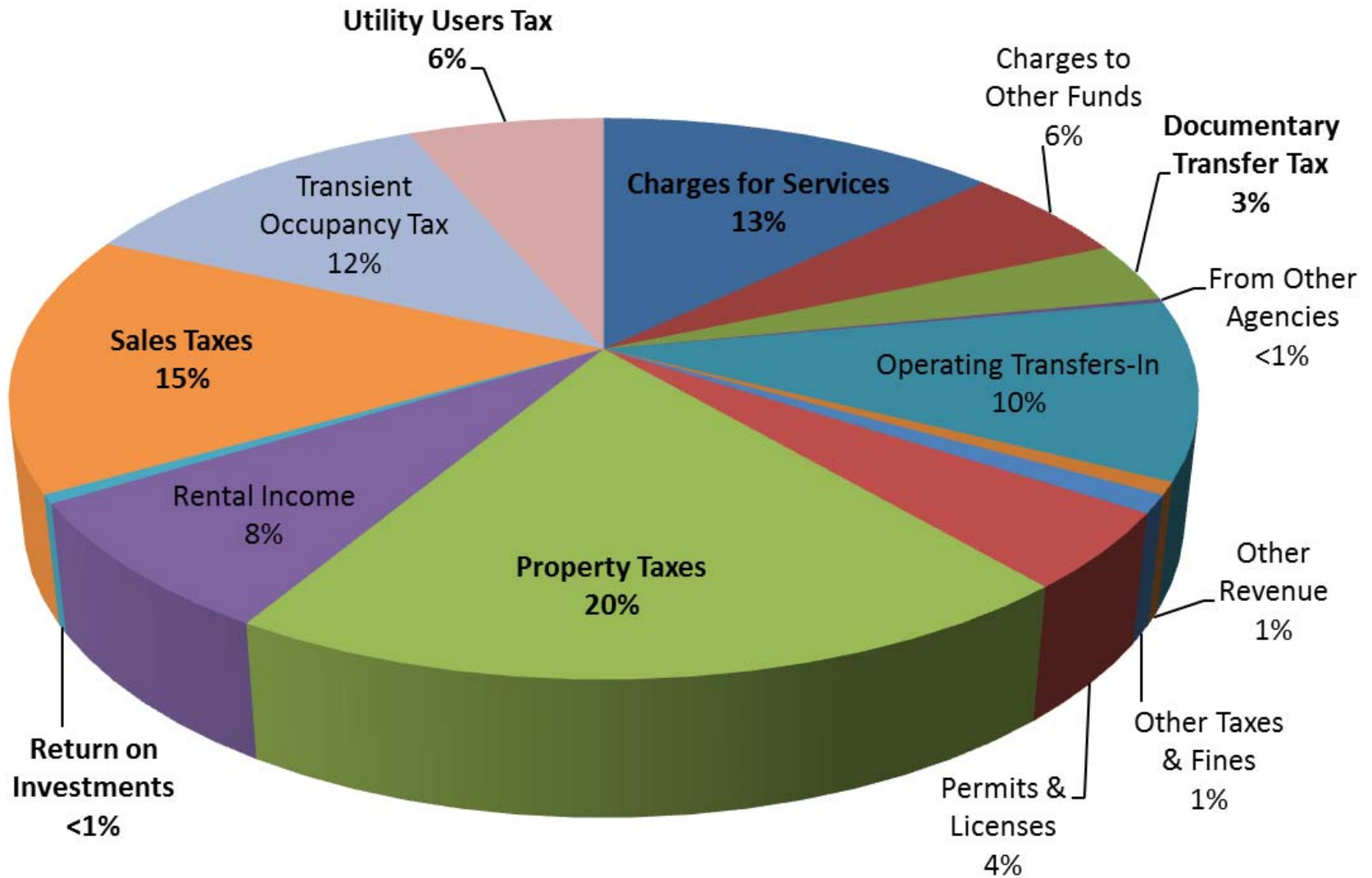
# FY 2017 Revised Citywide Expenses



# FY 2017 Revised General Fund Expenses



# FY 2017 Revised General Fund Revenues



# Citywide Position Changes

	GF	ENT	Other*	Total
FY 2016 Adopted Budget	599.31	351.09	89.70	1,040.10
FY 2016 Approved Adjustments	1.40	-	0.60	2.00
FY 2016 Modified Budget	600.71	351.09	90.30	1,042.10
FY 2017 Reallocations	0.38	(1.48)	1.10	-
FY 2017 Net Additions	2.85	4.00	3.15	10.00
<b>Subtotal of 2017 Changes **</b>	<b>3.23</b>	<b>2.52</b>	<b>4.25</b>	<b>10.00</b>
<b>FY 2017 Proposed Budget</b>	<b>603.94</b>	<b>353.61</b>	<b>94.55</b>	<b>1,052.10</b>
<i>Anticipated Fire Department Reductions</i>	<i>(2.00)</i>	<i>-</i>	<i>-</i>	<i>(2.00)</i>
<i>Revised Subtotal FY 2017 Changes</i>	<b>1.23</b>	2.52	4.25	<b>8.00</b>

