City of Mountain View, California

Fiscal Year 2018-19 Narrative Budget Report and Fiscal Years 2019-2028 Financial Forecast

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Mission Statement:
The City of Mountain View provides quality services and facilities that meet the needs of a caring and diverse community in a financially responsible manner.

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DATE: May 1, 2018

TO: Honorable Mayor and City Council

FROM: Patty J. Kong, Finance and Administrative Services Director
Daniel H. Rich, City Manager

TITLE: **Fiscal Year 2018-19 Narrative Budget Report**

STUDY SESSION MEMO

CITY OF MOUNTAIN VIEW

PURPOSE

This Study Session provides the City Council an opportunity to review and discuss the Fiscal Year 2018-19 Narrative Budget Report, which includes the City Manager's recommendations and is the foundation for the Proposed Budget. Based on input from the Narrative Budget Study Session, the Proposed Budget will be presented at public hearings on June 12 and June 19, and is scheduled for adoption after the public hearing on June 19, 2018.

The information in this report is for the following major funds: General Operating Fund (GOF), Development Services, Shoreline Golf Links, Shoreline Regional Park Community (Shoreline Community), Water, Wastewater, Solid Waste Management, and Reserves. For each fund, the report includes a current fiscal year status update of revenues, expenditures, and balance available, as well as budget recommendations for Fiscal Year 2018-19. To provide some context and assist with decisions that have longer-term implications, a 10-Year Financial Forecast (Forecast) for the GOF has been prepared and is included in this document.

BACKGROUND

The City is benefiting from the continued strong economy and high demand for development, resulting in significant property tax growth. The Assessed Value (AV) growth for the City is 11.1 percent year over year. This includes growth in property taxes resulting from new development being added to the tax roll, as well as increases in AV from changes in ownership. Property Tax revenues for the City's General Operating Fund (GOF) are currently estimated to be 11.8 percent higher than the Fiscal Year 2017-18 adopted and projected 4.5 percent higher for Fiscal Year 2018-19 compared to the current fiscal year estimated. The other major category projected with a significant increase in Fiscal Year 2018-19 is Use of Money and Property, which includes Investment Earnings and Rents and Leases. The Federal Reserve has taken recent actions to raise rates and additional rate increases are anticipated to continue during the

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next fiscal year. Rents and Leases are increasing as a result of the anticipated Ameswell ground lease revenues commencing. Most other revenue sources are remaining stable or with modest changes.

Although the City's revenues are cyclical and reflect the boom and bust of economic cycles, the City has addressed past recessions, balancing the GOF by strategically reducing expenditures, establishing more efficient operating models, and working closely with employee groups to contain employee compensation costs, as well as implementing limited revenue enhancements where appropriate. While the City has added positions back in recent years as the economy has improved, the City continues to operate with fewer staff than before the recession. In Fiscal Year 2001-02, the City peaked with 651.25 positions and in Fiscal Year 2012-13 there was a low of 564.75 positions Citywide. In the GOF, over the periods of retrenchment during this period, the City reduced approximately 70.0 positions or over 14.0 percent of its workforce.

The City organization has found methods to improve efficiencies, to do more with less staff, but heavy workloads have continued to place pressure on the organization. Therefore, to address some of the staffing needs within the City, there were a total of 29.0 positions, including limited-period positions, for all funds added in the Fiscal Year 2017-18 Adopted Budget; 4.5 of these are ongoing positions in the GOF. Total Citywide, all funds, position count is still down 51.5 positions from the peak, supplemented with 19.0 limited-period positions (net deficit of 32.5 positions).

Continuing to focus on adding resources where most needed and to the extent the budget will allow, long-term, additional positions are recommended for Fiscal Year 2018-19. A total of 12.50 net positions are recommended as ongoing positions and there are a net of 14.50 new personnel added. A summary of the positions recommended is as follows:

	GF	**Other Funds**	**Total Positions**
New Ongoing Regular	4.50	6.00	10.50
Limited-Period to Regular	1.50	0.50	2.00
Continuing Limited-Period	10.45	4.55	15.00[1]
New Limited-Period	2.65	1.35	4.00
TOTAL	19.10	12.40	31.50[1]

[1] Does not include 2.0 FTE limited-period positions reimbursed by Google per the agreement that expires June 30, 2018.

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With the new positions recommended, this would provide for 613.25 ongoing positions and 19.0 limited-period positions, or a total of 632.25 positions, still lower than the peak of 651.25 positions. There have been some changes in operations (e.g., adding positions from contracts, such as insourcing IT, or contracting out positions, such as Shoreline Golf Links, etc.) but overall there are still fewer positions while the working environment has become more complex. The positions recommended are for almost all departments; however, about half of the resources being added or continued are development services-related, for Community Development and Public Works, in response to the continued heavy workload.

The City is fortunate to be experiencing strong revenue growth, with economists currently believing the regional fundamentals are strong and are not forecasting a downturn in the economy over the next 12 to 18 months, with certain caveats. Historically, recessions have generally occurred between 3 and 9 years, post-World War II, with the longest period of expansion lasting 10 years, from 1991 to 2001. It has been approximately 9 years since the end of the last recession (June 2009); however, the recovery has been long and slow and, therefore, it appears this expansion could surpass the expansion of the 1990s. Although it is uncertain when the next economic slowdown will occur, based on history, it is certain there will be another recession sooner or later; therefore, it is assumed there will be a recession during the Forecast period. While staff had previously included a slowdown in Fiscal Year 2018-19, based on more recent economic information, the City's Forecast assumes that the next recession will occur in Fiscal Year 2020-21 and continue into Fiscal Year 2021-22.

EXECUTIVE SUMMARY

General Operating Fund

Fiscal Year 2017-18 revenues are estimated to exceed budget and expenditures are estimated below budget. This results in an estimated $18.4 million operating balance, prior to the contributions of $4.0 million to the California Public Employees' Retirement System (CalPERS), $2.0 million to the Retirees' Health Other Post-Employment Benefits (OPEB) to increase the funding status of these liabilities, and $2.0 million to the Strategic Property Acquisition Reserve (SPAR). It is recommended the remaining $10.4 million balance be used to fund limited-period expenditures, supplement reserves, and make an additional contribution towards the City's unfunded CalPERS liability. In addition, a new Transportation Reserve is recommended to be established to begin to address some of the major transportation and infrastructure capital projects being proposed (see Reserve Section for additional information).

It is fortunate the City is in a desirable position to be generating significant operating balances. It provides the opportunity to address some infrastructure needs and

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unfunded liabilities, which were unable to be addressed during tough economic times. The overall funding status of CalPERS has declined over the past decade due to the CalPERS Fund's investment losses, demographic assumption changes, discount rate reductions, etc., and CalPERS continues to work towards raising the funding level of the pension plan. Staff continues to recommend lump-sum payments when possible to address this unfunded liability.

Fiscal Year 2018-19 revenues are projected to continue to rise to $137.4 million and expenditures are projected at $124.8 million (including recommendations). Revenues are at a level sufficient to fund expenditures and additional funding of $1.0 million for the General Fund Reserve, $2.0 million to the new Transportation Reserve, $4.0 million to the Capital Improvement Reserve, and a contribution of $2.0 million to CalPERS (for a total of $9.0 million). There is a projected balance of $3.6 million after these allocations. Recommendations include $338,800 in nondiscretionary increases, as well as $1.2 million in discretionary increases in high-priority areas. As in the Fiscal Year 2017-18 Adopted Budget, $2.3 million of budget savings is built into the budget.

In the Forecast, revenues are projected to continue growing; however, the Forecast assumes a recession will occur during the 10-year period. It is unknown exactly when a recession will occur, but staff has incorporated the impact of a recession beginning in Fiscal Year 2020-21, surpassing the longest economic expansion in decades. At that point, the projected operating balance declines and modest deficits are projected in Fiscal Year 2021-22 though the end of the forecast in Fiscal Year 2027-28.

Items for City Council Discussion and Direction

In addition to the direction on the recommendations in this report, there are a few specific items staff would like direction on regarding whether these are items should be included in the Fiscal Year 2018-19 Proposed Budget. This section can be found at the end of the General Operating Fund. Staff would also like direction from Council on the funding towards the General Fund Reserve, new Transportation Reserve, Capital Improvement Reserve, and the City's unfunded pension obligation.

Other Major Funds

- Development Services: Development activity for Fiscal Year 2017-18 remains strong and is anticipated to continue into the upcoming fiscal year. The Development Services Fund (DSF) is able to meet its current financial obligations; however, revenues are received in advance of the services provided and, therefore, a significant balance should be maintained in the fund for these services and to continue operations during the next slowdown in development activity.

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- Shoreline Golf Links (SGL): Course conditions continue to improve and both revenues and expenditures are below budget for Fiscal Year 2017-18. For Fiscal Year 2018-19, revenues are projected to be higher than the current fiscal year estimated and the transfer is projected at $125,000, $35,000 higher than the current fiscal year estimated.

- Shoreline Regional Park Community (Shoreline Community): Fiscal Year 2017-18 revenues are estimated to be $2.8 million higher than the Adopted Budget, primarily related to changes in ownership and new development added to the tax roll. Fiscal Year 2017-18 estimated expenditures are essentially on target with budget. Fiscal Year 2018-19 operating revenues are projected with an increase over both the current fiscal year adopted and estimated. Fiscal Year 2018-19 operating expenditures are higher than the Fiscal Year 2017-18 adopted, primarily due to the recommendations and higher debt service payments. Staff will be bringing a report to Council concerning debt to fund major transportation projects in the Shoreline Community later in May.

Utility Funds

- Water Fund: The financial position of this fund had been severely impacted by reduced water sales from conservation efforts due to the drought. However, prior fiscal year usage was up approximately 7.0 percent and for the current fiscal year, water usage is trending approximately 9.0 percent higher. This is having a positive financial impact, but usage is still approximately 24.0 percent below the 2013 drought baseline.

  For the upcoming fiscal year, the San Francisco Public Utilities Commission (SFPUC) is currently proposing no wholesale water rate increase, and the Santa Clara Valley Water District (SCVWD) is proposing a 9.6 percent increase for ground (well) water, which corresponds to an 8.8 percent increase for treated water. **A 1.0 percent rate increase is recommended for the average cost of potable water** to fund the increased cost of water and operating expenditures. The recycled water rate is no longer covering the cost of the program based on current usage. The increase required to bring the rate into alignment is recommended to be phased-in over three years, and for Fiscal Year 2018-19, it is recommended to be increased from $3.07 to $3.75 per unit.

- Wastewater Fund: The financial position of this fund had been severely impacted by increased and unforeseen Palo Alto Regional Water Quality Control Plant (Treatment Plant) costs that would have required a rate increase of 26.0 percent. Staff recommended and Council adopted a phasing in of increase over three fiscal years at 6.0 percent per fiscal year (Fiscal Years 2016-17, 2017-18 and 2018-19), and

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using half of the rate stabilization reserve. For Fiscal Year 2017-18, the rate increase included the second-year 6.0 percent increase, and revenues are trending higher than budget. The financial position has improved; therefore, the third and final year of the phased-in rate increase is recommended to be reduced from 6.0 percent to 2.0 percent.

For Fiscal Year 2018-19, the Treatment Plant is currently proposing a 5.8 percent increase in treatment costs which, along with operating cost increases, result in a 4.0 percent rate increase. This, combined with the 2.0 percent noted above and the additional 2.0 percent rate increase (the fifth year of 10 years) recommended to gradually increase rates to pay for major capital improvements at the Treatment Plant, result in a **total rate increase recommended for Fiscal Year 2018-19 of 8.0 percent**.

Staff is also reviewing the major City infrastructure projects that are needed and will be returning to City Council during Fiscal Year 2018-19 with a recommendation for funding these additional capital projects with some form of debt issue.

- <u>Solid Waste Management Fund</u>: For Fiscal Year 2017-18, revenues are trending higher than budgeted and expenditures are trending less than the Adopted Budget. For Fiscal Year 2018-19, there is a 3.22 percent increase for Recology and a 5.51 percent increase for the SMaRT® Station, as well as City operating cost increases and annual maintenance projects. This results in an overall average rate increase of over 3.0 percent; however, the fund is in stable financial condition and staff is not recommending an overall rate increase for Fiscal Year 2018-19. There is **a 5.0 percent rate increase recommended for carts only** for the new residential food scraps program. This program was implemented in July 2017; however, the rate increase was deferred from Fiscal Year 2017-18 in order to keep the cart rate as low as possible due to the final rate increase from the Cost of Service Study.

<u>Non-Major Funds</u>

There are recommendations for Non-Major funds, and these are highlighted after the discussion of the Utility Funds, under the Other Major Funds Section.

<u>Reserves</u>

With the recommendations to supplement the General Fund Reserve and the Compensated Absences Reserve, most reserves are at or higher than the target or policy balance. Any remaining GOF carryover balance up to $3.0 million is recommended to be transferred to the Capital Improvement Reserve. Should the balance exceed the

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amount recommended, staff will return to Council for approval of the allocation of additional funds.

There is also a sufficient GOF surplus for Fiscal Year 2018-19 to recommend allocations of $1.0 million to the General Fund Reserve, $2.0 million to the Transportation Reserve, $4.0 million to the Capital Improvement Reserve, and a $2.0 million contribution towards the CalPERS unfunded liability.

Next Steps

Based on the feedback provided by the City Council at the Narrative Budget Report (NBR) Study Session, staff will prepare the Proposed Budget to be presented to the City Council at a public hearing on June 12, 2018. The Proposed Budget is scheduled for adoption after another public hearing on June 19, 2018. Staff is available to meet with Councilmembers to discuss the Narrative Budget Report before or after the May 1, Study Session.

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DISCUSSION

GENERAL OPERATING FUND

The GOF is the single largest City fund and provides funding for core services, including Police, Fire, Parks, Recreation, Library, Planning, Public Works, and Administration. The City's financial health is shaped in large part by economic forces beyond our control. Revenues fluctuate with the economic climate of Silicon Valley and the Bay Area. During the dot-com boom, City revenues, especially Sales Tax revenue, increased significantly and just as significantly declined with the dot-com bust. During this past recession, due primarily to declines in Property Taxes, Sales Taxes, and Transient Occupancy Tax revenues, the GOF faced structural deficits (before corrective actions were taken) for four consecutive fiscal years. By addressing these structural deficits on an ongoing basis, the City was able to position itself for revenue growth with the economic recovery. In addition, the City's sound fiscal practices and budget discipline have allowed the City to maintain its AAA credit rating, a status only a fraction of other California cities can claim.

Building on this strong financial foundation and with the current continuation of revenue growth, this report provides the recommendations for the General Operating Fund budget for Fiscal Year 2018-19.

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Updated General Operating Fund Status for Fiscal Year 2017-18

Staff has continued to monitor General Operating Fund revenues and expenditures for the current fiscal year. As we progress through the fiscal year, estimates are refined and have a greater level of confidence, but the final numbers will not be available until after the close of the fiscal year. A summarized comparison of estimated amounts to budget for the GOF follows (dollars in thousands):

	2017-18 Adopted Budget	2017-18 Adjusted Budget[(1)]	**2017-18 Estimated**	Variance of Estimated to Adopted Budget
Revenues	$128,022	128,646	**134,388**	6,366
Expenditures	(117,687)	(120,515)	**(115,975)**	1,712
Rebudgets[(1)]	-0-	2,260	**-0-**	-0-
Operating Balance	10,335	10,391	**18,413**	8,078
CalPERS Contribution	(4,000)	(4,000)	**(4,000)**	-0-
OPEB Contribution	(2,000)	(2,000)	**(2,000)**	-0-
Transfer to SPAR	(2,000)	(2,000)	**(2,000)**	-0-
Ending Balance	$ 2,335	2,381	**10,413**	8,078

(1) The Adjusted Budget includes the Adopted Budget; any encumbrance and grant/donation carryovers from the prior fiscal year (rebudgets); increases for reimbursed expenditures, grants, and donations; and any budget changes approved through January by Council for the current fiscal year.

Overall, total revenues for Fiscal Year 2017-18 are currently estimated to be $6.4 million, or 5.0 percent higher than adopted revenues. Many of the GOF major revenue sources are estimated to be performing better than expected this fiscal year. However, Sales Tax, Rents and Leases, and Charges for Services revenues are estimated below budget.

On the expenditure side, total operating expenditures for Fiscal Year 2017-18 are estimated to be $4.5 million, or 3.8 percent, lower than the Adjusted Budget and $1.7 million lower than the Adopted Budget. After accounting for higher revenues, the ending balance is estimated to be $10.4 million this fiscal year compared to the $2.3 million budgeted. This is an improvement in both revenues and expenditures from the estimates provided in the Midyear Report, where the operating balance was estimated at $7.7 million.

Although we expect the City will end the current fiscal year with an operating balance greater than budgeted, it is important to note the carryover balance is the funding

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source for key organizational needs, such as limited-period expenditures, maintaining reserve levels, funding one-time capital projects, and contributions towards unfunded liabilities.

After the $4.0 million contribution to CalPERS, $2.0 million contribution to OPEB, and $2.0 million transfer to the SPAR included in the Fiscal Year 2017-18 Adopted Budget, the estimated Fiscal Year 2017-18 carryover balance of $10.4 million (subject to changes in assets and liabilities and grants/donations carryovers), in addition to the $2.0 million remaining unallocated balance from Fiscal Year 2016-17 for a total of $12.4 million, is available to fund a net $3.8 million of limited-period expenditures and other recommendations.

It is recommended the City transfer $1.8 million and $1.1 million to the General Fund Reserve and Compensated Absences Reserve, respectively, to bring the balances to policy levels. Also recommended are $2.0 million to a new Transportation Reserve and a contribution of $2.0 million to CalPERS. Any remaining carryover available up to $3.0 million is recommended to supplement the Capital Improvement Reserve. The final carryover available will be determined after the fiscal year-end close and audit of the City’s financial records.

The Reserve Section of this report has additional information and detail related to Reserves.

General Operating Fund Projections for Fiscal Year 2018-19

In presenting the Preliminary GOF revenues and expenditures in the Midyear Budget Status Report on February 13, 2018, staff projected a $10.1 million operating balance for Fiscal Year 2018-19. With additional information available on both revenues and expenditures as the fiscal year has progressed and the addition of budget recommendations, the updated projection is an operating balance of $12.6 million, but after allocation recommendations to the General Fund Reserve, a new Transportation Reserve, the Capital Improvement Reserve, and CalPERS, a balance of $3.6 million, or 2.6 percent of projected revenues, is recommended. This balance is after recommendations for expenditure increases and includes $2.3 million of budget savings. A brief discussion of revenues and expenditures for Fiscal Year 2018-19 follows.

Compared to the current Adopted Budget and including recommendations, total revenues are anticipated to grow by $9.4 million, or 7.3 percent, next fiscal year, and total expenditures are projected to increase $7.1 million or 6.0 percent.

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Comprehensive information for revenues and expenditures is included in the GOF Forecast Section included in this document. A summary comparison of the prior fiscal year audited, current fiscal year adopted and estimated, and the upcoming fiscal year recommended follows (dollars in thousands):

	2016-17 Audited	2017-18 Adopted Budget	2017-18 Estimated	**2018-19 Recommended**	Variance of 2018-19 Recom-mended to 2017-18 Adopted
Revenues	$126,689	128,022	134,388	**137,379**	9,357
Expenditures	(104,436)	(117,687)	(115,975)	**(124,778)**	(7,091)
Rebudgets[(1)]	(697)	-0-	-0-	**-0-**	-0-
Operating Balance	21,556	10,335	18,413	**12,601**	2,266
Transfer to GNOF	(15,556)	-0-	-0-	**-0-**	-0-
Transfer to GF Reserve	-0-	-0-	-0-	**(1,000)**	(1,000)
Transfer to Cap Imp Res	-0-	-0-	-0-	**(4,000)**	(4,000)
Transfer to Transp Res	-0-	-0-	-0-	**(2,000)**	(2,000)
CalPERS Contribution	(2,000)	(4,000)	(4,000)	**(2,000)**	2,000
OPEB Contribution	(2,000)	(2,000)	(2,000)	**-0-**	2,000
Transfer to SPAR	(2,000)	(2,000)	(2,000)	**-0-**	2,000
Ending Balance	$ -0-	2,335	10,413	**3,601**	1,266

(1) Rebudgets include grant and donation carryovers and changes in assets, liabilities, and reserves for encumbrances.

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A summary of the Fiscal Year 2018-19 budget is as follows (dollars in thousands):

Total Revenues	$137,222
Total Net Expenditures	(123,208)
Recommendations:	
Non-Discretionary	(339)
Discretionary Increases	(1,231)
Revenue Changes	157
Operating Balance	12,601
Transfer to General Fund Reserve	(1,000)
Transfer to Transportation Reserve	(2,000)
Transfer to Capital Improvement Reserve	(4,000)
CalPERS Contribution	(2,000)
Balance	$ 3,601

Revenue Projections for Fiscal Year 2018-19

For Fiscal Year 2018-19, GOF revenues are projected to grow by 7.3 percent compared to the current fiscal year adopted, to $137.4 million, including recommendations. All major categories of revenues except Sales Tax are projected with increases over the current fiscal year adopted. More detail on each revenue source can be found in the Forecast.

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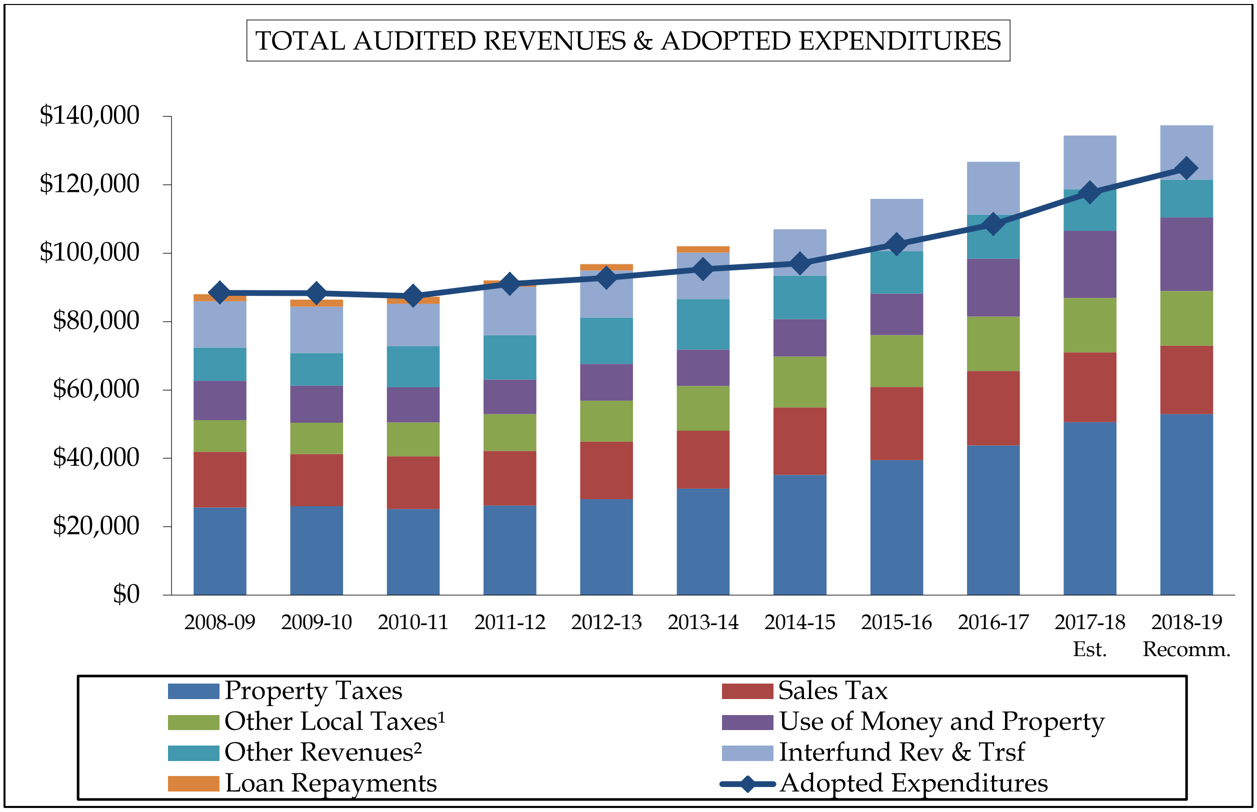
The City's recent revenue history and estimated revenues for the current fiscal year and projected revenues for the upcoming fiscal year are as follows (dollars in thousands):



1 Other Local Taxes is comprised of Transient Occupancy Tax, Business Licenses, and Utility Users Tax.

2 Other Revenues is comprised of Licenses, Permits & Franchise Fees, Fines & Forfeitures, Intergovernmental, Charges for Services, and Miscellaneous Revenues.

This table demonstrates the cyclical nature of the City's balance between revenues and expenditures. In recessionary years, small margins existed between GOF revenues and expenditures, while that gap widens during high-revenue-growth years as we are currently experiencing. The adopted expenditures in the table include budget savings; however, for Fiscal Years 2008-09 through 2010-11, the actual budget saving results were greater than adopted and were necessary to maintain a positive operating balance due to revenue shortfalls compared to budget. In comparison, for Fiscal Year 2011-12 through Fiscal Year 2014-15, actual budget savings have declined, but revenues have been greater than adopted.

Recommendations regarding new fees and modifications to current fees are included with this report (see Attachment 1).

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Expenditure Projections for Fiscal Year 2018-19

The recommended expenditures for Fiscal Year 2018-19 include the addition of $338,800 of non-discretionary increases, which preserves current service levels, and $1.2 million discretionary additions for resources to meet demands and reduce some of the strain on staff.

While several new expenditure requests by departments are being recommended, there were more requests by departments for ongoing expenditure increases, many of which would be desirable and would ease more of the stress on staff. However, as can be seen in the Forecast, although more expenditures could be afforded in the Fiscal Year 2018-19 Budget, it is recommended to only add expenditures that are generally sustainable through the next economic recession, when the GOF could be once again facing an operating deficit, requiring budget reductions to maintain a balanced GOF. To address heavy workloads, many current demands for resources are being addressed through limited-period funding.

Although service levels are generally not increasing, the City's costs are increasing. As a service organization, approximately 80.0 percent of expenditures are for personnel. Total costs of personnel are increasing $6.8 million. Although there were structural changes adopted Statewide with pension reform in 2012, retirement costs are still projected to increase by $2.7 million for Fiscal Year 2018-19 over the current fiscal year Adopted Budget. The changes resulting from pension reform will likely not be realized for 15 years or more, until there are a majority of employees under the new formula.

The categories of changes in costs from the Fiscal Year 2017-18 Adopted Budget to the Fiscal Year 2018-19 recommended budget are as follows (dollars in thousands):

Expenditure Changes:		
Compensation Changes	$2,462	
Retirement (CalPERS)	2,708	
Health and Other Benefits	268	
New Personnel Recommendations	1,328	
Total Changes Personnel Costs		6,766
Nonpersonnel Recommendations, net		242
Other Recommendations, net		83
Total Expenditures Increase		$7,091

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All labor contracts and resolutions expire June 30, 2020, and Fiscal Years 2018-19 and 2019-20 reflect COLAs and other benefit changes as included in the labor contracts and resolutions. Open enrollment for health care is on a calendar year, and new premiums are effective each January 1. The premiums budgeted for Fiscal Year 2018-19 are actual rates through December 2018 and assume an increase of 5.0 percent to 10.0 percent, depending on the plan for medical, and 2.0 percent for dental beginning January 2019. CalPERS rates are budgeted based on the actuarial rates provided by CalPERS.

Other net recommendations of $83,000 include increases to Capital Outlay, Equipment Replacement, Transfers, and Fleet, offset by reductions in Liability self-insurance and the amortization of the Retirees' Health unfunded actuarial accrued liability (UAAL). Most of the increase, $660,000, is for increases to transfers to the Budget Contingency and Capital Improvement Reserves, while most of the decrease is related to the reduction of the Retirees' Health UAAL.

Fiscal Year 2018-19 Budget Recommendations

The following is a discussion of non-discretionary and discretionary recommended expenditure increases. Departments have reviewed their programs, work levels, and preliminary goals for the upcoming fiscal year and developed their budget requests. The Citywide non-discretionary increase is primarily related to the City's minimum wage, information technology, contractual services, and gas and electricity cost increases. The discretionary items are based on requests made by departments that have been reviewed by the City Manager and are recommended for City Council consideration. These recommendations are included in the Fiscal Year 2018-19 numbers presented and complete lists of the non-discretionary, discretionary, and limited-period recommendations can be found in Attachments 2, 3 and 4, respectively.

Non-Discretionary Increases

Non-discretionary increases totaling $338,800 are recommended to fund existing and new required operational costs such as increases in the City's minimum wage, information technology costs, gas and electricity, and contract services. A listing of recommended items, $25,000 and over, are as follows (see Attachment 2 for a complete listing, with descriptions, of non-discretionary items):

- **Minimum Wage Impact One-Half-Year (Community Services):** $170,000
- **Gas and Electricity Cost Increase:** $73,000
- **Information Technology Licenses and Maintenance:** $66,400

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- **Janitorial Cost Increases for City Facilities:** $32,400

- **CalPERS Replacement Benefit:** $31,500

- **Minimum Wage Impact One-Half-Year (Library):** $30,000

Discretionary Recommendations

New expenditures totaling $1.2 million, offset by $157,500 in new revenue, are recommended for high-priority ongoing programs; $1.3 million is related to positions. A listing of recommended items, $25,000 and over, are as follows (see Attachment 3 for a complete listing, with descriptions, of discretionary items):

- **CSD Succession Plan:** $242,400 (See Attachment 5)

- **FASD Senior Management Analyst (Contracts Coordinator) Position:** $195,100

- **Analyst I/II—Environmental Sustainability Position:** $180,200 (See Attachment 6)

- **Fire Analyst I/II Position:** $180,200

- **CSD Contract Services—Recreation Classes:** $100,000 (offset by $130,000 in revenue from fees)

- **Program Assistant—Engineering Division Position (0.50):** $73,300

- **CSD Office Assistant I/II Position:** $61,300 ($122,700 offset by a reduction in wages) (See Attachment 7)

- **Employee Commute Benefit Program:** $60,000

- **Police Assistant Position (0.50):** $38,500 ($65,500 offset by a reduction in wages)

- **Librarian I/II Position (0.50):** $38,400 ($81,200 offset by a reduction in wages)

- **Personal Protective Equipment (PPE):** $37,200

- **CDD Secretary Position Redistribution of Funding:** $31,600

- **HR Contract Services—Personnel-Related:** $30,000

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- **PW Contract Services—HVAC Systems:** $28,000
- **Employee Engagement and Appreciation Program:** $25,000
- **Turf Cleaning:** $25,000

Limited-Period Recommendations

Limited-period funding totaling $3.8 million (excluding rebudgeted items), offset by $10,000 in revenue, is recommended; $2.8 million is related to positions, much of which is a continuation of current staffing. A listing of items recommended as limited-period expenditures, $25,000 and over, are as follows (see Attachment 4 for a complete listing, with descriptions, of limited-period items):

- **Firefighter Recruit Academy:** $450,000
- **Two Public Safety Dispatcher Overhire Positions (one continuing)* :** $386,200
- **Police Officer Position (two-year)-Community Outreach*:** $259,800
- **Senior Deputy City Attorney Position*:** $234,400
- **Associate Civil Engineer—Land Development Section Position*:** $191,200
- **Human Resources Analyst I/II Position*:** $180,200
- **Two Police Officer Trainee Positions*:** $164,000
- **Citywide Succession Planning:** $160,000 (See Attachment 8)
- **Management Fellow Position*:** $140,200
- **November 2018 Election:** $100,000
- **Human Resources Analyst Wages:** $100,000
- **Contract Services—Utility Locating:** $95,000
- **Performing Arts Supervisor Position (0.50)* :** $92,300
- **Community Services Officer (CSO) Position (0.50):** $ 90,100

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- **Associate Civil Engineer—Traffic Section Position (0.45)* :** $86,000
- **IT Secretary Position (0.50) :** $75,700
- **Manager's Mobility Partnership (MMP) Regional Bike Route:** $75,000
- **Office 365 Migration Consultant:** $60,000
- **PW Hourly Staff to Support the Traffic Section:** $60,000
- **PW Hourly Staff to Support the Capital Projects Section:** $60,000
- **Labor Negotiations:** $50,000
- **Environmental Sustainability Fellow:** $50,000 (See Attachment 6)
- **Program for Sidewalk Ramping and Grinding:** $50,000
- **Nonprofit Agency Funding:** $49,600
- **Safe Routes to Schools (SRTS) Education Program:** $46,000
- **New Community Center—Pilot Program for Day Porter Services:** $42,800 (See Attachment 7)
- **Employee Wellness Program:** $35,000
- **Deferred Compensation Plan:** $35,000
- **Pilot Power Washing of Downtown Sidewalks:** $31,100
- **Agency Cyber-Attack Training:** $30,000
- **2017 Community Greenhouse Gas (GHG) Inventory:** $30,000 (See Attachment 6)
- **Downtown Economic Vitality Program:** $30,000
- **Fire Entry-Level Recruitment Program:** $30,000

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- **CMO Hourly Support Staff:** $25,500

- **Regional Airplane Noise Round Table:** $25,000

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*Represents a continuing limited-period position

Listings of Fiscal Year 2018-19 Recommended Capital Outlay and Equipment Replacement are included as Attachments 9 and 10, respectively.

Items for City Council Discussion and Direction

There are a few items staff is providing additional information on and requests Council direction before preparing the Proposed Budget:

- **Recycled Water**—At the CIP Study Session, City Council requested additional information regarding Recycled Water (see Attachment 11) with regard to reuse of treated contaminated groundwater from the Middlefield-Ellis-Whisman Superfund Site for nonpotable purposes, potential use of potable water for golf course irrigation while under the City's minimum water purchase requirement, and the evaluation of recycled water rates as part of the current budget cycle (see Water section).

- **Homeless Initiatives**—Provides information regarding the recent actions on the City's homeless initiatives (see Attachment 12).

- **N.O.I.S.E. Membership**—N.O.I.S.E. is a nationwide, community-based association composed of local elected officials committed to reducing the impact of aviation noise in local communities. Members receive regular updates on Federal legislation and aviation noise issues. N.O.I.S.E. coordinates lobbying strategy with other organizations such as the National League of Cities, U.S. Conference of Mayors, etc. A membership in N.O.I.S.E. is based on population and would be $1,540 for the City.

- **Environmental Sustainability**—The recommended budget provides additional funding for the City's environmental sustainability efforts (see Attachment 6).

- **Police/Fire Building Remodel Debt Service**—The Council has requested reviewing the funding of the Police/Fire Administration Building capital improvement project and will discuss this as part of the CIP Study Session.

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- **Transportation Reserve**—Staff is recommending establishing a new Transportation reserve. A number of priority transportation projects have been identified and whether or not any new revenue measure is targeted for transportation, the needs are significant and long-term. Therefore, a new reserve is recommended with $2.0 million of initial funding from the City.

- **Council's Budget:**

  The Council Procedures Committee (CPC) met on April 17, 2018 to discuss the Council's Budget in accordance with the revised Council Policy A-2. The CPC recommended the following:

  - Council Team Building: $ 5,000

    With the 2018 election and new member(s) joining the Council, the CPC recommends additional funding for a Council team building facilitator for 2019, as was done in early 2015 and 2017.

SUMMARY

With the strong economic growth, combined with fiscally responsible actions taken in prior fiscal years, the City is poised to invest funds in needed areas such as additional staff, the General Fund Reserve, a new Transportation Reserve, capital projects, and CalPERS. The growing economy has resulted in overall revenues projected to increase 7.3 percent over the Fiscal Year 2017-18 Adopted Budget. This results in the ability to include ongoing non-discretionary expenditure increases of $338,800 and discretionary increases of $1.2 million for the most needed areas, as well as $3.8 million in limited-period expenditures. The recommendations include 31.50 positions, and a net of 14.50 new staff.

The result of the recommendations is a projected GOF surplus for Fiscal Year 2018-19 of $3.6 million after recommended transfers of $1.0 million to the General Fund Reserve, $2.0 million to a new Transportation Reserve, $4.0 million to the Capital Improvement Reserve, and a contribution of $2.0 million to CalPERS. Further ongoing expenditure increases are not recommended at this time, based on the assumption of a slowdown in the economy in later years, leading to deficit balances within five years.

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OTHER MAJOR FUNDS

General Fund: Development Services Fund

Development Services is a General Fund program, separated from the GOF in order to facilitate better tracking and accounting. This separation was established to allow for an effective way to match revenues and expenditures. Initially created for Building Services, this fund was expanded for Fiscal Year 2014-15 to more fully encompass all development activity.

For the current fiscal year, development activity continues to remain strong. Operating revenues estimated for Fiscal Year 2017-18 are $14.9 million, $2.6 million higher than adopted; however, $661,000 lower than the prior fiscal year audited. Development-related revenues are cyclical in nature, and there is a timing difference for each project as plan check revenue is collected at the beginning of the development process and permit revenue just prior to construction; all services are provided subsequent to the payment of fees.

Operating expenditures for the current fiscal year are estimated at $17.4 million, $3.0 million (20.9 percent) higher than the Adopted Budget, primarily as a result of encumbrances carried over from the prior fiscal year which are estimated to be spent. Included in operating expenditures is $1.6 million to reimburse the cost of administrative support by the GOF. In addition, Development Services contributed $689,000 to CalPERS (proportionate to the General Fund contribution), $22,000 to the Compensated Absences Fund, and funded capital projects of $40,000.

The Land Use Document Fee was approved with the Fiscal Year 2015-16 Adopted Budget to establish a reserve for the purpose of accumulating costs associated with the update of Land Use Documents (e.g., General Plan, Precise Plans, Zoning Ordinance, etc.). For the current fiscal year, Land Use Document fees of $1.9 million have been received, $1.1 million more than budgeted. The fund is estimated to end the current fiscal year with a balance of $8.4 million and a Reserve for Land Use Documents of $6.5 million.

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A comparison of the prior fiscal year audited, current fiscal year adopted and estimated, and the upcoming fiscal year recommended follows (dollars in thousands):

	2016-17 Audited	2017-18 Adopted	2017-18 Estimated	2018-19 Recommended
Revenues:				
Investment Earnings	$ 262	206	335	441
Permits	7,080	5,621	8,832	7,755
Charges for Services	8,139	6,403	5,671	5,648
Other	78	20	60	6
Total Revenues	15,559	12,250	14,898	13,850
Operating Expenditures	12,636	14,370	17,367	14,636
Operating Balance (Deficit)	2,923	(2,120)	(2,469)	(786)
Land Use Documents	1,109	800	1,913	800
CalPERS Contribution	(239)	(689)	(689)	(335)
Transfer to Comp Absences	(66)	(22)	(22)	(56)
Retirees' Health UAAL	(754)	-0-	-0-	(250)
Capital Projects	(781)	(40)	(40)	(25)
Excess (Deficiency) of Revenues	2,192	(2,071)	(1,307)	(652)
Beginning Balance	13,946	16,138	16,138	14,831
Land Use Doc Reserve	(4,723)	(5,523)	(6,451)	(7,251)
Ending Balance	$11,415	8,544	8,380	6,928

The Fiscal Year 2018-19 recommendations total $1.8 million and there is $238,300 recommended to be rebudgeted. Those recommendations $25,000 and over are as follows (see Attachments 2, 3, and 4 for complete listings with descriptions):

- **Consultants to Support Land Development Section:** $450,000 (limited-period)
- **East Whisman Precise Plan and Environmental Impact Report (EIR):** $270,000 (limited-period)
- **Consultants to Support Construction Section:** $200,000 (limited-period)
- **Associate Civil Engineer—Construction Section Position*:** $191,200 (limited-period)

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- **Associate Planner Position*:** $183,800 (limited-period)
- **Consultants to Support Traffic Engineering Section:** $100,000 (limited-period)
- **Program Assistant—Engineering Division Position (0.50):** $73,300 (ongoing)
- **Office Assistant III Position (0.50):** $65,800 (ongoing)
- **PW Hourly Staff to Support the Land Development Section:** $60,000 (limited-period)
- **PW Hourly Staff to Support the Construction Section:** $60,000 (limited-period)
- **Associate Civil Engineer—Traffic Section Position (0.30)*:** $57,400 (limited-period)
- **SB 743—Transit-Oriented Infill Projects:** $50,000 (limited-period)
- **Associate Civil Engineer—Land Development Section Position (0.20)*:** $38,200 (limited-period)
- **Digital Imaging of Building and Fire Permits:** $30,000 (ongoing) (offset by $30,000 in revenues)
- **Certified Access Specialist (CASp) Training:** $28,000 (ongoing) (offset by $28,000 in revenues)

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*Represents a continuing limited-period position, hourly staff or contract/consultant

Fiscal Year 2018-19 operating revenues are projected at $13.9 million, $1.6 million higher than the current fiscal year Adopted Budget, and $1.0 million lower than the current fiscal year estimate. Development is projected to remain strong through Fiscal Year 2018-19, but the timing of project approvals and payment of fees is uncertain. Fiscal Year 2018-19 operating expenditures are recommended at $14.6 million, $266,000 more than the current fiscal year Adopted Budget. The fund is projected to end the 2018-19 fiscal year with operating expenditures exceeding revenues by $786,000. Land Use Document fees are projected at $800,000 and, after funding the $335,000 contribution to CalPERS (proportionate to the General Fund contribution), $56,000 transfer to

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Compensated Absences, $250,000 contribution to Retirees Health UAAL, and $25,000 for capital projects, there is a projected ending balance of $6.9 million and a Reserve for Land Use Documents of $7.3 million. This ending balance, which has continued to decline over the last few fiscal years, will be necessary to continue funding operations during the next slowdown in development activity. The ending balance represents fees paid in advance of the services provided, including multi-year development projects.

General Fund: Shoreline Golf Links Fund

Shoreline Golf Links (SGL) is an 18-hole course designed by Robert Trent Jones II & Associates that was completed in 1983. The course is owned by the City and generally open to the public 364 days a year. Touchstone Golf, LLC (Touchstone), assumed management and operations of SGL (Pro Shop and maintenance) in January 2012. Although SGL is a General Fund program, it is tracked and reported separately for management information purposes and to provide a more comprehensive overview of its operations.

For Fiscal Year 2017-18, total revenues are estimated at $2.4 million, $166,000 (6.5 percent) lower than the Adopted Budget, but $112,000 more than the prior fiscal year audited. Consistently better weather September through December allowed for higher rounds to be played compared to the prior fiscal year. However, the revenue estimate is below budget due to an unusually slow July and August resulting from very hot temperatures, the increased popularity of Moffett Golf Course since being open to the public and the anticipated reopening of the Palo Alto Municipal Golf Course in late May 2018.

The Fiscal Year 2017-18 operating expenditures are estimated at $2.3 million, $115,000 (4.8 percent) less than the Adopted Budget of $2.4 million. Included in operating expenditures is the management fee of $108,000 to Touchstone, $77,000 to reimburse the cost of administrative support provided by the GOF, and annual funding of liability insurance and equipment replacement. After allowing for a minimum ending balance of $5,000, there is $90,000 available to transfer to the GOF, less than the budgeted transfer of $125,000.

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A comparison of the prior fiscal year audited, current fiscal year adopted and estimated, and the upcoming fiscal year recommended follows (dollars in thousands):

	2016-17 Audited	2017-18 Adopted	2017-18 Estimated	2018-19 Recommended
Revenues:				
Green Fees	$1,491	1,665	1,537	1,613
Golf Cart/Other Rentals	321	395	365	351
Range Revenue	240	249	251	327
Retail Sales	169	181	177	191
Other	39	48	42	50
Total Revenues	2,260	2,538	2,372	2,532
Operating Expenditures	2,091	2,415	2,300	2,394
Operating Balance	169	123	72	138
CalPERS Contribution	(3)	-0-	-0-	-0-
Transfer to GOF	(150)	(125)	(90)	(125)
Excess (Deficiency) of Revenues	16	(2)	(18)	13
Beginning Balance	7	23	23	5
Ending Balance	$ 23	21	5	18

The Fiscal Year 2018-19 recommendations total a net reduction of $3,200. Those recommendations $25,000 and over are as follows (see Attachments 2 and 3 for complete listings with descriptions):

- **Water Cost Increases:** $75,800 (ongoing)

Projected revenue for Fiscal Year 2018-19 is $2.5 million, $160,000 higher than the current fiscal year estimate and $272,000 higher than the prior fiscal year Audited. Touchstone continues to monitor the membership programs and incorporates adjustments as appropriate. Frequent Player fees are recommended to increase 2.6 percent to 4.3 percent; Loyalty Program fees and all other Greens fees are recommended with a $2 to $3 per player increase and $1 per player increase, respectively; and club rentals are recommended with a 50.0 percent increase.

Fiscal Year 2018-19 projected expenditures by Touchstone and the City of $2.4 million are approximately $21,000 lower than the current fiscal year adopted. The operating costs reflect recommended increases for utilities offset by decreases in funding for supplies and personnel costs. Included in the Fiscal Year 2018-19 recommended operating expenditures are contributions of $212,400 for annual equipment replacement and $77,600 for reimbursement of administrative support provided by the GOF. Fiscal Year 2018-19 is projected with an operating balance sufficient for $125,000 to be transferred to the General Operating Fund and allow for the $5,000 minimum balance.

Staff continues to work with Touchstone and meets quarterly to review the operations and financial status of the golf course. The second term of the operating agreement with Touchstone expires December 31, 2021.

Shoreline Regional Park Community Fund

The Shoreline Regional Park Community (Shoreline Community) was created in 1969 by the Shoreline Regional Park Community Act (Act) for the development and support of the Shoreline Regional Park (Shoreline Park) and to economically and environmentally enhance the surrounding North Bayshore Area. The Act prescribes the powers of the Shoreline Community, including the construction and replacement of the infrastructure needed to serve the Shoreline Community such as streets, curbs, gutters, parking lots, sidewalks, water and sewer services, lighting, waste disposal, power and communications, housing and levees, as well as operations and maintenance of Shoreline Park. The Shoreline Community is a separate legal entity with its own budget and financial statements, but is considered a blended component unit of the City.

The primary source of revenues for the Shoreline Community is property taxes, which include the revenue generated from the Shoreline Community's 1.0 percent levy assessed on the incremental taxable value of real and personal property located within the Shoreline Community. The AV of secured real property that does not experience a change in ownership or is not subject to new construction is adjusted annually at a rate not to exceed the California Consumer Price Index (CCPI) or 2.0 percent, whichever is lower. However, if a property changes ownership, it is reassessed at the current market value and new construction is initially valued at the cost of the construction. Unsecured tax on personal property, such as computers and other equipment, is assessed on the value of the property as self-reported annually to the County by businesses.

Fiscal Year 2017-18 property taxes and investment earnings are estimated higher than budget resulting in estimated operating revenues of $43.5 million, $2.8 million (7.0 percent) higher than budget and essentially the same as the prior fiscal year audited. The property tax revenue adopted for Fiscal Year 2017-18 anticipated a net increase compared to the July 1, 2016 tax roll resulting from changes in ownership, the 2.0 percent annual CCPI, and resolution of appeals. The Fiscal Year 2017-18 estimated property tax exceeds budget as a result of increased AV from new developments based

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on inspection of construction in progress and less of an impact than anticipated from the resolution of appeals.

Operating expenditures for the current fiscal year are estimated at $27.9 million, $360,000 (1.3 percent) below the Fiscal Year 2017-18 Adopted Budget of $28.3 million, the net result of savings in salary and benefits, and supplies and services offset by an increase in intergovernmental payments. This estimate includes the operations of the Shoreline Regional Park, landfill, and street maintenance, as well as the Shoreline Community's share of costs for services such as Police and Fire protection, planning, and general administration.

The intergovernmental payment to the County, in accordance with the agreement authorized in December 2004, is estimated to be $163,000 higher than budget as a result of the higher than budgeted property taxes. Contributions to the Mountain View Whisman School District (MVWSD) and the Mountain View Los Altos Union High School District (MVLAUHSD) have been made in accordance with the 10-year Joint Powers Authority (JPA) Agreement approved in June 2013 and are $138,000 higher than budget, also related to increased property taxes.

North Bayshore Development Impact Fees (NBSDIF) of $19.2 million have been received through February 2018. Of this, $13.8 million is for transportation-related projects and $5.4 million is for water and sewer infrastructure projects (see Water and Wastewater Funds). The total available for transportation projects through February is $20.5 million (including interest earnings) and $13.4 million of this amount was utilized as a portion of the funding for CIP 18-70 (Acquisition of Property for the Plymouth Street Realignment) adopted by Council on February 13, 2018. The remaining fees will be held in the Development Impact Fees Reserve for funding of future transportation projects.

The estimated operating balance of $15.5 million is funding a $302,000 contribution to CalPERS (proportionate to the General Fund contribution), $20,000 to the Compensated Absences Fund, and a $995,000 contribution to the Retirees' Health UAAL. In addition, there is funding of $56.7 million for capital projects, including $28.5 million for the Acquisition of the Plymouth Street Realignment, $10.0 million for the Shoreline Boulevard Interim Bus Lane and Utility Improvements, $5.0 million for the South Bay Salt Ponds Restoration Project- MV Ponds Component, and $4.2 million for the Shoreline Bus Lane Property Acquisition. The Shoreline Community Fund is estimated with a $15.7 million ending balance and $17.8 million in reserves, which includes the General, Landfill and Development Impact Fee Reserves.

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A comparison of the prior fiscal year audited, current fiscal year adopted and estimated, and the upcoming fiscal year recommended follows (dollars in thousands):

	2016-17 Audited	2017-18 Adopted	2017-18 Estimated	2018-19 Recommended
Revenues:				
Property Taxes	$41,636	39,306	41,329	41,808
Investment Earnings	881	954	1,299	1,339
Other	634	363	830	366
Total Revenues	43,151	40,623	43,458	43,513
Expenditures:				
Operating	12,386	13,316	12,656	14,093
Intergovernmental Payments	8,213	9,994	10,295	10,272
Debt Service	6,514	4,980	4,979	6,566
Total Expenditures	27,113	28,290	27,930	30,931
Operating Balance	16,038	12,333	15,528	12,582
CIP Refunds	547	-0-	-0-	-0-
Development Impact Fees	5,052	-0-	13,784	-0-
CalPERS Contribution	(112)	(302)	(302)	(135)
Transfer to Comp Absences	(52)	(20)	(20)	(42)
Retirees' Health UAAL	(924)	(995)	(995)	(195)
Capital Projects from Fees	(100)	-0-	(13,370)	(6,400)
Capital Projects	(4,962)	(28,175)	(43,369)	(6,758)
Excess (Deficiency) of Revenues	15,487	(17,159)	(28,744)	(948)
Beginning Balance	46,701	62,188	62,188	33,444
Reserve	(4,900)	(4,600)	(4,600)	(5,200)
Reserve for Landfill	(5,000)	(6,000)	(6,000)	(7,000)
Reserve for Sea Level Rise	-0-	-0-	-0-	(3,000)
Reserve for Dev Impact Fees	(6,482)	(6,578)	(7,166)	(766)
Ending Balance	$45,806	27,851	15,678	16,530

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The Fiscal Year 2018-19 recommendations total $480,600 and there is $59,100 recommended to be rebudgeted. Those recommendations $25,000 and over are as follows (see Attachments 2, 3, and 4 for complete listings with descriptions):

- **Employee-Staffed Ranger Program:** $215,500 (ongoing) (See Attachment 13)
- **CSD Succession Plan:** $57,800 (ongoing) (See Attachment 5)
- **District Sustainability Performance Monitoring:** $50,000 (ongoing)
- **Consultants to Support Traffic Engineering Section:** $50,000 (limited-period)
- **Associate Civil Engineer—Traffic Section Position (0.25)*:** $47,800 (limited-period)
- **Associate Civil Engineer—Land Development Section Position (0.20)*:** $38,200 (limited-period)

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*Represents a continuing limited-period position.

- Major Capital Projects:
  - NB Shoreline Blvd/101 Off-Ramp Realignment, Design: $6,400,000 (NBSDIF)
  - Charleston Road Improvements, Design: $2,365,000
  - Shorebird Way and Charleston Road Recycled Water Extension and Water System Improvement, Construction: $1,580,000
  - Circulation Feasibility Study from NBSPPII (Charleston Road Underpass and SC Transit Bridge): $1,100,000

Projected revenues for Fiscal Year 2018-19 are $43.5 million, $2.9 million higher than the current fiscal year adopted and essentially the same as the Fiscal Year 2017-18 estimated. The 2.0 percent CCPI, changes in ownership, new development and projected reductions from resolved appeals result in a net increase in property tax compared to Fiscal Year 2017-18 estimated property taxes. Unsecured AV is reported by business owners and can fluctuate significantly. As of January 2018, the County has approximately 5,300 active appeals for properties throughout the County, including properties located in the Shoreline Community. The County has provided summarized

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information about pending appeals and the Fiscal Year 2018-19 revenue includes a projected tax loss based on historical resolution of appeals. In addition, certain revenues, such as precise plan reimbursements, are not budgeted. The intergovernmental payments to the school districts are projected to decrease slightly as this calculation is based on the percent change in total property tax received between the two prior fiscal years.

Fiscal Year 2018-19 expenditures are recommended at $30.9 million. In addition, there is a $135,000 contribution to the CalPERS liability (proportionate to the General Fund contribution); $42,000 transfer to the Compensated Absences Fund; $195,000 contribution to the Retirees' Health UAAL; and $13.2 million for capital projects, of which $6.4 million is funded from development impact fees. The capital projects total includes $9.9 million for transportation-related projects.

Staff is recommending $3.0 million be set aside annually in a Sea Level Rise Reserve over the next 10 fiscal years to fund approximately $30.0 million for projects identified in the Shoreline Sea Level Rise Study. If the recommendations are adopted, the Shoreline Community Fund is projected to end the 2018-19 fiscal year with an ending balance of $16.5 million, and $16.0 million in Reserves.

As previously discussed with City Council, there are significant capital projects anticipated in future years related to transportation, landfill, and sea level rise. The Council adopted the NBSDIF in February 2016 to assist with funding improvements detailed in the NBSDIF Nexus Study and over $20.0 million has been paid to date. On March 27, 2018, staff presented to the Council Finance Committee recommended modifications to Council Policy A-11—Financial and Budgetary Policy (Policy A-11) in preparation for the potential issuance of debt. There are two significant transportation projects proposed in the CIP for Fiscal Year 2019-20 that would require funding beyond available resources. Staff will be providing information to the City Council at its meeting on May 22, 2018 to present the recommended policy modifications and preliminary potential debt issuance recommendation.

UTILITY FUNDS
WATER, WASTEWATER, SOLID WASTE MANAGEMENT

The City's enterprise utility funds are fully funded by the rates charged to customers; there is no General Fund support to the utility funds. Utility rates charged by governmental entities for water, sewer, and trash and recycling services are considered property-related fees and are subject to the procedural requirements of Proposition 218, Article XIII, of the California Constitution. Proposition 218 requires governmental agencies to conduct a majority protest hearing prior to adopting any changes in utility rates. A notice is required to be mailed no later than 45 days prior to the public hearing

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and is required to include the proposed rate adjustment, the calculation methodology, and describe the process for submitting a protest vote. The legislation also provides for future rate increases within prescribed limits to be approved without holding a hearing each year for up to an additional four years.

A Proposition 218 hearing is not required for the recommended water and wastewater rate increases as these recommended increases for Fiscal Year 2018-19 are within the prescribed limits as noticed May 6, 2016 and approved at the June 21, 2016 public hearing. However, the recommended solid waste rate increase for carts requires a Proposition 218 hearing as it includes a rate increase for the new food scraps collection program (see more detail in each section below). A Proposition 218 hearing is scheduled, prior to the adoption of any rate modifications, for June 19, 2018. Staff will be mailing a notification of the recommended rate changes on or before May 4 to meet the 45-day prescribed noticing requirement of Proposition 218.

Water Enterprise Fund

The Water Enterprise Fund is a utility fund accounting for the revenues and expenditures associated with the provision of retail water service to Mountain View residents and businesses. The City provides potable water service to approximately 96.0 percent of water customers within the City limits while California Water Service (a private company) provides service to the remaining 4.0 percent of water customers in a few previously unincorporated neighborhoods. Potable water for the City's system is obtained primarily from the San Francisco Public Utilities Commission (SFPUC) regional Hetch Hetchy water system (88.0 percent). Water is also purchased from the Santa Clara Valley Water District (SCVWD) (10.0 percent) and City well production (2.0 percent). The primary costs associated with water service are the purchase of water, staffing to operate and maintain the system, ongoing maintenance, and capital replacement and improvement projects. Charges for services are designed to fully fund ongoing annual costs and a base level of annual capital projects as well as to maintain adequate reserves in accordance with Council policy.

A 7.0 percent increase for the average cost of water and meter rates, and a 3.0 percent increase for recycled water rates were adopted for Fiscal Year 2017-18. Operating revenues for Fiscal Year 2017-18 are estimated at $36.5 million, approximately $3.9 million (11.9 percent) higher than budget. Although this fund has been significantly impacted by previous water conservation efforts due to the drought, the financial condition of the fund is now benefiting from increased water usage from the past two years. However, usage is still approximately 24.0 percent below the 2013 drought baseline.

Operating expenditures for Fiscal Year 2017-18 are estimated at $31.7 million, $480,000 (1.5 percent) lower than the budget of $32.2 million. This is primarily the result of

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savings in operations offset by slightly higher SCVWD retail water costs than budgeted. The City's long-term contract with the SFPUC has a minimum water purchase requirement and an individual supply guarantee (ISG) maximum purchase through 2040. During the drought, the SFPUC waived the minimum purchase requirement. However, the SFPUC is no longer waiving the City's minimum water purchase and the Fiscal Year 2017-18 budget reflects full funding of the minimum purchase requirement. As the City is subject to the minimum purchase requirement, the water below the minimum purchase requirement can be used at Shoreline Golf Links (see Attachment 11).

