

FY23 Mid Term Budget Update

City of Los Altos
City Council

June 14, 2022



Background



- Original Budget Adopted June 2021
- Mid Term Review under new Management
- Finance and City Manager review all General Revenues
- Department Requests evaluated
- Financial Commission Subcommittee - May 10th
- Financial Commission - May 16th



General Fund Revenue increases

FY 2022-2023 General Fund Revenue <i>(change only)</i>	
	(in Millions)
General Revenue	
Sales Tax	\$0.40
Property Tax	2.42
Other Taxes	0.05
Transient Occupancy Tax (TOT)	0.30
Interest Income	0.05
Departmental Revenues – Development Services	0.40
TOTAL*	\$3.62

General Revenue

- ▶ Sales Tax
 - +\$0.4M, per HDL
- ▶ Property Tax
 - +\$2.4M, per HDL Forecasts

Other Taxes

- ▶ Documentary Transfer Tax
 - +\$20K
- ▶ Business License Tax
 - +\$31K
- ▶ TOT
 - +\$300K



General Fund Revenue



General Fund Expense

Expenditure	FY 21 Actuals	FY 22 Final	FY 23 Original	FY 23 Mid Term	Change
City Wide Salary Savings	-	(0.25)	-	-	-
Community Dev	3.56	4.28	4.30	4.22	(0.08)
Engineering	3.17	3.85	3.98	4.10	0.12
Executive	5.61	7.82	6.73	6.62	(0.11)
Finance	1.55	1.71	1.44	1.71	0.26
Legislative	0.33	0.47	0.37	0.39	0.03
Maintenance	5.25	6.03	5.93	6.30	0.37
Non-Departmental	0.23	(1.69)	0.31	0.02	(0.29)
Public Safety	19.39	21.68	22.92	23.04	0.12
Recreation	1.78	2.47	2.69	2.78	0.09
Grand Total	40.87	46.38	48.67	49.18	0.51



Non-Profit Support

Funded In Budget

- Counseling & Mental Health Services (CHAC)- \$49K
- History House - \$65K
- WomenSV- \$25K
- Chamber of Commerce - \$60K

Requ

CHAC has a JPA with the City – funding increased by \$5K this budget

Agency-

History House is owned by

Women's SV is regularly funded by Police Budget

Chamber of Commerce received funding from ARPA funds last year and have requested continued support.