\*Other Funds are Internal Service, Special Revenue, and the Capital Funds

\*\* A reduction of funding equivalent to 2.0 FTE is recommended in the Fire Department and the positions will be identified later

# FY 2017 Revised Proposed Budget

## GENERAL FUND: Finance Committee Changes

Adjustments	Revenue	Expense
<b>FY 2017 City Manager Proposed Budget (April 2016)</b>	<b>\$193,127</b>	<b>\$198,072</b>
Planning & Transportation Contingency		500
Two new RPPs Operation & Maintenance		155
Tree Trimming Contract (10 year cycle)		170
2.0 Position Funding Reduction Fire Dept	(151)	(454)
General Fund CIP schedule adjustment		(4,327)
Revised General Fund Tax Revenue	2,102	
<b>FY 2017 Proposed Budget (REVISED)</b>	<b>\$195,078</b>	<b>\$194,116</b>

# Revised FY 2017 General Fund Revenue Estimates +\$2.1 million (\$'s in '000)

Revenue Category	FY 2017 Proposed (Original)	FY 2017 Proposed (Revised)	\$ Change (Original vs Revised)	% Growth (from FY 2016 Adopted)
Property Tax	\$37,853	\$38,953	\$1,100	11.1%
Sales Tax	\$28,668	\$29,150	\$482	5.5%
Utility Users Tax	\$11,209	\$12,379	\$1,170	10.7%
Documentary Tax	\$7,532	\$6,747	(\$785)	-1.5%
Return on Investment	\$840	\$975	\$135	18.4%



# Revised FY 2017 Budget Stabilization Reserve

<b>BSR Balance (as of FY 2016 Mid-Year)</b>	<b>\$36,970</b>
FY 2016 Year End Revenue versus Expense Projection*	3,611
<b>BSR Projected Balance (as of June 30, 2016)</b>	<b>40,581</b>
FY 2017 City Manager Proposed Operating Budget	(4,944)
Recommended Adjustments	3,946
Revised General Fund Revenue Estimate	2,031
<b>BSR Revised Projected FY 2017 Balance</b>	<b>\$41,614</b>

**approximately 21.4%**

\* This does not include the additional \$1.2 million outlined in the 3<sup>rd</sup> Quarter Financial Report, this additional funding may be used for eminent capital projects.

# Potential FY 2017/2018 Variables Budget Stabilization Reserve

<b>BSR Revised Projected FY 2017 Balance</b>	<b>\$41,614</b>
Revised FY 2016 Year End Rev. vs Expense (June 2016, 3 <sup>rd</sup> Quarter Financial Report)	1,270
Reverse Capital Project Schedule Adjustment	(4,327)
<b>BSR Revised Projected FY 2017 Balance</b>	<b>\$38,557</b>
	<b>approximately 19.4%</b>

# Revised FY 2017 Proposed Budget

## OTHER FUNDS: Finance Committee Changes

- *Electric Fund*: Facility Relocation for Caltrain Modernization Project; + FY 2017 \$150,000; +5 Year CIP \$2.7 million
- *Capital Improvement Fund*: Art in Public Spaces recalculation (-\$156,000)
- *Capital Improvement Fund*: Project schedule adjustments, not “shovel ready”
  - Rinconada Park Improvements
  - Municipal Services Center A, B, & C Roof Replacement
  - Ramos Park Improvements
- *Various Funds*: Capital reappropriations \$21.7 million

# Revised FY 2017-2021 CIP Five Year Plan

(\$'s in millions)

