



CITY OF NOVATO
CALIFORNIA

922 Machin Avenue
Novato, CA 94945
415/899-8900
FAX 415/899-8218
novato.org

Chair
Regina Bianucci Rus

Vice Chair
Rafelina Maglio

Commissioners
Caitrin Devine
Cris MacKenzie
Mark Milberg
Tim O'Conner

City Manager
Adam McGill

**NOVATO CITIZENS FINANCE ADVISORY/
OVERSIGHT COMMITTEE MEETING**

to be held at

**City Administrative Offices
Womack Conference Room
922 Machin Ave**

**November 21, 2019
7:30 AM**

AGENDA

A. CALL TO ORDER

B. APPROVAL OF FINAL AGENDA

C. PUBLIC COMMENT

Anyone wishing to speak on non-agenda items will be recognized at this time. These items can legally have no action as they are not on the agenda. There is a three-minute time limit.

7:35 A.M. *(Time is approximate.)*

D. COMMITTEE ORGANIZATIONAL ITEMS

**D-1: APPROVAL OF SEPTEMBER, 2019 MINUTES
D-1: APPROVAL OF OCTOBER, 2019 MINUTES**

E. GENERAL BUSINESS

Anyone wishing to speak on agenda items will be recognized after the Committee has concluded their initial discussions. There is a three-minute time limit for public comment per item.

7:50 A.M. *(Time is approximate.)*

E-1: ACTIONABLE ITEMS:

**E-1.1: DISCUSS AND PROVIDE DIRECTION ON THE
DRAFT "BUDGET IN BRIEF" DOCUMENT**

**E-1.2: DISCUSS AND POSSIBLY TAKE ACTION ON THE
DEVELOPMENT OF COMMITTEE GOALS FOR FY
19/20 AND 20/21**

E-2: DISCUSSION ITEMS:

E-2.1: NONE

F. COMMITTEE / STAFF COMMENTS

G. FUTURE MEETINGS

G-1. DECEMBER 19, 2019 @ 7:30 a.m.

H. ADJOURNMENT

AFFIDAVIT OF POSTING

I, David Bentley, certify that on November 14, 2019, I caused to be posted the agenda of the November 21, 2019 meeting of the Novato Citizens Finance Advisory/Oversight Committee meeting of the City of Novato, California, on the Police Department bulletin board, and on the City's website at www.novato.org.

David Bentley
Finance Director



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novato.org

**NOVATO CITIZENS FINANCE ADVISORY/
OVERSIGHT COMMITTEE MEETING**

held at

**City Administrative Offices
Womack Conference Room
922 Machin Ave**

**September 19th, 2019
7:30 AM**

Chair

Regina Bianucci Rus

Vice Chair

Rafelina Maglio

Commissioners

Caitrin Devine

David Bentley

Cris MacKenzie

Mark Milberg

Tim O'Connor

MINUTES

A. CALL TO ORDER

Meeting called to order at 7:30 am. Committee members: Regina Bianucci Rus, Tim O'Connor, Cris McKenzie, David Bentley, Mark Milberg, Caitrin Devine (Arrived 7:40), Rafelina Maglio (Absent). Staff members: Acting City Manager Adam McGill, Accounting Supervisor Brooke Kerrigan, Accounting Technician Larcy McPeck. Council members: Pat Eklund, Pam Drew

B. APPROVAL OF FINAL AGENDA

Motion to approve agenda: Tim O'Connor, David Bentley seconded. Approved unanimously. Ayes: 6 (Regina Bianucci Rus, Tim O'Connor, Cris McKenzie, David Bentley, Mark Milberg, Caitrin Devine. Noes: 0, Absent 1 (Rafelina Maglio)

C. Public Comment

D. COMMITTEE ORGANIZATIONAL ITEMS

D-1: APPROVAL OF JUNE 20TH, 2019 MINUTES

Motion to approve with changes modification: Committee Member O'Connor: Missed out 2 items in E1: Incentivize employees for grant funding; Create more robust downtown; Item F: misspelled "o" not "e" O'Connor not O'Conner.

Motion to approve: First – Committee Member McKenzie; Seconded – Committee Member Milberg. Ayes: 6, Abstain: 0, Absent: 1

D-2: APPROVAL OF AUGUST 15TH, 2019 MINUTES

Motion to approve with modification: Committee Member Bentley: Move E1: Update on Refunding 2005, 2005A & 2011 RDA Tax Allocation Bonds to E3 – Presentation of CAFR -14 months after close of the fiscal year is not acceptable. Move to next meeting: Motion to approve: First – Committee Member Devine; Seconded – Committee Member O'Connor. Ayes: 6, Abstain: 0 Absent: 1

E. GENERAL BUSINESS

E-1 ACTIONABLE ITEMS:

E-1.1: DISCUSS AND POSSIBLY TAKE ACTION ON THE DEVELOPMENT OF COMMITTEE GOALS FOR FY 19/20

Committee Members agreed to brainstorm and identify top two to four items as the goals of the committee. Need to revisit and discuss the committee's mission. Committee goals should be presented to Council to approve. Committee Chair Bianucci Rus shared the notecards she collected from the members.

E-1.2: DISCUSS AND POTENTIALLY TAKE ACTION REGARDING THE CREATION OF AN AD-HOC COMMITTEE ON THE CITY'S BUDGET AND COMMUNICATION TOOLS

Committee asked for clarification of difference between the proposed City Council Ad Hoc Committee and the existing Finance Advisory Oversight Committee.

Public Comment: Councilmember Pat Eklund:

The Ad Hoc/Sub Committee at the Council level was eliminated five years ago. Most of the other cities have an existing Ad Hoc/Sub Committee

Acting City Manager McGill explained the item was proposed by Council Member Eklund at the last Council meeting and advised the committee members to review City Council staff report and agenda for next Finance Committee Advisory meeting.

E-2 DISCUSSION ITEMS:

E-2.1: DISCUSS "BUDGET-IN-BRIEF" SAMPLES PROVIDED

Committee discussed creation of a "Budget in Brief" document that outlines and simplifies the City's annual budget. Examples from other cities included Oceanside, Milpitas, San Luis Obispo and Palo Alto. Committee Member Bentley mentioned that City staff Bryan Lopez has an existing draft. Committee member suggestions are listed below.

1. Present as a brief overview, eye catching snapshot, charts and fewer words to get people's attention. It should be a tool to engage people to get involved. Link to the website for more info.
2. Highlight budget priorities and positive activities
3. CIP overview – what the government is doing for you
4. Let citizens know how to get involved in the budget process
5. More graphics so it is easy to follow, charts and visuals
6. A publication that will answer what the committee does
7. Show sources and uses of funds
8. Include tax allocation information – property taxes, sales taxes, etc., and the portion received by the City versus other agencies
9. Create document geared towards intended audience (layman)
10. Consistent message (Ambassadors of the City)

11. Use as an on-going process updated quarterly or as semi- annual budget tool
12. Include the goals of the City
13. Include FTE – as compared to similar cities – Comments made about providing context for FTEs (i.e. assumptions could be made about various departments without knowing the details of operations)

Public comments:

Acting City Manager McGill explained that the City's website is robust and most of the information discussed is already available online. Capital project status and other information regarding City activities are available online. Acting City Manager McGill suggested an overview of the City's communications platforms be presented and discussed at the next Finance Advisory Committee meeting. Committee members were receptive and would like to see this item brought back at the next meeting.

Councilmember Drew commented about the gap between the information that has been presented in the past and how information is received by the public. Workshops haven't been helpful because most members of the public seem unable to connect the budget numbers to the positive activities the City undertakes. She commented that people were turned off and the current public impression needs to be corrected.

Councilmember Eklund commented it should an on-going process.

Committee Member Devine left at 8:20 am.

Accounting Supervisor Kerrigan made suggestions regarding a quarterly report showing budget variances which provides the information for Department Heads to capture departmental spending at quarterly intervals. This allows for better overall management of departmental budgets versus departmental spending. She suggested using pie charts as a way to show data that for some is easier to comprehend as opposed to raw data; Distributed information should be attractive and user friendly, and not overly complicated. The City Council can use the information as a guide on budget performance and as a communications tool for City-wide spending.

G. FUTURE MEETINGS

Possible dates for the next meeting for consideration: October 9, October 10 and October 15.

Acting City Manager McGill will gather information on the next meeting date and send the staff report on the City Council's proposed creation of Ad Hoc Committee for the Committee Members to review with the intent to agendaize for the next Finance Advisory Committee meeting.

