



# FISCAL YEAR 2023-24 BUDGET WORKSHOP

June 1, 2023



# AGENDA

- Budget process overview
- General Fund pandemic impacts
- Budget assumptions
- Department budgets
- General Fund 5 year forecast
- Next steps
- Comments and questions



## BUDGET TEAM

- Stephen Stolte, Assistant City Manager
- Nicole Nagaya, Deputy City Manager
- Brittany Mello, Administrative Services Director
- Marvin Davis, Interim Finance Director
- Rani Singh, Interim Finance and Budget Manager
- Ying Chen, Senior Accountant
- Adrian Patino, Management Analyst II





## BUDGET CONTRIBUTORS

- General Administration
  - Nicole Casados, Judi Herren, Rebecca Lucky
- Administrative Services
  - Sandy Pimentel, Rani Singh, Adrian Patino, Ying Chen
- Community Development
  - Deanna Chow, Charles Andrews, Vanh Malathong, Adam Patterson, Eren Romero, Kyle Perata
- Library and Community Services
  - Sean Reinhart, Nick Szegda
- Police
  - David Norris, Tony Dixon, TJ Moffett, Dani O'Connor
- Public Works
  - Eren Romero, Adali Arroyo, Tanisha Werner, Hugh Louch



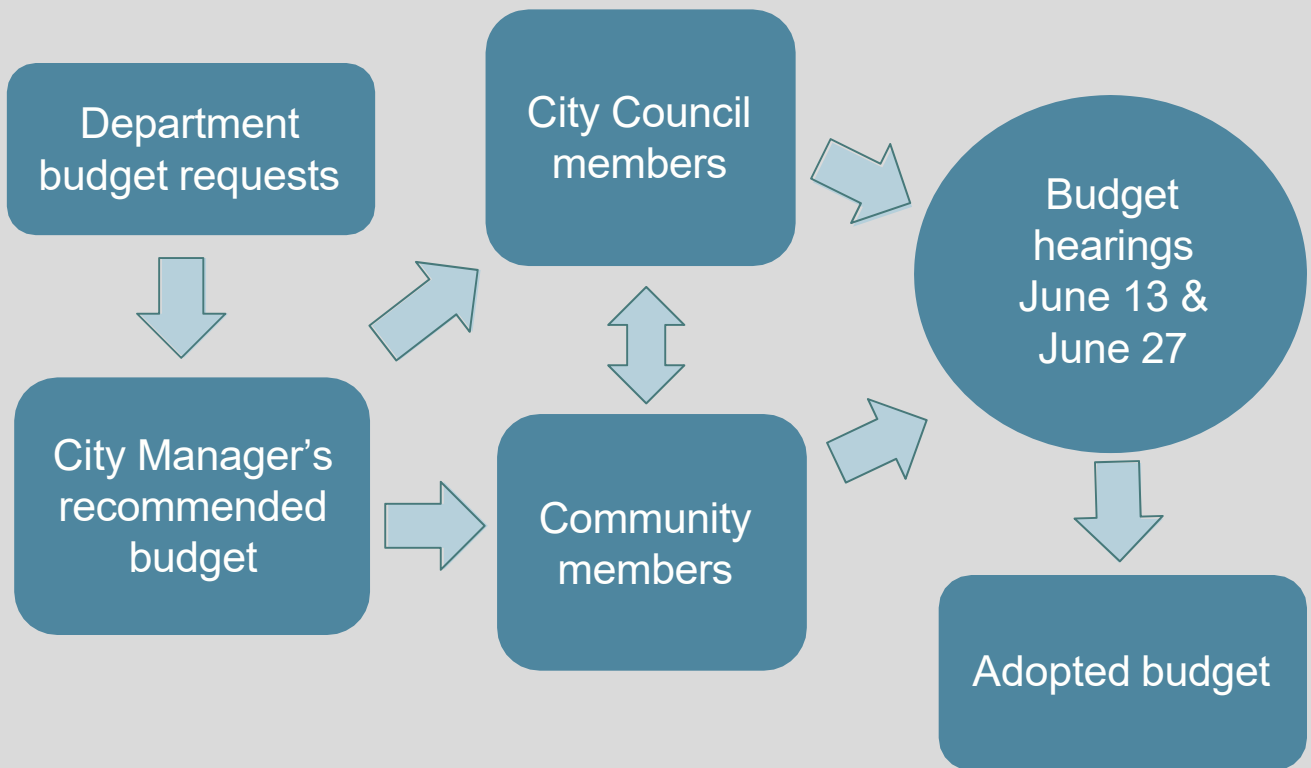
## BUDGET CALENDAR

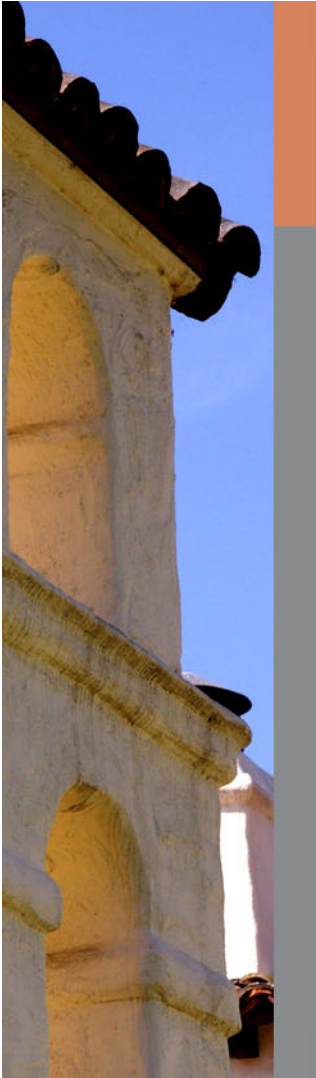
Month	Milestones
February	<ul style="list-style-type: none"><li>• Budget foundation established in OpenGov</li></ul>
March	<ul style="list-style-type: none"><li>• Development of budget guidelines based on City Council Priority and Goal Setting workshop</li><li>• Mid-year budget adjustments for Fiscal Year (FY) 2022-23 and year-end forecast to City Council as of February 2023</li><li>• Budget development kickoff meeting with departments</li></ul>
April	<ul style="list-style-type: none"><li>• Develop proposed department budgets and capital improvement budget</li><li>• FY 2023-24 budget principles and five-year General Fund forecast to City Council</li></ul>
May	<ul style="list-style-type: none"><li>• Budget stories and transparency pages developed in OpenGov</li><li>• City Council provides direction on five-year Capital Improvement Plan</li></ul>
June	<ul style="list-style-type: none"><li>• Public workshop</li><li>• Budget public hearings</li><li>• Budget adoption</li></ul>
August	<ul style="list-style-type: none"><li>• Master fee schedule update</li></ul>





# MENLO PARK BUDGET PROCESS

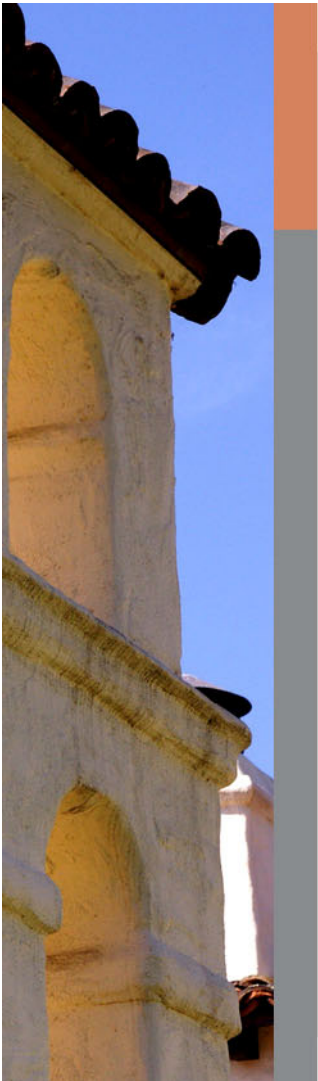




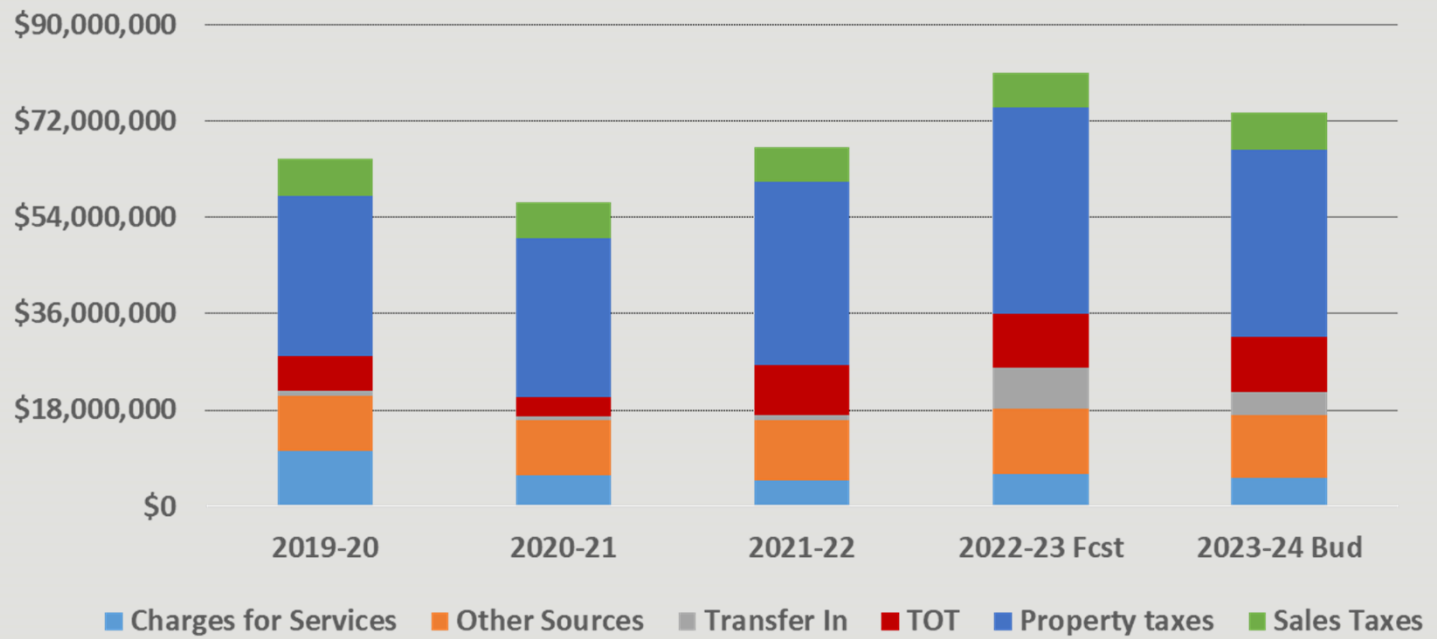
## GENERAL FUND PANDEMIC IMPACTS (FY 2018-19 THRU FY 2023-24)



