

## Fiscal Year 2017 Proposed Budget

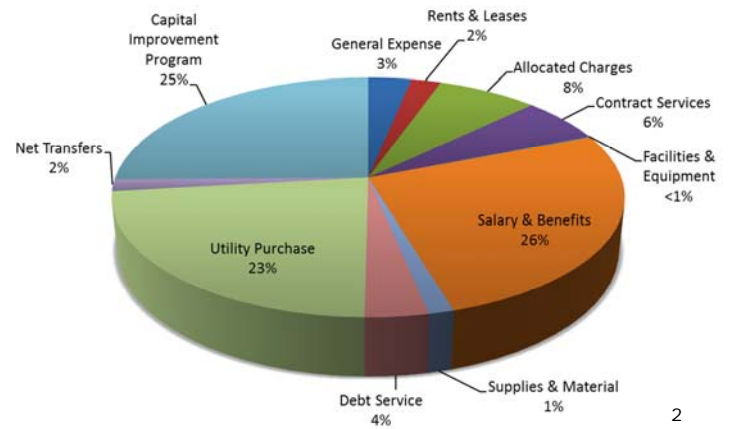
City Council

April 25, 2016



## FY 2017 Citywide Expenditures

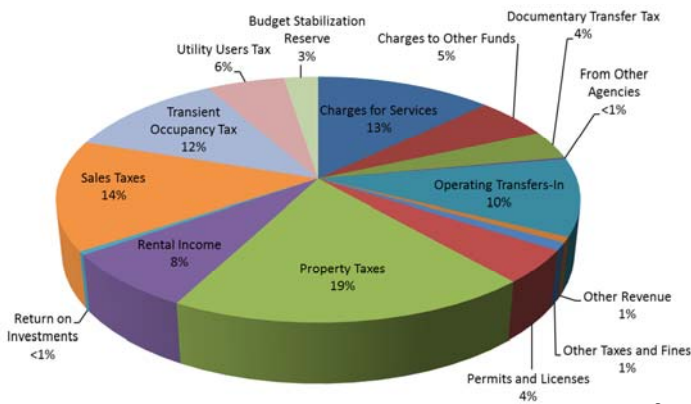
\$626.1 Million



2

## FY 2017 General Fund Revenues

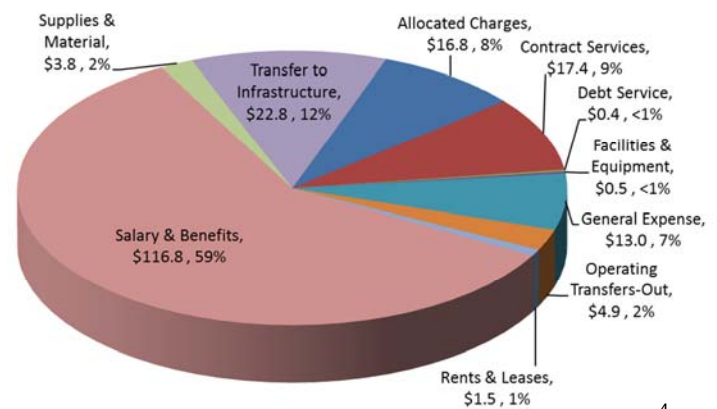
\$193.1 Million (+\$4.9 million BSR)



3

## FY 2017 General Fund Expenditures

\$198.1 Million



4

## Citywide Position Changes

	GF	ENT	Other*	Total
FY 2016 Adopted Budget	599.31	351.09	89.70	1,040.10
FY 2016 Approved Adjustments	1.40	-	0.60	2.00
FY 2016 Modified Budget	600.71	351.09	90.30	1,042.10
FY 2017 Reallocations	0.38	(1.48)	1.10	-
FY 2017 Net Additions	2.85	4.00	3.15	10.00
<b>Subtotal of 2017 Changes</b>	<b>3.23</b>	<b>2.52</b>	<b>4.25</b>	<b>10.00</b>
<b>FY 2017 Proposed Budget</b>	<b>603.94</b>	<b>353.61</b>	<b>94.55</b>	<b>1,052.10</b>

\*Other Funds are Internal Service Funds, Special Revenue Funds, and the Capital Fund



5

## FY 2017 Utility Rate Changes

Utility Service	Proposed Rate Change
Electric	11%
Gas	8%
Wastewater	9%
Water Utility	6%
Refuse	9%
Storm Drain	3.2%

Increase the average residential bill by about 8%, for a total increase of about \$22.42 per month.



6

## FY 17 Citywide Budget Proposals

- Project Safety Net (\$1.0 million General Fund)
- City Streetlights and Traffic Signals Electricity Costs (\$2.3 million General Fund)
- Citywide FY17 Capital Improvement Budget (\$170.5 million, \$639.5 million 5-year plan)
- Capital Infrastructure Management Plan (\$128.8 million)
  - (\$158.8 million with a plan to establish a \$30 million reserve for anticipated cost increases)
- Salary & Benefit Increased costs (\$6.9 million all funds)
- Budget Uncertainty Reserve (\$2.0 million General Fund)



7

## One-Time Budget Balancing

- Use of Budget Stabilization Reserve: funding at 18% or \$35.6 million (\$4.9 million General Fund)
  - Goal will be to reset the BSR back to the 18.5% target level
- Reduce Charges for Internal Service Funds (\$5.0 million all funds; \$3.1 million General Fund)
- Budget “Uncertainty Reserve” (\$2.0 million General Fund)



8

## Costs/Revenues - Not Included

**Year 1**

- Transportation costs to mitigate traffic issues
- Fire Services Contract with Stanford University
- Animal Shelter Service Delivery
- Transient Occupancy Tax increases related to two new, potential hotels
- Potential acquisition of the downtown Palo Alto Post Office Junior Museum and Zoo
- Cubberley Community Center Master Plan
- Unfunded Actuarial Liability of \$447.5 million for Pension and Retiree Healthcare Trusts (\$298.6 million General Fund)
- Parks Master Plan
- City owned assets operated by non-profit organizations
- Cadillac Healthcare Federal Excise Tax

**Year 10** Potential recession



9

## Looking Forward

- Manage expectations of the City Council, the community, and the staff
- Ensure we are a competitive employer of choice
- Address FY 2018 structural imbalance between General Fund revenues and expenses
- Rising Pension and healthcare costs
- Unfunded liability



10