



Introduction to the City Budget

May 26, 2015

What does the City do?



- Provides services
 - Police
 - Planning, building permitting, and engineering
 - Traffic and transportation
 - Street maintenance
 - Water
 - Recreation
 - Library
 - Administration

What does the City not do?



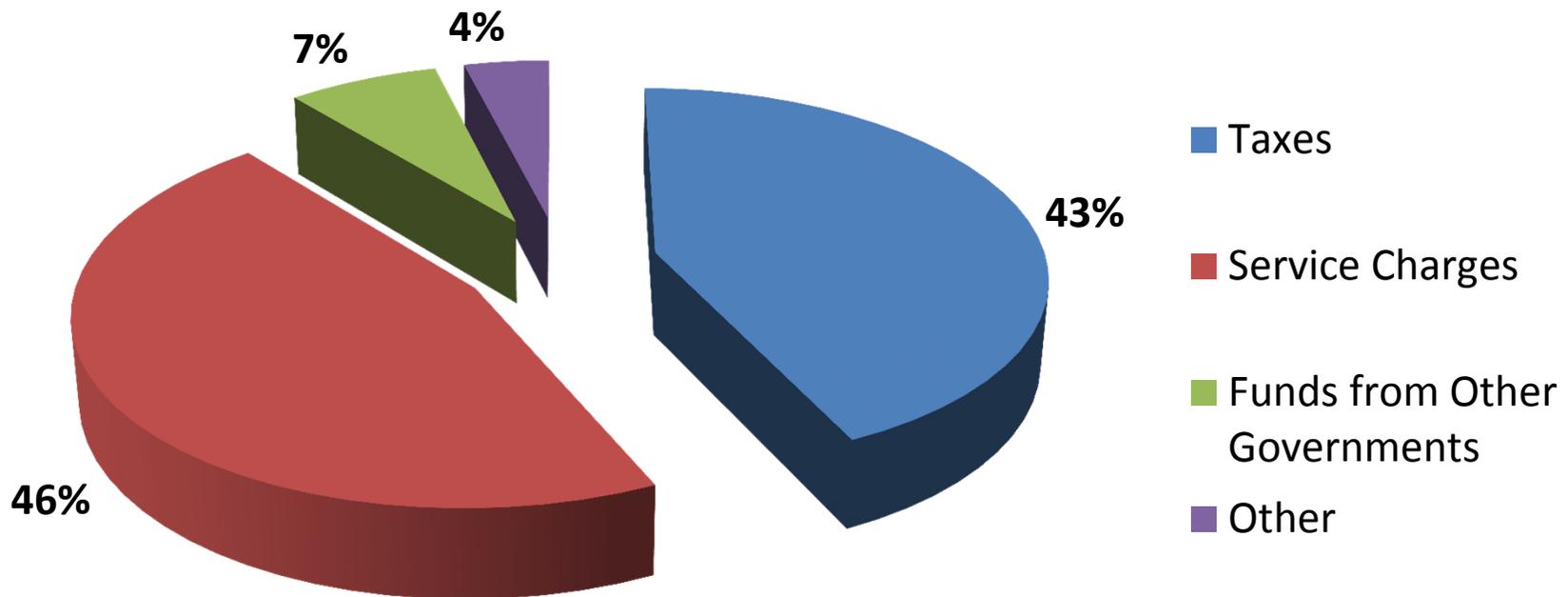
- The City does not provide:
 - K-12 education services
 - Five different school districts serve MP residents
 - Fire protection
 - Menlo Park Fire Protection District
 - Core social services
 - San Mateo County
 - Electricity, natural gas, sewer
 - Private sector or other public agencies
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Overlapping Services

- City parks and County parks
- Menlo Park Police and County Sheriff
- Menlo Park Water District, CalWater, and O'Connor
- City library and County library system

How are City services paid for?



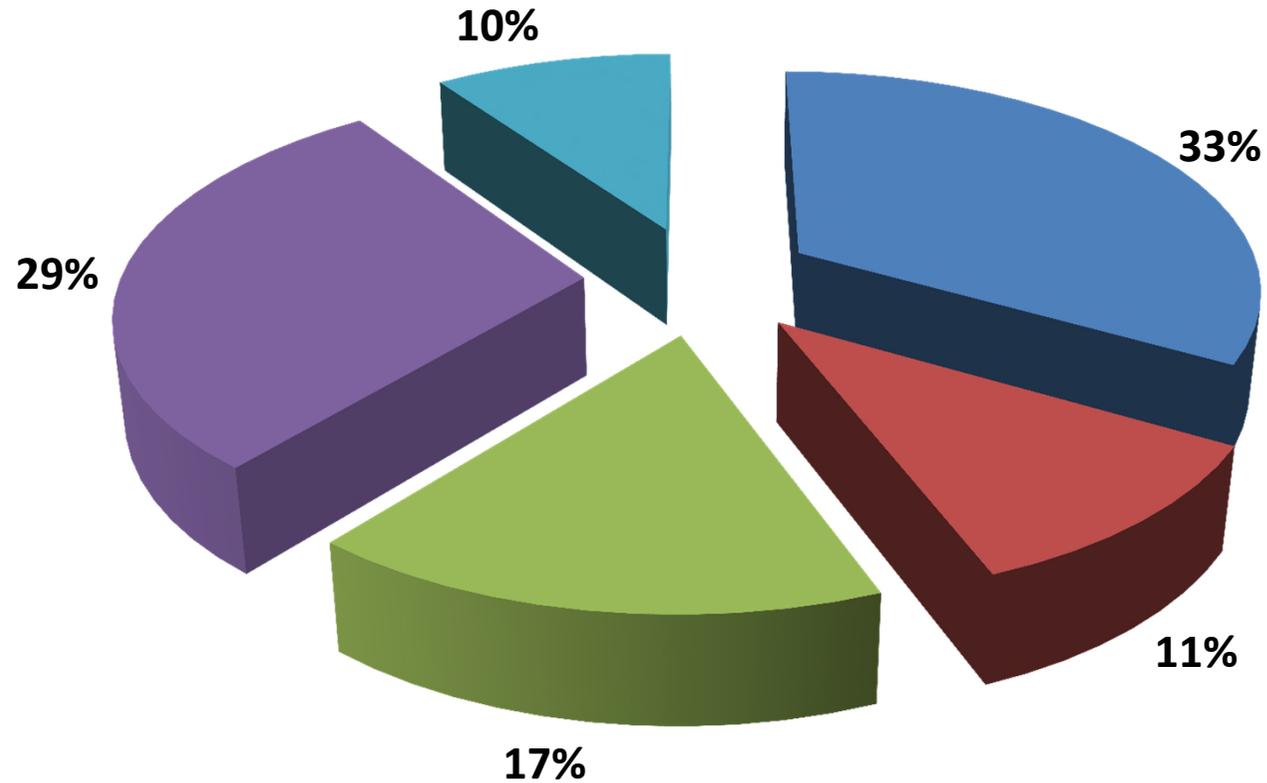
How do we keep track of this?



