

FY23-24 Annual Operating Budget and Five-Year Capital Improvement & Major Maintenance Program

City of Los Altos
Finance Committee

May 30, 2023



Background



City implemented Zero-Based budget



The budget cycle kicked off on March 9, 2023



Executives have been meeting weekly to justify their expenditure proposals



Finance, Development Services, Park and Recreation, Police and City Manager departments review all revenues.



Finance, Public Works, Sustainability and Utility and City manager's departments review all CIP programs



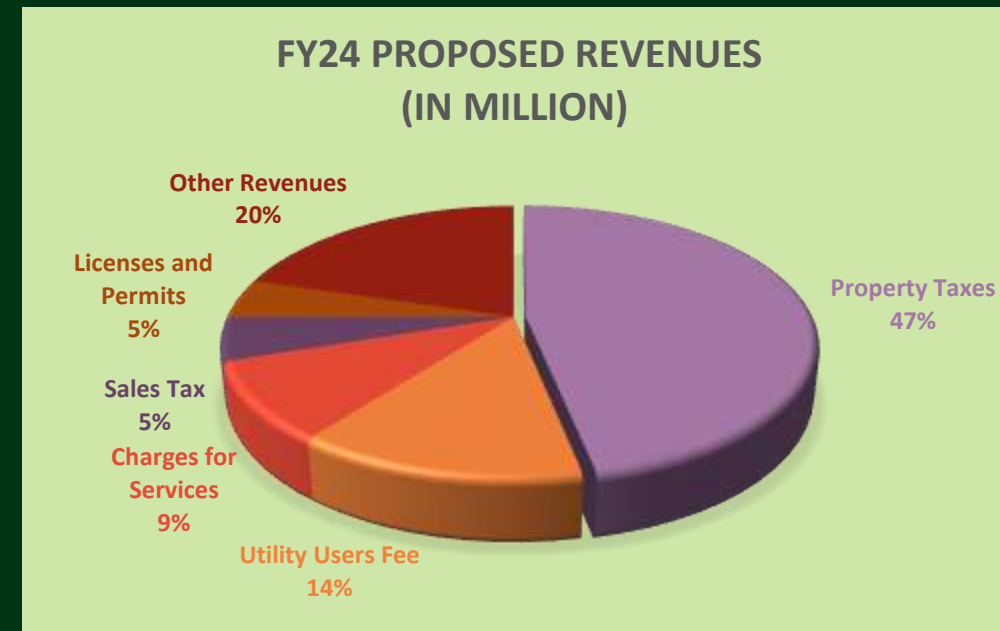
Finance Commission review – May 30th



Citywide Revenues – Total \$71.11M

- The major revenues for the City are property tax, utility user fee, charges for services, sales tax, and licenses and permits, representing 79.64% of the total City's revenues.

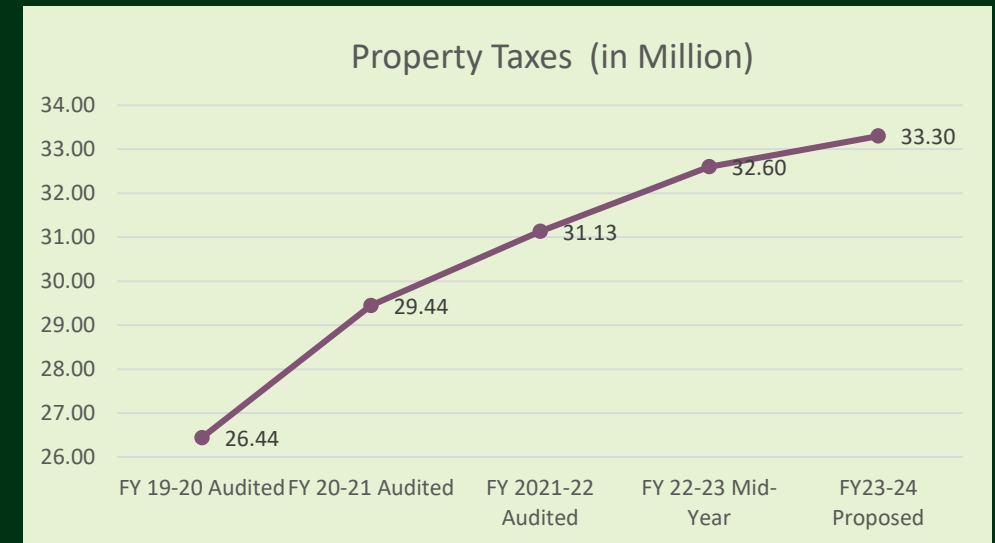
Revenues	FY24 Proposed (In Million)	% of Total Proposed Revenues
Property Taxes	33.30	46.82%
Utility Users Fee	9.70	13.65%
Charges for Services	6.67	9.38%
Sales Tax	3.64	5.12%
Licenses and Permits	3.32	4.67%
Utility Users Tax	2.77	3.90%
Intergovernmental	2.69	3.78%
Franchise Fees	2.49	3.51%
Transit Occupancy Tax	1.89	2.65%
Recreation	1.63	2.29%
Grants and Donations	1.46	2.05%
Enterprise Admin Fee	0.81	1.14%
Interest Income	0.30	0.42%
Miscellaneous Revenue	0.21	0.29%
Fines and Forfeitures	0.19	0.27%
Other Taxes	0.04	0.06%
Grand Total	71.11	100%