During Fiscal Year 2016-17, staff evaluated options to minimize or eliminate future penalties as a result of the City's minimum water purchase requirement with the SFPUC. The City of East Palo Alto (EPA) was approaching their ISG with the SFPUC which precluded approval of large development projects in EPA. The City is not anticipated to reach its ISG through 2040. Therefore, staff negotiated with EPA to transfer 1.0 million gallons per day of the City's ISG to EPA in return for $5.0 million. The agreement was approved in 2017, and the $5.0 million is reserved to be used toward any potential future minimum water purchase penalties.

The estimated operating balance for Fiscal Year 2017-18 is $4.8 million, which is sufficient to fund the CalPERS contribution of $590,000 (proportionate to the General Fund contribution), Retirees' Health UAAL of $294,000, and the current fiscal year's $2.9 million for capital projects.

Restructured capacity fees were adopted by Council effective July 1, 2015. The capacity fees are currently estimated at $2.4 million compared to the $2.3 million budget based on projected building permits to be issued during the fiscal year. Various Development Impact Fees have been adopted by City Council, and for Fiscal Year 2017-18, $5.4 million of NBSDIF revenue has been received. These fees are designated for specific projects which are identified in the Five-Year Capital Improvement Program (CIP) and have been set aside in reserves. Capacity and Development Impact Fees received are sufficient to fund the $2.3 million in additional capital projects. The Water Fund is estimated with a $7.6 million ending balance and $25.3 million in reserves, which includes the water transfer reserve, and the balance of capacity and development impact fee revenues received and interest earned on the balance.

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A comparison of the prior fiscal year audited, current fiscal year adopted and estimated, and the upcoming fiscal year recommended follows (dollars in thousands):

	2016-17 Audited	2017-18 Adopted	2017-18 Estimated	2018-19 Recommended
Revenues:				
Investment Earnings	$ 398	397	645	502
Water Sales	28,516	30,454	33,665	34,002[1]
Recycled Water Sales	481	600	596	660
Other	1,821	1,196	1,630	1,203
Total Revenues	31,216	32,647	36,536	36,367
Expenditures:				
Operating	9,485	10,486	9,806	11,022
Water Purchases	17,088	20,768	20,968	21,090
Loan Repayment— Recycled Water	300	300	300	300
Debt Service	630	634	634	629
Total Expenditures	27,503	32,188	31,708	33,041
Operating Balance (Deficit)	3,713	459	4,828	3,326
Capacity/Development Impact Fees	4,721	2,303	7,823	-0-
Water Transfer	-0-	-0-	5,000	-0-
CalPERS Contribution	(217)	(590)	(590)	(258)
Retirees' Health UAAL	(635)	(294)	(294)	(200)
Capital Projects from Fees	(1,079)	(2,287)	(2,287)	(3,640)
Capital Projects	(2,079)	(2,942)	(2,942)	(3,038)
Excess (Deficiency) of Revenues	4,424	(3,351)	11,538	(3,810)
Beginning Balance	16,896	21,320	21,320	32,858
Capacity/Dev Impact Fees Reserves	(3,740)	(3,756)	(9,436)	(5,796)
Water Transfer Reserve	-0-	-0-	(5,000)	(5,000)
Reserves	(9,946)	(10,830)	(10,830)	(11,120)
Ending Balance	$ 7,634	3,383	7,592	7,132

(1) Based on the recommended 1.0 percent rate adjustment.

The Fiscal Year 2018-19 recommendations total $307,600. Those recommendations $25,000 and over are as follows (see Attachments 2, 3, and 4 for complete listings with descriptions):

- **Associate Civil Engineer—Engineering and Environmental Compliance Section Position*:** $191,200 (limited-period)

- **Contract Services—Recycled Water Program:** $50,000 (limited-period)

- **Associate Civil Engineer—Land Development Section Position (0.20)*:** $38,200 (limited-period)

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*Represents a continuing limited-period position.

- Major Capital Projects:

  - Leong Drive Water and Sewer Main Replacement, Construction: $2,000,000

  - Miscellaneous Water Main/Service Line Replacement: $2,584,000

  - Well Abandonment (10 and 17) and Well Siting Study: $650,000

  - Water System Improvements and Recycled Water System Improvements: $628,000

  - Shoreline Boulevard Interim Bus Land and Utility Improvements, Phase I Construction: $350,000 (project amendment)

The major factors that influence rate setting for the Water Fund are: (1) the cost of wholesale water; (2) water consumption level; (3) annual operating costs; and (4) level of capital improvements. The cost of water purchases from the SFPUC and other water sources (approximately 65.0 percent of recommended expenditures) has been subject to major fluctuations for more than a decade and has caused the City's retail water rate adjustments to vary significantly. Annual capital project funding of $3.0 million is included in the rate calculation as the three-year rolling average of annual projects.

The recycled water rate was previously set to recover the cost of the program, including the loan repayment and ongoing recycled water program operating costs. Costs have increased over the last three fiscal years due to added limited-period and operating costs for regulatory compliance. This results in the rate no longer covering the cost of

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the program based on current usage. Staff is recommending phasing in the rate increase needed to cover the cost of the program over a three-year period. The rate for Fiscal Year 2018-19 is recommended to increase from $3.07 per unit to $3.75 per unit, and the following two fiscal years are recommended to increase to $4.50 per unit and $5.00 per unit, respectively. If recycled water consumption increases or decreases, the rate increases recommended will be reduced or increased, respectively. Staff continues efforts to convert customers from potable water to recycled water when possible.

For Fiscal Year 2018-19, a 1.0 percent rate increase is recommended for the average cost of water and meter rates and a 22.0 percent increase is recommended for the recycled water rate. The recycled rate will be 45.4 percent lower than the potable Uniform water rate. The Uniform and Tier 2 rates reflect the average cost of water; Tier 1 is set at 75.0 percent and Tier 3 is set at 160.0 percent of the average cost of water. Meter rates are tied to the capacity ratios published by the American Water Works Association (AWWA). Because of these relationships, individual rate increases may be slightly more or less than the 1.0 percent stated. This 1.0 percent rate increase is for rate increases from providers and CPI as allowed. Recommended fee modifications are included in Attachment 1, and a comparison of the current rates and the recommended rates are included in Attachment 14.

Fiscal Year 2018-19 projected revenues, with the recommended rate adjustments and water consumption based on the current fiscal year trend, are $36.4 million and recommended expenditures are $33.0 million (after eliminating the budget effect of depreciation expense). Included in expenditures are the proposed rate adjustments to wholesale water costs. For Fiscal Year 2018-19 the SFPUC has proposed a zero rate increase and SCVWD is proposing 9.6 percent for groundwater, which corresponds to an 8.8 percent rate increase for treated water (treated water is $100 more per acre-foot than groundwater). Final rates will not be approved by the SFPUC until May 8, 2018 and by SCVWD on April 24, 2018. Staff will provide an update to Council if there are any changes to the proposed rate increase with the Proposed Budget on June 12, 2018.

The recommendation results in an operating balance of $3.3 million. There are also capital projects of $3.0 million, contribution to CalPERS of $258,000 (proportionate to the General Fund contribution), and funding for Retirees' Health UAAL of $200,000. This results in projected Fiscal Year 2018-19 reserve balances of $21.9 million, which includes the water transfer reserve, and the balance of capacity and development impact fee revenues received and the interest earned on the balance. The projected ending balance for this fund is $7.1 million.

Capacity fees are not included in the projection for Fiscal Year 2018-19 as the fees are uncertain. Therefore, staff recommends funds be available for capital projects after the fees are actually received. The current estimated balance of fees will fund $3.6 million

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in additional capital projects for Fiscal Year 2018-19. The NBSDIF received in Fiscal Year 2017-18 will fund future capital projects as identified in the Five-Year CIP. These fees provide funding for additional capital projects and mitigate the need to fund these projects with rate increases.

The SFPUC has provided estimated future water rate increases of 0.0 percent through Fiscal Year 2021-22 and 9.0 percent in Fiscal Year 2022-23.

Wastewater Enterprise Fund

The Wastewater Enterprise Fund is the utility fund that accounts for the costs and revenues associated with the collection, transportation, and treatment of wastewater generated from all residences and businesses in the City. Other associated functions included in this fund are the Hazardous Materials Permit Program and the Industrial Liquid Waste Management Program. Expenditures in the Wastewater Fund include the construction and maintenance of sanitary sewer lines, stormwater lines, and pump stations; the City's share of costs associated with the operation of the Treatment Plant; and personnel costs for the operation and maintenance of the system. This fund is affected by costs associated with stringent requirements for the Treatment Plant, stormwater discharges into San Francisco Bay, and fluctuations in water usage. Revenues are partially governed by the amount of water used by commercial dischargers in the City each fiscal year.

A 10.0 percent overall rate increase was adopted for Fiscal Year 2017-18. This includes a 2.0 percent rate increase for operations, a 2.0 percent rate increase for future Treatment Plant capital costs, and 6.0 percent for unanticipated Treatment Plant costs in Fiscal Year 2015-16 (rate impact phased in over three fiscal years). As previously outlined, there are future capital expenditures forecasted for the Treatment Plant as the facility began operations in 1972 and is in need of major renovations. A cumulative rate increase of 20.0 percent is projected and City Council approved a gradual phase-in of 2.0 percent annually for 10 years to fund these long-term capital costs, of which Fiscal Year 2017-18 is the fourth year.

Unforeseen Treatment Plant costs in Fiscal Year 2015-16 caused the fund to be in a distressed financial condition. To fully fund the impact of the increases in Treatment Plant costs, there would have been a 26.0 percent rate increase for Fiscal Year 2016-17. City Council approved staff's recommendation to spread the increase needed to stabilize the financial position of this fund over three years (6.0 percent in each of Fiscal Years 2016-17, 2017-18, and 2018-19) and utilize half of the rate stabilization reserve for Fiscal Years 2016-17 and 2017-18 to balance the fund. These rate increases were noticed and approved at the rate hearing on June 21, 2016.

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Operating revenues for Fiscal Year 2017-18 are estimated at $22.2 million, $973,000 (4.6 percent) higher than the budget of $21.3 million, as wastewater service charges are trending higher than budget. Operating expenditures are estimated at $15.6 million, $2.3 million (13.0 percent) lower than the budget of $17.9 million. This is primarily due to a $1.8 million credit for prior fiscal year Treatment Plant expenses and savings in operations.

Each fall, an annual reconciliation of the prior fiscal year's actual treatment costs (based on volume) is performed by the Treatment Plant, and an adjustment is provided to each member agency. The City's share of audited expenditures of the Treatment Plant for last fiscal year were $1.8 million lower than budgeted, resulting in a credit that is applied towards the current fiscal year's treatment costs. The credit from the Treatment Plant is related to obligations encumbered but not spent and, therefore, is being reserved in anticipation the expenditures will be included in the reconciliation for Fiscal Year 2017-18. The estimated operating balance of $6.7 million will fund the CalPERS contribution of $349,000 (proportionate to the General Fund contribution), Retirees' Health UAAL of $246,000, and $2.1 million for capital projects, as well as the $1.8 million Treatment Plant credit being reserved.

Restructured capacity fees were adopted by Council effective July 1, 2015. The capacity fees are currently estimated at $4.5 million compared to the $4.1 million budget, based on actual fees received and projected building permits to be issued for the remainder of the fiscal year. Various Development Impact Fees have been adopted by City Council, and for Fiscal Year 2017-18, $1.0 million of NBSDIF have been received. These fees are designated for specific projects which are identified in the Five-Year CIP and have been set aside in reserves. Capacity and Development Impact Fees received are sufficient to fund the $627,000 in additional capital projects.

The fund is estimated with a $4.0 million ending balance and $18.3 million in reserves, which includes the accumulation of the rate increases needed for future Treatment Plant capital expenditures, the reservation of the $1.8 million prior year Treatment Plant credit, the balance of capacity and development impact fee revenues received and the interest earned on the balance, as well as the full reserve requirement for the fund. The Adopted Budget included using half of the rate stabilization reserve; however, the estimated higher wastewater service charge revenue is allowing the reserve to be restored to the policy level.

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A comparison of the prior fiscal year audited, current fiscal year adopted and estimated, and the upcoming fiscal year recommended follows (dollars in thousands):

	2016-17 Audited	2017-18 Adopted	2017-18 Estimated	2018-19 Recommended
Revenues:				
Hazardous Materials/ Fire Safety Permits	$ 502	425	462	425
Investment Earnings	248	290	362	271
Wastewater Service	19,145	20,519	21,384	23,096 (1)
Other	482	34	33	34
Total Revenues	20,377	21,268	22,241	23,826
Expenditures:				
Operating	3,672	7,241	6,871	7,197
Wastewater Treatment	10,385	10,668	8,710 (2)	11,254
Total Expenditures	14,057	17,909	15,581	18,451
Operating Balance	6,320	3,359	6,660	5,375
Capacity/Development Impact Fees	3,439	4,050	5,505	-0-
CalPERS Contribution	(128)	(349)	(349)	(115)
Retirees' Health UAAL	(387)	(246)	(246)	(50)
Capital Projects from Fees	(1,520)	(627)	(627)	(6,500)
Capital Projects	(1,759)	(2,103)	(2,103)	(2,409)
Excess (Deficiency) of Revenues	5,965	4,084	8,840	(3,699)
Beginning Balance	7,511	13,476	13,476	22,316
Capacity/Dev Impact Fees Reserves	(2,936)	(6,359)	(7,925)	(1,425)
Treatment Plant Reserve	(891)	(2,077)	(3,844) (2)	(6,354) (2)
Reserves	(5,597) (3)	(5,647) (3)	(6,542)	(6,781)
Ending Balance	$ 4,052	3,477	4,005	4,057

(1) Based on a recommended 8.0 percent rate increase and includes $1.6 million in revenue generated by the rate increases for planned Treatment Plant capital costs that is being reserved.

(2) Includes $1.8 million credit for the prior fiscal year.

(3) Includes borrowing 5.0 percent of the 10.0 rate stabilization reserve.

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The Fiscal Year 2018-19 recommendations total $52,400 and rebudgets of $20,000. Those recommendations $25,000 and over are as follows (see Attachments 2, 3, and 4 for complete listings with descriptions):

- **Associate Civil Engineer—Land Development Section Position (0.20)*:** $38,200 (limited-period)

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*Represents a continuing limited-period position.

- Major Capital Projects:
  - Leong Drive Water and Sewer Main Replacement, Construction: $6,500,000
  - Miscellaneous Storm/Sanitary Sewer Main Replacement: $1,617,000
  - San Antonio Area Sewer Improvements Construction, Phase I: $530,000

Costs for the Treatment Plant are proposed to increase 5.8 percent for Fiscal Year 2018-19, resulting in the cost of wastewater treatment to be approximately 61.0 percent of the total recommended operating expenditures. **An 8.0 percent overall rate increase is recommended for Fiscal Year 2018-19:** 4.0 percent is due to the increase from the Treatment Plant for Fiscal Year 2018-19 and operating cost increases up to the CPI, 2.0 percent is the fifth year of the phase-in of planned Treatment Plant capital costs, and 2.0 percent for unanticipated Treatment Plant costs in Fiscal Year 2015-16 (reduced from 6.0 percent as noticed and approved for Fiscal Year 2018-19 at the rate hearing on June 21, 2016). For rate-setting purposes, a $2.2 million base level of annual maintenance capital projects is assumed for Fiscal Year 2018-19.

Based on the recommended rate increase, operating revenues for Fiscal Year 2018-19 are projected at $23.8 million and recommended operating expenditures are $18.5 million (after eliminating the budget effect of depreciation expense). The operating balance of $5.4 million will fund the contribution to CalPERS of $115,000 (proportionate with the General Fund contribution), funding for Retirees' Health UAAL of $50,000, and $2.4 million for capital projects. Additionally, there is $1.6 million in revenue generated by the rate increases for planned Treatment Plant capital costs that is being reserved. This results in a reserve balance of $6.8 million, in addition to the Capacity/Development Impact Fee and Treatment Plant reserves of $7.8 million. The projected ending balance for Fiscal Year 2018-19 is of $4.1 million.

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As with the Water Fund, capacity fees are not included in the projection for Fiscal Year 2018-19 as the fees are uncertain. Therefore, staff recommends funds be available for capital projects after the fees are actually received. The current estimated balance will fund $6.5 million in additional capital projects in Fiscal Year 2018-19. The North Bayshore Development Impact Fees revenue received in Fiscal Year 2017-18 will fund future capital projects as identified in the Five-Year CIP.

The majority of the trunk main infrastructure was installed in the 1950s and 1960s. Staff has previously indicated through the budget and CIP process that there are major City sewer main replacement projects necessary over the next 10 years and the possibility of issuing debt for these projects has been identified as an option. Approximately $15.0 million of major capital projects is included in Fiscal Years 2019-20 and 2020-21 of the Five-Year CIP. While capacity and development impact fees are providing a source of funding for some projects, at this time, it is insufficient to fund all projects and staff recommends some debt will be required in order to fund all of the additional capital projects. Staff is also reviewing the current major sewer capacity upgrades needed due to the increased density allowed in the City from the General Plan Update, Precise Plan adoptions, and Gatekeeper approvals. Staff will return to City Council during Fiscal Year 2018-19 with a recommendation for funding these additional capital projects.

Solid Waste Management Enterprise Fund

The Solid Waste Management Enterprise Fund is the utility fund that accounts for the revenues and expenditures of solid waste-related services, including trash collection and disposal, recycling services, street sweeping, and the maintenance of two of the City's three closed landfill sites.

Trash and recyclables generated in the City are transported to the SMaRT Station (the City is one of three partners) for removal of recyclables and the remaining trash is transported for final disposal at the Kirby Canyon Landfill in South San Jose. The City provides a variety of services through an outside contractor (Recology) for the collection of trash and recyclables. The City bills and collects all revenues for solid waste services.

For Fiscal Year 2017-18, a 10.0 percent rate increase was adopted for carts, incorporating the third and final year of the Cost of Service (COS) Study for phase-in of cart rates, and a 2.0 percent rate increase was adopted for all other services. With this final year of implementation, the COS Study to review the rate structure to realign rates to reflect the true cost of collection and disposal is complete.

The City's Solid Waste Fund operating revenues for Fiscal Year 2017-18 are estimated at $14.5 million compared to the budget of $14.2 million. Trash and recycling service

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charges are trending $325,000 (2.3 percent) higher than budget, mainly due to higher debris box revenue associated with the high level of development activity. City operating expenditures are estimated at $12.1 million, $504,000 (4.0 percent) lower than the Adopted Budget of $12.6 million, as a result of savings in operations and lower SMaRT Station costs due to the prior fiscal year SMaRT Station reconciliation. The SMaRT Station performs an annual reconciliation of the prior fiscal year's costs and an adjustment is provided to each member agency. For Fiscal Year 2016-17, the City received a credit of $133,000, which has been applied against payments in the current fiscal year. Recology revenues and expenditures are not considered part of the City's budget as these are contractually passed through to Recology, but are shown for informational purposes.

In December 2016, City Council approved a residential food scraps collection program. Under this program, all residents with curbside (cart) trash services can place all food scraps in their yard trimmings cart for weekly collection. Trash collection remains weekly and recycling collection continues on an every-other-week schedule. Trash cart customers who did not have a yard trimmings cart (e.g., rowhouses and townhomes) were provided an option for a 24-gallon cart to participate in the program. The cost of the program was estimated to have a cart rate impact of 5.0 percent. Due to the third-year impact of the COS Study in Fiscal Year 2017-18, City Council approved deferring this rate increase for carts to Fiscal Year 2018-19.

Operating revenues are estimated higher than operating expenditures by $2.5 million. After funding the additional CalPERS contribution of $241,000 (proportionate with the General Fund contribution), Retirees' Health UAAL of $876,000, and the current fiscal year's $338,000 for capital projects, there is an estimated ending balance of $7.0 million and reserves of $3.6 million.

Included in the $3.6 million of reserves is $440,000 for a new reserve for debt service. As a partner in the SMaRT Station, the City funded a portion of the debt originally issued for operating equipment of approximately $440,000. The debt was fully paid in Fiscal Year 2016-17 and, therefore, this funding is no longer required. However, the SMaRT Station partners agreement expires in 2021 and staff is in the early stages of evaluating future options. If the City chooses to enter into a new agreement with the SMaRT Station or another processor, funds may be needed for an overhaul of operating equipment or equipment purchases. Staff recommends accumulating and reserving the annual allocation for debt service in order to pay down any future debt that may be required and reduce the impact this future debt may have on rates.

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A comparison of the prior fiscal year audited, current fiscal year adopted and estimated, and the upcoming fiscal year recommended follows (dollars in thousands):

	2016-17 Audited	2017-18 Adopted	2017-18 Estimated	2018-19 Recommended
Revenues:				
Investment Earnings	$ 96	102	135	169
Trash and Recycling Service Charges	13,841	13,874	14,199	13,676[1]
Other	213	195	198	195
City Revenues	14,150	14,171	14,532	14,040
Recology Revenues[2]	14,439	15,052	15,167	15,655
Total Revenues	28,589	29,223	29,699	29,695
Expenditures:				
Operating	4,245	5,328	5,049	5,699
Disposal and SMaRT Station Charges	7,240	7,245	7,020[3]	7,616
City Expenditures	11,485	12,573	12,069	13,315
Recology Payments	14,439	15,052	15,167	15,655
Total Expenditures	25,924	27,625	27,236	28,970
Operating Balance	2,665	1,598	2,463	725
CalPERS Contribution	(91)	(241)	(241)	(106)
Retirees' Health UAAL	-0-	(876)	(876)	-0-
Capital Projects	(279)	(338)	(338)	(594)
Excess (Deficiency) of Revenues	2,295	143	1,008	25
Beginning Balance	7,301	9,596	9,596	10,604
Reserve for Debt	-0-	-0-	(440)	(880)
Reserves	(3,186)	(3,186)	(3,186)	(3,329)
Ending Balance	$ 6,410	6,553	6,978	6,420

(1) Based on a 5.0 percent rate adjustment recommended for carts only.
(2) Neither revenues nor expenditures are adopted for Recology.
(3) Includes $133,000 credit from SMaRT Station reconciliation for the prior fiscal year.

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The Fiscal Year 2018-19 recommendations total $255,400. Those recommendations $25,000 and over are as follows (see Attachments 2, 3, and 4 for complete listings with descriptions):

- **Analyst I/II—Solid Waste Section Position:** $180,200 (limited-period)

- **Associate Civil Engineer—Land Development Section Position (0.20)*:** $38,200 (limited-period)

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*Represents a continuing limited-period position.

- Major Capital Improvements:

  — Solid Waste Agreement, Phase II: $310,000

  — Shoreline Landfill Cap Maintenance and Repairs: $137,000

  — Landfill Gas/Leachate System Repairs and Improvements: $137,000

The agreement with Recology provides for an increase based on CPI and for Fiscal Year 2018-19 is 3.22 percent. The City's share of SMaRT Station costs is currently proposed to increase 5.51 percent. These provider increases, as well as increases in the cost of City programs up to the CPI, result in an overall average rate increase of over 3.0 percent. However, this fund is in a stable financial condition and staff is not recommending an overall rate increase for Fiscal Year 2018-19.

A 5.0 percent rate increase for carts only for the new residential food scraps program is recommended. As stated above, this program was implemented in July 2017; however, due to the third-year impact of the COS Study in Fiscal Year 2017-18, the City Council approved deferring this increase for cart rates to Fiscal Year 2018-19.

Incorporating the new residential food scraps program for cart rates, for Fiscal Year 2018-19, **a 5.0 percent rate increase is recommended for carts, and no increase for all other services is recommended**. With a 5.0 percent rate increase for carts, the rate for a 32-gallon cart will increase by $1.65 a month to $33.90 per month, which is still lower than our neighboring cities' rates. Attachment 1 includes recommended fee modifications and Attachment 14 includes a comparison of the current rates and the recommended rates. Revenues for Fiscal Year 2018-19, including the rate adjustments recommended, are projected to total $29.7 million (City revenues of $14.0 million) with

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total expenditures of $29.0 million (City expenditures of $13.3 million). There is also funding of $594,000 for capital projects and a contribution to CalPERS of $106,000 (proportionate with the General Fund contribution). The fund is projected to end the 2018-19 fiscal year with a reserve at the policy level of $3.3 million, the recommended new Debt Reserve of $880,000, and a $6.4 million ending balance.

Non-Major Funds

The Fiscal Year 2017-18 recommendations ($25,000 and over) for non-major funds are as follows (see Attachments 2, 3, and 4 for complete listings with descriptions):

Child-Care Commitment Reserve

- **Low-Income Child-Care Subsidies:** $100,000 (limited-period)

Below-Market-Rate (BMR) Housing Fund

- **Contract Services—BMR Administration:** $30,000 (ongoing)

Housing Impact Fund

- **Redistribution of Funding for a Secretary Position:** $31,600 (ongoing)

Downtown Benefit Assessments Districts Fund

- **Secretary—Economic Development Position (0.25 FTE):** $37,900 (limited-period)

Community Development Block Grant Fund

- **Monitoring Federally Funded Activities:** $35,000 (ongoing)

Equipment Maintenance and Replacement Fund

- **Hourly Staff to Support Fleet Section:** $50,000 (limited-period)

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RESERVES

The City has established reserves for various purposes in the General Fund, Shoreline Regional Park Community Fund, Utility funds, Internal Services funds, and other Special Revenue funds. Reserves are essential elements in maintaining financial stability, meeting long-term objectives, and providing the ability to respond to unanticipated situations. They are also a source of interest income that is used for operating needs or offsets other funding requirements. A factor considered by Standard & Poor's in reconfirming the City's AAA underlying credit rating is the structure and funding status of reserves. Most reserves are established pursuant to City Council Policy A-11, Section 4, Reserve Policies, and others have been approved, as needed, by the City Council. A discussion regarding the reserve classifications, estimated fiscal year-end reserve balances compared to policy, or target balances and the recommended allocations are described below.

Utility reserves are recorded in the Water, Wastewater, and Solid Waste Management Funds for emergencies, contingencies/rate stabilization, and capital improvements.

Reserve Classifications

Reserves can be classified as those uncommitted but designated for a specific purpose and those created to fund liabilities.

- Reserves uncommitted but designated for specific purposes:
  - General Fund
  - General Fund Budget Contingency
  - Earned Lease Revenue
  - Capital Improvements
  - Transportation*
  - Open Space Acquisition
  - Strategic Property Acquisition
  - Child-Care Commitment
  - Minor Trust

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- Reserves to fund liabilities:
  - Property Management
  - Graham Site Maintenance
  - Compensated Absences
  - Equipment Replacement
  - Workers' Compensation Self-Insurance
  - Unemployment Self-Insurance
  - Liability Self-Insurance
  - Retirees' Health Insurance Program

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*Recommended new reserve.

Reserves in the first group are uncommitted but designated for a specific purpose and are funded entirely by the General Fund (except the Minor Trust). Those in the second group have current or future liabilities offsetting all or most of the reserve balance and, with the exception of the Property Management and Graham Site Maintenance, receive transfers from multiple operating funds.

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Background and Analysis

The table below details the estimated balance, recommended allocations, recommended balance, and policy/target balance for each reserve (dollars in thousands):

	6/30/18 Estimated Balance	Amount Recommended for Allocation	Other Funds	7/1/18 Recommended Balance	Policy/ Target Balance
Uncommitted but Designated for Specific Purpose:					
GF Reserve	$ 23,390	1,800[(1)]	-0-	25,190	25,190[(1)]
GF Budget Contingency	5,209	-0-	-0-	5,209	5,209
GF Earned Lease Revenue	4,603	-0-	-0-	4,603	4,081
GF Transportation[(2)]	-0-	2,000	-0-	2,000	2,000
GF Capital Improvements	16,388	1,732[(3)]	-0-	18,120[(4)]	8,100[(4)]
GF Open Space Acquisition	3,456	-0-	-0-	3,456	3,456
GF Strategic Property Acquisition	11,645	-0-	-0-	11,645	11,645
GF Child-Care Commitment	520	-0-	-0-	520	-0-
Minor Trust	420	-0-	-0-	420	412
Subtotal	65,631	5,532	-0-	71,163	60,093
To Fund Liabilities:					
GF Property Management	1,560	-0-	-0-	1,560	1,560
Graham Site Maintenance	802	-0-	-0-	802	802
Compensated Absences[(5)]	6,100	1,100	100	7,300	7,300[(6)]
Equipment Replacement[(5)]	26,000	-0-	-0-	26,000	24,900
Workers' Compensation[(5)]	11,600	-0-	-0-	11,600	9,146[(7)]
Unemployment[(5)]	550	-0-	-0-	550	550
Liability Self-Insurance[(5)]	4,868	-0-	-0-	4,868	4,462[(7)]
Subtotal	51,480	1,100	100	52,680	48,720
Total	$117,111	6,632	100	123,843	108,813
Retirees' Health[(8)]	$122,782	-0-	-0-	122,782	151,268[(9)]

(1) Policy balance is between 20.0 percent and 25.0 percent of the Net General Operating Fund budget.
(2) New reserve recommended
(3) Balance recommended up to $3.0 million, to be determined based on actual results for Fiscal Year 2017-18.
(4) Includes $3.1 million balance for prepaid lease from Downtown Family Housing Project.
(5) Funding provided by the General Fund, Development Services, Shoreline Golf Links, Parking District, Community Development Block Grant (CDBG), Shoreline Regional Park Community, Enterprise Funds, and Fleet Maintenance, as applicable.
(6) Based on the liability established as of June 30, 2017.

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(7) Actuarial liability, in addition to reserve for catastrophic claims per policy, as applicable.
(8) Funds accumulated in the California Employers' Retiree Benefit Trust (CERBT).
(9) Based on the actuarial valuation as of July 1, 2017 for Fiscal Year 2018-19 at the recommended discount rate of 6.5 percent.

General Fund Reserve

Per Policy A-11, as recently modified, the General Fund Reserve has a policy balance of between 20.0 percent and 25.0 percent of the GOF adopted net expenditures. This reserve is the source of funding for necessary, but unanticipated, expenditures during the fiscal year, unanticipated revenue shortfalls, source for interfund loans, emergencies, and to generate ongoing interest earnings. In Fiscal Year 2009-10, up to $1.0 million in the General Fund Reserve was earmarked for the first-time homebuyers program. These loans would be considered as an investment alternative and would be included as funds toward the policy balance. No loans have been issued to date and staff is currently reviewing the program for potential revisions.

For Fiscal Year 2018-19, staff is recommending an estimated allocation from the GF carryover of $1.8 million to maintain this reserve at 20.0 percent. The final amount necessary will be calculated with the Adopted Budget. If there is any use of this reserve for the remainder of the current fiscal year, it will modify the amount available. For Fiscal Year 2018-19, staff is also recommending an additional $1.0 million be allocated to this reserve to raise the level above the minimum 20.0 percent.

General Fund Budget Contingency Reserve

This reserve was created during the downturn in the economy in the early 2000s to position the City to adjust to anticipated lower revenues and provide financial flexibility in case revenue estimates were not met or State actions forced further budget reductions. In Fiscal Year 2006-07, the Council consolidated and eliminated what was believed at the time to be an unnecessary reserve as the economy and City revenues had improved. Then the economy plunged into the deepest recession since the Great Depression and this reserve was reestablished in Fiscal Year 2008-09.

During this past recession, this reserve was used for the transitioning of positions to be eliminated, the phasing out of certain expenditures, in addition to funding for the transitioning of employee benefit changes, transitioning Shoreline Golf Links to a new operating model, and the elimination of the City's redevelopment agency. The reserve is estimated with a balance of $5.2 million, as of June 30, 2018, and will be available for similar purposes during the next economic downturn.

The full projected annual revenue from the Ameswell (Moffett Gateway) property after a few years of operations is estimated at over $4.0 million. The majority of this revenue

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is currently recommended to be earmarked for debt service to fund the Police/Fire Administration Building Remodel and Expansion. During the Fiscal Year 2017-18 budget process, a strategy was adopted for the revenue received in the fiscal years prior to the beginning of debt service be used for a limited-period need and transferred to this reserve. Fiscal Years 2017-18 and 2018-19 (Forecasted) included transfers in the amount of $755,400 and $1.3 million, respectively, to the Budget Contingency Reserve. However, the project has been delayed and to date, the building permit has not been issued and no revenue has been received. For Fiscal Year 2018-19, it is projected $1.3 million will be generated and available to be transferred to this reserve. The Council has requested reviewing the funding of the Police/Fire Administration Building capital improvement project that could modify this strategy, and will discuss this as part of the CIP Study Session.

General Fund Earned Lease Revenue

In April 2011, the City leased the remaining portion of the Charleston East site to Google Inc. (Google) and Google prepaid $30.0 million as rent for the approximately 52-year lease term that coincides with the lease term for the northern portion of the site. The initial $30.0 million was placed in a fiduciary fund for the benefit of Google. The annual rent of approximately $580,900 is recognized as it is earned and accumulated in this reserve with the intent the $30.0 million principal balance will be available at the end of the 52-year lease term. Based on an average 3.5 percent interest rate over the 52-year lease term, it was originally projected annual average interest earnings would be $1.1 million.

Beginning in Fiscal Year 2011-12, $1.1 million was transferred to the GOF from this reserve. However, due to the unprecedented low interest rate environment, the transfer was reduced to $750,000 for Fiscal Years 2012-13 and 2013-14, and in Fiscal Year 2014-15 transfers were ceased altogether. The estimated balance at the end of this fiscal year will be $4.6 million, higher than the target balance of $4.1 million. Staff will reevaluate projected interest earnings, but at this point it is recommended that no transfers be made and funds continue to be accumulated in this reserve.

General Fund Transportation Reserve

As the City contemplates significant transportation projects identified to mitigate traffic congestion, improve infrastructure, and allow for continued growth in the City, the City Council is considering placing a revenue measure on the November 2018 ballot that would restructure the City's Business License Tax. Council's prior discussions have focused on the potential for a tax measure in conjunction with the Comprehensive Modal Plan to fund transportation capital projects or ongoing revenue for transportation needs. A number of priority transportation projects have been

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identified. Whether or not any new revenue measure is targeted for transportation, the needs are significant and long-term. Therefore, a new reserve is recommended with initial funding from the City of $2.0 million from the Fiscal Year 2017-18 GF carryover and an additional $2.0 million from the GOF in Fiscal Years 2018-19 and 2019-20. In Fiscal Year 2020-21, the recommendation is reduced to $1.0 million. Based on the current Forecast, this would provide $7.0 million of funding over the next four fiscal years.

General Fund Capital Improvement Reserve

The City has a long-term policy to reserve a minimum of $5.0 million for unspecified capital projects in the General Fund Capital Improvement Reserve. This provides flexibility in the City's planning for capital projects, serves as a contingency fund for capital projects, generates ongoing investment earnings, and also serves as an emergency pool of funds for unanticipated high-priority capital needs.

As previously noted during the Fiscal Year 2017-18 budget process, the Google agreement to sublease Parking Lots C and D from SFX (LiveNation) ended in December 2017. The City Council approved Google's request for a three-year extension of the sublease through December 2020 for a $600,000 one-time payment to the City, which was received in early April 2017 and will be transferred to the Capital Improvement Reserve over the life of the remaining lease.

Additional contributions to the Capital Improvement Reserve are recommended from the funds set aside, identified as at risk, from the increases generated from the Google Leases revaluations. During Fiscal Year 2017-18, the decennial revaluation process has been completed for the three City-owned land leases between the City and Google. Based on the revaluations of the three sites, annualized rent payments are increasing approximately $6.8 million. Since it is probable that during the time span before the next decennial adjustment in April 2026, there will be at least one economic downturn and if a downturn occurs when a revaluation occurs, the lease revenues to the City could decline. Staff reviewed the changes in AV for the past 13 years and identified a potential 15.0 percent loss in secured AV in the event of an economic downturn. Therefore, to reduce the dependency on these revenues, staff recommended, and the City Council adopted, a strategy to set aside 10.0 percent of this potential decline in lease revenues to fund future capital projects. In Fiscal Year 2017-18, a potential 10.0 percent decline in revenues, calculated at $1.2 million, was transferred to the Capital Improvement Reserve to fund projects in Fiscal Year 2018-19 or later.

This reserve generally receives an allocation from the General Fund carryover balance and received $4.0 million from the Fiscal Year 2016-17 carryover. It is recommended the balance up to $3.0 million of the Fiscal Year 2017-18 carryover be transferred to this

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reserve, currently estimated at $1.7 million. Additional $4.0 million allocations each year for Fiscal Years 2018-19 and 2019-20 are recommended for potential debt service to fund the Police/Fire Administration Building Remodel and Expansion if Council desires to fund this project sooner than when the revenues from the Ameswell development will be available.

In June 2009, $3.5 million was appropriated for the acquisition of the property at 263 Escuela Avenue (now The View Teen Center) and was repaid from the land lease prepayment for the Downtown Family Development Project in Fiscal Year 2011-12. However, these funds are considered unearned revenue and are available to be allocated as rent is earned. There is a remaining balance of $3.1 million of unearned revenue.

General Fund Open Space Acquisition Reserve

This reserve was established for the purpose of acquiring open space to meet the needs of the City. Council Policy A-11 provides the proceeds from sale of surplus property be allocated to this reserve if there is no other recommendation. These funds are designated to be available as supplemental funding to Park Land Dedication fees for open space acquisition. During Fiscal Year 2016-17, $2.9 million was deposited in this reserve from the sale of the Mora Drive property. There is a balance of $3.5 million in this fund.

General Fund Strategic Property Acquisition Reserve (SPAR)

This reserve was created in Fiscal Year 2000-01 for the purpose of setting aside specific funds for the City to use for the acquisition of strategic property(ies) in order to take advantage of economic development opportunities. This fund was used to purchase the Vector Control site (Ameswell/Moffett Gateway) which will provide ongoing revenue to the City. The proceeds from the sales of City-owned property have been placed in this reserve as one source for its funding.

During the current fiscal year, $2.0 million was transferred to this fund as part of the GOF budget. This reserve funded $5.0 million towards the capital improvements for the Community Center. Additional activity in this reserve is the lease and sublease of the property on Villa and View Streets. The estimated balance available in this reserve is $11.6 million.

The City has a positive history of leveraging City properties with long-term ground leases to generate ongoing revenues for the GOF. Long-term ground lease revenues are recession-resistant and are usually structured with inflationary increases.

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General Fund Child-Care Reserve

This reserve was established for the repayment to the Packard Foundation for the financing of the Child-Care Center. The final payment to the Packard Foundation was made in January 2016. Community Gatepath was selected as the new operator of the Child-Care Center in 2015 and will continue to make the same annual payments of $201,000.

As the annual $201,000 lease payment from Community Gatepath is no longer needed for repayment of the loan, on December 6, 2016, Council approved using up to $100,000 per fiscal year for low-income subsidies through the initial term of the Operator Agreement with Community Gatepath. During the current fiscal year, $50,000 has been used for this purpose for the first half of the fiscal year and it is anticipated the remaining $50,000 will be used for the second half of the fiscal year. The Fiscal Year 2018-19 recommended budget includes an additional $100,000. The balance of this reserve is estimated at $520,000. As there are sufficient revenues for the low-income subsidies through the term of the Operator Agreement with Community Gatepath, the annual $201,000 is recommended to be transferred to the GOF for the remaining of the term.

Minor Trust

On September 13, 2016, the Council accepted a donation in the amount of $400,000 from the Minor Trust, to be invested on behalf of the Mountain View Public Library. A residual amount of $10,235 was received later in the fiscal year for a total donation of $410,235. Per the terms of the Trust, the funds are to be placed in a separate account and up to 75 percent of the annual income may be appropriated each year to support Library materials and programs at the discretion of the Library Services Director. The balance in this reserve is estimated to be $420,000.

General Fund Property Management Reserve

This reserve was established in Fiscal Year 1995-96 to provide a source of funds for landlord obligations that could arise from the lease of City property in the North Bayshore Area and has been expanded to encompass any City-owned leased property. These obligations could include environmental testing, certain responsibilities identified in land leases, or other costs normally incurred by a lessor. There is an estimated balance of $1.6 million in this reserve.

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Graham Site Maintenance Reserve

This reserve was established in Fiscal Year 2004-05 to fund maintenance obligations for the Graham Sports Complex. In the agreement with the school district to construct the reservoir beneath the playing fields at Graham Middle School, the Water Fund contributes $220,000 per year to this reserve. The City agrees to maintain this site and the GOF is reimbursed from this reserve for the maintenance costs of the Graham Sports Complex. The Council also approved costs associated with the Mountain View Sports Pavilion to be reimbursed from this reserve. The reserve has an estimated balance of $802,000 to fund future maintenance or improvements to the site.

Compensated Absences Reserve

The Compensated Absences Reserve was established in Fiscal Year 1991-92 to fund the City's liability for the accrued vacation, comp time, and sick leave obligations of employees in all funds except the Enterprise and Internal Services Funds. The liabilities of the Enterprise and Internal Services Funds are recorded in those respective funds as required by governmental accounting standards. This reserve is drawn down for leave payoffs to separating and retiring employees (for accumulated vacation and sick leave, if applicable, under the City's Personnel Rules) and current employee vacation cash-out payments during the fiscal year. The leave liability is recalculated, in accordance with generally accepted accounting principles (GAAP), each fiscal year with the close of the City's financial records.

As of March 31 for the current fiscal year, $1.1 million has been paid out and an additional estimated $200,000 will be utilized by the end of the fiscal year. The calculated liability for this reserve has decreased $81,000 from the prior fiscal year. The current estimated reserve balance of $6.1 million is below the calculated liability of $7.3 million based on 80.0 percent of the liability as of June 30, 2017. Although it has been a long-standing policy to fund 100.0 percent of the liability in this reserve, 100 percent funding is unlikely to ever be required at any particular time. As part of the CalPERS strategy to increase the funding of the City's pension obligation, the funding level was approved to be decreased to 80.0 percent for Compensated Absences. To bring the funding level to the current policy level of 80.0 percent funding would require $1.2 million of additional funding. The liability will be recalculated at the close of the current fiscal year.

Equipment Replacement Reserve

The City established the Equipment Replacement Reserve in Fiscal Year 1991-92 to stabilize the annual funding needed for the replacement of certain City equipment. Level annual contributions are received from various funds and this reserve absorbs the

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large fluctuations in annual expenditures for equipment replacement from fiscal year to fiscal year. Only major categories of capital assets are included in the Equipment Replacement Fund. The assets included are all vehicles, information technology equipment (e.g., computers, printers, servers, etc.), Police and Fire radios, CAD/RMS system hardware, and Communications Center furniture and equipment. The equipment for the maintenance of Shoreline Golf Links is also separately accounted for in the Equipment Replacement Reserve. The annual contribution level is based on the cost or estimated replacement cost of the asset divided by the estimated useful life of the asset.

The annual funding level is projected at $4.0 million and the current estimated balance of $26.0 million is slightly higher than the policy balance; however, the target balance is under review. Equipment replacements scheduled for Fiscal Year 2018-19 total $1.9 million, plus there is $1.2 million recommended to be rebudgeted (from the $5.9 million budgeted in the current fiscal year) for a total of $3.1 million. Staff generally reviews all items before purchasing and will only replace those items necessary due to expected failure or that will provide improved efficiencies.

Workers' Compensation Self-Insurance Reserve

The Workers' Compensation Fund was established by Council resolution in 1975 to account for the City's self-insured obligations for Workers' Compensation liabilities to City employees injured while at work. The primary reasons to be self-insured are to control costs and pay claims as they are incurred to maximize cash flow and provide timely and better services. When insured, one pays the entire premium fees up front and then the insurance carrier manages the claim in hopes of incurring less cost.

Expenditures paid out of this fund include the cost for the City's third-party administrator (TPA), the insurance above our self-insurance retention of $750,000, claims, indemnity payments, and the State self-insurance fee.

In addition, the City budgets $200,000 a year to fund Public Safety employees' salaries while on Workers' Compensation. This is utilized when Police or Fire is required to backfill with overtime or other personnel for an employee out on Workers' Compensation and cannot absorb the cost of the employee's salary in the department's budget.

The required balance of this reserve is based on projected liabilities as determined by an actuarial valuation conducted every fiscal year. In addition, the reserve policy includes funding of $1.5 million for the potential of two catastrophic claims at the City's current level of self-insured retention of $750,000 per claim (i.e., deductible). The accrued

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liability is reviewed on an annual basis with the fiscal year-end close of the City's financial records.

The Reserve has an estimated balance of $11.6 million, which is higher than the $9.1 million policy level as of June 30, 2017. Staff is not recommending any reduction in this reserve at this time and will evaluate as needed.

Unemployment Self-Insurance Reserve

The Unemployment Self-Insurance Reserve was approved by Council in 1978. This program provides for the State-mandated unemployment insurance benefits for former employees. The City pays for unemployment claims on a pay-as-you-go basis and generally, contributions for the estimated payments are made annually. Annual expenditures will fluctuate in this fund and during the Great Recession higher unemployment and longer eligibility periods resulted in higher unemployment costs. However, with the economic recovery, unemployment claims have decreased. The balance in this reserve is approximately $550,000.

Liability Self-Insurance Reserve

The Liability Self-Insurance Reserve was approved by Council in 1980. The City currently self-insures for the first $1.0 million of liability exposure per occurrence. The City is a member of the Authority of California Cities Excess Liability (ACCEL) Program for the pooling of liability insurance above the $1.0 million self-insured retention. ACCEL began in 1986 as a pool for medium-sized cities and the City joined ACCEL in 1992. Other members of the pool are Anaheim, Bakersfield, Burbank, Modesto, Monterey, Ontario, Palo Alto, Santa Barbara, Santa Cruz, Santa Monica, and Visalia. ACCEL pools liability coverage and the City purchases additional coverage through ACCEL. Other expenditures funded from the Liability Fund are for outside legal counsel for defense against claims, insurance (e.g., property, automobile, flood, etc.), and payment for claims.

Council Policy A-11 specifies the policy level of this reserve to be $2.0 million for the self-insured exposure for two catastrophic incidents and an amount to fund estimated incurred claims. The estimated incurred claims are determined by an actuarial valuation performed every year and are reviewed on an annual basis with the close of the City's financial records. The actuarial valuation, last updated as of June 30, 2017, indicates a liability of $2.5 million, resulting in the policy level for this reserve at $4.5 million. The current estimated balance of $4.9 million is slightly higher than the policy level, but staff is recommending the surplus balance remain in the fund to offset potential future liability increases.

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Retirees' Health Insurance Program Reserve

The City provides other postemployment benefits (OPEB) by contributing all or a percentage of the premium cost for its retired employees' health care. The cost for current employees who will be eligible for this benefit in the future, as well as those already retired, represents an outstanding liability to the City.

The Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (Statement No. 45), became effective for the City with the fiscal year ending June 30, 2008. This statement requires the City to update its Retirees' Health valuation every two years and it was recently updated as of July 1, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*, is effective with the fiscal year ending June 30, 2018. The new OPEB standard parallels the pension standard issued with GASB Statement No. 68, *Financial Reporting for Pension Plans*, which essentially requires the City to report the unfunded liability on the face of the City's financial statements and enhances the note disclosures and required supplementary information (RSI) the City's OPEB liability.

The 2015 valuation included the migration of Public Safety employees into the CalPERS health system (PEMHCA). As previously discussed with Council, it is anticipated the City's total actuarial accrued liability (AAL) will increase significantly by adding dependent coverage; however, the plan costs are lower and the employees are now contributing annually towards this liability.

The major changes resulting in the change in the 2017 valuation includes the change in the ultimate health-care trend, the passage of time, savings from lower than projected PEMCHA premiums, and changes in demographics. The City participates in the California Employers' Retiree Benefit Trust (CERBT or Trust) managed by CalPERS. Staff is recommending the discount rate be reduced from 6.73 percent to 6.50 percent to provide a margin for adverse deviation or uncertainty. It is also anticipated CERBT will consider a reduction in the discount rate in June and staff recommends that if the discount rate is reduced by CERBT, the City's discount rate be reduced to 6.25 percent for Fiscal Year 2019-20.

The City has made great strides toward funding the AAL of $151.3 million (projected for Fiscal Year 2018-19), with estimated assets set aside of $122.8 million, or 81.2 percent funded, at a discount rate of 6.5 percent. Previously, all funds other than the GOF had contributed their share of the unfunded AAL (UAAL). However, certain factors have caused some volatility in calculating the UAAL for each fund, and some funds are no

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longer fully funded. Many factors can cause the liability for each fund to change: (1) the actuarial accrued liability (AAL) generally increases with each updated valuation; (2) the unfunded AAL (UAAL) can be reduced when greater than expected interest is earned or reduced when less is earned; (3) lump-sum contributions such as the $1.5 million and $3.0 million made in Fiscal Years 2015-16 and 2016-17, respectively, reduces the UAAL; (4) position count increases or decreases due to budget changes (moved between funds or added); and (5) position count in the Defined Benefit (DB) Plan increases or decreases as a result of nonsafety employees being able to choose the Defined Contribution (DC) Plan option. The last factor has caused some volatility in calculating the UAAL for each fund; therefore, some funds are no longer fully funded. Staff is attempting to smooth the effect that position turnover and the choice of benefit option is having on funding status in order to avoid large spikes in the amount of funding needed.

To reduce the GOF share of its UAAL, a total of $10.5 million additional funds have been budgeted and transferred to the CERBT since Fiscal Year 2014-15, including $2.0 million from the GOF and $2.0 million from the GNOF from the Fiscal Year 2016-17 GF carryover budgeted in Fiscal Year 2017-18 and also includes funding from other funds to maintain the other funds' funding level. As this liability is estimated to be over 80.0 percent funded, staff continues to focus on the City's pension liability as a higher priority. The Fiscal Year 2018-19 budget includes recommended funding from other funds to maintain their share of the liability with consideration of the volatility factors mentioned above.

Reserve Recommendations

Staff has performed a preliminary review of reserve levels and included funding recommendations for specific reserve requirements. With the recommendations, most reserves are at or above policy level with the exception of the Retirees' Health Reserve. The City continues to make progress toward the funding of its retirees' health and pension liabilities.

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CONCLUSION

Strong revenue growth has continued and the GOF is in a good financial position. For Fiscal Year 2018-19, the economy is anticipated to remain strong with growth in revenues primarily in Property Taxes and Rents and Leases, with other major categories remaining stable or with modest changes. The GOF revenues are projected to increase to $137.4 million, or 7.3 percent, compared to the current fiscal year adopted revenues. Including consideration of the budget recommendations, totaling $338,800 in non-discretionary, $1.2 million in discretionary spending, which contributes to a 6.0 percentage total expenditure increase, the GOF is projected to have an operating balance of $12.6 million at the end of Fiscal Year 2018-19. Additional recommendations to transfer funds to reserves and towards unfunded liability, leaves a balance of $3.6 million or 2.6 percent of projected revenues. A total of 31.5 positions, including a net increase of 14.5 personnel are recommended. Although there are other areas where additional resources could be added, more are not recommended at this time as it is anticipated there will be a slowdown in the economy in the next few years, at which time operating deficits will return. Additional net limited-period expenditures of $3.8 million are recommended to address additional staff resources.

The Development Services Fund revenues for the current fiscal year are estimated to exceed budget as development activity remains strong. The Fund is estimated to end Fiscal Year 2017-18 with an available balance of $8.4 million and a reserve of $6.5 million. This balance is necessary due to the timing of development-related revenues and expenditures. Revenues for development activity are often collected well in advance of the performance of services and occurrence of the corresponding expenditure. Development activity is anticipated to remain strong through Fiscal Year 2018-19.

The condition of the Shoreline Golf Links continues to improve under the management of Touchstone. Fiscal Year 2017-18 revenues and expenditures are estimated less than budget, allowing for a reduced transfer of $90,000 to the GOF. Continued improvement is projected for Fiscal Year 2018-19 with modest fee increases recommended.

The Shoreline Community's total Fiscal Year 2017-18 property taxes are estimated $2.0 million higher than budget due to new development and increases related to changes in ownership. Fiscal Year 2018-19 revenues are projected with an increase over both the current fiscal year adopted and estimated. Fiscal Year 2018-19 expenditures are projected higher than the current fiscal year adopted due to recommendations and higher costs in administration, intergovernmental and debt service payments.

The financial position of the Water Fund was severely impacted by reduced water sales from conservation efforts during the drought, resulting in approximately 30.0 percent

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less water usage. During the last fiscal year, water usage increased 7.0 percent and the current fiscal year is trending with an additional 9.0 percent increase. This has resulted in an improved financial condition of the Water Fund. For Fiscal Year 2018-19, the SFPUC is proposing no rate increase in wholesale water costs and SCVWD is proposing a 9.6 percent for ground (well) water and 8.8 percent rate increase for treated water. A 1.0 percent rate increase in the average cost of water and meter rates is recommended for Fiscal Year 2018-19 to fund the increased cost of water and City operational costs. Due to increased costs for regulatory compliance, a 22.0 percent increase in the recycled water rate is recommended as part of a three-year phase-in of increased rates to cover the cost of the program.

Wastewater Fund revenues are trending higher than budget and expenditures are trending lower than budget. Expenditures are below budget, primarily due to savings in operating costs and the credit from the Treatment Plant from the prior fiscal year. For Fiscal Year 2018-19, an 8.0 percent rate increase is recommended, 4.0 percent for increased cost of the Treatment Plant and City operating costs, 2.0 percent due to increases in Treatment Plant costs from a prior fiscal year, and the additional 2.0 percent for the incremental phasing in of funding for capital replacements at the Treatment Plant (the fifth year of 10). Approximately $15.0 million of major capital projects is included in Fiscal Years 2019-20 and 2020-21 of the Five-Year CIP. While capacity and development impact fees are providing a source of funding for some projects, at this time, it is insufficient to fund all projects and staff recommends some debt will be required in order to fund all of the additional capital projects. Staff will return to the City Council during Fiscal Year 2018-19 with a recommendation for funding these additional capital projects.

Solid Waste Management Fund revenues are higher than budget and expenditures are less than budget. For Fiscal Year 2018-19, the increase attributable to increased costs for Recology, the SMaRT Station, and City operating costs can be absorbed and, therefore, staff is not recommending an overall rate increase. However, a 5.0 percent rate increase for carts only is recommended for the new residential food scraps collection program that was implemented, but the rate deferred from Fiscal Year 2017-18.

The recommended rate increases for Water and Wastewater are within those provided, noticed, and approved under Proposition 218 in 2016. A Proposition 218 hearing is required for the recommended 5.0 percent rate increase for carts for the food scraps collection program. The total average increase for a single-family residential customer as recommended for all three utilities is 3.7 percent, resulting in an estimated increase of $5.49 monthly. Rates will generally still be comparable, or lower, than our neighboring cities. A comparison of the current and the recommended rates is included in Attachment 14.

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With the recommendations in this report, most reserves are at or exceed their target or policy balance. Any remaining GOF carryover balance up to $3.0 million is recommended to be transferred to the Capital Improvement Reserve. Should the balance exceed the amount recommended, staff will return to Council for approval of the allocation of additional funds.

There is also a sufficient GOF surplus for Fiscal Year 2018-19 to recommend allocations of $1.0 million to the General Fund Reserve, $2.0 million to a new Transportation Reserve, $4.0 million to the Capital Improvement Reserve, and a contribution of $2.0 million to CalPERS.

NEXT STEPS

Council input and direction are sought on the material in this report at the May 1, 2018 Study Session. Based on feedback from the City Council, the Fiscal Year 2018-19 Proposed Budget will be prepared for distribution to the City Council prior to the first budget hearing on June 12. A second public hearing and final adoption is scheduled for the City Council meeting of June 19, 2018.

PUBLIC NOTICING

Agenda posting, notice on social media, and notice published in the *San Jose Post Record* and the *Mountain View Voice*.

PJK-DHR/HA/2/FIN/530-05-01-18M-E

Attachments:
1. Fiscal Year 2018-19 Recommended Fee Modifications
2. Fiscal Year 2018-19 Recommended Non-Discretionary On-going Changes
3. Fiscal Year 2018-19 Recommended Discretionary On-going Changes
4. Fiscal Year 2018-19 Recommended Limited-Period Expenditures
5. Community Services Department Succession Plan
6. Environmental Sustainability Program Funding
7. New Community Center Budget Requests for Fiscal Year 2018-19
8. City of Mountain View Succession Planning
9. Fiscal Year 2018-19 Recommended Capital Outlay
10. Fiscal Year 2018-19 Recommended Equipment Replacement
11. Recycled Water Study Session—Update
12. Fiscal Year 2018-19 Budget for Homeless Initiatives
13. Employee-Staffed Ranger Program
14. Comparison of Current and Recommended Utility Rates

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CITY OF MOUNTAIN VIEW

MEMORANDUM

Finance and Administrative Services Department

DATE: May 1, 2018

TO: City Council

FROM: Ann Trinh, Financial Analyst
Rafaela O. Duran, Senior Financial Analyst
Helen Ansted, Principal Financial Analyst
Suzanne Niederhofer, Assistant Finance and Administrative Services Director
Patty J. Kong, Finance and Administrative Services Director

VIA: Daniel H. Rich, City Manager

SUBJECT: **General Operating Fund 10-Year Financial Forecast**

INTRODUCTION

Forecasting is an important part of a city's financial planning process. While it is challenging to accurately predict local government revenues due to the variable nature of the revenue sources and their connection to regional, State, national, and even international economic conditions, it is possible to identify reasonable financial trends and provide a conceptual financial picture for a multi-year period which is useful to policy makers' decision making.