- Fund accounting
 - Revenues kept in separate funds
 - Utilized for specific purposes

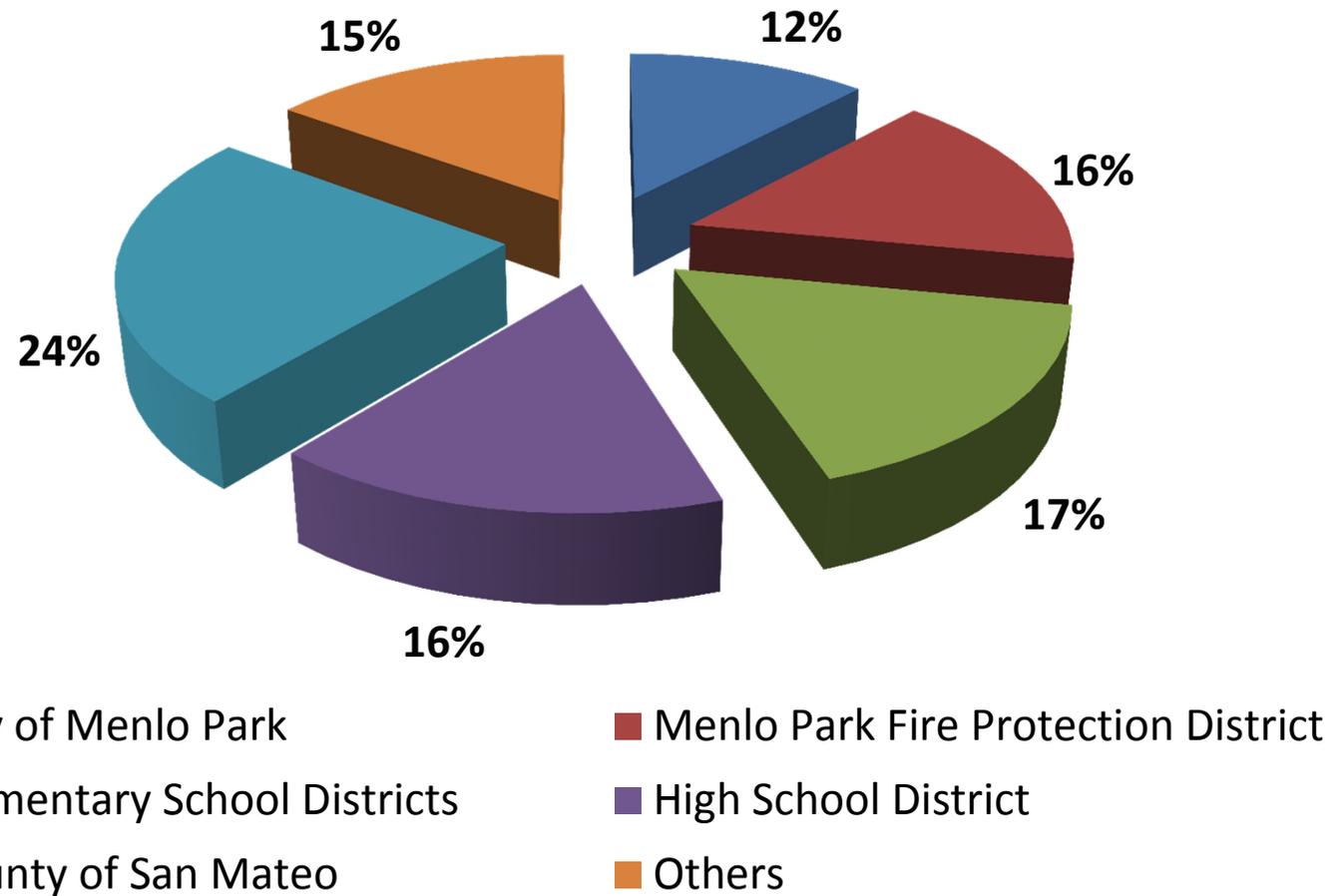
 - General Fund
 - Water Fund
 - Special Revenue Funds
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General Fund Revenues



