



## DISCUSSION ITEMS

### Agenda Item # 8

## AGENDA REPORT SUMMARY

**Meeting Date:** June 27, 2017

**Subject:** Fiscal Year 2018-19 Operating Budget and Fiscal Year 2018-22 Capital Improvement Plan

**Prepared by:** Sharif Etman, Administrative Services Director

**Approved by:** Chris Jordan, City Manager

**Attachment(s):**

1. Resolution 2017-24
2. Resolution 2017-25
3. Resolution 2017-26
4. Resolution 2017-27
5. Resolution 2017-28
6. Resolution 2017-29

**Initiated by:**

Staff

**Previous Council Consideration:**

June 13, 2017– Presentation of FY2018-19 Operating Budgets and Proposed FY18-22 Proposed CIP Plan

May 23, 2017 – Budget study session

**Fiscal Impact:**

Approving the Two-Year Operating Budget and 5-Year CIP plan will provide proper appropriation for all the City's operating and capital needs.

**Environmental Review:**

Not applicable

**Policy Question(s) for Council Consideration:**

- Does the Council approve the proposed two-year FY2018-19 operating budgets and 5-Year FY2018-22 Capital Improvement Plan?

**Staff Recommendation:**

Adopt Resolution No. 2017-24, adopting Fiscal Year 18-19 Operating Budgets; adopt Resolution No. 2017-25, adopting the Fiscal Year 2018-2022 Five-Year Capital Improvement Program; adopt Resolution No. 2017-26 establishing the 2017/18 Transient Occupancy Tax; adopt Resolution No. 2017-27 establishing the 2017/18 Utility Users Tax; adopt Resolution No. 2017-28 establishing the 2017/18 Appropriations Limit; and adopt Resolution No. 2017-29 adopting the FY2017/18 Full-Time Employee Salary Schedule



**Subject:** Fiscal Year 2018-19 Operating Budget and Fiscal Year 2018-22 Capital Improvement Plan

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**Summary:**

The FY2018-19 Operating Budgets contains the funding recommendations for all City programs and services, including those that utilize funds from the City's enterprise and special revenue funds. The five-year Capital Improvement Program (CIP) is included as a planning tool with appropriations requests presented for the first year only.

**Operating Budget**

With the establishment of key reserves over the past several years and steady revenue stream, the focus of the FY2018-19 budget process was to maintain organizational staffing levels and pro-active focus on the overall infrastructure needs of the community, especially within the Capital Improvement Plan. The recommended actions included in this budget ensure that the City is poised to move forward and can continue to serve the community at the highest level.

The proposed budget is balanced and projects an operating surplus of \$2.3 million in FY2017/18 and \$1.8 million in 2018//19.

The General Fund is the City's main operating fund. Anticipating modest economic growth, the two-year budget forecast provides for a stable General Fund budget. The anticipated revenue for FY2017/18 is \$38,551,000 before transfers. Significant revenue trends to highlight are:

- Property Taxes, which are the single largest revenue source to the City, account for 50% of the 2017/18 General Fund revenue budget. The 2017/18 budget anticipates a 5% increase over prior year and a 5% increase in 2018/19.
- Sales Tax is the second largest revenue source to the City's General Fund and is expected to basically remain unchanged and grow slowly at 1% in 2016/17 and 1% in 2017/18.
- Transient Occupancy Tax (TOT) is expected to grow at a modest rate of 3% for the next two fiscal years.

The 2017/18 General Fund operating expenditure budget increases 3% over the prior year adopted budget to a total budget of \$36,253,223 before transfers.

Personnel costs are adjusted to reflect the three bargaining unit agreements; Teamsters in its second year, a new three-year Police Officers Association Agreement and a new three-year Los Altos Municipal Employees Association agreement and the cost of living adjustment for unrepresented employees along with anticipated increases for retirement and health care.



**Subject:** Fiscal Year 2018-19 Operating Budget and Fiscal Year 2018-22 Capital Improvement Plan

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The City continues to maintain a total authorized personnel count of 133 FTE (full-time equivalent) positions. A five percent (5%) vacancy factor has been included in the FY17/18 operating budget and a two percent (2%) vacancy factor has been included in the FY18/19 operating budget assumptions.