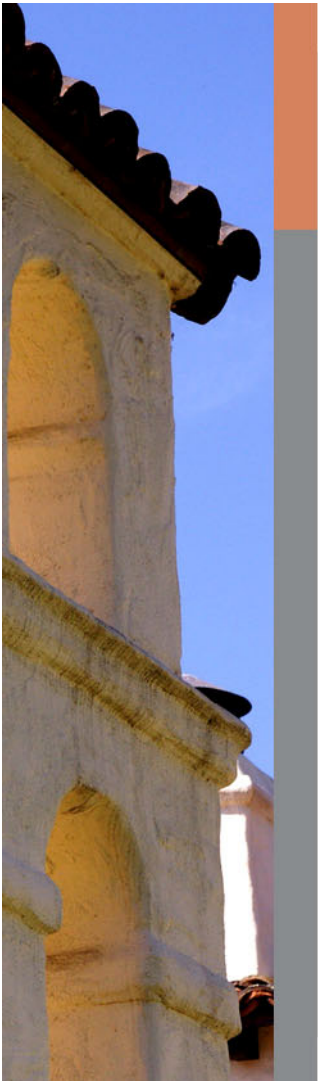
- Estimated revenue losses
  - Transient Occupancy Tax: - \$11.3 million
  - Charges for Services: - \$14.9 million
  - Sales Taxes: - \$8.6 million
  
- Expense changes over pandemic
  - Full-time equivalent (FTE) reduction of 44
  - Rebound from pandemic: FTE growth of 54 by FY 2023-24
  - Budget increase by \$21.2 million or 36% over 5-year period
  - General Fund supports an estimated 84% of City's FTEs