- Property Tax
- Sales Tax
- Other Taxes
- Fees and Charges
- Other Revenues

Property Tax Distribution

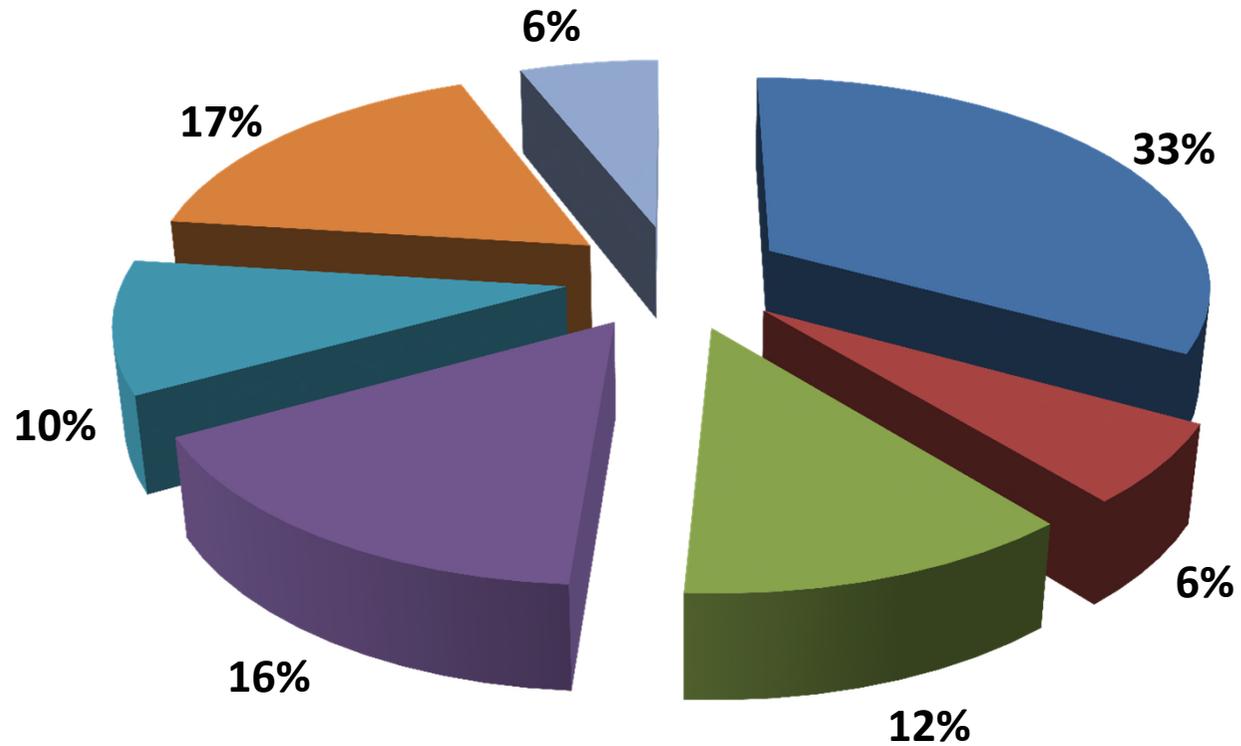


Sales Tax Distribution



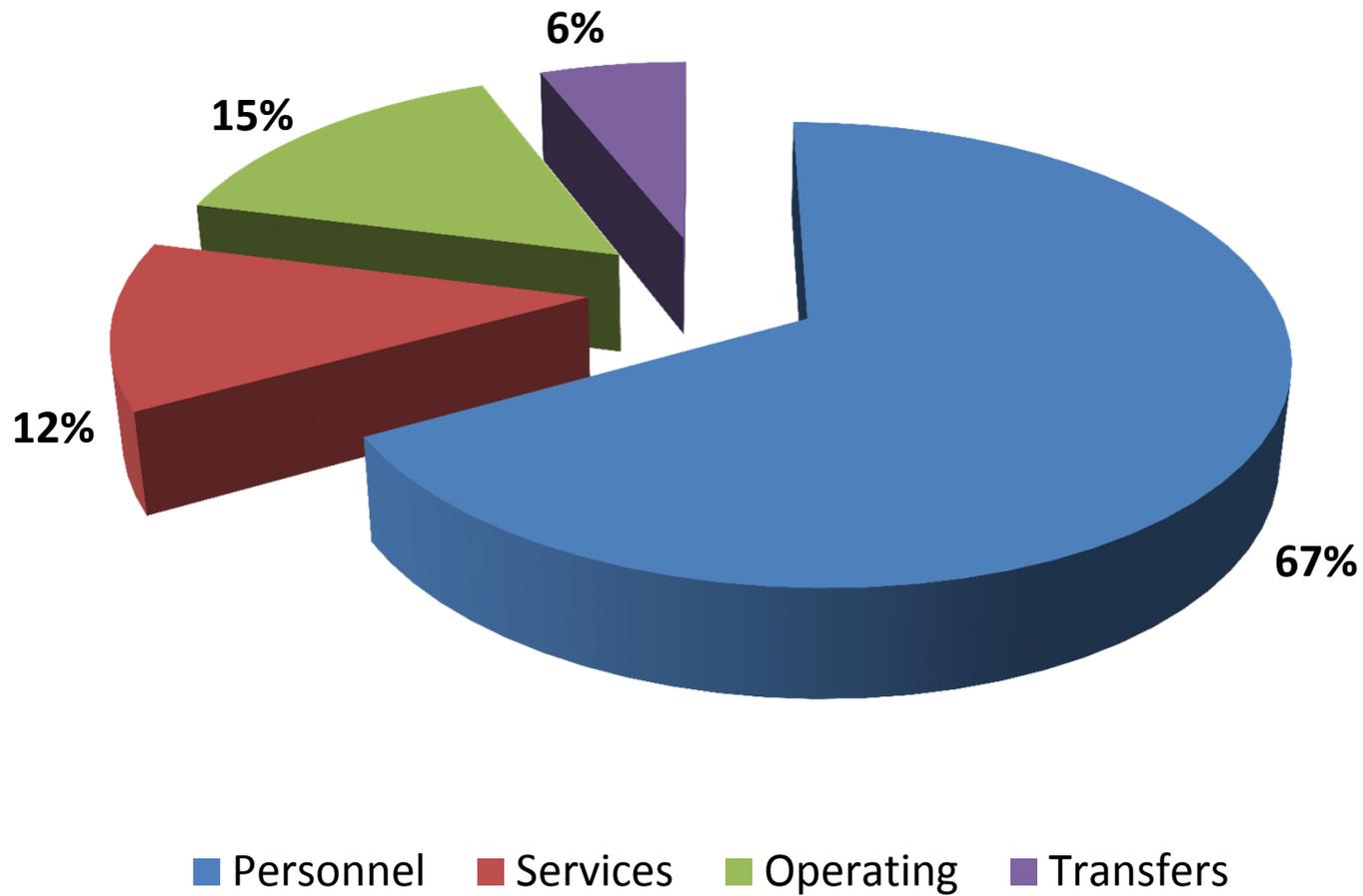
Agency	Amount
State of California	6.50%
San Mateo County	1.55%
City of Menlo Park	0.95%
Total	9.00%