A 5-Year Financial Forecast is prepared annually and a longer range 10-year Financial Forecast is prepared periodically and presented to the City Council during the budget process. This report is a 10-Year Financial Forecast (Forecast) for the time period of Fiscal Years 2018-19 through 2027-28. The last 10-year Financial Forecast was completed for Fiscal Years 2015-2024.

A financial forecast, even with fluctuating economic variables, can assist with identification of long-term financial trends, causes of fiscal imbalances, future fiscal challenges, opportunities, and potential requirements, all of which may assist in keeping the City on a continuing path of fiscal sustainability. Growth and development will occur at a different pace than anticipated in this Forecast, and actual revenues and expenditures in future years will vary, but trend lines will be apparent. This Forecast is intended to provide a foundation for the City Council's decision making for Fiscal Year 2018-19 budget deliberations. The Forecast is for the General Operating Fund (GOF),

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which provides funding for the majority of City services, including Police, Fire, Parks, Recreation, Library, and administrative functions necessary for ongoing City operations. The GOF is also the fund that is most significantly influenced by economic conditions.

BACKGROUND

The Forecast is based on reasonable assumptions utilizing available information from a wide variety of sources. These sources include reviewing the City's historical trends, gathering information from economists that specialize in the regional economics of Silicon Valley, reviewing various indicators (e.g., unemployment data, etc.), networking with staff of neighboring agencies, reviewing State of California (State) and national economic trends, and factoring in known Mountain View conditions, such as lease terms, and economic and property development. The level of City services, staffing, and cost of operations projected for Fiscal Year 2018-19 is the base year for subsequent fiscal years' expenditures in the Forecast. Confidence levels in the Forecast assumptions become less certain with each subsequent fiscal year, and actual future revenues and expenditures will vary from the Forecast.

The City is fortunate to be experiencing strong revenue growth, with economists currently believing the regional fundamentals are strong and are not forecasting a downturn in the economy over the next 12 to 18 months, with certain caveats. Historically, recessions have generally occurred between 3 and 9 years, post-World War II, with the longest period of expansion lasting 10 years, from 1991 to 2001. It has been approximately 9 years since the end of the last recession (June 2009); however, the recovery has been long and slow and, therefore, it appears this expansion could surpass the expansion of the 1990s. A table of previous recessions is as follows:

Name	Period Range	Duration (months)	Time Since Previous Recession (years)
Recession of 1949	Nov. 1948-Oct. 1949	11	3.1
Recession of 1953	July 1953-May 1954	10	3.8
Recession of 1958	Aug. 1957-Apr. 1958	8	3.3
Recession of 1960-1961	Apr. 1960-Feb. 1961	10	2.0
Recession of 1969-1970	Dec. 1969-Nov. 1970	11	8.8
1973-1975 Recession	Nov. 1973-Mar. 1975	16	3.0
1980 Recession	Jan. 1980-July 1980	6	4.8
1981-1982 Recession	July 1981-Nov. 1982	16	1.0
Early 1990s Recession	July 1990-Mar. 1991	8	7.7
Early 2000s Recession	Mar. 2001-Nov. 2001	8	10.0
Great Recession	Dec. 2007-June 2009	18	6.1

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Although it is uncertain when the next economic slowdown will occur, based on history, it is certain there will be another recession sooner or later; therefore, it is assumed there will be a recession during the Forecast period. While staff had previously included a slowdown in Fiscal Year 2018-19, based on more recent economic information, the City's Forecast now assumes that the next recession will occur in Fiscal Year 2020-21 and continue into Fiscal Year 2021-22.

The Forecast is not intended to predict precisely when the next slowdown in the economy will occur, but rather an indication of what the financial picture could look like when it occurs. The next slowdown could occur sooner or later than projected, but it is anticipated another downturn *will* occur at some point during the Forecast period. The trend, based on the assumptions utilized, and assuming $2.3 million annual budget savings, indicates revenues will exceed expenditures through Fiscal Year 2020-21 even with the onset of a recession, but as a result of an anticipated economic downturn, revenues may not be sufficient to fund all expenditures in Fiscal Years 2021-22 through 2027-28.

The various GOF revenue sources respond differently to such an economic event—some, such as Transient Occupancy Tax (TOT), react almost immediately while others, such as property taxes, sales tax, and investment earnings, lag behind. While the budget is projected to be balanced through the first year of the downturn, it is important to note the five-year period includes revenues from projected development. If development is hampered and does not occur, annual negative operating balances would be greater and could occur earlier.

Influencing Factors

There are factors which influence each individual revenue source, some of which have broad ranges affecting multiple revenues and some are specific to an individual revenue source. The Forecast includes a discussion of these factors below.

Population

The following chart shows historical population annually for the past seven years, each U.S. Census year back to 1960, and projects population growth to 2020. From the 2000 Census to the 2010 Census, the City of Mountain View population grew by 2,697 (3.8 percent). According to the California State Department of Finance, the City's population estimate as of January 1, 2017 is 79,278, 7.0 percent growth since the census. With the current pace of housing development, and potential for housing in the North Bayshore Area, the population could exceed the Association of Bay Area Governments'

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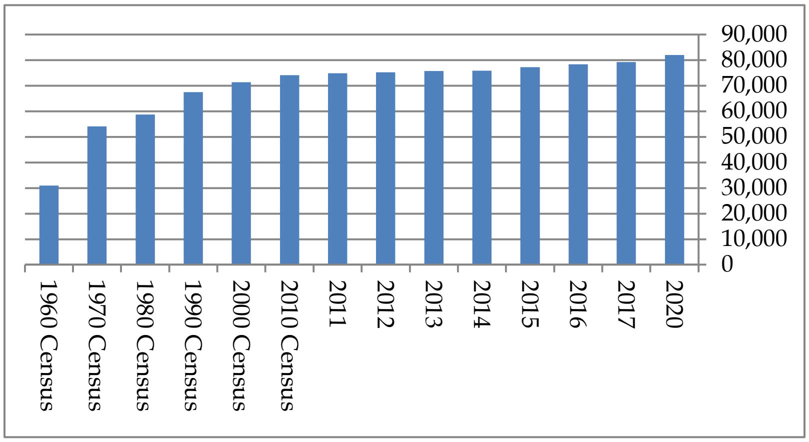
(ABAG) projections of 81,992 for 2020 (as of 2013). After 2020, it is expected it will grow more rapidly, with the possibility of 15,000 additional housing units.

Population

1960 Census	30,889
1970 Census	54,132
1980 Census	58,722
1990 Census	67,460
2000 Census	71,369
2010 Census	74,066
2011	74,895
2012	75,188
2013	75,688
2014	75,907
2015	77,250
2016	78,396
2017	79,278
2020 Forecast	81,992

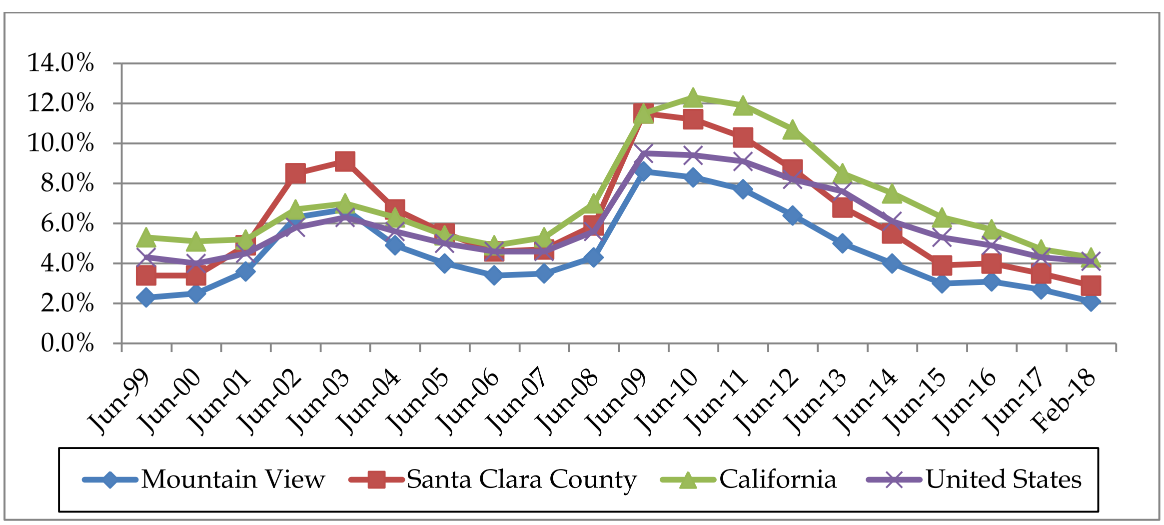


Sources: U.S. Census Bureau (1960-2010)
Association of Bay Area Governments most recent projection as of 2013 (2020)
California State Department of Finance estimates as of January 1 (all other years)

Unemployment

As detailed in the chart below, Mountain View's unemployment level has been below the County of Santa Clara (County), State, and nation, except during the recession of the early 2000s, which hit Silicon Valley the hardest. As of February 2018, the preliminary unemployment rate in the City is at 2.1 percent, lower than the prerecession rate and well below the County (2.9 percent), the State (4.3 percent), and the nation (4.1 percent).

Unemployment Rate—1999-2018



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State of California

The Governor's Fiscal Year 2018-19 Proposed Budget Summary maintains a balanced budget for the foreseeable future under current projections and will also bring the "Rainy Day Fund" to the maximum level allowed under the State Constitution. The proposed budget includes funding increases for K-12 schools, community colleges, and infrastructure projects.

ANALYSIS

Revenue and Expenditure Overview

In order to maintain a base level of services in the City, revenue growth is necessary. If the existing revenue base cannot generate sufficient revenues to fund the cost of operations, the economic base must be enhanced or operating costs reduced. Fiscal Year 2018-19 revenues are projected, including recommendations, to increase $9.4 million (7.3 percent) compared to Fiscal Year 2017-18 adopted revenues and $3.0 million (2.2 percent) compared to the Fiscal Year 2017-18 estimated revenues.

The City is in a strong financial position with an annual surplus projected for the next few fiscal years, the result of increased revenues generated by continued economic growth. Locally, this includes major new private and public developments, such as The Village at San Antonio Center Phase II, Ameswell (Moffett Gateway) project, and various rental and ownership housing, hotel, and commercial office developments. These developments will provide housing, hotel rooms, shopping, and entertainment as well as generate additional ongoing revenues for the City. The revaluation of the long-term ground lease for the Charleston East site also contributed increased revenue beginning in February 2018.

During Fiscal Year 2016-17, the City negotiated three-year agreements with most employee groups, (the EAGLES group contract negotiations were completed early in Fiscal Year 2017-18). All contracts previously expired June 30, 2017 and the new agreements continue until June 30, 2020, with a reopener on salary in the third year. The Forecast includes cost-of-living adjustments (COLAs) and other pay and benefit changes as adopted in the new labor agreements. A modest COLA has been included in each of the remaining Forecast years, and all Forecast years include step and merit increases. In conjunction with the approval of labor agreements for employees, the City Council adopted an increase from $1.8 million to $2.3 million in projected budget savings, which is carried throughout the Forecast.

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Fiscal Year 2018-19 projected expenditures, including recommendations, are $7.1 million (6.0 percent) higher compared to the Fiscal Year 2017-18 adopted expenditures. The increases in expenditures are primarily related to personnel costs as approximately 80.0 percent of the budget is for the cost of employees to provide services. New ongoing expenditures of $1.6 million are included to address some of the strains on staff resources. After allowing for transfers of $1.0 million to the General Fund Reserve, $2.0 million to a new Transportation Reserve, $4.0 million to the Capital Improvement Reserve, and a contribution of $2.0 million to the unfunded California Public Employees' Retirement System (CalPERS) liability, the operating balance is projected to be $3.6 million (after budget savings of $2.3 million) for Fiscal Year 2018-19, which represents 2.6 percent of GOF projected revenues.

Staff and Council have recognized the opportunity to take advantage of the City's improved financial position to reduce unfunded liabilities for CalPERS and OPEB. For Fiscal Years 2014-15 through 2016-17, the City Council approved allocations of $9.0 million toward the CalPERS liability and $6.5 million toward the OPEB liability. The current fiscal year Adopted Budget includes City Council approved allocations of $12.4 million towards the CalPERS liability, as part of the CalPERS Discount Rate Change Funding Strategy, and $4.0 million towards the OPEB liability.

The following chart shows the Fiscal Years 2014-15 through 2016-17 contributions, contributions adopted for Fiscal Year 2017-18, recommended for Fiscal Year 2018-19, and forecasted contributions for Fiscal Years 2019-20 and 2020-21 (dollars in millions):

	Fiscal Years 2014-15 through 2016-17		**Fiscal Year 2017-18**		**Fiscal Year 2018-19**		**Fiscal Year 2019-20**		**Fiscal Year 2020-21**		**Total**	
	PERS	**OPEB**	**PERS**	**OPEB**	**PERS**	**OPEB**	**PERS**	**OPEB**	**PERS**	**OPEB**	**PERS**	**OPEB**
GOF	$4.0 M	$4.0 M	$4.0 M	$2.0 M	$2.0 M	–	$2.0 M	–	$1.0 M	–	$13.0 M	$6.0 M
GNOF	$3.5 M	$2.5 M	$6.0 M	$2.0 M	$2.0 M	–	–	–	–	–	$11.5 M	$4.5 M
Other Funds	$1.54 M	–	$2.35 M	–	$1.06 M	–	$0.56 M	–	$0.28 M	–	$5.79 M	–
Total	$9.04 M	$6.5 M	$12.35 M	$4.0 M	$5.06 M	–	$2.56 M	–	$1.28 M	–	$30.29 M	$10.5 M

For CalPERS, the City's funded status as of June 30, 2016, the date of the most recent valuation, is 67.4 percent combined for both safety and miscellaneous. This compares to the 74.3 percent and 71.7 percent funded status as of June 30, 2014 and June 30, 2015, respectively. The unfunded liability is estimated to be $234.0 million as of June 30, 2017. For the CalPERS liability, the City Council adopted the strategy recommended by staff to contribute a significant lump-sum contribution of $10.0 million (General Fund), as well as proportionate contributions from other funds. This contribution will be

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included in the valuation of June 30, 2018. An additional $10.0 million General Fund payment is proposed from the future Google Parking Lease revenues. The total contribution from Fiscal Year 2018-19 is recommended to be $5.1 million, $2.0 million from the Fiscal Year 2016-17 carryover, $2.0 million from the General Operating Fund, and $1.1 million from other funds, proportionate to the General Fund contribution.

For Retirees' Health, the liability is has been recalculated as of July 1, 2017 and the actuarial accrued liability (AAL) increased $16.0 million to $139.9 million, using the 6.73 percent discount rate. With the updated valuation, staff is recommending a discount rate of 6.5 percent be used (to provide a small margin of adverse deviation). The City has made great strides toward funding the actuarial accrued liability with $6.5 million additional contributions from the General Fund between Fiscal Years 2014-15 and 2016-17 and an additional $4.0 million from the General Fund in Fiscal Year 2017-18. Other funds also make additional contributions toward full funding. See the Reserve Section of the Narrative Budget Report for more information on Retirees' Health funding.

The following table includes the recommended revenues and expenditures by category for Fiscal Year 2018-19 and projections for the subsequent Forecast years. As you can see, the budget is healthy through Fiscal Year 2020-21, but modest deficits are projected starting in Fiscal Year 2021-22 and grow through the remainder of the Forecast period.

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GENERAL OPERATING FUND FORECAST (dollars in thousands)

	2017-18 ADOPTED	2017-18 ESTIMATED	2018-19 RECOMM'D	2019-20 FORECAST	2020-21 FORECAST	2021-22 FORECAST
REVENUES:						
Property Taxes	45,285	50,622	52,909	56,878	58,612	59,645
Sales Tax	21,194	20,413	20,026	19,966	19,178	17,996
Other Local Taxes[1]	15,589	15,861	15,989	18,762	18,136	16,463
Use of Money and Property	19,833	19,585	21,508	22,285	23,108	23,929
Other Revenues[2]	26,121	27,907	26,947	26,908	26,665	26,577
TOTAL REVENUES	128,022	134,388	137,379	144,799	145,699	144,610
EXPENDITURES:						
Salaries and All Pays	60,345	59,445	64,135	67,038	68,341	70,044
Retirement	16,649	16,668	19,356	22,505	25,230	27,502
Health Benefits	10,360	8,521	10,506	11,189	11,925	12,717
All Other Benefits	6,750	6,311	6,873	7,120	7,323	7,518
Salaries and Benefits	94,104	90,945	100,870	107,852	112,819	117,781
Supplies and Services	17,110	16,555	17,392	18,114	18,644	19,190
Capital Outlay/ Equipment Repl.	3,228	3,402	3,276	3,351	3,436	3,524
Interfund Expenditures and Transfers	5,545	5,074	5,540	6,098	7,456	7,478
Debt Service	-0-	-0-	-0-	-0-	-0-	-0-
Total Operating Exp	119,987	115,976	127,078	135,415	142,355	147,973
Budget Savings	(2,300)	Included	(2,300)	(2,300)	(2,300)	(2,300)
NET EXPENDITURES	117,687	115,976	124,778	133,115	140,055	145,673
Transfer to GF Reserve	-0-	-0-	(1,000)	-0-	-0-	-0-
Transfer to Trans Res	-0-	-0-	(2,000)	(2,000)	(1,000)	-0-
Transfer to Cap Imp Res	-0-	-0-	(4,000)	(4,000)	-0-	-0-
CalPERS Contribution	(4,000)	(4,000)	(2,000)	(2,000)	(1,000)	-0-
OPEB Contribution	(2,000)	(2,000)	-0-	-0-	-0-	-0-
Transfer to SPAR	(2,000)	(2,000)	-0-	-0-	-0-	-0-
OPERATING BALANCE/(DEFICIT)	2,335	10,412	3,601	3,684	3,644	(1,063)

[1] Other Local Taxes consists of Transient Occupancy Tax, Business Licenses, and Utility Users Tax.

[2] Other Revenue consists of License, Permits & Franchise Fees, Fines & Forfeitures, Intergovernmental, Charges for Services, Miscellaneous Revenues, and Interfund Revenues & Transfers.

[3] Balance is prior to the change in assets and liabilities, encumbrances, and rebudgets for grants and donations.

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GENERAL OPERATING FUND FORECAST (dollars in thousands)

	2022-23 FORECAST	2023-24 FORECAST	2024-25 FORECAST	2025-26 FORECAST	2026-27 FORECAST	2027-28 FORECAST
REVENUES:						
Property Taxes	61,587	63,714	66,623	69,480	72,278	74,932
Sales Tax	18,358	18,910	19,102	19,295	19,492	19,689
Other Local Taxes[1]	18,370	19,315	19,918	20,530	21,249	21,949
Use of Money and Property	24,794	25,689	26,619	26,942	26,659	27,802
Other Revenues[2]	27,058	27,468	27,788	28,113	28,445	28,784
TOTAL REVENUES	150,167	155,096	160,050	164,360	168,123	173,156
EXPENDITURES:						
Salaries and All Pays	71,686	73,307	74,933	76,569	78,221	79,891
Retirement	29,513	30,919	32,104	33,329	34,595	35,906
Health Benefits	13,571	14,491	15,486	16,559	17,718	18,972
All Other Benefits	7,714	7,913	8,116	8,323	8,535	8,753
Salaries and Benefits	122,484	126,630	130,639	134,780	139,069	143,522
Supplies and Services	19,752	20,332	20,928	21,543	22,176	22,828
Capital Outlay/ Equipment Repl.	3,615	3,708	3,805	3,904	4,006	4,111
Interfund Expenditures and Transfers	5,107	5,273	5,609	5,791	6,166	6,366
Debt Service	3,300	3,300	3,300	3,300	3,300	3,300
Total Operating Exp	154,258	159,243	164,281	169,318	174,717	180,127
Budget Savings	(2,300)	(2,300)	(2,300)	(2,300)	(2,300)	(2,300)
NET EXPENDITURES	151,958	156,943	161,981	167,018	172,417	177,827
Transfer to GF Reserve	-0-	-0-	-0-	-0-	-0-	-0-
Transfer to Trans Res	-0-	-0-	-0-	-0-	-0-	-0-
Transfer to Cap Imp Res	-0-	-0-	-0-	-0-	-0-	-0-
CalPERS Contribution	-0-	-0-	-0-	-0-	-0-	-0-
OPEB Contribution	-0-	-0-	-0-	-0-	-0-	-0-
Transfer to SPAR	-0-	-0-	-0-	-0-	-0-	-0-
OPERATING BALANCE/(DEFICIT)	(1,791)	(1,847)	(1,931)	(2,658)	(4,294)	(4,671)

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Revenue and Expenditure Background

Revenues

Historical experience demonstrates Mountain View has a relatively volatile revenue base, primarily related to sales tax, with substantial variation in the amount of revenues collected over time (see Exhibit A for revenue and expenditure history). In addition to the overarching factors described in the Impacting Factors Section, the City's revenue volatility is continually affected by local factors.

For Fiscal Year 2018-19, all the main categories of GOF Revenues listed in the previous table, except Sales Tax, are projected to meet or exceed the Fiscal Year 2017-18 Adopted Budget. Significant factors, such as increasing property and lease values and improved interest yields, are contributing to an improved financial condition and an overall indication the City is in a strong revenue growth period. The Sales Tax category is lower due to slower growth of activity in sales tax transactions, due to the increase of online sales.

Growth in total revenues continues throughout the Forecast period, except the second year of the anticipated recession. The decline in revenues from the anticipated recession is being masked by the strong development activity that is currently occurring. There is a lag between the development occurring and being placed onto the property tax roll.

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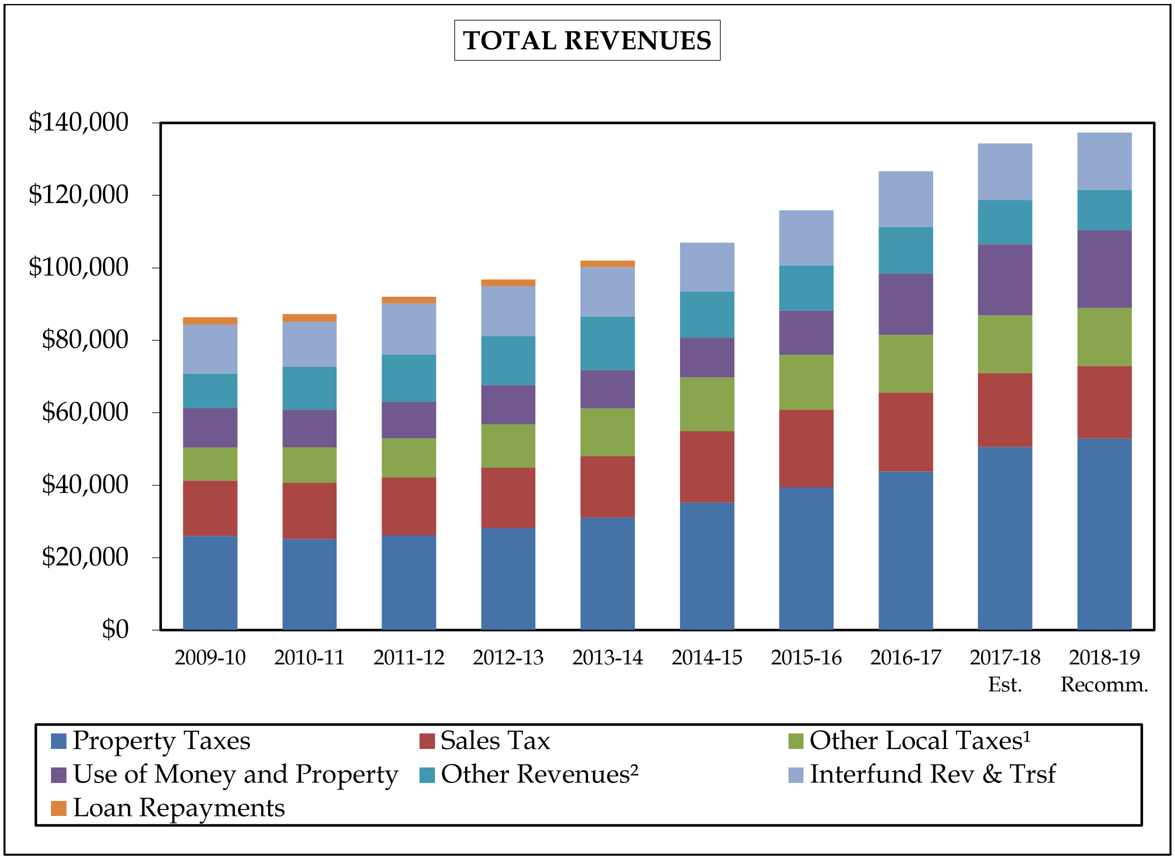
A history of total GOF Revenues is as follows (dollars in thousands):



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[1] Other Local Taxes includes Transient Occupancy Tax, Business Licenses, and Utility Users Tax.
[2] Other Revenues includes Licenses, Permits & Franchise Fees, Fines & Forfeitures, Intergovernmental, Charges for Services, and Miscellaneous Revenues.

Total Fiscal Year 2018-19 revenues are projected to increase $9.4 million (7.3 percent) compared to the Fiscal Year 2017-18 Adopted. Additional discussion of individual revenue sources can be found later in this Forecast.

<u>Expenditures</u>

During Fiscal Years 2009-10 through 2012-13, there were projected structural deficits ranging from $1.1 million to $6.0 million: through a combination of operating efficiencies and expenditure reductions (totaling $7.4 million), modest revenue enhancements, and employee cost containment (totaling $2.2 million), the City was able to balance those budgets and weather the Great Recession. Revenues recovered sufficiently and no budget restructuring was necessary beginning in Fiscal Year 2013-14.

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The economic health of the City has continued to improve, resulting in a higher level of demand for services to support significant commercial and residential development, as well as to support other community priorities such as affordable housing, transportation, and sustainability. Revenue projections for Fiscal Year 2018-19 indicate the strong economic activity will continue and allow for the opportunity to address infrastructure needs and a strategy for reducing employee benefit unfunded liabilities which the City was unable to address during the last recession.

From the peak in Fiscal Year 2001-02 through Fiscal Year 2012-13, the GOF employee count was reduced by more than 70.0 positions (over 14.0 percent). Although there have been positions added in recent years, overall, the City continues to operate at a staff level less than the prerecessionary level. This is further exacerbated by the high level of demand for services in City departments. The Fiscal Year 2018-19 Adopted Budget includes additional regular and limited-period positions to address the most critical workload demands.

The Forecast expenditures are calculated in the same manner as the annual budget and include the full cost of each existing position (salary and benefits). For Fiscal Year 2018-19 through Fiscal Year 2019-20, COLAs are included as agreed to in MOUs and for unrepresented employees. A modest COLA is included in each of the remaining Forecast years. Also included are multi-year assumptions related to the remaining cost components (e.g., steps, merits, retirement, health care, etc.) throughout the Forecast period. The factors for future health benefit costs are based on health-care trends and historical experience. The CalPERS rates for Fiscal Years 2018-19 through 2024-25 were provided by CalPERS and rates for Fiscal Year 2025-26 through 2027-28 are projected by staff based on the CalPERS rates trend. CalPERS rates are expected to increase 59.2 percent and 57.0 percent over the next 10 years for Miscellaneous and Safety, respectively.

For Supplies and Services and the remaining categories, a base level of expenditures is calculated and then adjusted based on the multi-year assumptions related to each component of cost (e.g., City utilities, equipment maintenance, self-insurance funding, etc.).

Based on past experience, it is typical to underspend the budget due to vacant positions and savings in Supplies and Services accounts. Beginning in Fiscal Year 2009-10, a budget savings amount was assumed. It has ranged between $1.8 million and $2.8 million. In Fiscal Year 2017-18, it was increased to $2.3 million to reflect a current five-year average, and it remains at that level throughout the Forecast period.

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SUMMARY

Silicon Valley continues to be a leader in the local and national economic recovery—job creation, vacant space utilization, development of both residential and commercial projects, and the recovery of property values are contributing to the overall strong health of the local economy. Although anticipated CalPERS and medical rate increases are significant factors, the Forecast projects revenue growth and positive operating balances (including funds set aside for reserves and CalPERS) through Fiscal Year 2020-21. The remaining forecast period projects negative balances before any corrective actions. Future financial stability will be dependent upon the strength of the economy, the timing of the next recession, and continued fiscal restraint.

Following is a detailed and graphic presentation of the Forecast, summarizing the assumptions and resulting revenues and expenditures.

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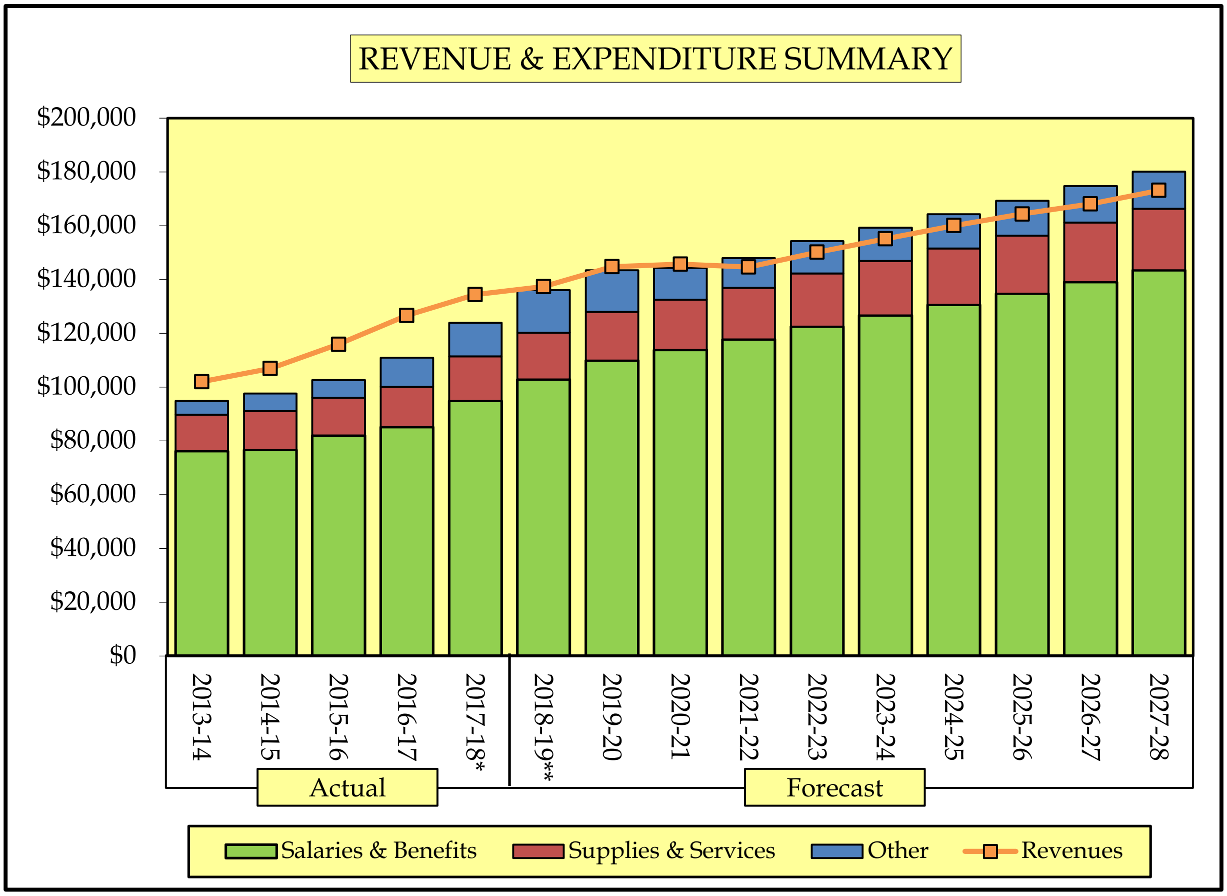
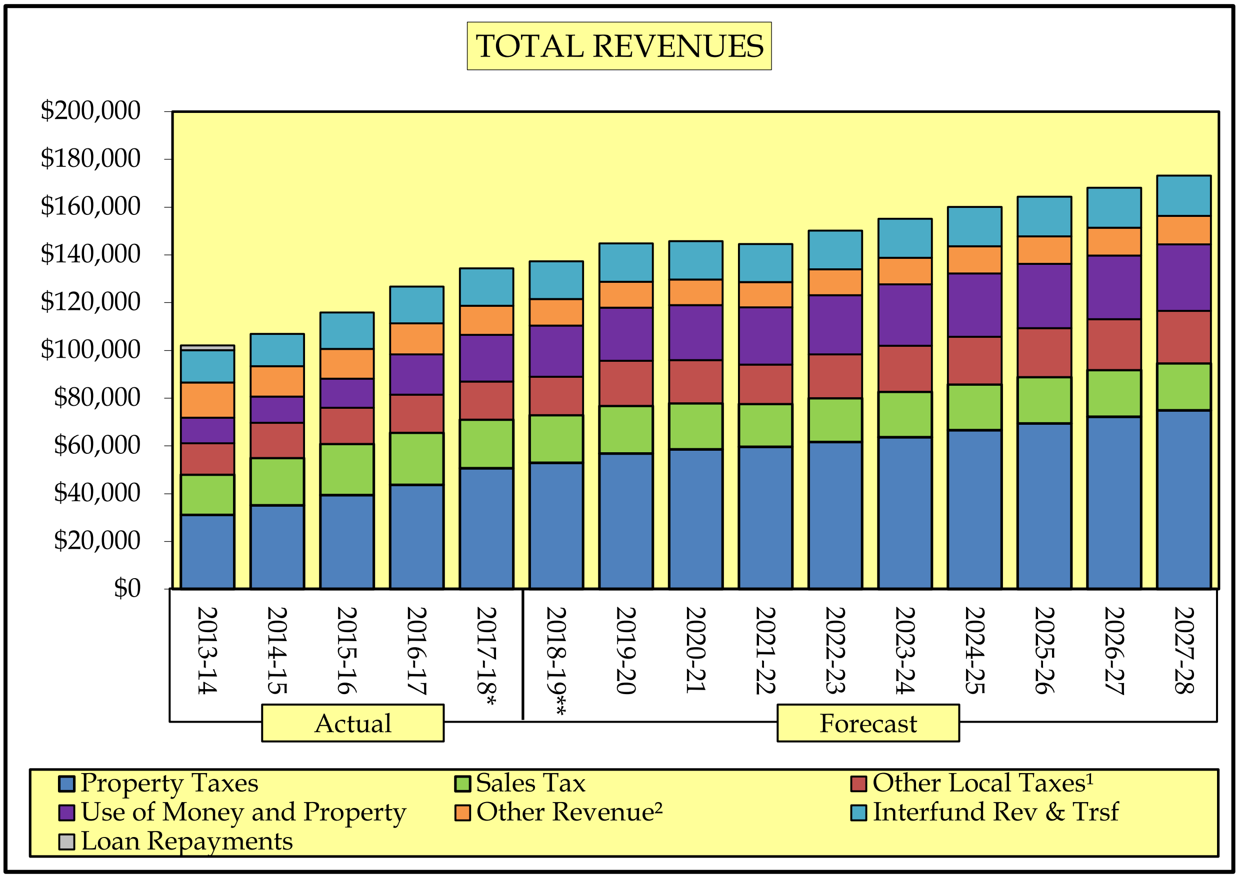


Fiscal Year		Revenues	Expenditures
2013-14		102,045	94,933
2014-15		106,940	97,677
2015-16		115,911	102,590
2016-17		126,689	110,936
2017-18	*	134,388	123,976
2018-19	**	137,379	136,078
2019-20		144,799	143,415
2020-21		145,699	144,355
2021-22		144,610	147,973
2022-23		150,167	154,258
2023-24		155,096	159,243
2024-25		160,050	164,281
2025-26		164,360	169,318
2026-27		168,123	174,717
2027-28		173,156	180,127

* Estimated
** Recommended
(dollars in thousands)

The Fiscal Year 2018-19 recommended expenditures and all forecast years do not include the projected operating budget savings.



Fiscal Year		Total Revenues	% Change
2013-14		102,045	5.4%
2014-15		106,940	4.8%
2015-16		115,911	8.4%
2016-17		126,689	9.3%
2017-18	*	134,388	6.1%
2018-19	**	137,379	2.2%
2019-20		144,799	5.4%
2020-21		145,699	0.6%
2021-22		144,610	(0.7%)
2022-23		150,167	3.8%
2023-24		155,096	3.3%
2024-25		160,050	3.2%
2025-26		164,360	2.7%
2026-27		168,123	2.3%
2027-28		173,156	3.0%

* Estimated
** Recommended
(dollars in thousands)

[1] Includes Transient Occupancy Tax, Business Licenses, and Utility Users Tax.

[2] Includes Licenses, Permits & Franchise Fees, Fines & Forfeitures, Intergovernmental, Charges for Services, and Miscellaneous Revenues.

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PROPERTY TAXES

Property Taxes include the revenue generated from the City's share of the 1.0 percent levy assessed on the taxable value of real and personal property located within the City limits. The assessed value (AV) of secured real property that does not experience a change in ownership or is not subject to new construction is increased annually at a rate not to exceed the California Consumer Price Index (CCPI) or 2.0 percent, whichever is lower. However, if a property changes ownership, it is reassessed (up or down) at the current market value and new construction is initially valued at the cost of the construction. In addition, the County Assessor has the authority to proactively adjust the AV of properties downward to market value during periods of declining property values. Unsecured tax on personal property, such as computers and other equipment, is assessed on the value of the property as self-reported annually to the County.

SOURCES

- Property tax assessed on secured real property.
- Property tax assessed on unsecured personal property.
- Property tax assessed on leased property.

ECONOMIC FACTORS

- General economic conditions.
- Proposition 13—determines methodology of tax application, limits the annual AV increase, and sets the tax rate.
- California Consumer Price Index (CCPI—October through October).
- New development.
- Property demand, sales, and values.
- County processing time for new development and ownership transfers and inclusion on the tax roll.
- Assessment appeals and proactive assessment reductions by the County Assessor.
- Availability of credit.
- State legislation regarding tax allocation.

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HISTORY

In 1992, as a way of solving its own budget shortfall, the State enacted legislation that shifted partial financial responsibility for funding education to local government. Property tax revenues belonging to cities, counties, and special districts were shifted to the Education Revenue Augmentation Fund (ERAF). The net cumulative loss to the GOF resulting from all ERAF shifts through Fiscal Year 2017-18 exceeds $111.0 million ($115.0 million for the entire City).

For the past two decades, housing activity has remained strong with short periods of uncertainty or declines related to the availability of housing stock, interest rates, and the overall economy. During Fiscal Year 2008-09, the housing market collapsed and assessed values across the County suffered and caused some properties to be appraised at less than the outstanding debt on the property. During that time, foreclosures nationwide increased dramatically as homeowners defaulted on their mortgages, and California was the epicenter of the foreclosure crisis. Mountain View experienced foreclosures, but not as severely as other parts of the State. For calendar 2017, the most recent information available, there were a total of 150 foreclosures in the County. Mountain View had one foreclosure, the least in the County.

Beginning Fiscal Year 2008-09, the County began processing Proposition 8 (Prop 8) reductions for residential and commercial properties. The majority of the lost value for residential Prop 8 reductions in the City was recaptured by Fiscal Year 2015-16.

In the time period since the beginning of the recession, commercial property owners have also submitted applications for value reductions. The number of appeals submitted Countywide as of January 2018 is lower than the same time frame in 2017 and much lower compared to the level of activity during and after the recession. Because of the variable nature of commercial properties, the process of reviewing and valuing them is lengthy and more complicated. The County processes Countywide AV roll reductions (primarily the result of resolved appeals) and corrections throughout the year and currently estimates a net $2.5 billion in reductions for Fiscal Year 2017-18. The General Fund's share of this estimated property tax revenue loss is approximately $246,000. As of January 2018, the County had approximately 5,300 active appeals, and the Forecast period includes additional losses in property tax revenue as a result of the resolution of these active appeals.

Tracking of property sales activity was initiated in 2007 and the most recent 10 years of history is detailed below. The highest number of sales transactions for all types of properties occurred in 2012, but the largest increase in AV resulting from changes in ownership (CIO) occurred in 2015. There has been growth in the median price of

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single-family homes (SFH) experiencing a CIO every year since 2010, with more significant increases in the SFH median price for sales since 2012.

Median Price Statistics (Mountain View Residential Properties with a CIO)

Year	Single-Family Home (SFH)	Number of SFH CIO	Condo/ Townhome	Number of Condo/ Townhome CIO
2008	$963,250	200	$590,000	184
2009	$845,000	182	$535,000	179
2010	$892,000	267	$572,500	268
2011	$900,750	306	$445,000	241
2012	$1,000,000	341	$570,000	299
2013	$1,245,000	297	$639,000	356
2014	$1,450,000	255	$781,000	322
2015	$1,600,000	274	$910,000	312
2016	$1,700,000	253	$1,013,000	345
2017	$1,900,000	278	$1,175,000	387

Also impacting the growth in Property Taxes is the CCPI. Over the past 10 fiscal years (2008-09 to 2017-18), five years have had annual CCPI increases less than the maximum 2.0 percent allowed, and one of those five years was a negative CCPI.

In total, Fiscal Year 2017-18 estimated Property Tax revenues of $50.6 million exceed both the Fiscal Year 2017-18 Adopted Budget of $45.3 million and the Fiscal Year 2016-17 Audited of $43.8 million.

FORECAST

The Fiscal Year 2018-19 projected secured property tax revenues is based on the July 1, 2017 tax roll adjusted for the following:

- A 2.0 percent CCPI increase to the AV of all eligible residential and commercial property;
- Projected AV loss from resolution of pending appeals;

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- AV changes related to property transfers and sales prior to the lien date; and
- Projected AV increase related to new development and remodels.

As mentioned earlier, the County has approximately 5,300 active appeals. The County has provided summarized information about pending appeals and the Fiscal Year 2018-19 revenue includes a projected tax loss based on the historical resolution of resolved appeals.

For the remaining Forecast years, total secured property tax is projected with net growth ranging from 2.5 percent to 8.2 percent annually. These increases include an annual change in AV based on a 2.0 percent CCPI for Fiscal Years 2019-20 and 2020-21. The anticipated economic downturn is projected to impact the intervening two fiscal years resulting in CCPI increases of 1.0 percent and 1.5 percent and the remainder of the Forecast period reflects an annual 2.0 percent CCPI. In addition, increased AV is projected as a result of new development projects under construction and in the pipeline (including The Village at San Antonio Phase II, Ameswell (Moffett Gateway), and various housing, hotel, and office developments), and anticipated growth from CIO and remodeling. The increased revenue from Ameswell (Moffett Gateway) has previously been identified as a potential revenue source for the Police/Fire Administration Building Remodel and Expansion project. The Forecast assumes appeals will continue to be filed annually and a portion will be resolved resulting in an AV loss.

Unsecured property tax revenue is projected to increase by 5.0 percent for Fiscal Year 2018-19, remain at essentially the same level for Fiscal Year 2019-20, decline for the two subsequent fiscal years as a result of the anticipated economic downturn, and grow steadily for the remainder of the Forecast period.

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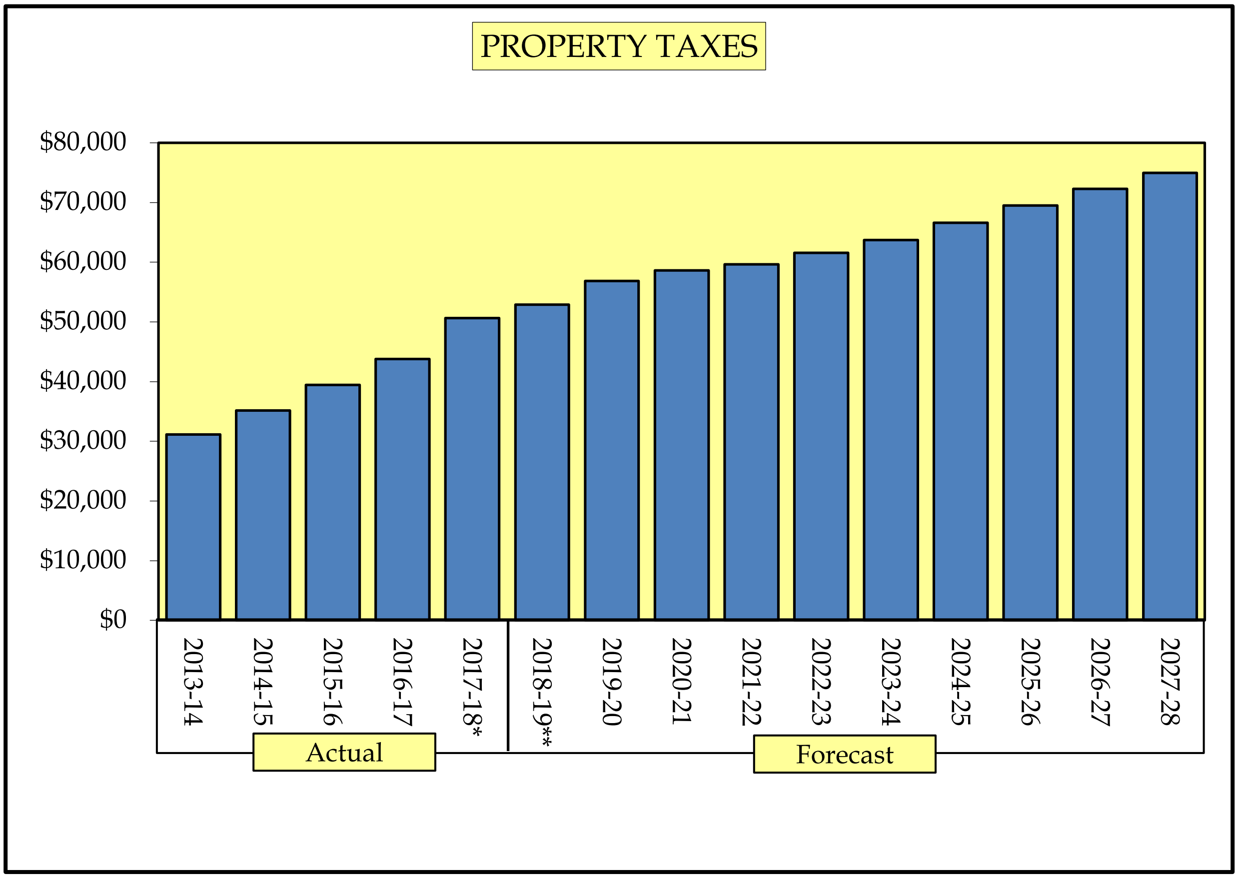

Fiscal Year		Property Taxes	% Change
2013-14		31,120	10.7%
2014-15		35,173	13.0%
2015-16		39,461	12.2%
2016-17		43,774	10.9%
2017-18	*	50,622	15.6%
2018-19	**	52,909	4.5%
2019-20		56,878	7.5%
2020-21		58,612	3.0%
2021-22		59,645	1.8%
2022-23		61,587	3.3%
2023-24		63,714	3.5%
2024-25		66,623	4.6%
2025-26		69,480	4.3%
2026-27		72,278	4.0%
2027-28		74,932	3.7%

* Estimated
** Recommended
(dollars in thousands)

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SALES TAX

Sales Tax revenue is the second largest single revenue source of the GOF and also the most volatile. The City of Mountain View is allocated 1.0 percent of every sales dollar subject to sales tax. In the late 1990s, sales tax from commercial/industrial businesses generated a greater amount of sales tax than retail businesses, an approximate 1.5:1.0 ratio. During the current decade, as a result of relocations, recession, growth of the service economy (nontaxable products), and California Department of Tax and Fee Administration (CDTFA) (previously known as State Board of Equalization or BOE) reporting changes, retail contributes a greater share, and the ratio for the most recent completed fiscal year is 1.0:3.8.

SOURCES

- Retail sales of tangible personal property to individuals and other businesses.
- Use tax on business consumption of personal property.
- State and County pooled sales tax allocated by the City's share of the Countywide tax on point of sale transactions.

ECONOMIC FACTORS

- Business expansion, reduction, or relocation.
- State of the economy.
- Purchasing patterns.
- CDTFA allocation decisions.
- Level of business-to-business sales.
- Technology changes.

HISTORY

Since the early 1990s, sales tax has been an extremely volatile revenue source, reaching a record high of $24.1 million in Fiscal Year 2000-01, primarily resulting from high-tech businesses. A precipitous decline to $14.2 million occurred in Fiscal Year 2003-04 followed by steady growth through Fiscal Year 2007-08 to $17.3 million. These variations typically occur as businesses move in and out of the City, companies modify reporting and/or sales methods, and the economy changes. Fundamentally, as the service economy grows, less manufacturing is done locally, so there is a smaller

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commercial tax base because sales tax is not applicable to most technology company sales. As a result of the Great Recession, Sales Tax revenue fell in excess of $2.0 million (11.8 percent) to $15.2 million in Fiscal Year 2009-10. Subsequently, sales tax revenue grew steadily through Fiscal Year 2015-16, but more recently has either seen little growth or a decline. Fiscal Year 2017-18 Sales Tax was adopted at 2.9 percent below the Fiscal Year 2016-17 Audited, but the decline is currently estimated to be 6.5 percent. Some of the factors causing this are a continuing shift to more online transactions and a smaller share of the County pool allocation.

FORECAST

Fiscal Year 2018-19 sales tax revenue is projected at $20.0 million, including the Village at San Antonio Center Phase II, which is anticipated to be completed in Fiscal Year 2018-19 with retail tenants in place and beginning to generate sales tax later in the fiscal year. This projection is 1.9 percent lower than the Fiscal Year 2017-18 estimated, primarily due to known changes in businesses and adjustments for one-time payments received in Fiscal Year 2017-18. Fiscal Year 2019-20 is essentially the same as the projection for Fiscal Year 2018-19. Fiscal Years 2020-21 and 2021-22 reflect 3.9 percent and 6.2 percent declines respectively, related to an anticipated downturn in the economy. A recovery begins in Fiscal Year 2022-23 with incremental growth through the rest of the Forecast period.

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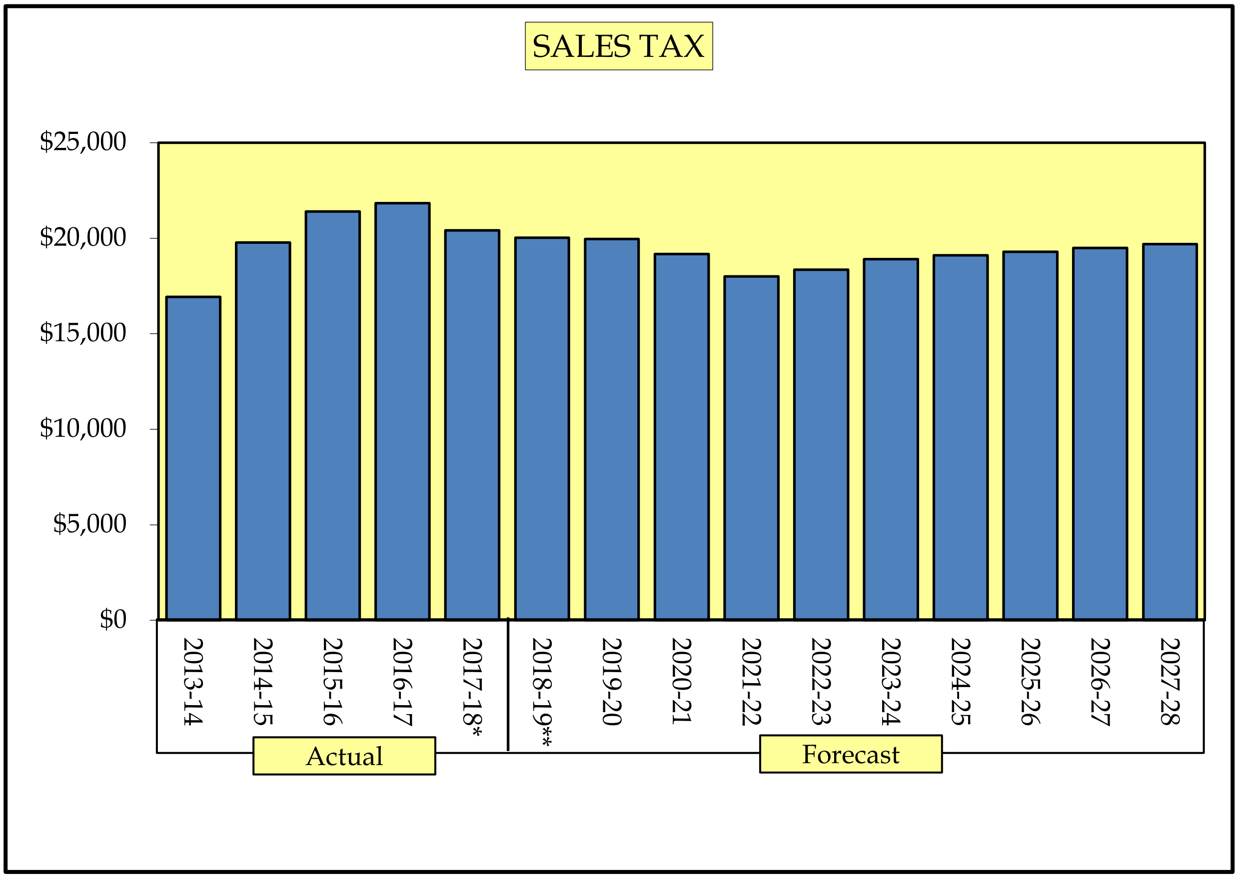

Fiscal Year		Sales Tax	% Change
2013-14		16,936	1.1%
2014-15		19,773	16.8%
2015-16		21,401	8.2%
2016-17		21,828	2.0%
2017-18	*	20,413	(6.5%)
2018-19	**	20,026	(1.9%)
2019-20		19,966	(0.3%)
2020-21		19,178	(3.9%)
2021-22		17,996	(6.2%)
2022-23		18,358	2.0%
2023-24		18,910	3.0%
2024-25		19,102	1.0%
2025-26		19,295	1.0%
2026-27		19,492	1.0%
2027-28		19,689	1.0%

* Estimated
** Recommended
(dollars in thousands)

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OTHER LOCAL TAXES

Other Local Taxes is comprised of Transient Occupancy Tax (TOT), Business License Tax, and Utility Users Tax (UUT).

SOURCES

- TOT is a 10.0 percent tax assessed on hotel and motel occupancies. Any occupancy by a government employee while on government business, or a stay exceeding 30 consecutive days, is exempt from the tax. This tax is self-reported on a quarterly basis by hotels and motels within the City limits, and a compliance audit is performed on a periodic basis.

- Business License Tax is assessed on all businesses known to be operating in Mountain View and billed annually. Currently, there are approximately 6,300 active businesses licensed. The tax rate varies by type of business, generally $30 per year for most (73.0 percent), but can reach $250 for certain types of businesses.

- UUT is a 3.0 percent tax assessed on the consumption of all telecommunication (2.5 percent tax on purchases of Mobile Telephony Services (MTS)), electricity, and gas services. Companies providing taxable utility services remit UUT payments monthly, and a compliance audit is performed on a periodic basis.

ECONOMIC FACTORS

- <u>TOT</u>: Number of hotel rooms, room rate, occupancy rate, and number of exemptions.

- <u>Business License Tax</u>: Number and types of businesses licensed by the City and the applicable tax rate.

- <u>UUT</u>: Customer base, level of consumption, and price of the commodity.

HISTORY

<u>TOT</u>: The current tax rate of 10.0 percent was last modified in June 1991 from 8.0 percent. Occupancy and room rates in the City typically grow in nonrecessionary times. The impacts of economic downturns or disruptions are immediately reflected in TOT revenue as demonstrated by the 52.1 percent decline resulting from the dot-com bust and the 26.6 percent decline during the Great Recession. TOT revenues began to recover from this last recession in spring 2010 and growth has continued through the

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current fiscal year. Fiscal Year 2017-18 estimated revenue reflects a full year of the Hampton Inn and Residence Inn remodel/room addition projects completed in Fiscal Year 2016-17 net with the closure of a hotel for a future multi-housing project, and exceeds both the current fiscal year adopted and prior fiscal year audited.

Business License Tax: This revenue does not change significantly from year to year as the tax rate has remained essentially unchanged since June 1954 (excluding two business types updated in 1985). Fluctuation in the number of businesses does not significantly change annual revenue because of the low annual tax rate. Fiscal Year 2017-18 revenue is estimated to be essentially the same as the prior fiscal year audited.

UUT: The tax is calculated on the consumer cost of the energy (gas and electricity) and telecommunication services utilized. The tax revenue fluctuates with the cost, customer usage, and/or customer base and is negatively impacted by economic downturns as a result of business closures and reduction in usage by both residential and commercial customers. In November 2010, the voters approved a ballot measure which broadened the base to include all telecommunications services in order to treat all customers equally and the amended ordinance became effective March 2011. As a result, UUT generated from telecommunications increased.

An audit of telecommunications providers was completed in January 2014 and resulted in a $1.1 million settlement and one-time assessment. In addition, during Fiscal Year 2014-15, staff worked to bring another telecommunications provider into compliance, resulting in a payment of the amount due for that fiscal year and a $1.6 million payment for a prior time period. Both of these companies are remitting monthly UUT payments, contributing to ongoing revenue.

The Agreement between the CDTFA and the City for prepaid phone cards was executed in December 2015, and the City received the first quarterly payment in September 2016. In addition, direct providers of prepaid phone cards began remitting UUT payments in July 2016. Payments from a major telecommunications provider have been declining over the past two fiscal years, offset by growth in UUT generated from energy usage. The City began receiving UUT payments from Silicon Valley Clean Energy (SVCE) in the beginning of Fiscal Year 2017-18, which has resulted in lower payments from PG&E. In total, Fiscal Year 2017-18 estimated UUT revenue is on target with the Adopted Budget.