Citywide Revenues (Contin.)

- Property Tax: Estimated by HDL and the Finance based on the County's property assessed value report.

- Secured Property tax
- Unsecured property tax
- Supplemental
- Homeowner tax relief
- ERAF: budgeted at 70% County's estimation due to pending legal case.
- Document transfer tax



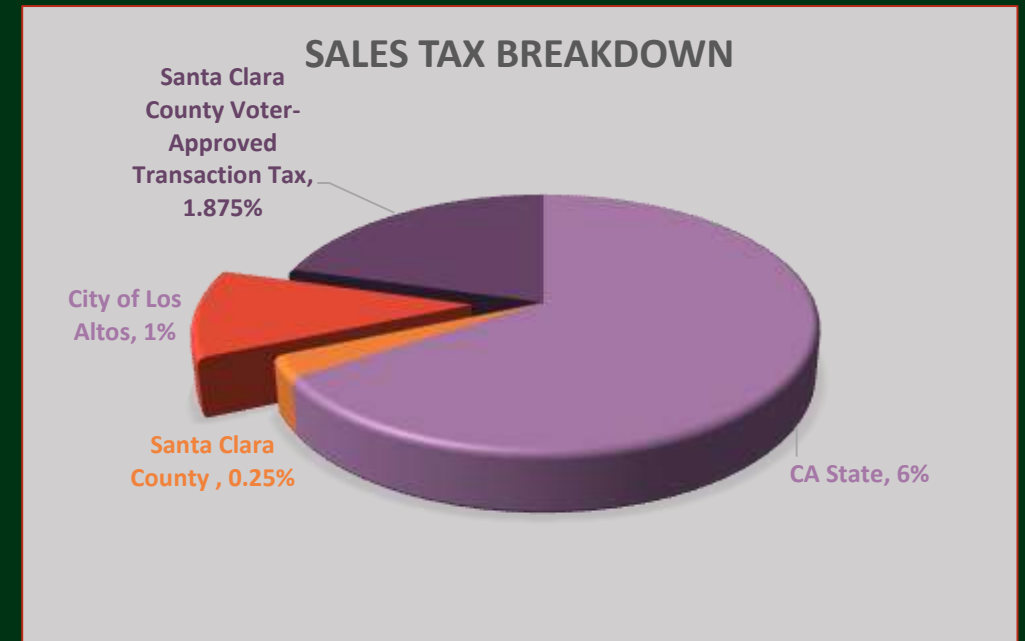
Citywide Revenues (Contin.)

- Utility User Tax: Estimated by NBS, based on sewer rate study.
- Charge for Services: Estimated by the Development Service department based on the forecast housing and economic development projects.
 - Plan review fee
 - Engineering review fee
 - Traffic impact fee
 - In lieu park land fee
 - Public art fee
 - Inspection and other fees