General Fund Expenditures



- Police (Tax)
- Administration (Tax)
- Community Development (Fee)
- Transfers to Other Funds (Tax)
- Library (Tax)
- Community Services (Fee)
- Public Works (Tax and Fee)

General Fund Expenditures



Water Fund



- Funded by charges to users
- Changes to rates approved by City Council
 - Requires public noticing
- User charges can only be used for water programs

Special Revenue Funds



- Funds restricted for specific purposes
 - Development impact fees
 - Transportation, construction, recreation, storm drainage, below market rate housing
 - Utilization subject to annual reporting requirements
 - Assessment fees
 - Landscape/tree assessment and sidewalk assessment
 - Certain taxes
 - Gas tax and Measure A sales tax
-

Annual Budget Process



- January – City Council goal setting
 - February – May – Budget development
 - May – Proposed budget released to public
 - June – Public hearing
 - June – Budget adoption by City Council
-



Questions?



City Manager's Budget Workshop

Overview of the
Fiscal Year 2015-16
Proposed Budget
May 26, 2015

Budget Message



Budget Message



- “It’s time to invest”
 - Core services funded, as are City Council goals
 - Staffing up to meet service demand
 - Budget reflects local economic conditions
 - Resources focused on development activity
 - Requires utilizing reserve funds
-

Budget Message



	Actuals 2013-14	Estimate 2014-15	Proposed 2015-16	Forecast 2016-17	Forecast 2017-18	5-Year Total
Revenues	\$46.3	\$47.5	\$48.1	\$49.0	\$50.7	\$241.6
Expenditures	\$40.7	\$44.9	\$49.3	\$50.6	\$51.7	\$237.2
Gross Surplus/ (Deficit)	\$5.6	\$2.6	(\$1.2)	(\$1.6)	(\$1.0)	\$4.4
Assigned for Development	(\$0.8)	(\$0.5)	\$0.0	\$0.0	\$0.0	(\$1.3)
Net Surplus/ (Deficit)	\$4.8	\$2.1	(\$1.2)	(\$1.6)	(\$1.0)	\$3.1

Budget Message



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Personnel



- 259 positions in FY 2015-16 proposed budget
 - Increase of 20.25 positions over FY 2014-15
 - Focus on development activity and capital projects
 - 12.5 engineering-related
 - 5.25 planning and permitting
 - Includes support functions

