



City of  
**Mountain  
View**

## Fiscal Year 2023-24 Recommended Budget Public Hearing

Presenters: Kimbra McCarthy, City Manager  
Derek Rampone, Finance & Admin Services Director

June 13, 2023

# Budget Development Timeline

Nov-Jan

Prepare and Review Budget Requests from Departments

February

**February 28**  
Midyear Budget Update  
  
FY23-24 and FY24-25 Council Work Plan Development Study Session #1

March

Continuation of budget preparation

April

**April 3**  
CIP Study Session #1  
  
**April 25**  
CDBG/HOME Public Hearing  
  
FY23-24 and FY24-25 Council Work Plan Development Study Session #2

May

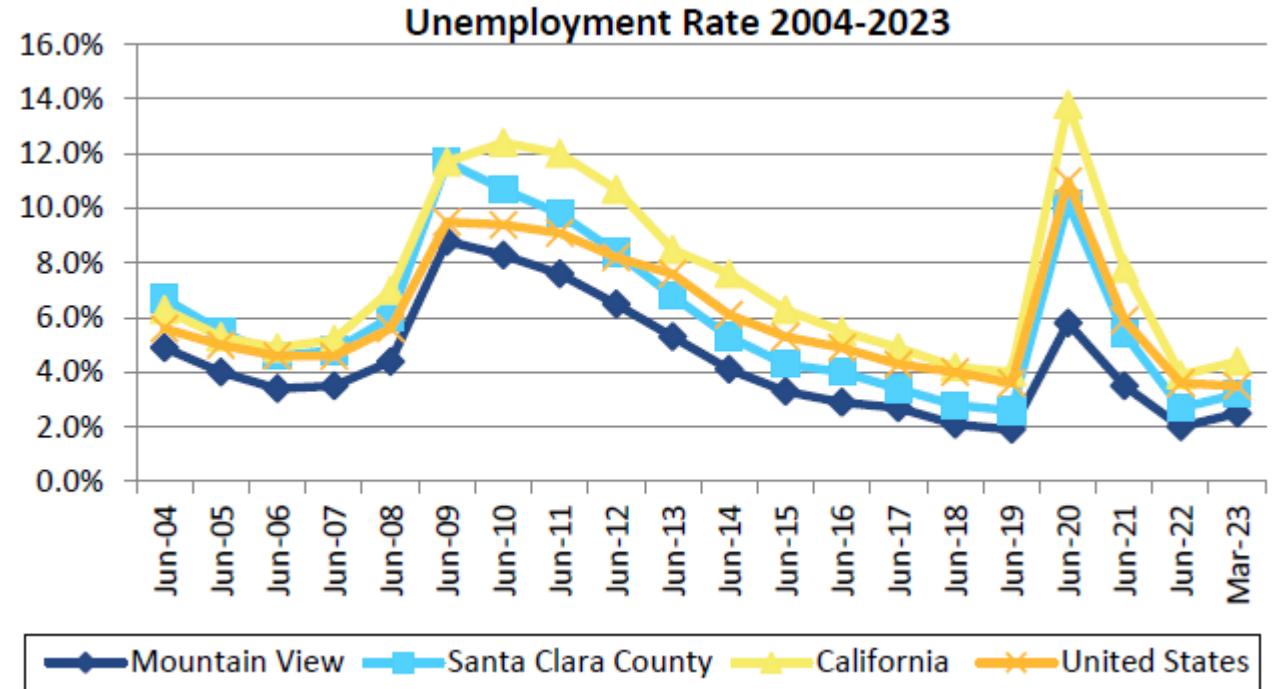
**May 9**  
CIP Study Session #2  
  
ARPA funding for workforce development and small businesses

June

**June 13**  
Budget Public Hearing  
  
Strategic Priorities and FY 23-25 Council Work Plan Approval  
  
**June 27**  
CIP Adoption  
  
Prop 218 & Budget Public Hearings and Adoption

Since the last budget update:

- City continues to respond to community needs
- Unemployment rate as of March 2023
  - U.S. = 3.5%
  - CA = 4.4%
  - Santa Clara County = 3.2%
  - **Mountain View = 2.5%**
- **Economic outlook positive but still much uncertainty**
  - Corporate layoffs
  - Banking crisis
  - High interest rates
  - Inflation
  - State Budget shortfall



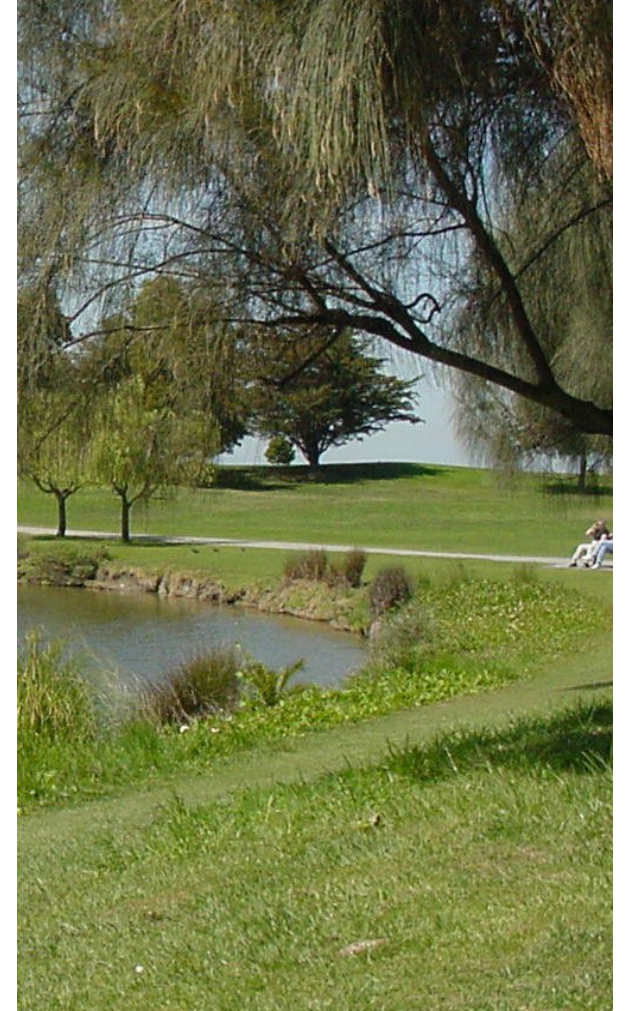


- Continues to rebound from the pandemic
  - Higher than expected TOT, sales tax, and investment and rental income
  - TOT revenue is expected to be \$9.7 million in FY 2022-23, an increase of 118% from \$4.4 million in FY 2021-22
  - Home sales are cooling (84 single family home sales in Q1 2023 vs. 160 in Q1 2022)
  - Fewer commercial property sales



- Revenue Measure in 2024
- Enhancements needed:
  - New public safety administration building
  - Modernize two fire stations
  - More parks and open space
  - Make progress on carbon neutrality by 2045
  - Mitigate sea level rise risks
  - Fund pipeline of affordable housing projects