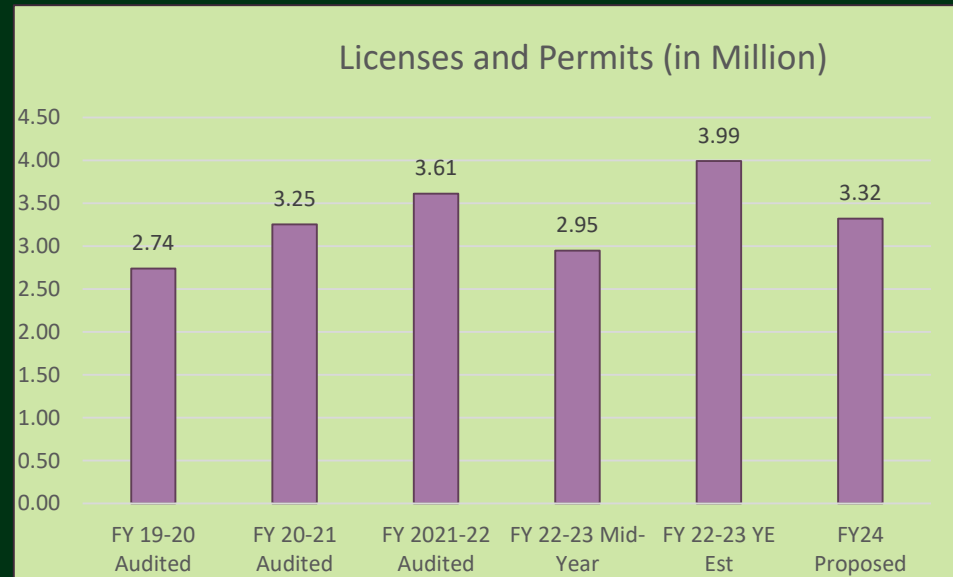
Citywide Revenues (Contin.)

- Sales Tax: Estimated by HDL and Economic Development Services
- The 9.125% sales tax rate in Los Altos consists of
 - 6% California state sales tax,
 - 0.25% Santa Clara County sales tax, and
 - 1.875% voter-approved transaction tax for the County.
 - 1% Bradley Burns- City



Citywide Revenues (Contin.)

- Licenses and Permits: Estimated by the Development Service department based on housing and economic development project forecasts. The trend analysis is also part of the projection.



Citywide Expenditures

The total expenditure for the City is \$97.27 million, including operating \$65.04 million and \$32.23 for CIP.

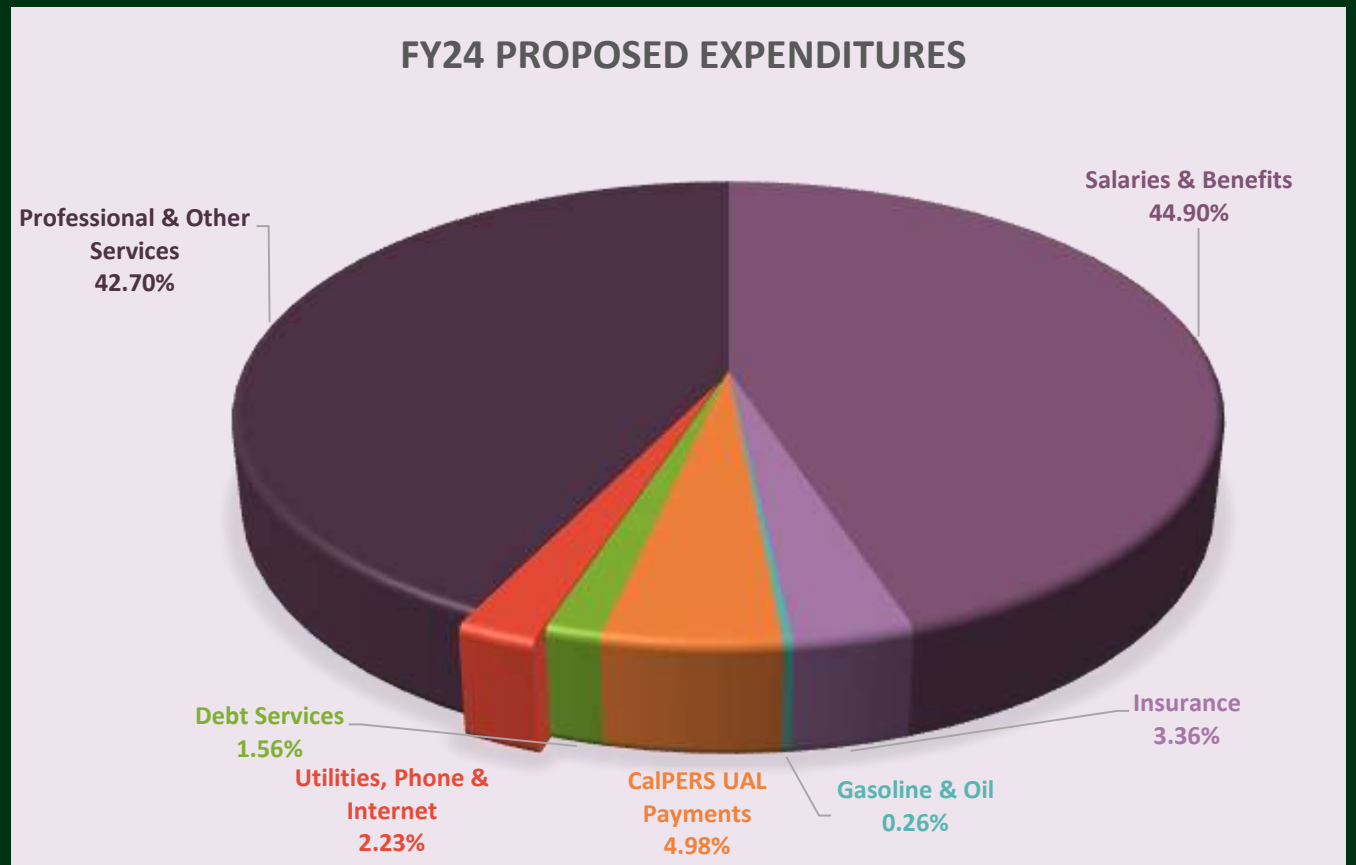
The cost of salaries and benefits is 44.90% of the total operating expenditures.