Future Challenges

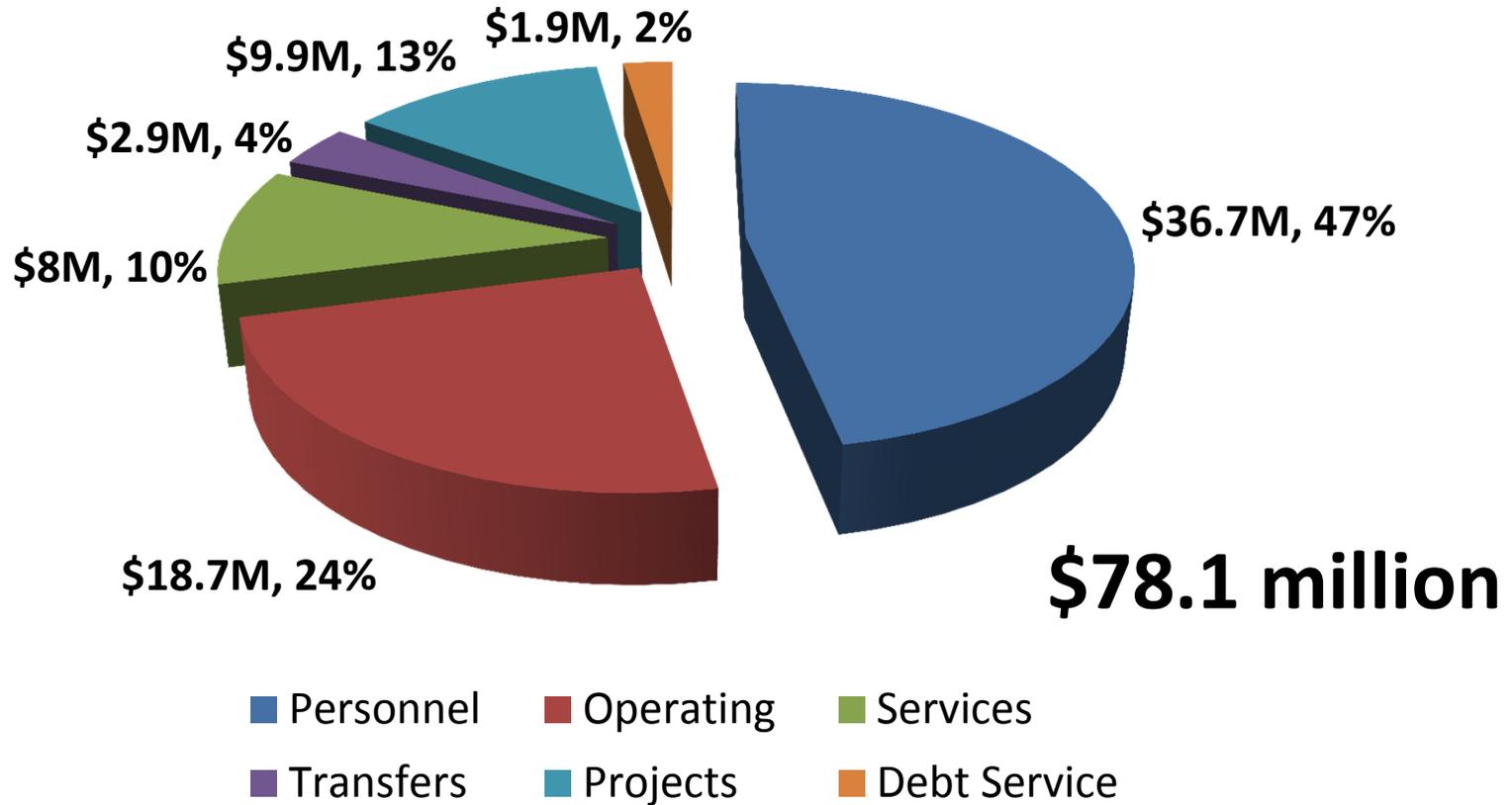


- Revenues – Sales tax, Utility users' tax, Property tax
 - Competitiveness for employees
 - Employee integration
 - Economic opportunity and development cycle
 - Fund degradation
-