Highlights of proposed budget expenses are:

- \$80,000 for various beautification projects throughout the City
- \$30,000 total for a bikeshare pilot program, Pop-up dining furniture, and a subsidized rideshare program
- Two-limited term Management Analyst Fellow positions
- \$15,000 Funding for Women SV services
- \$40,486 for continued support of Community Health Awareness Council
- Substantial increase of \$150,000 to adequately maintain large trees throughout the City

### **Capital Improvement Program**

The five-year FY2018-22 Capital Improvement Program identifies current and future capital projects and associated funding sources. The first year of the five-year CIP reflects projects that are proposed for funding; the future four years of projects are presented for planning purposes only. The total amount budgeted including prior appropriation is \$93,815,870.

The FY2018-22 Capital Improvement Program plan includes 79 projects, 14 projects related to civic facilities, 17 community development projects, 38 transportation-related projects, and 10 projects in Wastewater. Proposed projects range from studies to facility improvements, as well as annual rehabilitation projects to multi-year infrastructure replacement projects.

Highlights of the proposed 5-Year CIP:

- Approval of the \$25 million Hillview Community Center project
- \$1.2 million per year for annual civic facilities improvement projects
- Proper funding for enhanced safe routes to schools
- Substantial increase in funding and scope for street rehabilitation and resurfacing

### **Required Actions**

A variety of resolutions are required to formalize the Operating Budget and Capital Improvement Program adoption. These resolutions, included as Attachments 1 through 6, serve to:

- Adopt the Operating Budget (Resolution No. 2017-24) and Capital Improvement Program (Resolution No. 2017-25)
- Affirm the Transient Occupancy Tax with no change (Resolution No. 2017-26)
- Affirm the Utility Users Tax Rate with no change (Resolution No. 2017-27)



**Subject:** Fiscal Year 2018-19 Operating Budget and Fiscal Year 2018-22 Capital Improvement Plan

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- Approve the annual State Required Appropriations/GANN spending limit (Resolution No. 2017-28)
  - Adopt the FY2017/18 Full-Time Employee Salary Schedule (Resolution No. 2017-29)

Adoption of the Operating Budget provides appropriation of all Fiscal Year 2017/18 Operating expenditures and transfers as well as capital projects funding requests in 2017/18.

**Staff Recommendation:**

Move to approve the FY2018-19 Operating Budgets and FY2018-22 CIP Plan and subsequent resolutions including the TOT tax, UUT rate, and Salary Schedule.

**RESOLUTION NO. 2017-24**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS  
ADOPTING THE FY 2018-19 OPERATING BUDGETS**

**WHEREAS**, it has been determined that the adoption of a biennial Operating Budget is an effective and prudent management tool; and

**WHEREAS**, the Council has reviewed the 2018-19 Operating Budgets at a public study session held on May 23, 2017; and

**WHEREAS**, salary increases of 3.8% for non-represented City employees are included in the 2017/18 budget; and

**WHEREAS**, increases in salary ranges are to take effect in the first full pay period in July 2017.

**NOW THEREFORE, BE IT RESOLVED**, that the City Council of the City of Los Altos hereby determines that:

1. The City of Los Altos FY 2018-19 biennial Operating Budget has been presented and reviewed by City Council with regard to the approval of estimated revenues, appropriations, capital projects, and transfers for all City funds in accordance with adopted Financial and Investment Policies; and
2. City programs, services, and activities will be provided and maintained within the confines of this Financial Plan/Biennial Operating Budget in a manner consistent with adopted Financial Policies; and
3. Funds are deemed appropriated for those purposes and in amounts contained in said Financial Plan/Biennial Operating Budget and the City Manager is authorized to approve appropriations and transfers of these funds to the extent allowed by law and Financial Policies in implementing the work programs incorporated within the adopted budget; and
4. This budget includes the maintenance of an Operating Reserve of 20%
5. Encumbrances (obligated contract commitments), active capital improvement projects, and active grant awards that have not been completed or received at the end of each fiscal year shall be carried forward and re-appropriated into the next fiscal year.

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the \_\_\_\_ day of \_\_\_\_, 2017 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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Mary Prochnow, MAYOR

Attest:

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Jon Maginot, CMC, CITY CLERK

**RESOLUTION NO. 2017-25**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS  
ADOPTING THE FY 2018-22 FIVE-YEAR CAPITAL IMPROVEMENT  
PROGRAM**

**WHEREAS**, the Council has reviewed the FY2018-22 Capital Improvement Program at a public study session held on May 23, 2017; and

**WHEREAS**, modifications and/or adjustments identified in the aforementioned public meetings are incorporated within the five-year CIP before the Council.