H. ADJOURNMENT

Meeting adjourned at 8:30 am



THE CITY OF
NOVATO
CALIFORNIA

**NOVATO CITIZENS FINANCE ADVISORY/
OVERSIGHT COMMITTEE MEETING**

held at

922 Machin Avenue
Novato, CA 94945
415/899-8900
FAX 415/899-8213
www.novato.org

**City Administrative Offices
Womack Conference Room
922 Machin Ave**

**October 10th, 2019
7:30 AM**

Chair

Regina Bianucci Rus

Vice Chair

Rafelina Maglio

Commissioners

Caitrin Devine

David Bentley

Cris MacKenzie

Mark Milberg

Tim O'Connor

MINUTES

A. CALL TO ORDER

Meeting called to order at 7:30 am. Committee Members: Regina Bianucci Rus, David Bentley, Rafelina Maglio, Caitrin Devine (Absent), Cris MacKenzie, Mark Milberg (Absent), Tim O'Connor (Absent). Staff Members: Acting City Manager Adam McGill, Assistant City Manager Jessica Deakyne, Accounting Supervisor Brook Kerrigan, Management Analyst II Bryan Lopez. Council Members: Pat Eklund, Pam Drew.

B. APPROVAL OF FINAL AGENDA

Motion to approve agenda. Motion to Approve, seconded. Approved. Ayes: 4 (Bianucci Rus, Bentley, Maglio, Milberg) Noes: 0, Abstain 0, Absent 3 (O'Connor, Milberg, Devine)

C. PUBLIC COMMENT

None

D. COMMITTEE ORGANIZATIONAL ITEMS

D-1: APPROVAL OF SEPTEMBER, 2019 MINUTES

Postponed until next meeting

E. GENERAL BUSINESS

E-1: ACTIONABLE ITEMS:

E-1.1: DISCUSS AND POSSIBLY PROVIDE DIRECTION REGARDING POSSIBLE CITY-WIDE COMMUNICATION PLATFORMS FOR DISTRIBUTION OF "BUDGET IN BRIEF" DOCUMENT

Staff provided a presentation on City-Wide Communication platforms and answered several questions about the various communication methods.

Councilmember Eklund provided a request to add 5-year forecasting

Committee provided a request to have the budget in brief issued several times a year and look into feasibility to add the brief into several of the communication methods available

E-1.2: DISCUSS AND POSSIBLY PROVIDE FEEDBACK REGARDING THE CREATION OF A COUNCIL BUDGET AND FINANCE SUBCOMMITTEE COMPOSED OF COUNCIL MEMBER EKLUND AND MAYOR LUCAN TO WORK WITH STAFF ON THE CITY'S BUDGET PROCESS, FINANCIAL POLICIES, AND OTHER IMPROVEMENTS AND CONSIDERATIONS

Councilmember Eklund discussed the proposed creation of the Budget and Finance Subcommittee. Part of the discussion indicated some changes to the initial proposed committee. The proposed change would create an Ad-Hoc committee instead of an official Subcommittee and would be temporary, though a review at a later date may result in the creation of an official subcommittee.

Committee provided concerns that the proposed subcommittee or Ad-Hoc committee may be redundant and may reduce the need for the existing Novato Citizens Finance Committee.

Committee Member Bentley motioned to support the Council proposed Budget and Finance Subcommittee, Committee Chair Bianucci Rus seconded. Ayes: 1 (Bentley) Noes: 2 (Bianucci Rus, Maglio), Abstain 1 (MacKenzie), Absent 3 (O'Connor, Milberg, Devine). Motion does not pass.

E-1.3: DISCUSS AND PROVIDE DIRECTION REGARDING A JOINT MEETING BETWEEN THE NOVATO CITIZENS FINANCE ADVISORY/OVERSIGHT COMMITTEE AND THE ECONOMIC DEVELOPMENT ADVISORY COMMISSION

Committee discussed and requested several items for this proposed meeting

Items requested for discussion were, revenue generation options, what items are in the pipeline (e.g. vacancies, taxes). It is requested that the joint meeting would be held during the regular Economic Development Commission meeting

Public comment by Hutch Turner: Stated that the Economic Development Commission primarily focuses on real estate discussions.

E-2: DISCUSSION ITEMS:

E-2.1: NONE

F. COMMITTEE / STAFF COMMENTS

Councilmember Eklund recommended adding a meeting to discuss possible topics for following meetings. Committee Chair Regina stated that these meetings already exist

G. FUTURE MEETINGS

Next meeting scheduled for November 21st, 2019 @ 7:30 a.m.

H. ADJOURNMENT

Meeting adjourned at 8:46am



STAFF REPORT

MEETING

DATE: November 21, 2019

TO: The Novato City Finance Advisory Oversight Committee

FROM: Bryan Lopez, Management Analyst II

PRESENTER: Bryan Lopez, Management Analyst II

SUBJECT: DISCUSS AND PROVIDE DIRECTION ON THE DRAFT “BUDGET IN BRIEF” DOCUMENT

BACKGROUND

The creation, ratification, and implementation of the City’s budget is an integral part of governance over City finances. The budget sets the approved appropriations at the Fund level and is further broken down by department and by activity. The finalized document is nearly four hundred pages of detailed information and is the single source guidance in the control of enacting the authority of City-wide spending.

Each year beginning in January City staff begins the development of a spending plan based on Council objectives and the City’s strategic plan. This year the budget was adopted in June (Resolution 2019-46) and the finalized document was complete in October. The amount of time from budget development to a budget document shows the breadth of the budget process. Staff, with the direction of the Novato Citizens Finance Oversight/Advisory Committee, is looking for further direction to make the process easier for the general public to understand and navigate with the development of a Budget in Brief document which can be communicated on a broad scale through the City’s various communication platforms.

DISCUSSION

The four-hundred page budget document is a detailed account of all the various financial activities of the City of Novato. The volumes of information can be cumbersome and often the information gets lost on its reader. As part of the City’s move towards transparency the Novato Citizens Finance Oversight Committee along with City staff is working together in creating a document that can be easily accessed by the general public in a format that is informative, encourages public input, and useful to its reader.

ALIGNMENT WITH STRATEGIC PLAN GOALS / OBJECTIVES

This item is aligned with **Strategic Plan Goal 25: Communications – Establish Opportunities for the Community to Evaluate the City’s Efforts to Serve, Inform, and Engage with the Community.**

Under the direction of the Novato Citizen's Finance Advisory/Oversight Committee staff is working to create a user friendly and informative Budget in Brief document that can be broadly distributed through the City's various communications platforms.

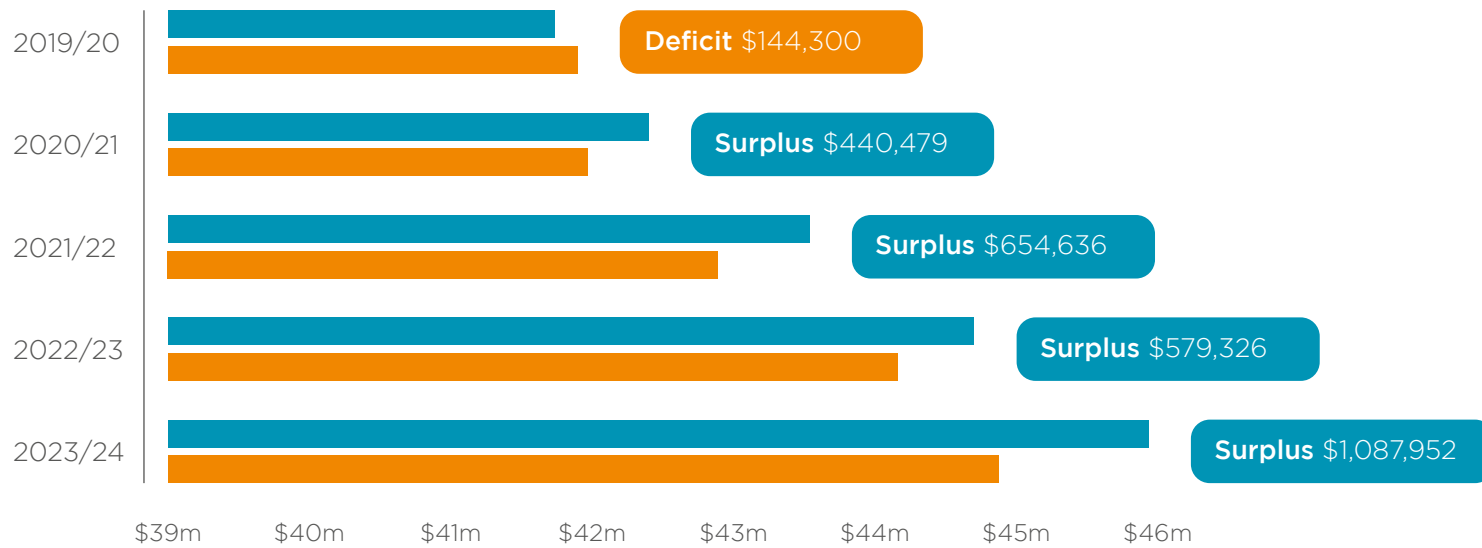
RECOMMENDATION

Provide staff with recommendations and direction regarding the draft Budget in Brief presented.