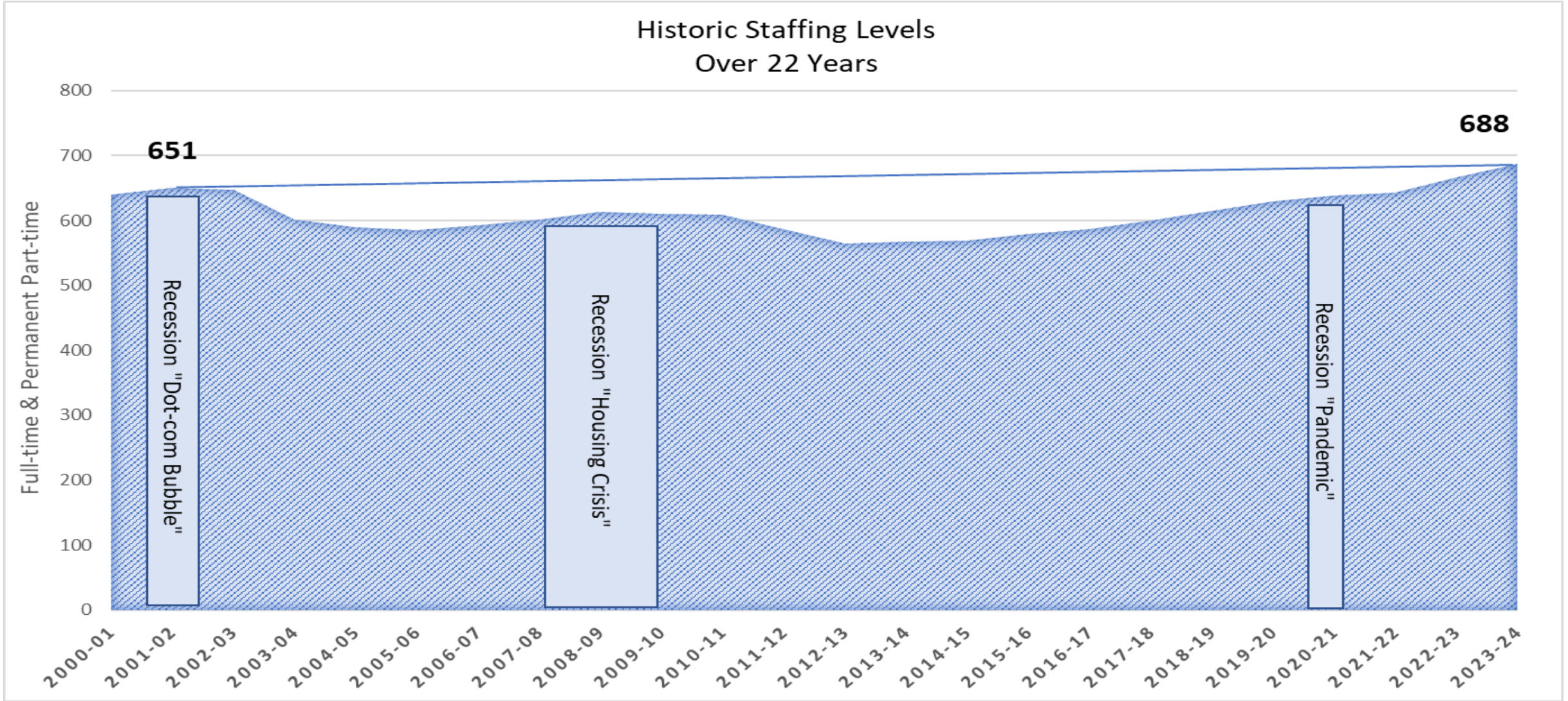
**All require significant financial investments**



- New Housing Department
- Development Review Process improvements
- Building Division reorganization
- Multicultural Engagement program expansion
- Parental Leave Pilot Program
- Mental wellness and leadership initiatives
- Castro Street Pedestrian Mall implementation
- 40th Anniversary of Shoreline Park
- Additional staff to help manage workload and continue high level of service delivery







- New 1.0 FTE Sr. Housing Officer
- 22 Housing Element projects
- Two Divisions:
  - Affordable Housing
  - Rent Stabilization

Five-Year Project Pipeline (100% Affordable)	Units
La Avenida	100
Montecito	85
Lot 12	120
Terra Bella	108
Linda Vista	70
96 West El Camino Real	79
87 Evelyn (City RFP)	150+
57-67 Evelyn (Charities site)	~100
Crestview Hotel	48+
1255 Pear Ave (Sobrato land dedication)	~110
Middlefield Park—Site 1 (Google land dedication)	~160
Middlefield Park—Site 2 (Google land dedication)	~180
<b>TOTAL</b>	<b>~1,310</b>