The non-negotiable (including the salary and benefit) expenditure is \$37.26 million, 57.28%.



Citywide Expenditures

Expenditures	FY24 Proposed (In Millions)
Salaries & Benefits	29.20
Insurances	2.19
Gasoline & Oil	0.17
CalPERS UAL Payments	3.24
Debt Services	1.02
Professional Services	23.59
Services & Supplies	0.18
Software Subscriptions	0.65
Misc. Expenses	1.15
Maintenance and Supplies	2.03
Approved CIP	32.23
Utilities, Phone & Internet	1.45
Capital Outlay	0.17
Grand Total	\$97.27



Citywide Expenditures

- New FTEs:
 - City Manager's Office: Office Assistant
 - Development Services: Housing Manager
 - Park, Recreation and Community Services: Facilities Attendant Coordinator
 - Human Resource: Payroll Technician
 - Public Safety: Emergency Operations Coordinator (Split with LAH)
 - Environmental Services & Utilities: Senior Engineer (Sewer)



General Fund- Surplus **\$0.24 M**

General Fund Budget Summary (In Million)

	FY19-20 Audited	FY20-21 Audited	FY21-22 Audited	FY22-23 Amended	FY23-24 Proposed	Budget Change
Budgeted Revenues	45.57	48.41	51.79	51.93	53.67	1.74
Budgeted Expenditures	40.61	40.86	43.95	50.50	51.16	0.66
Net	4.96	7.55	7.84	1.43	2.50	1.08
Transfer In	0.11	0.15	0.23	0.23	0.00	-0.23
Transfer Out	5.02	18.69	13.05	2.08	0.76	0.00
Surplus/ (Shortfall)	0.05	-11	-4.97	-0.42	1.74	0.85

General Fund Reserve

Current budgeted expenditures	51,161,309
20%	10,232,262
Current Reserve	8,757,349
Short Fall	1,474,913
Allocating from the General Fund unassigned fund balance to the fiscal Reserve	1,500,000
Fiscal Policy Reserve at 7/1/2023	\$ 10,257,349



General Fund- Fund Balance Allocation/Transfer Summary

General Fund Transfers Summary	
Fiscal Policy Reserve (General Fund assigned fund balance)	1,500,000
Facility Reserve (General Fund assigned fund balance)	1,000,000
PERS & OPEB Reserve Fund (Transfer to Internal Service Fund)	500,000
Dental Fund (Transfer to Internal Service Fund)	500,000
Technology Fund (Transfer to Internal Service Fund)	762,000
General Liability Insurance (Transfer to Internal Service Fund)	500,000
Equipment Replacement Fund (Transfer to Equipment Replacement Fund)	500,000
Total	\$ 5,262,000