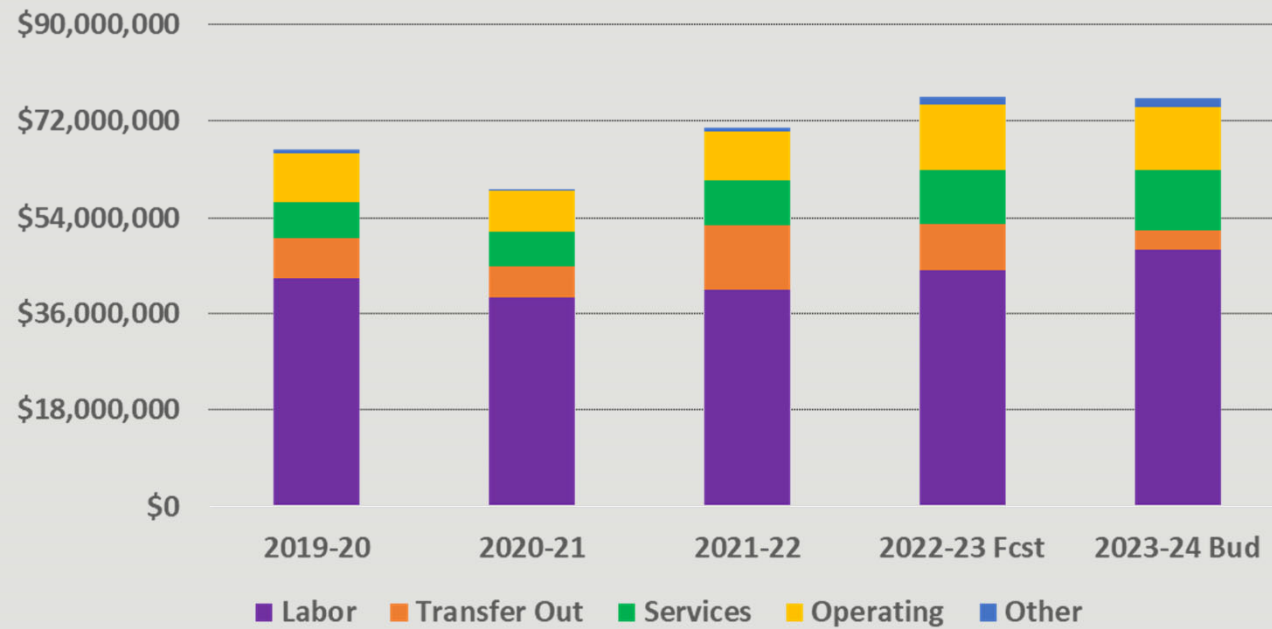
# GENERAL FUND REVENUE TRENDS



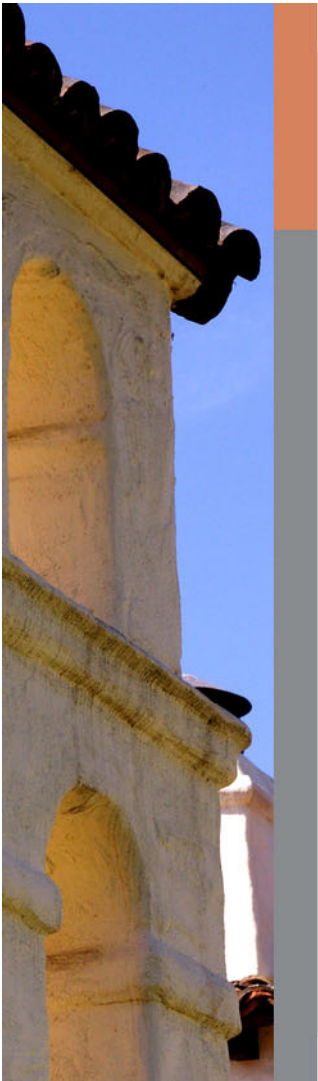




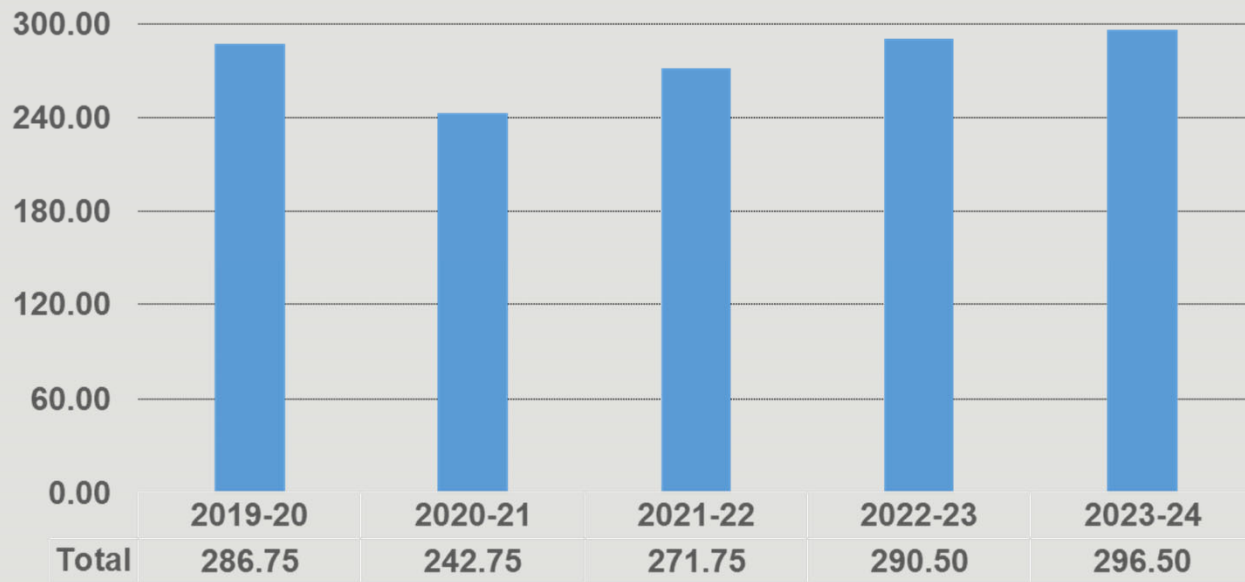
# GENERAL FUND EXPENSE TRENDS



Other: Special Equipment, Community Programs, Misc. Projects

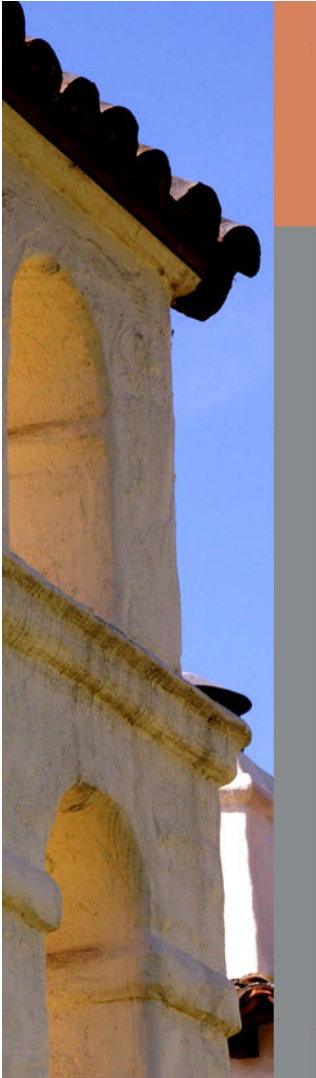


## CITYWIDE STAFFING LEVELS





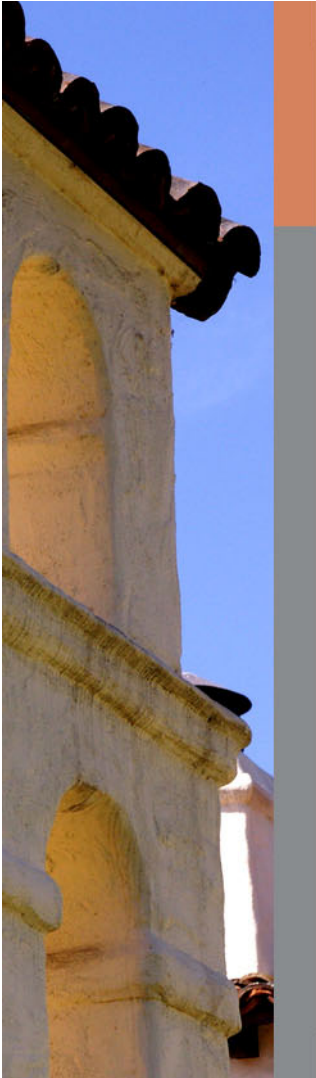
# PROPOSED BUDGET



## FY 2023-24 OPERATING BUDGET: REVENUE



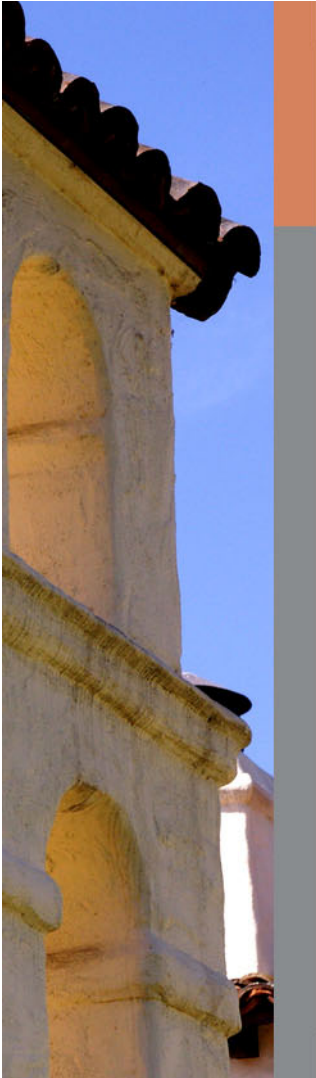
- Key Revenue Assumptions
  - Property taxes, TOT, Sales, other reviewed under 5 year forecast
  - Excludes UUT of \$1.6 million
  - \$1.3 million Facebook development agreements in separate Fund 111
- Non-operating revenues:
  - \$24.4 million for in-lieu amenities in Fund 369
  - Measure T Bond Assessments - \$2.4 million



## FY 2023-24 OPERATING BUDGET: EXPENSE



- Key Expense Assumptions
  - 296 FTEs, including 6 proposed for Menlo Park Community Campus (MPCC) operations
  - Vacancy rate of 10% equates to 23.85 FTEs, supported by start date analysis
  - Includes \$3 million transfer to general capital fund
  - ARPA - \$3.7 million as these funds must be spent by December 2024
- Non-operating expenses:
  - Measure T Bond Service - \$2.4 million debt service
  - Measure T Bonds - \$8.8 million MPCC, \$3.1 million Willow Oaks, \$0.7M Burgess Park playground
  - Internal Service Fund budgets (allocated by FTEs)

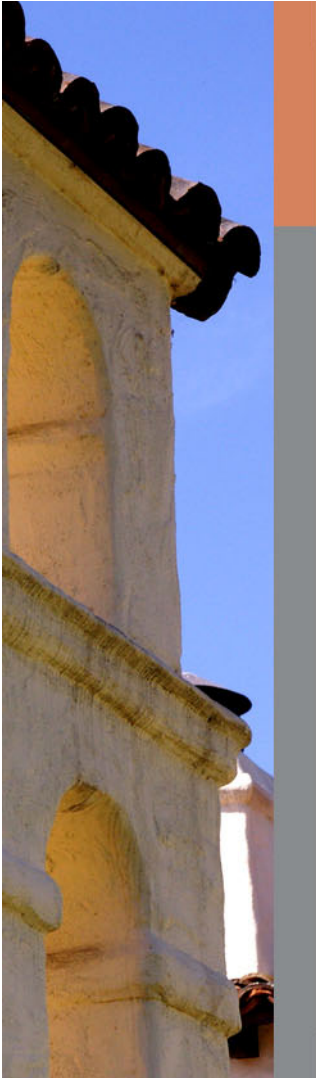


## FY 2023-24 OPERATING BUDGET RESULTS



- The proposed Fiscal Year 2023-24 budget results in a deficit of \$2.8 million
  
- Reserve Levels
  - Non-spendable: \$0.44 million
  - Project related: \$0.54 million
  - Strategic pension: \$2.28 million
  - Emergency Contingency Reserve: \$11.4 million at 15% (meets policy minimum)
  - Economic Stabilization Reserve: \$15.3 million at 20% (meets policy minimum)
  - Unassigned: \$4.5 million





## SERVICE LEVEL ENHANCEMENTS



- Menlo Park Community Campus Operations
  - Annual operating expenses and staffing level restorations and increases - \$1.2 million
  
- Public Safety Technology Enhancements
  - Flock Cameras - \$251,000 annual
  - Axon Fleet (In-Car Cameras) - \$80,789 annual
  - Voice Logging Equipment - \$67,000
  
- Community Wellness and Crisis Response Team (CWCRT) – Mental health clinician - \$80,000
  
- Diversity, Equity, Inclusion, and Belonging Initiatives - \$51,000



# CITY COUNCIL PRIORITIES





## CITY COUNCIL PRIORITIES

The City Council held its annual priority and goal setting workshop on March 18, 2023, to provide direction to the city manager on aligning resources and work plans for the next year.

The City Council identified the following priorities:

- Housing
- Emergency Preparedness
- Climate Action Plan
- Activating Downtown
- Safe Streets

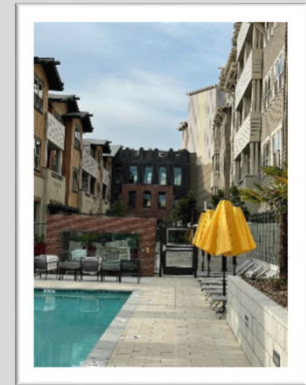


## CITY COUNCIL PRIORITY: HOUSING



Housing is supported by ongoing activities and proposed enhancements:

- Initiate Housing Element programs, such as tenant/landlord education
- Continued outreach and development for 2023-2031 Housing Element components – Safety Element and Environmental Justice
- Multiple residential and mixed-use projects in development pipeline with market rate and below market rate units
- Streamlined permitting process using 24/7 online portal





## CITY COUNCIL PRIORITY: EMERGENCY PREPAREDNESS



Emergency Preparedness is supported by ongoing activities and proposed enhancements:

- Recruitment plan for Emergency Preparedness Coordinator (1 FTE)
- Continued coordination with Menlo Park Fire Protection District
- Partnership with community organizations to strengthen resilience at neighborhood level



## CITY COUNCIL PRIORITY: CLIMATE ACTION PLAN



Climate Action Plan is supported by ongoing activities and proposed enhancements:

- \$4.5 million of State grant funds for communitywide electrification (over two years)
- Robust staffing devoted to sustainability efforts (3 FTEs)
- Continue to electrify City facilities, including Burgess Pool heating equipment, and expand electric vehicle charging for City vehicle fleet
- Zero emissions landscaping equipment program and outreach
- Awarded FEMA BRIC grant to implement SAFER Bay sea level rise protection plan for 2/3 of Menlo Park shoreline
- Support Environmental Quality Commission meetings
- And much more!



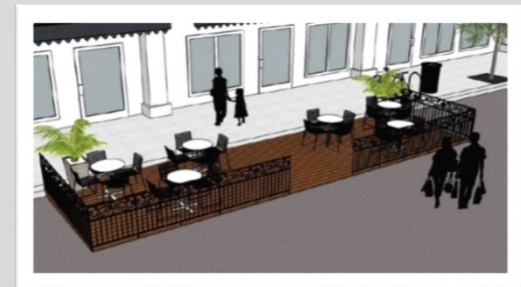


## CITY COUNCIL PRIORITY: ACTIVATING DOWNTOWN



Activating Downtown is supported by ongoing activities and proposed enhancements:

- Interim Economic Development Manager starting June 2023 while recruitment plan developed for permanent position
- Implementing the Streetaries outdoor dining program
- Enhanced public outreach promoting businesses and events downtown



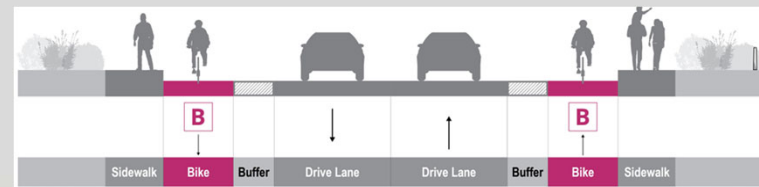


## CITY COUNCIL PRIORITY: SAFE STREETS



Safe Streets is supported by ongoing activities and proposed enhancements:

- Completion of the local road safety plan/vision zero action plan to address most significant safety challenges in collaboration with Police
- Ongoing maintenance (current pavement condition index is 76 “good to excellent”) with focus on incorporating safety upgrades into maintenance projects; 5-year resurfacing plan to be developed fall 2023
- Deliver Transportation Master Plan projects with focus on connected, multimodal networks with \$28M for projects in the CIP
- Continue enforcement and education efforts in collaboration with Menlo Park schools, School Resource Officer, safe routes to schools program, and traffic enforcement unit
- Coordination with Complete Streets Commission efforts



A photograph of a street scene, likely in Menlo Park, featuring a "harvest" sign and a "TABAC" sign. The image is overlaid with a blue and orange graphic. The "harvest" sign is a brown oval with white text, and the "TABAC" sign is a red circular sign with white text. The street scene includes a sidewalk, a tree, and a person in the distance.