5-Year Forecast

The 5-year financial forecast supports budget planning and projects revenue and expenditure trends. It assists staff and the City Council with budget preparations, as well as long-term financial planning. The forecast is created based on revenue and expenditure assumptions and growth rates. Projections are not predictions of actual financial results and are likely to change to reflect increased costs and reduced surplus.

Fiscal Year



Approved By

As of 6/30/19

City Council

Mayor Eric Lucan
Mayor Pro Tem Denise Athas
Councilmember Pam Drew
Councilmember Pat Eklund
Councilmember Josh Fryday

Novato Citizens Finance Committee

Chair Tim O'Connor
Vice Chair Regina Bianucci Rus

Commissioners:

David Bentley
 Cairin Devine
 Cris MacKenzie
 Rafelina Maglio
 Mark Milberg

Frequently Asked Questions

What is a Fiscal Year and when does it begin and end?

The fiscal year is a 12-month period used to measure revenues and expenditures. It starts July 1 and ends June 30 the following year.

How much is the General Fund Reserve?

At least 15 percent of the General Fund operating costs.

Why can't we use resources other than the General Fund to pay for priority services?

Special revenue, grants, assessment funds, etc., often have legal restrictions that mandate the collection and expenditure of these funds for very specific purposes.

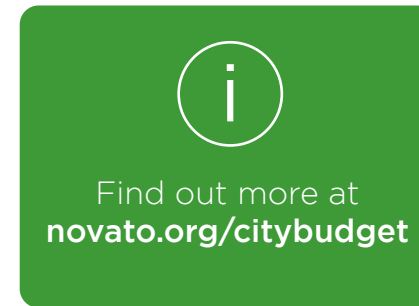
Where can I find more information about Capital Improvement Program (CIP)?

Information on capital improvement projects, including individual project webpages with detailed information, is available at novato.org/pwprojects.



FISCAL YEAR 2019-2020 BUDGET IN BRIEF

Total Budget: \$81.8 Million



The City of Novato adopts its budget each June for the following fiscal year, which runs from July 1 to June 30.

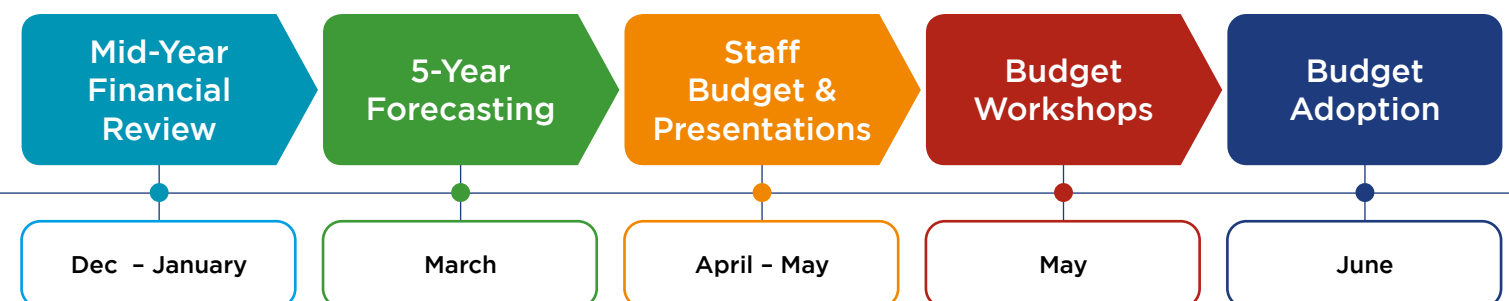
The budget, while a financial document, is also an important policy document, outlining the City Council's priorities for the upcoming year and showing how financial resources will be committed toward those goals.

Strategic Plan Goals

The City of Novato's Strategic Plan is a three-year plan that guides both the operating and capital budget development.

<p>Living Well, Together</p> <p>Support facilities and design programs and services that create a healthy, caring, and interconnected community that is safe and secure.</p>	<p>Great Places</p> <p>Create inviting natural and built places and spaces for contemplation, play, arts, and connection while celebrating our diverse community.</p>	<p>Economic Vitality</p> <p>Encourage a thriving business environment, becoming a hub of economic activity and innovation, with a focus on high-paying industries, a vibrant downtown, and a healthy economy.</p>	<p>Environmental Stewardship</p> <p>Preserve, protect and enhance Novato's unique environment, now and for future generations, and model best sustainability practices for the community.</p>	<p>A City That Works</p> <p>Know, understand, and respond to the community we serve, engage our residents, and provide valued services promptly, professionally and with a passion.</p>
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Annual Budget Process



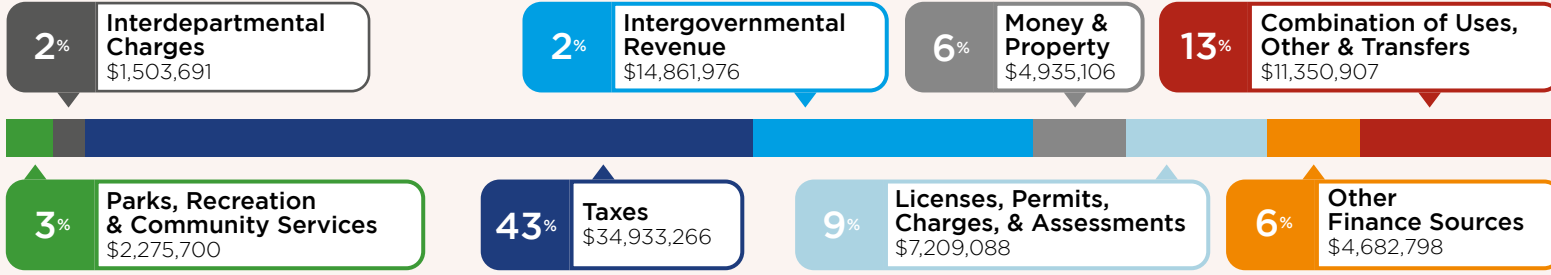
See the 2019/20 budget and other financial documents
novato.org/citybudget



CITY OF NOVATO
CALIFORNIA

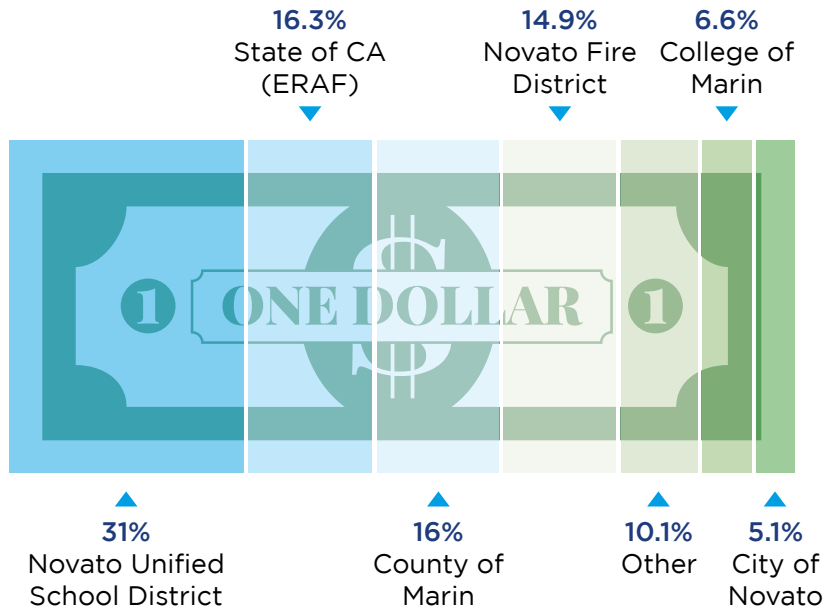
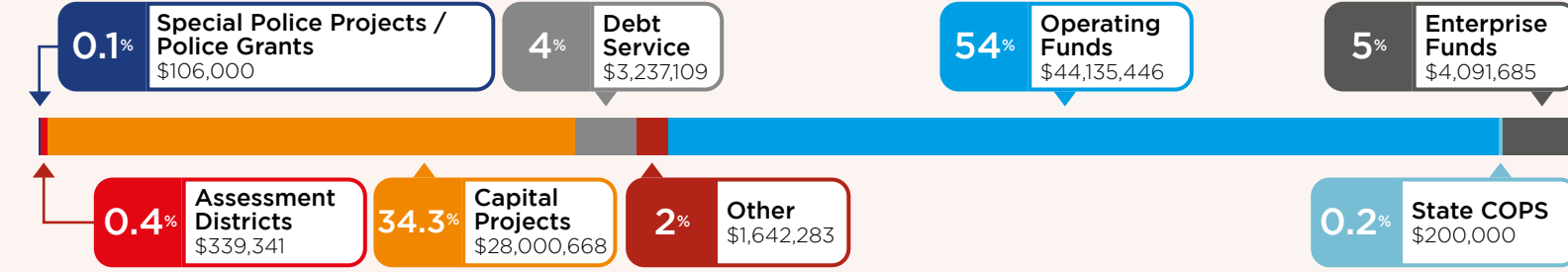
REVENUES