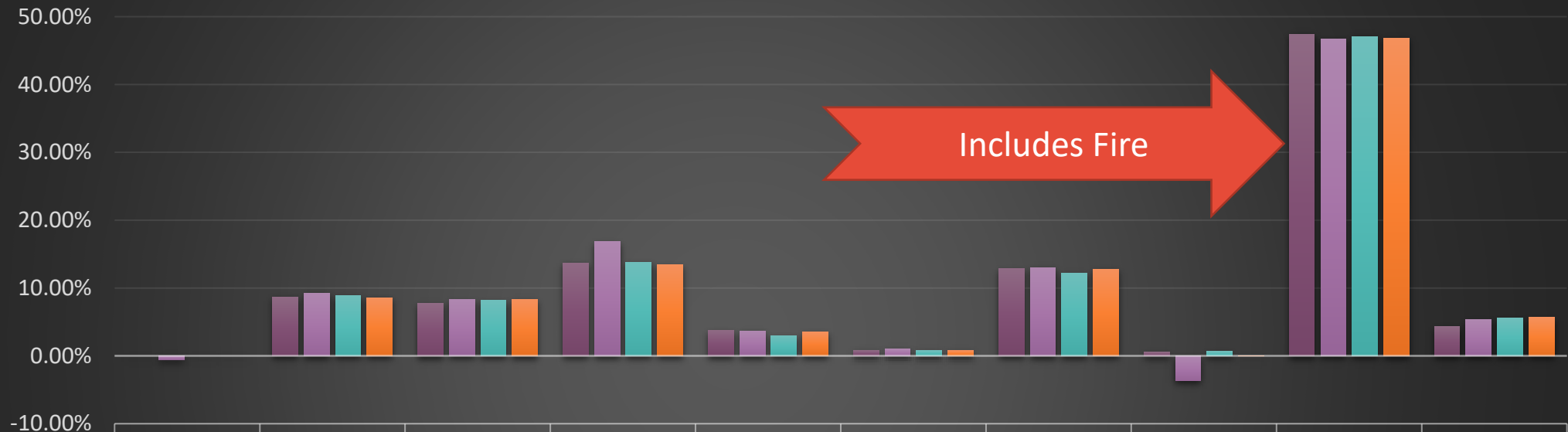


Prior Budget Errors

- Finance Manager & Professional Services - \$240K
- Permit Technician - \$ 150K
- Part Time IT Technician - \$ 90K
- UAL removal on 6 Frozen positions - \$ 140K
- Corrections of almost \$ 2M unbudgeted ongoing costs



General Fund Expenses by Department



	City Wide Salary Savings	Community Dev	Engineering	Executive	Finance*	Legislative	Maintenance	Non Departmental	Public Safety	Recreation
FY 21 Actuals	0.00%	8.71%	7.75%	13.72%	3.80%	0.81%	12.85%	0.57%	47.44%	4.36%
FY 22 Final	-0.54%	9.22%	8.30%	16.87%	3.69%	1.02%	13.01%	-3.64%	46.75%	5.33%
FY 23 Original	0.00%	8.83%	8.18%	13.82%	2.97%	0.76%	12.18%	0.63%	47.09%	5.53%
FY 23 Mid Term	0.00%	8.58%	8.33%	13.46%	3.47%	0.80%	12.80%	0.04%	46.85%	5.66%



General Fund Summary

General Fund Summary (in Millions)					
	FY 21 Actuals	FY 22 Final Budget	FY 23 Original	FY 23 Mid Term	Estimated change
Total Revenue	\$48.51	\$49.97	\$49.82	\$53.43	\$3.62
Total Expense	(40.87)	(46.38)	(47.75)	(48.26)	(0.51)
Net Change	7.64	3.58	2.07	5.18	3.11
Net of Transfers In/ (Out)	(8.54)	(9.03)	(2.07)	(2.65)	(0.58)
Planned use of Reserves	2.11	6.50			
Net Available (Deficit)	1.21	1.05	(0.00)	2.53	2.53

Proposed uses

- Operating Reserve top up \$894K
- Contingency Reserve \$250K
- Covid Stabilization Reserve \$1.38M



General Fund Proposed Transfers

Transfers Out	
All amounts in Millions	Amounts
CALPERS UAL	1.00
Dental Fund	0.02
Workers Compensation Fund	0.86
General Liability Fund	0.60
Equipment Replacement Fund	0.30
CIP Fund	0.10
Total Transfers Out	\$2.88

Transfers In	
All amounts in Millions	Amounts
From Downtown Parking	0.04
From PEG	0.07
From Vehicle Impound	0.02
From Supplemental Law	0.10
Total Transfers In	\$0.23



City Wide Full-time Equivalent (FTE) Changes

Department	FY 22 Original Budget	FY 22 Mid Year Budget	FY 23 Mid Term	Net Change
Development Services	16	16	15	-1
Engineering	14	15	17	3
Executive	11	14	15	4
Finance	6	6	6	0
Legislative	5	5	5	0
Limited Term	2	0	1	-1
Maintenance Services	34	32	34	0
Public Safety	47	46	46	-1
Recreation	8	10	10	2
Grand Total	143	144	149	6