# DEPARTMENT BUDGETS

A photograph of a street scene, likely in Menlo Park, California. The image shows a sidewalk with outdoor seating, including wicker chairs. In the foreground, there are green plants with red flowers. A sign for 'harvest' is visible, along with a red sign for 'TABAC'. The background shows a street with buildings and trees.

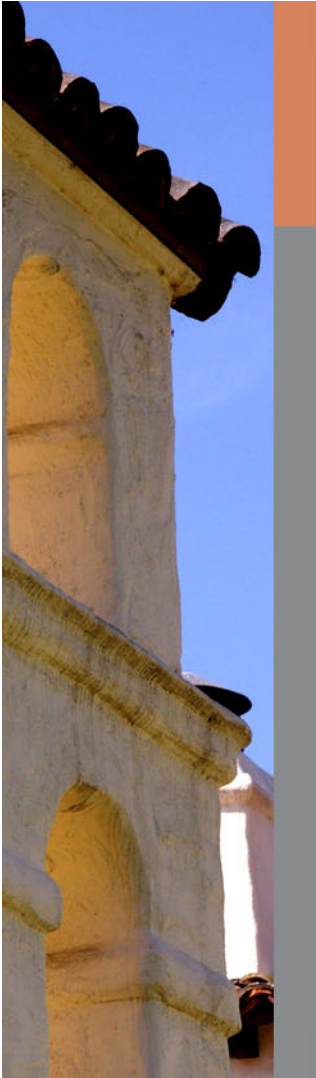
# GENERAL ADMINISTRATION





## GENERAL ADMINISTRATION

- General Administration provides policy, legal, leadership, and management services to the entire city.
- Divisions
  - City Council
  - City Attorney
  - City Manager’s Office
    - City Clerk
    - Communications and Public Engagement
    - Sustainability
    - Economic Development
- Proposed FY 2023-24 budget
  - Expenses: \$9.2 million
  - Revenue: \$2.25 million sustainability grant
  - 19 FTEs (including City Council)

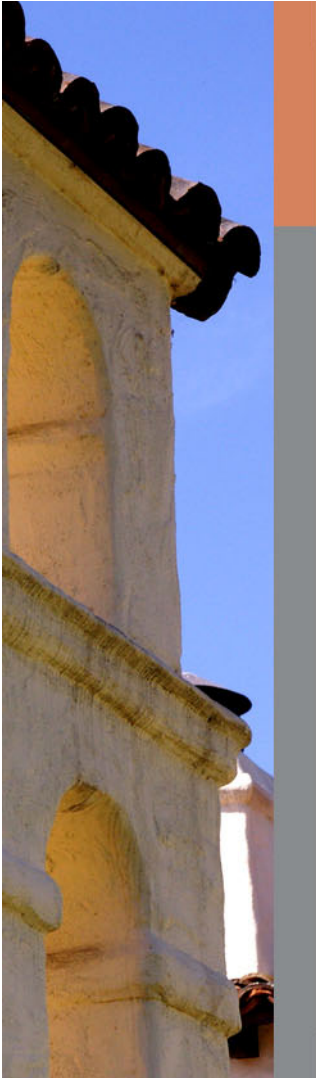


## FY 2022-23 ACCOMPLISHMENTS AND HIGHLIGHTS



- Filled key leadership positions: assistant city manager, deputy city manager, and administrative services director.
- Administered election for three City Councilmember seats and filled District 5 City Councilmember vacancy.
- Transitioned all legislative bodies to hybrid public meetings.
- Implemented the City Council priority and goal setting workshop in which the Council identified five top priorities.

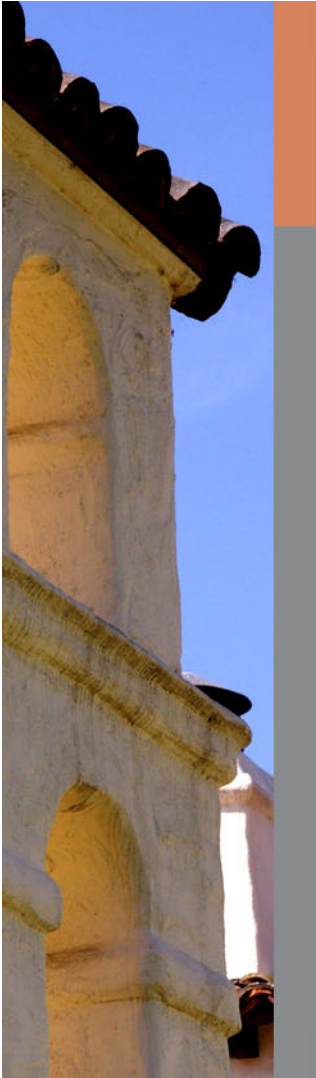




## FY 2022-23 ACCOMPLISHMENTS AND HIGHLIGHTS

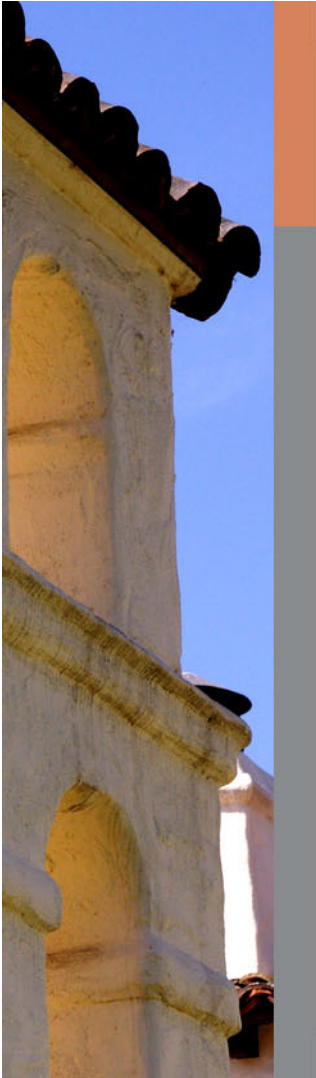


- Led emergency preparedness and response services during series of severe winter storms; launched a hotel stay program that included an equity assessment.
- Renewed Reach Codes requiring new buildings to be fully electric and increased electric vehicle charging requirements; implemented a permit fee waiver and credit program.
- Completed plan for electric vehicle charging needs for the City vehicle fleet.



## FY 2023-24 INITIATIVES

- Ensure progress on City Council top priorities: Housing, Emergency Preparedness, Climate Action, Activating Downtown, Safe Streets
- Create a Diversity, Equity, and Inclusion (DEI) Initiative
- Plan and implement programs and projects that support economic development with a focus on creating a vibrant and activated downtown
- Promote community preparedness for emergencies and disasters in partnership with community based organizations



## FY 2023-24 INITIATIVES

- Continue to build organization-wide capacity, encourage professional development, and develop succession plans to maintain strong leadership
- Launch public education on building electrification measures and promote electrification incentive programs
- Allocate \$4.5 million in State funding to support communitywide electrification efforts
- Continue to electrify City facilities, including the Burgess Pool heating equipment, and expand electric vehicle charging for City vehicle fleet



A photograph of a street scene. In the foreground, there are green plants with red flowers. A sign for 'harvest' is visible. Further down the street, there is a sign for 'TABAC' and outdoor seating with wicker chairs. The scene is brightly lit, suggesting a sunny day.

# ADMINISTRATIVE SERVICES



## ADMINISTRATIVE SERVICES

- Administrative Services provides citywide support services including accounting, payroll, recruiting, benefits, training, technology solutions, technical support, and solid waste administration
- Divisions
  - Finance
  - Human Resources
  - Information Technology
  - Solid Waste
- Proposed FY 2023-24 budget
  - Expenses: \$9.4 million
  - 28.48 FTEs



## FY 2022-23 ACCOMPLISHMENTS AND HIGHLIGHTS



- Finance
  - Continued transition and improvements to OpenGov accounting system
  - Produced the FY 2023-24 budget with improved collaboration among staff
  - Produced the FY 2021-22 ACFR within statutory dates, submitted for Government Finance Officers Association (GFOA) award
  - Issued Request for Proposals (RFPs) for investment advisory and auditing services
  
- Human Resources
  - Continued efforts to digitize workflows and replace legacy paper forms
  - Implemented new payroll module to streamline personnel management
  - Ongoing labor negotiations – Service Employees’ International Union (SEIU) and American Federation of State, County, and Municipal Employees (AFSCME)





## FY 2022-23 ACCOMPLISHMENTS AND HIGHLIGHTS



- Information Technology
  - Enhancements to technology infrastructure and enterprise applications
  - Coordinated City transition from “.org” to “.gov” for improved trust and security
  - Enhancements to GIS for improved integration with citywide applications
  
- Solid Waste
  - Partnered with Rethink Waste, the waste management authority, to continue outreach and education efforts related to SB 1383, the State organics law, implementation



## FY 2023-24 INITIATIVES



- Finance
  - Produce the FY 2022-23 ACFR and bring to Council by January 2024
  - Produce the FY 2024-25 budget and bring to Council by June 2024
  - Update Master Fee Schedule in August 2023
  - Continue financial system implementation, workflows, capital assets
  - Continue timely financial reporting and transparency improvements
  
- Human Resources
  - Continue efforts to fill staff vacancies and support employee retention
  - Continue enhancements to new Human Resources Information System
  - Develop and improve employee performance management system



## FY 2023-24 INITIATIVES



- Information Technology
  - Continue implementation of IT Master Plan initiatives
  - Continue cybersecurity enhancements for risk reduction
  - Continue streamlining business processes for improved efficiency and customer service
  
- Solid Waste
  - Continue education efforts of SB 1383 for voluntary compliance and develop enforcement mechanism prior to State-mandated start date of January 1, 2024