Total Revenues: \$81.8 Million



EXPENDITURES

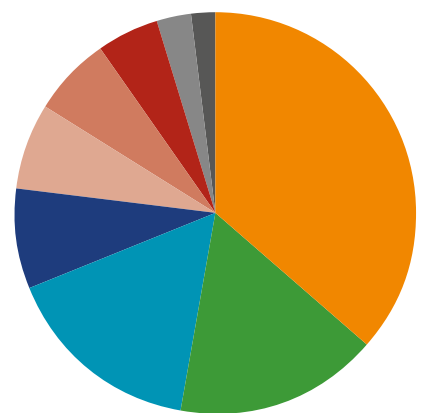
Total Expenditures: \$81.8 Million



Property Tax Revenue Share
How each dollar is distributed.

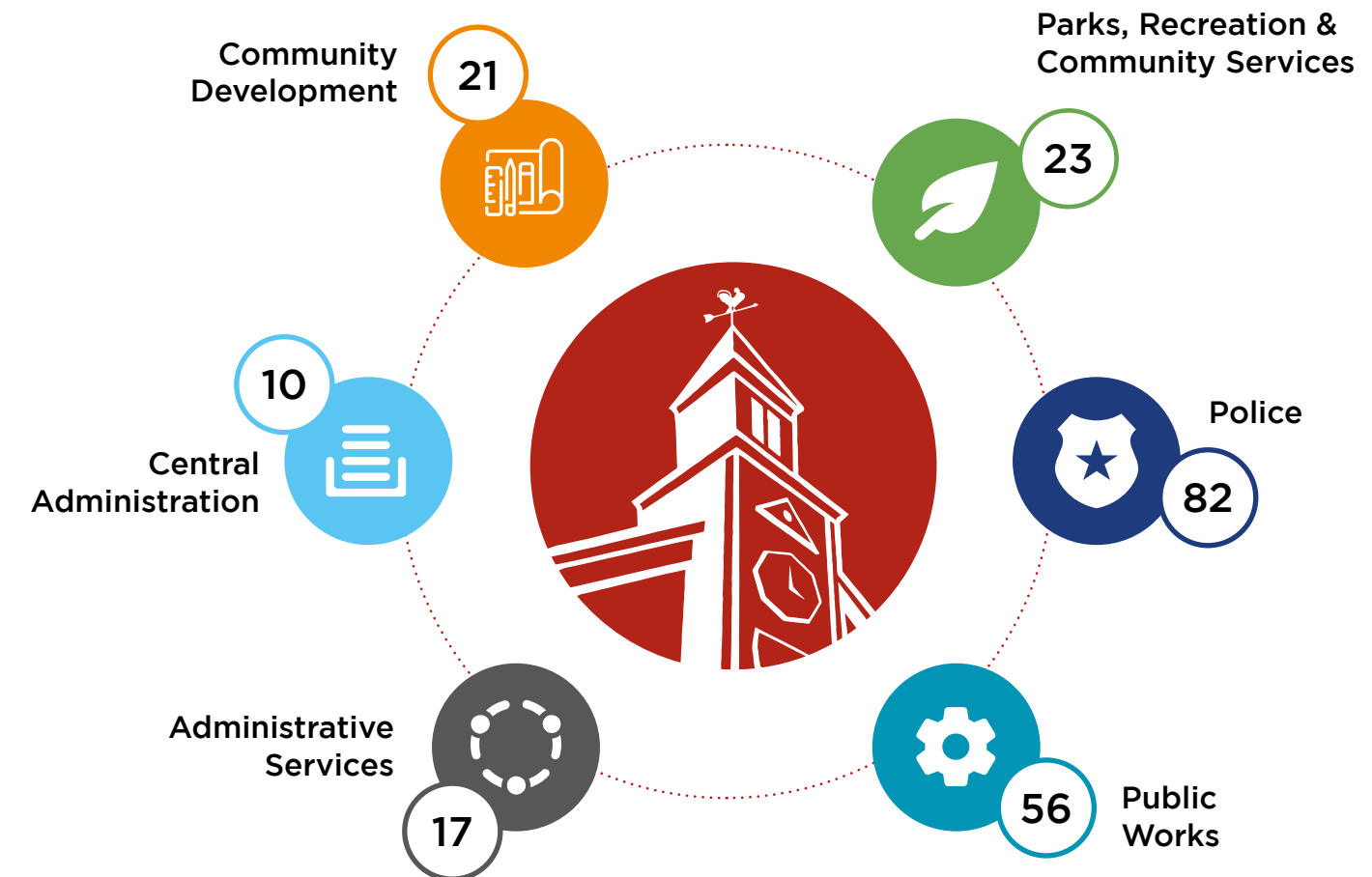
Local Revenue Distribution

How local revenue funds are used.

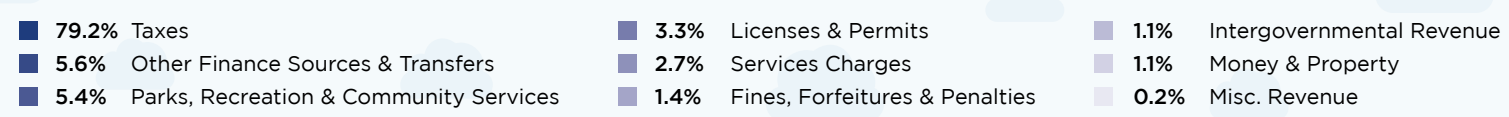


City Staff Distribution

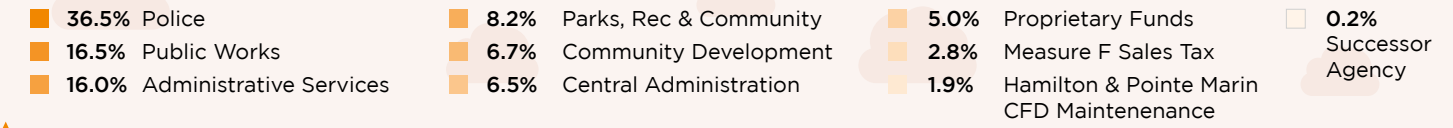
The number of regular, full-time employees by department.



GENERAL FUND REVENUES



GENERAL FUND EXPENDITURES



PROJECT HIGHLIGHTS



Playground Equipment Replacement

To limit liability and ensure state law compliance, City staff developed a plan to regularly replace park equipment, which has an estimated 15-year lifespan.



Street Reconstruction & Resurfacing

In an effort to keep roadways smooth and safe—and to avoid higher pavement maintenance costs—the City adopted a plan to maintain local streets on an 8-year regular rotation.



Water Resource Recovery Facility

The City's Water Resource Recovery Facility must be upgraded to increase capacity for a growing population, to update equipment and to meet stricter discharge requirements.

HERE TO SERVE

Heidi Harmon
Mayor

Dan Rivoire
Vice Mayor

Carlyn Christianson
Council Member

Aaron Gomez
Council Member

Andy Pease
Council Member



FREQUENTLY ASKED QUESTIONS

What is a Fiscal Year and when does it begin and end?

The fiscal year is a 12-month period used to measure revenues and expenditures. It starts July 1 and ends June 30 the following year.

How much does the 1/2 percent sales tax (Local Revenue Measure) generate?

Approximately \$7.2 million annually.

How much is the General Fund Reserve?

At least 20 percent of General Fund operating costs (about \$11M).

Why can't we use resources other than the General Fund to pay for priority services such as fire, police and parks?

Enterprise, special revenue, and assessment funds have legal restrictions that mandate the collection and expenditure of these funds for very specific purposes.

Where can I find the budget and other financial documents?