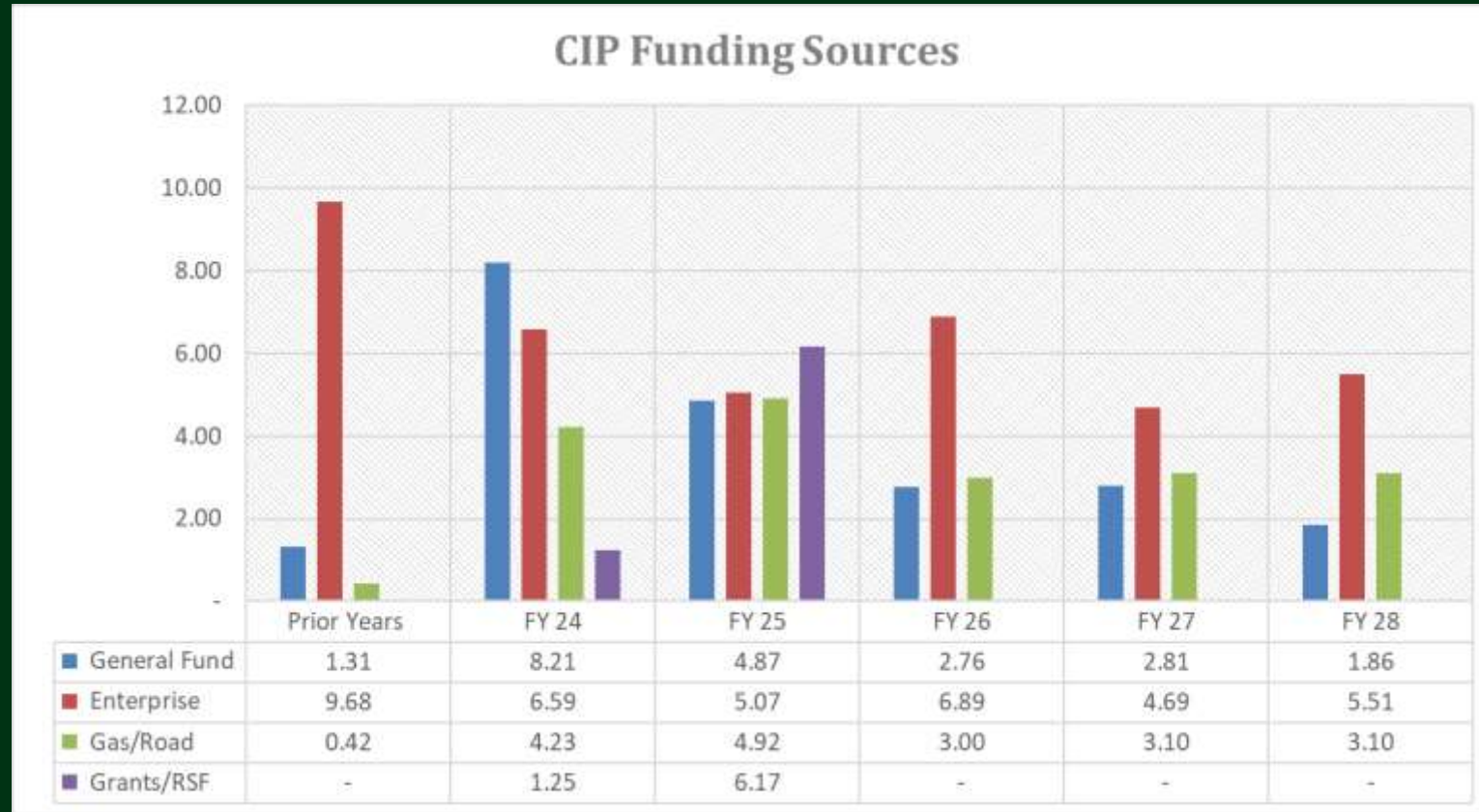


Non-Profit and Civic Organization Contribution

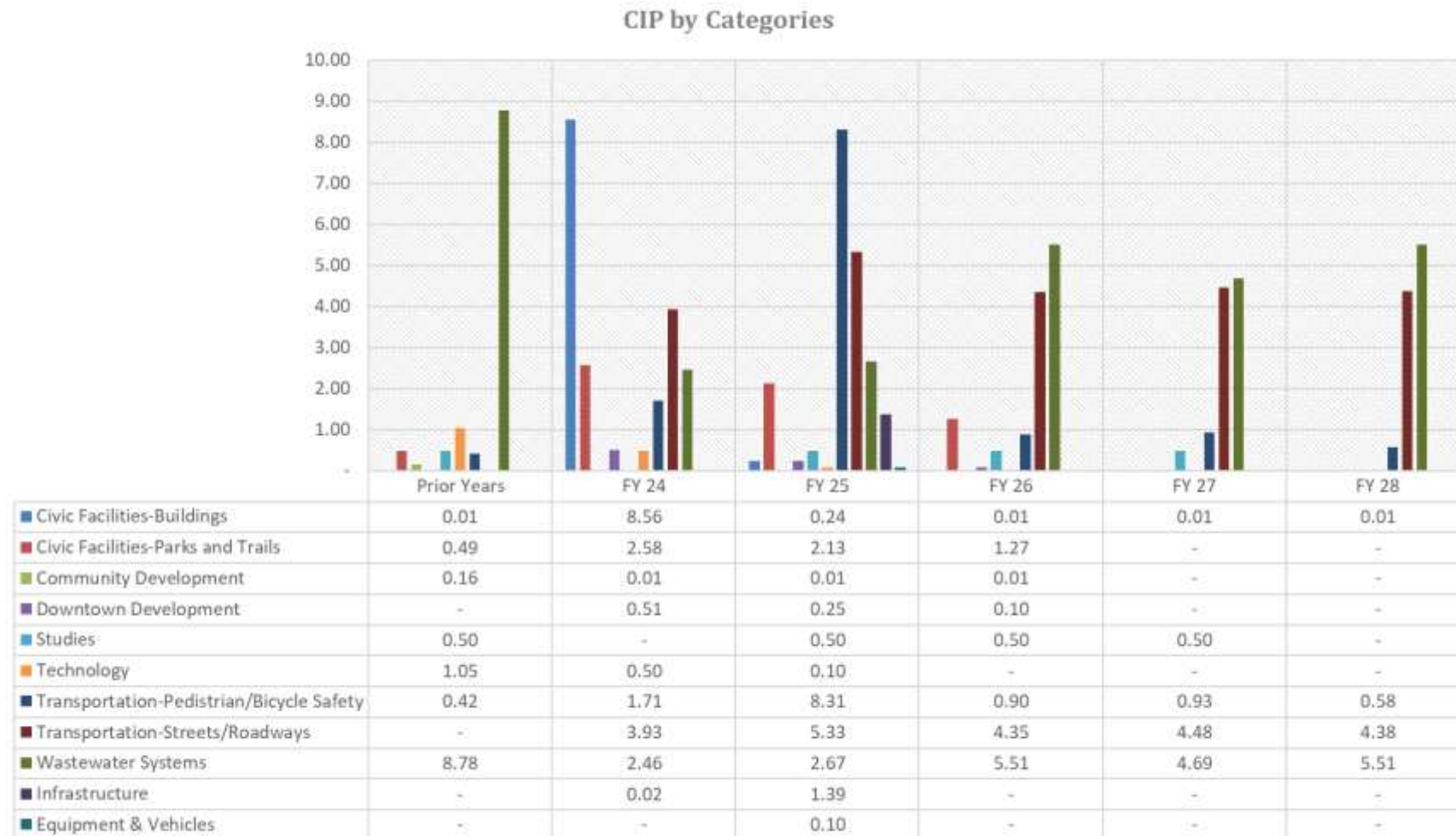
- City Council approved following organizations at the May 23 City Council meeting:
 - ✓ Community Health Awareness Council (JPA)
 - ✓ Community Service Agency
 - ✓ Los Altos Chamber of Commerce
 - ✓ Los Altos History Museum (Contract)
 - ✓ Women SV



Five- Year Capital Improvement and Major Maintenance Program (CIMMP) – Total **\$86.42 M**



Five- Year Capital Improvement and Major Maintenance Program (CIMMP) – Total \$86.42 M



Conclusion

- Recommended Action:
 - Provide Feedback
 - Approve moving forward the FY24 Financials to the Public Hearing on June 13th City Council meeting.