**NOW THEREFORE, BE IT RESOLVED**, that the City Council of the City of Los Altos hereby:

1. Adopts the FY 2017/18 – 2021/22 Five-Year Capital Improvement Program submitted as presented for those respective fiscal years; and appropriate funds, for all respective funds, for those CIP projects identified within the 2017/18 fiscal year; and
2. Authorizes the City Manager to proceed with those FY 2017/18 projects identified for implementation or the commencement of planning for them.

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the \_\_\_ day of \_\_\_\_, 2017 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Mary Prochnow, MAYOR

Attest:

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Jon Maginot, CMC, CITY CLERK

**RESOLUTION NO. 2017-26**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS  
REAFFIRMING THE FY 2017/18 TRANSIENT OCCUPANCY TAX RATE**

**WHEREAS**, on Tuesday, November 6, 2001 the voters approved an increase in the Transient Occupancy Tax from 8% to a maximum of 11%;

**WHEREAS**, the Los Altos Municipal Code requires that each year, following adoption of the City's budget, the City Council will determine the rate to be charged for the Transient Occupancy Tax, and shall set that rate in an amount not to exceed the rate authorized by the ordinance; and

**WHEREAS**, the City Council adopted the budget on June 27, 2017.

**NOW THEREFORE, BE IT RESOLVED**, that the City Council of the City of Los Altos hereby authorizes the following:

1. Adopt the Transient Occupancy Tax of 11% pursuant to Section 3.36.020; and
2. Maintain this rate to fund general governmental operational expenses as necessary.

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the \_\_\_\_ day of \_\_\_\_, 2017 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Mary Prochnow, MAYOR

Attest:

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Jon Maginot, CMC, CITY CLERK



**RESOLUTION NO. 2017-27**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS  
REAFFIRMING THE FY 2017/18 UTILITY USERS TAX RATE**

**WHEREAS**, the rate of tax for each of the Utility Users Taxes imposed in Section 3.40.070, 3.40.090, and 3.40.110, of the Los Altos Municipal Code does hereby remain fixed and levied at 3.5 percent until further action of the City Council; and

**WHEREAS**, the Los Altos Municipal Code requires that each year, following adoption of the City's budget, the City Council will determine the rate to be charged for the Utility Users Tax and shall set that rate in an amount not to exceed the rate authorized by the ordinance; and

**WHEREAS**, the City Council adopted the budget on June 27, 2017.

**NOW THEREFORE, BE IT RESOLVED**, that the City Council of the City of Los Altos hereby authorizes:

1. The rate of tax for each of the utility users taxes imposed in Sections 3.40.070, 3.40.090, and 3.40.110, of the Los Altos Municipal Code does hereby remain fixed and levied at 3.5 percent until further action of the City Council; and
2. Maintain this rate to fund general governmental operational expenses as necessary.

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the \_\_\_\_ day of \_\_\_\_, 2017 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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Mary Prochnow, MAYOR

Attest:

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Jon Maginot, CMC, CITY CLERK

**RESOLUTION NO. 2017-28**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS  
ESTABLISHING THE FY 2017/18 APPROPRIATIONS LIMIT**

**WHEREAS**, California Constitutional Article 13B limits the total annual appropriations of cities; and

**WHEREAS**, it is the desire of this Council to establish its appropriations limit pursuant to Article 13B.

**NOW THEREFORE, BE IT RESOLVED**, that the City Council of the City of Los Altos hereby determines that said City's appropriations limit (as attached), pursuant to Article 13B of the California Constitution using the annual percent change in population for Santa Clara County and the percent change in California for per capita personal income, is as follows:

FY 2017/18                      **\$33,514,461**

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the \_\_\_\_ day of \_\_\_\_, 2017 by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

\_\_\_\_\_  
Mary Prochnow, MAYOR

Attest:

\_\_\_\_\_  
Jon Maginot, CMC, CITY CLERK

**GANN LIMIT CALCULATION - FY2017-18**

DESCRIPTION	AMOUNT	TAXES	"NON-TAXES"
<b>GENERAL FUND</b>			
<b>TAXES</b>			
Property Tax	20,132,700	20,132,700	0
Sales Tax	3,268,700	3,268,700	0
Off Hwy Veh Fees	13,000	13,000	0
Utility Users Tax	2,630,000	2,630,000	0
Business License Tax	500,000	500,000	0
Documentary Trans.	535,000	535,000	0
Building Dev. Tax	0	0	0
Transient Occ. Tax	185,000	185,000	0
<b>LICENSES/PERMITS</b>			
Engineering Fees	195,700		195,700
Building Permits	570,900		570,900
Electrical Permits	0		0
Plumb/Mech Permits	0		0
Plan Checking	391,400		391,400
Other Comm Dev Fees	1,019,700		1,019,700
<b>CHARGE FOR SERVICE</b>			
Police Fees	22,000		22,000
Expressway Landscape.	6,000		6,000
Street Sweeping	1,000		1,000
Signal Agreements	25,000		25,000
Special Event Appl	5,500		5,500
Weed Abatement	2,600		2,600
Fire Dept Fees	0		0
Sale of Publications	25,000		25,000
<b>RECREATION FEES</b>			
Recreation Fees	2,176,000		2,176,000
<b>FRANCHISE FEES</b>			
Franchise Fees	2,006,400		2,006,400
<b>USE OF MONEY/PROPERTY</b>			
Rental Income	24,000		24,000
Auction	10,300		10,300
<b>FINES/FORFEITURES</b>			
Traffic Fines	60,000		60,000
Parking Citations	100,000		100,000
Admin Citations	6,000		6,000
<b>ENTERPRISE/CAPITAL ADMIN</b>			
Sewer Admin.	824,700		824,700
Solid Waste Admin.	93,800		93,800
<b>MISCELLANEOUS</b>			
Misc./Other	49,000		49,000
CDBG Admin Reimb	0		0
Mandated Cost Reimbursement	5,000		5,000
Arrest Tow Fees	0		0
SUBTOTAL	<b>34,884,401</b>	<b>27,264,400</b>	<b>7,620,001</b>
Interest	195,000	152,405	42,595
<b>GENERAL FUND TOTAL</b>	<b>35,079,401</b>	<b>27,416,805</b>	<b>7,662,596</b>
<b>CAPITAL PROJECTS</b>			

**GANN LIMIT CALCULATION - FY2017-18**

DESCRIPTION	AMOUNT	TAXES	"NON-TAXES"
SLES Police Grants	100,000		100,000
Other Capital Grants	0		0
Vehicle Impound Fees	20,000		20,000
In Lieu Park Land	255,000		255,000
Transportation Development Act	0		0
Downtown Parking Fund	40,000		40,000
Traffic Impact Fee	173,536		173,536
Safe Routes to School	0		0
Community Contributions	0		0
Prop 1B Grants	0		0
CDBG	75,000		75,000
<b>GAS TAX FUNDS</b>			
Gas Tax	880,719		880,719
<b>SUBTOTAL</b>	<b>1,544,255</b>	<b>0</b>	<b>1,544,255</b>

**GRAND TOTAL** **36,623,656**      **27,416,805**      **9,206,851**

Total City Governmental Revenue	36,623,656
Less: Non Proceeds of taxes	<u>(9,206,851)</u>
Proceeds of Taxes	27,416,805
Exclusions: Debt Service before Prop 4	0
Add: Excess User Fees	<u>0</u>
Appropriations Subject to Limitation	27,416,805
<b>2017-18 Appropriations Limit</b>	<b>33,514,461</b>
Dollars under limit	6,097,656
Percent under limit	<b>18.19%</b>

**Appropriations Limit Calculation**

2016-17 Appropriations Limit	<b>32,062,084</b>
Change in Calif. per capita income	1.0369
Change in population in County	1.0081
Change Factor	1.0453
	<b>33,514,461</b>

**RESOLUTION NO. 2017-29**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS  
ADOPTING THE FY2017/18 FULL-TIME EMPLOYEE SALARY SCHEDULE**

**WHEREAS**, the City annually reviews and may revise employee compensation and the salary schedule ranges; and

**WHEREAS**, the City Council authorized salary adjustments for FY2017/18 as part of the proposed 2018-19 Operating Budget; and

**WHEREAS**, employees classified as represented employees receive updated compensation and salary schedule range increases in accordance with their respective collectively bargained agreement for the new fiscal year; and

**WHEREAS**, employees classified as non-represented employees require Council action to update their annual compensation and salary schedule ranges; and

**WHEREAS**, salary increases of 3.8% for non-represented City employees are included in the FY 2017/18 operating budget; and

**WHEREAS**, increases in salary ranges are to take effect the first full pay period in July 2017.

**NOW THEREFORE, BE IT RESOLVED**, that the City Council of the City of Los Altos hereby adjusts the salary ranges on the FY 2017/18 Salary Schedule as listed on Exhibit A.