The 2017–19 Financial Plan is available at www.slocity.org/budget.



2017–2018

BUDGET IN BRIEF

www.slocity.org/budget

THE TOTAL BUDGET: \$142 MILLION

The City of San Luis Obispo has earned national recognition for its budget process, a 2-year cycle that emphasizes community involvement, long-range financial planning and effective program management. At its highest level, a budget identifies the needs and interests of the community and allocates available resources to those while remaining fiscally strong for the future. In crafting the following proposed budget allocations, the City was guided by the Major City Goals and Other Important Objectives, a strategic plan adopted by the Council.

GOALS



HOUSING

Facilitate increased production of all housing types designed to be economically accessible to the area workforce and low and very low-income residents, through increased density and proximity to transportation corridors in alignment with the Climate Action Plan.



MULTI-MODAL TRANSPORTATION

Prioritize implementation of the Bicycle Master Plan, pedestrian safety, and the Short-Range Transit Plan.



CLIMATE ACTION

Implement cost-effective measures, including addition of a Sustainability Coordinator and formation of a Green Team; develop incentive Programs.



FISCAL SUSTAINABILITY & RESPONSIBILITY

Continue to implement the City's Fiscal Responsibility Philosophy with a focus on economic development and responsiveness, structurally balanced fiscal outlook, unfunded liabilities, and infrastructure financing.

Other Important Objective: **Downtown Vitality.** Continue to improve safety, infrastructure investment, and maintenance in the Downtown and support the Downtown Association's proposal to consider a Downtown Improvement District.

THE BUDGET PROCESS

GOAL-SETTING INPUT

COUNCIL GOAL-SETTING WORKSHOP

STAFF BUDGET PREPARATION

Budget Workshops

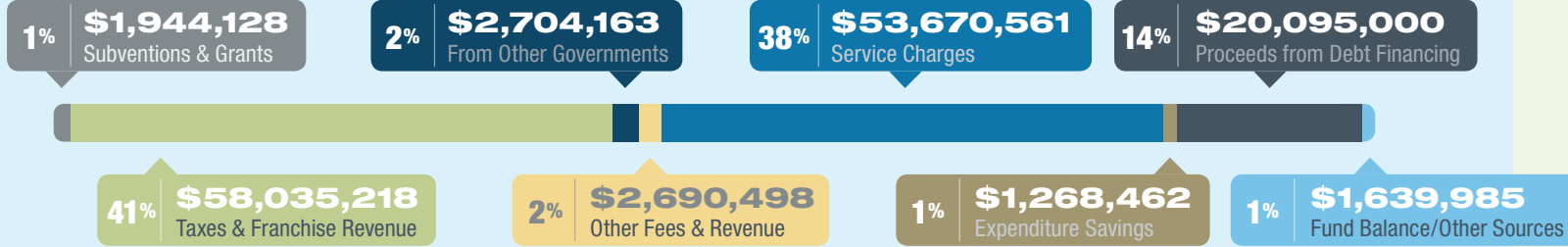
June 1, 6, 2017

Adopted Budget

June 20, 2017

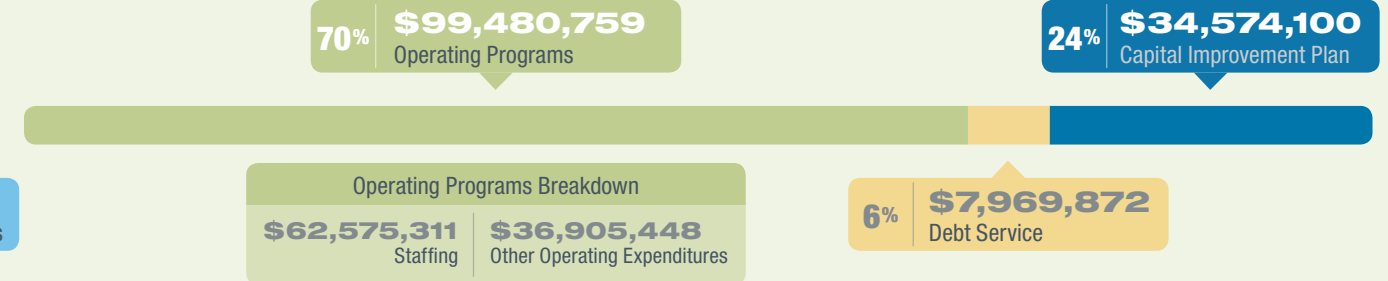
REVENUES

TOTAL REVENUE (SOURCES): \$142 MILLION



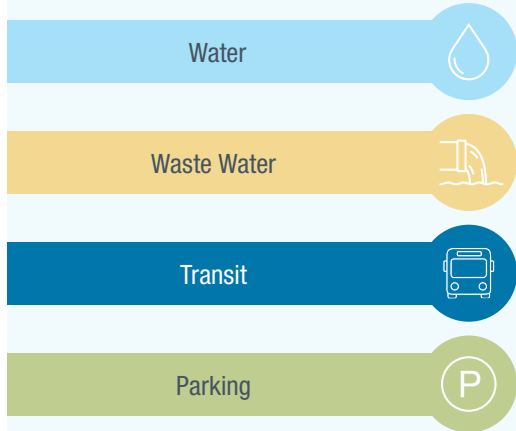
EXPENDITURES

TOTAL EXPENDITURES: \$142 MILLION



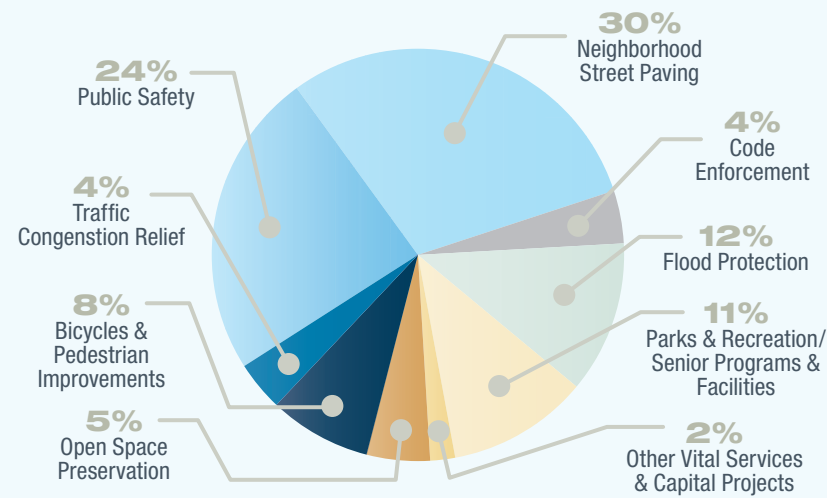
OTHER FUNDING SOURCES

The City has four services whose fees are used only for those purposes, also known as Enterprise Funds.



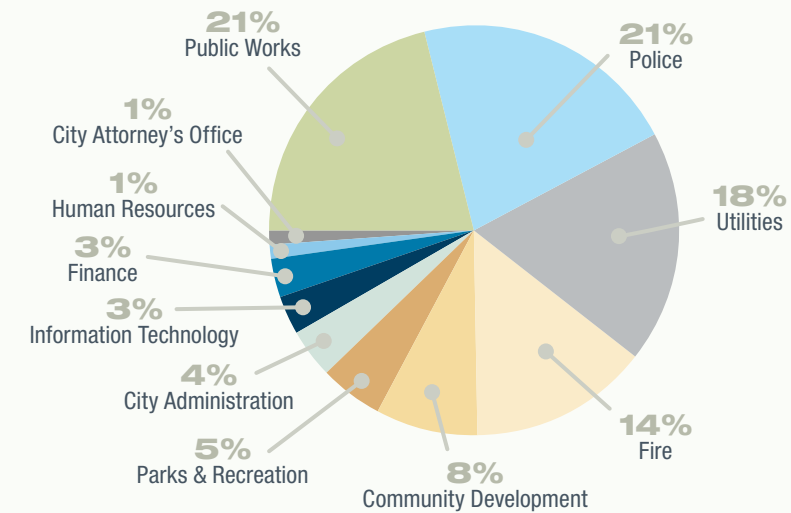
LOCAL REVENUE MEASURE

How are funds from the local revenue measure used?