FORECAST

TOT: Fiscal Year 2018-19 revenue is projected at 1.8 percent higher than the Fiscal Year 2017-18 estimated, and includes the opening of the Hyatt Centric hotel (San Antonio

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Phase II) later in the fiscal year. The following fiscal year includes the opening of the Shashi Hotel, the Holiday Inn Express, and the hotel planned as part of the Ameswell (Moffett Gateway) project. Fiscal Years 2020-21 and 2021-22 include a reduction in revenue resulting from the anticipated economic downturn. The remaining Forecast years reflect two years of economic recovery and steady growth thereafter. TOT from the hotel planned as part of the Hope Street project, begins in Fiscal Year 2026-27, as the first five years of TOT is rebated back to the developer to partially compensate for the cost of the public parking to be provided. The City Council is currently discussing the possibility of placing a revenue measure on the ballot increasing the TOT rate. However, as the City Council has not decided and voter approval is required to increase the TOT rate, no increase in revenue has been included in the Forecast.

Business License Tax: Fiscal Years 2018-19 and 2019-20 business license revenue is projected essentially the same as the Fiscal Year 2017-18 estimated. The anticipated two-year downturn includes 3.0 percent average annual declines followed by incremental recovery in the remaining Forecast years. The City Council is currently discussing the possibility of placing a revenue measure on the ballot restructuring the business license tax. However, as the City Council has not decided and voter approval is required to restructure the business license tax, no increase in revenue has been included in the Forecast.

UUT: Fiscal Years 2018-19 and 2019-20 total projected UUT revenue is essentially the same as the Fiscal Year 2017-18 estimated. UUT revenue for the following two Forecast years, decline as a result of the anticipated economic downturn. Fiscal Year 2022-23 reflects the UUT generated from development anticipated in the Shoreline Regional Park Community as identified in the North Bayshore Precise Plan Fiscal Impact Analysis. The remaining Forecast years have incremental annual growth.

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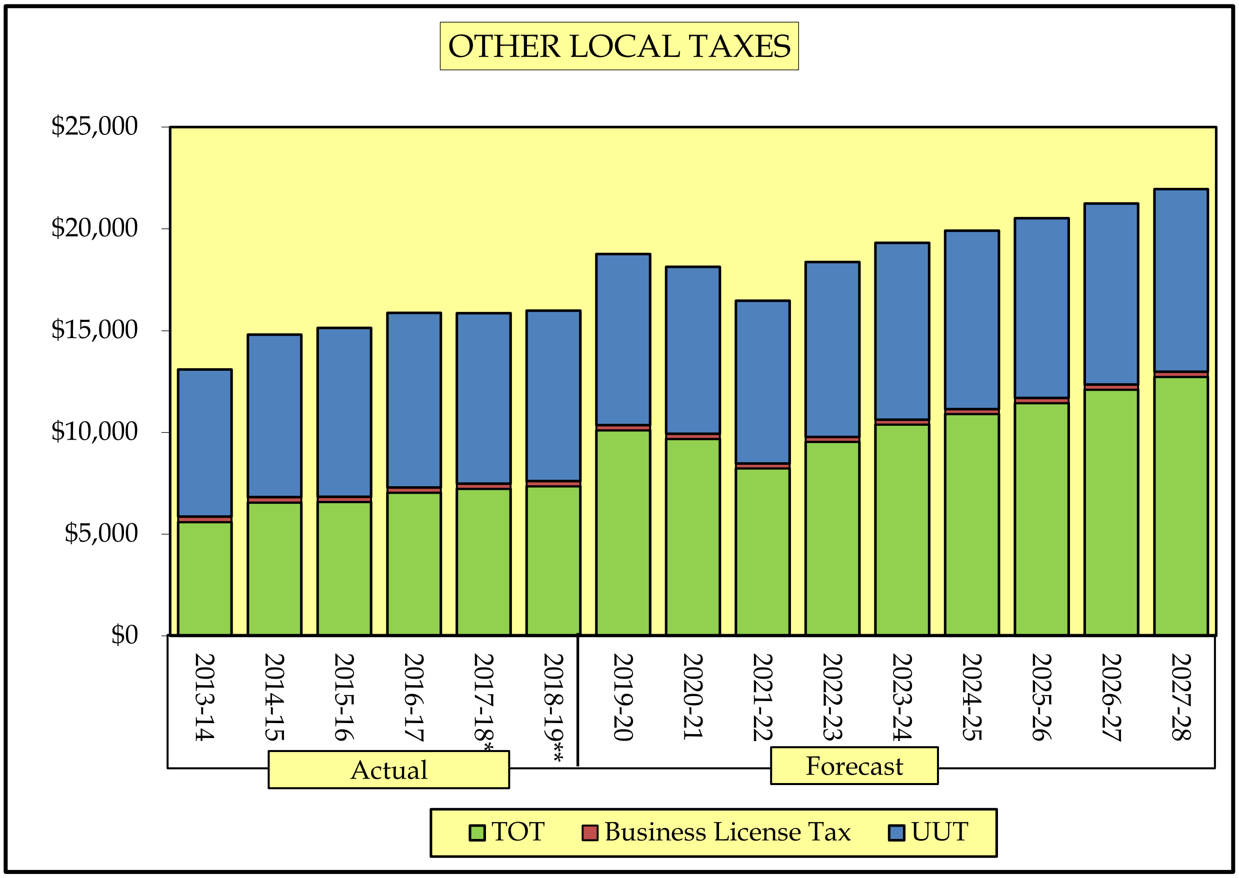

Fiscal Year		Transient Occupancy Tax	Business License Tax	Utility Users Tax	Total Other Local Taxes	% Change
2013-14		5,595	268	7,226	13,089	8.9%
2014-15		6,559	258	7,988	14,805	13.1%
2015-16		6,591	245	8,301	15,137	2.2%
2016-17		7,043	251	8,572	15,866	4.8%
2017-18	*	7,229	252	8,380	15,861	(0.0%)
2018-19	**	7,359	252	8,378	15,989	0.8%
2019-20		10,103	252	8,407	18,762	17.3%
2020-21		9,680	245	8,211	18,136	(3.3%)
2021-22		8,228	237	7,998	16,463	(9.2%)
2022-23		9,538	240	8,592	18,370	11.6%
2023-24		10,382	242	8,691	19,315	5.1%
2024-25		10,901	244	8,773	19,918	3.1%
2025-26		11,446	247	8,837	20,530	3.1%
2026-27		12,097	249	8,903	21,249	3.5%
2027-28		12,729	252	8,968	21,949	3.3%

* Estimated
** Recommended
(dollars in thousands)

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USE OF MONEY AND PROPERTY

Use of Money and Property is comprised of investment earnings and revenue from rents and leases of City owned property. Investment earnings are generated from the General Fund's share of the City's pooled investment portfolio. Rents and Leases revenue is generated from rental properties and lease agreements.

SOURCES

- Monthly interest allocation generated by the City's pooled investment portfolio.
- Leased and rented properties, including:
  - North Charleston, Crittenden, and Charleston East ground leases
  - Shoreline Amphitheatre
  - Ameswell (Moffett Gateway)
  - Recology
  - Center for the Performing Arts
  - Michaels at Shoreline
  - Community School of Music and Arts (CSMA)
  - CVS (parking structure, retail space)
  - Historic Adobe Building, Community Center, and Senior Center
  - Bean Scene Café, Olympus Caffe, and Savvy Cellar Wines, Inc.
  - Bank of America (ATM)
  - Wireless Telecommunication Providers (GTE Mobilnet, Metro PCS, Sprint)
  - Various construction staging sites

ECONOMIC FACTORS

- Economy.
- Federal Reserve policy and interest rates.
- Portfolio balance.
- City Investment Policy.
- Rental revenues received and lease agreements.

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HISTORY

Investment Earnings: Over the past decade, part of the City's financial strategy was to build reserves in anticipation of budget constraints in order to generate additional revenue in the form of investment earnings and to maintain sufficient funds to weather any further significant declines in revenues. The Federal Reserve aggressively managed short-term interest rates between late 2007 and 2008 in an effort to combat the ripple effect of the subprime lending crisis and support the economic recovery by reducing the Federal funds rate from 5.25 percent to a target of 0.25 percent. This significantly impacted the City's interest earnings. For the Fiscal Year 2017-18 Adopted Budget, the portfolio was projected to earn an average return of 1.48 percent, up from the low of the 1.14 percent average earned in Fiscal Year 2014-15, but lower than the high of the 5.7 percent average earned in Fiscal Year 2000-01. Fiscal Year 2017-18 investment earnings is estimated to be essentially the same as the prior fiscal year audited and to exceed budget by $102,000. The Federal Open Market Committee (FOMC) increased the benchmark interest rate six times between December 2015 and March 2018 for a total 150-basis-point increase. It is anticipated the FOMC will continue to implement small incremental increases in the upcoming years if the economy continues to improve.

Rents and Leases: Over time, the City has strategically developed City-owned properties and negotiated lease agreements that generate long-term revenue for the GOF. These leases and the revenue generated become even more important during economic downturns as they do not immediately fluctuate with the economy, and most include annual inflationary increases.

In 1995, 1996, and 2008, the City first negotiated and signed ground lease agreements for the North Charleston, Crittenden, and Charleston East sites, respectively. As allowed in the ground leases, the rent includes fixed annual increases and is revalued every 10 years to market. The decennial revaluation of the North Charleston lease was effective April 1, 2016, resulted in a 141.0 percent rent increase ($3.3 million for a full year) and will continue to escalate 4.0 percent annually. The decennial revaluation of the Crittenden lease was effective January 1, 2017, resulted in a 104.8 percent rent increase ($3.1 million for a full year) and will continue to escalate 4.0 percent annually.

The first decennial revaluation for the Charleston East (Lot 1) lease between the City and Google LLC (Google) was effective February 1, 2018. In anticipation of this decennial revaluation, the Fiscal Year 2017-18 Adopted Budget included a calculation of the projected increase based on a value per square foot resulting from the previous decennial revaluations of the other two land leases. However, during the Charleston East lease revaluation process, staff was reminded this lease includes a cap on the revalued rent that is not included in the other two land leases. The cap is 165.0 percent

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of the monthly rent payable during the initial year of the prior 10-year period. In this case, the rent for the period beginning February 1, 2018 is capped at 165.0 percent of the rent paid in February 2008. The total annualized revalued rent is $1.9 million, an increase of $387,000 (26.5 percent) compared to the prior year annualized rent. This is a decrease of $397,000 from what was included in the Adopted Budget.

In late Fiscal Year 2005-06, Council approved the amended and restated lease between the City and SFX Entertainment, Inc. (SFX-operating company of Live Nation, Inc.), for the lease of the Shoreline Amphitheatre. The terms of the lease eliminated the percentage rent structure and replaced it with a fixed amount of $200,000 per month for the concert season (nine months), a total of $1.8 million annually. The first annual contractual increase of 2.0 percent went into effect March 2018, resulting in a monthly payment of $204,000.

In September 2007, CVS opened in the Bryant Street parking structure and began paying the City the negotiated monthly lease rent. The parking structure was partially funded with former Revitalization Authority funds and, based on the Compensation Agreement, any revenues generated from the parking structures are shared with the taxing entities in the same proportion of the Authority's contribution to the structures. The Compensation Agreement was effective July 1, 2014, resulting in annual lease revenue of $165,000 to the GOF, a loss of $78,000 annually. The CVS lease agreement provides for an 11.9 percent increase that was effective September 2017.

In May 2010, Savvy Cellars opened to the public at the Centennial Plaza Train Depot and, in accordance with the lease, the annual revenue to the City for the first five years was $29,700. The first annual increase was effective December 2014, and there have been annual increases effective each subsequent December. Lease of City-owned property during Fiscal Year 2017-18 for construction staging is anticipated to generate $80,500. In addition, there are various other rentals of City-owned property as listed previously in the Sources section which contribute revenue to the GOF.

FORECAST

Investment Earnings: The Fiscal Year 2018-19 projection is based on the assumption that as instruments mature, the funds will be reinvested at rates slightly higher than those available in Fiscal Year 2017-18, resulting in a projected average portfolio yield of 1.88 percent for Fiscal Year 2018-19. This assumes the Local Agency Investment Fund (LAIF) pooled rate averages 1.3 percent. The City's average portfolio yield is anticipated to continue rising through the end of the Forecast period. During the projected economic downturn, reinvestment rates are expected to be higher than the rates on the instruments maturing.

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Rents and Leases: Fiscal Year 2018-19 includes a full year of the revalued rent generated from the Charleston East ground lease and a full year of rent from the Ameswell (Moffett Field) project. As previously discussed with and approved by the City Council, it is recommended the Ameswell rent be transferred to the Budget Contingency Reserve to be utilized for funding of limited-period items until the proposed debt service related to the Police/Fire Administration Building remodel and expansion begins in Fiscal Year 2022-23. This strategy may be modified as the City Council has requested to discuss the funding for the Police/Fire Administration building remodel with the Five-Year Capital Improvement Program (CIP) for Fiscal Year 2018-19.

The Forecast for the three long-term ground leases includes annual increases and no assumptions for the revaluations that will occur 2025 through 2028. The Amphitheatre lease terminates December 31, 2025 and although the Amphitheatre lease could continue or the land could be repurposed to generate another revenue source, it is unknown at this time; therefore, no rent is projected for the last two fiscal years. For the remaining leases and rental agreements, the Forecast period includes annual contractual increases and assumes renewal options will be exercised or extended.

As previously discussed with the City Council, Google has paid the City $600,000 for extending the sublease of Parking Lots C and D from SFX through 2020. In addition, Google has agreed to lease the parking lots from the City for an additional five years (January 2021 to December 2025) and will be paying over $2.0 million annually, unless the lease is terminated early. As these payments are limited-period in nature, they will not flow through the GOF. As discussed with the City Council during the budget process last fiscal year, the $2.0 million annual payments would be recorded as one-time GF revenues and then contributed to CalPERS toward the City's unfunded pension liability, and the $600,000 and the annual rent in excess of the $2.0 million will be transferred to the Capital Improvement Reserve.

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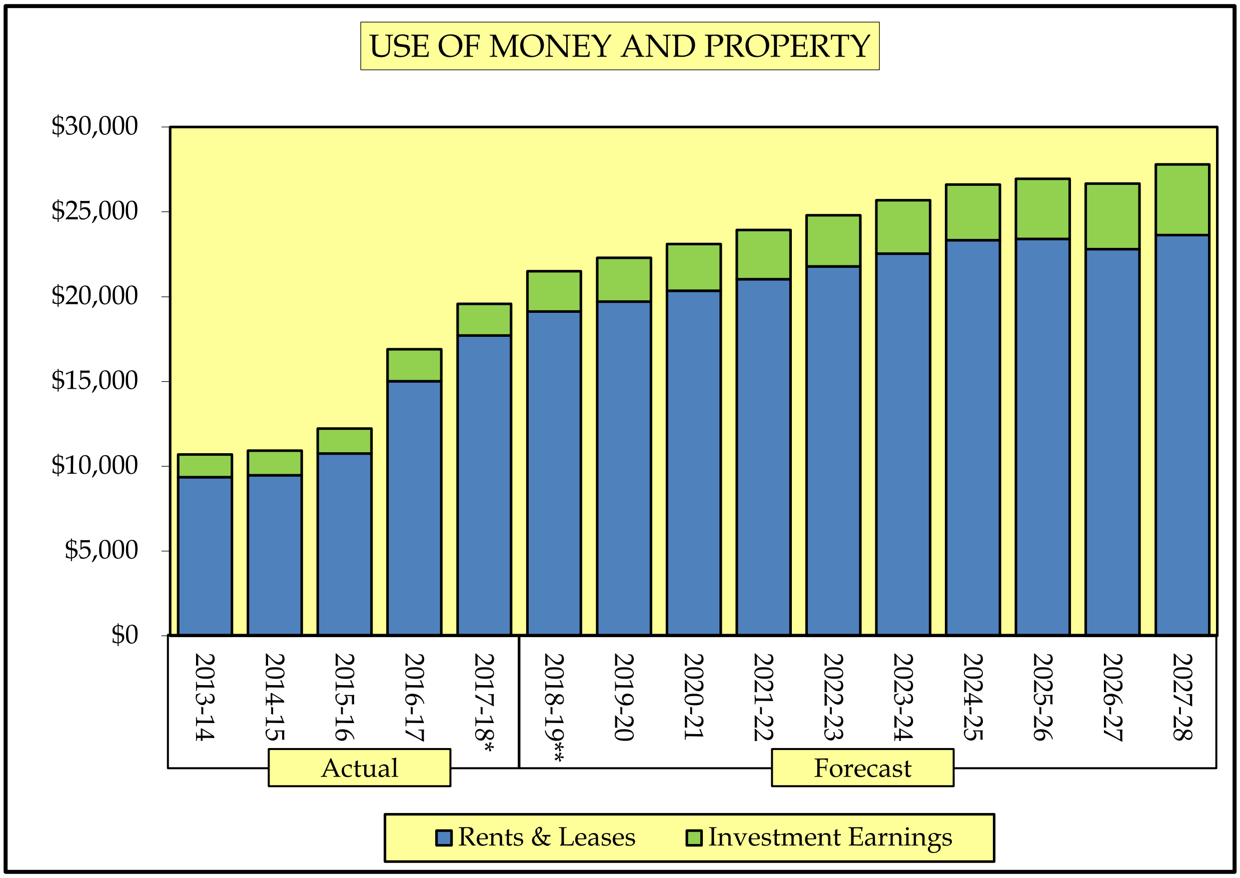

Fiscal Year		Rents & Leases	Investment Earnings	Total Use of Money and Property	% Change
2013-14		9,345	1,345	10,690	(0.9%)
2014-15		9,463	1,465	10,928	2.2%
2015-16		10,751	1,468	12,219	11.8%
2016-17		15,020	1,876	16,896	38.3%
2017-18	*	17,704	1,881	19,585	15.9%
2018-19	**	19,120	2,388	21,508	9.8%
2019-20		19,712	2,573	22,285	3.6%
2020-21		20,349	2,759	23,108	3.7%
2021-22		21,030	2,899	23,929	3.6%
2022-23		21,776	3,018	24,794	3.6%
2023-24		22,543	3,146	25,689	3.6%
2024-25		23,322	3,297	26,619	3.6%
2025-26		23,407	3,535	26,942	1.2%
2026-27		22,792	3,867	26,659	(1.1%)
2027-28		23,632	4,170	27,802	4.3%

* Estimated
** Recommended
(dollars in thousands)

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LICENSES, PERMITS, AND FRANCHISE FEES/FINES AND FORFEITURES

This revenue category is comprised of Licenses, Permits, Franchise Fees, and Fines and Forfeitures.

SOURCES

- Licenses and Permits revenues are generated from businesses requiring specific City permits such as police business permits.

- Franchisees are required to pay Franchise Fees as compensation to the City for the use of City property while providing a commercial service to Mountain View businesses and residents. The City has franchise agreements with Recology; Pacific, Gas and Electric; Comcast and AT&T Cable; and California Water Service.

- Fines and Forfeitures are generated from Library fines and citations issued by the City Police Department and the California Highway Patrol.

ECONOMIC FACTORS

- State of the economy.

- Franchise agreements and revenues generated by franchisees.

- State and Federal regulations, legislation, and funded programs.

HISTORY

Licenses, Permits, and Franchise Fees: Historically, Licenses and Permits revenue tended to fluctuate with the development cycle. In Fiscal Year 2006-07, Building Services was separated from the GOF to better facilitate tracking and accounting. In order to provide a more comprehensive picture of the development process and to more accurately align all development-related revenues and expenditures, Council approved the consolidation of all development-related functions within the City into a Development Services Fund for Fiscal Year 2014-15. Development-related revenues and expenditures were moved from the GOF to the Development Services Fund, which decreased revenues in several categories, including this one, and eliminated the effect of development. Fiscal Year 2017-18 estimated Licenses and Permits revenue is 3.2 percent below the Fiscal Year 2017-18 Adopted and 13.9 percent below the Fiscal Year 2016-17 Audited, primarily due to reduced taxi business and taxicab permits resulting from increased competition from Transportation Network Companies (TNC) (e.g., Uber and Lyft).

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Franchise Fee revenue generated from gas and electricity usage has historically increased as a result of significant commercial and residential development and declined during economic downturns as a result of commercial office vacancies and conservation by residential and commercial customers.

In accordance with the agreement between the City and the City's trash and recycling collector, Recology, a monthly service fee is owed to the City. This fee includes a portion for the exclusive right to perform this activity and a portion is attributable to the City providing billing and collection services. This revenue has fluctuated over the past decade as a result of conservation efforts, migration to smaller-size containers, the amount of construction debris discarded, and increases in trash and recycling service charges in addition to the economic factors listed above.

Beginning in Fiscal Year 2011-12, Cable Franchise revenues were budgeted directly as General Fund Franchise revenue in lieu of a transfer from the Cable Fund. This revenue grew through Fiscal Year 2015-16, but has been declining since.

Fiscal Year 2017-18 estimated Franchise Fee revenues are 2.8 percent higher than the Fiscal Year 2016-17 Audited and essentially the same as the Fiscal Year 2017-18 Adopted.

<u>Fines and Forfeitures</u>: This revenue source includes false alarm response fees, bail/fine payments from the County, Library fines, and parking violation payments. Overall, the Fiscal Year 2017-18 estimated Fines and Forfeitures revenue sources are higher than budget and Fiscal Year 2016-17 Audited, primarily due to increased parking enforcement and false alarm fines.

FORECAST

<u>Licenses, Permits, and Franchise Fees</u>: Revenue is projected to grow in Fiscal Years 2018-19 and 2019-20, then decline the following two Forecast years reflecting the economic downturn, excluding Recology which is projected with a steady annual increase of 3.0 percent throughout the Forecast. Recovery begins in Fiscal Year 2022-23 with incremental growth through the remaining Forecast period.

<u>Fines and Forfeitures</u>: Fiscal Year 2018-19 is projected to be 10.7 percent below Fiscal Year 2017-18 estimated primarily due to parking violations revenue which tends to fluctuate. This revenue is essentially the same level throughout the Forecast period.

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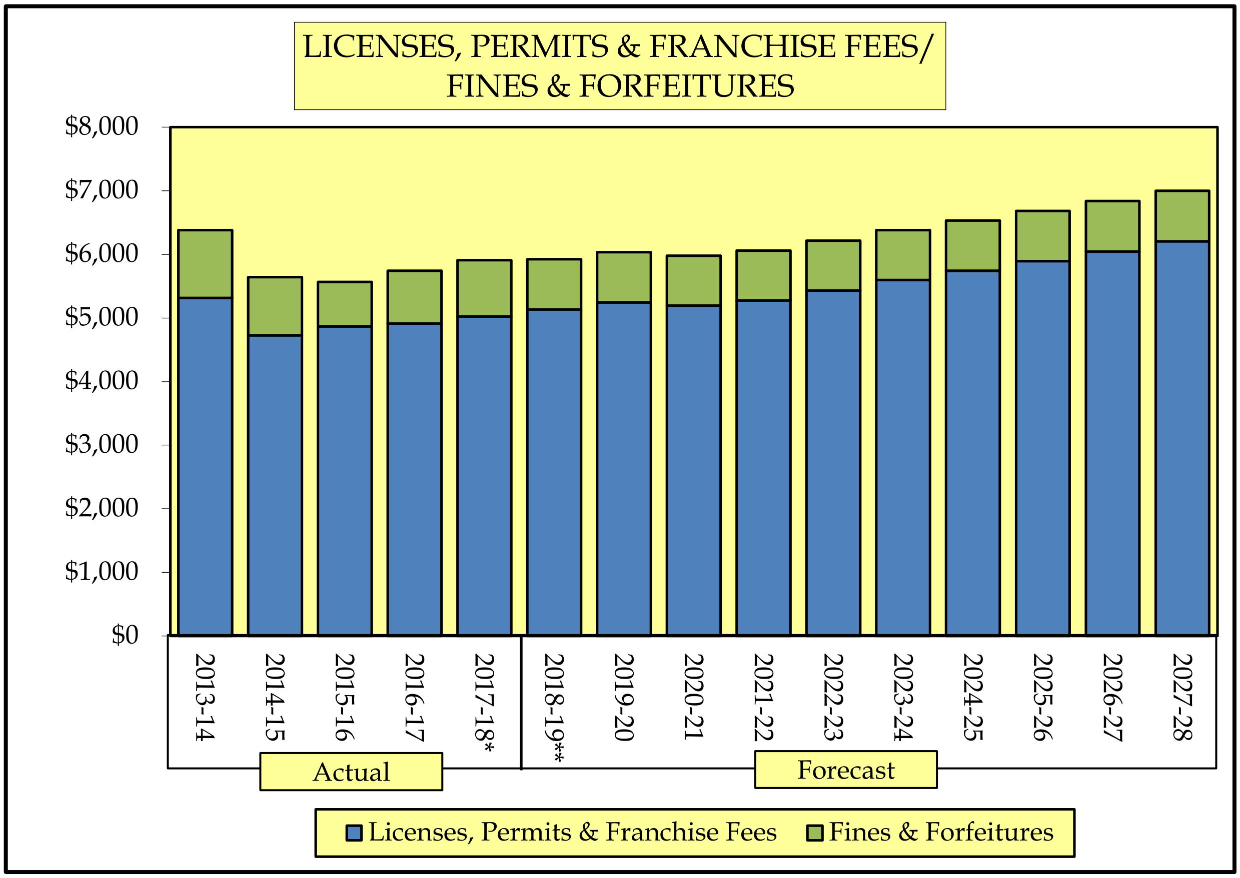

Fiscal Year		Licenses, Permits & Franchise Fees	Fines & Forfeitures	Total Licenses, Permits & Franchise Fees/ Fines & Forf	% Change
2013-14		5,315	1,068	6,383	8.0%
2014-15		4,725	920	5,645	(11.6%)
2015-16		4,869	697	5,566	(1.4%)
2016-17		4,913	830	5,743	3.2%
2017-18	*	5,023	885	5,908	2.9%
2018-19	**	5,134	791	5,925	0.3%
2019-20		5,244	791	6,035	1.9%
2020-21		5,193	787	5,980	(0.9%)
2021-22		5,274	784	6,058	1.3%
2022-23		5,432	786	6,218	2.6%
2023-24		5,596	788	6,384	2.7%
2024-25		5,742	790	6,532	2.3%
2025-26		5,892	792	6,684	2.3%
2026-27		6,047	794	6,841	2.3%
2027-28		6,206	796	7,002	2.4%

* Estimated
** Recommended
(dollars in thousands)

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INTERGOVERNMENTAL

Intergovernmental revenue is remitted or allocated to the City by other governmental agencies.

SOURCES

- Other governmental agencies—Santa Clara County, State of California, and U.S. government.

ECONOMIC FACTORS

- Actions by the State Legislature.
- State and Federal regulations, legislation, and funded programs.

HISTORY

For more than a decade, many revenues from the State have been reduced or eliminated, including Vehicle License Fees (VLF), Community-Oriented Policing Services (COPS), Public Library Funds, Rapid Enforcement Allied Computer Team (REACT), SB 90 mandate reimbursement, and other programs. The Fiscal Year 2017-18 estimated revenue exceeds the Fiscal Year 2017-18 Adopted Budget due to grants, SB 90 Reimbursements, and Public Safety Realignment (AB 109) funding received that were not budgeted, and is 4.7 percent higher than the Fiscal Year 2016-17 Audited, resulting from a reimbursement from the Santa Clara County Specialized Enforcement Team Task Force.

FORECAST

Fiscal Year 2018-19 is projected 8.9 percent higher than Fiscal Year 2017-18 Adopted as it includes higher projections for Motor Vehicle In-Lieu, and reimbursements for Central Expressway Maintenance and REACT which is more in-line with actual payments received for the current fiscal year. The remaining Forecast years are at essentially the same level.

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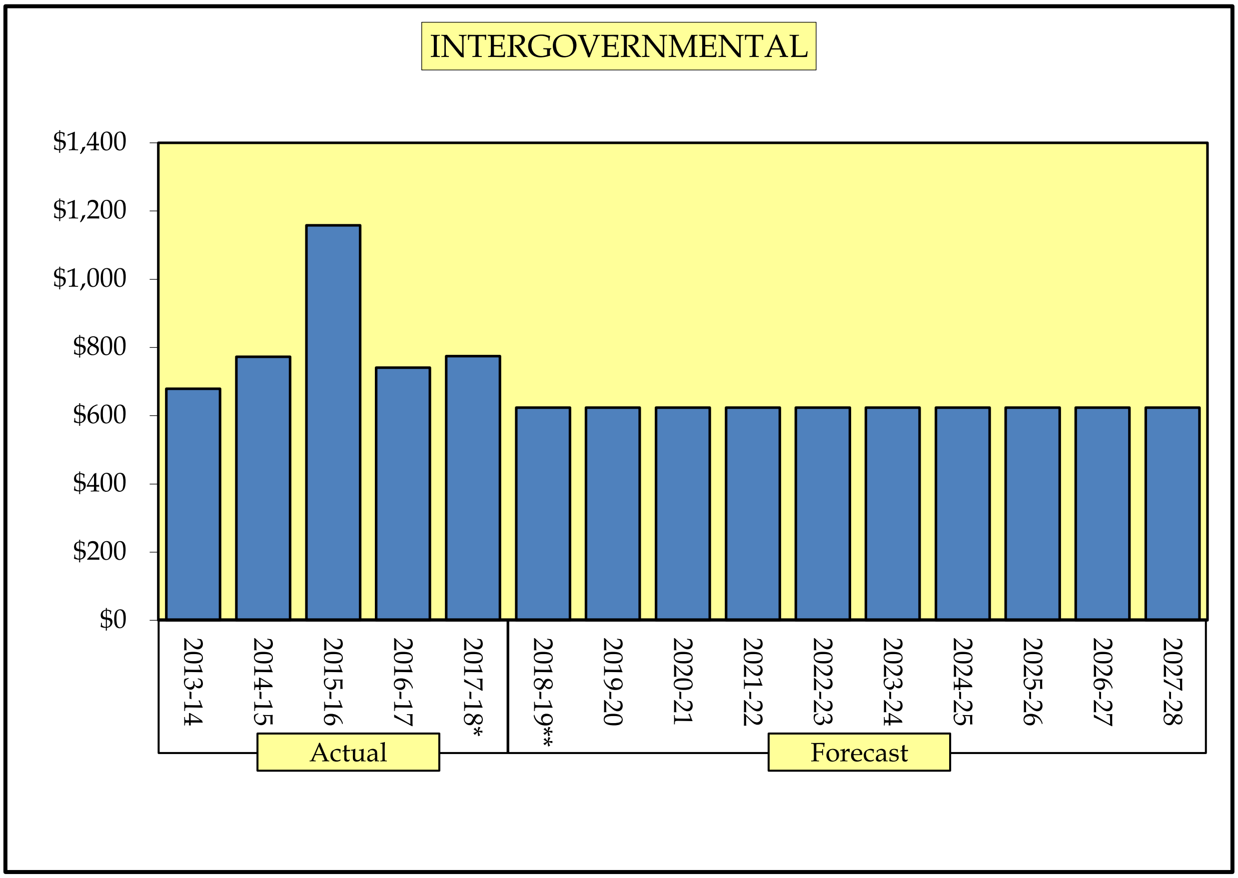

Fiscal Year		Intergovernmental	% Change
2013-14		679	2.1%
2014-15		773	13.8%
2015-16		1,158	49.8%
2016-17		741	(36.0%)
2017-18	*	775	4.6%
2018-19	**	624	(19.5%)
2019-20		624	0.0%
2020-21		624	0.0%
2021-22		624	0.0%
2022-23		624	0.0%
2023-24		624	0.0%
2024-25		624	0.0%
2025-26		624	0.0%
2026-27		624	0.0%
2027-28		624	0.0%

* Estimated
** Recommended
(dollars in thousands)

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CHARGES FOR SERVICES

Charges for Services revenue is comprised of revenue from fees for services provided by various City departments, primarily related to recreation and development activities.

SOURCES

- City Recreation programs.
- City Sports Facility Use.
- Reimbursement of administrative costs related to private development activity.
- Center for the Performing Arts facility use and ticket services.

ECONOMIC FACTORS

- State of the economy.
- Level of participation in City Recreation programs.
- Level of attendance at Center for the Performing Arts programs.
- Level of development activity.

HISTORY

In order to ensure appropriate pricing for services, during Fiscal Year 2009-10, staff initiated a Police services cost-of-service study, and Council approved a Recreation Cost Recovery Policy (Policy). As a result of these actions, increased recovery levels for services provided by other departments, and new or increased service fees were adopted. Subsequent to approval of the Policy, staff completed an analysis of participation levels, revenues, and changes in programming related to Recreation services. There was an indication that participation levels decreased in some programs, and the utilization of the fee waiver program increased (likely as a result of the struggling economy at that time). Therefore, the number of programs and classes was reduced as attendance did not achieve the minimum requirement authorized in the Policy, and new revenue sources, such as sponsorships, were approved.

As noted earlier, effective with the Fiscal Year 2014-15 Adopted Budget, Development Services was separated from the GOF in order to facilitate better tracking and accounting and allow for an effective way to match revenues and expenditures. The separation caused the significant decline in actual revenue from Fiscal Year 2013-14 to Fiscal Year 2014-15. The remaining development-related revenue is for Heritage tree

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applications and reimbursement to the GOF for administrative support provided to development projects.

Staff continually reviews programming and pricing, adjusts as appropriate, and Recreation-related Service Charge revenue has continued to improve. Effective with the Fiscal Year 2015-16 Adopted Budget, some Charges for Services revenue was determined to be rental income and was moved to the appropriate revenue category.

On December 13, 2016, Council approved revision of the Recreation Financial Assistance Program (FAP) to a two-tier system which was implemented in September 2017. In addition, the City Council authorized staff to make future amendments to the FAP as part of the City's annual budget process and update the relevant information in the Master Fee Schedule.

Total Service Charge revenue for Fiscal Year 2017-18 is estimated lower than Fiscal Year 2016-17 Audited, primarily due to lower registration fee revenue from Recreation camps and youth classes and the elimination of the Rental Housing Dispute Resolution Program fee.

FORECAST

Total Service Charge revenue for Fiscal Years 2018-19 and 2019-20 is projected to be slightly higher than Fiscal Year 2017-18 estimated. The subsequent two fiscal years reflect the impact of the projected economic downturn, followed by recovery, and slight increases for the remaining Forecast period.

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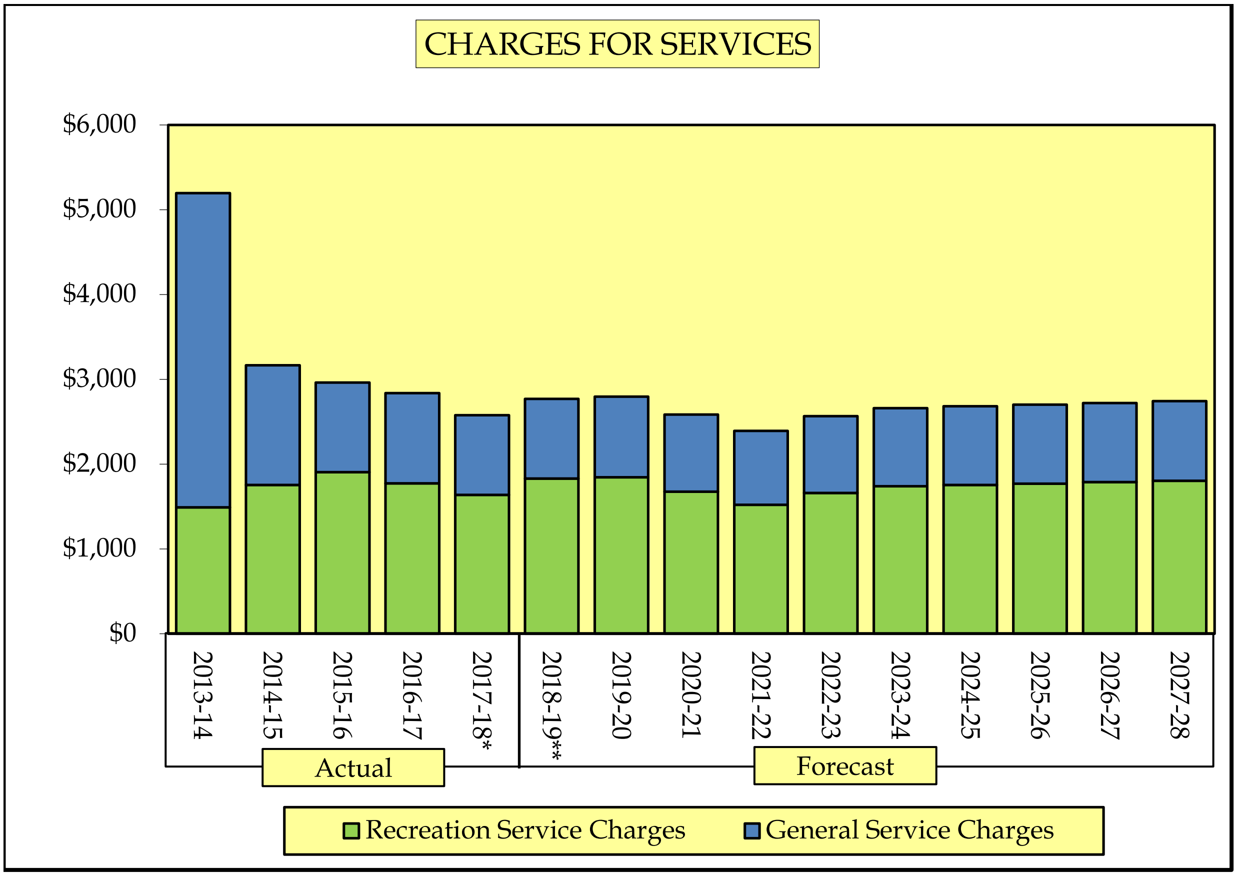

Fiscal Year		Recreation Service Charges	General Service Charges	Total Charges for Services	% Change
2013-14		1,491	3,705	5,196	17.1%
2014-15		1,756	1,410	3,166	(39.1%)
2015-16		1,906	1,056	2,962	(6.4%)
2016-17		1,776	1,064	2,840	(4.1%)
2017-18	*	1,637	941	2,578	(9.2%)
2018-19	**	1,830	942	2,772	7.5%
2019-20		1,847	949	2,796	0.9%
2020-21		1,677	907	2,584	(7.6%)
2021-22		1,523	870	2,393	(7.4%)
2022-23		1,662	904	2,566	7.2%
2023-24		1,739	922	2,661	3.7%
2024-25		1,755	927	2,682	0.8%
2025-26		1,772	930	2,702	0.7%
2026-27		1,789	934	2,723	0.8%
2027-28		1,805	939	2,744	0.8%

* Estimated
** Recommended
(dollars in thousands)

Fiscal Year 2015-16 includes full impact of development related revenue moved from GOF to Development Services Fund.

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MISCELLANEOUS REVENUES

Miscellaneous Revenues is comprised of a variety of reimbursed services and nonspecific revenues.

SOURCES

- Donations and Grants.
- Reimbursements for services provided by the City.
- Miscellaneous.

ECONOMIC FACTORS

- State of the economy.
- Grant availability, City applications, and grants awarded to the City.
- Services provided to businesses, school districts, and other agencies.

HISTORY

The City receives numerous donations and grants for a variety of City programs and services, many of which are not budgeted. Appropriations are increased when a grant or donation is approved or the funds are received by the City.

Some reimbursement for services provided in Fiscal Year 2017-18 and prior fiscal years are budgeted as they are ongoing in nature. Other reimbursements are one-time in nature and are not budgeted. The City provides the following categories of services:

- Maintenance services to the school districts for Graham Athletic Field, Whisman Sports Complex, and Mountain View Sports Pavilion.
- Mutual-aid fire support to other cities and the State of California which are later reimbursed by the State and Federal government.
- Public safety dispatch to the Midpeninsula Regional Open Space District (MROSD).
- Contractual first responder for Rural Metro.

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- Staffing and other support for some Shoreline Amphitheatre events and other special events.

Total annual Miscellaneous Revenues vary, but over the past 10 years has averaged approximately $2.3 million annually.

FORECAST

Fiscal Year 2018-19 Miscellaneous Revenues is projected to be higher than the Fiscal Year 2017-18 Adopted Budget and, as discussed earlier, lower than the Fiscal Year 2017-18 estimated as a result of grants, donations, and reimbursements not budgeted. Fiscal Year 2019-20 is projected with a decline as the City's agreement with Santa Clara County to provide first responder support to Rural Metro expires June, 30 2019. The remaining Forecast years increase less than 1.0 percent annually.

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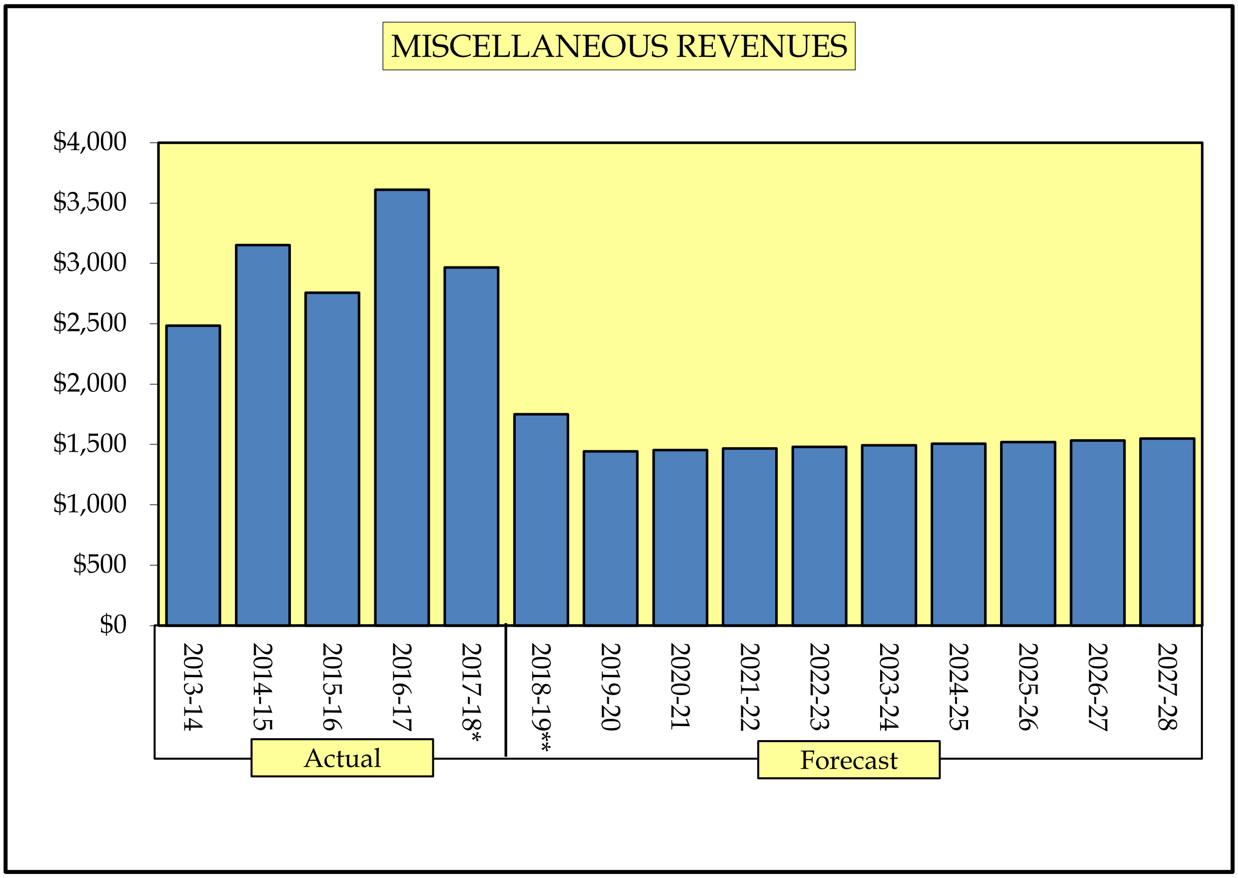

Fiscal Year		Miscellaneous Revenues	% Change
2013-14		2,483	1.0%
2014-15		3,152	26.9%
2015-16		2,757	(12.5%)
2016-17		3,611	31.0%
2017-18	*	2,966	(17.9%)
2018-19	**	1,749	(41.0%)
2019-20		1,443	(17.5%)
2020-21		1,454	0.8%
2021-22		1,466	0.8%
2022-23		1,479	0.9%
2023-24		1,492	0.9%
2024-25		1,506	0.9%
2025-26		1,520	0.9%
2026-27		1,534	0.9%
2027-28		1,550	1.0%

* Estimated
** Recommended
(dollars in thousands)

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INTERFUND REVENUES AND TRANSFERS

Interfund Revenues result from internal charges for staff time, building space, and maintenance services provided to other funds and capital projects by the GOF. The cost of this internal support provided to other funds is calculated in the City's Full Cost Allocation Plan (Plan). Interfund Transfers include transfers from a variety of other funds.

SOURCES

- Interfund Revenues are reimbursements to the GOF for internal support services provided to other funds and capital improvement projects.

- Interfund Transfers are transfers from other City funds.

ECONOMIC FACTORS

- Level and cost of services provided by GOF staff to other funds and capital improvement projects.

HISTORY

Interfund Revenues: In the early 1990s, with the assistance of a cost plan consultant, the City began preparing and utilizing a full cost plan allocation for reimbursement to the GOF. The Plan has been updated approximately every two to three years, most recently during Fiscal Year 2014-15 and the results incorporated for Fiscal Year 2015-16. Fiscal Year 2017-18 estimated is higher than budget as the Community Stabilization and Fair Rent Act (CSFRA) budget adopted in October 2017 included reimbursement of administrative overhead to the GOF which was not included in the GOF Adopted Budget.

Interfund Transfers: These vary from year to year and are both, ongoing and one-time/ limited-period in nature. Fiscal Year 2017-18 estimated includes the annual transfers from the Gas Tax and Parking District funds, and transfers from the GF Reserve approved by City Council during the current fiscal year.

In April 2011, the City executed a long-term (52 years) ground lease with Google Inc. for the other portion of the Charleston East site which became effective in June 2011. Google remitted $30.0 million in prepaid rent to the City which is invested and generates annual investment earnings. The $30.0 million of prepaid rent was received from Google for the Charleston East site when the portfolio yield was above 2.5 percent

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and the average annual rate was projected at 3.5 percent for the 52 years. However, due to the recession, the FOMC reduced interest rates (and only began raising the benchmark rate beginning December 2015) and the actual investment yields have been significantly lower than the 3.5 percent originally projected. This low interest rate environment has lasted longer than anticipated; therefore, in order to preserve the principal amount of the prepaid rent, beginning in Fiscal Year 2014-15, Council agreed to defer transfers until interest rates regain prior levels and revenues can be reevaluated.

FORECAST

Interfund Revenues: Fiscal Years 2018-19 and 2019-20 Interfund Revenues include reimbursement from various funds which receive support from the GOF. Revenue is held level during the period of anticipated economic decline and the remaining Forecast period includes annual increases of less than 1.0 percent.

Interfund Transfers: For Fiscal Year 2018-19, Interfund Transfers include $1.3 million of reimbursement from the Gas Tax Fund, $125,000 of operating income from Shoreline Golf Links, and $108,000 of reimbursement from the Parking District. As discussed previously, the transfer from the Lease Reserve continues to be deferred. The remaining Forecast period includes level or slightly increasing transfers from the same funds.

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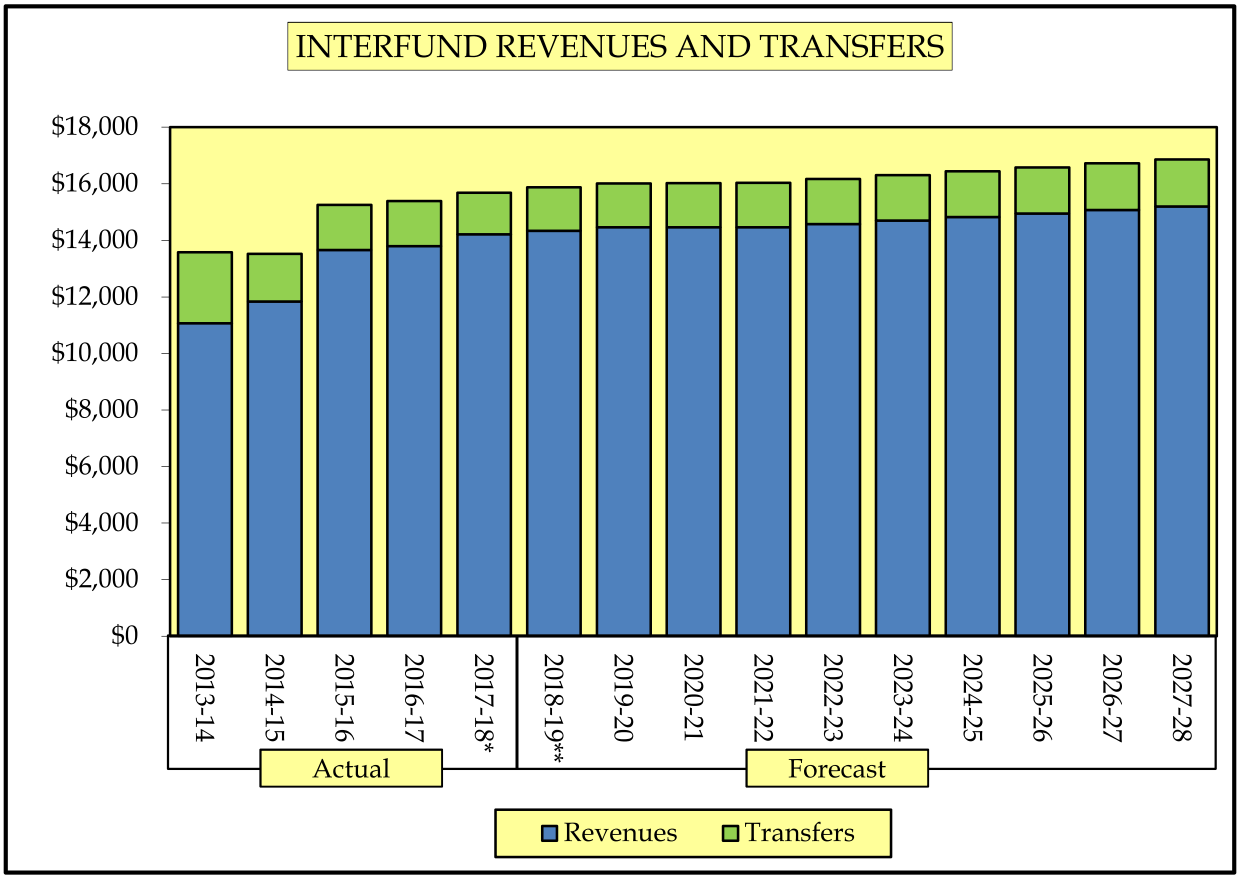

Fiscal Year		Interfund Revenues	Interfund Transfers	Total Interfund Rev & Trans	% Change
2013-14		11,065	2,510	13,575	(1.5%)
2014-15		11,836	1,689	13,525	(0.4%)
2015-16		13,654	1,596	15,250	12.8%
2016-17		13,795	1,595	15,390	0.9%
2017-18	*	14,218	1,462	15,680	1.9%
2018-19	**	14,337	1,540	15,877	1.3%
2019-20		14,456	1,554	16,010	0.8%
2020-21		14,456	1,567	16,023	0.1%
2021-22		14,456	1,580	16,036	0.1%
2022-23		14,577	1,594	16,171	0.8%
2023-24		14,700	1,607	16,307	0.8%
2024-25		14,823	1,621	16,444	0.8%
2025-26		14,948	1,635	16,583	0.8%
2026-27		15,074	1,649	16,723	0.8%
2027-28		15,201	1,663	16,864	0.8%

* Estimated
** Recommended
(dollars in thousands)

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LOAN REPAYMENTS

This revenue source reflects the annual repayment of loan obligations from other funds.

SOURCES

- Shoreline Regional Park Community.

ECONOMIC FACTORS

- Financial condition of the paying funds.

HISTORY

The General Fund made a series of loans to the Shoreline Regional Park Community (Shoreline Community) beginning in Fiscal Year 1985-86, which eventually totaled $17.8 million. The loans were consolidated during Fiscal Year 1988-89. As this revenue stream was long-term in nature, it had been included as operating revenues. However, as there were only two years of payments remaining, effective with the Fiscal Year 2014-15 Adopted Budget, Council adopted staff's proposal to account for the final two payments in the General Non-Operating Fund. The final loan repayment was made in Fiscal Year 2015-16.

FORECAST

There are no longer any loan repayments included in the GOF.

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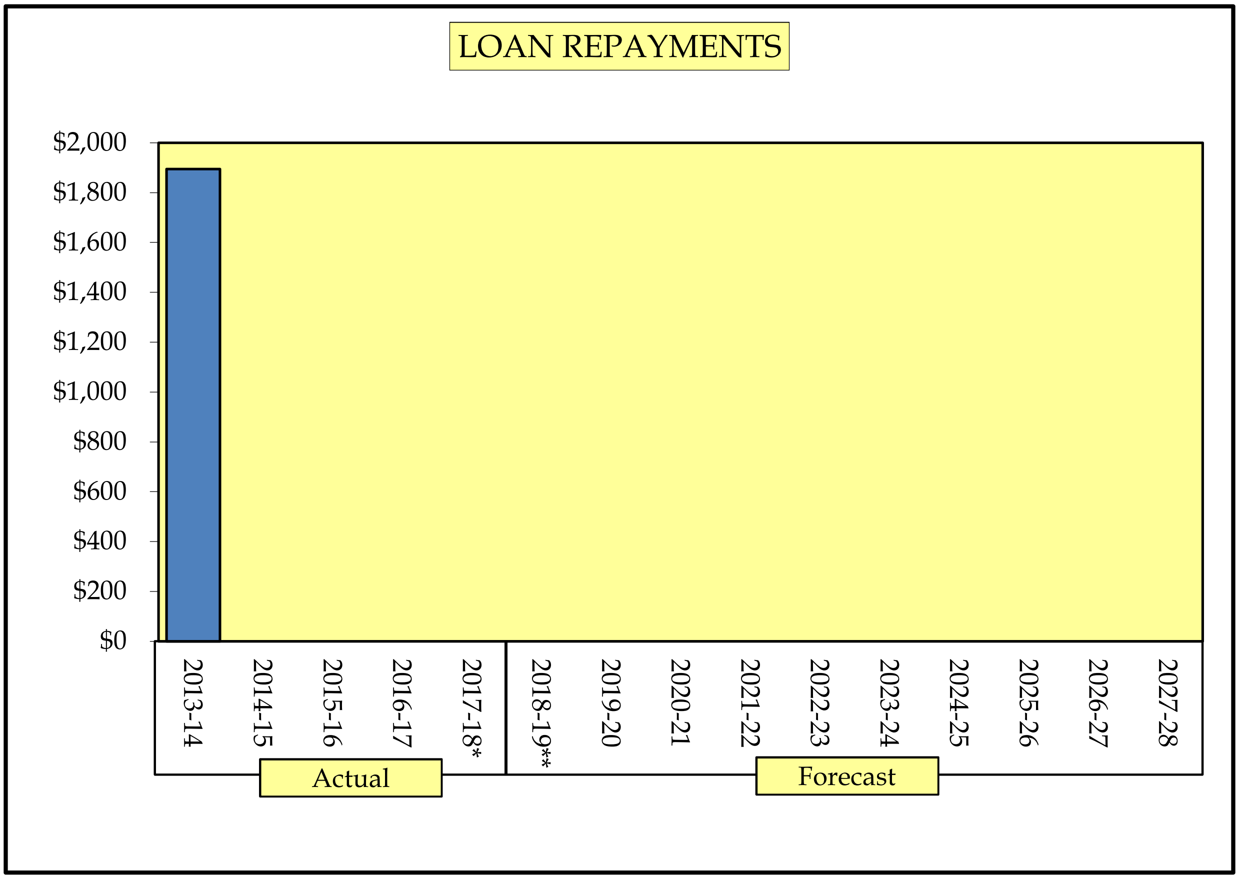

Fiscal Year		Loan Repayments	% Change
2013-14		1,894	0.0%
2014-15		0	(100.0%)
2015-16		0	0.0%
2016-17		0	0.0%
2017-18	*	0	0.0%
2018-19	**	0	0.0%
2019-20		0	0.0%
2020-21		0	0.0%
2021-22		0	0.0%
2022-23		0	0.0%
2023-24		0	0.0%
2024-25		0	0.0%
2025-26		0	0.0%
2026-27		0	0.0%
2027-28		0	0.0%

* Estimated
** Recommended
(dollars in thousands)

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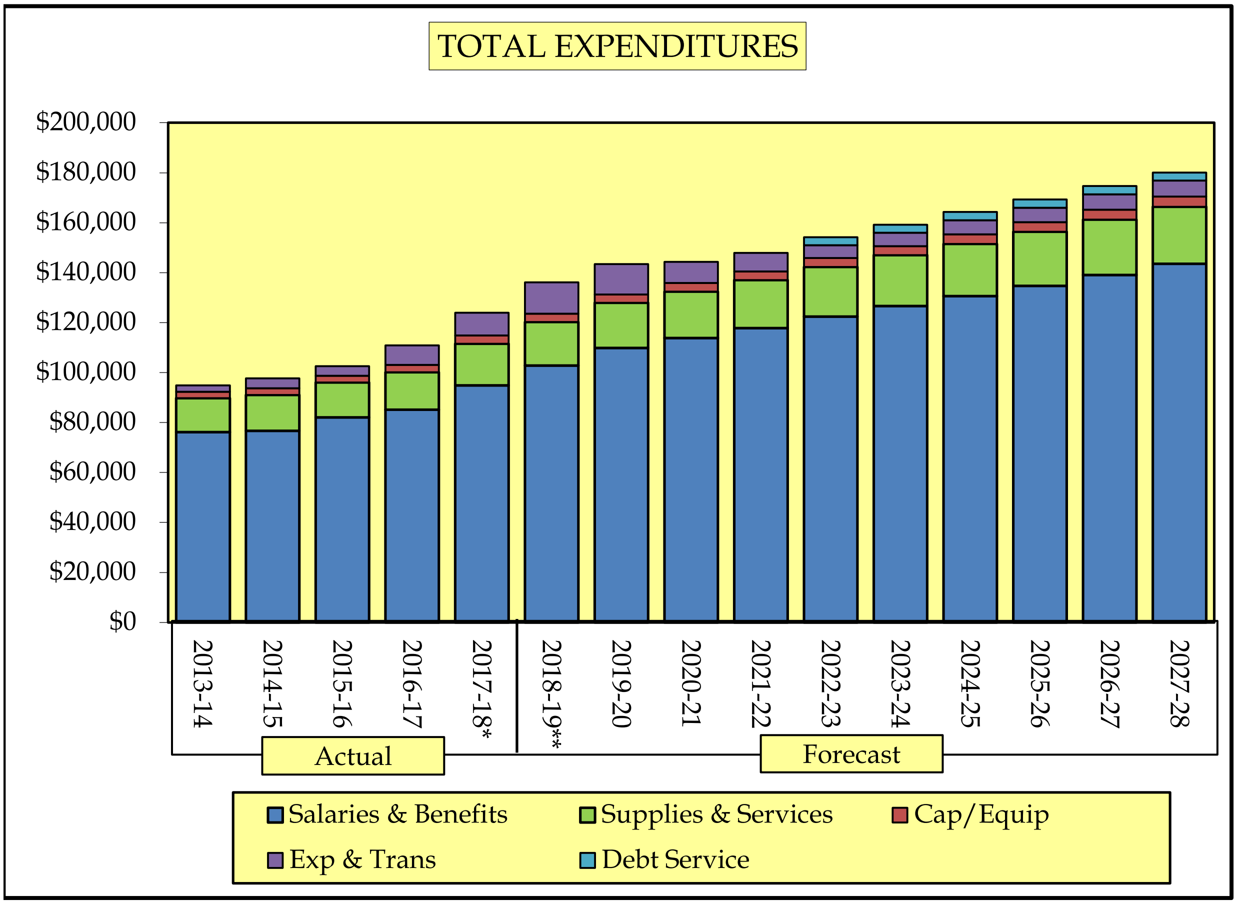

Fiscal Year		Total Expenditures	% Change
2013-14		94,933	2.0%
2014-15		97,677	2.9%
2015-16		102,590	5.0%
2016-17		110,936	8.1%
2017-18	*	123,976	11.8%
2018-19	**	136,078	9.8%
2019-20		143,415	5.4%
2020-21		144,355	0.7%
2021-22		147,973	2.5%
2022-23		154,258	4.2%
2023-24		159,243	3.2%
2024-25		164,281	3.2%
2025-26		169,318	3.1%
2026-27		174,717	3.2%
2027-28		180,127	3.1%

* Estimated
** Recommended
(dollars in thousands)

The Fiscal Year 2018-19 recommended expenditures and all forecast years do not include the projected operating budget savings.