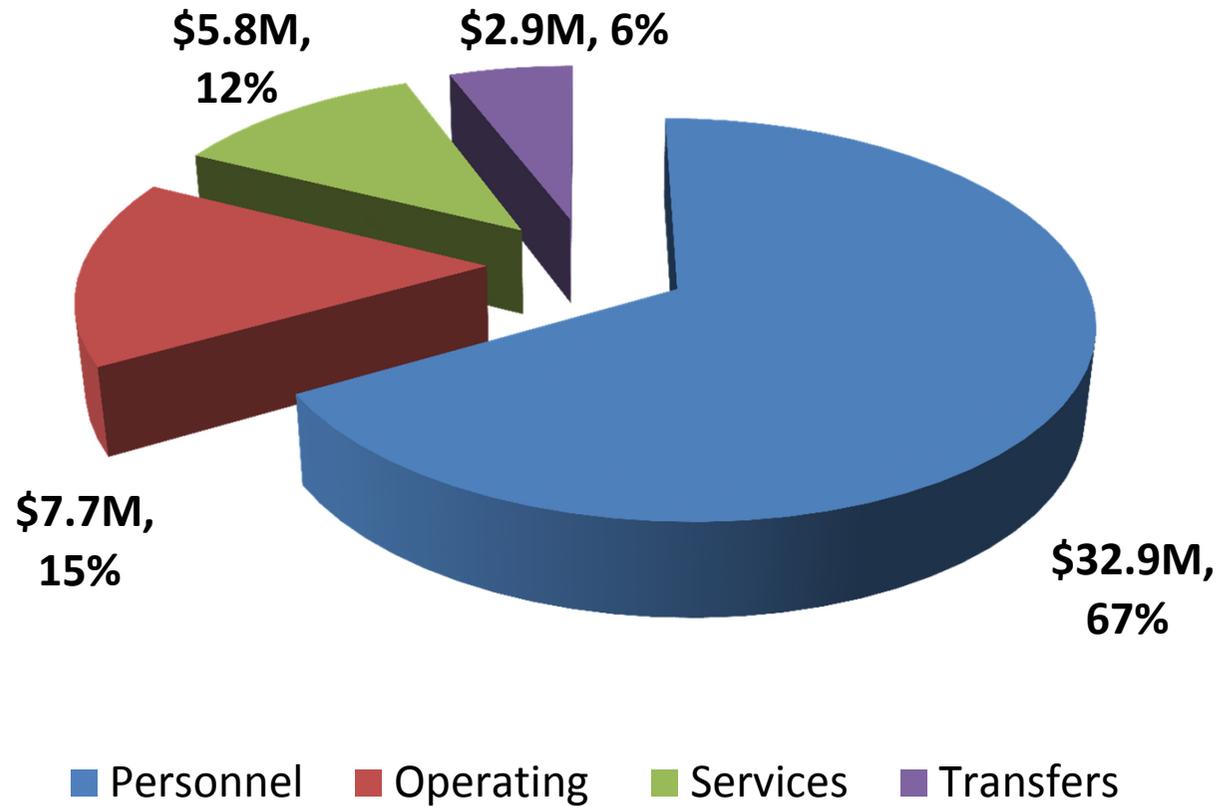
Budget Overview



2015-16 Citywide Budget

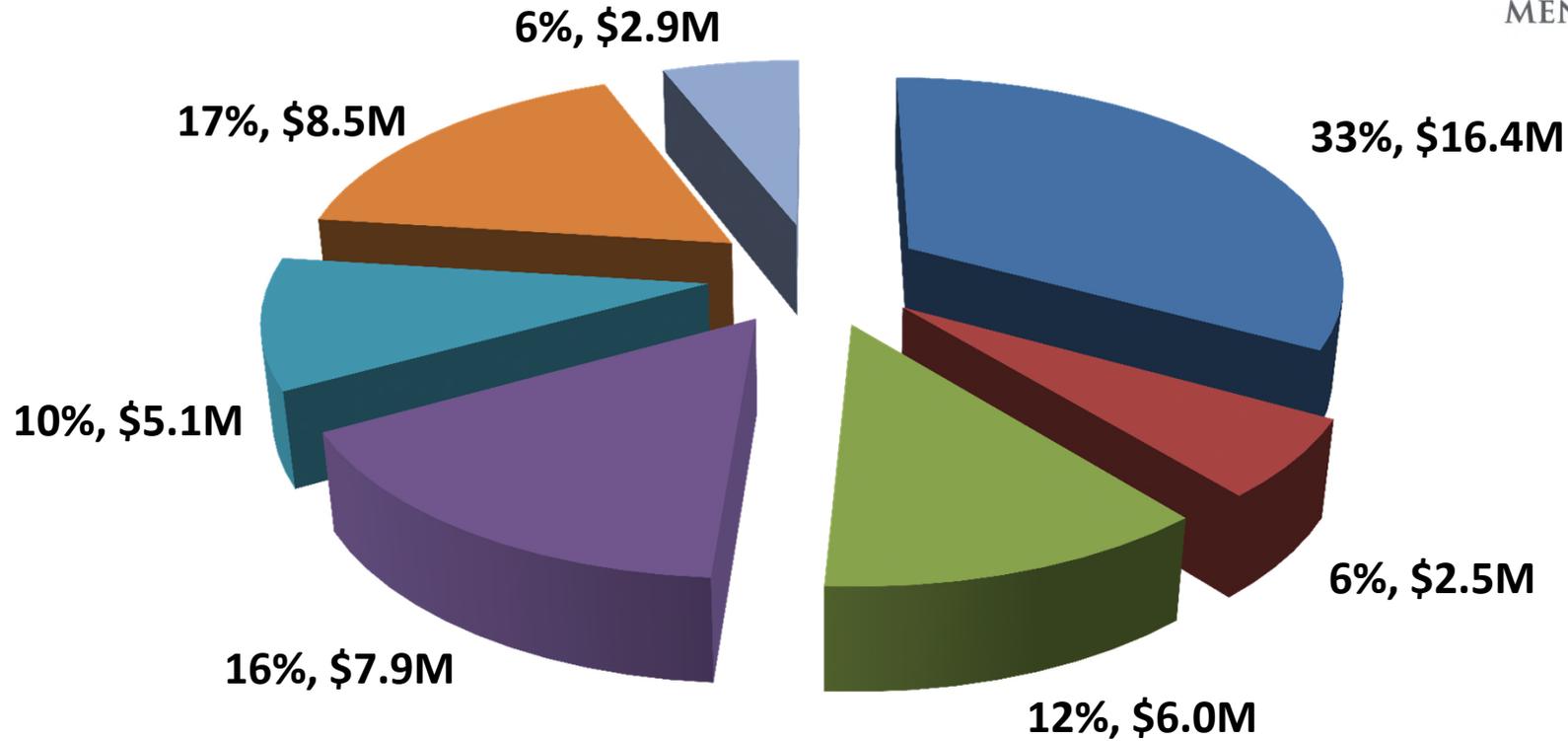


General Fund Expenditures



\$49.3 million

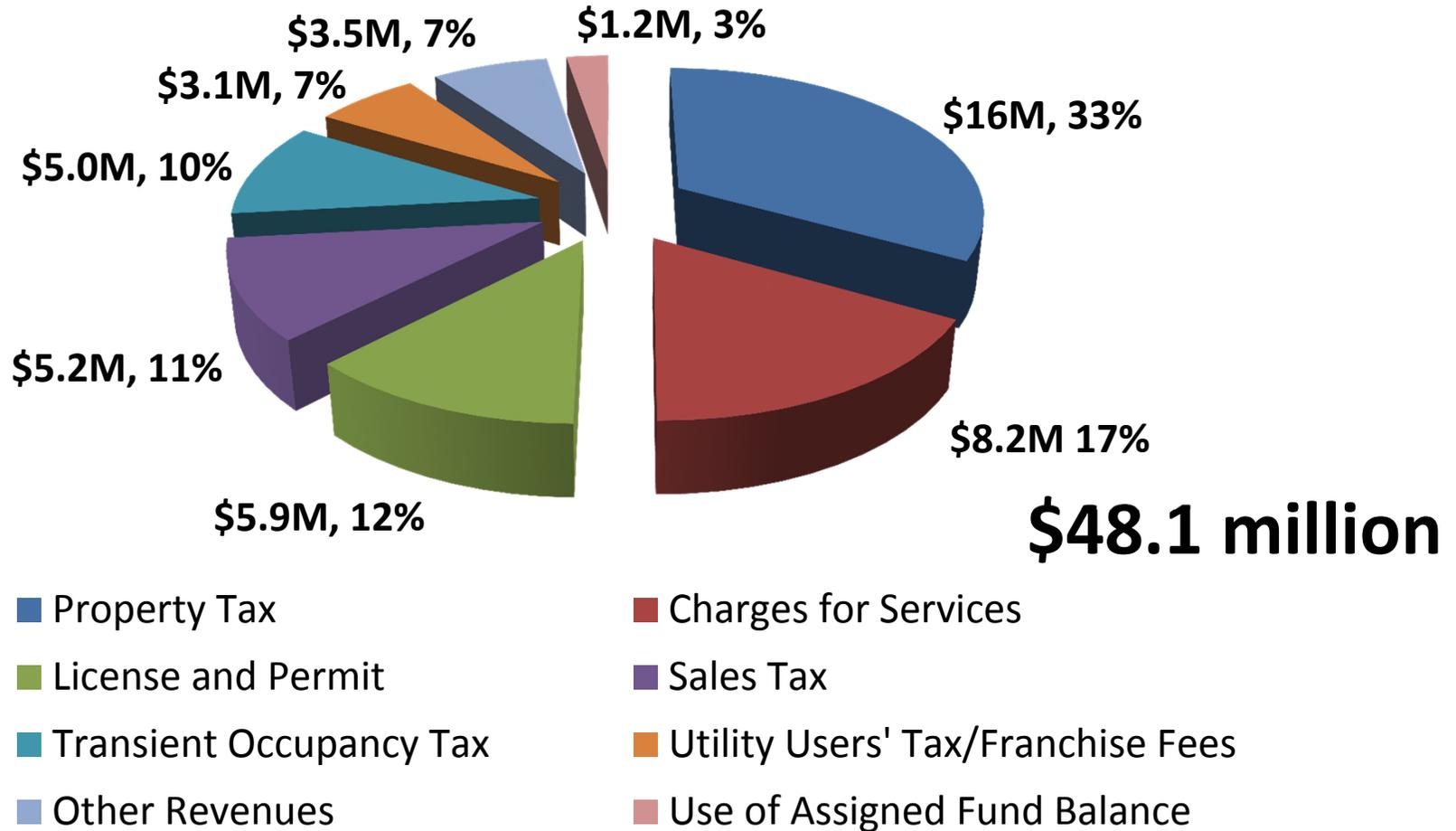
General Fund Expenditures



\$49.3 million

- Police
- Administration
- Community Development
- Transfers to Other Funds
- Library
- Community Services
- Public Works

General Fund Revenues



Revenue Forecast



- Property tax
 - 50% Excess ERAF through FY 2016-17; 0% thereafter
 - **An assumption only**
 - Strong growth otherwise
 - In process development incorporated
 - Menlo Gateway

 - Sales tax
 - Updated baseline to reflect losses of top-25 generators
 - Modest growth projected
-

Revenue Forecast



- Transient occupancy tax
 - Strong current year revenues
 - Growth projected
 - Residence Inn incorporated
 - Menlo Gateway incorporated
- Utility users' tax
 - Minimal growth projected
 - Certain components declining

UUT Revenue by Industry	
Electric	40%
Telecom	30%
Water	12%
Gas	10%
Cable	8%

Revenue Forecast



- Development-related activity revenue
 - Service charges
 - Community Development and Public Works
 - Licenses and permits

 - Current activity level not sustainable

 - Forecast reflects tapering of revenues to baseline
 - Corresponding drop in expenditures
-

Department Operating Budgets



Public Works



Services

- Capital Improvements