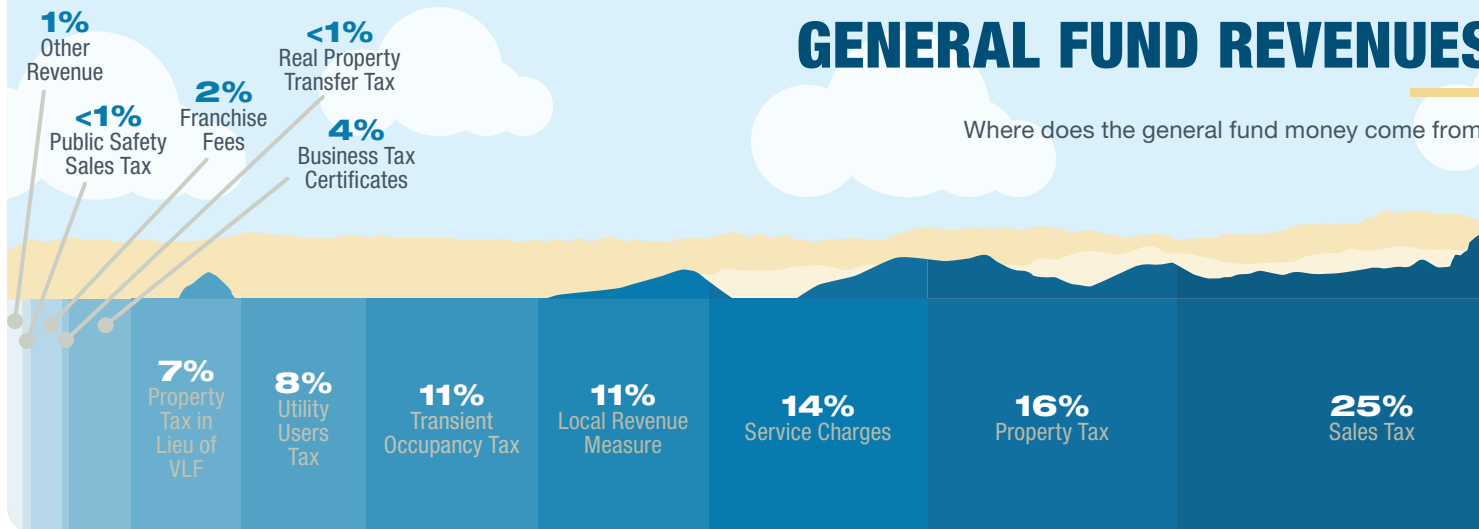
CITY STAFF

Most of the services delivered to the community are provided by our staff. Below is the number of regular, full-time employees by department.



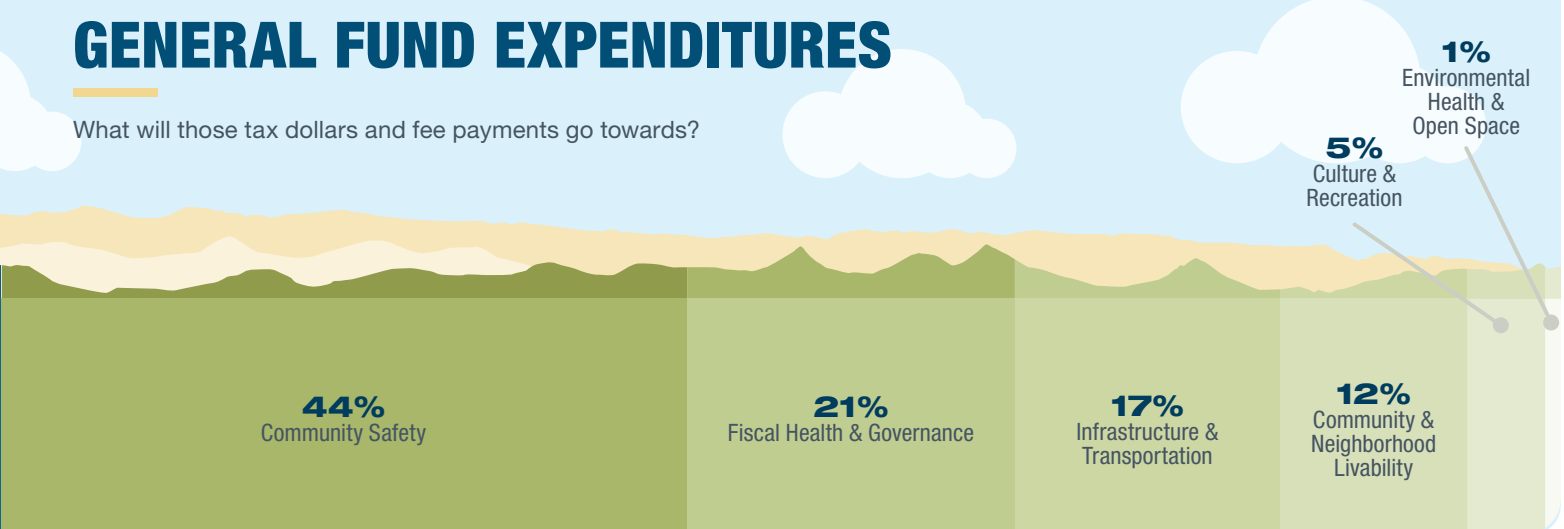
GENERAL FUND REVENUES

Where does the general fund money come from?



GENERAL FUND EXPENDITURES

What will those tax dollars and fee payments go towards?



CITY OF PALO ALTO

Budget in Brief

Fiscal Year 2015



CITY OF
**PALO
ALTO**

OUR MISSION

The government of the City of Palo Alto exists to promote and sustain a superior quality of life in Palo Alto. In partnership with our community, our goal is to deliver cost-effective services in a personal, responsive and innovative manner.

Introduction

Dear Palo Altans,

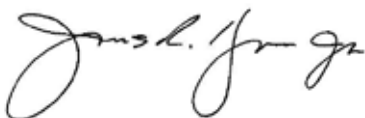
In June 2014, the City Council adopted the Budget for Fiscal Year 2015 (July 1, 2014 through June 30, 2015) in the amount of \$470.3 million, which includes ongoing funding for the City's public safety, to our roads, facilities, and utility infrastructure. While we are in much better economic times, the City is prudently investing in enhancing service levels while remaining cognizant of the City's long-term fiscal sustainability. The opening of the Rinconada Library and the Mitchell Park Library and Community Center will provide great new experiences for generations of Palo Altans. Additional funding in Planning to better tackle parking and traffic challenges-additional shuttle service routes (scheduled for City Council approval in fall), staffing and consultant support to advance Comprehensive Plan and zoning changes and residential parking, and alternatives to automobile transportation are a dominant focus in FY 2015. Additionally, the City Council approved funding for taking over the Palo Alto Airport from the County of Santa Clara and information technology investments. For a more detailed description of major funding changes, I invite you to read the transmittal letter of the Fiscal Year 2015 Operating Budget by visiting the City of Palo Alto website at www.cityofpaloalto.org/budget.

As part of this budget, the City Council approved funding of \$53 million to maintain and rehabilitate the City's existing electric, gas, wastewater, and water infrastructure, streets, and sidewalks as well as bicycle lane, parking, and parks improvements. In addition, after approval of the Capital Budget, the City Council approved the City's Infrastructure Plan which will increase our long-term capital investments by \$132 million total and fund a Pedestrian Bicycle Bridge over Highway 101, our ambitious Bicycle and Pedestrian infrastructure improvement plan, new parking garages, replacement of two outdated Fire Stations, and a new public safety building.

The City's Utility continues to provide excellent services in the delivery of electricity, gas, and water as well as wastewater treatment and garbage and recycling collection services at competitive rates. For FY 2015, no rate increases are included in the budget except for the annual increase of the Storm Drainage Fee, as approved by the voters.

This Budget-in-Brief document is intended to provide you with facts about our City; the City's approach to balancing the budget; the major sources of funding (e.g.: taxes, customer charges) which pay for the services the City provides and the infrastructure the City maintains and rebuilds; as well as major changes included in the Fiscal Year 2015 budget. For comments regarding the budget or this document, please send an email to www.budget@cityofpaloalto.org.