SALARIES AND BENEFITS

The Salaries and Benefits category makes up the largest component of GOF expenditures and represents all personnel-related costs.

CATEGORIES

- Salaries.
- Wages.
- Overtime.
- Other Pays (e.g., holiday-in-lieu, out-of-class, etc.).
- Health Benefits.
- Retirees' Health.
- California Public Employees Retirement System (CalPERS).
- Workers' Compensation.
- Unemployment Insurance.
- Other Benefits (e.g., life insurance, long-term disability, FICA, etc.).

HISTORY

The City is essentially a service organization, based on the efforts of our employees. The City is obligated by law to meet and confer with bargaining units and also meets with other employees on matters of employee compensation. There are four recognized bargaining groups in the City: the Police Officers Association (POA sworn and nonsworn), the Mountain View Professional Firefighters Union (MVFF Local 1965), the Service Employees International Union (SEIU Local 715), and the EAGLES (Management, Professional, and certain Front-Line positions). The remaining employees include certain unrepresented Management, Professional, Confidential, and Front-Line positions. The outcome of negotiations with each group is a major factor in salary and benefit costs.

Since Fiscal Year 2000-01, there have been two downturns in the economy resulting in a net reduction of approximately 70.0 positions and other employee compensation cost containment. From Fiscal Year 2009-10 to Fiscal Year 2013-14, a salary freeze was in effect for two to four years, depending on the employee group. During Fiscal Year

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2011-12, the City negotiated three-year contracts with all employee groups that expired June 30, 2015, then two-year contracts were negotiated with all employee groups that expired June 30, 2017 and most recently three-year contracts were negotiated with all employee groups that will expire June 30, 2020. Additional cost-containment measures that became effective for Fiscal Year 2012-13 for all or some of the employee groups included maximum vacation accruals, modified sick-leave incentive program, HMO medical plan copay, option of new high-deductible health plans, improved alignment of dental and vision plans between groups, and Retirees' Health Trust contributions.

Pension costs have increased dramatically since 2000, when pension costs were $2.9 million (4.7 percent of GOF expenditures), compared to $16.6 million (13.9 percent of GOF expenditures) adopted for Fiscal Year 2017-18. Pension costs continue to grow and in many cities the employer pays some or all of the employee contribution. Mountain View employees not only pay the full employee contribution, but they also pay a portion of the employer contribution. This was an unusual and progressive arrangement when instituted in Mountain View and reflects the collaborative approach of our employees. For Fiscal Year 2017-18, cost shares range from 10.5 percent to 17.366 percent, depending on the employee group.

In 2012, structural changes were adopted Statewide with the Public Employees' Pension Reform Act (PEPRA). For new employees hired on January 1, 2013 and thereafter, reduced benefit formulas and increased retirement ages became effective. However, the changes resulting from pension reform will likely not be realized for 15 years or more, until there are a majority of employees under the new formula.

As a result of the significant financial losses to CalPERS during the recession and the resulting impacts to the financial sustainability of the pension plans, many changes in the way CalPERS rates are calculated have been adopted in the past several years, as detailed below:

- In March 2012, the CalPERS Board approved the reduction of 0.25 percent in the discount rate used to calculate the pension liability and corresponding employer contribution rates. The impact was a 0.92 percent and 1.4 percent employer rate increase for miscellaneous employees and a 2.56 percent and 1.6 percent employer rate increase for safety employees for Fiscal Years 2013-14 and 2014-15, respectively. For Mountain View, this resulted in an increase to pension costs of $1.3 million (net of additional cost share) phased in over two years.

- On April 17, 2013, the CalPERS Board adopted recommendations of the Chief Actuary that changed the methodology for the amortization and smoothing of rates. Overall, the methods are expected to result in higher volatility in employer

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rates in normal years, but less volatility in employer rates in years where extreme events occur (e.g., significant investment losses). The method will result in increased higher employer rates over time, but are also expected to result in improved funding levels. This change is reflected in the employer rates beginning in Fiscal Year 2015-16.

- On February 18, 2014, the CalPERS Board adopted changes as a result of the demographic study. The study resulted in increased rates as life expectancy continues to rise. Generational mortality tables are also being incorporated in the actuarial assumptions. The demographic changes are anticipated to raise rates by 4.5 percent and 7.05 percent over five years, for miscellaneous and public safety, respectively. This impact is reflected in the employer rates beginning in Fiscal Year 2016-17.

- On November 18, 2015, the CalPERS Board adopted an approach to mitigate future rate volatility. The Funding Risk Mitigation Policy includes attributes of the flexible glide path methodology, a lowering of the discount rate, and expected investment volatility following a great investment return with reviews to allow the ongoing monitoring and assessing of the progress toward reducing risk and investment volatility in the funding of the pension system.

- On December 21, 2016, the CalPERS Board approved lowering the discount rate from 7.5 percent to 7.0 percent. The reduction is to be phased in over three years beginning in Fiscal Year 2018-19 for local governments with the full impact reached in Year 7 (Fiscal Year 2024-25) due to the five-year ramp-up and ramp-down methodology previously adopted. CalPERS initially indicated the reduction would result in employer normal costs rate increases between 1.0 percent and 3.0 percent of payroll for most miscellaneous plans and increases of 2.0 percent to 5.0 percent for most safety plans. In addition, CalPERS estimated increases of 30.0 percent to 40.0 percent in unfunded accrued liability (UAL) annual payments. Rates provided in the June 30, 2016 actuarial valuation shows the impact to the rates are not as drastic as CalPERS originally indicated: 1.9 percent and 3.1 percent for Miscellaneous and Safety normal cost, respectively, and 11.5 percent and 14.2 percent for Miscellaneous and Safety UAL, respectively.

- On February 14, 2018, the CalPERS Board adopted changes to the Amortization Policy to shorten the amortization period from 30 years to 20 years for new gains and losses and remove the ramp-up and ramp-down effects attributable to assumption, noninvestment, and investment gains and losses. The policy changes are effective June 30, 2019.

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These actions have been adopted to maintain the financial sustainability of the pension fund; however, these actions result in higher rates for the City. The City Council has approved additional contributions (including the CalPERS Discount Rate Change Funding Strategy proposed by staff to pay down the unfunded CalPERS liability) from the General Fund totaling $17.5 million from a combination of carryover funds and budgets since Fiscal Year 2014-15 through Fiscal Year 2017-18. The GOF represents approximately 80.0 percent of the total CalPERS contribution; therefore, additional contributions from the Other Funds, proportional to the GOF contribution, were also included in Fiscal Years 2015-16 through 2017-18.

FORECAST

The discussion below includes information regarding COLAs and medical rates and comparisons of projected costs.

As mentioned previously, the City negotiated three-year contracts (with a reopener on salary for the third year) with all employee groups which will expire June 30, 2020. The Forecast includes COLAs and other benefits as negotiated for the second and third years of the contracts, Fiscal Years 2018-19 and 2019-20. Each of the remaining Forecast years includes a modest COLA and all Forecast years include step and merit increases.

Fiscal Year 2018-19 medical insurance rates are projected to increase 5.0 percent to 10.0 percent (depending on the health plan), for the second half of the fiscal year and dental rates are projected to increase 2.0 percent. The remaining Forecast years assume medical rates will increase 5.0 percent to 10.0 percent annually (depending on the health plan) and dental rates will continue to increase by 2.0 percent annually.

For Fiscal Year 2018-19, retirement benefit costs, overall, are projected to increase 16.3 percent compared to the Fiscal Year 2017-18 Adopted Budget. In Fiscal Years 2019-20 retirement costs are projected to increase another 16.3 percent and gradually decline to a 3.8 percent increase in each of the last four years of the Forecast period. Costs are impacted by salary increases (COLAs, steps, and merits) and CalPERS rates which include the impact of the discount rate change. Annual increases range from $3.1 million to $1.2 million by the end of the Forecast period. The Forecast continues to include available funding to pay down the unfunded CalPERS pension obligation with additional contributions of $2.0 million from the Fiscal Year 2017-18 carryover, $2.0 million in Fiscal Year 2018-19, $2.0 million in Fiscal Year 2019-20, and $1.0 million in Fiscal Year 2020-21 to reduce this unfunded liability. Contributions from other funds for their share of this liability are also included, proportionate to the GF contributions. The chart in the Revenue and Expenditure Overview Section of the Forecast provides detailed amounts for each fiscal year.

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Beginning with the June 30, 2015 CalPERS valuation report (rates for Fiscal Year 2017-18), CalPERS provides a rate for the normal cost component and a flat dollar payment for the UAL. Staff then converts the flat dollar UAL payment into a rate based on estimated payroll provided in the CalPERS actuarial in order to distribute the cost to all funds through payroll. Below are the projected employer rates provided in the June 30, 2016 CalPERS actuarial valuations (the valuation for Fiscal Year 2018-19 rates and estimates through Fiscal Year 2024-25), and staff projections for Fiscal Years 2025-26 through 2027-28.

	FY 2018-19	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**	**FY 2027-28**
Miscellaneous	30.741	33.960	36.735	38.936	40.688	41.617	42.234	42.865	43.509	44.166
Safety[1]	44.879	49.371	53.508	56.663	59.272	60.668	61.598	62.549	63.523	64.521

[1] The CalPERS Safety rate is a blended rate that reflects the impact of the Fire cost share contributed as member contributions.

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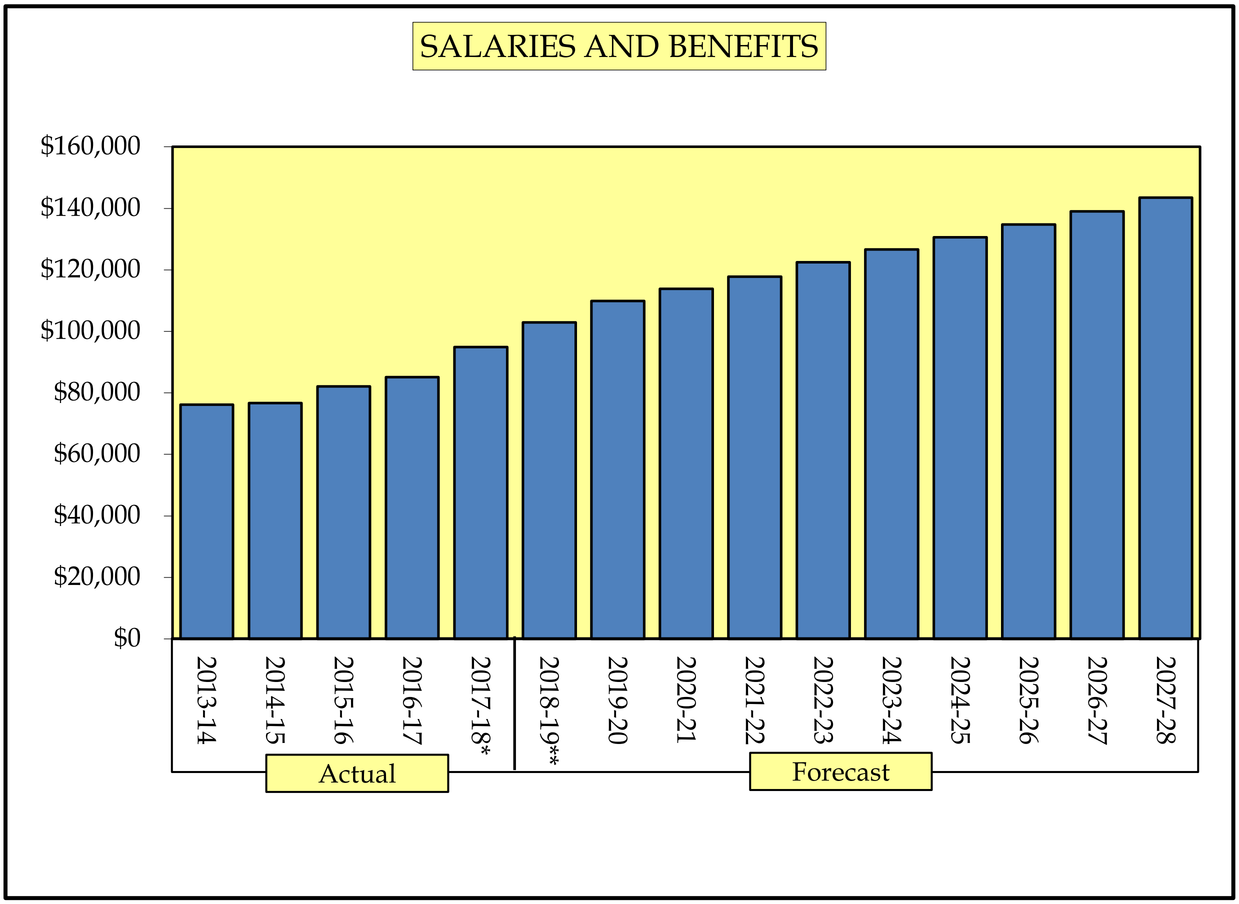

Fiscal Year		Salaries and Benefits	% Change
2013-14		76,198	2.2%
2014-15		76,707	0.7%
2015-16		82,073	7.0%
2016-17		85,156	3.8%
2017-18	*	94,945	11.5%
2018-19	**	102,870	8.3%
2019-20		109,852	6.8%
2020-21		113,819	3.6%
2021-22		117,781	3.5%
2022-23		122,484	4.0%
2023-24		126,630	3.4%
2024-25		130,639	3.2%
2025-26		134,780	3.2%
2026-27		139,069	3.2%
2027-28		143,522	3.2%

* Estimated
** Recommended
(dollars in thousands)

Fiscal Years 2015-16, 2016-17, 2018-19, and 2019-20 include an additional $2.0M CalPERS contribution, Fiscal Year 2017-18 includes an additional $4.0M CalPERS contribution, and Fiscal Year 2020-21 includes an additional $1.0M CalPERS contribution.

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SUPPLIES AND SERVICES

The Supplies and Services category makes up the second largest component of GOF expenditures and represents costs of operations.

CATEGORIES

- Materials and Supplies.
- Maintenance and Operations.
- Utilities.
- Professional/Technical Services.
- Training, Conference, and Travel.
- Miscellaneous Expenditures.

HISTORY

The budget for Supplies and Services has fluctuated depending on economic conditions impacting the GOF, and staff has worked diligently to contain costs, particularly during recessionary times.

FORECAST

Fiscal Year 2018-19 (including recommended discretionary and nondiscretionary increases) is increasing $282,000 (1.6 percent) compared to the Fiscal Year 2017-18 Adopted. The increase is related to Recreation contract classes (offset by revenue), gas and electricity, janitorial and HVAC services, software maintenance, fire protective equipment and training, labor relations, employee engagement and environmental sustainability, offset by reductions in the Rental Housing Program and Parks trash and recycling services. The remainder of the Forecast period includes average annual changes of 3.0 percent.

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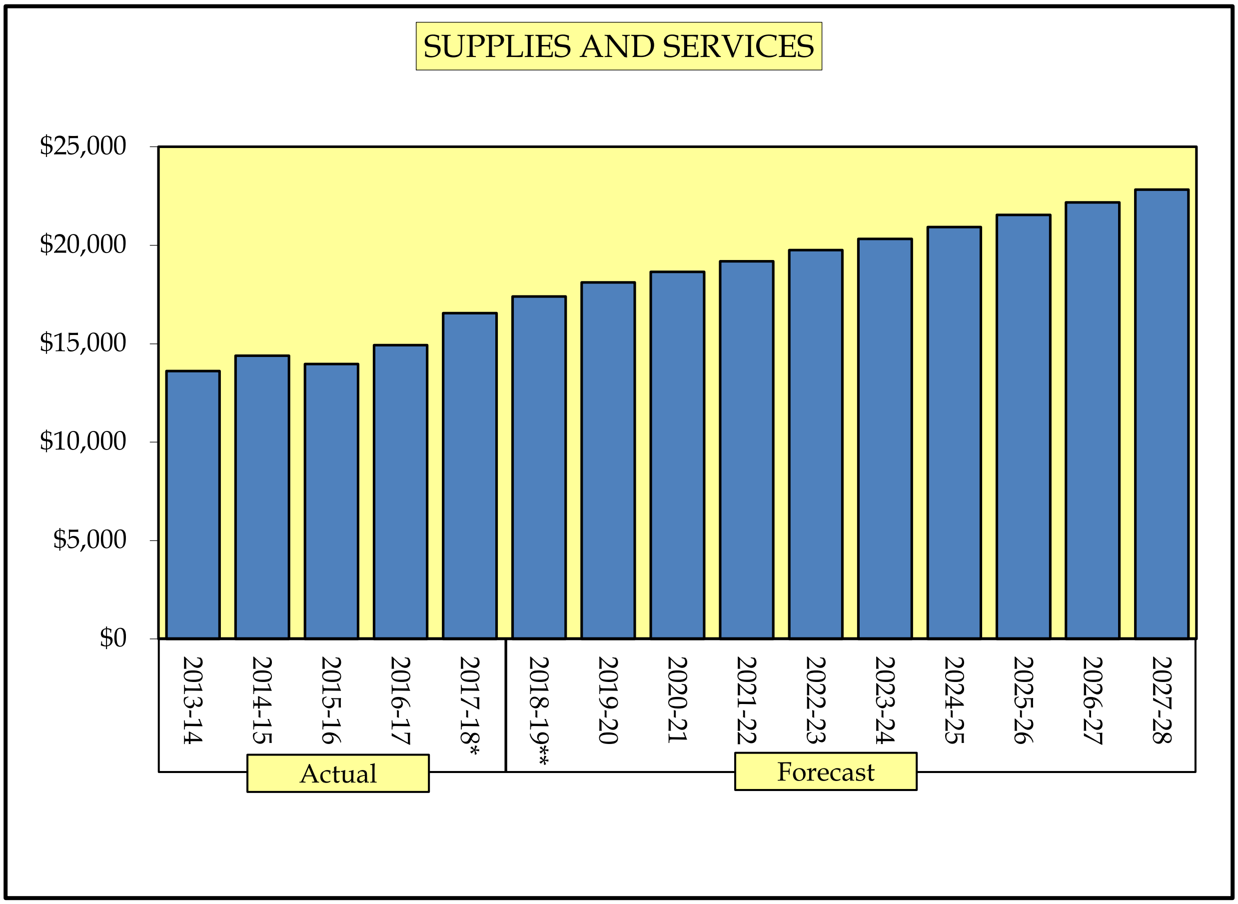

Fiscal Year		Supplies and Services	% Change
2013-14		13,608	1.4%
2014-15		14,386	5.7%
2015-16		13,969	(2.9%)
2016-17		14,926	6.9%
2017-18	*	16,555	10.9%
2018-19	**	17,392	5.1%
2019-20		18,114	4.2%
2020-21		18,644	2.9%
2021-22		19,190	2.9%
2022-23		19,752	2.9%
2023-24		20,332	2.9%
2024-25		20,928	2.9%
2025-26		21,543	2.9%
2026-27		22,176	2.9%
2027-28		22,828	2.9%

* Estimated
** Recommended
(dollars in thousands)

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CAPITAL OUTLAY AND EQUIPMENT REPLACEMENT

The Capital Outlay and Equipment Replacement category represents the new and replacement equipment needs of the City. Although Capital Outlay is one-time in nature, the City includes this category in the Operating Budget to reflect capital needs on an annual basis. In addition, annual contributions to the Equipment Replacement Fund are made by other funds as appropriate, based on the equipment used by each of those operations. Equipment replacement expenses are accounted for in the Equipment Replacement Reserve Fund.

CATEGORIES

- Capital Outlay.
- Equipment Replacement.

HISTORY

Capital Outlay: Since Fiscal Year 1993-94, annual expenditures have grown as a result of an increased level of technology and related equipment, an increase in the number and quality of safety vehicles, and the addition of hybrid vehicles to the fleet. This category is also influenced by the economic condition impacting the GOF and has experienced fluctuations over the past 10 fiscal years. For the past decade, annual budgeted expenditures for Capital Outlay have ranged between $200,000 and $405,000. For Fiscal Year 2017-18, Capital Outlay was funded at $500,000.

Equipment Replacement: The Equipment Replacement Reserve was funded with year-end General Fund carryover in Fiscal Years 1992-93 and 1993-94. Subsequently, appropriations were gradually increased until the GOF was fully funding its share in Fiscal Year 2001-02. Then, after several years of reduced contributions, a review of cost methodologies, useful life assumptions, and annual contributions was completed in Fiscal Year 2005-06 and staff concluded annual funding would need to be restored in order to financially sustain the replacement schedule. This was accomplished through a combination of increasing operating budget contributions supplemented by General Fund carryover. Beginning in Fiscal Year 2009-10, the full share of funding is budgeted in the GOF. The Fiscal Year 2017-18 contribution to Equipment Replacement was adopted at $2.7 million.

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FORECAST

Capital Outlay: For Fiscal Year 2018-19, recommended capital outlay items total $507,900, and annual funding of $500,000 is included as the base level of funding for the remaining Forecast period.

Equipment Replacement: The GOF contribution for Fiscal Year 2018-19 is increasing 1.5 percent to $2.8 million and the remaining Forecast period includes annual increases of 3.0 percent, continuing full funding of the GOF's share of equipment replacement.

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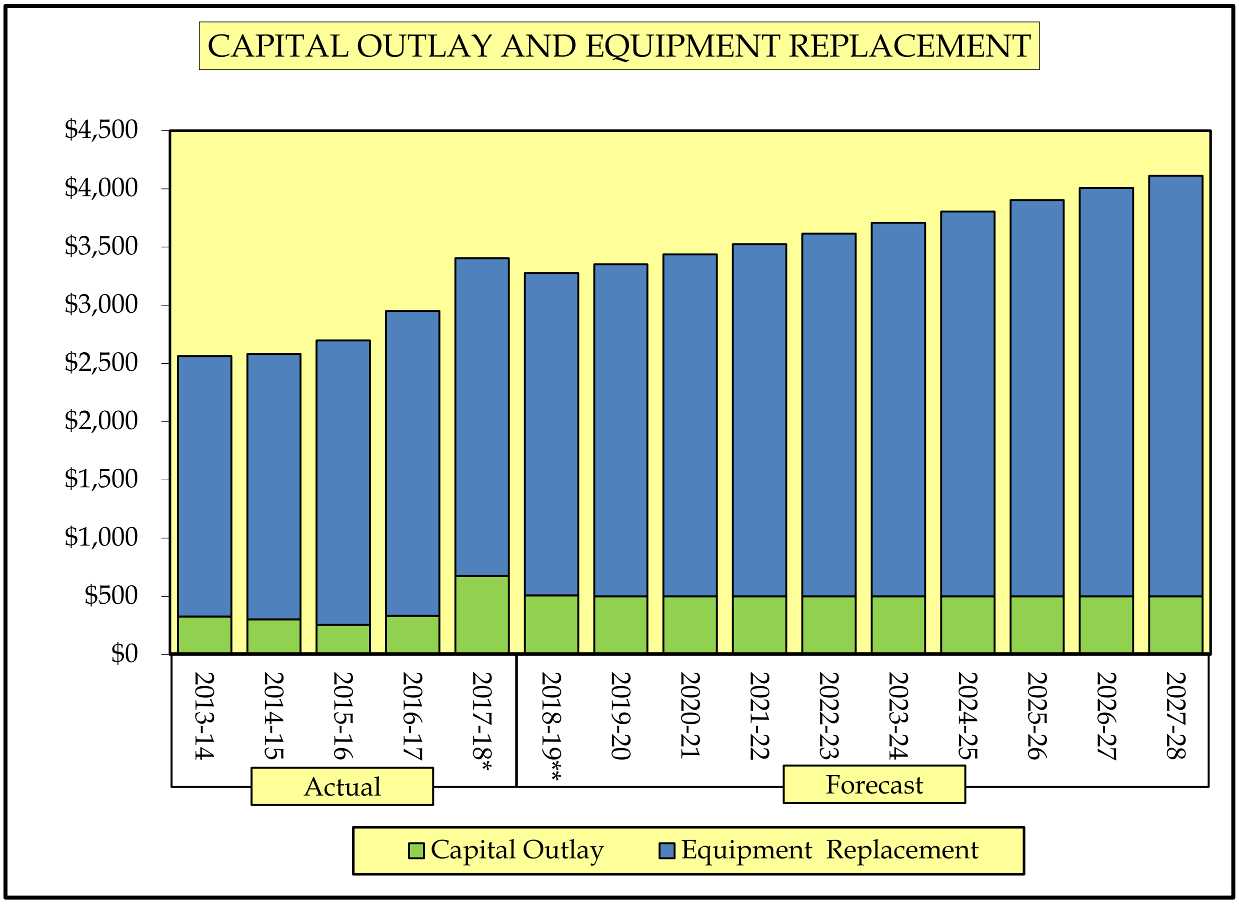

Fiscal Year		Capital Outlay	Equipment Replacement	Total Capital Outlay & Equip. Replcmnt.	% Change
2013-14		327	2,235	2,562	10.7%
2014-15		303	2,279	2,582	0.8%
2015-16		254	2,442	2,696	4.4%
2016-17		331	2,619	2,950	9.4%
2017-18	*	674	2,728	3,402	15.3%
2018-19	**	508	2,768	3,276	(3.7%)
2019-20		500	2,851	3,351	2.3%
2020-21		500	2,936	3,436	2.5%
2021-22		500	3,024	3,524	2.6%
2022-23		500	3,115	3,615	2.6%
2023-24		500	3,208	3,708	2.6%
2024-25		500	3,305	3,805	2.6%
2025-26		500	3,404	3,904	2.6%
2026-27		500	3,506	4,006	2.6%
2027-28		500	3,611	4,111	2.6%

* Estimated
** Recommended
(dollars in thousands)

INTERFUND EXPENDITURES AND TRANSFERS

This category includes Self-Insurance funding and Interfund Transfers. Self-Insurance represents the GOF's share of insurance costs accounted for in the Internal Service Funds such as General Liability, Retirees' Health, and Vision Care. Special Funds and the Enterprise Funds also contribute to self-insurance. Interfund Transfers includes any transfers from the GOF to another fund (with the exception of the Equipment Replacement Transfer).

CATEGORIES

- General Liability.
- Vision Care.
- Retirees' Health Program.
- Housing.
- Limited-Period Needs.
- Capital Improvements.
- Strategic Property Acquisition.

HISTORY

General Liability: In Fiscal Year 1993-94, the City joined a liability insurance pool (ACCEL) with other select medium-sized cities for the provision of coverage in excess of the $1.0 million self-insured retention (SIR). Beginning in Fiscal Year 2001-02, funding of liability insurance was spread to all funds which receive a benefit from this insurance coverage. Previously, the cost was funded entirely by the GOF.

Vision Care: Vision care claims for employees and retirees with the City's Health Net medical coverage and safety employees and retirees who are covered by the CalPERS health insurance program (PEMHCA), and reimbursement for safety glasses submitted by current employees are paid for by the Employee Benefits Fund. The annual cost of this program is allocated to other funds as appropriate.

Retirees' Health Insurance Program: The medical premiums for eligible retirees are paid by the Retirees' Health Fund. Council began allocating funds to this reserve beginning in Fiscal Year 1992-93, although the City is not required to fund this liability.

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In 2004, the Government Accounting Standards Board (GASB) published Statement No. 45—*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB)—which required the City report the annual cost of this liability in the City's Comprehensive Annual Financial Report (CAFR) beginning in Fiscal Year 2007-08. The Retirees Health program encompasses annual funding of the normal cost (NC), annual self-insurance funding of the unfunded actuarial accrued liability (UAAL) and periodically includes additional funding transfers from the GOF. An actuarial report was completed and beginning in Fiscal Year 2006-07, the calculated NC portion for current employees has been budgeted in all the affected funds. In addition, for Fiscal Year 2006-07, Council approved contributions from other funds for their proportionate share of the UAAL. The combined NC and the amortization of the UAAL represents the annual required contribution (ARC). The City has committed to contributing the ARC on an annual basis. The actuarial valuation is required to be updated every two years and was most recently updated as of July 1, 2017.

In February 2008, Council approved an agreement authorizing the City's participation in the CalPERS-administered CERBT Fund, and in February 2009, the City began depositing funds into the CERBT. The balance in the CERBT is estimated to be $122.8 million by the end of the current fiscal year. All funds except the GOF had previously contributed their full share of the actuarial accrued liability. However, changes such as the option to choose the Defined Contribution plan, has added volatility to calculating the actuarial accrued liability for each fund. Staff will continue to work towards all other funds contributing their full share as valuations are updated. The City Council has approved additional General Fund contributions totaling $10.5 million from Fiscal Years 2014-15 through 2017-18. As part of the agreement for Public Safety to move to the CalPERS Health Care system, Public Safety employees are contributing an ongoing 1.2 percent of salary towards the OPEB liability.

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*, is effective with the fiscal year ending June 30, 2018. The new OPEB standard parallels the pension standard issued with GASB Statement No. 68, *Financial Reporting for Pension Plans*, which essentially requires the City to report the unfunded liability on the face of the City's financial statements and enhances the note disclosures and required supplementary information (RSI) the City's OPEB liability.

Housing: As a result of the dissolution of the former Revitalization Authority (RDA), the GOF now receives its share of the former RDA property taxes. For Fiscal Years 2014-15 and 2015-16, 20.0 percent of the GOF share has been appropriated for low- and moderate-income housing as limited-period funding in the General Non-Operating Fund. As directed by Council, beginning Fiscal Year 2016-17, the budget includes an

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annual transfer of these property taxes, in the amount of $51,000, to the General Housing Fund. In addition, the Fiscal Year 2016-17 Adopted Budget included a transfer from the General Non-Operating Fund to the General Housing Fund for the balance of prior fiscal year funds.

General Non-Operating Fund (GNOF): As directed by the City Council at the Fiscal Year 2016-17 budget public hearing, the Adopted Budget included a transfer of $500,000 to the GNOF to fund a one-time employee bonus, recruitment strategies and employee engagement activities, and a new limited-term Communications Training Supervisor position.

GF Budget Contingency Reserve: The full projected annual revenue from the Ameswell (Moffett Gateway) property after a few years of operations is estimated at over $4.0 million. The majority of this revenue is currently recommended to be earmarked for debt service to fund the Police/Fire Administration Building Remodel and Expansion (see Debt Service section).

During the Fiscal Year 2017-18 budget process, a strategy was adopted for the revenue received in the fiscal years prior to the beginning of debt service be used for a limited-period need and transferred to this reserve. The Fiscal Years 2017-18 Adopted Budget included a transfer of $755,400 to the Budget Contingency Reserve. However, the project has been delayed and to date, the building permit has not been issued and no revenue has been received. The Council has requested reviewing the funding of the Police/Fire Administration Building capital improvement project that could modify this strategy, and will discuss this as part of the CIP Study Session on May 1, 2018.

GF Capital Improvement Reserve: During Fiscal Year 2017-18, the decennial revaluation process has been completed for the three City-owned land leases between the City and Google. Based on the revaluations of the three sites, annualized rent payments are increasing approximately $6.8 million. Since it is probable that during the time span before the next decennial adjustment in April 2026, there will be at least one economic downturn and if a downturn occurs when a revaluation occurs, the lease revenues to the City could decline. Staff reviewed the changes in AV for the past 13 years and identified a potential 15.0 percent loss in secured AV in the event of an economic downturn. Therefore, to reduce the dependency on these revenues, staff recommended, and the City Council adopted, a strategy to set aside 10.0 percent of this potential decline in lease revenues to fund future capital projects. In Fiscal Year 2017-18, a potential 10.0 percent decline in revenues, calculated at $1.2 million, was transferred to the Capital Improvement Reserve to fund projects in Fiscal Year 2018-19 or later.

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GF Strategic Property Acquisition Reserve (SPAR): The City has successfully leveraged City-owned property for ongoing revenues, and setting aside available resources in the SPAR could assist in obtaining future strategic properties. The Fiscal Years 2016-17 and 2017-18 Adopted Budgets included transfers of $2.0 million each to the SPAR in order to increase the available funding for future property investment.

FORECAST

General Liability: The Fiscal Years 2018-19 through 2027-28 projections are based on maintaining the minimum policy level for reserve balances. The City currently has a $1.0 million SIR, but this could be increased to $2.0 million in the near future. For Fiscal Year 2018-19, the GOF is contributing $1.0 million for the cost of claims and administering the program, an 11.3 percent decrease from Fiscal Year 2017-18 Adopted. The remaining Forecast period includes 3.0 percent annual increases.

Vision Care: The GOF's contribution is the same level as Fiscal Year 2017-18 Adopted.

Retirees' Health Insurance Program: Fiscal Year 2018-19 includes $1.8 million for the UAAL amortization. The remaining Forecast years use projections based on information provided in the July 1, 2017 valuation for the UAAL amortization.

The City has made great strides toward funding the AAL of $151.3 million (projected for Fiscal Year 2018-19), with estimated assets of $122.8 million as of June 30, 2018, or 81.2 percent funded, at a discount rate of 6.5 percent. Staff is recommending the discount rate be reduced from 6.73 percent to 6.50 percent to provide a margin for adverse deviation or uncertainty. It is also anticipated the CERBT will consider a reduction in the discount rate in June and staff recommends that if the discount rate is reduced by CERBT, the City's discount rate be reduced to 6.25 percent for Fiscal Year 2019-20. Staff presented this information to the Council Finance Committee (CFC) on March 27, 2018 and the CFC approved staff's recommendation.

Housing: As a result of the dissolution of the former Revitalization Authority (RDA), the GOF now receives its share of the former RDA property taxes. An annual transfer of these property taxes, in the amount of $51,000, to the Housing Fund is included for the remaining Forecast period.

General Fund Reserve: For Fiscal Year 2018-19, staff is recommending a transfer of $1.0 million from the General Fund to bring this reserve above the 20.0 percent minimum level (see the Reserve Section).

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GF Budget Contingency Reserve: As discussed above, revenue from the Ameswell development is estimated to begin in Fiscal Year 2017-18 and by the end of the forecast period is projected at $4.0 million annually. This revenue is recommended to be earmarked for debt service payments related to the Police/Fire Administration Building Remodel and Expansion (see Debt Service section). It is anticipated the debt will be issued in Fiscal Year 2022-23 and, in the interim, Fiscal Years 2018-19 through 2021-22 include transfers ranging from $1.3 million to $2.8 million to the Budget Contingency Reserve. However, the Council has requested reviewing the funding of the Police/Fire Administration Building Remodel and Expansion project that could modify this strategy, and will discuss this as part of the CIP Study Session on May 1, 2018.

GF Transportation Reserve: A number of priority transportation projects have been identified and a new Transportation Reserve is recommended with $2.0 million initial funding from the Fiscal Year 2017-18 GF carryover, $2.0 million from the GOF for both Fiscal Years 2018-19 and 2019-20, and $1.0 million for Fiscal Year 2020-21. Based on the current Forecast, this would provide $7.0 million of funding over the four-year period (see the Reserve Section).

GF Capital Improvement Reserve: As mentioned in the History section above, in order to reduce the dependency on the long-term lease revenues and also accommodate increased costs resulting from labor negotiations, $1.4 million is recommended to be transferred to the Capital Improvement Reserve for Fiscal Year 2018-19. For the remaining Forecast period, this amount is increased by the annual rent escalation factors referenced in the lease agreements. In addition, $4.0 million allocations for both Fiscal Years 2018-19 and 2019-20 are recommended for debt service to fund the Police/Fire Administration Building Remodel and Expansion if Council desires to fund the project sooner than revenues from the Ameswell development will be received (see the Reserve Section).

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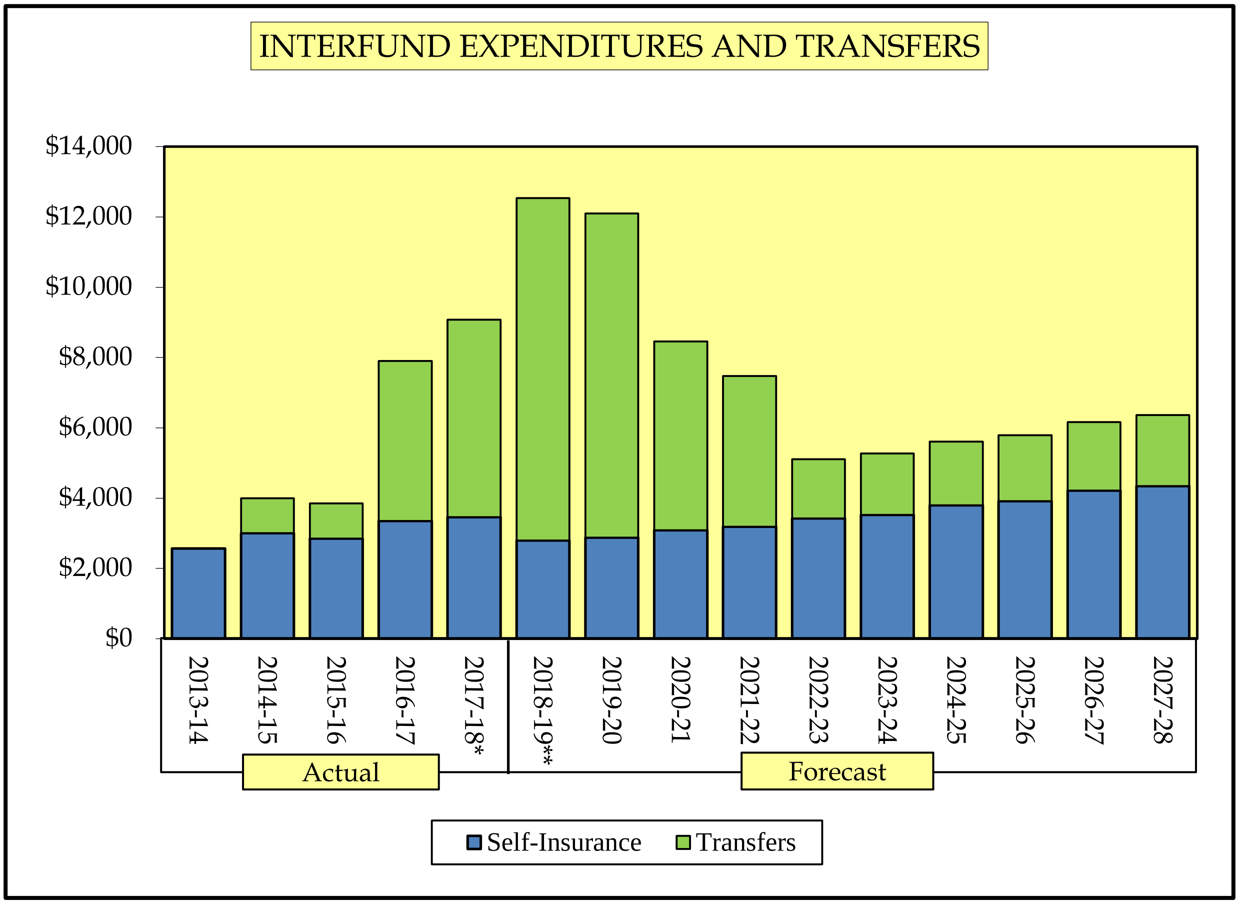

Fiscal Year		Self Insurance	Transfers	Total SI & Transfers	% Change
2013-14		2,565	0	2,565	(6.8%)
2014-15		3,002	1,000	4,002	56.0%
2015-16		2,852	1,000	3,852	(3.7%)
2016-17		3,353	4,551	7,904	105.2%
2017-18	*	3,457	5,617	9,074	14.8%
2018-19	**	2,792	9,748	12,540	38.2%
2019-20		2,876	9,222	12,098	(3.5%)
2020-21		3,090	5,366	8,456	(30.1%)
2021-22		3,183	4,295	7,478	(11.6%)
2022-23		3,424	1,683	5,107	(31.7%)
2023-24		3,527	1,746	5,273	3.3%
2024-25		3,798	1,811	5,609	6.4%
2025-26		3,912	1,879	5,791	3.2%
2026-27		4,216	1,950	6,166	6.5%
2027-28		4,342	2,024	6,366	3.2%

* Estimated
** Recommended
(dollars in thousands)

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DEBT SERVICE

The Debt Service category represents the GOF's debt payment obligations.

CATEGORIES

- Police/Fire Building.

HISTORY

The GOF has had no debt obligations since prior to Fiscal Year 2009-10, when the City Hall/Center for the Performing Arts debt repayment was transferred to Construction and Conveyance Tax funding. This debt was fully retired in Fiscal Year 2015-16.

FORECAST

The Forecast assumes revenue generated from the Ameswell (Moffett Gateway) development is earmarked for the Police/Fire Administration Building Remodel and Expansion. It is assumed debt will be issued for the project and annual debt service payments of approximately $3.3 million have been included as a placeholder beginning in Fiscal Year 2022-23. However, the Council has requested reviewing the funding of the Police/Fire Administration Building Remodel and Expansion project that could modify the timing of the issuance of debt and will discuss this as part of the CIP Study Session on May 1, 2018.

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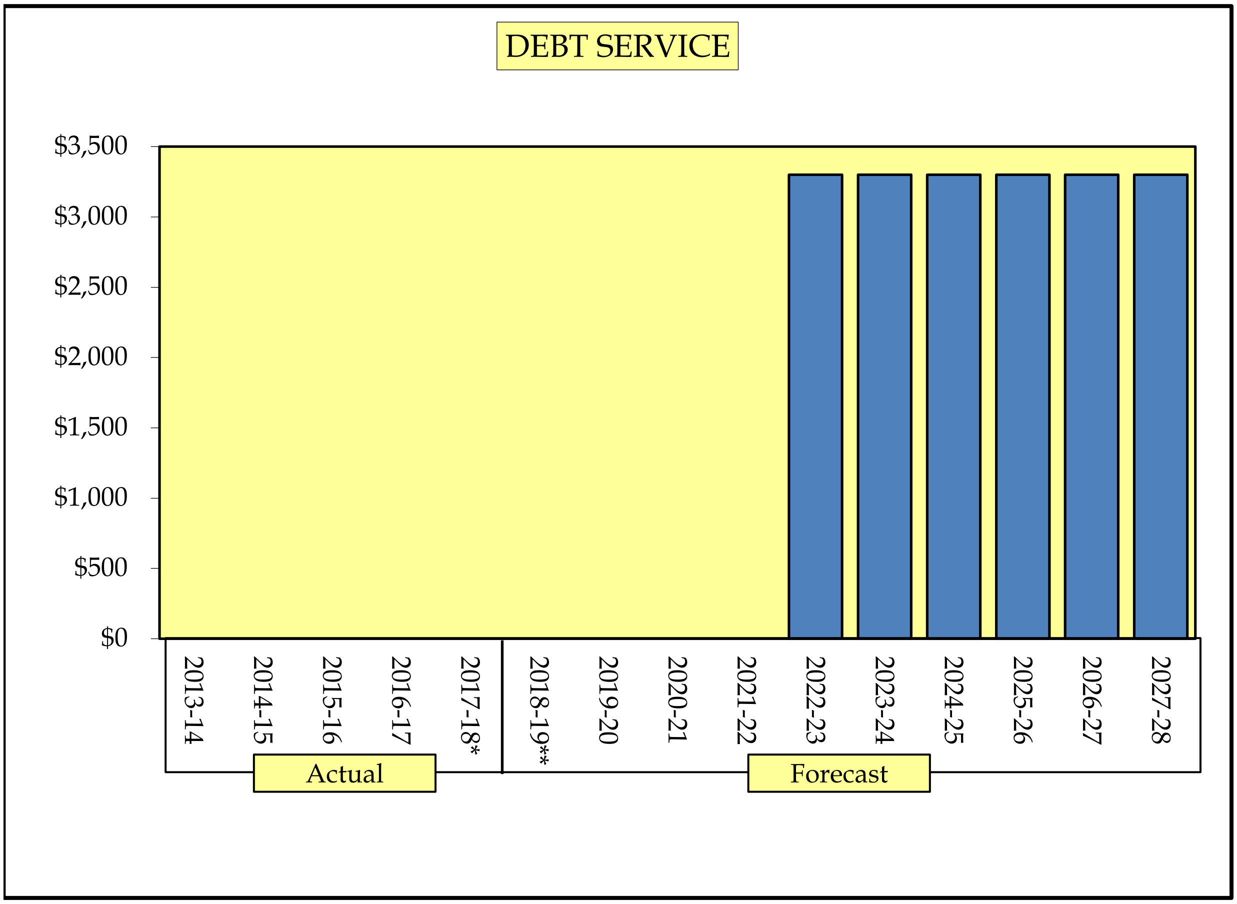

Fiscal Year		Debt Service	% Change
2013-14		0	0.0%
2014-15		0	0.0%
2015-16		0	0.0%
2016-17		0	0.0%
2017-18	*	0	0.0%
2018-19	**	0	0.0%
2019-20		0	0.0%
2020-21		0	0.0%
2021-22		0	0.0%
2022-23		3,300	100.0%
2023-24		3,300	0.0%
2024-25		3,300	0.0%
2025-26		3,300	0.0%
2026-27		3,300	0.0%
2027-28		3,300	0.0%

* Estimated
** Recommended
(dollars in thousands)

EXHIBIT A

GENERAL OPERATING FUND HISTORY (dollars in thousands)

	2008-09 AUDITED	2009-10 AUDITED	2010-11 AUDITED	2011-12 AUDITED	2012-13 AUDITED	2013-14 AUDITED	2014-15 AUDITED	2015-16 AUDITED	2016-17 AUDITED
REVENUES:									
Property Taxes	25,647	26,017	25,142	26,216	28,122	31,120	35,173	39,461	43,774
Sales Tax	16,264	15,242	15,502	15,940	16,744	16,936	19,773	21,401	21,828
Other Local Taxes[1]	9,242	9,144	9,870	10,774	12,015	13,089	14,805	15,137	15,866
Use of Money and Property	11,480	10,881	10,290	10,138	10,783	10,690	10,928	12,219	16,896
Other Revenues[2]	23,270	23,072	24,361	27,079	27,253	28,316	26,261	27,693	28,325
Loan Repayments	2,060	2,060	2,075	1,894	1,894	1,894	-0-	-0-	-0-
TOTAL REVENUES	87,963	86,416	87,240	92,041	96,811	102,045	106,940	115,911	126,689
EXPENDITURES:									
Salaries and Benefits	68,091	69,549	69,007	72,537	74,561	76,198	76,707	80,073	83,156
Supplies and Services	13,155	11,933	12,226	12,910	13,414	13,608	14,386	13,969	14,926
Capital Outlay/ Equipment Replacement	1,504	2,213	2,253	2,282	2,315	2,562	2,582	2,696	2,950
Interfund Expenditures and Transfers	809	2,441	2,674	2,876	2,751	2,565	3,002	2,852	3,404
Debt Service	1,020	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL EXPENDITURES	84,579	86,136	86,160	90,605	93,041	94,933	96,677	99,590	104,436
Transfer to GNOF	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(500)
CalPERS Contrib.	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(2,000)	(2,000)
OPEB Contrib.	-0-	-0-	-0-	-0-	-0-	-0-	(1,000)	(1,000)	(2,000)
Transfer to SPAR	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(2,000)
OPERATING BALANCE[3]	3,384	280	1,080	1,436	3,770	7,112	9,263	13,321	15,753

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1 Other Local Taxes consists of Transient Occupancy Tax, Business Licenses, and Utility Users Tax.

2 Other Revenues consists of Licenses, Permits & Franchise Fees, Fines & Forfeitures, Intergovernmental, Charges for Services, Miscellaneous Revenues, and Interfund Revenues & Transfers.

3 Balance prior to changes in assets and liabilities, encumbrances, and rebudgets for grants and donations, net transferred to General Non-Operating Fund and General Fund Reserve.

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List of Attachments

1. Fiscal Year 2018-19 Recommended Fee Modifications
2. Fiscal Year 2018-19 Recommended Non-Discretionary On-going Changes
3. Fiscal Year 2018-19 Recommended Discretionary On-going Changes
4. Fiscal Year 2018-19 Recommended Limited-Period Expenditures
5. Community Services Department Succession Plan
6. Environmental Sustainability Program Funding
7. New Community Center Budget Requests for Fiscal Year 2018-19
8. City of Mountain View Succession Planning
9. Fiscal Year 2018-19 Recommended Capital Outlay
10. Fiscal Year 2018-19 Recommended Equipment Replacement
11. Recycled Water Study Session—Update
12. Fiscal Year 2018-19 Budget for Homeless Initiatives
13. Employee-Staffed Ranger Program
14. Comparison of Current and Recommended Utility Rates

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CITY OF MOUNTAIN VIEW

MEMORANDUM

Finance and Administrative Services Department

DATE: May 1, 2018

TO: City Council

FROM: Ann Trinh, Financial Analyst
Helen Ansted, Principal Financial Analyst
Patty J. Kong, Finance and Administrative Services Director

VIA: Daniel H. Rich, City Manager

SUBJECT: **Fiscal Year 2018-19 Recommended Fee Modifications**

INTRODUCTION

As part of the annual budget process, departments review their fees and prepare recommendations to modify current fees, add appropriate new fees, and eliminate any fees that are no longer necessary. If there are services provided that specifically benefit a particular individual/household or segment of the population versus more global services that generally benefit the entire community, a fee may be calculated and recommended to Council to recover all or a portion of the cost of providing the service. The Master Fee Schedule, the complete listing of all City fees, will be updated to reflect Council actions on June 19, 2018, pertaining to fees, and then published for Fiscal Year 2018-19.

BACKGROUND AND ANALYSIS

Each fee recommended to be modified, added, or eliminated is listed on the attached Exhibits A through K which detail the fee amounts currently in effect for Fiscal Year 2017-18 and the Fiscal Year 2018-19 recommended fees, amounts, fee basis, and effective dates. The significant fee modifications are summarized below, and if the fee is not a General Operating Fund revenue source, the applicable fund is identified. The remaining fees on the attached exhibits are recommended with an adjustment by the appropriate factor (Consumer Price Index, Cost-of-Living Adjustment, or Engineering News Record Construction Cost Index (ENR-CCI)) or resulting from a new contract such as the janitorial fee. Some fees are recommended with a multi-year increase as the annual factor is not sufficient to round to the next highest dollar or staff recommended waiting some period of time to evaluate a fee.

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The Fiscal Year 2017-18 Master Fee Schedule, a complete listing of all current City fees, can be found on the City website.

Community Development Department (Exhibit D)

Development Services Fund

Building and Planning Divisions:

As part of the City's sustainability effort, the City Council adopted the Environmental Sustainability Action Plan 3 (ESAP-3), which included incentivizing Zero Net Energy (ZNE) building. Staff recommends Building Plan Check fees be reduced 50 percent and administrative review fees for both Development Review and Planned Community Permits be exempted for ZNE remodels, retrofits, and tenant improvements (TI) where no new building area is proposed, until such time as these actions are required by the California Building Code (CBC) or International Code Council (ICC). In order to eliminate the reduction and waiver of these fees to coincide with the State requirements, it is recommended the City Manager be given the authority to approve any modifications to these exemptions and waivers as necessary based on the CBC or ICC. Both the revenue loss to the Development Services Fund and the Greenhouse Gas reduction resulting from this recommendation are unknown.

Planning Division:

Many of the recommended changes to Planning fees are intended to bring some previously adopted fees more in line with both the division's procedures and the Mountain View City Code (MVCC).

All sidewalk café fees were last increased 3.0 percent effective August 2015. The existing Sidewalk Café Permit is currently assessed for the initial and annual renewal permits. For Fiscal Year 2018-19, the fee is recommended with a name change to Sidewalk Café New License for the initial license at the existing amount of $769. The annual renewal is recommended with a name change to License Renewal—Annual and as the renewal process is more streamlined than the initial permit process the fee is recommended with a $564 decrease to $205. However, if the renewal application is submitted after termination of the existing annual license, the application will be treated as an initial application and the New License fee will be assessed. Many sidewalk café permit holders do not comply with the annual due date, resulting in an increased staff workload related to follow-up and enforcement. Consistent with the Sidewalk Café Guidelines, the license holders pay an annual rent based on square footage for a

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sidewalk café on the public sidewalk and an annual rent for a café in a downtown parking space calculated using the cost per square foot for a sidewalk café. These rental fees are recommended with name changes to better reflect the purpose, and the amounts are recommended to increase to $1,200 per space annually, resulting in a net annual increase of $18 for annual renewal and rent. A verbal presentation regarding these café fees was provided to the Downtown Committee at the April 2018 meeting. In addition, a letter was sent to all current sidewalk café license holders informing them of the recommended changes.

CC&R Amendment Review is a recommended new fee established to recover the cost of the Planning staff performing this service.

Development Review Permits (DRP)—Three of the DRPs are recommended with a name change to reflect current language in the Zoning Ordinance; one of these, the <2,000 SF Permit, is combined with the Use Changes and Fences Exceptions and reduced to the current lower amount, and one DRP is recommended to be eliminated as this action no longer requires a permit.

Gatekeeper is a new fee recommended at $3,000 that is required as part of the Gatekeeper process recently approved by the City Council.

Community Services Department (Exhibit E)

General Operating Fund

Recreation:

A new fee is recommended allowing free Recreation Swim for residents, with the approval of the Community Services Director, when the National Weather Service issues a heat advisory and the County of Santa Clara calls for cooling centers to open. This would provide residents an alternative way to stay cool.

Security deposits for facility rentals are recommended to be standardized at two levels (doubled for events with alcohol):

- $500 ($1,000 with alcohol) for Social Halls/Multipurpose Room (Adobe Building, Community Center, Senior Center, and Teen Center); and
- $250 ($500 with alcohol) for smaller rooms.

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Peak rentals are recommended with an extension from the current time of 10:00 p.m. to 11:00 p.m. Renters may end their event at 10:00 p.m. and allow for an hour of cleanup until 11:00 p.m. Staff believes this will encourage more rentals and provides a better schedule for events.

The Adobe Building nonresident rates are recommended to be increased 25.0 percent higher than resident rates. This provides preferential opportunities for residents and nonresident rates in the same relationship as other City facilities.