# COMMUNITY DEVELOPMENT



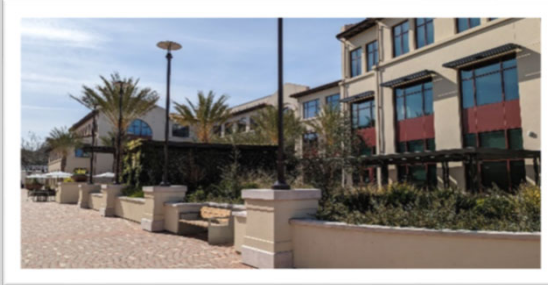


# COMMUNITY DEVELOPMENT



## Service overview

- Planning
- Building
- Housing





## FY 2023-24 BUDGET

- Personnel
  - 35 budgeted FTEs
  - No major staffing changes; augmented by contract services
  
- Budget
  - Expenses: \$12.5 million
  - Revenues: \$8.1 million



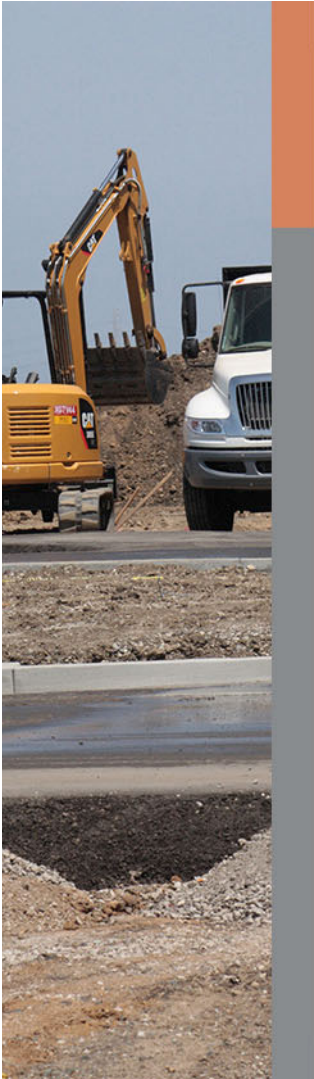




## FY 2022-23 ACCOMPLISHMENTS AND HIGHLIGHTS



- Adopted the Housing Element Update
- Released draft versions of the City's first-ever Environmental Justice Element and updated Safety Element
- Approved the Willow Village master plan project
- Continued processing large development projects in the Bayfront Area
- Adopted an ordinance regarding California State Senate Bill 9 (SB 9)
- Adopted the 2022 California Building Code and local amendments



## FY 2022-23 ACCOMPLISHMENTS AND HIGHLIGHTS

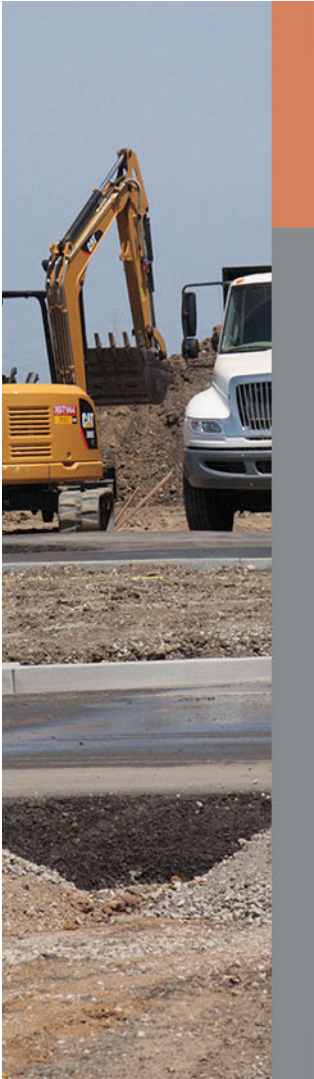


- Issued an estimated 1,300 building permits, including 54 for accessory dwelling units (ADUs)
- Conducted approximately 8,700 inspections
- Issued occupancy or temporary certificate of occupancy for several large projects
- Released eight below market rate (BMR) rental units for tenant occupancy and two BMR ownership opportunities near downtown
- Released a Notice of Funding Availability for \$2M from the BMR housing fund



## FY 2023-24 INITIATIVES

- Certify the Housing Element Update and adopt related Zoning Ordinance amendments
- Update the Safety Element and adopt the City's first-ever Environmental Justice Element
- Continue the entitlement and environmental review of approximately eight complex development projects
- Collaborate with Sustainability Division to implement climate action plan (CAP) goals



## FY 2023-24 INITIATIVES

- Coordinate and complete building permit review for several large development projects
- Continue reviewing the detailed architectural plans for the Willow Village masterplan project
- Fully deploy Accela-DocuSign integration
- Award and release 2022/23 Notice of Funding Availability (NOFA)
- Conduct tenant/landlord education and outreach activities

A photograph of a street scene in Menlo Park. In the foreground, there are green plants with red flowers. A sign for "harvest" is visible, along with a red sign for "TABAC". The street is paved and has some outdoor seating with wicker chairs. The background shows buildings and trees.

# LIBRARY & COMMUNITY SERVICES



## LIBRARY AND COMMUNITY SERVICES



- Library and Community Services provides a diverse array of lifelong learning and recreational opportunities for Menlo Park residents of all ages, abilities, and lived experiences.
  - We employ skilled and qualified personnel, supported by contracted help and dedicated volunteers to deliver high-quality public services to the Menlo Park community.
- Public libraries
  - Recreation
  - Sports
  - Early childhood education
  - After school programs
  - Summer youth camps
  - Older adults (senior) programs
  - Athletic fields and courts
  - Community events
  - Aquatics









## FACILITIES

Library and Community Services currently operates nine public facilities that serve the residents of Menlo Park:

- Arrillaga Family Gymnasium
- Arrillaga Family Gymnastics Center
- Arrillaga Family Recreation Center
- Belle Haven Branch Library
- Belle Haven Child Development Center
- Belle Haven Youth Center
- Burgess Pool
- Menlo Children's Center
- Menlo Park Library



### Menlo Park Community Campus

In 2021, construction began on a new multiservice facility in the Belle Haven neighborhood that will combine a public library, senior center, gymnasium, afterschool program, and aquatics center in one dynamic community space. Opening in 2024, the project is being built to LEED Platinum environmental standards with leading-edge sustainability techniques.



## GUIDING PRINCIPLES

The City of Menlo Park provides services and infrastructure that contribute to quality-of-life for all Menlo Park residents. In so doing, the City strives to balance the resources and requirements of each area of the city in an equitable manner for all residents, in all neighborhoods of the City. The City of Menlo Park prioritizes social justice in decisions that affect residents' lives:

- The fair, just and equitable management of all institutions serving the public directly or by contract;
- The fair, just and equitable distribution of public services and implementation of public policy; and
- The commitment to promote fairness, justice, and equity in the formation of public policy
- Creating a healthy environment and nutritional options in City programs.



## FY 2022-23 HIGHLIGHTS

- Advanced the Menlo Park Community Campus programming and operations planning process with robust community engagement
- Safely reactivated the youth gymnastics program at Arrillaga Family Gymnastics after an extended closure during the pandemic
- Restored large-scale community events and observances
- Implemented a new registration management software platform per the recommendations in the Information Technology Master Plan
- Secured a combined total \$2,465,000 in grant awards to support early childhood education, literacy, capital improvements and other initiatives
- Received a combined total \$600,000 in new donations, in addition to \$266,000 in previous donations toward furniture and equipment in the MPCC.



## FY 2023-24 INITIATIVES

- Prepare for the successful opening and start of operations at the Menlo Park Community Campus in 2024
- Complete the operator agreement for an aquatics operator at Burgess Pool and MPCC pool
- Restore enrollment at Belle Haven Child Development Center and Menlo Children's Center Preschool to full capacity post-pandemic
- Use community feedback and data to engage the community in department services and projects, for example door-to-door outreach, “trusted messenger” volunteer outreach, translation/interpretation services, enhanced text messaging
- Continue to secure external resources from grants, volunteers, charitable donations and partnerships to enhance services to the community in greater value than the costs to acquire and maintain the external resources.