Changes made to reflect organizational needs

Some additions made by eliminating hourly FTEs

Changes in Classifications



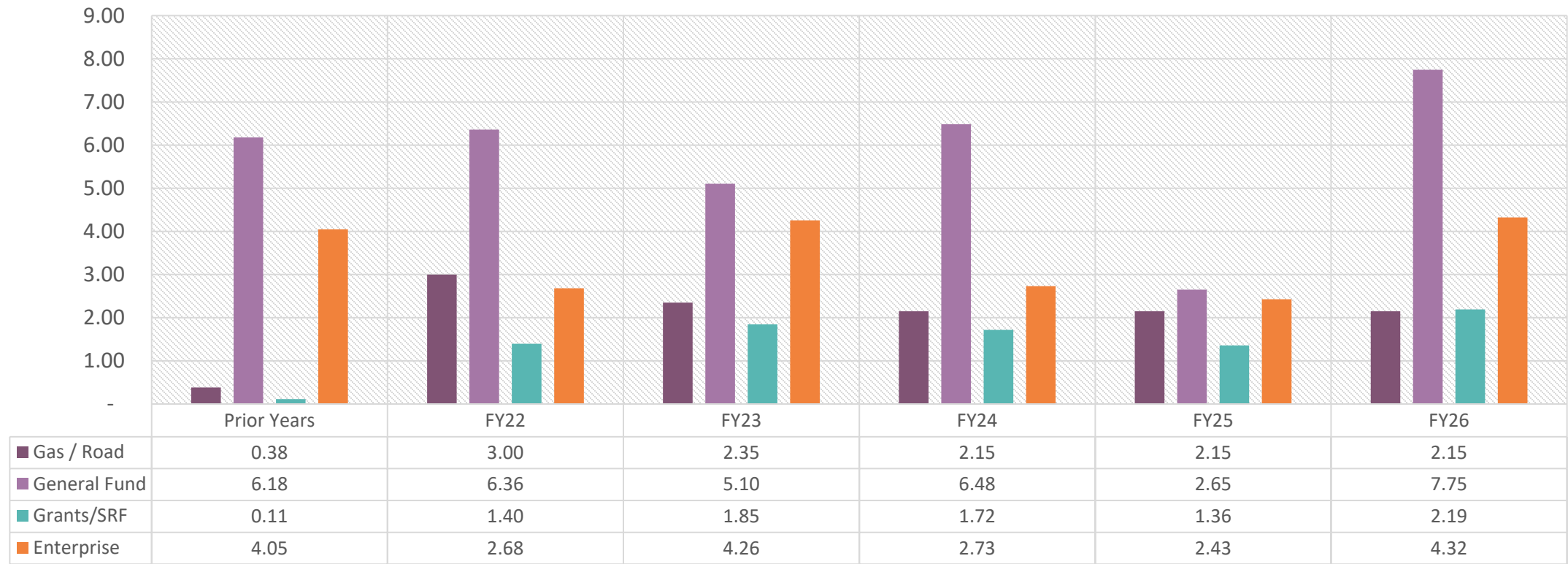
General Fund – Operating Reserve Balance

Detail	\$ Millions	Reserve Balance	
		% Before	% After
Operating Reserve Projected	8,757,349		
Planned Contribution FY 23	894,278		
Operating Reserve Balance	9,651,627		
Expenditure Projection 2023	48,258,136	18.1%	20.0%

CAPITAL PROJECTS (5-year CIP)- Total

\$75.79M

CIP Funding Sources



Capital Projects Fund- General Fund

General Fund Portion of CIP Funding <u>FY 23 and before</u>	
All amounts in Millions	Amounts
Currently Obligated	\$15.08
Transfer from General Fund	0.10
Available resources	\$15.18
Prior Appropriations	(11.88)
FY 2023 CIP Project expenses (Original Budget)	(6.05)
Projects Canceled / Reduced / Moved	2.75
Projected Expenses	\$(15.18)
Balance in CIP Reserve	\$0.00



Capital Project Fund Adjustments

- Annual ADA Improvements (Facilities) - **\$316K** Reduced
- Emergency Operations Center - **\$500K** Reduced
- First Street Streetscape Design -- Phase II - **\$88K** Added
- Other reductions are shown in Staff report



Enterprise Funds – Sewer Fund

- Over 40% of costs are driven by Palo Alto and rising
- Professional Services increased \$221K
- Contributions to General Liability restored - \$ 150K
- CPI Factor applied - \$ 227 K
- Capital Projects funding at \$11 M
- Ending FY 23 Fund Balances projected at \$3.3 M on a cash basis