- Engineering
- Maintenance
- Transportation and Environment
- Utilities



Accomplishments/Highlights



- Completed numerous projects
 - El Camino Trees Replacement Phase III
 - Federal Aid Routes Resurfacing
 - Oak Grove and Merrill Lighted Crosswalk
 - Sharon Heights Pump Station Replacement
 - Trinity Water Main Replacement
 - Willow/Middlefield Traffic Signal Improvements

- Continued many others
 - Power Purchase Agreements
 - Sand Hill and Willow Roads Interconnect
 - Valparaiso Corridor Safe Routes to Schools
 - Water System Master Plan



Budget Overview



- \$20.4 million operating budget
 - General Fund: \$8.5 million
 - Water Fund: \$7.9 million
 - Personnel costs: \$7.4 million
- \$8.7 million
Capital Improvement Plan
- 68 FTE
 - Up 12.5 FTE since beginning of FY 2014-15
 - Development services
 - Capital projects



Initiatives



- Space planning
- Downtown parking
- Dumbarton corridor
- Emergency groundwater well
- Santa Cruz Avenue sidewalks
- Solar panels
- Transit improvements



Police Department



Services



- Patrol



- Investigations



- Dispatch

- Administration



Accomplishments/Highlights



- Dispatch center modernization
 - Body camera implementation
 - Taser deployment
 - Department reorganization
 - Online policy manual
-

Budget Overview



- \$16.5 million operating budget
 - General Fund: \$16.4 million
 - \$13.6 million in personnel costs