Staff compared rental rates of other cities with the existing Community Center, Adobe Building, and Senior Center rental rates. Rental rates are recommended for the rooms in the renovated Community Center which will provide greater consistency with other City facilities, is easier to explain to customers, and reflects amenities of the upgraded Community Center. The resident peak-hour rental rates were developed for the Community Center Social Hall, Basement, Breakout Room, and Room Nos. 1 through 4. The following guidelines were developed for calculation of other Community Center rental rates:

- Resident Off Peak—50.0 percent less than Resident Peak
- Nonresident Peak—50.0 percent higher than Resident Peak
- Nonresident Off-Peak—35.0 percent less than Nonresident Peak
- Nonprofit/Community Group Peak—25.0 percent less than Resident Peak
- Nonprofit/Community Group Off-Peak—$50/hour Social Hall; $10/hour for Basement, and Room Nos. 1 and 4

<u>Shoreline Golf Links Fund</u>

Frequent Player fees for single player annual are recommended to increase 2.5 percent to 4.3 percent and the related annual family fees maintain the previous relationship. Loyalty Program fees and all other Green fees are recommended with a $2 to $3 per player increase and $1 per player increase, respectively. Club rentals are recommended with a 50.0 percent increase and a basis change from Fixed to Day. The amount of range balls provided is recommended to increase, along with a $1 to $2 price increase.

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Fire Department (Exhibit G)

Environmental Safety:

Wastewater Fund

The services provided as part of a Hazardous Materials Facility Closure are currently free for the first hour and assessed at $105 per hour for subsequent hours. The fee is recommended to be assessed for a minimum of two hours. The activities related to a hazardous materials facility closure take at least two hours and should be paid for by the facility. This is recommended to increase to $113 per hour for the reasons stated above and to be at the same level as the Plan Check or Plan Review Inspection fee which is performed by the same staff.

The title of one of the On-Demand Mobile Fueling Operation Permits is recommended to include Documentation Review to more clearly indicate the scope of the activity.

The Fire Inspections (Temporary Installation/Events) are recommended to be set with a two-hour minimum.

Library Services Department (Exhibit H)

General Operating Fund

The following fees are recommended to be eliminated:

Training Center Support facility rent as the room is being repurposed as part of the Library remodel. It will now be a second program room to respond to public demand for more adult education programs.

The interlibrary loan service was eliminated two years ago and is no longer needed in addition to Link+.

The laptop/tablet pilot service was eliminated last year.

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Public Works Department (Exhibit K)

Utility Services:

Water, Wastewater, and Solid Waste Management Funds

Utility rates are detailed in the attached Exhibit K and include the following recommended adjustments:

- Water—1.0 percent for the average cost of water and meter rates, 22.0 percent for Recycled Water.

- Wastewater—8.0 percent.

- Solid Waste Management—5.0 percent for carts only for the cost of the food scraps program. The program was implemented in Fiscal Year 2017-18, but the rate impact was deferred until Fiscal Year 2018-19.

CONCLUSION

Departments reviewed their fees and recommended the new, modified, or eliminated fees discussed in this memo and detailed in Exhibits A through K. As part of the budget noticing process, the City will comply with all noticing requirements which apply to fees.

AT-HA-PJK/3/FIN
574-05-01-18M-E

Exhibits: A. Fee Schedule—Citywide
B. Fee Schedule—City Attorney's Office
C. Fee Schedule—City Clerk's Office
D. Fee Schedule—Community Development Department
E. Fee Schedule—Community Services Department
F. Fee Schedule—Finance and Administrative Services Department
G. Fee Schedule—Fire Department
H. Fee Schedule—Library Services Department
I. Fee Schedule—Police Department
J. Fee Schedule—Public Works Department
K. Fee Schedule—Utility Services

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State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
	38.3.g; CP H-5	Building Attendant (as required for utilization of City facilities)	$20.00	$22.00	Hour	7/1/18
	38.101; CP H-5	Janitorial: Adobe Building, City Hall, Community Center, Library, Rengstorff House, Senior Center, Teen Center	$31.58	$32.84	Hour	7/1/18

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Code Compliance Inspection	$101.00	$105.00	Hour (4-hour min.)	7/1/18
		Development Agreement	$181.00	$195.00	Hour	7/1/18
		Document Review for CC&Rs, Easements, and Other Documents Related to Permits, Licenses, etc.:				
	36.54.30 36.56.15	Additional Review	$154.00	$170.00	Hour	7/1/18
	36.54.30 36.56.15	Mixed Product/Use	$768.00	$849.00	Initial 5 Hours	7/1/18
	36.54.30 36.56.15	Uniform Product/Use	$384.00	$425.00	Initial 2.5 Hours	7/1/18

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Facility Reservation/Rental:				
	38.101; CP H-5	Council Chambers				
		Nonprofits				
		Off Peak	$120.00	$124.00	Hour (1-hour min.)	7/1/18
		Peak	$120.00	$124.00	Hour (2-hour min.)	7/1/18
	38.101	Courtyard Lunchroom[1]				
		Off Peak	N/A	Building Attendant	Hour (1-hour min.)	7/1/18
		Peak	N/A	Building Attendant and Janitorial Service	Hour (2-hour min.)	7/1/18
Family Code 400 *et seq.*		Marriage Officiant:				
		On-Site	$50.00	$66.00	Fixed	7/1/18
		Off-Site	$192.00	$199.00	1.5 Hours	7/1/18

1. Recommended new fee.

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		BUILDING SERVICES				
	8.10.12	Digital Imaging~~/Microfilm~~[1]	$2.00	$2.00	Sheet	7/1/18
		Guide to Remodeling	$5.00	Eliminate		7/1/18
Sec 109, 2016 CBC	ESAP-3	Plan Checks (for Zero Net Energy building remodels/retrofits/tenant improvements):				
Sec 109, 2016 CBC	8.10.12	Building Plan Check	65% of permit fee	50% Reduction[2]	Plan Check Fee	7/1/18
Sec 109, 2016 CBC	8.10.12	Electrical Plan Check	65% of permit fee	50% Reduction[2]	Plan Check Fee	7/1/18
Sec 109, 2016 CBC	8.10.12	Mechanical Plan Check	65% of permit fee	50% Reduction[2]	Plan Check Fee	7/1/18
Sec 109, 2016 CBC	8.10.12	Plumbing Plan Check	65% of permit fee	50% Reduction[2]	Plan Check Fee	7/1/18
		PARKING				
		Parking In-Lieu:				
	Reso 14763; 18082 Downtown Precise Plan Table II-2	New Construction[3]	$49,963.00	$51,707.00	Space	7/1/18
		Change of Use[3]	$24,981.00	$25,853.00	Space	7/1/18
	19.92.1; Reso 17820	Parking Permits[4]:				
		Downtown Parking				
		Annual[5]	$336.00	$346.00	Space	1/1/19
		Daily[5]	$4.00	$5.00	Day	1/1/19
			$112.00	$115.00	25 Daily Permits	1/1/19
		Monthly[5]	$56.00	$58.00	Space	1/1/19
		Quarterly[5]	$112.00	$115.00	Space	1/1/19

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		PLANNING				
		Cafés:				
	36.42.20	Sidewalk Café **New License**[1]	$769.00	$769.00	~~Fixed~~Initial	7/1/18
	36.42.20	~~**Renewal**~~ **Rent-**Annual (downtown parking space)[1]	$618.00	$1,200.00	Annual	7/1/18
	36.42.20	~~Renewal~~ **Rent-Annual** (downtown public ~~ROW~~**sidewalk**)[1]	$3.10	$6.00	Square Foot Annual	7/1/18
	36.42.20	~~Sidewalk Café Permit~~**License Renewal-Annual**[1,6]	$769.00	$205.00	~~Fixed~~ Annual	7/1/18
	36.56.15	CC&R Amendment Review[7]	NA	$181.00	Fixed	7/1/18
		Conditional Use Permit (CUP):				
	36.56.15	Family **Day**~~Child-~~Care **Home**~~Center~~[1]	$200.00	$200.00	Fixed	7/1/18
	36.56.15	Modifications	$1,929.00	Eliminate		7/1/18
		Development Review Permit (DRP):				
	ESAP-3	All Administrative Review permits for Zero Net Energy building remodels/retrofits/tenant improvements[2]	Various	Waived		7/1/18
	36.56.15	**Modifications, Including Additions <1,000 Sq Ft, Code Compliance Review, Fence Exceptions w/ Neighbor Authorization, and** Use Changes ~~and Fences Exceptions & <2,000 Sq Ft~~**(Admin Review)**[1]	$526.00/ $1,158.00	$526.00	Fixed	7/1/18
	36.56.15	~~<2,000 Sq Ft~~**Modifications, Including Additions <1,000 Sq Ft, Design Review (Admin Review)**[1]	$1,158.00	$1,158.00	Fixed	7/1/18
	36.56.15	~~>2,000 Sq Ft~~ **New Buildings and Modifications, Including Additions >1,000 Sq Ft, and others as identified in MVCC 36.44.65 (b) (ZA Review)**[1]	$2,315.00	$2,315.00	Fixed	7/1/18
	36.56.15	~~Structures on New Standard Subdivisions of >/=5 Lots~~**New Buildings and Modifications (CC Review)**[1]	$5,926.00	$5,926.00	Fixed	7/1/18

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State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
	A36.80.030	New Construction/Additions on R1 Lots <5,000 Sq Ft or <40′ Wide	$1,088.00	Eliminate		7/1/18
	36.56.15	Gatekeeper[7]	NA	$3,000	Fixed	7/1/18
		Housing:				
		Housing Impact[4]				
	36.40.55.b Reso 16666	Commercial/Entertainment /Hotel/Retail				
		First 25,000 square feet	$1.41	$1.46	Net New Square Foot	8/19/18
		25,000+ square feet	$2.81	$2.91	Net New Square Foot	8/19/18
	36.40.55.b Reso 16666, 17938	High-Tech/Industrial/ Office				
		First 10,000 square feet	$13.14	$13.60	Net Square Foot	8/19/18
		10,000+ square feet	$26.27	$27.19	Net Square Foot	8/19/18
		Maps:				
	28.10	**Preliminary** Parcel Map[1]	$1,947.00	$1,947.00	Fixed	7/1/18
		North Bayshore Development Impact:				
		Hotel[8]				
GC 66000	Reso 18029	Transportation	$2,071.00	$2,102.00	Per Guest Room	8/19/18
GC 66000	Reso 18029	Water	$4,068.00	$4,129.00	Per Guest Room	8/19/18
GC 66000	Reso 18029	Sewer	$732.00	$743.00	Per Guest Room	8/19/18
		Office/R&D[8]				
GC 66000	Reso 18029	Transportation	$23.26	$23.61	Per Square Foot Net New Gross Floor Area	8/19/18
GC 66000	Reso 18029	Water	$6.57	$6.67	Per Square Foot Net New Gross Floor Area	8/19/18
GC 66000	Reso 18029	Sewer	$1.22	$1.24	Per Square Foot Net New Gross Floor Area	8/19/18

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Retail[8]				
GC 66000	Reso 18029	Transportation	$2.43	$2.47	Per Square Foot Net New Gross Floor Area	8/19/18
GC 66000	Reso 18029	Sewer	$0.82	$0.83	Per Square Foot Net New Gross Floor Area	8/19/18
		Planned Community Permit (PCP):				
	ESAP-3	All Administrative Review permits for Zero Net Energy building remodels/retrofits/tenant improvements[2]	Various	Waived		7/1/18
	36.56.15	~~Architectural~~ Minor Modification**, Design** Review (~~DRC~~**Admin.** Review)[1]	$2,245.00	$2,245.00	Fixed	7/1/18
	36.56.15	**Minor Modification,** Code Compliance Review **(Admin. Review)[1]**	$771.00	$771.00	Fixed	7/1/18
	36.56.15	Major Modification (ZA Review)	$3,508.00	Eliminate		7/1/18
	36.56.15	New Construction (ZA Review)	$3,578.00	Eliminate		7/1/18
	36.56.15	**Major Modification, New Construction (ZA Review)**[7]	NA	$3,543.00	Fixed	7/1/18
	36.56.15	Provisional Uses **(ZA Review)**[1]	$3,016.00	$3,016.00	Fixed	7/1/18
	36.56.15	Use Changes **(**ZA Review**)**	$1,474.00	Eliminate		7/1/18
		Planning Hourly Rates:				
	36.56.15	Administrative Aide	$86.00	$89.00	Hour	7/1/18
	36.56.15	Associate Planner	$133.00	$138.00	Hour	7/1/18
	36.56.15	Clerical	$81.00	$84.00	Hour	7/1/18
	36.56.15	Principal Planner	$181.00	$188.00	Hour	7/1/18
	36.56.15	Senior Planner	$138.00	$144.00	Hour	7/1/18
		Publications:				
	CP B-3	CEQA Guidelines	$28.00	Eliminate		7/1/18
	CP B-3	Data Book	$6.00	Eliminate		7/1/18
		Sign Permit:				
	36.56.15	Copy Change Only	$176.00	Eliminate		7/1/18

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Temporary Use Permit (TUP):				
	36.56.15	Nonprofit Housing **Needs, Meals and Similar Programs Operated by Nonprofit Agencies**[1]	$71.00	$71.00	Fixed	7/1/18
	36.56.15	Planning/Building Review	$368.00	Eliminate		7/1/18
	36.56.15	Planning/Building/Police/ Fire Review	$368.00	Eliminate		7/1/18
	36.56.15	Planning/Building/Police/ Fire/Code Enforcement Review	$368.00	Eliminate		7/1/18
		Transit-Oriented Development (TOD):				
	36.56.15	Minor Modification (DRC Review)	$999.00	Eliminate		7/1/18
	36.56.15	New Construction (ZA,CC review)	$7,647.00	$7,647.00	Fixed	7/1/18
		Housing<2/Acres	$7,647.00	Eliminate		7/1/18
		Housing>/=2 /Acres	$7,647.00	Eliminate		7/1/18

Note: Bold font indicates recommended language to be added and strikeout indicates recommended language to be deleted.

1. Name change.
2. Staff recommends Building Plan Check fees be reduced 50 percent and administrative review fees for both Development Review and Planned Community Permits be exempted for Zero Net Energy (ZNE) remodels, retrofits, and tenant improvements (TI), where no new building area is proposed, until such time as these actions are required by the California Building Code (CBC) or International Code Council (ICC). In order to eliminate the reduction and waiver of these fees to coincide with updates to the State requirements, it is recommended the City Manager be given the authority to approve any modifications to these exemptions and waivers as necessary based on the CBC or ICC.
3. Previously authorized by City Council to be modified annually by the December 31 Engineering New Record Construction Cost Index (ENR-CCI).
4. Previously authorized by City Council to be modified annually by the prior year Consumer Price Increase as part of the annual budget process.
5. Recommended for Fiscal Year 2018-19 permit cycles beginning on or after January 1, 2019 regardless of payment date.
6. This annual renewal fee will apply if the renewal is submitted prior to termination of the existing annual license. If not, the fee will be in the amount of the new license fee. In addition, failure to maintain a Sidewalk Café license is a violation of the MVCC and subject to Administrative Penalties.
7. Recommended new fee.
8. Previously authorized by City Council to be modified annually by the June 30 ENR-CCI as part of the annual budget process.

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		CENTER FOR THE PERFORMING ARTS				
		Home Company/All Nonprofits/All Commercial Rehearsal Studio[1] ~~Meeting (M-F 8 a.m.-5 p.m.; 1-hour increments,~~ no minimum; no Tech or Front of House Services)	$25.00-$75.00	$25.00-$75.00	Hour	7/1/18
		Standard	$25.00-$75.00	Eliminate		7/1/18
		RECREATION				
	38.8	Recreation Swim Day Pass National Weather Service Issues Heat Advisory, Santa Clara County Cooling Centers Open & Discretion of CSD[2]	NA	Free	Day	7/1/18
		Facility Rentals:				
	38.3.g; CP H-5	Adobe Building MV Resident/Business, Nonprofit/Community Group, MV NP Nonpolitical Fundraising Group, and Nonresident				
		Security Deposit **(no alcohol)**[3]	$560.00	$500.00	Fixed	7/1/18
		Security Deposit **(w/alcohol)**[3]	$560.00	$1,000.00	Fixed	7/1/18
		Nonresident				
		Off Peak	$121.00	$151.00	Fixed	7/1/18
		Peak	$182.00	$228.00	Fixed	7/1/18
		Peak-8-Hour Special	$1,212.00	$1,515.00	Fixed	7/1/18
	38.3.g; CP H-5	Community Center-~~Lower Social Hall~~**Basement**[3]				
		MV Resident/Business				
		Off Peak	$73.00	$75.00	Hour	7/1/18
		Peak	$92.00	$150.00	Hour	7/1/18
		Security Deposit **(no alcohol)**[3]	$560.00	$250.00	Fixed	7/1/18
		Security Deposit **(w/alcohol)**[3]	$560.00	$500.00	Fixed	7/1/18
		MV NP Nonpolitical Fundraising Group (1 x/year)				
		Security Deposit **(no alcohol)**[3]	$560.00	$250.00	Fixed	7/1/18
		Security Deposit **(w/alcohol)**[3]	$560.00	$500.00	Fixed	7/1/18
		Nonprofit/Community Group				
		Off Peak	$5.00	$10.00	Hour	7/1/18
		Peak	$50.00	$113.00	Hour	7/1/18

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Security Deposit-Peak **(no alcohol)**[3]	$560.00	$250.00	Fixed	7/1/18
		Security Deposit-Peak **(w/alcohol)**[3]	$560.00	$500.00	Fixed	7/1/18
		Nonresident				
		Off Peak	$152.00	$171.00	Hour	7/1/18
		Peak	$152.00	$225.00	Hour	7/1/18
		Security Deposit **(no alcohol)**[3]	$560.00	$250.00	Fixed	7/1/18
		Security Deposit **(w/alcohol)**[3]	$560.00	$500.00	Fixed	7/1/18
	38.3.g; CP H-5	Community Center-Breakout Room				
		MV Resident/Business				
		Off Peak[2]	NA	$38.00	Hour	7/1/18
		Peak[2]	NA	$75.00	Hour	7/1/18
		Security Deposit (no alcohol)[2]	NA	$250.00	Fixed	7/1/18
		Security Deposit (w/alcohol)[2]	NA	$500.00	Fixed	7/1/18
		MV NP Nonpolitical Fundraising Group (1 x/year)				
		Security Deposit (no alcohol)[2]	NA	$250.00	Fixed	7/1/18
		Security Deposit (w/alcohol)[2]	NA	$500.00	Fixed	7/1/18
		Nonprofit/Community Group				
		Off Peak[2]	NA	$5.00	Hour	7/1/18
		Peak[2]	NA	$56.00	Hour	7/1/18
		Security Deposit-Peak (no alcohol)[2]	NA	$250.00	Fixed	7/1/18
		Security Deposit-Peak (w/alcohol)[2]	NA	$500.00	Fixed	7/1/18
		Nonresident				
		Off Peak[2]	NA	$85.00	Hour	7/1/18
		Peak[2]	NA	$113.00	Hour	7/1/18
		Security Deposit (no alcohol)[2]	NA	$250.00	Fixed	7/1/18
		Security Deposit (w/alcohol)[2]	NA	$500.00	Fixed	7/1/18
	38.3.g; CP H-5	Community Center-Room 1				
		MV Resident/Business				
		Off Peak[2]	NA	$38.00	Hour	7/1/18
		Peak[2]	NA	$75.00	Hour	7/1/18
		Security Deposit (no alcohol)[2]	NA	$250.00	Fixed	7/1/18
		Security Deposit (w/alcohol)[2]	NA	$500.00	Fixed	7/1/18
		MV NP Nonpolitical Fundraising Group (1 x/year)				
		Security Deposit (no alcohol)[2]	NA	$250.00	Fixed	7/1/18
		Security Deposit (w/alcohol)[2]	NA	$500.00	Fixed	7/1/18
		Nonprofit/Community Group				
		Off Peak[2]	NA	$10.00	Hour	7/1/18
		Peak[2]	NA	$56.00	Hour	7/1/18

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State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Security Deposit-Peak (no alcohol)[2]	NA	$250.00	Fixed	7/1/18
		Security Deposit-Peak (w/alcohol)[2]	NA	$500.00	Fixed	7/1/18
		Nonresident				
		Off Peak[2]	NA	$85.00	Hour	7/1/18
		Peak[2]	NA	$113.00	Hour	7/1/18
		Security Deposit (no alcohol)[2]	NA	$250.00	Fixed	7/1/18
		Security Deposit (w/alcohol)[2]	NA	$500.00	Fixed	7/1/18
	38.3.g; CP H-5	Community Center-Room 2 & 3				
		MV Resident/Business				
		Off Peak	$39.00	$38.00	Hour	7/1/18
		Peak	$50.00	$75.00	Hour	7/1/18
		Security Deposit **(no alcohol)**[3]	$560.00	$250.00	Fixed	7/1/18
		Security Deposit **(w/alcohol)**[3]	$560.00	$500.00	Fixed	7/1/18
		MV NP Nonpolitical Fundraising Group (1 x/year)				
		Security Deposit **(no alcohol)**[3]	$560.00	$250.00	Fixed	7/1/18
		Security Deposit **(w/alcohol)**[3]	$560.00	$500.00	Fixed	7/1/18
		Nonprofit/Community Group				
		Peak	$39.00	$56.00	Hour	7/1/18
		Security Deposit-Peak **(no alcohol)**[3]	$560.00	$250.00	Fixed	7/1/18
		Security Deposit-Peak **(w/alcohol)**[3]	$560.00	$500.00	Fixed	7/1/18
		Nonresident				
		Off Peak	$187.00	$85.00	Hour	7/1/18
		Peak	$203.00	$113.00	Hour	7/1/18
		Security Deposit **(no alcohol)**[3]	$560.00	$250.00	Fixed	7/1/18
		Security Deposit **(w/alcohol)**[3]	$560.00	$500.00	Fixed	7/1/18
	38.3.g; CP H-5	Community Center-Room 4				
		MV Resident/Business				
		Off Peak[2]	NA	$75.00	Hour	7/1/18
		Peak[2]	NA	$150.00	Hour	7/1/18
		Security Deposit (no alcohol)[2]	NA	$250.00	Fixed	7/1/18
		Security Deposit (w/alcohol)[2]	NA	$500.00	Fixed	7/1/18
		MV NP Nonpolitical Fundraising Group (1 x/year)				
		Security Deposit (no alcohol)[2]	NA	$250.00	Fixed	7/1/18
		Security Deposit (w/alcohol)[2]	NA	$500.00	Fixed	7/1/18
		Nonprofit/Community Group				
		Off Peak[2]	NA	$10.00	Hour	7/1/18
		Peak[2]	NA	$113.00	Hour	7/1/18
		Security Deposit-Peak (no alcohol)[2]	NA	$250.00	Fixed	7/1/18

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Security Deposit-Peak (w/alcohol)[2]	NA	$500.00	Fixed	7/1/18
		Nonresident				
		Off Peak[2]	NA	$171.00	Hour	7/1/18
		Peak[2]	NA	$225.00	Hour	7/1/18
		Security Deposit (no alcohol)[2]	NA	$250.00	Fixed	7/1/18
		Security Deposit (w/alcohol)[2]	NA	$500.00	Fixed	7/1/18
	38.3.g; CP H-5	Community Center-~~Auditorium~~**Social Hall**[3]				
		MV Resident/Business				
		Off Peak	$117.00	$125.00	Hour	7/1/18
		Peak	$124.00	$250.00	Hour	7/1/18
		Security Deposit **(no alcohol)**[3]	$560.00	$500.00	Fixed	7/1/18
		Security Deposit **(w/alcohol)**[3]	$560.00	$1,000.00	Fixed	7/1/18
		MV NP Nonpolitical Fundraising Group (1 x/year)				
		Security Deposit **(no alcohol)**[3]	$560.00	$500.00	Fixed	7/1/18
		Security Deposit **(w/alcohol)**[3]	$560.00	$1,000.00	Fixed	7/1/18
		Nonprofit/Community Group				
		Off Peak	$5.00	$50.00	Hour	7/1/18
		Peak	$71.00	$188.00	Hour	7/1/18
		Security Deposit-Peak **(no alcohol)**[3]	$560.00	$500.00	Fixed	7/1/18
		Security Deposit-Peak **(w/alcohol)**[3]	$560.00	$1,000.00	Fixed	7/1/18
		Nonresident				
		Off Peak	$187.00	$244.00	Fixed	7/1/18
		Peak	$203.00	$375.00	Fixed	7/1/18
		Security Deposit **(no alcohol)**[3]	$560.00	$500.00	Fixed	7/1/18
		Security Deposit **(w/alcohol)**[3]	$560.00	$1,000.00	Fixed	7/1/18
	38.3.g; CP H-5	Senior Center-Game Room, Social Hall/All Renters				
		Security Deposit **(no alcohol)**[3]	$896.00-$1,344.00	$500.00	Fixed	7/1/18
		Security Deposit **(w/alcohol)**[3]	$896.00-$1,344.00	$1,000.00	Fixed	7/1/18
	38.3.g; CP H-5	Senior Center-All Other Rooms/All Renters				
		Security Deposit **(no alcohol)**[3]	$336.00-$896.00	$250.00	Fixed	7/1/18
		Security Deposit **(w/alcohol)**[3]	$336.00-$896.00	$500.00	Fixed	7/1/18
	38.3.g; CP H-5	Teen Center-Multipurpose Room				
		All Renters				

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State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Security Deposit **(no alcohol)**[3]	$560.00	$500.00	Fixed	7/1/18
		Security Deposit **(w/alcohol)**[3]	$560.00	$1,000.00	Fixed	7/1/18
		<u>SHORELINE GOLF LINKS</u>				
		Frequent Player:				
	38.8	Junior (≤17) (Annual)	$390.00	$400.00	Fixed	7/1/18
	38.8	Regular Play (Annual)	$2,635.00	$2,700.00	Fixed	7/1/18
	38.8	Regular Play (Annual Family)	$3,960.00	$4,000.00	Fixed	7/1/18
	38.8	Regular (M-Th/Annual)	$1,725.00	$1,800.00	Fixed	7/1/18
	38.8	Regular (M-Th/Annual Family)	$2,255.00	$2,350.00	Fixed	7/1/18
	38.8	Senior (M-Th/Annual)	$1,325.00	$1,375.00	Fixed	7/1/18
	38.8	Senior (M-Th/Annual Family)	$1,915.00	$1,975.00	Fixed	7/1/18
	38.8	Twilight (Annual)	$1,045.00	$1,075.00	Fixed	7/1/18
	38.8	Twilight (Annual Family)	$1,725.00	$1,775.00	Fixed	7/1/18
		Green Fees (18 holes):				
		Super Twilight				
	38.11	Regular	Up to $20.00	Up to $21.00	Fixed	7/1/18
	38.11	Resident	Up to $13.00	Up to $14.00	Fixed	7/1/18
		Weekday M-F:				
	38.11	Afternoon (March-October, 2 hours prior to twilight)	Up to $28.00	Up to $29.00	Fixed	7/1/18
	38.11	Junior (≤17)	Up to $17.00	Up to $18.00	Fixed	7/1/18
	38.11	Regular	Up to $41.00	Up to $42.00	Fixed	7/1/18
	38.11	Resident	Up to $34.00	Up to $35.00	Fixed	7/1/18
	38.11	Senior (≥60)	Up to $31.00	Up to $32.00	Fixed	7/1/18
	38.11	Senior Resident (≥60)	Up to $24.00	Up to $25.00	Fixed	7/1/18
	38.11	Twilight (Back 9 Regular)	Up to $28.00	Up to $29.00	Fixed	7/1/18
	38.11	Twilight (Back 9 Resident)	Up to $21.00	Up to $22.00	Fixed	7/1/18
	38.11	All Others	Up to $35.00	Up to $36.00	Fixed	7/1/18
		Weekends/Holidays:				
	38.11	Junior (≤17)	Up to $17.00	Up to $18.00	Fixed	7/1/18
	38.11	Regular	Up to $57.00	Up to $58.00	Fixed	7/1/18
	38.11	Resident	Up to $50.00	Up to $51.00	Fixed	7/1/18
	38.11	Twilight (Back 9 Regular)	Up to $31.00	Up to $32.00	Fixed	7/1/18
	38.11	Twilight (Back 9 Resident)	Up to $24.00	Up to $25.00	Fixed	7/1/18
		Loyalty Program:				
		Super Twilight				
	38.8	Regular[2]	NA	$17.00	Fixed	7/1/18
	38.8	Resident[2]	NA	$10.00	Fixed	7/1/18
		Weekday Green Fees				
	38.8	Regular	$35.00	$38.00	Fixed	7/1/18

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
	38.8	Resident[2]	NA	$31.00	Fixed	7/1/18
	38.8	Senior (≥60)	$25.00	$28.00	Fixed	7/1/18
	38.8	Senior Resident (≥60)[2]	NA	$21.00	Fixed	7/1/18
	38.8	Twilight **(Back 9 Regular)**[3]	$23.00	$25.00	Fixed	7/1/18
	38.8	Twilight (Back 9 Resident)[2]	NA	$18.00	Fixed	7/1/18
		Weekend Green Fees				
	38.8	Regular	$51.00	$54.00	Fixed	7/1/18
	38.8	Resident[2]	NA	$47.00	Fixed	7/1/18
	38.8	Twilight **(Back 9 Regular)**[3]	$26.00	$28.00	Fixed	7/1/18
	38.8	Twilight (Back 9 Resident)[2]	NA	$21.00	Fixed	7/1/18
		Rentals:				
		Clubs				
	38.8	Top-of-Line[4]	$30.00	$45.00	~~Fixed~~Day	7/1/18
	38.8	Pro-Line[4]	$20.00	$30.00	~~Fixed~~Day	7/1/18
		Range Balls:				
	38.8	Jumbo Bucket	$13.00	$15.00	Fixed/Player	7/1/18
	38.8	Large Bucket	$10.00	$12.00	Fixed/Player	7/1/18
	38.8	Medium Bucket	$7.00	$8.00	Fixed/Player	7/1/18
	38.8	Small Bucket & Practice Area Tube	$4.00	$5.00	Fixed/Player	7/1/18

Note: Bold font indicates recommended language to be added and strikeout indicates recommended language to be deleted.

1. Minimum four hours required for use of any café, dressing or green rooms, lobby, ~~rehearsal studio~~scene shop, or storage.
2. Recommended new fee.
3. Name change.
4. Fee basis change.

FEE SCHEDULE—FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT **Exhibit F**

State Code § (if any)	MVCC§§ /CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Business License Report:				
GC 6253.9(b)		Electronic	$17.00	$18.00	Fixed	7/1/18
GC 6253.9(b)	CP B-3	Hard Copy	$17.00	$18.00	Fixed	7/1/18
		Vendor Permits:				
	15.31.b.4	Merchant Vendor[1] (downtown)	$767.00	$790.00	Annual (rolling)	1/1/19
	15.17.b	Mobile Vendor[1]	$122.00	$126.00	Annual (calendar)	1/1/19

1. For Fiscal Year 2018-19 permit cycles with an effective date beginning on or after January 1, 2019 regardless of the payment date.

State Code § (if any)	MVCC§§ /CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		ENVIRONMENTAL SAFETY				
	24	Electronic/Computer Entry of Hazardous Materials Management Plan Data	$95.00	$99.00	Hour (1-hour min.)	7/1/18
		Fire Safety Facility Inspection:				
	24	0–5,000	$33.00	$34.00	Square Foot	7/1/18
	24	5,001-25,000	$194.00	$201.00	Square Foot	7/1/18
	24	25,001-100,000	$806.00	$834.00	Square Foot	7/1/18
	24	100,001-250,000	$2,256.00	$2,335.00	Square Foot	7/1/18
	24	250,001-500,000	$4,835.00	$5,004.00	Square Foot	7/1/18
	24	500,001+	$6,446.00	$6,672.00	Square Foot	7/1/18
		Fire Safety Operational Permits:				
IFC 105	14	Hazardous Materials Permitted Occupancy	$209.00	$216.00	Annual	7/1/18
		Hazardous Materials:				
	24	Emergency Response (Hazardous Materials Specialist)	$107.00 Plus equip-ment costs	$111.00 Plus equip-ment costs	Hour	7/1/18
	24	Hazardous Materials Facility Closure Review/Inspection[2] ~~>1 Hour~~	$105.00	$113.00	Hour **(2-hour min.)**[2]	7/1/18
	24	Hazardous Materials Third and Subsequent Reinspection(s)	$356.00	$370.00	Hour	7/1/18
	24	Plan Check or Plan Review/Inspection	$109.00	$113.00	Hour (2-hour min.)	7/1/18
		Hazardous Materials Permit for the following hazard classes: Miscellaneous Hazardous Materials—Liquids, Solids				
	24	QR1	$132.00	$137.00	Annual	7/1/18
	24	QR2	$161.00	$167.00	Annual	7/1/18
	24	QR3	$197.00	$204.00	Annual	7/1/18
	24	QR4	$229.00	$237.00	Annual	7/1/18
	24	QR5	$262.00	$271.00	Annual	7/1/18

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State Code § (if any)	MVCC§§ /CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Combustible Liquids, Flammable (Liquids, Solids), and Nonflammable (Gas)				
	24	QR1	$132.00	$137.00	Annual	7/1/18
	24	QR2	$197.00	$204.00	Annual	7/1/18
	24	QR3	$262.00	$271.00	Annual	7/1/18
	24	QR4	$329.00	$341.00	Annual	7/1/18
	24	QR5	$393.00	$407.00	Annual	7/1/18
		Corrosive (Gas, Liquids, Solids), Cryogen, Flammable (Gas), Explosives, Infectious Substances, and Oxidizers (Gas, Liquids, Solids)				
	24	QR1	$132.00	$137.00	Annual	7/1/18
	24	QR2	$262.00	$271.00	Annual	7/1/18
	24	QR3	$393.00	$407.00	Annual	7/1/18
	24	QR4	$459.00	$475.00	Annual	7/1/18
	24	QR5	$524.00	$542.00	Annual	7/1/18
		Poisonous Materials (Gas, Liquids, Solids), Spontaneous Combustible Materials, Dangerous When Wet Materials (Liquids, Solids), and Organic Peroxides				
	24	QR1	$132.00	$137.00	Annual	7/1/18
	24	QR2	$262.00	$271.00	Annual	7/1/18
	24	QR3	$393.00	$407.00	Annual	7/1/18
	24	QR4	$524.00	$542.00	Annual	7/1/18
	24	QR5	$656.00	$679.00	Annual	7/1/18
		Radioactive				
	24	QR1-QR5	$162.00	$168.00	Annual	7/1/18
		On-Demand Mobile Fueling: Operating Permit				
	14.10.12	Demonstration and Equipment Inspection/**Documentation Review** (Initial and/or Change in Conditions)[1]	$170.00	$178.00	Hour (2-hour min.)	7/1/18
	14.10.12	Operator Permit	$170.00	$182.00	Annual Renewal	7/1/18
		Site Permit				
	14.10.12	Plan Review and Site Inspection (Initial and/or Change in Conditions)	$170.00	$178.00	Hour (2-hour min.)	7/1/18
	14.10.12	Site Permit	$170.00	$182.00	Annual Renewal	7/1/18

State Code § (if any)	MVCC§§ /CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		ENVIRONMENTAL SAFETY/FIRE AND BUILDING SAFETY				
		Fire Protection/Public Safety System Maintenance:				
IFC Chapter 9	14	Required to be Tested on a Frequency of < 1 Year (waived if test completed within 30 days)	$115.00	$119.00	System	7/1/18
IFC Chapter 9	14	Required to be Tested on a Frequency of ≥ 1 Year and < 5 Years (waived if test completed within 30 days)	$233.00	$241.00	System	7/1/18
IFC Chapter 9	14	Required to be Tested on a Frequency of ≥ 5 Years (waived if test completed within 30 days)	$349.00	$361.00	System	7/1/18
IFC Chapter 9	14	Deficiencies Failed to be Corrected Within 30 Days	$178.00	$184.00	System	7/1/18
		FIRE AND BUILDING SAFETY				
	14	Alarm (Preventable False)	$148.00	$153.00	3rd and Subsequent Alarm/180 Days	7/1/18
	14	Extended Consultation/ Preconstruction Conference	$163.00	$170.00	Hour	7/1/18

State Code § (if any)	MVCC§§ /CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
IFC 105	14	Fire Inspections (Temporary Installation/Events)[2]	$171.00	$178.00	Hour **(2-hour min.)**[2]	7/1/18
		All Others				
		Carnivals				
		Christmas Tree Lot				
		Fairs				
		Fireworks Display				
	Reso 17968	Haunted Houses				
	Reso 17968	Live Audiences				
	Reso 17968	Production Facility				
	Reso 17968	Pumpkin Patch				
		Pyrotechnical Special Effects				
		Special Inspection of Temporary Installation				
		Temporary Membrane Structures, Tents, Canopies				
	14	After Hours or Weekend Duty ~~(only DFM)~~ M-F 5:00 p.m.–6:59 a.m., Sat, Sun, Holidays[1]	$171.00	$178.00	Hour (2-hour min.)	7/1/18
IFC 105	14	Fire Safety Operational Permits:				
		Fire Prevention Bureau (Nonhazardous Materials Permitted Occupancy)	$175.00	$182.00	Annual	7/1/18
		Reinspections (third and subsequent)	$173.00	$180.00	Hour	7/1/18

State Code § (if any)	MVCC§§ /CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Multi-Housing Inspection:				
	25.77	Hotels and Motels	$82.00	$85.00	Hour (2-hour min.)	7/1/18
	25.77	Serious Violations	$18.00	$19.00	Unit	7/1/18
		Reinspections:				
	25.78	Hotels and Motels	$104.00	$108.00	Hour (2-hour min.)	7/1/18
	25.79	Multi-Housing	$104.00	$108.00	Hour (2-hour min.)	7/1/18
	25.81	Valid Service Request	$103.00	$107.00	Hour (2-hour min.)	7/1/18
		<u>SUPPRESSION</u>				
		Emergency Response Reimbursement:				
GC 53150, HSC 13009.6		Battalion Chief	$123.00	$128.00	Hour (1/2 hour increments)	7/1/18
GC 53150, HSC 13009.6		Deputy Fire Marshal	$152.00	$158.00	Hour (1/2 hour increments)	7/1/18
GC 53150, HSC 13009.6		Engine/Truck	$268.00	$279.00	Hour (1/2 hour increments)	7/1/18
GC 53150, HSC 13009.6		Public Safety Social Media/ Community Coordinator	$132.00	$137.00	Hour (1/2 hour increments)	7/1/18
GC 53150, HSC 13009.6		Rescue Company	$166.00	$173.00	Hour (1/2 hour increments)	7/1/18

1. Name change.
2. Fee basis change.

State Code § (if any)	MVCC§ §/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Facility Rental:				
		Training Center Support[11]:				
	CP H-5	</=4 Hours	$80.00	Eliminate		7/1/18
	CP H-5	Additional Hours	$20.00	Eliminate		7/1/18
		Interlibrary Loan[2]:				
	Library Policy	MV Library Customers	$25.00	Eliminate		7/1/18
	Library Policy	Libraries Outside California	$20.00	Eliminate		7/1/18
		Library Fines:				
	Library Policy	Laptop/Tablet Late Fee[3]	$5.00/Hour $25.00/Day	Eliminate Eliminate		7/1/18 7/1/18

1. Training Center Support: This room is being repurposed as part of the Library remodel. It will now be a second program room to respond to public demand for more adult educational programs.
2. Interlibrary Loan: This service was eliminated two years ago. It is no longer needed in addition to Link+.
3. Laptop/Tablet Late Fee: This was a pilot service that was eliminated last year.

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Adult Entertainment:				
	26.54	Application	$801.00	$829.00	Initial	7/1/18
	26.54	Renewal	$384.00	$397.00	Annual	7/1/18
		Card Rooms:				
	9.14	Dealer Application	$276.00	$286.00	Biennial	7/1/18
	9.14	Dealer Renewal	$137.00	$142.00	Biennial	7/1/18
	9.4	Permit Application	$1,109.00	$1,148.00	Initial	7/1/18
		Citation Sign-Off:				
		Nonresident	$25.00	$26.00	Fixed	7/1/18
		Clearance Letters:				
		Letter	$19.00	$20.00	Fixed	7/1/18
		Name Check	$9.00	$10.00	Fixed	7/1/18
		Concealed Weapon Permit:				
§12053		City of Mountain View	$25.00	$26.00	Fixed	7/1/18
	26.29	Dance Permit (public and private)	$35.00	$36.00	Fixed	7/1/18
		Going Out of Business:				
	6.7	Permit	$68.00	$70.00	In Business < 2 years	7/1/18
	6.7	Permit	$32.00	$33.00	In Business > 2 years	7/1/18
	6.3	Permit Extension	$32.00	$33.00	30-Day Extension	7/1/18
		Hot Tub:				
	9.53	Business Permit Application	$1,539.00	$1,593.00	Initial	7/1/18
	9.53	Business Renewal	$770.00	$797.00	Annual	7/1/18
	9.57	Manager	$542.00	$561.00	Initial	7/1/18
		Live Entertainment:				
	26.29	Permit	$399.00	$413.00	Initial	7/1/18
	26.29	Renewal	$131.00	$136.00	Annual	7/1/18
	26.29	Permit (w/dance)	$399.00	$413.00	Initial	7/1/18
	26.29	Renewal (w/dance)	$131.00	$136.00	Annual	7/1/18
		Massage Business:				
BPC §4600 *et seq.*	9.24	Massage Establishment Permit	$163.00	$169.00	Initial	7/1/18
BPC §4600 *et seq.*	9.32	Massage Establishment Renewal	$163.00	$169.00	Annual	7/1/18

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
	22	Parade Permit	$200.00	$207.00	Parade	7/1/18
	26.12-.13	Pool/Billiard Room	$135.00	$140.00	Fixed	7/1/18
	Contract	Rotation Tow Service Contract Application	$180.00	$186.00	Fixed	7/1/18
		Taxi:				
	30.2	Driver Permit	$185.00	$191.00	Initial (Biennial-from approval date)	7/1/18
	30.2	Driver Renewal	$130.00	$135.00	Renewal (Biennial-from approval date)	7/1/18
		Vehicle Abatement (AVASA)	$20.00	$21.00	Fixed	7/1/18
		Vehicle Release:				
VEH 22850.5		Impound/Storage	$150.00	$155.00	Fixed	7/1/18
GC 41612		Vehicle Repossession	$15.00	$16.00	Fixed	7/1/18

State Code § (if any)	MVCC§ §/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Encroachment Permit:				
	27.17	Debris Box	$125.00	$130.00	Fixed	7/1/18
	27.17	Nonresidential	$2,157.00	$2,243.00	Fixed	7/1/18
	27.17	Residential	$1,179.00	$1,226.00	Fixed	7/1/18
	27.17	Temporary	$927.00	$964.00	Fixed	7/1/18
		Excavation Permit:				
	27.43	Associated with Inspection Rate	$233.00 or 15% of construction cost	$242.00 or 15% of construction cost	Hour (3-hour minimum) or Percentage	7/1/18
	27.43	Full Cost Recovery	$233.00	$242.00	Hour	7/1/18
	27.43	Hourly Labor Rate (Research, Plan Check, Inspection)	$233.00	$242.00	Hour (2-hour minimum)	7/1/18
66412	28.106	Lot Line Adjustment	$2,493.00	$2,593.00	Fixed	7/1/18
		Map Check:				
66451.2.i	28.27(b)	Final Map	$5,205.00 +$62.00	$5,413.00 +$64.00	Fixed Each Lot	7/1/18 7/1/18
66451.2.i	28.19(b)	Parcel Map	$3,084.00	$3,207.00	Fixed	7/1/18
8300, *et seq.*	27.18	Right-of-Way Vacation	$1,693.00	$1,761.00	Fixed	8/19/18
8740.1	28.6.1	Segregation of Assessment Dist.	$2,474.00 +$233.00	$2,573.00 +$242.00	First 2 Lots Each Add'l Lot	7/1/18 7/1/18
		Sidewalk Permit[1]				
	27.23	Nonresidential	$355.00 +5% of construction cost	$367.00 +5% of construction cost	Fixed + Percentage	8/19/18
	27.23	Residential	$4.09 ($237.00 minimum)	$4.23 ($242.00 minimum)	Linear Foot (or 1-hour minimum)	8/19/18
		Storm Drainage Connection[1]				
	28.51(b)	First Class Rate	$0.295	$0.305	Net Square Foot	8/19/18
		Second Class Rate	$0.142	$0.147	Gross Square Foot	8/19/18

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State Code § (if any)	MVCC§ §/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Street Improvement Reimbursement[1]				
	27.65(c)	Major Structural Street Section	$11.22	$11.61	Square Foot	8/19/18
	27.65(c)	R1 and R2 Structural Street Section	$9.00	$9.31	Square Foot	8/19/18
	27.65(c)	R3 Structural Street Section	$10.22	$10.58	Square Foot	8/19/18
	27.65(c)	Standard and Ornamental Street Lighting	$28.27	$29.26	Linear Foot	8/19/18
	27.65(c)	Standard PCC Curb and Gutter	$32.91	$34.06	Linear Foot	8/19/18
	27.65(c)	Standard PCC Driveway Approach	$11.22	$11.61	Square Foot	8/19/18
	27.65(c)	Standard PCC Sidewalk	$10.22	$10.58	Square Foot	8/19/18
	27.65(c)	Street Trees (15-gallon)	$12.58	$13.02	Linear Foot	8/19/18

1. Modified annually by the December 31 Engineering News Record Construction Cost Index (ENR-CCI).

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		ENTERPRISE FUNDS				
		Labor Rates:				
		Frontline				
		Regular	$81.00	$84.00	Hour	7/1/18
		Overtime	$118.00	$123.00	Hour	7/1/18
		Manager				
		Regular	$123.00	$128.00	Hour	7/1/18
		Supervisor				
		Regular	$101.00	$105.00	Hour	7/1/18
		Overtime	$152.00	$158.00	Hour	7/1/18
		Sewer Capacity Charges:[1]				
	35.41	Residential Class 1	$3,113.00	$3,160.00	Unit	7/1/18
	35.41	Residential Class 2	$2,820.00	$2,862.00	Unit	7/1/18
	35.41	Residential Class 3	$2,193.00	$2,226.00	Unit	7/1/18
	35.41	Commercial/Retail	$1,525.00	$1,548.00	1,000 Sq Ft	7/1/18
	35.41	Office/R&D	$2,232.00	$2,266.00	1,000 Sq Ft	7/1/18
	35.41	Restaurant	$12,847.00	$13,040.00	1,000 Sq Ft	7/1/18
	35.41	Hotels and Motels	$1,410.00	$1,431.00	charge/room/ dwelling unit	7/1/18
	35.41	Industrial/Other (charges based on estimated loadings)	$14.010	$14.221	flow/gpd	7/1/18
	35.41		$1.361	$1.381	BOD/lb/year	7/1/18
	35.41		$1.361	$1.381	SS/lb/year	7/1/18
		Water Capacity Charges:[1]				
	35.41	Residential Class 1	$3,770.00	$3,827.00	Unit	7/1/18
	35.41	Residential Class 2	$3,204.00	$3,252.00	Unit	7/1/18
	35.41	Residential Class 3	$2,450.00	$2,487.00	Unit	7/1/18
	35.41	¾″ meter	$6,282.00	$6,377.00	Meter	7/1/18
	35.41	1″ meter	$10,471.00	$10,629.00	Meter	7/1/18
	35.41	1 1/2″ meter	$20,941.00	$21,256.00	Meter	7/1/18
	35.41	2″ meter	$33,506.00	$34,010.00	Meter	7/1/18
	35.41	3″ meter	$62,823.00	$63,768.00	Meter	7/1/18
	35.41	Meters greater than 3″	$16.753	$17.005	Per gallons/ day estimated water demand	7/1/18

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		UTILITY SERVICES				
		Trash Disposal and Recycling Service:				
		Cart Service (Compost-Commercial Only):				
		64-gallon				
	16	1 Time/Week	$48.40	$50.85	Container/Month	7/1/18
	16	2 Times/Week	$106.10	$111.45	Container/Month	7/1/18
	16	3 Times/Week	$163.35	$171.55	Container/Month	7/1/18
	16	4 Times/Week	$221.65	$232.75	Container/Month	7/1/18
	16	5 Times/Week	$279.50	$293.50	Container/Month	7/1/18
	16	6 Times/Week[2]	NA	$355.15	Container/Month	7/1/18
	16	Extra Pickup	$32.05	$33.70	Pickup	7/1/18
		96-gallon				
	16	1 Time/Week	$72.60	$76.30	Container/Month	7/1/18
	16	2 Times/Week	$159.15	$167.15	Container/Month	7/1/18
	16	3 Times/Week	$245.05	$257.35	Container/Month	7/1/18
	16	4 Times/Week	$332.55	$349.20	Container/Month	7/1/18
	16	5 Times/Week	$419.65	$440.65	Container/Month	7/1/18
	16	6 Times/Week[2]	NA	$533.15	Container/Month	7/1/18
	16	Extra Pickup	$48.05	$50.50	Pickup	7/1/18
		Cart Service (Trash):				
	16	20-Gallon (residential only)	$22.10	$23.25	Container/Month	7/1/18
	16	32-Gallon	$32.25	$33.90	Container/Month	7/1/18
	16	64-Gallon	$64.50	$67.80	Container/Month	7/1/18
	16	96-Gallon	$96.75	$101.70	Container/Month	7/1/18
		Extra Collection Services:				
	16	Return Trip Fee	$17.00	$18.00	Per Trip	7/1/18
	16	Extra Collection-Yard Trimmings or Recycling Cart (nonservice day)	$13.00	$14.00	Pickup	7/1/18
		Wastewater Service:				
	35.35	Base Commercial	$4.94/unit (748 gallons) or fraction thereof of water consumed ($34.58 min.)	$5.34/unit (748 gallons) or fraction thereof of water consumed ($37.38 min.)	Quantity	7/1/18
	35.35	Commercial/Industrial, Chemical, Groundwater, Liquid Waste	$8.40/unit (1.7 x base) (748 gallons) or fraction thereof of water consumed ($58.80 min.)	$9.08/unit (1.7 x base) (748 gallons) or fraction thereof of water consumed ($63.56 min.)	Quantity	7/1/18

State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
	35.35	Restaurant	$9.64/unit (1.95 x base) (748 gallons) or fraction thereof of water consumed ($67.48 min.)	$10.42/unit (1.95 x base) (748 gallons) or fraction thereof of water consumed ($72.94 min.)	Quantity	7/1/18
	35.35	Single-Family Residence, Duplex, Multiple Dwellings, Mobile Homes, and Trailer Courts	$37.75	$40.80	Dwelling Unit/Month	7/1/18
		Water Service: Backflow Prevention Devices (Commercial, Industrial)				
	35.27	5/8" to 1" meter	$31.65	$32.00	Monthly	7/1/18
	35.27	1.5" to 2" meter	$48.30	$48.80	Monthly	7/1/18
	35.27	3" meter	$56.80	$57.40	Monthly	7/1/18
	35.27	4" meter	$67.10	$67.80	Monthly	7/1/18
	35.27	6" meter	$81.45	$82.30	Monthly	7/1/18
	35.27	8" to 10" meter	$100.20	$101.25	Monthly	7/1/18
		Consumption				
	35.26(a)	Commercial/Nonresidential—Uniform	$6.80	$6.87	ccf/month	7/1/18
	35.26	Recycled Water	$3.07	$3.75	ccf/month	7/1/18
		Residential—Multi-Family				
	35.26(a)	0 to 2 ccf	$5.10	$5.15	ccf/month/ dwelling	7/1/18
	35.26(a)	>2 to 7 ccf	$6.80	$6.87	ccf/month/ dwelling	7/1/18
	35.26(a)	>7 ccf	$10.88	$10.99	ccf/month/ dwelling	7/1/18
		Residential—Single-Family				
	35.26(a)	0 to 3 ccf	$5.10	$5.15	ccf/month/ dwelling	7/1/18
	35.26(a)	>3 to 15 ccf	$6.80	$6.87	ccf/month/ dwelling	7/1/18
	35.26(a)	>15 ccf	$10.88	$10.99	ccf/month/ dwelling	7/1/18
		Fire Service:				
	35.26(a)	Consumption—Uniform	$6.80	$6.87	ccf/month	7/1/18
	35.26(a)	Meter	$12.71/inch diameter ($50.84 min.)	$12.84/inch diameter ($51.36 min.)	Monthly	7/1/18

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State Code § (if any)	MVCC §§/CP/ Other	Title of Fee	Fiscal Year 2017-18 Adopted	Fiscal Year 2018-19 Recommended	Fee Basis	Effective Date
		Meter:				
		Residential—Single-Family	$15.00	$15.15	Monthly	7/1/18
		Residential—Multi-Family/ Commercial/ Recycled Water/All Other:				
	35.26(a)	5/8″ and 3/4″ meters	$15.00	$15.15	Monthly	7/1/18
	35.26(a)	1″ meter	$30.00	$30.30	Monthly	7/1/18
	35.26(a)	1.5″ meter	$60.00	$60.60	Monthly	7/1/18
	35.26(a)	2″ meter	$96.00	$97.00	Monthly	7/1/18
	35.26(a)	3″ meter	$180.00	$181.80	Monthly	7/1/18
	35.26(a)	4″ meter	$300.00	$303.00	Monthly	7/1/18
	35.26(a)	6″ meter	$600.00	$606.00	Monthly	7/1/18
	35.26(a)	8″ meter	$960.00	$969.60	Monthly	7/1/18
	35.26(a)	10″ meter	$1,440.00	$1,454.40	Monthly	7/1/18
	35.28	Special Water Service:				
		Hydrant Meter Construction	$15.30	$15.76	ccf/month	7/1/18

1. In accordance with MVCC Section 35.41, the capacity-based charges shall be adjusted annually as part of the City's annual budget process by the percent change in the Engineering News Record Construction Cost Index (ENR-CCI) for the previous year.
2. Recommended new fee.

Attachment 2

FISCAL YEAR 2018-19

Recommended **Non-Discretionary** On-Going Changes

General Operating Fund

CITYWIDE

CalPERS Replacement Benefit: $ 31,500
Provides increased funding for replacement benefits processed by CalPERS for certain retiree payments.

Citywide Total **$ 31,500**

INFORMATION TECHNOLOGY DEPARTMENT

Information Technology Licenses and Maintenance: $ 66,400
Provides new and increased funding for the annual maintenance charges for Image Trend, ExecuTime, G2 Fire Station Alerting System, Helpdesk, and Citrix management software systems.

Information Technology Department Total **$ 66,400**

FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

Historic Property Tax Rebate Program: $ 4,000
Provides increased funding for the City's Historic Preservation Program which provides a rebate to property owners for the City's share of their property tax payment. For properties on the list of historic properties in Mountain View, the property owner(s) may enter into an agreement with the City to abide by certain rules, and in exchange the City rebates a portion of their property taxes.

Finance and Administrative Services Department Total **$ 4,000**

PUBLIC WORKS DEPARTMENT

Gas and Electricity Cost Increase: $ 73,000
Provides increased funding for gas and electricity costs. The City receives its electricity through Silicon Valley Clean Energy, but is billed for both gas and electricity through PG&E. The total gas and electricity cost increase Citywide is $101,500.

Janitorial Cost Increases for City Facilities: $ 32,400
Provides additional funding for contractual increases to janitorial services.

Public Works Department Total **$ 105,400**

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Attachment 2

FISCAL YEAR 2018-19

Recommended **Non-Discretionary** On-Going Changes

General Operating Fund
(Continued)

COMMUNITY SERVICES DEPARTMENT

Minimum Wage Impact One-Half-Year: $ 170,000
Provides additional funding to cover the impact of the City's Minimum Wage Ordinance for the second half of calendar year 2018 (the total cost increase for all funds Citywide for a full year is $492,900).

ActiveNet Cost Increase: $ 11,500
Provides additional funding for increases to ActiveNet's transaction and processing fees. The increase is fully cost recovered by fees for contract classes (the total cost increase for all funds is $13,500).

City Utility Cost Reduction: $ (80,000)
Reduces budget for trash and recycling services in parks. The debris box rates were restructured in Fiscal Year 2015-16 as part of the Cost of Service Study, eliminating over tonnage charges. The actual cost of trash and recycling services in Parks since that change has been significantly lower than budget. This is to realign the budget to actual costs incurred.

Community Services Department Total **$ 101,500**

LIBRARY SERVICES DEPARTMENT

Minimum Wage Impact One-Half-Year: $ 30,000
Provides additional funding to cover the impact of the City's Minimum Wage Ordinance for the second half of calendar year 2018 (the total cost increase for all funds Citywide for a full year is $492,900).

Library Services Department Total **$ 30,000**

Total Non-Discretionary On-Going for General Fund **$ 338,800**

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FISCAL YEAR 2018-19

Recommended **Non-Discretionary** On-Going Changes

Other Funds

COMMUNITY DEVELOPMENT DEPARTMENT

Downtown Benefit Assessments District Fund
Gas and Electricity Cost Increase: $ 15,000
Provides increased funding for gas and electricity costs. The City receives its electricity through Silicon Valley Clean Energy, but is billed for both gas and electricity through PG&E. The total gas and electricity cost increase Citywide is $101,500.

City Utility Cost Increase: $ 3,000
Provides increased funding for City utility services used by City departments based on usage and the utility rate adjustments.

Community Development Department Total **$ 18,000**

PUBLIC WORKS DEPARTMENT

Water Fund
Bay Area Water Supply and Conservation Agency (BAWSCA) Dues: $ 7,200
Provides funding for the increase in dues to the City's membership in BAWSCA, which represents the interest of 24 agencies and 2 private water companies that purchase wholesale water from the San Francisco regional (Hetch Hetchy) water system operated by the San Francisco Public Utilities Commission (SFPUC).

Solid Waste Fund
Commercial Composting Processing Fee: $ 15,000
Provides increased funding for the City's Commercial Composting Processing Program. Additional funds are needed to cover the increase in cost due to CPI.

Public Works Department Total **$ 22,200**

COMMUNITY SERVICES DEPARTMENT

Shoreline Golf Links
Water Cost Increase: $ 75,800
Provides increased funding for water usage to maintain the golf course.