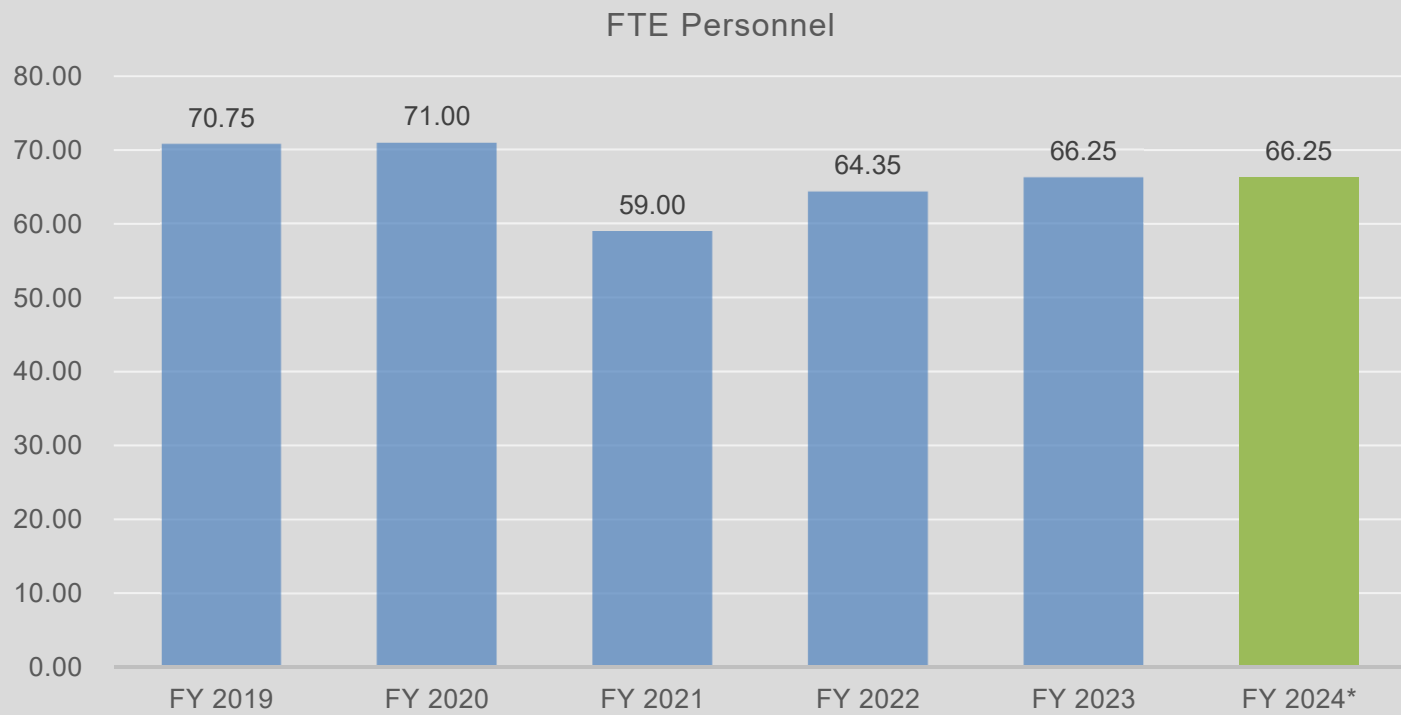








## FTE PERSONNEL

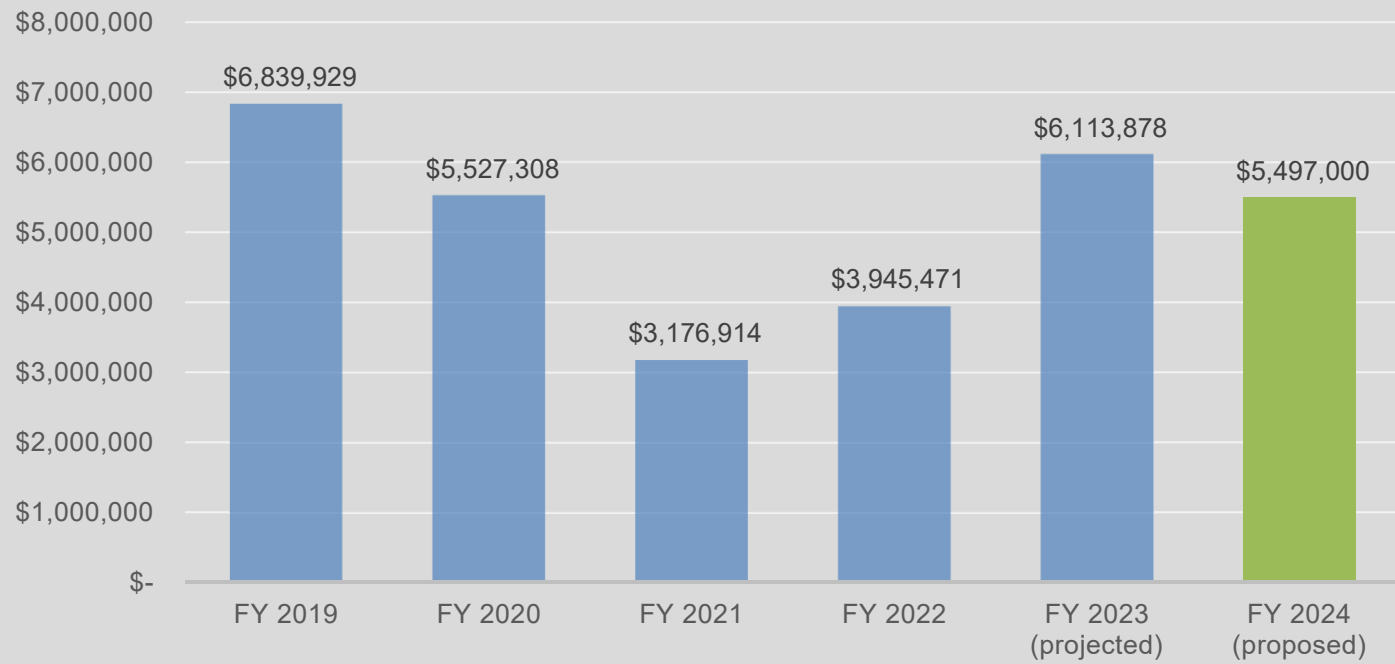


\*does not include MPCC



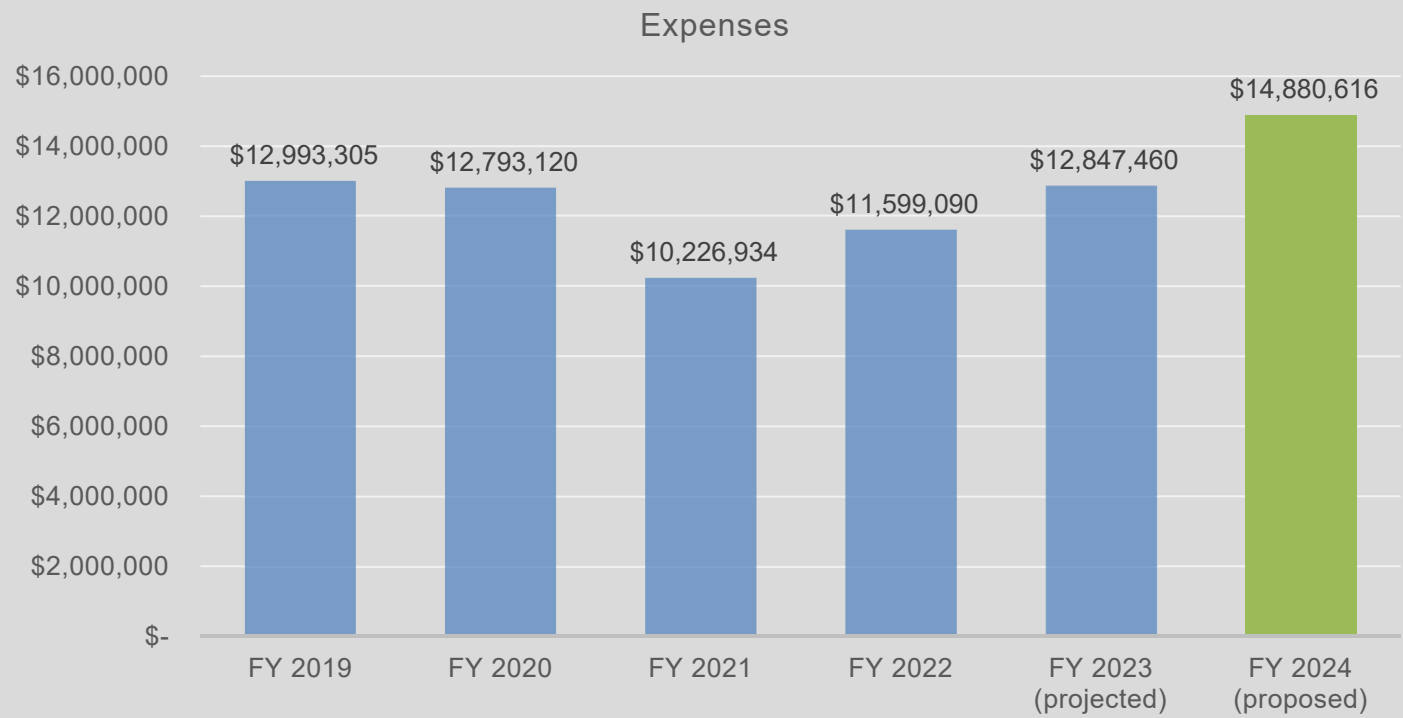
# REVENUES

Revenues





# EXPENSES





## SERVICE LEVEL RESTORATION - MPCC



- MPCC is on track to open during fiscal year 2023-24
- Some current personnel and resources will move to the MPCC, including senior center, youth center and branch library
- Some new personnel and resources are needed to support restored and/or expanded services.



## SERVICE LEVEL RESTORATION - MPCC



- Restore operations that were suspended or reduced during the MPCC construction, such as gymnasium, fitness center, recreation services, aquatics center and facility rentals
- Staff an expanded public library space that spans two floors instead of the current one floor space
- Support new services, such as makerspace and teen zone
- Create a new job classification to support enhanced nutrition services, planning and preparation of nutritious meals for senior center and youth center participants, provide nutrition and health/wellness education services to program participants.
- Reinstate overhead and operating costs such as utilities, supplies and services.



## SERVICE LEVEL RESTORATION - MPCC



- Actual operations are expected to begin approximately halfway through the fiscal year (early 2024)
- Personnel – 6.0 FTE plus hourly staff - \$953,000
- Operating expenses - \$821,000
- Operating revenues - \$715,000
- Note: Operating expenses and revenues assume full year.





## SERVICE LEVEL RESTORATION – MPCC PERSONNEL

Position*	FTE	Operational/programming need
Librarian I/II	1.00	Lead staff for expanded library space, makerspace, teen zone
Library Assistant I	1.00	Support staff for expanded library space, makerspace, teen zone
Recreation Coordinator	1.00	Lead staff for gymnasium, fitness center, facility rentals
Senior Program Assistant	1.00	Support staff for gymnasium, fitness center, facility rentals
Nutrition Services Coordinator	1.00	Lead staff for senior center daily meal service, youth center food service, nutrition/health/wellness education
LCS Supervisor	1.00	Building supervisor - operations, athletic field use, and site liaison to aquatics provider
Temporary staff (\$120,000)		Front line customer service support at 3 primary service points 7 days/ 63+ hours per week, plus room set up, facility attendants for rentals, and related tasks
<b>Total</b>	<b>6.00</b>	<b>\$953,000</b>

\*proposed







# POLICE





# POLICE



## Service overview

- Patrol
  - \* Incl. Traffic, Parking
- Investigations
  - \* Incl. POP, SRO, Code Enf.
- Records & Dispatch
  - \* Incl. Property / Evidence
- Administration
  - \* Incl. Complaints, Community & Media Relations, Training





## FY 2023-2024 BUDGET

- \$23.8 million operating budget
- 69.5 FTEs
  - Personnel costs - 83% of budget
  - Operating costs – 17% of budget
  - Anticipated department-wide overtime - \$1.7 Million (\$1.2 Million in Patrol)





## SERVICE LEVEL ENHANCEMENTS



### ENHANCEMENTS -

- Flock fixed License Plate Readers with firearm discharge detection technology  
\$251,000 – will be an annual ongoing cost
- Axon Fleet in-car cameras  
\$80,789 – will be an annual ongoing cost
- Voice-logging equipment for Dispatch  
\$67,000 – one-time cost
- Allocation for San Mateo County Community Wellness Crisis Response Team  
\$80,000 City Contribution to supplement County funding



## FY 2022-23 ACCOMPLISHMENTS AND HIGHLIGHTS



- Reimagining Public Safety Subcommittee Work

Following significant work to derive information and feedback from the Community in FY 21-22, the MPPD worked closely with the Subcommittee to create a roadmap for the future of transparency, accountability, and the evolution of policing. MPPD also refreshed our Community Police Academy Program. With this momentum in place, the Subcommittee was demobilized at the end of FY 22-23.

