

MINUTES

WEDNESDAY, APRIL 13, 2015 SARATOGA CITY COUNCIL SPECIAL MEETING BUDGET STUDY SESSION

CALL TO ORDER

Mayor Miller called the meeting to order at 6:02 p.m. in the City Hall Administrative Conference Room at 13777 Fruitvale Avenue in Saratoga, CA.

ROLL CALL

PRESENT Mayor Howard Miller, Vice Mayor Manny Cappello, Council Members Emily Lo, Mary-Lynne Bernald, Rishi Kumar

ABSENT: None

ALSO PRESENT: James Lindsay, City Manager
Crystal Bothelio, City Clerk
John Cherbone, Public Works Director
Mary Furey, Finance & Administrative Services Director
Erwin Ordoñez, Community Development Director
Tony McFarlane, Finance Manager
Monica LaBossiere, Human Resources Manager

ORAL COMMUNICATIONS ON NON-AGENDIZED ITEMS

None

STUDY SESSION – 6:00 P.M.

1. Fiscal Year 2015/16 Budget Study Session

Recommended Action:

Council to review and provide consensus direction to staff on:

- 1) Draft FY 2015/16 Proposed Operating Budget
- 2) Revised FY 2015/16 Capital Project Funding Allocations
- 3) Updated Fiscal Policies

City Manager James Lindsay provided an introduction and explained subtle changes in the City's full time equivalent (FTE) levels produced through minor organization changes and voluntary reductions in hours. Furthermore, he noted that there will be increases in contract services for Fiscal Year 2015/16 due to temporary backfilling required for a position in Community Development and the City Manager's Office.

Mayor Miller commented that that the City of Saratoga's total FTE levels have remained stable and will slightly decrease in Fiscal Year 2015/16, when many other cities are increasing their FTEs.

General Fund Overview

Finance and Administrative Services Director Mary Furey provided a summary of the General Fund. She explained that the City continues to see increases in property tax revenues. Additionally, Transient Occupancy Tax revenues have been strong and increases throughout the South Bay have been observed since the opening of Levi Stadium. Other revenue sources remain consistent. Finance and Administrative Services Director Mary Furey proceeded to provide information about significant General Fund expenditures, explaining how funding is pulled from reserves for transfer to the CIP, and how funding is added to reserves at year end.

Mayor Miller commented on the proposed plan to restore funding in the Fiscal Stabilization Reserve. He noted that while the repayment plan seems aggressive, he feels it would be best to restore funding soon as the economy may decline again in the future. He also commented upon the proposed plan to pay the CalPERS Unfunded Accrued Liability (UAL). CalPERS provided a payment plan spread out over 30 years, but paying off the UAL in half the time results in significant savings for the City.

City Manager James Lindsay thanked Finance and Administrative Services Director Mary Furey for her work on the UAL. He noted that she has been invited to give a presentation on what the City is doing to pay its UAL.

Finance and Administrative Services Director Mary Furey concluded her discussion of expenditures, noting that most expenditures remain stable with the possible exception of Santa Clara County Sheriff's Office contract costs.

Mayor Miller shared that he and City Manager James Lindsay met with Sheriff Laurie Smith and other representatives of the Sheriff's Office about the proposed contract increases. The Sheriff's Office will be reviewing the proposed increases and returning with options for constraining costs without impacting service levels.

City Manager James Lindsay noted that the Sheriff's Office will be providing final cost information to the City by the end of April.

Finance and Administrative Services Director Mary Furey provided a detailed explanation of the Fiscal Stabilization Reserve, noting that the proposal is to add \$500,000 to the reserve in Fiscal Year 2014/15, \$250,000 in Fiscal year 2015/16, and \$250,000 in Fiscal Year 2016/17.

Finance and Administrative Services Director Mary Furey reviewed proposed expenditures in the Fiscal year 2015/16 Community Grants Program. She discussed grants issued to organizations, such as the Saratoga Area Senior Coordinating Council (SASCC), West Valley Community Services, and the Catholic Charities Ombudsman program.

Mayor Miller explained how these grant funds were issued in the past through a competitive application process. He asked if the Council would like to continue planning for the grants through the budgeting process as opposed to conducting an application process.

Council Member Cappello shared that West Valley Community Services is considering addition of a food pantry at the Senior Center for low income individuals and families.