Gas and Electricity Cost Increase: $ 13,500
Provides increased funding for gas and electricity costs. The City receives its electricity through Silicon Valley Clean Energy, but is billed for both gas and electricity through PG&E. The total gas and electricity cost increase Citywide is $101,500.

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FISCAL YEAR 2018-19

Recommended **Non-Discretionary** On-Going Changes

Other Funds
(Continued)

Shoreline Community Fund
Minimum Wage Impact ½-year: $ 14,000
Provides additional funding to cover the impact of the City's Minimum Wage Ordinance for the second half of calendar year 2018 (the total cost increase for all funds Citywide for a full year is $492,900).

ActiveNet Cost Increase: $ 2,000
Provides additional funding for increases to ActiveNet's transaction and processing fees. The increase is fully cost recovered by fees for contract classes (the total cost increase for all funds is $13,500).

Community Services Department Total	**$ 105,300**

FIRE DEPARTMENT

Wastewater Fund
SCVURPPP and NPDES Permit Fees: $ 14,200
Provides additional funding for the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP) and National Pollutant Discharge Elimination System (NPDES) permit fees.

Fire Department Total	**$ 14,200**
Total Non-Discretionary On-Going for Other Funds	**$ 159,700**

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Attachment 3

FISCAL YEAR 2018-19

Recommended **Discretionary** On-Going Changes

General Operating Fund

CITY CLERK'S OFFICE

Training, Conference, and Travel: $ 2,700
Provides increased funding for training, conference, and travel budget to allow staff to attend additional conferences, educational seminars, and training classes.

City Clerk's Office Total **$ 2,700**

CITY ATTORNEY'S OFFICE

Training, Conference, and Travel: $ 2,500
Provides increased funding for training, conference, and travel budget to allow staff to attend additional conferences, educational seminars, and training classes.

City Attorney's Office Total **$ 2,500**

CITY MANAGER'S OFFICE

Employee Commute Benefit Program: $ 60,000
Converts limited-period funding to ongoing for transit and bike stipends to City employees. This funding will be used to expand the program and will allow for the development of new programs to address the commute impact on employees.

Contract Services – Personnel Related: $ 30,000
Converts limited-period funding to ongoing for increased contract services for workplace investigations, employee relations, and labor relations. The use of these services has increased over the past couple of years and using budget savings from other departments is no longer sufficient.

Employee Engagement and Appreciation Program: $ 25,000
Converts a portion of limited-period funding to ongoing for Employee Engagement and Appreciation Program. The funding will allow staff to continue to develop programs and activities that fulfills the initiatives identified in the 2015 Employee Engagement survey. There is an additional $50,000 in limited-period funding for the rebudget of unspent funds.

City Manager's Office Total **$ 115,000**

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FISCAL YEAR 2018-19

Recommended **Discretionary** On-Going Changes

General Operating Fund
(Continued)

INFORMATION TECHNOLOGY DEPARTMENT

Printer Support Services: $ No Net Cost ($24,000 offset by reduction to other department's budgets)
Transfers funding from other departments to outsource printer support services that will include all supply and maintenance print cost. Existing toner budget from departments will be consolidated and transferred to the Information Technology department.

Information Technology Department Total **No Net Cost**

FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

Senior Management Analyst (Contracts Coordinator) Position: $ 195,100
Provides funding for a Senior Management Analyst (Contracts Coordinator) position to centralize and administer contracts City-wide. This position will provide consistency and efficiency when processing contracts and will also reduce staff time spent on reviewing contracts, allowing additional staff attention to safety programs.

Transportation Management Association: $ 10,000
Provides increased funding for the City's membership to the Transportation Management Association.

Finance and Administrative Services Department Total **$ 205,100**

COMMUNITY DEVELOPMENT DEPARTMENT

Analyst I/II – Environmental Sustainability Position: $ 180,200
Provides funding for an Analyst I/II position to support the Environmental Sustainability Program. Sustainability continues to be a top priority for the community and the City Council. The additional resources will support the implementation of the Environmental Sustainability Action Plan 3 (ESAP-3), respond to grant opportunities, and requests from the community and the City Council for additional priorities in the future (See Attachment 6).

Secretary Position Redistribution of Funding: $ 31,600
Redistributes funding to the GOF for an existing full-time Secretary position. Currently, this position is being shared by the Neighborhood Preservation and Economic Development divisions. It is recommended that a half-time limited-period Secretary be added to support the Economic Development division. There is an additional $31,600 in the Housing Impact Fund, a reduction of $10,500 in the BMR

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FISCAL YEAR 2018-19

Recommended **Discretionary** On-Going Changes

General Operating Fund
(Continued)

Fund, a reduction of $52,700 in the Shoreline Community Fund, and no changes to CDBG's allocation of $10,600 for a net zero increase in cost.

Environmental Sustainability Program Budget: $ 15,000
Provides funding for the annual operating budget of the Environmental Sustainability Program. Previously, the program was funded by limited-period funds (See Attachment 6).

Eliminate the Rental Housing Dispute Resolution Program: $ (110,000) (offset by reduction in revenue of $110,000)
Reduces funding for the Rental Housing Dispute Resolution Program. The program was repealed by City Council in June 2017.

Community Development Department Total **$ 116,800**

PUBLIC WORKS DEPARTMENT

Program Assistant – Engineering Division Position (0.50): $ 73,300
Converts a limited-term Program Assistant position to ongoing (the other 0.50 FTE is funded from the Development Services Fund) to support the Engineering Division with the organization of paper and electronic files, plans and specifications, AutoCAD files, reports, and other work products from capital improvement and land development projects, and report on various program activities.

Contract Services – HVAC Systems: $ 28,000
Provides funding for contract services to establish a maintenance service agreement with a vendor to monitor and service the equipment that is installed in City facilities to control the HVAC systems.

Reclassification of a half-time Office Assistant I/II Position to full-time Office Assistant III: $ 17,700
Provides funding for the reclassification of an Office Assistant I/II position to an Office Assistant III based on an analysis showing a higher level of duties performed. There is an additional $65,800 recommended in the Development Services Fund for this position to be converted from 0.5 FTE to full-time.

Reclassification of an Analyst I/II Position to a Senior Management Analyst: $ 8,900
Provides funding for the reclassification of an Analyst I/II position to a Senior Management Analyst based on an analysis showing a higher level of duties performed. There is an additional $6,000 in the Water Fund.

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FISCAL YEAR 2018-19

Recommended **Discretionary** On-Going Changes

General Operating Fund
(Continued)

Reclassification of a Facilities Project Manager Position to a Contract Coordinator: $ (29,000)
Provides savings for the reclassification of a Facilities Project Manager position to a Contracts Coordinator based on an analysis showing lower level of duties required. There is an additional $(1,500) in the Shoreline Community Fund.

Public Works Department Total **$ 98,900**

COMMUNITY SERVICES DEPARTMENT

Succession Plan: $ 242,400
The following personnel changes are recommended as part of a reorganization and to support succession planning (See Attachment 5):

- **Assistant Community Services Director Position (0.50):** $ 133,000
  Provides funding for 0.50 FTE of an Assistant Community Services Director position (the other 0.50 FTE is funded from the Shoreline Community Fund). This position will oversee the department's division managers.

- **Redistribution of Funding and Reclassification of a Recreation Manager Position:** $ 85,200
  Redistributes funding to the GOF for the existing Recreation Manger position. Currently this position is allocated 50/50 between the GOF and the Shoreline Community Fund. It is recommended to change the allocation to 90 percent GOF and 10 percent Shoreline Community Fund and to reclassify the position based on the reallocation of duties associated with the recommendation for the Employee-Staffed Ranger Program and all Community Services Department responsibilities in the Shoreline Community consolidated in the recommended Shoreline Manager. There is a savings of $94,700 in the Shoreline Community Fund.

- **Reclassification of a Parks Maintenance Worker III Position to Parks Supervisor:** $ 40,600
  Provides funding for the reclassification of a Parks Maintenance Worker III position to a Parks Supervisor based on an analysis showing a higher level of duties performed.

- **Redistribution of Funding and Reclassification of a Parks Section Manager to Forestry and Roadway Manager Position:** $ (7,400)
  Redistributes funding from the GOF and reclassifies a Parks Section Manger position to Forestry and Roadway Manager based on an analysis showing a

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higher level of duties performed. Currently this position is funded 100 percent from the GOF and it is recommended 10 percent be funded from the Shoreline Community based on changes to duties associated with operations in the North Bayshore Area. There is an additional $22,500 in the Shoreline Community Fund.

- **Reclassification of a Parks Manager Position to Parks and Open Space Manager:** $ (9,000)
  Provides savings for the reclassification of a Parks Manager position to Parks and Open Space Manager based on the department's reorganization and succession planning efforts.

Contract Services – Recreation Classes: $ 100,000 (offset by $130,000 in revenue from fees)
Provides increased funding for contract class services in youth sports and youth and adult classes. There has been an increase in demand and number of classes offered over the past several years.

Office Assistant I/II Position: $ 61,300 ($122,700 offset by a reduction in wages)
Provides funding for an Office Assistant I/II position. This position is for the front desk of the new Community Center and will provide a consistent presence for visitors and patrons (See Attachment 7).

Turf Cleaning: $ 25,000
Provides increased funding for the biannual turf cleaning of Graham and Crittenden Fields. There is an additional $12,400 in the Shoreline Community Fund.

New Contract Class Services: $ 17,500 (offset by $23,700 in revenue from fees)
Provides funding for new contract class services in youth sports and youth and adult classes in preparation for the opening of the new Community Center (See Attachment 7).

Wage Range for House Manager: $ 3,200 (offset by $3,800 in revenue from fees)
Provides increased funding to increase the wage range for the Center for the Performing Arts House Manager hourly rate. The rate change will better align with this position's responsibilities and facilitate the staffing of this position.

Redistribution of Funding for a Recreation Supervisor Position: $ (17,000)
Redistributes funding from the GOF for an existing full-time Recreation Supervisor position. Currently this position is funded 100.0 percent from the GOF and it is recommended 10 percent be funded from the Shoreline Community based on

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FISCAL YEAR 2018-19

Recommended **Discretionary** On-Going Changes

General Operating Fund
(Continued)

changes to duties associated with operations in the North Bayshore Area. There is an additional $17,000 in the Shoreline Community Fund for a net zero increase in cost.

Employee-Staffed Ranger Program – Wages and Janitorial Services: $ (53,800) ($58,400 more than offset from the current budget for ranger services)
Provides savings for the GOF portion of the contract with California Land Management (CLM) to provide ranger services. The City is recommending to bring the ranger services in-house starting November 1, 2018. The current funding for this contract will be used for hourly Parks & Open Space Workers and janitorial services. There is an additional $215,500 in the Shoreline Community Fund associated with this request (See Attachment 13).

Community Services Department Total **$ 378,600**

LIBRARY SERVICES DEPARTMENT

Police Assistant Position (0.50): $38,500 ($65,500 offset by a reduction in hourly wages)
Provides funding for a 0.50 FTE Police Assistant position. This position will provide a vital function in ensuring that the building is safe for everyone. Converting hours to a regular position will address the high turnover and will additionally provide guidance to the hourly employees.

Librarian I/II Position (0.50): $38,400 ($81,200 offset by a reduction in hourly wages)
Provides funding for a 0.50 FTE Librarian I/II position. This position will provide coverage during evenings, weekends, and staff absences. Converting hours to a regular position will address the high turnover and reduce the time and resources spent on new recruitments and training.

Reclassification of a Librarian I/II Position to Librarian III: $ 11,800
Provides funding for the reclassification of a Librarian I/II position to Librarian III based on an analysis showing a higher level of duties performed.

Library Services Department Total **$ 88,700**

FIRE DEPARTMENT

Analyst I/II Position: $ 180,200
Provides funding for an Analyst I/II position to perform essential analytical responsibilities to improve operational efficiencies. There is an increasing need for data analysis related to Emergency Medical Services (EMS) and suppression records.

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FISCAL YEAR 2018-19

Recommended **Discretionary** On-Going Changes

General Operating Fund
(Continued)

Personal Protective Equipment (PPE): $ 37,200
Provides increased funding for Firefighter's Personal Protective Equipment. The additional funds will ensue that national standards for PPEs are met.

Training, Conference, and Travel: $ 20,000
Provides increased funding for training, conference, and travel budget for staff to meet the State and National Training Standards.

Fire Department Total	**$ 237,400**

POLICE DEPARTMENT

Reclassification of a Senior Management Analyst Position to Analyst I/II: $ (14,900)
Provides savings for the reclassification of a Senior Management Analyst position to Analyst I/II based on the recommended addition of an Analyst I/II in the Fire Department. The position currently provides support to both the Fire and Police departments, if the Analyst I/II position in the Fire department is approved, each Analyst I/II position will be primarily dedicated to one department.

Police Department Total	**$ (14,900)**
Total Discretionary On-Going for General Fund	**$ 1,230,800**

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FISCAL YEAR 2018-19

Recommended **Discretionary** On-Going Changes

Other Funds

INFORMATION TECHNOLOGY DEPARTMENT

Water Fund

Digital Imaging: $ (7,500)

Provides savings from the elimination of the digital imaging budget, funding for these services are budgeted in the Community Development Department.

Information Technology Department Total **$ (7,500)**

COMMUNITY DEVELOPMENT DEPARTMENT

Development Services Fund

Digital Imaging of Building and Fire Permits: $ 30,000 (offset by $30,000 in revenues)

Provides increased funding for the digital imaging of projects for both building and fire permits. Jurisdictions are required to maintain a copy of approved permits.

Certified Access Specialist (CASp) Training: $ 28,000 (offset by $28,000 in revenues)

Provides increased funding for CASp Training per Assembly Bill (AB) 1379. The City collects four dollars for every business license issued and retains 90 percent of the funds. The City is required to use the funds on CASp training and certification to facilitate compliance with construction-related accessibility requirements. There is an additional $15,100 limited-period funding associated with this request.

Reclassification of a Permit Technician Position to Assistant Building Inspector: $ 18,200

Provides funding for the reclassification of a Permit Technician position to Assistant Building Inspector based on an analysis showing a higher level of duties performed.

Legal Retainer: $ 11,000

Provides increased funding for legal consultation on land use law, California Environmental Quality Act (CEQA), and general legal issues related to both long-range and current planning projects.

Training, Conference, and Travel: $ 10,000

Provides increased funding for training, conference, and travel to allow the Building Division staff to attend the required training to maintain their mandatory certification.

FISCAL YEAR 2018-19

Recommended **Discretionary** On-Going Changes

Other Funds
(Continued)

Fire Protection Engineer and Building Inspector I/II Positions: $ (22,600) ($427,400 offset by a reduction to contract services)
Provides funding for a Fire Protection Engineer and a Building Inspector I/II positions to support the high level of development activity. Converting contract services to regular positions will address the high turnover of consultants and will be more cost efficient.

Below Market Rate (BMR) Housing Fund
Contract Services – BMR Administration: $ 30,000
Provides increased funding for outside professional contract services for the administration of BMR ownership and rental housing programs.

Redistribution of Funding for a Secretary Position: $ (10,500)
Redistributes funding from the BMR Fund for an existing Secretary position mentioned in the GOF section above.

Housing Impact Fund
Redistribution of Funding for a Secretary Position: $ 31,600
Redistributes funding to the Housing Impact Fund for an existing Secretary position mentioned in the GOF section above.

Notice of Funding Availability (NOFA) Administration: $ 15,000
Provides increased funding for a variety of tasks associated with affordable housing projects, including facilitators at neighborhood meetings, consultants for financial analysis of NOFA proposals, and studies on unique site issues.

Community Development Block Grant (CDBG) Fund
Monitoring of Federally Funded Activities: $ 35,000
Provides funding for consultant services to perform required monitoring of activities for services and projects that receive CDBG and/or HOME funding.

CDBG/HOME Website: $ 20,000
Provides increased funding for the web-based system used to administer the City's CDBG/HOME programs.

Shoreline Community
District Sustainability Performance Monitoring: $ 50,000
Provides funding for the continuous monitoring of the sustainability performance of North Bayshore. This includes establishing baseline data measurements across a number of categories such as demographics, housing, built environment, economy, ecology, and climate change/resource management.

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FISCAL YEAR 2018-19

Recommended **Discretionary** On-Going Changes

Other Funds
(Continued)

Contract Services - Arborist: $ 10,000
Provides increased funding for outside professional contract services for the new street tree plan in North Bayshore.

Legal Retainer: $ 5,000
Provides increased funding for legal consultation on matters involving North Bayshore district planning.

Redistribution of Funding for a Secretary Position: $ (52,700)
Redistributes funding from the Shoreline Community Fund for the existing Secretary position mentioned in the GOF section above.

Community Development Department Total **$ 208,000**

PUBLIC WORKS DEPARTMENT

Development Services Fund
Program Assistant – Engineering Division Position (0.50): $ 73,300
Provides funding for the allocation to the Development Services Fund for this position as mentioned in the GOF section above.

Office Assistant III Position (0.50): $ 65,800
Converts a regular 0.50 FTE Office Assistant III position to full-time. The additional resources will provide essential clerical support to the department.

Shoreline Community
Reclassification of a Facilities Project Manager Position to a Contract Coordinator: $ (1,500)
Provides savings for the allocation to the Shoreline Community Fund for this position as mentioned in the GOF section above.

Water Fund
Senior Civil Engineer-Environmental Compliance Section Position: $ 22,500 ($224,900 offset by charges to CIPs)
Provides funding for a Senior Civil Engineer position to manage utility projects. This position will manage the engineering operations at the MOC and support the high volume of capital improvement projects.

Reclassification of an Analyst I/II Positions to a Senior Management Analyst: $ 6,000
Provides funding for the allocation to the Water Fund for this position as mentioned in the GOF section above.

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FISCAL YEAR 2018-19

Recommended **Discretionary** On-Going Changes

Other Funds
(Continued)

Solid Waste Fund
Commercial Composting Multi-Family Food Scraps Program: $ 22,000
Provides increased funding to cover the increase in cost and volume of the program.

Public Works Department Total **$ 188,100**

COMMUNITY SERVICES DEPARTMENT

Shoreline Golf Links
Net Miscellaneous: $ (92,500)
Provides overall savings from increases to maintenance and operations $5,800, and fleet service charges $1,000. The increases are offset by reductions to personnel related costs ($78,600), materials and supplies ($19,100), other net operating costs (1,600).

Shoreline Community
Employee-Staffed Ranger Program: $ 215,500
The following changes are recommended to bring the ranger services in-house (See Attachment 13):

- **Shoreline Manger Position, Supervising Parks and Open Space Worker Position, and Parks, Open Space Worker Wages, and Contract Services for CLM:** $ 185,800 ($447,800 offset from the current budget for ranger services)
  Provides funding for a Shoreline Manager position to oversee the employee staffed ranger services and all of the Community Services Department's activities and operations in the North Bayshore Area. Funding is also provided for a Supervising Parks and Open Space Worker position to direct and manage the ranger services and wages for Parks and Open Space Workers to bring the ranger services in-house. There is continuation funding for contract services for CLM to continue to provide ranger services from July to October of 2018. These funds will be used for additional staffing in Fiscal Year 2019-20.

- **Laborer I/II Wages:** $ 19,500
  Provides funding for the maintenance of the City's trails previously provided through the CLM contract.

- **Janitorial Services:** $ 10,200
  Provides increased funding for janitorial services for restrooms at parks in the North Bayshore.

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FISCAL YEAR 2018-19

Recommended **Discretionary** On-Going Changes

Other Funds
(Continued)

Succession Plan: $ 57,800
The following personnel changes are recommended as part of a reorganization and to support succession planning (See Attachment 5):

- **Assistant Community Services Director Position (0.50):** $ 133,000
  Provides funding for the allocation to the Shoreline Community Fund for this position as mentioned in the GOF section above.

- **Redistribution of Funding and Reclassification of a Parks Section Manager to Forestry and Roadway Manager Position:** $ 22,500
  Redistributes funding to the Shoreline Community Fund and funding for this reclassification as mentioned in the GOF section above.

- **Reclassification of a Parks Manager Position to Parks and Open Space Manager:** $ (3,000)
  Provides savings for the allocation to the Shoreline Community Fund for this reclassification as mentioned in the GOF section above.

- **Redistribution of Funding and Reclassification of a Recreation Manager Position:** $ (94,700)
  Redistribution of funding from the Shoreline Community Fund and funding for this reclassification as mentioned in the GOF section above.

Redistribution of Funding for a Recreation Supervisor Position: $ 17,000
Redistributes funding to the Shoreline Community Fund as mentioned in the GOF section above.

Turf Cleaning: $ 12,400
Provides increased funding for the biannual turf cleaning of the Shoreline Athletic Field. There is an additional $25,000 in the GOF.

Community Services Department Total	**$ 210,200**
Total Discretionary On-Going for Other Fund	**$ 598,800**

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Attachment 4

FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Funded From Fiscal Year 2017-18 Carryover)

General Fund

CITY COUNCIL

Newly Elected Councilmember Per-Term Allowance: $ 11,400
Provides funding per Council Policy A-2, whereby each Councilmember is to receive an allowance of $3,800 per term for specialized office equipment necessary to allow Councilmembers to perform their official duties and communicate with the public and staff. The Council Procedures Committee reviewed the Council's budget at its meeting on April 17, 2018 and is recommending additional funding for a Council team building, pending Council direction.

City Council Total **$ 11,400**

CITY CLERK'S OFFICE

November 2018 Election: $ 100,000
Provides funding for the November 6, 2018 General Municipal Election, including three Councilmember seats, the nomination process, candidate statements and ballot title reviews. This does not include funding for any City-sponsored or initiative ballot measure.

Microfilm Digitizing Service: $ 15,000 *($11,600 rebudget balance)*
Provides $3,400 new funding and rebudgets the balance of funding to convert existing microfilm to digital format. Digitizing microfilm will allow easier access for the public and increase efficiency in responding to public records requests. Additional funding is needed to cover the increased cost from a new vendor.

City Clerk's Office Total **$ 115,000**

CITY ATTORNEY'S OFFICE

Senior Deputy City Attorney Position: $ 234,400
Provides continuation and increased funding for the conversion of a 0.50 FTE to a full-time Senior Deputy City Attorney position. This position will assist with the increase in workload.

City Attorney's Office Total **$ 234,400**

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FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

CITY MANAGER'S OFFICE

Human Resources Analyst I/II Position: $ 180,200
Provides continuation funding for a Human Resources Analyst I/II position. This position will be fully dedicated to assist with the high volume of recruitments.

Citywide Succession Planning: $ 160,000
Provides funding for Citywide Succession Planning efforts. The funds will be used to continue the City's Leadership Development Program and provide other resources to develop staff and prepare the organization for potential retirements (See Attachment 8).

Management Fellow Position: $ 140,200
Provides continuation funding for a Management Fellow position. The objective of this position is to provide increased capacity and an increased level of analytical rigor for important department and citywide projects.

Human Resources Analyst Wages: $ 100,000
Provides continuation funding for the Human Resources Analyst hourly wages. The funding will provide dedicated resources for recruitments and support special projects.

New City Council Goal Related to Vulnerable Populations (rebudget)*: $ 75,000*
Rebudgets funding for the City Council Major Goal of addressing the need to protect vulnerable populations and preserve the socioeconomic and cultural diversity of the community. This funding will be used to provide grants and collaborate with regional partners to improve access to information and referral resources for immigrants.

Frontline Employee Development Pilot Program (rebudget balance): *$ 63,000*
Rebudgets funding approved by Council on October 3, 2017 for a Frontline Employee Development Pilot Program.

Labor Negotiations: $ 50,000
Provides funding for a Labor Negotiations Attorney to assist with the reopener negotiation process. All four represented employee groups have a reopener for Fiscal Year 2019-20.

Employee Engagement and Appreciation Program (rebudget balance)*: $ 50,000*
Rebudgets a portion of the funding for Employee Engagement and Appreciation Programs. The funding will allow staff to continue to develop programs and activities that fulfills the initiatives identified in the 2015 and 2018 Employee Engagement surveys. There is an additional $25,000 in ongoing funding for this purpose.

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FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

Employee Wellness Program: $ 35,000
Provides funding for the purchase and delivery of healthy snacks to City offices to expand on the initiatives of the Wellness Committee.

Deferred Compensation Plan: $ 35,000
Provides funding to contract with a firm to assist the City in analyzing the current deferred compensation plans and providers, conducting a negotiation and/or request for proposal (RFP), and update the plan document.

Hourly Support Staff: $ 25,500
Provides funding for clerical hourly support to the City Manager's Office. The additional funds are needed to help support five managers and assist with the increasing workload of the department.

Regional Airplane Noise Round Table: $ 25,000
Provides placeholder funding for the regional airplane noise round table being discussed by the Cities Association.

Tax Regulations Study (rebudget): *$ 25,000*
Rebudgets funding approved by Council on October 24, 2017 for a study regarding tax regulations related to potential constructive receipt issues for compensatory time.

Multilingual Community Outreach Program (MCOP) Support: $ 10,000
Provides continued funding for additional resources to the MCOP due to increased demand for translation, interpretation, outreach, and referral assistance. The funding will also be used for staff time and supplies to continue the foreign language speakers Civic Leadership Academy. The intent of the Academy is to improve non-native English-speaking residents' understanding of government and City services, increase civic engagement, leadership, and volunteerism in the City.

Multicultural Festival: $ 9,000
Provides funding for a Multicultural Festival to celebrate diversity and promote respect and inclusion of diverse cultures in Mountain View.

Civica Software Training: $ 5,000
Provides funding for continued web software training.

City Manager's Office Total **$ 987,900**

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FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

INFORMATION TECHNOLOGY DEPARTMENT

Secretary Position (0.50): $ 75,700
Provides continuation funding for a half-time Secretary position to provide administrative support to the IT Department.

Office 365 Migration Consultant: $ 60,000
Provides funding for consultant services to assist with the Office 365 rollout.

Agency Cyber-Attack Training: $ 30,000
Provides funding for training materials and webinars for cyber awareness and anti-phishing training.

Open City Hall Subscription: $ 12,000
Provides continued funding for the Open City Hall Subscription. This software allows the City to post questions and collect feedback from the community.

Plan Management Software: $ 10,000
Provides funding for new software to improve tracking of City Council goals.

Training, Conference, and Travel: $ 3,000
Provides funding for training, conference, and travel to allow two additional IT staff to attend the Municipal Information Systems Association of California (MISAC) conference.

Information Technology Department Total **$ 190,700**

FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

Nonprofit Agency Funding: $ 49,600
Provides the second year of funding for nonprofit agencies as identified by Council at the CDBG hearing on May 2, 2017.

Safety Training Study Implementation (rebudget): *$ 25,000*
Rebudgets a portion of funding to implement components recommended from a Citywide Safety Training Study.

Purchase Card Transaction Review (rebudget)*: $ 20,000*
Rebudgets funding for an outside consultant to review departments' compliance with purchasing card policies.

Finance and Administrative Services Department Total **$ 94,600**

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FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

COMMUNITY DEVELOPMENT DEPARTMENT

Soft-Story Building Study (rebudget)*: $ 175,000*
Rebudgets funding for a study on soft-story buildings in the City and propose potential programs and incentives that could be adopted to retrofit these structures. The total funding of $268,000 is allocated between the General Non-Operating and Development Services Funds.

Environmental Sustainability Action Plan (rebudget balance): *$ 100,000*
Rebudgets balance of funding approved by Council on September 13, 2016 for the Environmental Sustainability Action Plan (See Attachment 6).

Environmental Sustainability Fellow: $ 50,000
Provides funding for hourly wages for a Fellow to support the implementation of the City's Climate Protection Roadmap (CPR), the Municipal Operations Climate Action Plan (MOCAP), Environmental Sustainability Action Plan 3 (ESAP-3), as well as provide assistance with ongoing projects and grant opportunities. The additional resources will help to implement the work of the Environmental Sustainability Program (See Attachment 6).

Short-Term Residential Rental Regulations (rebudget): *$50,000*
Rebudgets funding to be used to finalize recommendations on short-term residential rental regulations and possible implementation/compliance costs.

El Camino Real Light Pole Banners (rebudget)*: $ 40,000*
Rebudgets funding to create and install new City banners on El Camino Real. The banners will create a consistent look that will identify the City's boundaries and promote the City.

2017 Community Greenhouse Gas (GHG) Inventory: $ 30,000
Provides funding for consultant services to conduct the community-wide GHG emissions inventory (based on 2017 data). The results will allow the City to evaluate the progress against its stated GHG emission reduction goals (See Attachment 6).

Downtown Economic Vitality Program: $ 30,000
Provides funding for the Downtown Economic Vitality Program as directed by City Council on February 27, 2018. The goal of the program is to support existing businesses and attract new retailers. The downtown retail assessment ($20,000) will provide strategic guidance on attracting new retailers. In addition, the downtown branding campaign ($10,000) will provide an opportunity to create new marketing and promotional materials.

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FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

Sustainability Outreach and Engagement Program (rebudget balance)*: $ 30,000*
Rebudgets the balance to expand the implementation of the Sustainability Outreach and Engagement Program. These resources will fund a community-wide "green challenge" program and continue to provide outreach for the Silicon Valley Clean Energy (SVCE) program (See Attachment 6).

Secretary – Economic Development Division Position (0.15): $ 22,700
Provides funding for a 0.15 FTE of a Secretary position to support the Economic Development division (the other 0.35 FTE is funded from the Downtown Benefit Assessment District Fund and the Shoreline Community Fund). Currently, a full-time Secretary position is being shared by the Neighborhood Preservation and Economic Development divisions and it is recommended the full-time position be reallocated entirely to the Neighborhood Preservation Division.

Technology Showcase: $ 20,000
Provides continued funding for consultant services and event operations for the fourth Technology Showcase. The Technology Showcase is becoming a premier Silicon Valley event for local technology products and service demonstrations drawing over 1,500 attendees.

Explore Solar Hot Water Heaters (rebudget)*: $ 20,000*
Rebudgets funding for consultant services to explore the installation of solar hot water heaters on City properties (See Attachment 6).

Visual Arts Committee: $ 20,000 *($9,000 rebudget balance)*
Provides $11,000 new funding and rebudgets the balance for two Visual Arts Committee Work Plan items. The funding will be used to continue the Public Arts Strategy and the Sidewalk Studios Pilot Program.

Parking Coordinator Consultant (rebudget): *$ 20,000*
Rebudgets funding for a Parking Coordinator Consultant to help manage a number of Citywide parking initiatives. The total funding of $70,000 is allocated between the General Non-Operating and Downtown Benefit Assessment Districts Funds.

Housing Element Update (rebudget balance)*: $ 16,300*
Rebudgets the balance available to implement action items required by the mandated Housing Element adopted October 2014.

Establish the Environmental Sustainability Task Force (rebudget balance): *$10,000*
Rebudgets the balance for funding to establish the Environmental Sustainability Task Force-2 to provide volunteer resources to support sustainability initiatives (See Attachment 6).

Community Development Department Total **$ 634,000**

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FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

PUBLIC WORKS DEPARTMENT

Associate Civil Engineer-Land Development Section Position: $ 191,200
Provides continuation funding for an Associate Civil Engineer position. This position will support the increased workload in the Land Development Section due to the high levels of development activity and higher complexity of projects.

Contract Services – Utility Locating: $ 95,000
Provides funding for contract services to provide utilities locating services. Due to the significant number of planned commercial and residential projects throughout the City, staff will be unable to provide timely services with current staffing.

Associate Civil Engineer-Traffic Section Position (0.45): $ 86,000
Provides continuation funding for an Associate Civil Engineer position (the other 0.55 FTE is funded from the Development Services and Shoreline Community Funds) in the Traffic Section to assist with heavy workload.

Manager's Mobility Partnership (MMP) Regional Bike Route: $ 75,000
Provides funding to develop a multi-city implementation plan that is focused on developing a consistent, legible bikeway across multiple jurisdictions. On January 31, 2017, City Council adopted a resolution to support the MMP effort to kick-off a multi-city visioning process to create a north-south bicycle route, from Redwood City to Mountain View.

Hourly Staff to Support the Traffic Section: $ 60,000
Provides continuation funding for hourly staff to support the Traffic Section. The increase in workload is mainly attributable to the high level of development activity.

Hourly Staff to Support the Capital Projects Section: $ 60,000
Provides continuation funding for hourly staff to support the Capital Projects Section. The increase in workload is mainly attributable to the large number of capital projects.

Program for Sidewalk Ramping and Grinding: $ 50,000
Provides continuation funding to hire two hourly seasonal workers to perform sidewalk ramping and grinding operations. Since the start of this program in November of 2016, the crew has grounded an additional 1,420 locations.

Residential Parking Permit Program (rebudget balance): *$ 50,000*
Rebudgets a portion of the funding approved by Council on October 4, 2016 for implementation costs of the Residential Parking Permit Program.

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FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

Safe Routes to Schools (SRTS) Education Program: $ 46,000
Provides funding for the operations of a SRTS Education Program which promotes students walking/biking to school. The City has previously provided matching funds for this program though federal grants awarded to the City. Those funds will be expended in the current fiscal year. The ongoing funding for this program will come from Measure B; this funding is for a temporary gap while the Measure B funding is in escrow until a court case is resolved.

Bay Area Bike Share Program (rebudget balance): *$ 35,000*
Rebudgets a portion of the funding approved by Council on May 24, 2016 to participate in the Bay Area Bike Share Program and for costs related to implementation and evaluation.

Associate Civil Engineer-Capital Projects Section Position: $ 19,100 ($191,200 offset by charges to CIPs)
Provides continuation funding for an Associate Civil Engineer position. The position will support the heavy workload in the Capital Improvement Program. The increase in workload is related to new projects generated from high levels of development activity and the Council's focus on pedestrian and bicycle transportation.

Public Works Inspector I/II Overhire-Construction Section Position: $ 18,800 ($188,000 offset by charges to CIPs)
Provides funding for a Public Works Inspector I/II Overhire position. The position will support the high level of private development related construction activity in North Bayshore. This position is also being recommended to support succession planning.

Friends of Stevens Creek Trail Fish Passage: $ 9,900
Provides funding, per Council direction on March 20, 2018, for a portion of the local matching funds required for the Friends of Stevens Creek Trail's grant application to the Santa Clara Valley Water District for fish passage improvements on Stevens Creek at Deep Cliff Golf Course.

Public Works Department Total **$ 796,000**

COMMUNITY SERVICES DEPARTMENT

Performing Arts Supervisor Position (0.50): $ 92,300
Provides continuation funding for a half-time Performing Arts Supervisor position to add to an existing half-time position. The additional resources help to maximize ticket sales and revenue at the Center for the Performing Arts.

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FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

New Community Center – Pilot Program for Day Porter Services: $ 42,800
Provides funding for additional janitorial services, room setup/teardown, and support for special events at Recreation facilities. These resources will provide a day porter when the new Community Center opens (See Attachment 7).

Pilot Power Washing of Downtown Sidewalks: $ 31,100
Provides funding for the Downtown Economic Vitality Program as directed by City Council on February 27, 2018. This pilot program will allow for additional power washing of the downtown sidewalks.

Thursday Night Live Special Events: $ 16,200 (offset by $10,000 in sponsorships)
Provides funding to increase the Thursday Nights Live special events to six consecutive Thursday nights over the summer. The additional events will start in the Sumer of 2019.

Community Services Department Total **$ 182,400**

LIBRARY SERVICES DEPARTMENT

Water Bottle Filling Stations (2): $ 6,000
Provides funding for the purchase and installation of two water bottle filling stations.

Library Logo (rebudget)*: $ 5,000*
Rebudgets funding for consultant services to develop a new library logo that is easily recognizable and quickly communicates the Library's value to the community.

Library Services Department Total **$ 11,000**

FIRE DEPARTMENT

Firefighter Recruit Academy: $ 450,000
Provides funding for Firefighter recruits to attend the Firefighter Academy for three months and for approximately one month transition-to-shift schedules. The level of recruitments will continue to be high due to the number of current and expected vacancies.

Special Operations Program (rebudget balance)*: $ 371,700*
Rebudgets the balance of funding for the formalization of a Special Operations Program. The funding will provide training and equipment for Technical Rescue and Tactical Medic Programs over a three year period.

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FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

Entry-Level Recruitment Program: $ 30,000
Provides funding to establish a recruitment program. The funding will cover the personnel cost of attending career day and recruitment fairs in an effort to attract diversity and market the MVFD to entry level candidates.

Consolidated Dispatch Consultant (rebudget)*: $ 20,000*
Rebudgets funding for a regional consolidation of dispatch services feasibility study or implementation actions. Several fire departments within Santa Clara County have identified regional fire dispatch as an area of opportunity for regional collaboration to increase efficiencies and lessen the strains on our Dispatch Center.

City's Antique Fire Apparatus: $ 10,000
Provides continued funding to support the maintenance and restoration of the City's Antique Fire Apparatus and other historical Mountain View Fire Department memorabilia.

Fire Department Total **$ 881,700**

POLICE DEPARTMENT

Two Public Safety Dispatcher Overhire Positions: $ 386,200
Provides new and continued funding for two Public Safety Dispatcher Overhire positions. These positions are requested due to anticipated vacancies and the lengthy selection and training process.

Police Officer Position (two-year)-Community Outreach: $ 259,800
Provides funding for the second year of a two year Police Officer over-hire position. This position focuses on improving the effectiveness of the Police Department's handling of community concerns and issues related to vulnerable populations, to include homeless and the mentally ill. In addition, the officer would coordinate and expand the Department's Crisis Intervention Training (CIT) efforts.

Two Police Officer Trainee Positions: $ 164,000
Provides continued funding for two Police Officer Trainee positions at 50 percent funding. Police Officer Trainees provide flexibility for current and anticipated vacancies. There are multiple vacant Police Officer positions and additional vacancies anticipated in the next 12 months

Community Services Officer (CSO) Position (0.50): $ 90,100
Provides funding for a half-time CSO position. The position will provide additional deployable hours to improve patrol team coverage due to a re-assignment of a CSO and will also support succession planning efforts. Includes $6,000 for equipment and uniform costs.

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FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

***State-Allocated Assembly Bill 109 (AB109) Funds (rebudget)**: $ 80,300*
Rebudgets funding received as part of the Public Safety Realignment Act. The department intends to use these funds for technology projects.

***Public Safety Network Design (rebudget)**: $ 60,000*
Rebudgets funding for third-party consulting and technical services related to public safety computer network design, implementation of all-IP 9-1-1 and radio networks, and industry expertise with respect to federal information security policies and standards compliance.

***Contract Services – Emergency Communications Training (rebudget balance)**: $50,000*
Rebudgets the balance of funding for continued Emergency Communications staff training, assessment of current operations, revised policy manual, and updating the training manual.

***Residential Parking Permit Program (rebudget)**: $ 25,000*
Rebudgets a portion of the funding approved by Council on October 4, 2016 for implementation costs associated with a Residential Parking Permit Program.

Police Department Total **$ 1,115,400**

Total General Fund Limited-Period Expenditures **$ 5,254,500**
(New $3,817,600; Rebudget $1,436,900)

Rebudgets are italicized and are Fiscal Year 2017-18 non-operating appropriations that are unspent and recommended to be carried over to Fiscal Year 2018-19.

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Attachment 4

FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

Other Funds

NON-DEPARTMENT

Child-Care Commitment Reserve

Low-Income Child-Care Subsidies: $ 100,000

Provides funding from the revenue generated by the provider for low-income Child-Care Center enrollment subsidies through the contract term.

Public Benefit Fund

Homelessness Initiatives (rebudget balance): *$ 21,600*

Rebudgets the balance of funding approved by Council on March 7, 2017 for various Homelessness Initiatives.

General Housing Fund

Boomerang Funds (rebudget balance): *$ 28,400*

Rebudgets the balance of Boomerang funds for affordable housing.

Successor Agency Fund

Housing and Services for Low-Income Residents (rebudget): *$ 250,000*

Rebudgets the funding approved by Council on March 7, 2017 for Housing and Services for Low-Income and Homeless Residents (See Attachment 12).

Non-Department Total **$ 400,000**

FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

Development Services Fund

Cost of Service Study (rebudget): *$ 40,000*

Rebudgets funding for contractual services to conduct a cost of services study for the Development Services Fund. Fees have not been reviewed since the consolidation of all development services into the Development Services Fund in Fiscal Year 2014-15. This project has been postponed due to other Council-directed priorities.

Finance and Administrative Services Department Total **$ 40,000**

COMMUNITY DEVELOPMENT DEPARTMENT

Development Services Fund

East Whisman Precise Plan & Environmental Impact Report (EIR): $ 270,000

Provides additional funding to analyze additional freeway segments and intersections. The Congestion Management Program requires level of service (LOS) analysis of segments and intersections where the number of new trips is above a certain threshold. The number of these facilities that we need to study is about twice as high as expected.

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FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

Associate Planner Position: $ 183,800
Provides continuation funding for an Associate Planner position to support the continued high level of development activity and provide additional support at the Development Services Counter.

SB 743 – Transit-Oriented Infill Projects: $ 100,000 *(rebudget $50,000)*
Provides $50,000 new funding and rebudget of $50,000 for consultant services to assist the City with developing thresholds of significance related to the implementation of California Environmental Quality Act (CEQA)'s new vehicle miles travelled (VMT) standards. SB 743 requires CEQA analysis of transportation impacts to move from LOS to VMT standards.

Soft-Story Building Study: $ 93,000 *(rebudget $87,500)*
Provides $5,500 new funding and rebudget of $87,500 for the allocation to the Development Services Fund as mentioned in the General Fund section above.

Community Benefit Financial Study for Gatekeeper Applications (rebudget): *$40,000*
Rebudgets a portion of funding to be used to conduct a Community Benefit Financial Study for Gatekeeper Applications.

Certified Access Specialist (CASp) Training (rebudget balance)*: $ 15,100*
Rebudgets the balance of funding previously received for CASp Training per Assembly Bill (AB) 1379. The City collects four dollars for every business license issued and retains 90 percent of the funds. The City is required to use the funds on CASp training and certification to facilitate compliance with construction-related accessibility requirements. There is an additional $28,000 in ongoing funding associated with this request.

Precise Plan Noticings: $ 12,000
Provides continued funding for noticing the East Whisman Precise Plan and other planning projects. The notices are mailed to the Precise Plan areas to notify residents of Study Sessions, Public Hearings, and neighborhood meetings.

<u>Below Market Rate (BMR) Housing Fund</u>
Employee Homebuyers Program Loans (rebudget)*: $ 1,000,000*
Rebudgets funding for the Employee Homebuyers Program approved by Council during Fiscal Year 2008-09. This funding will only be available to employees that meet the median household income requirement. Staff is examining this program to explore ways to increase effectiveness.

Marketing and Request for Proposals (RFP) Process for Lot 12 (rebudget): *$150,000*
Rebudgets funding to begin marketing and a RFP process for Lot 12.

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FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

Fair Housing Assessment (rebudget)*: $ 60,000*
Rebudgets funding for Fair Housing Assessment as required by HUD as a condition of CDBG and HOME funding.

Homeless Census Count: $ 10,000
Provides funding for a countywide homeless census count. Every other year, the City contributes funds towards the homeless census count performed by the County.

<u>Downtown Benefit Assessments Districts Fund</u>
Downtown Parking Long-Term Solutions (rebudget): *$200,000*
Rebudgets funding to be used to develop the Downtown Parking Long-Term Solution—Shared and Paid Parking Study.

Paid Parking Program (rebudget)*: $ 75,000*
Rebudgets funding to begin a study on paid parking per City Council direction on October 18, 2016 and to evaluate other alternatives to increase available parking in the downtown.

Parking Coordinator Consultant (rebudget)*: $ 50,000*
Rebudgets funding for consultation services on parking programs and policies associated with the Parking District. The consultant will assist with designing and implementing programs that increase parking availability and convenience by managing the different parking user groups more efficiently. In addition, consultant support is needed for the possible expansion of the Parking District and changes to the Parking in-lieu Fee.

Secretary – Economic Development Division Position (0.25): $ 37,900
Provides funding for the allocation to the Downtown Benefit Assessment District Fund for the new half-time position as mentioned in the GOF section above.

<u>Shoreline Community Fund</u>
Precise Plan Implementation - District Utilities Feasibility Study (rebudget balance)*: $46,500*
Rebudgets the balance to conduct a study involving cost/benefit analysis for a district-scale utility system. This item is part of the North Bayshore Precise Plan Implementation.

Secretary – Economic Development Division Position (0.10): $ 15,100
Provides funding for the allocation to the Shoreline Community Fund for the new half-time position as mentioned in the GOF section above.

North Bayshore—Residential Transportation Demand Management (TDM) Guidelines (rebudget balance): *$12,600*
Rebudgets the balance of funding to develop the North Bayshore – Residential TDM Guidelines.

Community Development Department Total **$ 2,371,000**

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FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

PUBLIC WORKS DEPARTMENT

Development Services Fund

Consultants to Support Land Development Section: $ 450,000
Provides continuation funding for consultants to support the Land Development Section. Additional resources are necessary to process the additional workload created by the high level of development activity.

Consultants to Support Construction Section: $ 200,000
Provides continuation funding for consultants to support the Construction Section. Additional resources are necessary to process the additional workload created by the high level of development activity.

Associate Civil Engineer-Construction Section Position: $ 191,200
Provides continuation funding for an Associate Civil Engineer position. The position will support the increased workload in the Construction Section due to the high level of private development and related excavation permits activity.

Consultants to Support Traffic Engineering Section: $ 100,000
Provides continuation funding for consultants to support the Traffic Engineering Section. The increase in activity is mainly attributable to the approval of the three Precise Plans. The total funding of $150,000 is allocated between the Development Services Fund and the Shoreline Community Fund.

Hourly Staff to Support the Land Development Section: $ 60,000
Provides continuation funding for hourly staff to support the Land Development Section. The increase in workload is mainly attributable to the high level of development activity.

Hourly Staff to Support the Construction Section: $ 60,000
Provides continuation funding for hourly staff to support the Construction Section. The increase in workload is mainly attributable to the high level of development activity.

Associate Civil Engineer-Traffic Section Position (0.30): $ 57,400
Provides continuation funding for the allocation to the Development Services Fund for this position as mentioned in the GOF section above.

Associate Civil Engineer-Land Development Section Position (0.20): $ 38,200
Provides continuation funding for 0.20 FTE of an Associate Civil Engineer position (the other 0.80 FTE is funded from the Shoreline Community, Water, Wastewater, and Solid Waste Funds). This position will support the increased workload in the Land Development Section due to the high level of development activity and higher complexity of projects.

FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

Shoreline Community Fund

Consultants to Support Traffic Engineering Section: $ 50,000

Provides continuation funding for the allocation to the Shoreline Community Fund for consultants to support the Traffic Engineering Section as mentioned in the Development Services Fund section above.

Associate Civil Engineer-Traffic Section Position (0.25): $ 47,800

Provides continuation funding for the allocation to the Shoreline Community Fund for this position as mentioned in the GOF section above.

Associate Civil Engineer-Land Development Section Position (0.20): $ 38,200

Provides continuation funding for the allocation to the Shoreline Community Fund for this position as mentioned in the Development Services Fund section above.

Water Fund

Associate Civil Engineer-Engineering and Environmental Compliance Section Position: $ 191,200

Provides continuation funding for an Associate Civil Engineer position. Additional staff resources are necessary to comply with recycled water regulations.

Contract Services – Recycled Water Program: $ 50,000

Provides funding for contract services to establish a gray/black water program for the City. A permitting and monitoring strategy will be developed in addition to identifying the appropriate agency to oversee the process. Once this program is established, fees will be created and this will be a cost recovery program.

Associate Civil Engineer-Land Development Section Position (0.20): $ 38,200

Provides funding for the allocation to the Water Fund for this position as mentioned in the Development Services Fund section above.

Wastewater Fund

Associate Civil Engineer-Land Development Section Position (0.20): $ 38,200

Provides funding for the allocation to the Wastewater Fund for this position as mentioned in the Development Services Fund section above.

Solid Waste Fund

Analyst I/II-Solid Waste Section Position: $ 180,200

Provides funding for an Analyst I/II position to assist with increasing responsibilities and workload due to new regulations and a commitment to zero waste. In addition, the next couple of years will be particularly challenging due to the upcoming simultaneous expiration of the hauling (Recology), processing (SMaRT Station) and landfill (Waste Management) agreements.

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FISCAL YEAR 2018-19

Recommended **Limited-Period Expenditures**

(Continued)

Associate Civil Engineer-Land Development Section Position (0.20): $ 38,200
Provides funding for the allocation to the Solid Waste Fund for this position as mentioned in the Development Services Fund section above.

Equipment Maintenance and Replacement Fund
Hourly Staff to Support the Fleet Section: $ 50,000
Provides funding for hourly staff to continue supporting the Fleet Section. The additional resources will allow for an on-site fabricator and Police fleet liaison. The fabricator performs on-site metal work to create and repair vehicle and equipment components. The Police fleet liaison will assist with the specialized work involved in preparing specifications for and the upfitting of new police vehicles.

Public Works Department Total **$ 1,878,800**

FIRE DEPARTMENT:

Development Services Fund
Strong Motion Instrumentation Program (SMIP) (rebudget balance)*: $ 5,700*
Rebudgets the balance of funding for SMIP funds to be used for a Community Emergency Response Team (CERT) grant program.

Wastewater Fund
Consultant Services for Web-Based Reporting (rebudget)*: $ 20,000*
Rebudgets funding to create an electronic reporting system. The State requires all local government agencies to electronically report hazardous materials business plan, inspection, and enforcement information.

Fire Department Total **$ 25,700**

Total Other Funds Limited-Period Expenditures **$ 4,715,500**

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Attachment 5

CITY OF MOUNTAIN VIEW

MEMORANDUM

Community Services Department

DATE: May 1, 2018

TO: City Council

FROM: J.P. de la Montaigne, Community Services Director

VIA: Daniel H. Rich, City Manager

SUBJECT: Community Services Department Succession Plan

The purpose of this memorandum is to provide Council with additional information regarding proposed personnel changes as part of the Fiscal Year 2018-19 budget process for the Community Services Department's (CSD) succession planning.

BACKGROUND

The City has begun looking into developing succession plans for each department as a larger number of the workforce across the City reaches retirement eligibility. In the Community Services Department, the Parks Manager will be retiring this fiscal year. In addition, the Community Services Director and other staff, including supervisors, has also reached retirement eligibility. Staff proposes the personnel changes in this memo in order to prepare the department for future retirements while maintaining best practices and preventing the loss of institutional knowledge.

ANALYSIS

Currently, the Community Services Department is structured with three manager-level positions that oversee five divisions and report directly to the Community Services Director. The Parks Manager oversees the Parks and Open Space Division and the Forestry and Roadways Division. The Performing Arts Manager oversees the Performing Arts Division. The Recreation Manager oversees the Recreation Division and the Shoreline Division. This structure has been effective. However, if these positions were vacated due to retirement, it would be difficult to fill them because of the unique set of knowledge required to oversee multiple divisions. In addition, as programs and operations expand, staff believes a manager-level position is essential to oversee each division effectively. Therefore, staff is proposing the following changes.

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Create an Assistant Community Services Director

Staff recommends adding an Assistant Community Services Director position. The manager-level positions would report directly to the Assistant Community Services Director, who, over time, would be responsible for all five divisions. This allows another employee, other than the Director, to understand the best practices and operations of all Community Services Department divisions. If the Director were to retire, this position would facilitate the transition to a new Director and prevent knowledge from being "silo'd" in each division. The Community Services Department is a large and complex department; the City previously had this position. Total compensation for the Assistant Community Services Director is $266,000 (allocated 50/50 between the General Fund and the Shoreline Community Fund).

Reclassification of the Recreation Manager Position

With recreation programs, staffing, and offerings expected to increase to meet community needs, staff recommends reclassifying the Recreation Manager to solely oversee the Recreation Division, as opposed to two divisions. The Shoreline Manager being proposed with the in-house Ranger program will be responsible for the Shoreline Division. This allows the Recreation Manager to focus solely on the Recreation Division. The responsibilities at Shoreline are also expanding with increased public service levels that require a dedicated manager-level position to solely oversee that division. Total savings from the reclassification of this position is $9,500.

Reclassification of the Parks Manager Position to Parks and Open Space Manager

The Parks Manager currently oversees the Parks and Open Space Division and the Forestry and Roadway Division. Staff recommends reclassifying this position to the Parks and Open Space Manager to solely oversee the Parks and Open Space Division. With 11 new parks expected in the next 5 years, the operations of the Parks and Open Space Division are expanding to a level that warrants a manager-level position solely overseeing the division. In addition, when the current Parks Manager retires, it will be difficult to find a replacement with the knowledge of parks, open space, forestry, and roadways to oversee both divisions and follow best practices. By having a manager-level position overseeing parks and open space, institutional knowledge will be easier to maintain. Total savings from the reclassification of this position is $12,000.

Reclassification of the Parks Section Manager to Forestry and Roadway Manager

The Parks Section Manager currently reports to the Parks and Forestry Manager and supervises the Forestry and Roadway Landscape operations. Staff recommends reclassifying this position to Forestry and Roadway Landscape Manager, where the position will report directly to the Assistant Community Services Director. The workload for preserving and expanding Mountain View's urban forest as directed in the Community Tree Master Plan has required increasing amounts of time and resources, warranting a manager-level position solely overseeing these operations. This will also help preserve the institutional knowledge and best practices so one manager is not responsible for all parks, open space, forestry, and roadway responsibilities and operations. The total cost for the reclassification of this position is $15,100.

Reclassification of a Parks Maintenance Worker III to Parks Supervisor

Currently, the Parks Section Manager directly oversees the Roadway team. All other teams in parks, open space, and forestry have a supervisor-level position managing the personnel and operations. Therefore, staff recommends reclassifying a Parks Maintenance Worker III to Parks Supervisor so that every group within Parks and Forestry has a supervisor. This will facilitate the transition of the two new manager-level positions being recommended and provide for efficiency and better management of operations. The total cost for the reclassification of this position is $40,600.

These personnel changes for the Community Services Department's succession planning have also been reviewed with the Human Resources Division and the Finance and Administrative Services Department.

Lastly, staff is also recommending the addition of a manager-level position (Shoreline Manager) to oversee Community Services Department operations in the North Bayshore Area. This request is addressed in the in-house Ranger program memo—another attachment to the Narrative Budget Report.