- Wellness Initiative

The need for officer wellness to build resiliency, promote health, and support the ever-present stressors on those who provide safety to our community is nationally established and evidence-based. MPPD has created a hub for our members to choose from a broad variety of wellness resources.



## FY 2022-23 ACCOMPLISHMENTS AND HIGHLIGHTS



- Tesla Pilot Program and additional police EVs
- Expansion of the MPPD Bicycle Team
- First year collecting data for the Racial and Identity Profiling Act (RIPA)
- Instructor Certifications, Principled Policing (Bias Awareness) Training, Bike Officer and Field Training Officer Certifications, SWAT and Tactical Negotiations Officers Certified, Inner Perspectives and Supervisory Leadership Institute, and live-action 2-day training on Active Shooter highlighted this year's training efforts



## FY 2023-2024 INITIATIVES

- Recruitment and Retention of High Quality Employees
- Development of a mid-term and long-term plan for “non-criminal enforcement,” to include Code Enforcement, Parking Enforcement, and an improved Administrative Citation Ordinance
- Comprehensive Transparency Program to include the Community-Police Advisory Roundtable, Community Police Academy, Annual Report, and a Transparency Dashboard
- Legislation Compliance Plan to include roadmaps for Policy, Training, Accountability, and Transparency in accordance with legislated changes.
- 5-Year Strategic Plan for MPPD

A photograph of a street scene, likely in Menlo Park, California. The image shows a sidewalk lined with buildings. A prominent sign for "harvest" is visible, along with a red sign for "TABAC". In the foreground, there are green plants and red flowers. To the right, there are several outdoor chairs, suggesting a cafe or restaurant setting. The scene is captured in a slightly blurred, artistic style.

# PUBLIC WORKS





## PUBLIC WORKS

- Engineering
- Maintenance
- Transportation





## PUBLIC WORKS

- 73 FTEs
  - Proposed operating budget
    - Revenues: \$27.6 million
    - Expenses: \$39 million
  - Supported by more than 25 different special funds for specific services and maintenance
- Facility/field capital project
  - Transportation management
  - Facilities
  - Fields/grounds
  - Vehicle
  - City trees
  - Streets
  - Stormwater
  - Right of way
  - Development services
  - Water







## FY 2022-23 ACCOMPLISHMENTS AND HIGHLIGHTS



- Responded to 400+ calls during early 2023 storms
- Staffed sandbag stations and distributed more than 15,000 sandbags
- Continued to construct Menlo Park Community Campus
- Completed the Caltrain quiet zone implementation study; design budgeted in FY2023-24
- Continued work on the Middle Avenue pedestrian and bicycle rail crossing; secured over \$10 million
- Began implementation of a new water service customer portal
- Received the Tree City USA Growth Award from the Arbor Day Foundation
- Purchased and outfitted the first three pilot electric vehicles in the City's police patrol fleet
- Completed the design and bidding of the Willow Oaks Park improvement and Burgess Park playground replacement projects





## FY 2023-24 INITIATIVES

- Complete construction of the Menlo Park Community Campus
- Prepare for winter storm conditions in anticipation of possible El Nino weather pattern developing
- Continue multi-agency collaboration efforts to implement the SAFER Bay for sea level rise protection
- Advance safe streets projects according to the goals of the Transportation Master Plan
- Continue timely processing of encroachment permit and development applications
- Continue to reduce the capital project backlog
- Complete American Public Works Association accreditation





# CAPITAL IMPROVEMENT PROGRAM





## CAPITAL IMPROVEMENT PROGRAM

- 74 funded and carryover projects
- 27 proposed for new funding in FY 2023-24
- 7 categories
  - Buildings and systems
  - Environment
  - Parks and recreation
  - Stormwater
  - Streets and sidewalks
  - Traffic and transportation
  - Water system
- 13 programmatic categories: Parks (minor), Sports field renovations, traffic signal modifications, etc.





## COMPLETED PROJECTS

- Bayfront Canal and Atherton Channel flood protection and habitat restoration project
- Chilco streetscape and sidewalk installation
- El Camino Real Median Trees Improvements
- Facilities inventory and maintenance plan
- Park pathway repairs at Sharon and Nealon Parks
- Ravenswood Avenue/Laurel Street intersection modifications
- Resurfacing of streets underway
- Sharon Road sidewalks
- Suburban Park/Flood Triangle neighborhood street light replacement and series circuit project
- Water main replacement on Haven Avenue



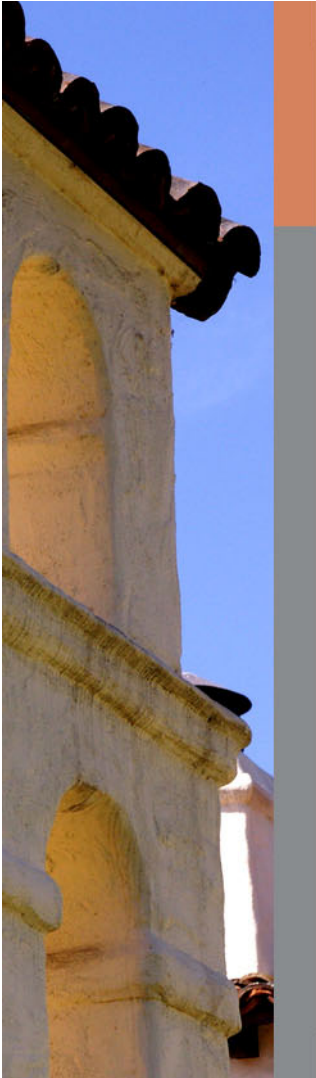
## NEW PROJECTS

- Automated Waterline Blowoffs at Deadend Locations
- Belle Haven Child Development Center Zero Net Energy Retrofit
- Belle Haven Park Improvements
- Burgess Campus Microgrid & Electrification
- Building Exterior Improvements (solar-ready)
- Sharon Heights Pump Station Variable Frequency Drives
- Smart Irrigation Infrastructure Project
- Urban Forest Master Plan



# FIVE-YEAR GENERAL FUND FORECAST



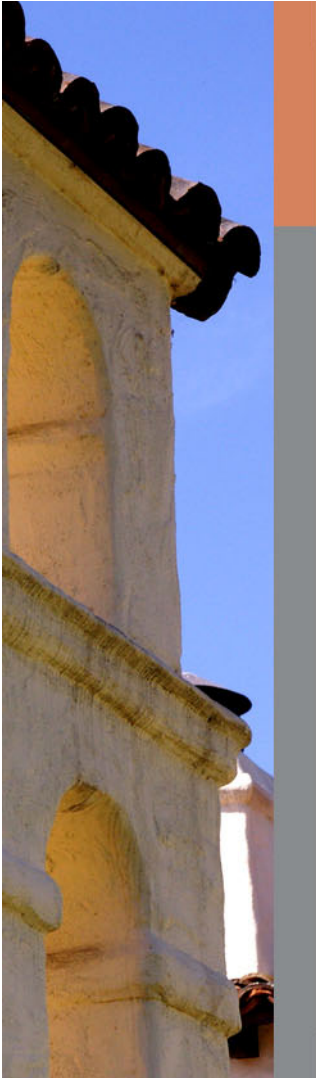


## GENERAL FUND FIVE-YEAR FORECAST



- Revenue assumptions
  - Property Taxes: 5.8% growth (HdL)
  - Transient Occupancy Tax: 5% growth (includes citizenM)
  - Sales Tax: 4% growth (MuniServices)
  - Licenses & Permits: 4% growth
  - Excludes \$1.6 million in UUT annually (\$8 million loss over 5-year period)
  
- Additional Information
  - Transfers in include:
    - Approximately \$1 million annual use of California Employers' Retiree Benefit Trust (CERBT) for retiree premiums
    - \$3.7 million in ARPA funds *\*final determination of uses pending City Council direction*