- Paid Parental Leave Pilot Program
  - Up to 8 weeks of paid leave
  - Annual cost = \$500,000 est.
  - \$1.0 million in Parental Leave Reserve
- Mental wellness initiatives
  - \$135,000 split across departments
- Succession Planning
  - \$145,000 for coaching and training





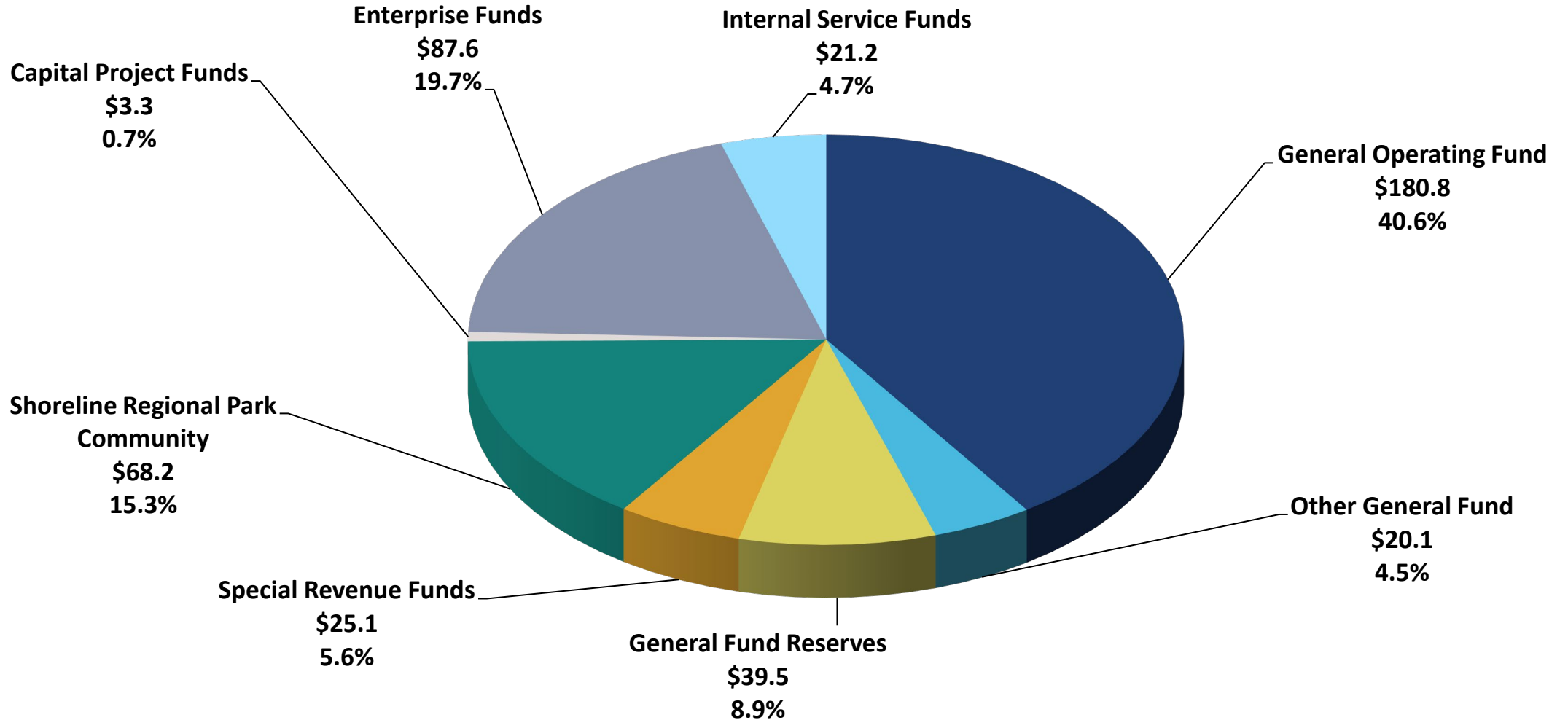
Priority Categories	Count
Highest Priority	22
High Priority	15
As time and resources allow	4
<b>Total Projects</b>	<b>41</b>