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FISCAL IMPACT

Personnel Change	**Cost**
Add Assistant Community Services Director	$266,000
Reclassify Recreation Manager	(9,500)
Reclassify Parks Manager to Parks and Open Space Manager	(12,000)
Reclassify Parks Section Manager to Forestry and Roadway Manager	15,100
Reclassify Parks Maintenance Worker III to Roadway Supervisor	40,600
TOTAL IMPACT	**$300,200**

JPdlM/BR/2/CSD
240-05-01-18M-E-1

Exhibits: A. Current Organization Chart
B. Proposed Organization Chart

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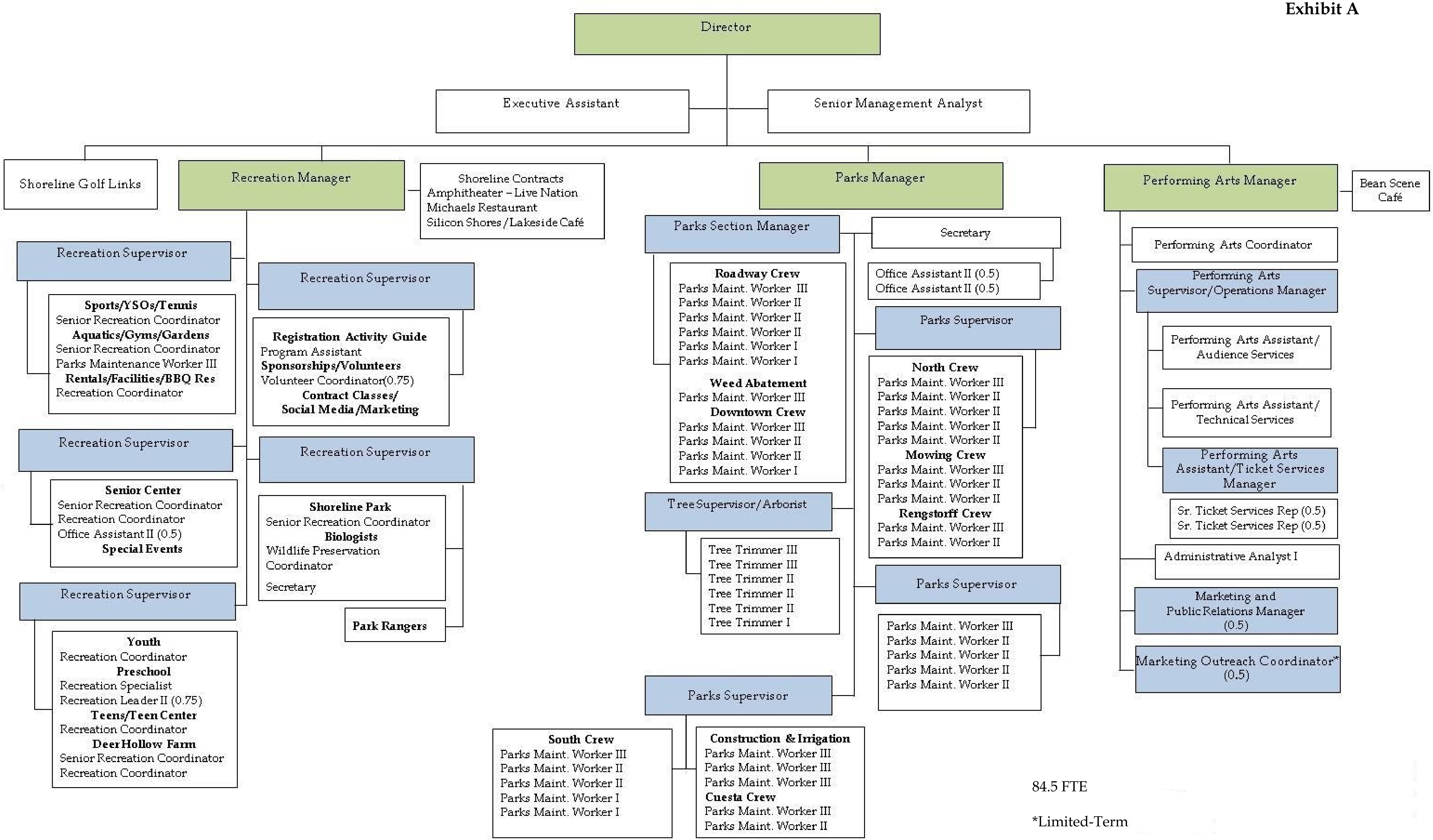
Current FY 17-18 Community Services Department Organizational Chart

Exhibit A



84.5 FTE

*Limited-Term

Proposed FY 18-19 Community Services Organizational Chart

Exhibit B

- Director
  - Executive Assistant
  - Senior Management Analyst
  - Assistant Director**
    - Recreation Manager
      - Recreation Supervisor
        - **Registration Activity Guide**
          - Program Assistant
          - Office Assistant I/II**
        - **Sponsorships/Volunteers**
          - Volunteer Coordinator (0.75)
        - **Contract Classes/ Social Media Marketing**
      - Recreation Supervisor
        - **Sports/YSOs/Tennis**
          - Senior Recreation Coordinator
        - **Aquatics/Gyms/Gardens**
          - Senior Recreation Coordinator
          - Parks Maintenance Worker III
        - **Rentals/Facilities/BBQ Res**
          - Recreation Coordinator
      - Recreation Supervisor
        - **Senior Center**
          - Senior Recreation Coordinator
          - Recreation Coordinator
          - Office Assistant II (0.5)
        - **Special Events**
      - Recreation Supervisor
        - **Youth**
          - Recreation Coordinator
        - **Preschool**
          - Recreation Specialist
          - Recreation Leader II (0.75)
        - **Teens/Teen Center**
          - Recreation Coordinator
        - **Deer Hollow Farm**
          - Senior Recreation Coordinator
          - Recreation Coordinator
    - Shoreline Manager**
      - Secretary
      - **Golf Links**
      - **Shoreline Contracts**
        - Amphitheatre/Live Nation
        - Michael's Restaurant
        - Silicon Shores/Lakeside Cafe
      - **Employee Staffed Park Rangers**
        - Supervising Parks & Open Space Worker**
      - Recreation Supervisor
        - **Shoreline Park/Rengstorff House**
          - Senior Recreation Coordinator
        - **Biologists**
          - Wildlife Preservation Coordinator
        - **Youth Corps**
    - Forestry & Roadway Manager
      - Office Assistant II (0.5)
      - Office Assistant II (0.5)
      - Roadway Supervisor
        - **Roadway Crew**
          - Parks Maintenance Worker III
          - Parks Maintenance Worker II
          - Parks Maintenance Worker II
          - Parks Maintenance Worker II
          - Parks Maintenance Worker I
          - Parks Maintenance Worker I
        - **Downtown Crew**
          - Parks Maintenance Worker III
          - Parks Maintenance Worker II
          - Parks Maintenance Worker II
          - Parks Maintenance Worker I
      - Forestry Supervisor/Arborist
        - Forestry Maintenance Specialist
        - Tree Trimmer III
        - Tree Trimmer II
        - Tree Trimmer II
        - Tree Trimmer II
        - Tree Trimmer I
    - Parks & Open Space Manager
      - Secretary
      - Parks Supervisor
        - **North Crew**
          - Parks Maint. Worker III
          - Parks Maint. Worker II
          - Parks Maint. Worker II
          - Parks Maint. Worker II
          - Parks Maint. Worker II
        - **Mowing Crew**
          - Parks Maint. Worker III
          - Parks Maint. Worker II
          - Parks Maint. Worker II
        - **Rengstorff Crew**
          - Parks Maint. Worker III
          - Parks Maint. Worker II
      - Parks Supervisor
        - **South Crew**
          - Parks Maint. Worker III
          - Parks Maint. Worker II
          - Parks Maint. Worker II
          - Parks Maint. Worker I
          - Parks Maint. Worker I
        - **Construction & Irrigation**
          - Parks Maint. Worker III
          - Parks Maint. Worker III
          - Parks Maint. Worker III
        - **Cuesta Crew**
          - Parks Maint. Worker III
          - Parks Maint. Worker II
      - Parks Supervisor
        - Parks Maintenance Worker III
        - Parks Maintenance Worker II
        - Parks Maintenance Worker II
        - Parks Maintenance Worker II
        - Parks Maintenance Worker II
    - Performing Arts Manager
      - Bean Scene Café
      - Performing Arts Coordinator
      - Administrative Analyst I
      - Performing Arts Supervisor/Operations Manager
        - Performing Arts Assistant/Audience Services
        - Performing Arts Assistant/Technical Services
        - Performing Arts Assistant/Ticket Services Manager
          - Sr. Ticket Services Rep (0.5)
          - Sr. Ticket Services Rep (0.5)
      - Marketing & Public Relations Manager (0.5)
      - Marketing Outreach Coordinator* (0.5)

88.5 FTE

*Limited-Term

** FY 18-19 Recommended New Positions

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Attachment 6

CITY OF MOUNTAIN VIEW

MEMORANDUM

Community Development Department

DATE: May 1, 2018

TO: City Council

FROM: Steve Attinger, Environmental Sustainability Coordinator
Wayne Chen, Assistant Community Development Director
Randal Tsuda, Community Development Director

VIA: Daniel H. Rich, City Manager

SUBJECT: **Environmental Sustainability Program Funding**

PURPOSE

The purpose of this memorandum is to provide information on Community Development's request for Environmental Sustainability Program and staff funding as part of the Narrative Budget Report.

BACKGROUND

Ten (10) years after the Environmental Sustainability Program was initiated, sustainability continues to be a top priority for the Council. While progress has been made implementing many actions in the Fiscal Years 2016-19 Environmental Sustainability Action Plan 3 (ESAP-3), ESAP-3 comprises a significant work program. The budget requests for the Environmental Sustainability Program would significantly facilitate the ability to complete ESAP-3 work items, consider the recommendations of the Environmental Sustainability Task Force 2 (ESTF-2), develop the next ESAP, and further facilitate the Council Major Goal to: "*Promote environmental sustainability with a focus on measurable outcomes*."

ANALYSIS

ESAP-3 consists of the 37 actions, 30 of which are in Fiscal Years 2016-18. Of those 30 actions, 80 percent have been started, and 37 percent have been completed. However, 20 percent have not been started, and others have been delayed due to other priority projects not on the ESAP-3, staffing of the ESTF-2, or constraints on workload capacity. As a result, the Community Development Department is requesting that funding for four programs or projects be rebudgeted, as shown in the following table.

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Program or Project	Amount
Explore Solar Hot Water Heaters	$20,000
Sustainability Outreach and Engagement Program	$30,000
Environmental Sustainability Action Plan	$100,000
Environmental Sustainability Task Force 2	$10,000

These rebudget requests would allow staff to work on key activities to implement ESAP-3 tasks and to address GHG reduction. In addition to the rebudget requests, a limited-period request of $30,000 to begin the next GHG inventory and $15,000 in ongoing program support for costs related to administration, materials, and other items are included.

The base level of work for Environmental Sustainability Program has been very high for several years in order to respond to increasing community and Council interest. The Environmental Sustainability Program has historically been staffed by one permanent full-time position. In the current fiscal year, a limited-period Administrative Analyst I/II position was added to the budget. From September 2017 to June 2018, the program has included a limited-period AmeriCorps "Fellow," and a full-time, limited-period Environmental Sustainability Analyst was brought on board in April 2018. To provide additional capacity to the program, the Community Development Department is requesting that: (1) the full-time, limited-period Environmental Sustainability Analyst position be converted to ongoing; and (2) limited-period funding be provided to retain the current AmeriCorps "Fellow." Adding a permanent full-time staff person is needed to make greater progress overall in a sustained manner and specifically to: (1) provide continuity and sustainability to the program and the program coordinator; (2) review and conduct a cost-benefit analysis of the ESTF-2 recommendations; (3) create Environmental Sustainability Action Plan 4 (ESAP-4) for Fiscal Years 2019-22; (4) work on the remaining actions in ESAP-3, including the above requests; (5) more frequently measure and report the City's progress in several sustainability areas in alignment with the Council Major Goal; and (6) respond to ongoing grant opportunities and awards. Retaining the Fellow for an additional fiscal year provides continuity and resources for supporting remaining ESTF-2 work, implementing work related to the outreach and education program, including the above rebudget request.

SA-WC-RT/2/CDD
821-05-01-18M-E

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CITY OF MOUNTAIN VIEW

MEMORANDUM
Community Services Department

DATE: May 1, 2018

TO: City Council

FROM: J.P. de la Montaigne, Community Services Director

VIA: Daniel H. Rich, City Manager

SUBJECT: New Community Center Budget Requests for Fiscal Year 2018-19

The purpose of this memorandum is to provide Council with additional information regarding new expenditures being proposed for the newly renovated Community Center in the Fiscal Year 2018-19 budget process. This memorandum addresses new positions, new programs and services, and changes to rental rates and fees associated with the new building. The Community Center is expected to open in the third quarter (January-March) of Fiscal Year 2018-19.

BACKGROUND

In June 2015, the City Council approved the schematic design for the new Community Center. In March 2017, the City Council approved plans and specifications for two project phases. The first phase included off-site construction of a new traffic signal at Rengstorff Avenue and Stanford Avenue as well as various utilities to support all of the facilities in Rengstorff Park, including the remodeled Community Center. The second phase included construction of the Community Center remodel and expansion, as well as all of the on-site civil, utility, and landscape improvements. On June 20, 2017, the City Council awarded the construction contract for the new Community Center to BHM Construction, Inc., with renovation beginning August 2017. The Community Center is expected to be completed in the third quarter of Fiscal Year 2018-19.

The renovation adds approximately 6,800 square feet to the former 21,800 square foot building for total square footage of approximately 28,600 square feet. The renovation and expansion will update the architectural character and add functionality to the Community Center while replacing all building systems with modern and more efficient equipment. The main Social Hall will be larger and now have a kitchen for catering. In addition, there will be more rooms for classes, meetings, and exercise programs. The building will still have a classroom for preschool programming and

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staff offices for the Recreation Division. With the additional and improved space, staff plans to increase programming and modify the rental fees to better reflect the available spaces. The department is also requesting additional staff and contract services to maintain the building and provide excellent customer service.

PROGRAMMING

Staff requests $17,500 for the Youth Sports and the Youth/Adult Classes budgets. This request prepares for increased programming with the new Community Center. Staff anticipates an annual increase of five new contractors providing contract classes and two new contractors providing youth sports classes with the new, additional space. Staff will budget an additional $23,700 in offsetting revenue. This increase is a minimum of 130 percent cost recovery due to Recreation's fee structure for contract classes and sports, making this budget request over 100 percent cost recovery. Staff estimated associated costs and revenue by averaging the costs for current contractors and taking into consideration the type of new classes to be offered based on the new rooms that will be available.

RENTAL SPACES AND FEES

Staff recommends establishing rental rates which reflect the new rooms that will be available with the renovated Community Center. In determining the new rates, staff compared the rental rates of other cities' facilities with the rates of the old Community Center as well as with other Mountain View facilities (Adobe Building and Senior Center). The proposed fee structure provides greater consistency across rentals, is easier to explain to customers, and reflects the upgraded building amenities.

First, staff established the resident rate during peak hours using the methodology described above. From there, staff determined that the nonresident rate during peak hours will be 50 percent above the resident peak rate. The resident rate during off-peak hours will be 50 percent less than the resident rate during peak hours. The nonresident rate during off-peak hours will be 35 percent off the nonresident peak rate. The nonprofit rate during peak hours will be 25 percent less than the resident peak rate. The nonprofit rate during off-peak will remain at $5 per hour for smaller conference rooms. For conference rooms and classrooms that are over 1,000 square feet, the nonprofit off-peak rate will be $10 per hour. For the new Social Hall, the nonprofit off-peak rate will be $50 per hour due to the size of the room and amenities offered. Staff expects this rate structure to continue to encourage residents to be the primary renters but hope it will increase nonprofit and nonresident renters during vacant times.

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Staff also requests to standardize the security deposit amount for all facility rentals. Currently, there are six different deposit rates. Staff recommends modifying the security deposit so that there is one rate for social halls (Community Center, Senior Center, Teen Center, and Adobe Building) and a separate rate for smaller rooms. Both of these rates are doubled if a renter wants to have alcohol.

Lastly, staff requests to extend the hours for peak rentals from their current time of 10:00 p.m. to 11:00 p.m. This allows renters to extend their event until 10:00 p.m. and still have an hour to clean up afterwards. Currently, events must end at 9:00 p.m. so that the room can be broken down by 10:00 p.m. Staff believes the later time will encourage more rentals and provide a better schedule for events. In addition, the old auditorium had doors that opened towards the neighboring apartments and condominiums. The new social hall faces towards the Rengstorff Pool, which will reduce noise complaints and allow for events to go later into the evening on weekends.

POSITIONS

One FTE Office Assistant I/II

Staff requests one FTE Office Assistant I/II position to be at the new, open front desk of the Community Center from 8:00 a.m. to 5:00 p.m., five days a week. This person will be "the face" of the Community Center by being a consistent presence at the front desk for visitors and patrons. Staff anticipates that having a full-time front desk person will reduce mistakes and require less time of other full-time staff to answer questions or address concerns at the front desk. In addition, the design of the lobby of the new Community Center has an open front desk. The old front desk was separated from the lobby by doors that could lock. This layout is more welcoming and facilitates interacting with community members. Therefore, it is important for staff to have a consistent person who has a deep understanding of Recreation programming who can answer questions and direct people appropriately.

The front desk will still need support from hourly Office Assistants during the busy summer months and for when the full-time position is sick or on vacation. Therefore, staff recommends keeping 900 hours in wages for an Office Assistant I, approximately $25,800. The other $61,400 currently budgeted for wages could be used as a budget offset for one FTE Office Assistant I/II. Therefore, the actual request is $61,300 in new funding.

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Day Porter Service

Staff requests $42,800 in limited-period funding to be added to the City's janitorial services contract in order to provide day porter services at the new Community Center. Currently, the Senior Center receives day porter services for two to three hours a day during the weekdays. This provides light janitorial and restocking of the facility. Staff recommends providing a similar service at the Community Center to ensure the new facility is well maintained for renters and class participants. The limited-period funding will help staff evaluate the right level of service of the new facility to return for an adequate ongoing budget request next year.

FISCAL IMPACT

Item	Expenditure	Offsets	Total Net Cost (Savings)
Programming	$17,500	$23,700	($6,200)
1 FTE Office Assistant I/II	122,700	61,400	61,300
Day Porter Service	42,800		42,800
TOTAL	**$183,000**	**$85,100**	**$97,900**

JPdlM/BR/2/CSD
240-05-01-18M-E-2

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CITY OF MOUNTAIN VIEW

MEMORANDUM

City Manager's Office

DATE: May 1, 2018

TO: City Council

FROM: Audrey Seymour Ramberg, Assistant City Manager
Sue C. Rush, Human Resources Manager

VIA: Daniel H. Rich, City Manager

SUBJECT: City of Mountain View Succession Planning

The City Manager's Office conducted a demographic analysis of the workforce which shows almost 60 percent of key positions and more than 30 percent of the total City workforce will be eligible to retire by the end of 2020. Key positions include department directors, assistant directors, division managers, and a few other essential and difficult-to-fill management-level positions.

The Department Head team and Human Resources staff have spent considerable time discussing this issue. To address this situation, we have developed a Succession Plan, a draft of which is included as an attachment to this memo. The Plan will be finalized following a process of review and input by City employees from across the organization.

The goals of the Succession Plan are to ensure continued excellence and smooth transitions in the City's leadership positions and provide leadership development opportunities across the organization. The Plan seeks to accomplish this by anticipating critical vacancies, providing a range of training and development opportunities to prepare our talent pool, maximizing the effectiveness of both our promotional and recruitment processes, and implementing strategies to capture critical areas of institutional knowledge. Some strategies are already under way, such as the City's internal Leadership Development Program launched in February with an inaugural class of 19 managers in the City.

The request for $160,000 in Fiscal Year 2018-19 will provide the resources needed to accomplish many of the goals of the Succession Plan. The requested funding will support continued implementation of the City's Leadership Development Program, creation of new programs to enhance and address gaps in our training program,

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executive recruiters and relocation expenses for key positions, individual executive coaching for new leaders, and continuation of the City's current contract with LinkedIn, which helps to innovate and streamline the City's outreach efforts and establish the City of Mountain View as an employer of choice. The City also has existing programs budgeted that support succession planning, such as a comprehensive training program, participation in a regional leadership academy, tuition reimbursement and professional development funds, and the funding of overhire positions in anticipation of vacancies.

ASR-SCR/TS/2/HRD
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Exhibit: A. Succession Plan Draft

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CITY OF MOUNTAIN VIEW SUCCESSION PLAN
For the Future of Our City Workforce and Leadership

April 2018

Background

Demographic analysis of the City of Mountain View's workforce shows that nearly 60% of key positions (department heads, assistant directors, division heads and other critical difficult to fill positions) and over 30% of all employees will be eligible to retire by the end of 2020. The number of retirements in the City increased 75% between 2014-15 and 2016-17, spurred by the aging of Baby Boomer employees, who have traditionally made up a large segment of our workforce, and the improvement in the economy, among other factors. Mountain View is not facing this challenge alone; preparing the "next generation" of leaders has been a major focus for the local government profession for the past several years.

Our City has been active in regional collaborations that strive to promote the local government profession and provide a range of development opportunities for different levels of the organization. Of course, we also have many internal programs to support learning and development, including an annual training curriculum, a tuition reimbursement benefit and a strong record of promoting from within (in 2016-17, more than one-third of vacant positions were filled through promotion).

Despite these efforts, there are several challenges that can increase the difficulty of attracting and retaining the talented and engaged employees that make Mountain View such a great organization. We face competition from other agencies that are also experiencing an aging workforce and increased retirements. With the thinning of mid-level management positions during prior budget cuts, there are fewer candidates with the experience to take the next step into executive positions. And the high cost of living and long commutes can make candidates, as well as current employees, look for opportunities closer to home.

To address these challenges and plan for the future of the City's workforce and leadership requires a thoughtful Succession Plan. This document outlines the goals, objectives, key elements and action steps of the City of Mountain View's Succession Plan.

Succession Planning Goals

- ❖ Continued excellence in the City's workforce and leadership
- ❖ Smooth transitions in key positions
- ❖ Leadership development throughout the organization

Plan Objectives

- ❖ Identify critical vacancies anticipated to occur during 2018-20 and implement strategies to develop or recruit successors in a timely manner
- ❖ Create and implement a range of development opportunities that prepare potential successors as well as potential leaders throughout the organization to attain the skills and demonstrate the values and cultural ideals essential to job success and career growth
- ❖ Enhance the promotion/recruitment process to establish the City of Mountain View as the employer of choice, effectively assess candidate qualifications and fit and make appointments in an efficient manner

Key Elements of Effective Succession Plans

Effective Succession Plans:

- ❖ Are forward looking
- ❖ Build competency in both technical and soft skills
- ❖ Support potential successors as well as emerging leaders throughout the organization
- ❖ Recognize the value of workforce diversity to meet the needs of our diverse community
- ❖ Expect individual accountability for self-development
- ❖ Provide a variety of development methods and learning opportunities
- ❖ Allow hands-on experience, responsibility, opportunity for impact, risk-taking and mistakes
- ❖ Recognize and support the role of the direct supervisor
- ❖ Are supported with adequate resources for training, development and recruitment
- ❖ Invite continuous feedback and improvement

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Action Steps

1. Needs Assessment

- Identify key leadership and other critical, difficult to fill positions
- Prepare departmental employee demographic reports
- Assess the potential for turnover in the identified positions between 2018 and 2020
- Anticipate potential opportunities and challenges that may impact organization staffing needs and structure (e.g. demographic changes, emerging community needs, population growth, service delivery model trends, regional issues, etc.)
- Identify potential internal successors for critical positions
- Assess recruitment opportunities/challenges where internal successors cannot be identified
- Develop a profile specifying essential job requirements (e.g. key technical and leadership competencies, knowledge, and other qualifications) and skill-building for each position
- Revise job classifications as necessary
- Conduct a gap analysis to identify development topics/objectives related to the above essential job requirements and City of Mountain View values, cultural ideals and current/future goals.
- Identify stakeholders from across the organization (different functions, departments, etc.) whose input and assistance are needed to create/implement a succession plan and identify methods for engaging them
- Identify and develop strategies to address possible succession planning obstacles
- Prepare a budget proposal for training, development and recruitment resources

2. Talent Development

- Review best practices in talent development and assess currently available programs to identify gaps and determine the priority training and development strategies/programs
- Develop/offer training and development programs, which may include: acting assignments, rotational assignments, job shadowing, stretch projects, overhires, cross training, same department or cross department mentoring program,

networking, executive coaching, learning forums, traditional training seminars/academies, online courses, etc.

- Develop bench strength in lower level positions to enable backfilling to support interim assignments and promotional opportunities
- Review the performance evaluation process to ensure the proper development goals and objectives are being set and to establish and support the supervisor's role as a performance and development coach

3. Recruitment and promotion process

- Establish priorities and develop timelines for recruitment/promotional processes
- Review and revise, as necessary, current promotional practices to ensure fairness, consistency, efficiency and appropriate incentives
- Review and revise, as necessary, current recruitment practices to better promote the City's employment brand, increase diversity, locate/reach potential candidates, streamline the selection process and assess for essential job requirements, City values and cultural ideals
- Continue to promote City benefits (e.g., tuition reimbursement, wellness programs, commute benefits, flexible schedules, telecommuting, employee housing assistance etc.)
- Review and revise, as necessary, current onboarding practices

4. Knowledge transfer

- For each identified critical position, identify essential knowledge possessed by the incumbent (project history, administrative decisions, internal procedures, key partnerships/relationships, unique, high value-added skill sets, etc.)
- Develop and implement strategies to document and provide access to this essential knowledge

5. Evaluation of Plan Effectiveness

- Establish specific outcome measures to assess the success of succession planning efforts
- Evaluate and monitor efforts and make adjustments as needed
- Determine if budgeted resources are sufficient to support the plan

Attachment 9

FISCAL YEAR 2018-19

Recommended **Capital Outlay**

General Operating Fund

Finance and Administrative Services Department:		$ 70,000
Desk Replacements (26 shared with the Water Fund)	50,000	
City Hall Gym Equipment	20,000	
Community Services Department:		125,500
Outdoor Marquee in the Plaza	41,300	
Banquet Chairs for the Adobe and Senior Center (350)	32,900	
MainStage Lighting Upgrade (Phase I)	21,000	
Tow-Behind Blowers (2)	17,200	
Tables for the Adobe and Senior Center (46)	13,100	
Library Services Department:		15,000
Folding Tables (12) and Chairs (60)	15,000	
Fire Department:		46,000
Upgrade Vehicle #1129 from a Hybrid SUV to ½-ton 4x4 Truck with Crew Cab and Shell (plus $35,000 in Equipment Replacement Fund)	25,000	
Vetter Air Bag System Replacement for Truck 51	14,700	
Manikin for CPR Simulation Training System	6,300	
Police Department:		251,400
Report Writing Workstations (4)	60,000	
Undercover Vehicle	45,000	
Detective Vehicle	45,000	
SWAT Rifles (12)	43,200	
Vehicle First Aid Bags (75) and Critical Event Bags (6)	32,000	
Automated External Defibrillators (AED) (12)	26,200	
General Operating Fund Total		$ 507,900

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Attachment 9

FISCAL YEAR 2018-19

Recommended **Capital Outlay**

(Continued)

Other Funds

Finance and Administrative Services Department:

General Non-Operating Fund:		$ 4,000
Front Counter Remodel (rebudget balance)	4,000	
Water Fund:		6,100
Front Counter Remodel (rebudget balance)	4,000	
Desk Replacements (26 shared with the General Fund)	2,100	

Community Development Department:

Development Services Fund:		35,000
Building Inspection Office Remodel (rebudget)	35,000	

Public Works Department:

Shoreline Regional Park Community Fund:		12,000
Gas Detectors for Landfill (1 of 3)	12,000	
Water Fund:		14,300
Upgrade to Gate Valve Truck (rebudget balance)	14,300	
Solid Waste Fund:		24,000
Gas Detectors for Landfill (2 of 3)	24,000	
Equipment Maintenance and Replacement Fund:		70,000
Portable Heavy Vehicle Lift System	70,000	

Community Services Department:

General Non-Operating Fund:		25,000
Fall Prevention Upgrades to the CPA (rebudget)	25,000	
Shoreline Regional Park Community Fund:		57,100
Mid-Size Truck (Ranger Program)	35,000	
Carryall Vehicle (Ranger Program)	19,000	
Police Radios (Ranger Program) (5)	3,100	

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Attachment 9

FISCAL YEAR 2018-19

Recommended **Capital Outlay**

(Continued)

Library Services Department:

General Non-Operating Fund:		$ 47,700
Chairs for 2nd floor (rebudget balance)	23,400	
Bookmobile Vinyl Wrap (rebudget)	11,400	
Technology Upgrade - Community Room (rebudget balance)	9,300	
Technology Upgrade - Training Room (rebudget balance)	3,600	

Fire Department:

General Non-Operating Fund:		10,800
Lifepak 15 Monitor (rebudget)	10,800	
Shoreline Regional Park Community Fund:		55,000
Utility Task Vehicle (includes trailer and other equipment)	55,000	

Police Department:

General Non-Operating Fund:		88,900
Mobile Responder Software (rebudget balance)	55,600	
Interview Room Recording System (rebudget)	25,000	
Utility Task Vehicle (rebudget balance)	8,300	
Shoreline Regional Park Community Fund:		37,000
Utility Task Vehicle	37,000	

Total Other Funds	$ 486,900
Total Capital Outlay	$ 994,800

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Attachment 10

FISCAL YEAR 2018-19

Recommended **Equipment Replacement**

COMPUTERS:			$ 942,200
188	Computer	231,500	
29	Switches (Rebudget)	205,400	
1	PD Link Server	100,000	
12	Server (2 Rebudget)	82,800	
5	UPS for Switches (Rebudget)	75,000	
23	Printer	50,500	
4	Plotter (1 Rebudget)	47,000	
1	UPS CH Server Room	35,000	
1	Atrium Conference Room AV System	25,000	
2	Library Self Check-in Station (Rebudget)	20,000	
2	Library Self Check-out Station (Rebudget)	20,000	
1	CommVault Backup SAN	20,000	
2	Blades for Switches (Rebudget)	12,000	
7	Portable Projector (4 Rebudget)	10,500	
3	Printer-Performing Arts Tickets	7,500	
COMPUTER AIDED DISPATCH/RECORDS MANAGEMENT SYSTEM:			761,200
9	Servers	326,000	
28	Mobile Data Computers (Rebudget)	196,000	
1	Software (Rebudget)	147,700	
55	Data Modems	82,500	
2	Firewall (Rebudget)	6,000	
1	Router	3,000	
COMMUNICATIONS CENTER:			312,200
11	Base (Rebudget)	99,200	
7	T-1 Transmitter and Receiver (Rebudget)	50,000	
2	Voter/Comparator (Rebudget)	32,000	
4	Voting Receiver (Rebudget)	24,000	
7	T-1 Router (Rebudget)	22,000	
1	Antenna FD St 4 (Rebudget)	20,000	
12	Monitor Receiver (Rebudget)	18,000	
1	Digital Access and Cross-Connect System (Rebudget)	15,000	
1	UPS (Rebudget)	15,000	
2	UPS Batteries	14,000	
1	Encoder (Rebudget)	3,000	

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Attachment 10

FISCAL YEAR 2018-19

Recommended **Equipment Replacement**

(Continued)

FLEET:			$ 884,500
8	Hybrid SUV	286,000	
4	Patrol Vehicle	200,000	
2	Forklift	120,000	
1	Utility Patch Truck (Rebudget)	100,000	
1	Turf Sweeper (Medium) (Rebudget)	75,000	
1	Riding Mower (Medium)	30,000	
6	Undesignated Equipment	25,000	
1	Trailer (Radar & Signal)	24,500	
1	Trailer (Heavy Duty) (Rebudget)	20,000	
1	Trailer (Mini) (Rebudget)	4,000	
GOLF EQUIPMENT:			213,500
2	Mower – Fairway	128,000	
2	Mower – Rotary Rough	58,000	
1	Sand Raking Machine	17,000	
1	Handicap Access Golf Cart	10,500	
TOTAL EQUIPMENT REPLACEMENT			$ 3,113,600

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Attachment 11

CITY OF MOUNTAIN VIEW

MEMORANDUM
Public Works Department

DATE: May 1, 2018

TO: City Council

FROM: Suzanne Niederhofer, Assistant Finance and Administrative Services Director
Elizabeth Flegel, Water Resources Manager
Michael A. Fuller, Public Works Director
Patty J. Kong, Finance and Administrative Services Director

VIA: Daniel H. Rich, City Manager

SUBJECT: Recycled Water Study Session—Update

BACKGROUND

At the March 6, 2018 Study Session regarding Recycled Water Advanced Treatment, the City Council had several questions related to water that staff was tasked with follow-up. These items included:

1. Reuse of treated contaminated groundwater from the Middlefield-Ellis-Whisman (MEW) Superfund Site for nonpotable purposes.

2. Use of potable water for golf course irrigation, on a temporary basis, while Mountain View's purchases are under the minimum purchase volume required by the San Francisco Public Utilities Commission (SFPUC).

3. Evaluation of recycled water rate increases as part of the current budget cycle.

This memo provides an update to the City Council on these topics.

MEW TREATED WATER REUSE

Groundwater extracted and treated by the MEW Potentially Responsible Parties is currently discharged primarily to storm drains, flowing eventually to Stevens Creek. The Environmental Protection Agency's *Record of Decision for the MEW Superfund Area* (1989) sets a goal of reuse of 100 percent of this water, which currently exceeds 200 million gallons per year.

Staff contacted Alana Lee at the Environmental Protection Agency (EPA) about reusing treated water from the MEW site and inquired about new water quality data. Below are some key points from this discussion with EPA:

EPA Interest: EPA is interested in discussing the potential water reuse of MEW treated water with the City, especially in light of the 100 percent water reuse goal in EPA's *Record of Decision for the MEW Superfund Area* (1989).

Water Quality Data: EPA does not have any new general chemistry data from the MEW site, but can request this data from the cleanup parties. Staff sent EPA a list of water quality parameters identified by the City's consultants during a previous investigation of water reuse for the GTE cleanup site. EPA has requested that the MEW Regional Groundwater Remediation Program collect treatment effluent samples from the Fairchild groundwater treatment systems and the MEW Regional South 101 and Regional North 101 treatment systems so the City can assess the potential suitability of water reuse. EPA expects to receive analytical results for these constituents by Friday, May 18, 2018.

Next Steps: When the City receives the test results, staff will meet with EPA staff to discuss collaboration and evaluation of water reuse options, including the process and anticipated future infrastructure and water demand needs. Depending on the outcome of the meeting with the EPA, staff will report back to Council with an update and may be able to continue with the effort or may need additional resources (staffing, funding, and/or consultant assistance) to continue.

POTABLE WATER FOR GOLF COURSE IRRIGATION

As has been previously outlined in the Narrative Budget Report, the City has a minimum water purchase requirement with the SFPUC. During the most recent drought, the SFPUC waived the minimum purchase requirement. Prior to the drought, if the City had not used the minimum water requirement, the City paid the difference between actual water consumption and the minimum purchase requirement.

Shoreline Golf Links (SGL) currently uses a mix of both potable and recycled water. The mix varies by month and is dependent on the amount of rainfall and the health of the turf, but on average is about 40.0 percent potable and 60.0 percent recycled water.

The City is subject to the Minimum Water Purchase Requirement and starting in Fiscal Year 2017-18, it will again pay for this amount of water even if the actual water usage does not reach the required minimum purchase. For the current fiscal year, the level of potable water usage (consumption) is calculated to cover the cost of water, including

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the minimum purchase, at the current rates. Staff is recommending SGL use the water received pursuant to the Minimum Requirement, but is in excess of the actual water usage, at the Recycled Water rate. This usage will not impact the water rates.

RECYCLED WATER RATES

The recycled water rate was previously set to recover the cost of the program, including the loan repayment ($300,000) and ongoing recycled water program costs (previously $300,000), with total program costs of $600,000. Costs have increased over the last three fiscal years due to added limited-period and operating costs for regulatory compliance, while the usage has remained at approximately the same level. This results in the rate no longer recovering the cost of the program based on current usage.

The total budget, estimated costs, and rates are as follows:

	2017-18 Estimated	2018-19 Recomm'd Budget
Revenues	595,700	$660,000
Operating Expenditures	761,400	1,010,200
Operating Balance (Deficit)	(165,700)	($350,200)
Average Usage	180,000	180,000
Current Recycled Rate		$3.07
Cost Recovery Recycled Rate	$4.23	$5.61
Potable Rate	$6.80	$6.87
Percentage of Potable	62.2%	81.7%

As noted above, to fully recover costs, the rate should be $5.61, based on the recommended budget. With the Fiscal Year 2018-19 budget, staff is recommending phasing in a rate increase over three years, in order to cover the cost of the program. The rate for Fiscal Year 2018-19 is recommended to increase 22.0 percent from $3.07/unit to $3.75/unit, and for the following two fiscal years staff is recommending increases of approximately 20.0 percent and 11.0 percent each fiscal year to $4.50/unit and $5.00/unit, respectively. At a $5.00/unit rate, it is estimated the recycled water rate will be approximately 73.1 percent of the potable water rate. Staff will continue to reevaluate the revenues and expenses associated with the Recycled Water Program and adjust the rate recommendation. If recycled water consumption increases or decreases, the rate increases recommended will be reduced or increased, respectively.

PJK-SN-EF-MAF/4/FIN/546-05-01-18M-E

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Attachment 12

CITY OF MOUNTAIN VIEW

MEMORANDUM

City Manager's Office

DATE: May 1, 2018

TO: City Council

FROM: Kimberly S. Thomas, Assistant to the City Manager

VIA: Daniel H. Rich, City Manager

SUBJECT: **Fiscal Year 2018-19 Budget for Homeless Initiatives**

PURPOSE

The purpose of this memorandum is to provide information regarding recent action on the City's homeless initiatives.

BACKGROUND

The City Council has discussed issues related to homeless and the unstably housed numerous times and has adopted a three-pronged strategy that invests heavily for two years on programs to assist those in need. Fiscal Year 2018-19 will be the second year of that effort. On March 6, 2018, the City Council approved the following recommendations to refine short-term programs to assist the homeless and unstably housed living in vehicles with funding appropriated in Fiscal Year 2017-18; $250,000 was authorized in the Fiscal Year 2017-18 budget for housing or services to low-income residents from the one-time City housing funds.

SUMMARY/CONCLUSION

Staff will require time to execute contracts and purchases implementing the Council direction from March 6, 2018. Therefore, a rebudget of the one-time funds for Fiscal Year 2018-19 is recommended. The approved services and amounts are as follows:

- **Rapid Rehousing Fund:** Contract with the County to increase capacity to provide short-term financial assistance and support to quickly rehouse homeless households in their own independent permanent housing ($100,000).

- **Biohazard Waste Cleanup:** Contract services to protect health and safety ($10,000).

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- **Waste Dump Pilot:** Supplemental funding required after bid process ($5,000).

- **Safe Parking Program Pilot:** Support for new Mountain View nonprofit Lots of Love ($25,000 start-up to June 2018; $30,000 for Fiscal Year 2018-19).

- **RV/Vehicle Repair Funds:** One-time contribution to existing Community Services Agency (CSA) fund initiated by concerned community members ($10,000).

- **Dignity on Wheels (DOW):** Existing City funding is provided through the summer of 2018, and funding is recommended to extend the service through Fiscal Year 2018-19 ($20,000).

- **Towing Fees:** Pilot program to assist in the towing of older vehicles with biohazard or hazardous material clean-up issues and excess traffic violations ($30,000).

- **Refine Rent Assistance Program:** To increase the use of the Rent Assistance Program, it is recommended that the program be made more flexible to meet the needs seen by CSA, including being available to households in the City who have experienced a reduction in income or loss of employment. (Reprogram existing funds with CSA $70,000—budget-neutral).

- **Parking Enforcement:** The Council also approved Council Report Option 1a—Continued Enforcement of Existing Codes with Increased Towing, and the first part of Option 1b—Additional Traffic Measures and Parking Signage. Adding the direction for $20,000 (of $250,000 total budgeted) for Police Department parking enforcement; and provided support for continued traffic reviews to address concerns with an emphasis on safety and visibility.

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609-04-26-18M-E

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Attachment 13

CITY OF MOUNTAIN VIEW

MEMORANDUM

Community Services Department

DATE: May 1, 2018

TO: City Council

FROM: J.P. de la Montaigne, Community Services Director

VIA: Daniel H. Rich, City Manager

SUBJECT: **Employee-Staffed Ranger Program**

The purpose of this memorandum is to provide Council with additional information regarding the proposed transition from contracted personnel providing ranger services to City employees providing these services recommended in the Fiscal Year 2018-19 budget.

BACKGROUND

The City has contracted with California Land Management (CLM) for ranger services since 1983 to patrol Shoreline at Mountain View year-round and to provide services during the barbecue season at both Rengstorff and Cuesta Parks. CLM also provided janitorial services at the City's restrooms in Shoreline at Mountain View and the City's urban parks. Around two years ago, CLM informed the City that they were raising their rates and reducing the types of services that their staff will provide.

As a result, the City went out to bid for ranger services, including a janitorial add/alternate, in 2016. The only submitted proposal was from CLM at an increased rate for the same level of service that caused the City to originally go to bid. In order to maintain a reasonable budget at the increased rates, the required duties and hours of service were both reduced from CLM's previous contract. This reduction has worked on a short-term basis as staff developed the employee staffed program proposal. However, the current level of service being provided by CLM is below what staff would recommend.

Current Program and Impacts

In order to get through the busy summer season, the current agreement with CLM expires October 31, 2018. According to the agreement, CLM will receive an automatic

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rate increase of 5 percent on July 1, 2018 plus an increase equal to the Consumer Price Index (CPI). Assuming a 3.0 percent CPI increase, this would represent an additional cost of $44,800 to continue with contracted services for a full fiscal year.

In order to keep costs reasonable for the City with these increased rates, CLM and the City agreed to reduce contracted hours of service by the equivalent of a one full-time position from Shoreline at Mountain View patrolling and all urban park patrol hours, including barbecue areas, were cut. The elimination of urban park patrols required Recreation Division staff to hire part-time staff to act as Park Attendants to check groups in at the barbecue areas of Rengstorff and Cuesta Parks on weekends. While it was difficult at times, all shifts were filled. The Recreation Division spent approximately $9,000 last summer to cover the weekends at the barbecue facilities at both parks. This additional cost was absorbed in the Recreation Division budget due to savings in the General Fund by not using contract funds for these services.

In addition to impacts to barbecue reservations, the absence of a uniformed presence in the parks also led to other issues. For instance, staff found rogue soccer league play at Rengstorff Park, ongoing issues of dogs off leash, and a reduction in reporting of other code violations like open containers in the parks. In addition, CLM Rangers previously provided eyes and ears for the Police Department in the parks.

Due to the elimination of janitorial services as part of the CLM contract, a new model needed to be found to clean and lock restrooms at all City parks. The Parks crews have taken on cleaning all restrooms in City parks Monday through Friday. They were able to provide this service during the day by absorbing the extra work into their daily routes. Automatic locks have been installed on all park restrooms so that an actual person is not needed to go to every park restroom every night to lock them. The City expanded the service agreement with the City's existing janitorial service provider, SWA, to provide janitorial service to the restrooms on weekends and holidays.

During negotiations of the new contract, CLM also stated their Rangers would not provide any maintenance assistance or empty trash cans in Shoreline at Mountain View or along trails. This has required hiring additional hourly staff to complete minor maintenance projects such as installing signs, fixing fences, etc. This also required the Parks staff to become responsible for emptying all trash cans throughout Shoreline at Mountain View and along the trails. Parks staff has taken on this additional responsibility; however, they do not have as much time for other projects and routine maintenance as they previously did. Therefore, we are requesting additional budget resources to hire hourly staff to help with these services.

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ANALYSIS

Due to the increased costs and reduced level of service from using contracted personnel, staff recommends transitioning from contracted personnel to City employees to patrol parks and trails. The proposed classification of these positions is Parks and Open Space Worker. A City-staffed program will give the City the opportunity to have direct control over personnel, scheduling, reporting, and duties assigned.

When CLM first alerted staff that they would be increasing their rates and reducing their services, staff began looking at staffing models from other agencies as well as other existing programs in the City. There are several agencies that have agency-employed Rangers. Each agency is different in what duties are expected of Rangers. Some programs are purely educational while others are more maintenance-related or focused on enforcement only.

Recreation Division staff reviewed the Library program's use of Police Assistants to help patrol the Library to enforce Library rules and regulations. They are also a physical presence—someone in uniform carrying a police radio. After reviewing the process and procedures used at the Library to hire Police Assistants, staff discussed with the Police Department to see if a similar program could be created for Community Services.

The Police Department reviewed the proposal to bring the program in-house. By doing so, we can use the existing hiring and training process currently used for the Library. The Police Department will help recruit, complete background checks, hire, and provide initial training. After a employee receives training from Police, they will go through training at Shoreline with the Community Services Department to learn the specific rules and regulations related to parks. The Community Services Department will provide them with radios and uniforms.

Staff reviewed the existing classification of Police Assistant for the staffing model. Through review with Police and Human Resources staff, the current proposal is to create a new City classification of Parks and Open Space Worker for the purposes of this program. The responsibilities are similar to that of a Police Assistant; however, it was determined that the duties are different enough to delineate the Parks and Open Space Worker classification from the Police Assistant classification. The total compensation for the Parks and Open Space Worker I/II and Supervising Parks and Open Space Worker classifications will be the same as the Police Assistant I/II/III classifications.

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Program Rollout

After discussing with Police, staff recommends implementing the program with hiring one full-time Supervising Parks and Open Space Worker position in August 2018. The hiring timeline is two months prior to the CLM contract expiring. The Supervising Parks and Open Space Worker will assist in the hiring and training of new staff as well as supervise staff on a daily basis. For Fiscal Year 2018-19, all other shifts will be filled by hourly Parks and Open Space Worker positions starting November 1. This structure provides Shoreline staff the opportunity to monitor schedules, update responsibilities, and ensure the program is meeting the intended goals. It also allows new hires to become familiar with the job and determine if they would like to apply for available full-time positions.

Roles and Responsibilities

Examples of responsibilities of all Parks and Open Space Workers will include, but are not limited to:

- Patrol Shoreline at Mountain View and the associated trails that reach Shoreline such as Stevens Creek Trail and Permanente Creek Trail.
- Ensure safe conditions and report any issues such as downed trees or graffiti.
- Through regular patrols, ensure the public follows City ordinances, policies, and procedures.
- Make contact as necessary with the public and follow up with written reports if needed.
- Represent the City at special events that are permitted in Shoreline such as 5K/10K fun runs.
- Provide routine patrols of City parks and check in with barbecue renters at Rengstorff and Cuesta Parks.

Examples of responsibilities of a Supervising Parks and Open Space Worker will include, but are not limited to:

- Responsible for scheduling all staff in Community Services and review all reports submitted by staff.

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- Meet regularly with Shoreline Manager to review schedule and discuss pertinent topics.

- Assist with recruitment of Parks and Open Space Worker employees.

- Make regular contact with operators within Shoreline at Mountain View such as Shoreline Golf Links, Michaels, and Sailing Lake. Ensure schedules of events are updated to ensure appropriate staff coverage.

- Communicate with security teams of Google and Shoreline Amphitheatre regarding projects and special events that may impact Shoreline at Mountain View or visitors' access to the park.

Examples of responsibilities of a Parks and Open Space Worker I/II will include, but are not limited to:

- Responsible for performing regular patrols, ensuring the public follows established ordinances, policies, and procedures.

- Complete reports as necessary.

Coverage

The proposed hours and schedule provides the desired level of coverage at Shoreline at Mountain View, along the trails, and at the barbecue areas for April through October. The schedule is designed so that at certain times during the week there is overlap between shifts. The overlap allows staff to split duties so that additional time is spent on the trails or in the City's urban parks to provide enforcement. It is also designed so that the Supervising Parks and Open Space Worker has time in the office in order to do any personnel tasks or paperwork.

Patrols are also scheduled on weekends during the barbecue season to monitor the barbecue areas as well as check on smaller parks as part of regular patrols. In each proposal, supervising staff is required to keep hourly staff from going over 1,000 hours in a fiscal year and from working more than 29 hours per week to comply with California Public Employees Retirement System (CalPERS) and Affordable Care Act (ACA) requirements.

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Initial Start-Up Costs

Two vehicles are being requested: a Carryall and one midsize truck with safety light bar and public address system. The midsized truck will be the main form of transportation for staff on duty. The size of the truck allows for staff to fit on park pathways if necessary. The light bar with public address system will allow staff to be visible to the public as well as make general announcements to groups of people. A Carryall with a light bar is also being requested to primarily patrol the trail systems. It will also be used as a second patrol vehicle inside Shoreline at Mountain View when two employees are on duty.

In addition to the two vehicles, staff requests budget for five radios for the staff to be able to request assistance from Police Officers quickly and to communicate with other City staff on the radio system. A total of five radios are being requested to start the program.

Shoreline Manager

If the transition from contracted personnel providing ranger services to City employees providing these services is approved as it is being requested, the Community Services Department requests a new manager-level position to oversee all activities, services, and operations for parks, trails, and recreation programs in the North Bayshore Area, including the new employee-staffed ranger program. Until Fiscal Year 2013-14, a manager-level position was responsible for Community Service Department operations in the North Bayshore Area. As part of a reorganization, this position was eliminated. With the Community Services Department's proposed succession plan and the increased programming and operations on the City's trails and in North Bayshore, including the proposed employee-staffed ranger program, Community Services is requesting to reinstate this position. The Shoreline Manager will be funded 100.0 percent out of the Shoreline Regional Park Community (Shoreline Community) Fund and provide a manager-level position for each of the Community Services Department's five divisions: Performing Arts, Shoreline, Forestry, Parks, and Recreation.

Staff believes the addition of an employee-staffed ranger program, including all of the budget and personnel responsibilities, creates a scope of programs and services in North Bayshore that requires a manager-level position. In addition, staff is proposing the Shoreline Manager oversee Shoreline Parks, Shoreline Recreation, and all various contracts including for Shoreline Golf Links, the Sailing Lake, Michaels, the Shoreline Amphitheatre, etc. By having one manager-level position overseeing all of these activities, this person would comprehensively manage the operations and maintenance

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of all the things that the Community Services Department is responsible for in the North Bayshore Area that come out of the Shoreline Community Fund.

The programs for which this position would be responsible include:

- Employee-staffed ranger program.
- Contracts with LiveNation, Michaels, Touchstone, and Silicon Shores.
- Youth Corps Program.
- Rengstorff House Rental Program.
- Friends of R-House and Friends of Stevens Creek Trail.
- Wildlife Preservation.
- Trail Maintenance and Upkeep.

Trail Trash Cans

The Community Services Department is requesting 850 hours in wages for hourly Laborer I/II staff for maintenance of the City's trails. Previously, CLM provided maintenance along the trails, including minor repairs of signs and removal of trash from the 20 trash cans along Stevens Creek Trail and three trash cans along the Hetch Hetchy Trail. In Fiscal Year 2016-17, the contractor increased their rates and removed minor repairs and janitorial from the services they would provide. Since then, Parks staff has taken on these duties. This has impacted Parks operations because of the amount of time it takes to pick up trash along the trails. At least three times a week, staff must clear the trash cans. This requires staff to drive their truck to a trail head and walk to the trash cans and back, carrying a bag at a time. Otherwise, a staff person must go to a park with trail access that has a Carryall and drive along the trail. Either way, three times a week, a staff person is pulled away from their parks maintenance duties for multiple hours. This is very disruptive to park maintenance operations, especially with the increased janitorial service for park restrooms that was also absorbed as a result of the change to the CLM contract. Additional hours for hourly Laborer I/II staff dedicated to maintaining the trail system would improve staff efficiencies for the Parks Division as well as provide a safer, cleaner experience on the trail for users.

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FISCAL IMPACT

Staff proposes to utilize the contract dollars currently budgeted for contracting with CLM and apply those to personnel costs to fund the employee-staffed ranger program. A breakdown of the budget transfers and additional requests is provided in Table 1.

TABLE 1: EMPLOYEE STAFFED RANGER PROGRAM BUDGET BREAKDOWN

Fund	Previous Use	Dollar Amount	Proposed Use	Dollar Amount
258	CLM Contract	$402,000	CLM Contract (Jul-Oct)	$140,000
			SWA Contract	10,200
			1 FTE Supervising Parks & Open Space Worker	136,600
			Hrly Parks & Open Space Worker I/II	86,300
			Shoreline Manager	224,900
			Wages for Trails	19,500
	Total	**$402,000**	**Shoreline Community Total**	**$617,500**
			Shoreline Community Request	**$215,500**
101	CLM Contract	$101,600	Hrly Parks & Open Space Worker I/II	$14,100
	SWA Services	50,400	SWA Services	44,300
	Total	**$152,000**	**General Fund Total**	**$58,400**
			General Fund Remainder	**$93,600***
TOTAL COST		**$554,000**	**TOTAL COST**	**$675,900**

*CSD is requesting to only return $53,800 of this remainder to the General Fund because $39,800 is needed for 0.35 FTE Ranger in Fiscal Year 2019-20 for Urban Park patrolling.

For Fiscal Year 2018-19, staff requests $215,505 from the Shoreline Community Fund in order to transition from contracted personnel providing ranger services to City employees providing these services, including funding CLM through October, adding wages for trail maintenance and trash cans, and creating the Shoreline Manager position to oversee the employee-staffed ranger program and the Community Services Department's operations and programs in the North Bayshore Area. By pursuing this structure for the employee-staffed ranger program, $53,800 can be returned to the General Fund from contract services.

The program's start-up costs for two vehicles, a midsize truck and Carryall, and Police-standard radios were included in the Community Services Department's Capital Outlay requests as placeholders, depending on approval of this program. The total one-time cost of these Capital Outlay items is $57,100.

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If the City continued with CLM for services at the level of coverage being proposed (approximately 7,500 hours of patrolling) and included the contract janitorial services, wages for trails, and Shoreline Manager, the estimated annual cost for the program would be $832,000. This amount is $156,100 more than staff's proposal for a total cost of $675,900.

SUMMARY

Due to the rising costs and reduced service levels for contracting ranger services, staff is proposing to transition from contracted personnel providing ranger services to City employees providing these services starting November 1, 2018. The existing contract with CLM will end on October 31, 2018. The employee-staffed ranger program will provide an increased level of service from current levels while keeping costs down compared to the contract services. It will also provide greater oversight and management of hiring, training, reporting, and duties of the Parks and Open Space Workers. The new program with additional wages for trail maintenance and a new manager-level position will save the General Fund $53,800 annually and require an additional $215,500 from the Shoreline Community Fund. One-time start-up expenses will be $57,100 for vehicles and radios.

Community Services staff has discussed this new model with the Police Department, and they support the creation of the employee-staffed ranger program. They have agreed to provide assistance to Community Services staff to ensure a successful launch as well as long-term success. Human Resources and Finance and Administrative Services have also reviewed the proposal and are supportive of the classifications, responsibilities, and compensation being recommended.

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Comparison of Current and Recommended Utility Rates

Single Family			FY17-18	FY18-19	Difference	% Change *
Water	(10 units)	$	77.90	78.69	0.79	1.0%
Sewer			37.75	40.80	3.05	8.1%
Trash	(1 32-gal cart)		32.25	33.90	1.65	5.1%
Total monthly bill:		$	147.90	153.39	5.49	3.7%

Multi-Family (4-plex)			FY17-18	FY18-19	Difference	% Change *
Water	(30 units)	$	213.56	215.73	2.17	1.0%
Sewer			151.00	163.20	12.20	8.1%
Trash	(4 32-gal carts)		129.00	135.60	6.60	5.1%
Total monthly bill:		$	493.56	514.53	20.97	4.2%

Apartment Complex (120 units)			FY17-18	FY18-19	Difference	% Change *
Water	(830 units)	$	5,603.10	5,660.10	57.00	1.0%
Sewer			4,530.00	4,896.00	366.00	8.1%
Trash	(ten 3 Yd Bins)		3,856.95	3,856.95	0.00	0.0%
Total monthly bill:		$	13,990.05	14,413.05	423.00	3.0%

Commercial			FY17-18	FY18-19	Difference	% Change *
Water	(60 units)	$	504.00	509.20	5.20	1.0%
Sewer			296.40	320.40	24.00	8.1%
Trash	(one 3 Yd Bin)		352.50	352.50	0.00	0.0%
Total monthly bill:		$	1,152.90	1,182.10	29.20	2.5%

*Note: Due to rounding to the next penny or nickle, actual increase may be slightly higher.
These are samples, actual effect is dependant on customer's service level.

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					Sample Monthly Bill
		Residential Services - Single Family			
		Water (1)	Sewer	Trash (2)	
Mountain View					
FY 2017-18	$	77.90	37.75	32.25	147.90
FY 2018-19	$	78.69	40.80	33.90	153.39
% Increase		1.0%	8.1%	5.1%	
Palo Alto					
FY 2017-18	$	93.45	34.83	50.07	178.35
FY 2018-19	$	96.59	38.66	50.07	185.32
% Increase		3.4%	11.0%	0.0%	
Sunnyvale					
FY 2017-18	$	60.36	47.18	39.38	146.92
FY 2018-19	$	62.77	51.90	40.17	154.84
% Increase		4.0%	10.0%	2.0%	

Cal Water Rate			
FY 2017-18	$	64.30	(3)
FY 2018-19	$	68.83	(4)
% Increase		7.0%	

(1) Based on 10 units of water plus meter charge. Mountain View's meter charge for single family is for both 5/8 and 3/4 inch meter sizes. Sunnyvale, Palo Alto and Cal Water have separate rates. This comparison uses the lower 5/8 inch meter rate.

(2) Mountain View and Palo Alto based on 32-gallon, Sunnyvale based on 35-gallon. Mountain View has biweekly recycling pick-up; Palo Alto and Sunnyvale have weekly recycling pick-up.

(3) Rate in effect as of 7/1/17.

(4) Rate in effect as of 1/1/18.

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Residential Services - Multi-Family (4-plex)

		Water (1)	Sewer	Trash (2)	Sample Monthly Bill
Mountain View					
FY 2017-18	$	213.56	151.00	129.00	493.56
FY 2018-19	$	215.73	163.20	135.60	514.53
% Increase		1.0%	8.1%	5.1%	
Palo Alto					
FY 2017-18	$	282.00	139.32	200.28	621.60
FY 2018-19	$	291.56	154.65	200.28	646.49
% Increase		3.4%	11.0%	0.0%	
Sunnyvale					
FY 2017-18	$	230.36	121.80	151.99	504.15
FY 2018-19	$	239.57	133.98	155.03	528.58
% Increase		4.0%	10.0%	2.0%	

(1) Based on 30 units of water plus meter charge.

(2) Mountain View and Palo Alto based on 32-gallon, Sunnyvale based on 35-gallon. Mountain View has biweekly recycling pick-up; Palo Alto and Sunnyvale have weekly recycling pick-up.

Residential Services - Apartment Complex (120 units)

		Water (1)	Sewer	Trash (2)	Sample Monthly Bill
Mountain View					
FY 2017-18	$	5,603.10	4,530.00	3,856.95	13,990.05
FY 2018-19	$	5,660.10	4,896.00	3,856.95	14,413.05
% Increase		1.0%	8.1%	0.0%	
Palo Alto					
FY 2017-18	$	6,746.71	4,179.60	5,520.11	16,446.42
FY 2018-19	$	6,889.36	4,639.36	5,520.11	17,048.83
% Increase		2.1%	11.0%	0.0%	
Sunnyvale					
FY 2017-18	$	4,374.69	3,654.00	4,558.68	12,587.37
FY 2018-19	$	4,549.68	4,019.40	4,649.85	13,218.93
% Increase		4.0%	10.0%	2.0%	

(1) Based on 830 units of water plus 4" meter charge.

(2) Based on nine 3-yard 1x/week and one 3-yard 2x/week. Mountain View has biweekly recycling pick-up; Palo Alto and Sunnyvale have weekly recycling pick-up.

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		Commercial Services			
		Water (1)	Sewer	Trash (2)	Sample Monthly Bill
Mountain View					
FY 2017-18	$	504.00	296.40	352.50	1,152.90
FY 2018-19	$	509.20	320.40	352.50	1,182.10
% Increase		1.0%	8.1%	0.0%	
Palo Alto					
FY 2017-18	$	559.17	402.60	504.40	1,466.17
FY 2018-19	$	577.75	446.89	504.40	1,529.04
% Increase		3.3%	11.0%	0.0%	
Sunnyvale					
FY 2017-18	$	443.48	279.00	416.21	1,138.69
FY 2018-19	$	461.22	306.90	424.53	1,192.65
% Increase		4.0%	10.0%	2.0%	

(1) Based on 60 units of water plus 2" meter charge.

(2) Based on one 3-yard 1x/week. Mountain View has biweekly recycling pick-up; Palo Alto and Sunnyvale have weekly recycling pick-up.

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