COUNCIL CONSENSUS:

The City Council agreed to restore the Fiscal Stabilization Reserve funding as proposed by staff. The City Council also concurred with proposed public service grant funding allocations as presented by staff and declined to conduct a grant application process for these grant funds. Council directed staff to terminate grant payments to SASCC for adult daycare if SASCC stops offering these services in Fiscal Year 2015/16. Furthermore, if SASCC discontinues adult daycare services then the funding should be used for other purposes or remain in the General Fund.

Total Fund Activity

Finance and Administrative Services Director Mary Furey then discussed total fund activity.

The City Council discussed the Hillside Stability Reserve and funding available in the event of a disaster, including funding that may come from the State or Federal governments.

Capital Project Funding

Finance and Administrative Services Director Mary Furey then proceeded to the Fiscal Year 2015/16 Capital Improvement Plan (CIP) Reserve Funding, providing a summary of proposed changes and new information received since the City Council's study session on the capital budget in February. She noted recommended changes in funding sources for the Street Resurfacing Project, Finance Committee recommendations for reducing funding for the EV Stations project, Village Creek Trail Construction Grant Match, moving the Via Regina Trail project to the unfunded capital project list, and additional funding for Quarry Park Restrooms.

Mayor Miller clarified that the Finance Committee recommendations may be adjusted as the Council sees fit.

Finance and Administrative Services Director added that staff recommends that the Council supplement funding for the Street Resurfacing Project with General Fund money to address any funding shortfalls in the 2015/16 budget.

Mayor Miller shared that the vehicle impact fee collected by the West Valley Solid Waste Management Authority for road damage in Saratoga caused by hauler vehicles is expected to increase and to be implemented over a two year period starting with Fiscal Year 2015/16.

Finance and Administrative Services Director Mary Furey noted that CIP Reserve funding is less than originally expected and shared options for addressing the matter, including referring the matter to the Finance Committee for recommendation, using net operations to fully fund proposed capital project allocations, and identifying reductions to the proposed 2015/16 CIP allocations.

Mayor Miller noted that the Prospect Center Furnishings Project, Warner Hutton House Storage Building, or Single Pane Window Replacement projects could be postponed.

City Manager James Lindsay suggested moving the Warner Hutton House Storage Building to the unfunded capital project list and reducing funding to Prospect Center Furnishings to \$14,000 to cover furnishing expenses that do not require additional storage capacity.

COUNCIL CONSENSUS:

The City Council accepted the Finance Committee’s proposal to reduce funding for the EV Stations project, Village Creek Trail Construction Grant Match, move the Via Regina Trail project to the unfunded capital project list, and add funding for Quarry Park Restrooms. The City Council also accepted staff’s recommendation to supplement funding for the Street Resurfacing Project with General Fund money to address any funding shortfalls in the 2015/16 budget. The City Council agreed to move the Warner Hutton House Storage Building to the unfunded capital project list and reduce funding for the Prospect Center Furnishings project to \$14,000 or less to cover costs associated with furnishings that do not require storage. Staff was directed to provide an updated project cost estimate and scope as part of the proposed budget.

Fiscal Policies

Finance and Administrative Director Mary Furey reviewed proposed changes to the Fiscal Policies, including a new Facility Furniture, Fixtures, and Equipment Replacement Fund Policy and changes to the Facility Replacement Reserve.

Vice Mayor Cappello noted that while the Facility Replacement Reserve might not be able to fully fund a significant facility replacement project, it would build a sizable reserve and help offset any bond funding that the City might need to fully fund a replacement project.

Mayor Miller commented that he feels the City’s fiscal policies establish a good balance between saving and spending as well as planning for future funding needs. He asked that the Council Members inform Finance and Administrative Services Director Mary Furey as soon as possible if they note any typos, errors, or clarifications for the fiscal policies.

COUNCIL CONSENSUS:

The City Council agreed to the proposed fiscal policy changes, including creation of a Facility Furniture, Fixtures, and Equipment Replacement Fund and maintaining the General Fund \$300,000 Year-End Allocation to the Facilities Replacement Reserve, which is prioritized ahead of funding for capital projects.

ADJOURNMENT

Mayor Miller adjourned the meeting at 7:50 p.m.

Minutes respectfully submitted:

Crystal Bothelio, City Clerk
City of Saratoga