Fiscal Year 2017 Proposed Budget
City Council
April 25, 2016

FY 2017 Citywide Expenditures
$626.1 Million

FY 2017 Citywide Position Changes

FY 2017 General Fund Revenues
$193.1 Million (+$4.9 million BSR)

FY 2017 General Fund Expenditures
$198.1 Million

FY 2017 Utility Rate Changes
Increase the average residential bill by about 8%, for a total increase of about $22.42 per month.
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)

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)

Costs/Revenues - Not Included

- 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

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