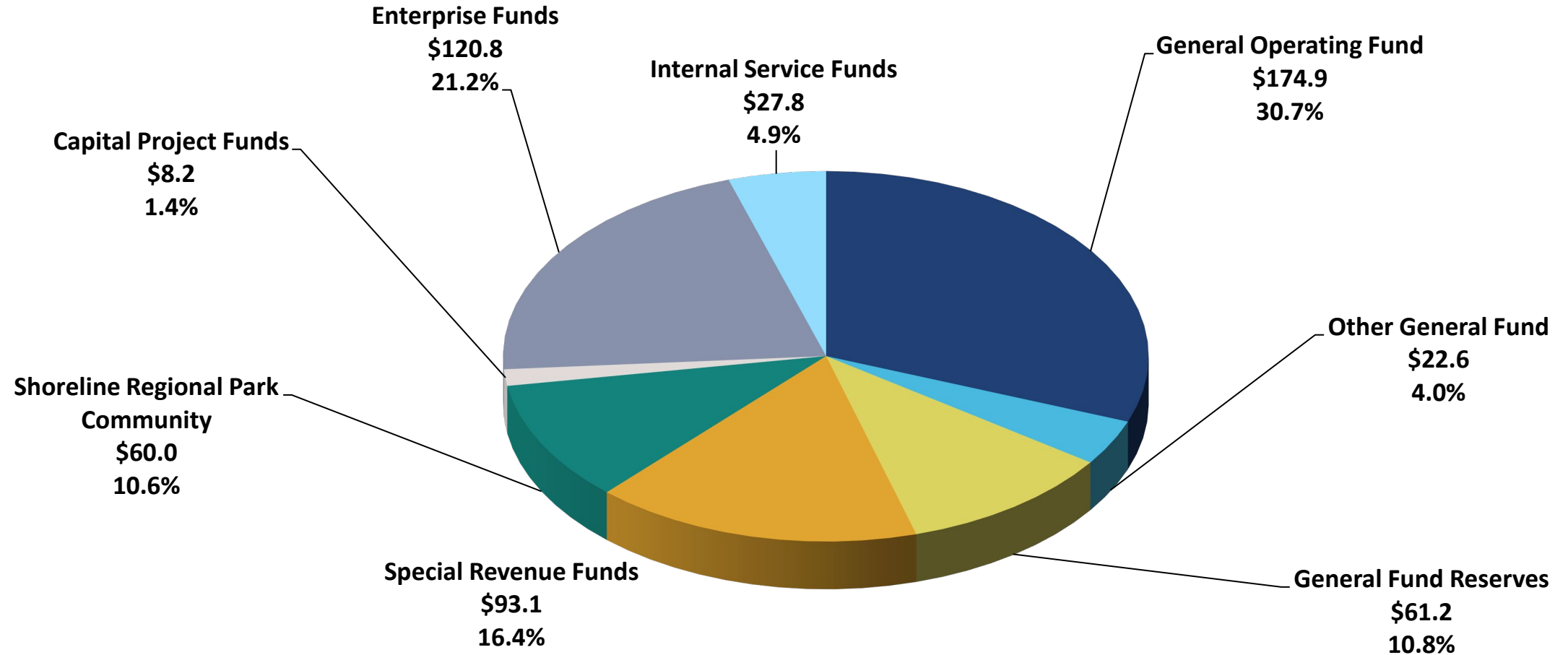
# BUDGET OVERVIEW



# FY 2023-24 Recommended Revenues – All Funds \$445.8M (dollars in millions)



# FY 2023-24 Recommended