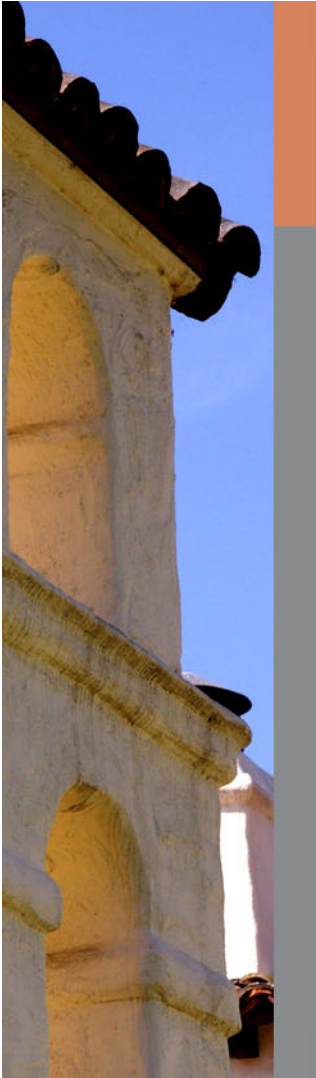




## GENERAL FUND FIVE-YEAR FORECAST



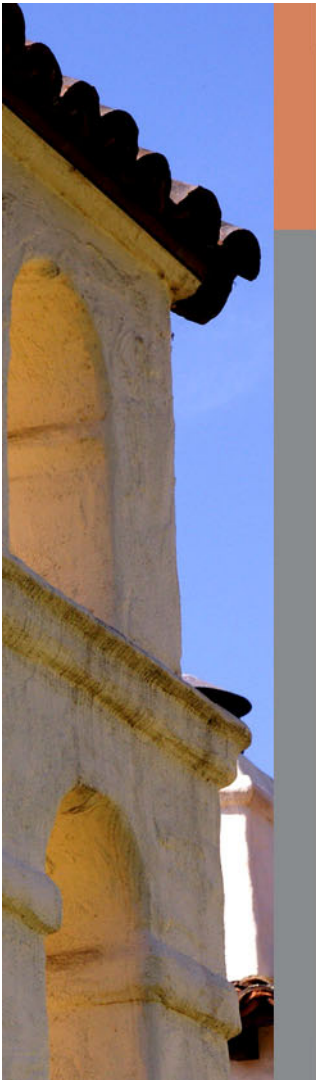
- Expense assumptions
  - 238.47 FTE total full-time equivalents (FTEs)
    - Placeholder wage adjustments *\*subject to labor negotiations*
    - 4% CPI across standard benefits
    - Vacancy rate of 10% (equal to 23.85 FTEs) gradually reduces down to 7% (equal to 16.70 FTEs) by year 3 of forecast
  - Suspend Unfunded Accrued Liability (UAL) payment for first two years, resume at \$500K in years 3-5
  - Reduces annual transfer to \$1 million for general capital fund in years 2-5
  - Estimated UUT refund of \$4.5 million in FY 2024-25



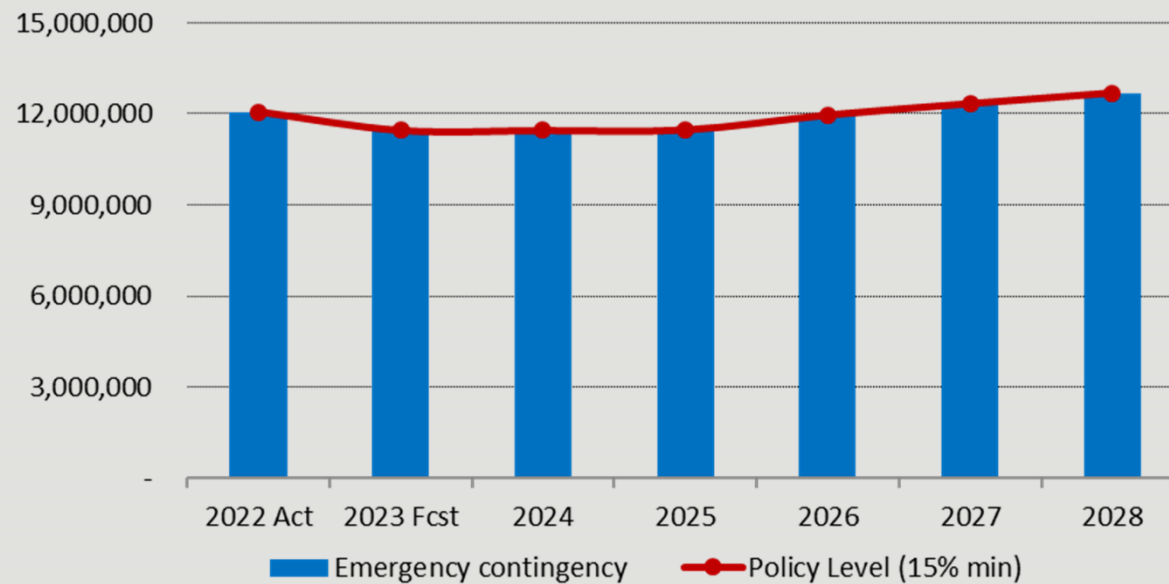
## GENERAL FUND FIVE-YEAR FORECAST



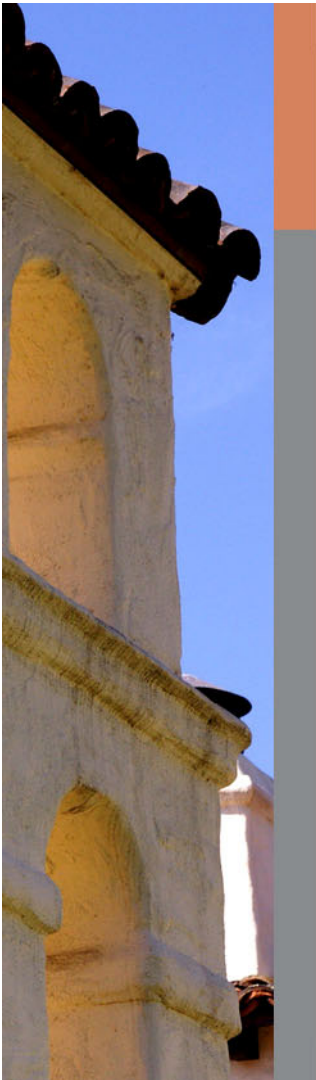
- Surplus/Deficit & Reserve Impacts
  - Total Reserve balance trends downward from \$33.7 million to \$17.3 million over the five-year period
    - Total Deficit over five-year period: \$16.4 million
  - Emergency Contingency Reserve: Maintained at minimum policy level of 15%
  - Economic Stabilization Reserve: Falls below minimum policy level of 20% beginning in FY 2025-26
    - Reaches low of 4% in FY 2028-29
  - Unassigned Fund Balance: Decreases to \$0.25 million beginning in FY 2025-26 to maintain necessary liquidity for cash flow



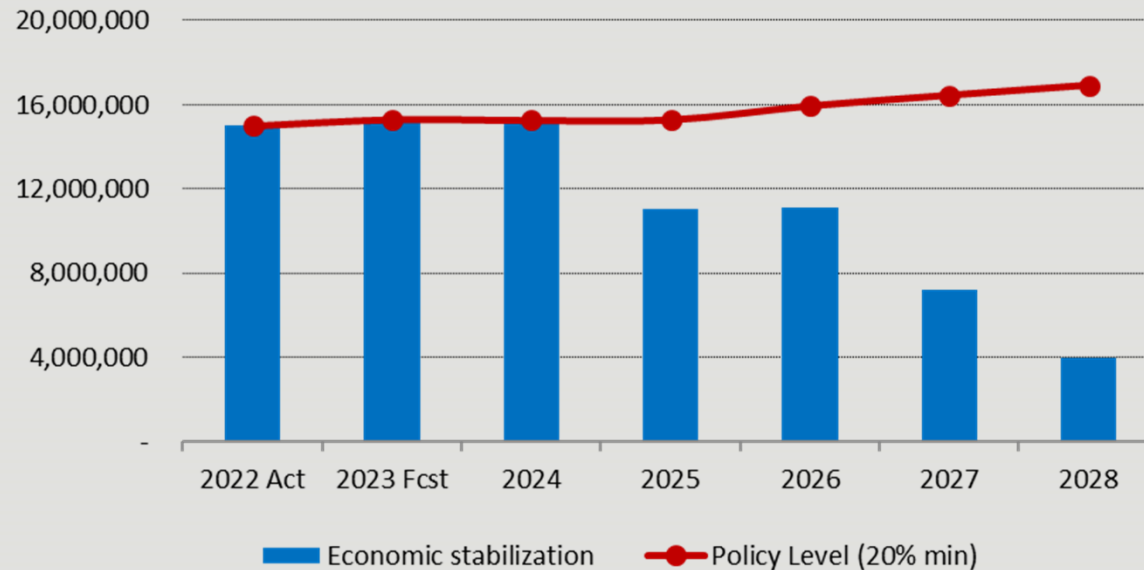
## GENERAL FUND: EMERGENCY CONTINGENCY RESERVE



- The Emergency Contingency Reserve was established by resolution in 2011 and updated in 2014 with a policy goal of maintain 15-20% of the General Fund's annual operating budget
- Use of the reserve is limited to declared emergencies
- The City forecasts that this reserve will be maintained at the minimum policy level



## GENERAL FUND: ECONOMIC STABILIZATION RESERVE

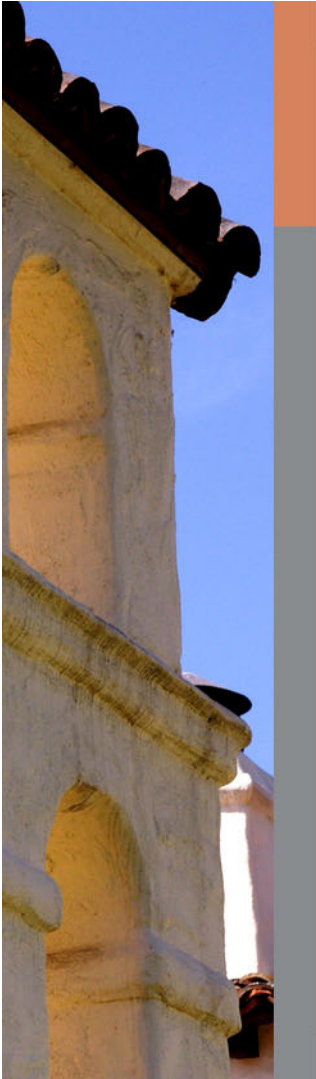


- The Economic Stabilization Reserve was established by resolution in 2011 and updated in 2014 with a policy goal of maintain 20-25% of the General Fund's annual operating budget
- The reserve can be used for severe operational budget deficits or to mitigate effects from unforeseen changes in revenues and/or expenditures
- The forecast uses reserves to cover projected deficits and the reserve trends down to 4% minimum in FY 2027-28; Council may consider alternative strategies to structurally balance the budget over time



# NEXT STEPS





## FISCAL YEAR 2023-24 NEXT STEPS



- Proposed budget available on OpenGov: [menlopark.gov/budget](https://menlopark.gov/budget)
- June 13 Council public hearing
- June 27 Council budget adoption



# QUESTIONS, COMMENTS