
FY 2019-20 Mid-Year Budget Update

City of Los Altos

March 10, 2020

OUTLINE

- Where We Are ~~Today~~ Feb 2020
- Mid Year Adjustments
- Assign our Fund Balance
- Capital Project Wants vs. Needs
- Re-prioritize Projects and Timelines
- Next Steps

WHERE WE ARE ~~TODAY~~ FEB 2020



Key Changes / Positive Trends

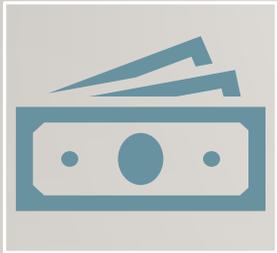
Property Tax strong
TOT Increase
All other Revenues Steady
Expenses are Under Budget



Potential Challenges

Cash Flow
Increased Litigation Costs
Setting Priorities

REVENUE OVER EXPENSES



FY 2019-20 Operating Budget

\$45.5M Budgeted Revenue

\$41.3M Budgeted Expenses

Projected \$4.2M Revenue over Expenses **(Before COVID-19)**



Annual Revenue over Expenses

\$6.2M, \$5.8M, \$5.4M, \$6.8M
(FY2016-2019)

Transfer to:

Operating Reserve

CIP Fund

CalPERS Reserve

RECOMMENDED MID – YEAR ADJUSTMENTS

- GENERAL FUND

- ~~Engineering Services (\$100K) – Professional Services~~
- ~~Recreation Department (\$30K, 100K full year) – Two-year Limited Term Management Analyst Fellow~~
- City Attorney (\$500K) – Anticipated increases in legal expenses
- UPDATED - Suffragette Centennial Celebration (\$5K)

- EQUIPMENT REPLACEMENT FUND

- Police Department (\$40K) – vehicle modifications for police vehicles

- SEWER FUND

- Adobe Creek Sewer Main (\$500K) – Replace or realign 50 sanitary sewer main segments located along or near Adobe Creek.

- UPDATED SALARY SCHEDULE

CURRENT RESERVES

FY 2018-19 CAFR

Assigned Fund Balance	As of June 30, 2019	Proposed Allocation	Reserves after allocation
Emergency and Operating*	\$ 7,250,645	3,850,000	\$ 8,250,374
OPEB	1,500,000	-	\$ 1,500,000
PERS Reserve	5,000,000	-	\$ 5,000,000
Technology Reserve	1,574,089	-	\$ 1,574,089
CIP Reserve	416,263	2,991,453	\$ 3,407,716
Community Center Reserve	23,695,425	-	\$ 23,695,425
Equipment Reserve	1,078,044	-	\$ 1,078,044
Total Unassigned Fund Balance	\$ 40,514,466	\$ 6,841,453	\$ 47,355,919

*Includes 999 Fremont Payment of \$2.85M and \$1.0M to achieve 20% of Expenditure Budget

CAPITAL IMPROVEMENT PROGRAM PRIORITIES



Streets and Roads

PCI
Safe Routes to Schools
Street Resurfacing
Traffic Management



Parks and Improvements

Annual Park
Improvements



Infrastructure Needs

Sewer
Solid Waste
Clean Water



Buildings

New Community Center
Emergency Operations
Center (EOC)
Los Altos Youth Center
(LAYC)
Council Chambers
City Hall Remodel
Police Department
Other