Respectfully,



James Keene

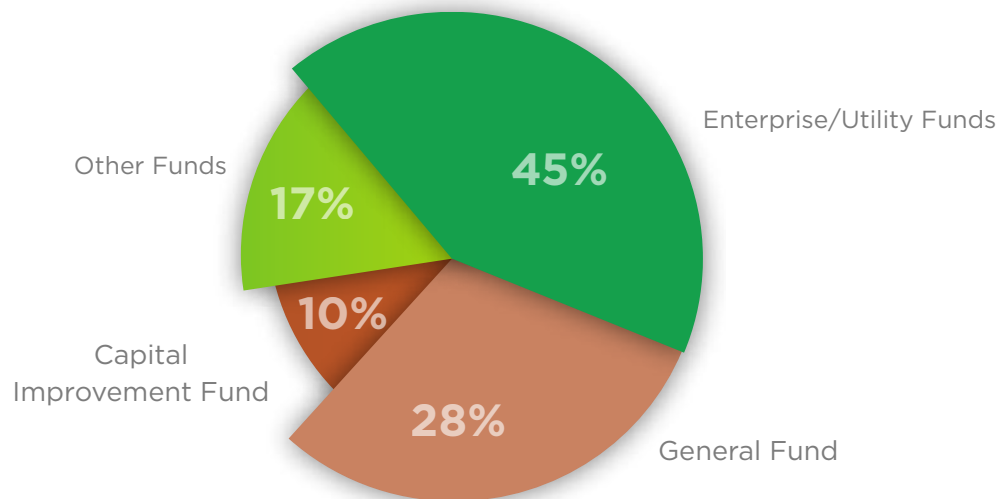
Citywide Budget

The Fiscal Year 2015 citywide expenditure budget amounts to \$470.3 million. As depicted in the pie chart, the majority of the expenditures support the City Utilities, which deliver water, gas, and electricity to residents and businesses and collect and/or treat refuse and wastewater (please refer to pages 6 and 7 for a detailed discussion).

The second largest expenditure is attributable to the General Fund, which primarily funds police, fire, library, planning, transportation, parks and recreation services as well as internal support functions (please refer to pages 3 to 5 for a detailed discussion).

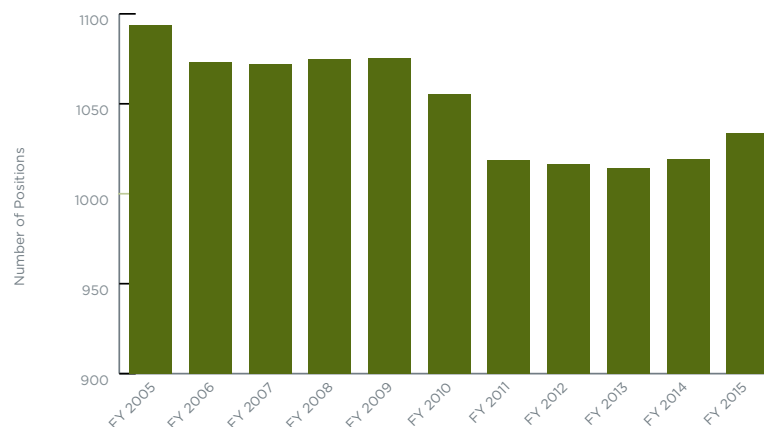
In Fiscal Year 2015, the City is expected to fund approximately \$53 million in capital expenditures to rehabilitate our roads, improve aging utility infrastructure, and replace the Newell Road Bridge/San Francisquito Creek Bridge (please refer to page 6 for a detailed discussion). Other funds include internal services funds such as the Vehicle Fund and Special Revenue Funds such as community development funds, street improvement funds, or housing funds.

Citywide Fiscal Year 2015/Adopted Budget by Fund Type



In order to deliver services to its residents, the City is staffed with 1,034 full-time positions, representing an increase of 14 positions from the prior fiscal year. With these new positions, the City is able to operate the new larger libraries, address planning and transportation challenges, and take over the operation of the Palo Alto Airport. Looking at the last ten years, while the population of Palo Alto grew by 8%, the City's employee base providing services to Palo Altans was decreased by 5% through streamlining efforts, outsourcing services, and implementation of technology.

10 Year Trend—Total Citywide Positions



Budget Development

The development of the Fiscal Year 2015 Budget development was guided by the City Council's 2014 Top Three Priorities, the City's long-range financial sustainability, legal mandates, and the City Manager service level prioritization.

City Council 2014 Top Three Priorities:

- **Comprehensive planning and action on land use and transportation: the Built Environment, Transportation, Mobility, Parking, and Livability**
- **Infrastructure Strategy and Funding**
- **Technology and the Connected City**



Major Service Changes

- **Arts, Science, and Sports Classes and Camps, and Summer Concerts (\$146,000):** This budget change, offset with user fees, expands science classes offered by the Junior Museum and Zoo at elementary schools, summer camps at Foothills Park, and classes as part of the Middle School Athletics program. Additionally, the City is increasing the number of summer concerts from six to eight.
- **Mitchell Park Library and Community Center and Rinconada Library Staffing (\$341,000):** The additional staff will support the two new facilities scheduled to open in fall 2014.
- **Our Palo Alto Citizen Engagement Effort (\$325,000):** *Our Palo Alto* is a community conversation about the future of our City. It is intended to create opportunities for dialogue around important ideas and programs while tackling issues our community cares about.
- **Development Services (\$893,000):** As a continued effort to streamline the planning and building processes for residents and businesses, funding for contractual services, technology, and staff is added.
- **Information Technology Investments (\$1,283,000):** As part of upgrading the City's IT infrastructure and systems, funding is allocated for the acquisition of a cloud-based communication and productivity software solution, and information backup and storage solution, a budget system, and a mobile device management security solution.
- **Palo Alto Airport (\$560,000):** In August 2014, the City took over control of the Palo Alto Airport from the County of Santa Clara. This funding will support Airport Operations.
- **Shuttle Service Routes (\$1 million):** In fall the City Council is considering expanding the City's Shuttle Service routes in order to alleviate traffic within the City.

General Fund Budget

For Fiscal Year 2015, the General Fund budget amounts to over \$171 million. The General Fund pays for various City services such as police, fire, libraries, parks and recreation, which contribute to the quality of life of our community as well as internal support functions such as finance, human resources, and legal services. The following infographic shows how your taxes and fees support City services.

General Fund Revenues

WHERE DO YOUR TAX DOLLARS AND FEE PAYMENTS GO? The City's General Fund revenue portfolio is quite diversified. About 53% of all annual revenues are from taxes such as Property Tax, Sales Tax, or Transient Occupancy Tax. The remaining revenue sources include fees and charges from residents and businesses, charges to other funds for services provided, and rental income.



Property Tax

For every \$1,000 in property taxes paid by residents and businesses, the City receives \$94. The majority of property taxes support the local schools.

Sales Tax

For every \$100 in purchases, residents and businesses pay \$8.75 in sales tax. Of this amount the City receives \$1.00. The majority of the \$8.75 in sales tax benefits the State.



Transient Occupancy Tax

Visitors staying at our local hotels pay a 12% tax applied to the room rate.



Documentary Transfer Tax

This tax is applied when a property is sold.

Charges for Services

Services include Fire Services provided to Stanford University and to residents and businesses primarily related to the planning and development of buildings.

Utility Users Tax

Residents and businesses pay a Utility Users Tax of 5% for electricity, gas, water, and telephone services.



Other Taxes & Fines

Miscellaneous Revenues

Includes investment earnings, grants, and contribution from the Budget Stabilization Reserve.

Equity transfer

Annual payments from the Electric and Gas Fund for the General Fund's initial investment in the utilities.



Services provided to other funds

Rental Income

Permits & Licenses

*All numbers indicated above are in \$ millions.

TOTAL \$171.1

General Fund Expenses

COMMUNITY INVESTMENTS = \$24.6

	EXPENSE
Infrastructure	13.7
Cubberley Community Center	9.3
Technology Enhancements	1.0
City Airport Loan	0.6



SAFETY & INFRASTRUCTURE MAINTENANCE = \$88.4

	EXPENSE
Police	32.5
Fire and Emergency Services	28.0
Building, Plan Check, and Permit Issuance	11.5
Streets, Sidewalks, and Tree Maintenance	5.4
Planning and Transportation	7.0
Public Works and Engineering	2.4
Palo Alto Animal Services	1.6



14%

Community Investments

52%

Safety and Infrastructure Maintenance

18%

Services & Programs That Make Palo Alto Unique

16%

Citywide Internal Support Departments

\$171.1 million

SERVICES & PROGRAMS THAT MAKE PALO ALTO UNIQUE = \$30.3

	EXPENSE
Five Library Branches	7.5
Parks, Fields, and Open Space	7.3
Recreation Programs	5.9
Arts & Science Programs	3.8
Municipal Golf Course	1.6
City Shuttle Service & Transportation Management Authority	1.4
Junior Museum and Zoo	1.4
Support for Non-Profits	1.4



CITYWIDE INTERNAL SUPPORT DEPARTMENTS = \$27.8

	EXPENSE
Council Appointed Officials, City Council, Finance, and Human Resources	22.2
Facility Repair and Maintenance	5.6