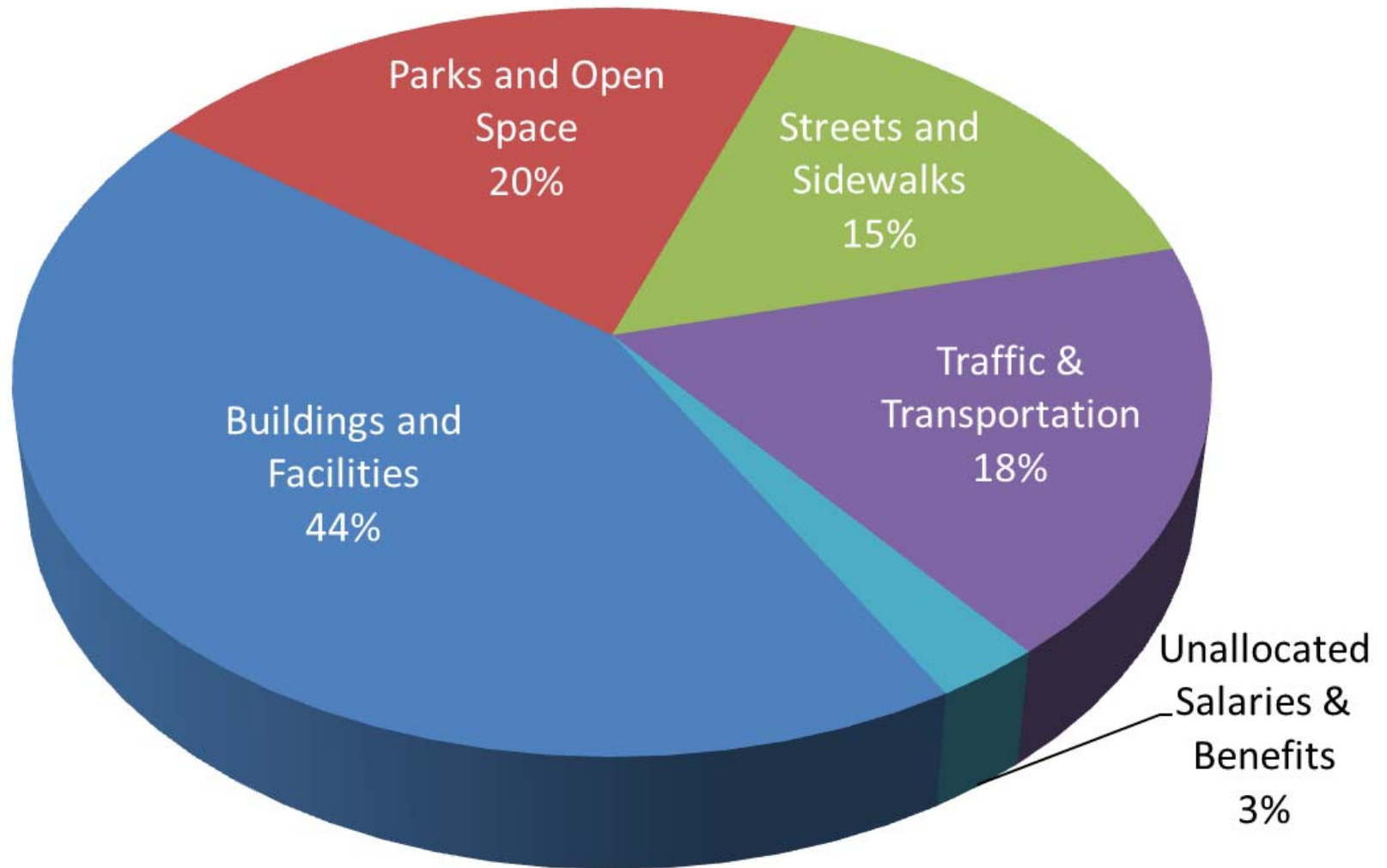
**FY 2017-2021 City Manager Proposed CIP Plan** **\$639.5**

- New Project: Facility Relocation for Caltrain Modernization Project (Electric Fund) 2.7
- Revised Project: Art in Public Spaces (General CIP) (0.2)
- Project reappropriations from FY 2016 to FY 2017 (various funds) 21.7
- Three project schedule adjustments (General CIP) 0

**FY 2017-2021 City Manager Proposed CIP Plan** **\$663.7**  
**(REVISED)**

*General Capital Improvement Fund (43.8%) approx. \$290.8*

# FY 2017 Proposed Budget General Capital Improvement Fund



# FY 2017 Utility Rate Changes

Utility Service	Proposed Rate Change
Electric	11%
Gas	8%
Wastewater	9%
Water Utility	6%
Refuse	9%
Storm Drain	3.2%

Increase the average residential bill by about 8%, for a total increase of about \$22.42 per month.

# Costs/Revenues – Potential Issues

**Year 1**

Transportation costs to mitigate traffic issues

**Fire Services Contract with Stanford University**

**Animal Shelter Service Delivery**

**Golf Course Reconfiguration & Renovation**

**Potential acquisition of the downtown Palo Alto Post Office**

**Trackwatch**

Junior Museum and Zoo

Cubberley Community Center Master Plan

Unfunded Actuarial Liability of \$450.6 million for Pension and Retiree Healthcare Trusts (*\$300.7 million General Fund*)

Parks Master Plan

City owned assets operated by non-profit organizations (Palo Alto History Museum, Avenidas)

**Year 10** Cadillac Healthcare Federal Excise Tax (FY 2020)

# Looking Forward

- Balance expectations with funding
- Ensure we are a competitive employer of choice
- Address FY 2018 structural imbalance between General Fund revenues and expenses
  - Return to Finance Committee fall 2016 outlining potential budget balancing options
- Rising Pension and healthcare costs
- Unfunded liability