Expenditures – All Funds \$568.6M (dollars in millions)



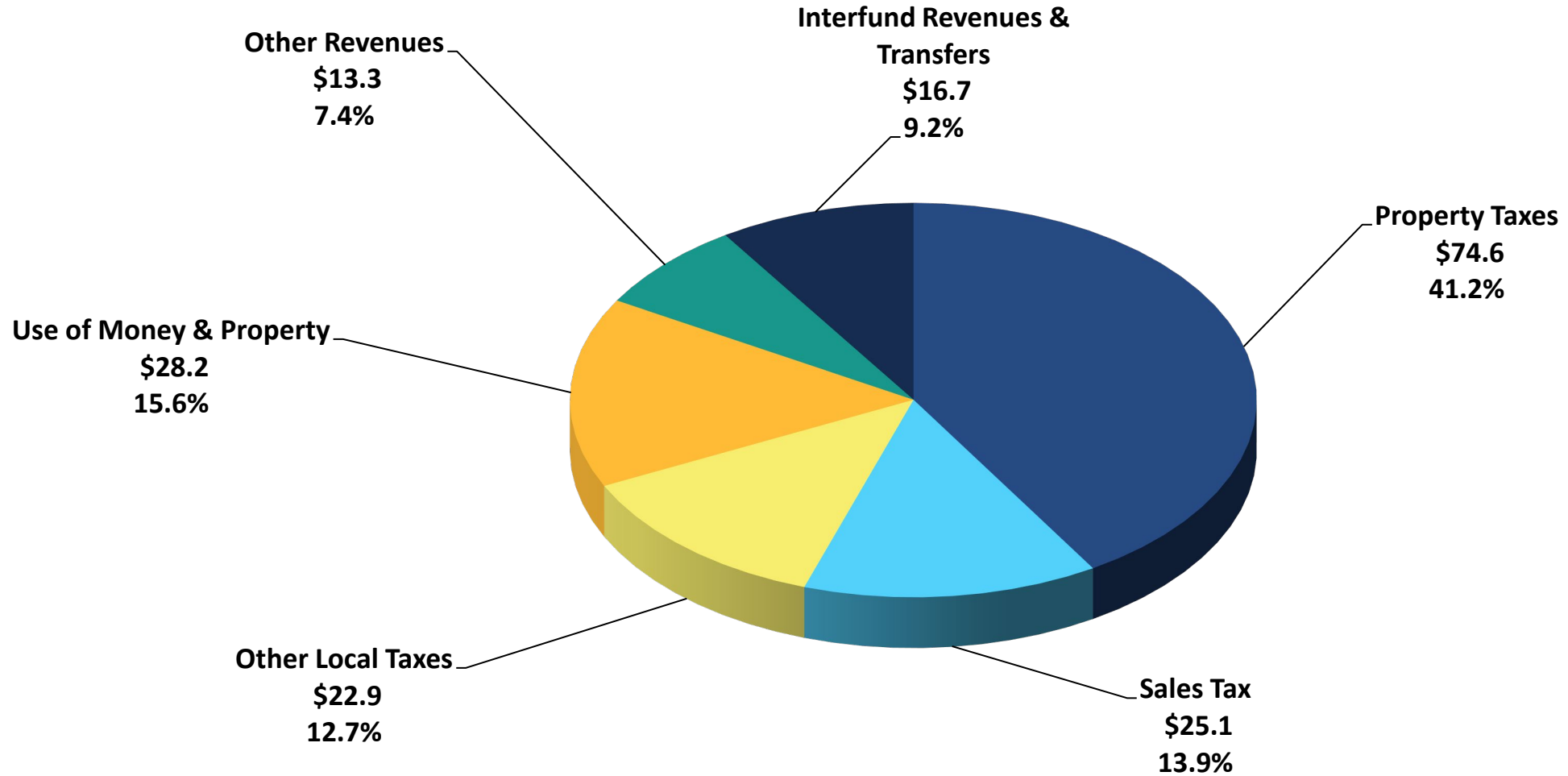
\* GOF is net of \$6.5 million estimated budget savings