City of Los Altos CIP / Reserve Priorities

Police
Department

Streets and
Roads

LAYC / EOC /
Council
Chambers

Community
Center

CalPERS
Increases

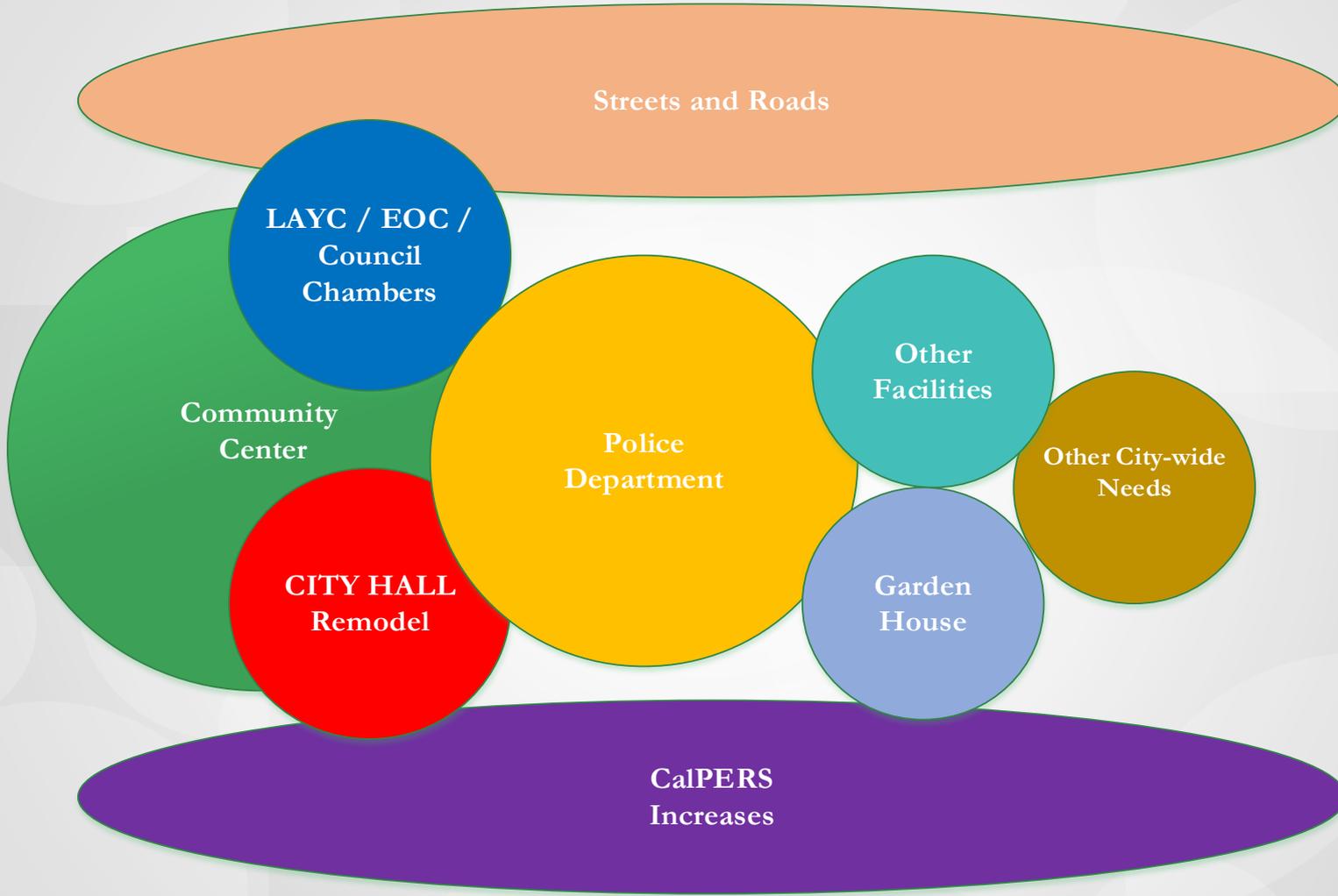
CITY HALL
Remodel

Other
Facilities

Garden
House

Other City-wide
Needs

City of Los Altos CIP / Reserve Priorities



FY18

FY19

FY20

FY21

FY22

FY23

FY24

FY25

FY26

FY27

TAKEAWAYS



Finances ~~are~~ were steady

Property Tax
Sales Tax
TOT Revenue
Charges for Service
Reserves
Expenses within budget



Address Our Needs

Build and Funding Community Center
Maintain Best Practices
CalPERS Unfunded Liability
Upgrading all Technologies
Pavement Condition Index (PCI)
Making our Priorities Clear

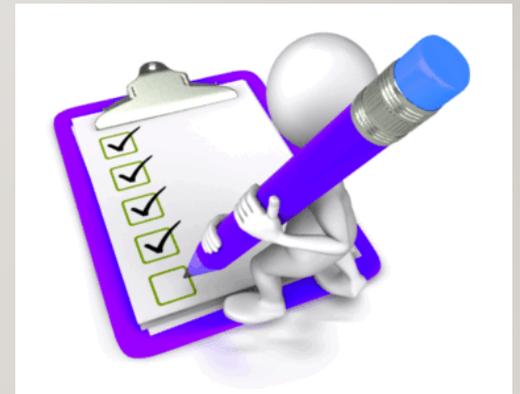


Timing is Key

Cash Flow
Interest Rates
Purchasing Power
Cost of Construction

NEXT STEPS

- Meet with Financial Commission- ~~April 28~~ May 26
- Updated ~~10-year~~ Two-year Plan – ~~April 28~~ May / June
- Prioritize / **Defer** / **Cancel** CIP Projects
- Understand Fiscal Impact
 - Build \$38M Community Center
 - **Loss of Revenue**
 - PERS Unfunded Liability
 - Funding **critical** CIP Priorities
 - Legal costs



QUESTIONS