Enterprise Funds – Solid Waste Fund

- Professional Services increased \$62K
- Eligible costs of Trash receptacles charged - \$130K
- Contributions to General Liability restored - \$ 50K
- CPI Factor applied - \$ 25 K
- Ending FY 23 Fund Balances projected at \$5.2 M on a cash basis
- FY 23 Additional Appropriations - \$372,796



Other Funds changes

- **Public Arts Fund**

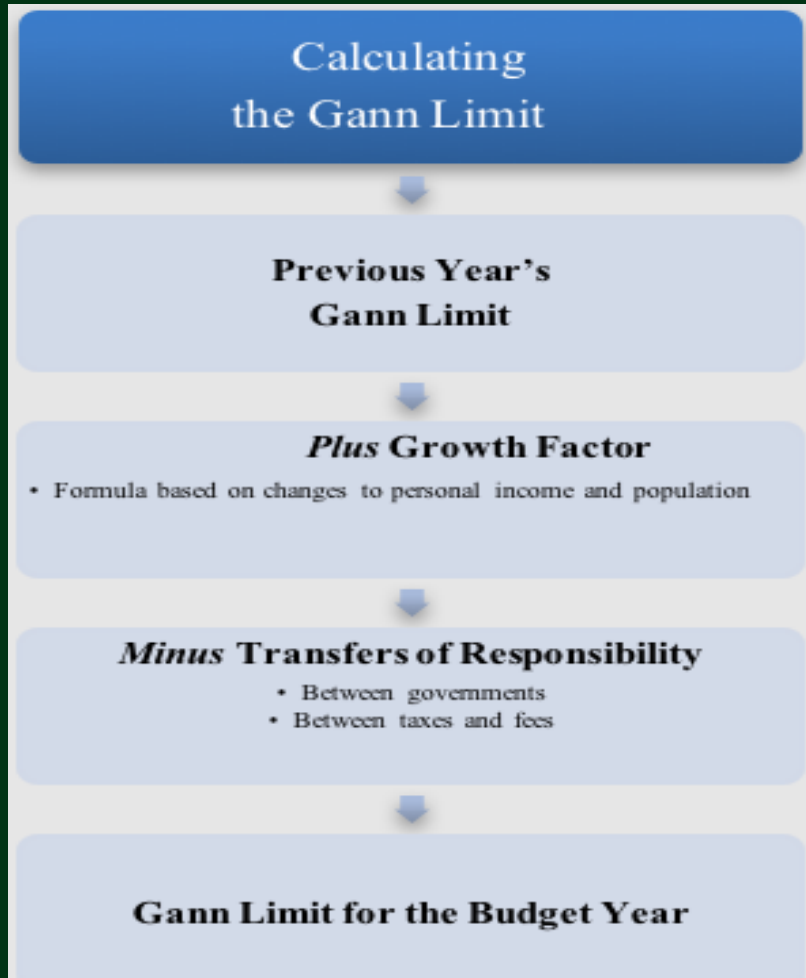
- Recommendations of Public Arts Commission
 - Needs for \$154,000 (CIP)

- **Park in Lieu**

- Projected Fund balances of \$7.2 M at the end of FY 23
 - Eligible Debt service for the Rosita park and Community center moved from the General Fund to the Park in Lieu fund (\$0.17M & \$0.62M)
 - Eliminated Annual Park improvement project
 - Considered council direction of Grant park and Retreat feedback
 - For better Transparency individual projects listed



GANN Limit



- Currently Los Altos at 97%
- Staff not confident on past Calculations
- Can impact ability to raise taxes
- Renewed population decline and lower Per Capita income could trigger a refund.



Conclusion & Recommendation

Recommended Actions

- ✓ Provide Feedback
- ✓ Approve and Adopt Mid Term Budget for FY23
- ✓ Approve the Fees Schedule
- ✓ Approve the updated Pay Schedule



Questions