# General Operating Fund

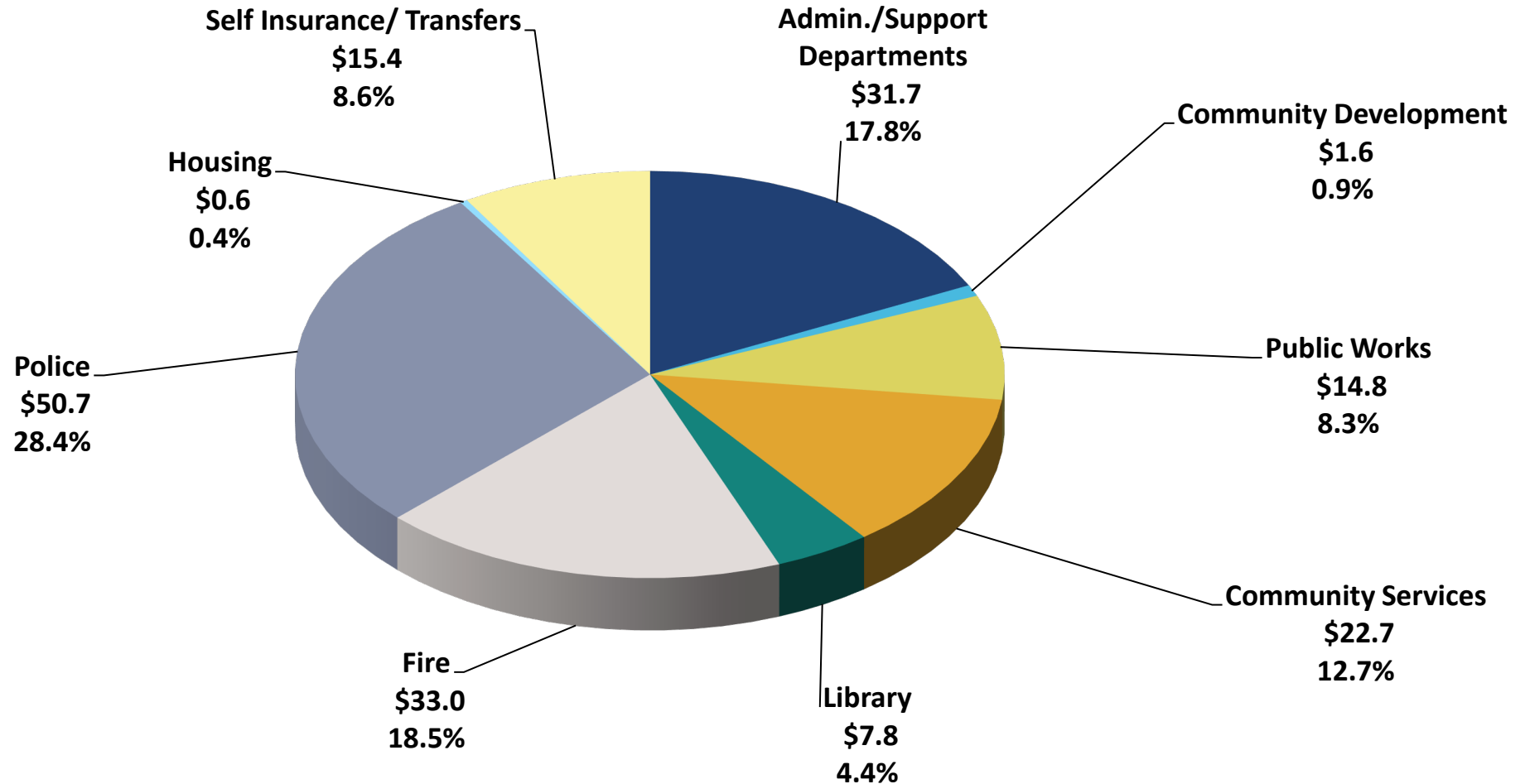
	2022-23 - Adopted	2022-23 - Estimated	<b>2023-24 - Recommended</b>	2024-25 - Forecast	2025-26 - Forecast	2026-27 - Forecast	2027-28 - Forecast
Revenues	\$ 163,836	\$ 178,168	<b>\$ 180,846</b>	\$ 188,319	\$ 195,080	\$ 201,967	\$ 210,783
Expenditures	(158,480)	(158,741)	<b>(171,847)</b>	(183,200)	(192,546)	(200,167)	(207,507)
Operating Balance	5,356	19,427	<b>8,999</b>	5,119	2,534	1,800	3,276
Transfer to GF Reserve	-	(1,600)	<b>(3,000)</b>	(1,500)	(1,900)	(1,500)	(1,500)
Transfer to Other Reserves	(1,600)	(11,000)	-	-	-	-	-
Ending Balance	<b>\$ 3,756</b>	<b>\$ 6,827</b>	<b>\$ 5,999</b>	<b>\$ 3,619</b>	<b>\$ 634</b>	<b>\$ 300</b>	<b>\$ 1,776</b>