- 70 FTE
 - No change in total FTE
 - 48 sworn positions

Initiatives



- Quarterly report on Tasers
- Police radio antenna replacement
- Online parking permits
- “Text to 911” capability
- Integration of SUVs into fleet



Community Services



Services



- Recreation
 - Childcare and teen programs
 - Senior services
 - Special events
 - Housing
-



Accomplishments/Highlights



- 730,000 participants
- 1.5M participant hours
- 97% feel healthier due to participation



Accomplishments/Highlights



- Belle Haven Action Plan year two
- Menlo Movie Series
- 80% cost recovery
- New mobile stage
- Implemented recommendations from operational review



Budget Overview



- \$8 million operating budget
 - General Fund: \$7.9 million
 - \$5.7 million in personnel costs
- 48.75 FTE
 - No changes in FY 2015-16



Initiatives



- Strategic plan update
- Customer service
 - Uniforms
 - “Welcome” standards
- PRORAGIS national benchmarking



Initiatives



- Marketing and outreach
- Graphic standards
- Loans transitioning to Hello Housing



Community Development



1600 El Camino Real

Services



- Planning
 - Long-range
 - Current
- Building
 - Permitting
 - Inspection



Accomplishments/Highlights



- General Plan update progress
- Implementation of Housing Element programs
- Processing large-scale development projects
- Launched interactive GIS website

Budget Overview



- \$5.1 million operating budget
 - All General Fund
 - \$3.1 million in personnel costs
- 27 FTE
 - Increase of 5.25 from FY 2014-15
 - Necessary to meet current demand
 - Reduction in contract services



Initiatives



- General Plan update
- Housing programs
- Downtown specific plan review
- Processing development projects
- Technologies to increase efficiencies



Library



Services



- Adult
- Youth
- Circulation
- Technical services
- Belle Haven branch



Accomplishments/Highlights



- E-books collection
- “Quick picks” collection
- Children’s story time
- Organizational review
- Volunteer engagement



Budget Overview



- \$2.9 million operating budget
 - General Fund: \$2.5 million
 - \$2.1 million in personnel costs
- 14 FTE
 - Up 0.25 from FY 2014-15



Initiatives



- Comprehensive strategic planning process
- Summer learning camp at Belle Haven Branch
- New services for Belle Haven Branch
- Automated materials sorting room expansion and exterior landscaping



Finance



Services



- Accounting and Financial Reporting
- Budget
- Treasury/Debt/Cash/Revenue Management
- Purchasing and Accounts Payable
- Payroll
- Risk Management



Accomplishments/Highlights



- Financial system upgrade
- CAFR Certificate of Excellence
- Online business license software
- Payroll upgrade project



Budget Overview



- \$3.8 million operating budget
 - General Fund: \$1.6 million
 - \$1.2 million in personnel costs
 - Significant funding from Workers' Compensation and General Liability Funds
- 8 FTE
 - No change from FY 2014-15



Initiatives



- Refinancing redevelopment debt
- Online business license renewals outreach
- Electronic timecards
- Developer fee billings



Human Resources



Services



- Compensation administration
- Employee relations
- Labor relations
- Organizational development
- Safety and workers' compensation

Accomplishments/Highlights



- Conducted 30 recruitments
 - 16 promotions/14 new hires
- Organized two employee recognition events
- Implemented new MOUs with SEIU, POA, & PSA
- Restructured administration of health benefits

Budget Overview



- \$2.4 million budget
 - General Fund: \$1.4 million
 - \$1.3 million in personnel costs
 - Funding for workers' compensation and retiree medical funds

 - 4.75 FTE
 - Up 1.25 from FY 2014-15
 - Necessary to support other staffing initiatives
-

Initiatives



- Automated HRIS
- Master City policy manual
- Affordable Care Act compliance
- New supervisor training



City Manager's Office



Services



- City Administration
- City Clerk
- Information Technology
- Economic Development



Accomplishments/Highlights



- City Council chambers upgrade project
 - Enhanced IT infrastructure
 - Downtown enhanced seating program
 - Enhanced communications
 - Completed 2014 municipal election
-

Budget Overview



- \$3.3 million operating budget
 - \$2.2 million General Fund
 - \$2.1 million in personnel costs



- 12.5 FTE
 - 1 additional FTE in Information Technology

Initiatives



- Classification and compensation study
- Economic Development Strategic Plan
- Public benefit policy recommendations
- System enhancements and improvements
- Electronic Form 700 filing

City Attorney's Office



Services



- City's chief legal officer
 - Duties outlined in municipal code
- Oversees outside counsel
- Advice and representation
 - City Council, City Manager, staff, boards and commissions
- Contract reviews



Accomplishments/Highlights



- Housing Element update
- Below market rate housing acquisition
- Complex land use issues
- Election matters



Budget Overview



- \$500,000 operating budget
 - General Fund: \$370,000
 - Also funded by workers' compensation and general liability funds
 - Legal costs also in Human Resources and Community Development department budgets

Initiatives



- General Plan update
- Development projects
 - Including major below market rate housing projects
- Labor relations
- Policy development



City Council



Accomplishments/Highlights



- Water conservation ordinance
- Community garden
- Belle Haven Action Plan
- International connections
- General Plan Advisory Committee



Budget Overview



- \$425,000 operating budget
 - All General Fund
 - Includes \$175,000 Community funding initiatives



Next Steps



- Public Hearing – June 2, 2015
- Budget Adoption – June 16, 2015

Questions