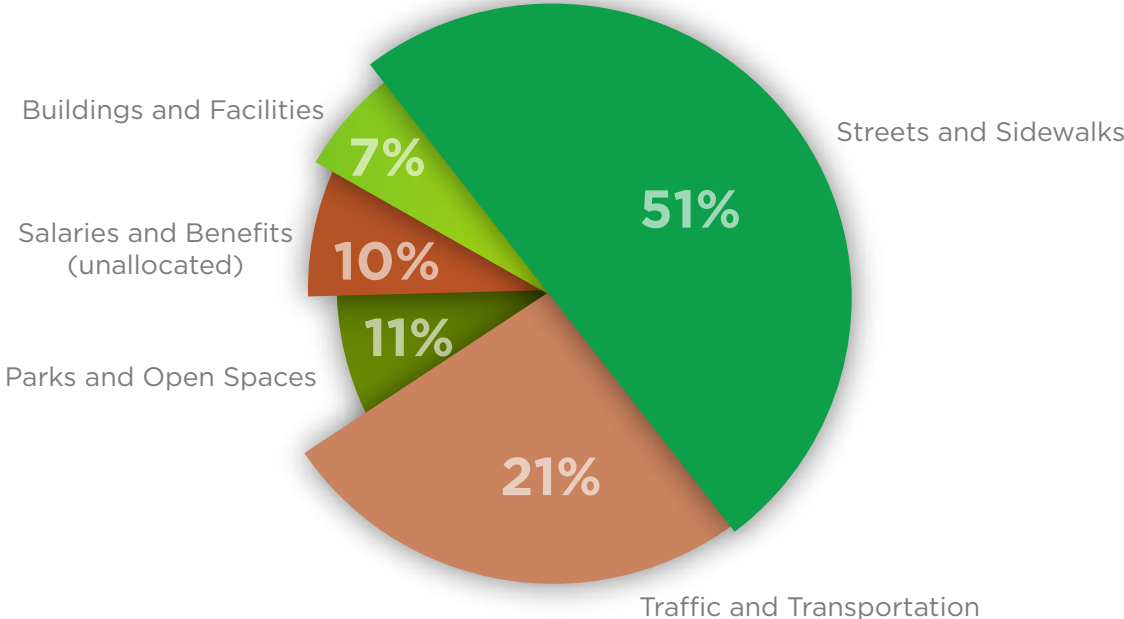


*All numbers indicated above are in \$ millions.

Capital Budget

Of the \$53 million in capital funding approved, approximately 51% or \$29 million will be dedicated to maintain and rehabilitate the City’s existing electric, gas, wastewater, and water infrastructure. About 43% of the total funding, or approximately, \$25 million is scheduled to be spent on the rehabilitation of streets and sidewalks as well as improvements and rehabilitation of parks and open space, buildings and facilities, and traffic and transportation. The remaining funding of \$4 million was approved for the replacement of vehicles and information technology infrastructure.

FY 2015 General Fund Capital Budget \$25.2 Million



Major Capital Budget Projects

- **Annual Street Rehabilitation:** \$6,443,000
- **Wastewater Collection System Rehabilitation:** \$3,000,000
- **Newell Road Bridge/San Francisquito Creek Bridge Replacement:** \$2,536,000
- **Electric System Improvements:** \$2,450,000
- **Annual Sidewalk Rehabilitation:** \$2,439,000
- **Seismic Water System Upgrades:** \$2,230,000
- **Transportation and Parking Improvements:** \$2,169,000
- **Matadero Creek Storm Water Pump Station and Trunk Lines Improvements:** \$1,912,000
- **Rinconada Park Improvements:** \$1,167,000
- **Baylands Levee Improvements Feasibility Study:** \$500,000

Utility Funds Budget

The City of Palo Alto delivers electricity, gas, and water to its residents and customers, collects and treats wastewater, collects and properly disposes garbage and recyclable materials, and maintains the City’s Storm Drain system. Throughout the year utility customers pay for these services. For Fiscal Year 2015, the City will receive approximately \$293 million for providing these services (see graph on the following page). The majority of these revenues will be used to purchase commodities from third party providers such as electricity, gas, and water, maintain the utility infrastructure, and administration.

UTILITY FUNDS EXPENSES = \$292.8

 ELECTRICITY \$138.2

 GAS \$35.4

 WATER \$41.9

Account No.: XXXXXXXX
Due Date: Aug-08-2014
Amount Due: \$279.58

FIRST LAST
PO BOX 9999
PALO ALTO CA 94302

City of Palo Alto Utilities
P.O. Box 7025
San Francisco, CA 94126-7025

XXXXXXXXXXXX0253660

Customer name: FIRST LAST Due date: Aug-29-2014
Service address: 250 HAMILTON AVE PALO ALTO CA 94301
For billing information, call: 650.329.2191

Service Number	Service Point	Service Size	Water Read Date	Water Read Value	Customer Read Date
XXXXXXX	01110214-08010214	3/8	08/07/2014	22962014	Aug-08-2014

Billing Summary

PREVIOUS BALANCE		\$221.83
PAYMENT(S) - THANK YOU		221.83
BALANCE FORWARD		\$0.00
CURRENT CHARGES	UNITS	AMOUNT
ELECTRICITY	663.35kWh	81.23
GAS	3.13 THERMS	12.33
WATER	14 CCF	111.07
SEWER		29.31
REFUSE		23.69
STORM DRAIN		11.73
UTILITY USERS TAX		10.22
TOTAL CURRENT CHARGES		279.58
TOTAL AMOUNT DUE		279.58

*Remember to all customers: Accounts past due will be subject to penalty charges.

 WASTEWATER \$42.0

 REFUSE \$28.7

 STORM DRAIN \$6.6

Example Utility Bill

UTILITY FUNDS REVENUES = \$292.8

Utility customer charges	268.9
Other revenues	20.1
Enterprise Fund Reserve Contributions	3.8

*All numbers indicated above are in \$ millions.

How to become involved in the annual budget process

FALL:

- > In preparation for the next year's budget, the City calculates the cost for delivering the same services currently provided to the community with updated cost.
- > The City publishes the 10-year General Fund Long Range Financial Forecast, which projects the revenues and expenditures based on available information and specified assumptions. The Forecast is discussed with the Finance Committee and the City Council during public meetings.

WINTER:

- > Departments submit budget change requests to reduce or augment budgets for existing services including targeted out comes and performance measures associated with these requests.
- > Internal budget hearings are held with the City Manager to discuss department budget requests.

SPRING:

- > The City Manager releases and presents his proposed operating and capital budgets to the City Council (late April/early May).
- > The Finance Committee conducts a series of public hearings and recommends the budget with or without amendments to the City Council in May.
- > The Public provides input to the budget as part of the Finance Committee hearings and City Council deliberations.
- > Final adoption by the City Council occurs at a public hearing in June.

SUMMER:

- > The City publishes the Adopted Budget and Budget-in-Brief documents.





CITY OF
**PALO
ALTO**

Americans with disabilities act statement

In compliance with Americans with Disabilities Act (ADA) of 1990, this document may be provided in other accessible formats.

For information contact:

ADA Coordinator
City of Palo Alto
285 Hamilton Avenue
(650) 329-2496

Visit our website at: www.CityofPaloAlto.org

Palo Alto at a Glance

Incorporation: April 16, 1894

Government: Charter City operating under the City Council – City Manager form of government

Population: approx. 67,000

Area: 25.87 square miles

Credit Rating: AAA, highest possible credit rating

Businesses: over 7,000

Principal Employers:

- Palo Alto Unified School District
- Leland Stanford Jr. University
- Stanford University Medical Center/Hospital
- Lucille Packard Children’s Hospital
- VMWare, Inc.
- Hewlett-Packard Company
- SAP
- Loral
- Space Systems
- IDEO
- Tesla
- Flipboard
- Survey Monkey
- Theranos
- Palantir
- Houzz

PUBLIC SAFETY:

Number of Police Calls for Service: 55,000

Number of Fire/Ambulance Calls for Service: 7,900

PARKS, RECREATION, & COMMUNITY CENTERS:

Open Space: 4,500 acres

Parks: 36

Playgrounds: 29

Community and Youth Centers: 5

Gymnasiums and Fitness Rooms: 6

Walking/Biking Trails: 41.2 miles



INFRASTRUCTURE AND UTILITIES:

Streets: 473 miles

Water Mains: 207 miles

Water Delivered to Customers: 3.8 million gallons

Wastewater Mains: 207 miles

Wastewater Treated: 2.9 million gallons

Gas Mains: 209 miles

Overhead Electrical Lines: 117 miles

Underground Electrical Lines: 175 miles

LIBRARIES:

Library Facilities: 5

Items Checked Out: 1.5 million

Books: 215,000

Audio Visual Material: 50,000

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