# FY 2023-24 General Operating Fund Revenues \$180.8M (dollars in millions)



# FY 2023-24 General Operating Fund Expenditures \$178.3M (dollars in millions)



Note: Excludes the \$6.5 million estimated budget savings

- Total Non-Discretionary Costs: \$1.2 million
- Total Discretionary Costs: \$5.0 million
- Total Limited-Period (1x) Costs: \$7.0 million



	<b>Development Services Fund</b>	<b>Shoreline Golf Links &amp; Michaels at Shoreline Restaurant Fund</b>	<b>Shoreline Regional Park Community Fund</b>
Revenue	\$14.4 M	\$4.9 M	\$68.2 M
Expenditures	\$17.6 M	\$4.5 M	\$37.8 M

■ Total Non-Discretionary Projects (27)	\$17,755
■ Total Discretionary Projects (17)	19,440
■ Total Amendments to Existing Projects (36)	<u>86,914</u>
■ Total CIP	<u>\$124,109</u>

- \$3.0 million - Capital Improvement Program Reserve
- \$2.0 million - Strategic Property Acquisition Reserve
- \$2.0 million - Public Safety Building Reserve
- \$2.0 million - Employee Home Loan Program Reserve
- \$1.4 million - Compensated Absences Reserve
- \$1.1 million - Development Services Fund
- \$1.0 million - Additional payment to CalPERS
- \$1.0 million - Parental Leave Program Reserve
- \$1.0 million - General Liability Fund

## Water

- 8% increase for the average cost of water and meter rates and 5% for recycled water
  - Average single family increase: **\$9.88/month** for 14 units of water

## Wastewater

- 6% overall rate increase (includes a 2.0% increase for Year 10 of a 10-year phase-in period to fund future major renovations at the Treatment Plant)
  - Average single family increase: **\$3.00/month**

## Solid Waste Management

- 7% overall rate increase
  - Average single family increase: **\$2.75/month** for 32-gallon cart



## **Adoption of:**

- Recommended Budget and CIP
- Trash & Recycle Rates and various fees
- Gann Appropriation Limit

1. Convene a public hearing, accept public comment, and provide input to staff on the Fiscal Year 2023-24 Recommended Budget (Attachment 1).
2. Approve for inclusion in the Council Work Plan project A3, Explore implementing a temporary downtown office cap on new development, and project B27, Develop comprehensive updates to the Downtown Precise Plan, identified in the Council Work Plan for Fiscal Years 2023-25 (Attachment 2)
3. Approve the Strategic Priorities and the remainder of the projects identified in the Council Work Plan for Fiscal Years 2023-25, excluding project A3, Explore implementing a temporary downtown office cap on new development, and project B27, Develop comprehensive updates to the Downtown Precise Plan (Attachment 2).
4. Commit \$31,050 in Fiscal Year 2022-23 from one park in-lieu fee in the Park Land Dedication Fund to the acquisition of a portion of property at 711 Calderon.