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the \_\_\_\_ day of \_\_\_\_\_, 2017 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Mary Prochnow, MAYOR

Attest:

\_\_\_\_\_  
Jon Maginot, CMC, CITY CLERK



City of Los Altos  
**FY2017/18 Salary Schedule**

Monthly Salary Range  
**Minimum                      Maximum**

**Legislative & Executive**

Assistant City Manager	\$8,592	--	\$16,230
Economic Development Manager	\$9,905	--	\$12,040
Assistant to the City Manager	\$9,373	--	\$11,392
City Clerk	\$8,760	--	\$10,648
Public Information Coordinator	\$7,135	--	\$8,673
Economic Development Coordinator	\$7,134	--	\$8,673
Executive Assistant to the City Manager	\$6,101	--	\$7,416

**Administrative Services**

Administrative Services Director	\$8,592	--	\$16,230
Financial Services Manager	\$9,643	--	\$11,720
Senior Accountant	\$8,004	--	\$9,729
Management Analyst II	\$7,637	--	\$9,283
Management Analyst I	\$6,943	--	\$8,439
Accounting Technician II	\$5,791	--	\$7,039
Accounting Technician I	\$5,029	--	\$6,112
Accounting Office Assistant I	\$4,422	--	\$5,376
Information Technology Manager	\$10,816	--	\$13,148
Information Technology Analyst	\$8,103	--	\$9,850
Information Technology Technician	\$6,153	--	\$7,479
Human Resources Manager	\$10,816	--	\$13,148
Human Resources Analyst	\$6,912	--	\$8,401
Human Resources Technician	\$5,666	--	\$6,887

**Police Services**

Police Chief	\$8,592	--	\$16,230
Police Captain	\$11,513	--	\$13,992
Police Services Manager	\$10,360	--	\$12,592
Executive Assistant	\$5,465	--	\$6,645
Lead Records Specialist	\$5,101	--	\$6,200
Records Specialist	\$4,633	--	\$5,628
Police Sergeant	\$9,329	--	\$11,340
Police Agent	\$8,300	--	\$10,089
Police Officer	\$7,906	--	\$9,609
Lead Communications Officer	\$7,818	--	\$9,501
Police Officer Trainee	\$7,529	--	\$9,150
Communications Officer	\$7,104	--	\$8,634
Community Service Officer	\$5,701	--	\$6,929

**Community Development**

Community Development Director	\$8,592	--	\$16,230
Building Official	\$10,044	--	\$12,208
Planning Services Manager	\$10,044	--	\$12,208
Senior Planner	\$9,315	--	\$11,323
Associate Planner	\$7,860	--	\$9,553
Senior Building Inspector	\$7,753	--	\$9,424
Building Inspector	\$7,014	--	\$8,527
Assistant Planner	\$7,114	--	\$8,645
Permit Technician	\$5,635	--	\$6,850
Executive Assistant	\$5,465	--	\$6,645



City of Los Altos  
**FY2017/18 Salary Schedule**

Monthly Salary Range  
Minimum Maximum

**Public Works - Engineering**

Public Works Director	\$8,592	--	\$16,230
Engineering Services Manager	\$10,752	--	\$13,068
Transportation Services Manager	\$10,044	--	\$12,208
Senior Engineer	\$9,536	--	\$11,591
Project Manager	\$9,033	--	\$10,980
Special Projects Manager	\$9,033	--	\$10,980
Associate Civil Engineer	\$8,322	--	\$10,117
Assistant Civil Engineer	\$7,357	--	\$8,942
Junior Engineer	\$6,688	--	\$8,129
Construction Inspector	\$6,369	--	\$7,741
Engineering Technician	\$6,369	--	\$7,741
Executive Assistant	\$5,465	--	\$6,645

**Public Works - Maintenance**

Maintenance Services Manager	\$9,893	--	\$12,025
Maintenance Supervisor	\$7,136	--	\$8,674
Executive Assistant	\$5,465	--	\$6,645
Equipment Mechanic	\$5,491	--	\$6,675
Maintenance Leadworker	\$5,491	--	\$6,675
Maintenance Technician	\$5,491	--	\$6,675
Maintenance Worker II	\$4,982	--	\$6,055
Maintenance Worker I	\$4,406	--	\$5,355

**Recreation & Community Services**

Recreation & Community Services Director	\$8,592	--	\$16,230
Recreation Manager	\$7,914	--	\$9,620
Senior Recreation Supervisor	\$7,277	--	\$8,845
Recreation Supervisor	\$6,922	--	\$8,415
Recreation Coordinator	\$5,256	--	\$6,389
Facilities Coordinator	\$5,256	--	\$6,389
Office Assistant II	\$4,405	--	\$5,354
Office Assistant I	\$3,956	--	\$4,809